



MAHARASHTRA NATURAL GAS LIMITED

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



ANNUAL REPORT
2015 --2016

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Bankers

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

Corporation Bank
Shivajinagar Branch, Shivajinagar,
Pune – 411005

State Bank of India
Tata Chambers, Wakadwadi,
Pune- 411003

Yes Bank Ltd.
Karen Selen, Bhandarkar Road,
Shivajinagar,
Pune- 411004

Axis Bank
Senapati Bapat Marg,
Pune- 411016

Statutory Auditors

M/S P.G. Bhagwat
Chartered Accountants
Suite 101-102, Orchard, Dr. Pai Marg, Baner,
Pune - 411 045 India

Cost Auditors

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

Secretarial Auditor

M/s Rajas Bodas & Associates
1346, Sadashiv Peth, 1B Amruta Apartments,
Pune 411030

Company Secretary

Shri Ashok Devarajan

Registered Office

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

BOARD OF DIRECTORS



Shri Gajendra Singh
Director



Shri I.S.Rao
Chairman



Shri A.M.Tambekar
Managing Director



Shri J.Vedagiri
Director (Commercial)



Shri Narendra Kumar
Nominee Director



Shri Ashim Batra
Nominee Director



**Shri Deepak Kumar
Jamsaheb Mukadam**
Independent Director



**Shri Rajesh Babulal
Pande**
Independent Director



**Ms. Padmini Khare
Kaicker**
Independent Director



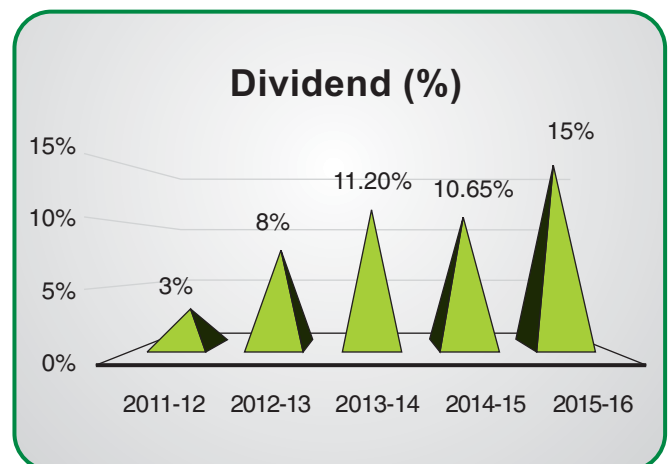
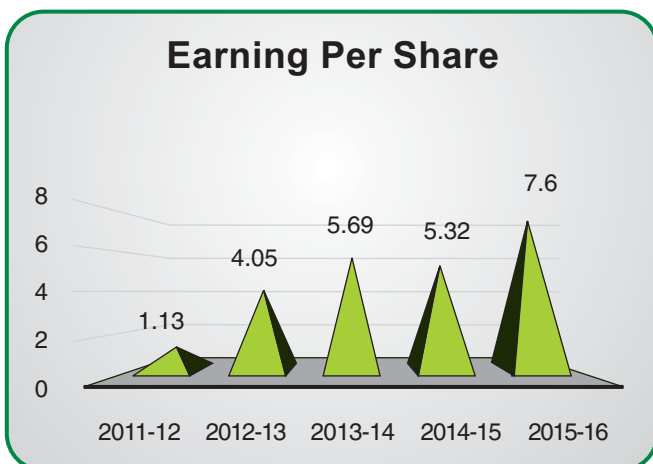
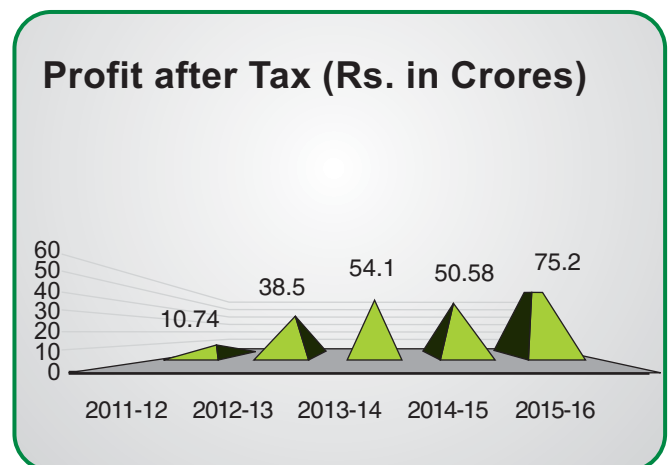
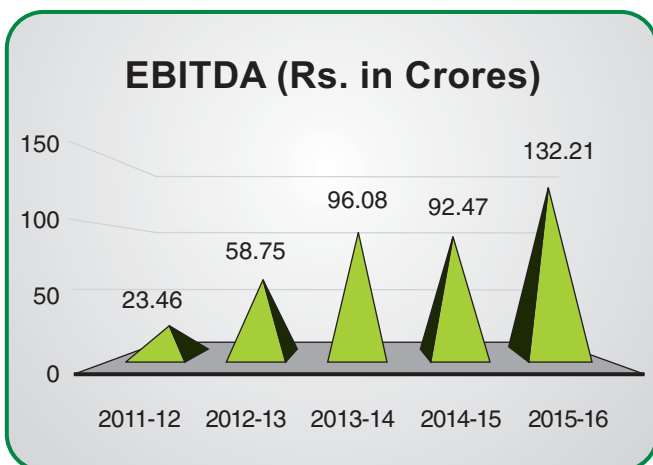
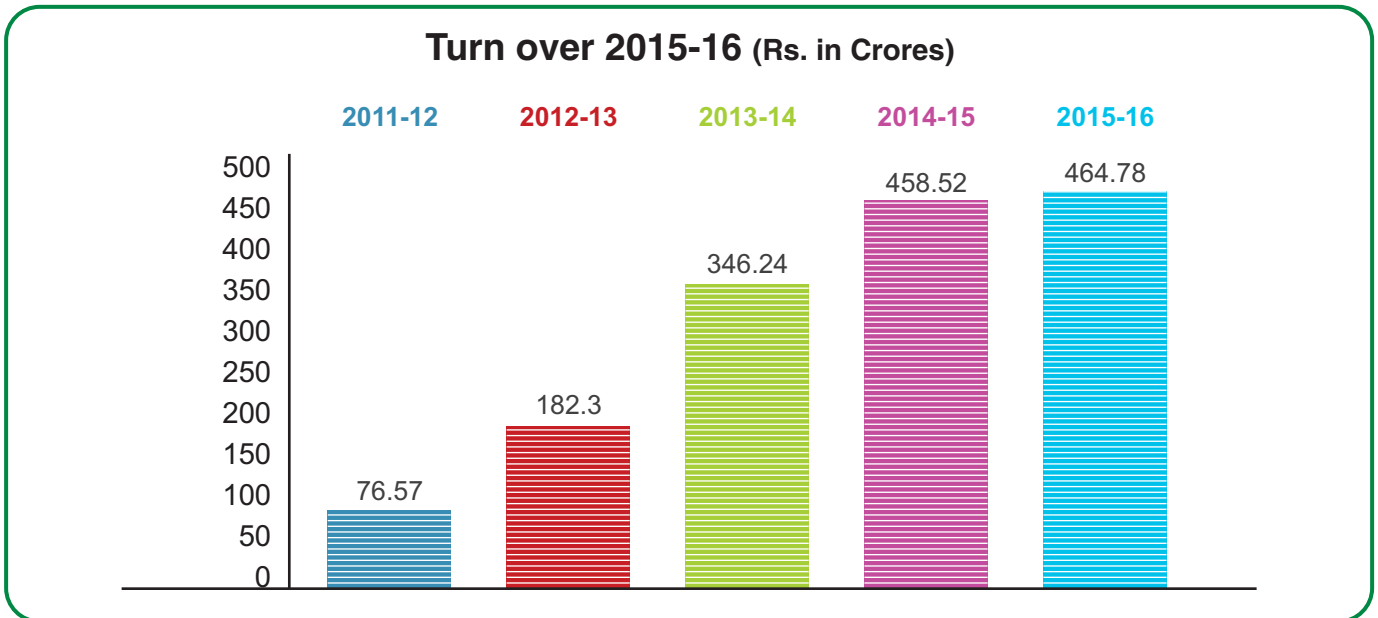
**Shri Abasheh Limbaji
Jarhad**
Nominee Director



Shri E.S.Ranganath
Nominee Director

*Shri Narendrakumar ceased to be a nominee director w.e.f. 31.05.2016

FINANCIAL PERFORMANCE AT GLANCE



DIRECTORS' REPORT

To,

The Members,

Your Directors take pleasure in presenting the Tenth Annual Report along with the Audited Accounts of the Company for the year ended 31st March, 2016 together with the Auditors' Report and Comments on the accounts by the Comptroller and Auditor General of India (C&AG).

1. FINANCIAL REVIEW

During the FY 2015-16, your Company has achieved the turnover of Rs.464.78 Crores, registering a marginal growth of 1.37% over previous year due global fall in crude and gas prices. However during the year FY 2015-16, your Company has achieved a commendable Profit after tax of Rs.75.20 Crores and EBITA of the Company increased to Rs.132.21 Crores from Rs.92.47 Crores.

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

Particulars	For the Year	
	2015-16 (₹ in Crores)	2014-15 (₹ in Crores)
Net Sales	464.78	458.52
Other Income	1.27	0.70
Profit before Depreciation and Tax	132.21	92.47
Depreciation & Amortization of Expenses	15.49	14.58
Profit before Tax	116.72	77.89
Provision for Tax including deferred tax	41.53	27.31
Profit after Tax	75.20	50.58
Profit brought forward from previous years	110.91	72.59
Profit available for appropriation	186.10	123.11

APPROPRIATIONS

Interim Dividend	-	7.13
Proposed Final Dividend	15.04	3.04
Corporate Dividend Tax	3.12	2.04
Transferred to General Reserve/carried forward	167.94	110.91

Net worth per share has increased from ₹21.67 in 2014-15 to Rs. 26.79 in 2015-16 signifying sound return on investment coupled with sizeable amount of profit ploughed back into the business.

2. APPROPRIATIONS**DIVIDEND**

Your Company is consistently distributing the dividend from FY 2011-12.

- The Board of Directors of your Company had recommended a payment of dividend @ 15% (Rs. 1.50 per equity share) on equity share of Rs.10 each amounting to Rs. 15.03 Crores.
- The total dividend pay-out including corporate dividend tax accounts for 24. % of Profit after Tax.
- The payment of dividend, after your approval at the forthcoming Annual General Meeting, will be made in accordance with the regulations applicable at that time.

3. TRANSFER TO RESERVES

The Company proposes to carry Rs.167.94 Crores to the Reserves which is left after paying dividend of Rs. 18.16 Crores (including Dividend Distribution tax) from net profits of Rs.75.20 Crores.

4. FIXED DEPOSITS

We have not accepted any Deposits within the meaning and in excess of limits prescribed under Companies Act, 2013 read with Companies acceptance of Deposits Rules, 2014, as such, no amount of principal or interest payment was outstanding as on the Balance Sheet date.

5. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The company has not given any loans or guarantees covered under the provisions of section 186 of the Companies Act, 2013.

9. SHARE CAPITAL AND FINANCIAL CLOSURE OF MAHARASHTRA NATURAL GAS LIMITED

Pursuant to allotment of 50 lacs shares to Maharashtra Industrial Development Corporation (MIDC) on 24th June 2016, the Share Capital of the Company has been increased Rs. 100 Crores during the financial year 2015-16 from Rs.95 crore.

7. COMPANY PERFORMANCE

During the year, the Company recorded sales as under:

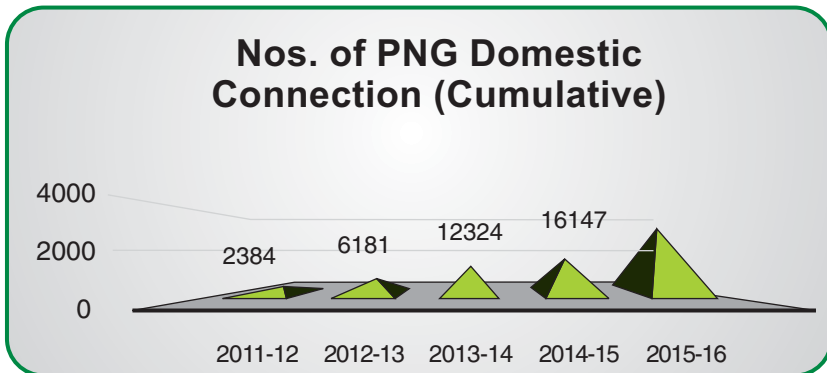
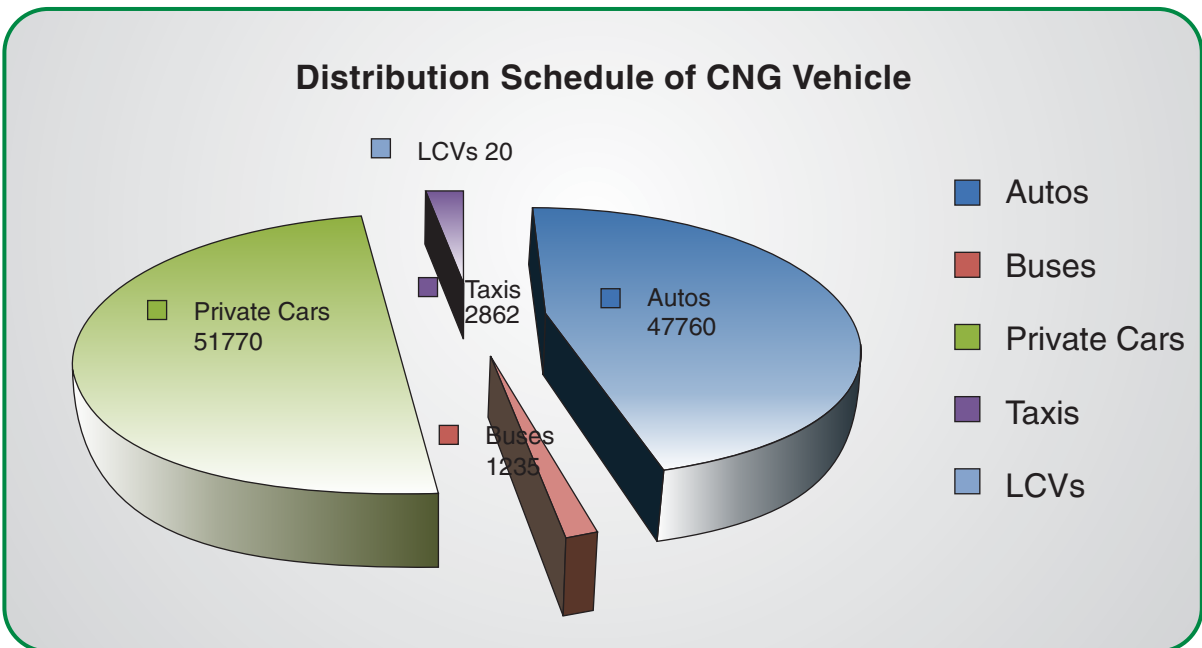
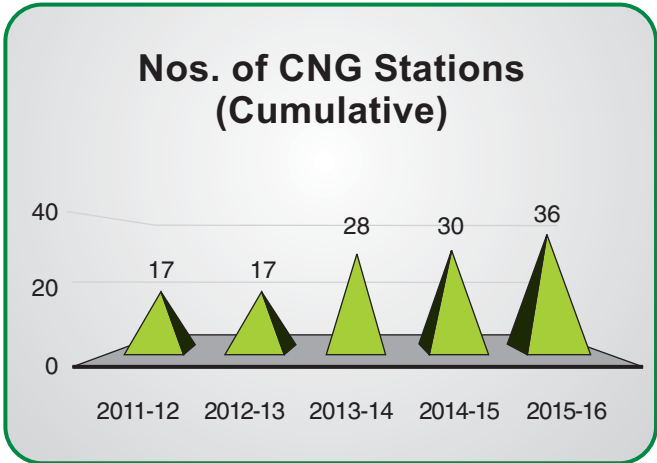
(Figures in mmscm)

Particulars	For the Year		
	2015-16	2014-15	% Growth (YoY)
Compressed Natural Gas (CNG)	119.95	105.35	13.86
Piped Natural Gas (PNG)	47.72	41.97	13.69
Total	167.67	147.32	13.81
Average Sales per day (mmscmd)	0.466	0.409	13.19

a. Compressed Natural Gas Business (CNG)

During this year 2015-16, CNG business has performed very well. Your Company further augmented its CNG distribution infrastructure by enhancing capacity of existing stations and adding 6 new CNG stations – taking the total number of CNG Stations to 36 at the end of the FY. Additionally, 2 Daughter Booster stations were converted to online on account of pipeline connectivity being established to the stations. The cumulative compression capacity has increased to 31500 scmh during 2015-16 from previous year’s cumulative compression capacity of 28350 scmh (11.11% increase).

The number of vehicles operating on CNG as in July 2016 end were more than 1,00,000, showing a YoY growth of around 25.93%. MNGL currently refuels around 1235 buses, around 54,000 four wheelers and 47,700 three wheelers in addition to few vehicles from the Municipal Garbage Department and the Postal Department.



The Company has continued the expansion of Piped Natural Gas distribution infrastructure in various areas of PMC which includes Kothrud, Amanora Park Town, Magarpatta City in Hadapsar, Model colony and in PCMC which includes Akurdi, Nehru Nagar Extension, Ajmera-Masulkar, Vallabh Nagar, Chikali Moshi, Indrayani Nagar & Chakan. The Pipe line activities in new areas such as Kharadi, Vimannagar, Kalyaninagar, Warje, Karvenagar, Nanded city, Pimple Saudagar, Pimple Gurav, Dapodi, Wakad, Hinjewadi, Chinchwad, Purnanagar, Shahunagar, and Sambhajinagar

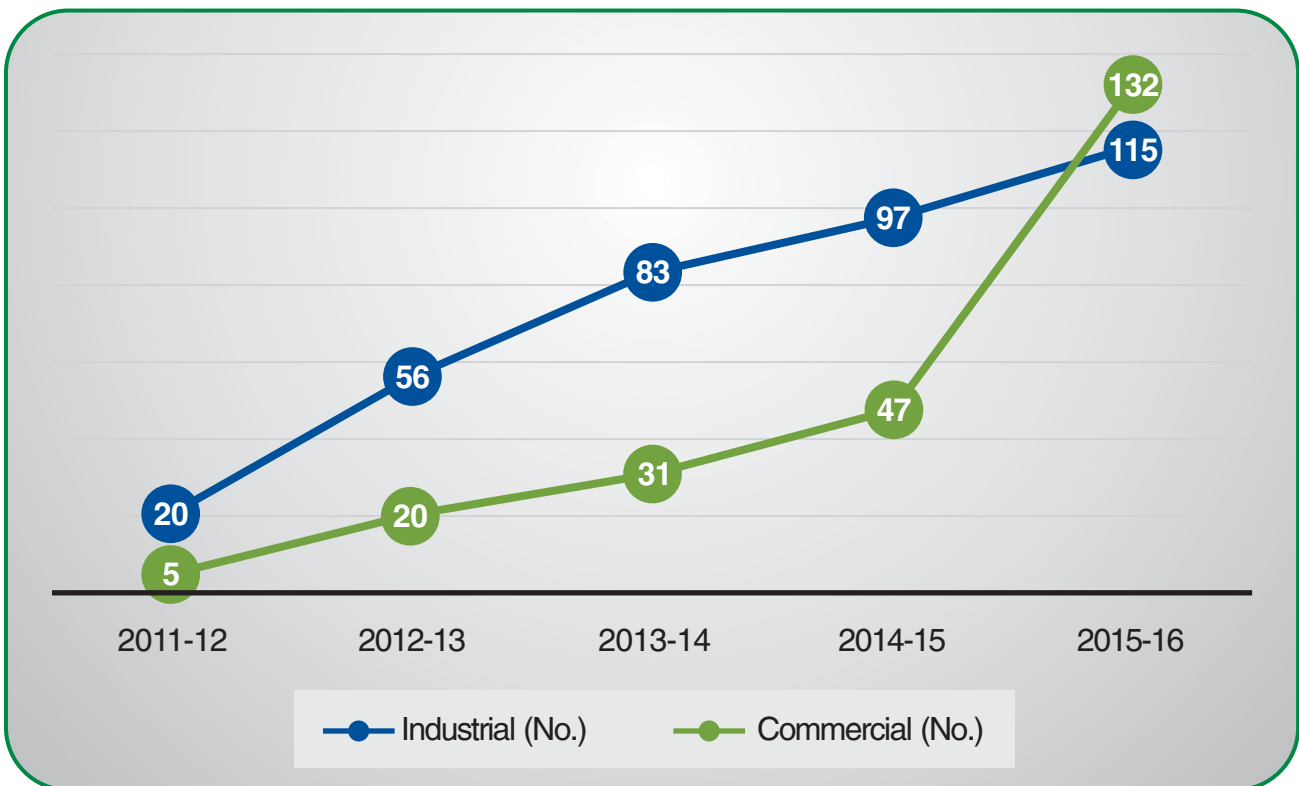
have commenced and a few areas were gasified as well.

Your Company has provided PNG connection to around 30598 domestic customers till FY 2015-16 and continued to increase greater coverage for domestic customer across Pune.

b 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 47 in March 2015 to 132 in March 2016 which includes “Phoenix Mall” as our largest commercial customer and the very prestigious “The Hyatt Hotel and ICC Tech Park”. Industrial customers has been increased from 97 in March 2015 to 115 in March 2016 by connecting major automobile Companies like Bajaj Auto, Poona Forge, Exide, Endurance Kirloskar Oil Engines etc. Commercial Sales volume grew by 121.0 % and Industrial Sales volume has grew up by 9.51 % over the previous year. The Company continues to expand its network to reach various Industrial units in the surrounding areas.

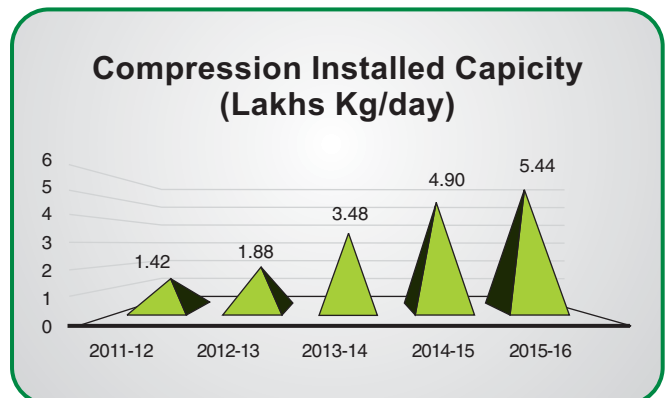
During the year, Your Company has laid a network of 266 Kms MDPE pipeline and 34 Kms of Steel Pipeline. As on date, your Company has laid a network of 627 Kms MDPE pipeline and 180 Kms of Steel Pipeline to cater to Vehicular, Industrial, Commercial and Domestic Customers in Pune & Pimpri Chinchwad, Hinjewadi and Chakan & Talegaon.



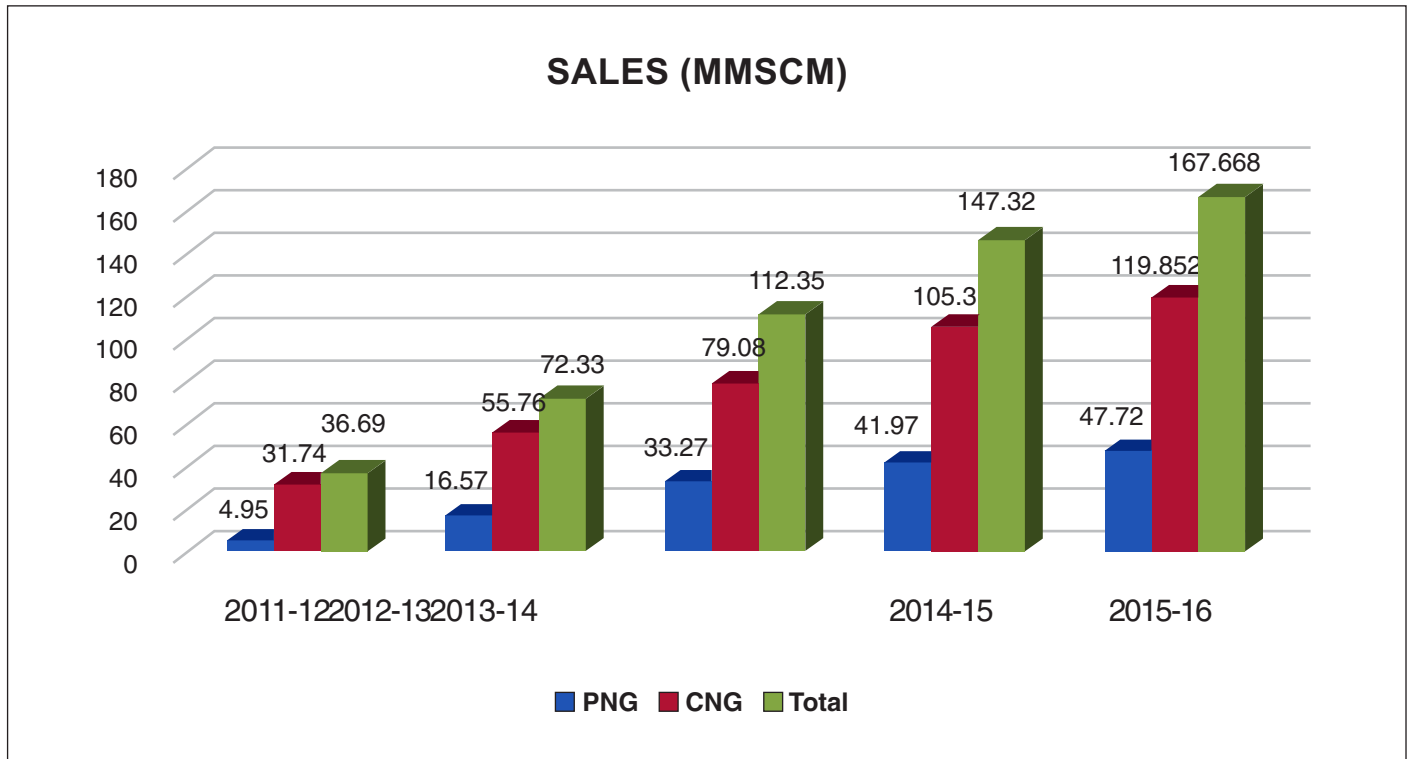
8 PROGRESS OF THE PROJECT

After the constructions of 5 Mother Stations at Chikali, Sant Tukaram Nagar, Shivaji Nagar, Kothrudand Hadapsarthe new Mother Stations are in the advanced stages of construction at PMPML Depots at Nigdi and Katraj.

Your Company is currently servicing more than 1,00,000 CNG vehicles through 16 Daughter Booster Stations and 17 Online Stations most of which operate 24 x 7, in addition to retail sales from Mega Mother Station at Chikali.



With increase in compression capacity and increase in CNG & PNG customer base, the average sale per day has increased from 0.404 mmscmd in FY 14-15 to 0.459 mmscmd in FY 15-16.



9. FUTURE OUTLOOK

The principal business being the distribution of cleaner and non-pollutant natural gas in the form of PNG & CNG, Your Company plans to make a significant investment in CGD infrastructure to expand its existing steel & PE pipeline network by an additional 50 Km steel and 600 Km MDPE over the next 5 years.

In CNG, MNGL is intending to expand its CNG customer base & serve them effectively by setting up 50 more CNG stations in addition to conversion of existing DBS to online stations and thus increasing the compression capacity in the next 5 years. The city bus service provider of Pune - PMPML is also aggressively increasing its fleet of CNG buses. This number is expected to reach over 1500 by the end of FY 2016-17 and a further addition of around 200 buses per year is expected. Introduction of newer CNG variant models by different 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. Even, it is understood that ARAI is under development of CNG engine of Diesel Vehicles and CNG fitment in two wheeler segment. The success of this development might see the definite boost in CNG segment and CGD companies would be encouraged to promote eco-friendly fuel – Natural Gas.

MNGL is continually interacting with major builders and developers to provide PNG facility in their upcoming residential projects. Builders like Amit Enterprise, Kumar Properties, Nanded City, Kolte Patil, Ishwar Parmar Group, Empire Builder, Paranjpe Developer, GK Associates and many others are expected to add approximately 1 Lakh domestic households in the next 5 years. This will help your company to optimize use of its assets and infrastructure.

The Company has aggressive plans to expand its pipeline infrastructure in the areas of Undri, Pisoli, Ambegaon, Kondhva, Baner, Balewadi, Bibavewadi, Yerwada, Vishrantwadi etc. in PMC and Wakad, Ravet, Thergaon, & Hinjewadi etc. in PCMC. MNGL is targeting to achieve a daily sales volume of additional 1.5 lac scmd from industrial and

commercial customers in the next 5 years. The agreements has been signed with Government organizations like Ammunition Factory Khadki (AFK) and High Explosive Factory (HEF) and the sales to this clients will commence soon. The Company would be shortly finalizing deal with large scale private customers like Serum Institute, Bharat Forge and Tetrapak are expected to contribute to MNGL's growth for assured rise in industrial and commercial daily sales volumes. Efforts are also being initiated to supply PNG to the industrial units at Urse initially through R-LNG supply till pipeline connectivity is established.

As Pune City is being transformed into smart city, it give ample opportunity to MNGL to help the cause by penetrating in larger segment of CNG and PNG.

10 REGULATORY DEVELOPMENTS

PNGRB encashed the Performance Bank Guarantee (PBG) for Pune City in accordance with the provisions of Regulation 16(1) (c) (i) of PNGRB (Authorizing entities to Lay, Build, Operate or Expand City or Local Natural Gas Distribution Networks) Regulations, 2008 vide letter no. MI/CGD/Pune/Monitoring/MNGL dated 01.12.2015. This clause particularly applied by PNGRB for non-achievement of one project milestone pertaining to domestic connections for the Geographical Areas of Pune including Pimpri-Chinchwad and adjoining areas of Chakan, Talegaon & Hinjewadi. MNGL has challenged the above encashment done by PNGRB as connections to domestic consumers are beyond the control of MNGL due extraneous factors and is pursuing the case in Appellate Tribunal of Electricity, New Delhi as per the provisions of chapter VI clause 30 of PNGRB Act 2006. Your company has given suitable reasoning asto why the projects milestones have not been achieved and all the difficulties faced by your company during first five years of its operation post authorization from PNGRB have been submitted to the Appellate Tribunal.

11 TOWARDS CUSTOMER DELIGHT

Your company does not treat ``Customers delight`` merely as a buzz word rather the whole business philosophy of the Company is tuned to providing maximum delight to our customers with our high quality services. Your Company has an interactive customer care centre in order to redress the grievances of the customers to enhance customer satisfaction level. The company has also implemented the Online Digitization activities as listed by MoPNG like PNG connection request, Dealer Feedback & Grievance Redressal, Online Payment, E-Bill facility Service Request etc.

Further for the benefit of Customers the Company had tied up with Axis Bank wherein the customers can go at any branches of Axis Bank and pay their bills through cash and Cheques. Your Company shortly will have tie up with other banks as well with Bill desk to facilitate easier payment of their bills.

Besides that your Company has taken a lot of customer centric initiatives during the year. Shri. Dharmendra Pradhan, Hon'ble Minister of State (Independent Charge) Petroleum & Natural Gas has in a program held in Pune today launched various Consumer Connect Initiatives of MNGL, which included

- Clean-Green-Smart Pune initiative which aims at making Pune a pollution free city with a year long activity plan which include tree plantation 'Each One Plant One', Green Run for Green Cause -'Greenothon', Health initiative 'Learn not to Burn' etc.
- piped gas supply to Nanded City one of the prestigious projects of the Magarpatta group bringing 24 X 7 supply of gas on tap to the residents.

MNGL regularly conducts awareness programmes on the concept of ``Clean fuel & green clean fuel`` at various housing societies and industrial houses in and around Pune city to have better penetration of CNG & PNG at the deeper pockets of Pune and adjoining areas.

12 INFORMATION TECHNOLOGY

We are pleased to announce that MNGL's SAP Project "Lakshya" has been successfully running since its implementation

from September, 2014. MNGL has implemented Materials, HR, PM, ISU and FI modules in SAP and started using the same. This has helped your company to standardize the processes and to operate smoothly in its area of Business. All the departments are pro-actively leveraging SAP and suggesting new ways to provide up-to-date, real time and detailed data for analysis.

13 HUMAN RESOURCES

The strength of any Company lies in the competencies and skills of its employees. Your Company has been focusing on developing the capabilities of its employees and maximize their productivity. Hence the Company undertook various HR initiatives to infuse professionalism in the workforce, such as performance management system under a new HR Policies & practices. Your Company has laid it semphas is on improving work systems and performance management systems. The processes of the Company are continuously being aligned to meet overall organization objectives. The thrust continues to be on improving the employee productivity & their engagement.

Over the years, there has been a paradigm shift in the approach towards the Employee Relations through various initiatives in different capacities. We have achieved a sustainable growth in employee relationships. We have been instrumental bringing in thought leadership in building strong employee relations across the country. Development initiatives like holistic approach is now in place to build organizational productivity and employee engagement. Your Company maintains momentum on building speed and simplification in ways of working and HR strategies are focused on developing ability and agility so that a pipeline of talents is created to support strategic objectives.

14 HEALTH, SAFETY AND ENVIRONMENT (HSE)

Your Company's HSE policy is to conduct business with a robust and integrated Health, Safety and Environment (HSE) Management System focused on improving harmony with the environment through sustainable development. Safety and Health of its people is of paramount importance for your Company and these attributes are embedded in the core organizational values of your Company. Employees and Contract Workers in your Company are strongly encouraged to adopt safe working culture and behavior to ensure effective implementation of the HSE Policy. Your Company identifies all the Health, Safety and Environment hazards, evaluates the associated risks and manages these through effective and appropriate control programs and deployment of latest technology. "Strengthen safety movement to achieve zero harm" the National Safety campaign was successfully run in your company in this FY.



 **MAHARASHTRA NATURAL GAS LIMITED**
A JOINT VENTURE OF GAIL (India) Ltd. & BPCL

CELEBRATING
NATIONAL SAFETY WEEK - 2016
STRENGTHEN SAFETY MOVEMENT
TO ACHIEVE ZERO HARM
4th MARCH TO 10th MARCH

 1966 - 2016
STRENGTHENING SAFETY MOVEMENT



In line with Company's HSE policy, regular Safety Audits by fire and safety team are carried out to ensure safety in all facets of Company's operations. Tripartite agreement between projects, O&M and Safety is regularly implemented to facilitate commissioning of major installations. Hazard and near miss reporting has been implemented to take preventive actions. Third party incidents have also been controlled in this FY due to close liaisoning with other diggings agencies, placing of excavation supervisors and implementation of 'Dial before Dig' campaign.

Regular safety training is being imparted to employees, contract staff and consumers of CNG and PNG. A special mobile training Van has been hired to facilitate on the spot training at site and housing society safety awareness. Innovative Safety awareness in the form of Radio Jingles to educate the consumers coming for CNG filling and PNG consumers for action to be taken in case of gas leaks are regularly aired on FM radio "Radio One". Special CNG safety awareness drive was also launched in presence of controller of explosives Mr. Ashendra Singh and Mr. Jitendra Patil, RTO, Pune.

Four Emergency Control rooms are already established at strategic locations across PMC, PCMC and Chakan and manned round the clock to respond quickly to any gas leak or emergency situation. Offsite mock drill was successfully conducted leading to ERDMP recertification of MNGL response plan in presence of PNGRB approved agency.

CGD Network Safety

One of the primary concerns with respect to gas distribution is the safety and security of the pipeline network. The network of pipelines being used to distribute the gas needs to be maintained at the highest operating and safety level, because any leakage can lead to catastrophic accidents. The safety regulations/guidelines are given the highest priority while taking up the CGD activities. The safety guidelines have been framed by the Oil Industry Safety Directorate (OISD), a technical body under the Ministry of Petroleum and Natural Gas (MoP&NG). All the Pipeline network of the Company has been fully patrolled regularly.

OISD-179 sets the guidelines for safety requirement on compression, storage, handling, refueling of natural gas for use in automotive sector. All safety facilities at CNG stations are as per the guidelines of OISD-179 and GCR 2004. Additionally, Safety at CNG stations is monitored by PESO, especially during construction phase. No LTI reported in this FY. Your company has successfully been accredited for ERDMP, Integrated Management System (IMS) and Technical Specification for safety standards (T4S) specifications through PNGRB approved agencies.



(RTO Pune Mr. Jitendra Patil Speaking at the CNG awareness meet. Mr. Ashendra Singh, COE, Mr. A.M. Tambekar, MD, MNGL and Mr. Nitin Rairikar, Scientist ARAI (L-R) on dais)

15 CORPORATE SOCIAL RESPONSIBILITY (CSR)

During the year the Company had actively participated in many programs launched by local government authorities and NGOs involving enhancements of employment and vocational skills of poor and needy people, health care camps for auto drivers in Pune city and various environmental awareness activities like Greenathon, tree plantation etc.

The Corporate Social Responsibility Policy developed during 2014-15 is already in place and same is displayed in the website of the Company as required under section 135 of Companies Act, 2013.

The Annual Report on CSR activities in accordance with the companies (Corporate Social Responsibility) Rules, 2014, is appended as **Annexure "A"** to this report.





“Swasth Sarathi” health care camps for auto drivers a CSR initiative by the Company.

16 ENERGY CONSERVATION, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information in accordance with the provisions of Section 134(3) (m) of the Companies Act, 2013 read with Rule (8) (3) of the Companies (Accounts) Rules, 2014 is appended as **Annexure “B”**

17 PARTICULARS OF EMPLOYEES

No employee was in receipt of remuneration exceeding the limits set out under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014.

18 DIRECTORS RESPONSIBILITY STATEMENT

As required under clause (c) of sub-section (3) of section 134 of Companies Act, 2013, directors, to the best of their knowledge and belief state that:

- A. In the preparation of Annual Accounts for the financial year ended March 31,2016, the applicable accounting standards have been followed;
- B. They had 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 had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the asset of the Company and for preventing and detecting fraud and other irregularities; and
- D. They had prepared the Annual Accounts for the Financial Year ended 31st March, 2016 on a going concern basis.
- E. The directors had laid down an established internal financial control framework including internal controls over financial reporting, operating controls and for the prevention and detection of fraud and errors. The framework is reviewed periodically by Management and tested by the internal auditors and statutory auditors. Based on the periodical

testing the framework is strengthened from time to time to ensure the adequacy and effectiveness of internal financial controls.

F. The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively

19 CORPORATE GOVERNANCE

Corporate governance is creation and enhancing long term sustainable value for the stakeholders through ethically driven business process. It is imperative that Company's affairs are managed in a fair and transparent manner. Therefore at MNGL we follow the best practices of Corporate Governance. The Board of Directors is at the core of our Corporate Governance and oversees how the Management serves and protects the long term interest of the Stakeholders.

20 AUDITORS:

Statutory Auditors & Audit Report

The Statutory Auditors of your Company is appointed by the Comptroller & Auditor General of India (C&AG). M/s PG Bhagwat, Chartered Accountants (Firm Registration No. 101118W) were appointed as the Statutory Auditors for the Financial Year 2015-16.

The Statutory Auditors have been paid a remuneration of Rs. 3.50 Lakh towards audit fee. The above fees are exclusive of applicable service tax and reimbursement of reasonable travelling and out of pocket expenses actually incurred. The Report given by the Statutory Auditors on the financial statements for FY 2015-16 and the Comments of Comptroller & Auditor General of India (C&AG) forms part of the Annual Report.

There has been no qualification, reservation, adverse remark or disclaimer given by the Auditors in their Report and there are no supplementary comments by C&AG pursuant to provisions of Companies Act, 2013. Notes on Accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further comments.

Cost Auditors

During the year 2015-16, the cost audit report prepared by the Cost Auditor M/s Joshi Apte & Associates, Cost Accountants, were taken on records and approved by the Board.

Secretarial Auditor

Pursuant to Section 204 of the Companies Act, 2013, Your Company had appointed M/s Rajas Bodas & Associates, Company Secretaries, to conduct Secretarial Audit for the financial year 2015-16. The Secretarial Audit Report confirming compliance by Practicing Company Secretary to applicable provisions of the Companies Act 2013 and other applicable laws forms part of this report as "Annexure C" to this Report.

21 EXTRACTS OF ANNUAL RETURN:

The details forming part of the extract of the Annual Return in form MGT-9 is annexed herewith as "Annexure D".

22 RELATED PARTY TRANSACTIONS:

There are no material related party transactions made by the company which may have potential conflict with interest of the company at large hence AOC-2 is not enclosed with the Report.

23 NOMINATION AND REMUNERATION COMMITTEE AND COMPANY'S POLICY ON DIRECTORS'

APPOINTMENT AND REMUNERATION: {Section 178 (3) and 178 (4)}

The Nomination and Remuneration Committee meets on quarterly basis playing significant role in determining qualification, positive attributes, independence of a director, remuneration to Directors, Key Managerial Personnel for their appointment. During the year besides assessing the performance of the Executive and non- Independent directors

also played a significant role in framing HR policy, determining performance incentives to the employees, Revision of scales of the employees and promotion of Managerial personnel.

The contents of Nomination & Remuneration Policy of MNGL are displayed on MNGL's website at:

<http://www.mngl.in/Nomination%20and%20Remuneration.html>

24 MANAGERIAL REMUNERATION:

The Executive and Whole-time Directors of the company are paid remuneration as per their respective contracts which are approved by the Board after taking into consideration the recommendations made by Nomination & Remuneration Committee.

The Independent Directors and Non- Executive Directors are paid sitting fees of Rs. 20,000/- per Board Meeting and Rs. 10,000/- per committee meeting for attending the meetings.

25. RISK MANAGEMENT POLICY

During the financial year 2015-16 the Company has adhered to the Risk Management System including the Risk Policy & identification of the Risks set the during last financial year and followed the laid down set of standards, processes and structure which enables to implement internal financial control across the organization and ensure.

The management of your company has understood and analyzed all the risks existing or proposed to exist in future and tries to mitigate the same in adherence to all the rules.

The contents of Risk Management Policy of MNGL are displayed on MNGL's website at:

http://www.mngl.in/risk_management_policy.html

26 WHISTLE BLOWER POLICY:

The whistle blower policy of your Company has robust framework which encourages people to report breach of contract, negligence and manipulation of Company records, financial irregularity etc.

Your Company encourages its employees who have concerns about suspected misconduct to come forward and express their concerns without fear of punishment or unfair treatment.

The company accepts the obligation to ensure that any individual covered under this policy, who make a disclosure without malice and in good faith is protected from unfair treatment.

During the current year, your company has not received any complaints against any employee or member of the organization.

The contents of Whistle Blower Policy of MNGL are displayed on MNGL's website at:

http://www.mngl.in/whistle_blower_policy.html

27 SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES COMPANIES

Your Company does not have any subsidiaries, Joint venture and Associate companies as on 31st March, 2016.

28 DISCLOSURES:

a. Board of Directors

As per the Articles of Association of the Company, one third strength of the Board is required to retire by rotation at the ensuing Annual General Meeting. Shri Ashim Batra and Shri E.S. Ranganathan are liable to retire by rotation at the ensuing Annual General Meeting and being eligible, have offered themselves for re-appointment.

During the year, following directors/Key Managerial Personnel were appointed on the Board of MNGL:

09.08.2016 Shri E.S. Rangnathan was appointed as Nominee Director from Indraprastha Gas Limited Pursuant to Sections

149,151,152,161(3) & 161(4) of the Companies Act, 2013, & rules thereunder and pursuant to Article 127 of the Articles of Association of the Company.

10.02.2016 Shri Appasaheb Limbaji Jarhad Joint CEO of Maharashtra Industrial Development Corporation pursuant to the provisions of Sections 149, 150, 152, 161 and other applicable provisions, Companies Act, 2013 and the Rules framed thereunder, read with Article 117 and 123 of the Articles of Association of the Company.

During the year, followings were ceased to be the directors from the Board of MNGL:

09.08.2016 Shri Narendera Kumar. (Nominee of IGL) ceased to be Director from the Board with effect from 31st May, 2016 on account of withdrawal of his nomination from IGL.

The Board placed on record its deep appreciation for the valuable services rendered by outgoing Directors during their association with your Company.

None of the Directors are disqualified from being appointed as Directors in term of provisions of Companies Act, 2013.

b. Compositions:

The Company has Ten Directors on its Board comprising two Executive Directors namely Managing Director and Director (Commercial), three Non-Executive & Independent Directors and five Non Executive nominee Directors. The composition and category of Directors along with other Directorships as on March 31, 2016 are as under:

Sr. No.	Name of Directors	Executive/Non-Executive/ Independent	Directorship in other public company
1.	Shri I S Rao (DIN: 02350683)	Chairman & Nominee & Non-Executive Director (w.e.f 01/02/2013)	1. Sabarmati Gas Limited 2. GSPL India Transco Limited 3. GSPL India Gasnet Limited 4. Central U P Gas Limited 5. Indraprastha Gas Limited
2.	Shri Gajendra Singh (DIN: 03290248)	Nominee & Non- Executive Director (w.e.f 24/11/2010)	6. GAIL Global (Singapore) Pvt. Ltd.
3.	Shri Ashim Batra (DIN: 7173368)	Non-Executive Nominee Director (w.e.f 17.06.2015)	Nil
4.	Shri A.M.Tambekar (DIN: 06877323)	Managing Director (w.e.f 17.03.2015)	Nil
5.	Shri A.L.Jarhad (DIN: 07012645)	Non-Executive Nominee Director (w.e.f 10.02.2016)	1. Indiabull Industrial Infrastructure Limited 2. Khed Economic Infrastructure P Ltd. 3. Maharashtra Small Scale Industries Development Corporation Ltd.
6.	Shri Deepak Kumar J Mukadam (DIN-00716932)	Independent Director (w.e.f 22.04.2015)	Jaybee Steel Treaters P Ltd.
7.	Shri J.Vedagiri (DIN: 06943165)	Director Commercial (w.e.f. 19.08.2015)	Nil

Sr. No.	Name of Directors	Executive/Non-Executive/ Independent	Directorship in other public company
8.	*Shri Narendera Kumar (DIN: 06571708)	Non-Executive Nominee Director (w.e.f 06/05/2015)	Indraprastha Gas Limited
9.	Ms. Padmini Khare Kaicke (DIN: 00296388)	Independent Director (w.e.f 28.03.2015)	1.B.K.Khare & Co. (Managing Partner) 2.M&M ESOP Trust (Trustee) 3.Kashinath Charitable Trust (Trustee) 4.Adyatmik Pratishthan (Trustee) 5.Divgi Warner Private Limited 6.Kotak Mahindra Investments Limited 7.Tata Cleantech Capital Limited 8.Rallis India Ltd. Tal Manufacturing Solutions Ltd.
10.	Shri Rajesh Babulal Pande (DIN: 02219538)	Independent Director (w.e.f 28.03.2015)	1. Seva Software P Ltd 2. Kovida Skill Development Corporation

*Replaced by Shri E.S.Ranganthan w.e.f June 3,2016

c. Board Meetings:

Pursuant to the provisions of Section 173 of the Companies Act, 2013 and rules made thereunder, every Company shall hold a minimum of four meeting of its Board of Directors every year in such manner that not more than one hundred and twenty days shall intervene between two consecutive meetings of the Board.

During the year Directors' attendance in the Board Meetings are given below:

Sr. No.	Name of Directors	Executive/Non-Executive/ Independent	No. of Meetings held	No of meeting attended
1.	Shri I S Rao (DIN: 02350683)	Chairman& Non Executive Nominee Director (w.e.f 01/02/2013)	7	6
2.	Shri Gajendra Singh (DIN: 03290248)	Non- Executive Nominee Director(w.e.f. 24/11/2011)	7	4
3.	Shri A.M.Tambekar (DIN: 06877323)	Managing Director (w.e.f 17/03/2015)	7	7
4.	Shri Ashim Batra (DIN:7173368)	Non-Executive Nominee Director w.e.f 17.06.2015	7(6)	5
5.	Shri A. L. Jarhad (DIN:07012645)	Non-Executive Nominee Director w.e.f 10.02.2016	7(2)	0
6.	Shri Deepak Kumar J Mukadam(DIN-00716932)	Independent Director w.e.f 22.04.2015	7	7
7.	Shri J.Vedagiri (DIN: 06943165)	Director Commercial w.e.f. 19.08.2015	7	7

Sr. No.	Name of Directors	Executive/Non-Executive/Independent	No. of Meetings held	No of meeting attended
8.	*Shri Narendera Kumar (DIN: 06571708)	Non-Executive Nominee Director (appointed from 06.05.2015 until 31/05/2016)	7	7
9.	Ms. Padmini Khare Kaicker (DIN: 00296388)	Independent Director (w.e.f 28.03.2015)	7	4
10.	Shri Rajesh Babulal Pande (DIN: 02219538)	Independent Director (w.e.f 28.03.2015)	7	6

During the Financial Year 2015-16, total 7 Board meetings were held.
Details of aforesaid meeting are provided in following table.

Sr. No.	Date of Meeting	Place of Meeting
1	06-05-2015	GAILALYA, Bandra-Kurla, Mumbai
2	17-06-2015	GAILALYA, Bandra-Kurla, Mumbai
3	18-08-2015	GAILALYA, Bandra-Kurla, Mumbai
4	10-09-2015	GAILALYA, Bandra-Kurla, Mumbai
5	25-09-2015	GAILALYA, Bandra-Kurla, Mumbai
6	22-12-2015	GAILALYA, Bandra-Kurla, Mumbai
7	10-02-2016	Orchid Ecotel Hotel Vile Parle (E) Mumbai

d. General Meeting

Details of Last three Annual General Meetings held are as follows:-

Sr. No.	No. of Meeting	Date of Meeting	Place of Meeting
1.	7 th AGM	20-09-2013	Registered Office, Shivaji Nagar, Pune,
2.	8 th AGM	19-09-2014	Registered Office, Shivaji Nagar, Pune,
3.	9 th AGM	30-09-2015	Registered Office, Shivaji Nagar, Pune,

Attendance of Directors in the last Annual General Meeting held on 30th September, 2015 is as under:

Sr. No.	Name of Directors	Executive/Non-Executive/Independent	Attendance at the Meeting
1.	Shri I S Rao	Chairman & Non-Executive Director	No
2.	Shri Gajendra Singh	Non-Executive Nominee Director	No
3.	Shri A.M.Tambekar	Managing Director	Yes
4.	Shri Ashim Batra	Non-Executive Nominee Director	Yes
5.	Shri Deepak Kumar J Mukadam	Independent Director	No
6.	Shri J.Vedagiri	Executive Director	Yes
7.	*Shri Narendera Kumar	Non-Executive Nominee Director	Yes
8.	Ms. Padmini Khare Kaicker	Independent Director	Yes
9.	Shri Rajesh Babulal Pande	Independent Director	Yes

An Extraordinary General Meeting (EGM) was held during Financial Year 2015-16 was held on 17th June, 2015 at GAILALYA, Bandra-Kurla, Mumbai to conduct the following business:

1. Amendment in the Articles of Association regarding constitution of the Board (Article 117)
2. Appointment of Shri Ashim Batra as a Nominee Director on the Board of MNGL.

d. Key Managerial Personnel

Pursuant to Section 203, 196 & 197 of Companies Act, 2013 read with Rule 8 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 following persons act as Key Managerial Personnel (KMP) of the Company were either appointed or resigned :-

Shri Ashok Devarajan was appointed as Company Secretary of the Company with effect from 1st August 2016 and his appointment was confirmed during the Board meeting held on 9th August 2016 wherein he was also appointed as Key Managerial Person.

Ms. Preety Gupta who had been appointed as Company Secretary and Key Managerial on 10th February 2016 had resigned on 27th May 2016 as Company Secretary & Key Managerial Person of the Company.

Earlier on 23rd October 2015 Ms. Ritu Agarwal had resigned as the Company Secretary of the Company.

e. Declaration of Independence

The Independent Directors have submitted their disclosures to the Board that they fulfill all the requirements as stipulated in Section 149(6) of the Companies Act, 2013 so as to qualify themselves to be appointed as Independent Directors under the provisions of the Companies Act, 2013 and the relevant rules.

In compliance of above provisions, the Board received the declaration from the Independent Directors i.e. Ms. Padmini Khare Kaicker, Shri Rajesh Babulal Pande and Shri Deepak Kumar Jamsaheb Mukadam confirming that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013.

f. Audit Committee, Nomination and Remuneration, Corporate Social Responsibility Committee.

our company has constituted the following committees as per the provision of Companies Act 2013

g. Audit Committee

The Terms & Reference of the Audit Committee is in accordance with Section 177 of the Companies Act, 2013, 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 was re-constituted by the Board of Directors vide circular resolution dated April 10, 2015 in order to align the composition of the committee in tune with the requirements section 177 & 178 of the Companies Act 2013 & Companies (Meetings of Board and its Powers) Rules 2014 i.e. the audit committee should have minimum three directors majority of whom should be independent directors. As on March 31, 2016 the composition of Audit Committee was as under:

- | | |
|-------------------------------|------------------------------------|
| 1. Smt. Padmini Khare Kaicker | Chairperson (Independent Director) |
| 2. Shri Narendra Kumar | Member (Non Executive Director) |
| 3. Shri Rajesh Babulal Pande | Member (Independent Director) |

During the year 2015-16, four meetings of the Audit Committee were held.

II. Nomination and Remuneration Committee

During the year Nomination and Remuneration committee was reconstituted by the Board of Directors vide circular resolution dated April 10, 2015 in order to align the composition of the committee in tune with the requirements of Section 178 of Companies Act 2013 i.e. the committee shall be consisting of three or more non-executive directors out of which one half shall be independent directors. As on March 31, 2016 the composition of the Committee was as under:

- 1. Shri Gajendra Singh : (Chairman)
- 2. Smt. Padmini Khare Kaicker : (Member)-Independent Director
- 3. Shri Rajesh Babulal Pande : (Member)-Independent Director

During the year 2015-16, five meetings of the Nomination and Remuneration Committee was held.

III. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The CSR Committee is headed by Shri Gajendra Singh, Non-Executive Director. The Composition of the Committee is a per given below:

Sr. No.	Members of Committee	Executive/Non-Executive/Independent	Position in the Committee
1.	Shri Gajendra Singh	Non-Executive Director	Chairman
2.	Shri I S Rao	Non-Executive Director	Member
3.	Shri Deepak Kumar Jamsaheb Mukadam	Non-Executive and Independent Director	Member

During the year 2015-16, 2 meetings of the Corporate Social Responsibility Committee were held.

h. Formal Annual Evaluation:

The Board of Directors carried out the evaluation of every Director, committees of Board and the Board as a whole based on the laid down criteria of performance evaluation.

29. MANAGEMENT DISCUSSION AND ANALYSIS

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

30. GENERAL:

I. SIGNIFICANT AND MATERIAL ORDER

There are no significant and material order passed by the Regulators or Courts or Tribunal impacting the going concern status and Company`s operation in future.

II. OTHER MATERIAL CHANGES

Pursuant to Section 134(3)(l) and other applicable provisions of Companies Act, 2013, save as aforesaid in this report, no material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year of the Company i.e. 31stMarch, 2016 and the date of this report.

31. DISCLOSURE UNDER THE SEXUAL HARASSMENT AT WORKPLACE

The following is a summary of Sexual harassment complaints received and disposed-off during the calendar year.

- Number of complaints received : Nil
- Number of complaints disposed-off : Nil

32. SHAREHODING PATTERN AS ON 31ST MARCH, 2016

Shareholding Pattern of the Company as on 31st March, 2016 is as follows:

Sr. No.	Name of Shareholders	No of Equity Shares held @ ₹ 10/- each	% of Shares held
1.	GAIL (India) Limited	22,487,500	22.49
2.	Bharat Petroleum Corporation Limited	22,499,600	22.50
3.	Maharashtra Industrial Development Corporation(MIDC)	50,00,000	05.00
4.	Indraprastha Gas Limited	500,00,000	50.00
5.	Other (individual jointly with GAIL India Limited)	12,500	0.01
6.	Others (Individuals)	400	-
	Tota	100,000,000	100%

33. ACKNOWLEDGEMENT

Your Directors take this opportunity to place on record their appreciation and sincere thanks to the Ministry of Petroleum and Natural Gas, Petroleum and Natural Gas Regulatory Board (PNGRB) , Government of India, Government of Maharashtra, Banks.

Other Statutory and Local Government Bodies, Statutory Auditors, Consultants and local citizens for the continued co operation and unstinted support extended to the Company.

The Directors also record their appreciation to its promoters, GAIL (India) Limited, Bharat Petroleum Corporation Limited and Indraprastha Gas Limited for their support.

The Directors place on record their deep appreciation towards its valued customers for their co-operation, patronage & support and look forward to the continuance of this relationship in future also.

The Directors wish to express their gratitude to all the shareholders, contractors and suppliers for their continued trust and support.

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

On behalf of the Board of Directors
For Maharashtra Natural Gas Limited

Place: Mumbai
Date:09.08.2016

sd/-
I.S.Rao
Chairman

ANNEXURE- "A"
ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR 2015-16
Corporate Social Responsibility (CSR)

[Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies
(Corporate Social Responsibility) Rules, 2014]

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

Maharashtra Natural Gas Limited (MNGL) through its CSR policy desires to improve the quality of the life of the communities by engaging communities through good health, education and to improve their environment by various green initiatives. Hence during the year your company had participated in CSR projects like "Swasth Sarathi" (health check up camps for auto drivers) Greenthon, tree plantation and Jalyukt Shivar Abhiyan.

A responsible business is expected to not only take care of its stakeholders but also to engage and contribute meaningfully towards improving the quality of life of the communities and environment in which it operates. MNGL follows the Board approved CSR Policy which is in line with requirements of Companies Act, 2013.

The contents of CSR Policy of MNGL are displayed on MNGL's website at : http://www.mnpl.in/csr_policy.html
During the Financial Year 2012-13, 2013-14, 2014-15 MNGL has made a profit before tax of Rs. 49.93 Crores, Rs. 82.49 Crores, & Rs. 77.89 Crores respectively. Hence the total amount (i.e. 2% of average profits of the last three years) required to be spent on CSR would be around Rs. 1 Crores 41 Lacs.

2. The Composition of the CSR Committee:-

Shri Gajendra Singh (Chairman)

Shri I S Rao (Member)

Shri Deepak Kumar Jamsaheb (Member)

**3. Average profit (PBT) of the company for last three financial years under Sec 198 of Companies Act, 2013:
Rs. 70.10 Crores**

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above):-Rs. 1 Crore 41 lacs

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

(a) Total amount to be spent for the financial year- Rs. 1.41 Crores

(b) Amount unspent, if any- NIL

© Manner in which the amount spent during the financial year is detailed below:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise (in Lacs)	Amount spent on the projects or programs Sub – heads: (1) Direct expenditure on projects or program (2) Overheads (in Lacs)	Cumulative expenditure upto to the reporting period (in Lacs)	Amount spent : Direct or through implementing agency*
1.	In association with Sakal Social Foundation-Greenthon, Tree plantation, Drawing competition for students. Safety drive awareness campaign	Ensuring Environment sustainability, ecological balance [Schedule VII(iv)	Pune Corporation & Pimpri Chichwad	38.04	38.04	38.04	Cheque given to Sakal Social Foundation
2.	Vocational training activities	Employment enhancing vocational skills & Empowering women (Schedule VII (ii))	Maharashtra	30.00	30.00	30.00	Amount given to National Yuva Co-operative Society (NYCS)
3.	Health Check -ups of the Rickshaw Drivers	Promoting health Care including Preventive health care [Schedule VII(i)	Maharashtra	18.20	18.20	18.20	Cheque given to Collector office, Pune
4.	Contribution to Jalyukt Shivar Abhiyan	Conservation of natural resources and maintaining quality of soil, air and water [Schedule VII (1V)	Pune District	55	55	55	Amount given to Govt. of Maharashtra through Collector Pune district
TOTAL PROJECT AMOUNT :				141.24	Amount Spent (31.03.2016)	141.24	

1. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report. The Company has spent the entire amount as stipulated as per the Section 135 of Companies Act 2013

2. CSR Committee Responsibility Statement

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



Organizing Greenthon under CSR Initiative

Road safety Campaign organized in association with Sakal Social Foundation

TUESDAY MARCH 8, 2016
Sakal Times MNGL and SSF kick off road safety campaign
 Mukund Bute



APPRECIATED: Chief Finance Manager of MNGL, Mayuresh Ginn, presented roses to the commuters who followed traffic rules at a road safety drive conducted by Maharashtra Natural Gas Ltd (MNGL) in association with Sakal Social Foundation on FC Road.



PRADAN MANTRI BHIMA YOJANA

ANNEXURE- "B"**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO****A. CONSERVATION OF ENERGY**

1. 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:

- a. More Energy efficient Canopy lights (LED Type) are being procured and installed; thus contact efforts are made to minimize energy consumption.
- b. Installation of APFC at 4 CNG Stations are completed and will be installed as when required by the respective stations.

2. The steps taken by the company for utilizing alternate sources of energy: NIL

3. The capital investment on energy conservation equipment's : 4.9 Lakhs

4. Maintained PF around unity in CNG stations resulting in saving of around Rs. 18 Lakhs

B. TECHNOLOGY ABSORPTION:

A Efforts made towards technology Absorption	1. Installation of online odourization monitoring system at MS Chikhali 2. Installation of Automatic Power Factor controller(APFC) panels 3. Procurement of Hart Communicator Procurement of USM
B Benefit derived as result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc.	1. Easy to monitor the odorant quantity in natural gas online in the P/L network & download the reports from web site 2. Maintained PF around unity in CNG stations resulting in saving of around Rs.18 Lakhs 3. Very useful to calibrate & diagnose the problem of any kind of smart transmitter online /offline By installation of USM, check on GAIL custody meter & accurate gas balancing can be done.
C. In case of imported technology (imported during last 3 years reckoned from the beginning of the financial year), following information may be furnished: I. Technology imported ii. Year of import iii. Has technology been fully absorbed If not absorbed, areas where this has not taken place, reason therefore & future plan of action	NIL
D The expenditure incurred on Research and Development	NIL

Other Initiatives

- Certification for Integrity Management system of MNGL network including CGS, Underground steel Network, DRS, MRS and CNG station in PMC, PCMC, Hinjewadi, Talegoan Chakan area done & report submitted to PNGRB
- Network drawing on mobile is available and further improvement through GIS in progress
- DGR implementation done at mother station Shivaji nagar for fore court management Customer care digitization is in place in line with PNGRB norms

**C. FOREIGN EXCHANGE EARNING AND OUTGO**

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 in terms of actual inflows during the year	-
Foreign Exchange outgo during the year in terms of actual outflows	\$2189.37
Foreign exchange used for Dividend payment for FY 14-15	

ANNEXURE- “C”

FORM NO. MR.3

SECRETARIAL AUDIT REPORTFOR THE FINANCIAL YEAR ENDED 31st March, 2016

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies
(Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
Maharashtra Natural Gas Limited
Pune

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Maharashtra Natural Gas Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of Maharashtra Natural Gas Limited's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Maharashtra Natural Gas Limited (“the Company”) for the financial year ended on 31st March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings – Not applicable -;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): – Not applicable -
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - © The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (vi) other applicable laws like Maharashtra Fire Prevention and Life Safety Measures Act, 2006, The Bombay Gas Supply

Act 1939, Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Bombay Shops & Establishments Act 1948, Maharashtra Labour Welfare Fund Act 1953, Maharashtra State Tax on Professions, Trade, Calling and Employment Act 1975 (hereafter referred as the Profession Tax Act, 1975), The Employees' Provident Funds and Miscellaneous Provisions Act, 1952, Employees' State Insurance Act, 1948, Minimum Wages Act, 1948, Payment of Bonus Act, 1965 and Contract Labour (Regulation and Abolition) Act, 1970. In respect of other applicable laws to the Company, I have relied on information obtained, representations made and records produced physically or over e-mail from the departmental heads and a few personal interviews of the contractors taken on test check basis, during the course of my audit. My reporting is limited to that extent.

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

(I) Secretarial Standards (SS-1 and SS-2) issued by The Institute of Company Secretaries of India as they stand and applicable from 1st July, 2015;

(ii) The Listing Agreements entered into by the Company with Stock Exchange(s), if applicable. - Not applicable - During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above. Non Compliances were observed in respect a few labour laws by some contractors. It may be pertinent to note that as a principle employer, company could be held responsible for the failures in compliances towards contract labour by the contractors under the provisions of the Contract Labour (Regulation and Abolition) Act, 1970. Further the management is suggested to strengthen compliance systems pertaining to applicable labour laws and take review on periodic basis.

I further report that

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

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

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

I/We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines, subject to observations mentioned above.

I/We further report that during the audit period the company has been no instances having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, standards as referred above except credit sanction of Rs. 5,090,000,000/- (Rupees Five Hundred Nine Crores Only) from a nationalized bank.

Place: Pune

Date: 31/07/2016

For Rajas Bodas & Associates, Company Secretaries

Rajas Bodas

FCS No. 6005

C.P. No. 5335

This report is to be read with my letter of even date which is annexed as Annexure A and which forms an integral part of this report.

Annexure A

To,
The Members,
Maharashtra Natural Gas Limited
Pune

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

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The secretarial audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place: Pune

Date: 31/07/2016

For Rajas Bodas & Associates,

Sd/-

Company Secretary

RAJAS BODAS

FCS No. 6005

C.P. No. 5335

“ANNEXURE D”

(As on the financial year ended on 31st March, 2016)

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

I. REGISTRATION AND OTHER DETAILS:

(i)	CIN	U11102PN2006PLC021839
(ii)	Registration Date	13 TH January, 2006
(iii)	Name of the Company	Maharashtra Natural Gas Limited
(iv)	Category / Sub-Category of the Company	Company Limited by Shares
(v)	Address of the Registered office and contact details	Plot no 27, Narveer Tanaji Wadi, PMT Bus Depot Commercial Building, First floor, Shivaji Nagar, Pune Tel: 020 – 25611000 Fax No: 020 -25511522 email: ashok.devarajan@mngl.in website: www.mngl.in
(vi)	Whether Listed Company	No
(vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	UTI Infrastructure Technologies and services Limited, Plot No. 3, Sector-11, Post Bag No. 22, C.B.D. Belapur, Navi Mumbai-400614 Tel-022 67931300, email: sunil.bhoite@utiitsl.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	Natural Gas	35202	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES : NIL
IV. SHARE HOLDING PATTERN (Equity Share Capital breakup as percentage of total Equity)
I) Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% of Change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A) Promoters									
(1) Indian									
(a) Individual/HUF	Nil	12900	12900	0.01	100	12800	12900	0.02	Nil
(b) Central Govt	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(c) State Govt. (s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(d) Bodies Corp.	Nil	44987100	44987100	47.35	Nil	44987100	44987100	44.98	Nil
(e) Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% of Change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(f) Any Other....	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-Total (A) (1)	Nil	45000000	45000000	47.36	100	44999900	45000000	45	Nil
(2) Foreign									
(a) NRIs – Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(b) Other – Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(c) Bodies Corp.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(d) Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(e) Any Other....	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-Total (A) (2)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total Shareholding of Promoter (A)= (A) (1)+(A) (2)	Nil	45000000	45000000	47.36	100	44999900	45000000	45	Nil
B Public Shareholding									
1 Institutions									
(a) Mutual Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(b) Banks/FI	2055556	Nil	2055556	2.17	0	Nil	0	0	(100)
(c) Central Govt.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(d) State	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(e) Venture Capital funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(f) Insurance Companies	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(g) FIs	444444	Nil	444444	0.47	0	Nil	0	0	(100)
(h) Foreign Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(i) Others (Specify) MIDC	Nil	Nil	Nil	Nil	Nil	5000000	5000000	5	100
Sub-Total (B)(1)	2500000	Nil	2500000	2.64	Nil	5000000	5000000	5	100
(2) Non- Institutions									
(a) Bodies Corp									
(i) Indian	47500000	Nil	47500000	50	50000000	Nil	50000000	50	5.2
(ii) Overseas	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(b) individuals									
i. Individual shareholders holding nominal share capital up to ₹ 1 lakh	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	475000000		475000000	50	50000000		50000000	50	5.2
	Nil		Nil		Nil				

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% of Change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(C) Others (Specify)									
Sub-Total (B)(2)	475000000	Nil	475000000	50	50000000	Nil	50000000	50	Nil
Total Public	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	5.2
Shareholding (B)=(B)(1)+ (B) (2)									
C. Shares held by custodian for GDRs & ADRs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Grand Total (A+B+C)	50000000	45000000	95000000	100	50000100	44999990	10000000	100	Nil

(ii) Shareholding of Promoters:

S. No	Shareholder's Name	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% of Change during the Year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
	GAIL (India) Limited (GAIL) including shares held jointly with its employees.	22500000	23.68	0.00	22500000	22.5	0.00	4.98
	Bharat Petroleum Corporation Limited	22499600	23.68	0.00	22499600	22.49	0.00	5.02
	Total	44999600	47.36	0.00	44999600	44.99	0.00	5.00

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

S. No	Shareholder's Name	No. of Shares held at the beginning of the year		No. of Shares held at the end of the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
There are no changes in the Promoter's shareholding during the Financial Year					

S. No	For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Indraprastha Gas Limited				
	At the beginning of the Year	47500000	50%	47500000	50%
	Bought during the Year	25000000	2.5	2500000	50%
	Sold/Transfer during the Year	0	0	0	0
	At the end of the Year	50000000	50%	50000000	50%
2	Shri Kamlesh Sharma (Jointly with GAIL)				
	At the beginning of the Year	3125	0.003 %	3125	0.003 %
	Bought during the Year	0	0.00 %	0	0.00 %
	Sold/Transfer during the Year	0	0.00 %	0	0.00 %
	At the end of the Year	3125	0.003 %	3125	0.003 %
3	Shri N K Nagpal (Jointly with GAIL)				
	At the beginning of the Year	3125	0.003 %	3125	0.003 %
	Bought during the Year	0	0.00 %	0	0.00 %
	Sold/Transfer during the Year	0	0.00 %	0	0.00 %
	At the end of the Year	3125	0.003 %	3125	0.003 %
4	Shri Manoj Kumar Pawa (Jointly with GAIL)				
	At the beginning of the Year	0	0.000%	0	0.000%
	Bought during the Year	3125	0.003%	3125	0.003%
	Sold/Transfer during the Year	0	0.00 %	0	0.00 %
	At the end of the Year	3125	0.003 %	3125	0.003 %
5	Shri A.K.Bansal				
	At the beginning of the Year	100	0.00%	100	0.00%
	Bought during the Year	0	0.00%	0	0.00%
	Sold/Transfer during the Year	0	0.00%	0	0.00%
	At the end of the Year	100	0.00%	100	0.00%
6.	Shri R.P.Natekar				
	At the beginning of the Year	100	0.00%	100	0.00%
	Bought during the Year	0	0.00%	0	0.00%
	Sold/Transfer during the Year	0	0.00%	0	0.00%
	At the end of the Year	100	0.00%	100	0.00%

S. No	For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
7	Shri M. Ravindran (Jointly with GAIL)				
	At the beginning of the Year	3125	0.003 %	3125	0.003 %
	Bought during the Year	0	0.00 %	0	0.00 %
	Sold/Transfer during the Year	0	0.00 %	0	0.00 %
	At the end of the Year	3125	0.003 %	3125	0.003 %
8	Shri S.Krishnamurti				
	At the beginning of the Year	100	0.00%	100	0.00%
	Bought during the Year	0	0.00%	0	0.00%
	Sold/Transfer during the Year	0	0.00%	0	0.00%
	At the end of the Year	100	0.00%	100	0.00%
9	Shri. K.Balasubramaniam				
	At the beginning of the Year	0	0.00%	0	0.00%
	Bought during the Year	100	0.00%	100	0.00%
	Sold/Transfer during the Year	0	0.00%	0	0.00%
	At the end of the Year	100	0.00%	100	0.00%
10	IDFC Trustee Co. Ltd. A/C IDFC Infrastructure Fund 2				
	A/C IDFC Private Equity Fund II.				
	At the beginning of the Year	1000000	1.05%	1000000	1.05%
	Bought during the Year	0	0.00%	0	0.00%
	Sold/Transfer during the Year	1000000	1.05%	1000000	1.05%
	At the end of the Year	0	0	0	0
11	IL& FS Trust Company Limited				
	At the beginning of the Year	555556	0.58%	555556	0.58%
	Bought during the Year	0	0	0	0
	Sold/Transfer during the Year	555556	0.58%	555556	0.58%
	At the end of the Year	0	0	0	0
12	Axis Bank Limited				
	At the beginning of the Year	500000	0.53%	500000	0.53%
	Bought during the Year	0	-	0	-
	Sold/Transfer during the Year	500000	0.53%	500000	0.53%
	At the end of the Year	0	0	0	0

S. No	For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
9	Shri Satish Y. Oke				
	At the beginning of the Year	100	0.00%	100	0.00%
	Bought during the Year	0	0.00%	0	0.00%
	Sold/Transfer during the Year	100	0.00%	100	0.00%
	At the end of the Year	0	0.00%	0	0.00%

(v) Shareholding of Directors and Key Managerial Personnel as on 31st March, 2016:

1	Shri I S Rao				
	At the beginning of the Year	0	0.00%	0	0.00%
	Bought during the Year	0	0.00%	0	0.00%
	Sold/Transfer during the Year	0	0.00%	0	0.00%
	At the end of the Year	0	0.00%	0	0.00%
2	Shri Gajendra Singh				
	At the beginning of the Year	0	0.00%	0	0.00%
	Bought during the Year	0	0.00%	0	0.00%
	Sold/Transfer during the Year	0	0.00%	0	0.00%
	At the end of the Year	0	0.00%	0	0.00%
3	Shri Ashim Batra				
	At the beginning of the Year	0	0.00%	0	0.00%
	Bought during the Year	0	0.00%	0	0.00%
	Sold/Transfer during the Year	0	0.00%	0	0.00%
	At the end of the Year	0	0.00%	0	0.00%
4	Shri A.M.Tambekar				
	At the beginning of the Year	0	0.00%	0	0.00%
	Bought during the Year	0	0.00%	0	0.00%
	Sold/Transfer during the Year	0	0.00%	0	0.00%
	At the end of the Year	0	0.00%	0	0.00%
5	Shri Narendra Kumar*				
	At the beginning of the Year	0	0.00%	0	0.00%
	Bought during the Year	0	0.00%	0	0.00%
	Sold/Transfer during the Year	0	0.00%	0	0.00%
	At the end of the Year	0	0.00%	0	0.00%

S. No	For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
6	Shri J.Vedagiri				
	At the beginning of the Year	0	0.00%	0	0.00%
	Bought during the Year	0	0.00%	0	0.00%
	Sold/Transfer during the Year	0	0.00%	0	0.00%
	At the end of the Year	0	0.00%	0	0.00%
7	Ms. Padmini Khare				
	At the beginning of the Year	0	0.00%	0	0.00%
	Bought during the Year	0	0.00%	0	0.00%
	Sold/Transfer during the Year	0	0.00%	0	0.00%
	At the end of the Year	0	0.00%	0	0.00%
8	Shri. Rajesh Pande				
	At the beginning of the Year	0	0.00%	0	0.00%
	Bought during the Year	0	0.00%	0	0.00%
	Sold/Transfer during the Year	0	0.00%	0	0.00%
	At the end of the Year	0	0.00%	0	0.00%
9	Shri Deepak Kumar Mukadam				
	At the beginning of the Year	0	0.00%	0	0.00%
	Bought during the Year	0	0.00%	0	0.00%
	Sold/Transfer during the Year	0	0.00%	0	0.00%
	At the end of the Year	0	0.00%	0	0.00%
10	Shri A.L.Jarhad**				
	At the beginning of the Year	0	0.00%	0	0.00%
	Bought during the Year	0	0.00%	0	0.00%
	Sold/Transfer during the Year	0	0.00%	0	0.00%
	At the end of the Year	0	0.00%	0	0.00%
11	Ms. Preety Gupta (CS)***				
	At the beginning of the Year	0	0.00%	0	0.00%
	Bought during the Year	0	0.00%	0	0.00%
	Sold/Transfer during the Year	0	0.00%	0	0.00%
	At the end of the Year	0	0.00%	0	0.00%

Note :* Shri Narendra Kumar Ceased to be Director w.e.f. 31.05.2016 who joined as nominee Director of IGL w.e.f. 06.05.2015

** Shri A.L Jarhad joined as Nominee Director of MIDC w.e.f. 10.02.2016

*** Ms. Preety Gupta resigned as Company Secretary w.e.f 09.08.2016

V. INDEBTEDNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for payment: Rs. 27, 41,099,536

VI. REMUNERATION OF DIRECTORS AND KEY MANGERIAL PERSONNEL DURING THE FINANCIAL YEAR 2014 2015

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

S.No.	Particulars of Remuneration	(Rs. in Lacs)		Total Amount (Rs/Lacs)
		Shri A.M. Tambekar	Shri J. Vedagiri	
	Name	Managing Director	Director Commercial	
	Designation			
1	Gross salary	43.89	42.44	86.33
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	40.93	39.76	80.69
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	2.96	2.68	5.64
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify	-	-	-
5	Others, please specify	-	-	-
	Total (A)			
	Ceiling as per the Act	Remuneration is within ceiling prescribed under Companies Act, 2013.		

B. Remuneration to other Directors:

Particulars of Remuneration	Name of Directors	Total Amount (Rs/Lacs)
Independent Directors		
Fee for attending board / committee meetings	Rs.10,60,000/-	
Commission		
Others, please specify		
Total (1)	No other amount was paid to any other Director During FY 2015-16	
Other Non-Executive Directors		
Fee for attending board committee meetings		
Commission		
Others, please specify		
Total (2)		
Total (B)=(1+2)		
Ceiling as per the Act**		

*Paid to respective parent organizations.

** Remuneration is within ceiling prescribed under Companies Act, 2013.

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

Sr. No.	Particulars of Remuneration	Name of Directors		Total Amount (Rs/Lacs)
	Name	Shri J. Vedagiri*	Ms. Preety Gupta	
	Designation	WTD & CFO	CS	
1	Gross salary	Remuneration of Shri J.Vedagiri has been covered under Remuneration to Directors		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		1.66	1.66
	(b) Value of perquisites u/s 17 (2) Income-tax Act, 1961			

Sr. No.	Particulars of Remuneration	Name of Directors		Total Amount (Rs/Lacs)
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961			
2	Stock Option			
3	Sweat Equity			
4	Commission			
	- as % of profit			
	- others, specify			
5	Others, please specify			
	Total		1.66	1.66

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties/punishment/compounding of offences for breach of any Section of Companies Act against the Company or its Directors or other officers in default, if any, during the financial year 2014

ANNEXURE 'E'

MANAGEMENT DISCUSSION AND ANALYSIS

NATURAL GAS SCENARIO IN INDIA

The Relevance of Natural gas to the energy sector and to economic growth is changing every day .The global gas industry developments are favourable to rapidly developing country like India.

Natural gas has been widely acknowledged as fuel of the twenty first century, the cleaner burning fossil fuel and its environment friendly characteristics make it more popular than other hydrocarbon fuel. Currently, the gas sector is going through a unique and challenging phase with its Macroeconomic growth prospects and billion plus population, India is confronted with energy security and environmental sustainability. Thus, the role of natural gas in shaping nation`s energy future assume utmost importance.

As per the report ``Vision 2030`` of Petroleum and Natural Gas Regulatory Board, in recent years demand for natural gas in India has increased manifold due to its higher availability, development of transmission and distribution infrastructure. India can be divided into six major natural gas markets namely Northern, Western, and Eastern, Southern, Central and North eastern markets. Out of which western and northern markets have the highest consumption due to better pipe connectivity. In future the natural gas demand is all set to grow significantly from 378.06 MMSCM from 2016-17 to 746 MMSCMD by 2029-30.It is expected that by 2025 the share of natural gas in the energy mix would grow to 20% as compared to 11% in 2011.

In this context MNGL is playing an essential role in creating infrastructure for easy availability of natural gas at an affordable price to consumers.

CITY GAS DISTRIBUTION IN INDIA

Compressed Natural Gas (CNG) has emerged as a 'fuel of future' across the world over the years. CNG vehicles have been introduced in a wide variety of commercial applications, from light-duty trucks and sedans - like taxi cabs, to medium-duty vehicles - like delivery vans and postal vehicles, to heavy-duty vehicles like transit buses and school buses. CNG is an efficient fuel, emits lesser carbon dioxide, NOx, CO, PM than coal and oil, and is available in abundance worldwide. Natural Gas can replace traditional fossil fuels due to its environmentally friendly and economic benefits. Yet with rising concern over pollution in various Cities due to use of traditional fossil fuels, CNG gives remarkable benefits to replace the traditional fossil fuels like Petrol and Diesel with Natural gas.

Your Company has been taking up the proposals with State Government Authorities for the requirement of land on long term lease. Also, many private individuals proposal are under construction wherein PESO (Petroleum and Explosive Safety Organization) prerequisites are in place.

More number of CNG stations will boost the company's CNG consumption across Pune and help city become cleaner and greener.

As Pune City is being transformed into smart city, it give ample opportunity to MNGL to help the cause by penetrating in larger segment of CNG and PNG.

Both CNG and PNG business have performed well during the year 2015-16. On overall basis the sales volume (CNG & PNG) has shown a growth of 14.46 % over the previous year.

During the year, CNG sales volume has increased from 105.35 MMSCM in FY 2014-15 to 119.95 MMSCM in FY 2015-16 and PNG sales volume have increased from 41.97 MMSCM in FY 2014-15 to 47.72 MMSCM in FY 2015-16 showing a growth of 13.86% and 13.69% respectively.

Company has setup a network of 36 CNG Stations in Pune and PCMC areas as on 31st March 2016 for supplying CNG to the customers. The Total nos. of vehicles using CNG was 97217 in March 2016. The Company has a wide network of pipeline to provide PNG connection to 30598 Domestic Customers, 132 Commercial customers and 115 Industrial Customers as on 31st March, 2016.

OUTLOOK ON OPPORTUNITIES

The recent study project on CNG fitted Two Wheelers and conversion of Diesel engines to CNG by ARAI (Automotive Research Association of India) will give a definite boost to CNG segment as Pune is having the highest number of Two Wheelers in the Country.

Your company has laid a considerable pipeline infrastructure during FY: 2015-16 which can fetch reasonable customer base in Domestic, Commercial and Industrial Segments and the use of natural gas is bound to grow. Your company has got around 36 CNG stations in and around Pune by 31st March'2016 and many are under construction which will ensure sufficient availability CNG and PNG to its customers.

Your company is also exploring the unique on-site power generation system which utilizes an Innovative New Solid Oxide Fuel Cell Technology brought by M/s Bloom Energy based out of United States. This technology which uses Natural Gas as an input fuel is able to produce Clean, Reliable, and Affordable Power. This will help your company build a firm sales volume on a long term basis.

The introduction of De-compression skid with new light weight composite cylinders of higher capacity in MIDC areas where pipeline network is yet to be established can boost Industrial sales in a big way.

Your company has also started leveraging the existing Industrial Customer base for exploring Commercial Connections by converting Industrial Canteens to Natural Gas.

Your Company is taking all out efforts to expand its presence in other Geographical areas subject to feasibility through CGD bidding process being invited by PNGRB.

OUTLOOK ON THREATS, RISKS & CONCERNS AND MITIGATIONS

Regulatory Regime

The City Gas Distribution business is under Regulatory regime wherein the Regulatory Board (PNGRB) has framed various Regulations, which have impact on the day to day business operations of a CGD entity. Determining Capacity of City or Local Natural Gas distribution Network Notification dated 19.5.2016 might pave the blocks for new entrants in our authorized geographical area to conduct the natural gas business.

The consistently falling prices of substitute fuels like Furnace Oil & LPG are reducing the growth in Industrial segment and resulting into delayed decisions on switching to PNG.

The Petroleum and Natural Gas Regulatory Board (PNGRB) has been inviting bids from time to time for setting up CGD network in new geographical areas. Your Company intends to participate in the bidding for expanding its area of operations.

Gas Sourcing

During the year your Company has received assured supply of domestic gas from GAIL under the laid down guidelines of MoP&NG, Government of India.

In order to meet the growing gas demand of industrial & commercial consumers, the Company is also procuring R-LNG, both on term & spot basis from various other sources at competitive prices. Your company is continuously in lookout for

procuring cheapest R-LNG supplies for its customers by signing agreements with various suppliers in order to bring a rationality in correct price mix, which will obviously benefit our end users and help in enhancing customer base.

Gas Prices

With the supply of additional gas under guidelines of MoP&NG, Government of India, has helped your Company in maintaining gas selling prices both in CNG and PNG-domestic segment competitive over alternate fuels. During the year there was a continuous fall in the global price of crude which had impacted the procuring prices of Gas. Your Company had accordingly corrected the selling price to its industrial and commercial customers and transparently passed the benefit to the end users.

VALUE CREATION THROUGH OPERATIONAL EXCELLENCE

The endeavor of your Company is to create value for it customers and stakeholders. Therefore the Company has adopted tools like SAP in enhancing the operational efficiency in the processes with cost optimization.

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 for the purpose monitoring the gaps, if any in the internal control mechanism of the Company.

ENVIRONMENT CONSCIOUSNESS

Natural gas is fossil fuel, though global warming emissions form its combustion are much lower than those from coal or oil. Natural gas emits 50 to 60 percent less carbon dioxide. The increased reliance on natural gas can potentially reduce the emission of many of harmful pollutants. The Company is promoting use of natural gas by domestic consumers as well as by commercial & industrial consumers through sustained campaigns whereby all the users are made aware of the economic and environmental advantages of natural gas compared to other fuels, along with assurance of timely and uninterrupted supply of natural gas.

The Company is continuing its efforts to reduce pollution in Pune and its adjoining area.



Donation to Chief Minister`s Fund towards Jalayukt Shivar



Collector of Pune, Guardian Minister of Pune along with independent directors of MNGL

NOTICE

The shareholders of Maharashtra Natural Gas Limited are hereby given notice to attend the 10th Annual General Meeting to be held on Monday, the 19th day of September, 2016 at 11:00 A.M. Plot No. 27, Narveer Tanajiwadi, P.M.T. Bus Depot Commercial building, 1st floor, Shivaji Nagar, Pune-411005 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Financial Statements and audited consolidated financial statement for the financial year ended 31st March, 2016, Director's Report, Independent Auditor's Report and the comments thereupon of Comptroller & Auditor General of India.

"RESOLVED THAT Audited Financial Statement for the financial year ended 31st March, 2016, Director's Report, Independent Auditor's Report and the comments thereupon of Comptroller & Auditor General of India be and are hereby received, considered and adopted."

2. To declare dividend Rs. 1.50/- per share on the paid-up equity share capital of the Company as recommended by the Board and confirm the payment of dividend @ 20% on the profits of the company for the financial year ended 31st March, 2016.

"RESOLVED THAT total dividend @ 15.03% on the paid-up equity share capital of the Company for the financial year ended on 31st March, 2016 as recommended by the Board be and is hereby approved."

3. To appoint a Director in place of Shri Ashim Batra, who retires by rotation, and being eligible, offers himself for re appointment.

"RESOLVED THAT Shri Ashim Batra, Director (DIN:07173368) be and is hereby re appointed as the Director of the company liable to retire by rotation."

4. To appoint a Director in place of Shri E.S Ranganathan who had been appointed in casual vacancy in place of Shri Narendra Kumar during the Board Meeting held on August 9, 2016 (who would hold the office until this AGM and retired by rotation) retires by rotation in place of Shri Narendra Kumar and being eligible, offers himself for re-appointment.

"RESOLVED THAT Shri E.S. Ranganathan (DIN-07417640) be and is hereby re-appointed as Director of the Company liable to retire by rotation."

5. To fix remuneration for Statutory Auditors of the Company as recommended by Board Directors.

The Board of Directors vide their meeting held on 9th August 2016 confirmed the appointment of the Statutory Auditors M/s P G Bhagwat by the Comptroller and Auditors General of India (C& AG) and recommended the payment of Remuneration of Rs.5,00,000/- (Rupees Five lacs only) plus applicable taxes thereon and the reimbursement of out of pocket expenses at actual basis.

"RESOLVED THAT pursuant to the provisions of Section 142 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Remuneration of Rs.5,00,000/- (Rupees Five lacs only) plus applicable taxes thereon and the reimbursement of out of pocket expenses at actual basis to be paid to M/s P G Bhagwat, Statutory Auditors (Firm Registration No.WR0625), Statutory Auditors for the conduct of the audit of the Company for the financial year ending March 31, 2017, as recommended by the Board of Directors, be and is hereby ratified.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

By the order of Board of Directors
For **Maharashtra Natural Gas Limited**

Sd/-
(Ashok Devarajan)
Company Secretary
ACS-31755

Registered Office:

A Block, Plot No.27, Narveer Tanajiwadi,
PMT Bus Depot Commercial Bldg., 1st Floor
Shivaji Nagar, Pune– 411 005
CIN: U11102PN2006PLC021839
Email: info@mngl.inwebsite:www.mngl.in
Dated:27.09.2015

Notes:

1. A member entitled to attend and vote at the General Meeting (the “Meeting”) is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the Meeting.
2. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
3. The Register of Members and the Share Transfer Books of the Company will be closed on 15thSeptember’2016.
4. The dividend, if declared, will be paid within the statutory time limit of 30 days, to those Members entitled thereto whose names appear in the Register of Members of the Company as on 15TH September 2016.
5. Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.
6. Members having query relating to this Annual report are requested to send their questions to registered office of the Company at least 7 days before the date of Annual General Meeting.
7. Physical Copies of the Annual Report 2016 are being sent to all the members at their Communication address registered with the Company. Copies of Annual Report are also being sent through electronic mode to the members whose email addresses are registered with the Company for communication purposes.
8. All material documents referred to in the notice are open for inspection by the members on all working days during business hours at the registered office of the Company till the conclusion of the meeting.



Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.

Sd/-
(Ashok Devarajan)
Company Secretary
ACS-31755

Registered Office:

A Block, Plot No.27, Narveer Tanajiwadi,
PMT Bus Depot Commercial Bldg., 1st Floor
Shivaji Nagar, Pune– 411 005
CIN: U11102PN2006PLC021839
Email: info@mngl.inwebsite:www.mngl.in
Dated: 27.08.2016

Maharashtra Natural Gas Limited

Form no. MGT-11

(Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies

(Management&Administration) Rules, 2014

CIN: U11102PN2006PLC021839

Registered Office:

A Block, Plot No.27, Narveer Tanajiwadi,
PMT Bus Depot Commercial Bldg., 1st Floor

Shivaji Nagar, Pune- 411 005

Email: info@mngl.inwebsite:www.mngl.in

Name of the Member(s):	
Registered Office:	
Email id:	
Folio no./ Client id:	
DP id:	

1. Name.....Address.....

Email ID.....Signature.....of failing him/her.

2. Name.....Address.....

Email ID.....Signature.....of failing him/her.

3. Name.....Address.....

Email ID.....Signature.....of failing him/her.

as my/our proxy to attend vote (on a poll) for me/us on my/our behalf at 10th Annual General Meeting to be held on September 19th 2016 at 11.00 AM at Plot No. 27, Narveer Tanajiwadi, P.M.T. Bus Depot Commercial building, 1st floor, Shivaji Nagar, Pune-411005 and at any adjournment thereof in respect of such resolutions indicated below:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Financial Statements and audited consolidated financial statement for the financial year ended 31st March, 2016, Director's Report, Independent Auditor's Report and the comments thereupon of Comptroller & Auditor General of India.

“**RESOLVED THAT** Audited Financial Statement for the financial year ended 31st March, 2016, Director's Report, Independent Auditor's Report and the comments thereupon of Comptroller & Auditor General of India be and are hereby received, considered and adopted.”

2. To declare dividend Rs.1.50/-per share on the paid-up equity share capital of the Company as recommended by the Board and confirm the payment of dividend @ 20% on the profits of the company for the financial year ended 31st March, 2016.

“RESOLVED THAT total dividend @ 15.03% on the paid-up equity share capital of the Company for the financial year ended on 31st March,2016 as recommended by the Board a be and is hereby approved.”

3. To appoint a Director in place of Shri Ashim Batra, who retires by rotation, and being eligible, offers himself for reappointment.

“RESOLVED THAT Shri Ashim Batra, Director (DIN: 07173368) be and is hereby re appointed as the Director of the company liable to retire by rotation.”

4. To appoint a Director in place of Shri E.S Ranganathan who had been appointed in casual vacancy in place of Shri Narendra Kumar during the Board Meeting held on August 9, 2016(who would hold the office until this AGM and retired by rotation) retires by rotation in place of Shri Narendra Kumar and being eligible, offers himself for re-appointment.

“RESOLVED THAT Shri E.S. Ranganathan (DIN-07417640) be and is hereby re-appointed as Director of the Company liable to retire by rotation.”

5. To fix remuneration for Statutory Auditors of the Company as recommended by Board Directors. The Board of Directors vide their meeting held on 9th August 2016 confirmed the appointment of the Statutory Auditors M/s. P G Bhagwat by the Comptroller and Auditors General of India (C&AG) and recommended the payment of Remuneration of Rs.5,00,000/- (Rupees Five lacs only) plus applicable taxes thereon and the reimbursement of out of pocket expenses at actual basis.

“RESOLVED THAT pursuant to the provisions of Section 142 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Remuneration of Rs.5,00,000/- (Rupees Five lacs only)plus applicable taxes thereon and the reimbursement of out of pocket expenses at actual basis to be paid to M/s. P G Bhagwat, Statutory Auditors (Firm Registration No.WR0625), Statutory Auditors for the conduct of the audit of the Company for the financial year ending March 31, 2017, as recommended by the Board of Directors, be and is hereby ratified.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

Signed thisday of2016

Signature of the Shareholder



Affix Revenue stamp Rs.1/-

Signature of the proxy holder

Note this form of proxy in order to be effective, should be duly completed and deposited at the registered office of the Company, not less than 48 hours before the commencement of the meeting.

Maharashtra Natural Gas Limited

CIN: U11102PN2006PLC021839

Registered Office:

A Block, Plot No.27, Narveer Tanajiwadi,
PMT Bus Depot Commercial Bldg.,1st Floor
Shivaji Nagar, Pune– 411 00

Email: info@mngl.in website: www.mngl.in**ATTENDANCE SLIP**

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF MEETING HALL joint shareholder may obtain additional attendance slip on request (Folio no. DP id*, Client id* and name of the Shareholder / Joint share holder / PROXY in BLOCK LETTERS to be furnished below:

Shareholder/ Proxy holder	DP Id*	Client Id*	Folio	No.of Shares held

I here by record my presence at the 10th Annual General Meeting to be held on September 19th 2016 at 11.00 AM at Plot No. 27, Narveer Tanajiwadi, P.M.T. Bus Depot Commercial building, 1st floor, Shivaji Nagar, Pune-411005.

SIGNATURE OF THE SHAREHOLDER OR PROXY

Notes:

Shareholders /proxy holders are requested to bring the Attendance slip when they come to the meeting and hand it over at the gate after completely filling the details and affixing their signature on it.

*Available for investors holding the shares in electronic (demat) form



M/s P. G. BHAGWAT
CHARTERED ACCOUNTANTS

HEAD OFFICE

Suites 101 - 102, 'Orchard',
Dr. Pai Marg, Baner,
Pune - 411045.

Tel.(O) : 020 - 27290771, 27291772, 27291773

Fax : 020 - 27290774

Email : pgbhagwat@vsnl.com

Web : www.pgbhagwatca.com

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MAHARASTRA NATURAL GAS LIMITED.**

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

MAHARASTRA NATURAL GAS LIMITED

- Audit Report, 31st March 2016

Page 1

M/s P. G. BHAGWAT

CHARTERED ACCOUNTANTS

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

Opinion

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books

(c) The Balance Sheet, the Statement of Profit and Loss Statement and the Cash Flow Statement dealt with by this are in agreement with the books of account

(d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. Refer Note No. 28 (A) on Contingent Liabilities disclosing the impact of pending litigation on the financial position of the company in its financial statements.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.



MAHARASTRA NATURAL GAS LIMITED

 - Audit Report, 31st March 2016

Page 2



M/s P. G. BHAGWAT

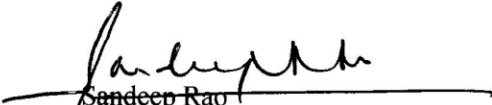
CHARTERED ACCOUNTANTS

- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For M/s P.G.BHAGWAT

Chartered Accountants

Firm's Registration No.: 101118W


Sandeep Rao
Partner
Membership No. 47235
Pune
2nd May, 2016

M/s P. G. BHAGWAT
CHARTERED ACCOUNTANTS

Annexure A

Referred to in paragraph 1 under the heading, "Report on Other legal and Regulatory Requirements" of our report on even date:

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) As informed to us, the fixed assets are been physically verified by the management at regular intervals based on the programme of verification which in our opinion is reasonable.
 - (c) The title deeds of immovable properties are held in the name of the company.
- (ii) In our opinion and according to the information and explanations given to us, the inventory of the company comprises of Gas and the same is ascertained on volumetric basis at the year end. No material discrepancies were noticed on volumetric verification between the physical stock and the book records.
- (iii) The company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, clause (iii) a, b and c of the Order are not applicable to the Company.
- (iv) According to information and explanation provided to us the Company has no transactions covered under the sections 185 and section 186 of the Companies Act, 2013.
- (v) According to information and explanation provided to us, the Company has not accepted deposits, hence the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under, are not applicable to it. According to information and explanation provided to us no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under sub-section (l) of section 148 of the Companies Act, 2013 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not however made a detailed examination of records with a view to determine whether they are accurate and complete.
- (vii) (a) The Company is regular in depositing undisputed statutory dues including Provident fund, Investor Education and Protection Fund, Income-Tax, Sales-Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and any other Statutory Dues with the appropriate authorities. According to the information and explanation provided to us, no undisputed amounts payable in respect of statutory

**M/s P. G. BHAGWAT**

CHARTERED ACCOUNTANTS

dues were in arrears as at 31st March, 2016, for a period more than six months from the date they became payable.

(b) According to the information and explanation provided to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax which have not been deposited on account of any dispute except as under:

Name of Statute	Nature of dues	Amount in Rs. Lacs	Period	Forum Where dispute is pending
Sales Tax	Sales Tax dues	35.22	2009-10	Jt. Commissioner of Sales Tax (Appeal) Pune

- (viii) Based on our audit procedures and according to the information and explanation provided to us, the Company has not defaulted in repayment of dues to a financial institution, bank or government. The Company does not have any debenture holders.
- (ix) According to information and explanation provided to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). The Company has applied the term loan for the purpose for which the same was raised.
- (x) Based upon the audit procedures performed by us and according to the information and explanations provided to us, no fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported to us during the year.
- (xi) According to the information and explanation provided to us, no approvals were required as per the provisions of section 197 read with Schedule V to the Companies Act.
- (xii) The Company is not a Nidhi Company and accordingly, Clause (xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanation provided to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- (xiv) According to the information and explanation provided to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.

M/s P. G. BHAGWAT

CHARTERED ACCOUNTANTS

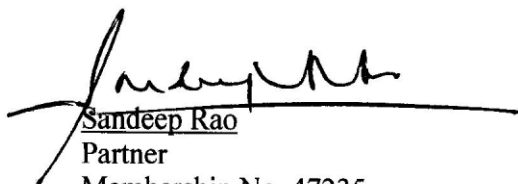
(xv) According to the information and explanation provided to us, the company has not entered into any non-cash transactions with director or persons connected with him.

(xvi) According to the information and explanation provided to us, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For M/s P.G.BHAGWAT

Chartered Accountants

Firm's Registration No.: 101118W


Sandeep Rao

Partner

Membership No. 47235

Pune

2nd May, 2016

**M/s P. G. BHAGWAT**

CHARTERED ACCOUNTANTS

Annexure B**Annexure to the Independent Auditors' Report of even date on the financial statements of MAHARASTRA NATURAL GAS LIMITED: Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **MAHARASTRA NATURAL GAS LIMITED** ("the Company") as of 31st March, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the

MAHARASTRA NATURAL GAS LIMITED- Audit Report, 31st March 2016

Page 7

M/s P. G. BHAGWAT

CHARTERED ACCOUNTANTS

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

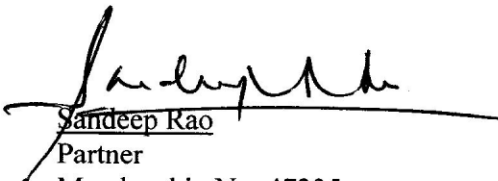
Opinion

In our opinion, the Company has maintained, in all material respects, adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as of 31st March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For M/s P.G.BHAGWAT

Chartered Accountants

Firm's Registration No.: 101118W



Sandeep Rao

Partner

Membership No. 47235

Pune

2nd May, 2016

कार्यालय प्रधान निदेशक वाणिज्यिक लेखा परीक्षा
एवम् पदेन सदस्य, लेखा परीक्षा बोर्ड II, मुंबई
भारतीय लेखा एवम् लेखा परीक्षा विभाग

सी-25, 'ऑडिट भवन', 8वाँ तल, बांद्रा कुर्ला कॉम्प्लेक्स, मुंबई - 400 051
फैक्स : 022-26573814 टेलिफोन : 022-26573813 / 26573942
इ मेल : mabmbai2@cag.gov.in

Office of the Principal Director of Commercial Audit
& *ex-officio* Member, Audit Board-II, Mumbai

Indian Audit & Accounts Department

C-25, 'Audit Bhavan', 8th Floor, Bandra-Kurla Complex, Mumbai - 400 051.
Fax : 022-26573814 Telephone : 022-26573813 / 26573942
e-mail : mabmbai2@cag.gov.in

संख्या: एमएबी II/एम.एन.जी.एल-लेखों/15-16/टी-1423/96

दिनांक: 24.06.2016

सेवा में,
प्रबंध निदेशक,
महाराष्ट्र प्राकृतिक गैस लिमिटेड,
पुणे,

विषय: कंपनी के अधिनियम 2013 के धारा 143 (6) (b) के अधीन महाराष्ट्र प्राकृतिक गैस लिमिटेडके 31 मार्च
2016 को समाप्त लेखों पर भारत के नियंत्रक-महालेखापरीक्षक की टिप्पणीयाँ ।

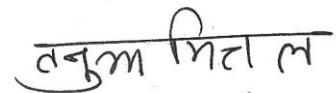
महोदय,

मैं महाराष्ट्र प्राकृतिक गैस लिमिटेड के 31 मार्च 2016 को समाप्त लेखों पर कंपनी के अधिनियम 2013
के धारा 143 (6) (b) के अधीन भारत के नियंत्रक-महालेखापरीक्षक की टिप्पणीयाँ प्रेषित कर रही हूँ।

वार्षिक आम सभा में लेखों तथा नियंत्रक-महालेखापरीक्षक के टिप्पणीयों को अंगीकरण करने के
कार्यवाही के कार्यवृत्त की एक प्रतिलिपि इस कार्यालय को प्रेषित करें। साथ में प्रकाशित वार्षिक रिपोर्ट की 10
प्रतिलिपियाँ भेजें।

कृपया इस पत्र की पावती भेजें।

भवदीया,



प्रधान निदेशक वाणिज्यिक लेखापरीक्षा
एवं पदेन सदस्य, लेखा परीक्षा बोर्ड II, मुंबई

संलग्न: यथोपरि

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE
FINANCIAL STATEMENTS OF MAHARASHTRA NATURAL GAS LIMITED FOR
THE YEAR ENDED 31 MARCH 2016**

The preparation of financial statements of Maharashtra Natural Gas Limited for the year ended 31 March 2016 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 2 May 2016.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) of the Act of the financial statements of Maharashtra Natural Gas Limited for the year ended 31 March 2016. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report.

**For and on the behalf of the
Comptroller & Auditor General of India**

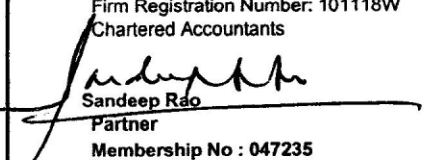
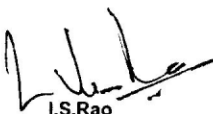



Tanuja Mittal

**Tanuja Mittal
Principal Director of Commercial Audit &
ex-officio Member Audit Board-II, Mumbai**

**Place: Mumbai
Date: 24 June 2016**

(Rs. in Lacs)

S.NO	PARTICULARS	Note No.	Figures as at the end of current reporting period ending on March 31,2016	Figures as at the end of previous reporting period ending on March 31,2015
I	EQUITY AND LIABILITIES			
	1. SHAREHOLDERS' FUNDS			
	(a) Share Capital	3	10,000.00	9,500.00
	(b) Reserves and Surplus	4	16,794.15	11,090.55
			26,794.15	20,590.55
	2. NON-CURRENT LIABILITIES			
	(a) Long Term Borrowings	5	21,680.51	11,905.40
	(b) Deferred Tax Liabilities (Net)	6	2,021.03	1,488.12
	(c) Other Long-Term Liabilities	7	2,434.42	1,757.31
	(d) Long-Term Provisions	8	79.05	60.50
			26,215.01	15,191.32
	3. CURRENT LIABILITIES			
	(a) Trade Payables	9	-	-
	i) Total Outstanding dues of MSME parties (Refer Note No.30 (a))		-	-
	ii) Total Outstanding dues of other than MSME parties		2,101.53	1,999.58
	(b) Other Current Liabilities	10	7,454.15	6,527.15
	(c) Short Term Provisions	11	2,274.99	542.78
			11,830.67	9,069.51
	TOTAL		64,839.83	44,851.38
II	ASSETS			
	1. NON-CURRENT ASSETS			
	A. Fixed Assets			
	(i) Tangible Assets	12	24,820.45	17,478.16
	(ii) Intangible Assets	13	433.07	494.34
	(iii) Capital Work-In-Progress		28,783.10	16,110.59
	B. Other Non-Current Assets	14	1,449.52	396.33
			55,486.14	34,479.42
	2. CURRENT ASSETS			
	A. Inventories	15	34.39	49.17
	B. Trade Receivables	16	5,998.63	5,125.51
	C. Cash and Bank Balances	17	2,609.05	4,574.54
	D. Short-Term Loans and Advances	18	609.70	497.80
	E. Other Current Assets	19	101.92	124.93
			9,353.69	10,371.95
	TOTAL		64,839.83	44,851.38
	Summary of Significant Accounting Policies Notes to Accounts	2 28 - 38	-	-

<p>As per our report of even date attached For M/s P G Bhagwat Firm Registration Number: 101118W Chartered Accountants</p>  <p>Sandeep Rao Partner Membership No : 047235 Place : Mumbai Date : 2nd May 2016</p>	<p>For and on behalf of the Board</p>  <p>I.S.Rao Chairman DIN:02350683</p>  <p>A.M. Tambekar Managing Director DIN:06877323</p>  <p>J. Vedagiri DC & CFO DIN:06943165</p>  <p>Preety Gupta Company Secretary M.No: A26994</p>
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(Rs. in Lacs)

S.NO	PARTICULARS	Note No.	Figures for the current reporting period ending on March 31,2016	Figures for the previous reporting period ending on March 31,2015
I.	Revenue from Operations (Gross)	20	50,785.00	49,989.76
	Less: Excise Duty		4,307.50	4,137.33
II.	Revenue from Operations (Net)		46,477.50	45,852.43
	Other Income	21	127.07	69.87
III.	TOTAL REVENUE (I + II)		46,604.57	45,922.31
IV.	EXPENSES:			
	Purchase of Natural Gas	22	27,660.84	30,942.89
	Changes in Inventories of Stock-in-trade	23	14.78	(10.88)
	Employee Benefits Expense	24	805.46	855.48
	Finance Costs	25	721.61	534.88
	Depreciation and Amortization Expense	26	1,548.65	1,457.96
	Other Expenses	27	4,180.79	4,352.78
	TOTAL EXPENSES		34,932.13	38,133.11
V.	PROFIT BEFORE EXCEPTIONAL AND EXTRAORDINARY ITEMS AND TAX (III - IV)		11,672.44	7,789.19
VI.	Prior Period Income			-
VII.	PROFIT BEFORE EXTRAORDINARY ITEMS AND TAX (V - VI)		11,672.44	7,789.20
VIII.	Extraordinary Items			-
IX.	PROFIT BEFORE TAX (VII - VIII)		11,672.44	7,789.20
X.	TAX EXPENSE			
	1. Current Tax		3,600.00	2,365.00
	2. Deferred Tax		552.91	366.49
XI.	PROFIT / (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS (IX - X)		7,519.53	5,057.71
	PROFIT / (LOSS) FOR THE PERIOD		7,519.53	5,057.71
XII.	Earning Per Equity Share			
	Basic & Diluted EPS (One Equity Share of Rs.10 each)		7.60	5.32
	Summary of Significant Accounting Policies	2		

As per our report of even date attached
For M/s P G Bhagwat
Firm Registration Number: 101118W
Chartered Accountants


Sandeep Rao

Partner

Membership No : 047235

Place : Mumbai

Date : 2nd May 2016

For and on behalf of the Board


I.S. Rao

Chairman

DIN:02350683


A.M. Tambekar

Managing Director

DIN:06877323


J. Vedagiri

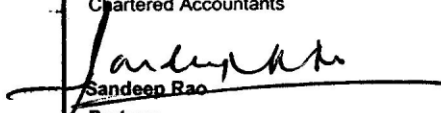



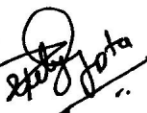
DC & CFO

DIN:06943165


Preety Gupta

Company Secretary

M.No: A26994

Particulars	Rs. In Lakhs			
	Figures as at the end of current reporting period ending on March 31, 2016		Figures as at the end of current reporting period ending on March 31, 2015	
A. Cash Flow from Operating Activities				
<u>Net Profit Before Tax</u>		11,672.44		7,789.20
Adjustments for:				
Depreciation	1,548.65		1,457.96	
Excess Provision Written back	-		(1.11)	
(Profit)/ Loss on Sale of assets	(0.31)		-	
Interest paid	591.93		481.75	
Interest received	(126.76)		(69.87)	
Provision for Doubtful Debts	33.30		-	
Operating Profit Before Working Capital Changes		2,046.81		1,868.73
Movements in Working Capital				
Inventories	14.78		(10.89)	
Trade and Other receivable	(614.77)		(2,018.14)	
Trade and Other Paybles	1,056.07	456.08	607.77	(1,421.26)
Cash Generated from Operations		14,175.33		8,236.67
Direct Taxes paid		(3,331.71)		(2,378.37)
Net Cash Flow from Operating Activities	A	10,843.62		5,858.30
B. Cash Flow From Investing Activities.				
Purchase of Fixed Assets/ Capital Work in Progress	(21,534.38)		(5,579.50)	
Sale of Fixed Assets	0.91		-	
Interest Received	126.51		69.87	
Net Cash Flow from Investing Activities	B	(21,406.96)		(5,509.63)
C. Cash Flow From Financing Activities				
Proceeds from Issue of Share Capital	500.00		-	
Proceeds from Long Term Borrowings (Net)	10,400.11		2,795.01	
Interest paid	(637.21)		(450.50)	
Dividend and Tax Thereon	(371.76)		(2,099.79)	
Net Cash Flow from Financing Activities	C	9,891.14		244.72
Net Increase (Decrease) in Cash & Cash Equivalents (A+B+C)		(672.20)		593.39
Cash & Cash Equivalents as at beginning of the Year		2,962.49		2,369.10
Cash & Cash Equivalents as at end of the Year		2,290.29		2,962.49
Components of Cash & Cash Equivalents as at end of the Year				
Cash, Cheques & Stamps on Hand		9.11		18.85
with Banks - in current Accounts		2,281.18		2,943.64
<p>As per our report of even date attached For M/s P G Bhagwat Firm Registration Number: 101118W Chartered Accountants</p>				
<p>For and on behalf of the Board</p>				
    				
<p>Sandeep Rao Partner Membership No : 047235 Place : Mumbai Date : 2nd May 2016</p>				
<p>I.S.Rao Chairman DIN: 02350683</p>				
<p>A.M. Tambekar Managing Director DIN: 06877323</p>				
<p>J. Vedagiri DC & CFO DIN: 06943165</p>				
<p>Preeti Gupta Company Secretary M. No.: A26994</p>				

Notes to 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 and 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, 2013. 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.

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 take substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use. 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 on the basis of useful lives of assets as prescribed under schedule II of the Companies Act, 2013 or as determined by the management based on internal technical evaluation, which is as follows:

Asset	Life in Years
Mother Compressors, online compressors and Booster Compressors	10 years
Computers and Mobile Phones	3 years
Signages	10 years
Furniture & Fittings	10 years
Office Equipments	5 years
Fire Fighting Equipments	15 years
Pipeline	25 years
Plant & Machinery – other than compressors and pipeline	20 years
Vehicles	8 years
Building	60 years

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.

- 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.

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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.

• **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 writes down the carrying amount of MAT Credit Entitlement to the extent there

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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 the 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 and which are not earmarked.

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 account.

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.

(Rs. in Lacs)			
S.NO	PARTICULARS	Figures as at the end of current reporting period ending on March 31,2016	Figures as at the end of previous reporting period ending on March 31,2015
3	SHARE CAPITAL		
	AUTHORISED:		
	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		
	10,00,00,000 (Previous Year 9,50,00,000) Equity Shares Of Rs.10/- Each	10,000.00	9,500.00
	Total	10,000.00	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		
	95,00,00,000 (Previous Year 9,50,00,000) Equity Shares Of Rs.10/- Each	9,500.00	9,500.00
Additions During the Year (50,00,000 Equity Shares of Rs. 10/- Each)	500.00	-	
Shares outstanding at the end of the accounting period			
10,00,00,000 (Previous Year 9,50,00,000) Equity Shares Of Rs.10/- Each	10,000.00	9,500.00	
	10,000.00	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.		
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	22.49% (23.67%)	224.88	224.88
BPCL	22.50% (23.68%)	225.00	225.00
Indraprastha Gas Limited	50.00% (50.00%)	500.00	475.00
MIDC	5.00% (-)	50.00	-
IDFC	- (1.05%)	-	10.00
IL&FS	- (0.58%)	-	5.56
AXIS BANK	- (0.53%)	-	5.00
PAN ASIA	- (0.47%)	-	4.44
Other Individuals (Jointly with GAIL)	- (-)	0.12	0.12
Other Individuals	- (-)	0.00	0.00
		1,000.00	950.00
4	RESERVES AND SURPLUS		
	PROFIT & LOSS ACCOUNT		
	As per last Balance Sheet	11,090.55	7,258.67
	Add : Profit for the year	7,519.53	5,057.71
	Less: Adjustment for depreciation as per Schedule II to the Companies Act, 2013 (Net of Deferred Tax 2.64)	-	4.98
		18,610.08	12,311.40
	Less : Appropriations		
	Interim Dividend on Equity Shares	-	712.50
	Proposed Final Dividend on Equity Shares	1,503.90	304.00
	Tax on Interim Dividend	-	142.46
Tax on Proposed Final Dividend	306.16	61.89	
Less: Tax on Dividend for Earlier Years	5.87	-	
	16,794.15	11,090.55	
5	LONG TERM BORROWINGS		
	Secured Term Loan from SBI *	21,680.51	11,905.40
		21,680.51	11,905.40
*Current maturities of long term borrowings have been reported separately under Note10 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. Creation of Charge is in process Terms of Repayment : Terms of repayment of loan - Quarterly instalments of Rs 11.25 Crores each starting from June 30, 2016 onwards. Additional instalment of Rs.11.25 Crores paid in April 2016.			

(Rs. in Lacs)			
S.NO	PARTICULARS	Figures as at the end of current reporting period ending on March 31,2016	Figures as at the end of previous reporting period ending on March 31,2015
6	DEFERRED TAX LIABILITIES		
	Impact of difference between tax depreciation and Depreciation/Amortization charged for the period	2,063.88	1,491.39
	DEFERRED TAX ASSETS		
	Impact of Expenditure charged to P&L in the current period but allowed for tax calculations on payment basis:		
	- Leave Encashment	31.33	23.28
	- Gratuity	-	-
	- Other	11.52	-
	Total Deferred Tax Assets	42.85	23.28
	DEFERRED TAX LIABILITIES (NET)	2,021.03	1,468.12
7	OTHER LONG-TERM LIABILITIES		
	Security Deposits From Customers	2,434.42	1,757.31
		2,434.42	1,757.31
8	LONG-TERM PROVISIONS		
	(A) Provisions For Employee Benefits		
	Provision for Leave Encashment	79.05	60.50
	Provision for Gratuity	-	-
		79.05	60.50
9	TRADE PAYABLES		
	Net Trade Payables	2,101.53	1,999.58
		2,101.53	1,999.58
10	OTHER CURRENT LIABILITIES		
	Current Maturities Of Long Term Debts #	5,625.00	5,000.00
	Interest accrued and due	105.48	150.76
	Deposits (Earnest Money Deposit)*	135.58	66.63
	TDS Payable	98.43	24.65
	Other taxes Payable	180.31	234.92
	Advance from Customers	199.46	59.49
	Capital Creditors	789.86	696.33
	Others	52.02	133.22
	Security Deposit	268.01	161.14
			7,454.15
# Non- current maturities of long term debts have been reported separately under Note 5			
11	SHORT-TERM PROVISIONS		
	(A) Provisions For Employee Benefits		
	Provision for Leave Encashment	11.46	6.76
	(B) Others		
	Provision for taxation (Net of advance taxes)	453.47	170.14
	Proposed Final Dividend on Equity Shares	1,503.90	304.00
	Tax on Proposed Final Dividend	306.16	61.89
		-	-
		2,274.99	542.78

(Rs. in Lacs)

PARTICULARS	Land	Building	Plant & Machinery - I*	Plant & Machinery - II#	Computers	Office Equipments	Furniture and Fixture	Vehicles	Total
GROSS BLOCK									
Opening Balance as on 01-04-2014	264.60	83.31	16,062.86	2,849.59	49.63	81.38	124.42	3.64	19,519.43
Additions	-	-	1,358.26	423.12	12.31	1.10	0.17	4.37	1,799.33
Adjustments	-	-	117.54	39.95	-	-	-	-	157.49
Borrowing Costs	-	-	-	-	-	-	-	-	-
Other Adjustments	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Closing Balance as on 31-03-2015	264.60	83.31	17,538.66	3,312.67	61.94	82.48	124.59	8.01	21,476.24
Additions	-	-	6,818.49	470.33	12.20	9.61	-	-	7,310.63
Adjustments	-	-	-	-	-	-	-	-	-
**Borrowing Costs	-	-	1,243.89	131.29	-	-	-	-	1,375.19
Other Adjustments	-	-	-	-	-	-	-	-	-
Disposal	-	-	-	-	3.07	1.15	-	-	4.21
Closing Balance as on 31-03-2016	264.60	83.31	25,601.04	3,914.29	71.08	90.94	124.59	8.01	30,157.85
DEPRECIATION									
Depreciation as at 01-04-2014	-	0.54	1,760.04	792.50	30.48	26.34	28.22	1.80	2,639.91
Charge for the year	-	1.39	861.77	451.25	11.44	16.86	14.51	0.96	1,358.19
Other Adjustments	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Closing Balance as on 31-03-15	-	1.93	2,621.81	1,243.75	41.92	43.20	42.73	2.76	3,998.08
Charge for the year (Refer Note No.30[c])	-	1.4	950.32	351.60	14.46	9.38	14.57	1.21	1,342.93
Other Adjustments	-	-	-	-	-	-	-	-	-
Disposal	-	-	-	-	3.07	0.54	-	-	3.61
Closing Balance as on 31-03-2016	-	3.32	3,572.13	1,595.35	53.32	52.04	57.30	3.96	5,337.40
NET BLOCK									
As on 01-04-2015	264.60	81.38	14,916.85	2,068.92	20.02	39.28	81.85	5.25	17,478.16
As on 31-03-2016	264.60	79.98	22,028.91	2,318.94	17.76	38.90	67.28	4.05	24,820.45

**The amount of borrowing cost shown under adjustments reflect the accumulated borrowing cost transferred from CWIP on capitalisation, of Rs. 990.92 Lacs and Rs. 384.26 Lacs out of current year borrowing cost. Out of current year borrowing cost, Rs. 707.35 Lacs have been included in CWIP.

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

- P & M II - Includes Compressors only.

(Rs. in Lacs)

Note No.13 - INTANGIBLE ASSETS

PARTICULARS	Software	Total
GROSS BLOCK		
Opening Balance as on 01-04-2014	69.89	69.89
Additions	592.16	592.16
Disposals		
Closing Balance as on 31-03-2015	662.05	662.05
Additions	144.45	144.45
Disposals		-
Closing Balance as on 31-03-2016	806.50	806.50
AMORTIZATION		
Amortization as at 01-04-2014	60.32	60.32
Charge for the year	107.39	107.39
Other Adjustment		-
Closing Balance as on 31-03-2015	167.71	167.71
Charge for the year	205.72	205.72
Other Adjustments		
Disposals	-	-
Closing Balance as on 31-03-16	373.43	373.43
NET BLOCK		
As on 01-04-2015	494.34	494.34
As on 31-03-2016	433.07	433.07

There are no internally generated intangible assets.

(Rs. in Lacs)			
S.NO	PARTICULARS	Figures as at the end of current reporting period ending on March 31,2016	Figures as at the end of previous reporting period ending on March 31,2015
14	Other NON CURRENT ASSETS:		
	Capital Advance	157.02	31.89
	Security Deposit	187.86	152.22
	Earmarked Fixed Deposits	871.20	212.22
	Other Fixed Deposits	87.44	-
	Claims paid under protest	146.00	-
		1,449.52	396.33
15	INVENTORIES		
	Finished Goods; (Valued at lower of cost or net realizable value.)	34.39	49.17
		34.39	49.17
16	TRADE RECEIVABLES (Unsecured, considered good, unless otherwise specified)		
	a) Outstanding for a period exceeding six months from the due date		
	Considered Good	56.71	241.22
	Considered Doubtful	33.30	-
	Less: Provision for Doubtful Debts	(33.30)	-
		56.71	241.22
b) Others	5,941.92	4,884.29	
		5,998.63	5,125.51
17	CASH & BANK BALANCES		
	Cash and Bank Balances		
	Cash including cheques in hand	9.11	18.85
	Balance with banks (Current Account)	2,281.18	2,943.64
	Other Bank Balances		
	- Earmarked Balance with Bank for Unpaid Dividend	-	-
	- In Fixed Deposit		
	Maturity within 12 months :		
	Earmarked	318.76	612.05
	Others	-	1,000.00
		2,609.05	4,574.54
18	SHORT TERM LOANS & ADVANCES (Unsecured, considered good, unless otherwise specified)		
	(1) Advances to Vendors & Employees	0.15	1.48
	(2) Security Deposits	-	39.86
	(3) Receivable from Revenue Authorities		
	- Cervat Recoverable	415.24	381.60
	- VAT Recoverable	124.61	20.20
	- Balance with Income Tax	69.70	54.66
	609.70	497.80	
19	OTHER CURRENT ASSETS:		
	Unbilled Revenue	51.30	66.01
	Prepaid Expenses	45.56	53.70
	Prepaid Gratuity	2.02	2.43
	Interest Receivable	3.04	2.79
	101.92	124.93	

(Rs. in Lacs)			
		Figures for the current reporting period ending on March 31,2016	Figures for the previous reporting period ending on March 31,2015
20	REVENUE FROM OPERATIONS		
	<u>Revenue from Sale</u>		
	Sale of Products (Gross)	50,245.68	49,718.36
	Less: Excise Duty	4,307.50	4,137.33
		45,938.18	45,581.03
	Other Operating Income:		
	Prior Period Income	109.43	-
	Foreign Exchange Gain	0.97	-
	Others	428.91	271.40
		539.31	271.40
		46,477.49	45,852.43
21	OTHER INCOME		
	Interest Income	126.76	69.87
	Others	0.31	-
		127.07	69.87
22	PURCHASE OF NATURAL GAS		
	Natural Gas Cost	27,660.84	30,942.89
		27,660.84	30,942.89
23	CHANGES IN INVENTORIES OF STOCK IN TRADE		
	Stock-in-trade		
	At the beginning of the Accounting Period	49.17	38.28
	At the end of the Accounting Period	34.39	49.17
		14.78	(10.88)
24	EMPLOYEE BENEFITS EXPENSE		
	Salaries, Wages and Bonus	622.07	723.11
	Secondment Expenses	89.42	101.51
	Contribution to Provident and other fund	36.46	36.51
	Gratuity (Exp)	9.44	7.95
	Compensated Absence	30.48	(21.97)
	Staff Welfare	17.59	8.37
		805.46	855.48
25	FINANCE COSTS		
	Interest on borrowing	584.07	477.29
	Bank charges	129.68	53.13
	Other	7.86	4.46
		721.61	534.88
26	DEPRECIATION AND AMORTIZATION EXPENSES		
	Depreciation on tangible assets	1,342.93	1,350.57
	Amortization on intangible assets	205.72	107.39
		1,548.65	1,457.96

(Rs. in Lacs)			
S.NO	PARTICULARS	Figures for the current reporting period ending on March 31,2016	Figures for the previous reporting period ending on March 31,2015
27	OTHER EXPENSES		
	1. Consumption of Fuel		
	Power & Fuel	687.01	618.31
	Captive Consumption / Losses	386.73	1,313.78
		1,073.74	1,932.08
	2. Administrative Expenses		
	Vehicle Hiring Charges	94.72	68.19
	Annual Day & Other Events Expenses	23.08	24.56
	Subscription / Membership Fees (Journal/recreations,etc.)	3.06	3.74
	Electricity Expenses	16.70	11.84
	Statutory Charges & Taxes (Rates & Taxes)	110.63	107.21
	General Expenses	154.32	2.31
	Rent for Office, Warehouse, CNG Stations, etc.	204.27	222.48
	Insurance (Assets, Health, etc.)	17.34	25.26
	Legal Expenses	49.43	28.11
	News Paper & Periodicals	0.67	1.43
	Postage & Courier Exp. and Telephone Exp.	27.41	23.12
	Professional fees	93.19	49.81
	Printing & Stationery	19.10	9.90
	Repairs to Machinery	-	0.20
	Repairs & Maintenance (General)	4.45	25.26
	Security Agency Expenses	50.28	55.00
	Recruitment Expenses	2.05	0.47
	Training and Seminar Expenses	7.89	24.45
	Safety Expenses	18.18	5.30
	House Keeping Expenses	21.59	20.39
	Conference Expenses (Board Meeting Expenses)	5.58	3.96
	Director Sitting Fees	10.60	-
	Travelling Expenses	31.18	27.26
	Prior Period Expenses	18.71	-
	Stores and Spares Consumed	0.04	8.08
	Corporate Social Responsibility (CSR)	141.39	100.00
	Provision for Doubtful Debts	33.30	-
	SAP Support Costs	181.09	94.41
		1,340.25	942.76
	Professional Fees include Auditors' Remuneration as follows:		
	(a) Statutory Audit Fees	5.74	3.24
	3. Selling & Distribution Expenses		
	Advertisement Exps. /Business & Sales Promotion Exp	77.26	12.90
	Commission	49.39	43.62
	CNG Cascade Transport Charges	359.25	354.86
	Marketing Expenses (DMA Charges)	40.80	11.32
		526.70	422.70
	4. OPERATIONS AND MAINTENANCE EXPENSES		
	CNG	1,000.25	882.73
	PNG	239.85	172.50
		1,240.10	1,055.24
		4,180.79	4,352.78

MĀHARASHTRA NATURAL GAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

28	<p>Contingent Liabilities and Commitments</p> <p>A Contingent Liabilities</p> <p>1 Letters of Credit issued to the Suppliers are Rs. 2095.13 Lacs (Previous Year Rs 2095.13 Lacs)</p> <p>2 Bank Guarantees - Rs. 1633.38 Lacs (Previous Year Rs. 3349.81 Lacs)</p> <p>3 Appeal filed in respect of disputed demands: - Sales Tax for FY 2009-10 Rs. 43.80 lakhs (Previous Year Rs 43.80 Lacs)</p> <p>4 Claims against the company not acknowledged as debt Rs. 3848.27 Lacs (Previous Year Rs. 3848.27 Lacs)</p> <p>B Commitments</p> <p>Estimated amount of contracts remaining to be executed on capital account and not provided for is Rs. 12,225.56 Lacs (Previous Year Rs. 5387.77 Lacs).</p>
29	<p>Segment Reporting</p> <p>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" notified by Companies (Accounting Standards) Rules, 2006 of Companies Act, 2013 are not applicable.</p>
30	<p>Others</p> <p>a) As per the information available with the company none of the suppliers has informed about their having registered themselves under The Micro, Small and Medium Enterprises Development Act, 2006. As such information required under this act cannot be compiled and disclosed.</p> <p>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.</p> <p>c) Effective from 1st April 2015, The Company has re-estimated the useful life of fixed assets comprising of Compressors from 7 years to 10 years and for pipeline from 20 years to 25 years and accordingly, has revised the charge for depreciation considering balance useful life of the assets. Due to this revision in useful life, depreciation charged on compressors and on pipelines is lesser by Rs. 193.62 Lacs and Rs. 123.02 Lacs respectively. Had the company continued with earlier useful lives the depreciation for the year would have been higher by Rs. 316.64 Lacs and Profit Before Tax would have been lower by the same amount.</p>

MAHARASHTRA NATURAL GAS LIMITED
 NOTES TO THE FINANCIAL STATEMENTS

31 "Related Parties Disclosure" - AS 18:

Names and Relationship of Transacting Parties		
Sr. No.	Name	Relationship
1	GAIL (India) Limited	Significant Influence
2	Bharat Petroleum Corporation Ltd. (BPCL)	Significant Influence
3	Indraprastha Gas Limited	Significant Influence
Key Management Personnel and their Relatives :		
Sr. No.	Name	Relationship
1	Mr. A.M.Tambekar (From February 04,2015)	Managing Director
2	Mr. J. Vedagiri (From August 1, 2015)	Director (Commercial)

(Rs. in Lacs)

Disclosure in respect of Related Party Transactions :			
Sr. No.	Particulars	2015-16	2014-15
1	BPCL		
	Sales	6,529.30	5,562.17
	Purchases	2,672.35	5,157.02
	Salaries, Allowances & Other related payments	42.44	49.87
	Sitting Fees	1.50	-
	Reimbursement of expenses	1.44	1.25
	Trade Receivable	736.80	522.54
	Trade Payable	120.64	115.37
	Expenses payable	23.41	7.43
	Interim Dividend Paid	-	168.75
	Proposed Dividend	338.37	72.00
2	GAIL		
	Purchases*	26,106.59	24,222.41
	Salaries, Allowances & Other related payments	43.89	43.68
	Sitting Fees	1.50	-
	Reimbursement of expenses	1.65	4.04
	Trade Payable	1,017.57	1,185.05
	Expenses payable	18.39	7.02
	Interim Dividend Paid	-	168.75
	Proposed Dividend	338.38	72.00

* Including Transmission Charges

MAHARASHTRA NATURAL GAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

32 EMPLOYEE BENEFITS EXPENSES

Defined Contribution Plan:

Company's contribution to Provident Fund at the prescribed rates is recognised as expense and accordingly charged Rs. 36.46 Lacs (Previous Year : Rs.36.51 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. 30.48 Lacs (Income for the Previous Year : Rs. 21.97 Lacs). The liability has not been funded by the company.

Disclosures required under AS - 15 are as under:

Particulars	(Rs. in Lacs)	
	2015-16	2014-15
Amount recognized in the Balance Sheet :		
Present value of obligation as at 01.04.15	67.26	89.92
Current Service Cost	30.48	(21.97)
Benefit paid	(7.23)	(0.69)
Net (asset)/ liability recognized in Balance Sheet	90.51	67.26

Principal Actuarial Assumption at Balance Sheet Date :

Particulars	2015-16	2014-15
Discount Rate	7.60%	8.00%
Annual Increase in Salary	6%	5%
Mortality table referred	IALM(2006-08) Ultimate	IALM(2006-08) Ultimate
Age Withdrawal Rate (%)	9.97%	4%

Gratuity:

Amount recognised as an expense in respect of gratuity Rs.9.44 Lacs (Previous Year : Rs. 7.95 Lacs). The company participates in the group gratuity scheme of Life Insurance Corporation of India.

Disclosures required under AS - 15 are as under:

Particulars	(Rs. IN LACS)	
	2015-16	2014-15
Amount recognized in the Balance Sheet :		
Present value of Obligation (I)	46.53	37.05
Fair value of plan assets as at 31.03.2016 (II)	48.55	39.48
Difference (II)-(I)	2.02	2.43
Net asset/ (liability) recognized in Balance Sheet	2.02	2.43
Expenses recognized in Statement of Profit and Loss :		
Current service cost	7.77	6.65
Interest on benefit obligation	2.96	2.10
Expected return on plan assets	(3.86)	(2.88)
Net actuarial (gain) / loss recognized in the year	2.57	2.10
Expenses recognized in P & L A/C for FY 15-16	9.44	7.95
Changes in present value of Defined Benefit Obligations :		
Present value of obligation as at 01.04.15	37.05	26.21
Interest Cost	2.96	2.10
Current service cost	7.77	6.65
Benefit paid	(3.82)	-
Net actuarial (gain) / loss on obligation	2.57	2.10
Present value of the defined benefit obligation as at 31.03.16	46.53	37.05
Changes in the Fair Value of Plan Assets :		
Fair value of plan assets as at 01.04.15	39.48	25.91
Expected return on plan assets	3.86	2.88
Contributions by employer	9.02	10.69
Benefit paid	(3.82)	-
Actuarial (gain) / loss	-	-
Fair value of plan assets as at 31.03.2016	48.55	39.48
Principal Actuarial Assumption at Balance Sheet Date :		
Particulars	2015-16	2014-15
Discount Rate	8%	8%
Annual Increase in Salary	5%	5%
Mortality table referred	LIC (1994-96)	LIC (1994-96)

**MAHARASHTRA NATURAL GAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS**
33 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 31,2016 are as follows:

Particulars	Minimum Lease Payment (Rs. in Lacs)	
	2015-16	2014-15
Payable not later than 1 year	146.56	152.34
Payable later than 1 year not later than 5 years	557.95	420.22
Payable later than 5 years	1,827.57	1,373.59
Total	2,532.09	1,946.15
Lease Rental Expenses recognized in Statement of Profit and Loss	204.27	222.48

34 Earnings per Share :

Particulars	(Rs. in Lacs)	
	2015-16	2014-15
Net Profit attributable to Shareholders (in Lacs)	7,519.53	5,057.71
Weighted Average No.of Equity Shares	9,89,45,205	9,50,00,000
Basic & Diluted Earnings per Share (Rs.)	7.60	5.32

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

35 Details of Capital Work in Progress:

Particulars	(Rs. in Lacs)	
	2015-16	2014-15
CNG Cascades and Dispensers	179.00	214.71
Compressors	1,069.00	766.10
Pipeline-Steel/MDPE	10,531.13	6,815.64
Permission / License fee	12,099.00	4,528.70
Interest	1,827.03	2,110.60
Others	3,077.94	1,674.84
Total	28,783.10	16,110.59

36 Net Dividend remitted in Foreign Exchange

Year of Remittance	2015-16	2014-15
Period to which it relates- From	April 1,2014	April 1,2013
To	March 31,2015	March 31,2015
Number of Non resident shareholders	1	1
Number of equity shares held on which dividend was due	4,44,444	88,88,889
Amount remitted (In USD)		
Final Dividend FY 2013-14		\$ 1,61,485.00
Interim Dividend FY 2014-15		\$ 1,05,703.00
Final Dividend FY 2014-15	\$ 2,189.37	
Exchange Rate		
Final Dividend FY 2013-14		61.65
Interim Dividend FY 2014-15		63.07
Final Dividend FY 2014-15	64.96	

MAHARASHTRA NATURAL GAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

37 Corporate Social Responsibility

(Rs. in Lacs)	
Financial Year	PBT
2012-13	4,992.87
2013-14	8,249.31
2014-15	7,789.20
Average of PBT for last 3 years	7,010.46
2% of Average of PBT	140.21

CSR related expenses	2015-16
Particulars	
Skill Development	68.04
JALYUKT SHIVAR ABHIYAN	55.00
Health Awareness	18.20
Total	141.24

38 Comparative Figure

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

For and on Behalf of the Board



I.S. Rao

Chairman

DIN:02350683


Place : Mumbai

Date : 2nd May 2016

A.M. Tambekar

Managing Director

DIN:06877323



J. Vedagiri

DC & CFO

DIN:06943165

Preety Gupta

Company Secretary

M.No: A26994



MAHARASHTRA NATURAL GAS LIMITED

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

Plot No. 27, Narveer Tanajiwadi, P.M.P.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

