

Notes to Financial Statements for the year ended 31st March 2017

Corporate Information

GAIL (India) Limited ("GAIL" or "the company") is a limited company domiciled in India and was incorporated on August 16, 1984. Equity shares of the Company are listed in India on the Bombay Stock Exchange and the National Stock Exchange. Also Global Depository Receipts (GDRs) of the company are listed at London Stock Exchange. The Government of India holds 53.59% in the paid-up equity capital of the company as on 31st March 2018. The registered office of the Company is located at 16, Bhikaiji Cama Place, R K Puram, New Delhi-110066.

GAIL is the largest state-owned natural gas processing and distribution company in India. The company has a diversified business portfolio and has interests in the sourcing and trading of natural gas, production of LPG, Liquid hydrocarbons and petrochemicals, transmission of natural gas and LPG through pipelines, etc. GAIL has also participating interest in India and overseas in Oil and Gas Blocks.

The financial statements of the company for the year ended 31st March 2018 were authorized for issue in accordance with a resolution of the directors on 24th May 2018.

Basis of Preparation

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

For and upto the year ended 31st March 2016, the Company prepared its financial statements in accordance with Indian GAAP, including accounting standards notified under section 133 of the Companies Act 2013, read together with para 7 of the Companies (Accounts) Rules 2014 (Indian GAAP). The financial statements for the year ended 31st March 2018 have been prepared in accordance with Ind-AS.

The financial statements have been prepared as a going concern on accrual basis of accounting. The company has adopted historical cost basis for assets and liabilities except for certain items which have been measured on a different basis and such basis is disclosed in the relevant accounting policy.

The financial statements are presented in Indian Rupees ('INR') and the values are rounded to the nearest crore (INR 0,000,000), except when otherwise indicated.

1. Accounting Policies

1.1 Property, Plant and Equipment (PPE)

A. Tangible Assets

- (i) Property, Plant and Equipment are stated at original cost net of tax / duty credit availed, less accumulated depreciation / amortization and cumulative impairment losses. All costs relating to acquisition of fixed assets till commissioning of such assets are capitalized. In the case of commissioned assets where final payment to the Contractors is pending, capitalization is made on provisional basis, including provisional liability pending approval of Competent Authority, subject to necessary adjustment in cost and depreciation in the year of settlement.
- (ii) Stores & Spares which meet the definition of PPE (whether as component or otherwise) and satisfy the recognition criteria, are capitalized as PPE in the underlying asset. Major inspection/overhaul/repair is recognized in the carrying amount of respective assets as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the Statement of Profit and Loss as incurred.
- (iii) Technical know-how/license fee incurred at the time of procurement of PPE are capitalized as part of the underlying asset.

B. Intangible Assets

- (iv) Intangible assets like Right of Use (RoU), Software, Licenses which are expected to provide future enduring economic benefits are capitalized as Intangible Assets and are stated at their cost of acquisition less accumulated amortization and any accumulated impairment loss.

1.2 Capital Work in Progress

- (i) Crop compensation is accounted for under Capital Work-in-Progress on the basis of actual payments/estimated liability, as and when work commences where ROU is acquired.
- (ii) The capital work in progress includes Construction Stores including Material in Transit/ Equipment / Services, etc. received at site for use in the projects.
- (iii) All revenue expenses incurred during Construction Period, which are exclusively attributable to acquisition / construction of the asset, are capitalized at the time of commissioning of such assets.

1.3 Exploration and Development Costs

a. The Company follows Successful Efforts Method for accounting of Oil & Gas exploration and production activities carried out through Joint Ventures in the nature of Production Sharing Contracts (PSC) with respective host government and various body corporates for exploration, development and production activities, which includes:

- (i) Survey Costs are recognized as revenue expenditure in the year in which these are incurred.
- (ii) Cost of exploratory/development wells are carried as Intangible assets under development/Capital work in progress. Such exploratory wells in progress are capitalized in the year in which the Producing Property is created. Such costs are written off in the year when determined to be dry/abandoned.
- (iii) Cost of all "exploratory wells in progress" is debited to Statement of Profits and Loss except of those wells for which there are reasonable indications of sufficient quantity of reserves and the enterprise is making sufficient progress assessing the reserves and the economic and operating viability of the project.

b. Capitalization of Producing Properties

- (i) Producing Properties are capitalized as "completed wells / producing wells" when the wells in the area / field are ready to commence commercial production on establishment of proved developed oil and gas reserves.
- (ii) Cost of Producing Properties includes cost of successful exploratory wells, development wells, initial depreciation of support equipment & facilities and estimated future abandonment cost.

c. Depletion of Producing Properties

Producing Properties are depleted using the "Unit of Production Method (UOP)". The depletion or unit of production charged for all the capitalized cost is calculated in the ratio of production during the year to the proved developed reserves at the year end.

d. Production cost of Producing Properties

Company's share of production costs as indicated by Operator consists of pre well head and post well head expenses including depreciation and applicable operating cost of support equipment and facilities.

e. Accounting for joint operations

In relation to its interests in joint operations entered through Production Sharing Contracts (PSC), the company recognizes its proportionate

share in assets, liabilities, revenue from the sale of the output, expenses of the joint operation entity, in the financial statements.

1.4 Foreign Currency Transaction

- (i) Functional Currency of the Company is Indian Rupee (INR).
- (ii) Transactions in foreign currency are initially accounted at the exchange rate prevailing on the transaction date.
- (iii) Monetary items (such as Cash, Receivables, Loans, Payables, etc.) denominated in foreign currencies, outstanding at the year end, are translated at exchange rates (BC Selling Rate for Payables and TT Buying Rate for Receivables) prevailing at year end.
- (iv) Non-monetary items (such as Investments, Property plant and equipment, etc.), denominated in foreign currencies are accounted at the exchange rate prevailing on the date of transaction(s).
- (v) Any gains or loss arising on account of exchange difference either on settlement or on translation is adjusted in the Statement of Profit & Loss.
- (vi) 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. The gain or loss arising on translation of non-monetary items is recognized in line with the gain or loss of the item arising on determination of fair value of such item, either in other comprehensive income or the Statement of Profit and Loss as the case maybe.

1.5 Borrowing Cost

Borrowing cost of the funds specifically borrowed for the purpose of obtaining qualifying assets and eligible for capitalization along with the cost of the assets, is capitalized up to the date when the asset is ready for its intended use after netting off any income earned on temporary investment of such funds. Other borrowing costs are recognized as expense in the year of incurrence.

1.6 Grants

In case of depreciable assets, the cost of the assets is shown at gross value and grant thereon is taken to deferred income which is recognized as income in the Statement of Profit and Loss over the useful life of the asset.

1.7 Inventories

- a) Stock of Liquefied Natural Gas (LNG) and Natural Gas in pipelines is valued at cost on First in First out (FIFO) basis or net realizable value, whichever is lower.
- b) Raw materials and finished goods are valued at weighted average cost or net realizable value, whichever is lower. Finished goods include excise duty and royalty wherever applicable.
- c) Stock in process is valued at weighted average cost or net realizable value, whichever is lower. It is valued at weighted average cost where the finished goods in which these are to be incorporated are expected to be sold at or above the weighted average cost.
- d) Stores and spares and other material for use in production of inventories are valued at weighted average cost or net realizable value, whichever is lower. It is valued at weighted average cost where the finished goods in which they will be incorporated are expected to be sold at/or above cost.
- e) Surplus / Obsolete Stores and Spares are valued at cost or net realizable value, whichever is lower.
- f) Surplus / Obsolete Capital Stores, other than held for use in construction of a capital asset, are valued at lower of cost or net realizable value.
- g) Imported LNG in transit is valued at CIF value or net realizable value whichever is lower.

- h) Renewable Energy Certificates (RECs) are valued at cost on First in First out (FIFO) basis or net realizable value, whichever is lower.

1.8 Revenue recognition

- a) Sales are recognized on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sales include excise duty but exclude value added tax. Any retrospective revision in prices is accounted for in the year of such revision. It is measured at fair value of consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.
- b) Income from Consultancy/Contract Services, if any, is recognized based on percentage Completion Method.
- c) Dividend income is accounted for when the right to receive is established.
- d) Claims (including interest on delayed realization from customers) are accounted for, when there is significant certainty that the claims are realizable.
- e) Insurance claims are accounted for on the basis of claims admitted by the insurers.
- f) Liability in respect of Minimum Guaranteed Off take (MGO) of Natural gas is not provided for where the same is secured by MGO recoverable from customers. Payments/receipts during the year on account of MGO are adjusted on receipt basis.
- g) Minimum charges relating to transportation of LPG are accounted for on receipt basis.
- h) Contributions by customers towards items of Property, Plant and Equipment, realized in pursuance of a contract after 01/04/2015 are credited to deferred revenue and are amortized over the period of contract. Any tangible assets built/to be built, wherever applicable, under such contract are stated at gross value thereof.

1.9 Depreciation /Amortization

A. Tangible Assets

Depreciation on Tangible PPE (including enabling assets) is provided in accordance with the manner and useful life as specified in Schedule II of the Companies Act, 2013, on straight line method (SLM) on pro-rata basis (monthly pro-rata for bought out assets), except for the assets as mentioned below where different useful life has been taken on the basis of external/internal technical evaluation:

(i)

| Particulars | Years |
|--|---------|
| Furniture and Electrical Equipment's provided for the use of employees | 6 years |
| Mobile Phones provided for the use of employees | 2 years |

- (ii) Cost of the leasehold land is amortized over the lease period except perpetual leases.
- (iii) Depreciation due to price adjustment in the original cost of fixed assets is charged prospectively.

B. Intangible Assets

- (i) Intangible assets comprising software and licenses are amortized on Straight Line Method (SLM) over the useful life from the date of capitalization which is considered not exceeding five years.

Right of use (ROU) having indefinite life (for which there is no foreseeable limit to the period over which they are expected to generate net cash flows given the fact that these rights can be used even after the life of respective pipelines) are not amortized, but are tested for impairment annually.

- (ii) After impairment of assets, if any, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

C. Capital assets facilities installed at the consumers' premises

Capital assets facilities installed at the consumers' premises on the land whose ownership is not with the company, has been depreciated on SLM basis in accordance with the useful life as specified in Schedule II of the Companies Act, 2013.

1.10 Employees Benefits

- All short term employee benefits are recognized at the undiscounted amount in the accounting period in which they are incurred.
- The Company's contribution to the Provident Fund is remitted to a separate trust established for this purpose based on a fixed percentage of the eligible employee's salary and debited to Statement of Profit and Loss /CWIP. Further, the company makes provision as per actuarial valuation towards any shortfall in fund assets to meet statutory rate of interest in the future period, to be compensated by the company to the Provident Fund Trust.
- Employee Benefits under Defined Benefit Plans in respect of post-retirement medical scheme, and gratuity are recognized based on the present value of defined benefit obligation, which is computed on the basis of actuarial valuation using the Projected Unit Credit Method. Actuarial liability in excess of respective plan assets is recognized during the year.
- Obligations on other long term employee benefits, viz., leave encashment, Compensated absence and Long Service Awards are provided using the projected unit credit method of actuarial valuation made at the end of the year.
- Re-measurement including actuarial gains and losses are recognized in the balance sheet with a corresponding debit or credit to retained earnings through Statement of Profit and Loss or Other Comprehensive Income in the year of occurrence, as the case may be. Re-measurements are not reclassified to the Statement of Profit and Loss in subsequent periods.
- The Company also operates a defined contribution scheme for Pension benefits for its employees and the contribution is remitted to a separate Trust.
- Liability for gratuity as per actuarial valuation is funded with a separate trust.

1.11 Impairment of non-financial assets

The Carrying amount of cash generating unit are reviewed at each reporting date. In case there is any indication of impairment based on Internal / External factors, impairment loss is recognized wherever the carrying amount of asset exceeds its recoverable amount.

1.12 Provisions, Contingent Liabilities, Contingent Assets & Capital Commitments

- Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities/assets exceeding ₹5 Lacs in each case are disclosed by way of notes to accounts except when there is remote possibility of settlement/realization.
- Estimated amount of contracts remaining to be executed on capital accounts are disclosed each case above ₹5 lacs.

1.13 Taxes on Income

Provision for current tax is made as per the provisions of the Income Tax Act, 1961. Minimum Alternate Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the

Company will pay normal Income Tax during the specified period.

Deferred tax is provided, using the balance sheet method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes considering the tax rate and tax laws that have been enacted or substantively enacted as on the reporting date.

Deferred tax relating to items recognized outside Statement of Profit and Loss is recognized outside Statement of Profit and Loss (either in Other Comprehensive Income or in Equity).

The carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

1.14 R&D Expenditure

Revenue expenditure on Research and Development is charged to Statement of Profit and Loss in the year in which it is incurred. Capital expenditure on Research and Development is capitalized in case the same qualifies as asset.

1.15 Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and in hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value

1.16 Segment reporting

The Management of the company monitors the operating results of its business Segments for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements.

The Operating segments have been identified on the basis of the nature of products/services.

- Segment revenue includes directly identifiable with/allocable to the segment including inter-segment revenue.
- Expenses that are directly identifiable with / allocable to segments are considered for determining the segment result.
- Expenses which relate to the Company as a whole and not allocable to segments are included under unallocable expenditure.
- Income which relates to the Company as a whole and not allocable to segments is included in unallocable income.
- Segment assets including CWIP and liabilities include those directly identifiable with the respective segments. Unallocable assets and liabilities represent the assets and liabilities that relate to the Company as a whole and not allocable to any segment.

1.17 Earnings per share

Basic earnings per equity share are computed by dividing the net profit after tax attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed by dividing adjusted net profit after tax by the aggregate of weighted average number of equity shares and dilutive potential equity shares during the year.

1.18 Leases

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

(A) Company as a lessee

Assets acquired on leases where a significant portion of the risks and rewards of ownership are retained by lessor are classified as operating

leases. Lease rentals are charged to the Statement of Profit and Loss on straight line basis. However, rent expenses shall not be straight-lined, if escalation in rentals is in line with expected inflationary cost.

Finance leases are capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the Statement of Profit and Loss.

(B) Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognized on a straight-line basis over the term of the relevant lease. Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee.

(C) Lease Land

Land having lease term of 70 year and above are accounted as finance leases which are recognized at upfront premium paid for the lease and the present value of the lease rent obligation. The corresponding liability is recognized as a finance lease obligation. Land having lease term of below 70 year are treated as operating leases.

1.19 Liquidated damages/ Price Reduction Schedule

Amount recovered towards Liquidated Damages/Price Reduction Schedule are adjusted/appropriated as and when the matter is settled.

1.20 Cash Flow Statement

Cash flow statement is prepared in accordance with the indirect method prescribed in Indian Accounting Standard (Ind AS) 7 on 'Statement of Cash Flows'.

1.21 Fair value measurement

The Company measures financial instruments including derivatives and specific investments (other than subsidiary, joint venture and associates), at fair value at each balance sheet date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- (i) Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- (ii) Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- (iii) Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the balance sheet on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

1.22 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.

(A) Financial assets

(i) Classification

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

(ii) Initial recognition and measurement

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

(iii) Subsequent measurement

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

(a) Financial assets carried at amortized cost

A financial asset other than derivatives and specific investments, is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(b) Financial assets at fair value through other comprehensive income

A financial asset comprising specific investment is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model.

(c) Financial assets at fair value through Statement of Profit and Loss

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

(iv) Derecognition

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

(v) Investment in subsidiaries, joint ventures and associates

The company has accounted for its investment in subsidiaries, joint ventures and associates at cost. The company assesses whether there is any indication that these investments may be impaired. If any such indication exists, the investment is considered for impairment based on the fair value thereof.

(vi) Impairment of other financial assets

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

(B) Financial liabilities**(i) Classification**

The Company classifies all financial liabilities as subsequently measured at amortized cost, except for financial liabilities at fair value through Statement of Profit and Loss. Such liabilities, including derivatives shall be subsequently measured at fair value.

(ii) Initial recognition and measurement

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

(iii) Subsequent measurement

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

(a) Financial liabilities at amortized cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognized in Statement of 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 costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the Statement of Profit and Loss.

(b) Financial liabilities at fair value through Statement of Profit and Loss

Financial liabilities at fair value through Statement of Profit and Loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through Statement of Profit and Loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category comprises derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the Statement of Profit and Loss.

(iv) Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

(C) Offsetting of financial instruments

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

(D) Derivative financial instruments and Hedge Accounting

The Company uses derivative financial instruments, in form of forward currency contracts, interest rate swaps, cross currency interest rate swaps, commodity swap contracts to hedge its foreign currency risks, interest rate risks and commodity price risks.

(i) Derivatives Contracts not designated as hedging instruments

- The derivatives that are not designated as hedging instrument

under Ind AS 109, are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

- Any gains or losses arising from changes in the fair value of derivatives are taken directly to Statement of Profit and Loss.

(ii) Derivatives Contracts designated as hedging instruments

- The derivatives that are designated as hedging instrument under Ind AS 109 to mitigate its risk arising out of foreign currency and commodity hedge transactions are accounted for as cash flow hedges.
- The Company enters into hedging instruments in accordance with policies as approved by the Board of Directors, provide written principles which is consistent with the risk management strategy of the Company.
- The hedge instruments are designated and documented as hedges at the inception of the contract. The effectiveness of hedge instruments is assessed and measured at inception and on an ongoing basis. The effective portion of change in the fair value of the designated hedging instrument is recognized in the "Other Comprehensive Income" as "Cash Flow Hedge Reserve". The ineffective portion is recognized immediately in the Statement of Profit and Loss as and when occurs. The amount accumulated in Cash Flow Hedge Reserve is reclassified to profit or loss in the same period(s) during which the hedged item affects the Statement of Profit or Loss Account. In case the hedged item is the cost of non-financial assets/liabilities, the amount recognized as Cash Flow Hedge Reserve are transferred to the initial carrying amount of the non-financial assets/liabilities.
- If the hedging relationship no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognized in Cash Flow Hedging Reserve remains in Cash Flow Hedging Reserve till the period the hedge was effective. The cumulative gain or loss previously recognized in the Cash Flow Hedging Reserve is transferred to the Statement of Profit and Loss upon the occurrence of the underlying transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedging reserve is reclassified in the Statement of Profit and Loss.

1.23 Recent accounting pronouncements

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective. The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2018 and has amended the following standards:

Standards Issued but not yet Effective

a) Ind - AS 115 "Revenue from Contract with Customers"

Ind AS 115 was issued on 28th March 2018 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under Ind AS. This new standard requires revenue to be recognized when promised goods or services are transferred to

customers in amounts that reflect the consideration to which the Company expects to be entitled in exchange for those goods or services. Adoption of the new rules could affect the timing of revenue recognition for certain transactions of the Company. Ind AS 115 is effective for the Company in the first quarter of fiscal 2019 using either one of two methods: (i) retrospectively to each prior reporting period presented in accordance with Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors, with the option to elect certain practical expedients as defined within Ind AS 115 (the full retrospective method); or (ii) retrospectively with the cumulative effect of initially applying Ind AS 115 recognized at the date of initial application (1st April 2018) and providing certain additional disclosures as defined in Ind AS 115 (the modified retrospective method).

The Company continues to evaluate the available transition methods and its contractual arrangements. The ultimate impact on revenue resulting from the application of Ind AS 115 will be subject to assessments that are dependent on many variables, including, but not limited to, the terms of the contractual arrangements and the mix of business. The Company's considerations also include, but are not limited to, the comparability of its financial statements and the comparability within its industry from application of the new standard to its contractual arrangements. The Company has established an implementation team to implement Ind AS 115 related to the recognition of revenue from contracts with customers and it continues to evaluate the changes to accounting system and processes, and additional disclosure requirements that may be necessary.

A reliable estimate of the quantitative impact of Ind AS 115 on the financial statements will only be possible once the implementation project has been completed.

b) Appendix B to Ind AS 21 Foreign currency transactions and advance consideration

The Appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Company initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the Company must determine the transaction date for each payment or receipt of advance consideration.

The Company may apply the Appendix requirements on a fully retrospective basis. Alternatively, the Company may apply these requirements prospectively to all assets, expenses and income in its scope that are initially recognized on or after:

- (i) The beginning of the reporting period in which the Company first applies the Appendix, or
- (ii) The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the Company first applies the Appendix.

The Appendix is effective for annual periods beginning on or after 1 April 2018. The Company is currently evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

c) Amendments to Ind AS 12 Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances

in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognized in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after 1st April 2018. The Company is currently evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

d) Transfers of Investment Property — Amendments to Ind AS 40

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application in accordance with Ind AS 8 is only permitted if it is possible without the use of hindsight.

The amendments are effective for annual periods beginning on or after 1st April 2018. These amendments are not applicable to the Company.

e) Ind AS 28 Investments in Associates and Joint Ventures –

Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice

The amendments clarify that:

An entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss.

If an entity, that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognized; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

The amendments should be applied retrospectively and are effective from 1 April 2018. The Company is currently evaluating the requirements of the amendment and the effect on the financial statements, if any, is being evaluated.

GAIL (India) Limited, New Delhi

Standalone Statement of Profit and Loss for the year ended 31st March, 2018

(₹ in Crore)

| Sr. No. | Particulars | Note | Year Ended 31 st March, 2018 | Year Ended 31 st March, 2017 |
|--------------|---|------|--|--|
| I. | Income | | | |
| | Revenue from Operation (Gross)* | 21 | 53,825.49 | 48,882.99 |
| | Other Income | 22 | 987.00 | 1,176.27 |
| | Total Revenue (I) | | 54,812.49 | 50,059.26 |
| II. | Expenses | | | |
| | Cost of Materials Consumed | | 3,712.42 | 3,151.24 |
| | Purchase of Stock in trade | | 36,758.58 | 33,199.67 |
| | Changes in Inventories of Finished Goods, Stock in Trade and WIP | 23 | (34.12) | 42.29 |
| | Employee benefits expense | 24 | 1,301.46 | 1,257.53 |
| | Finance costs | 25 | 275.11 | 479.36 |
| | Depreciation and amortization expense | 26 | 1,415.14 | 1,396.78 |
| | Excise Duty | | 163.91 | 734.14 |
| | Other expenses | 27 | 4,289.31 | 4,088.70 |
| | Total expenses (II) | | 47,881.81 | 44,349.71 |
| III. | Profit/ (Loss) before exceptional items and tax (I-II) | | 6,930.68 | 5,709.55 |
| IV. | Exceptional Items | | | |
| | Add : Profit on sale of Investment | | - | 489.31 |
| | Add/(Less) : Impairment of Investment (Refer Note No.39) | | (27.69) | 788.04 |
| V. | Profit/(loss) before tax (III±IV) | | 6,958.37 | 5,410.82 |
| VI. | Tax expense: | | | |
| | Current tax | | 1,654.10 | 1,319.52 |
| | Deferred tax | | 706.64 | 573.38 |
| | Adjustment of tax relating to earlier periods | | (20.78) | 15.01 |
| | | | 2,339.96 | 1,907.91 |
| VII. | Profit for the year (V-VI) | | 4,618.41 | 3,502.91 |
| VIII. | Other comprehensive income | "A" | | |
| | Other comprehensive income to be reclassified to profit or loss in subsequent periods: | | | |
| | Net movement on cash flow hedges (loss)/gain | | (231.95) | - |
| | Less : Income tax effect thereon | | 81.05 | - |
| | Net other comprehensive income to be reclassified to profit or loss in subsequent periods | | (150.90) | - |
| IX. | Other comprehensive income not to be reclassified to profit or loss in subsequent periods: | | | |
| | Re—measurement gains (losses) on defined benefit plans | | 85.18 | 32.23 |
| | Less : Income tax effect thereon | | 29.77 | 11.15 |
| | | | 55.41 | 21.08 |
| | Net (loss)/gain on FVTOCI equity Securities | | (241.14) | 1,284.97 |
| | Less : Income tax effect thereon | | - | - |
| | | | (241.14) | 1,284.97 |
| | Net other comprehensive income not to be reclassified to profit or loss in subsequent periods: | | (185.73) | 1,306.05 |
| | Other comprehensive income for the year, net of tax | | (336.63) | 1,306.05 |
| X. | Total Comprehensive Income for the period Profit and Loss and OCI, net of tax | | 4,281.78 | 4,808.96 |
| XI. | Earnings per share (in Rs.) | "B" | | |
| | Basic | | 20.48 | 15.53 |
| | Diluted | | 20.48 | 15.53 |

* Consequent upon implementation of Goods and Services Tax (GST) Act w.e.f 1st July 2017, total income excludes GST. Accordingly, total income for the year ended 31st March 2018 is not comparable with previous year.

The significant accounting policies and accompanying notes form an integral part of Standalone Financial Statements. There is no discontinuing operation in the above period.

For and on behalf of the Board of Directors

A. K. Jha
Company Secretary

Subir Purkayastha
Director (Finance)

Dr. Ashutosh Karnatak
Director (Projects)

B. C. Tripathi
Chairman & Managing
Director

As per our separate Report of even date
For O P Bagla & Co LLP
(Formerly O P Bagla & Co.)
Chartered Accountants
Firm No.00018N/N500091

For ASA & Associates LLP
Chartered Accountants
Firm No.009571N/N500006

Place: New Delhi
Dated: 24th May, 2018

Rakesh Kumar
(Partner) Membership No.087537

Parveen Kumar
(Partner) Membership No.088810

Statement of Changes in Equity for the Year Ended 31st March, 2018

A. Equity Share Capital

For The Year Ended 31st March, 2018

Equity Share Capital for Issued, Subscribed and Paid up Equity share of ₹ 10 each

| Particulars | Note. No. | Amount (₹ in crore) |
|--|-----------|---------------------|
| As at 1 st April 2017 | 13 | 1,691.30 |
| Changes in equity share capital during the year* | | 563.77 |
| As at 31st March 2018 | | 2,255.07 |

* During the year the Company has issued 56,37,67,733 bonus share in the ratio of one equity of ₹ 10 each for every three equity shares held by equity shareholders.

For The Year Ended 31st March, 2017

Equity Share Capital for Issued, Subscribed and Paid up Equity share of ₹ 10 each

| Particulars | Note. No. | Amount (₹ in crore) |
|--|-----------|---------------------|
| As at 1 st April 2016 | 13 | 1,268.48 |
| Changes in equity share capital during the year* | | 422.82 |
| As at 31st March 2017 | | 1,691.30 |

* During the year the Company has issued 42,28,25,800 bonus share in the ratio of one equity of ₹ 10 each for every three equity shares held by equity shareholders.

B. Other Equity (Refer Note No.14)

For The Year Ended 31st March, 2018

(₹ in Crore)

| Particulars | Reserve and Surplus | | | | Other Comprehensive Income | | | | Total |
|---|--------------------------|--------------------------|------------------|--------------------|---|--|--|-------------------|------------------|
| | Security premium Account | Bond redemption reserves | General reserves | Transition Reserve | Net (loss)/gain on FVTOCI equity Securities | Re-measurement gains (losses) on defined benefit plans | Net movement on cash flow hedges (loss)/gain | Retained earnings | |
| Balance as at 1 st April, 2017 | 0.27 | 337.18 | 4,353.14 | 6,084.44 | (665.65) | 43.71 | - | 26,304.98 | 36,458.07 |
| Profit for the Period | | | | | | | | 4,618.41 | 4,618.41 |
| Transfer to Reserve during the Period | | 35.19 | 461.84 | | | | | (497.03) | - |
| Transfer from Reserve during the Period | | (312.50) | | | | | | 312.50 | - |
| Issue of Bonus Shares | | | (563.77) | | | | | | (563.77) |
| Interim Dividend | | | | | | | | (1,293.85) | (1,293.85) |
| Final Dividends | | | | | | | | (456.65) | (456.65) |
| Corporate Dividend Tax | | | | | | | | (352.53) | (352.53) |
| Other Comprehensive Income/ (loss) for the Year | | | | | | | | | |
| -Net (loss)/gain on FVTOCI equity Securities | | | | | (241.14) | | | | (241.14) |
| -Re-measurement gains (losses) on defined benefit plans | | | | | | 55.41 | | | 55.41 |
| -Net movement on cash flow hedges (loss)/gain | | | | | | | (150.90) | | (150.90) |
| Balance as at 31st March, 2018 | 0.27 | 59.87 | 4,251.21 | 6,084.44 | (906.79) | 99.12 | (150.90) | 28,635.83 | 38,073.05 |

For The Year Ended 31st March, 2017

(₹ in Crore)

| Particulars | Reserve and Surplus | | | | Other Comprehensive Income | | | | Total |
|---|--------------------------|--------------------------|------------------|--------------------|---|--|--|-------------------|-------------------|
| | Security premium Account | Bond redemption reserves | General reserves | Transition Reserve | Net (loss)/gain on FVTOCI equity Securities | Re-measurement gains (losses) on defined benefit plans | Net movement on cash flow hedges (loss)/gain | Retained earnings | |
| Balance as at 1st April, 2016 | 0.27 | 238.72 | 4,425.68 | 6,084.44 | (1,950.62) | 22.63 | - | 25,004.95 | 33,826.07 |
| Profit/(Loss) for the Period | | | | | | | | 3,502.91 | 3,502.91 |
| Transfer to Reserve during the Period | | 98.46 | 350.29 | | | | | (448.75) | - |
| Issue of Bonus Shares | | | (422.82) | | | | | | (422.82) |
| Interim Dividends | | | | | | | | (1,078.24) | (1,078.24) |
| Final Dividends | | | | | | | (380.54) | (380.54) | |
| Corporate Dividend Tax | | | | | | | | (295.35) | (295.35) |
| Other Comprehensive Income/(loss) for the Year | | | | | | | | | |
| -Net (loss)/gain on FVTOCI equity Securities | | | | | 1,284.97 | | | | 1,284.97 |
| -Re—measurement gains (losses) on defined benefit plans | | | | | | 21.08 | | | 21.08 |
| Balance as at 31st March, 2017 | 0.27 | 337.18 | 4,353.14 | 6,084.44 | (665.65) | 43.71 | - | 26,304.98 | 36,458.07 |

For and on behalf of the Board of Directors

As per our separate Report of even date

A.K. Jha
Company SecretarySubir Purkayastha
Director(Finance)Dr. Ashutosh Karnatak
Director (Projects)B. C. Tripathi
Chairman & Managing DirectorFor O P Bagla & Co LLP
(Formerly O P Bagla & Co.)
Chartered Accountants
Firm No.00018N/N500091For ASA & Associates LLP
Chartered Accountants
Firm No.009571N/N500006Place: **New Delhi**
Dated: **24th May, 2018**Rakesh Kumar
(Partner)
Membership No.087537Parveen Kumar
(Partner)
Membership No.088810

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2018 NOTE-A

Components of other comprehensive income (OCI)

| The disaggregation of changes to OCI by each type of reserve in equity is shown below: | | |
|--|-------------------|-----------------|
| During the year ended 31 st March 2018 | | |
| | (Rs. in Crore) | |
| | Retained Earnings | Total |
| Remeasurement gains (losses) on defined benefit plans | 85.18 | 85.18 |
| Income tax effect thereon | (29.77) | (29.77) |
| Total | 55.41 | 55.41 |
| Net (loss) / gain on FVTOCI of Investments | (241.14) | (241.14) |
| Income tax effect thereon | - | - |
| Total | (241.14) | (241.14) |
| Net movement on cash flow hedges (loss)/gain | (231.95) | 231.95) |
| Income tax effect thereon | 81.05 | - |
| Total | (150.90) | (150.90) |
| During the year ended 31 st March 2017 | | |
| | Retained Earnings | Total |
| Remeasurement gains (losses) on defined benefit plans | 32.23 | 32.23 |
| Income tax effect thereon | (11.15) | (11.15) |
| Total | 21.08 | 21.08 |
| Net (loss) / gain on FVTOCI of Investments | 1,284.97 | 1,284.97 |
| Income tax effect thereon | - | - |
| Total | 1,284.97 | 1,284.97 |

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2018 NOTE-B

Earnings Per Share (EPS)

Basic and Diluted EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the company by the weighted average number of Equity shares outstanding during the year. Diluted EPS are calculated by dividing the profit for the year attributable to the equity holders of the company by weighted average number of Equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

| The following reflects the income and share data used in the basic and diluted EPS computations: | | |
|--|------------------|------------------|
| (₹ in Crore) | | |
| Particulars | 31-Mar-18 | 31-Mar-17 |
| Profit for the year as per Statement of Profit & Loss | 4,618.41 | 3,502.91 |
| Profit attributable to equityholders of the Company for basic earnings | 4,618.41 | 3,502.91 |
| | No. crore | No. crore |
| Weighted average number of equity shares in calculating basic EPS (includes 56,37,67,733 Bonus Shares issued on 31 st March 2018) | 225.51 | 225.51 |
| Weighted average number of equity shares in calculating diluted EPS | 225.51 | 225.51 |
| Earnings per equity share in Rs. | | |
| Basic | 20.48 | 15.53 |
| Diluted | 20.48 | 15.53 |
| Face Value of each equity share | 10 | 10 |

Notes to financial statements for the year ended 31st March 2018

Note 2 - Property, plant and equipment

(₹ in Crore)

| Particulars | Land | | Buildings | | Bunk Houses | Plant and Machinery | Railway Lines & Sidings | Electrical Equipment's | Furniture & Fixtures | Transport Equipment's | Office Equipment's | Other Equipment's | E&P Assets | | Total |
|-----------------------------------|----------|-----------|----------------|-------------|-------------|---------------------|-------------------------|------------------------|----------------------|-----------------------|--------------------|-------------------|--------------------|--------------------------------|-----------|
| | Freehold | Leasehold | Office/ Others | Residential | | | | | | | | | Producing Property | Support Equipment & Facilities | |
| Gross Block as at 1 April 2016 | 184.47 | 62.31 | 692.88 | 253.62 | 0.53 | 25,967.86 | 0.27 | 282.16 | 89.55 | 5.07 | 96.62 | 96.93 | 975.51 | 4.72 | 28,712.51 |
| Additions/ Adj for the Period | 46.46 | 25.28 | 48.07 | 11.07 | 0.31 | 1,067.26 | - | 32.84 | 23.17 | 0.13 | 22.96 | 28.58 | - | - | 1,306.13 |
| Disposals / Adj for the Period | 0.08 | (0.79) | (15.28) | (0.10) | (0.19) | 108.87 | - | (4.95) | (3.65) | 0.03 | (10.98) | (8.53) | (2.45) | - | 62.03 |
| Gross Block as at 31 March 2017 | 231.01 | 86.80 | 725.67 | 264.59 | 0.66 | 27,143.98 | 0.27 | 310.04 | 109.07 | 5.24 | 108.60 | 116.98 | 973.06 | 4.72 | 30,080.67 |
| Additions for the Period | 54.56 | 0.14 | 5.35 | 0.20 | - | 330.51 | - | 16.17 | 8.66 | 0.76 | 25.18 | 14.95 | - | - | 456.49 |
| Acquisition from AUC | 50.88 | 17.11 | 27.95 | 6.92 | 0.09 | 817.32 | - | 14.91 | 6.31 | - | 29.64 | 9.49 | - | - | 980.62 |
| Disposals / Adj for the Period | (2.94) | 2.07 | 10.07 | 5.96 | 0.25 | 208.56 | - | 7.42 | 5.54 | 0.43 | 26.69 | 8.74 | (0.01) | - | 272.78 |
| Gross Block as at 31 March 2018 | 333.51 | 106.12 | 769.04 | 277.67 | 1.00 | 28,500.37 | 0.27 | 348.54 | 129.58 | 6.43 | 190.11 | 150.16 | 973.05 | 4.72 | 31,790.56 |
| Depreciation and impairment | | | | | | | | | | | | | | | |
| At 1 April 2016 | - | (1.40) | 18.73 | 4.61 | 0.14 | 818.34 | - | 27.46 | 3.99 | 0.51 | 11.34 | 10.18 | 90.05 | 0.34 | 984.29 |
| Depreciation expense | 0.00 | 0.65 | 34.83 | 10.75 | 0.30 | 1,144.49 | - | 40.98 | 12.23 | 0.69 | 28.55 | 22.67 | 82.46 | 0.34 | 1,378.93 |
| Impairment | - | - | - | - | - | 7.22 | - | - | - | - | - | - | - | - | 7.22 |
| Disposal / Adj. during the period | (0.00) | 0.02 | (0.68) | (0.09) | (0.19) | (24.44) | - | (6.55) | (3.24) | (0.06) | (9.94) | (7.40) | - | - | (52.57) |
| At 31 March 2017 | - | (0.73) | 52.88 | 15.28 | 0.25 | 1,945.62 | (0.00) | 61.88 | 12.98 | 1.14 | 29.94 | 25.45 | 172.51 | 0.67 | 2,317.88 |
| Depreciation expense | - | 1.21 | 35.37 | 11.04 | 0.27 | 1,170.50 | - | 41.91 | 13.87 | 0.68 | 29.06 | 24.15 | 77.66 | 0.34 | 1,406.06 |
| Impairment | - | - | - | - | - | 0.27 | - | - | - | - | - | - | - | - | 0.27 |
| Disposal / Adj. during the period | - | 2.07 | 10.88 | 5.96 | 0.25 | 257.80 | - | 7.96 | 6.00 | 0.44 | 27.01 | 9.35 | (0.01) | 0.01 | 327.71 |
| At 31 March 2018 | - | 2.55 | 99.13 | 32.28 | 0.77 | 3,374.19 | (0.00) | 111.76 | 32.85 | 2.26 | 86.01 | 58.95 | 250.16 | 1.02 | 4,051.92 |
| Net Block | | | | | | | | | | | | | | | |
| At 31 March 2017 | 231.01 | 87.53 | 672.79 | 249.31 | 0.41 | 25,198.36 | 0.27 | 248.15 | 96.08 | 4.10 | 78.65 | 91.53 | 800.55 | 4.04 | 27,762.80 |
| At 31 March 2018 | 333.51 | 103.57 | 669.91 | 245.39 | 0.23 | 25,126.18 | 0.27 | 236.78 | 96.73 | 4.17 | 104.10 | 91.21 | 722.89 | 3.70 | 27,738.64 |

Note 3 - Capital Work in Progress

(₹ in Crore)

| Particulars | Tangible | | | | | | | | | | Intangible | | |
|---|---|-------------------------------|---------------------|---------------------------------|----------------|----------|------------------------------|------------------------------|-----------|---|------------|---------------------|------------|
| | Line pipe Construction and related facilities including Cathodic Protection | Dispatch/ Receiving Terminals | Compressor Stations | Telecom/Tele supervisory System | Petrochemicals | Others | Exploratory Well in Progress | Development Well in Progress | Buildings | Line pipes, Capital Items in Stock/ Transit | ROU | Software and others | Total |
| Balance as at 1 April 2016 | 1,425.49 | 14.88 | 0.08 | 15.65 | 123.54 | 77.26 | - | 3.80 | 40.26 | 1,525.40 | 5.13 | 29.52 | 3,261.01 |
| Additions | 513.12 | 0.22 | 67.03 | 16.64 | 7.51 | 74.20 | - | 5.17 | - | - | - | (2.60) | 681.30 |
| Capitalization | (6.87) | (0.48) | (0.28) | (3.63) | - | - | - | 2.40 | (8.11) | (199.48) | - | - | (216.46) |
| Retirement / Transfer | (0.04) | - | - | - | - | - | - | - | - | - | - | - | (0.04) |
| Balance as at 31 March 2017 | 1,931.69 | 14.62 | 66.83 | 28.67 | 131.05 | 151.46 | - | 11.37 | 32.15 | 1,325.92 | 5.13 | 26.92 | 3,725.81 |
| Additions | 2,657.33 | 2.72 | 13.46 | (7.81) | 13.16 | 155.06 | 31.81 | 1.77 | 30.97 | 198.68 | - | 13.11 | 3,110.26 |
| Capitalization | (861.76) | (1.33) | (40.27) | (20.42) | (137.64) | (165.27) | (2.79) | - | (29.99) | (1.58) | (5.13) | (29.64) | (1,295.81) |
| Retirement / Transfer | (1.71) | - | - | - | - | - | - | - | - | - | - | - | (1.71) |
| Balance as at 31 March 2018 | 3,725.55 | 16.01 | 40.02 | 0.44 | 6.58 | 141.25 | 29.02 | 13.14 | 33.13 | 1,523.02 | 0.00 | 10.38 | 5,538.55 |
| Provisions and impairment | - | - | - | - | - | - | - | - | - | - | - | - | - |
| At 1 April 2016 | 111.58 | - | - | - | - | - | - | - | 5.28 | 9.88 | - | - | 126.74 |
| Provisions and impairment during the year | 12.94 | - | - | - | - | - | - | - | - | 0.93 | - | - | 13.87 |
| At 31 March 2017 | 124.52 | - | - | - | - | - | - | - | 5.28 | 10.81 | - | - | 140.61 |
| Provisions and impairment during the year | 13.61 | - | - | - | - | - | - | 9.95 | - | 0.49 | - | - | 24.05 |
| At 31 March 2018 | 138.13 | - | - | - | - | - | - | 9.95 | 5.28 | 11.30 | - | - | 164.66 |
| Net Balance | - | - | - | - | - | - | - | - | - | - | - | - | - |
| At 31 March 2017 | 1,807.17 | 14.62 | 66.83 | 28.67 | 131.05 | 151.46 | - | 11.37 | 26.87 | 1,315.11 | 5.13 | 26.92 | 3,585.20 |
| At 31 March 2018 | 3,587.42 | 16.01 | 40.02 | 0.44 | 6.58 | 141.25 | 29.02 | 3.19 | 27.85 | 1,511.72 | 0.00 | 10.38 | 5,373.89 |

Note 4 - Intangible Assets

(₹ in Crore)

| Particulars | Intangible Assets | | |
|--|-------------------|---------------------|-----------------|
| | Right of Use | Software / Licenses | Total |
| Gross Block as at 1 April 2016 | 713.34 | 38.16 | 751.51 |
| Additions/ Adj for the Period | 7.89 | 10.97 | 18.86 |
| Disposals / Adj for the Period | - | (2.63) | (2.63) |
| Gross Block as at 31 March 2017 | 721.23 | 46.51 | 767.74 |
| Additions for the Period | 2.09 | 0.08 | 2.17 |
| Acquisition from AUC | 265.49 | 46.93 | 312.42 |
| Disposals / Adj for the Period | 0.01 | 2.75 | 2.76 |
| Gross Block as at 31 March 2018 | 988.82 | 96.27 | 1,085.09 |
| At 1 April 2016 | 741.93 | 110.74 | 852.67 |
| Amortisation and impairment | | | |
| At 1 April 2016 | (0.02) | 12.82 | 12.80 |
| Amortisation during the year | 0.07 | 11.17 | 11.24 |
| Impairment | - | - | - |
| Disposal / Adj. during the period | - | 0.31 | 0.31 |
| At 31 March 2017 | 0.05 | 24.30 | 24.35 |
| Amortisation during the year | - | 9.77 | 9.77 |
| Impairment | - | - | - |
| Disposal / Adj. during the period | 0.02 | (0.18) | (0.16) |
| At 31 March 2018 | 0.07 | 33.89 | 33.96 |
| At 1 April 2016 | 28.56 | 85.39 | 113.96 |
| Net Block | | | |
| At 31 March 2017 | 721.18 | 22.21 | 743.39 |
| At 31 March 2018 | 988.75 | 62.38 | 1,051.13 |

Note 4A - Intangible Assets under development

(₹ in Crore)

| Particulars | Intangible Assets under development |
|------------------------------------|-------------------------------------|
| Balance as at 1 April 2016 | 285.93 |
| Additions | 42.75 |
| Capitalization | (110.49) |
| Retirement / Transfer | - |
| Balance as at 31 March 2017 | 218.19 |
| Additions | (2.04) |
| Capitalization | - |
| Retirement / Transfer | - |
| Balance as at 31 March 2018 | 216.15 |
| Provisions and impairment | |
| At 1 April 2016 | - |
| Provisions for impairment | - |
| At 31 March 2017 | - |
| Provisions for impairment | 76.02 |
| At 31 March 2018 | 76.02 |
| Net Balance | |
| At 31 March 2017 | 218.19 |
| At 31 March 2018 | 140.13 |

Note 5 - Investments

(₹ in Crore)

| Sr. No. | Particulars | As at 31 st March, 2018 | | As at 31 st March, 2017 | |
|------------|-------------------------------------|------------------------------------|------------------------|------------------------------------|------------------------|
| | | Number of Shares | Amount | Number of Shares | Amount |
| (a) | Unquoted, fully paid at Cost | | | | |
| | In subsidiary companies: | | | | |
| 1 | GAIL Global (Singapore) Pte. Ltd. | 7,100,000 | 41.94 (USD 1 each) | 7,100,000 | 41.94 (USD 1 each) |
| 2 | GAIL Gas Ltd. | 877,000,000 | 877.00 (₹10 each) | 627,000,000 | 627.00 (₹10 each) |
| 3 | Gail Global USA Inc. | 36,000,000 | 179.17 (USD 1 each) | 36,000,000 | 179.17 (USD 1 each) |
| 4 | Tripura Natural Gas Company Ltd. | 192,000 | 1.92 (₹100 each) | 192,000 | 1.92 (₹100 each) |
| | Total (a) | | 1,100.03 | | 850.03 |

(₹ in Crore)

| Sr. No. | Particulars | As at 31 st March, 2018 | | As at 31 st March, 2017 | |
|------------|--|------------------------------------|--------------------|------------------------------------|--------------------|
| | | Number of Shares | Amount | Number of Shares | Amount |
| (b) | In Joint Venture Companies: | | | | |
| | Unquoted Investment at Cost | | | | |
| 1 | Ratnagiri Gas and Power Pvt. Ltd (Refer Note No.39) Provision for Impairment Loss | 834,555,636 (₹ 10 each) | 834.56 (617.11) | 974,308,300 (₹ 10 each) | 974.31 (783.00) |
| 2 | Konkan LNG Private Limited (Refer Note No.39) Provision for Impairment Loss | 139,752,264 (₹ 10 each) | 139.75 (139.75) | | - - |
| 3 | Central UP Gas Ltd. | 15,000,000 (₹ 10 each) | 15.00 | 15,000,000 (₹ 10 each) | 15.00 |
| 4 | Green Gas Ltd. | 23,042,250 (₹ 10 each) | 23.04 | 23,042,250 (₹ 10 each) | 23.04 |
| 5 | Maharashtra Natural Gas Ltd. | 22,500,000 (₹ 10 each) | 22.50 | 22,500,000 (₹ 10 each) | 22.50 |
| 6 | Aavantika Gas Ltd. (includes 70,48,663 equity shares allotted at a premium of ₹29/- per share) | 29,548,663 (₹ 10 each) | 49.99 | 22,500,000 (₹ 10 each) | 22.50 |
| 7 | Bhagyanagar Gas Ltd. (includes 2,11,50,000 equity shares allotted at a premium of ₹40/- per share) (Note No.54) | 43,650,000 (₹ 10 each) | 128.25 | 22,500,000 (₹ 10 each) | 22.50 |
| 8 | Vadodara Gas Limited | 79,137,831 (₹ 10 each) | 79.14 | 79,137,831 (₹ 10 each) | 79.14 |
| 9 | Talcher Fertilizers Ltd. | 5,015,000 (₹ 10 each) | 5.02 | 15,000 (₹ 10 each) | 0.02 |
| 10 | Tapi Pipeline Company Ltd. (Refer Note No.52) | 265,025 (US\$ 10 each) | 17.70 | 25 (US\$ 10 each) | - |
| | Total (b) | | 558.09 | | 376.01 |

| Sr. No. | Particulars | | As at 31 st March, 2018 | | As at 31 st March, 2017 |
|------------|--|--------------------------------|------------------------------------|---------------------------------|------------------------------------|
| c) | In Associate companies: Quoted Investments at Cost | | | | |
| 1 | China Gas Holding Ltd. China (acquired at a premium of HK\$ 1.148 per share) | 150,000,000 (HK\$0.01 each) | 97.37 | 15,00,00,000 (HK\$0.01 each) | 97.37 |
| 2 | Petronet LNG Ltd. (Includes 1,00,00,000 equity shares allotted at a premium of ₹ 5/- per share, 1:1 Bonus is issued on 05th July 2017) | 187,500,000 (₹ 10 each) | 98.75 | 93,750,000 (₹ 10 each) | 98.75 |
| 3 | Mahanagar Gas Ltd. | 32,102,750 (₹ 10 each) | 32.10 | 32,102,750 (₹ 10 each) | 32.10 |
| 4 | Indraprastha Gas Ltd. (Share split in the ratio 5:1 on 11th November 2017) | 157,500,000 (₹ 2 each) | 31.50 | 31,500,000 (₹ 10 each) | 31.50 |
| | Unquoted Investments at Cost | | | | |
| 1 | Brahmaputra Cracker & Polymer Ltd. | 992,369,000 (₹ 10 each) | 992.37 | 992,369,000 (₹ 10 each) | 992.37 |
| 2 | Fayum Gas Company Limited (Refer Note No.56(i)) (acquired at a premium of LE 478.95 per share) Provision for Impairment Loss | 19,000 (LE 100 each) | 8.10 (3.48) | 19,000 (LE 100 each) | 8.10 (5.04) |
| 3 | ONGC Petro Additions Ltd. | 994,945,000 (₹ 10 each) | 994.95 | 994,945,000 (₹ 10 each) | 994.95 |
| | Total (c) | | 2,251.66 | | 2,250.10 |
| (d) | Other Investments, fully paid up Quoted equity shares (Fair Value) through OCI | | | | |
| 1 | Gujarat Industries Power Co. Ltd. 5,70,600 Equity shares of ₹ 10 each fully paid up (includes 1,90,200 Equity Shares acquired at a premium of ₹ 15/- per share) | 570,600 (₹ 10 each) | 5.54 | 570,600 (₹ 10 each) | 5.90 |
| 2 | Oil and Natural Gas Corporation Ltd. (Acquired 3,42,66,845 shares of ₹ 10/- each during 1999-2000 at a price of ₹ 162.34 per Share, 1,71,33,422 bonus shares of ₹ 10/- each received during 2006-07, During the year 2010-11, 5,14,00,267 Equity shares of ₹ 10/- each were splitted into Equity shares of ₹ 5/- each and bonus issue of 1:1 equity shares of ₹ 5/- each after split received during 2010-11, further during the year 2016-17 bonus issue of 1:2 equity shares has been received) | 308,401,602 (₹ 5 each) | 5,483.38 | 308,401,602 (₹ 5 each) | 5,706.97 |
| | Unquoted equity shares (Fair Value) through OCI | | | | |
| 1 | South East Asia Gas Pipeline Ltd. | 8347 (USD 1 each) | 167.75 | 8347 (USD 1 each) | 180.93 |
| 2 | Gujrat State Energy Generation Ltd. | 20,760,000 (₹ 10 each) | 3.13 | 20,760,000 (₹ 10 each) | 7.14 |
| | Unquoted equity shares (Co-operative Societies) at Cost | | | | |
| 1 | Darpan Co-operative Housing Society Ltd., Vadodara | 30 (₹ 50 each) | - | 30 (₹ 50 each) | - |
| 2 | Ashoka Apartments Co-operative Housing Society Ltd., Vadodara | 50 (₹ 50 each) | - | 50 (₹ 50 each) | - |
| 3 | Sanand Members Association, Ahmedabad | 400 (₹ 10 each) | - | 400 (₹ 10 each) | - |
| 4 | Green Field (B) Co-operative Housing Society Ltd, Mumbai | 55 (₹ 50 each) | - | 55 (₹ 50 each) | - |
| 5 | Avillion Greenfields Co-Op Hsg. Society Ltd, Mumbai | 50 (₹ 5 each) | - | 50 (₹ 5 each) | - |
| 6 | Suraj Heights A Co-Op Hsg. Society Ltd, Mumbai | 50 (₹ 30 each) | - | 50 (₹ 30 each) | - |
| 7 | Sheel Jeet Co-Operative Hsg Society Ltd., Mumbai | 10 (₹ 5 each) | - | 10 (₹ 5 each) | - |
| | Unquoted Equity Shares at Cost- Start-up Companies | | | | |
| 1 | JV Foodworks Pvt. Ltd (acquired at a premium of ₹ 5,524.49 per share) | 1,138 (₹ 10 each) | 0.63 | | - |
| 2 | Attentive AI Solutions Pvt. Ltd (acquired at a premium of ₹ 11,990/- per share) | 499 (₹ 10 each) | 0.60 | | - |
| 3 | Persapien Innovations Pvt. Ltd (acquired at a premium of ₹ 3,77,348.49 per share) | 21 (₹ 10 each) | 0.79 | | - |
| | Total (d) | | 5,661.82 | | 5,900.94 |
| | Gross Total (a+b+c+d) | | 9,571.60 | | 9,377.08 |

| | | |
|--|-----------------|-----------------|
| Opening | 9,377.08 | 8234.25 |
| Allotment during the year | 407.96 | 456.66 |
| Disposal during the year | - | - |
| Changes in Fair Value during the year | (241.14) | 1293.32 |
| Impairment Gain/(Loss) (Net of Reversal) during the year | 27.70 | (788.04) |
| Closing | 9,571.60 | 9,196.19 |

Notes:-

| | | |
|--|-----------|-----------|
| Aggregate amount of quoted investments | | |
| - Book Value (at carrying cost) | 5,748.64 | 5,972.59 |
| - Market Value | 20,820.67 | 17,120.84 |
| Aggregate amount of unquoted investments (Gross of Impairment provision) | 4,583.30 | 4,192.53 |

- Out of aforesaid investments in Subsidiary/ JV/ Associate, few shares are held in the name of GAIL officials jointly with GAIL
- Investment are valued in accordance with Accounting Policy No. 1.21 given in Note No. 1
- Aggregate amount of impairment in value of investments is ₹ 760.35 Cr. upto end of the year (previous year ₹ 788.04 Cr.)
- Investment other than subsidiary, associate and joint ventures are valued at fair value through OCI at each Balance Sheet date.
- ONGC Petro Additions Ltd. has been reclassified as associated during the current period w.e.f. 12.02.2018, till last year was considered as joint venture.
- Investment made in Start-up Companies during the year and its fair value considered to be equal to book value.

Note 5A - Investments Current

(₹ in Crore)

| Sr. No. | Particulars | As at 31 st March, 2018 | As at 31 st March, 2017 |
|---------|---|------------------------------------|------------------------------------|
| | Quoted Investments | | |
| | Investments in Mutual Funds | | |
| | IDBI liquid fund | 381.47 | - |
| | (Measured at fair value through profit or loss) | | |
| | Total | 381.47 | - |

| | | |
|---|---------------|--------------|
| Opening | - | 12.35 |
| Allotment/Investment during the year | 5,713.00 | - |
| Disposal during the year | (5,332.00) | (12.35) |
| Changes in Fair Value/MTM | 0.47 | - |
| Impairment Loss (Net of Reversal) during the year | - | - |
| Closing | 381.47 | - |

Note 6 - Trade receivables-Non-Current

(₹ in Crore)

| Sr. No. | Particulars | As at 31 st March, 2018 | As at 31 st March, 2017 |
|---------|------------------------------------|------------------------------------|------------------------------------|
| | Trade receivables | 1,379.57 | 1,537.40 |
| | Receivables from related parties | 253.05 | 238.12 |
| | | 1,632.62 | 1,775.52 |
| | Less: Provision for Doubtful Debts | 635.70 | 671.86 |
| | Total | 996.92 | 1,103.66 |

Note 6A - Trade receivables-Current

(₹ in Crore)

| Sr. No. | Particulars | | As at 31 st March, 2018 | | As at 31 st March, 2017 |
|---------|--|----------|------------------------------------|----------|------------------------------------|
| | Trade receivables | 2,687.74 | | 2,376.60 | |
| | Receivables from related parties | 401.65 | | 379.60 | |
| | | 3,089.39 | | 2,756.20 | |
| | Less: Provision for Expected Credit Loss | 34.80 | 3,054.59 | 31.66 | 2,724.54 |
| | Total | | 3,054.59 | | 2,724.54 |

Breakup of Trade receivables

(₹ in Crore)

| Sr. No. | Particulars | | As at 31 st March, 2018 | | As at 31 st March, 2017 |
|---------|--|----------|------------------------------------|----------|------------------------------------|
| | Non Current (Unsecured) | | | | |
| | Considered good | 996.92 | | 1,103.66 | |
| | Considered doubtful | 635.70 | | 671.86 | |
| | | 1,632.62 | | 1,775.52 | |
| | Less: Provision for Doubtful Debts | 635.70 | | 671.86 | |
| | Total Non Current (Unsecured) Net | | 996.92 | | 1,103.66 |
| | Current (Unsecured) | | | | |
| | Considered good | 3,054.59 | | 2,724.54 | |
| | Considered doubtful | 34.80 | | 31.66 | |
| | | 3,089.39 | | 2,756.20 | |
| | Less: Provision for Expected Credit Loss | 34.80 | | 31.66 | |
| | Total Current (Unsecured) Net | | 3,054.59 | | 2,724.54 |
| | Total | | 4,051.51 | | 3,828.20 |

Note 7-Financial Assets Non Current- Loans and Other Receivables

(₹ in Crore)

| Sr. No. | Particulars | | As at 31 st March, 2018 | | As at 31 st March, 2017 |
|---------|---|--------|------------------------------------|--------|------------------------------------|
| | Loans to related parties: | | | | |
| | Loan to subsidiaries (Unsecured considered good) | | 9.70 | | 16.11 |
| | Other loans and receivables: | | | | |
| | Loan to employees: | | | | |
| | Secured, considered good (including dues from Directors and officers ₹0.49 Cr. (Previous Year : ₹0.55 Cr.)) | 269.60 | | 253.71 | |
| | Unsecured, considered good | 21.42 | 291.02 | 38.03 | 291.74 |
| | Security deposits paid: | | | | |
| | Unsecured, Considered Good | 67.23 | | 97.54 | |
| | Unsecured, Considered Doubtful | 6.61 | | 6.62 | |
| | | 73.84 | | 104.16 | |
| | Less : Provision for Doubtful Deposits | 6.61 | 67.23 | 6.62 | 97.54 |
| | Finance lease receivables | | 17.88 | | 19.89 |
| | Loan to others (Unsecured considered good) | | 172.41 | | 193.93 |
| | Total | | 558.24 | | 619.21 |

Note 7A-Financial Assets Current- Loans and Other Receivables (Unsecured considered Good unless otherwise stated)

(₹ in Crore)

| Sr. No. | Particulars | | As at 31 st March, 2018 | | As at 31 st March, 2017 |
|---------|--|-------|------------------------------------|-------|------------------------------------|
| | Loans to related parties: | | | | |
| | Loan to joint ventures | | - | | 144.24 |
| | Other Receivable | | | | |
| | subsidiaries | | 8.27 | | 3.02 |
| | associates | | 15.19 | | 15.02 |
| | joint ventures | | 24.21 | | 21.43 |
| | Other loans and receivables: | | | | |
| | Loan to employees: | | | | |
| | Secured (including dues from Directors and officers ₹ 0.13 Cr. (Previous Year : ₹0.13 Cr.) | 33.88 | | 53.05 | |
| | Unsecured | 38.76 | 72.64 | 15.72 | 68.77 |
| | Security deposits paid: | | 508.82 | | 447.02 |
| | Finance lease receivables | | 2.01 | | 1.99 |
| | Interest accrued but not due | | 13.47 | | 9.80 |
| | Loan to others | | 47.02 | | 41.54 |
| | Total | | 691.63 | | 752.83 |

Note 8 - Other Financial Assets -Non Current

(₹ in Crore)

| Sr. No. | Particulars | | As at 31 st March, 2018 | | As at 31 st March, 2017 |
|---------|--|--|------------------------------------|--|------------------------------------|
| | Receivables for Derivative Contracts (Hedged/ Non Hedged) | | 3.31 | | 6.87 |
| | Equity Investments Pending Allotment (include ₹150 Cr related to subsidiary and ₹95.78 Cr. Related to other Investment in company registered in Hong Kong) | | 255.06 | | 132.57 |
| | Total | | 258.37 | | 139.44 |

Note 8A - Other Financial Assets -Current

(₹ in Crore)

| Sr. No. | Particulars | | As at 31 st March, 2018 | | As at 31 st March, 2017 |
|---------|---|--|------------------------------------|--|------------------------------------|
| | Receivables for Derivative Contracts (Hedged/ Non Hedged) | | 11.10 | | 57.39 |
| | Other Receivable | | 74.79 | | 53.21 |
| | Total | | 85.89 | | 110.60 |

Note 9 - Non Current tax assets (Net)

(₹ in Crore)

| Sr. No. | Particulars | | As at 31 st March, 2018 | | As at 31 st March, 2017 |
|---------|---|----------|------------------------------------|----------|------------------------------------|
| | Advance income tax against pending demand | | | | |
| | - Unsecured considered good | 1,143.10 | | 1,158.11 | |
| | - Unsecured considered doubtful | 207.21 | | 162.21 | |
| | | 1,350.31 | | 1,320.32 | |
| | Less : Provision for doubtful advance income tax against pending demand | 207.21 | 1,143.10 | 162.21 | 1,158.11 |
| | Advance tax | 1,689.18 | | 1,613.58 | |
| | Less : Provision for tax (Net of MAT credit entitlement) | 1,478.86 | 210.32 | 1,359.20 | 254.38 |
| | Total | | 1,353.42 | | 1,412.49 |

Note 10 - Inventories (as taken, valued and certified by the management)

(₹ in Crore)

| Sr. No. | Particulars | | As at 31 st March, 2018 | | As at 31 st March, 2017 |
|---------|--|--------|------------------------------------|--------|------------------------------------|
| | In Hand : | | | | |
| | Work in progress: | | 11.76 | | 9.89 |
| | Finished goods: | | 353.34 | | 395.93 |
| | Polymers / LPG and Other Products | | | | |
| | Stock in Trade: | | | | |
| | Natural Gas including Liquefied Natural Gas (after adjustment of calorific value)-[Including Renewable Energy Certificate ₹ Nil (previous Year ₹0.49 crore)] | | 557.34 | | 482.50 |
| | Stores and spares: | | | | |
| | Stores and spares | 935.99 | | 782.77 | |
| | Less: Provision for obsolescence/loss | 18.54 | 917.45 | 20.40 | 762.37 |
| | In Transit : | | | | |
| | Stores and spares | | 79.64 | | 47.69 |
| | Total | | 1,919.53 | | 1,698.38 |

Valuation of Inventories are done in accordance with Accounting Policy No. 1.7.

Note 11 - Cash and cash equivalents

(₹ in Crore)

| Sr. No. | Particulars | | As at 31 st March, 2018 | | As at 31 st March, 2017 |
|---------|--|--|------------------------------------|--|------------------------------------|
| | Balances with banks: | | | | |
| | - Current accounts | | 27.92 | | 15.76 |
| | - Deposits with original maturity less than three months | | 1,047.62 | | 435.72 |
| | Cash in hand | | 0.50 | | 0.38 |
| | Stamps in hand | | - | | 0.01 |
| | Cheque/Demand Draft in hand | | 0.04 | | 0.01 |
| | Total | | 1,076.08 | | 451.88 |

Note 11A - Bank balance others

(₹ in Crore)

| Sr. No. | Particulars | | As at 31 st March, 2018 | | As at 31 st March, 2017 |
|---------|--|--|------------------------------------|--|------------------------------------|
| | Other Bank Balance (FD with original maturity more than three months) | | 751.46 | | 251.37 |
| | Earmarked accounts: | | | | |
| | - Current Account - Dividend Payable | | 3.02 | | 2.66 |
| | - Short Term Deposits - JV Consortium [(including interest accrued but not due ₹0.20 Cr (Previous Year ₹0.15 Cr.) (Refer Note No.38(a))] | | 22.80 | | 21.80 |
| | - Short Term Deposits - Gas Pool Money [(including interest accrued but not due ₹7.79 Cr. (Previous Year ₹4.55 Cr.) (Refer Note No.38(b))] | | 298.93 | | 267.17 |
| | - Short Term Deposits - Imbalance & Over run [(including interest accrued but not due ₹3.21 Cr. (Previous Year ₹3.82 Cr.) (Refer Note No.38(d))] | | 113.24 | | 97.98 |
| | - Short Term Deposits- Post Retirement Medical Scheme (Refer Note No.47(III)(b)) | | 263.86 | | 248.99 |
| | Total | | 1,453.31 | | 889.97 |

Note 12 - Other non financial assets-Non Current

(₹ in Crore)

| Sr. No. | Particulars | | As at 31 st March, 2018 | | As at 31 st March, 2017 |
|---------|--|---------------|------------------------------------|---------------|------------------------------------|
| | Balance with Government Authorities Unsecured, Considered Good: VAT Credit Receivable | | 198.33 | | 432.95 |
| | Claims recoverable: - Unsecured considered good - Unsecured considered doubtful | 11.03 0.52 | | 12.00 1.91 | |
| | Less : Provision for doubtful claims | 11.55 0.52 | 11.03 | 13.91 1.91 | 12.00 |
| | Other advances recoverable [(Including Advance to an associate ₹475.84 crore (Previous Year ₹514.05 crore)] | | 477.04 | | 515.55 |
| | Capital advances: - Unsecured considered good - Unsecured considered doubtful | 24.33 0.35 | | 48.23 0.35 | |
| | Less: Provision for doubtful advances | 24.68 0.35 | 24.33 | 48.58 0.35 | 48.23 |
| | Prepayments Prepaid expenses Prepaid rent Prepaid employee benefits | | 0.23 72.47 147.78 | | - 74.62 160.93 |
| | Total | | 931.21 | | 1,244.28 |

Note 12A - Other non financial assets-Current

(₹ in Crore)

| Sr. No. | Particulars | | As at 31 st March, 2018 | | As at 31 st March, 2017 |
|---------|--|------------------------------|------------------------------------|----------------------------------|------------------------------------|
| | Balance with Government Authorities Unsecured, Considered Good: CENVAT Credit Receivable GST Receivable VAT Credit Receivable Service Tax Credit Receivable | 0.27 72.98 877.71 - | | 111.38 - 1,697.04 56.66 | |
| | Claims recoverable: - Unsecured considered good - Unsecured considered doubtful | 35.08 15.14 | | 32.65 16.25 | |
| | Less : Provision for doubtful claims | 50.22 15.14 | 35.08 | 48.90 16.25 | 32.65 |
| | Other advances recoverable [(Including Advance to an associate ₹38.20 crore (Previous Year ₹38.20 crore)] | | 362.68 | | 500.53 |
| | Advances to suppliers/contractors: - Unsecured considered good - Unsecured considered doubtful | 11.10 9.52 | | 33.78 9.69 | |
| | Less: Provision for doubtful advances | 20.62 9.52 | 11.10 | 43.47 9.69 | 33.78 |
| | Gold coins in hand | | 0.09 | | 0.09 |
| | Prepayments Prepaid expenses Prepaid rent Prepaid employee benefits | | 63.39 4.09 18.74 | | 59.94 3.25 7.70 |
| | Total | | 1,446.13 | | 2,503.02 |

Note 13 - Equity share capital

(₹ in Crore)

| Sr. No. | Particulars | | As at 31 st March, 2018 | | As at 31 st March, 2017 |
|---------|---|--|------------------------------------|--|------------------------------------|
| | Share capital | | | | |
| | Authorised | | | | |
| | 500,00,00,000 Equity Shares of ₹10 each (Previous year 200,00,00,000 Equity shares of ₹10 each) | | 5,000.00 | | 2,000.00 |
| | Issued, subscribed and fully paid up | | | | |
| | 225,50,70,933 equity shares of ₹10 each (31 March 2017: 169,13,03,200 , equity shares of ₹10 each) | | 2,255.07 | | 1,691.30 |
| | Total | | 2,255.07 | | 1,691.30 |

(₹ in Crore)

| Sr. No. | Particulars | | As at 31 st March, 2018 | | As at 31 st March, 2017 |
|---------|--|---------------|------------------------------------|---------------|------------------------------------|
| a) | Reconciliation of the shares outstanding at the beginning and at the end of the year | No of shares | Amount | No of shares | Amount |
| | At the beginning of the year | 169,13,03,200 | 1,691.30 | 126,84,77,400 | 1268.48 |
| | Issued during the year | | | | |
| | Bonus Shares | 563,767,733 | 563.77 | 422,825,800 | 422.82 |
| | Outstanding at the end of the year | 2,255,070,933 | 2,255.07 | 169,13,03,200 | 1691.30 |

Related Information:-

a) Details of Shareholders holding more than 5% shares in the Company

(₹ in Crore)

| | As at 31 st March, 2018 | | As at 31 st March, 2017 | |
|--|------------------------------------|--------------|------------------------------------|--------------|
| | Numbers | % of Holding | Numbers | % of Holding |
| i) President of India | 1,208,548,124 | 53.59 | 920,651,612 | 54.43 |
| ii) Life Insurance Corporation of India# | | | 110,445,783 | 6.53 |

As on 31st March 2018 share holding of Life Insurance Corporation of India has been reduced to less than 5%.

- b) The Company has only one class of equity shares having par value of ₹10/- per share. The Holders of the equity shares are entitled to receive dividends as declared from time to time and are entitled to voting rights proportionate to their share holding at the shareholders meetings.
- c) 1,52,83,549 shares (Previous Year: 1,63,45,528) are held in the form of Global Depository Receipts.
- d) The Company has not issued any shares for a consideration other than cash in immediately preceding five year except Bonus Shares 56,37,67,733 during the current FY and 42,28,25,800 during the Previous FY 2016-17 in the ratio of one equity share for every three shares held.

Note 14 - Other equity

(₹ in Crore)

| Sr. No. | Particulars | | As at 31 st March, 2018 | | As at 31 st March, 2017 |
|---------|--|-----------|------------------------------------|------------|------------------------------------|
| | Other equity: | | | | |
| | Security premium Account- Opening Balance | | 0.27 | | 0.27 |
| | Total -(i) | | 0.27 | | 0.27 |
| | Retained earnings- Opening Balance | 26,304.98 | | 25,004.95 | |
| | Add: Profit for the year | 4,618.41 | 30,923.39 | 3,502.91 | 28,507.86 |
| | Less: Appropriations | | | | |
| | -Transfer to Bond Redemption Reserve | 35.19 | | 98.46 | |
| | -Transfer to General Reserve | 461.84 | | 350.29 | |
| | -Interim Dividend | 1,293.85 | | 1,078.24 | |
| | -Final Dividend | 456.65 | | 380.54 | |
| | -Corporate Dividend Tax | 352.53 | 2,600.06 | 295.35 | 2,202.88 |
| | Add: Appropriations | | | | |
| | -Transfer from Bond Redemption Reserve | | 312.50 | | - |
| | Total -(ii) | | 28,635.83 | | 26,304.98 |
| | Other reserves: | | | | |
| | - Bond redemption reserves | | | | |
| | Opening Balance | | 337.18 | | 238.72 |
| | Changes during the year | | | | |
| | -Transfer to Retained Earnings | | (312.50) | | - |
| | -Appropriation from Retained Earnings | | 35.19 | | 98.46 |
| | Closing Balance | | 59.87 | | 337.18 |
| | - General reserves | | | | |
| | Opening Balance | | 4353.14 | | 4425.68 |
| | Changes during the year | | | | |
| | Transfer during the year from the statement of Profit & Loss | | 461.84 | | 350.29 |
| | Issue of Bonus Shares | | (563.77) | | (422.82) |
| | Closing Balance | | 4251.21 | | 4353.14 |
| | -Transition Reserve | | 6084.44 | | 6084.44 |
| | - Other Comprehensive Income | | | | |
| | Add: OCI for the period | (621.94) | (958.57) | (1,927.99) | (621.94) |
| | | (336.63) | | 1,306.05 | |
| | Total -(iii) | | 9436.95 | | 10,152.82 |
| | G. Total =(i+ii+iii) | | 38,073.05 | | 36,458.07 |

During the year, the Company has paid Interim Dividend of ₹7.65 per share (Previous Year: ₹8.50) and Final Dividend of ₹2.70 per share of FY 2016-17 (Previous Year: ₹3.00)

Note 15 - Borrowings-Non Current

(₹ in Crore)

| Sr. No. | Particulars | | As at 31 st March, 2018 | | As at 31 st March, 2017 |
|---------|---|---|------------------------------------|--------|------------------------------------|
| | Non current borrowings | | | | |
| | Secured Bonds: | | | | |
| | - Bonds 2010 Series - I* | - | | 374.98 | |
| | (8.80% Secured Non-convertible redeemable Bonds 2010 - Series - I are redeemable in 4 equal instalment commencing from the end of the 7 th year upto the end of the 10 th year from the deemed date of allotment December 13, 2010 with a call option at the end of the 7 th year) | | | | |
| | - Bond series 2012* | - | | 562.36 | |
| | (9.14% Secured Non-convertible redeemable Bonds 2012 - Series - I are redeemable in 4 equal instalment commencing from the end of the 5 th year upto the end of the 8 th year from the deemed date of allotment June 11, 2012 with a call option at the end of the 5 th year) | | | | |

(₹ in Crore)

| Sr. No. | Particulars | | As at 31 st March, 2018 | As at 31 st March, 2017 | |
|---------|---|--------|------------------------------------|------------------------------------|-----------------|
| | <p>- Bond series 2015* (8.30% Secured Non-convertible redeemable Bonds 2015 - Series - I are redeemable in 4 equal instalment commencing from the end of the 7th year upto the end of the 10th year from the deemed date of allotment Feb 23, 2015 with a call option at the end of the 7th year).</p> <p>*Bonds are secured on pari pasu basis, by charge on freehold non agricultural land at village Tandalja, Vadodra together with the entire building constructed thereon both present & future and whole of plant and machinery, spares, tools and accessories and other movables of the company pertaining to its projects at Vijaipur Dadri Pipeline Projects excluding compressor stations at Vijaipur both present and future and whether installed or not and lying or in store</p> <p>UNSECURED</p> <p>- KFW Germany (Coperion Facility) (Repayment in 14 half yearly equal Instalments starting from November 2014) Loan carries fixed rate of interest)</p> <p>- Societe Generale (Repayment in 20 half yearly equal Instalments starting from 22nd October 2012) Loan carries floating rate of interest linked to 6 Months LIBOR plus spread).</p> <p>- Japan bank for International Cooperation(JBIC) (Repayable in 20 half yearly equal Instalments starting from June'2013) Loan carries fixed rate of interest)</p> <p>- KFW Germany (Siemens Facility) (Repayment in 20 half yearly equal Instalments starting from March 2014) Loan carries fixed rate of interest)</p> <p>- Syndication of Banks (In Syndication SMBC, Mizuho Bank Ltd., DBS Bank Ltd., \$ 100 million each) (Loan raised for refinancing existing SMBC Loan with 1/2 repayment in Nov 2017 and Nov 2018 . Loan carries floating rate of interest linked to 3 Months LIBOR plus spread)</p> <p>Long term maturities of finance lease obligations: Obligations under finance leases</p> | 499.49 | 499.49 | 499.41 | 1,436.75 |
| | | 32.10 | | 44.45 | |
| | | 167.98 | | 214.21 | |
| | | 127.85 | | 150.74 | |
| | | 147.85 | | 178.93 | |
| | | - | 475.78 | 978.63 | 1,566.96 |
| | | | 0.85 | | 0.84 |
| | Total Non Current Borrowings | | 976.12 | | 3,004.55 |

Note 16 - Other financial liabilities-Non Current

(₹ in Crore)

| Sr. No. | Particulars | | As at 31 st March, 2018 | As at 31 st March, 2017 |
|---------|--|--|------------------------------------|------------------------------------|
| | Payables for Derivative Contracts (Hedged/ Non Hedged) | | 39.01 | 75.18 |
| | Deposits/Retention Money from Customers/contractors/others | | 14.59 | 16.27 |
| | Gas Pool money provisional (Refer Note No.38 (c)) | | 654.83 | 655.48 |
| | Other Liabilities | | 67.16 | 67.16 |
| | Total | | 775.59 | 814.09 |

Note 16A - Other financial liabilities-Current

(₹ in Crore)

| Sr. No. | Particulars | | As at 31 st March, 2018 | | As at 31 st March, 2017 |
|---------|--|--------|------------------------------------|--------|------------------------------------|
| | Payables for Derivative Contracts (Hedged/ Non Hedged) | | 316.09 | | 59.28 |
| | Current maturities of finance lease obligations: | | | | |
| | Obligations under finance leases | | 0.06 | | 0.06 |
| | Current maturity of long term loans: | | | | |
| | Secured Bonds | | | | |
| | - Bonds 2010 Series - I | - | | 124.99 | |
| | - Bond series 2012 | - | - | 187.39 | 312.38 |
| | Unsecured Term loans: | | | | |
| | - Bank of Tokyo Mitsubishi UFJ Ltd. | - | | 217.14 | |
| | - Mizuho Corporate Bank | - | | 217.37 | |
| | - Sumitomo Mitsui Banking Corporation | - | | 217.47 | |
| | - KFW Germany (Coperion Facility) | 12.49 | | 12.26 | |
| | - Societe Generale | 46.89 | | 46.28 | |
| | - Japan bank for International Cooperation(JBIC) | 31.72 | | 29.88 | |
| | - KFW Germany (Siemens Facility) | 31.62 | | 31.12 | |
| | - New Syndication Loan | 981.62 | 1,104.34 | 974.53 | 1,746.05 |
| | Deposits/Retention Money from Customers/contractors/others | | 546.45 | | 468.90 |
| | Other payables | | | | |
| | Interest accrued but not due | | 13.01 | | 85.52 |
| | Unpaid/unclaimed dividend | | 3.02 | | 2.66 |
| | Gas Pool Money (Refer Note No.38(b)) | | 299.93 | | 268.56 |
| | Imbalance and overrun charges | | 112.30 | | 99.74 |
| | Payable for capital expenditure | | 861.57 | | 274.61 |
| | Adjustment in pipeline tariff | | 31.33 | | 56.82 |
| | E&P expenditure payable | | 188.84 | | 59.18 |
| | Employee benefits payable | | 343.00 | | 196.92 |
| | Other payables (including Metering Charges,Misc. Payment etc.) | | 163.98 | | 187.63 |
| | Total | | 3,983.92 | | 3,818.31 |

Note 17 - Provisions-Non Current

(₹ in Crore)

| Sr. No. | Particulars | | As at 31 st March, 2018 | | As at 31 st March, 2017 |
|---------|----------------------------------|--|------------------------------------|--|------------------------------------|
| | Provisions for employee benefits | | 579.53 | | 811.70 |
| | Provision for abandonment costs | | 0.90 | | 0.90 |
| | Total | | 580.43 | | 812.60 |

Disclosure of movement in provision as required in Ind AS 37 is given in Note No. 57.

Note 17A - Provisions-Current

(₹ in Crore)

| Sr. No. | Particulars | | As at 31 st March, 2018 | | As at 31 st March, 2017 |
|---------|------------------------------------|--|------------------------------------|--|------------------------------------|
| | Provisions | | | | |
| | Provisions for employee benefits | | 191.83 | | 61.12 |
| | Provision for probable obligations | | 656.05 | | 639.62 |
| | Total | | 847.88 | | 700.74 |

Disclosure of movement in provision as required in Ind AS 37 is given in Note No. 57.

Note 18 - Trade Payables

(₹ in Crore)

| Sr. No. | Particulars | As at 31 st March, 2018 | As at 31 st March, 2017 |
|---------|-----------------------------------|------------------------------------|------------------------------------|
| | Micro and Small Enterprises | 68.11 | 33.28 |
| | Trade payables | 2,503.23 | 1,711.15 |
| | Trade payables to related parties | 1,310.21 | 971.58 |
| | Total | 3,881.55 | 2,716.01 |

Disclosure with respect to Micro, Small & Medium Enterprises Development Act, 2006 is given in Note No. 61.

Note 19 - Other non financial liabilities-Non-Current

(₹ in Crore)

| Sr. No. | Particulars | As at 31 st March, 2018 | As at 31 st March, 2017 |
|---------|-------------------------------------|------------------------------------|------------------------------------|
| | Deferred income | 44.07 | 7.94 |
| | Government Grant (Refer Note No.62) | 845.37 | 450.69 |
| | Total | 889.44 | 458.63 |

Note 19A - Other non financial liabilities-Current

(₹ in Crore)

| Sr. No. | Particulars | As at 31 st March, 2018 | As at 31 st March, 2017 |
|---------|-------------------------|------------------------------------|------------------------------------|
| | Advances from customers | 743.22 | 707.92 |
| | Statutory payables | 347.24 | 342.60 |
| | Other liabilities | 87.67 | 87.74 |
| | Deferred income | 3.55 | 1.40 |
| | Government Grant | 6.52 | 0.12 |
| | Total | 1,188.20 | 1,139.78 |

Note 20 - Deferred taxation**A. Statement of Profit and Loss:**

(₹ in Crore)

| Sr. No. | Particulars | As at 31 st March, 2018 | As at 31 st March, 2017 |
|---------|---|------------------------------------|------------------------------------|
| | (i) Profit or loss section | | |
| | Current income tax: | | |
| | Current income tax charge | 1,654.10 | 1,319.52 |
| | Adjustments in respect of current income tax of previous year | (20.78) | 15.01 |
| | Deferred tax: | | |
| | Relating to origination and reversal of temporary differences | 706.64 | 573.38 |
| | Income tax expense reported in the statement of profit or loss | 2,339.96 | 1,907.91 |
| | OCI Section | | |
| | Deferred tax related to items recognised in OCI during the year: | | |
| | Net loss/(gain) on remeasurements of defined benefit plans | 29.77 | 11.15 |
| | Net gain/loss on cash movement of cash flow hedge | (81.05) | - |
| | Net Gain/ Loss on FVTOCI Equity Securities* | | |
| | Income tax charged to OCI | (51.28) | 11.15 |

**Note:-Finance Act 2018 has amended section 112A / 10 (38) of the Income tax Act 1961 to introduce tax on income from long term capital gains on listed securities on which STT has been paid. The company has not recognised deferred tax asset of ₹99.79 crores on unrealized loss arising due to revaluation of FVTOCI-equity securities as there is no reasonable certainty of future taxable income under this head.

B. Reconciliation of tax expenses and the accounting profit multiplied by India's domestic tax rate for As at 31st March, 2018 and As at 31st March, 2017

(₹ in Crore)

| Sr. No. | Particulars | As at 31 st March, 2018 | As at 31 st March, 2017 |
|---------|--|------------------------------------|------------------------------------|
| | Accounting profit before income tax | 6,958.37 | 5,410.82 |
| | At India's statutory income tax rate of 34.608% (31 March 2017: 34.608%) | 2,408.16 | 1,872.58 |
| | Adjustments in respect of previous years | (20.78) | 15.01 |
| | Expenses not allowed as deduction | 31.91 | 341.11 |
| | Other temporary differences of earlier years | - | - |
| | Deductions not leading to timing differences | - | - |
| | Profit on sale of long term shares | - | (169.34) |
| | Exempt income | (130.37) | (151.45) |
| | Impact of change in effective tax rate in B/F tax liability | 51.04 | - |
| | Effective rate of income tax - 33.63% (31 March 2017: 35.26%) | 2,339.96 | 1,907.91 |
| | Income tax expense reported in the statement of profit and loss | 2,339.96 | 1,907.91 |
| | | 2,339.96 | 1,907.91 |

Deferred Tax

Deferred tax relates to the following:

(₹ in Crore)

| Particulars | Balance Sheet | | Profit or Loss Statement | |
|---|------------------------------------|------------------------------------|---|---|
| | As at 31 st March, 2018 | As at 31 st March, 2017 | Year Ended 31 st March, 2018 | Year Ended 31 st March, 2017 |
| Accelerated depreciation for tax purposes | 6470.38 | 5,737.80 | 732.58 | 627.38 |
| other liabilities | 8.38 | 8.84 | (0.46) | 7.11 |
| Ind AS adjustments | 53.43 | 35.46 | 17.97 | 11.16 |
| Prov for doubtful debts, deposits, probable obligation etc. | (554.22) | (511.79) | (42.43) | (22.07) |
| Prov for employee benefits | (299.31) | (302.07) | 2.76 | (76.57) |
| Others adjustments | (370.92) | (312.33) | (58.59) | 37.52 |
| Prior period adjustment in profit & loss a/c | - | - | 3.52 | - |
| Deferred tax expense/(income) | | | 655.36 | 584.53 |
| Net Deferred Tax Liability | 5307.74 | 4,655.91 | | |

Reflected in the balance sheet as follows:

(₹ in Crore)

| Sr. No. | Particulars | As at 31 st March, 2018 | As at 31 st March, 2017 |
|---------|---------------------------------------|------------------------------------|------------------------------------|
| | Deferred tax assets | (1,224.45) | (1,126.19) |
| | Deferred tax liabilities | 6,532.19 | 5,782.10 |
| | Deferred tax liabilities (Net) | 5,307.74 | 4,655.91 |

Reconciliation of deferred tax liabilities (net):

(₹ in Crore)

| Sr. No. | Particulars | | As at 31 st March, 2018 | | As at 31 st March, 2017 |
|---------|--|--|------------------------------------|--|------------------------------------|
| | Opening balance as at 1st April | | 4,655.91 | | 4,071.38 |
| | Tax (income)/expense during the period recognised in profit or loss | | 706.64 | | 573.38 |
| | Tax (income)/expense during the period recognised in OCI | | (51.28) | | 11.15 |
| | Tax (income)/expense of earlier year period recognised in profit or loss | | (3.52) | | - |
| | Deferred taxes acquired in business combinations | | | | |
| | Deferred Tax Liability | | 5,307.74 | | 4,655.91 |

(₹ in Crore)

| Sr. No. | Particulars | | As at 31 st March, 2018 | | As at 31 st March, 2017 |
|---------|---|----------|------------------------------------|----------|------------------------------------|
| | Net Deferred Tax Liability due to taxable temporary Differences | 5,307.74 | | 4,655.91 | |
| | Less:- | | | | |
| | Mat Credit Entitlement | 676.81 | 4,630.93 | 933.03 | 3,722.88 |
| | Total | | 4,630.93 | | 3,722.88 |

Note 21 - Revenue from Operations

(₹ in Crore)

| Sr. No. | Particulars | | Year Ended 31 st March, 2018 | | Year Ended 31 st March, 2017 |
|---------|--|--|---|--|---|
| | a) Sale of Products | | | | |
| | Gas | | 41,748.48 | | 38,213.13 |
| | Polymers | | 5,788.10 | | 5,625.57 |
| | LPG | | 3,368.95 | | 2,399.76 |
| | Propane/Pentane/SBPS/Naphtha | | 809.58 | | 737.95 |
| | Crude Oil | | 33.18 | | 34.23 |
| | CNG | | 0.28 | | - |
| | Power | | 63.14 | | 68.05 |
| | b) Sale of Service | | | | |
| | LPG Transmission / RLNG Shippers Charges | | 1,875.67 | | 1,707.33 |
| | c) Income from Telecom services | | 2.65 | | 2.73 |
| | Total | | 53,690.03 | | 48,788.75 |
| | Add: Other Operating Income | | 135.46 | | 94.24 |
| | TOTAL | | 53,825.49 | | 48,882.99 |

Note 22 - Other Income

(₹ in Crore)

| Sr. No. | Particulars | | Year Ended 31 st March, 2018 | | Year Ended 31 st March, 2017 |
|---------|---|--------|--|--------|--|
| | Interest on : | | | | |
| | - Deposits with Banks | 151.72 | | 148.47 | |
| | - Income Tax / VAT Refund | 74.94 | | 104.07 | |
| | - Delayed payment from Customers | 23.81 | | 36.13 | |
| | - Loan to Joint Ventures, Subsidiaries and Associates etc. | 30.25 | | 35.82 | |
| | - Loan to Employees and Others | 48.41 | | 54.13 | |
| | Less : Transferred to Expenditure during construction period (refer note no - 28) | 1.32 | 327.81 | 0.84 | 377.78 |
| | Dividend from Investments | | 227.14 | | 255.98 |
| | Dividend from Related Parties | | 183.64 | | 177.45 |
| | Gain on Sale of Investments | | 5.83 | | - |
| | Amortization of Government Grant | | 0.35 | | 0.12 |
| | Net Gain on Foreign Currency Transaction and Translation | | 81.69 | | 96.77 |
| | Excess Provision Written Back | | 113.28 | | 196.83 |
| | Miscellaneous Income | 47.72 | | 71.75 | |
| | Less : Transferred to Expenditure during construction period (refer note no - 28) | 0.46 | 47.26 | 0.41 | 71.34 |
| | TOTAL | | 987.00 | | 1,176.27 |

Note 23 - (Increase) / Decrease in Inventories of Stock in Trade Finished Goods, Work in Progress

(₹ in Crore)

| Sr. No. | Particulars | | Year Ended 31 st March, 2018 | | Year Ended 31 st March, 2017 |
|---------|---|--|--|--|--|
| | Inventories at the end of the period:- | | | | |
| | Work-in-Progress | | 11.76 | | 9.89 |
| | Finished Goods | | 353.34 | | 395.93 |
| | Stock in Trade | | 557.34 | | 482.50 |
| | Total | | 922.44 | | 888.32 |
| | Inventories at the beginning of the period:- | | | | |
| | Work-in-Progress | | 9.89 | | 13.13 |
| | Finished Goods | | 395.93 | | 265.12 |
| | Stock in Trade | | 482.50 | | 652.36 |
| | Total | | 888.32 | | 930.61 |
| | TOTAL | | (34.12) | | 42.29 |

Note 24 - Employee benefits expense

(₹ in Crore)

| Sr. No. | Particulars | | Year Ended 31 st March, 2018 | | Year Ended 31 st March, 2017 |
|---------|---|----------|--|----------|--|
| | Salaries, Wages and Allowances | 1,108.01 | | 853.48 | |
| | Contribution to Provident and Other Funds | 121.25 | | 337.70 | |
| | Staff Welfare Expenses | 193.08 | | 162.50 | |
| | | 1,422.34 | | 1,353.68 | |
| | Less : | | | | |
| | -Employees Benefit Expenses transferred to Capital Work-in-Progress (Ref Note No. 28) | 62.20 | | 41.67 | |
| | -Reimbursements for employees on deputation | 58.68 | 1,301.46 | 54.48 | 1,257.53 |
| | TOTAL | | 1,301.46 | | 1,257.53 |

Note 25 - Finance Cost

(₹ in Crore)

| Sr. No. | Particulars | | Year Ended 31 st March, 2018 | | Year Ended 31 st March, 2017 |
|---------|---|---------|--|---------|--|
| | Interest on: | | | | |
| | - Term Loans | 226.36 | | 365.68 | |
| | - Bonds | 85.88 | | 153.83 | |
| | - Others | 3.08 | 315.32 | 2.20 | 521.71 |
| | (Gain)/loss on changes in fair value of Derivatives | (28.32) | | 49.82 | |
| | Net (gain) / loss on foreign currency transactions on Borrowings | (3.32) | (31.64) | (43.01) | 6.81 |
| | Less : Interest and Finance Charges transferred to Capital Work-in-Progress (Ref Note No. 28) | | 8.57 | | 49.16 |
| | TOTAL | | 275.11 | | 479.36 |

Note 26 - Depreciation and Amortization Expenses

(₹ in Crore)

| Sr. No. | Particulars | | Year Ended 31 st March, 2018 | | Year Ended 31 st March, 2017 |
|---------|---|----------|--|----------|--|
| | Depreciation and Amortization Expenses | 1,415.83 | | 1,390.17 | |
| | Impairment Loss (Refer Note No. 55(i) & (ii)) | 0.27 | | 7.22 | |
| | | 1,416.10 | | 1,397.39 | |
| | Less : Depreciation and Amortization Expenses transferred to Capital Work-in-Progress (Ref Note No. 28) | 0.96 | 1415.14 | 0.61 | 1396.78 |
| | TOTAL | | 1,415.14 | | 1,396.78 |

Note 27 - Other Expenses

(₹ in Crore)

| Sr. No. | Particulars | | Year Ended 31 st March, 2018 | | Year Ended 31 st March, 2017 |
|---------|--|----------|--|----------|--|
| | Gas Pool Expenses | | 15.95 | | 14.55 |
| | Stores and Spares consumed | | 370.47 | | 343.44 |
| | Power, Fuel and Water Charges | | | | |
| | Power Charges | 428.86 | | 487.90 | |
| | Gas used as Fuel | 1,696.83 | | 1,407.59 | |
| | Water Charges | 12.10 | 2,137.79 | 12.93 | 1,908.42 |
| | Rent | | 24.06 | | 23.42 |
| | Repairs and Maintenance | | | | |
| | Plant and Machinery | 268.58 | | 321.34 | |
| | Buildings | 45.69 | | 51.98 | |
| | Others | 67.62 | 381.89 | 63.96 | 437.28 |
| | Insurance | | 39.35 | | 36.89 |
| | Rates and Taxes | | 7.76 | | 9.65 |
| | Miscellaneous Expenditure : | | | | |
| | - Travelling Expenses | | 117.11 | | 101.97 |
| | - Advertisement and Publicity | | 70.37 | | 44.38 |
| | - Vehicle Hire and Running Expenses | | 40.49 | | 37.05 |
| | - Survey Expenses | | 17.87 | | 33.87 |
| | - Dry Well Expenses written off | | 26.80 | | 112.44 |
| | - Oil & Gas Producing Expenses | | 58.37 | | 64.34 |
| | - Royalty on Crude Oil (including share of Govt in Profit Petroleum) | | 153.00 | | 150.30 |
| | - Consultancy Charges | | 36.97 | | 84.29 |
| | - Donation | | 61.29 | | 2.02 |

| Sr. No. | Particulars | | Year Ended 31 st March, 2018 | | Year Ended 31 st March, 2017 |
|---------|---|------|--|------|--|
| | - Research and Development Expenses | | 17.24 | | 13.44 |
| | - Provision for Impairment Loss/ CWIP | | 85.96 | | - |
| | - Loss on sale / written off of assets (net) | | 24.35 | | 6.07 |
| | - Bad Debts/Claims/Advances/Stores written off | | 0.36 | | 2.85 |
| | - Provision for Doubtful Debts, Advances, Claims, Deposits and obsolescence of Stores and Capital Items | | 36.01 | | 115.08 |
| | - Provision for Probable Obligations / Contingencies | | 60.47 | | 116.34 |
| | - Expenses on Enabling Facilities | | 0.53 | | 0.54 |
| | - Selling & Distribution Expenses | | 39.02 | | 45.33 |
| | - Commission on Sales | | 22.79 | | 21.01 |
| | - Security Expenses | | 189.14 | | 126.02 |
| | - Corporate Social Responsibility Expenses | | 91.65 | | 123.58 |
| | - MTM loss on Commodity Derivative (Net) | | 79.25 | | 0.11 |
| | - Other Expenses | | 114.31 | | 132.85 |
| | Payment to Auditors | | | | |
| | Audit Fees | 0.66 | | 0.61 | |
| | Tax Audit fees | 0.11 | | 0.10 | |
| | Other Services (for issuing certificates, etc.) | 0.30 | | 0.28 | |
| | Travelling & Out of Pocket Expenses | 0.49 | 1.56 | 0.52 | 1.51 |
| | Less : Incidental Expenditure during construction transferred to Capital Work-in-Progress (Ref Note No. 28) | | 32.87 | | 20.34 |
| | TOTAL | | 4,289.31 | | 4,088.70 |

Note 28 - Expenditure during Construction Period

(₹ in Crore)

| Sr. No. | Particulars | | Year Ended 31 st March, 2018 | | Year Ended 31 st March, 2017 |
|---------|--|--------|--|--------|--|
| | Employees Remuneration and Benefits | | | | |
| | Salaries, Wages and Allowances | | 49.79 | | 32.99 |
| | Contribution to Provident and Other Funds | | 5.81 | | 5.70 |
| | Welfare Expenses | | 6.60 | | 2.99 |
| | Interest and Finance Charges | | 8.57 | | 49.16 |
| | Depreciation | | 0.96 | | 0.61 |
| | Power, Fuel and Water Charges | | | | |
| | Power Charges | | 18.56 | | 14.92 |
| | Stores and Spares Consumed | | 0.67 | | - |
| | Insurance | | 0.02 | | 0.01 |
| | Rent | | 0.06 | | 0.19 |
| | Repairs and Maintenance | | | | |
| | Plant and Machinery | | 0.10 | | 0.03 |
| | Buildings | | 0.01 | | - |
| | Others | | 0.22 | | 0.33 |
| | Miscellaneous Expenditure : | | | | |
| | - Travelling Expenses | | 7.35 | | 3.88 |
| | - Vehicle Hire and Running Expenses | | 0.02 | | 0.03 |
| | - Consultancy Charges | | 0.16 | | 0.04 |
| | - Other Expenses | | 5.70 | | 0.91 |
| | Less :- Interest Income | | 1.32 | | 0.84 |
| | - Misc. Income | | 0.46 | | 0.41 |
| | Net Expenditure | | 102.82 | | 110.54 |
| | Less :Transferred to Capital Work-in-progress | | | | |
| | a) Employees Benefits Expenses | 62.20 | | 41.68 | |
| | b) Interest & finance Charges | 8.57 | | 49.16 | |
| | c) Depreciation | 0.96 | | 0.61 | |
| | d) Other Expenses | 32.87 | | 20.34 | |
| | | 104.60 | | 111.79 | |
| | Less: | | | | |
| | e) Other Income | 1.78 | 102.82 | 1.25 | 110.54 |
| | Balance Carried over to Balance Sheet | | 102.82 | | 110.54 |

GAIL (India) Limited, New Delhi

Standalone Cash Flow Statement For the Financial Year Ended 31st March 2018

(₹ in Crore)

| | | Year Ended 31 st March, 2018 | | Year Ended 31 st March, 2017 | |
|-----------|---|---|-------------------|---|-----------------|
| A. | CASH FLOW FROM OPERATING ACTIVITIES | | | | |
| 1 | Net Profit Before Tax and Extraordinary Items | | 6,958.37 | | 5,410.82 |
| 2 | ADD : | | | | |
| | Depreciation and amortisation expenses | 1,415.14 | | 1,396.78 | |
| | Exchange Rate Variation on Foreign Currency Loan/Advance | 29.05 | | (60.62) | |
| | Finance Cost | 275.11 | | 479.36 | |
| | Dividend Income on Investments | (227.14) | | (255.98) | |
| | Dividend Income from Related Party | (183.64) | | (177.45) | |
| | Interest Income | (327.81) | | (377.78) | |
| | Gain on Sale of Investments | (5.83) | | - | |
| | MTM (gain)/loss on Mutual fund Investment | (0.47) | | - | |
| | Provision for Employees Benefits | (16.28) | | 253.48 | |
| | Provision for Doubtful Debts | (33.02) | | (94.11) | |
| | Provision for Probable Obligations | 16.43 | | 141.75 | |
| | Other Provisions | (4.54) | | (1.65) | |
| | Amortization of Govt. Grant | (0.35) | | (0.12) | |
| | Profit / Loss on Sale of Assets (Net) | 24.35 | | 6.07 | |
| | Provision for Impairment Loss/ CWIP | 100.07 | | 13.87 | |
| | MTM loss on Commodity Derivative (Net) | 79.25 | | 0.11 | |
| | Dry Well Expenses written off | 26.80 | | 112.44 | |
| | Exceptional Item-(Profit) /Loss on Sale of Investment (Net) | - | | (489.31) | |
| | Exceptional item-Provision/(Reversal) for Impairment (Net) | (27.69) | 1,139.43 | 788.04 | 1,734.88 |
| 3 | Operating Profit Before Working Capital Changes (1 + 2) | | 8,097.80 | | 7,145.70 |
| 4 | Changes in Working Capital (Excluding Cash & Cash Equivalent) | | | | |
| | Trade and Other Receivables | 606.77 | | 977.05 | |
| | Inventories | (219.29) | | (83.68) | |
| | Trade and Other Payables | 1,498.88 | 1,886.36 | (1,087.24) | (193.87) |
| 5 | Cash Generated from Operations (3+4) | | 9,984.16 | | 6,951.83 |
| 6 | Direct Taxes Paid | | (1,321.56) | | (1,190.89) |
| | NET CASH FROM OPERATING ACTIVITIES (5+6) | | 8,662.60 | | 5,760.94 |
| B. | CASH FLOW FROM INVESTING ACTIVITIES | | | | |
| | Purchase of Fixed Assets | | (2,945.55) | | (1,820.98) |
| | Sale of Fixed Assets | | 3.09 | | 2.54 |
| | Receipt of Government Grants (Capital Grant) | | 401.43 | | 450.00 |
| | Sale of Investments | | - | | 501.66 |
| | Sale of Mutual Fund | | 5,337.83 | | - |
| | Investment in Mutual Fund | | (5,713.00) | | - |
| | Investment in Other Companies | | (424.71) | | (312.74) |
| | Loans & Advances - Related Parties | | 36.72 | | (9.38) |
| | Interest Received | | 325.46 | | 375.40 |
| | Dividend Received on Investment | | 227.14 | | 255.98 |
| | Dividend Received from Related Party | | 183.64 | | 177.45 |
| | NET CASH FROM INVESTING ACTIVITIES | | (2,567.95) | | (380.07) |

| | | Year Ended 31 st March, 2018 | | Year Ended 31 st March, 2017 | |
|----------|--|---|-----------------|---|---------------|
| C | CASH FLOW FROM FINANCING ACTIVITIES | | | | |
| | Repayment of Long Term Borrowings | (3,011.59) | | (2,931.19) | |
| | Finance Cost Paid | (356.19) | | (553.38) | |
| | Dividend & Dividend Tax Paid | (2,102.67) | | (1,753.74) | |
| | NET CASH FROM FINANCING ACTIVITIES | | (5,470.45) | | (5,238.31) |
| | NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C) | | 624.20 | | 142.56 |
| | Cash and cash equivalents as at the beginning of the year (Refer Note 11) | | 451.88 | | 309.32 |
| | Cash and cash equivalents as at the end of the year (Refer Note 11) | | 1,076.08 | | 451.88 |

Note :

- Cash flow statement has been prepared using Indirect Method as per Ind AS 7- Statement of Cash Flows.
- Previous Year's figure have been regrouped/re-classified wherever necessary to correspond with current year's classification/disclosure.

For and on behalf of the Board of Directors

A.K. Jha
Company Secretary

Subir Purkayastha
Director(Finance)

Dr. Ashutosh Karnatak
Director (Projects)

B. C. Tripathi
Chairman & Managing
Director

As per our separate Report of even date

For O P Bagla & Co LLP
(Formerly O P Bagla & Co.)
Chartered Accountants
Firm No.00018N/N500091

For ASA & Associates LLP
Chartered Accountants
Firm No.009571N/N500006

Place : **New Delhi**
Dated : **24th May, 2018**

Rakesh Kumar
(Partner)
Membership No.087537

Parveen Kumar
(Partner)
Membership No.088810

Notes to Financial Statements for the year ended 31st March 2018

29. Significant accounting judgements, estimates and assumptions

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

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

29.1 Judgements

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

Contingencies

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

29.2 Estimates and assumptions

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

a) Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

b) Defined benefit plans

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined

using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

c) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

d) Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgments in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Impairment of investment in subsidiaries, joint ventures or associates is based on the impairment calculations using discounted cash flow/net asset value method, valuation report of external agencies, Investee Company's past history etc.

30 Contingent Liabilities and Commitments:

I. Contingent Liabilities:

(a) Claims against the Company not acknowledged as debts:

- (i) Legal cases for claim of ₹ 1,805.11 crore (Previous Year: ₹1,622.61 crore) by suppliers/contractors etc. on account of liquidated damages/price reduction schedule, natural gas price differential etc. and by customers for natural gas transmission charges etc.
- (ii) Income tax demands of ₹1138.04 crore (net of provision of ₹254.33 crore) (Previous Year ₹ 1128.26 crore net of provision of ₹209.33 crore) against which the Company has filed appeals before appellate authorities & courts. Further, the Income Tax Department has also filed appeals before ITAT against the relief granted by CIT (Appeals) to the Company. The aggregate amount involved in appeals filed by department is ₹674.89 crore (including interest) (Previous Year: ₹ 628.09 crore).
- (iii) Disputed Indirect tax demands are as under: (₹ in Crore)

| Sl. No. | Particulars | As at 31 st March 2018 | As at 31 st March 2017 |
|---------|-----------------|-----------------------------------|-----------------------------------|
| 1 | Custom Duty | 8.96 | 8.55 |
| 2 | Excise Duty | 3,476.69 | 3,296.34 |
| 3 | Sales Tax / VAT | 145.62 | 358.91 |
| 4 | Entry Tax | 26.10 | 11.42 |
| 5 | Service Tax | 2,856.80 | 1,363.99 |
| | Total | 6,514.17 | 5,039.21 |

- (iv) Miscellaneous claims of ₹ 160.80 crore (Previous Year: ₹162.84 crore)

The movement of above contingent liabilities from (i) to (iv) under various categories is tabulated below: (₹ in Crore)

| Categories | Opening Bal. | Additions | Deletions | Closing Bal. |
|---------------|----------------|----------------|---------------|-----------------|
| Central Govt. | 6521.90 | 1969.01 | 263.31 | 8227.60 |
| State Govt. | 427.67 | 28.37 | 222.60 | 233.44 |
| CPSEs | 2.15 | - | - | 2.15 |
| Others | 1629.29 | 364.79 | 164.26 | 1829.82 |
| Total | 8581.01 | 2362.17 | 650.17 | 10293.01 |

- (v) Some of the customers have submitted counter claims amounting to ₹ 15,028 crore against Ship or Pay charges / consequential losses for not supplying gas. As per legal opinion such claims are not arbitrable/barred by limitation.

(b) Corporate Guarantees

The Company has issued Corporate Guarantees for ₹2,207 crore (Previous Year: ₹2,203 crore) on behalf of related parties for raising loan(s). The amount of loans outstanding as at the end of the year under these Corporate Guarantees are ₹1,254 crore (Previous Year: ₹1,306 crore).

II. Capital Commitments:

- (a) Estimated amount of contracts (Net of advances) remaining to be executed on capital account as at 31st March 2018 is ₹7,472.82 crore (Previous Year: ₹3,128.92 crore).
- (b) Other Commitments:
- (i) The Company has commitment of ₹771.56 crore (Previous Year: ₹740.15 crore) towards further investment and disbursement of loan in the subsidiaries, Joint Ventures, Associates and other companies.

- (ii) Commitments made by the Company towards the minimum work programme in respect of Jointly Controlled Assets have been disclosed in Note 51(B)(v).

31 Sales Tax Department has raised a demand of ₹3,449.18 crore (Previous Year: ₹3,449.18 crore) and interest thereon ₹1,513.04 crore (Previous Year: ₹1,513.04 crore) in respect of Hazira unit in Gujarat, treating the transfer of natural gas from the State of Gujarat to other states, as inter-state sales, during the period from April 1994 to March 2001. Aggrieved by the order of the Tribunal in favour of the company, the Sales Tax Department has filed petition in Hon'ble High Court of Gujarat. Final hearing in the matter has concluded in the month of November 2016 and the order of Hon'ble high court is awaited. In the opinion of the management, there is a remote possibility of crystallizing this liability.

32 In terms of the Gas Sales Agreement with the customers, value of Annual Take or Pay Quantity (ATOPQ) of Gas is accounted for on the basis of realization and shown as liability till make up Gas is delivered to customer as per the contract.

33 Disclosure relating to Corporate Social Responsibility (CSR):

The disclosure in respect of CSR expenditure for the FY 2017-18 is as under: (₹ in Crore)

| Particulars | 2017-18 | 2016-17 |
|---|---------|---------|
| (a) Gross amount required to be spent by the company during the year. | | |
| Annual CSR Allocation | 104.51 | 118.93 |
| Carry forward from previous year | 0.00 | 8.95 |
| Gross amount required to be spent, @ 2% (as per Provision of Section 135 of the Companies Act 2013) | 69.67 | 81.47 |

(b) Amount spent during the year on:

(₹ in Crore)

| | 2017-18 | | | 2016-17 | | |
|--|--------------|--------------------------|--------------|--------------|--------------------------|---------------|
| | In cash | Yet to be paid in cash** | Total | In cash | Yet to be paid in cash** | Total |
| (i) Construction/acquisition of any assets | Nil | Nil | Nil | Nil | Nil | Nil |
| (ii) On purposes other than (i) above | | | | | | |
| AROGYA (Health, Nutrition, Drinking Water and Sanitation) | 21.85 | 5.28 | 27.13 | 19.87 | 13.15 | 33.02 |
| KAUSHAL (Skill Development and Livelihood Initiatives) | 5.61 | 0.99 | 6.60 | 15.80 | 8.83 | 24.63 |
| UJJWAL (Education Centric Initiatives) | 6.56 | 1.55 | 8.11 | | | |
| UNNATI (Rural Development Projects) | 8.51 | 2.30 | 10.81 | 42.44 | 1.77 | 44.21 |
| SASHAKT (Women Empowerment) | 0.66 | 0.10 | 0.76 | 0.97 | 0.66 | 1.63 |
| SAKSHAM (Care of Elderly and Disabled) | 0.00 | 0.00 | 0.00 | | | |
| HARIT (Green Initiatives) | 0.00 | 0.00 | 0.00 | 2.15 | 0.00 | 2.15 |
| Other - Promotion of Sports, National Heritage etc. | 32.97 | 4.66 | 37.63 | 10.11 | 4.08 | 14.19 |
| Total Expenses (ii) | 76.16 | 14.88 | 91.04 | 91.34 | 28.49 | 119.83 |
| Capacity Building | 0.36 | 0.25 | 0.61 | 3.75 | 0.00 | 3.75 |
| Grand Total (i) and (ii) | 76.52 | 15.13 | 91.65 | 95.09 | 28.49 | 123.58 |

** Provisions made for liabilities incurred

34 In respect of certain customers towards Ship or Pay charges being sub-judice/under dispute, the Company has been issuing claim letters, aggregate amount of which is ₹1268.77 crore (Previous Year ₹1725.43 crore) as at the end of the year. Income in respect of the same shall be recognized on final disposal of the matter.

35 Pending court cases in respect of certain customers for recovery of invoices raised by the company for use of APM gas for non-specified purposes by fertilizer companies pursuant to guidelines of Ministry of Petroleum & Natural Gas (MOP&NG), the Company has issued claim letters amounting to ₹2990.39 crore on the basis of information provided to Company by FICC.

36 Pricing and Tariff

- (a) Petronet LNG Ltd (PLL), a supplier of R-LNG, has been raising invoices on the company on provisional basis on certain matters and considering the same the Company has been raising provisional invoices for sale of R-LNG to its customers. Impact of any changes in such provisional invoices is taken as and when settled. In view of the management, the differential amount will not be material.
- (b) With effect from 1st April 2002, Liquefied Petroleum Gas (LPG) prices has been deregulated and is now based on the import parity prices fixed by the Oil Marketing Companies. However, the pricing mechanism is provisional and is yet to be finalized by the MoPNG. Impact on pricing, if any, will be recognized as and when the matter is finalized.
- (c) Natural Gas Pipeline Tariff and Petroleum and Petroleum Products Pipeline Transportation Tariff are subject to various Regulations issued by Petroleum and Natural Gas Regulatory Board (PNGRB) from time to time. Impact on profits, if any, is being recognized consistently as and when the pipeline tariff is revised by orders of PNGRB.
- (d) As per directions of Appellate Tribunal (APTEL), till date, PNGRB has issued 06(Six) final tariff orders applicable from financial year 2016-17. The Company has filed appeal(s) before Appellate Tribunal (APTEL), against various moderations done by PNGRB in these tariff orders. Aforesaid appeals are pending for disposal. Nonetheless, impact on profits, if any, is being recognized consistently as and when the pipeline tariff is revised by orders of PNGRB. As regards rest of the provisional orders, PNGRB is yet to issue its final orders.
- (e) The Company has filed a Writ Petition, during the financial year 2015-16, before the Hon'ble Delhi High Court challenging the jurisdiction of PNGRB on fixation of transmission tariff for pipelines. The Hon'ble Delhi High Court has dismissed the aforesaid Writ Petition vide its Order dated 11.04.2017. In this regard, the Company has filed a Review Petition before the Hon'ble Delhi High Court on 12th May 2017 against the said Order which has been admitted by the Hon'ble Court for review.

37 Land & Building

- (a) Freehold and Leasehold Land amounting to ₹26.67 crore and ₹15.84 crore (Previous Year: ₹26.14 crore and ₹40.45 crore) respectively are capitalized on provisional basis.
- (b) Title deeds for freehold (6.85 hectares) and leasehold (198.98 hectares) land amounting to ₹23.35 crore and ₹8.84 crore (Previous Year: ₹19.43 crore and ₹36.75 crore) respectively are pending execution for transfer in the name of the Company. This includes ₹4.59 crore (Previous year ₹9.39 crore) amount of Lease hold Land shown under 'Prepayments' in Note no 12 (Other Non-Current Assets - Non financial)

(c) Net Block for "Building" includes an amount of ₹1.90 crore (Previous Year ₹2.04 crore) earmarked for disposal but in use.

38 Earmarked Balances

- (a) The balance retention from Panna Mukta Tapti (PMT) JV consortium amounting to ₹22.80 crore (Previous Year: ₹21.80 crore) (shown in Note No 11A) is kept as Earmarked Balance in short term deposit in banks. It includes interest accrued but not due amounting to ₹0.20 crore (Previous Year: ₹0.15 crore). This interest income does not belong to the Company and not accounted for as income.
- (b) Liability on account of "Gas Pool Account" amounting to ₹299.93 crore (Previous Year: ₹268.56 crore) (shown in Note No. 11A) represents amount held by the Company as custodian pursuant to directions of MOPNG. The amount received is kept as Earmarked Fund in the form of Short Term Deposits in banks (shown in Note No 11A). It includes interest accrued but not due amounting to ₹7.79 crore (Previous Year: ₹4.55 crore). This interest does not belong to the Company and not accounted for as income.
- (c) Gas Pool Money (Provisional) shown under "Other Long Term Liabilities" amounting to ₹654.83 crore (Previous Year: ₹655.48 crore) (shown in Note No 16) with a corresponding debit thereof under Trade Receivable (after reversal during the year in case of certain customers) will be invested/paid as and when said amount is received from the customers.
- (d) Liability on account of Pipeline Overrun and Imbalance Charges amounting to ₹112.30 crore (Previous Year: ₹99.74 crore) (shown in Note No 11A) represents amount held by the Company as custodian pursuant to directions of PNGRB. The amount received is kept as Earmarked Fund in the form of Short Term Deposits in banks (shown in Note No.11A). It includes interest accrued but not due amounting to ₹3.21 crore (Previous Year: ₹3.82 crore) on short term deposits. This interest does not belong to the Company and not accounted for as income.

39 The Company has an equity investment amounting to ₹974.31 crore, in a joint venture company, Ratnagiri Gas and Power Pvt. Ltd. (RGPPPL), which is equivalent to ~25.50% of the paid-up equity capital of RGPPPL.

During the year the Demerger Scheme of RGPPPL was approved by NCLAT vide its order dated 28.02.2018. Pursuant to the scheme, the assets and liabilities of LNG business stands transferred to the demerged entity Konkan LNG Pvt. Ltd. (KLPL) and paid up share capital of RGPPPL was reduced with a corresponding issue of shares of KLPL to shareholders of RGPPPL. Accordingly, a sum of ₹139.75 crore was transferred to investment in KLPL out of total investment of ₹974.31 crore in RGPPPL by the Company.

In order to comply with the provision of Ind AS 109 "Impairment of Assets" as on 31.03.2018 for aforesaid investments in RGPPPL and KLPL, the company has undertaken impairment study for both the investments. Based upon the study, a provision of ₹139.75 crore is made during the year towards impairment loss in carrying value of investment in KLPL. As regards investment in RGPPPL, a sum of ₹165.89 crore has been reversed from the impairment made in the previous financial year.

40 (a) GAIL is acting as pool operator in terms of the decision of Government of India for pooling of natural gas for Urea Plants. The scheme envisages uniform cost of gas for urea production by settlement of difference in weighted average price of gas of each plant to the weighted average price for the industry. Accordingly, an amount of ₹368.37 crore (Previous Year ₹78.34 crore) is payable to and correspondingly receivable from Urea Plants, as on 31st March 2018. After netting of the payable and receivable amounts, there is no impact in the financial statements.

(b) GAIL is acting as pool operator in terms of the decision of the Government of India for capacity utilization of the notified gas based power plants. The Scheme, which was applicable till 31st March 2017, envisaged support to the power plants from the Power Sector Development Fund (PSDF) of the Government of India. The gas supplies were on provisional / estimated price basis which were to be reconciled based on actual cost. Accordingly, current liabilities include a sum of ₹87.63 crore (Previous Year ₹87.63 crore) on this account, as on 31st March 2018 which is payable to the above said power plants and/or to the Government of India.

41 During the year the Company has entered into settlement in respect of its disputed claim of ship or pay charges amounting to ₹ 255.36 crore with Indian Oil Corporation Ltd. According to the settlement the Company has received ₹ 175 crore against aforesaid amount and has issued credit notes for balance amount of ₹80.36 crore and adjusted the same in income for the year.

42 Pending agreement on terms of settlement and execution of Indenture agreement in respect of certain dues with one of the customers, an amount of ₹ 132.98 crore received in this regard has been kept as advance received from customers.

43 As per the provision of IND AS 109 (Financial Instruments), the Company has adopted Hedge Accounting for derivative contracts entered on or after 1st October 2017 due to substantial increase in commodity hedging transactions. Derivative contracts prior to 1st October 2017 will continue to be accounted as Derivative. Pursuant to changes as referred above, Mark to Market losses of ₹150.90 crore net of deferred tax of ₹ 81.05 crore pertaining to derivative contracts entered from 1st Oct 2017 onwards are recognized in the Other Comprehensive Income as on 31st March 2018.

44 PNGRB on 19.02.2014 notified insertion of Regulation 5A in the Amended Affiliate Code of Conduct Regulations that an entity engaged in both marketing and transportation of natural gas shall create a separate legal entity on or before 31.03.2017 so that the activity of transportation of natural gas is carried on by such separate legal entity and the right of first use shall, however, remain with the affiliate of such separate legal entity. The Company has challenged the said PNGRB Regulations before Hon'ble Delhi High Court by way of writ and the same is pending adjudication.

45 The Presidential directives for the implementation of the revised pay scales and allowances (w.e.f. 01/01/2017 based on DPE Office Memorandum No. W-02/0028/2017-DPE (WC)-GL-XIII/17 dated 3rd August, 2017) were issued on 23rd November, 2017. Pursuant to the aforesaid directives, revised pay scales and allowances for the Executives were implemented during the year. Further, in accordance with the guidelines for pay revision as aforesaid, the impact of increase in Gratuity ceiling from ₹10 lakhs to ₹20 lakhs amounting to ₹150.51 crore provided in the Statement of Profit & Loss during FY 2016-17, was reversed during the year and is shown as recoverable from Superannuation Benefit Fund along with accrued interest thereon.

Pay revision of Non-Executives of the Company is due w.e.f 1st Jan 2017. Pending finalization of pay revision, a provision of ₹ 36 crore has been made based on estimated basis.

46 During the year the Company has been entrusted with developing 6 CGD projects in cities of Varanasi, Bhubaneswar, Cuttack, Jamshedpur, Ranchi and Patna. Authorization letter has already been issued by PNGRB to the Company for these 6 CGDs and these CGDs are to be developed as per Minimum Work Program (MWP) set by PNGRB following a defined timeline.

47 Disclosure under the Ind AS 19 on Employee Benefits is given as below:

I. Superannuation Benefit Fund (Defined Contribution Fund)

The Company has paid for an amount of ₹56.16 crore (Previous Year: ₹55.83 crore) towards contribution to Superannuation Benefit Fund Trust and charged to statement of profit and loss.

II. Provident Fund

The Company has paid contribution of ₹63.09 crore (Previous Year ₹54.98 crore) to Provident Fund Trust at predetermined fixed percentage of eligible employees' salary and charged to statement of profit and loss. Further, the obligation of the Company is to make good shortfall, if any, in the fund assets based on the statutory rate of interest in the future period. During the year, surplus in the fund is more than the interest rate guaranteed liability of the Company hence, the Company has reversed a provision of ₹ Nil (Previous Year ₹ Nil), as per actuarial valuation and the balance provision to meet any short fall in the future period to be compensated by the Company to the Provident Fund Trust as at the end of the current financial year is ₹ Nil (Previous Year ₹ Nil).

III. Other Benefit Plans

a) Gratuity:

15 days salary for every completed year of service. Vesting period is 5 years. Payment is limited to ₹20 lakh (increased from ₹10 lakh as per Central Government notification S.O. 1420 (E) dated 29.03.2018).

b) Post-Retirement Medical Scheme (PRMS)

The Company contributes to the defined benefit plans for Post-Retirement Medical Scheme using projected unit credit method of actuarial valuation. Under the scheme eligible ex-employees are provided medical facilities. During the year the Company has earmarked ₹263.86 crore (Previous Year ₹ 248.99) towards the PRMS in a separate bank account.

c) Earned Leave Benefit (EL)

Accrual 30 days per year. Encashment while in service 75% of accumulated Earned Leave balance subject to maximum of 90 days at a time; provided a minimum balance of 15 days is left over in the respective employee's account. Encashment on retirement or superannuation maximum 300 days.

d) Terminal Benefits (TB)

At the time of superannuation, employees are entitled to settle at a place of their choice and they are eligible for Transfer Traveling Allowance.

e) Half Pay Leave (HPL)

Accrual 20 days per year. The encashment of unavailed HPL is allowed as per approved Company rule at the time of Superannuation.

f) Long Service Award (LSA)

On completion of specified period of service with the company and also at the time of retirement, employees are rewarded monetarily based on the duration of service completed.

The following table summarizes the components of net benefit expenses recognized in the statement of profit and loss based on actuarial valuation.

| | Gratuity Funded | | PRMS Non Funded | | EL Non Funded | | Terminal Benefits Non Funded | | HPL Non Funded | | LSA Non Funded | |
|--|-----------------|---------|-----------------|---------|---------------|---------|------------------------------|---------|----------------|---------|----------------|---------|
| | 2017-18 | 2016-17 | 2017-18 | 2016-17 | 2017-18 | 2016-17 | 2017-18 | 2016-17 | 2017-18 | 2016-17 | 2017-18 | 2016-17 |
| A. Expenses recognized in the statement of Profit & Loss Account | | | | | | | | | | | | |
| Current Service Cost | 36.33 | 38.28 | 38.47 | 17.36 | 7.37 | 49.81 | 0.95 | 0.57 | 10.19 | 10.83 | 1.39 | 0.87 |
| Past service cost | 57.03 | 144.07 | - | 10.86 | - | - | - | - | - | - | - | - |
| Interest on Benefit Obligation | 12.14 | 10.80 | 19.57 | 16.35 | 14.10 | 15.75 | 0.88 | 0.84 | 13.42 | 12.05 | 1.58 | 1.39 |
| Expected Return on Plan Assets | (9.17) | (10.60) | - | - | - | - | - | - | - | - | - | - |
| Net actuarial (Gain) / Loss recognized in the year | (55.26) | (19.32) | (20.75) | (12.92) | (18.69) | (15.13) | 0.78 | (0.93) | (23.71) | (10.48) | 0.15 | 2.69 |
| *Impact of Gratuity Limit enhancement to ₹20 lakh reversed | (150.51) | | | | | | | | | | | |
| Interest on under Funding transferred to Emp. Rec.account* | (12.13) | | | | | | | | | | | |
| Other Comprehensive Income | 64.43 | 19.31 | 20.75 | 12.92 | | | | | | | | |
| Expenses recognized in P&L Statement | (57.14) | 182.54 | 58.04 | 44.57 | 2.78 | 50.43 | 2.61 | 0.48 | (0.10) | 12.40 | 3.12 | 4.95 |
| *Note - Based on the recommendation of 3 rd Pay Revision Commission (PRC) dated 21 st November 2016, the company provided a liability of ₹150.51 crore towards the increase in Gratuity ceiling from ₹ 10 lakhs to ₹ 20 lakhs during FY 2016-17, the same has been revised during the current year based on Office Memorandum issued by DPE vide Ref.No.W-02/0028/2017-DPE (WC)-GL-XIII/17 dated 3 rd August 2017 as the funding for the entire amount of Gratuity is to be met from within the ceiling of Superannuation Benefits of 30% of Basic Pay plus DA. | | | | | | | | | | | | |

(₹ in Crore)

| | Gratuity Funded | | PRMS Non Funded | | EL Non Funded | | Terminal Benefits Non Funded | | HPL Non Funded | | LSA Non Funded | |
|--|-----------------|----------|-----------------|----------|---------------|----------|------------------------------|---------|----------------|----------|----------------|---------|
| | 2017-18 | 2016-17 | 2017-18 | 2016-17 | 2017-18 | 2016-17 | 2017-18 | 2016-17 | 2017-18 | 2016-17 | 2017-18 | 2016-17 |
| B Reconciliation of fair value of plan assets and Present value of defined benefit obligation | | | | | | | | | | | | |
| Present value of Obligation as at year end | 366.65 | 316.17 | 290.17 | 254.74 | 110.91 | 257.66 | 13.55 | 11.79 | 171.65 | 176.42 | 22.42 | 21.70 |
| Fair value of Plan Assets as at year end | 162.49 | 153.08 | - | - | - | - | - | - | - | - | - | - |
| Difference | (204.16) | (163.09) | (290.17) | (254.74) | (110.91) | (257.66) | (13.55) | (11.79) | (171.65) | (176.42) | (22.42) | (21.70) |
| Net Asset / (Liability) recognized in the Balance Sheet | (204.16) | (163.09) | (290.17) | (254.74) | (110.91) | (257.66) | (13.55) | (11.79) | (171.65) | (176.42) | (22.42) | (21.70) |
| C. Reconciliation of the changes in the Present Value of the Defined Benefit Obligations: | | | | | | | | | | | | |
| Present value of Obligations as at beginning of the year | 316.17 | 150.93 | 254.74 | 226.13 | 257.66 | 225.44 | 11.79 | 11.61 | 176.42 | 167.03 | 21.70 | 21.36 |
| Interest Cost | 23.93 | 10.80 | 19.57 | 16.35 | 14.10 | 15.75 | 0.88 | 0.84 | 13.42 | 12.05 | 1.58 | 1.39 |
| Current Service Cost | 36.33 | 38.28 | 38.47 | 17.36 | 7.37 | 49.81 | 0.95 | 0.57 | 10.19 | 10.83 | 1.39 | 0.87 |
| Past service cost | 57.03 | 144.07 | - | 10.86 | - | - | - | - | - | - | - | - |
| Benefit Paid | (11.55) | (4.94) | (1.86) | (3.04) | (149.53) | (18.21) | (0.85) | (0.30) | (4.67) | (3.01) | (2.40) | (4.61) |
| Net Actuarial Gain / (Loss) on Obligation | (55.26) | (22.97) | (20.75) | (12.92) | (18.69) | (15.13) | 0.78 | (0.93) | (23.71) | (10.48) | 0.15 | 2.69 |
| Present Value of the Defined Benefit Obligation as at end of the year | 366.65 | 316.17 | 290.17 | 254.74 | 110.91 | 257.66 | 13.55 | 11.79 | 171.65 | 176.42 | 22.42 | 21.70 |

| | Gratuity Funded | | PRMS Non Funded | | EL Non Funded | | Terminal Benefits Non Funded | | HPL Non Funded | | LSA Non Funded | |
|--|-----------------|---------|-----------------|---------|---------------|---------|------------------------------|---------|----------------|---------|----------------|---------|
| | 2017-18 | 2016-17 | 2017-18 | 2016-17 | 2017-18 | 2016-17 | 2017-18 | 2016-17 | 2017-18 | 2016-17 | 2017-18 | 2016-17 |
| D. Reconciliation of the changes in the Fair Value of Plan Assets | | | | | | | | | | | | |
| Fair Value of Plan Assets as at beginning of the year | 153.08 | 145.54 | - | - | - | - | - | - | - | - | - | - |
| Expected return on Plan Assets | 9.17 | 10.60 | - | - | - | - | - | - | - | - | - | - |
| Contributions by Employer | 11.79 | 5.53 | - | - | - | - | - | - | - | - | - | - |
| Benefit Paid | (11.55) | (4.94) | - | - | - | - | - | - | - | - | - | - |
| Actuarial Gain / (Loss) | - | (3.65) | - | - | - | - | - | - | - | - | - | - |
| Fair Value of Plan Assets as at end of the year | 162.49 | 153.08 | - | - | - | - | - | - | - | - | - | - |
| E. Principal actuarial assumption at the Balance Sheet Date | | | | | | | | | | | | |
| Discount rate | 7.71% | 7.28% | 7.71% | 7.28% | 7.71% | 7.28% | 7.71% | 7.28% | 7.71% | 7.28% | 7.71% | 7.28% |
| Expected return on plan assets | 7.71% | 7.28% | - | - | - | - | - | - | - | - | - | - |
| Annual increase in costs | - | - | 10% | 10% | - | - | 10% | 10% | - | - | 10% | 10% |
| Annual increase in salary | 10% | 10% | - | - | 10% | 10% | - | - | 10% | 10% | - | - |

F. Other Disclosure**(i) Net Asset / (Liability) recognised in the Balance Sheet (including experience adjustment impact)**

| Gratuity | 31.03.2018 | 31.03.2017 | 31.03.2016 | 31.03.2015 | 31.03.2014 |
|---|------------|------------|------------|------------|------------|
| Present Value of Defined Benefit Obligation as at end of the year | 366.65 | 316.17 | 150.93 | 140.21 | 128.36 |
| Fair Value of Plant Asset as at end of the year | 162.49 | 153.08 | 145.54 | 134.82 | 125.93 |
| Status [Surplus / (Deficit)] | (204.16) | (163.09) | (5.39) | (5.38) | (2.43) |
| Experience Adjustment of Plan Assets [Gain / (Loss)] | (9.17) | (3.65) | 4.02 | 2.05 | 3.35 |
| Experience Adjustment of Obligation [Gain / (Loss)] | (55.26) | (22.96) | (34.90) | (32.31) | 31.18 |

| PRMS | 31.03.2018 | 31.03.2017 | 31.03.2016 | 31.03.2015 | 31.03.2014 |
|---|------------|------------|------------|------------|------------|
| Present Value of Defined Benefit Obligation as at end of the year | 290.17 | 254.74 | 226.13 | 197.80 | 73.76 |
| Experience Adjustment of Obligation [Gain / (Loss)] | (20.78) | (22.18) | (5.45) | 87.17 | (16.12) |

| Earned Leave | 31.03.2018 | 31.03.2017 | 31.03.2016 | 31.03.2015 | 31.03.2014 |
|---|------------|------------|------------|------------|------------|
| Present Value of Defined Benefit Obligation as at end of the year | 110.91 | 257.66 | 225.44 | 250.11 | 230.52 |
| Experience Adjustment of Obligation [Gain / (Loss)] | (18.69) | (3.10) | 12.64 | (0.65) | (5.93) |

| Terminal Benefits | 31.03.2018 | 31.03.2017 | 31.03.2016 | 31.03.2015 | 31.03.2014 |
|---|------------|------------|------------|------------|------------|
| Present Value of Defined Benefit Obligation as at end of the year | 13.55 | 11.79 | 11.61 | 9.89 | 7.90 |
| Experience Adjustment of Obligation [Gain / (Loss)] | 0.79 | (0.88) | 0.70 | (0.30) | (0.94) |

| HPL | 31.03.2018 | 31.03.2017 | 31.03.2016 | 31.03.2015 | 31.03.2014 |
|---|------------|------------|------------|------------|------------|
| Present Value of Defined Benefit Obligation as at end of the year | 171.65 | 176.42 | 167.03 | 146.19 | 123.96 |
| Experience Adjustment of Obligation [Gain / (Loss)] | (23.71) | 18.12 | (4.39) | (5.59) | (9.06) |

| Long Service Award | 31.03.2018 | 31.03.2017 | 31.03.2016 | 31.03.2015 | 31.03.2014 |
|---|------------|------------|------------|------------|------------|
| Present Value of Defined Benefit Obligation as at end of the year | 22.42 | 21.70 | 21.36 | 17.13 | 13.13 |
| Experience Adjustment of Obligation [Gain / (Loss)] | 0.15 | 1.87 | (0.17) | (3.93) | (1.31) |

(ii) The effect of increase/decrease of cost

| Sensitivity Analysis | GRATUITY | | | | PRMS | | | |
|---|----------|----------|----------|----------|--------------|----------|----------|----------|
| | Funded | | | | Non - Funded | | | |
| | 2017-18 | | 2016-17 | | 2017-18 | | 2016-17 | |
| | Increase | Decrease | Increase | Decrease | Increase | Decrease | Increase | Decrease |
| Discount Rate (-/+ 0.5%) | 351.25 | 383.24 | 301.54 | 331.96 | 262.44 | 321.92 | 235.46 | 274.95 |
| %Change Compared to base due to sensitivity | -4.20% | 4.52% | -4.63% | 5.00% | -9.56% | 10.94% | -7.57% | 7.93% |
| Salary Growth (-/+ 0.5%) | 369.43 | 363.81 | 317.69 | 314.54 | N/A | N/A | N/A | N/A |
| %Change Compared to base due to sensitivity | 0.76% | -0.78% | 0.48% | -0.52% | N/A | N/A | N/A | N/A |
| Attrition Rate (-/+ 0.5%) | 366.93 | 366.39 | 316.41 | 315.93 | 290.32 | 290.03 | 254.85 | 254.65 |
| %Change Compared to base due to sensitivity | 0.07% | -0.07% | 0.07% | -0.07% | 0.05% | -0.05% | 0.04% | -0.04% |
| Mortality Rate (-/+ 10%) | 367.20 | 366.12 | 316.78 | 315.56 | 281.67 | 299.09 | 253.40 | 256.20 |
| %Change Compared to base due to sensitivity | 0.15% | -0.15% | 0.19% | -0.19% | -2.93% | 3.07% | -0.53% | 0.57% |

| Sensitivity Analysis | EARNED LEAVE | | | | HALF PAY LEAVE | | | |
|---|--------------|----------|----------|----------|----------------|----------|----------|----------|
| | Non - Funded | | | | Non - Funded | | | |
| | 2017-18 | | 2016-17 | | 2017-18 | | 2016-17 | |
| | Increase | Decrease | Increase | Decrease | Increase | Decrease | Increase | Decrease |
| Discount Rate (-/+ 0.5%) | 104.54 | 117.91 | 241.48 | 275.46 | 163.63 | 180.27 | 167.59 | 185.95 |
| %Change Compared to base due to sensitivity | -5.75% | 6.30% | -6.28% | 6.90% | -4.67% | 5.03% | -5.00% | 5.40% |
| Salary Growth (-/+ 0.5%) | 117.69 | 104.67 | 274.85 | 241.85 | 180.00 | 163.79 | 185.61 | 167.80 |
| %Change Compared to base due to sensitivity | 6.11% | -5.63% | 6.67% | -6.14% | 4.87% | -4.57% | 5.21% | -4.88% |
| Attrition Rate (-/+ 0.5%) | 110.80 | 111.03 | 257.53 | 257.80 | 172.06 | 171.23 | 176.86 | 175.97 |
| %Change Compared to base due to sensitivity | -0.11% | 0.10% | -0.05% | 0.05% | 0.24% | -0.24% | 0.25% | -0.25% |
| Mortality Rate (-/+ 10%) | 110.80 | 111.03 | 257.32 | 258.02 | 172.68 | 170.61 | 177.50 | 175.33 |
| %Change Compared to base due to sensitivity | -0.12% | 0.10% | -0.14% | 0.14% | 0.60% | -0.60% | 0.62% | -0.62% |

| Sensitivity Analysis | TERMINAL BENEFITS | | | | LONG SERVICE AWARD | | | |
|---|-------------------|----------|----------|----------|--------------------|----------|----------|----------|
| | Non - Funded | | | | Non - Funded | | | |
| | 2017-18 | | 2016-17 | | 2017-18 | | 2016-17 | |
| | Increase | Decrease | Increase | Decrease | Increase | Decrease | Increase | Decrease |
| Discount Rate (-/+ 0.5%) | 12.94 | 14.22 | 11.18 | 12.46 | 21.60 | 23.31 | 20.91 | 22.54 |
| %Change Compared to base due to sensitivity | -4.54% | 4.91% | -5.21% | 5.66% | -3.67% | 3.94% | -3.63% | 3.90% |
| Salary Growth (-/+ 0.5%) | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| %Change Compared to base due to sensitivity | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Attrition Rate (-/+ 0.5%) | 13.51 | 13.59 | 11.79 | 11.79 | 22.35 | 22.51 | 21.65 | 21.74 |
| %Change Compared to base due to sensitivity | -0.28% | 0.28% | -0.02% | 0.02% | -0.35% | 0.36% | -0.20% | 0.20% |
| Mortality Rate (-/+ 10%) | 13.46 | 13.64 | 11.70 | 11.88 | 22.32 | 22.54 | 21.58 | 21.81 |
| %Change Compared to base due to sensitivity | -0.67% | 0.67% | -0.74% | 0.74% | -0.50% | 0.50% | -0.54% | 0.54% |

(iii) Details of the investment pattern of Plan Assets of Gratuity Trust

| Particulars | (% age of investment) | |
|--------------------------|-----------------------|---------------|
| | 31.03.2018 | 31.03.2017 |
| Central Govt. Securities | 6.06 | 6.57 |
| State Govt. Securities | 5.11 | 5.54 |
| PSU Bonds | 7.22 | 7.82 |
| Private Bonds | 0.29 | 0.30 |
| Insurance Investment | 81.32 | 79.77 |
| Total | 100.00 | 100.00 |

| Mortality table referred | | IALM 2006-2008 ULTIMATE | IALM 2006-2008 ULTIMATE |
|--|----------------|-----------------------------|-----------------------------|
| AGE | | Withdrawal Rate % (2017-18) | Withdrawal Rate % (2016-17) |
| Withdrawal Rate/Employee Turnover Rate | UPTO 30 YEARS | 3% | 3% |
| | UPTO 44 YEARS | 2% | 2% |
| | ABOVE 44 YEARS | 1% | 1% |

Note:

- The actuarial valuation takes into account the estimates of future salary increases, inflation, seniority, promotion and other relevant factors.
- The management has relied on the overall actuarial valuation conducted by the actuary.

48. Disclosure as per Ind AS 23 on 'Borrowing Costs':

Borrowing costs capitalized in assets including amount allocated towards Capital Work in Progress during the year was ₹8.57 crore (Previous Year: ₹49.16 crore).

49. In compliance of Ind AS 108 on "Operating Segment", the Company has adopted following Business segments as its reportable segments:

- Transmission services
 - Natural Gas
 - LPG
- Natural Gas Marketing
- Petrochemicals
- LPG and other Liquid Hydrocarbons
- Other Segments (include GAIL TEL, E&P, Power Generation and City Gas)

There are no geographical segments in the Company.

The disclosures of segment wise information is given as per **Annexure-A**.

50. In compliance of Ind AS 24 on "Related Party Disclosures", the names of related parties, nature of relationship and detail of transactions entered therewith are given in **Annexure- B**.

51. Disclosure under Ind AS 112 on "Disclosure of Interests in Other Entities":

- A) Subsidiaries/ Jointly Venture/ Associates

| Sr. No. | Name of companies | Relation | 31.03.2018 | 31.03.2017 |
|---------|---|---------------|------------|------------|
| 1 | GAIL Global (Singapore) PTE Ltd (GG SPL) | Subsidiary | 100% | 100% |
| 2 | GAIL Global (USA) Inc. (GGUI) | Subsidiary | 100% | 100% |
| 3 | GAIL Gas Limited | Subsidiary | 100% | 100% |
| 4 | Tripura Natural Gas Co Ltd. (TNGCL) | Subsidiary | 48.98% | 48.98% |
| 5 | Central UP Gas Limited (CUGL) | Joint Venture | 25.00% | 25.00% |
| 6 | Green Gas Limited (GGL) | Joint Venture | 49.97% | 49.97% |
| 7 | Ratnagiri Gas & Power (Private) Ltd (RGPPL) | Joint Venture | 25.50% | 25.50% |
| 8 | Konkan LNG Pvt Ltd | Joint Venture | 25.50% | 0 |
| 9 | Maharashtra Natural Gas Limited (MNGL) | Joint Venture | 22.50% | 22.50% |
| 10 | Aavantika Gas Limited (AGL) | Joint Venture | 49.98% | 49.97% |
| 11 | Bhagyanagar Gas Limited (BGL) | Joint Venture | 49.97% | 49.97% |
| 12 | Talcher Fertilizers Limited (TFL) | Joint Venture | 33.32% | 30.00% |
| 13 | TAPI Pipeline Company Limited (TPCL) | Joint Venture | 5.00% | 25.00% |
| 14 | Vadodara Gas Limited (VGL) | Joint Venture | 50.00% | 50.00% |
| 15 | GAIL China Gas Global Energy Holdings Ltd. | Joint Venture | 50.00% | 50.00% |
| 16 | ONGC Petro-additions Limited (OPaL)* | Associate | 49.21% | 49.21% |
| 17 | Indraprastha Gas Limited (IGL) | Associate | 22.50% | 22.50% |
| 18 | Petronet LNG Limited (PLL) | Associate | 12.50% | 12.50% |
| 19 | Mahanagar Gas Limited (MGL) | Associate | 32.50% | 32.50% |
| 20 | Brahmaputra Cracker & Polymer Ltd (BCPL) | Associate | 70.74% | 70.74% |
| 21 | China Gas Holding Limited | Associate | 3.02% | 3.02% |
| 22 | Fayum Gas Company | Associate | 19.00% | 19.00% |
| 23 | National Gas Company** | Associate | 5.00% | 5.00% |

*Note-Holding on fully diluted basis is 8.86%

** Ceased to be an Associate during the current financial year

The Company's share in the assets and liabilities and in the income and expenditure for the year in respect of above Subsidiaries/Joint Ventures/Associates, based on audited/unaudited financial statements, as furnished by these companies, is as under:

| S.N. | Particulars | 2017-18 (₹ In crore) | 2016-17 (₹ In crore) |
|-----------|---------------------------------------|----------------------|----------------------|
| A. | Summary of Balance Sheet | | |
| 1 | Assets | | |
| | Non-Current Assets | 27,950.62 | 27,648.22 |
| | Current Assets | 6,058.95 | 3,754.25 |
| | Total | 34,009.56 | 31,402.47 |
| 2 | Liabilities & Provisions | | |
| | Non-Current Liabilities | 18,260.09 | 17,322.08 |
| | Current Liabilities & Provisions | 11,314.88 | 9,623.36 |
| | Total | 29,574.97 | 26,945.44 |
| B. | Summary of Profit and Loss A/c | | |
| 1 | Income | 15,793.97 | 13,420.56 |
| 2 | Expenditure | 10,718.99 | 14,206.64 |
| C. | Contingent Liability (*) | 8,074.75 | 7,723.08 |

(*) To the extent of information available with the Company

B) Jointly Controlled Assets

i) The Company has participating interest in blocks offered under New Exploration Licensing Policy (NELP), in 8 Blocks (Previous Year: 10 Blocks) for which the Company has entered into Production Sharing Contract(s) with respective host Governments along with other partners for exploration and production of oil and gas. The Company is a non-operator, except in Block CB-ONN-2010/11, where it is the operator. The expenses, incomes, assets and liabilities are shared by the company based upon its participating interest in production sharing contract(s) of respective blocks.

The participating interest in the 8 NELP Blocks in India as at the end of the current financial is as under:

| Sl No. | Name of Block | Participating Interest | Sl No. | Name of Block | Participating Interest |
|--------|------------------------------------|------------------------|--------|----------------|------------------------|
| 1 | CB-ONN-2000/1 | 50% | 5 | CB-ONN-2010/11 | 25% |
| 2 | AA-ONN-2002/1 | 80% | 6 | AA-ONN-2010/2 | 20% |
| 3 | CB-ONN-2003/2 | 20% | 7 | GK-OSN-2010/1 | 10% |
| 4 | CB-ONN-2000/1-RING FENCED CONTRACT | 50% | 8 | CB-ONN-2010/8 | 25% |

ii) In addition to above, the Company has farmed-in as non-operator in the following blocks:

| No. | Name of the Block | Participating Interest |
|-----|-------------------|------------------------|
| 1 | A-1, Myanmar* | 8.5% |
| 2. | A-3, Myanmar* | 8.5% |
| 3. | CY-OS/2 | 25% |

* In addition, the Company has 8.5% participating interest in SHWE Offshore Midstream pipeline project in Myanmar for the purpose of transportation of gas from the delivery point in offshore, Myanmar to landfall point in Myanmar.

iii) The Company's share in the assets, liabilities, income and expenditure for the year in respect of joint operations project blocks has been incorporated in the Company's financial statements based upon un-audited financial statements submitted by the operators and are as given below: (Final adjustments are effected during the year in which audited financial statements are received):

(₹ In crore)

| Particulars | 2017-18 | 2016-17 |
|----------------------------------|---------|----------|
| Income | 632.97 | 615.68 |
| Expenses | 430.55 | 466.37 |
| Fixed Assets (Gross block) | 203.76 | 208.52 |
| Producing Property (Gross block) | 1069.56 | 1,064.02 |
| Other Assets | 483.65 | 338.24 |
| Liabilities | 390.92 | 141.39 |

The above value includes the following amounts pertaining to 32 E&P Blocks relinquished till 31st March, 2018 (including 30 Blocks relinquished till 31st March, 2017) where the Company is non-operator. (₹ In crore)

| Particulars | 2017-18 | 2016-17 |
|----------------------------|---------|---------|
| Income | 0.05 | - |
| Expenses | 0.37 | 29.09 |
| Fixed Assets (Gross block) | 0.01 | 0.01 |
| Other Assets | 3.95 | 0.70 |
| Liabilities | 36.08 | 23.01 |

iv) The Company has relinquished non-operated E&P block during the year as below:

| SL NO | Name of the Block | Participating Interest | Date of Relinquishment |
|-------|-------------------|------------------------|------------------------|
| 1 | MN-OSN-2000/2 | 20% | 31.03.2017 |
| 2 | AN-DWN-2003/2** | 15% | 25.01.2018 |

**Exit from the block is pending for approval from the Directorate General of Hydrocarbons (DGH)

v) Share of Minimum work program committed under various production sharing contracts in respect of E&P joint ventures is ₹37.72 crore (Previous Year ₹174.64 crore).

vi) Quantitative information:

a) Details of the Company's Share of Production of Crude Oil and Natural Gas during the year ended 31st March 2018:

i) Crude Oil Block No. CB-ONN-2000/1 & CB-ONN-2003/2:

| Particulars | Opening stock | | Production (Treated & processed crude) | | Sales* | | Closing Stock | |
|---------------------|---------------|------------|--|------------|----------|------------|---------------|------------|
| | Qty | Value | Qty | Value | Qty | Value | Qty | Value |
| | (MT) | ₹ In Crore | (MT) | ₹ In Crore | (MT) | ₹ In Crore | (MT) | ₹ In Crore |
| Year ended 31/03/18 | 726.91 | 0.68 | 14264.67 | - | 14438.76 | 33.18 | 552.83 | 0.90 |
| Year ended 31/03/17 | 746.70 | 0.73 | 16503.21 | - | 16522.99 | 34.28 | 726.91 | 0.68 |

*Includes test production sales for ₹ 0.00 crore (Previous Year ₹ 0.07 crore)

ii) Natural Gas Block No. A1 and A3 (Myanmar)

| Particulars | Opening stock | | Production | | Sales | | Closing Stock | |
|---------------------|---------------|------------|--------------|------------|--------------|------------|---------------|------------|
| | Qty | Value | Qty | Value | Qty | Value | Qty | Value |
| | (Million M3) | ₹ In Crore | (Million M3) | ₹ In Crore | (Million M3) | ₹ In Crore | (Million M3) | ₹ In Crore |
| Year ended 31/03/18 | 0.55 | 0.24 | 414.10 | - | 405.62 | 519.16 | 0.47 | 0.29 |
| Year ended 31/03/17 | 0.57 | 0.28 | 421.25 | - | 414.33 | 504.44 | 0.55 | 0.24 |

b) Net Quantities of the Company's interest in proved reserves and proved developed reserves:

| Particulars | Proved Reserves | | Proved Developed Reserves | |
|------------------------------------|-----------------|----------|---------------------------|----------|
| | 2017-18 | 2016-17 | 2017-18 | 2016-17 |
| Crude Oil : in 000'MT | | | | |
| Beginning of the year | 128.90 | 125.62 | 108.00 | 125.61 |
| Additions | - | 21.37 | - | 0.88 |
| Deletion | 2.45 | - | 2.45 | - |
| Production | 15.67 | 18.10 | 15.05 | 18.10 |
| Closing Balance | 91.50 | 128.89 | 90.50 | 108.39 |
| Natural Gas : in Million M3 | | | | |
| a) Myanmar | | | | |
| Beginning of the year | 4,921.15 | 5,342.40 | 4,522.15 | 4,943.40 |
| Additions | - | - | - | - |
| Deletion | - | - | - | - |
| Production | 414.10 | 421.25 | 414.10 | 421.25 |
| Closing Balance | 4,507.37 | 4,921.15 | 4,109.42 | 4,522.15 |
| b) India | | | | |
| Beginning of the year | 1,462.25 | 1,462.25 | - | - |
| Additions | 350.03 | - | - | - |
| Deletion* | - | - | - | - |
| Production | - | - | - | - |
| Closing Balance | 1,812.28 | 1,462.25 | - | - |
| Closing Balance Total (a+b) | 6,319.65 | 6,383.40 | 4,109.42 | 4,522.15 |

*As per approval of Field Development Plan by Director General of Hydrocarbons.

Notes:

- i. The Company is Non-operating partner in E&P blocks except for one block for which reserves are disclosed.
 - ii. The initial oil and gas reserve assessment was made through expert third party agency / internal expert assessment by respective Operator of E&P blocks. The year-end oil reserves are estimated based on information obtained from Operator / on the basis of depletion during the year. Re-assessment of oil and gas reserves carried out by the respective Operator as and when new significant data or discovery of hydrocarbon in the respective block.
 - iii. The Company's share of crude oil production for the year 2017-18 is 1,15,057 barrels (Previous year 1,28,836 barrels).
 - iv. E&P blocks are assessed individually for impairment.
- c) The Company's share of balance cost recovery is ₹738.12 crore (Previous Year ₹970.92 crore) to be recovered from future revenues from E&P blocks having proved reserves as per Production sharing contracts.
52. TAPI Pipeline Company Limited (TPCL), a Joint Venture of the Company was incorporated in November, 2014 to construct, operate and maintain Turkmenistan-Afghanistan-Pakistan-India (TAPI) Gas Pipeline. GAIL currently holds 265,000 equity shares of USD 10 value per share and 25 equity shares of USD Nil value in TPCL as shown in Note no.5(a)10.

As at 31st March 2018, the Company has made a total payment of ₹26.87 crore, equivalent to USD 4.15 million (Previous Year ₹26.87 crore, equivalent to USD 4.15 million) towards Pre Project Expenditure of the aforesaid project, out of which shares of ₹17.70 crore equivalent to USD

2.65 million as aforesaid have been allotted during the year and the balance of ₹9.17 crore equivalent to USD 1.5 million has been shown as Advance against Equity in Note no.8.

53. Advance against equity pending allotment paid to South East Asia Gas Pipeline (SEAGP) in earlier years was ₹105.70 crore equivalent to USD 22,528,552. The Board of Directors and Shareholders of SEAGP in meeting held on 11.4.2018, approved refund of partial amount of such advance against equity. Accordingly, the amount recoverable by the Company of ₹14.48 crore equivalent to USD 2,240,334.80 is shown as current financial assets as at the end of the year and balance amount of ₹95.78 crore equivalent to USD 20,282,217.20, has been shown as advance against equity pending allotment in Note no.8. Further, the Board of Directors and Shareholders of SEAGP has decided that subsequent refund will be determined based on their future cash flows and shall be subject to approval of Board and Shareholders of SEAGP.
54. In settlement for recovery of bridge loan of ₹120 crore (Principle ₹75 crore along with accrued interest of ₹45 crore) due from Joint Venture Company, Bhagya nagar Gas Limited (BGL), the Company has received 2,11,50,000 equity shares of ₹10 each at a premium of ₹40 per share amounting to ₹105.75 crore of BGL during the year and balance amount of ₹14.24 crore was refunded by BGL.
55. In compliance of Ind AS 36 on Impairment of Assets, the Company has carried out an assessment of impairment in respect of its following assets as on 31.03.2018:
 - i) During the year the Company has made a reversal of impairment of ₹0.37 crore against an earlier impairment provision of ₹0.40 crore

provided during the last financial year in respect of its GAIL Tel assets and the same has been recognized as impairment gain in the statement of profit and loss.

- ii) During the year the Company has made net impairment of ₹0.64 crore (Previous Year ₹6.82 crore) in respect of its unused dedicated pipelines and the same has been recognized as impairment loss in the statement of profit and loss.
- iii) No impairment loss was considered necessary by the management of the Company in respect of Gas Processing Unit, Usar which is under shutdown condition since 16th July 2014 due to non-availability of rich feed gas. The management has decided to keep the plant in preservation mode till the availability of rich feed gas in the future.

56. In compliance of Ind AS 109 on Impairment of Assets, the Company has carried out an assessment of impairment in respect of its following assets as on 31.03.2018:

- i) During the year the Company has made a reversal of impairment of ₹1.55 crore against an earlier impairment provision of ₹5.04 crore provided during the last financial year. The Carrying Value of Company's

investment in Fayum Gas Company S.A.E., Egypt after reversal of aforesaid impairment provision as on 31.03.2018 stands at ₹4.62 crore.

- ii) During the year, based on increase in fair value of Company's investment in RGPPL over and above its carrying value after adjustment on account of Demerger, the Company has made a reversal of impairment of ₹165.89 crore against an earlier impairment provision of ₹783 crore provided during the last financial year. The Carrying Value of Company's investment in RGPPL after reversal of aforesaid impairment provision as on 31.03.2018 stands at ₹217.45 crore (Previous year: ₹191.31 crore) as mentioned at Note no 5(b)1.
- iii) During the year, based on fair value of Company's investment in KLPL, the Company has provided for loss on impairment of ₹139.75 crore. The Carrying Value of Company's investment in KLPL after aforesaid impairment provision as on 31.03.2018 stands at ₹NIL as mentioned at Note no. 5(b)2.

57. In compliance of Ind AS 37 on "Provisions, Contingent liabilities and Contingent Assets", the required information on provision for probable obligation is as under:

(₹ in Crore)

| Provisions | Opening Balance | Addition during the year (incl OCI) | Reversal/adjusted during the year (incl OCI) | Closing Balance |
|---------------------------|-----------------|-------------------------------------|--|-----------------|
| Direct Tax | 1359.20 | 1457.58 | 1337.92 | 1478.86 |
| Deferred Tax | 4655.91 | 655.36 | 3.52 | 5307.74 |
| Indirect Tax | 285.64 | 32.58 | - | 318.22 |
| Employee Benefit | 872.83 | 50.05 | 151.52 | 771.36 |
| Legal & Arbitration Cases | 353.98 | 27.10 | 43.26 | 337.82 |

58. Foreign Currency exposure not hedged by a derivative instrument or otherwise.

| Particulars | Currencies | Amount (₹ In crore) | |
|---|------------|---------------------|------------|
| | | 31.03.2018 | 31.03.2017 |
| Borrowings, including interest accrued but not due | USD | 48.01* | 62.08* |
| | EURO | - | - |
| | Others | - | - |
| Trade payables /deposits and retention monies | USD | 567.85 | 295.28 |
| | EURO | 3.20 | 30.94 |
| | Others | 21.62 | 9.53 |
| Trade/Other receivables and bank balances | USD | 50.89 | 130.94 |
| | EURO | - | - |
| | Others | - | 0.26 |
| Unexecuted amount of contracts remaining to be executed | USD | 977.61 | 431.75 |
| | EURO | 22.20 | 37.66 |
| | Others | 50.82 | 16.66 |

*excludes amount which is naturally hedged against foreign currency inflows.

59. Details of Loans, Investments, Guarantee and Security given by the Company covered U/S 186(4) of the Companies Act 2013.

- a. Investments made and Loans given are disclosed under the respective notes No 5 and 7.
- b. Corporate Guarantees given by the Company in respect of loans as at the end of the current financial year are as under:

| Sl. No. | Name of the Company | As at 31 st March 2018 | As at 31 st March 2017 |
|---------|-------------------------------------|-----------------------------------|-----------------------------------|
| 1 | GAIL Global (USA) Inc. | 748.18 | 745.90 |
| 2 | Brahmaputra Cracker and Polymer Ltd | 802.34 | 802.34 |
| 3 | GAIL Global Singapore Pte Ltd. | 656.30 | 654.30 |

c. There is no security provided by the Company.

60. Interest free advance has been given to Petronet LNG Ltd. (PLL) for booking of regasification capacity to the tune of ₹ 561.80 crore upto 31.03.2018 (Previous year ₹ 561.80 crore). The said advance is to be adjusted within 15 years against regasification invoices of PLL. Out of above advance, PLL has adjusted ₹ 38.20 crore during the year (Previous year ₹ 9.55 crore). Balance amount of ₹ 514.04 crore (Previous year ₹ 552.25 crore) has been carried over as advance in Note No 12 and 12A.

61. In some cases, the Company has received intimation from Micro and Small Enterprises regarding their status under "The Micro, Small and Medium Enterprises Development Act, 2006". As per practice, the payment to all suppliers has been made within 7-10 days of receipt of valid invoice. The amount remaining unpaid to all suppliers as at the end of the financial year is ₹ 68.11 crore (Previous Year ₹ 33.28 crore). No interest for delay was paid or payable under the Act.

62. Cabinet Committee on Economic Affairs (CCEA), Government of India in its meeting held on 21st September 2016 has approved 40% capital grant of estimated capital cost of ₹ 12,940 crore i.e. ₹ 5,176 crore to the Company for execution of Jagdishpur Haldia Bokaro Dhamra Pipeline Project (JHBDPL). The Company has received ₹ 850 crore (Previous year ₹ 450 crore) towards Capital Grant on above ground till 31.03.2018. During the year, the Company has amortised the capital grant amounting ₹ 0.24 crore (Previous year nil) based on the life of the asset capitalized.

63. In compliance with Regulation 34(3) and 53(f) of Listing Obligations and Disclosure Requirements (LODR) of SEBI, the required information is given in Annexure-C.

64. Financial Risk management

The company is exposed to a number of different financial risks arising from natural business exposures as well as its use of financial

instruments including market risks relating to commodity prices, foreign currency exchange and interest rates; credit risk; and liquidity risk.

a. Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, and derivative financial instruments.

i. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the long-term foreign currency loans with floating interest rates. The Company manages its interest rate risk according to its Board approved Foreign Currency and Interest Rate Risk Management policy. Market interest rate risk is mitigated by hedging through appropriate derivatives products such as interest rate swaps & full currency swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

Interest rate sensitivity

With all other variables held constant, the following table demonstrates the sensitivity to a reasonably possible change in interest rates on floating rate portion of **forex loans and borrowings** outstanding as on 31.03.2018, after considering the impact of swap contracts.

| Particulars | 31-03-2018 | | | 31-03-2017 | | |
|---------------------------------------|--------------------|--------|-----|-------------------|--------|-----|
| | US Dollar (LIBOR)* | Others | | US Dollar (LIBOR) | Others | |
| Increase/decrease (in Basis Points) | + 10 | -10 | | + 10 | -10 | |
| Effect on profit before Tax (₹ in Cr) | -0.11 | 0.11 | Nil | -0.49 | 0.49 | Nil |

*LIBOR-London Interbank Offer Rate

With all other variables held constant, the following table demonstrates the sensitivity to a reasonably possible change in interest rates on Corporate Linked Deposit Scheme (CLTD) outstanding as on 31.03.2018 which are linked with MIBOR:-

| Particulars | 31-03-2018 | | | 31-03-2017 | | |
|---------------------------------------|--------------|--------|-----|-------------|--------|-----|
| | INR (MIBOR)* | Others | | INR (MIBOR) | Others | |
| Increase/decrease (MIBOR) | + 100 | -100 | | + 100 | -100 | |
| Effect on profit before Tax (₹ in Cr) | 8.66 | -8.66 | Nil | 1.36 | -1.36 | Nil |

*MIBOR-Mumbai Interbank Offer Rate

b. Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Company transacts business in local currency and in foreign currency, primarily U.S. dollars. Company has obtained foreign currency loans and has foreign currency trade payables and receivables and is therefore, exposed to foreign exchange risk. As per its Board approved policy, Company may mitigate its foreign currency risk through plain vanilla derivative products such as foreign exchange option contracts, swap contracts or forward contracts towards hedging

such risks. These foreign exchange contracts, carried at fair value, may have varying maturities depending upon the underlying contract requirement and risk management strategy of the Company.

Foreign Currency Sensitivity

The following table demonstrates the sensitivity in the USD, Euro, and other currencies to the functional currency of Company, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including foreign currency derivatives.

| Particulars | 31-03-2018 | | | | 31-03-2017 | | | |
|--|------------|-------|----------------|------|------------|-------|----------------|------|
| | USD | | Other Currency | | USD | | Other Currency | |
| Increase/decrease in Exchange Rate (%) | 1% | -1% | 1% | -1% | 1% | -1% | 1% | -1% |
| Effect on profit before Tax (₹ in Cr) | -15.91 | 15.91 | -0.98 | 0.98 | -45.62 | 45.62 | -1.86 | 1.86 |

c. Commodity Price risk

Company imports LNG for marketing and for its internal consumption on an on-going basis and is not exposed to the price risk to the extent it has contracted with customers in India and overseas on back to back basis. However, the company is exposed to the price risk on the volume which is not contracted on back to back basis. As most of the LNG purchase and sales contracts are based on natural gas or crude based index, such price risk arises out of the volatility in these indices. In order to mitigate this index linked price risk, Company has been taking appropriate derivative products in line with the Board approved ' Natural Gas Price Risk Management Policy'

At the reporting date, the exposure to unlisted equity investments at fair value was ₹172.90 Crore (Previous Year ₹188.07 Crore).

At the reporting date, the exposure to listed equity investments at fair value was ₹5,488.92 Crore (Previous Year ₹5,712.87 Crore). A variation of (+/-) 10% in share price of equity investments listed on the stock exchange could have an impact of approximately (+/-) ₹549 Crore (Previous Year ₹571 Crore) on the OCI and equity investments of the Company. These changes would not have an effect on profit or loss.

d. Equity Price Risk

The Company's listed and non-listed equity investments are susceptible to market price risk arising from uncertainties about future values of these investments. The Company manages the equity price risk through review of investments by Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all the equity investment decisions of the Company.

2. Liquidity Risk

Liquidity is the risk that suitable sources of funding for Company's business activities may not be available. The Company's objective is to maintain optimum level of liquidity to meet its cash and collateral requirements. The Company closely monitors its liquidity position and deploys a robust cash management system. It also maintains adequate sources to finance its short term and long term fund requirement such as overdraft facility and Long term borrowing through domestic and international market.

Liquidity risk - Maturity profile as on 31.03.2018 (₹ In crore)

| Particulars | On demand | Less than 3 months | 3 to 12 months | >1 to 5 years | > 5 years | Total |
|---|-----------|--------------------|-----------------|-----------------|---------------|------------------|
| Borrowings (Non-current) # | - | - | - | 727.66 | 266.20 | 993.86 |
| Borrowings (current) # | - | 47.56 | 1,086.55 | - | - | 1,134.10 |
| Interest on Borrowings## | - | 30.79 | 102.89 | 228.31 | 31.82 | 393.82 |
| Trade Payables | - | 3,881.55 | - | - | - | 3,881.55 |
| Other Financial Liabilities (Current) | - | 3,983.89 | - | - | - | 3,983.89 |
| Other Financial Liabilities (Non-Current) | - | - | - | 775.59 | - | 775.59 |
| Total | - | 7,943.79 | 1,189.44 | 1,731.56 | 298.02 | 11,162.81 |

Borrowings include impact of derivative contracts.

includes interest accrued but not due as on 31.03.2018 as well as interest to be paid till maturity.

Liquidity risk - Maturity profile as on 31.03.2017 (₹ In crore)

| Particulars | On demand | Less than 3 months | 3 to 12 months | >1 to 5 years | > 5 years | Total |
|---|-----------|--------------------|-----------------|-----------------|---------------|------------------|
| Borrowings (Non-current) # | - | - | - | 2652.22 | 391.20 | 3,043.42 |
| Borrowings (current) # | - | 235.97 | 1,837.86 | - | - | 2,073.83 |
| Interest on Borrowings## | - | 126.47 | 239.72 | 499.82 | 62.95 | 928.96 |
| Trade Payables | - | 2,716.01 | - | - | - | 2,716.01 |
| Other Financial Liabilities (Current) | - | 1,744.48 | - | - | - | 1,744.48 |
| Other Financial Liabilities (Non-Current) | - | - | - | 609.45 | - | 609.45 |
| Total | - | 4,822.93 | 2,077.58 | 3,761.49 | 454.15 | 11,116.15 |

Borrowings include impact of derivative contracts.

includes interest accrued but not due as on 31.03.2017 as well as interest to be paid till maturity.

3. Credit risk

Credit risk is the risk that a customer or counterparty to a financial instrument will fail to perform or fail to pay amounts due, causing financial loss to the company and arises from cash and cash equivalents, derivative financial instruments and deposits with financial institutions and principally from credit exposures to customers relating to outstanding receivables. Credit exposure also exists in relation to guarantees issued by company. Each segment is responsible for its own credit risk management and reporting. Credit risk is considered as part of the risk-reward balance of doing business. On entering into any business contract the extent to which the arrangement exposes the company to credit risk is considered.

Trade receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored. An impairment analysis is performed at each reporting date on an individual basis for major clients.

(₹ in Crore)

| Particulars | Neither past due not impaired | Past due but not impaired | | | | Total |
|-----------------------------------|-------------------------------|---------------------------|---------------|---------------|---------------|----------|
| | | Less than 30 days | 30 to 60 days | 60 to 90 days | Above 90 days | |
| As on 31 st March 2018 | 2,855.46 | 213.17 | 34.66 | - | 948.21 | 4051.50 |
| As on 31 st March 2017 | 2,259.71 | 153.46 | 311.37 | - | 1,103.66 | 3,828.20 |

Provision for Doubtful Debts

The following table summarizes the changes in the allowances for doubtful accounts for trade receivables:

(₹ in Crore)

| Particulars | 31 March 2018 | 31 March 2017 |
|--|---------------|---------------|
| Start of the year | 703.52 | 797.63 |
| Provision for Impairment | -33.02 | -94.12 |
| Receivables written off during the year as uncollectible | | |
| Unused amounts reversed | | |
| End of year | 670.50 | 703.52 |

Financial Instruments and Cash Deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with approved limits of its empanelled bank for the purpose of Investment surplus funds and foreign exchange transactions. Foreign exchange transaction and Investments of surplus funds are made only with empanelled Banks. Credit limits of all Banks are reviewed by the Management on regular basis.

4. Capital management

For the purpose of the capital management, capital includes issued

capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders, or issue new shares. No changes were made in the objectives, policies or processes during the reporting years.

65. The Company is evaluating applicability of provisions of Ind AS 109 w.r.t certain contracts of the Company with vendors awarded through ICB (International competitive bidding) which are denominated in third currency (i.e. a currency which not the functional currency of any of the parties to the contract). In this regard, in line with other PSU, the Company has sought opinion from the Expert Advisory Committee (EAC) constituted by The Institute of Chartered Accountants of India on the above matter vide letter no GAIL/ND/F&A/CO/EAC Opinion/2018-19 dated 21st May 2018. On receipt of opinion / clarification from EAC, the Company will take necessary action in the matter.

Further the Company has sought opinion of the EAC of ICAI on the following issues during the financial 2017-18 for which opinion is awaited:

- Disclosure in Notes to Financial Statements / inclusion under contingent liabilities of Corporate Guarantees issued by parent company to a bank for issuance of Performance Bank Guarantee on behalf of its wholly owned subsidiary company.
- Disclosure of impairment loss on long term investment as Exceptional Items in the statement of profit and loss.

Pending opinion, the Company has considered same accounting treatment in respect of these matters in consistent with the previous financial year.

66. Accounting classifications and fair value measurements

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: technique which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

As at 31 March 2018, the Company held the following financial instruments carried at fair value on the statement of financial position:

(₹ in Crore)

| Particulars | Carrying Amount | Fair value | | |
|---|-----------------------------|------------|---------|----------|
| | 31 st March 2018 | Level 1 | Level 2 | Level 3 |
| Financial assets at amortised cost: | | | | |
| Non-current | | | | |
| Loans | 291.02 | - | - | 261.31 |
| Current | | | | |
| Loans | 72.64 | - | - | 74.98 |
| Financial assets at fair value through profit and loss account: | | | | |
| Non-current | | | | |
| Derivative instruments | 3.31 | - | 3.31 | - |
| Investments | | | | |
| Current | | | | |
| Derivative instruments | 11.10 | - | 11.10 | - |
| Investments | 381.47 | 381.47 | | |
| Financial assets at fair value through other comprehensive income: | | | | |
| Investments | 5,661.82 | 5,488.92 | - | 172.90 |
| Financial liabilities at amortised cost: | | | | |
| Non-current | | | | |
| Interest-bearing loans and borrowings: | | | | |
| Fixed | 807.28 | | | 821.45 |
| Floating | 167.99 | | | 167.99 |
| Current | | | | |
| Interest-bearing loans and borrowings: | | | | |
| Fixed | 75.82 | | | 88.55 |
| Floating | 1,028.51 | | | 1,028.51 |
| Financial liabilities at fair value through Profit and loss account: | | | | |
| Non-current | | | | |
| Derivatives instruments | 39.01 | | 39.01 | |
| Current | | | | |
| Derivatives instruments | 316.09 | | 316.09 | |

Note:

1. The carrying cost of Interest-bearing loans & borrowings is approximately equal to their Fair Market Value
2. The carrying amount of trade receivables, cash and cash equivalents, other bank balance, others receivables, trade payables, interest accrued and due, other payables and other financial liabilities are considered to be same as their fair value due to their short term nature.
3. With respect to loans, the fair value were calculated based on cash flows discounted using the current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counter party credit risk.

As at 31st March 2017, the Company held the following financial instruments carried at fair value on the statement of financial position:

(₹ in Crore)

| Particulars | Carrying Amount | Fair value | | |
|---|-----------------------------|------------|---------|----------|
| | 31 st March 2017 | Level 1 | Level 2 | Level 3 |
| Financial assets at amortised cost: | | | | |
| Non-current | | | | |
| Loans | 291.74 | - | - | 291.74 |
| Current | | | | |
| Loans | 68.77 | - | - | 68.77 |
| Financial assets at fair value through profit and loss account: | | | | |
| Non-current | | | | |
| Derivative instruments | 6.87 | - | 6.87 | - |
| Investments | - | - | - | - |
| Current | | | | |
| Derivative instruments | 57.39 | - | 57.39 | - |
| Investments | - | - | - | - |
| Financial assets at fair value through other comprehensive income: | | | | |
| Investments | 5,900.94 | 5,712.87 | - | 188.07 |
| Financial liabilities at amortised cost: | | | | |
| Non-current | | | | |
| Interest-bearing loans and borrowings | 3,003.71 | - | - | 3,003.71 |
| Current | | | | |
| Interest-bearing loans and borrowings | 2,058.43 | - | - | 2,058.43 |
| Financial liabilities at fair value through Profit and loss account: | | | | |
| Non-current | | | | |
| Derivatives instruments | 75.18 | - | 75.18 | - |
| Current | | | | |
| Derivatives instruments | 59.28 | - | 59.28 | - |

Note:

1. The carrying cost of Interest-bearing loans & borrowings is approximately equal to their Fair Market Value
2. The carrying amount of trade receivables, cash and cash equivalents, other bank balance, others receivables, trade payables, interest accrued and due, other payables and other financial liabilities are considered to be same as their fair value due to their short term nature.
3. With respect to loans, the fair value were calculated based on cash flows discounted using the current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counter party credit risk.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Description for significant unobservable inputs to valuation:

The following table shows the valuation techniques and inputs used for financial instruments:

| | As at 31 st March 2018 | As at 31 st March 2017 |
|-------------|---|-----------------------------------|
| Investments | Discounted Cash flow method using risk adjusted discount rate | |

The following table shows a reconciliation of opening balances to the closing balances for Level 3 fair values:

| Particulars | Amount (₹ In Crore) |
|--|---------------------|
| Balance as at 31st March 2017 | 188.07 |
| Add: Additional investment during the year | 2.02 |
| Less: Fair Value loss recognized in Other Comprehensive Income | 17.19 |
| Balance as at 31st March 2018 | 172.90 |

67. Hedging activities and derivatives

Derivatives not designated as hedging instruments

The Company uses forward currency contracts, interest rate swaps, cross currency interest rate swaps, commodity swap contracts to hedge its foreign currency risks, interest rate risks and commodity price risks. Derivative contracts not designated by management as hedging instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value on each reporting date. Such contracts are entered into for periods consistent with exposure of the underlying transactions.

Derivatives designated as hedging instruments:

Cash flow hedges

The Company enters into hedging instruments in accordance with policies as approved by the Board of Directors with written principles which is consistent with the risk management strategy of the Company. Company has decided to apply hedge accounting for certain derivative

contracts that meets the qualifying criteria of hedging relationship entered into post October 01, 2017.

Foreign currency risk

Foreign exchange forward contracts are designated as hedging instruments in cash flow hedges of firm commitment of capital purchases in US dollar and existing borrowings e.g. US dollars/ Japanese Yen etc.

Commodity price risk

The Company purchases and sells natural gas on an ongoing basis as its operating activities. The significant volatility in natural gas prices over the years has led to Company's decision to enter into hedging instruments through swaps transactions including basis swaps. These contracts are designated as hedging instruments in cash flow hedges of forecasted sales and purchases of natural gas.

The table below shows the position of hedging instruments and hedged items (underlying) as of the balance sheet date.

| Details relating to hedging instrument for March 2018: | | | | | |
|--|--|---------------------------------------|--------------------------|-----------------------|--|
| Cash flow hedge | Nominal amount/ Qty. of the hedging instrument | Carrying amount of hedging instrument | | Changes in fair value | Line item in balance sheet where hedging instrument is disclosed |
| | | Asset (₹ in crore) | Liabilities (₹ in crore) | | |
| Foreign currency risk | | | | | |
| Forward contracts – Borrowings | USD 20102042.26 | | 0.34 | -0.34 | Liabilities- Non Current liabilities- Other Financial Liabilities- Current - Note 15A |
| Forward contracts - Purchases of capital goods | USD 70000000 | | 0.35 | -0.35 | Liabilities- Non Current liabilities- Other Financial Liabilities- Current - Note 15A |
| Commodity price risk | | | | | |
| Commodity swap - Forecasted purchase & sell of natural gas | MMBTU 58495041 | 5.64 | 236.9 | -231.26 | Liabilities- Non Current & Current liabilities &- Other Financial Liabilities- Current & Non- Current- Note 15 & 15A |

| Details relating to hedged item for March 2018: (₹ in Crore) | | | | |
|---|----------------------|------------------------------------|------------------------------|---------------|
| | Change in fair value | Balance in cash hedge flow reserve | | |
| | | For continuing hedges | For hedges no longer applied | Total balance |
| Foreign currency risk | | | | |
| Borrowings | 0.77 | 0.34 | 0 | 0.34 |
| Firm commitment for capital goods purchase | 0.35 | 0.18 | 0.17 | 0.35 |
| Commodity price risk | | | | |
| Highly probable forecasted sale and purchase of natural gas | 231.26 | 231.26 | 0 | 231.26 |

Reconciliation of cash flow hedge reserve for year ended 31st March 2018 is given in **Annexure-D**

68. a. Confirmation of balances has been received for trade receivables and payables. These confirmations are subject to reconciliation and consequential adjustments, which in the opinion of the management are not material.
- b. In the opinion of management, the value of assets, other than fixed assets and non-current investments, on realization in the ordinary course of business, will not be less than the value at which these are stated in the Balance Sheet.
69. Value of Raw Materials, Stores / spares and Components consumed during the year.

| Sr. No. | Particulars | 2017-18 | | | 2016-17 | | |
|----------------------|-----------------------------------|-----------------|-----------------|------------|-----------------|-----------------|------------|
| | | Qty. | ₹ in crore | % | QTY. | ₹ in crore | % |
| i) | Raw Material consumed Gas (MMSCM) | | | | | | |
| | - Indigenous | 1,288.50 | 2,791.91 | 75 | 1,208.45 | 2,427.05 | 77 |
| | - Imported | 285.41 | 920.51 | 25 | 268.78 | 724.19 | 23 |
| Sub Total (A) | | 1,573.91 | 3,712.42 | 100 | 1,477.23 | 3,151.24 | 100 |
| ii) | Stores, spares component consumed | | | | | | |
| | - Indigenous | | 226.22 | 52 | | 210.00 | 61 |
| | - Imported | | 146.93 | 48 | | 133.44 | 39 |
| Sub Total (B) | | | 373.15 | 100 | | 343.44 | 100 |
| Total | | 1,573.91 | 4,085.57 | | 1,477.23 | 3,494.68 | |

70. Other Quantitative details are given in **Annexure-E**.
71. Statement containing salient features of the financial statements of Subsidiaries/Joint Ventures of the Company pursuant to Section 129 (3) of Companies Act, 2013 in form AOC I is attached in **Annexure-F**.
72. Previous year's figures have been regrouped /reclassified wherever necessary to correspond with the current year's classification/ disclosure.
73. The comparative financial information of the Company for the year ended 31st March 2017 included in the Standalone Ind AS financial statements, are based on the previously issued statutory financial statements audited by G.S. Mathur & Co. and O.P. Bagla & Co. vide their unmodified audit report (Revised) dated July 20, 2017 whose audit report has been relied upon by the newly appointed auditors.

For and on behalf of the Board of Directors

As per our separate Report of even date

| | | | | | |
|--------------------------------------|---|---|--|---|---|
| A.K. Jha Company Secretary | Subir Purkayastha Director(Finance) | Dr. Ashutosh Karnatak Director (Projects) | B. C. Tripathi Chairman & Managing Director | For O P Bagla & Co. LLP (Formerly O P Bagla & Co.) Chartered Accountants Firm No.00018N/N500091 | For ASA & Associates LLP Chartered Accountants Firm No.009571N/N500006 |
|--------------------------------------|---|---|--|---|---|

Place : **New Delhi**
Dated : **24th May, 2018**

| | |
|--|---|
| Rakesh Kumar (Partner) Membership No.087537 | Parveen Kumar (Partner) Membership No.088810 |
|--|---|