

# ANNUAL REPORT 2016-2017

- ❖ **A Decade's Journey of Success...**
- ❖ **Will Continue for Sure...**
- ❖ **For Our Natural Future...**



**MAHARASHTRA NATURAL GAS LIMITED**

(A JOINT VENTURE OF GAIL (INDIA) LTD. & BPCL)

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## LETTER FROM CHAIRPERSON, MNGL



Dear Shareholders,

It is indeed a great privilege for me to present the report of the performance of your company for the year 2016-17. Since inception, Maharashtra Natural Gas Limited (MNGL) has grown leaps and bounds registering impeccable growth from year to year. Today MNGL has transformed the lives of 'Punekars' who have immensely benefitted by the cheaper and clean fuel over the past decade.

It gives me great pleasure to share with you the 11<sup>th</sup> Annual Report for the year ended 31<sup>st</sup> March 2017.

I am glad to inform you that your company has shown overall good performance during the financial year 2016-17.

Your Company continues to witness steady growth in Turnover, backed by growing CNG and PNG distribution network. The overall Turnover increased by 5.4% as compared to the previous year, which is a good growth considering the sluggish global and domestic macroeconomic growth. The net Profit After Tax (PAT) marginally increased and is at 76.56 Crores as compared to Rs. 75.66 Crores in the previous year. The PAT remains stagnant due to higher provision for depreciation on capitalization of more assets worth more than Rs. 288 Crores during the year. Your Board has recommended 25% of the profit as dividend on the equity shares of the Company which works out to 19.14% on each equity share of Rs. 10 paid up i.e. Rs. 1.92 per share (including Rs. 1.039 paid as interim dividend in December 2016).

Your company is continuously expanding its network in both the CNG and PNG segments. We have added 6 new CNG stations during the year. As on 31<sup>st</sup> March 2017, your Company is operating with 42 CNG stations in its allotted Geography.

We have strengthened our marketing activities for PNG, your Company has provided PNG connection, to around 50,851 domestic customers till 31<sup>st</sup> Mar'2017 including addition of more than 20,000 customers during the financial year 2016-17 and continued to increase greater coverage for domestic customer across Pune.

The company is constantly expanding / exploring new opportunities in the area of Industrial and Commercial segments which can contribute towards enhancing shareholders value and meet emerging customers need. In the coming years MNGL plans to invest heavily in infrastructure to support the growing PNG and CNG demand in and around Pune. MNGL continue to support the initiatives taken by Ministry of Petroleum & Natural Gas to promote economical, clean, and safe Piped Natural Gas for cooking and CNG for transport sector.

The steady growth of your Company has been the result of strong all round performance by the dedicated force of our employees, vendors & contractors along with the excellent support received from State and local administrations.

Our employees are well taken care by various welfare schemes and Human Resources initiatives. During the last financial year, the employees were beneficiary to a large scale pay revision which put them on par with their peers in the Industry. Your Company support its employees in their career progression, and provide trainings and updation programmes for building a long-lasting and faithful career. The Company had initiated several good initiatives in its HR practices & policies during the previous year.



MNGL remains committed for ensuring safety of all employees and contractors at our all sites. 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

Upgradation of technology and digitization was the main focus of the company during previous year, especially after demonetization the Company had taken many steps to shift its bill payment mechanism on digital platform.

Your Company is known as one of the most socially responsible corporates in the City of Pune. Keeping with its image it had initiated several CSR projects with the help of local NGOs & other Organizations mainly by providing employment by enhancing vocational skills to poor and needy through National Yuva Co-op Society Ltd. We have organized health check camps for auto rickshaw drivers in Pune city through Hind Shakti Social Foundation. We have donated ebos lens to B J Medical College and Sassoon Hospital which is a vital tool for conducting retina surgery. In the field of Sports, we had conducted football clinics through Nurturing Excellence in Sports Trust to young women to inculcate spirit of gender equality among aspiring young footballers from the rural areas of Pune And last but not the least, there ware 94 installation of pollution monitoring devices through Science and Technology Park, as an environmental sustainability initiative.

### **Acknowledgement**

On behalf of Board of Directors, I take this opportunity to place on record the appreciation for valuable contribution made by present and past Directors and each employee of the Company. I sincerely acknowledge the support extended by Promoters (GAIL & BPCL). I also acknowledge the support provided by Indraprastha Gas Limited & MIDC. I would also like to thank Ministry of Petroleum & Natural Gas (MoPNG), Petroleum and Natural Gas Regulatory Board (PNGRB), Government of Maharashtra, both Pune and Pimpri Chincwad Mahanagar Palika and Cantonments Boards for their continued co-operation and support.

My special thanks to all the shareholders of MNGL for their confidence and trust reposed in us. I am sure with all your support the Company will continue to scale newer heights which hitherto have not been reached.

(Vandana Chanana)  
Chairperson

## Bankers

### State Bank of India

Tata Chambers, Wakadwadi, Pune- 411003

### Corporation Bank

Shivajinagar Branch, Shivajinagar, Pune – 411005

### Axis Bank

Senapati Bapat Marg, Pune- 411016

### Bank of Maharashtra

Corporate Finance Branch, F.C. Road, Pune -411005

### Yes Bank Ltd.

Karen Selen, Bhandarkar Road, Shivajinagar, Pune- 411004

### Kotak Mahindra Bank

Prime Center, Shivajinagar, Model colony, Pune -411016

## Statutory Auditor

### M/s P.G. Bhagwat

### Chartered Accountants

Suite 101-102, Orchard, Dr. Pai Marg, Baner, Pune - 411 045 India

## Cost Auditor

### M/s Ashish Deshmukh & Associates

Jai Ganesh B Wing Akurdi, Pune - 411 035

## 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.,  
1<sup>st</sup> Floor, Shivaji Nagar, Pune- 411005

**CIN NO. U11102PN2006PLC021839**

## BOARD OF DIRECTORS



**Ms. Vandana Chanana**  
Chairperson



**Shri I.S.Rao**  
Director



**Shri A.M.Tambekar**  
Managing Director



**Shri J.Vedagiri**  
Director (Commercial)



**Shri E.S.Ranganath**  
Director



**Shri Ashim Batra**  
Director



**Shri A.B.Misal (IAS)**  
Director



**Shri Rajesh Babulal  
Pande**  
Independent Director

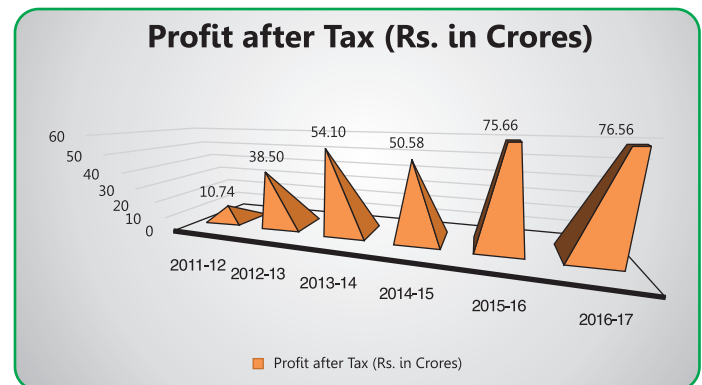
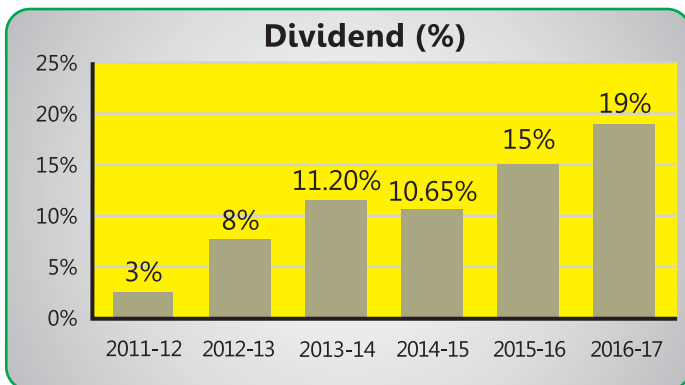
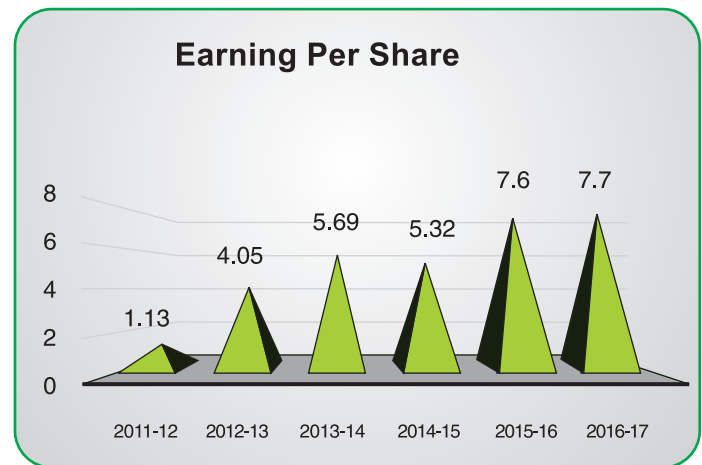
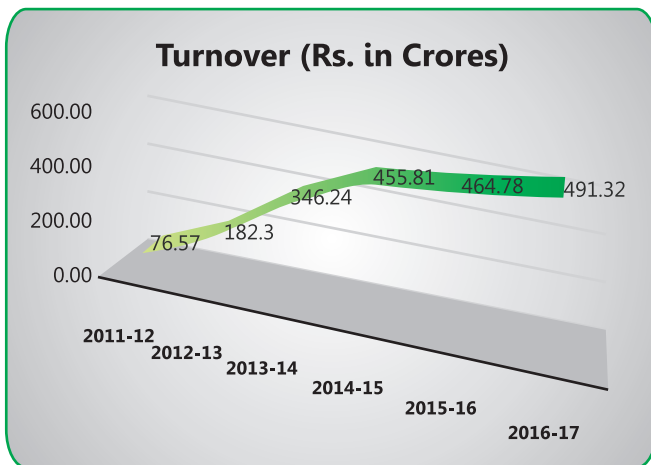
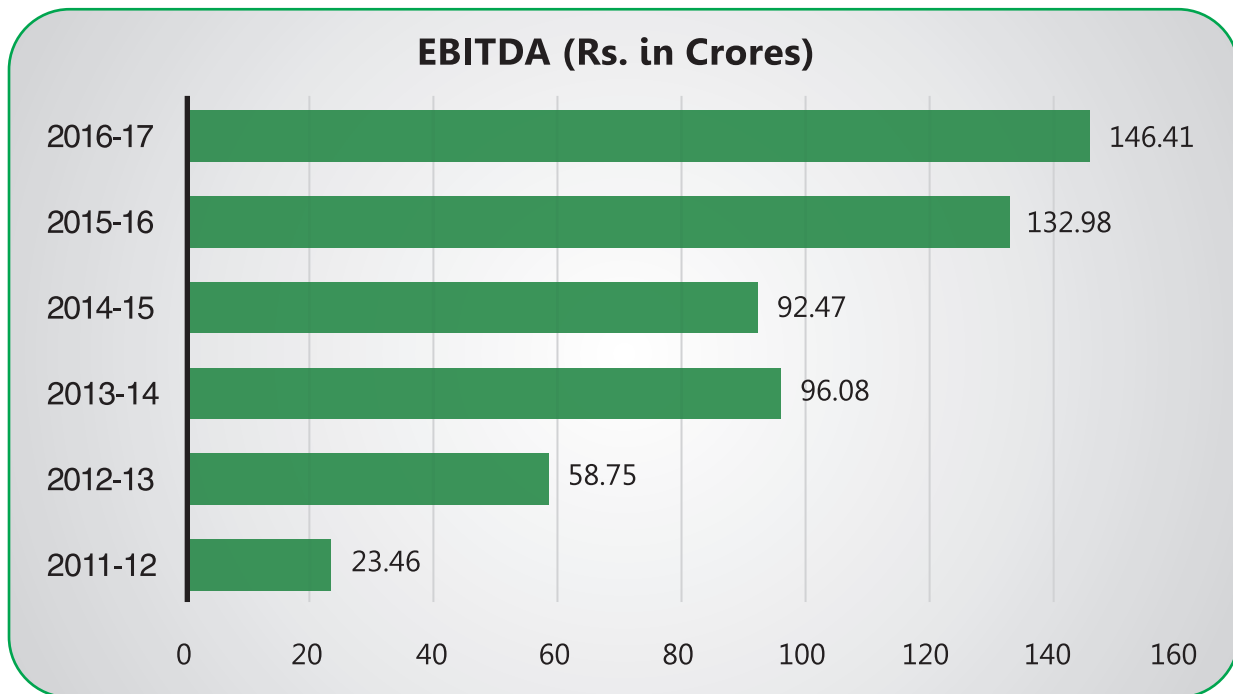


**Ms. Padmini Khare  
Kaicker**  
Independent Director



**Shri Deepak Kumar  
Mukadam**  
Independent Director

FINANCIAL PERFORMANCE AT GLANCE





## DIRECTORS' REPORT

To,  
The Members,

Your Directors take pleasure in presenting the Eleventh Annual Report along with the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2017 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 2016-17, your Company has achieved the turnover of Rs. 491.32 Crores, registering a growth of 5.4% over previous year. However, during the year FY 2016-17, the Profit after tax remained flat at Rs. 76.56 Crores due to larger provision for depreciation due to capitalization of more assets during FY 2016 17 and EBITA of the Company increased to Rs. 163.45 Crores from Rs. 140.21 Crores.

The Financial results for the year ended March 31, 2017 are summarized below:

Particulars	For the Year	
	2016-17 (₹ in Crores)	2015-16 (₹ in Crores)
<b>Net Sales</b>	<b>491.32</b>	<b>464.78</b>
<b>Other Income</b>	<b>0.77</b>	<b>1.28</b>
<b>Profit before Depreciation and Tax</b>	<b>146.41</b>	<b>132.98</b>
<b>Depreciation &amp; Amortization of Expenses</b>	<b>28.48</b>	<b>15.79</b>
<b>Profit before Tax</b>	<b>117.93</b>	<b>117.20</b>
<b>Provision for Tax including deferred tax</b>	<b>41.37</b>	<b>41.54</b>
<b>Profit after Tax</b>	<b>76.56</b>	<b>75.66</b>
<b>Profit brought forward from previous years</b>	<b>186.21</b>	<b>114.56</b>
<b>Profit available for appropriation</b>	<b>262.72</b>	<b>190.22</b>

### APPROPRIATIONS

<b>Interim Dividend</b>	<b>10.37</b>	<b>-</b>
<b>Proposed Final Dividend</b>	<b>15.04</b>	<b>3.0</b>
<b>Corporate Dividend Tax</b>	<b>5.17</b>	<b>40.69</b>
<b>Transferred to General Reserve/carried forward</b>	<b>232.19</b>	<b>186.49</b>

Net worth per share has increased from in Rs. 28.2 in 2015-16 to Rs. 33.2 in 2016-17 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 earlier approved the payment of an interim dividend @ 10.37% (i.e. Rs. 1.037 per equity share of Rs. 10/-) on equity share of Rs. 10/- each total amounting to Rs. 10.37 Crores, which was paid in the month of December 2016.

Further to that the Board has recommended a payment of Final Dividend @ 8.77 (Rs.0.88) per equity share) on equity share of Rs. 10/- each, total amounting to Rs. 8.77Crores.

The total Dividend pay-out would be 19.14% of the Share Capital and 25% of the profits of the Company. The total dividend pay-out including corporate dividend tax would be 23.04% of Profit after Tax.

The payment of final 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. 45.70 Crores to the Reserves, thereby enhancing the total reserves to Rs. 232.19 Crores.

### 4. FIXED DEPOSITS

We have not accepted any Deposits within the meaning and in excess of limits prescribed under the 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.

### 6. SHARE CAPITAL AND FINANCIAL CLOSURE OF MAHARASHTRA NATURAL GAS LIMITED

The Paid up Share Capital of the remained at Rs. 100 crores.

### 7. COMPANY PERFORMANCE

During the year, the Company recorded sales as under:

(Figures in mmscm)

Particulars	For the Year		
	2016-17	2015-16	% Growth (YoY)
Compressed Natural Gas (CNG)	129.99	119.95	8.37%
Piped Natural Gas (PNG)	59.44	47.72	25.56%
Total	189.44	167.67	12.98%
Average Sales per day (mmscmd)	0.519	0.466	11.37%



## a. Compressed Natural Gas Business (CNG)

During this year 2016-17 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 42 at the end of the FY. Additionally, 3 Daughter Booster stations were converted to online consequent to pipeline connectivity being established to the stations. The cumulative compression capacity has increased by 24.7% to 39300 scmh during 2016-17 from previous year's cumulative compression capacity of 31500 scmh .

The number of vehicles operating on CNG at the end of March, 2017 were more than 1,40,378 showing a YoY growth of around 11%. MNGL currently refuels around 1,235 buses, around 89,898 four wheelers and 49,225 three wheelers in addition to few vehicles from the Municipal Garbage Department, Contract Carriage Minibuses, School Buses, Delivery Vans and the Postal Department Vans.

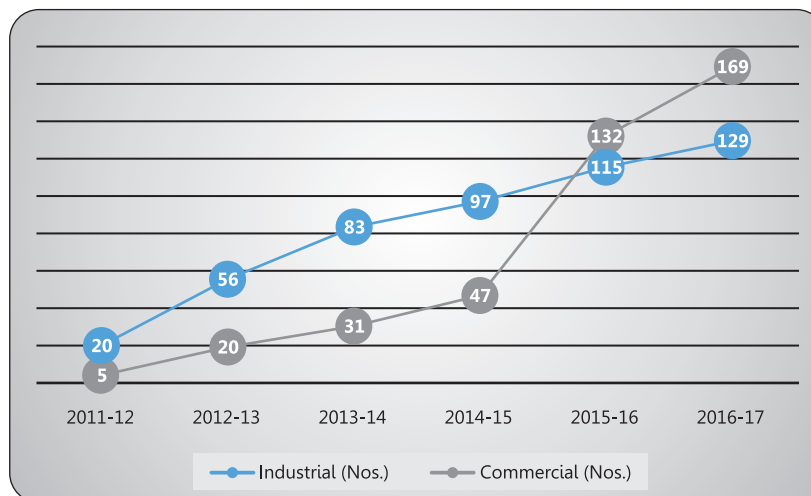
## b. PNG-Domestic Connections

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 50851 domestic customers till FY 2016-17 and continued to increase greater coverage for domestic customer across Pune.

## c. 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 have increased from 132 in March 2016 to 169 in March, 2017 which includes Mcdonald, Burger King, Motimahal, Chopsticks(Amonara Mall), Copper Chimney, Shubham hotel, Arkies Born bakers etc. Industrial customers have been increased from 115 in March 2016 to 129 in March, 2017. Your company has connected 14 industrial customers with peak load gas consumption of 50000 Scmd, it is likely to increase more conversion of boilers and other heating equipment. Large corporate like Serum Institute of India was also converted on natural gas. Your company has also converted Ammunition Factory of India and High Explosive Factory Khadki on Natural Gas in March, 2017. These are some of the prestigious high volume customers converted by your company during FY 16-17 which will give regular high volume growth in coming years. Your Company has successfully conducted first hot tapping job of 12 "x 4" steel pipeline at Khadki area to connect AFK and HEF. Some of the other large



Industrial houses also converted on natural gas like Thyssen Krupp Elevator, Varroc Polymers, HP Plezers, Bentlers, Windal, Gloria etc.

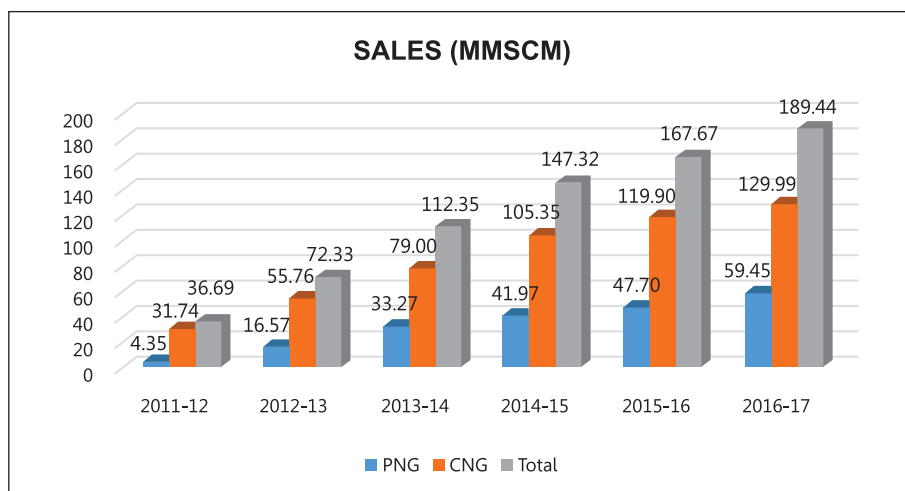
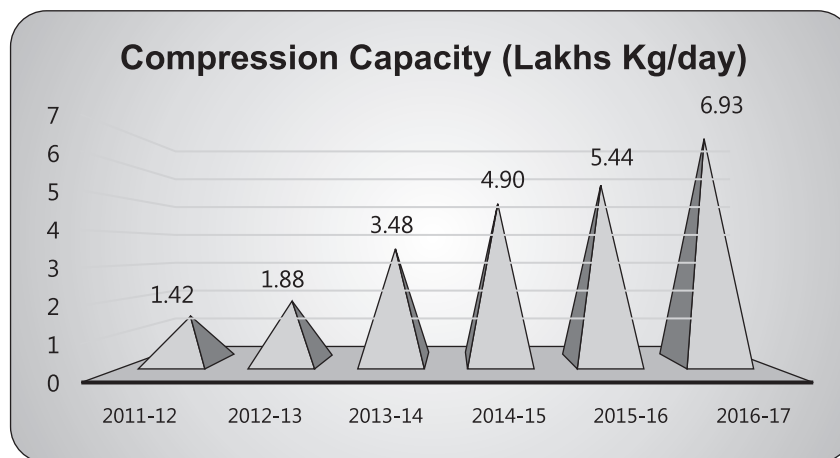
The sale of Commercial gas volume grew by 40 % and Industrial Sales volume has grown up by 21.04 % over the previous year. Since most of the high volume customers are connected during last fourth quarter of the year, the revenue impact will be seen from next financial year onwards when customers will start full consumption of gas and stabilize their production on the new fuel.

The company continues to expand its network to reach various Industrial units the surrounding areas.

During the previous year, your company has laid a network of 284 Kms MDPE Pipeline and 25.51 Kms of Steel Pipeline. As on date, your company has laid a network of 823 Kms MDPE Pipeline and 195 Kms of Steel Pipeline to cater to Vehicular, Industrial, Commercial and Domestic Customers in Pune & Pimpri Chinchwad, Hinjewadi, Chakan & Talegaon.

Your company is currently servicing more than 1,40,378 CNG vehicles through 17 Daughter Booster Stations, 20 Online Stations and 5 Mother 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 0.459 mmscmd in FY 15-16 to 0.519 mmscmd in FY 16-17.





## 8. PROGRESS OF THE PROJECT

It is imperative that the CGD Companies have to increase the infrastructure in order to increase the customer base. Accordingly, MNGL is also aggressively in a project mode to cover the authorized area to improve the customer base. In the last financial year, MNGL had laid around 200 KMS of MDPE network and in the coming financial year the Company has planned 200 kms of MDPE. Permissions are accordingly applied and the work for laying of MDPE will be commenced by 1<sup>st</sup> October, 2017, soon after the monsoon.

Similarly, your Company has planned laying of 35 Kms of Steel pipeline network to augment the capacity of network. Further 20 CNG stations are planned and permission are at various stages. Company is confident to create the planned CNG Stations to increase the conversions and sale in the coming financial year.

Your Company is aggressively pursuing the industrial customers and planned to convert 50 customers and increase the sale volume by 1 lakh SCMD. Company is laying pipeline to convert Urse Industrial Estate and Pragati Industrial Estate by laying 10 kms of steel network.

Commercial is one area where MNGL is concentrating to have substantial conversion and all efforts are underway to convert all the commercials in gasified areas. The Projects worth Rs. 200 crores are under implementation and Company has taken all the measures for timely completion of these projects. Company further actively pursuing the following projects as a new initiative to expand the business.

### New Projects

#### ✦ Conversion of 2 wheelers on CNG

Pune being the largest hub of two wheelers in the country, the Company had launched successfully the Pilot Project of converting 100 Honda Active Scooters with the help M/s. ITuk Manufacturing India Pvt. Ltd., the manufacturer of retrofit kit for two wheelers. We are also tying up with Banks for financing the Kit. Hopefully during the coming year, the Company may make a significant progress in conversion of more two wheelers.

- ✦ Tie up with Bio-gas Manufacturers' for cheaper gas
- ✦ CNG/LCNG/LNG Stations on adjoining Highways
- ✦ Conversion of Private Intra-City Buses by creating exclusive filling facility
- ✦ Use of Composite Cylinder

## 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 and plans to add another 400-800 new CNG buses in a progressive manner. These numbers are expected to reach over 1600 by the end of FY 2017-18 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. More CNG vehicles are added by private fleet owners like OLA and UBER in the city and increase in the Mumbai - Pune CNG fleet taxi will help MNGL to maintain the growth in CNG segment. MNGL is aggressively working with Private Fleet owners to have more CNG run vehicles. MNGL has commenced the the first CNG station on Mumbai - Pune highway in collaboration with Bharat Petroleum COCO outlet to serve express way CNG vehicles. MNGL is planning to activate more CNG stations on the express highway to facilitate easy filling of the CNG by the commuters plying on CNG operated vehicles.

MNGL is tying-up with CNG kit manufacturers for two wheelers for commercial launching of the CNG two wheelers since Nov 2016 and so far converted 100 HONDA Activa BS-III scooters during this Financial Year. Pune being major two wheelers hub apparently has a very large potential for CNG operated two wheelers. MNGL is working with all kit manufacturers to develop kits for all types of models for more conversion.

MNGL is planning to have the commercial launching of CNG two wheelers in 17-18 after completing the Pilot run of two wheelers in association with the recognised CNG kit manufacturers. MNGL has taken steps to reduce the initial kit cost and also working with Banks to offer low cost financial schemes for the users of CNG kit.

It is given to understand that ARAI is in the process of prototyping CNG engines for Diesel Vehicles. The success of this development might see a definite boost in CNG segment and CGD companies would be encouraged to promote eco-friendly fuel – Natural Gas more vigorously.

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 one 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 2.5 to 3 Lakhs scmd from Industrial and Commercial customers in the next 2 years. The Company would be shortly finalizing deal with large scale private customers like Serum Institute-new plant at Manjri, Bharat Forge at Hadapsar and Tetrapak are



expected to contribute to MNGL's growth for assured rise in industrial segment. Company is planning to connect another 50 Industrial customers during next FY and exploring possibility of connecting Industrial customers of Pragati Industrial area Chakan and Urse Industrial area by putting steel pipeline network. Company has planned to connect 100 numbers of commercial & industrial customers on existing charged line to increase daily sales volumes.

MNGL is also supporting other Industrial customers by way of supplying CNG in cascades from its various CNG filling facilities in Pune in the areas where pipeline connectivity in near future is not feasible or areas out of GA. MNGL wants to grow in this segment as this will help more Industries to convert on gas with assurance of consistent supply from MNGL.

### 10. REGULATORY DEVELOPMENTS

PNGRB had forfeited the Bank Guarantee amounting to Rs. One Crore on account of account shortfall in achieving the domestic PNG connections by the Company. Though company had surpassed the targets in industrial, commercial and CNG sectors but could not achieve the targets as set by PNGRB in domestic connections within 5 years due to various extraneous factors, like delayed permissions and approvals from local authorities. Hence the Company filed an appeal against PNGRB's decision to encash 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. But the said appeal was quashed by the Hon'ble Tribunal of Electricity. The Company did not prefer to file an appeal before Supreme Court.

The Company is involved in a very few litigations for which total claim is less than Rs.1.50 crores.

### 11. TOWARDS CUSTOMER DELIGHT

It is the corporate culture of MNGL to be customer centric in its approach, moreover CGD being a customer centric business it is imperative on the part of the company to provide the services which would give maximum satisfaction to its customers. But the goal of MNGL is not merely to satisfy its customers but they should be delighted with the services of the Company, steps are being taken to give maximum delight to its customers which will pave way for repeat business, customer loyalty and which would maximise profits for the company.

In line with the above approach we have taken a few initiatives like setting up a Customer Care desk in Chinchwad to facilitate customer service for PCMC customers & also planning to expand the same for Vimannagar, Kothrud & Hadapsar area in coming years. Also we have started Facebook & Twitter accounts for getting customers feedback & suggestion for improving our services.

We have initiated regular interactions with customers through SMS/letters/email informing them about the status of their connection at each stage with regard to BP Created, Payment Received, Bills Generated etc.

Our endeavour has always been to make customer's life easy & make the process Customer Centric.

The following steps are also being taken to maximise the customer delight:

- Bulk SMS information to all category of customers started for bill generation, intimation of due date, BP generation and gas stop intimation started
- Automatic ebill generation and communication on registered customer mail Id is activated through SAP
- Call Centre is now more equipped to handle billing related enquiries and faster resolving complaints.
- Opened customer care point at Chinchwad area for PCMC and planning to open more of such customers care centres in Kothrud, Vimannagar and Hadapsar area
- Customer can now view their bills online with their BP numbers and pay through various modes of

- payment, convenience in deposition of payment and to ascertain traceability of the payment.
- More efforts are made encouraging customers to go for digital mode of payment.

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

Your Company'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 its processes and smoothen its operations. 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 Financial Year 2016-17 has been a landmark year for the employees of MNGL. There was an increased focus on assimilation of employees with ethos and culture of MNGL through various employee engagement programmes. MNGL always supported the employee growth and development through various programmes and systems.

The Human Resource (HR) department at MNGL is driven by the mission of the company accordingly following initiatives were taken by HR:

- To build the right culture and capabilities to enable the employees to delight customers of MNGL
- To make MNGL, best place to work for passionate, innovative people who want to make a difference in the society and corporate world.

HR at MNGL goes beyond the set boundaries of compensation by periodically implementing salary revision and other perks. During FY 2016-17 the salary of the employees were revised after the hiatus of four years. The Management also revised API policy & implemented the NPS scheme thus providing retirement benefits and tax benefits to its employees. HR has initiated programs for employees through Performance reviews and development, and through various sports activities. MNGL supports its employees in his entire work life cycle, and provide timely interventions which help in building a long-lasting and faithful career. The Company had initiated several positive changes in its HR practices & policies this year.

The Company is professionally managed with key management personnel having relatively long tenure with the Company. The Company follows a policy of building strong teams of talented professionals. The Company encourages and facilitates long term careers through carefully designated management development programs and performance management systems.

## 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

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. **“LEADERSHIP IN SAFETY AND HEALTH ENHANCES BUSINESS SUSTAINABILITY”** the National Safety campaign was successfully run in your company in this FY.

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. Internal Safety audit by multi disciplinary team was carried out in accordance with the requirement of PNGRB during this FY and the findings were reported to the PNGRB.

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 on safety awareness at site and housing societies. More than 1500 persons were trained during this FY. First aid training, CNG safety awareness & Clinic, Mock drill and participation in road shows were carried out during the safety Week 2017. We maintain a regular / coordination with PMC & PCMC Fire Department Authorities and always get timely support.





(Chief Fire Officer Pimpri Chinchwad Mr. Kiran Gawade addressing the gathering, at Closing ceremony of National Safety Week Mr. J Vedagiri Director (Commercial), Mr. Milind N. CGM, Mr. Milind Dakhole GM, Mr. E. Poomari DGM, & Mr. Sagar Varma Chief Manager present on dais.



BEST PNG SITE, Prize Distribution by CFO to PNG Team.





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 for next five years.

### **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 impact. The safety regulations / guidelines are given the highest priority while taking up the CGD activities. The safety guidelines framed by the Oil Industry Safety Directorate (OISD), a technical body under the Ministry of Petroleum and Natural Gas (MoP&NG) are duly complied. 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 standards & Specifications including safety standards through PNGRB approved agencies.

### **15. CORPORATE SOCIAL RESPONSIBILITY (CSR)**

During the year the Company had launched following CSR projects with the help of local NGOs other Organisations:

- Provided employment enhancing vocational skills to poor and needy people through National Yuva Co-op Society Ltd.
- Organized health check camps for auto rickshaw drivers in Pune city through Hind Shakti Social Foundation.
- Donated ebos lens to B J Medical College and Sassoon Hospitals which is a vital tool for conducting retina surgery.
- Taken environmental sustainability initiatives like installing of pollution monitoring devices through Science and Technology Park.
- Conducted football clinics through Nurturing Excellence in Sports Trust, to young women to inculcate spirit of gender equality among aspiring young footballers from the rural areas of Pune.

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.

**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 the 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 31<sup>st</sup> March 2017, 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 31<sup>st</sup> March, 2017 on a going concern basis.
- E. 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 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.

**1. 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 2016-17.

The Statutory Auditors have been paid a remuneration of Rs. 5 Lakhs 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 2016-17 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 the 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 2016-17, the cost audit report prepared by the Cost Auditor M/s Ashish Deshmukh & 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 2016-17. 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.

## **2. 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".

## **3. 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.

## **4. 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>

## **5. 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.

## **6. RISK MANAGEMENT POLICY**

During the financial year 2016-17, 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](http://www.mngl.in/risk_management_policy.html)

## 7. 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](http://www.mngl.in/whistle_blower_policy.html)

## 8. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES COMPANIES

Your Company does not have any subsidiaries, Joint venture and Associate companies as on 31<sup>st</sup> March, 2017.

## 9. 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 I.S. Rao & Shri Ashim Batra 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:

- |            |   |
|------------|---|
| 25.10.2016 | Ms. Vandana Chanana was appointed as Chairman and a Nominee Director representing Gail(India) Ltd., Pursuant to Shareholder's agreement, 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.         |
| 23.03.2017 | Shri Annasaheb B Misal 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:

- |            |   |
|------------|---|
| 25.10.2016 | Shri Gajendra Singh. (Nominee of GAIL) ceased to be Director from the Board with effect from October 10, 2016 on account of withdrawal of his nomination from Gail (India) Ltd. |
| 23.11.2016 | Shri A.L.Jarhad Nominee Director of MIDC ceased to be Director from the Board with effect from November 23, 2016 on account of withdrawal of his nomination from MIDC.          |



## MAHARASHTRA NATURAL GAS LIMITED

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 the 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, 2017 are as under:

Sr. No.	Name of Directors	Executive/Non-Executive/ Independent	Directorship in other public company
1.	Ms. Vandana Chanana (DIN : 0007238012)	Chairperson & Nominee & Non-Executive Director ( w.e.f 25.10.2016)	1. Gail Gas Limited
2.	Shri I S Rao (DIN: 02350683)	Chairman (upto 24/10/2016) & Nominee & Non-Executive Director ( w.e.f 01/02/2013)	1. Sabarmati Gas Limited 2. GSPL India Transco Ltd. 3. GSPL India Gasnet Limited 4. Central U P Gas Limited 5. Goa Natural Gas 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. B. Misal (DIN: 0007682376)	Non-Executive Nominee Director ( w.e.f 23.03.2017)	1. 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
8.	Shri E. S. Ranganathan (DIN: 07417640 )	Non-Executive Nominee Director (w.e.f 03/06/2016)	Indraprastha Gas Limited
9.	Ms. Padmini Khare Kaicker (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

Sr. No.	Name of Directors	Executive/Non-Executive/ Independent	Directorship in other public company
			7. Tata Cleantech Capital Limited 8. Rallis India Ltd. 9. 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 3. Ayushglobal Medicare LLP

\*Shri J.Vedgiri ceased to be Director Commercial on the Board of Directors w.e.f June 9,2017 due to his repatriation to BPCL in his place Shri Santosh Sontakke has been appointed as Director Commercial with effect from July 12,2017.

### 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)	5	4
2.	Shri Gajendra Singh (DIN: 03290248)	Non- Executive Nominee Director ( w.e.f. 24/11/2011) ceased to be a director (w.e.f 25/10/2016)	3	0
3.	Ms. Vandana Chanana (DIN:0007238012)	Chairman (from 25/10/2016) & Non –Executive Director (w.e.f 25/10/2016)	2	2
4.	Shri A.M. Tambekar (DIN: 06877323)	Managing Director (w.e.f 17/03/2015)	5	5
5.	Shri Ashim Batra (DIN:7173368 )	Non-Executive Nominee Director (w.e.f 17.06.2015)	5	5
6.	Shri A. L. Jarhad (DIN:07012645)	Non-Executive Nominee Director (w.e.f 10.02.2016)	3	0
7.	Shri Deepak Kumar J Mukadam (DIN-00716932)	Independent Director (w.e.f 22.04.2015)	5	5
8.	Shri J. Vedagiri (DIN: 06943165)	Director Commercial (w.e.f. 19.08.2015)	5	5
9.	Ms. Padmini Khare Kaicker (DIN: 00296388)	Independent Director ( w.e.f 28.03.2015)	5	4



## MAHARASHTRA NATURAL GAS LIMITED

Sr. No.	Name of Directors	Executive/Non-Executive/Independent	No. of Meetings held	No of Meeting attended
10.	Shri Rajesh Babulal Pande (DIN: 02219538)	Independent Director (w.e.f 28.03.2015)	5	5
11.	*Shri A.B.Misal (DIN:0007682376)	Nominee Non-Executive Director ( w.e.f.23.03.2017)	0	0

During the Financial Year 2016-17, total 5 Board meetings were held. Details of aforesaid meeting are provided in following table.

Sr. No.	Date of Meeting	Place of Meeting
1	02/05/2016	Hyatt Regency, Sahar Airport Road, Andheri (East), Mumbai- 400099
2	09/08/2016	Hotel Trident, Bandra Kurla Complex, Bandra East Mumbai- 400051
3	19/09/2016	Plot No. 27, Narveer Tanajiwadi, P.M.P.M.L Bus Depot Commercial Building, 1 <sup>st</sup> Floor, Shivaji Nagar, Pune-411005
4	12/12/2016	GAILALYA, Bandra-Kurla, Mumbai
5	15/02/2017	Rosewood Hyatt Regency Pune Weikfield IT Park, Nagar Road, Pune-411014

#### 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.	8 <sup>th</sup> AGM	19-09-2014	Registered Office, Shivaji Nagar, Pune,
2.	9 <sup>th</sup> AGM	30-09-2015	Registered Office, Shivaji Nagar, Pune,
3.	10 <sup>th</sup> AGM	19-09-2016	Registered Office, Shivaji Nagar, Pune,

Attendance of Directors in the last Annual General Meeting held on 19<sup>th</sup> September, 2016 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	Yes
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	Yes
6.	Shri J.Vedagiri	Executive Director	Yes
7.	Ms. Padmini Khare Kaicker	Independent Director	No
8.	Shri Rajesh Babulal Pande	Independent Director	Yes
9.	Shri E.S.Ranganathan	Non-Executive & Non Independent Director	Yes
10.	Shri A.L.Jarhad	Non-Executive & Non Independent Director	No



## e. Key Managerial

Personnel Pursuant to Section 203, 196 & 197 of the Companies Act, 2013 read with Rule 8 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 no changes taken place in case of existing following persons to act as Key Managerial Personnel (KMP) of the Company :

1. Shri A. M. Ambekar-Managing Director
2. Shri J. Vedagiri-Chief Financial Officer \*
3. Shri Ashok Devarajan-Company Secretary  
\*replaced with Shri Santosh Sontakke on his cessation

## 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.

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

### I. 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 present composition of the Audit Committee of the Board of Directors is as under:

Sr. No.	Name	Designation
1	Smt. Padmini Khare Kaicker	Chairperson & Member( Independent)
2	Shri E.S.Ranganathan	Non-Executive Non-Independent Director
3	Shri Rajesh Babulal Pande	Member (Independent Director)

During the year 2016-17, 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 November 9, 2016 due to withdrawal of Nominee Director Shri Gajendra Singh by GAIL (India) Limited. As on March 31, 2017 the composition of the Committee was as under:

1. Shri I. S. Rao (Chairman)
2. Smt. Padmini Khare Kaicker (Member)-Independent Director



3. Shri Rajesh Babulal Pande (Member)-Independent Director

During the year 2016-17, four meetings of the Nomination and Remuneration Committee was held.

### III. Corporate Social Responsibility Committee

The CSR Committee was re-constituted vide circular resolution dated November 9, 2016, is headed by Shri I.S.Rao Non-Executive Director. The Composition of the Committee as on March 31, 2017 was as under:

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

During the year 2016-17, 3 meetings of the Corporate Social Responsibility Committee were held.

#### g. Formal Annual Evaluation :

The Independent Directors and 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.

### 10. MANAGEMENT DISCUSSION AND ANALYSIS

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

#### 11. 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 the 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. 31<sup>st</sup> March, 2017 and the date of this report.

### 12. 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

### 13. SHAREHODING PATTERN AS ON 31ST MARCH, 2017

Shareholding Pattern of the Company as on 31st March, 2017 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	22,499,700	22.50
3.	Maharashtra Industrial Development Corporation(MIDC)	50,00,000	05.00
4.	Indraprastha Gas Limited	500,00,000	50.00

Sr. No.	Name of Shareholders	No of Equity Shares held @ 10/- each	% of Shares held
5.	Other (individual jointly with GAIL India Limited)	12,500	0.01
6.	Others (Individuals)	400	-
	Total	100,000,000	100%

#### 14. 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 dominant share holder 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 : 4th August 2017



Vandana Chanana  
Chairperson



## ANNEXURE- "A"

### ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR 2016-17

#### 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 citizens of Pune and adjoining areas through their various CSR projects involving healthcare, education and environment sustainability initiatives.

During the year the Company had launched many CSR projects with the help of NGOs and other organizations for imparting employment enhancing vocational skills for poor and needy people, health care camps for auto rickshaw drivers, donation of ebos lens to a government hospital for effectively conducting the retina surgery to the poor patients, environmental sustainability initiatives like installing of pollution monitoring devices and MNGL had also conducted football clinics to young girls from rural areas to inculcate spirit of gender equality among aspiring young footballers from the rural areas of Pune.

**The contents of CSR Policy of MNGL are displayed on MNGL's website at:  
[http://www.mngl.in/csr\\_policy.html](http://www.mngl.in/csr_policy.html)**

During the Financial Year 2013-14, 2014-15 & 2015-16, MNGL has made a profit before tax of Rs. 82.49 Crores, Rs. 77.89 Crores & Rs. 116.72 crores respectively. Hence the total amount (i.e. 2% of average profits of the last three years) was required to be spent on CSR amounting to Rs. 1 Crores 85 Lacs.

2. The Composition of the CSR Committee:
  - a. Shri I S Rao (Chairman)
  - b. Shri Deepak Kumar Jamsaheb (Member)
  - c. Ms. Vandana Chanana (Member)
3. Average profit (PBT) of the company for last three financial years under Sec 198 of Companies Act, 2013: Rs. 92.36 Crores
4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above):-Rs.1 Crore 85 lacs
5. Details of CSR spent during the financial year:
  - (a) Total amount to be spent for the financial year- Rs.1.85 Crores
  - (b) Amount unspent, if any- Rs.62.24 lakhs
  - (c) 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.	Installation of Air control monitor for measuring pollution levels	Ensuring Environment sustainability, ecological balance [Schedule VII(iv)	Kothrud,Pune	14.20	8.41	8.41	Amount paid through NEFT to Science and Technology Park( under the aegis of University of Pune
2.	Vocational training activities	Employment enhancing vocational skills & Empowering women (Schedule VII (ii)	Pune	36	36	36	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)	Other (Central)	55	55	55	Amount paid to Hind Shakti Social Foundation.
4.	Contribution to Rural Sports and women empowerment	Schedule VII(vii) training to promote rural sports, nationally recognized sports, Paralympic	Pune District	10	5	5	Amount given to Nurturing Excellence in sports trust



## MAHARASHTRA NATURAL GAS LIMITED

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
4.		sports & Olympic sports & Gender equality and women empowerment					
5.	Swach bharat Kosh ( GOI)	Swach Bharat Kosh set up Central Govt. (schedule VII(1)(viii))	Other (Central )	10.80	10.80	10.80	Direct Transfer to Central Govt.
6.	Sassoon Hospital –for purchase of equipment Ebos Lens	Schedule Vii(l) Promoting health care including preventive health care	Other (Central )	8.00	8.00	8.00	Ebos Lens donated to Sassoon Hospital
7.	# Renovation of Toilets in association with Sulabh International Social Service Organization	Schedule VII(ii) Sanitation	Shivajinagar Pune	35.00	00.00	00.00	Amount not spent
<b>TOTAL PROJECT AMOUNT :</b>				<b>185.00</b>	<b>118.72</b>	<b>123.21</b>	<b>*61.79</b>

### 1. \* amount either spent for ongoing project or carried forward to next year.

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 project regarding installation of air control monitor with Science & Technology Park is for one year hence the payments are made on quarterly basis. The project with NEST was implemented during April 2017 and # project regarding renovation of toilet was held up for want of PMC and PMPML approval. PMPML had approved the project the company is awaiting the approval of PMC.

### 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

"SWASTH SARATHI" a CSR initiative of MNGL



Health checkup for Rickshaw Drivers



**H'ble Union Minister for Petroleum Shri Dharmendra Pradhan during review meeting of MNGL**



**Member of Parliament Shri Anil Shirole reviewing the progress of domestic connections**





**Donation of EBOS Lens to B J Medical College & Sasson Hospital  
In The presence of Hon`bel member of Parliament Shri Anil Shirole.**



**Air quality monitoring display at Kothrud and Mechanism to collect the samples and measure the air quality.**



“ Skill development programme conducted by NYSC ”



“Khelegi to khilegi”

A Football workshop organised for young girls at Balewadi stadium Pune by 'NEST'



## 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 :
  - Energy efficient Canopy lights (LED Type) have been procured and installed; constant efforts are being put to minimize energy consumption.
2. The steps taken by the company for utilizing alternate sources of energy : NIL
3. Maintained PF factor around Unity in CNG stations resulting in saving of approx. Rs 20 Lakhs

#### B. TECHNOLOGY ABSORPTION:

<p>A Efforts made towards technology Absorption</p>	<ol style="list-style-type: none"> <li>1. Successful Trial done for CNG station automation at MS Kothrud</li> <li>2. Successful trial for VTS monitoring of P/L patrolman</li> <li>3. Hot tapping of steel pipeline introduced in MNG for the first time while taping off the steel line to Khadki cantonment area Pune</li> <li>4. Procurement of Steel pipeline locator with GPS device</li> </ol>
<p>B Benefit derived as result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc.</p>	<ol style="list-style-type: none"> <li>1. Easy to monitor all running parameter for compressor &amp; dispenser e.g. reading for flowmeter, pressure, temperature. It is useful to check the health &amp; performance of the system</li> <li>2. Very useful to monitor the location of patrolman &amp; make patrolling more effective</li> <li>3. Online tapping without interrupting the gas supply for PNG &amp; CNG installments</li> </ol>
<p>C. In case of imported technology (imported during last 3 years reckoned from the beginning of the financial year), following information may be furnished:</p> <ol style="list-style-type: none"> <li>I. Technology imported</li> <li>ii. Year of import</li> <li>iii. Has technology been fully absorbed If not absorbed, areas where this has not taken place, reason therefore &amp; future plan of action</li> </ol>	<p>NIL</p>
<p>D The expenditure incurred on Research and Development</p>	<p>NIL</p>

#### C. FOREIGN EXCHANGE EARNING AND OUTGO

The Company is in the 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.



**ANNEXURE "C"**  
**FORM NO. MR.3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> March, 2017**

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

The Members,  
Maharashtra Natural Gas Limited  
Plot no. 27, NarveerTanajiwadi,  
PMT Bus depot, Commercial Building, 1<sup>st</sup> Floor,  
Shivajinagar, Pune 411005.

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 31<sup>st</sup> March, 2017 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 31<sup>st</sup> March, 2017 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;
  - (c) 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. 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 on the date of reporting;
- (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.

### **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.

Place: Pune

For Rajas Bodas & Associates, Company Secretaries

Date: 15/06/2017

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 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: 15/06/2017

For Rajas Bodas & Associates, Company Secretaries

RAJAS BODAS  
FCS No. 6005  
C. P. No. 5335

## “ANNEXURE D”

(As on the financial year ended on 31st March, 2017)

[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 <sup>TH</sup> 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	100	12800	12900	0.012	100	12700	12800	0.01	0.77
(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	44.98	22487500	22499700	44987200	44.99	0.0001
(e) Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil



# MAHARASHTRA NATURAL GAS LIMITED

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
<b>Sub-Total (A) (1)</b>	100	44999900	45000000	45	22487600	22512400	45000000	45	Nil
<b>(2) Foreign</b>									
(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
<b>Sub-Total (A) (2)</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Total Shareholding of Promoter (A) = (A) (1) + (A) (2)</b>	<b>100</b>	44999900	45000000	45	22487600	22512400	45000000	45	Nil
<b>B Public Shareholding</b>									
<b>1 Institutions</b>									
(a) Mutual Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(b) Banks/FI	Nil	Nil	Nil	Nil	0	Nil	0	0	Nil
(c) Central Govt.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(d) State	Nil	5000000	5000000	5	Nil	5000000	5000000	5	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	Nil	Nil	Nil	Nil	0	Nil	0	0	Nil
(h) Foreign Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(i) Others (Specify) MIDC	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Sub-Total (B) (1)</b>	<b>Nil</b>	<b>Nil</b>	<b>5000000</b>	<b>5</b>	<b>Nil</b>	<b>5000000</b>	<b>5000000</b>	<b>5</b>	<b>Nil</b>
<b>(2) Non- Institutions</b>									
<b>(a) Bodies Corp</b>									
(i) Indian	50000000	Nil	50000000	50	50000000	Nil	50000000	50	Nil
(ii) Overseas	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>(b) individuals</b>									
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



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)	50000000	Nil	50000000	50	50000000	Nil	50000000	50	Nil
Total Public	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Shareholding (B)=(B)(1)+ (B) (2)</b>									
C. Shares held by custodian for GDRs & ADRs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Grand Total (A+B+C)</b>	<b>50000100</b>	<b>49999900</b>	<b>100000000</b>	<b>100</b>	<b>72487600</b>	<b>27512400</b>	<b>100000000</b>	<b>100</b>	<b>Nil</b>

**(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	22.5	0.00	22500000	22.5	0.00	Nil
	Bharat Petroleum Corporation Limited	22499600	22.49	0.00	22499700	22.50	0.00	0.0001
	<b>Total</b>	<b>44999600</b>	<b>44.99</b>	<b>0.00</b>	<b>44999700</b>	<b>44.99</b>	<b>0.00</b>	<b>Nil</b>

**(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
1.	Bharat Petroleum Corporation Limited	22499600	22.49	22499700	22.50
2.	Gail(India) Ltd-non change in holding during the FY 2016-17				



## MAHARASHTRA NATURAL GAS LIMITED

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) as on 31<sup>st</sup> March, 2017:**

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	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 %
2	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 %
3	Shri Manoj Kumar Pawa (Jointly with GAIL)At the				
	beginning of the Year	3125	0.003%	3125	0.003%
	Bought during the Year	0	0.000%	0	0.000%
	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 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%
5	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%
6	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 %

7	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%
8	Indraprastha Gas Limited				
	At the beginning of the Year	50000000	50%	50000000	50%
	Bought during the Year	0	0	0	0%
	Sold/Transfer during the Year	0	0	0	0
	At the end of the Year	50000000	50%	50000000	50%
9	Shri. K. Balasubramaniam				
	At the beginning of the Year	100	0.00%	0	0.00%
	Bought during the Year	0	0.00%	0	0.00%
	Sold/Transfer during the Year	100	0.00%	0	0.00%
	At the end of the Year	0	0.00%	0	0.00%

**(v) Shareholding of Directors and Key Managerial Personnel as on 31<sup>st</sup> March, 2017:**

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.	Ms. Vandana Chanana				
	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 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%
3.	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%



## MAHARASHTRA NATURAL GAS LIMITED

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
4.	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%
5.	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%
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		0.00 %	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%
		0			
8.	Shri. Rajesh Pande				
	At the beginning of the Year		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%
		0			
9	Shri Deepak Kumar Mukadam				
	At the beginning of the Year		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
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	Shri A.B.Misal***				
	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%
12	Shri Ashok Devarajan				
	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 A.L Jarhad ceased as Nominee Director of MIDC w.e.f. 23.11.2016

\*\*\*Shri A.B.Misal joined as Nominee Director of the Company w.e.f 23<sup>rd</sup> March 2017.

**V. INDEBTEDNESS:**

Indebtedness of the Company including interest outstanding/accrued but not due for payment:  
Rs. 297.12 Crores

**VI. REMUNERATION OF DIRECTORS AND KEY MANGERIAL PERSONNEL DURING THE FINANCIAL YEAR 2016-2017**

**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	
	<b>Name</b>			
	<b>Designation</b>	<b>Managing Director</b>	<b>Director Commercial</b>	
	<b>Gross salary</b>	41.44	44.34	85.78
<b>1</b>	<b>(a)Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961</b>	38.65	41.54	80.19



## MAHARASHTRA NATURAL GAS LIMITED

S. No	Particulars of Remuneration	(Rs. in Lacs)		Total Amount (Rs/Lacs)
		Shri A. M. Tambekar	Shri J. Vedagiri	
	<b>Name</b>	<b>Managing Director</b>	<b>Director Commercial</b>	
	<b>Designation</b>			
	<b>Gross salary</b>	-	-	-
	<b>(b) Value of perquisites u/s 17(2) Income-tax Act, 1961</b>	-	-	-
	<b>(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961</b>	2.79	2.80	5.59
2	<b>Stock Option</b>	-	-	-
3	<b>Sweat Equity</b>	-	-	-
4	<b>Commission-</b>	-	-	-
	<b>As % of profit</b>	-	-	-
	<b>Others, specify</b>	-	-	-
5	<b>Others, please specify</b>	-	-	-
	<b>Total (A)</b>	41.44	44.34	85.78
	<b>Ceiling as per the Act</b>	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	<b>Rs 8,14,650/-</b>  No other amount was paid to any other Director During FY 2016-17					
Fee for attending board / committee meetings						
Commission						
Others, please specify						
<b>Total (1)</b>						
Other Non-Executive Directors						
Fee for attending board committee meetings						
Commission						
Others, please specify						
Total (2)						
<b>Total (B)=(1+2)</b>						
Ceiling as per the Act**						

\*Paid to respective parent organizations.

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

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

S. No	Particulars of Remuneration			Total Amount
1	Name	Shri J. Vedagiri	*Shri Ashok Devarajan	(Rs/Lacs)
	Designation	WTD & CFO	CS	9.83
	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		9.83	9.83
	(b) Value of perquisites u/s 17 Income-tax Act, 1961		-	-
	© 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		-	-
	<b>Total</b>		<b>9.83</b>	<b>9.83</b>

### VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

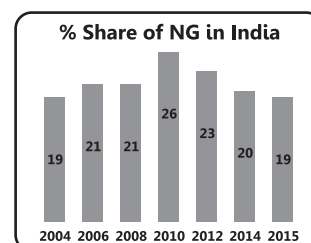
There were no penalties/punishment/compounding of offences for breach of any Section of Companies Act against the Company or its Directors or other officers in default, if any, during the financial year 2016-17.

### VIII. MANAGEMENT DISCUSSION AND ANALYSIS

#### NATURAL GAS SCENARIO IN INDIA

The Indian economy have established itself on a healthy growth path and this would continue considering the energy consumption in the country. The present share of natural gas in energy mix is around 6.5% but the commitment of government to increase it to 12% by 2020 shows the determination and need for adoption of natural gas as a clean fuel in energy mix. Considering the plans for expansion of natural gas supply in the country by addition of RLNG Terminals, nationwide Transmission Pipeline Network and Transnational Pipelines, it is envisaged that the share of natural gas in the primary energy mix would reach 20% till 2030.

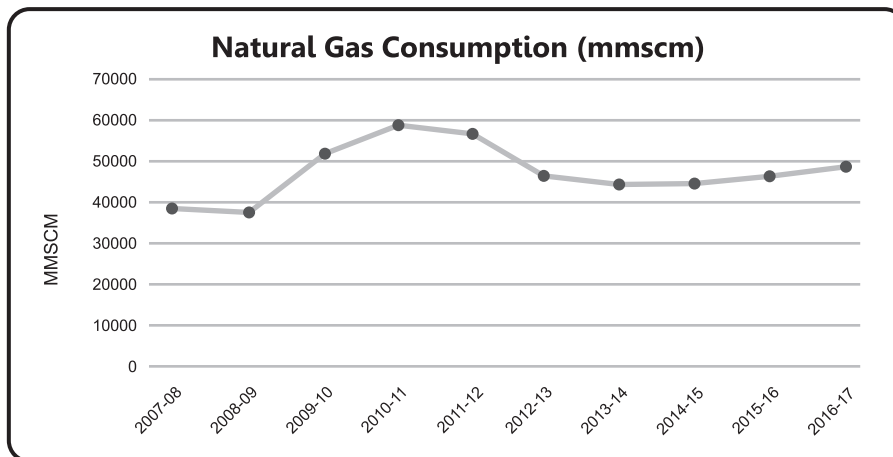
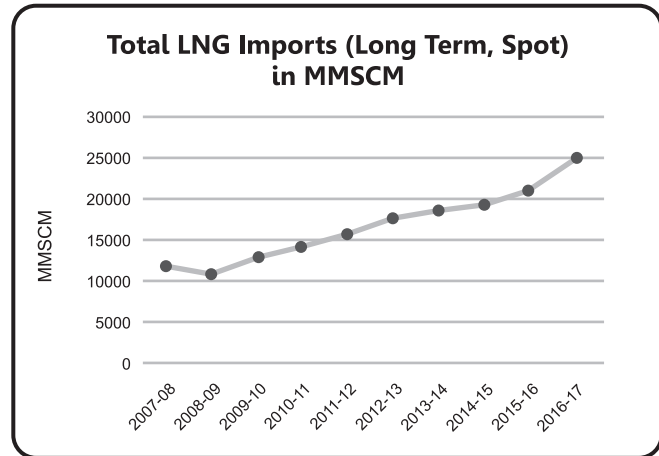
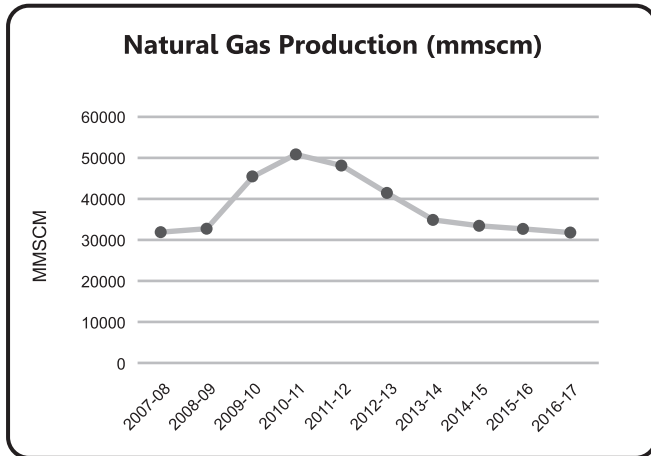
In recent years the demand for natural gas in India has increased significantly with the continual growth in consumption by CGD sector.





Though the Power and Fertilizer sector remained the two biggest contributors for natural gas consumption in India and continue to account for more than 50% of gas consumption, CGD sector has shown an incredible growth and present share has reached to 16.7%

## Actual Natural Gas Production, Import and Consumption in India:



India can be divided into six major regional natural gas markets namely Northern, Western, Central, Southern, Eastern and North-Eastern market, out of which the Western and Northern markets currently have the highest consumption due to better pipeline connectivity. However, construction is going on for Jagdishpur-Haldia Dhamra Pipeline, Kochi-kootand-Bangluru-Managlore Pipeline and other awarded Pipelines, which will cover Eastern and Southern part to a great extent.

There is a good growth in renewable energy sources viz. Solar energy, Wind energy and Bio-gas segments but considering various factors, their contribution in energy mix do not seems to be significant at least in near future. The natural gas demand on the other side is all set to grow significantly.

### **CGD Distribution Sector in India**

City Gas Distribution is one of the most happening and challenging business in the present scenario of Oil & Gas sector. A CGD network shall be designed to operate at a pressure as specified in the relevant regulations for technical standards and specifications, including safety standards for maintaining the volumes of supply of natural gas on a sustained basis. It includes sale and distribution of Compressed Natural Gas (CNG) & Piped Natural Gas (PNG).

This sector is governed by Petroleum & Natural Gas Regulatory Board (PNGRB). PNGRB conducted 7 rounds of bidding for various new regions and 8<sup>th</sup> round is in process. Presently 78 GAs received grant of authorization with



34 authorized CGD companies for the supply of natural gas. Government emphasis on use of Natural Gas, as it is a clean burning fuel. Presently city gas sector is conserve 10% of the total gas consumption in India which is expected to reach 20% by 2020 with an estimated demand of 100 MMSCMD in next 3-5 years. The market is expected to grow leaps & bounds.

## STATUS OF CGD CGD BUSINESS IN INDIA

NO. OF CGD COMPANIES	34
NO. OF CITIES COVERED	78
VOLUME HANDLED(MMSCMD)	22.37
NO. OF CNG STATIONS	1233
NO .OF CNG VEHICLE IN LAKHS	30.5
CNG SALES( MILLION TONNES)	2.3655
NO. OF PNG CONSUMERS(IN LAKHS)	36.2

## OPPORTUNITIES & THREATS:

### Opportunities

- **Smart Cities** : Central government announced list of 100 cities under Smart City Mission launched on June 25, 2015. PNG expansion will free up subsidized LPG cylinders from urban areas so that the same can be further distributed to rural/remote areas. Pune is also included in the list of Smart Cities and PNG & CNG have ample scope as a clean fuel.
- **Pollution & Public Health** : Air pollution causes 1.2 million deaths in India annually. Global warming emissions from Natural Gas combustion are much lower than those from coal or oil. Natural gas emits 50 to 60 percent less carbon dioxide (CO<sub>2</sub>) when combusted. This creates scope for adoption of natural gas as one of the best available option.
- **Public Transport System** : The government has emphasized on the use of CNG for public transport. CNG has grown into one of the major fuel sources for vehicles. CNG demand and infrastructure has achieved significant scale. Presently 1236 public transport buses running on CNG. PMPML is further planning to procure 400 brand new CNG run buses. We are operating 42 CNG stations and plan to add further 40-50 stations in next 3-5 years.
- **CNG Two Wheeler** : As Pune is the hub of two wheeler, Natural Gas having the huge opportunity in the city. CNG-fueled two-wheeler which would run on approximately 60 paise to a kilometre, and will also help in cutting emission levels. In the initial phase, the scooters shall be retrofitted with a CNG kit approved by ARAI, Pune. In later stages bikes will also be considered.
- **Cost Benefit** : The CNG is cost effective as compared to other fuels such as gasoline & diesel. NGV have the low maintenance cost than other vehicles. This drives the demand for switching over to the CNG vehicles.
- **Exploring to New cities** : The company has participated in the 8<sup>th</sup> round of bidding by PNGRB. The company would continue to participate in the biddings for new cities which would open for new opportunities of business expansion.

### Threats/ Concerns

- **Electric Vehicles** : NITI Aayog has come up with a new policy that aims to change the face of India's public transport with a combination of electric vehicles, as well as upcoming technology such as the Hyperloop and Sky Trans. Five cities, namely Bengaluru and Mysuru in Karnataka, Amaravati, Kakinada and Visakhapatnam in Andhra Pradesh, have been selected for the implementation of the new policy.
- **Ethanol Blend** : Flexible fuel vehicles (FFVs) are designed to run on gasoline-ethanol blends of up to 85%



ethanol (E85). It helps to reduce greenhouse gas emission. The Public Transport system of Nagpur now run under the title of Apli Bus Pariyojana (Our Bus Service) will have 195 buses of which 55 buses will be Ethanol fuelled Green Bus. Four states- Uttar Pradesh, Maharashtra, Karnataka and Tamil Nadu will be the major beneficiaries from the project.

- **Bio Gas Bus** : Biogas-run buses are launched in Kolkata, Goa. If a commercial vehicle runs on this fuel, it is also exempted from the ban after 15 years. If a commercial vehicle switches over to biogas, it will also be exempted from the ceiling.
- **Change in Regulation** : The CGD sector is regulated through the PNGRB. Any change in regulation may have an impact on the company. The company has the infrastructure exclusively in the Pune city for another decade.
- **Natural Gas Availability** : At present, domestic natural gas production is significantly lower. The non-allocation of the required amount of low cost natural gas may have an adverse impact on margins.
- **Scarcity of Land** : Number of CNG stations are less due to non-availability of space in the Pune city. This is hampering the anticipated growth in CNG demand.

### Operational Review :

**Compressed Natural Gas Business (CNG):** During the year 2016-17, CNG business has performed very well. The cumulative compression capacity has increased to 39300 scmh during 2016-17 from previous year's cumulative compression capacity of 31500 scmh (24.76% % increase). The total number of CNG Stations are 42 at the end of the FY. During the year, CNG sale volume has increased to 129.99 mmscm from 119.95 mmscm in the previous year. Company currently refuels around 1236 buses, around 141164 four wheelers and 39438 three wheelers in addition to few vehicles from the Municipal Garbage Department, contract carriage minibuses, school buses, delivery vans and the Postal Department of around 1255 nos.

**Piped Natural Gas Business (PNG):** During the year, PNG sale volume has increased to 59.8 mmscm from 47.72 mmscm in the previous year. Company has provided PNG connection to around 50851 domestic customers till FY 2016-17 and continued to increase greater coverage for domestic customer across Pune.

Total nos. of Commercial Customers have increased from 132 in March, 2016 to 169 in March, 2017. Industrial customers have been increased from 115 in March, 2016 to 129 in March, 2017. The sale of Commercial gas volume grew by 40.0 % and Industrial Sales volume has grown up by 21.04% over the previous year.



कार्यालय प्रधान निदेशक वाणिज्यिक लेखा परीक्षा  
एवम् पदेन सदस्य, लेखा परीक्षा बोर्ड II, मुंबई  
भारतीय लेखा एवम् लेखा परीक्षा विभाग  
सी-25, 'ऑडिट भवन', 8वां 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', 8<sup>th</sup> Floor, Bandra-Kurla Complex, Mumbai - 400 051.  
Fax : 022-26573814 Telephone : 022-26573813 / 26573942  
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संख्या: एमएवी II/एम.एन.जी.एल-लेखों/16-17/टी-1507/ 123

दिनांक: 21.06.2017

सेवा में,  
अध्यक्ष,  
महाराष्ट्र प्राकृतिक गैस लिमिटेड,  
पुणे.

विषय: कंपनी के अधिनियम 2013 के धारा 143 (6) (b) के अधीन महाराष्ट्र प्राकृतिक गैस लिमिटेड के  
31 मार्च 2017 को समाप्त लेखों पर भारत के नियंत्रक-महालेखापरीक्षक की टिप्पणीयाँ।

महोदय,

मैं महाराष्ट्र प्राकृतिक गैस लिमिटेड के 31 मार्च 2017 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,

तनुम मिटाल

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

संलग्न: यथोपरि



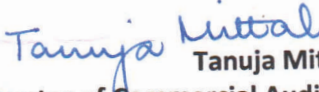
## MAHARASHTRA NATURAL GAS LIMITED

### 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 2017

The preparation of financial statements of Maharashtra Natural Gas Limited for the year ended 31 March 2017 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 2017.

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 2017. 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  
Principal Director of Commercial Audit &  
*ex-officio* Member Audit Board-II, Mumbai

Place: Mumbai  
Date: 21 June 2017

M/s P.G. BHAGWAT  
CHARTERED ACCOUNTANTS

**HEAD OFFICE**  
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Fax: 020-27290774  
Email: pgbhagwat@vsnl.com  
Web: www.pgbhagwatca.com

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MAHARASHTRA NATURAL GAS LIMITED

### Report on the Financial Statements (Ind AS)

We have audited the accompanying financial statements of **Maharashtra Natural Gas Limited ("the Company")**, which comprise the balance sheet as at 31 March 2017, the statement of profit and loss, the cash flow statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

### 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 Ind AS 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 the Companies (Account) Rules, 2014, as applicable.

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 Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made 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,



# MAHARASHTRA NATURAL GAS LIMITED

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

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

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

## **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March 2017 and its profit and its cash flows for the year ended on that date.

## **Other Matters**

The comparative financial information of the Company for the year ended 31st March 2016 and the transition date opening balance sheet as at 1st April 2015 included in these Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by us, and the report for the year ended 31st March 2016 and 31st March 2015 expressed an unmodified opinion on those financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

Our opinion is not modified in respect of these matters

## **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.

M/s P.G. BHAGWAT  
CHARTERED ACCOUNTANTS

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

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

(e) On the basis of the written representations received from the directors as on 31st March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2017 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. The Company has disclosed pending litigations and the impact on its financial position. Refer Note 33 to the financial statements.
- ii. The Company did not have any long term contracts including derivatives contracts for which there were material foreseeable losses.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- iv. The company has provided the disclosure regarding Specified Bank Notes (SBN) in Note 39 to its financial statements as per notification no. G.S.R. 308(E), dated 30th March 2017 issued by the Ministry of Corporate Affairs. Prime facie, based on the test check carried out by us, we are of the opinion that the necessary details are provided by the Company. In view of the volume of the transactions, we have not made a detailed examination of records with a view to determine its accuracy relating to the break-up of denominations of SBNs, its receipts, payments and consequently its closing balance.

For M/s P.G. BHAGWAT  
Chartered Accountants  
Firm's Registration No.: 101118W

  
Sandeep Rao

Partner

Membership No. 047235

Pune

2<sup>nd</sup> May 2017



M/s P.G. BHAGWAT  
CHARTERED ACCOUNTANTS

## Annexure A to the Independent Auditors' Report

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) The fixed assets are being physically verified by the management at regular intervals based on the programme of verification which in our opinion is reasonable. During the current year, the physical verification of asset was undertaken.  
  
(c) According to the information and explanation provided to us, the title deeds of immovable properties are held in the name of the company.
- (ii) In our opinion and according to the information and explanation 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 relating to materials, labour and other items of cost 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 however not made a detailed examination of records with a view to determine whether they are accurate and complete.
- (vii) (a) The Company is generally regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax,



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

service tax, duty of customs, duty of excise, 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 dues were in arrears as at 31<sup>st</sup> March 2017, 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 or cess which have not been deposited because any dispute except the following

Name of Statute	Nature of Dues	Amount (Rs Lakhs)	Period to which amount relates	Forum where dispute is pending
Sales Tax	Sales Tax Dues	35.22	2009-10	Jt. Commissioner of Sales Tax (Appeal) Pune

- (vii) 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.
- (viii) 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). According to the information and explanations given to us, term loans availed by the company were, prima facie; applied for the purpose for which the loans were obtained.
- (ix) 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.
- (x) According to the information and explanation provided to us, no approvals were required as per 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 wherever 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.
- (xv) According to the information and explanation provided to us, the Company has not entered into any non-cash transactions with directors or persons connected with him.

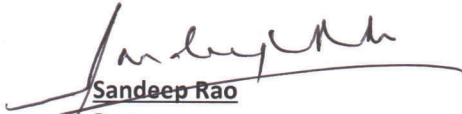


## MAHARASHTRA NATURAL GAS LIMITED

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

- (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. 047235  
Pune  
2<sup>nd</sup> May 2017

M/s P.G. BHAGWAT  
CHARTERED ACCOUNTANTS

## Annexure B to the Independent Auditors' Report

Referred to in paragraph 2 (f) under the heading, "Report on Other legal and Regulatory Requirements" of our report on even date:

### 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 **Maharashtra Natural Gas Limited** ("the Company") as of 31<sup>st</sup> March 2017 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.



# MAHARASHTRA NATURAL GAS LIMITED

**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 Company's internal financial controls system over financial reporting.

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

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

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

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

## **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March 2017, 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. 047235  
Pune  
2<sup>nd</sup> May 2017

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

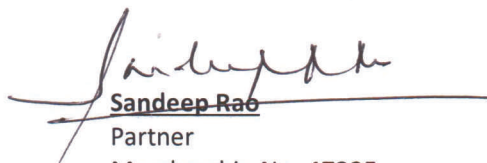
**HEAD OFFICE**  
Suite 101-102 'Orchard'  
Dr. Pai Marg, Baner,  
Pune- 411045  
Tel. (O): 020-27290771,27291772,27291773  
Fax: 020-27290774  
Email: pgbhagwat@vsnl.com  
Web: www.pgbhagwatca.com

## Annexure to Auditor's Report

We have conducted the audit of accounts of **MAHARASHTRA NATURAL GAS LIMITED** for the year ended 31<sup>st</sup> March 2017 in accordance with the directions/sub-directions issued by the C&AG of India under Section 143 (5) of the Companies Act, 2013 and certify that we have complied with all the directions/sub-directions issued to us, which are as follows:

- 1] We confirm that the company has clear title of the Land it holds under Fixed Asset
- 2] There are no cases of waiver / write off of any Debt, Loan or Interest during the year under audit. However, necessary provision for doubtful debt has been made in the financial statements. No interest on overdue amount receivable from PMPML has been recognized as income due to uncertainty of its receipt.
- 3] As informed to us, there is no major inventory in the form of gas, lying with the third parties and the company has not received any Gift / Grant from Government or other authorities during the year under audit.

For **M/s.P.G.Bhagwat**  
Chartered Accountants  
Firm Registration No. 101118W



**Sandeep Rao**

Partner  
Membership No. 47235  
Pune  
2<sup>nd</sup> May 2017



# MAHARASHTRA NATURAL GAS LIMITED

Maharashtra Natural Gas Limited Balance Sheet as at March 31,2017  
(All amounts in INR Lakhs, unless otherwise stated)

<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, Plant and Equipment	3	52,992.86	24,865.44	17,478.16
Capital work-in-progress	3	11,213.10	28,783.09	16,110.59
Other Intangible assets	4	186.39	433.07	494.34
Financial Asset (i) Other financial asset	5	494.31	1,146.50	364.44
Other non-current assets	6	113.13	303.03	31.89
<b>Total non-current assets</b>		<b>64,999.79</b>	<b>55,531.13</b>	<b>34,479.42</b>
<b>Current assets</b>				
Inventories	7	28.71	34.39	49.17
Financial Assets				
(I) Trade and other receivables	8	7,083.59	5,998.63	5,125.51
(ii) Cash and cash equivalents	9	1,356.66	2,290.29	3,962.49
(iii) Other financial assets		781.82	373.10	720.72
Other current assets	10	740.63	658.06	514.08
<b>Total Current Assets</b>		<b>9,991.41</b>	<b>9,354.47</b>	<b>10,371.97</b>
<b>Total - Assets</b>		<b>74,991.20</b>	<b>64,885.60</b>	<b>44,851.39</b>
<b>EQUITY AND LIABILITIES Equity</b>				
Equity Share capital	11(a)	10,000.00	10,000.00	9,500.00
Other Equity				
(I) Reserves and Surplus	11(b)	23,219.55	18,649.21	11,456.44
<b>Total Equity</b>		<b>33,219.55</b>	<b>28,649.21</b>	<b>20,956.44</b>
<b>Non-current liabilities</b>				
Financial Liabilities(i) Long-term borrowings	12	24,988.79	21,680.52	11,905.40
Long-term provisions	14,15	131.75	79.05	60.50
Liabilities for Tax (Net)	18	-	5.13	5.13
Deferred tax liabilities (Net)	16	3,183.52	2,021.03	1,468.12
<b>Total non-current liabilities</b>		<b>28,304.06</b>	<b>23,785.73</b>	<b>13,439.15</b>
<b>Current liabilities</b>				
Financial Liabilities				
(i) Trade payables	17	2,300.43	2,101.53	1,999.58
(ii) Other current financial liabilities	13	10,586.85	9,405.35	7,959.25
Short-term provisions	14	65.42	11.46	6.76
Liabilities for Current Tax (Net)	18	-	449.10	165.00
Other current liabilities	19	514.89	483.22	325.21
<b>Total Current Liabilities</b>		<b>13,467.59</b>	<b>12,450.66</b>	<b>10,455.80</b>
<b>Total - Liabilities</b>		<b>41,771.65</b>	<b>36,236.40</b>	<b>23,894.95</b>
<b>Total equity and liabilities</b>		<b>74,991.20</b>	<b>64,885.60</b>	<b>44,851.39</b>

As per our report of even date attached

For M/s P G Bhagwat

Firm Registration Number: 101118W

Chartered Accountants

For and on behalf of Board

Sd/-

Sandeep Rao

Partner

Membership No : 047235

Place : Mumbai

Date : 2nd May 2017

Sd/-

Vandana Chanana

Chairperson

DIN: 07238012

Sd/-

A.M. Tambekar

Managing Director

DIN: 06877323

Sd/-

J. Vedagiri

DC & CFO

DIN: 06943165

Sd/-

Ashok Devrajan

Company Secretary

M.No: A31755

# MAHARASHTRA NATURAL GAS LIMITED



## Statement of Profit and Loss for the year ended March 31,2017 (All Amounts in INR Lakhs unless otherwise stated)

(Rs. in Lacs)

Sr. NO	PARTICULARS	Note Reference	Year Ended March 31,2017	Year Ended March 31,2016
	<b>Continuing Operations</b>			
	Revenue from Operations	20	53,583.17	50,784.03
	Other Income	21(a)	75.82	126.76
	Other Gains/losses (net)	21(b)	1.30	1.28
	<b>Total Income</b>		<b>53,660.29</b>	<b>50,912.07</b>
	<b>Expenses</b>			
	Purchases of Natural Gas	22(a)	26,488.80	27,679.55
	Changes in inventories of finished goods	22(b)	5.68	14.78
	Excise Duty		4,451.38	4,307.50
	Employee benefit expense	23	1,410.29	803.23
	Depreciation and amortisation expense	24	2,847.95	1,578.65
	Finance Costs	25	1,703.15	721.61
	Other expenses	26	4,959.52	4,087.07
	<b>Total Expenses</b>		<b>41,866.77</b>	<b>39,192.39</b>
	<b>Profit before tax from continuing operations</b>		<b>11,793.52</b>	<b>11,719.68</b>
	Income tax Expense			
	-Current Tax		2,974.72	3,600.77
	-Deferred tax		1,162.49	552.91
	<b>Total Tax Expense</b>		<b>4,137.21</b>	<b>4,153.68</b>
	<b>Profit for the year</b>		<b>7,656.31</b>	<b>7,566.00</b>
	<b>Other Comprehensive income</b>			
	Items that will not be reclassified to profit or loss			
	Remeasurements of post employment benefit obligations	15	42.52	2.23
	Income tax relating to these items		(14.72)	(0.77)
	<b>Other Comprehensive income for the year, net of tax</b>		<b>27.80</b>	<b>1.46</b>
	<b>Total Comprehensive income for the year</b>		<b>7,628.51</b>	<b>7,564.54</b>
	<b>Earnings per equity share for profit from continuing operation</b>			
	Basic and diluted earnings per share (in Rs.)	36	7.66	7.65

As per our report of even date attached

For M/s P G Bhagwat

Firm Registration Number: 101118W

Chartered Accountants

For and on behalf of Board

Sd/-

Sandeep Rao

Partner

Membership No : 047235

Place : Mumbai

Date : 2nd May 2016

Sd/-

Vandana Chanana  
Chairperson

DIN: 07238012

Sd/-

A.M. Tambekar  
Managing Director

DIN: 06877323

Sd/-

J. Vedagiri  
DC & CFO

DIN: 06943165

Sd/-

Ashok Devrajan  
Company Secretary

M.No: A31755



# MAHARASHTRA NATURAL GAS LIMITED

## Statement of Cash flows for the year ended March 31, 2017

(All Amounts in INR Lakhs unless otherwise stated)

(Rs. in Lacs)

	Note No.	Year Ended March 31,2017	Year Ended March 31,2016
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Profit before income tax</b>		11,793.52	11,719.68
Adjustments for: Depreciation	3	2,847.95	1,578.65
Gains on disposal of property, plant and equipment	21(b)	(0.30)	(0.31)
Finance Costs	26	1,655.00	591.93
Excess provision written back		(20.13)	-
Provision for Doubtful Debts		262.72	33.30
<b>Operating Profit Before Working Capital Changes</b>		<b>16,538.76</b>	<b>13,923.25</b>
<b>Change in operating assets and liabilities</b>			
(Increase)/Decrease in inventories		5.68	14.78
(Increase)/Decrease in trade and other receivables		(1,010.62)	(615.02)
Increase/(Decrease) in Trade and other Payables		1,984.00	1,053.83
<b>Cash Generated from Operations</b>		<b>17,517.81</b>	<b>14,376.84</b>
Income Taxes paid	18	(3,547.27)	(3,331.71)
<b>Net cash inflow from operating activities</b>		<b>13,970.53</b>	<b>11,045.13</b>
<b>Cash flow from investing activities</b>			
Payments for property, plant and equipment		(12,492.64)	(21,609.38)
Proceeds from sale of property, plant and equipment	3,21(b)	0.30	0.91
<b>Net cash outflow from investing activities</b>		<b>(12,492.34)</b>	<b>(21,608.47)</b>
<b>Cash flow from financing activities</b>			
Proceeds from Issue of Share Capital	11(a)	-	500.00
Proceeds from Long Term Borrowings (Net)	12	2,183.27	10,400.11
Interest paid		(1,536.92)	(637.21)
Dividend paid to company's shareholders and Tax Thereon	30	(3,058.17)	(371.76)
<b>Net cash inflow from financing activities</b>		<b>(2,411.82)</b>	<b>9,891.14</b>
<b>Net increase/(decrease) in cash &amp; cash Equivalents</b>		<b>(933.63)</b>	<b>(672.20)</b>
Cash & Cash Equivalents as at beginning of the financial year		2,290.29	2,962.49
<b>Cash &amp; Cash Equivalents as at end of the Year</b>		<b>1,356.66</b>	<b>2,290.29</b>
<b>Reconciliation of cash and cash equivalents as per the cash flow statement</b>			
Cash and cash equivalents as per above comprise the following Cash, Cheques & Stamps on Hand		10.54	9.11
Cash balance with Banks - in current Accounts		1,346.12	2,281.18
<b>Balance as per statement of cash flows</b>		<b>1,356.66</b>	<b>2,290.29</b>

The above cash flow statement has been prepared under the "Indirect Method" as set out in IND AS 7 on Cash Flow Statement. Brackets indicate cash outflow/ deduction.

As per our report of even date attached

**For M/s P G Bhagwat**

Firm Registration Number: 101118W

Chartered Accountants

**Sd/-**

**Sandeep Rao**

**Partner**

**Membership No : 047235**

Place : Mumbai

Date : 2nd May 2016

**For and on behalf of Board**

**Sd/-**

**Vandana Chanana**

**Chairperson**

DIN: 07238012

**Sd/-**

**A.M. Tambekar**

**Managing Director**

DIN: 06877323

**Sd/-**

**J. Vedagiri**

**DC & CFO**

DIN: 06943165

**Sd/-**

**Ashok Devrajan**

**Company Secretary**

M.No: A31755



**Maharashtra Natural Gas Limited**  
**Statement of changes in equity for the year ended March 31,2017**  
**(All amounts are in INR Lakhs, unless stated otherwise)**

(Rs. in Lacs)

(A) Equity share capital	Notes	
<b>As at April 01,2015</b>		9,500.00
Changes in equity share capital	11(a)	500.00
<b>As at March 31,2016</b>		10,000.00
Changes in equity share capital	11(a)	-
<b>As at March 31,2017</b>		10,000.00

(B) Other Equity	Notes	Reserves & Surplus	
Particulars		Retained Earnings	Total
<b>As at April 1, 2015</b>	11(b)	<b>11,456.44</b>	<b>11,456.44</b>
Profit for the year		7,566.00	7,566.00
Other Comprehensive Income		(1.46)	(1.46)
<b>Total comprehensive income for the year</b>		<b>19,020.98</b>	<b>19,020.98</b>
Transaction with owners in their capacity as owners:			
Dividends Paid	30	(371.77)	(371.77)
<b>As at March 31, 2016</b>		<b>18,649.21</b>	<b>18,649.21</b>

Particulars	Notes	Reserves & Surplus	
Particulars		Retained Earnings	Total
<b>As at April 1, 2016</b>	11(b)	<b>18,649.21</b>	<b>18,649.21</b>
Profit for the year		7,656.31	7,656.31
Other Comprehensive Income		(27.80)	(27.80)
<b>Total comprehensive income for the year</b>		<b>26,277.72</b>	<b>26,277.72</b>
Transaction with owners in their capacity as owners:			
Dividends Paid		(3,058.17)	(3,058.17)
<b>As at March 31, 2017</b>		<b>23,219.55</b>	<b>23,219.55</b>



# MAHARASHTRA NATURAL GAS LIMITED

## Notes to the financial statements (All amounts are in INR Lakhs, unless otherwise stated)

### Background

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).

### Note 1: Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### (a) Basis of preparation

(i) Compliance with Ind AS

These financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The financial statements up to year ended March 31, 2016 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act. These financial statements are the first financial statements of the Company under Ind AS. Refer note 38 for an explanation of how the transition from previous GAAP and Ind AS has affected the company's financial position, financial performance and cash flows.

(ii) Historical Cost Convention

The financial statements have been prepared on the accrual and going concern basis, and historical cost convention except where the Ind AS requires an alternative treatment. The principal variations from the historical cost convention relate to financial instruments which are measured at fair value and retirement benefit obligations.

#### (b) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Board directors of the Company assesses the financial performance and makes strategic decisions. Refer note 31 for the segment information presented.

#### (c) Foreign currency transactions and translation

(i) Functional and presentation currency

The financial statements are presented in Indian rupee (INR), which is Company's functional and presentation currency.

(ii) Transactions and balances

I. Initial Recognition

Transactions in foreign currencies are recorded on initial recognition in the functional currency at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of transaction.

ii. Measurement at the Balance Sheet Date

Foreign currency monetary items (other than derivative contracts) of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items which are carried at historical cost denominated in a

## Notes to the financial statements (All amounts are in INR Lakhs, unless otherwise stated)

foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

### (iii.) Treatment of Exchange Difference

Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are recognised as income or expenses in the period in which they arise. The gain or loss arising on translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference (i.e. translation differences on items whose gain or loss is recognised in other comprehensive income or the statement of profit and loss is also recognised in other comprehensive income or the statement of profit and loss respectively).

### iv. Accounting of Forward Contracts

Premium on forward contracts, which are not intended for trading or speculation purposes, are amortized over the period of the contracts if such contracts relate to monetary items as at the balance sheet date.

## (d) Revenue Recognition

(I) Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade allowances, rebates, value added taxes and amounts collected on behalf of third parties.

(ii) The company recognizes revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity.

(iii) 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;

(iv) 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.

(v) 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.

## (e) Income Tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the India where the company operates and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize



# MAHARASHTRA NATURAL GAS LIMITED

## Notes to the financial statements (All amounts are in INR Lakhs, unless otherwise stated)

the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

### (f) Leases

As a lessee Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

### (g) Impairment of assets

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets. For assets previously revalued with the revaluation taken to Other Comprehensive Income (the 'OCI'), the impairment is recognised in OCI up to the amount of any previous revaluation.

### (h) Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flows, Cash and cash equivalents includes cash on hand, deposits at call with financial institutions, cash at bank and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

### (I) Trade Receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

### (j) Inventories

Finished goods i.e. stock of CNG in cascades and PNG in pipelines are stated at lower of cost and net realizable value. Cost of traded goods comprises cost of purchases. Cost of finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory on first-in-first-out basis. Costs of purchased inventories are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale.

### (k) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. For all subsequent measurements financial assets are classified in following categories:

Debt instruments Subsequent measurement of debt instruments depends on the company's business model for managing the asset and the cash flow characteristics if the asset. There are three measurement categories into which the company classifies its debt instruments

**Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and INTEREST are measured at Amortized cost. A gain or loss on A debt investment that is subsequently measured at Amortized cost and is not PART of hedging relationship recognized in profit or loss when the

## Notes to the financial statements (All amounts are in INR Lakhs, unless otherwise stated)

asset is derecognized or impaired. INTEREST Income from these financial Assets is included in FINANCE Income using the effective INTEREST RATE method.

**Fair Value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the asset's cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in profit and loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

**Fair value through profit or loss:** Assets that DO not meet the Criteria for Amortized cost or FVOCI are measured at Fair value through profit or loss. A gain or loss on A debt investment that is subsequently measured at Fair value through profit or loss and is not PART of A hedging relationship is recognized in profit or loss and presented net in the statement of profit and loss within other gains/(losses) in the period in which it arises. INTEREST Income from these financial Assets is included in other income.

### Impairment of financial assets

The company assesses on forward looking basis the expected credit losses associated with its assets carried at amortized cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 29 details how company determines whether there has been significant increase in credit risk.

### Derecognition of financial assets

A financial asset is derecognized only when:

- The company transferred the rights to receive cash flows from the financial asset or
- Retains contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one more recipients.

Where the entity has transferred an asset, the company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized. Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards if ownership of the financial asset, the financial asset is derecognized if the company has not retained control of the financial asset. Where the company retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset.

### Income recognition

Interest income from debt instruments is recognized using the effective interest rate (EIR) method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset. When calculating the effective interest rate, the company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

### Financial Liability

All financial liabilities are initially recognized at fair value. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdraft.

Subsequent measurement of financial liabilities depends on their classification as fair value through Profit and loss or at amortized cost.

All changes in fair value of financial liabilities classified as FVTPL is recognized in the Statement of Profit and Loss. Amortized cost category is applicable to loans and borrowings, trade and other payables. After initial recognition the financial liabilities are measured at amortized cost using the EIR method. Gains and losses are recognized in profit and loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or cost that are integral part on EIR. The EIR amortization is included as finance cost in the Statement of Profit and Loss.



# MAHARASHTRA NATURAL GAS LIMITED

## Notes to the financial statements (All amounts are in INR Lakhs, unless otherwise stated)

### **Derecognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de recognition of the original liability and the recognition of the new liability. The difference in the respective carrying amounts is recognized in the Statement of profit or loss.

### **Reclassification of financial instruments**

After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets, which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. If the Company reclassifies the financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in the business model.

### **Offsetting financial assets and financial liabilities**

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

### **(I) Property, Plant and equipment**

(I) 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.

(ii) 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.

(iii) 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.

(iv) Spares which meet the definition of Property, Plant & Equipment are capitalised with the cost of plant and machinery and are fully depreciated when issued for consumption.

When a major overhauling is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. Any remaining carrying amount of the cost of the previous inspection (as distinguished from physical parts) is derecognized.

**Notes to the financial statements**  
(All amounts are in INR Lakhs, unless otherwise stated)

### Transition to Ind AS

On transition to Ind AS, the company has elected to continue with the carrying value of all of its property, plant and equipment recognized as at 1 April 2015 measured as per the previous GAAP and use that carrying value as deemed cost of the property, plant and equipment.

### Depreciation Method, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as prescribed under schedule III of the Companies Act, 2013 or as determined by 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.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/ (losses).

### (m) Intangible assets

#### Computer Software

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets are stated at cost less accumulated amortization. The company amortizes intangible asset with a finite useful life using the straight-line method over the period of three years.

### Transition to Ind AS

On transition to Ind AS, the company has elected to continue with the carrying value of all of intangible assets recognized as at 1 April 2015 measured as per the previous GAAP and use that carrying value as deemed cost of intangible assets.

### (n) Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any differences between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawn down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been distinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other gains/(losses).

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the



# MAHARASHTRA NATURAL GAS LIMITED

## Notes to the financial statements (All amounts are in INR Lakhs, unless otherwise stated)

liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

### (o) Borrowing Costs

General and specific borrowing costs that are directly attributable to acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying asset are assets that necessarily takes substantial period of time to get ready for its intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are expensed in the period in which they are incurred.

### (p) Provisions and Contingent liabilities

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

### (q) Employee benefits

#### (I) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related services are recognized in respect of employee's services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

#### (ii) Other long-term employee benefit obligations

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period by the actuaries using the projected unit credit method. The benefits are discounted using the marked yields at the end of the reporting period that have terms approximating to the terms of related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognized in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

#### (iii) Post-employment obligations

The company operates the following post-employment schemes:

- (a) Defined benefit plan viz. gratuity; and\
- (b) Defined contribution plan viz. provident fund

#### Gratuity Obligations

The liability or asset recognized in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined obligation is calculated annually by the actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expenses in the statement of profit and loss.



## Notes to the financial statements (All amounts are in INR Lakhs, unless otherwise stated)

Remeasurement gains and losses arising from the experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service cost.

Prepaid contributions are recognised as an asset for termination benefits.

### Defined Contribution plan

The company pays provident fund contributions to publicly administered provident funds as per local regulations. The company have no further obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognized as employee benefit expense when they are due.

### (r) Dividends

Dividend distribution to the company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders, on or before the end of the reporting period but not distributed at the end of the reporting period.

### (s) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- (a) The profit attributable to equity shareholders
- (b) By the weighted average number of equity shares outstanding during the financial year (note 36)

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- (a) The after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- (b) The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

### (t) Rounding off amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.



# MAHARASHTRA NATURAL GAS LIMITED

Notes to the financial statements  
(All amounts are in INR Lakhs, unless otherwise stated)

## Note 3: Property, Plant and Equipment

(Rs. in Lacs)

PARTICULARS	Free-hold Land	Build-ing	Plant & Machinery I	*Plant & Machinery II	# Compu-ters	Office Equip-ments	Furni-ture and Fixture	Vehic-les	Total	Capital work in progress
<b>Year ended 31 March, 2016</b>										
<b>Gross carrying amount</b>										
Deemed cost as on April 1, 2015	264.60	81.38	14,916.85	2,068.92	20.02	39.28	81.86	5.25	17,478.15	16,110.59
Additions	-	-	6,818.50	545.33	12.20	9.61	-	-	7,385.64	27,360.87
**Borrowing Costs	-	-	1,243.89	131.29	-	-	-	-	1,375.19	-
Disposals	-	-	-	-	3.07	1.15	-	-	4.21	14,688.37
<b>Gross carrying amount as on March 31, 2016</b>	<b>264.60</b>	<b>81.38</b>	<b>22,979.24</b>	<b>2,745.54</b>	<b>29.15</b>	<b>47.74</b>	<b>81.86</b>	<b>5.25</b>	<b>26,234.77</b>	<b>28,783.09</b>
Depreciation charge during the year	-	1.39	950.32	381.60	14.46	9.38	14.57	1.21	1,372.93	-
Disposals	-	-	-	-	3.07	0.54	-	-	3.61	-
<b>Closing accumulated depreciation</b>	<b>-</b>	<b>1.39</b>	<b>950.32</b>	<b>381.60</b>	<b>11.39</b>	<b>8.84</b>	<b>14.57</b>	<b>1.21</b>	<b>1,369.32</b>	<b>-</b>
<b>Net carrying amount as at March 31, 2016</b>	<b>264.60</b>	<b>79.99</b>	<b>22,028.92</b>	<b>2,363.94</b>	<b>17.76</b>	<b>38.90</b>	<b>67.29</b>	<b>4.04</b>	<b>24,865.45</b>	<b>28,783.09</b>

## Year ended March 31, 2017

<b>Gross carrying amount</b>										
Opening gross carrying amount	264.60	81.38	22,979.24	2,745.54	29.15	47.74	81.86	5.25	26,234.76	28,783.09
Additions	-	-	26,391.71	1,974.34	44.00	19.41	17.03	-	28,446.49	12,176.21
**Borrowing Costs	-	-	2,159.75	121.49	-	-	-	-	2,281.24	2,579.41
Disposals	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	(32,325.61)
<b>Closing gross carrying amount</b>	<b>264.60</b>	<b>81.38</b>	<b>51,530.70</b>	<b>4,841.37</b>	<b>73.15</b>	<b>67.15</b>	<b>98.89</b>	<b>5.25</b>	<b>56,962.49</b>	<b>11,213.10</b>
<b>Accumulated Depreciation and impairment</b>										
Opening accumulated depreciation	-	1.39	950.32	381.60	11.39	8.84	14.57	1.21	1,369.32	-
Depreciation charge during the year	-	1.39	2,054.12	502.33	14.98	10.83	15.59	1.07	2,600.32	-
Disposals	-	-	-	-	-	-	-	-	-	-
<b>Closing accumulated depreciation and impairment</b>	<b>-</b>	<b>2.78</b>	<b>3,004.44</b>	<b>883.93</b>	<b>26.37</b>	<b>19.67</b>	<b>30.16</b>	<b>2.28</b>	<b>3,969.64</b>	<b>-</b>
<b>Net Carrying Amount</b>	<b>264.60</b>	<b>78.60</b>	<b>48,526.26</b>	<b>3,957.44</b>	<b>46.78</b>	<b>47.48</b>	<b>68.73</b>	<b>2.97</b>	<b>52,992.85</b>	<b>11,213.10</b>

(i) Refer to note 37 for information on property, plant and equipment pledged as security by the company.

(ii) Contractual Obligations

Refer to note 34 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(iii) Capital work-in-progress

Capital work-in-progress mainly comprise Pipeline-Steel, Permission/license fee and compressors. Details of Capital Work in Progress are as follows

# MAHARASHTRA NATURAL GAS LIMITED



Notes to the financial statements  
(All amounts are in INR Lakhs, unless otherwise stated)

Particulars	2016-17	2015-16
CNG Cascades and Dispensers	34.03	179.00
Compressors	968.45	1,069.00
Pipeline-Steel/MDPE	1,333.74	10,531.13
Permission / License fee	2,484.46	12,099.00
Interest	471.31	1,827.03
Others	5,921.10	3,077.93
<b>Total</b>	<b>11,213.09</b>	<b>28,783.09</b>

\*\*The amount of borrowing cost shown under adjustments reflect the accumulated borrowing cost transferred from CWIP on capitalisation of Rs. 1733.92 Lacs and Rs. 547.32 Lacs out of current year borrowing cost.

Out of current year borrowing cost, Rs. 378.21 Lacs have been included in CWIP.

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

# - P & M II - Includes Compressors only.

#### Note 4: Intangible Assets

The following tables present the reconciliation of changes in carrying value of Intangible assets :

Particulars	Computer Software	Total
<b>Year ended 31 March 2016</b>		
<b>Gross Carrying amount</b>		
Deemed cost as on 1st April 2015	494.34	494.34
Additions	144.45	144.45
Disposals	-	-
<b>Closing Gross Carrying Amount</b>	<b>638.79</b>	<b>638.79</b>
<b>Accumulated Amortisation</b>		
Amortisation charge for the year	205.72	205.72
<b>Closing accumulated amortisation</b>	<b>205.72</b>	<b>205.72</b>
<b>Closing net carrying amount</b>	<b>433.07</b>	<b>433.07</b>
<b>Year ended 31 March 2017</b>		
<b>Computer Software Total Gross carrying amount</b>		
<b>Opening gross carrying amount</b>	638.79	638.79
Additions - Internal Development	0.95	0.95
<b>Closing Gross Carrying Amount</b>	<b>639.74</b>	<b>639.74</b>
<b>Accumulated Amortisation and Impairment</b>		
Opening accumulated amortisation	205.72	205.72
Amortisation charge for the year	247.63	247.63
<b>Closing accumulated amortisation and impairment</b>	<b>453.35</b>	<b>453.35</b>
<b>Closing net carrying amount</b>	<b>186.39</b>	<b>186.39</b>



# MAHARASHTRA NATURAL GAS LIMITED

## Notes to the financial statements (All amounts are in INR Lakhs, unless otherwise stated)

<b>Note 5: Other Financial Assets</b>	<b>As at March 31, 2017</b>	<b>As at March 31, 2016</b>	<b>As at April 01, 2015</b>
Non-Current Security Deposit	170.47	187.86	152.22
Earmarked fixed deposits	323.84	871.20	212.22
Other Fixed Deposits	-	87.44	-
	494.31	1,146.50	364.44
Current Security Deposit	-	-	39.87
Earmarked fixed deposits	400.76	318.76	612.05
Interest Receivable	2.80	3.04	2.79
Unbilled Revenue	378.26	51.30	66.01
	781.82	373.10	720.72
<b>Total</b>	<b>1,276.13</b>	<b>1,519.60</b>	<b>1,085.16</b>

### Note 6: Other non-current assets

Capital advances	113.13	157.03	31.89
Claims paid under protest	-	146.00	-
<b>Total</b>	<b>113.13</b>	<b>303.03</b>	<b>31.89</b>

There were no loans due by directors or other officers of the company or any of them severally or jointly with any other persons or amounts due by firms or private companies respectively in which any director is a partner or a member.

### Note 7: Inventories

Finished goods (at lower of cost and net realisable value)	28.71	34.39	49.17
<b>Total</b>	<b>28.71</b>	<b>34.39</b>	<b>49.17</b>

### Note 8: Trade Receivables

Trade receivables	6,664.71	5,295.13	4,602.97
Receivables from related parties	714.90	736.80	522.54
Less : Allowance for doubtful debts	(296.02)	(33.30)	-
<b>Total receivables</b>	<b>7,083.59</b>	<b>5,998.63</b>	<b>5,125.51</b>
<b>Break-up of security details</b>			
Secured, considered good	7,083.59	5,998.63	5,125.51
Unsecured, considered good			
Doubtful	296.02	33.30	-
<b>Total</b>	<b>7,379.61</b>	<b>6,031.93</b>	<b>5,125.51</b>
Less: Allowance for doubtful debts	(296.02)	(33.30)	-
<b>Total trade receivables</b>	<b>7,083.59</b>	<b>5,998.63</b>	<b>5,125.51</b>

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

### Note 9: Cash and cash equivalents

Balances with banks- in current accounts	1,346.12	2,281.18	2,943.64
Cash on hand	10.54	9.11	18.85
Others	-	-	1,000.00
<b>Total</b>	<b>1,356.66</b>	<b>2,290.29</b>	<b>3,962.49</b>

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the company, and earn interest at the respective short-term deposit rates.

There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior periods.

### Note 10: Other Current assets

<b>Unsecured considered good</b>			
Advance to supplier and employees	12.58	0.15	1.48
Receivable from revenue authorities			
- Cenvat Recoverable	356.15	415.25	381.60
-VAT Recoverable	81.67	124.61	20.20
-Balance with Income Tax	203.51	70.47	54.66
Prepaid Expenses	86.72	45.56	53.70
Prepaid Gratuity	-	2.02	2.43
<b>Total</b>	<b>740.63</b>	<b>658.06</b>	<b>514.07</b>

# MAHARASHTRA NATURAL GAS LIMITED



## Notes to the financial statements (All amounts are in INR Lakhs, unless otherwise stated)

### Note 11: Equity Share Capital and other Equity

#### 11 (a) Authorised Equity Share Capital

	Number of shares (in lakhs)	Amount
As at 1 April 2015	1,000.00	10,000.00
Increase during the year	-	-
As at 31 March 2016	1,000.00	10,000.00
Increase during the year	-	-
As at 31 March 2017	1,000.00	10,000.00
(I) Movements in equity share capital		
As at 1 April 2015	950.00	9,500.00
Increase during the year	50.00	500.00
As at 31 March 2016	1,000.00	10,000.00
Increase during the year	-	-
As at 31 March 2017	1,000.00	10,000.00

#### 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 shares present at the meeting in person or by proxy, is entitled to one vote and upon a poll each share is entitled to one vote. 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.

#### (ii) Shares of the company held by holding/ultimate holding company

	As at March 31, 2017 (in lakhs)	As at March 31, 2016 (in lakhs)	As at April 1, 2015 (in lakhs)
President - Government of India (Ultimate holding)	949.88	949.88	924.88

#### (iii) Details of shareholders holding more than 5% shares in the company

Name of shareholder	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No. of shares (in lakhs)	% Holding	No. of shares (in lakhs)	% Holding	No. of shares (in lakhs)	% Holding
GAIL (INDIA) LIMITED	224.88	22.49	224.88	22.49	224.88	23.67
BPCL	225.00	22.50	225.00	22.50	225.00	23.68
Indraprastha Gas Limited	500.00	50.00	500.00	50.00	475.00	50.00



# MAHARASHTRA NATURAL GAS LIMITED

Notes to the financial statements  
(All amounts are in INR Lakhs, unless otherwise stated)

## 11 (b) Reserves and Surplus

	As at March 31, 2017 (in lakhs)	As at March 31, 2016 (in lakhs)	As at April 1, 2015 (in lakhs)
Retained Earnings	23,219.55	18,649.21	11,456.44
<b>Total reserves and surplus</b>	<b>23,219.55</b>	<b>18,649.21</b>	<b>11,456.44</b>

## (I) Retained Earnings

	As at March 31, 2017 (in lakhs)	As at March 31, 2016 (in lakhs)
Opening Balance	18,649.21	11,456.44
Net profit for the period	7,656.31	7,566.00
	26,305.52	19,022.44
Items of other comprehensive income recognised directly in retained earnings		
- Remeasurements of post employment benefit obligation, net of tax	(27.80)	(1.46)
Dividends on Equity shares (Final)	(1,503.90)	(304.00)
Tax on dividends on Equity shares (Final)	(306.16)	(61.89)
Dividends on Equity shares (interim)	(1,037.00)	-
Tax on dividends on Equity shares (interim)	(211.11)	-
Tax on Dividends paid interim and final (Earlier years)	-	(5.88)
<b>Closing Balance</b>	<b>23,219.55</b>	<b>18,649.21</b>
<b>Total reserves and surplus</b>	<b>23,219.55</b>	<b>18,649.21</b>

## Note 12 & 13 : Financial liabilities

### 12 Non Current borrowing

	Maturity Date	Terms of Repayment	Coupon or interest rate	March 31, 2017	March 31, 2016	April 1, 2015
Secured						
<b>Term loan</b>						
From Bank Rupee Loan from State Bank of India	12/31/2022	Refer note below	*At base rate	**29,712.35	27,411.00	-
Rupee Loan from Bank of Maharashtra	6/30/2020	Refer note below#	At base rate ##	-	-	17,056.16
<b>Total borrowings</b>				<b>29,712.35</b>	<b>27,411.00</b>	<b>17,056.16</b>
Less: Current Maturities of long term debt (included in note 13)				4,500.00	5,625.00	5,000.00
Less: Interest Accrued (included in note 13)				223.56	105.48	150.76
<b>Non-current borrowings (as per balance sheet)</b>				<b>24,988.79</b>	<b>21,680.52</b>	<b>11,905.40</b>

# MAHARASHTRA NATURAL GAS LIMITED



Notes to the financial statements  
(All amounts are in INR Lakhs, unless otherwise stated)

## Security :

Exclusive first charge on Fixed Assets (moveable and immovable) of the Company, both present and future.

## 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.

\*Terms of repayment of loan - Quarterly instalments of Rs 3.34 Crores each starting from April 30, 2018 onwards.

#Terms of repayment of loan - 20 equated quarterly installments of Rs 12.50 Crores each starting from June 30, 2015 onwards. (Loan shifted to SBI from BOM in 2015 - 2016)

The Carrying amount of financial and non financial assets pledged as security for current and non current borrowing are disclosed in note 37.

## Coupon or interest rate :

\*\*At Base rate i.e. present effective interest rate @ 9.30% p.a. with monthly rests.## At the Base rate with

## 13 Other financial liabilities

	March 31, 2017	March 31, 2016	April 1, 2015
<b>Current</b>			
Current maturities of long-tem borrowings (note 12)	4,500.00	5,625.00	5,000.00
Interest accrued	223.56	105.48	150.76
Deposits (earnest money deposit)	168.53	135.58	66.63
Capital Creditors	1,412.14	789.86	696.33
Employee related payables	209.65	45.43	120.67
Security Deposit	354.76	268.01	161.14
Provision for expenses	47.00	1.57	6.41
Security Deposit from customers	3,671.21	2,434.42	1,757.31
<b>Total</b>	<b>10,586.85</b>	<b>9,405.35</b>	<b>7,959.25</b>

## 14 Provisions

	March 31, 2017			March 31, 2016			April 1, 2015		
	Current	Non-Current	Total	Current	Non-Current	Total	Current	Non-Current	Total
<b>Non-Current</b>									
(A) Provisions for employee benefits									
Provision for leave encashment	19.37	131.75	151.12	11.46	79.05	90.51	6.76	60.50	67.26
Provision for gratuity	46.05	-	46.05	-	-	-	-	-	-
	<b>65.42</b>	<b>131.75</b>	<b>197.17</b>	<b>11.46</b>	<b>79.05</b>	<b>90.51</b>	<b>6.76</b>	<b>60.50</b>	<b>67.26</b>

## Note 15: Employee Benefit Obligations

	March 31, 2017			March 31, 2016			April 1, 2015	
	Current	Non-Current	Total	Current	Non-Current	Total	Current	Non-Current
Leave Obligations (I)	19.37	131.75	151.12	11.46	79.05	90.51	6.76	60.50
Gratuity (ii)	46.05	-	46.05	-	-	-	-	-
<b>Total employee benefit obligations</b>	<b>65.42</b>	<b>131.75</b>	<b>197.17</b>	<b>11.46</b>	<b>79.05</b>	<b>90.51</b>	<b>6.76</b>	<b>60.50</b>



# MAHARASHTRA NATURAL GAS LIMITED

## Notes to the financial statements (All amounts are in INR Lakhs, unless otherwise stated)

### (i) Leave Obligations

The leave obligation covers the company's liability for earned leave. Amount of provision of INR 19.37 lakhs (March 31, 2016 INR 11.46, April 01, 2015 - INR 6.76) is presented as current, since the company does not have an uncondition all right to defer settlement for any of these obligations. However, based on past experience, the company does not expect all employees to take full amount of accrued leave or require payment with in the next 12 months. The following amounts reflect leave that is not expected to be taken or paid with in the next 12 months

	March 31,2017	March 31,2016	April 01,2015
Non Current leave obligation not expected to be settled within the next 12 months	131.75	79.05	60.50
Current leave obligation expected to be settled within the next 12 months	19.37	11.46	6.76

### (ii) Post-Employment obligations

(a) Gratuity : The company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement / termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is funded plan and the company makes contributions to recognised funds in India. The company does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments

### (iii) Defined Contribution Plans

The company also has certain defined contribution plans. Contributions made to provident fund in India for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the period to wards defined contribution plan is INR 54.86 Lakhs (March 31,2016 - INR 36.46 Lakhs).

### Balance Sheet Amounts - Gratuity

The amounts recognised in the balance sheet and the movements in the net defined obligation over the year are as follows :

	Present value of obligation	Fair Value of plan assets	Net Amount
April 01,2015	37.05	39.48	(2.43)
Current Service Cost	7.77	-	7.77
Interest Expense/(income)	2.81	(3.37)	(0.56)
Total amount recognised in profit or loss	10.58	(3.37)	7.21
Remeasurements			
Return on plan assets, excluding amounts included in interest expense/(income)	-	-	-
(Gain)/loss from change in demographic assumptions	-	-	-
(Gain)/loss from change in financial assumptions		0.42	
Experience (gains)/losses	2.72	(0.92)	
Total amount recognised in other comprehensive income	<b>2.72</b>	<b>(0.50)</b>	<b>2.23</b>
Employer contributions		9.02	
Benefit Payments	(3.82)	(3.82)	



# MAHARASHTRA NATURAL GAS LIMITED



## Notes to the financial statements (All amounts are in INR Lakhs, unless otherwise stated)

	Present value of obligation	Fair Value of plan assets	Net Amount
April 01,2016	46.53	48.55	(2.02)
Current Service Cost	12.36	-	12.36
Interest Expense/(income)	3.72	(4.11)	(0.39)
Total amount recognised in profit or loss	16.08	(4.11)	11.97
Remeasurements			
Return on plan assets, excluding amounts included in interest expense/(income)	-		
(Gain)/loss from change in demographic assumptions	13.85		13.85
(Gain)/loss from change in financial assumptions	15.57		15.57
Experience (gains)/losses	12.92	(0.18)	13.10
Total amount recognised in other comprehensive income	42.34	(0.18)	42.52
Employer contributions	-	6.43	6.43
Benefit Payments	-	-	-
March 31,2017	104.95	58.91	46.05

The net liability disclosed above relates to funded and unfunded plans as follows:

	March 31, 2017	March 31, 2016	April 1, 2015
Present Value of funded obligations	104.95	46.53	37.05
Fair value of plan assets	58.91	48.55	39.48
Deficit of funded plan	46.05	-	-
Unfunded Plans	-	-	-
Deficit of gratuity plan	46.05	-	-

### (iv) Post Employment benefits (Gratuity)

Significant Estimates: Actuarial Assumptions and sensitivity

The significant actuarial assumptions were as follows:

	March 31, 2017		March 31, 2016		April 1, 2015	
	Gratuity	Leave	Gratuity	Leave	Gratuity	Leave
Discount Rate	6.80%	Encashment 6.80%	8%	Encashment 7.60%	8%	Encashment 8%
Annual Increase in Salary	6%	6%	5%	6%	5%	5%
Mortality Table referred	IALM(2006-08)	IALM(2006-08)	LIC(1994-96)	IALM(2006-08)	LIC(1994-96)	IALM(2006-08)
	Ultimate	Ultimate		Ultimate		Ultimate
Age Withdrawal Rate %	8%	8%	NA	9.97%	NA	4%



# MAHARASHTRA NATURAL GAS LIMITED

Notes to the financial statements  
(All amounts are in INR Lakhs, unless otherwise stated)

## (v) Sensitivity Analysis

Sensitivity analysis indicates the influence of a reasonable change in certain significant assumptions on the outcome of the Defined benefit obligation (DBO) and aids in understanding the uncertainty of reported amounts. Sensitivity analysis is done by varying one parameter at a time and studying its impact.

### Gratuity

A) Impact of change in discount rate when base assumption is decreased/increased by 100 basis point

Discount Rate	31 03 2017 Defined Benefit Obligation (Rs. in Lacs)
5.80%	114.23
7.80%	96.85

B) Impact of change in salary increase rate when base assumption is decreased/increased by 100 basis point

Salary Increment Rate	31 03 2017 Defined Benefit Obligation (Rs. in Lacs)
5%	98.01
7%	111.98

C) Impact of change in withdrawal rate when base assumption is decreased/increased by 100 basis point

Withdrawal rate	31 03 2017 Defined Benefit Obligation (Rs. in Lacs)
7%	104.31
9%	105.53

### Leave Encashment

A) Impact of change in discount rate when base assumption is decreased/increased by 100 basis point

Discount Rate	31 03 2017 Defined Benefit Obligation (Rs. in Lacs)
5.80%	162.66
7.80%	140.91

B) Impact of change in salary increase rate when base assumption is decreased/increased by 100 basis point

Salary Increment Rate	31 03 2017 Defined Benefit Obligation (Rs. in Lacs)
5%	142.08
7%	161.12

C) Impact of change in availment rate when base assumption is decreased/increased by 100 basis point

Availment rate	31 03 2017 Defined Benefit Obligation (Rs. in Lacs)
1%	142.84
3%	158.54

# MAHARASHTRA NATURAL GAS LIMITED



Notes to the financial statements  
(All amounts are in INR Lakhs, unless otherwise stated)

## Note 16: Deferred Tax Liabilities

	March 31, 2017	March 31, 2016	April 1, 2015
<b>DEFERRED TAX LIABILITIES</b>			
Impact of difference between tax depreciation and Depreciation/Amortization charged for the period	3,338.26	2,063.88	1,491.40
	<b>3,338.26</b>	<b>2,063.88</b>	<b>1,491.40</b>
<b>DEFERRED TAX ASSETS</b>			
Impact of Expenditure charged to P&L in the current period but allowed for tax calculations on payment basis:			
- Leave Encashment	52.30	31.33	23.28
- Other	102.45	11.52	-
Total Deferred Tax Assets	<b>154.75</b>	<b>42.85</b>	<b>23.28</b>
<b>DEFERRED TAX LIABILITIES (NET)</b>	<b>3,183.51</b>	<b>2,021.03</b>	<b>1,468.12</b>

### Movements in deferred tax liabilities

	Property, plant and equipemnt
<b>As at April 01,2015</b>	1,491.40
Charged/(credited)	
- to Profit or loss	572.48
<b>As at March 31,2016</b>	2,063.88
Charged/(credited)	
- to Profit or loss	1,274.38
<b>As at March 31,2017</b>	<b>3,338.26</b>

### Movements in deferred tax assets

	Leave encashment	Other Items	Total
<b>As at April 01,2015</b>	23.28	-	<b>23.28</b>
(Charged)/credited			
- to Profit or loss	8.05	10.75	18.80
- Other Comprehensive income	-	0.77	0.77
<b>As at March 31,2016</b>	<b>31.33</b>	<b>11.52</b>	<b>42.85</b>
(Charged)/credited			
- to Profit or loss	20.97	90.92	111.90
- Other Comprehensive income	-	-	-
<b>As at March 31,2017</b>	<b>52.30</b>	<b>102.44</b>	<b>154.75</b>



# MAHARASHTRA NATURAL GAS LIMITED

Notes to the financial statements  
(All amounts are in INR Lakhs, unless otherwise stated)

## Note 17: Trade Payables

	March 31, 2017	March 31, 2016	April 1, 2015
Trade Payables	851.87	921.51	684.71
Trade payables to related parties	1,448.56	1,180.02	1,314.87
<b>Total</b>	<b>2,300.43</b>	<b>2,101.53</b>	<b>1,999.58</b>

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.

## Note 18: Tax Liabilities

	March 31, 2017	March 31, 2016	April 1, 2015
<b>Non-current</b>			
Tax liabilities pertaining to previous years	-	5.13	5.13
<b>Current Year Movement</b>			
Opening Balance	-	165.00	-
Add : Current tax payable for the year	-	3,600.77	2,365.00
Less: Taxes Paid	-	(3,316.67)	(2,200.00)
<b>Closing Balance</b>	<b>-</b>	<b>449.10</b>	<b>165.00</b>

## Note 19: Other Current liabilities

	March 31, 2017	March 31, 2016	April 1, 2015
Tax deducted at Source Payable	32.97	98.43	24.65
Balance Payable to Government Authorities	387.72	180.31	234.92
Advance from customers	83.99	199.46	59.49
Other Employee related liabilities	10.24	5.02	6.14
<b>Total</b>	<b>514.92</b>	<b>483.22</b>	<b>325.20</b>

## Note 20: Revenue from Operations

	March 31, 2017	March 31, 2016
Sale of products (inclusive of excise duty)	53,115.70	50,245.69
Refund of VAT	-	109.43
<b>Other Operating Revenue</b>		
Application Fees	129.97	115.45
Facilitation Charges	122.85	163.80
Income under MGO Clause	148.00	101.74
Other operating revenue	66.65	47.92
<b>Total revenue from continuing operations</b>	<b>53,583.17</b>	<b>50,784.03</b>

## Note 21 (a): Other income

	March 31, 2017	March 31, 2016
Interest income from Bank deposits	74.50	126.76
Interest - Others	1.32	-
<b>Total other income</b>	<b>75.82</b>	<b>126.76</b>

# MAHARASHTRA NATURAL GAS LIMITED



Notes to the financial statements  
(All amounts are in INR Lakhs, unless otherwise stated)

## 21 (b) Other gains/(losses)

	Note	As at March 31, 2017	As at March 31, 2016
Profit on sale of assets	3	0.30	0.31
Net foreign exchange gains		1.00	0.97
<b>Total other gains/(losses)</b>		<b>1.30</b>	<b>1.28</b>

## 22 (a) Purchase of Natural Gas

	March 31, 2017	March 31, 2016
Natural Gas Cost	26,488.80	27,679.55
<b>Total cost of Natural Gas Purchase</b>	<b>26,488.80</b>	<b>27,679.55</b>

## 22 (b) Change in Inventories of Stock-in-Trade

	March 31, 2017	March 31, 2016
<b>Opening Stock</b>		
Stock-in-trade	34.39	49.17
	<b>34.39</b>	<b>49.17</b>
<b>Less: Closing Stock</b>		
Stock-in-trade	28.71	34.39
	<b>28.71</b>	<b>34.39</b>
<b>Total</b>	<b>5.68</b>	<b>14.78</b>

## 23 Employee benefits expense

	Notes	March 31, 2017	March 31, 2016
Salaries, wages and bonus		1,156.33	622.07
Secondment Expenses		97.58	89.42
Contribution to provident and other funds		65.90	36.46
Gratuity expense	15	12.61	7.21
Leave Compensation	15	61.12	30.48
Staff welfare expenses		16.75	17.59
<b>Total</b>		<b>1,410.29</b>	<b>803.23</b>

## 24 Depreciation and amortization expense

	Notes	March 31, 2017	March 31, 2016
Depreciation of property, plant and equipment	3	2,600.32	1,372.93
Amortization of intangible assets	4	247.63	205.72
		<b>2,847.95</b>	<b>1,578.65</b>

## 25 Finance costs

	March 31, 2017	March 31, 2016
Interest on borrowing	1,653.89	584.07
Bank Charges	48.15	129.68
Interest Other	1.11	7.86
<b>Total</b>	<b>1,703.15</b>	<b>721.61</b>



# MAHARASHTRA NATURAL GAS LIMITED

Notes to the financial statements  
(All amounts are in INR Lakhs, unless otherwise stated)

## 26 Other expenses

	March 31, 2017	March 31, 2016
Power and Fuel	803.49	703.70
Captive Consumption or losses	484.65	386.73
Repairs & Maintenance (General)	8.05	4.45
Vehicle Hiring Charges	87.52	94.72
Annual Day & Other Events Expenses	11.97	23.08
Subscription / Membership Fees (Journal/recreations,etc.)	2.13	3.06
Statutory Charges & Taxes (Rates & Taxes)	133.05	110.63
General Expenses	12.56	157.04
Rent for Office, Warehouse, CNG Stations, etc.	416.03	260.85
Insurance (Assets, Health, etc.)	6.66	17.34
Legal Expenses	70.43	49.43
Postage & Courier Exp. and Telephone Exp.	29.67	27.41
Professional fees	80.98	93.19
Printing & Stationery	17.09	19.10
Security Agency Expenses	73.03	50.28
Training and Seminar Expenses	16.78	7.89
Safety Expenses	10.09	18.18
House Keeping Expenses	45.51	21.59
Conference Expenses (Board Meeting Expenses)	15.54	5.58
Director Sitting Fees	8.15	10.60
Travelling Expenses	43.65	31.18
Stores and Spares Consumed	-	0.04
Corporate Social Responsibility (CSR)	122.76	141.39
Provision for Doubtful Debts	262.72	33.30
SAP Support Costs	141.67	181.09
Advertisement Exps. /Business & Sales Promotion Exp	75.77	77.26
CNG Cascade Transport Charges	437.28	352.06
Marketing Expenses (DMA Charges)	82.12	40.80
Operations and Maintenance Expenses CNG	1,124.07	925.25
Operations and Maintenance Expenses PNG	336.10	239.85
<b>Total Expenses</b>	<b>4,959.52</b>	<b>4,087.07</b>

## 26 (a) Details of payment to auditors

	March 31, 2017	March 31, 2016
<b>Payment to Auditors</b>		
<b>As auditor:</b>		
Audit fee	5.75	4.60
<b>Total payments to auditors</b>	<b>5.75</b>	<b>4.60</b>

# MAHARASHTRA NATURAL GAS LIMITED



Notes to the financial statements  
(All amounts are in INR Lakhs, unless otherwise stated)

## 26 (b) Corporate Social Responsibility Expenditure

	March 31, 2017	March 31, 2016
Contribution to Skill Development	36.00	68.04
Contribution to JALYUKT SHIVAR ABHIYAN	-	55.00
Health Awareness	62.55	18.35
Contribution to Rural Sport and Women Empowerment	5.00	-
Contribution to Swachh Bharat Kosh	10.80	-
Contribution to Science Techno Park	8.41	-
<b>Total</b>	<b>122.76</b>	<b>141.39</b>
<b>Amount required to be spent as per Section 135 of the Act</b>	<b>185.00</b>	<b>140.21</b>
Amount Spent during the year on		
(i) Construction/acquisition of an asset	15.96	-
(ii) On purposes other than (I) above	106.80	141.39

## Note 27: Income Tax Expense

This note provides an analysis of the company's income tax expense, show amounts that are recognised directly in equity and how the tax expense is affected by non-assesable and non deductible items. It also explains significant estimates made in relation to the company's tax positions.

	March 31, 2017	March 31, 2016
<b>(a) Income Tax Expense</b>		
Current Tax		
Current Tax on profits for the year	2,974.72	3,600.77
Adjustments for current tax of prior periods	-	-
<b>Total Current Tax Expense</b>	<b>2,974.72</b>	<b>3,600.77</b>
Deferred Tax		
(Increase)/decrease in deferred tax assets	(111.90)	(19.57)
(Decrease)/Increase in deferred tax liabilities	1,274.38	572.48
<b>Total deferred tax expense/(benefit)</b>	<b>1,162.49</b>	<b>552.91</b>
<b>Income Tax Expense</b>	<b>4,137.20</b>	<b>4,153.68</b>
Income Tax Expense is attributable to:		
<b>Profit from continuing operations</b>	<b>4,137.20</b>	<b>4,153.68</b>

## (b) Reconciliation of tax expense and the accounting profit multiplied by India's Tax rate

	March 31, 2017	March 31, 2016
Profit from continuing operation before income tax expense	11,793.52	11,719.68
Tax at the Indian tax rate of 34.608% (2015-16 - 34.608%)	4,081.50	4,055.95
Tax effects of amounts which are not deductible (taxable) in calculating taxable income		
Corporate social responsibility expenses not allowable under tax	42.48	48.93
Other adjustments	13.22	48.80
<b>Income Tax Expense</b>	<b>4,137.20</b>	<b>4,153.68</b>



# MAHARASHTRA NATURAL GAS LIMITED

Notes to the financial statements  
(All amounts are in INR Lakhs, unless otherwise stated)

## Note 28: Fair Value Measurements - Financial Instruments by category

	MARCH 31, 2017			MARCH 31, 2016			MARCH 31, 2015		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
<b>Financial Assets</b>									
Trade Receivables	-	-	7,083.59	-	-	5,998.63	-	-	5,125.51
Cash and Cash Equivalents	-	-	1,356.66	-	-	2,290.29	-	-	3,962.49
Security deposits	-	-	170.47	-	-	187.86	-	-	192.09
Earmarked fixed deposits	-	-	724.60	-	-	1,189.96	-	-	824.27
Other fixed deposits	-	-	-	-	-	87.44	-	-	-
Interest Receivable	-	-	2.80	-	-	3.04	-	-	2.79
Unbilled Revenue	-	-	378.26	-	-	51.30	-	-	66.01
<b>Total Financial Assets</b>	-	-	<b>9,716.38</b>	-	-	<b>9,808.52</b>	-	-	<b>10,173.16</b>
<b>Financial Liabilities</b>									
Borrowings (including interest accrued)	-	-	29,712.35	-	-	27,411.00	-	-	17,056.16
Security Deposits	-	-	354.76	-	-	268.01	-	-	161.14
Security Deposit from customers	-	-	3,671.21	-	-	2,434.42	-	-	1,757.31
Earnest Money Deposits	-	-	168.53	-	-	135.58	-	-	66.63
Capital Creditors	-	-	1,412.14	-	-	789.86	-	-	696.33
Trade Payables	-	-	2,300.43	-	-	2,101.53	-	-	1,999.58
Others	-	-	256.65	-	-	47.00	-	-	127.08
<b>Total Financial Liabilities</b>	-	-	<b>37,876.07</b>	-	-	<b>33,187.40</b>	-	-	<b>21,864.23</b>

The fair values of all financial instruments carried at a mortised cost are not materially different from their carrying amounts since they are either short-term in nature or the interest rates applicable are equal to the current market rate of interest.

## Note 29: Financial Risk Management

The company's activities expose it to market risk, liquidity risk and credit risk. In order to minimise any adverse effects on the financial performance of the company, it have taken various measures. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of the same in the financial statements.

Risk	Exposure arising from	Measurement	Management
Foreign Currency Risk	Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Sensitivity Analysis	Management follows established risk management policies, including use of derivatives like foreign exchange forward contracts
Credit	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost.	Aging analysis, External credit rating (wherever available)	Diversification of bank deposits, credit limits and letters of credit
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

The company's risk management is carried out by management, under policies approved by the board of directors. Company's treasury identifies, evaluates and hedges financial risks in close co-operation with the company's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, credit risk, and investment of excess liquidity.

### (A) Foreign Currency Risk

The company is exposed to foreign exchange risk mainly through its purchases from overseas suppliers in various foreign currencies. The company evaluates exchange rate exposure arising from foreign currency transactions and the company follows established risk management policies, including use of derivatives like foreign exchange forward contracts to hedge its exposure to foreign currency risk.



## Foreign Currency Sensitivity

There shall be no material impact on profit before tax due to 1% increase/decrease in foreign exchange rates.

## (B) Credit Risk

Credit risk in case of the Company arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers including outstanding receivables.

### (I) Credit risk management

Credit risk arises from the possibility that counter party may not be able to settle their obligations as agreed. To manage this, the Company periodically assesses their liability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivable. Individual risk limits are set accordingly.

The company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on a non going basis through out each reporting period. To assess whether there is a significant increase in credit risk the company compares the risk of a default occurring on the asset as at their reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forward looking information such as:

- (i) Actual or expected significant adverse changes in business,
- (ii) Actual or expected significant changes in the operating results of the counter party,
- (iii) Financial or economic conditions that are expected to cause a significant change to counter party's ability to meet its obligations,
- (iv) Significant increases in credit risk on other financial instruments of the same counter party,
- (v) Significant changes in the value of collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements.

The company provides for expected credit loss in case of trade receivable when there is no reasonable expectation of recovery, such as a debt or declaring bankruptcy or failing to engage in a payment plan with the company. The company categorises a receivable for write off when a debtor fails to make contractual payments greater than 2 years past due. Where loans or receivables have been written off, the company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

### (ii) Provision for expected credit loss

Financial assets for which loss allowance is measured using Lifetime Expected Credit Losses (ECL)

Exposure to Risk			
Trade Receivables	7,379.61	6,031.93	5,125.51

The ageing analysis of the receivables (gross of provision) has been considered from the date the invoice falls due.

Upto 3 months	6,976.38	5,553.25	4,673.44
3 to 6 months	46.95	388.67	210.85
6 months to 1 year	201.43	3.54	241.22
More than 1 year	154.85	86.47	-



# MAHARASHTRA NATURAL GAS LIMITED

## Notes to the financial statements (All amounts are in INR Lakhs, unless otherwise stated)

The ageing analysis of the receivables (gross of provision) has been considered from the date the invoice falls due.

Aging Analysis	March 31, 2017	March 31, 2016	April 1, 2015
	6,976.38	5,553.25	4,673.44
	46.95	388.67	210.85
	201.43	3.54	241.22
	154.85	86.47	-

The following table summarizes the change in the loss allowances measured using life-time expected credit loss model:

### (iii) Reconciliation of loss allowance provision - Trade Receivables

	Amount in INR (Lakhs)
<b>Loss allowance on April 01, 2015</b>	-
Provided during the year	33.30
Amounts written off	-
Reversals of provision	-
<b>As at March 31, 2016</b>	33.30
Provided during the year	262.72
Amounts written off	-
Reversals of provision	-
<b>As at March 31, 2017</b>	<b>296.02</b>

### (c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, company maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the company's liquidity position (comprising the undrawn borrowing facilities below) and cash equivalents on the basis of expected cash flows. This is carried out in accordance with practice and limits set by the group. In addition, the company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

### (I) Financing Arrangements

The company had access to the following undrawn borrowing facilities at the end of the reporting period:

	March 31, 2017	March 31, 2016	April 1, 2015
Floating rate			
- Expiring within one Year (bank overdraft and other facilities)	400.00	400.00	400.00
- Expiring beyond one year (bank loans)	2,886.21	5,694.48	6,844.60

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in INR and have an average maturity of 5 years (2016 - 5 years, 2015 - 5 years).

**Notes to the financial statements**  
(All amounts are in INR Lakhs, unless otherwise stated)

**(ii) Maturities of financial liabilities**

The tables below analyse the Company's financial liabilities into relevant maturity groupings at the reporting date based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities	Less than 1 year	More than 1 year
<b>March 31, 2017</b>		
Borrowings	4,500.00	24,988.79
Trade payables	2,300.43	-
Other financial liabilities	6,086.85	-
<b>Total Financial Liabilities</b>	<b>12,887.28</b>	<b>24,988.79</b>

Contractual maturities of financial liabilities	Less than 1 year	More than 1 year
<b>March 31, 2016</b>		
Borrowings	5,625.00	21,680.52
Trade payables	2,101.53	-
Other financial liabilities	3,780.35	-
<b>Total Financial Liabilities</b>	<b>11,506.88</b>	<b>21,680.52</b>

Contractual maturities of financial liabilities	Less than 1 year	More than 1 year
<b>April 01, 2015</b>		
Borrowings	5,000.00	11,905.40
Trade payables	1,999.58	-
Other financial liabilities	2,959.25	-
<b>Total Financial Liabilities</b>	<b>9,958.83</b>	<b>11,905.40</b>

**Note 30: Capital Management**

**(a) Risk management**

The company's objectives when managing capital are to

- safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry, the company monitors capital on the basis of the following gearing ratio: Net debt (total borrowings net of cash and cash equivalents) divided by Total 'equity' (as shown in the balance sheet, including non controlling interests).

The company's strategy is to maintain a gearing ratio within 60%. The gearing ratios were as follows:

	March 31, 2017	March 31, 2016	April 1, 2015
Net debt	28,355.69	25,120.71	13,093.67
Total equity	33,219.55	28,649.21	20,956.44
	<b>61,575.24</b>	<b>53,769.92</b>	<b>34,050.11</b>
Net debt to equity + debt ratio	46.05%	46.72%	38.45%



# MAHARASHTRA NATURAL GAS LIMITED

Notes to the financial statements  
(All amounts are in INR Lakhs, unless otherwise stated)

## i) Loan Covenants

Under the terms of the major borrowing facilities, the Company is required to comply with the following financial covenants:

State Bank of India - Interest rate will be reset if there is a deviation of more than 20% in any of the 2 items as per table below

	2015-16	2016-17
Current Ratio	1.19	1.49
TOL/TNW	1.05	1.01
PBDIT/int.	9.98	11.50
G.DSCR1.	64	2.16
ROCE	22.35	24.06

## (b) Dividends

	March 31,2017	March 31,2016
<b>(i) Equity Shares</b>		
Final dividend for the year ended March 31, 2016 of INR 1.5039 (March 31,2015 - INR 0.32) per fully paid share	1,503.90	304.00
Interim dividend for the year ended March 31,2017 of INR 1.037 per fully paid share (March 31,2016 - 0 INR ) per fully paid share	1.037	-
(ii) Dividends nor recognised at the end of the reporting period	1263.00	1503.90
In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of INR 1.263 per fully paid equity share (March 31,2016 - 1.5039 INR ). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.		

## Note 31: Segment Information

The company operates in a single segment of city gas selling and distribution in Pune and adjoining are as and there are no separate report able segments and therefore the disclosure requirements under Ind As108 on "Segment Reporting" notified under Section 133 of the Companies Act,2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the act are not applicable.

## Note 32: Related Party Transactions

### (a) Parent Entities

The company is controlled by the following entities:

Name	Type	Place of Incorporation	Ownership Interest		
			March 31, 2017	March 31, 2016	April 1, 2015
GAIL (India) Limited	Parent	India	22.49%	22.49%	23.67%
Bharat Petroleum Corporation Ltd. (BPCL)	Parent	India	22.50%	22.50%	23.68%
Indraprastha Gas Limited (IGL)	Parent	India	50.00%	50.00%	50.00%

# MAHARASHTRA NATURAL GAS LIMITED



Notes to the financial statements  
(All amounts are in INR Lakhs, unless otherwise stated)

## b) Transactions with related parties

The following transactions occurred with related parties:

	March 31,2017	March 31,2016
Dividend paid to parent entity	518.50	751.95
Sitting fees paid	1.80	2.40
<b>Bharat Petroleum Corporation Limited (BPCL)</b>		
<b>Sales and Purchases of goods and services</b>		
Sale of goods to parent entity	6,531.59	6,529.30
Purchases of Raw material from parent entity	806.71	2,672.35
Reimbursement of expenses to parent entity	1.74	1.44
Salaries, allowances and other related payments to parent entities	<b>44.34</b>	<b>42.44</b>
(Reimbursement of cost for Key Managerial personnel - Mr. J. Vedagiri, Director Commercial)		
<b>Other Transactions</b>		
Dividend paid to parent entity	233.32	338.37
Sitting fees paid	1.10	1.50
<b>GAIL (India) Limited</b>		
<b>Sales and Purchases of goods and services- -</b>		
Sale of Good to parent entity	25,508.71	26,106.59
Purchases of Raw material from parent entity	4.15	1.65
Reimbursement of expenses to parent entity		
Salaries, allowances and other related payments to parent entities	<b>41.44</b>	<b>43.89</b>
(Reimbursement of cost for Key Managerial personnel - Mr. A.M.Tambekar, Managing Director)		
<b>Other Transactions</b>		
Dividend paid to parent entity	233.20	338.38
Training Expenses	0.92	-
Sitting fees paid	0.60	1.50



# MAHARASHTRA NATURAL GAS LIMITED

Notes to the financial statements  
(All amounts are in INR Lakhs, unless otherwise stated)

## (c) Outstanding balances arising from sales / purchases of goods and services

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	March 31, 2017	March 31, 2016	April 1, 2015
<b>Trade Payables (Purchases of goods and services)</b>			
BPCL	15.24	120.64	115.37
GAIL <sup>1,4</sup>	17.05	1,017.57	1,185.05
<b>Payables for expenses</b>			
BPCL	12.67	23.41	7.43
GAIL	3.61	18.39	7.02
<b>Total Payable to related parties (Note 17)</b>	<b>1,448.57</b>	<b>1,180.01</b>	<b>1,314.87</b>

	March 31, 2017	March 31, 2016	April 1, 2015
<b>Trade Receivable (Sale of goods and services)</b>			
BPCL	714.90	736.80	522.54
<b>Total receivable from related parties (Note 8)</b>	<b>714.90</b>	<b>736.80</b>	<b>522.54</b>

## (d) Terms and Conditions

Transactions relating to dividends, subscriptions for new equity shares were on the same terms and conditions that applied to other shareholders. Goods were sold to parent entities during the year based on the price lists in force and terms that would be available to third parties. All other transactions were made on normal commercial terms and conditions and at market rates. All outstanding balances are unsecured and are repayable in cash.

## Note 33: Contingent liabilities and contingent assets

The company had contingent liabilities at March 31, 2017 in respect of

1. Letters of Credit issued to the suppliers are Rs. 2938 Lacs. (Previous year Rs, 2095.13 Lacs)
2. Bank Guarantees - Rs. 1903.48 Lacs (Previous Year Rs. 1633.38 Lacs)
3. Appeal filed in respect of disputed demands : - Sales Tax for FY 2009-10 Rs. 43.80 Lacs. (Previous Year Rs 43.80 Lacs)
4. Claims against the company not acknowledged as debt Rs. 148.86 Lacs (Previous Year Rs. 3848.27 Lacs)

## Note 34: Commitments

### (a) Capital Commitments

Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	March 31, 2017	March 31, 2016	April 1, 2015
Property, plant and equipment	3,034.99	12,225.56	5,387.77

### (b) Non-cancellable Operating leases

The company leases various offices/residential premises and ware houses under non-cancellable operating leases expiring beyond five years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are negotiated.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:			
Within one year	312.89	171.19	175.80
Later than one year but not later than five years <sup>1</sup> ,	103.73	557.95	420.22
Later than five years	4,237.34	1,827.57	1,373.59
<b>Total</b>	<b>5,653.96</b>	<b>2,556.71</b>	<b>1,969.61</b>

Notes to the financial statements  
(All amounts are in INR Lakhs, unless otherwise stated)

### Rental expenses relating to operating leases

	March 31, 2017	March 31, 2016
Minimum lease payments		
Total rental expense relating to operating leases	416.03	260.85

### Note 35: Events occurring after the reporting period

#### Other Events

Refer to note 30 for the final dividend recommended by the directors which is subject to the approval of shareholders in the ensuing annual general meeting.

### Note 36: Earnings per share

	March 31, 2017	March 31, 2016
Net profit attributable to the Equity shareholders of the Company	7,656.31	7,566.00
Weighted average number of Equity shares of Rs.10/- each (Nos. in lacs)	1,000.00	989.45
Basic & Diluted Earning per share (INR)	7.66	7.65

### Weighted average number of shares used as the denominator

	March 31, 2017	March 31, 2016
Total outstanding equity shares	1,000.00	989.45
Weighted average number of Equity shares of Rs.10/- each	1,000.00	989.45

### Note 37: Assets pledged as security (Gross)

The carrying amounts of assets pledged as security for current and non-current borrowings are:

	Note	March 31, 2017	March 31, 2016	April 1, 2015
<b>Non-current Primary Security</b>	3	29,712.35	27,411.00	17,056.16
On assets in the form of plant and machinery created out of term loan				
<b>Collateral Security</b>		34,249.06	26,029.56	16,304.80
Pari Passu over residual assets in the form of Plant and machinery along with equitable mortgage over Land at chikhali				
<b>Total non-current assets pledged as security</b>		<b>63,961.41</b>	<b>53,440.56</b>	<b>33,360.96</b>
<b>Current Floating Charge</b>				
Financial Assets Trade Receivables	8	-	-	5,125.51
Cash and Cash equivalents	9	-	-	3,962.49
Non-financial Assets Inventories	7	-	-	49.17
Total current assets pledged as security		-	-	9,137.17



# MAHARASHTRA NATURAL GAS LIMITED

## Notes to the financial statements (All amounts are in INR Lakhs, unless otherwise stated)

### Note 38: First time adoption to Ind AS First-time adoption of Ind AS

This section provides information regarding exemptions and exceptions availed, reconciliation of equity, total comprehensive income and cash flows along with relevant notes to the first-time adoption.

#### Transition to Ind AS

These are the company's first financial statements prepared in accordance with Ind AS. The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended March 31, 2017, the comparative information presented in these financial statements for the year ended March 31, 2016 and in the preparation of opening Ind AS balance sheet as at April 01, 2015 (the Company's date of transition). In preparing its opening Ind AS balance sheet, the company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under

Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

#### A. Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

##### A.1 Ind AS optional exemptions:

###### A1.1 Deemed Cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognized in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets and investment property covered by Ind AS 40 Investment Properties. Accordingly, the company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

**A1.2 Leases** Appendix C to Ind AS 17 requires an entity to assess whether a contractor arrangement contains a lease. In accordance with Ind AS 17, this assessments could be carried out at the inception of the contractor arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material. The company has elected to apply this exemption for such contracts/arrangements.

##### A.2 Ind AS optional exceptions:

**A2.1 Estimates** An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at 1 April 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP.

###### A2.2 De-recognition of financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognized as a result of past transactions was obtained at the time of initially accounting for those transactions. The company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

###### A2.3 Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS.



# MAHARASHTRA NATURAL GAS LIMITED



Notes to the financial statements  
(All amounts are in INR Lakhs, unless otherwise stated)

## B. Reconciliation between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS

### Reconciliation of equity as at date of transition (April 01,2015)

Particulars	Notes to first time adoption	Previous GAAP*	Adjustments	Ind AS
<b>Non-current assets</b>				
Property, Plant and Equipment		17,478.16	-	17,478.16
Capital work-in-progress		16,110.59	-	16,110.59
Other Intangible assets		494.34	-	494.34
Financial Asset				
(i) Other financial asset		364.44	-	364.44
Other non-current assets		31.89	-	31.89
<b>Total non-current assets</b>		<b>34,479.42</b>	<b>-</b>	<b>34,479.42</b>
<b>Current asset</b>				
Inventories		49.17	-	49.17
Financial Assets				
(i) Trade and other receivables		5,125.51	-	5,125.51
(ii) Cash and cash equivalents		3,962.49	-	3,962.49
(iii) Other financial assets		720.72	-	720.72
Other current assets		514.08	-	514.08
<b>Total Current Assets</b>		<b>10,371.97</b>	<b>-</b>	<b>10,371.97</b>
<b>Total - Assets</b>		<b>44,851.39</b>	<b>-</b>	<b>44,851.40</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity Share capital		9,500.00	-	9,500.00
Other Equity				
(i) Reserves and Surplus	1, 4	11,090.55	365.89	11,456.44
Total Equity		<b>20,590.55</b>	<b>365.89</b>	<b>20,956.44</b>
<b>Non-current liabilities</b>				
Financial Liabilities				
(i) Long-term borrowings		11,905.40	-	11,905.40
(ii) Other financial liabilities		1,757.31	(1,757.31)	-
Long-term provisions		60.50	-	60.50
Liabilities for Tax (Net)		5.13	-	5.13
Deferred tax liabilities (Net)		1,468.12	-	1,468.12
<b>Total non-current liabilities</b>		<b>15,196.46</b>	<b>(1,757.31)</b>	<b>13,439.15</b>
<b>Current liabilities</b>				
Financial Liabilities				
(i) Trade payables		1,999.58	-	1,999.58
(ii) Other current financial liabilities	1, 4	6,567.83	1,391.42	7,959.25
Short-term provisions		6.76	-	6.76
Liabilities for Current Tax (Net)		165.00	-	165.00
Other current liabilities		325.21	-	325.21
<b>Total Current Liabilities</b>		<b>9,064.38</b>	<b>1,391.42</b>	<b>10,455.80</b>
<b>Total - Equity and Liabilities</b>		<b>44,851.39</b>	<b>(0.00)</b>	<b>44,851.39</b>

\* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.



# MAHARASHTRA NATURAL GAS LIMITED

Notes to the financial statements  
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## Reconciliation of equity as at March 31,2016

Particulars	Notes to first time adoption	Previous GAAP*	Adjustments	Ind AS
<b>Non-current assets</b>				
Property, Plant and Equipment	6	24,820.45	44.99	24,865.44
Capital work-in-progress		28,783.09	-	28,783.09
Other Intangible assets		433.07	-	433.07
Financial Asset				
(i) Other financial asset		1,146.50	-	1,146.50
Other non-current assets		303.02	0.01	303.03
<b>Total non-current assets</b>		<b>55,486.13</b>	<b>45.00</b>	<b>55,531.13</b>
<b>Current assets</b>				
Inventories		34.39	-	34.39
Financial Assets				
(i) Trade and other receivables		5,998.63	-	5,998.63
(ii) Cash and cash equivalents		2,290.29	-	2,290.29
(iii) Other financial assets		373.10	-	373.10
Other current assets		657.28	0.78	658.06
<b>Total Current Assets</b>		<b>9,353.69</b>	<b>0.78</b>	<b>9,354.47</b>
<b>Total - Assets</b>		<b>64,839.82</b>	<b>45.77</b>	<b>64,885.61</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b> Equity Share capital		10,000.00	-	10,000.00
Other Equity				
(i) Reserves and Surplus	1, 6	16,794.15	1,855.06	18,649.21
<b>Total Equity<sup>2</sup></b>		<b>6,794.15</b>	<b>1,855.06</b>	<b>28,649.21</b>
<b>Non-current liabilities</b>				
Financial Liabilities				
(i) Long-term borrowings		21,680.52	-	21,680.52
(ii) Other financial liabilities		2,434.42	(2,434.42)	-
Long-term provisions		79.05	-	79.05
Liabilities for Tax (Net)		5.13	-	5.13
Deferred tax liabilities (Net)		2,021.03	-	2,021.03
<b>Total non-current liabilities</b>		<b>26,220.15</b>	<b>(2,434.42)</b>	<b>23,785.73</b>
<b>Current liabilities</b>				
Financial Liabilities				
(i) Trade payables		2,101.53	-	2,101.53
(ii) Other current financial liabilities		16,970.93	2,434.42	9,405.35
Short-term provisions		1,821.52	(1,810.06)	11.46
Liabilities for Current Tax (Net)		448.33	0.77	449.10
Other current liabilities		483.22	0.00	483.22
<b>Total Current Liabilities</b>		<b>11,825.53</b>	<b>625.13</b>	<b>12,450.66</b>
<b>Total - Equity and Liabilities</b>		<b>64,839.83</b>	<b>(0.00)</b>	<b>64,885.60</b>

\* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

# MAHARASHTRA NATURAL GAS LIMITED



Notes to the financial statements  
(All amounts are in INR Lakhs, unless otherwise stated)

## Reconciliation of total comprehensive income for the year ended March 31,2016

Particulars	Notes to first time adoption	Previous GAAP*	Adjustments	Ind AS
Revenue from Operations		246,477.50	4,306.53	50,784.03
Other Income		126.76	-	126.76
Other Gains/losses (net)		0.31	0.97	1.28
<b>Total Income</b>		<b>46,604.57</b>	<b>4,307.50</b>	<b>50,912.07</b>
Expenses				
Purchases of stock-in-trade		27,660.84	18.71	27,679.55
Changes in inventories of finished goods		14.78	-	14.78
Excise Duty	2	-	4,307.50	4,307.50
Employee benefit expense		3805.46	(2.23)	803.23
Depreciation and amortization expense		61,548.65	30.00	1,578.65
Other expenses		64,180.79	(93.72)	4,087.07
Finance Costs		721.61	0.00	721.61
<b>Total Expenses</b>		<b>34,932.13</b>	<b>4,260.26</b>	<b>39,192.39</b>
<b>Profit before tax</b>		<b>11,672.44</b>	<b>47.24</b>	<b>11,719.68</b>
Income tax Expense				
- Current Tax		33,600.00	0.77	3,600.77
- Deferred tax		552.91	-	552.91
Profit from continuing operations		7,519.53	46.47	7,566.00
<b>Profit for the year</b>		<b>7,519.53</b>	<b>46.47</b>	<b>7,566.00</b>
<b>Other Comprehensive income</b>				
Items that will not be reclassified to profit or loss				
Remeasurements of post employment benefit obligations	3, 5	-	2.23	2.23
Income tax relating to these items	3, 5	-	(0.77)	(0.77)
<b>Other Comprehensive income for the year net of tax</b>		<b>-</b>	<b>1.46</b>	<b>1.46</b>
<b>Total Comprehensive income for the year</b>		<b>7,519.53</b>	<b>45.01</b>	<b>7,564.54</b>



# MAHARASHTRA NATURAL GAS LIMITED

Notes to the financial statements  
(All amounts are in INR Lakhs, unless otherwise stated)

## Reconciliation of total equity as at March 31,2016 and April 01,2015

Particulars	Notes to first time adoption	March 31, 2016	April 1, 2015
Total equity (shareholder's fund) as per previous GAAP		26,794.15	20,590.55
<b>Adjustments:</b>			
Proposed Dividend		11,810.06	365.89
Overhauling expenses capitalized (net of depreciation for the period)		645.00	-
Total Adjustments		1,855.06	365.89
<b>Total equity as per Ind AS</b>		<b>28,649.21</b>	<b>20,956.44</b>

## Reconciliation of total comprehensive income for the year ended March 31,2016

Particulars	Notes to first time adoption	March 31, 2016
Profit after tax as per previous GAAP		7,519.53
Overhauling expenses	6	75.02
Depreciation on overhauling expenses capitalised	6	(30.00)
Remeasurements of post-employment benefit obligations	3	2.23
Tax on Remeasurements of post-employment benefit obligations		-
Profit after tax as per Ind AS 7,566.78 Other Comprehensive Income		1.46
<b>Total Comprehensive Income as per Ind AS</b>		<b>7,565.32</b>

## Impact of Ind AS adoption on the statements of cash flows for the year ended March 31,2016

Particulars	Notes to first time adoption	Previous GAAP*	Adjustments	Ind AS
Net cash flow from operating activities	6	10,843.62	45.00	10,888.62
Net cash flow from investing activities	6	(21,406.96)	(45.00)	(21,451.96)
Net cash flow from financing activities		9,891.14	-	9,891.14
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(672.20)</b>	<b>0.00</b>	<b>(672.20)</b>
Cash and cash equivalents as at April 01,2015		2,962.49	-	2,962.49
<b>Cash and cash equivalents as at March 31,2016</b>		<b>2,290.29</b>	<b>0.00</b>	<b>2,290.29</b>

There are no changes in cash and cash equivalents for the purpose of statement of cash flows under Ind AS

### C. Notes to first time adoption:

#### Note 1: Proposed Dividend

Under the previous GAAP, dividends proposed by the board of directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, provision for proposed dividend was recognized as a liability. Under Ind AS, such dividends are recognized when the same is approved by the shareholders in the general meeting. Accordingly, the liability for proposed dividend of INR 1810.06 as at 31 March 2016 (1 April 2015 - INR 365.89) included under provisions has been reversed with corresponding adjustment to retained earnings. Consequently, the total equity increased by an equivalent amount.

## Notes to the financial statements (All amounts are in INR Lakhs, unless otherwise stated)

### **Note 2: Excise Duty**

Under the previous GAAP, revenue from sale of products was presented exclusive of excise duty. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty paid is presented on the face of the statement of profit and loss as part of expenses. This change has resulted in an increase in total revenue and total expenses for the year ended 31 March 2016 by INR 4307.50. There is no impact on the total equity and profit.

### **Note 3: Remeasurements of post-employment benefit obligations**

Under Ind AS, remeasurements i.e. actuarial gains and losses and their turn on plan assets, excluding amount included in the net interest expense on the net defined benefit liability are recognized in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. As a result of this change, the profit for the year ended March 31, 2016 increased by INR 2.23 Lakhs. There is no impact on the total equity as at March 31, 2016.

### **Note 4: Retained Earnings**

Retained earnings as at April 1, 2015 has been adjusted consequent to the above Ind AS transition adjustments.

### **Note 5: Other Comprehensive Income**

Under Ind AS, all items of income and expense recognized in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognized in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP.

### **Note 6: Overhauling Expenses**

Under Ind AS, When a major overhauling is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. Any remaining carrying amount of the cost of the previous inspection (as distinguished from physical parts) is derecognized. Under the Previous GAAP, overhauling expenses was charged to Profit and loss for the year and same has been capitalised now under Fixed Assets. As a result of this change, the profit for the year ended March 31, 2016 increased by INR 45 lacs (net).



# MAHARASHTRA NATURAL GAS LIMITED

Notes to the financial statements  
(All amounts are in INR Lakhs, unless otherwise stated)

**Note 39 : Disclosures relating to Specified Bank Notes\* (SBNs) held and transacted during the period from 8 November 2016 to 30 December 2016**

Particulars	SBNs*	Other denomination notes	Total
<b>Closing cash in hand as on 8 November 2016</b>	888,000.00	72,790.00	960,790.00
(+) Permitted receipts	17,573,000.00	19,111,460.00	36,684,460.00
(-) Permitted payments			
(-) Amount deposited in Banks	18,461,000.00	18,550,710.00	37,011,710.00
<b>Closing cash in hand as on 30 December 2016</b>	-	<b>633,540.00</b>	<b>633,540.00</b>

\*Specified Bank Notes (SBNs) mean the bank notes of denominations of the existing series of the value of five hundred rupees and one thousand rupees as defined under the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs no. S.O. 3407(E), dated the 8th November, 2016.

Maharashtra Natural Gas Limited has two retail outlets i.e for CNG Stations. Sale of CNG operated by Ex-Servicemen appointed through Directorate General of Rehabilitation (DGR). Concerned operators are responsible for cash collection of the CNG sold. There are no payments effected in cash through these stations. In view of the notification on SBNs dated 30th March 2017, the above disclosure is made and the auditors have relied upon the data of the statement presented by the company.

## Note 40 : Previous Year's figures

Previous Year's figures' have been regrouped/ reclassified wherever considered necessary.

Signature to Notes forming part of Financial Statements.

As per our report of even date attached

**For M/s P G Bhagwat**

Firm Registration Number: 101118W

Chartered Accountants

Sd/-

**Sandeep Rao**

**Partner**

**Membership No : 047235**

Place : Mumbai

Date : 2nd May 2017

**For and on behalf of Board**

Sd/-  
**Vandana Chanana**  
**Chairperson**  
DIN: 07238012

Sd/-  
**A.M. Tambekar**  
**Managing Director**  
DIN: 06877323

Sd/-  
**J. Vedagiri**  
**DC & CFO**  
DIN: 06943165

Sd/-  
**Ashok Devrajan**  
**Company Secretary**  
M.No: A31755



# MAHARASHTRA NATURAL GAS LIMITED

## ANNUAL DAY CELEBRATION



# MAHARASHTRA NATURAL GAS LIMITED

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

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