

CONTENTS

GUJARAT STATE PETROLEUM CORPORATION LIMITED

Directors' Report.....	03
<b>Stand Alone Statements</b>	
Independent Auditor's Report on Standalone .....	36
CAG Comment of Annual Account 2016-17.....	46
Standalone Balance Sheet as at 31 <sup>st</sup> March, 2017 .....	50
Standalone Profit and Loss Account for the year ended on 31 <sup>st</sup> March 2017 .....	52
Statement of changes in equity for the period ended on 31 <sup>st</sup> March 2017.....	54
Standalone Cash Flow Statement for the year ended 31 <sup>st</sup> March 2017.....	56
Notes to Standalone financial statements for the year ended 31 <sup>st</sup> March, 2017.....	58
<b>Consolidated Statements</b>	
Independent Auditor's Report on Consolidated .....	131
CAG Comment of Annual Account 2016-17.....	138
Consolidated Balance Sheet as at 31 <sup>st</sup> March, 2017 .....	142
Consolidated Statement of Profit & Loss for the year ended 31 <sup>st</sup> March, 2017.....	144
Statement of changes in equity for the period ended on 31 <sup>st</sup> March, 2017.....	146
Consolidated Cash Flow Statement for the year ended on 31 <sup>st</sup> March 2017.....	147
Notes to Consolidated financial statements for the year ended 31 <sup>st</sup> March, 2017.....	152

GUJARAT STATE PETROLEUM CORPORATION LIMITED  
38<sup>th</sup> ANNUAL REPORT  
2016-17**Board of Directors**

Dr. J. N. Singh, IAS\*  
Shri Anil Mukim, IAS (w.e.f 17<sup>th</sup> October, 2016)  
Shri Sujit Gulati, IAS (w.e.f 7<sup>th</sup> July, 2016)  
Dr. Manjula Subramaniam, IAS (Retd.)  
Shri M. M. Srivastava, IAS (Retd.)  
Shri K. Kailashnathan, IAS (Retd.)  
Dr. N. Ravichandran  
Dr. Ravindra Dholakia  
Prof. Yogesh Singh  
Dr. T. Natarajan, IAS (w.e.f. 1<sup>st</sup> August, 2016)

*\*(Director upto 11<sup>th</sup> April, 2016, Managing Director w.e.f. 11<sup>th</sup> April, 2016  
and Chairman & Managing Director w.e.f. 1<sup>st</sup> August, 2016)*

**Chairman & Managing Director**  
**Director**  
**Director**  
**Independent Women Director**  
**Director**  
**Director**  
**Independent Director**  
**Independent Director**  
**Independent Director**  
**Joint Managing Director**

**Cessation of Director**

Shri Atanu Chakraborty, IAS (Managing Director upto 11<sup>th</sup> April, 2016)  
Shri L. Chuaungo, IAS (upto 27<sup>th</sup> June, 2016)  
Shri G. R. Aloria, IAS (Retd.) (Chairman upto 31<sup>st</sup> July, 2016)

**Statutory Auditors**

P. Singhvi & Associates  
Chartered Accountants  
Ahmedabad

**Executives**

Shri Samir Biswal, Director (Exploration)  
Shri Bosebabu, - In charge - KG Asset  
Shri Gopal Pallipuram, Chief Financial Officer  
Shri Jayesh Dave, SVP (Accounts)  
Shri Sandeep Dave, Company Secretary & General Manager  
(S&L and General Manager HR)

**Secretarial Auditor**

K. K. Patel & Associates  
Company Secretary  
Gandhinagar

**Internal Auditors**

Ernst & young  
Ahmedabad

**Cost Auditors**

M/s N. D. Birla & Co.  
Cost Accountants  
Ahmedabad

**RT&A**

Karvy Computershare Pvt.Ltd.

**Bankers**

State Bank of India  
Bank of Baroda  
IDBI Bank  
Bank of India  
Corporation Bank  
Bank of Maharashtra  
Oriental Bank of Commerce  
Indian Bank  
Dena Bank  
Punjab and Sind Bank  
Punjab National Bank  
Union Bank of India  
Vijaya Bank  
South Indian Bank  
Andhra Bank

EXIM Bank  
Syndicate Bank  
UCO Bank  
HDFC Bank  
Allahabad Bank  
State Bank of Mysore  
Indian Overseas Bank  
Axis Bank  
Yes Bank  
ICICI Bank  
IndusInd Bank  
Syndicate Bank  
State Bank of Patiala

**Corporate & Registered Office**  
GSPC Bhavan, B/h Udyog Bhavan  
Sector-11, Gandhinagar-382010.

**DIRECTORS' REPORT**

To,  
**The Members,**

Your Directors have the pleasure in presenting the 38<sup>th</sup> Annual Report along with the Audited Statement of Accounts for the financial year ended 31<sup>st</sup> March 2017.

**STATEMENT OF COMPANY'S AFFAIRS****FINANCIAL PERFORMANCE**

The audited Standalone Financial performance for the year ended March 31, 2017 is summarized below:

(₹ in crores)

Particulars	31/03/2017	31/03/2016
Revenue from Operations (Net)	9,639.65	10,608.16
Other Income	171.88	111.95
<b>Total Revenue</b>	<b>9,811.53</b>	<b>10,720.11</b>
Production Expenditure-E&P	174.77	72.27
Cost of Traded Goods	8,792.77	10,062.57
Changes in inventories of Finished Goods, Stock in process and Stock in Trade	(183.73)	21.36
Employee Benefits Expense	14.21	15.22
Finance Cost	1,929.69	52.25
Depreciation, Amortization, Depletion and Impairment	917.68	87.14
Impairment	14,923.54	-
Diminution in the value of Investment	1.00	97.39
Provision for Doubtful Debts	289.93	-
Exploration cost written off	(18.60)	686.88
Other Expense	31.47	60.34
<b>Total Expenses</b>	<b>26,872.73</b>	<b>11,155.42</b>
<b>Profit Before Tax and Adjustments</b>	<b>(17,061.20)</b>	<b>(435.31)</b>
Tax Expenses	(758.01)	(363.39)
<b>Profit After Tax</b>	<b>(16,303.19)</b>	<b>(71.92)</b>
Other Comprehensive Income	8.66	(2.58)
<b>Total Comprehensive Income For the period</b>	<b>(16,294.53)</b>	<b>(74.50)</b>

\* Previous year's figures have been regrouped/reclassified as per IND AS for comparison.

The Company has earned Profit before Depreciation Interest and Tax (Operational Profit) of ₹ 982.04 Crore as compared ₹ 488.35 Crore in Previous Year recording increase of 101%. The Company has recorded loss on account of impairment of ₹ 14,923.54 Crore which is charged to profit & Loss. Please refer to discussion in this regard in Management Discussion and Analysis attach as Annexure - I.

**Share Capital**

During the financial year, there was no change in the paid up share capital of the Company.

**BUSINESS :**

The Company along with its subsidiaries and associates has evolved strategically as an “**Integrated Energy Company**” with significant presence across the entire energy value chain spanning wide range of oil & gas activities comprising oil and gas exploration, development and production, gas trading, gas transmission, gas distribution and power generation. The Company has played a proactive role in the development of entire gas value chain in the State of Gujarat through its initiative of participation in the midstream and downstream segments as well as gas based power generation.

Segment wise performance highlights are summarized below:

**I. Upstream Business Activities**

The Company has significant growth potential with a diversified portfolio of onland and offshore blocks along with combination of matured blocks and blocks under exploration and development.

Technology plays an important role in E&P sector. The Company has inducted best in class technology in all spheres of its operations. In addition, your Company has also entered into strategic service agreements with reputed world class service providers like Schlumberger, Halliburton, Baker Hughes, M I Overseas, Weatherford, ITS, Precision Drilling, Fugro, Blade energy, EIL, Xodus, Barea & Associates, L&T, Genesis, ABS, RPS Energy, E-Frac, etc. to have cutting edge in E&P operations.

The major achievements are summarized below:

**1.1 KG Block**

The Company has carried out detailed G&G studies and engaged internationally renowned technical consultants i.e. Schlumberger, GCA, Fugro Robertson Petrotel, Pangea, DME Genesis and Blade Energy. These





technical studies have helped in developing better understanding about the geological system and development philosophy.

The overall strategy for development of KG Offshore block is one involving development of the 9 discoveries of gas in phases. First Phase of development, that comprise 3 discoveries, is to complete the development of Deen Dayal West (DDW) discovery (covering an area of approx. 17.5 K.M by constructing production facilities . The DDW discovery also contains an extension in the South East (covering an area of 20.5 sq km) that shall be integrated into the DDW subsequently. The Company currently holds mining lease for both DDW and DDW South East Extension Area. The DDW Field is producing Gas with Condensate since August 2014. Four Development wells were drilled and the completion of Fifth well DDW-D5 is in progress. The second phase involves integrated Declaration of Commerciality (DOC) and development of other six discovery, among them are Deen Dayal East, Deen Dayal North, DDW-Down Thrown and DD NE (covering an area of 493 sq kms). The integrated DOC was submitted to DGH/MOPNG in February 2013 and the same was reviewed/approved by DGH/MOPNG in January 2014. An integrated development plan is under preparation.

It is envisaged that an integrated field development strategy allows for a phased development and early monetization of the reserve in the Deen Dayal Field. DDW area has already been developed as the first phase of development. The Company has also received grant of additional mining lease area of 20.5 sq. km from GoI, an area associated with extension of DDW area.

The Deen Dayal West Field Development Project located in the offshore Krishna Godavari Basin a HPHT (High Pressure High Temperature) field is the first of its kind development in India. The Deen Dayal West field development plan consists of four major segments- Well Head Platform (WHP), an Offshore Process-cum-Living Quarter Platform (PLQP), Sub-sea Pipeline and Onshore Gas Terminal (OGT).

- Wellhead Platform (WHP) has been installed and commissioned. WHP has facilities for carrying out drilling operation from the slots present at well bay area with the help of Modular Rig mounted on top of platform.
- The Process cum Living Quarter Platform project was commissioned in 2014.
- The gas produced from the wells after processing at PLQP is currently flowing to OGT through submarine pipeline
- Onshore Gas Terminal (OGT) has been commissioned. Majority of process units / equipment are commissioned. Raw Water Pump

House at Dowlaishwaram under Raw Water Pipeline Project is under construction.

### ***Hydro Frac operations at DDW***

To overcome low permeability of the reservoir the Company has for the first time during the financial year, deployed the hydraulic fracturing (HF) technology for enhancing gas production from the high pressure high temperature (HPHT) well of 5000 meters depth. Hydro-fracturing is a well stimulation technique in which the well-rock (formation) is fractured by a pressurized liquid. The process involves high pressure injection of “Fracking Fluid” into a wellbore to create cracks in the reservoirs-rock (formations), through which natural gas will flow more freely in the well.

The Company has carried out modifications in the conventional development well, to facilitate hydro-fracturing.

Internationally renowned firms such as Halliburton, Barry & Associate, E-frac and Xodus have been engaged for HF activities. It is first time in India that the HF process has been used in the HPHT and offshore environment at a depth of 5,000 meters.

The Company has carried out six stages of hydro-fracturing in Fourth well with pressure of 13,000 PSI (i.e approx 900 times more than the atmospheric pressure) and has successfully pumped over 1 millions pound of proppants in the HF zones. The well is under cleanup and testing phase.

The successful completion of the HF process is expected to significantly increase gas production from the DDW field.

All the hard work put in by thousands of workers, technicians and engineers at different levels has helped your Company to commission several project facilities. In spite of multiple challenges (including agitation by fishermen / local people, delay in statutory clearances, technical challenges etc), the Company has started trial production from the DeenDayal West (DDW) field.

Subsequently the Company has in May, 2016 requested Government of India to approve the sell of test gas production from DDW field upto 31<sup>st</sup> December, 2016 and further in December, 2016/January, 2017 requested Government of India to approve the sale of test gas production from DDW field upto end of August, 2017.

However considering the communication received from Government of India in March, 2017 the Company has declared commencement of commercial production from DDW field in KG-OSN-2001/3 w.e.f 1<sup>st</sup> April, 2016.

### **Divestment of entire 80% Participating Interest of GSPC in KG-OSN-2001/3 Block to ONGC.**

The Board of Directors of the Company in its meeting held on 2<sup>nd</sup> January, 2017 has considered and approved the sale

of GSPC's 80% Participating Interest of GSPC in KG-OSN-2001/3 Block to ONGC for a consideration of USD 995.26 Million towards Deen Dayal West Field of KG Block and for floor consideration of USD 200 Million towards other Fields in KG Block. Such part consideration towards other fields will be adjusted upon finalisation of valuation of these discoveries.

Subsequently a farm-in agreement was executed between GSPC and ONGC on 10<sup>th</sup> March, 2017. The transaction of acquisition of stake by ONGC shall be completed upon receipt necessary consents and approvals.

ONGC (the National Oil Company) with financial and technical capabilities is best placed to carry out capital and technology intensive further development and production operations in the DDW and Other Six fields of KG Block.

## 1.2 Other E&P block

### 1. Operated Blocks

- Oil production from Ingoli & Sanand East Field of Ahmedabad block is close to 725-750 BOPD (Barrels of Oil per Day) from 5 wells. The FDP (Field Development Plan) of GSAH-5 oil discovery has been approved by MC (Management Committee) and preparation of commencement of production is under progress. Addendum to FDP for Kalol discovery is under final stage of DGH review.
- CB-ON/2-Oldpsc Block is currently under production from three fields viz. Tarapur-1 oil field, Tarapur-G gas field & Tarapur-6 oil field. The Company is producing Oil & Gas of about 150 - 200 BOPD & about 28000-32000 cubic meter of gas per day from these three fields. GSPC is planning for a northward and eastward extension of the ML of Tarapur-6 field.

The Ring Fenced Production Sharing Contract (RFPSC) for an area of 570 Sq.Km. was signed on 29.08.2016 for CB-ON/2-RFPSC block. The DoC for the discoveries (PNE-1, PNE-2, TS-10, Kheda-1, Changara-1, Vaso-2 & Prospect-1) made in the block got clearance with the signing of the RFPSC and FDP for these discoveries were submitted to JV and DGH. Currently the FDP is under review.

- Facility Creation for start of commercial production from Sanand Part-A area is completed and Addendum to Field Development Plan for new oil pool in Kalol reservoir is under review. Commercial production is likely to commence from May 2017 with expected production of 125-150 Barrel (BBL) of Oil per day from existing wells. Production from Miroli Part-B is under observation due to high water cut.
- During the year, the Company has progressively matured various plans as a part of implementation of

field development strategies for enhancement of onshore hydrocarbon production. Production from Ank -21 was continued as per plan. Facility creation for production from Ank-40s has been taken up. Ank-41s discovery has been approved by MC, which will be implemented during FY 2017-18.

- During Dec. 2016, oil production from well Unawa#4 of Unawa Field stopped production due to down hole pump malfunctioning. At the same time, in view of the negative returns from the field GSPC has initiated the process of temporary suspension of production operations from the field.

## 1.3 Non Operated Blocks -Domestic

- In non-operated blocks portfolio, some discoveries have been made pursuant to drilling campaign carried out as follows;
  - In the block CB-ONN-2004/1 (Karannagar), about 5-6 Cubic meter of oil is being produced per day from Karannagar-1.
  - In block CB-ONN-2004/2, Mining Lease for Vadatal-1 has been obtained and production of around 60 BoPD started. FDP of Vadatal-3 & 5 has been reviewed by MC and the joint venture is awaiting to have ML grant from GoG. The joint venture is preparing to drill Six development wells in FY 2017-18 to enhance the production from Vadatal#1 pool.
  - In block CB-ONN-2004/3, wherein GSPC holds 35% PI, FDP for Uber-2 discovery has been approved by MC. It has 88.2 MMM3 of gas and 0.229 MMM3 of condensate as recoverable reserves. ONGC has taken up facility creation for production.
  - In block MB-OSN-2005/1, wherein GSPC holds 20% PI, Operator has carried out drilling of two wells NBA-2 and NAA-2 to appraise the two discoveries in wells NBA-1 & NAA-1 respectively. NBA-2 was dry and new discovery was encountered in NAA-2 for which one more appraisal well NAA-3 has been drilled. DOC will be submitted for all the three discoveries.
  - In GK-OSN-2009/1, appraisal plan is being carried out by Operator while GSPC has opted out.
- Oilex the operator of Cambay Field, (wherein GSPC holds 55% participating interest), after completing the horizontal well C-77H, has started gas production from the well to test tight hydrocarbon potential. Based on the analysis of production data from C-77H and drilling / testing results of well [drilled by M/s Oilex on sole risk basis] Ms. Oilex will further decide to delineate the areal extent of the tight reservoirs within the field. Moreover, based on recently planned two new work over testing jobs Operator will prepare Revised FDP to seek extension of PSC.





- Oilex is the operator of Bhandut Field wherein GSPC holds 60% participating interest, has obtained gas production from well Bhandut#3 from April 2016 to October 2016. Cumulative it has produced about 2.3 MMSCM during the period. Operator has planned to re-commence the production from Bhandut#3.
- GNRL is the operator of Dholasan, Allora, Kanawara and North Kathana fields wherein company holds 70% PI. Operator has continued the regular production from all the four fields. Revised FDP for Kanawara field was submitted to DGH for approval to enhance production from the field.
- Niko Resources Limited (NRL), operated Hazira field in which GSPC holds 66.67% PI, is producing 95,000 SCMD of Gas and 90 BOPD. Further, NRL has sold off its participating interest and Operatorship to M/s Sun Petro Ltd, for which Government's approval is awaited.
- HOEC as an Operator of Asjol, North Balol and Palej (CB-ON/7) fields wherein GSPC holds 50%, 45% & 35% Participating Interest (PI) respectively has continued the regular production as per plan.
- The Company successfully signed medium to long term agreements with following customers : KRIBHCO, KSFL and IFFCO
- The Company successfully imported 40 LNG cargoes directly from global markets (27 LNG cargoes at Dahej and 13 LNG cargoes at Hazira).
- The Company emerged as a successful bidder in several tenders invited (a) by customers from various segments and (b) for sale of gas to Fertilizer Units across India under fertilizer pooling mechanism of Government of India.
- The Company is currently marketing gas in 10 states namely Gujarat, Maharashtra, Karnataka, Uttar Pradesh, Madhya Pradesh, Andhra Pradesh, Rajasthan, Punjab, Uttarakhand and Haryana.
- The Company has also entered into 36 Master LNG sales & purchase agreements with leading global companies for its short/ medium term gas requirements.

The Company has incorporated two subsidiaries i.e GSPC Offshore Limited and GSPC Energy Limited with initial paid-up capital of ₹ 5 Lakhs as part of proposed re-structuring in previous financial year which has no financial or operational performance during the financial year since the final approvals for re-structuring is in process.

## II. Midstream Business Activities:

### 2.1 Gas Trading

Your Company successfully continued to expand its Gas Trading business by procuring competitive gas from international markets, independently as well as through other suppliers and supplying the same to customers in various segments across the country. Your Company marketed over **12 MMSCMD gas** in the FY 2016-17 with sales outside Gujarat accounting for over 10% of the total sales volumes. Concerted efforts were made by your Company not only in terms of aggressive gas marketing in states outside Gujarat but also with regards to gas sourcing by using different procurement strategies to achieve tax efficiency.

The major achievements in Gas trading business for the current financial year 2016-17 are summarized below:

- The Company achieved **Sales turnover of more than ₹ 9,400 crores** despite facing stiff competition from various new entrants in the market.
- The Company signed Regassification Agreement for booking **1.5 MTPA** of LNG regassification capacity with Swan LNG Pvt. Ltd. (SLPL) along with other users, namely IOCL, BPCL and ONGC.

### 2.2 Gas Transmission

#### Operational Performance of Subsidiaries in Gas Transmission Business.

In the midstream section of the integrated value chain, GSPL the listed subsidiary of the Company has emerged as the leading player in the State of Gujarat, which provides connectivity to major demand centers and supply sources in the State of Gujarat. GSPL owns and operates more than 2454 Kilometers of Gas Pipeline as on 31st March, 2017. GSPL has transported 9071 Million Standard Cubic Metre (mmscm) of gas during the financial year 2016-17 as compared to 8966 mmscm during the previous financial year.

GSPL has effective firm Gas Transmission Agreements (GTAs) of 25.43 mmscmd for transmission of gas to various customers and interruptible / short - medium term GTAs for 8.77 mmscmd (Previous year: firm GTAs of 22.83 mmscmd and interruptible GTAs of 9.07 mmscmd).

GSPL, the pipeline and gas transmission company of the GSPC group, is not only India's 2<sup>nd</sup> largest gas transmission Company but also has a highly enviable safety track record. GSPL has bagged International Safety Awards from British Safety Council for 5 years continuously.

GSPL is re-certified to Integrated Management Systems (ISO 9001:2008, ISO 14001:2004 & OHSAS 18001:2007) with validity till 30<sup>th</sup> October, 2017.

The Petroleum & Natural Gas Regulatory Board has awarded three major cross-country gas pipeline projects to GSPL consortium. GSPL has a majority stake of 52%

along with IOCL (26%), BPCL (11%) and HPCL (11%) in all the projects.

Accordingly GSPL has incorporated following subsidiaries to carry out the aforesaid projects:

• **GSPL India Transco Limited (GITL)**

Project	Kms. (approx.)
Mallavaram- Bhopal-Bhilwara - Vijaipur Pipeline Project (MBBVPL)	1881

The pipeline will traverse through the State of Andhra Pradesh, Telangana, Maharashtra, Madhya Pradesh Rajasthan and Gujarat.

• **GSPL India Gasnet Limited (GIGL)**

Project	Kms. (approx.)
Mehsana - Bhatinda Pipeline Project (MBPL)	1670
Bhatinda - Jammu Srinagar Project (BJSPL)	740

The pipelines will traverse through the States of Gujarat, Rajasthan, Punjab, Haryana and Jammu and Kashmir.

GSPL along with its consortium partners has achieved financial closure for the above said three pipeline projects.

Laying of pipeline requires various approvals, clearances, permission etc. from multiple authorities including Right of Use (ROU), Environment clearance, wildlife & forest clearances, permission from other authorities etc. GIGL and GITL have obtained all major statutory clearances/permissions. Keeping in view the progress achieved in obtaining various statutory clearances, GIGL and GITL have initiated process for implementing the project.

PNGRB has also given time extension to GITL & GIGL till December 2017 for commissioning the Projects.

**Financial Performance of Subsidiaries in Gas Transmission Business.**

**Gujarat State Petronet Limited (GSPL)**

- GSPL has recorded total Income ₹ 1115.76 crore during the financial year 2016-17 as against ₹ 1057.56 crore in previous financial year.
- GSPL has recorded PBT of ₹ 737.79 crore during the financial year 2016-17 as against ₹ 668.84 crore in previous financial year.
- GSPL has recorded PAT of ₹ 496.64 crore during the financial year 2016-17 as against ₹ 445.35 crore in previous financial year.
- GSPL has recorded Total Comprehensive Income (comprising of PAT and Other Comprehensive

Income) of ₹ 496.41 crore during the financial year 2016-17 as against ₹ 445.95 crore in previous financial year.

**GSPC India Transco Limited (GITL)**

- GITL has recorded total interest Income of ₹ 1.53 crores and Net Profit of ₹ 0.91 crores during the financial year 2016-17.

**GSPC India Gasnet Limited (GIGL)**

- GIGL has recorded total interest Income of ₹ 1.78 crores and Net Profit of ₹ 1.07 crores during the financial year 2016-17.

*\*Previous year's figures have been regrouped/reclassified as per INDAS for comparison.*

GSPL, have contributed positively to the overall performance of the company during the period under review, by expanding its pipeline infrastructure in the state of Gujarat toward developing the Gas Transmission business in the entire gas value chain.

GIGL and GITL has contributed positively to the overall performance of the Company by way of achieving progress in the project of developing cross-country gas pipeline projects.

**2.3 LNG terminal**

GSPC LNG Limited is an associate Company incorporated for developing LNG Receiving, Storage and Regasification Terminal at Mundra, Kachchh, Gujarat with an initial capacity of 5 MTPA. The LNG terminal is designed to have two LNG storage tanks. GSPC LNG has awarded EPC contracts for tank and regassification works. The Company has obtained the Environment and CRZ clearance from Ministry of Environment and Forest (MoEF) for the Project and work at site is going on. The LNG Terminal is more than 95% complete and shall start commercial operations upon readiness of the evacuation pipeline from Mundra to Anjar which is expected to be completed in early 2018

**Financial performance of GSPC LNG Limited (GSPC LNG)**

- GSPC LNG has recorded total Interest Income of ₹ 11.18 crore during the financial year 2016-17 as against ₹ 11.42 crore in previous financial year. The interest income after provision for tax is adjusted against CWIP as the Company is under Project phase.

*\*Previous year's figures have been regrouped/reclassified as per INDAS for comparison.*



**III. Downstream Business activities****Operational Performance of Subsidiaries and Associates in Gas Distribution business.****3.1 City Gas Distribution**

Gujarat has been a pioneer in the City Gas Distribution (CGD) sector in India and has achieved significant success in implementing CGD project in urban and rural areas of the state, thus benefiting the people of Gujarat. In the downstream sector of integrated natural gas value chain, the group Companies have achieved significant milestones as follows;

**■ Gujarat Gas Limited**

Pursuant to implementation of scheme of Amalgamation and Arrangement Gujarat Gas Limited emerged as India's largest city gas distribution player with its presence spread across various districts in the State of Gujarat, Union Territory of Dadra Nagar Haveli and the State of Maharashtra.

Gujarat Gas Limited in an endeavor to grow and retain the leadership position of being the Largest CGD in the country has won the Geographical Areas of Anand District (excluding areas already authorized), Panchmahal District, Ahmedabad District (excluding area already authorized), Amreli District, Dahod District and Dahej- Vagra Taluka in Financial Year 2016-17 in addition to other Geographical Areas already won during earlier years namely Kutch (West), Union territory of Dadra & Nagar Haveli and Palghar District & Thane Rural.

With these newly added Geographical Areas, Gujarat Gas Limited has now extended its foot prints beyond the State of Gujarat.

Gujarat Gas Limited is supplying natural gas to more than 11.6 Lakh residential, over 12,750 commercial and non-commercial segments and over 3,000 industrial customers.

Gujarat Gas Limited also supplies natural gas in the form of Compressed Natural Gas (CNG) through 252 CNG stations catering to the automotive sector in the operational areas as on 31<sup>st</sup> March, 2017.

Gujarat has been a pioneer in the City Gas Distribution (CGD) sector in India and has achieved significant success in implementing CGD project in urban and rural areas of the state, thus benefiting the people of Gujarat. In the downstream sector of integrated natural gas value chain, the group Companies have achieved milestones as follows;

**Audited financial performance of Gujarat Gas Limited**

- Gujarat Gas has recorded total Income of ₹ 5,264.19 crore during the financial year 2016-17 as against ₹ 6,289.97 crore in previous financial year.

- Gujarat Gas has recorded PBT of ₹ 303.34 crore during the financial year 2016-17 as against ₹ 253.70 crore in previous financial year.
- Gujarat Gas has recorded PAT for the period (before other comprehensive income) of ₹ 219.51 crore during the financial year 2016-17 as against ₹ 188.33 crore in previous financial year.
- Gujarat Gas has recorded Total Comprehensive Income (after tax) of ₹ 176.84 crore during the financial year 2016-17 as against ₹ 154.38 crore in previous financial year.

*\*Previous year's figures have been regrouped/reclassified as per IND AS for comparison.*

**■ Sabarmati Gas Limited (SGL)**

SGL has customer base of 1,09,958 domestic customers, 273 industrial customers and 504 commercial establishment as well as 56 CNG stations in three Districts of North Gujarat.

As a result of competitive CNG price, Sabarmati Gas Limited has been able to increase the average daily sales to 206,413 Kg during the financial year 2016-17 as against 1,68,314 during financial year 2015-16.

SGL has been granted authorization by PNGRB for undertaking CGD Business activity in GA of PATAN District. PATAN District is contiguous to existing markets where your company is presently operating. Addition of new market adjoining to existing operational market shall bring synergy & growth to the Business. SGL has already initiated the activities to develop City Gas Distribution network in Patan District.

GSPC along with GSPL (i.e. its Subsidiary) holds 49.94% in Sabarmati Gas Limited.

CGD business is growing very rapidly and CGD companies of GSPC Group are expected to grow by leaps and bounds in the years to come.

**Financial performance of Sabarmati Gas Limited (SGL)**

- SGL has recorded total income of ₹ 697.91 Crores during the financial year 2016-17 as against ₹ 765.28 Crores in the previous financial year.
- SGL has recorded PBT of ₹ 79.32 Crores during the financial year 2016-17 against the PBT of ₹ 14.43 Crores in the last financial year.
- SGL has recorded PAT of ₹ 42.11 Crores during the financial year 2016-17 against the PAT of ₹ 0.64 Crores in the last financial year.

*\*Previous year's figures have been regrouped/reclassified as per IND AS for comparison.*

In the downstream business, the Company intends to achieve accelerated growth and spread its reach to a wider customer base by complementing the strengths of Gujarat Gas and SGL.

GGL and SGL have contributed positively to the overall performance of the company during the period under review, by expanding its CNG and PNG network towards development of downstream business in the entire gas value chain.

#### IV. Power Generation:

- 4.1 GPPC and GSEG have gas based power generation capacity of approx 1200 MW.

##### ■ Gujarat State Energy Generation Ltd. (GSEG)

Gujarat State Energy Generation Ltd. (GSEG), the associate of the Company, has successfully commissioned its 351.43 MW combined cycle power plant at Hazira. With the commissioning of the expanded capacity of 351.43MW, the total capacity of the Hazira CCPP (Combine Cycle Power Plant) has gone up from 156.1 MW to 507.53 MW.

##### Financial performance of Gujarat State Energy Generation Limited (GSEG)

- GSEG has recorded total Income of ₹ 341.92 crore during the financial year 2016-17 as against ₹ 364.43 crore in previous financial year.
- GSEG has recorded PBT of ₹ 46.60 Crores during the financial year 2016-17 as against profit of ₹ 116.23 Crores in the previous financial year.
- GSEG has recorded PAT ₹ 46.59 crore during the financial year 2016-17 as against profit of ₹ 112.72 crore in previous financial year.

*\*Previous year's figures have been regrouped/reclassified as per IND AS for comparison.*

##### ■ GSPC Pipavav Power Company Limited (GPPC)

GSPC Pipavav Power Company Limited (GPPC), a subsidiary of your Company, was incorporated to commission 702 MW combined cycle power plant at Pipavav. GPPC has successfully commissioned 702 MW Power Project.

##### Financial performance of GSPC Pipavav Power Company Limited (GPPC)

- GPPC has recorded total Income of ₹ 491.95 Crores during the financial year 2016-17 as against ₹ 669.06 Crores in previous financial year.
- GPPC has recorded a PBT of ₹ 80.81 Crores during the financial year 2016-17 as against the profit of ₹ 75.24 Crores in previous financial year.

- GPPC has recorded a PAT of ₹ 75.96 Crores during the financial year 2016-17 as against profit of ₹ 75.24 Crores in previous financial year.

*\*Previous year's figures have been regrouped/reclassified as per IND AS for comparison.*

GSEG and GPPC have contributed positively to the overall performance of the company during the period under review, by way of ensuring energy security in the state of Gujarat.

#### 4.2 Alternate sources of Power Generation:

Your Company being committed to promote clean and green energy has also set up alternate sources of power generation. The Company has set up a 71.4 MW wind farm in Gujarat. GSPL your Company's subsidiary, has also set up a 52.5 MW wind farm in Gujarat. The total wind power generation capacity of GSPC Group is 123.9 MW.

GPPC is also successfully managing a 5MW Solar Power Project at Gujarat Solar Park since last quarter of FY 2011-12.

#### V Other Operations.

##### 5.1 IT Infrastructure

The Company has promoted GIPL (Guj Info Petro Limited) for providing IT related services. GIPL has been appointed as total solution provider (TSP) for various government organisations.

##### Financial Performance of Guj Info Petro Limited (GIPL)

- GIPL has recorded total Income of ₹ 15.93 crores during the financial year 2016-17 against ₹ 23.82 crores in previous financial year.
- GIPL has recorded PBT of ₹ 3.95 crores during the financial year 2016-17 as against ₹ 6.51 crores in previous financial year.
- GIPL has recorded PAT of ₹ 2.69 crores during the financial year 2016-17 as against ₹ 4.29 crores in previous financial year.

*\*Previous year's figures have been regrouped/reclassified as per IND AS for comparison.*

GIPL has contributed positively to the overall performance of the company during the period under review, by way of providing IT infrastructure for various government organizations including GSPC and its group Companies.

##### 5.2 Gujarat Energy Research and Management Institute (GERMI)

GERMI is promoted by GSPC with a vision to establish it as a leading one stop institution for the entire gamut of



educational, training and research requirements of the energy sector. This institute develops the talent pool for the oil and gas sector, conduct research and training in petroleum sector, assists in devising techno-economically feasible solutions for various problems encountered in exploration, drilling production and transportation operations. GERMI has also established a centre of excellence in Energy with focus on oil and gas, solar and environmental research.

GERMI is DSIR (Department of Scientific and Industrial research) approved research institute engaged in the field of advance level research in petroleum, solar and nuclear energy, climate change and also offers training and consultancy services to the industry.

### MANAGEMENT DISCUSSION & ANALYSIS :

Management Discussion & Analysis Report for the year under review is presented separately as **Annexure - I**.

#### Change in nature of Business

There has been no change in the nature of business of the Company.

#### Material Change and Commitments affecting financial position between the end of Financial Year and date of Report.

No Material changes and commitments have occurred after the close of the financial year till the date of this report, which affect the financial position of the Company other than those specifically highlighted in this report.

#### Significant or Material Order passed by the Regulator or Tribunal or Court.

No Significant or material orders were passed by the regulator or court or tribunals which impact the going concern status and Company's operations in future.

#### Credit Rating

CRISIL has maintained its rating to A+ (Rating Watch with Negative Implication) for the Long Term Loan. CRISIL has maintained to A1 (Rating Watch with Negative Implication) for Short Term Loan. CRISIL has maintained to CRISIL A+ (Rating Watch with Negative Implication) for Unsecured NCDs with 8 year, 10 year and 15 year maturity and to A (Rating Watch with Negative Implication) for Unsecured NCDs with 60 years of maturity and Compulsorily Convertible Debentures maintained to CRISIL A+r (Rating Watch with Negative Implication).

CARE has revised downwards its credit rating from AA (Placed on credit watch) to A+ (Placed on credit watch) for the Long Term Loan. CARE has revised its rating downwards from A1+ (Placed on credit watch) to A1 (Placed on credit watch) for Short Term Loan. CARE

has also revised its rating downwards from AA (Placed on credit watch) to A+ (Placed on credit watch) for Unsecured NCDs with 8 year, 10 year and 15 year maturity and from AA- (Placed on credit watch) to A (Placed on credit watch) for Unsecured NCDs with 60 years of maturity.

The main reason for revision in the rating of CARE is on account of

- Lower than anticipated production from KG Block
- Due to increasing capital commitments, GSPC's balance sheet has become highly leveraged.

#### Deposits

During the year, the Company has not accepted any Fixed Deposits under Chapter - V of the Companies Act, 2013 from the public.

#### REPORT ON PERFORMANCE AND FINANCIAL POSITION OF EACH OF ITS SUBSIDIARY, ASSOCIATE AND JOINT VENTURES COMPANIES

Pursuant to the Section - 129 (3) of the Companies Act, 2013 read with Rule - 5 of the Companies (Accounts) Rules, 2014, the salient features of Financial Statement of subsidiaries and associates in Form AOC-1 is attached as **Annexure - II** which forms part of this report.

#### Particulars of Loans, Guarantees and Investments

The Company being infrastructure Company as specified under Schedule - VI of the Companies Act, 2013, is exempted from the provision of Section - 186 except sub-section-186(1) of Companies Act, 2013 with respect to Inter-Corporate loans, guarantees and securities. However, the relevant details are furnished in the notes to financial statement, which forms part of the Annual Report.

#### INTERNAL FINANCIAL CONTROL

The Company has put in place efficient internal control systems and processes commensurate with its size and scale of operations. The Company has appointed M/s E&Y to carry out Internal Audit so as to ensure adherence to policies and mitigation of the operational risks. The key findings of Internal Auditor are being reviewed by the Audit Committee from time to time and appropriate action plans are prepared so as to implement the recommendations/observations of the Internal Auditor.

The Company uses SAP system for integration of various business processes across the organization.

The Company has in place adequate internal financial controls with reference to financial statements. The

Company has appointed KPMG to review the Internal Financial Controls (IFC) as well as to develop Standard Operation Practice (SOP) for some of the matters related to finance and other activities.

The Company has an Audit Committee that periodically reviews the Internal Auditor's report, suggests corrective actions in required areas and thereby helps to strengthen the controls. Internal control systems and processes put in place are commensurate with its size and scale of operations.

Further, based on the framework of Internal financial controls and systems established and maintained by the Company, work performed by the Internal, Statutory and Secretarial auditors and the reviews performed by Management and the relevant Board Committees including the Audit Committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during the financial year 2016-17.

## QUALITY, HEALTH, SAFETY AND ENVIRONMENT

At GSPC, adherence to high standards of Quality, Health, Safety and Environment (QHSE), is of paramount importance. The Company is committed to achieve high level of QHSE performance as an integral part of company's business performance for sustainable development, safe workplace and enrichment of quality of life of the employees, customers and community at large.

To ensure that the QHSE management system is functioning satisfactorily, the company has established effective management system and procedures and adopted auditing mechanisms and the recommendations of such audits are consistently implemented. The company has taken many initiatives during the year to achieve continual improvement, which includes comprehensive incident and 'near-miss' reporting and investigation system, establishing emergency response plans, safety and environmental audits and systematic HSE training for employees and contractors. These are periodically reviewed, audited and upgraded for continuous excellence.

The company has achieved an impressive milestone in safety statistics, incident free days for both onshore and offshore operations and consistently maintained zero incident record. Onshore gas terminal, Kakinada has crossed more than 1000 incident free man days since commissioning of the plant, which clearly shows the excellence in safety standards.

Towards sustainable development of operations, GSPC has been giving importance to environmental protection as one of our primary objective in QHSE. During the reporting period GSPC has commenced green belt plantation at our onshore facilities and also encouraged

plantations around our work sites. Our efforts of reducing wastes and emissions are reflected through implementation of 3R principles of wastes management (Reduce, Recycle and Reuse) in our operations.

To create HSE awareness amongst employees and contractors, company organized various promotional programs like; Celebration of National Safety Day, Fire Services Day and World Environment Day. During the celebration campaign, the company organized various programs and competitions like; safety quiz, safety talk, safety posters, safety slogan and hazard identification. During the year various HSE awareness sessions were conducted for employees & contractor towards Fire and basic safety, Warehouse safety, Nearmiss reporting, Working at height and Mines Vocational Training.

During the year various onsite and offsite emergency mock drills exercise were carried out at regular interval. As a community awareness fire safety & basic safety awareness programs were conducted for the school children, college students and nearby villagers.

## EXTRACT OF ANNUAL RETURN

Extract of Annual Return of the Company is annexed herewith as Annexure - III to this Report.

## CORPORATE SOCIAL RESPONSIBILITY

The Board of Directors have developed and implemented Corporate Social Responsibility Policy of the Company. The brief outline of the Corporate Social Responsibility Policy, composition of CSR Committee of Directors, reasons for not spending CSR expenditure and other required disclosures related to CSR are attached herewith as **Annexure - IV** as per the format prescribed under the Companies (Corporate Social Responsibility) Rules, 2014.

## HR INITIATIVES :

The Company takes pride in the commitment, competence and dedication shown by its employees in all areas of business. The Company has considered Human Resources as its biggest strength as the Company sets out to meet the challenges in the days ahead.

HR initiatives are summarized below:

- As the business grows in size and complexity, the requirements in terms of skills, expertise and experience would increase significantly. The Company continues to focus on initiatives which will contribute towards enhancing the capabilities of the next generation of leaders and promote the development of a high performance culture.
- The Company has worked out the Organizational Structure as per the functional & operational needs of the Company.





• The Company believes that training and development is of vital importance to create a climate where people maximize their technical skills and inner potential which can help the Company in capitalizing the emerging business opportunities through their involvement. During the year, employees were sent for various training programs and seminars both internal and external trainings.

HR initiatives are summarized below:

**During the year, the Company organized following learning activities for the employees:**

- Advanced EPC (Engineering, Procurement, and Construction) Contract Management (Part 1 & Part 2) for employees from the relevant departments.
- Training Program on Pressure Transient Analysis Using SAPHIR by Reservoir in February 2016 for the employees of Production and Reservoir Department.
- Two day Training program on “Communication, Presentation skills & Business Etiquettes” was conducted.

**Various Employee Engagement Activities**

- Winter Sports conducted in the month of December 2016
- Flag hoisting ceremony was organized at OGT on the eve of 67th Republic Day.
- Health talk was organized on “Ergonomics” that includes Safe work positions and system operations during working which is very useful in day to day life.
- Quiz contest “Battle of the Brains” was conducted.
- Health talk on “Diabetes & Nutritious Diet” was organized.
- On the occasion of 46<sup>th</sup> National Safety week GSPC Participated in Safety Rally and Safety Parade

**DIRECTORS & KEY MANAGERIAL PERSONNELS**

**Appointment of Directors**

Dr. J.N. Singh, IAS was nominated by Government of Gujarat as Managing Director of the Company w.e.f. 11<sup>th</sup> April, 2016 in place of Shri Atanu Chakraborty, IAS who has tendered his

Managing Director of the Company consequent to his transfer as Director General, Director General of Hydrocarbons. Dr. J. N. Singh, IAS has been nominated by Government of Gujarat as Chairman & Managing Director of the Company consequent to his appointment as Chief Secretary w.e.f. 1<sup>st</sup> August, 2016 in place of Shri G. R. Aloria, IAS (Retd.)

Shri Sujit Gulati, IAS has been appointed as Additional Director of the Company w.e.f. 7<sup>th</sup> July, 2016 consequent to his appointment as Additional Chief Secretary (Energy and Petrochemical Department) in place of Shri L. Chuaungo, IAS and his appointment was subsequently confirmed at the last Annual General Meeting held on 9th September, 2016.

Shri Anil Mukim, IAS has been appointed as Additional Director of the Company w.e.f. 17<sup>th</sup> October, 2016 consequent to his appointment as Additional Chief Secretary (Finance Department) and his appointed shall be regularized at the ensuing Annual General Meeting of the Company.

Dr. T. Natarajan, IAS has been nominated by Government of Gujarat as Joint Managing Director of the Company w.e.f. 1<sup>st</sup> August, 2016.

**Independent Directors**

The Shareholders have approved appointment of Dr. Ravindra Dholakia (DIN:- 00069396) Dr. Manjula Subramaniam, IAS (Retd.) (DIN: 00085783) Prof. Yogesh Singh (DIN: 06600055) and Dr. N. Ravichandran (DIN : 02065298) as Independent Directors on the Board.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under the Companies Act, 2013.

**Resignation and Cessation of Directors**

The details of resignation and Cessation of Directors during the year under review are as follows;

- Shri Atanu Chakraborty, IAS has ceased to be Managing Director of the Company w.e.f. 11<sup>th</sup> April, 2016 consequent upon his transfer as Director General, Directorate General of Hydrocarbons (DG, DGH), Government of India.
- Shri L. Chuaungo, IAS has ceased to be Director of the Company w.e.f. 27<sup>th</sup> June, 2016 consequent upon his transfer from Energy & Petrochemicals Department.
- Shri G. R. Aloria, IAS (Retd.) has ceased to be Chairman of the Company w.e.f. 31<sup>st</sup> July, 2016 consequent upon his retirement from services on superannuation.

The Board of Director of your Company place on record appreciation of services rendered by Shri L. Chuaungo, IAS, Shri Atanu Chakraborty, IAS and Shri G. R. Aloria, IAS (Retd.)

### Appointment and Resignation of Key Managerial Personnel's.

The Board of Directors has approved appointment of Dr. J. N. Singh, IAS as Managing Director of the Company w.e.f. 11<sup>th</sup> April, 2016 and as Chairman & Managing Director of the Company w.e.f. 1<sup>st</sup> August, 2016.

The Board of Directors has approved appointment of Dr. T. Natarajan, IAS as Joint Managing Director of the Company w.e.f. 1<sup>st</sup> August, 2016.

The company has following Key Managerial Personnel:

- Dr. J. N. Singh, IAS as Chairman & Managing Director.
- Dr. T. Natarajan, IAS as Joint Managing Director.
- Shri Gopal Pallipuram Srinivasan - Chief Financial Officer.
- Shri Sandeep Dave - Company Secretary.

### Particulars of Managerial Remuneration and Employees

Your Company being Government Company is exempted from furnishing information under Section - 197 of the Companies Act, 2013 vide Ministry of Corporate Affairs notification dated 5<sup>th</sup> June, 2015.

### Meeting of the Board and Committees

7 meetings of Board of Directors were held during the financial year 2016-17.

Pursuant to the requirement of Secretarial Standard - 1 (i.e. Secretarial Standard on meetings of Board of Directors applicable w.e.f. 1<sup>st</sup> July, 2015), details of number and dates of Meetings of the Board and Committees held during the financial year indicating the number of Meetings attended by each Director is attached as **Annexure-V** which forms part of this report.

### Board Evaluation

The Companies Act, 2013 states that a formal evaluation needs to be made by the Board of its own performance and that of its committees and individual Directors. Schedule - IV of the Companies Act, 2013 states that the performance evaluation of independent Directors shall be done by the entire Board of Directors, excluding the Directors being evaluated.

The evaluation of individual Director, committees and Board as a whole has been carried out by the Board based on the criteria for evaluation adopted by the Board.

MCA has further exempted Government Companies from the provision of evaluation by Nomination & Remuneration Committee and disclosure requirement related to company's policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of section 178;

Separate meeting of Independent Director for evaluation of performance of non-Independent Director was also held in compliance with the provision of Companies Act, 2013.

### AUDIT COMMITTEE

The Company has constituted an Audit Committee in compliance with the provisions of Section 177 of the Companies Act, 2013. The Audit Committee consists of following Directors:

Name of Directors	Designation
Dr. Ravindra Dholakia	Chairman
Shri Anil Mukin, IAS	Member
Dr. N. Ravichandran	Member
Dr. Yogesh Singh	Member
Dr. T. Natarajan, IAS	Member

The Audit Committee has recommended the financial statement for the year ended on 31<sup>st</sup> March, 2017 for approval of the Board at its meeting held on 30<sup>th</sup> May, 2017.

All the recommendations made by the Audit Committee were accepted by the Board.

### VIGIL MECHANISM

In order to ensure that the activities of the Company and its employees are conducted in a fair and transparent manner by adoption of highest standards of professionalism, honesty, integrity and ethical behavior, the Board of Directors have approved Vigil Mechanism policy for Directors and employees to report genuine concerns as per the requirement of Companies Act, 2013.

### STATUTORY AUDITORS

Your Company being a Government Company, the Statutory Auditors are appointed by the Comptroller & Auditor General of India. Accordingly, M/s P Singhvi & Associates Chartered Accountants, Ahmedabad were appointed as Statutory Auditors of the Company for the financial year 2016-17.

The Statutory Audit Report does not contain any qualification, reservation or adverse remark.

The Company has received comments on standalone and Consolidated financial statements for the financial year 2016-17 from C&AG. The said comments received from C&AG office along with Management response is enclosed after Statutory Auditor Report.

### SECRETARIAL AUDITOR

The Board of Directors have appointed M/s K. K. Patel and Associates, Practicing Company Secretary to conduct Secretarial Audit for the Financial Year 2016-17.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark. The Secretarial Audit Report for the financial year ended on March 31, 2017 is annexed herewith as **Annexure - VI** to this Report.



**COST AUDITORS**

The Board of Director has appointed M/s N. D. Birla as Cost auditor for the financial year 2016-17.

The Company has filed the Cost Audit Report for the financial year 2015-16. The Cost Audit for the financial year 2016-17 is being finalized and the same shall be filed as required.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Your Directors hereby confirm that,

The Directors confirm that;

- (i) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- (ii) Accounting policies are selected and applied consistently and judgments and estimates are reasonable and prudent so as to give true and fair view of the state of affairs of the company at the end of the financial year and of Profit of the company for that period.
- (iii) They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities is taken.
- (iv) They have prepared annual accounts on a going concern basis.
- (v) They have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- (vi) They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

**CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES**

Since the disclosure of Related party Transactions as required under Section - 134(3)(h) read with Rule - 8(2) of the Companies (Accounts) Rules, 2014 in form AOC - 2 is not applicable, your Directors draw attention of the members to Notes to Accounts to the financial statement, which sets out related party disclosures.

**RISK MANAGEMENT**

KPMG has identified key risks associated with the business activities and has developed detailed risk management policy for the Company which defines detailed procedure for monitoring, mitigating and reporting risk on periodic basis. The Company has in place Risk Management Policy and has constituted Risk Management cell including appointment of Chief Risk Officer and Associate Risk Officer to ensure necessary compliance with respect to Risk Management Policy.

**GENERAL**

The Company has put in place an Anti Sexual Harassment Policy in line with the requirement of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Further during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO****Conservation of Energy**

Your Company is in the business of exploration of oil and gas wherein consumption of energy is not significant. However, the Company is still taking all steps for efficient consumption of energy.

**Technology Absorption**

The Company has been using latest software for geological modeling and reservoirs management. This helps the Company to efficiently manage its Oil and Gas fields and Oil and Gas reserves.

The Company has not imported any technology. However, based on the technology used by the Contractors and Joint Venture partners, the Company is continuously upgrading its skills.

**Foreign Exchange Earnings and Outgo**

Foreign Exchange	₹ in crores
Earnings	0.28
Outgo	1,497.54

**ACKNOWLEDGEMENTS**

The lead that GSPC has attained in hydrocarbon sector so far is indeed the end result of persistent hard work of its employees coupled with unstinted support from the Government of Gujarat.

The Directors convey their sincere appreciation for the valuable services rendered by employees at all levels, without whose contributions the excellent performance and growth of the Company would not have been possible.

The Directors are extremely grateful for all the support given by the Government of Gujarat at all levels.

The Directors place on record their sincere thanks to the Ministry of Petroleum & Natural Gas, Directorate General of Hydrocarbon, PNGRB Government of Gujarat, Natural Gas Suppliers, Customers, Joint Venture partners, Lenders, and investors for their continuous support and guidance.

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

**Chairman & Managing Director**

Date : 4<sup>th</sup> December, 2017  
Place : Gandhinagar

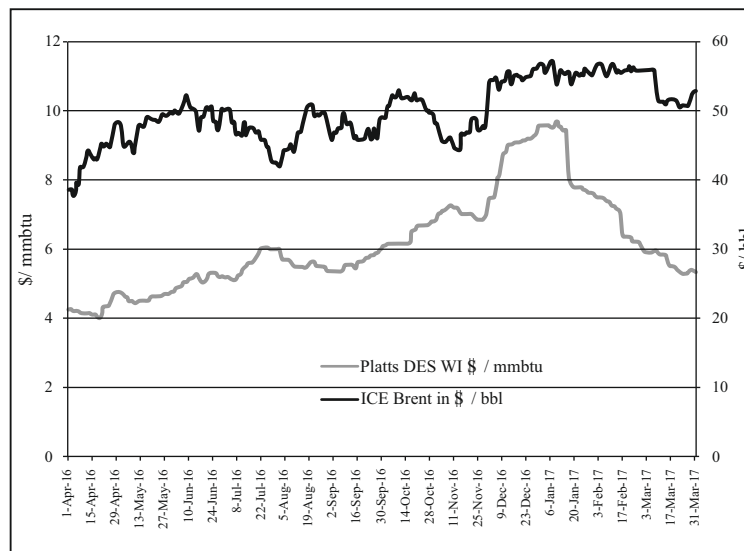
## Annexure – I

### Management Discussion & Analysis

International Energy Agency (IEA), at an annual energy conference in March 2017 mentioned that “India is moving to the centre-stage of global oil and energy markets” citing India's strong economic and population growth. Natural Gas has the ability to play a key role in India's energy scenario, but requires investment in the right infrastructure. In fact, as per BP Energy Outlook 2017, despite a gradual transition in world energy mix through renewables, oil, gas and coal remain the dominant sources of energy powering the global economy in 2035. Out of these, Natural Gas is the fastest growing fuel (1.6% p.a.), with its share in primary energy increasing as it overtakes coal to be the second-largest fuel source by 2035. Asia remains the largest destination for LNG with China, India and other emerging countries set to increase their demand for LNG, helping gas to grow faster than either oil or coal in their economies.

In 2016-17, India was the fourth largest importer of LNG worldwide with its strong appetite for competitively priced LNG and Indian imports jumped almost by 30% on y-o-y basis. During the year 2016-17, the Country witnessed impressive LNG imports, clocking a historic 18.63 MTPA (≈ 67 MMSCMD) (Source: PPAC), accounting for almost 50% of the total gas consumed in the Country. China and India, as well as other emerging importers, were driving the demand growth for Asia during 2016-17, partly owing to subdued spot prices.

Adequate supplies and slow demand growth drove the Spot LNG prices at a seven-year low (4.0 US\$/MMBTU for May'16) whereas sluggish oil prices continued to strive downward pressure on oil-indexed contract prices during the first half of the year. The second half of the year observed a reversal in Spot LNG prices (9.7 US\$/MMBTU for Feb'17) owing to supply disruptions and colder winters across the globe before recovering itself to the US\$ 5 MMBTU level. Refer to chart below for variation in oil as well as Spot LNG prices (DES West India) during 2016-17 :



### GOVT. OF INDIA INITIATIVES

The Government of India (GoI) believes a natural gas-fuelled economy will help India achieve the twin objectives of economic growth & sustainable development. With an objective to take a strong step forward towards Hon'ble Prime Minister's vision of reducing India's energy imports by 10% by 2022, GoI launched several initiatives to boost gas production and achieve a “gas based economy” namely:

- (1) Approved Capital Grant (including authorization for development of City Gas Distribution network and revival of fertilizer units enroute the pipeline project) for development of Gas infrastructure in Eastern part of the Country
- (2) Conducted Discovered Small Field (DSF) Bid Round 2016, offering 46 contract areas across 9 sedimentary basins for development
- (3) Approved marketing & pricing freedom to the Coal Bed Methane (CBM) Contractors to sell the CBM at Arm's Length Price in the domestic market to incentivize the CBM operation in the country and boost domestic gas production
- (4) To incentivize gas production, marketing freedom has also been provided under Discovered Small Field bidding round as well as under Hydrocarbon Exploration and Licensing Policy (HELP) under which acreages will be provided in future.



However, these incentives from the Govt. shall materialize around 2020-21, when supplies from new gas finds commence. Accordingly, in order to close the gap in natural gas demand and supply, LNG shall play an important role. Moreover, till such time that spot LNG prices continue to remain in a competitive range, opportunities for demand growth in 2017-18 seem abundant.

LNG imports are expected to increase going forward and there is a positive sentiment in the markets with regards to domestic production from new finds too. Several experts believe that Gas can play a key role in meeting energy requirement, but requires investments in the right infrastructure, namely pipeline infrastructure, LNG import & regassification terminals and City Gas Distribution networks. A brief snapshot of the status of current infrastructure available as well as proposed to be developed is shown below :

**Table1 - LNG import & regassification Infrastructure**  
(in MTPA)

LNG terminal	2016-17	2021-22
PLL, Dahej	15.0	17.5
HLPL, Hazira	5	5
PLL, Kochi	5	5
RGPPL , Dabhol	2	5
GSPC LNG, Mundra	0	5
IOCL Ennore	0	5
SEL, Jafrabad	0	5
Dhamra LNG	0	5
<b>TOTAL</b>	<b>27</b>	<b>52.5</b>

**Table-2 Gas Pipeline under Execution / Construction**

NETWORK/REGION	Entity	Length in Kms	Design Capacity (mmscmd)
Kochi - Koottanad - Bangaluru - Mangalore	GAIL(India) Ltd.	1063	16.00
Surat - Paradip*	GAIL(India) Ltd.	2112	74.81
Jagdishpur- Haldia-Bokaro-Dhamra (JHBDPL) (Phase-1 (755 KM), 7.44 MMSCMD capacity	GAIL(India) Ltd.	2539	32.00
Mallavaram - Bhilwada*	GSPC India Transco Ltd.	2042	78.25
Mehsana - Bhatinda*	GSPC India Gasnet Ltd.	2052	77.11
Bhatinda -Srinagar*	GSPC India Gasnet Ltd.	725	42.42
Kakinada -Vizag- Srikakulam *	A P Gas Distribution Corporation	391	90.00
Ennore- Nellore*	Gas Transmission India Pvt. Ltd.	250	36.00
Ennore- Thiruvallur-Bengaluru-Puducherry- Nagapattinam-Madurai-Tuticorin*	Indian Oil Corporation Ltd.	1385	84.67
Jaigarh-Manglore*	H-Energy Pvt. Ltd.	635	17.00
<b>TOTAL</b>		<b>13,194</b>	

(Source : PNGRB, GAIL(India) Ltd., Pipeline authorised companies)(\*Competitive bidding)

GSPC Group is also working in the right direction of building requisite infrastructure. GSPL's JV companies namely GSPL India Gasnet Limited (GIGL) and GSPL India Transco Ltd. (GITL) are developing the Mehsana-Bhatinda (MBPL), Bhatinda-Jammu-Srinagar (BJSPL) and Mallavaram-Bhilwara-Bhopal-Vijaipur (MBBVPL) pipelines of  $\approx$  4000 kms spanning 9 States and 60 districts of the Country.

GSPL is also working towards expanding its presence across various industrial clusters / segments in Gujarat. With CGD segment given the highest priority in gas allocation and with the thrust of the Central Govt. on 'Smart Cities', your Company shall continue to participate in CGD business through its existing ventures of Gujarat Gas Ltd. and Sabarmati Gas Ltd. We strongly believe that all these infrastructure initiatives / developments by the Group would facilitate in expanding the Gas Trading segment of your Company.

**E&P business: Producing Assets**

Oil and gas production volumes, which depend on the yield from the company's producing fields, have a significant impact on the Company's results of operations. Currently, all of our producing fields are within the Cambay basin, where company holds participating interests in 17 producing fields. The Cambay basin is a maturing resource province with declining production levels, especially of gas. The volume of production from oil and gas fields generally declines as reserves are depleted with ongoing production.

The Company also intends to continue exploration activities in its existing exploration blocks to discover new oil and gas reserves for development. The company's future production will significantly dependent upon success in finding and developing new reserves in a timely and cost effective manner.

**Financial Performance and Going Concern**

The Company has earned Profit before Depreciation Interest and Tax (Operational Profit) of ₹ 982.04 Crore as compared ₹ 488.35 Crore in Previous Year recording increase of 101%. The Company has recorded loss on account of impairment of ₹ 14,923.54 Crore which is charged to profit & Loss.

The Board of Directors of the Company in its meeting held on 2nd January, 2017 has considered and approved the sale of GSPC's 80% Participating Interest of GSPC in KG-OSN-2001/3 Block to ONGC for a consideration of USD 995.26 Million towards Deen Dayal West Field of KG Block and for floor consideration of USD 200 Million towards other Fields in KG Block. Such part consideration towards other fields will be adjusted upon finalisation of valuation of these discoveries.

The Company has executed Farm-in/Farm-out Agreement with Oil and Natural Gas Corporation (ONGC) for farm-out of 80% PI in KG-OSN-2001/3 (KG Block). The KG Block has substantial gas and condensate reserves however due to technical challenges (High Pressure High Temperature and tight reservoirs in offshore environment), the requisite future capital investment to achieve desired levels of production had pushed the Company towards a highly leveraged position. The Company was unable to infuse further capital for future development which had triggered the strategic transfer of KG Asset to ONGC. ONGC with financial and technical capabilities is best placed to carry out capital and technology intensive further development and production operations in the DDW and Other Six fields of KG Block. The Company has approached Government for approving the transaction for divestment of GSPC's 80% PI in KG Block. The transaction for sale of PI in KG Block has led to an impairment linked financial loss which has exceeded the net worth of the Company.

However, to recoup the negative impact on financials, the Company has an upside potential from valuation of other six discoveries in KG Block. Moreover, the Company has wide domain of business process in energy value chain with gas trading, Exploration & Production business in onshore blocks and renewable power generation. The Company has strong market presence in the gas trading business which is further fortified with subsidiaries in gas transmission and gas distribution business alongside gas based power generation businesses which have potential for high growth trajectory.

The management of the Company with the support from Government of Gujarat is committed to complete the turnaround of the company by putting in place Financial Realignment Strategy. The Company is devising a detailed realignment plan to improve the financial and operating performance. The Company has already engaged services of independent consultant for preparation of Financial Realignment Plan.

The Company is in advanced stages of obtaining the approval from Government of Gujarat for valuation adjustment linked to gas price mechanism and necessary support for Financial Realignment Strategy which clearly indicates the continuing support of Government of Gujarat towards the Company.

In view of the business presence of the Company and the measures taken along with the support of GoG, the present accounts have been prepared on a "Going Concern Basis" since in opinion of the management there is no foreseeable situation of the Company otherwise.

**Forward Looking Statements:**

All the statements that address expectations or projections about the future, including but not limited to statements about the company's strategy for growth, product development, market position, expectations and financial results are forward looking statements. Since these are based on certain assumptions and expectations of future event, the company cannot guarantee that these assumptions and expectations are accurate or will be realized. The Company's actual results performance or achievements could thus differ from those projected in any forward looking statements. The Company assumes no responsibility to publicly amend modify or revise any such statements on the basis of subsequent developments, information or events.





**ANNEXURE II**  
**AOC - 1 Statement Pursuant to Section 129 of the Companies Act, 2013 relating to Company's interest in the subsidiary companies**  
 (₹ in Crores)

Sr. No	Name of Subsidiary Company	Gujarat State Petronet Limited (GSPN)	GSPN India Gasnet Limited (GIGL)	GSPN India Transco Limited (GITL)	GSPC ENERGY LIMITED	GSPC OFFSHORE LIMITED	GSPC Pipavav Power Company Limited (GPCC)	GSPC (JPDA) Limited	Guj Info Petro Limited (GJPL)	Gujarat Gas Limited
1	The date since when subsidiary was acquired**/ Subsidiary since incorporation date#	23.12.1998	13.10.2011	13.10.2011	18.12.2015	23.09.2015	22.02.2006	13.10.2006	15.01.2001	15.05.2015**
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	3/31/2017	3/31/2017	3/31/2017	3/31/2017	3/31/2017	3/31/2017	3/31/2017	3/31/2017	3/31/2017
3	Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries.	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A
4	Share capital	563.59	277.02	205.00	0.05	0.05	861.84	98.39	0.05	137.68
5	Reserves & surplus	3,932.39	5.70	5.70	(0.34)	(0.34)	(195.22)	(98.78)	46.80	1,507.21
6	Total assets	5,833.37	291.47	216.32	0.04	0.04	2,400.87	0.28	59.30	6,348.36
7	Total Liabilities	1,337.39	8.75	5.62	0.33	0.33	1,734.25	0.67	12.46	4,703.47
8	Investments	765.49	-	-	-	-	-	-	-	68.28
9	Turnover	1,027.55	-	-	-	-	479.77	-	12.81	5,237.87
10	Profit before taxation	737.55	1.61	1.37	(0.01)	(0.01)	80.81	(0.06)	3.90	260.67
11	Provision for taxation	241.14	0.53	0.45	-	-	4.86	-	1.25	83.83
12	Profit after taxation	496.41	1.08	0.92	(0.01)	(0.01)	75.95	(0.06)	2.65	176.84
13	Proposed Dividend (%)	15.00	-	-	-	-	-	-	-	30.00
14	% of Ownership (Extent of shareholding)	GSPC holds 37.67%	GSPC holds 19.60%	GSPC holds 19.60%	GSPC holds 100%	GSPC holds 100%	GSPC holds 97.47%	GSPC holds 100%	GSPC holds 69.09%	GSPC holds 39.11%

# All Companies other than Gujarat Gas Limited are subsidiaries from the date of its incorporation as mentioned in Sr. No. 1 above

\* Name of subsidiaries which are yet to commence operations - GSPN India Gasnet Limited(GIGL),GSPN India Transco Limited(GITL),GSPC Offshore Limited and GSPC Energy Limited

\* GSPC Distribution Network Limited is now known as Gujarat Gas Limited after approval of merger of GSPC Gas Company Limited, Gujarat Gas Company Limited, Gujarat Gas Financial Services Limited and Gujarat Gas Trading Company Limited into GSPC Distribution Network Limited in 2015. GSPC holds 28.4%, GSPN (i.e. subsidiary of GSPC holds 25.76%) and GSEG (i.e. Associate of GSPC holds 0.19%).Fresh Certificate of incorporation was issued by MCA on 15<sup>th</sup> May, 2015

**Dr. J. N. Singh, IAS**  
 Chairman & Managing Director  
 DIN : 00955107

**Dr. T. Natrajan, IAS**  
 Joint Managing Director  
 DIN : 00396367

Date : 30<sup>th</sup> May, 2017  
 Place : Gandhinagar

**Sandeep Dave**  
 Company Secretary

**Gopal Srinivasan**  
 Chief Financial Officer

## AOC - 1 Statement Pursuant to Section 129 of the Companies Act, 2013 relating to Company's interest in the Associate Companies

(Figures in crores except for no. of shares)

Sr. No.	Name of Associates/Joint Ventures	Gujarat State Energy Generation Limited (GSEG)	GSPC LNG Limited (GLL)	Sabarmati Gas Limited (SGL)	Alcock Ashdown (Gujarat) Limited (Alcock)
1	Date on which the Associate or JV was associated or acquired/ Associate since incorporation date#	30.12.1998	27.02.2007	06.06.2006	05.09.1994
2	Latest audited Balance Sheet Date	3/31/2017	3/31/2017	3/31/2017	3/31/2017
3	Shares of Associate/Joint Ventures held by the company on the year end No. of Shares held Amount of Investment Extent of Holding in %	11, 35, 41, 817 119.83 32.59%	11,430,060 11.43 13.49%	4,494,330 55.10 22.53%	11,500,000 11.50 22.55%
4	Description of how there is significant influence	Control of more than twenty per cent of total share capital***	Control of more than twenty per cent of total share capital*	Control of more than twenty per cent of total share capital**	Control of more than twenty per cent of total share capital
5	Reason why the associate/joint venture is not consolidated	N.A.	N.A.	N.A.	N.A.
6	Networth attributable to Shareholding as per latest audited Balance Sheet	53.75	337.77	70.39	(105.66)
7	Profit / Loss for the year Considered in Consolidation Not Considered in Consolidation	16.96	0.99	9.58	(5.86)

Names of associate or joint ventures which are yet to commence operations - GSPC LNG Limited  
#GSEG, SGL and Alcock are associate since their incorporation date as mentioned above. However GLL was incorporated as subsidiary of GSPC and latter on become Associate in financial year 2014-15 due to change in control over Management.

\*\*GSPC along with GSPL (Subsidiary of GSPC) holds 23.56% of equity stake in GSPC LNG Limited

\*\*\*GSPC along with GSPL (Subsidiary of GSPC) holds 50% of equity stake in Sabarmati Gas Limited

\*\*\*\*GSPC along with GSPL (Subsidiary of GSPC) holds 34.39% of equity stake in Gujarat State Energy Generation Limited

**Dr. J. N. Singh, IAS**  
Chairman & Managing Director  
DIN : 00955107

**Sandeep Dave**  
Company Secretary

**Dr. T. Natrajan, IAS**  
Joint Managing Director  
DIN : 00396367

**Gopal Srinivasan**  
Chief Financial Officer

Date : 30<sup>th</sup> May, 2017  
Place : Gandhinagar



**Annexure - III**  
**FORM NO. MGT-9**  
**EXTRACT OF ANNUAL RETURN**  
**As on financial year ended on 31<sup>st</sup> March, 2017**

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

<b>I. REGISTRATION AND OTHER DETAILS :</b>		
<b>Sr. No.</b>	<b>Particulars</b>	<b>Remark</b>
i)	Corporate Identification Number	U23209GJ1979SGC003281
ii)	Registration Date	January 29, 1979
iii)	Name of the Company	Gujarat State Petroleum Corporation Limited
iv)	Category/ Sub- Category of the Company	Government Company (Public Company/Limited by Shares)
v)	Address of the Registered office and contact details	GSPC Bhavan, B/h Udhyog Bhavan, Sector - 11, Gandhinagar PIN :- 382010.
vi)	Whether listed company	Yes (Unsecured Non-Convertible Debentures (NCDs) issued by the Company are listed on National Stock Exchange).
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Computershare Private Limited, Plot nos. 17-24, Vithalrao Nagar, Madhapur, Hyderabad 500 081 Andhra Pradesh Tel: 079-26465179 Fax: 079-26465179
<b>II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY</b>		
	All the business activities contributing 10% or more of the total turnover of the company	As per <b>Annexure - A</b>
<b>III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES</b>		
	Particulars of Holding, Subsidiary and Associate companies	As per <b>Annexure - B</b>
<b>IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)</b>		
i)	Category-wise Share holding	As per <b>Annexure - C</b>
ii)	Shareholding of Promoters	As per <b>Annexure - D</b>
iii)	Change in Promoters Shareholding	As per <b>Annexure - E</b> There is no change in shareholding pattern of Promotes during the financial year 2016-17.
iv)	Shareholding pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):	As per <b>Annexure - F</b>
v)	Shareholding of Directors and Key Managerial Personnel	As per <b>Annexure - G</b>
<b>V. INDEBTEDNESS</b>		
i)	Indebtedness of the Company including interest outstanding/ accrued but not due for payment	As per <b>Annexure - H</b>
<b>VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL</b>		
i)	Remuneration to Managing Director , Whole-time Directors and/or Manager:	As per <b>Annexure - I</b>
ii)	Remuneration to other directors	As per <b>Annexure - J</b>
iii)	Remuneration to Key Managerial Personnel other than MD/Manager/WTD	As per <b>Annexure - K</b>
<b>VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES</b>		
iii)	Penalties / Punishment/ Compounding of offences	There were no Penalties / Punishment/ Compounding of offences under Companies Act, 2013.

Date : 30<sup>th</sup> May, 2017  
Place : Gandhinagar

**Chairman & Managing Director**

## Annexure - A

All the business activities contributing 10% or more of the total turnover of the company			
Sl. No.	Name and Description of main Product/ Services	NIC Code of the the Product/ Service	% to total turnover of the company
1	Anciliary Product- Gas Trading	Not Applicable	97.60%

## Annexure - B

Particulars of Holding, Subsidiary and Associate Company					
Sr.No	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Gujarat State Petronet Limited (GSPL)	L40200GJ1998SGC035188	Subsidiary	37.69	2(87)
2	GSPL India Gasnet Limited (GIGL)****	U40200GJ2011SGC067449	Subsidiary	NIL	2(87)
3	GSPL India Transco Limited (GITL)****	U40200GJ2011SGC067450	Subsidiary	NIL	2(87)
4	Gujarat Gas Limited (GGL)*	L40200GJ2012SGC069118	Subsidiary	28.40	2(87)
5	GSPC (JPDA) Limited	U23201GJ2006SGC049229	Subsidiary	100	2(87)
6	Guj Info petro Limited	U72900GJ2001PLC039162	Subsidiary	49.94	2(87)
7	GSPC Pipavav Power Company Limited	U40100GJ2006SGC047783	Subsidiary	97.47	2(87)
8	GSPC Offshore Limited	U11202GJ2015SGC084562	Subsidiary	100	2(87)
9	GSPC Energy Limited	U11102GJ2015SGC085438	Subsidiary	100	2(87)
8	GSPC LNG Limited**	U23203GJ2007SGC050115	Associate	7.39	2(6)
9	Gujarat State Energy Generation Limited	U40100GJ1998SGC035212	Associate	32.59	2(6)
10	Sabarmati Gas Limited***	U40200GJ2006PLC048397	Associate	22.47	2(6)
11	Alcock Ashdown (Gujarat) Limited	U74999GJ1994SGC022952	Associate	22.55	2(6)

\*GSPC Distribution Network Limited is now known as Gujarat Gas Limited after approval of merger of GSPC Gas Company Limited, Gujarat Gas Company Limited, Gujarat Gas Financial Services Limited and Gujarat Gas Trading Company Limited into GSPC Distribution Network Limited in 2015. GSPC holds 28.4%, GSPL (i.e. subsidiary of GSPC holds 25.76%) and GSEG (i.e Associate of GSPC holds 0.19%).

\*\*GSPC along with GSPL (Subsidiary of GSPC) holds 23.56% of equity stake in GSPC LNG Limited

\*\*\*GSPC along with GSPL (Subsidiary of GSPC) holds 49.94% of equity stake in Sabarmati Gas Limited

\*\*\*\*GIGL and GITL are subsidiary of subsidiary of GSPC and hence it is also subsidiary of GSPC.



**Annexure -C**

Category-wise Share holding										
Category of Shareholders	No. Of shares held at the beginning of the year				No. Of shares held at the end of the year				% Change	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
<b>A. (Promoters)</b>										
<b>1</b>	<b>Indian</b>									
a)	Individual/ HUF	-	-	-	-	-	-	-	-	-
b)	Central Government	-	-	-	-	-	-	-	-	-
c)	State Government	0	2241010179	2241010179	86.89	0	2241010179	2241010179	86.89	0.00
d)	Bodies corporates	-	-	-	-	-	-	-	-	-
e)	Banks/FI	-	-	-	-	-	-	-	-	-
f)	Any other	-	-	-	-	-	-	-	-	-
	<b>Sub total (A) (1):-</b>	0	2241010179	2241010179	86.89	0	2241010179	2241010179	86.89	0.00
<b>2</b>	<b>Foreign</b>									
a)	NRIs- Individuals	-	-	-	-	-	-	-	-	-
b)	Other- Individuals	-	-	-	-	-	-	-	-	-
c)	Bodies Corporates	-	-	-	-	-	-	-	-	-
d)	Banks/Financial Institutions	-	-	-	-	-	-	-	-	-
e)	Any Other	-	-	-	-	-	-	-	-	-
f)	<b>Sub total (A) (2):-</b>	0	0	0	0	0	0	0	0	0
	<b>Total shareholding of Promoter (A)=</b>	0	2241010179	2241010179	86.89	0	2241010179	2241010179	86.89	0.00
<b>B. Public Shareholding</b>										
<b>1</b>	<b>Institutions</b>									
a)	Mutual Funds	-	-	-	-	-	-	-	-	-
b)	Banks/Financial Institutions	-	-	-	-	-	-	-	-	-
c)	Central Govt	-	-	-	-	-	-	-	-	-
d)	State Govt(s)	-	-	-	-	-	-	-	-	-
e)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
f)	Insurance Companies	-	-	-	-	-	-	-	-	-
g)	FIs	-	-	-	-	-	-	-	-	-
h)	Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i)	Others (specify)	-	-	-	-	-	-	-	-	-
	<b>Sub-total (B)(1):-</b>	0	0	0	0.00	0	0	0	0.00	0.00
<b>1</b>	<b>Non-institutions</b>									
a)	Bodies Corporation									
	i) Indian	240308441	97944300	338252741	13.11	240308441	97944300	338252741	13.11	0.00
	ii) Overseas	-	-	-	-	-	-	-	-	-
b)	Individuals									
	i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	-	-	-	-	-	-	-	-	-
	ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	-	-	-	-	-	-	-	-	-
c)	Others (specify)	-	-	-	-	-	-	-	-	-
	<b>Sub-total (B)(2):-</b>	240308441	97944300	338252741	13.11	240308441	97944300	338252741	13.11	0.00
	<b>Total Public Shareholding - (B)</b>	240308441	97944300	338252741	13.11	240308441	97944300	338252741	13.11	0.00
<b>C. Shares held by Custodian for</b>										
	GDRs & ADRs	-	-	-	-	-	-	-	-	-
	<b>Grand Total - (A+B+C)</b>	240308441	2338954479	2579262920	100.00	240308441	2338954479	2579262920	100.00	0.00

## Annexure - D

Shareholding of Promoters								
Sr.	Shareholder's name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	
1	Government of Gujarat	2241010179	86.89	-	2241010179	86.89	-	0
	<b>Total</b>	<b>2241010179</b>	<b>86.89</b>	<b>-</b>	<b>2241010179</b>	<b>86.89</b>	<b>-</b>	<b>0</b>

## Annexure - E

Change in Promoter's Shareholding							
Sr. No.	Particulars	Shareholding at the beginning of the year		Increase/Decrease in Shareholding		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Government of Gujarat	2241010179	86.89	-	-	2241010179	86.89
	<b>Total</b>	<b>2241010179</b>	<b>86.89</b>	<b>-</b>	<b>-</b>	<b>2241010179</b>	<b>86.89</b>

## Annexure - F

Shareholding pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)					
Sr. No.	For each of the top 10 shareholders	Shareholding at the beginning of the year (i.e. 1 <sup>st</sup> April, 2016)		Cumulative Shareholding during the year (i.e. as on 31 <sup>st</sup> March, 2017)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Governor of Gujarat (Promoter)*	2241010179	86.89	2241010179	86.89
2	Gujarat Alkalies & Chemicals Limited	21543200	0.84	21543200	0.84
3	Gujarat Industrial Development Corporation	12345600	0.48	12345600	0.48
4	Gujarat Industrial Investment Corporation Limited	20555500	0.80	20555500	0.80
5	Gujarat Mineral Development Corporation Limited	26172800	1.01	26172800	1.01
6	Gujarat Narmada Valley Fertilizers Company Limited	21543200	0.84	21543200	0.84
7	Gujarat State Fertilizers & Chemicals Limited	23500000	0.91	23500000	0.91
8	Gujarat State Investments Limited	192592441	7.47	192592441	7.47
9	Gujarat Gas Company Limited	20000000	0.78	20000000	0.78
	<b>Total</b>	<b>2579262920</b>	<b>100.00</b>	<b>2579262920</b>	<b>100.00</b>

\*including 07 nominees of GoG holding 200 shares each

## Annexure - G

Shareholding of Directors and Key Managerial Personnel					
Sr. No.	Particulars of Director and MKPs	Shareholding at the beginning of the year (i.e. 1 <sup>st</sup> April, 2016)		Cumulative Shareholding during the year (as on 31 <sup>st</sup> March, 2017)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
NIL					



**Annexure - H**

Indebtedness of the Company including interest outstanding/ accrued but not due for payment				
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
I) Principal Amount	13,467	8,195		21,662
ii) Interest due but not paid	-	-		
iii) Interest accrued but not due	-	185		185
<b>Total (i+ii+iii)</b>	<b>13,467</b>	<b>8,380</b>		<b>21,847</b>
<b>Change in Indebtedness during the financial year</b>				
- Addition	1,200	480		1,680
- Reduction				
<b>Net Change</b>	<b>1,200</b>	<b>480</b>		<b>1,680</b>
<b>Indebtedness at the end of the financial year</b>				
I) Principal Amount	14,667	8,675		23,342
ii) Interest due but not paid				
iii) Interest accrued but not due	-	-		-
<b>Total (i+ii+iii)</b>	<b>14,667</b>	<b>8,675</b>		<b>23,342</b>

Note :- The amounts outstanding for various loans as on 31<sup>st</sup> March 2016 & 31<sup>st</sup> March, 2017 are at historical cost.

**Annexure - I**

Remuneration to Managing Director, Whole Time Director and/or Manager					
Sl. No.	Particulars of Remuneration	Name and designation			Total Amount
		Shri Atanu Chakraborty, IAS	Dr. J. N. Singh, IAS	Dr. T. Natarajan, IAS	
		Managing Director	Chairman and Managing Director	Jt. Managing Director	
		01/04/2016 to 10/04/2016	11/04/2016 to 31/03/2017	01/08/2016 to 31/03/2017	
<b>1</b>	<b>Gross salary</b> (a) Salary as per provisions contained in section 17(1) of the (b) Value of perquisites u/ 17(2) of the Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	80488.00	0.00	1379520.00	1460008.00
<b>2</b>	<b>Stock Option</b>				
<b>3</b>	<b>Sweat Equity</b>				
<b>4</b>	<b>Commission</b> - As % of Profits - Others, Specifiy				
<b>5</b>	<b>Others, please specify</b> <b>Total(A)</b>	<b>80488.00</b>	<b>0.00</b>	<b>1379520.00</b>	<b>1460008.00</b>

**Ceiling as per the Act**

\*Not applicable as section - 197 of Companies Act, 2013 shall not apply to Government Companies.

Annexure - J

Remuneration to other Directors													
Sl. No.	Particulars of Remuneration	Shri G. R. Aloria, IAS	Dr. J. N. Singh, IAS	Shri Anil Mukim, IAS	Shri L. Chuango, IAS	Shri Sujit Gulati, IAS	Dr. Manjula Subramaniam, IAS (Retd.)	Shri M. M. Srivastava, IAS (Retd.)	Shri K. Kallashmathan, IAS (Retd.)	Dr. Ravindra Dholakia	Prof. N. Ravichandran	Prof. Yogesh Singh	Total Amount
	Period of Directorship	01/04/2016 to 31/07/2016	Director from 01/04/2016 upto 11/04/2016	17/10/2016 to 31/03/2017	01/04/2016 to 27/06/2016	07/07/2016 to 31/03/2017	01/04/2016 to 31/03/2017	01/04/2016 to 31/03/2017	01/04/2016 to 31/03/2017	01/04/2016 to 31/03/2017	01/04/2016 to 31/03/2017	01/04/2016 to 31/03/2017	
1	<b>Independent Directors</b>												
	- Fees for attending Board/ Committee Meetings	-	-	-	-	-	-	-	75,000.00	52,500.00	67,500.00	195,000.00	
	- Commission	-	-	-	-	-	-	-	-	-	-	-	
	- Others (Out of Pocket Expenses)	-	-	-	25,500.00	-	-	-	15,000.00	10,500.00	13,500.00	64,500.00	
	<b>Total (1)</b>						<b>25,500.00</b>			<b>90,000.00</b>	<b>63,000.00</b>	<b>81,000.00</b>	<b>259,500.00</b>
2	<b>Other Non Executive Directors</b>												
	- Fees for attending Board/ Committee Meetings	-	-	-	-	-	-	15,000.00	-	-	-	127,500.00	
	- Commission	-	-	-	-	-	-	-	-	-	-	-	
	- Others (Out of Pocket Expenses)	6,000.00	3,000.00	10,500.00	6,000.00	16,500.00	-	22,500.00	3,000.00	-	-	-	67,500.00
	<b>Total (2)</b>	<b>6,000.00</b>	<b>3,000.00</b>	<b>10,500.00</b>	<b>6,000.00</b>	<b>16,500.00</b>	<b>-</b>	<b>22,500.00</b>	<b>18,000.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>195,000.00</b>
	<b>Total (3) = (1 + 2)</b>	<b>6,000.00</b>	<b>3,000.00</b>	<b>10,500.00</b>	<b>6,000.00</b>	<b>16,500.00</b>	<b>25,500.00</b>	<b>135,000.00</b>	<b>18,000.00</b>	<b>90,000.00</b>	<b>63,000.00</b>	<b>81,000.00</b>	<b>454,500.00</b>
	<b>Total Managerial Remuneration</b>	<b>6,000.00</b>	<b>3,000.00</b>	<b>10,500.00</b>	<b>6,000.00</b>	<b>16,500.00</b>	<b>25,500.00</b>	<b>135,000.00</b>	<b>18,000.00</b>	<b>90,000.00</b>	<b>63,000.00</b>	<b>81,000.00</b>	<b>454,500.00</b>

Overall Ceiling as per Act :- Not applicable to Government Companies.  
Amounts mentioned in this table are only for meetings held during FY 2016-17.

\*Dr. J. N. Singh, IAS was appointed as Managing Director w.e.f. 11<sup>th</sup> April, 2016 and re-designated as Chairman & Managing Director w.e.f. 1<sup>st</sup> August, 2016.



**Annexure - K**

Remuneration to Key Managerial Personnel other than Managing Director/M/WTD					
Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	KMP (CS & Head Legal)*	KMP (CFO)	Total
1	<b>Gross Salary</b>				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		4137989	6000000	10137989.00
	(b) Value of perquisites u/ 17(2) of the Income-tax Act, 1961		15000	0	15000
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961				
2	<b>Stock Option</b>				
3	<b>Sweat Equity</b>				
4	<b>Commission</b>				
	-As a % of Profits				
	-Others, Specify				
5	<b>Others, Please Specify</b>				
	Fixed Pay				
	<b>Total</b>		<b>4152989</b>	<b>6000000</b>	<b>10152989.00</b>

*\*Including 25% performance linked incentive*

**Annexure - IV****Annual Report On Csr Activities****1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.**

The Company along with its subsidiaries and associates has evolved as an "Integrated Energy Company" with significant presence across the entire energy value chain spanning wide range of oil & gas activities comprising oil and gas exploration, development and production, gas trading, gas transmission, gas distribution and power generation.

The company has always focused on the objectives of energy security, promoting fuel efficiency and conservation of natural resources.

The Company undertakes Corporate Social responsibility as a genuine expression of goodwill and gratitude towards society. The Company being a state sector entity is fully recognizing its social responsibilities and is keen to make significant contributions towards development of social infrastructure, economic, environmental and social upliftment of communities in and around the work centers in the major thrust areas such as community development, infrastructure, literacy enhancement, education aids and healthcare. The Company is committed towards its corporate social responsibility in the areas of its operation. The Company has contributed from time to time for the benefit of local communities.

In the spirit of enhancing "Educational Awareness" among children especially girl child in the rural areas of Gujarat, your company whole heartedly participated in the Kanya Kelvani Mahotsav. The Company has also adopted a school for promoting educational activities in rural areas.

The cultural programs, social awareness campaigns and volunteer activities are just the right opportunities for GSPC to act and reinforce its commitment towards the society. GSPC prides itself in being always there for the society and desires to be closely intertwined with the society in the future as well.

As a socially responsible organization, blood donation camps are organized at regular intervals. Besides, GSPC assumes leading role in promoting awareness about various social issues affecting the society today like education, women empowerment, preserving scarce natural resources, etc.

The company has always focused on the objective of promoting fuel efficiency and conservation aspect of natural resources in line with national wide oil and gas Conservation campaign.

The Company is committed to enhance value creation in the society in which it operates, through its service, conduct, business practise and social initiatives. The objective of the policy is to contribute positively towards sustainable and inclusive growth of the society with focus on India's most pressing development challenges as highlighted under schedule - VII of the Companies Act, 2013 and as amended from time to time.

The contents of the CSR policy of GSPC are displayed on website of GSPC:

<http://gspcgroup.com/documents/pagecontent/Corporate-Social-Responsibility-Policy-GSPC.pdf>

**2. The Composition of the CSR Committee.**

The Company has constituted CSR Committee of Director as follows;

	<b>CSR Committee of Director</b>	<b>Committee Position</b>
1	Dr. J. N. Singh, IAS	Chairman
2	Shri Sujit Gulati	Member
3	Dr. N. Ravichandran	Member

3. Average net loss recorded by the company for last three financial years :- ₹ (215,68,42,479)

4. Prescribed CSR Expenditure (i.e 2 % Average net loss of the company for last three financial years) :- ₹ (4,31,36,850)

5. Details of CSR spent during the financial year.

(a) Total amount to be spent for the financial year :- Nil

(b) Amount unspent, if any; - N.A.



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

Sr. No.	CSR Activity identified	Sector in which the project is covered	Area in which CSR activity to be undertaken	Amount (Budget)	Amount Spent on the programe	Cumulative Expenditure	Manner in which the amount is spent
N.A.							

The activities of the Company will generally be in consonance with the Schedule - VII of the Companies Act, 2013. The Company would undertake activities as per the CSR Policy of the Company.

6. **In case the company has failed to spend two percent of average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board Report. - N.A.**
7. **A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.**

We hereby declare that implementation and monitoring of the CSR policy are in compliance with CSR objectives and policy of the Company.

**Chairman & Managing Director  
(Chairman - CSR Committee)**

**Annexure-V****Meetings of Board and Committees held during the year and Directors' Attendance  
(Pursuant to clause 9 of Secretarial Standard -1 - Meetings of Board of Directors)****1. Meetings of Board of Directors**

Total 7 meetings of Board of Directors were held during the financial year 2016-17. Details of Meetings are as follows;

Particulars of the Meeting	Date of the Meeting
Meetings of Board of Directors	13 <sup>th</sup> April, 2016
	30 <sup>th</sup> May, 2016
	7 <sup>th</sup> July, 2016
	9 <sup>th</sup> September, 2016
	30 <sup>th</sup> November, 2016
	2 <sup>nd</sup> January, 2017
	1 <sup>st</sup> March, 2017

**Attendance of each Director at the Board Meetings during FY 2016-17:**

Sr. No.	Name of the Director	Number of Board Meetings held during their tenure as Director	Number of Board Meetings attended
1	Dr. J. N. Singh, IAS	07	07
2	Shri G. R. Aloria, IAS (upto 31 <sup>st</sup> July, 2016)	03	03
3	Shri Anil Mukim, IAS (w.e.f. 17 <sup>th</sup> October, 2016)	03	03
4	Shri Sujit Gulati, IAS (w.e.f. 7 <sup>th</sup> July, 2016)	05	05
5	Shri L. Chuaungo, IAS (upto 27 <sup>th</sup> June, 2016)	02	01
6	Dr. Manjula Subramaniam, IAS (Retd.)	07	06
7	Shri M. M. Srivastava, IAS (Retd.)	07	07
8	Shri K. Kailashnathan, IAS (Retd.)	07	02
9	Dr. Ravindra Dholakia	07	06
10	Prof. N. Ravichandran	07	03
11	Prof. Yogesh Singh	07	03
12	Dr. T. Natarajan, IAS (w.e.f. 1 <sup>st</sup> August, 2016)	04	04
13	Shri Atanu Chakraborty, IAS (upto 11 <sup>th</sup> April, 2016)	00	00

**2. Meetings of Audit Committee of Directors**

Total 4 meeting of Audit Committee were held during the financial year 2016-17. Details of Meeting are as follows;

Particulars of the Meeting	Date of the Meeting
Meetings of Audit Committee of Directors	12 <sup>th</sup> May, 2016
	30 <sup>th</sup> May, 2016
	7 <sup>th</sup> July, 2016
	30 <sup>th</sup> November, 2016



**Attendance of the Members at the Audit Committee Meetings during FY 2016-17:**

Sr. No.	Name of the Director	Tenure of Director as member of the committee	Number of Audit Committee Meetings in which Director was eligible as member of Committee	Number of Audit Committee Meetings attended
1	Dr. Ravindra Dholakia	01-04-2016 to 31-03-2017	04	03
2	Dr. J. N. Singh, IAS	01-04-2016 to 04-08-2016	03	03
3	Shri L. Chuaungo, IAS	01-04-2016 to 27-06-2016	02	02
4	Prof. N. Ravichandran	01-04-2016 to 31-03-2017	04	02
5	Prof. Yogesh Singh	01-04-2016 to 31-03-2017	04	03
6	Shri Sujit Gulati, IAS	07-07-2016 to 17-10-2016	01	01
7	Shri Anil Mukim, IAS	17-10-2016 to 31-03-2017	01	00
8	Dr. T. Natarajan, IAS	04-08-2016 to 31-03-2017	01	01

**3. Meetings of Project Committee of Directors**

Total 2 meetings of Project Committee were held during the financial year 2016-17. Details of Meeting are as follows;

Particulars of the Meeting	Date of the Meeting
Meetings of Project Committee of Directors	12 <sup>th</sup> May, 2016
	9 <sup>th</sup> September, 2016

**Attendance of the Members at the Project Committee Meetings during FY 2016-17:**

Sr. No.	Name of the Director	Tenure of Director as member of the committee	Number of Project Committee Meetings in which Director was eligible as member of Committee	Number of Project Committee Meetings attended
1	Dr. J. N. Singh, IAS	01-04-2016 to 31-03-2017	02	02
2	Shri L. Chuaungo, IAS	01-04-2016 to 27-06-2016	01	01
3	Dr. Manjula Sunbramaniam, IAS (Retd.)	01-04-2016 to 31-03-2017	02	01
4	Prof. Yogesh Singh	01-04-2016 to 31-03-2017	02	01
5	Shri Sujit Gulati, IAS	07-07-2016 to 31-03-2017	01	01
6	Shri Anil Mukim, IAS	17-10-2016 to 31-03-2017	00	00
7	Dr. T. Natarajan, IAS	04-08-2016 to 31-03-2017	01	01
8	Shri Atanu Chakraborty, IAS	01-04-2016 to 11-04-2016	00	00

**4. Meetings of HR Committee of Directors**

Total 01 meeting of HR Committee was held during the financial year 2016-17. Details of Meeting are as follows;

Particulars of the Meeting	Date of the Meeting
Meetings of HR Committee of Directors	30 <sup>th</sup> July, 2016

**Attendance of the Members at the HR Committee Meetings during FY 2016-17:**

Sr. No.	Name of the Director	Tenure of Director as member of the committee	Number of HR Committee Meetings in which Director was eligible as member of Committee	Number of HR Committee Meetings attended
1	Shri M. M. Srivastava, IAS (Retd.)	01-04-2016 to 31-03-2017	01	01
2	Dr. J. N. Singh, IAS	01-04-2016 to 31-03-2017	01	01
3	Shri L. Chuaungo, IAS	01-04-2016 to 27-06-2016	00	00
4	Prof. N. Ravichandran	01-04-2016 to 31-03-2017	01	01
5	Prof. Yogesh Singh	01-04-2016 to 31-03-2017	01	01
6	Shri Sujit Gulati, IAS	07-07-2016 to 31-03-2017	01	00
7	Shri Anil Mukim, IAS	17-10-2016 to 31-03-2017	00	00
8	Dr. T. Natarajan, IAS	04-08-2016 to 31-03-2017	00	00
9	Shri Atanu Chakraborty, IAS	01-04-2016 to 11-04-2016	00	00

**5. Meetings of Committee of Directors for KG Block**

Total 7 Meetings of Committee of Directors for KG Block were held during the financial year 2016-17. Details of Meeting are as follows;

Particulars of the Meeting	Date of the Meeting
Meetings of Committee of Directors for KG Block	24 <sup>th</sup> June, 2016
	26 <sup>th</sup> August, 2016
	7 <sup>th</sup> October, 2016
	7 <sup>th</sup> November, 2016
	24 <sup>th</sup> December, 2016
	21 <sup>st</sup> January, 2017
	23 <sup>rd</sup> February, 2017

**Attendance of the Members at the Meetings of Committee of Directors for KG Block during FY 2016-17:**

Sr. No.	Name of the Director	Tenure of Director as member of the committee	Number of Meetings of Committee of Directors for KG Block in which Director was eligible as member of Committee	Number of Meetings of Committee of Directors for KG Block attended
1	Shri G. R. Aloria, IAS	01-04-2016 to 31-07-2016	01	01
2	Dr. J. N. Singh, IAS	01-04-2016 to 31-03-2017	07	07
3	Shri L. Chuaungo, IAS	01-04-2016 to 27-06-2016	01	00
4	Dr. Manjula Sunbramaniam, IAS (Retd.)	01-04-2016 to 31-03-2017	07	07
5	Shri M. M. Srivastava, IAS (Retd.)	01-04-2016 to 31-03-2017	07	07
6	Shri K. Kailashnathan, IAS (Retd.)	01-04-2016 to 31-03-2017	07	00
7	Shri Sujit Gulati, IAS	07-07-2016 to 31-03-2017	06	04
8	Shri Anil Mukim, IAS	17-10-2016 to 31-03-2017	04	04
9	Dr. T. Natarajan, IAS	04-08-2016 to 31-03-2017	06	06
10	Shri Atanu Chakraborty, IAS	01-04-2016 to 11-04-2016	00	00

**6. Meetings of Committee of Directors for Reviewing Re-gasification Agreement**

Total 3 Meetings of Committee of Directors for Reviewing Re-gasification Agreement were held during the financial year 2016-17. Details of Meeting are as follows;

Particulars of the Meeting	Date of the Meeting
Committee of Directors for Reviewing Re-gasification Agreement	4 <sup>th</sup> April, 2016
	5 <sup>th</sup> April, 2016
	9 <sup>th</sup> April, 2016

**Attendance of the Members at the Meetings of Committee of Directors for Reviewing Re-gasification Agreement during FY 2016-17:**

Sr. No.	Name of the Director	Tenure of Director as member of the committee	Number of Meetings of Committee of Directors for Non-Operated Fields in which Director was eligible as member of Committee	Number of Meetings of Committee of Directors for Non-Operated Fields attended
1	Dr. J. N. Singh, IAS	01-04-2016 to 31-03-2017	03	02
2	Shri L. Chuaungo, IAS	01-04-2016 to 27-06-2016	03	00
3	Dr. Manjula Sunbramaniam, IAS (Retd.)	01-04-2016 to 31-03-2017	03	02
4	Shri Atanu Chakraborty, IAS	01-04-2016 to 11-04-2016	03	03

Chairman & Managing Director

Date : 30<sup>th</sup> May, 2017

Place : Gandhinagar

**Secretarial Audit Report**For The Financial Year Ended On 31<sup>st</sup> March, 2017

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

To,  
The Members,  
**Gujarat State Petroleum Corporation Limited**  
GSPC Bhawan, Behind UdyogBhawan,  
Sector-11,Gandhinagar-382011

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Gujarat State Petroleum Corporation Limited**. The secretarial audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder.
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings of the Company.
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act').
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 to the extent applicable to the Company being holding Company of Listed Subsidiary Companies.
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 is not applicable to the Company.
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 is not applicable to the Company;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 is not applicable to the Company.
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, to the extent applicable to the Company;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client to the extent applicable to the Company since NCDs of the Company is Listed on National Stock Exchange.
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 is not applicable to the Company; and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 is not applicable to the Company.
- (vi) I further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following sector specific laws applicable specifically to the Company:





- (i) The Petroleum Act, 1934 and rules made thereunder
- (ii) The Oilfield (Regulation & Development) Act, 1948 and its rules.
- (iii) The Oil Industry (Development) Act, 1974
- (iv) Oil Mines Regulation 1984.
- (v) Environment Protection Act, 1986

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Debt Listing Agreements with National Stock Exchange Limited (NSE)/Securities and Exchange Board of India (Listing Obligation and disclosure requirement) Regulation, 2015.

During the period under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors as on 31.03.2017. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and in case of shorter notice required compliance as per Companies Act, 2013 has been ensured and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meeting and Committee Meetings are carried out unanimously as recorded in the minutes of the meeting of the Board of Directors and Committee of the Board as the case may be.

We further report that

There are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that

During the audit period, the Company has taken the following major decisions which requires reporting under Companies Act, 2013.

1. The Board of Directors of the Company in its meeting held on 2<sup>nd</sup> January, 2017 has considered and approved the sale of GSPC's 80% Participating Interest of GSPC in KG-OSN-2001/3 Block to ONGC for a consideration of USD 995.26 Million towards Deen Dayal West Field of KG Block and floor consideration of USD 200 Million towards other Fields in KG Block. Such part consideration towards other Fields will be adjusted upon finalization of valuation of these discoveries.

Subsequently a Farm-in agreement was executed between GSPC and ONGC on 10<sup>th</sup> March, 2017. The transaction of acquisition of stake by ONGC shall be completed upon receipt of all necessary consents and approvals.

**For K K Patel & Associates**

(Kiran Kumar Patel)  
FCS No. 6384, CP No. 6352

Date: 30<sup>th</sup> May, 2017  
Place: Gandhinagar

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

## Annexure A

To,  
The Members,  
**Gujarat State Petroleum Corporation Limited**  
GSPC Bhwan, Behind Udhyog Bhawan,  
Sector-11, Gandhinagar-382010

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial Statements of the company.
4. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
5. The Secretarial Audit report is not an assurance as to the future viability of the Company.

**For K K Patel & Associates**

(Kiran Kumar Patel)  
FCS No. 6384, CP No. 6352

Date: 30<sup>th</sup> May, 2017  
Place: Gandhinagar

**INDEPENDENT AUDITOR'S REPORT**

**TO**  
**THE MEMBERS**  
**GUJARAT STATE PETROLEUM CORPORATION LIMITED.**  
**GANDHINAGAR (GUJARAT)**

**Report on the Standalone Ind AS financial statements**

We have audited the accompanied Standalone Ind AS financial statements of **GUJARAT STATE PETROLEUM CORPORATION LIMITED**, which comprises of the Balance Sheet as on 31<sup>st</sup> March, 2017 and the Statement of Profit and Loss, Statement of Changes in Equity and Cash Flow statement for the year ended 31<sup>st</sup> March, 2017 and a summary of significant Accounting Policies and other explanatory information.

**Management's Responsibility for the Standalone Ind AS financial statements**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on these Standalone Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Standalone Ind AS financial statements.

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

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS, of the financial position of the Company as at 31<sup>st</sup> March, 2017, and its financial performance including other comprehensive income, its Cash Flow and the changes in equity for the year ended on that date.

**Emphasis of Matter**

We draw attention to:

- (a) Note no. 34 regarding non provisioning of disputed Income Tax demands/claims by the Income Tax Authority amounting to ₹ 1,153.57 Crores (P.Y. ₹ 1,038.70 Crores) and disclosed by way of a note as contingent liability. As the matter is disputed therefore no provision is made in the Standalone Ind AS financial statements. Our opinion is not modified in respect of this matter.
- (b) Accounting Policy (s) of significant Accounting Policies (Note No. 1), which describes that the financial statements of the unincorporated joint ventures are prepared in accordance with the requirements prescribed by the respective Production Sharing Contracts or Joint Operating Agreement of the unincorporated joint ventures. Hence, certain adjustments/disclosures required under the mandatory accounting standards and the Companies Act, 2013 have been made in these accounts to the extent of information available with the Company. Our opinion is not modified in respect of this matter.
- (c) Note No. 34 to the Standalone Ind AS Financial statements which describes the uncertainty related to alleged claim of Tuff Drilling Private Limited (“TDPL”) for ₹ 719.33 Crores (GSPC’s share ₹ 647.40 crores) on account of loss caused to TDPL on account of illegal termination of contract for which based on management representation that the matter is under Arbitration Proceedings no provision has been made. Our opinion is not modified in respect of this matter.
- (d) Note No. 45 to the Standalone Ind AS financial statements which describes that based on Transaction Audit by M/s. KPMG appointed by internal committee for investigation and Preliminary Investigation carried out by Government of Gujarat, serious financial irregularities relating to Delhi Office of GSPC were observed. The Audit Committee has also taken note of the same vide its minutes of meeting held on 03.03.2016. No provision has been made by the Company as the liability, if any, is unascertainable at this point of time. As per Management Representation the matter is under investigation. Our opinion is not modified in respect of this matter.
- (e) Note no. 23(B) to the Standalone Ind AS financial statements which describes that the company has prepared Standalone Ind AS financial statements on going concern basis, notwithstanding the fact that it’s net worth is completely eroded the appropriateness of the said basis is inter alia dependent on Company’s ability to obtain financial or any other support from the Government of Gujarat for meetings it’s obligations, improved operational/financial performance and the successful implementation of Turn Around Plan. Our opinion is not modified in respect of this matter.

**Other Matter**

- a) We have placed reliance on technical/commercial evaluation by the management in respect of categorization of wells as exploratory, development and producing, allocation of costs incurred on them, treatment of capitalization, depletion of producing properties on the basis of the proved probable hydrocarbon reserves and liability for abandonment costs.
- b)
  - (i). The accounts include gross fixed assets aggregating to ₹ 25,758.56 Crores, other assets aggregating to ₹ 80.16 Crores, liabilities aggregating to ₹ 477.03 Crores, income aggregating to ₹ 167.98 Crores and expenditure aggregating to ₹ 130.91 Crores relating to Company’s share in Eight producing joint ventures, which have been incorporated on the basis of accounts audited by other auditors.
  - (ii). The accounts include gross fixed assets aggregating to ₹1752.79 Crores, other assets aggregating to ₹102.42 Crores, liabilities aggregating to ₹33.61 Crores, income aggregating to ₹ 59.28 Crores and expenditure aggregating to ₹ 43.22 Crores relating to Company’s share in Ten producing joint ventures, which has been incorporated on the basis of unaudited information approved by the management made available to us, in the absence of audited accounts.
  - (iii). In respect of Three joint ventures which are under exploration and development phase, exploration/development expenditure aggregating to ₹264.27 Crores, other assets aggregating to ₹ 1.75 Crores and liabilities aggregating to ₹1.82 Crores have been incorporated on the basis of accounts audited by other auditors.
  - (iv). In respect of Four joint ventures which are under exploration and development phase, exploration/development expenditure aggregating to ₹ 351.10 Crores, other assets aggregating to ₹ 0.23 Crores and liabilities aggregating to ₹ 0.83 Crores, have been incorporated on the basis of unaudited information approved by the management made available to us, in the absence of audited accounts.

**Report on other Legal and Regulatory Requirements**

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





2. As required by section 143(3) of the Act, we report that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) The Balance Sheet, the Statement of Profit and Loss, the statement of Cash Flows and statement of changes in equity dealt with by this Report are in agreement with the books of account;
  - d) In our opinion, the aforesaid Standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule issued thereunder;
  - e) On the basis of written representations received from the directors as on 31<sup>st</sup> March, 2017, taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2017, from being appointed as a director in terms of Section 164(2) of the Act;
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our Report in "Annexure B"; and
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - I. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Ind AS financial statements. Refer Note No. 34 to the Standalone Ind AS financial statements;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;
    - iv. The Company has provided requisite disclosures in its Standalone Ind AS financial statements as to holdings as well as dealing in specified bank notes during the period from 08<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016 and these are in accordance with books of account maintained by Company. Refer Note No. 12 to the Standalone Ind AS financial statements.
3. As required by section 143(5) of the Act, Directions and Sub directions are annexed as per "Annexure C".

**For P Singhvi & Associates**  
Chartered Accountants  
FRN. 113602W

Date : 30<sup>th</sup> May, 2017  
Place : Gandhinagar

**Praveen Singhvi**  
Partner  
M. No. 071608

**“Annexure A” to the Independent Auditors' Report**

The annexure referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirements' of our report of even date to the Standalone Ind AS financial statements of GUJARAT STATE PETROLEUM CORPORATION LIMITED for the year ended 31<sup>st</sup> March, 2017, we report that:

**1 FIXED ASSETS**

(a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) According to information provided by the management, fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed.

(c) The title deeds of immovable properties are held in the name of the company.

**2 INVENTORIES**

The inventory has been physically verified by the management during the period. In our opinion, the frequency of verification is reasonable. The discrepancies noticed during the physical verification of inventory as compared to book records, were not material.

**3 LOANS & ADVANCES**

The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, clause (iii)(a), (iii)(b) & (iii)(c) of paragraph 3 of “the Order” is not applicable to the Company.

**4 LOANS, INVESTMENT & GUARANTEES**

According to information & explanation given to us, company has not given any loan or provided any guarantee to any person specified under section 185 of Companies Act 2013.

Further, company has not made any investment nor given any loan or provided any guarantee to anybody corporate as specified under section 186 of Companies Act 2013. Therefore, clause (iv) of paragraph 3 of “the order” is not applicable to the company.

**5 FIXED DEPOSITS**

According to the information and explanations given to us, the Company has not accepted any deposits therefore directive issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under, clause (v) of paragraph 3 of “the Order” is not applicable to the Company.

**6 COST AUDIT RECORDS**

We have broadly reviewed the books of account maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 148 of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

**7 STATUTORY DUES**

(a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed applicable statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues, as applicable with the appropriate authorities.

(b) According to the information and explanation given to us there are no disputed amounts payable in respect of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax **except as stated below:-**

Name of the status	Nature of dues	Amount under dispute not yet deposited (₹ in Crore)	Period to which the amount relates	Forum where the dispute is pending
Income Act 1961	Income Tax Including interest and penalty as applicable.	1.62 8.70 16.81 0.25 0.71 1.75	1996-1997 1997-1998 1998-1999 1999-2000 2001-2002 2008-2009	High Court



Name of the status	Nature of dues	Amount under dispute not yet deposited (₹ in Crore)	Period to which the amount relates	Forum where the dispute is pending
Income Act 1961	Income Tax Including interest and penalty as applicable.	18.02	1999-2000	Income Tax Appellate Tribunal
		32.39	2000-2001	
		79.10	2001-2002	
		163.11	2002-2003	
		160.66	2003-2004	
		228.86	2003-2004	
		0.19	2004-2005	
		13.29	2005-2006	
		183.08	2005-2006	
		0.63	2006-2007	
7.04	2008-2009			
204.84	2009-2010			
263.24	2010-2011			
Income Act 1961	Income Tax Including interest and penalty as applicable.	1.23	2004-2005	Commissioner of Income Tax (Appeals)
		171.66	2006-2007	
		301.95	2007-2008	
		325.77	2008-2009	
		337.34	2011-2012	
		419.76	2012-2013	
Service Tax -Finance Act 1994	Service Tax Including interest and penalty as applicable	0.04	2009-2010	Central Excise and Service Tax Appellate Tribunal
		0.11	2010-2011	
		0.13	2010-2011	
		0.04	2010-2011	
		6.69	2011-2012	
Service Tax -Finance Act 1994	Service Tax Including interest and penalty as applicable	11.32	2008-2009	Commissioner of Central Excise

#### 8 DEFAULT IN PAYMENT OF DUES

According to the records of the Company examined by us and the information and explanations given to us, the Company does not have dues to any financial institution or bank or government or debenture holders as at the balance sheet date. Accordingly, clause (viii) of the paragraph 3 of "the Order" is not applicable to the Company

#### 9 FUND RAISED BY PUBLIC ISSUE/ FOLLOW ON OFFER / TERM LOAN

In our opinion and according to the information and explanations given to us, term loans were applied for the purpose for which the loans were obtained. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments).

#### 10 FRAUD

During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, no fraud by the Company or any fraud on the company by its officers / employees has been noticed or reported during the year.

#### 11 MANAGERIAL REMUNERATION

Section 197 of The Companies Act 2013 is not applicable to the Government Company. Therefore, clause (xi) of paragraph 3 of the order is not applicable to the company.

#### 12 NIDHI COMPANY

The company is not a Nidhi Company as defined under section 406 of The Companies Act 2013. Therefore, clause (xii) of paragraph 3 of the order is not applicable to the company.

#### 13 TRANSACTIONS WITH RELATED PARTY

As per the information and explanation given to us, all transactions with the related parties are in compliance with the provision of section 177 and section 188 of Companies Act, 2013. The relevant disclosure as required by Ind AS-24 has been made in Note No. 40 in the Standalone Ind AS financial statements.

14 PREFERENTIAL ALLOTMENT / PRIVATE PLACEMENT OF SHARE / ISSUE OF DEBENTURE

During the year company has not made any preferential allotment or private placement of shares nor have issued any fully or partly convertible debenture as required under section 42 of Companies Act 2013. Therefore, clause (xiv) of paragraph 3 of the order is not applicable to the company.

15 NON CASH TRANSACTIONS WITH DIRECTORS

As per the information and explanation given to us, company has not entered in to any non cash transactions with directors or persons connected with him. Therefore, clause (xv) of paragraph 3 of “the order” is not applicable to the company.

16 NBFC REGISTRATION

The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 as NBFC. Therefore, clause (xvi) of paragraph 3 of “the order” is not applicable to the company.

**For P Singhvi & Associates**  
Chartered Accountants  
FRN. 113602W

Date : 30<sup>th</sup> May, 2017  
Place : Gandhinagar

**Praveen Singhvi**  
Partner  
M. No. 071608



## **“ANNEXURE B” TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF GUJARAT STATE PETROLEUM CORPORATION LIMITED.**

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

We have audited the internal financial controls over financial reporting of **GUJARAT STATE PETROLEUM CORPORATION LIMITED** (“the Company”) as of 31<sup>st</sup> March, 2017 in conjunction with our audit of the Standalone Ind AS financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

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

#### **Auditors' Responsibility**

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

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

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

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

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

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

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

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For P Singhvi & Associates**  
Chartered Accountants  
FRN. 113602W

Date : 30<sup>th</sup> May, 2017  
Place : Gandhinagar

**Praveen Singhvi**  
Partner  
M. No. 071608

**ANNEXURE C AS REFERRED TO IN INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF GUJARAT STATE PETROLEUM CORPORATION LIMITED FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2017**

(a) Report on Directions under Section 143(5) of Companies Act 2013:

1. Whether the Company has clear title/lease deeds for freehold and leasehold respectively? If not please state the area of freehold and leasehold land for which title / lease deeds are not available?

Reply: The Company has clear title / lease deeds for freehold and leasehold properties.

2. Whether there are any cases of waiver/ write off of debts/ loan/ interest etc. if yes, the reasons there for and the amount involved.

Reply: There are no such cases of waiver of debts / loan / interest etc.

3. Whether proper records are maintained for inventories lying with third parties & assets received as gift / grant(s) from Govt. or other authorities.

Reply: The Company does not own any inventory lying with third party. Further company has not received any asset as gift / grant from Govt. or other authorities.

b) Sector Specific Sub-directions under Section 143 (5) of the Companies Act, 2013:  
Power Sector  
Generation

1. In the cases of Thermal power projects, compliance of the various pollution control Acts and the impact thereof including utilization and disposal of ash and the policy of the company in this regard, may be checked and commented upon.

Reply: Not Applicable

2. Has the company entered into revenue sharing agreements with private parties for extraction of coal at pitheads and it adequately protects the financial interest of the company?

Reply: Not Applicable

3. Does the company have a proper system for reconciliation of quantity/quality of coal ordered and received and whether grade of coal/moisture and demurrage etc., are properly recorded in the books of accounts?

Reply: Not Applicable

4. How much share of free power was due to the State Government and whether the same was calculated as per the agreed terms and depicted in the accounts as per accepted accounting norms?

Reply: NIL

5. In the case of Hydroelectric Projects, the water discharge is as per policy/guidelines issued by the State Government to maintain biodiversity. For not maintaining it penalty paid/payable may be reported.

Reply: Not Applicable

Services Sector  
Trading

1. Whether the company has an effective system for recovery of dues in respect of its sales activity and the dues outstanding and recoveries there against have been properly recorded in the books of accounts?

Reply: Yes, the company has an effective system for recovery of dues in respect of its sales activity and the dues outstanding and recoveries there against have been properly recorded in the books of accounts.

2. Whether the company has an effective system for physical verification, valuation of stock, treatment of non- moving items and accounting the effect of shortage/excess noticed during the physical verification.

Reply: Yes, the company has an effective system for physical verification, valuation of stock, treatment of non- moving items and accounting the effect of shortage/excess noticed during the physical verification.

3. The effectiveness of the system followed in recovery of dues in respect of sales activities may be examined and reported.

Reply: The Company periodically prepares debtors outstanding and ageing reports and follow-ups with outstanding debtors, if any. The company has also adequate amount of security against debtors in the form of Bank Guarantee or Security deposits except some debtors (considered doubtful) which are outstanding beyond 6 months and no security is available for which provision has been made during the year 2015-2016 and 2016-2017 as per Debtors Policy of the Company.

Date : 30<sup>th</sup> May, 2017  
Place : Gandhinagar

**For P Singhvi & Associates**  
Chartered Accountants  
FRN. 113602W

**Praveen Singhvi**  
Partner  
M. No. 071608



## **COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE STANDALONE FINANCIAL STATEMENTS OF GUJARAT STATE PETROLEUM CORPORATION LIMITED FOR THE YEAR ENDED 31 MARCH 2017**

The preparation of Standalone financial statements of **Gujarat State Petroleum Corporation Limited** for the year ended 31 March 2017 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act are responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 30 May 2017.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 143(6)(a) of the Act of the Standalone financial statements of **Gujarat State Petroleum Corporation Limited** for the year ended 31 March 2017. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under Section 143(6)(b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related Audit Report:

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

**(Gurveen Sidhu)  
Accountant General (E & RSA),  
Gujarat.**

**Date : 22<sup>nd</sup> September, 2017  
Place : Ahmedabad**

## Response to CAG Comment of Annual Account 2016-17

Sr. No.	CAG Comment	GSPC Management Response
1.	<p><b>A. Comments on Profitability</b>  <b>Statement of Profit and Loss</b>  <b>Exceptional Items (Note No. 32)</b>  <b>Impairment of Oil and Gas Assets:</b>  <b>₹ 14,923.54 crore</b></p> <p>GSPC, Geo Global Resources (GGR) and Jubilant Offshore Drilling Private Limited (JODPL) entered (February 2003) into a Production Sharing Contract (PSC) in relation to the exploration, exploitation, development and production of petroleum from KG Block with Participating Interests (PI) of 80 per cent, 10 per cent and 10 per cent respectively. GGR and GSPC also entered (August 2002) into a Carried Interest Agreement (CIA) in relation to carry of GGR's share of costs and expenses by GSPC.</p> <p>(1) As per the "Farm In Farm Out" Agreement entered with ONGC in March 2017, 80 per cent PI held with GSPC was transferred to ONGC in 2017-18. The Company transferred its share of 80 per cent PI in the KG block to Discontinued Operation held for sale as on 31 March 2017 and made provision for impairment amounting to ₹ 13250.33 crore on the same.</p> <p>As per Note 23 of the Notes to the Financial Statements, the valuation of the Discontinued Operation held for sale was measured at the lower of their carrying amount or fair value less cost to sell. As per Note 37 (a) of the Notes to the Financial Statements, the agreed valuation for the transaction was USD 995.26 million towards KG-Deen Dayal West (DDW) area and USD 200 million as an advance consideration towards other six discoveries areas.</p> <p>(2) Further, as per Note 2 (d) of Notes to the Financial Statements, for the 10 per cent carried interest in KG block by the Company, impairment is provided in line with the net realizable value as in the case of "Farm In Farm Out" Agreement with ONGC. The Company has transferred assets (recoverable) representing 10 per cent carried interest of GGR to Fixed Assets and has made provision for impairment amounting to ₹ 1673.21 crore.</p> <p>IND AS 36 states that "Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date". The above were major transactions contributing to the Loss for the year amounting to ₹ 16303.19 crore which has also resulted in erosion of the net worth of the Company. Considering that the fair valuation was mutually arrived at by the parties to the agreement (Company and ONGC) based on the value assigned by only one particular party, audit sought documentation of the due diligence exercise conducted by the Company to determine the true value of the assets and the consequent impairment.</p> <p>The Company provided some agenda papers related to the meetings of the Board of Directors. However, any other documents evidencing the process adopted for arriving at valuation were not made available.</p>	<p>Gujarat State Petroleum Corporation Limited (GSPC), Geo Global Resources (GGR) and Jubilant Offshore Drilling Private Limited (JODPL) entered (February 2003) into a Production Sharing Contract (PSC) in relation to the exploration, exploitation, development and production of petroleum from KG OSN 2001/3 (KG) block. The Participating Interests (PI) of the parties were 80%, 10% and 10% respectively.</p> <p>As disclosed in note 2(d) &amp; Note 32(a) considering the Farm In Farm Out agreement for 80% participating interest, Impairment test was carried out for the interest in KG block by the company.</p> <p>The Board of Directors, on 2<sup>nd</sup> January, 2017, approved to transfer the entire 80% participating interest to ONGC for a specific consideration. Hence, as per the requirement of Ind AS 105 the KG assets to the extent of 80% PI were classified as Non-Current Assets held for sale at Fair Value.</p> <p>As per the definition provided in para 6 to Ind AS 36 - Impairment of Assets:-</p> <p>"Fair Value is the price that would be recovered to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."</p> <p>There cannot be an active market for such transactions. Further, active market is more relevant when the assets has been identified for sale or disposal but the buyer has not been identified. However, in current case the Farm-In Farm-Out (FIFO) Agreement (already verified by audit party during audit) has been executed on 10<sup>th</sup> March, 2017 between GSPC &amp; ONGC wherein consideration has already been finalised and the management is of the view that in this case, the best estimate of the fair value would be the consideration agreed in the FIFO agreement with ONGC, an independent party.</p> <p>Further, para 20 of the 'Ind AS 105 - Non Current Assets Held For sale and discontinued operation' reads</p> <p>"An entity shall recognise an impairment loss for any initial or subsequent write down of the asset (or disposal group) for fair value less cost to sell to the extent that it has not been recognised in accordance with para 19"</p> <p>Complying with above provisions of Ind AS 105, the company has recognised impairment loss which has also been disclosed in note 23 of the financial statements wherein fair value has been derived from FIFO agreement.</p> <p>CAG commenced audit camp in GSPC from 3<sup>rd</sup> August, 2017 and concluded on 24<sup>th</sup> August, 2017. During this period the audit team had access to all the documents related KG transaction. The minutes of the board meeting and FIFO agreement were also produced before audit team for their verification during the camp. There were no pending audit requirements at the end of the audit camp.</p> <p>Hence, all the necessary documents relevant to the impairment had been produced to the audit party on demand and all the necessary disclosures have also been made in the notes to the financial statements.</p>





**Response to CAG Comment of Annual Account 2016-17**

Sr. No.	CAG Comment	GSPC Management Response
	<p>As all the working papers related to valuation of assets impaired during the year have not been provided, audit cannot give an assurance regarding the correctness otherwise of the valuation and consequent impairment of the Discontinued Operations held for sale.</p>	<p>However, CAG again requested the KG transaction related documents (after 14 days from completion of audit camp) which were also submitted on 20<sup>th</sup> September, 2017. While submitting required details, the officials from company personally visited the CAG office and remained available for continuous two days for any further clarification. At that time we were informed that no further details or explanation is required.</p> <p>However, on 22<sup>nd</sup> September 2017, CAG issued the final comment, stating the unavailability of all working papers related to valuation of assets during the year and this has constrained them from providing an assurance regarding correctness otherwise of valuation and consequent impairment of Discontinued Operations held for Sale.</p> <p>During discussion with Principal Accountant General, on 25<sup>th</sup> September, 2017 (after issuance of final comments), it came out that CAG wanted the basis of the assumptions taken for arriving at the valuation which included reserve reports, valuation working and any other documents based on which the assumptions for valuation was taken. However, this was not informed clearly to GSPC during the entire process.</p> <p>As a compliance to the final comments the company has submitted all the additional details required by CAG on 26<sup>th</sup> September, 2017 with a request to revisit the final comment. However, CAG vide letter dated 13<sup>th</sup> October, 2017 has refused to revisit the same.</p> <p>GSPC Management is of the view that impairment has been properly carried out in accordance with the requirement of IND AS and disclosed in the accounts. This view of GSPC has also been verified independently and endorsed by the Statutory Auditors of the Company. The audit report of the Statutory Auditor does not contain any qualification regarding impairment.</p>
<p>2.</p>	<p><b><u>B. Comments on Disclosures</u></b> <b><u>Notes to Financial Statements</u></b></p> <p>As per para 30 of IND AS 105, “An entity shall present and disclose information that enables users of the financial statements to evaluate the financial effects of discontinued operations and disposals of non-current assets (or disposal groups).”</p> <p>As per the minutes of 221<sup>st</sup> Meeting of the Board of Directors dated 02 January 2017, after adjustment of consideration received from ONGC, financial support of Government of Gujarat would be required for balance loans of ₹ 3500 crore secured against assets transferred to Discontinued Operations held for Sale. The above material fact has not been disclosed in the notes to financial statements.</p>	<p>The divestment of 80% Participating Interest (PI) was finalized subsequent to long drawn negotiations between both the parties. The negotiations pertained to technical, commercial, financial and legal aspects of the transfer of KG Block assets to ONGC. The divestment of 80% PI has been valued under forward going Discounted Cash Flow (DCF) Method of valuation with no absorption of the existing linked debt liabilities. Subsequent to the negotiations and finalization of valuation, the FIFO Agreement was executed on 10<sup>th</sup> March 2017. The FIFO agreement had certain Conditions Precedent (CP) which were required to be satisfied by GSPC for enforcement of the agreement and transfer of the asset including receipt of the agreed consideration.</p> <p>As the acquirer of 80% PI in KG Block with operatorship, ONGC required an unencumbered asset i.e. devoid of any debt liabilities linked to the 80% Participating Interest of KG Block. Thus in view of the above, The Conditions Precedent (i.e. Article 3.2.4 of FIFO Agreement) required GSPC to obtain No Objection Certificate (NOC) of the secured lenders prior to execution of the transaction.</p> <p>The Company has already clarified that the reference drawn from Minutes of Meeting dated 2<sup>nd</sup> January 2017 is</p>

## Response to CAG Comment of Annual Account 2016-17

Sr. No.	CAG Comment	GSPC Management Response
		<p>only mentioning the requirement of support from Government of Gujarat for obtaining NOC from the secured lenders of KG Block for achieving successful closure of transaction with ONGC. In this context, GSPC had merely anticipated the requirement of ONGC and accordingly Board of Directors in 221<sup>st</sup> Board Meeting were apprised that ONGC will require NOC from the secured lenders - for which the Company <b>may require support from Government of Gujarat.</b></p> <p>However, as the negotiations evolved with ONGC and by the time that the FIFO was executed, the matter regarding the NOC from lenders was further deliberated internally and a plan of action was charted <b>to obtain the NOC from lenders without any support from Government of Gujarat.</b></p> <p>The transaction of 80% PI in KG Block was executed with floor consideration for Other Discoveries area. The Company retains the right to obtain any upside in valuation of Other Discoveries area whenever the Field Development Plan is finalized. Further, the Company also retains the right to recover dues from from the revenues of KG Block. The 10% PI of GGR has also been surrendered to GSPC. The upside available from Other Discoveries along with charge on receivables from KG Block including recovery of dues of JV Partner was offered as security package for the lenders against the balance loans of ₹ 3,500 Crore.</p> <p>The Company had convened a joint lenders' meeting wherein the matter was discussed and a detailed proposal was submitted to the secured lenders' which solicited approval of NOC from secured lenders with security being provided to lenders for revenues from KG Block as well as any upside in valuation of Other Discoveries. The secured lenders appraised the submission and approved the NOC for the transaction with ONGC agreeing with the security package offered by GSPC. The secured lenders had released the respective NOCs for the transaction. Further the Company has also executed the Security Agreement with the lenders as mentioned above. The copies of NOC from lenders as well as the security agreement has been enclosed for perusal.</p> <p>Therefore, <b>the support which was anticipated from Government of Gujarat for obtaining NOC from secured lenders during the Board meeting dated 2<sup>nd</sup> January, 2017 was not eventually required by the Company.</b> The Company had obtained the necessary approvals for the transaction and NOCs from all the secured lenders with the security package on or before 31<sup>st</sup> March, 2017. Thus, the Company is of the opinion that any requirement for disclosure on account of requirement of Government of Gujarat for obtaining approval from secured lenders for balance loan of ₹ 3,500 Crore stands annulled.</p> <p>CAG comment has captured only part of several deliberations which have taken place in the meeting. Specific decision taken in the said 221<sup>st</sup> Board Meeting which specifically records Board decision to constitute Committee of Directors to finalize terms with the lenders. Further, the Board has also deliberated in the said meeting that discussion is required with the lenders to reduce liability of the company towards repayment of balance debt obligations.</p>



**GUJARAT STATE PETROLEUM CORPORATION LIMITED**

(CIN : U23209GJ1979SGC003281)

**Standalone Balance Sheet as at 31<sup>st</sup> March, 2017**

(₹ in Crores)

Particulars	Notes	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	2	1,243.87	624.64	383.66
Capital work-in-progress	2	407.03	14,590.31	12,409.84
Investment properties	3	2.49	2.52	2.56
Other intangible assets	4	2.17	3.64	4.96
Intangibles under development	4	1,456.64	11,066.42	11,136.03
Investment in subsidiary & equity accounted investees	5	6,257.76	6,257.76	6,308.91
<b>Financial assets</b>				
Investments	6	67.10	58.45	61.37
Loans	7	8.48	35.89	34.17
Other financial assets	8	99.35	147.17	183.22
Deferred tax assets (Net)	20	-	-	-
Other non-current assets	9	109.34	182.34	167.52
<b>Total non-current assets</b>		<b>9,654.24</b>	<b>32,969.15</b>	<b>30,692.23</b>
<b>Current assets</b>				
Inventories	10	229.91	46.53	67.56
<b>Financial assets</b>				
Trade receivables	11	625.39	481.15	699.81
Cash and cash equivalents	12	3.80	6.79	228.45
Other bank balances	12	90.05	78.30	201.49
Loans	7	160.97	342.42	205.21
Other financial assets	8	1,167.21	1,006.62	970.89
Other current assets	9	1.99	1.86	1.80
<b>Total current assets</b>		<b>2,279.32</b>	<b>1,963.68</b>	<b>2,375.21</b>
<b>Assets held for sale</b>	23	8,053.34	-	-
<b>TOTAL ASSETS</b>		<b>19,986.90</b>	<b>34,932.82</b>	<b>33,067.44</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity share capital	13	257.93	257.93	252.45
Other equity	14	(5609.71)	10,684.82	10,321.59
<b>Total Equity</b>		<b>(5,351.78)</b>	<b>10,942.75</b>	<b>10,574.04</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
<b>Financial liabilities</b>				
Borrowings	15	18,105.25	16,840.16	13,270.13
Other financial liabilities	16	9.74	23.72	27.55
Provisions	17	154.82	427.68	391.39
Deferred revenue/ contract liabilities	18	0.42	1.27	1.34
Deferred tax liabilities (Net)	20	0.00	709.69	1,073.24
Other non-current liabilities	21	3.27	5.06	6.85
<b>Total non-current liabilities</b>		<b>18,273.50</b>	<b>18,007.59</b>	<b>14,770.50</b>

**GUJARAT STATE PETROLEUM CORPORATION LIMITED**  
(CIN : U23209GJ1979SGC003281)  
**Standalone Balance Sheet as at 31<sup>st</sup> March, 2017**

Particulars	Notes	(₹ in Crores)		
		As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
<b>Current Liabilities</b>				
Financial liabilities				
Borrowings	15	4,406.71	3,995.21	5,370.56
Trade payables	22	334.21	303.95	441.76
Other financial liabilities	16	1,498.98	1,445.75	1,612.47
Other current liabilities	21	457.98	174.04	234.16
Deferred revenue/ contract liabilities	18	0.06	0.06	0.21
Net employee benefit Liabilities	19	7.38	7.04	7.32
Provisions	17	56.43	56.43	56.43
<b>Total current liabilities</b>		<b>6,761.74</b>	<b>5,982.48</b>	<b>7,722.90</b>
<b>Liabilities associates with assets held for sale</b>	23	<b>303.44</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities</b>		<b>25,338.68</b>	<b>23,990.06</b>	<b>22,493.40</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>19,986.90</b>	<b>34,932.82</b>	<b>33,067.44</b>

Significant Accounting Policies

1

The accompanying notes are integral part of the financial statements.  
As per our report of even date attached.

For and on behalf of the Board of Directors

**For P Singhvi & Associates**  
Chartered Accountants  
FRN. 113602W

**Praveen Singhvi**  
Partner  
M. No. 071608

Date : 30<sup>th</sup> May, 2017  
Place : Gandhinagar

**Dr. J. N. Singh, IAS**  
Chairman & Managing Director  
DIN : 00955107

**Sandeep Dave**  
Company Secretary

Date : 30<sup>th</sup> May, 2017  
Place : Gandhinagar

**Dr. T. Natrajan, IAS**  
Joint Managing Director  
DIN : 00396367

**Gopal Srinivasan**  
Chief Financial Officer



**GUJARAT STATE PETROLEUM CORPORATION LIMITED**

(CIN : U23209GJ1979SGC003281)

**Standalone statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2017**

(₹ in Crores)

Particulars	Notes	For the year ended 31 <sup>st</sup> March, 2017	For the year ended 31 <sup>st</sup> March, 2016
<b>INCOME</b>			
Revenue from operations	24	9,639.65	10,608.16
Other income	25	171.88	111.95
<b>TOTAL INCOME (A)</b>		<b>9,811.53</b>	<b>10,720.11</b>
<b>EXPENSES</b>			
Production expenditure	26	174.77	72.27
Cost of traded goods	27	8,792.77	10,062.57
Changes in inventories of finished goods, work-in-progress and stock-in-trade	28	(183.73)	21.36
Employee benefits expenses	29	14.21	15.22
Finance costs	30	1,929.69	52.25
Depreciation and amortization expenses		917.68	87.14
Other expenses	31	31.47	60.34
<b>TOTAL EXPENSES (B)</b>		<b>11,676.85</b>	<b>10,371.15</b>
<b>Profit/ (loss) before exceptional items and tax (A-B)</b>		<b>(1,865.32)</b>	<b>348.96</b>
Exceptional items	32	(15,195.88)	(784.27)
<b>Profit/ (loss) before tax</b>		<b>(17,061.20)</b>	<b>(435.31)</b>
<b>Tax expense</b>	<b>20</b>		
Current Tax		-	-
Adjustments of tax for earlier years		(48.32)	(0.00)
Deferred Tax		(709.69)	(363.39)
<b>Profit/ (loss) after tax for the period including profit from discontinued operation (C)</b>		<b>(16,303.19)</b>	<b>(71.92)</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified to profit or loss			
Changes in fair value of FVTOCI equity instruments		8.65	(2.31)
Remeasurement of post-employment benefit obligations		0.01	(0.43)
Income tax relating to these items		(0.01)	0.16
<b>Other comprehensive income for the period, net of tax (D)</b>		<b>8.66</b>	<b>(2.58)</b>
<b>Total Comprehensive Income for the Period (C+D)</b>		<b>(16,294.53)</b>	<b>(74.50)</b>
<b>Earning per equity share (EPS) including non current assets held for sale-Refer Note No 23 (face value of ₹1/-)</b>	<b>33</b>		
Basic (₹)		(63.21)	(0.28)
Diluted (₹)		(61.39)	(0.27)

## GUJARAT STATE PETROLEUM CORPORATION LIMITED

(CIN : U23209GJ1979SGC003281)

Standalone statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2017

₹ in Crores)

Particulars	Notes	For the year ended 31 <sup>st</sup> March, 2017	For the year ended 31 <sup>st</sup> March, 2016
<b>Earning per equity share (EPS) from discontinued operation-Refer Note No 23 (face value of ₹ 1/-)</b>			
Basic (₹)		(0.01)	-
Diluted (₹)		(0.01)	-
<b>Earning per equity share (EPS) from from continuing operations</b>			
Basic (₹)		(63.20)	(0.28)
Diluted (₹)		(61.37)	(0.27)

Significant Accounting Policies

1

The accompanying notes are integral part of the financial statements.  
As per our report of even date attached.

For and on behalf of the Board of Directors

**For P Singhvi & Associates**  
Chartered Accountants  
FRN. 113602W

**Praveen Singhvi**  
Partner  
M. No. 071608

Date : 30<sup>th</sup> May, 2017  
Place : Gandhinagar

**Dr. J. N. Singh, IAS**  
Chairman & Managing Director  
DIN : 00955107

**Sandeep Dave**  
Company Secretary

Date : 30<sup>th</sup> May, 2017  
Place : Gandhinagar

**Dr. T. Natrajan, IAS**  
Joint Managing Director  
DIN : 00396367

**Gopal Srinivasan**  
Chief Financial Officer



**GUJARAT STATE PETROLEUM CORPORATION LIMITED**

(CIN : U23209GJ1979SGC003281)

**Statement of changes in equity for the period ended on 31<sup>st</sup> March 2017**
**A. Equity Share Capital**

Particulars	No. of Shares	Amount (₹ In crores)
<b>Issued, subscribed and paid up share capital</b>		
Equity Shares of ₹ 1/- each fully paid up		
<b>As at 1<sup>st</sup> April 2015</b>	2,524,486,486	252.45
Equity shares issued during the year	54,776,434	5.48
<b>As at 31<sup>st</sup> March 2016</b>	2,579,262,920	257.93
Changes in equity share capital -	-	-
<b>As at 31<sup>st</sup> March 2017</b>	2,579,262,920	257.93

**B. Other equity**

(₹ in Crores)

Particulars	Reserves & Surplus					Equity Instruments through Other Comprehensive Income	Total Equity
	Capital reserve	Securities premium reserve	Debenture redemption reserve	General reserve	Retained earnings		
Balance at April 1, 2015	1.28	3,302.29	347.74	3,245.14	(561.37)	3,986.51	10,321.59
Changes in accounting policy / prior period errors	-	-	-	-	-	-	-
<b>Restated balance at the beginning of the reporting period</b>	<b>1.28</b>	<b>3,302.29</b>	<b>347.74</b>	<b>3,245.14</b>	<b>(561.37)</b>	<b>3,986.51</b>	<b>10,321.59</b>
Profit for the year	-	-	-	-	(71.92)	-	(71.92)
Other comprehensive income for the year	-	-	-	-	-	(2.30)	(2.30)
Items of OCI recognised directly in retained earnings	-	-	-	-	-	-	-
Remeasurements of post-employment benefit obligation, net of tax	-	-	-	-	(0.28)	-	(0.28)
<b>Total comprehensive income for the year</b>	<b>1.28</b>	<b>3,302.29</b>	<b>347.74</b>	<b>3,245.14</b>	<b>(633.57)</b>	<b>3,984.21</b>	<b>10,247.10</b>
Addition during the year	-	438.21	-	-	-	-	438.21
Utilisation during the year	-	(0.44)	-	-	-	-	(0.44)
Any Other Change	-	-	-	-	-	-	-
<b>Balance at March 31, 2016</b>	<b>1.28</b>	<b>3,740.06</b>	<b>347.74</b>	<b>3,245.14</b>	<b>(633.57)</b>	<b>3,984.21</b>	<b>10,684.87</b>
Changes in accounting policy / prior period errors	-	-	-	-	-	-	-
<b>Restated balance at the beginning of the reporting period</b>	<b>1.28</b>	<b>3,740.06</b>	<b>347.74</b>	<b>3,245.14</b>	<b>(633.57)</b>	<b>3,984.21</b>	<b>10,684.87</b>

## GUJARAT STATE PETROLEUM CORPORATION LIMITED

(CIN : U23209GJ1979SGC003281)

Statement of changes in equity for the period ended on 31<sup>st</sup> March 2017

(₹ in Crores)

Particulars	Reserves & Surplus					Equity Instruments through Other Comprehensive Income	Total Equity
	Capital reserve	Securities premium reserve	Debenture redemption reserve	General reserve	Retained earnings		
Profit for the year	-	-	-	-	(16,303.19)	-	(16,303.19)
Other comprehensive income for the year	-	-	-	-	-	8.65	8.65
Items of OCI recognised directly in retained earnings							
Remeasurements of post-employment benefit obligation, net of tax					0.01		0.01
<b>Total comprehensive income for the year</b>	<b>1.28</b>	<b>3,740.06</b>	<b>347.74</b>	<b>3,245.14</b>	<b>(16,936.75)</b>	<b>3,992.86</b>	<b>(5,609.67)</b>
Issue of Equity Shares	-	-	-	-	-	-	-
Any Other Change	-	-	-	-	-	-	-
<b>Balance at March 31, 2017</b>	<b>1.28</b>	<b>3,740.06</b>	<b>347.74</b>	<b>3,245.14</b>	<b>(16,936.75)</b>	<b>3,992.86</b>	<b>(5,609.67)</b>

The accompanying notes are integral part of the financial statements.  
As per our report of even date attached.

For and on behalf of the Board of Directors

**For P Singhvi & Associates**  
Chartered Accountants  
FRN. 113602W

**Dr. J. N. Singh, IAS**  
Chairman & Managing Director  
DIN : 00955107

**Dr. T. Natrajan, IAS**  
Joint Managing Director  
DIN : 00396367

**Praveen Singhvi**  
Partner  
M. No. 071608

**Sandeep Dave**  
Company Secretary

**Gopal Srinivasan**  
Chief Financial Officer

Date : 30<sup>th</sup> May, 2017  
Place : Gandhinagar

Date : 30<sup>th</sup> May, 2017  
Place : Gandhinagar



**GUJARAT STATE PETROLEUM CORPORATION LIMITED**

(CIN : U23209GJ1979SGC003281)

**Cash flow statement for the year ended 31<sup>st</sup> March, 2017**

(₹ in Crores)

Particulars	For the year ended 31 <sup>st</sup> March, 2017	For the year ended 31 <sup>st</sup> March, 2016
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit before tax</b>	(17,061.20)	(435.31)
Adjustments for:		
Depreciation, Amortisation & Depletion	917.68	87.14
Interest & Finance Charges being financing cash outflow	1,929.69	52.25
Loss on Sale of Assets	-	0.04
Foreign Exchange Loss/(Gain)	-	9.94
Other non-cash expenses	(1.11)	(1.77)
Exploration Cost Written off	(18.60)	686.88
Impairment of oil and gas assets	14,923.55	-
Diminution in the value of Investment	1.00	97.39
Provision for Doubtful Advances	289.93	4.21
	<u>980.94</u>	<u>500.76</u>
Interest / Dividend Income	(146.22)	(100.15)
Profit on sale of Assets	(0.14)	(0.01)
<b>Operating Profit before working capital changes</b>	<b>834.58</b>	<b>400.60</b>
<b>Adjustments for changes in Working Capital</b>		
Long Term Loans & Advances	3.09	(44.99)
Other Non-Current Assets	(183.40)	(7.02)
Inventories	(183.38)	21.02
Trade Receivables	(144.24)	218.67
Short Term loan and Advances	(241.28)	(82.00)
Other Current Assets	(18.76)	624.46
Other Long Term Liabilities	(3.94)	0.52
Long Term Provisions	-	38.04
Trade payables	68.04	(147.26)
Other Current Liabilities	301.59	(462.77)
<b>Cash Generated from Operations</b>	<b>432.30</b>	<b>559.26</b>
Taxes (paid)/ refund	121.72	-14.78
Prior period Adjustments	-	0.08
<b>Net Cash Flow from Operating Activities (A)</b>	<b>554.02</b>	<b>544.56</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Cash Paid for Purchase of Assets / CWIP including Joint Ventures (Net)	(703.51)	(983.48)
Sale of Fixed Assets	1.62	0.74
Investments in Subsidiaries	(1.00)	(46.24)
Proceeds from Investments	-	0.50
Inter Corporate Loans to group Companies	184.50	(137.94)
Interest / Dividend Income	146.22	100.15

## GUJARAT STATE PETROLEUM CORPORATION LIMITED

(CIN : U23209GJ1979SGC003281)

Cash flow statement for the year ended 31<sup>st</sup> March, 2017

(₹ in Crores)

Particulars	For the year ended 31 <sup>st</sup> March, 2017	For the year ended 31 <sup>st</sup> March, 2016
<b>Net Cash Flow from Investing Activities (B)</b>	(372.17)	(1,066.27)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceed from Equity Share issue	-	442.81
Equity Share issue expenses	-	0.44
Proceeds /(Repayment) to Secured Loans (net)	1,270.34	3,074.39
Proceeds from Unsecured Loans (net)	409.72	(1,371.02)
Interest & Financing Charges Paid	(1,864.90)	(1,846.57)
	-	-
<b>Net Cash Flow from Financing Activities (C)</b>	(184.84)	300.05
<b>Net Increase/(Decrease) in Cash and Cash equivalents (D) (A+B+C)</b>	(2.99)	(221.66)
<b>Cash and Cash equivalents at the Beginning of the Year</b>		
Cash on hand	0.02	0.10
Cheques on Hand	-	-
Bank Balances	6.77	228.35
	6.79	228.45
<b>Cash and Cash equivalents at the End of the Year</b>		
Cash on hand	0.03	0.02
Cheques on Hand	-	-
Bank Balances	3.77	6.77
	<u>3.80</u>	<u>6.79</u>

## Notes

- (i) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard-7 on Cash Flow Statements.
- (ii) Previous year figures have been regrouped, reclassified and recasted wherever considered necessary to conform to the current year's figures.

The accompanying notes are integral part of the financial statements.

As per our report of even date attached.

For and on behalf of the Board of Directors

**For P Singhvi & Associates**  
Chartered Accountants  
FRN. 113602W

**Praveen Singhvi**  
Partner  
M. No. 071608

Date : 30<sup>th</sup> May, 2017  
Place : Gandhinagar

**Dr. J. N. Singh, IAS**  
Chairman & Managing Director  
DIN : 00955107

**Sandeep Dave**  
Company Secretary

Date : 30<sup>th</sup> May, 2017  
Place : Gandhinagar

**Dr. T. Natrajan, IAS**  
Joint Managing Director  
DIN : 00396367

**Gopal Srinivasan**  
Chief Financial Officer





## Notes to Standalone financial statements for the year ended 31<sup>st</sup> March, 2017.

### CORPORATE INFORMATION

Gujarat State Petroleum Corporation Limited (GSPC) is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956. GSPC is a Government Company u/s 2(45) of Companies Act, 2013. Its debt securities are listed on National Stock Exchange in India. The Company is primarily engaged in oil and gas activities comprising of oil & gas exploration, development and production and trading of natural gas. The Company is also engaged in sale of electricity generated through Windmills.

The Financial Statements are approved for issue by the Company's Board of Directors on 30<sup>th</sup> May, 2017.

#### 1. Significant accounting policies

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

##### (a) Basis of preparation of Financial Statements:

###### (i) Statement of compliance with Ind AS

The standalone financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015], Companies (Indian Accounting Standards) (Amendment Rules), 2016, Guidelines issued by The Institute Of Chartered Accountants of India for Oil and Gas Producing Activities (IGAAP).

The financial statements up to year ended 31<sup>st</sup> March 2016 were prepared in accordance with the accounting standards notified under Section 133 of the Companies Act, 2013 (the Act), Guidance Notes issued by The Institute of Chartered Accountants of India for Oil and Gas Producing Activities.

These financial statements are the first financial statements of the Company under Ind AS. Adoption has been carried out by the following Ind-AS 101. The date of transition to Ind AS is 1<sup>st</sup> April, 2015. Refer Note 46 for an explanation of how the transition from Indian GAAP (IGAAP) to Ind AS has affected the Company's financial position, financial performance and cash flows.

Accounting policies have been consistently applied except whereby a newly issued Accounting Standard is initially adopted or a revision to an existing Accounting Standard require a change in the Accounting Policy hither to.

###### (ii) Historical cost convention

The financial statements are prepared on accrual basis of accounting under historical cost convention in accordance with generally accepted accounting principles in India and the relevant provisions of the Companies Act, 2013 including Indian Accounting Standards notified there under, except for the following:

- certain financial assets and liabilities measured at fair value; and
- defined benefit plans - plan assets measured at fair value

###### (iii) Use of estimates and judgements

The presentation of the financial statements are in conformity with the Ind AS which requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and disclosure of contingent liabilities. Such estimates and assumptions are based on management's evaluation of relevant facts and circumstances as on the date of financial statements. The actual outcome may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 20 - Current / Deferred tax expense
- Note 36- Measurement of defined benefit obligations
- Note 34 - Provisions and contingencies
- Note 11 - Expected credit loss for receivables
- Note 44 - Fair valuation of unlisted securities

**(iv) Current versus non-current classification**

The Company presents assets and liabilities in the Balance Sheet based on current/non-current classification.

An asset is classified as current when it is:

- A. expected to be realised or intended to be sold or consumed in its normal operating cycle;
- B. held primarily for the purpose of trading;
- C. expected to be realised within twelve months after the reporting period; or
- D. cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The liability is classified as current when:

- A. it is expected to be settled in its normal operating cycle;
- B. it is held primarily for the purpose of trading;
- C. it is due to be settled within twelve months after the reporting period; or
- D. There is no unconditional right to defer settlement of the liability for an at least twelve months after the reporting period.

All other assets and liabilities are classified as non-current assets and liabilities. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

**(b) Property, plant and equipment**

**(i) Oil and Gas properties**

The company has adopted Contract Area (PSC) level cost center based accounting for the oil and gas operations with effect from 1<sup>st</sup> April, 2015 and accordingly, all costs incurred in acquisition, prospecting, exploration and development of a Contract Areas are accumulated considering a contract area as a cost center. Cost incurred at each of the following level are accounted for as stated below.

**1) Pre-acquisition Cost**

Expenditure incurred before obtaining the right(s) to explore, develop and produce oil and gas are expensed as and when incurred.

**2) Acquisition, Exploration & Evaluation Costs:-**

Acquisition cost of an oil and gas property are costs incurred to purchase, lease or otherwise acquire a property or mineral rights. All such cost are capitalised and accumulated as Exploration Cost under Capital Work In Progress or Intangible assets under Development as the case may be based on the nature of the expenditure.

Exploration and Evaluation activities cover the prospecting activities conducted in search for oil and gas after an entity has obtained legal rights to explore a specific area, as well as activities towards determination of the technical feasibility and commercial visibility of extracting the oil & gas. All such cost are capitalised and accumulated as Exploration Cost under Capital Work In Progress or Intangible assets under Development as the case may be based on the nature of the expenditure.

**3) Development Cost**

Development activities cover the activities conducted after determination of the technical feasibility and commercial viability of extracting oil & gas but before the well starts actual commercial production and includes drilling cost of developments wells, completion of successful exploration wells laying gathering lines, production facilities etc. All such cost are capitalised and accumulated as Development Cost under Capital Work In Progress or Intangible assets under Development as the case may be based on the nature of the expenditure.

**4) Producing properties**

Producing Properties are created in respect of an area/field having proved developed oil and gas reserves, when the well in the area/field is ready to commence commercial production. All the exploration cost and development cost incurred for the producing wells are reclassified as Producing Properties or Property Plant & Equipment as the case may be. The exploration and evaluation expenditure on unsuccessful wells in a proved area are also capitalised as Producing Properties as per the guidance available para 23 of Guidance Notes issued by The Institute of Chartered Accountants of India for Oil and Gas Producing Activities (Ind AS).

**5) Abandonment Cost**

The full eventual estimated liability towards costs relating to dismantling, abandoning and restoring well sites and allied facilities are recognized in respective assets when the well is complete/facilities are installed.

**6) Surrender / Relinquishment of a Contract Area**

The carrying cost of a Contract Area is written off in the statement of profit & loss in the year in which such a Contract area is surrendered after the required approvals. Further, the carrying cost of a Contract Area that is proposed for surrender during a year but approval for which is still awaited at the end of such year, is also provided for in the statement of profit & loss under the head exploration cost written off.

**7) Disposal of Interest**

Gain (excess of net consideration over carrying value of the assets) or loss (excess of carrying value of the assets over net consideration) on sale of interest in a contract area is recognized in the statement of profit or loss in the year in which such agreement is executed.

**8) Accounting for Carried interest**

The “carried interest” arrangements whereby the assignee (the carrying party) agrees to defray all costs of drilling, developing, and operating the property and is entitled to all of the revenue from production from the property, excluding any third party interest, until all of the assignee’s costs have been recovered, after which the assignor will share in both costs and production, based on the agreed arrangement. In such an arrangement, the company being the carrying party records all costs, including those carried, as per its normal accounting policy, and records all revenue from the property including that applicable to the recovery of costs carried during pay-out period.

**Transition to Ind AS**

Carrying cost of the producing properties is re-allocated amongst the producing contract areas based on the balance reserves available as on 1<sup>st</sup> April, 2015 as per the para D8A of Appendix D to Ind AS 101 - First Time Adoption of Indian Accounting Standards. After the carrying cost allocation, Impairment tests for each contract area is carried out and impairment for individual contract area, if any, is charged to opening reserves.

As per para D21A of Appendix D to Ind AS 101 - First Time Adoption of Indian Accounting Standards, for all the non-producing well sites existing as on 1<sup>st</sup> April, 2015 for which provision for abandonment has not been created, the provision for site restoration has been created and opening reserves has been charged to that extent.

**(ii) Other property, plant and equipment**

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost of acquisition/construction (net of recoverable taxes) less accumulated depreciation and impairment losses, if any.

Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The present value of the expected cost for the decommissioning of an asset after its useful life is included in the cost of the respective asset if the recognition criteria for a provision are met.

Capital Work-in-progress includes expenditure that is directly attributable to the acquisition/construction of assets, which are yet to be commissioned and project inventory.

An item of property, plant or equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is recognised in the statement of profit and loss.

**Transition to Ind AS**

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment including oil and gas assets recognised as at 1 April 2015 measured as per IGAAP and use that carrying value as the deemed cost of the property, plant and equipment. Please refer to note 46 for details of the same. For oil and gas assets in the development or production phases, the amount determined for the cost centre under the entity's IGAAP is allocated to the cost centre's underlying assets pro rata using reserve volumes or reserve values as of that date. The present value of the expected cost for the decommissioning of an asset after its useful life is included in the cost of the respective asset except for producing properties where the decommissioning cost is charged to retained earnings as on transition date.

**(c) Investment properties**

Investment properties comprises portions of free hold or lease hold land and office buildings that are held for rental yield and/or capital appreciation.

Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed out as and when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

***Transition to Ind AS***

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its investment properties recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of investment properties. Please refer to note 46 for details of the same.

**(d) Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Subsequently, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any

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

***Transition to Ind AS***

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as at 1<sup>st</sup> April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets. Please refer to note 46 for details of the same.

**(e) Depreciation, depletion and amortisation methods, estimated useful lives and residual values**

Depreciation on producing properties is provided on unit of production method and on other tangible items of property, plant and equipment is provided on written down value method (WDV) except otherwise stated.

The useful lives have been determined based on technical evaluation done by the management's expert which are in line with useful lives specified by Schedule II to the Companies Act, 2013. The residual values are at 5% of the original cost of the item of property, plant and equipment. The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Mobile instruments purchased by the Company are fully written off as expenses in the year of purchase.

Cost of lease-hold land is amortized equally over the period of lease.

Depreciation on fixed assets used for exploration and drilling activities is initially capitalized as part of exploration or development costs.

The depletion on producing properties has been calculated and provided, using the unit of production method as described in the Guidance Note on Accounting for Oil and Gas Producing Activities (Ind AS) issued by ICAI, in proportion of oil and gas production achieved vis a vis the proved reserves.

As Guidance Note is for "Producing Activities", the company keeping in mind the prudent industry practice considers the assets for depletion only once the commercial production is commenced with the approval of the appropriate authority as per the provisions of the Production Sharing Contract (PSC). Till that time, neither the reserves are taken for depletion nor are the assets with respect to the said PSC are capitalized.

No depreciation or depletion is provided in the accounts of the Joint Ventures. However, the depreciation and depletion, as applicable, has been provided for by the Company in its own books based on its participating interest.

Depreciation on items of property, plant and equipment acquired / disposed off during the year is provided on pro-rata basis with reference to the date of addition / disposal.

Investment properties are depreciated on written down value method (WDV) based on the useful lives prescribed in Schedule II to the Companies Act, 2013.

In case of intangible assets, software is amortized at 40% on written down value method.



**(f) Impairment of non-financial assets**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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 companies or other available fair value indicators.

The Company bases its impairment calculation based on estimates, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to Other Comprehensive Income (OCI). For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

**(g) Leases**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1<sup>st</sup> April 2015, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

**As a lessee****Finance lease**

Lease of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards incidental to ownership are classified as finance leases.

At the commencement of the lease term, the Company recognises finance leases as assets and liabilities in its balance sheet at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine; if not, the Company's incremental borrowing rate is used. Any indirect costs of the Company are added to the amount recognised as an asset.

Minimum lease payments is apportioned between the finance charge and the reduction of the outstanding liability. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

**Operating lease**

Leases in which a significant portion of the risks and rewards incidental to ownership is not transferred to the Company as lessee, are classified as operating leases. Lease payments under an operating lease are recognised as an expenses on a straight-line basis over the lease term unless either:

- A. another systematic basis is more representative of the time pattern of the user's benefit even if the payments to the lessors are not on that basis; or
- B. the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. If payments to the lessor vary because of factors other than general inflation, then this condition is not met.

**As a lessor****Finance lease**

When substantially all of the risks and rewards of ownership transfer from the Company to the lessee, then it is classified as finance lease. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

**Operating lease**

Lease income from operating lease (excluding amount for services such as insurance and maintenance) is recognised in the statement of profit or loss on a straight-line basis over the lease term, unless either:

- A. Another systematic basis is more representative of the time pattern of the user's benefit even if the payments to the Company are not on that basis; or
- B. The payments to the Company are structured to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases. If payments to the Company vary because of factors other than general inflation, then this condition is not met.

**(h) Borrowing costs**

The Company is capitalising borrowing costs that are directly attributable to the acquisition or construction of qualifying assets. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. For interest capitalisation, the capital cost of a particular project is identified against a borrowing in terms of period of construction and the interest for the relevant period is added to the capital cost till the particular project is capitalised and thereafter the interest is charged to the statement of profit and loss. All other borrowing costs are recognized as expense in the period in which they are incurred and charged to the statement of profit and loss.

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

**(i) Non-current assets held for sale and discontinued operations**

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Non-current assets classified as held for sale are presented separately from the other assets in the balance sheet.

A discontinued operation is a component of the Company that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale.

**Financial instruments**

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

**Financial assets****Initial recognition**

A financial asset is recognised in the balance sheet when the Company becomes party to the contractual provisions of the instrument.



**Initial measurement**

At initial recognition, the Company measures a financial asset at its fair value plus or minus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset.

**Subsequent measurement**

For purpose of subsequent measurement, financial assets are classified into:

- A. Financial assets measured at amortised cost;
- B. Financial assets measured at fair value through profit or loss (FVTPL); and
- C. Financial assets measured at fair value through other comprehensive income (FVTOCI).

The Company classifies its financial assets in the above mentioned categories based on:

- A. The Company's business model for managing the financial assets, and
- B. The contractual cash flows characteristics of the financial asset.

A financial asset is measured at amortised cost if both of the following conditions are met:

- A. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- B. The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised 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 amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- A. The financial asset is held within a business model whose objective is achieved by both collecting the contractual cash flows and selling financial assets and
- B. The asset's contractual cash flows represents SPPI.

A financial asset is measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income. In addition, the Company may elect to designate a financial asset, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

As per announcement of The Institute of Chartered Accountants of India (ICAI) relating to Accounting for derivative contracts, derivative contracts other than those covered under Ind AS 107, as specified in the Companies (Accounting Standard) Rules, 2006; the effect of change in rates, are Marked to Market on a portfolio basis and the net loss after considering the offsetting effects on the underlying hedge item, is charged to Statement of Profit & Loss. Net gains are ignored.

**Trade receivables**

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

**Equity instruments**

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

**Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- A. The contractual rights to the cash flows from the financial asset have expired, or
- B. The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
  - D) The Company has transferred substantially all the risks and rewards of the asset, or
  - ii) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

**Impairment of financial assets**

The Company assesses impairment based on expected credit loss (ECL) model to the following:

- A. Financial assets measured at amortised cost
- B. Financial assets measured at fair value through other comprehensive income

Expected credit losses are measured through a loss allowance at an amount equal to:

- A. The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- B. Full time expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables or contract revenue receivables. Under the simplified approach, the Company is not required to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

The Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Company reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss. This amount is reflected under the head 'other expenses' in the statement of Profit & Loss. The balance sheet presentation for various financial instruments is described below:





- A. Financial assets measured as at amortised cost and contractual revenue receivables - ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the company does not reduce impairment allowance from the gross carrying amount.
- B. Loan commitments and financial guarantee contracts - ECL is presented as a provision in the balance sheet, i.e. as a liability.
- C. Financial assets measured at FVTOCI - Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as accumulated impairment amount in the OCI.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

### **Financial Liabilities**

#### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loan and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

#### **Subsequent measurement**

- A. Financial liabilities measured at amortised cost
- B. Financial liabilities subsequently measured at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

#### **Financial guarantee contracts**

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

#### **Loan and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses on EIR amortisation and de-recognition are recognised in profit or loss. Amortised 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 amortisation is included as finance costs in the statement of profit and loss.

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of borrowing using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of loan to the extent that it is probable that some or all the facility will be drawn down to the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a payment for liquidity services and amortised over the period of the facility to which it relates.

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

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long term loan arrangement on or before the end of reporting period with the effect that the liability becomes payable on demand on the reporting date, the Company does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statement for issue, not to demand payment as a consequence of the breach.

#### **Trade and other payables**

These amounts represent liability for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

#### **Derivatives**

The Company uses derivative financial instruments i.e. swaps, commodity hedging contracts and option contracts, to hedge its price fluctuation risk and interest rate risk. Such derivative financial instruments are initially recognised at fair values 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 fair value of derivatives are taken directly to profit or loss.

#### **De-recognition**

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

#### **(j) Offsetting financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when, and only when, there is a legally enforceable right to offset the recognised amount and there is intention either to settle on net basis or to realise the assets and to settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or counterparty.

#### **(k) Fair value measurement**

The Company measures certain financial instruments, such as derivatives, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- A. In the principal market for the asset or liability, or
- B. In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.





The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

- A. Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- B. Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- C. 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 recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's Board of Directors (BOD) determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for distribution in discontinued operations. The Valuation Committee comprises of the head of the investment properties segment, heads of the Company's internal mergers and acquisitions team, the head of the risk management department, financial controllers and chief finance officer.

External valuers are involved for valuation of significant assets, such as unquoted financial assets. Involvement of external valuers is decided upon annually by the BOD after discussion with and approval by the management. The management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies.

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.

This note summarises the accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- A. Disclosures for valuation methods, significant estimates and assumptions (note 45).
- B. Quantitative disclosures of fair value measurement hierarchy (note 45).
- C. Financial instruments (including those carried at amortised cost) (note 45).

**(l) Inventories**

- Crude oil in flow lines is not valued as it is not stored.
- Inventory of crude oil & condensate with Joint Ventures is valued as per net realizable value as per the rate specified on sale agreement.
- Natural gas imported as LNG and stored in the storage tank of the LNG terminal are valued at cost or net realizable value whichever is lower.
- Chemicals, fuels, consumables, stores and spare parts are valued at Weighted Average Cost.

**(m) Employee benefits**

**(i) Short term employee benefit obligations**

Liabilities for wages, salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related services are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts

expected to be paid when the liabilities are to be settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

**(ii) Other long term employee benefit obligations**

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of reporting period using the projected unit credit method. The benefits are discounted using the market yield at the end of reporting period that have terms approximating to the terms of related obligation. Re-measurement as a result of experience adjustments and changes in actuarial assumptions are recognised in the other comprehensive income.

The obligations are presented as current liabilities in the balance sheet if the Company does not have unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur.

**(iii) Post-employment obligations**

The Company operates the following post-employment schemes:

- A. Defined benefit plans such as gratuity, leave encashment etc. and
- B. Defined contribution plan such as provident fund, superannuation fund etc.

**Gratuity obligations**

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

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

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

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

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

**Defined contribution plans**

The Company pays provident fund and superannuation fund contributions to GSPC Employee's Provident Fund Trust and Group Superannuation Scheme of Life Insurance Corporation of India respectively. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payment is available.

**Loyalty bonus**

The Company provides for loyalty bonus to eligible employees whereby a lump sum payment to eligible employees at the time of retirement, death, incapacitation or termination of employment is paid based on the respective employee's salary and the tenure of employment. Liabilities with regard to the loyalty bonus scheme are determined by independent actuarial valuation as on the balance-sheet date.

**(iv) Termination benefits**

Termination benefits are payable when employment is terminated by the Company before the normal retirement date



**(n) Foreign currency transactions****(i) Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The standalone financial statements are presented in Indian rupee (INR), which is GSPC's functional and presentation currency.

**(ii) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the year-end exchange rates are generally recognised in profit or loss.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statements of profit and loss. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other income or other expenses.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

In case of overseas unincorporated joint operation, that have a functional currency different from the presentation currency are translated into presentation currency as follows:

- The summarized revenue and expenses reflected in Statement of Profit and Loss at an average of SBI buying Selling TT Rates for the year.
- The assets and liabilities at the closing exchange rate prevailing on balance sheet date as notified by Reserve Bank of India.

All resulting exchange differences are recognised in other comprehensive income as foreign currency translation reserve.

**(o) Revenue recognition**

Revenue is measured at fair value of the consideration received or receivable. Amounts disclosed as revenue are net of the amounts collected on behalf of third parties. The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and specific criteria have been met for each of the Company's activities. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Income from sale of crude oil and gas produced from wells until start of commercial production is adjusted against the cost of such wells.

Income from sale of gas is recognized net of applicable GST/VAT, as applicable when it can be reliably measured and it is reasonable to expect ultimate collection. Any retrospective revision in prices of gas is accounted for in the year of such revision.

Revenue from sale of electricity is recognized on last day of respective month when it can be reliably measured and it is reasonable to expect the ultimate collection

Revenue in respect of interest on delayed realizations from customers, if any, is recognized when it can be reliably measured and it is reasonable to expect ultimate collection.

Revenue in respect of 'Take or Pay' quantity of gas (short lifted quantity of gas under the Gas Sale Agreements) is recognized when it can be reliably measured and it is reasonable to expect ultimate collection.

Profit Petroleum payable to the Government of India (MoP&NG) under a PSC is accounted for initially on an estimated basis and upon approval of the DGH, MoP&NG, difference, if any, is accounted for in the year of such of approval.

Company's share of Revenue from Joint Operations is considered on the basis of Accounts submitted by Joint Ventures.

Interest income from a financial asset is recognised when it is probable that the economic benefit will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset to that asset's gross carrying amount on initial recognition.

Dividend income is accounted for when the right to receive the same is established, which is generally when the shareholders approve the dividend.

#### **(p) Accounting for oil and gas joint operations**

All Oil and Gas Joint Arrangements are in the nature of unincorporated joint operations. Accordingly, the financial statements of the Company reflect the Company's share of assets, liabilities, income and expenditure of the Joint Venture operations, which are accounted on a line by line basis, based on the available information as on the date of the Balance Sheet, with similar items in the Company's accounts, to the extent of the Participating Interest of the Company in each joint operation and related Joint Operating Agreements (JOA), if any, except in case of abandonment, impairment, depletion and depreciation, which are accounted for as per the accounting policies of the Company. The financial statements of the unincorporated joint operations are prepared by the respective Operators of the Contract Area in accordance with the requirements prescribed by the respective PSC and JOA. Hence, certain adjustments/disclosures required under the mandatory Accounting Standards and the Companies Act, 2013 have been made in the financial statements of the Company only to the extent of information available with the Company as on the date of the balance sheet. Such information include information relating to foreign exchange differences, micro, small and medium enterprises, expenditure in foreign currency, earnings in foreign currency, CIF value of imports, transactions with related parties, details of commitments and contingencies, inventory of oil and gas and consumption of stores and spares.

#### **(q) Taxation**

##### **Income taxes**

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period i.e. as per the provisions of the Income Tax Act, 1961, along with Income Computation and Disclosure Standards - ICDS as amended from time to time. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction for relevant tax paying units and where the Company is able to and intends to settle the asset and liability on a net basis.

Current tax assets and tax liabilities are offset where the company has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on the rates and tax laws enacted or substantively enacted, at the reporting date in the country where the Company operates and generates taxable income. Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

##### **Deferred taxes**

Deferred tax is provided in full on temporary difference arising between the tax bases of the assets and liabilities and their carrying amounts in standalone financial statements. Deferred tax are recognised in respect of deductible temporary differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods, the carry forward of unused tax losses and the carry forward of unused tax credits.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.





Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, branches and associates and interest in joint arrangements where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary differences can be utilised.

Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, branches and associates and interest in joint arrangements where it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

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

Any tax credit available is recognised as deferred tax to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilised. The said asset is created by way of credit to the statement of profit and loss and shown under the head deferred tax asset.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

A specific measurement requirement applies to a deferred tax asset or liability that arises from investment property. This requirement establishes a rebuttable presumption that the carrying amount of investment property will be recovered through sale. The presumption may be rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all the economic benefits embodied in the investment property, rather than through sale. If the presumption is rebutted, then the normal requirements of measuring deferred tax asset or liability are applicable.

Where an investment property comprises land only, then because the land would not be depreciated, the presumption cannot be rebutted. Accordingly, the Company has created deferred tax asset on indexation benefit available on freehold land held as investment properties at the appropriate tax rate.

**(r) Earnings per share**

***Basic earnings per share***

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

***Diluted earnings per share***

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential equity shares and the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

**(s) Provisions, contingent liabilities and contingent assets**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is

a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

The Company records a provision for decommissioning costs of a windmills and producing properties. It is recognised as the windmills and oil and gas properties are constructed on leasehold lands which are to be returned to the lessor at the end of the lease tenure on 'as is' basis. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the respective assets. The cash flows are discounted at a current pre-tax rate that reflects the risk specific to the decommissioning liability. The unwinding of discount is expensed as incurred and recognised in the statement of profit and loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Contingent liability is disclosed in the case of:

- A. A present obligation arising from the past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- B. A present obligation arising from the past events, when no reliable estimate is possible;
- C. A possible obligation arising from the past events, unless the probability of outflow of resources is remote.

Contingent liabilities are not provided for & if material, are disclosed by way of notes to accounts. Contingent assets are not recognized in financial statements. However, the same is disclosed, where an inflow of economic benefit is probable.

**(t) Cash and Cash Equivalents**

Cash and cash equivalents comprise cash and deposits with banks and corporations. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

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

**(u) Statement of Cash Flows**

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

**(v) Dividends**

The Company recognises a liability for dividends to equity holders of the Company when the dividend is authorised and the dividend is no longer at the discretion of the Company. As per the corporate laws in India, a dividend is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

**(w) Segment Reporting**

The Chief Operational Decision Maker (CODM) monitors the operating results of its business segments separately 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. Operating segments are reported in a manner consistent with the internal reporting provided to the CODM.

**(x) Rounding off**

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





**(y) Events occurring after the Reporting Date**

Adjusting events (that provides evidence of condition that existed at the balance sheet date) occurring after the balance sheet date are recognized in the financial statements. Material non adjusting events (that are inductive of conditions that arose subsequent to the balance sheet date) occurring after the balance sheet date that represents material change and commitment affecting the financial position are disclosed in the Directors' Report to be discussed.

**(z) Exceptional Items**

Certain occasions, the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the Company is such that its disclosure improves the understanding of the performance of the Company, such income or expense is classified as an exceptional item and accordingly, disclosed in the notes accompanying to the financial statements.

**Note 2**

**Property, plant, equipment as at 31<sup>st</sup> March 2017**

(₹ in Crores)

Particulars	Gross Block				Depreciation and Amortization					Net Block	
	As at 1 <sup>st</sup> April 2016	Addition during the year	Disposal/ Adjustment	As at 31 <sup>st</sup> March 2017	As at 1 <sup>st</sup> April 2016	For the year	Impairment during the year	Disposal/ Adjustment	As at 31 <sup>st</sup> March 2017	As at 31 <sup>st</sup> March 2017	As at 31 <sup>st</sup> March 2016
<b>Tangibles assets :</b>											
Freehold Land	121.44	-	-	121.44	-	-	-	-	-	121.44	121.44
Lease hold Land*	3.66	-	-	3.66	0.04	0.03	-	-	0.07	3.59	3.62
Buildings	21.99	165.77	(152.20)	35.56	1.19	7.26	-	(5.92)	2.53	33.04	20.80
Plant and Machinery	198.89	9,434.59	(8,388.80)	1,244.68	24.34	813.96	616.80	(680.42)	774.68	470.00	174.55
Furniture and Fixture	3.37	8.93	(6.91)	5.39	0.92	1.15	-	(0.38)	1.69	3.70	2.45
Office Equipments	2.77	10.04	(8.47)	4.34	0.68	3.50	-	(2.56)	1.62	2.72	2.09
Computer Equipments	2.91	2.02	(1.08)	3.85	0.79	0.96	-	(0.52)	1.23	2.63	2.12
Vehicles	0.30	-	(0.03)	0.27	0.06	0.06	-	(0.04)	0.08	0.19	0.24
Producing Properties	354.71	8,255.83	(7,293.29)	1,317.25	57.37	89.09	582.45	(18.24)	710.67	606.57	297.34
<b>Total tangible assets</b>	<b>710.04</b>	<b>17,877.18</b>	<b>(15,850.78)</b>	<b>2,736.44</b>	<b>85.39</b>	<b>916.01</b>	<b>1,199.25</b>	<b>(708.08)</b>	<b>1,492.57</b>	<b>1,243.87</b>	<b>624.64</b>
Capital work in progress :											
Exploration & Development										378.37	14,549.60
CWIP Building										2.84	2.86
CWIP Others										25.82	37.85
<b>Total capital work in progress</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>407.03</b>	<b>14,590.31</b>

**Property, plant, equipment as at 31<sup>st</sup> March 2016**

(₹ in Crores)

Particulars	Gross Block				Depreciation and Amortization					Net Block	
	As at 1 <sup>st</sup> April 2015	Addition during the year	Disposal/ Adjustment	As at 31 <sup>st</sup> March 2016	As at 1 <sup>st</sup> April 2015	For the year	Impairment during the year	Disposal/ Adjustment	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2016	As at 1 <sup>st</sup> April 2015
<b>Tangibles assets :</b>											
Freehold Land	121.44	-	-	121.44	-	-	-	-	-	121.44	121.44
Lease hold Land*	3.66	-	-	3.66	-	0.04	-	-	0.04	3.62	3.66
Buildings	21.44	0.55	-	21.99	-	1.19	-	-	1.19	20.80	21.44
Plant and Machinery	197.59	1.30	-	198.89	-	24.34	-	-	24.34	174.55	197.59
Furniture and Fixture	3.33	0.05	(0.01)	3.37	-	0.92	-	-	0.92	2.45	3.33
Office Equipments	1.96	0.81	-	2.77	-	0.68	-	-	0.68	2.09	1.96
Computer Equipments	2.03	1.00	(0.11)	2.91	-	0.84	-	(0.05)	0.79	2.13	2.03
Vehicles	0.17	0.13	-	0.30	-	0.06	-	-	0.06	0.24	0.17
Producing Properties	32.04	322.67	-	354.71	-	57.37	-	-	57.37	297.34	32.04
<b>Total tangible assets</b>	<b>383.66</b>	<b>326.51</b>	<b>(0.12)</b>	<b>710.04</b>	<b>-</b>	<b>85.44</b>	<b>-</b>	<b>(0.05)</b>	<b>85.39</b>	<b>624.65</b>	<b>383.66</b>
Capital work in progress :											
Exploration & Development										14,549.60	12,369.79
CWIP Building										2.86	2.84
CWIP Others										37.85	37.20
<b>Total capital work in progress</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,590.31</b>	<b>12,409.84</b>

\*The non-cancellable lease term is for a period of 99 years. Accordingly, the land has been classified as finance lease.

**Notes**

- Depreciation includes depreciation of ₹ NIL (31<sup>st</sup> march, 2016: ₹ 1.82 crore; 1<sup>st</sup> April, 2015 : ₹ 3.39 crore) which has been capitalised during the year as per policy.
- Exploration and Development cost incurred by the joint ventures has been bifurcated into CWIP tangible and intangible assets under Development as per the requirement of Guidance note on Accounting for Oil & Gas Producing Activities (Ind AS) issued by ICAI read with Ind AS 106 "Exploration for and Evaluation of Mineral Resources".
- The windmills located at Jamanvada and Jakhau, Gujarat are commissioned for generation of power (electricity). Presently, the Company is generating power as per the Power Purchase Agreement (PPA) executed with GUVNL. Based on the PPA executed and clarifications received from GUVNL, the PPAs executed neither cover economic life of the windmills nor restrict the company's right to mortgage the assets. Hence, the PPA has been assessed to fall outside the scope of guidance on service concession arrangement. Further, since the consideration receivable under the PPA is fixed per unit of output, guidance on embedded leases is also not applicable. Accordingly the same have been disclosed as a part of Plant and machinery.



- d. Considering the Farm In Farm out Agreement for 80% participating interest, Impairment Test was carried out as per Guidance Note on Accounting for Oil and Gas producing activities read with Ind AS-36 " Impairment of Assets", for the carried interest in KG OSN 2001/3 block (10%) by the Company and impairment is provided for the same in line with the net realisable value.

**Borrowing Costs and Test Production**

- a. The borrowing costs amounting to ₹ 68.19 crores (31<sup>st</sup> March, 2016 : ₹ 2,068.19 crores; 1<sup>st</sup> April, 2015 : ₹ 1,753.03 crores) has been capitalized in the current year as a part of CWIP - Exploration & Development.
- b. In the current year, an amount of ₹ Nil ( 31<sup>st</sup> March, 2016 : ₹ 59.43 crores; 1<sup>st</sup> April, 2015 : 66.87 crores) being revenue from test production of gas, crude oil/ condensate from various exploratory wells have been credited to the cost of wells under the head CWIP.

**Note 3**
**Investment property as at 31<sup>st</sup> March 2017**

(₹ in Crores)

Particulars	Gross Block				Depreciation and Amortization				Net Block	
	As at 1 <sup>st</sup> April 2016	Addition during the year	Disposal/ Adjustment	As at 31 <sup>st</sup> March 2017	As at 1 <sup>st</sup> April 2016	For the year	Disposal/ Adjustment	As at 31 <sup>st</sup> March 2017	As at 31 <sup>st</sup> March 2017	As at 31 <sup>st</sup> March 2016
Land and building	2.56	-	-	2.56	0.04	0.03		0.07	2.49	2.52
<b>Total Investment property</b>	<b>2.56</b>	<b>-</b>	<b>-</b>	<b>2.56</b>	<b>0.04</b>	<b>0.03</b>	<b>-</b>	<b>0.07</b>	<b>2.49</b>	<b>2.52</b>

**Investment property as at 31<sup>st</sup> March 2016**

(₹ in Crores)

Particulars	Gross Block				Depreciation and Amortization				Net Block	
	As at 1 <sup>st</sup> April 2015	Addition during the year	Disposal/ Adjustment	As at 31 <sup>st</sup> March 2016	As at 1 <sup>st</sup> April 2015	For the year	Disposal/ Adjustment	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
Land and building*	2.56	-	-	2.56		0.04	-	0.04	2.52	2.56
<b>Total Investment property</b>	<b>2.56</b>	<b>-</b>	<b>-</b>	<b>2.56</b>	<b>-</b>	<b>0.04</b>	<b>-</b>	<b>0.04</b>	<b>2.52</b>	<b>2.56</b>

\*Includes land of an amount of ₹ 1.79 crores which is non depreciable.

**Notes**

- a. The assets are given on lease to group companies for various lease term as agreed mutually. The leases are cancellable subject to the agreed notice period.
- b. Amount recognised in profit or loss for investment properties :

(₹ in Crores)

Particulars	As at 31st March, 2017	As at 31st March, 2016
Rental Income	0.90	1.04
Direct operating expenses from property that generated rental income	-	-
Direct operating expenses from property that did not generate rental income	(0.00)	(0.00)
<b>Profit from investment properties before depreciation</b>	<b>0.90</b>	<b>1.04</b>
Depreciation	(0.03)	(0.04)
<b>Profit from investment properties</b>	<b>0.86</b>	<b>1.00</b>

**c. Leasing Arrangements**

The operating lease arrangements are cancellable subject to the stipulated notice period. Accordingly there is no commitment from the lessee in terms of minimum lease payments (MLP) and hence management is of the view that it is impracticable to estimate the MLP receivable in future.

**d. Fair Value**

Management conducted the fair value exercise based on principles of Ind AS 113 for investment properties. Consequently, the fair value was determined not to be substantially different from the carrying value of the assets.

**Note 4**

**Other intangible assets as at 31<sup>st</sup> March 2017**

(₹ in Crores)

Particulars	Gross Block				Depreciation and Amortization				Net Block	
	As at 1 <sup>st</sup> April 2016	Addition during the year	Disposal/ Adjustment	As at 31 <sup>st</sup> March 2017	As at 1 <sup>st</sup> April 2016	For the year	Disposal/ Adjustment	As at 31 <sup>st</sup> March 2017	As at 31 <sup>st</sup> March 2017	As at 31 <sup>st</sup> March 2016
Software	5.85	1.68	-2.52	5.01	2.21	1.64	-1.01	2.84	2.17	3.64
<b>Total other intangible assets</b>	<b>5.85</b>	<b>1.68</b>	<b>-2.52</b>	<b>5.01</b>	<b>2.21</b>	<b>1.64</b>	<b>-1.01</b>	<b>2.84</b>	<b>2.17</b>	<b>3.64</b>
<b>Intangible assets under development</b>										
Exploration & Development	-	-	-	-	-	-	-	-	1,456.21	11,065.99
Software	-	-	-	-	-	-	-	-	0.43	0.43
<b>Total of Intangible assets under development</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,456.64</b>	<b>11,066.42</b>

**Other intangible assets as at 31<sup>st</sup> March 2016**

(₹ in Crores)

Particulars	Gross Block				Depreciation and Amortization				Net Block	
	As at 1 <sup>st</sup> April 2015	Addition during the year	Disposal/ Adjustment	As at 31 <sup>st</sup> March 2016	As at 1 <sup>st</sup> April 2015	For the year	Disposal/ Adjustment	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2016	As at 1 <sup>st</sup> April 2015
Software	4.96	0.90	-	5.85	-	2.21	-	2.21	3.64	4.96
<b>Total other intangible assets</b>	<b>4.96</b>	<b>0.90</b>	<b>-</b>	<b>5.85</b>	<b>-</b>	<b>2.21</b>	<b>-</b>	<b>2.21</b>	<b>3.64</b>	<b>4.96</b>
<b>Intangible assets under development<sup>b</sup></b>										
Exploration & Development <sup>a</sup>	-	-	-	-	-	-	-	-	11,065.99	11,135.74
Software	-	-	-	-	-	-	-	-	0.43	0.29
<b>Total of Intangible assets under development</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,066.42</b>	<b>11,136.03</b>

<sup>a</sup> The Company had declared Commercial Operation Date (COD) w.e.f. 1<sup>st</sup> April, 2016 based on letter from Directorate General of Hydrocarbons dated 30<sup>th</sup> March, 2017.

<sup>b</sup>Details of borrowing cost capitalised have been disclosed in Note No. 2 of Property, Plant and Equipment.

**Note 4A**

**Property, plant and equipment - Breakup of net block as at 1<sup>st</sup> April 2015 as per previous GAAP.**

(₹ in Crores)

Particulars	Gross Block (At Cost)	Accumulated Depreciation	Net Block
<b>Tangible Assets:</b>			
Land			
Freehold Land	363.15	-	363.15
Leasehold Land	61.68	7.74	53.94
Buildings	451.61	132.06	319.55
Plant & Machinery	10,229.61	2,928.38	7,301.23
Furniture & Fixtures	40.06	34.46	5.60
Office Equipments	147.08	99.63	47.45
Computer Equipments	82.07	73.99	8.08
Vehicles	31.42	19.98	11.44
Ship/Boat	0.10	0.03	0.07
Books	0.23	0.20	0.03
Producing Properties (being Company's share in Joint Venture)	1,769.04	1,155.52	613.52
<b>Total</b>	<b>13,176.064,451.99</b>	<b>8,724.07</b>	



\* The figures as on 1 April 2015 differ from the audited numbers due to following reason of Ind AS adjustments:

- a Land with carrying value of ₹ 1.79 crores has been reclassified to investment property disclosed as part of Note 3.
- b Amounts of ₹ 5.55 crores paid upfront for land taken on operating lease has been reclassified to Prepaid expense. ₹ 5.19 crores has been disclosed as a non current asset and ₹ 0.36 crores has been disclosed as current asset under Note 9 - Other non financial assets.
- c Building with carrying value of ₹ 0.76 crores has been reclassified to investment property disclosed as part of Note 3.
- d Based on requirements of Ind AS 101 "First time adoption of Indian Accounting Standards" (Ind AS 101) as discussed in Note No. 43 amount of ₹1.28 crores has been capitalised as part of Windmills disclosed under Plant and Machinery.
- e Vehicles amounting to ₹ 5.08 crores provided under the own your vehicle scheme (OYVS) have been derecognised. The difference between the amount recoverable from employees and the carrying value has been disclosed as Deferred cost (non current) amounting to ₹ 3.77 crores, Deferred cost (current) amounting to ₹ 1.63 crores under Note no.9 - Other non financial assets. Amount recoverable from employees has been disclosed as Receivable from employees (non current) amounting to ₹ 0.73 crores and Receivable from employees (current) amounting to ₹ 0.56 crores under Note no. 8 - Other financial assets.
- f Based on principles of Ind AS 101, Oil and gas assets have been carried forward at previous GAAP carrying values. Further,

Capital work in progress		(₹ in Crores)
Particulars	Net Block	
Exploration and development	10,704.88	
CWIP Building	2.84	
CWIP Others	5.15	
<b>Total</b>	<b>10,712.87</b>	

Intangible assets - Breakup of net block as at 1 <sup>st</sup> April 2015 as per previous GAAP				(₹ in Crores)
Particulars	Gross Block (At Cost)	Accumulated Depreciation	Net Block	
Software and other Intangibles	33.18	28.24	4.95	
<b>Total</b>	<b>33.18</b>	<b>28.24</b>	<b>4.95</b>	

Intangible assets under development		(₹ in Crores)
Particulars	As at 1 <sup>st</sup> April 2015	
Exploration and development	11,175.02	
Software under Development	0.29	
<b>Total</b>	<b>11,175.31</b>	

**Note 5**
**Investments in Subsidiary and Equity accounted investees**

Particulars	(₹ in Crores)		
	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
<b>A. Investments in quoted equity shares of subsidiary companies<sup>a</sup></b>			
212,305,270 (31 <sup>st</sup> March, 2016 : 212,305,270; 1 <sup>st</sup> April, 2015 : 212,305,270) fully paid up equity shares of Gujarat State Petronet Ltd. of ₹ 10 each	2,633.65	2,633.65	2,633.65
39,106,328 (31 <sup>st</sup> March, 2016 : 39,106,328; 1 <sup>st</sup> April, 2015 : Nil) fully paid up equity shares of Gujarat Gas Limited of ₹ 10 each <sup>b</sup>	2,462.72	2,462.72	-
	<u>5,096.37</u>	<u>5,096.37</u>	<u>2,633.65</u>

Investments in Subsidiary and Equity accounted investees			(₹ in Crores)
Particulars	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
<b>B. Investments in unquoted equity shares of subsidiary companies<sup>a</sup></b>			
Nil (31 <sup>st</sup> March, 2016 : Nil; 1 <sup>st</sup> April, 2015 : 36,692,338) fully paid up equity shares of Gujarat Gas Limited of ₹ 10 each <sup>b</sup>	-	-	2,462.72
840,002,936 (31 <sup>st</sup> March, 2016 : 840,002,936; 1 <sup>st</sup> April, 2015 : 840,002,936) fully paid up equity shares of GSPC Pipavav Power Co. Ltd of ₹ 10 each	840.00	840.00	840.00
25,000 (31 <sup>st</sup> March, 2016 : 25,000; 1 <sup>st</sup> April, 2015 : 25,000) fully paid up equity shares of Guj Info Petro Ltd. of ₹ 10 each	0.03	0.03	0.03
	<u>840.03</u>	<u>840.03</u>	<u>3,302.75</u>
<b>C. Investments in unquoted equity shares of subsidiary companies (at cost)</b>			
50,000 (31 <sup>st</sup> March, 2016 : 50,000; 1 <sup>st</sup> April, 2015 : NIL) fully paid up equity shares of GSPC Offshore Ltd. of Rs.10 each	0.05	0.05	-
50,000 (31 <sup>st</sup> March, 2016 : 50,000; 1 <sup>st</sup> April, 2015 : NIL) fully paid up equity shares of GSPC Energy Ltd. of ₹ 10 each	0.05	0.05	-
98,390,000 (31 <sup>st</sup> March, 2016 : 97,390,000; 1 <sup>st</sup> April, 2015 : 97,390,000) fully paid up equity shares of GSPC JPDA Ltd of ₹ 10 each	98.39	97.39	97.39
Less : Provision for impairment on shares of GSPC JPDA Ltd <sup>c</sup>	(98.39)	(97.39)	-
	<u>0.10</u>	<u>0.10</u>	<u>97.39</u>
<b>Investments in unquoted equity shares of equity accounted investees<sup>a</sup></b>			
113,541,817 (31 <sup>st</sup> March, 2016 : 113,541,817; 1 <sup>st</sup> April, 2015 : 113,541,817) fully paid up equity shares of Gujarat State Energy Generation Ltd of ₹ 10 each	120.10	120.10	120.10
11,430,000 (31 <sup>st</sup> March, 2016 : 11,430,000; 1 <sup>st</sup> April, 2015 : 11,430,000) fully paid up equity shares of GSPC LNG Ltd of ₹10 each	25.61	25.61	25.61
4,494,330 (31 <sup>st</sup> March, 2016 : 4,494,330; 1 <sup>st</sup> April, 2015 : 2,250,000) fully paid up equity shares of Sabarmati Gas Ltd of ₹ 10 each	175.55	175.55	129.41
11,500,000 (31 <sup>st</sup> March, 2016 : 11,500,000; 1 <sup>st</sup> April, 2015 : 11,500,000) fully paid up equity shares of Alcock Ashdown (Gujarat) Ltd of ₹ 10 each	11.50	11.50	11.50
Less : Provision for impairment on shares of Alcock Ashdown (Gujarat) Ltd. <sup>c</sup>	(11.50)	(11.50)	(11.50)
	<u>321.26</u>	<u>321.26</u>	<u>275.13</u>
<b>Total investments in subsidiary and equity accounted investees</b>	<u><u>6,257.76</u></u>	<u><u>6,257.76</u></u>	<u><u>6,308.91</u></u>



**Notes**

- a. The Company has opted to consider Fair valuation of these investments on transition date as deemed cost. The same has been explained in Note no. 43.
- b. Shares of GGL (formerly known as GSPC Distribution Networks Limited-GDNL) got listed on Bombay Stock Exchange, National Stock Exchange, Ahmedabad Stock Exchange and Vadodara Stock Exchange with effect from 15<sup>th</sup> Sep, 2015. Thus, the shares are being reflected as unquoted investments as on transition date and as quoted investments as on 31 March 16 and there after.
- c. The company had made investment in shares of Alcock Ashdown (Gujarat) Ltd. to the tune of ₹ 11.50 crores. As per audited financial statement of the company for FY 2011-12, accumulated losses of the company had exceeded its net worth. Hence, considering the same as permanent diminution in the value of investment, full provision for Diminution in value of investment had been provided in the FY 2012-13 for ₹ 11.50 crores.

The company had made an investment through Special Purpose Vehicle (SPV) in GSPC (JPDA) LTD. amounting to ₹ 98.39 crores (31<sup>st</sup> March, 2016 : ₹ 97.39 crores) to carry out exploration activities in Australia. The exploration activities had created significant commercial uncertainty which has negatively impacted the ability of the Joint Venture partners to meet the obligations under the PSC. Hence, the Company has provided for impairment in its books of accounts and accordingly the same has been fully provided for.

**Note 6**
**Investments**

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
<b>Non-Current</b>			
<b>A. Investment in quoted equity shares of other companies (measured at fair value through OCI)</b>			
3,697,000 (31 <sup>st</sup> March, 2016 : 3,697,000; 1 <sup>st</sup> April, 2015 : 3,697,000) fully paid up equity shares of Gujarat Industries Power Company Ltd. of ₹ 10 each	38.10	29.45	31.76
<b>B. Investment in unquoted equity shares of other companies (measured at fair value through OCI)</b>			
Nil (31 <sup>st</sup> March, 2016 : Nil; 1 <sup>st</sup> April, 2015 : 500,000) fully paid up equity shares of Gujarat Science At Action Ltd of ₹ 10 each (Refer Note b below)	-	-	0.61
29,004,033 (31 <sup>st</sup> March, 2016 : 29,004,033; 1 <sup>st</sup> April, 2015 : 29,004,033) fully paid up equity shares of ONGC Petro Additions Ltd of ₹ 10 each	29.00	29.00	29.00
<b>Total non-current investments</b>	<b>67.10</b>	<b>58.45</b>	<b>61.37</b>

**Notes**

- a. Refer Note 41 for determination of their fair values for investments carried at cost and investments measured at fair value through Other Comprehensive Income (FVTOCI)
- b. The company had made investment in shares of Gujarat Science At Action Ltd. to the tune of ₹ 0.50 crores. As per letter received from the official liquidator of Gujarat Science At Action Ltd., the company had opted the voluntary winding up and had refunded the investment made. Company has received in FY 2015-16 ₹ 0.11 crores from Official Liquidator on account of surplus amount as dividend @ ₹ 2.19/-per share which is part of dividend income from other companies and ₹ 0.50 crores on liquidation of the company as full and final against the investment made. Hence, there is no investment in Gujarat Science At Action Ltd. as on last day of the year.

## Note 7

## Loans

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
<b>Non-Current</b>			
Loans and Advances to Employees			
Secured, considered good	8.48	9.74	9.93
Unsecured, considered good			
Other Loans and Advances			
Unsecured, considered Good	-	26.16	24.24
<b>Total non-current loans</b>	<b>8.48</b>	<b>35.89</b>	<b>34.17</b>
<b>Current</b>			
Loans and advances to employees			
Secured, considered good	1.57	1.53	1.62
Unsecured, considered good	-	-	-
Loans and Advance to Related Parties			
Secured, considered good	-	-	-
Unsecured, considered good	159.40	340.89	203.59
Unsecured, doubtful	0.08	0.43	-
Less: Provision for doubtful advances	(0.08)	(0.43)	-
<b>Total current loans</b>	<b>160.97</b>	<b>342.42</b>	<b>205.21</b>

## Note 8

## Other financial assets

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
<b>Non-Current</b>			
Share application money pending allotment	-	-	69.00
Advances recoverable in cash or in kind or for value to be received (Unsecured, considered good)			
Amount receivable under Joint operations <sup>a</sup>	-	49.53	30.85
Security deposit given	-	4.46	4.29
Receivable from employees under Own Your Vehicle Scheme (Unsecured - considered good)	0.73	0.89	0.77
Site resoration fund - Deposits with banks	98.62	92.30	78.32
<b>Total non-current financial assets</b>	<b>99.35</b>	<b>147.17</b>	<b>183.22</b>
<b>Current</b>			
Advances recoverable in cash or in kind or for value to be received (Unsecured, considered good)			
Others	550.93	272.07	258.52
Amount receivable under Joint operations <sup>a</sup>	610.21	732.61	658.37
Advances recoverable in cash or in kind or for value to be received (Unsecured, considered doubtful)			
Security deposit given	5.51	1.56	11.95
Receivable from employees (Unsecured - considered good)	0.56	0.39	0.34
Derivative assets	-	-	41.70
<b>Total current financial assets</b>	<b>1,167.21</b>	<b>1,006.62</b>	<b>970.89</b>

\* Net of provision for Doubtful Debt of C.Y ₹ 289.93 Crores. (P.Y- NIL)  
a Refer Note 40 (Related Party Transactions)



**Note 9**
**Other non-financial assets**

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
<b>Non-Current</b>			
Prepaid expense	4.46	4.83	5.19
Advance Income Tax and TDS (net of Provision) <sup>a</sup>	101.10	174.50	159.72
Deferred employee cost	3.77	3.01	2.61
<b>Total non-current non-financial assets</b>	<b>109.34</b>	<b>182.34</b>	<b>167.52</b>
<b>Current</b>			
Prepaid expense	0.36	0.36	0.36
Deferred employee cost	1.63	1.50	1.44
<b>Total current non-financial assets</b>	<b>1.99</b>	<b>1.86</b>	<b>1.80</b>

**Notes**

a. Provision of Tax for the current year is ₹ NIL (31<sup>st</sup> March, 2016 : NIL crores; 1<sup>st</sup> April, 2015 : ₹ 1.86 crores).

The Company has continuously maintained a position that allowances / claims U/s. 42 and deduction U/s. 80IB (9) is admissible under the Income Tax Act, 1961. The company has been treating each well as a separate undertaking for the purpose of claiming deduction U/s 80IB(9). This view has not been accepted by the first assessing authorities. However, the Commissioner of Income Tax (Appeal) [C.I.T. (A)] has accepted the company's contention regarding claim U/s. 80IB (9). The second appellate authority, i.e. Income Tax Appellate Tribunal (ITAT) has also upheld the company's contention for A.Y. 2000-01 and allowed the claim U/s 80IB (9). Finance (No. 2) Act, 2009 has amended the provisions of Section 80IB (9) with retrospective effect from 1st April 2000, i.e. A.Y. 2000-01 in order to restrict the benefit of deduction U/s 80IB(9) to a "production sharing contract" instead of "well". The company has been claiming deduction U/s. 80IB (9) by treating each well as a separate undertaking. The company had challenged the above amendment by filing a writ petition before the Hon'ble High Court of Gujarat. Hon'ble High Court of Gujarat has decided the matter in favour of the company by its order dated 26th March, 2015 and has struck down the retrospective application of law by holding it as ultra vires. The Union of India has further preferred an SLP before Hon'ble Supreme Court of India challenging the Judgment of High Court of Gujarat. The SLP is placed for hearing on Application for Interim Stay sought by Union of India. The matter is still sub-judice. From F.Y. 2009-10 (A.Y. 2010-11), Company has been claiming deduction U/s. 80IB(9) by treating "Each Block" as a separate undertaking.

Further to the above, in case of claim U/s 42, the ITAT has upheld the department's contention for claim U/s. 42 in respect of Hazira Field. In view of the ITAT order, CIT (A) has also upheld department's contention for Claim U/s. 42 in respect of Hazira Field for the first time in A.Y. 05-06. However, due to this, the company does not envisage any tax liability. Both company and department have preferred appeals before Hon'ble High Court of Gujarat against the order of ITAT on issues which are not decided in their favour. The company is confident of its position.

No provision is made for such disputed Income tax liabilities, which is estimated at ₹ 1,153.57 crores (31<sup>st</sup> March, 2016 : 1,038.70 crores; 1<sup>st</sup> April, 2015 : ₹ 1,019.73 Crores). However the same is disclosed by way of a note as contingent liabilities vide note no.34.

The Company has availed deduction U/s.42 as well as claiming tax holiday U/s 80IB (9) of the Income Tax Act, 1961 for exploration / development costs. This has impact of temporary differences, which in the management's view, considering the past performance and future estimates will be reversed during the "Tax Holiday Period"- and to that extent the deferred tax is not recognized and accordingly no provision for deferred tax liability in respect thereof is made.

**Note 10****Inventories**

(₹ in Crores)

Particulars	As at	As at	As at
	31 <sup>st</sup> March, 2017	31 <sup>st</sup> March, 2016	1 <sup>st</sup> April, 2015
Finished goods - Crude oil (valued at rate specified in COSA)	2.74	2.70	4.24
Condensate (As per condensate sale agreement)	34.06	-	-
Traded goods - Liquefied natural gas	193.11	43.83	63.31
<b>Total inventories</b>	<b>229.91</b>	<b>46.53</b>	<b>67.56</b>

**Note 11****Trade receivables**

(₹ in Crores)

Particulars	As at	As at	As at
	31 <sup>st</sup> March, 2017	31 <sup>st</sup> March, 2016	1 <sup>st</sup> April, 2015
Receivables outstanding for a period exceeding six months from the date they are due for payment			
Secured, considered good	-	1.78	0.05
Unsecured, considered good	139.38	85.45	80.71
Doubtful	-	-	-
Less : Impairment on account of expected credit loss assessment	-	-	-
	139.38	87.24	80.76
Receivables outstanding for a period less than six months from the date they are due for payment			
Secured, considered good	441.73	297.24	413.21
Unsecured, considered good	48.23	100.64	205.85
Doubtful	-	-	-
Less : Impairment on account of expected credit loss assessment	(3.96)	(3.96)	-
	486.01	393.92	619.05
<b>Total trade receivables</b>	<b>625.39</b>	<b>481.15</b>	<b>699.81</b>

**Note 12****Cash and other bank balances**

(₹ in Crores)

Particulars	As at	As at	As at
	31 <sup>st</sup> March, 2017	31 <sup>st</sup> March, 2016	1 <sup>st</sup> April, 2015
<b>Cash and cash equivalents</b>			
Balances with banks			
In current accounts	3.77	6.77	116.20
Fixed deposit with original maturity of less than 3 months	-	-	112.15
Cash on hand	0.03	0.02	0.10
<b>Total cash and cash equivalents</b>	<b>3.80</b>	<b>6.79</b>	<b>228.45</b>
<b>Other bank balances</b>			
Margin money deposits	-	0.06	0.06
Fixed Deposit			
With original maturity of more than 3 months but less than 12 months	90.05	78.24	201.43
<b>Total other bank balances</b>	<b>90.05</b>	<b>78.30</b>	<b>201.49</b>



**Demonetisation Disclosure**

Disclosure details of Specified Bank Notes (SBN) held and transacted during the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016 as provided in the Table below:-

Particulars	SBNs	Other denomination notes	Total
<b>Closing cash in hand as on 08.11.2016</b>	166,000	33,517	199,517
(+) Permitted receipts	15,000	458,367	473,367
(-) Permitted payments	-	(392,442)	(392,442)
(-) Amount deposited in Banks	(181,000)	-	(181,000)
<b>Closing cash in hand as on 30.12.2016</b>	-	<b>99,442</b>	<b>99,442</b>

**Note 13**
**Equity share capital**

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
<b>Authorised share capital</b>			
300,00,00,000 equity shares of ₹ 1 each (31 <sup>st</sup> March, 2016 : 300,00,00,000; 1 <sup>st</sup> April, 2016 : 300,00,00,000 equity shares of ₹ 1 each)	300.00	300.00	300.00
Increase/(Decrease) during the year	-	-	-
<b>Total</b>	<b>300.00</b>	<b>300.00</b>	<b>300.00</b>

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
<b>Issued, subscribed and paid up capital</b>			
257,92,62,920 equity shares of ₹ 1 each (31 <sup>st</sup> March, 2016 : 257,92,62,920; 1 <sup>st</sup> April, 2015 : 252,44,86,486 equity shares of ₹ 1 each)	257.93	257.93	252.45
<b>Total</b>	<b>257.93</b>	<b>257.93</b>	<b>252.45</b>

**Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**

(₹ in Crores)

Particulars	No. of Shares	Amount
<b>As at 1<sup>st</sup> April 2015</b>		
At the beginning of the year	2,524,486,486	252.45
Add : Shares issued during the year	54,776,434	5.48
<b>As at 31<sup>st</sup> March 2016</b>	<b>2,579,262,920</b>	<b>257.93</b>
<b>As at 1<sup>st</sup> April 2016</b>		
At the beginning of the year	2,579,262,920	257.93
<b>As at 31<sup>st</sup> March 2017</b>	<b>2,579,262,920</b>	<b>257.93</b>

## Details of shareholder(s) holding more than 5% Equity Shares

Particulars	₹ in Crores		
	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
<b>Number of Equity Shares</b>			
Government of Gujarat	2,241,010,179	2,241,010,179	2,186,233,745
Gujarat State Investment Limited	192,592,441	192,592,441	192,592,441
<b>% Holding in equity shares</b>			
Government of Gujarat	86.89%	86.89%	86.60%
Gujarat State Investment Limited	7.47%	7.47%	7.63%

## Notes

a. As per records of the Company, including its register of shareholders/members and declaration received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of share.

## Terms /Rights attached to equity shares

b. The Company has only one class of equity shares having a face value of ₹ 1 per share. Each holder of equity shares is entitled to one vote per share.

c. During the year ended 31st March, 2017 the amount of dividend per share recognized as distributions to equity shareholders is ₹ NIL (31<sup>st</sup> March, 2016 : NIL; 1<sup>st</sup> April, 2015 : ₹ NIL).

d. In the event of liquidation of the Company, the holders of equity shares will be entitled to remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity share held by each shareholder.

e. No bonus shares issued by the Company during last five years immediately preceding the reporting date.

f. During the year, Company had received amount of ₹ Nil (31 March, 2016 : ₹ 443.69 crores; 1<sup>st</sup> April, 2015 : ₹ 360 crores) towards share application money against which the company has issued Nil (31<sup>st</sup> March, 2016 : 54,776,434; 1<sup>st</sup> April, 2015 : 38,271,605) shares (face value of ₹ 1 each having security premium of ₹ 80 per share) to Government of Gujarat.

## Note 14

## Other equity

Particulars	₹ in Crores		
	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
Capital reserve	1.28	1.28	1.28
Securities premium reserve	3,740.06	3,740.06	3,302.29
Debenture redemption reserve	347.74	347.74	347.74
General Reserve	3,245.14	3,245.14	3,245.14
Retained Earnings	(16,936.79)	(633.61)	(561.37)
Reserves representing unrealized gains/losses	3,992.86	3,984.21	3,986.51
<b>Total other equity</b>	<b>(5,609.71)</b>	<b>10,684.82</b>	<b>10,321.59</b>

Particulars	₹ in Crores	
	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
<b>Capital reserve</b>		
Opening Balance	1.28	1.28
Add: Addition during the Year	-	-
Less: Utilisation during the year	-	-
<b>Total capital reserve</b>	<b>1.28</b>	<b>1.28</b>



Particulars	(₹ in Crores)	
	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
<b>Securities premium reserve</b>		
Opening Balance	3,740.06	3,302.29
Add: Addition during the Year		438.21
Less: Utilisation during the year		(0.44)
<b>Total securities premium reserve</b>	<u>3,740.06</u>	<u>3,740.06</u>

Particulars	(₹ in Crores)	
	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
<b>Debenture redemption reserve</b>		
Opening Balance	347.74	347.74
Add: Addition during the Year		-
Less: Utilisation during the year		-
<b>Total securities premium reserve</b>	<u>347.74</u>	<u>347.74</u>

Particulars	(₹ in Crores)	
	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
<b>General reserve</b>		
Opening Balance	3,245.14	3,245.14
Add: Addition during the Year		-
Less: Utilisation during the year		-
<b>Total general reserve</b>	<u>3,245.14</u>	<u>3,245.14</u>

Particulars	(₹ in Crores)	
	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
<b>Retained earnings</b>		
Opening Balance	(633.57)	(561.37)
Add:		-
Profit during the year	(16,303.19)	(71.92)
Remeasurement of post employment benefit obligation, net of tax	0.01	(0.28)
<b>Total retained earnings</b>	<u>(16,936.75)</u>	<u>(633.57)</u>

Particulars	(₹ in Crores)	
	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
<b>Reserves representing unrealized gains/losses</b>		
<b>FVOCI - equity investments</b>		
Opening Balance	3,984.21	3,986.51
Increase/(Decrease) fair value of FVOCI equity instruments	8.65	(2.30)
Income tax on net fair value gain or loss		-
<b>Total reserves representing unrealized gains/losses</b>	<u>3,992.86</u>	<u>3,984.21</u>

**Notes**

- a. The Company has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI equity investments reserves.

## Note 15

## Borrowings

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
<b>Non-current borrowings</b>			
<b>Secured</b>			
Term loan from banks	10,326.51	9,271.75	6,395.04
Compulsory convertible debentures	550.00	550.00	550.00
	<u>10,876.50</u>	<u>9,821.75</u>	<u>6,945.04</u>
<b>Unsecured</b>			
Non-convertible debentures	5,991.24	5,968.41	5,950.09
Term loan from others - GSFS	1,237.50	1,050.00	375.00
	<u>7,228.74</u>	<u>7,018.41</u>	<u>6,325.09</u>
<b>Total non-current borrowings</b>	<u>18,105.25</u>	<u>16,840.16</u>	<u>13,270.13</u>
<b>Current borrowings</b>			
<b>Secured</b>			
From banks (Loans repayable on demand)	3,229.16	3,299.38	2,293.68
	<u>3,229.16</u>	<u>3,299.38</u>	<u>2,293.68</u>
<b>Unsecured</b>			
From banks (Loans repayable on demand)	1,177.55	695.83	3,076.88
	<u>1,177.55</u>	<u>695.83</u>	<u>3,076.88</u>
<b>Total current borrowings</b>	<u>4,406.71</u>	<u>3,995.21</u>	<u>5,370.56</u>
<b>Current maturities of long term borrowings (Shown as part of other current financial liabilities : Refer Note 16)</b>			
<b>Secured</b>			
Term loan from banks	495.58	192.92	498.62
Compulsory Convertible Debentures	24.94	25.04	24.94
	<u>520.52</u>	<u>217.96</u>	<u>523.56</u>
<b>Unsecured</b>			
Term loan from others - GSFS	265.48	452.98	500.00
Non Convertible Redeemable Debentures	140.92	142.09	140.92
	<u>406.40</u>	<u>595.08</u>	<u>640.92</u>
<b>Total current maturities of non-current borrowings</b>	<u>926.92</u>	<u>813.04</u>	<u>1,164.48</u>

## Notes

## Secured Loans

- Foreign currency loans (ECB-1) amounting to USD 325 million (Current outstanding is NIL) was borrowed from a consortium of Five banks lead by State Bank of India. The Loan installment of USD 24.375 million has been repaid in June 2015. The loan was secured by way of first ranking parri- passu charge / assignment of the company's participating interest in the Production Sharing Contract (PSC) for KG-OSN-2001/3 block and the company's share of cash flow from the KG-OSN-2001/3. After repayment of the Loan the ROC charge for the same has been released.
- State Bank of India has refinanced the entire Rupee Term Loan(RTL-1) of ₹ 3,000.00 Crs (Current outstanding is ₹ 2,925 Crores ) in F.Y. 2014-15 with better terms, which was previously held by Consortium of fourteen banks lead by Bank of Baroda. The loan is secured by way of first ranking parri passu charge / assignment of the company's participating interest in the Production Sharing Contract (PSC) for KG-OSN-2001/3 block and the company's share of cash flow from the KG-OSN-2001/3 and the Trust and Retention Account to be established as per the financing agreement.



**Note 15  
Borrowings  
Secured Loans**

- c. Consortium of Three member banks lead by Bank of Baroda (ECB-2), London branch has provided Foreign Currency Loan of USD 200 Million (Current outstanding of USD 80.02 Million). The repayment of installments for the facility has started from March, 2015. During the FY 2016-17 the company has no installment liability. The loan is secured by way of first ranking parri- passu charge / assignment of the company's participating interest in the Production Sharing Contract (PSC) for KG-OSN-2001/3 block and the company's share of cash flow from the KG-OSN-2001/3 and the Trust and Retention Account to be established as per the financing agreement.
- d. Consortium of five member banks lead by Bank of Baroda (ECB-3), London branch has provided Foreign Currency Loan of USD 250 Million (Current outstanding of USD 199.39 Million) and USD 75 Million (Current outstanding of USD 60.933 Million) from Export Import Bank of India . The repayment of installments for the facility has started from March, 2016. During the FY 2016-17 the company has repaid normal due installment of USD 9.375 million towards repayment of USD 75 Million Facility. The loan is secured by way of first ranking parri passu charge / assignment of the company's participating interest in the Production Sharing Contract (PSC) for KG-OSN-2001/3 block and the company's share of cash flow from the KG-OSN-2001/3 and the Trust and Retention Account to be established as per the financing agreement.
- e. EXIM bank has provided Foreign Currency Loan (ECB - 4) of USD 100 Million in FY 2014-15 (Current outstanding of USD 100 Million).The loan is secured by way of first ranking parri passu charge / assignment of the company's participating interest in the Production Sharing Contract (PSC) for KG-OSN-2001/3 block and the company's share of cash flow from the KG-OSN-2001/3 and the Trust and Retention Account to be established as per the financing agreement.
- f. State Bank of India (Nassau) has provided new Foreign Currency Loan (ECB - 5) of USD 100 Million in FY 2015-16 (Current outstanding of USD 93.75 Million).During the period FY 2016-17 the company has repaid normal due installment USD 6.25 Million.The loan is secured by way of first ranking parri passu charge / assignment of the company's participating interest in the Production Sharing Contract (PSC) for KG-OSN-2001/3 block and the company's share of cash flow from the KG-OSN-2001/3 and the Trust and Retention Account to be established as per the financing agreement as well as first-ranking pari passu charge over all such receivables of the Borrower, both present and future, as are charged to the LOC Lenders.
- g. Consortium of thirteen member banks lead by Punjab National Bank has provided Rupee Term Loan (RTL 2) of ₹ 4,500 Crore (Current outstanding of ₹ 4, 500 Crore). The loan is secured by way of first ranking parri passu charge / assignment of the company's participating interest in the Production Sharing Contract (PSC) for KG-OSN-2001/3 block and the company's share of cash flow from the KG-OSN-2001/3 and the Trust and Retention Account to be established as per the financing agreement.
- h. Compulsory Convertible Debentures of face value of ₹ 81 each are secured by a first mortgage and charge over immovable property (Guesthouse Bungalow at Infocity, Gandhinagar) of the company. There is a lock in period of one year for CCD investor from the date of allotment. The debentures will be converted into equity shares at the end of the five years.

**Conversion term of CCDs**

"The Compulsory Convertible Debenture (CCDs) will be converted to equity after expiry of 5 (Five) years from the allotment date or date prior to filing of Red Herring Prospectus for IPO with SEBI".

**Unsecured**

- i. Company has availed Medium Term Loan from Gujarat State Financial Services (GSFS) for the period of 3 years with 6 month of moratorium and repayment in 10 equal quarterly installment. (Current outstanding ₹ 1,500 Crores). The repayment schedule has been revised in FY 2016-17 with additional one year as moratorium and incremental instalment repayment structure, therefore no installment of GSFS was due in FY 2016-17.
- j. Outstanding unsecured NCDs amounting to ₹ 6,000 crores raised on private placement basis are listed with National Stock Exchange. The details of the same are as follows:

Type of NCD	Amount (₹ in crores)	Interest Rate on p.a. Basis	Issued in
8 Yrs	1,000	9.39%	Sep/12
10 Yrs	1,000	9.45%	Sep/12
60 Yrs*	1,000	10.45%	Sep/12
15 Yrs	2,000	9.03%	Mar/13
60 Yrs**	1,000	9.80%	Mar/13

\* The company has the call option for these NCDs after 10 years, from date of allotment i.e. 28<sup>th</sup> September, 2012 and till maturity and in case such option is not exercised then the interest rate will step up by 2% till the NCDs are repaid.

\*\* The company has the call option for these NCDs after 12 years, from date of allotment i.e. 22<sup>nd</sup> March, 2013 and till maturity and in case such option is not exercised then the interest rate will step up by 2% till the NCDs are repaid.

k. In the F.Y. 2013-14, the Company has raised funds to the tune of ₹ 550 Crs through issuance of secured compulsory convertible debentures (CCD) on private placement basis. The details of the same are as follows:

Name of Investor	Amount (₹ in crores)	Interest Rate on p.a. Basis
IDBI Bank	150	9.56%
IFCI	100	9.39%
State Bank of India	300	10.11%

#### I. Loan Repayment schedule

Sr. no.	Particulars	Total Outstanding (₹ in crores)*	Maturity period	Rate of Interest (p.a.)	Repayable in 12 months	Repayable in 2 to 4 years	Repayable in 5 to 7 years	Repayable in 8 to 10 years	Repayable in 11 to 15 years	Repayable in 16 to 60 years
1	Rupee Term Loan-1	2,925.00	30-Sep-24	SBI Base Rate + 50 bps	75.00	750.00	1,650.00	450.00	-	-
2	Rupee Term Loan-2	4,500.00	31-Mar-29	SBI Base Rate + 50 bps	-	540.00	1,327.50	1,710.00	922.50	-
3	External Commercial Borrowing (ECB-2)	518.50	30-Sep-20	6 m Libor + 340 bps	-	518.50	-	-	-	-
4	External Commercial Borrowing (ECB-3)	1,688.21	30-Sep-23	6 m Libor + 374 bps	239.13	790.22	658.88	-	-	-
5	External Commercial Borrowing [ECB-4 (Exim)]	648.39	31-Dec-24	6 m Libor + 370 bps	81.05	243.14	243.14	81.05	-	-
6	External Commercial Borrowing [ECB-5 (SBI)]	607.86	30-Sep-24	6 m Libor + 390 bps	81.05	243.14	243.14	40.52	-	-
7	Non Convertible Debentures	6,000.00	Last re-payment 22 March 2073	9.39% to 10.45 %	-	1,000.00	3,000.00	-	-	2,000.00
8	GSFS Loan	1,500.00	15-Dec-19	8.5%	262.50	1,237.50	-	-	-	-
	<b>Total</b>	<b>18,387.96</b>			<b>738.73</b>	<b>5,322.50</b>	<b>7,122.66</b>	<b>2,281.57</b>	<b>922.50</b>	<b>2,000.00</b>

\*The amounts outstanding for various loans as on 31<sup>st</sup> March, 2017 are at historical cost.



**Note 15  
Borrowings**

- m. Derivative contracts
- i. The company enters into currency option and interest rate swap contracts to hedge its exposure in foreign exchange rate and interest in connection with foreign currency loans.
- ii. Nominal amounts of derivative contracts entered into by the company and outstanding as on 31<sup>st</sup> March, 2017 amounts is USD 534.09 million (31<sup>st</sup> March, 2016 : USD 549.72 millions; 1<sup>st</sup> April, 2015 : USD 24.375 Millions) by way of interest rate swap. Category wise break up is given as below\* :

Particulars	(₹ in Crores)		
	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
<b>Interest Rate Swaps and Currency Options (Call)</b>			
Currency - US Dollars : 7 contracts of USD 24.375 million	-	-	118.22
<b>Interest Rate Swaps</b>			
Currency - US Dollars* : 4 contracts of USD 549.72 million	-	3,646.37	-
Currency - US Dollars* : 4 contracts of USD 534.09 million	3,462.96		-
<b>Total</b>	<u>3,462.96</u>	<u>3,646.37</u>	<u>118.22</u>

\*Foreign Currency loans that are not hedged by derivative instruments (Currency) as on 31<sup>st</sup> March 2017 is USD 534.09 million (31<sup>st</sup> March 16 : USD 549.72 Millions; 1<sup>st</sup> April, 2015 : USD 608.34 Million ) ₹ 3,462.96 crores (31<sup>st</sup> March, 2016 : ₹ 3,646.37 crores; 1<sup>st</sup> April, 2015 : ₹ 3,807.65 crores).

**Note 16  
Other financial liabilities**

Particulars	(₹ in Crores)		
	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
<b>Non-Current</b>			
Payable to joint ventures	-	13.15	17.41
Other payables (including deposits received from customers)	9.74	10.57	10.14
<b>Total non-current financial liabilities</b>	<u>9.74</u>	<u>23.72</u>	<u>27.55</u>
<b>Current</b>			
Current maturities of non-current borrowings (Note 15)	926.92	813.04	1,164.48
Payable to joint ventures	567.82	556.84	446.20
Interest accrued but not due (To be kept hidden once the number becomes zero)	0.00	0.00	0.00
Operation and maintenance expense payable	1.79	1.79	1.79
Derivative liability <sup>1</sup>	2.45	74.08	-
<b>Total current financial liabilities</b>	<u>1,498.98</u>	<u>1,445.75</u>	<u>1,612.47</u>

**Notes**

<sup>1</sup>The Company has entered into Interest rate swap to hedge against interest rate risk. Refer note 44 for more details.

Note 17  
Provisions

Particulars	(₹ in Crores)		
	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
<b>Non-Current</b>			
Provision for decommissioning obligations	154.82	427.68	391.39
<b>Total non-current provisions</b>	<u>154.82</u>	<u>427.68</u>	<u>391.39</u>
<b>Current</b>			
Provision for profit petroleum	56.43	56.43	56.43
<b>Total current provisions</b>	<u>56.43</u>	<u>56.43</u>	<u>56.43</u>

Movements in Provisions	Non-current	current
	Provision for decommissioning obligations	Provision for profit petroleum
At 1 <sup>st</sup> April 2016 (Opening balance)	427.68	56.43
Add: Unwinding of Discounts	11.37	-
Add: Provision made during the year	19.22	-
Less: Provision reversed during the year	(303.44)	-
At 31 <sup>st</sup> March 2017 (Closing balance)	<u>154.82</u>	<u>56.43</u>

Note 18  
Deferred revenue/ contract liability

Particulars	(₹ in Crores)		
	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
<b>Non-current</b>			
Income received in advance	0.42	1.27	1.34
<b>Total non-current deferred revenue/ contract liability</b>	<u>0.42</u>	<u>1.27</u>	<u>1.34</u>
<b>Current</b>			
Income received in advance	0.06	0.06	0.21
<b>Total current deferred revenue/ contract liability</b>	<u>0.06</u>	<u>0.06</u>	<u>0.21</u>

Note 19  
Net employee benefit liabilities

Particulars	(₹ in Crores)		
	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
<b>Current</b>			
Provision for gratuity and loyalty bonus	7.01	5.44	5.47
Provision for leave benefits	0.37	1.60	1.85
<b>Total current net employee benefit liabilities</b>	<u>7.38</u>	<u>7.04</u>	<u>7.32</u>

Note : Deferred tax Liability On separate page



**Note 20**
**Tax expense**
**Amount recognised in statement of profit and loss**
**(₹ in Crores)**

Particulars	For the year ended 31 <sup>st</sup> March, 2017	For the year ended 31 <sup>st</sup> March, 2016
<b>Current income tax</b>	-	-
<b>Deferred income tax liability / (asset), net</b>		
Origination and reversal of temporary differences	(709.69)	(363.39)
Reduction in tax rate	-	-
Recognition of previously unrecognised tax losses	-	-
Recognition of tax credit	-	-
Change in recognised deductible temporary differences	-	-
<b>Deferred tax expense</b>	(709.69)	(363.39)
Excess provision of income tax in respect of previous years	(48.32)	(0.00)
<b>Total tax expense for the year</b>	<u>(758.01)</u>	<u>(363.39)</u>

**Amount recognised in other comprehensive income**
**(₹ in Crores)**

Particulars	For the year ended 31 <sup>st</sup> March, 2017	For the year ended 31 <sup>st</sup> March, 2016
<b>Items that will not be reclassified to profit or loss (A)</b>		
Remeasurements of the defined benefit plans	0.01	(0.43)
Equity instruments through other comprehensive income	8.65	(2.31)
	<u>8.66</u>	<u>(2.74)</u>
<b>Income tax relating to items that will not be reclassified to profit or loss (B)</b>		
Remeasurements of the defined benefit plans	(0.00)	0.15
Equity instruments through other comprehensive income	(0.00)	0.01
	<u>(0.01)</u>	<u>0.16</u>
<b>Net amount recognised in other comprehensive income (A+B)</b>		
Remeasurements of the defined benefit plans	0.01	(0.28)
Equity instruments through other comprehensive income	8.65	(2.30)
	<u>8.66</u>	<u>(2.58)</u>

**Reconciliation of effective tax rate**
**(₹ in Crores)**

Particulars	For the year ended 31 <sup>st</sup> March, 2017	For the year ended 31 <sup>st</sup> March, 2016
Profit before tax	(17,061.20)	(435.31)
Tax using the Company's domestic tax rate (Current year 34.61% and Previous Year 34.61%)	(5,904.54)	(150.65)
Reduction in tax rate		
<b>Tax effect of:</b>		
<b>Non-deductible tax expenses</b>		
Deferred tax impact on items as elaborated in movement of deferred tax balances recognised through statement of profit and loss	(208.41)	363.39
Deferred tax impact on items as elaborated in movement of deferred tax balances recognised through OCI	(0.01)	0.16
Provision for impairment not allowable for taxes	5,258.99	
Refund on completion of assessment for earlier periods	48.32	(0.00)
	<u>(805.65)</u>	<u>212.89</u>

**Note 20**

**Deferred tax asset/ (liabilities) [Net]  
Movement in deferred tax balances**

(₹ in Crores)

Particulars	31 <sup>st</sup> March, 2017							
	Net balance April 1, 2016	Recognised in profit or loss	Recognised in OCI	Recognised directly in equity	Other	Net	Deferred tax asset	Deferred tax liability
<b>Deferred tax asset/ (liabilities)</b>								
On excess of carrying value of PPE over Tax base	(82.36)	268.03		-	-	185.67	249.48	63.82
On account of impairment of assets and change in depreciation	283.64	( 283.64)		-	-	-	-	-
Decommissioning obligations	126.59	7.80		-	-	134.39	134.39	-
Investments	(995.90)	(0.00)		-	-	(995.96)	-	995.96
Loans and borrowings	(26.71)	21.18		-	-	(5.53)	19.54	25.07
Straightlining of operation and maintenance expenses	2.37	(0.63)		-	-	1.75	1.75	-
Open forward contracts	1.01	(1.01)		-	-	-	-	-
CCIRS and IRS	(1.01)	1.01		-	-	-	-	-
Tax credit	-	17.21		-	-	17.21	17.21	-
Provisions	-	-		-	-	-	-	-
Other items	(17.33)	679.81	(0.01)	-	-	662.47	662.47	-
<b>Tax assets/ (liabilities)</b>	<b>(709.69)</b>	<b>709.69</b>	<b>(0.01)</b>	<b>-</b>	<b>-</b>	<b>0.00</b>	<b>1,084.86</b>	<b>1,084.86</b>
Set off tax								
<b>Net tax assets/ (liabilities)</b>	<b>(709.69)</b>	<b>709.69</b>	<b>(0.01)</b>	<b>-</b>	<b>-</b>	<b>0.00</b>	<b>1,084.86</b>	<b>1,084.86</b>

(₹ in Crores)

Particulars	31 <sup>st</sup> March, 2016							
	Net balance April 1, 2016	Recognised in profit or loss	Recognised in OCI	Recognised directly in equity	Other	Net	Deferred tax asset	Deferred tax liability
<b>Deferred tax asset/ (liabilities)</b>								
On excess of carrying value of PPE over Tax base	(150.81)	68.45		-	-	(82.36)	-	(82.36)
On account of impairment of assets and change in depreciation	1.01	282.63		-	-	283.64	283.64	-
Decommissioning obligations	116.98	9.61		-	-	126.59	126.59	-
Investments	(995.91)	(0.00)	0.01	-	-	(995.90)	-	(995.90)
Loans and borrowings	(22.63)	(4.09)		-	-	(26.71)	-	(26.71)
Straightlining of operation and maintenance expenses	2.99	(0.62)		-	-	2.37	2.37	-
Open forward contracts	(4.51)	5.52		-	-	1.01	1.01	-
CCIRS and IRS	(1.01)	-		-	-	(1.01)	-	(1.01)
Tax credit	-	-		-	-	-	-	-
Provisions	-	-		-	-	-	-	-
Other items	(19.35)	1.88	0.15	-	-	(17.33)	-	(17.33)
<b>Tax assets/ (liabilities)</b>	<b>(1,073.24)</b>	<b>363.39</b>	<b>0.16</b>	<b>-</b>	<b>-</b>	<b>(709.69)</b>	<b>413.62</b>	<b>(1,123.31)</b>
Set off tax								
<b>Net tax assets/ (liabilities)</b>	<b>(1,073.24)</b>	<b>363.39</b>	<b>0.16</b>	<b>-</b>	<b>-</b>	<b>(709.69)</b>	<b>413.62</b>	<b>(1,123.31)</b>



**Tax losses carried forward**

Particulars	31 <sup>st</sup> March 2017	Expiry date	31 <sup>st</sup> March 2016	Expiry date
Expire	94.38	31-Mar-23	94.38	31-Mar-23
Expire	242.28	31-Mar-24	242.28	31-Mar-24
Expire	12,901.63	31-Mar-25	-	
Never Expire	116.74		116.74	
Never Expire	846.54	-	-	-

**Notes**

- The company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.
- Significant management judgement is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income by each jurisdiction in which the relevant entity operates and the period over which deferred income tax assets will be recovered.

**Note 21**
**Other non-financial liabilities**

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
<b>Non-current</b>			
Others	3.27	5.06	6.85
<b>Total non-current non-financial liabilities</b>	<u>3.27</u>	<u>5.06</u>	<u>6.85</u>
<b>Current</b>			
Statutory tax liability	95.41	65.38	95.77
Others	362.57	108.66	138.37
<b>Total current non-financial liabilities</b>	<u>457.98</u>	<u>174.04</u>	<u>234.15</u>

**Note 22**
**Trade payables**

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
Total outstanding dues of micro enterprises and small enterprises	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	334.21	303.95	441.76
<b>Total trade payables</b>	<u>334.21</u>	<u>303.95</u>	<u>441.76</u>

**Notes**

- The company has not received any Memorandum from the suppliers whose principal amount remains unpaid as on 31<sup>st</sup> March' 2017(as required to be filed by the suppliers with the notified authority under the Micro, Small and Medium Enterprise Development Act, 2006) claiming their status as micro, small and medium enterprise as on the Balance Sheet date. Consequently, the amount payable to micro, small and medium enterprises during the year ₹ Nil (31<sup>st</sup> March, 2016 : ₹ Nil; 1<sup>st</sup> April, 2015 : ₹ Nil).

**Note 23**
**(A) Discontinued operation held for sale**

The assets and liabilities of KG-OSN-2001/3 ("K G Block"), a joint operation of the company, have been classified as discontinued operation held for sale based on the binding agreement entered for sale of the company's stake in the block to Oil and Natural Gas Corporation Limited (ONGC, the buyer). The sale was approved by the board of directors in January, 2016. The requisite regulatory approvals are being obtained.

Based on the requirement of Ind AS 105 - Non Current Asset held for sale (Ind AS 105), the block was and measured at the lower of their carrying amount or fair value less costs to sell, as presented in the table below:

Particulars	(₹ in Crores)	
	As at 31 <sup>st</sup> March, 2017	
<b>Assets</b>		
<i>Non current assets (net of depreciation and amortisation where applicable)</i>		
Producing Properties		7,274.95
Factory building		141.41
Office equipments		5.90
Computer equipment		0.53
Plant and machinery		7,710.14
Furniture and fixtures		6.53
Intangible - Software		1.51
Building		4.88
CWIP others		206.58
Exploration & Development		5,951.23
<b>Total carrying value of non-current assets (A)</b>		<b><u>21,303.67</u></b>
<i>Liabilities associated with above</i>		
Provision for decommissioning cost		303.44
<b>Net assets classified as held for sale</b>		<b><u>21,000.23</u></b>
<b>Fair value less cost to sell of above (B)</b>		<b><u>7,749.90</u></b>
<b>Impairment loss recognised in statement of profit or loss as an exceptional item</b>		
<b>(c) = (A) - (B)</b>		<b><u>13,250.33</u></b>

## Details of profit and loss attributable to the KG Block is below:

Particulars	(₹ in Crores)		
	3 months ending 31 <sup>st</sup> March, 2017	9 months ending 31 <sup>st</sup> March, 2016	Year ending 31 <sup>st</sup> March, 2016
Revenue	22.58	82.59	-
Expense	34.29	74.27	-
<b>Profit before tax</b>	<b><u>(11.71)</u></b>	<b><u>8.32</u></b>	<b><u>-</u></b>
Income tax expense	-	-	-
<b>Profit after tax</b>	<b><u>(11.71)</u></b>	<b><u>8.32</u></b>	<b><u>-</u></b>

Since the Company had not declared COD in 2015-16, the income earned from the test production was adjusted against the CWIP.



As per the agreement, the economic date of transfer for asset i.e. 80% Participating Interest of GSPC is 23:59 hours 31<sup>st</sup> March 2017. The Company shall continue as operator for the block on behalf of ONGC until the closing date and all expenditure incurred from economic date to closing date on behalf of ONGC (i.e. 80% PI) shall be reimbursed by ONGC to the Company on closing date.

In August 2002, the Company had entered into Carried Interest Agreement with Geo Global Resources (India) Inc (GGR), under which the Company granted GGR 10.0% carried interest in the KG-OSN-2001/3 block. The CIA provided that the Company was responsible to incur GGR's share of costs incurred during exploration as well as development phase prior to date of initial commercial production. The Company had incurred ₹ 1856.83 Crore on GGR's behalf until 31<sup>st</sup> March 2017. However, in April 2017, the Company has entered into a Deed of Assignment of Participating Interest with GGR vide which GGR has surrendered its 10% Participating Interest in KG-OSN-2001/3 to the Company. Thus, the Company shall hold 10% PI in KG-OSN-2001/3."

#### (B) Going Concern

"The Company has executed Farm-in/Farm-out Agreement with Oil and Natural Gas Corporation (ONGC) for farm-out of 80% PI in KG-OSN-2001/3 (KG Block). The KG Block has substantial gas and condensate reserves however due to technical challenges (High Pressure High Temperature), the requisite future capital investment to achieve desired levels of production had pushed the Company towards a highly leveraged position. The Company was unable to infuse further capital for future development which had triggered the strategic transfer of KG Asset to ONGC. The Company has approached Government of Gujarat for approving the transaction for divestment of GSPC's 80% PI in KG Block. (Refer Note 23 (A) above) The transaction for sale of PI in KG Block has led to an impairment linked financial loss which has exceeded the net worth of the Company.

However, to recoup the negative impact on financials, the Company has an upside potential from valuation of other six discoveries in KG Block. Moreover, the Company has wide domain of business process in energy value chain with gas trading, Exploration & Production business in onshore blocks, renewable power generation. The Company has strong market presence in the gas trading business which is further fortified with subsidiaries in gas transmission and gas distribution business alongside gas based generation business which have potential for high growth trajectory.

The management of the Company with the support from Government of Gujarat is committed to complete the revival of the company by putting in place a Turnaround Plan/Financial Realignment Strategy. The Company is devising a detailed realignment plan to improve the financial and operating performance. The Company has already engaged services of independent consultants for preparation of Financial Realignment Plan.

The Company is in advanced stages of obtaining the approval from Government of Gujarat for furnishing a GoG guarantee for valuation adjustment linked to gas price mechanism and necessary support for Turnaround Plan/Financial Realignment Strategy which clearly indicates the continuing support of Government of Gujarat towards the Company.

In view of the business presence of the Company and the measures taken along with the support of GoG, the present accounts have been prepared on a "Going Concern Basis" since in opinion of the management there is no foreseeable situation of the Company otherwise."

#### Note 24

#### Revenue from operations

(₹ in Crores)

Particulars	For the year ended 31 <sup>st</sup> March, 2017	For the year ended 31 <sup>st</sup> March, 2016
<b>Sale of products</b>		
Sale of natural gas - Trading	9,193.73	10,209.91
Sale of gas - Joint venture	123.44	33.55
Sale of oil - Joint venture	58.13	61.43
Sale of electricity - Windmills	48.84	45.46
	<b>9,424.15</b>	<b>10,350.35</b>
<b>Sale of services</b>		
Re-gasification income	194.51	141.19
Transportation income	14.12	110.68
	<b>208.64</b>	<b>251.87</b>
<b>Other operating revenues</b>		
Take or pay income	6.87	5.95
<b>Total revenue from operations</b>	<b>9,639.65</b>	<b>10,608.16</b>

## Note 25

## Other income

(₹ in Crores)

Particulars	For the year ended 31 <sup>st</sup> March, 2017	For the year ended 31 <sup>st</sup> March, 2016
<b>Dividend from long term investments</b>		
Dividend from subsidiary companies	41.62	45.03
Dividend from other companies	1.45	1.49
	<u>43.07</u>	<u>46.52</u>
<b>Other non-operating income</b>		
Usage charges	3.55	3.40
Deposits with banks	6.24	17.49
Other income - Joint ventures	6.68	6.92
Net profit on sale of fixed assets	0.14	(0.03)
Fair value gain (including fair value gain on derivatives)	13.90	-
Others interest income	96.91	36.03
Miscellaneous income	1.40	1.63
	<u>128.81</u>	<u>65.43</u>
<b>Total other income</b>	<u>171.88</u>	<u>111.95</u>

## Notes

- a. Interest income includes interest amounting to ₹ NIL (31<sup>st</sup> March, 2016 : NIL; 1<sup>st</sup> April, 2015 : ₹ 12.75 crores) from subsidiary company and ₹ 34.38 crores (31<sup>st</sup> March, 2016 : 34.08 crores; 1<sup>st</sup> April, 2015 : 20.23 crores) from associate company.

## Note 26

## Production expenditure - E&amp;P

(₹ in Crores)

Particulars	For the year ended 31 <sup>st</sup> March, 2017	For the year ended 31 <sup>st</sup> March, 2016
Production expenditure	137.67	52.63
Duties and taxes	16.72	5.92
Other G&A expenses	20.38	13.72
<b>Total production expenditure - E&amp;P</b>	<u>174.77</u>	<u>72.27</u>

## Note 27

## Cost of traded goods

(₹ in Crores)

Particulars	For the year ended 31 <sup>st</sup> March, 2017	For the year ended 31 <sup>st</sup> March, 2016
<b>Purchase of gas</b>		
Local Purchase of Gas	2,565.23	2,438.01
Import Purchase of Gas	5,169.37	6,711.48
	<u>7,734.60</u>	<u>9,149.49</u>
<b>Other costs</b>		
Import Gas Regasification Charges	631.86	643.09
Gas Transmission Charges	191.76	190.44
Commodity Hedging Cost	234.39	78.91
Annuity & Meter Validation Charges	0.16	0.64
	<u>1,058.17</u>	<u>913.08</u>
<b>Total cost of traded goods</b>	<u>8,792.77</u>	<u>10,062.57</u>



**Note 28**
**Changes in inventories of finished goods, stock in process and stock in trade**

(₹ in Crores)

Particulars	For the year ended 31 <sup>st</sup> March, 2017	For the year ended 31 <sup>st</sup> March, 2016
<b>Finished goods</b>		
Closing stock of oil	(2.74)	(2.70)
Opening stock of oil	2.70	4.24
	(0.04)	1.55
Increase/ decrease in stock of oil	(34.42)	0.33
	<b>(34.46)</b>	<b>1.88</b>
<b>Stock in trade</b>		
Closing stock of liquified gas	(193.11)	(43.83)
Opening stock of liquified gas	43.83	63.31
	<b>(149.28)</b>	<b>19.48</b>
<b>Total change in inventories of finished goods, stock in process and stock in trade</b>	<b>(183.73)</b>	<b>21.36</b>

**Note 29**
**Employee benefit expenses**

(₹ in Crores)

Particulars	For the year ended 31 <sup>st</sup> March, 2017	For the year ended 31 <sup>st</sup> March, 2016
Salary, wages and allowances	11.49	13.87
Contribution to provident fund and other funds (Refer note 36)	2.69	1.26
Staff welfare expenses	0.02	0.10
<b>Total employee benefit expenses<sup>a</sup></b>	<b>14.21</b>	<b>15.22</b>

**Notes**

a. Amount represents net expenditure for corporate.

**Note 30**
**Finance costs**

(₹ in Crores)

Particulars	For the year ended 31 <sup>st</sup> March, 2017	For the year ended 31 <sup>st</sup> March, 2016
Interest Cost	1,937.39	12.42
Unwinding of discount on Provisions	11.37	29.66
Other Borrowing Costs (includes bank guarantee, LC charges, bank charges, etc.)	59.30	10.18
Exchange Rate Difference	(78.37)	-
<b>Total finance costs</b>	<b>1,929.69</b>	<b>52.25</b>

## Note 31

## Other expenses

(₹ in Crores)

Particulars	For the year ended 31 <sup>st</sup> March, 2017	For the year ended 31 <sup>st</sup> March, 2016
<b>Expenses related to wind mills</b>		
Operation and maintenance expenses	6.88	7.28
Windmills insurance expenses	0.15	0.47
<b>Total (A)</b>	<b>7.04</b>	<b>7.74</b>
<b>Administrative expenses</b>		
Electricity expenses	0.32	0.43
Rent, rates and taxes	0.64	0.63
Repairs and maintenance		
Building repairs	-	-
Others	0.62	0.60
Insurance expenses	0.43	0.68
Business development and promotion	0.09	1.20
Advertisement and publicity	0.08	0.61
Administration and establishment	3.03	3.02
Recruitment and training expenses	0.05	0.32
Travelling expenses	0.81	1.18
Stationery and printing	0.47	0.61
Professional and technical expenses	16.52	16.41
Donations	1.01	-
Telephone, trunk calls and postage	0.25	0.27
Vehicle running expenses	0.05	0.06
Bandwidth expenses	0.06	0.02
Payment to auditors <sup>a</sup>	0.34	0.44
Net foreign exchange loss	-	18.91
Corporate social responsibility expenses <sup>b</sup>	-	2.80
Other expenses	0.02	0.19
Miscellaneous	0.00	0.00
<b>Total (B)</b>	<b>24.78</b>	<b>48.39</b>
<b>Provision for doubtful advances (C)</b>	<b>(0.35)</b>	<b>4.21</b>
<b>Total other expenses (A+B+C)</b>	<b>31.47</b>	<b>60.34</b>

## a. Payment to auditors

(₹ in Crores)

Particulars	For the year ended 31 <sup>st</sup> March, 2017	For the year ended 31 <sup>st</sup> March, 2016
For statutory audit	0.17	0.14
For other services	0.12	0.23
For reimbursement of expenses	0.05	0.07
<b>Total payment to auditors</b>	<b>0.34</b>	<b>0.44</b>



**b. Corporate social responsibility expenses**

(₹ in Crores)

Particulars	For the year ended 31 <sup>st</sup> March, 2017	For the year ended 31 <sup>st</sup> March, 2016
Gross amount required to be spent by the Company during the year	-	9.26
Amount spent during the year on (Paid in Cash) :		
Construction /acquisition of any asset		
On purpose other than above	-	2.80
Amount spent during the year on (Yet to be Paid in Cash) :		
Construction /acquisition of any asset		
On purpose other than above	-	-
<b>Total corporate social responsibility expenses</b>	<b>-</b>	<b>2.80</b>

**Note 32**
**Exceptional items**

(₹ in Crores)

Particulars	For the year ended 31 <sup>st</sup> March, 2017	For the year ended 31 <sup>st</sup> March, 2016
Impairment of oil and gas assets <sup>a</sup>	14,923.54	-
Diminution in the value of Investment <sup>b</sup>	1.00	97.39
Provision for Doubtful Debts	289.93	-
Exploration cost written off/ written back <sup>c</sup>	(18.60)	686.88
<b>Total exceptional items</b>	<b>15,195.88</b>	<b>784.27</b>

**Notes**

- Impairment Losses comprise of impairment losses on 80% Participating Interest (PI) & 10% PI in KG-OSN-2001/3 Block ("K G Block"). Please Refer Note No.23 (Ind AS 105) for details of Non current assets held for sale with respect to assets and liabilities of KG-OSN-2001/3
- The company had made an investment through Special Purpose Vehicle (SPV) in GSPC (JPDA) LTD. amounting to ₹ 98.39 crores (31<sup>st</sup> March, 2016 : ₹ 97.39 crores) to carry out exploration activities in Australia. The same has been fully provided for in the respective years i.e ₹ 1 crore in 2016-17 and ₹ 97.39 crores in 2015-16.
- The Company has written (back)/off ₹ (18.60) crores (31<sup>st</sup> March, 2016 : ₹ 686.88 crores; 1 April, 2015 : ₹ 513.03 crores) towards exploration cost for surrendered blocks. During the year there was a net foreign exchange gain on amount receivable from partners of overseas blocks. As the exploration loss for the overseas blocks were routed through exploration cost written off, the gain arising out of the same are also routed through exploration cost written off.

**Note 33**
**Earning per share**

(₹ in Crores)

Particulars	For the year ended 31 <sup>st</sup> March, 2017	For the year ended 31 <sup>st</sup> March, 2016
<b>Profit attributable to equity holders for (₹ in Crores):</b>		
Basic earnings	(16,303.19)	(71.92)
Adjusted for the effect of dilution	(16,249.87)	(71.92)
<b>Weighted average number of equity Shares for:</b>		
Basic EPS	2,579,262,920	2,549,180,780
Adjusted for the effect of dilution	2,647,164,155	2,617,082,015
<b>Earnings Per Share (₹.):</b>		
Basic	(63.21)	(0.28)
Diluted	(61.39)	(0.27)

**Note 34**

**Contingent liabilities**

Claims against the Company not acknowledged as debts which in the opinion of the Management are not tenable/under appeal at various stages:

Particulars	(₹ in Crores)		
	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
Income Tax (Ref. note no.9 a)	1153.57	1,038.70	1,019.73
Joint Ventures	690.38	2,117.38	2,085.53

Above Joint venture contingent liability includes our share in following matters:

In September 2005, GSPC, as the Operator in KG-OSN-2001/3 block, had entered into a contract with Atwood Oceanics Pacific Limited ('AOPL') for drilling, completing or abandoning the wells identified by GSPC's drilling program. With respect to certain invoices raised by AOPL during July and August 2009, AOPL has claimed that the said invoices were paid by GSPC after a delay of 733 days in September 2011. Accordingly, AOPL had initiated arbitration proceeding against the JV claiming interest on delayed payment towards the said invoices claiming an amount of ₹ 98,938,902 (USD1,523,895) [31 March 2016: ₹ 101,148,531 (USD1,523,895)] along with interest at the rate of 1.5% per month from 11 January 2013 till the date of payment. The Honorable Sole Arbitrator, vide arbitral award dated 12 May 2015, has concluded that the JV is not liable to pay the claims of interest on delayed payment towards the invoices as aforesaid and rejected the claims made by AOPL in this regard. AOPL has preferred an appeal under Section 34 of the Arbitration and Conciliation Act, 1996 praying for setting aside of the award passed by the Sole Arbitrator before the District Court, Gandhinagar. The matter is subjudice.

GSPC, as the Operator in KG-OSN-2001/3 block, has entered into a contract with Tuff Drilling Private Limited ('TDPL') for supply and installation of 3,000 hp modular rig in May 2010. Due to the inability of TDPL to provide the rig in the stipulated timelines, the Operator terminated the contract. Against the above actions of the Operator, TDPL has raised claims for ₹ 719.33 Crores (GSPC's share ₹ 647.40 crores) [31<sup>st</sup> March, 2016: ₹ 719.33 Crores of which GSPC's share: ₹ 647.40 crores]. The Arbitration Tribunal, vide award dated April 15, 2017, has dismissed all the claims made by TDPL against the Operator as well as all the counter claims made by the Operator against TDPL. However, since the time period for statutory appeal against the award (90 days from the date of award) is still not over, the same is shown as Contingent liabilities.

**Note 35**

**Capital commitments**

**A. Estimated amount of contracts remaining to be executed on capital accounts and not provided for:**

- In respect of Joint Ventures ₹ 77.75 crores (31<sup>st</sup> March 2016 : ₹ 94.97 crores & 1<sup>st</sup> April 2015 : ₹ 1,913.90 crores)
- In respect of others ₹ 3.27 crores (31<sup>st</sup> March 2016 : ₹ 2.08 crores & 1<sup>st</sup> April 2015 : ₹ 0.90 crores)

**B. Minimum work programme committed under various Production Sharing Contracts in India and Outside India.**

- In India ₹ 3.24 crores (31<sup>st</sup> March 2016 : ₹ 16.16 crores & 1<sup>st</sup> April 2015 ₹ 75.34 crores)
- Outside India ₹ NIL (31<sup>st</sup> March 2016 : ₹ 15.07 crores & 1<sup>st</sup> April 2015 : ₹ 14.22 crores)

**Note 36**

**Employee Benefits:**

**A. Defined contribution plans**

- Company's contribution to Provident Fund is ₹ 0.78 Crores (31<sup>st</sup> March 2016: ₹ 0.84 Crores & 1<sup>st</sup> April 2015: ₹ 0.71 Crores)
- Company's contribution to Super Annuation fund is ₹ 0.25 Crores (31<sup>st</sup> March 2016: ₹ 0.21 Crores & 1<sup>st</sup> April 2015: ₹ 0.27 crores)

**B. Defined benefit plans**

The following table sets out the funded status of the Gratuity and Leave Encashment Plan and the amounts recognized in company's financial statements as at 31<sup>st</sup> March, 2017; 31<sup>st</sup> March, 2016 as required by Ind AS 19.

(₹ in Crores)

Particulars	Gratuity (Funded)			Leave Encashment (Funded)		
	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> April, 2015	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> April, 2015
<b>Change in benefit obligation</b>						
1 Liability at the beginning of the year	6.24	5.28	4.08	8.45	7.66	6.05
2 Interest cost	0.79	0.52	0.20	0.66	0.58	0.53
3 Current service cost	1.92	1.41	0.43	0.59	0.66	0.48
4 Past service cost			-			-
5 Benefit Paid	-0.61	(0.18)	(0.49)	(0.47)	(0.63)	(0.97)
6 Actuarial (gain) / Losses	-0.11	(0.79)	1.06	0.02	0.18	1.57
7 Liability at the end of the year	8.23	6.24	5.28	9.25	8.45	7.66
<b>Change in fair value of plan assets</b>						
1 Plan assets at the beginning of the year	7.26	5.69	3.69	6.84	5.81	4.19
2 Expected return of plan assets	0.65	0.54	0.30	0.62	0.52	0.37
3 Contributions	1.01	1.61	2.11	1.89	1.10	2.16
4 Benefit paid	-0.61	(0.57)	(0.49)	-0.47	(0.63)	(0.97)
6 Actuarial gain / (Loss)	-0.16	(0.01)	0.08	-0.01	0.04	0.06
7 Plan assets at the end of the year	8.15	7.26	5.69	8.87	6.84	5.81
8 Total Actuarial Gain/(Loss) To Be Recognized	-0.05	0.78	(0.98)	-0.03	(0.14)	(1.51)
<b>Actual Return on plan assets</b>						
1 Expected return of plan assets	0.65	0.54	0.30	0.62	0.52	0.37
2 Actuarial gain / (loss)	-0.16	(0.01)	0.08	-0.01	0.04	0.06
3 Actual return on plan assets	0.49	0.53	0.38	0.61	0.56	0.43
<b>Net asset / (liability) recognized in the Balance Sheet</b>						
1 Liability at the end of the year	8.23	6.24	5.28	9.25	8.45	7.66
2 Plan assets at the end of the year	8.15	7.26	5.69	8.87	6.84	5.81
3 Amount recognized in the Balance SheetAccrued	0.08	(1.02)	(0.41)	0.38	1.61	1.85

(₹ in Crores)

Particulars	Gratuity (Funded)		Leave Encashment (Funded)	
	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
<b>Expenses recognized in the statement of profit &amp; loss account for the year</b>				
1 Current service cost	1.92	1.41	0.59	0.66
2 Interest cost	0.79	0.52	0.66	0.58
3 Expected return on plan assets	(0.65)	(0.54)	(0.62)	(0.52)
4 Actuarial (gain) / Losses	0.05	(0.78)	0.03	0.14
5 Past service cost	-	-	-	-
6 Total expenses*	2.11	0.61	0.66	0.86
<b>Balance Sheet reconciliation</b>				
1 Opening net liability	(1.02)	(0.41)	1.61	1.85
2 Expenses as above	2.11	0.61	0.66	0.86
3 Employer contribution	(1.01)	(1.22)	(1.89)	(1.10)
4 Amount recognized in the Balance Sheet	0.08	(1.02)	0.38	1.61

\* The figures represent the amount before the allocation of salary expense to Joint Ventures.

**Note 36**

**Employee Benefits:**

Particulars	Gratuity (Funded)			Leave Encashment (Funded)		
	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> April, 2015	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> April, 2015
<b>Actuarial Assumptions</b>						
1 Discount Rate	7.40%	8.00%	7.80%	7.40%	8.00%	7.80%
2 Rate of return on plan assets	7.40%	8.00%	8.25%	7.40%	8.00%	8.75%
3 Salary Escalation	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%

(₹ in Crores)

Particulars	Gratuity (Funded)			Leave Encashment (Funded)		
	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> April, 2015	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> April, 2015
<b>Amount for the current &amp; previous period are as follows:</b>						
Defined Benefit obligation	8.23	6.24	5.28	9.25	8.45	7.66
Plan asset	8.15	7.26	5.69	8.87	6.84	5.81
Surplus/(deficit)	(0.08)	1.02	0.41	(0.38)	(1.61)	(1.85)
Experience adjustment on plan liability	(0.58)	(0.58)	0.26	0.42	0.42	0.37
Experience adjustment on plan assets	(0.01)	(0.01)	0.08	0.04	0.04	0.06

**Sensitivity analysis**

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

(₹ in Crores)

Particulars	Gratuity (Funded)		Leave Encashment (Funded)	
	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
Discount rate varied by 0.5%				
+0.5%	14.45	11.99	8.64	7.90
-0.5%	15.94	13.50	9.92	9.05
Salary growth rate varied by 0.5%				
+0.5%	15.73	13.31	9.91	9.05
-0.5%	14.61	12.14	8.63	7.89

**Notes**

a. Investment details

Both the funds are managed by LIC and as per the bifurcation provided for planned assets 100% investment as on 31<sup>st</sup> March 2017 (100% as on 31<sup>st</sup> March 2016 & 100% as on 1<sup>st</sup> April, 2015) is made in Special deposit Scheme.

b. Expected Employers contribution for the next financial year

For the gratuity & leave encashment which are funded, Company is expecting to contribute the amount which can mitigate future liability. The estimate of future salary increase, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factor, such as supply and demand in the employment market. The above information is certified by the actuary.

Gratuity and Leave Encashment is administered through duly constituted and approved independent trusts, also through Group gratuity / leave encashment scheme with Life Insurance Corporation of India.

c. Loyalty bonus

The Company has also provided for ₹ 0.11 crores (31<sup>st</sup> April 2016:- ₹ 0.15 crores & 1st April 2015:- ₹ 0.54 crores) towards liability of loyalty bonus (a non-funded defined benefit plan) during the year as per the actuarial valuation.



**Note 37  
Joint Venture Operations**

The Company has entered into Production Sharing Contracts (PSCs) / Agreements in consortium with various Private/Public Sector & Foreign Companies as stated below with the Ministry of Petroleum & Natural Gas (Government of India), for exploration of oil and gas in the following fields. The company has also entered into Production Sharing Agreements (PSAs)/Work Permits overseas relating to Oil & Gas/ Exploration Areas blocks along with various companies. Pursuant to the PSCs, unincorporated Joint Ventures (JVs) have been formed to undertake necessary economic activities for production of Oil and Gas by entering into a Joint Operating Agreement with them. The details are stated below:

**I Blocks/Fields currently under exploraiton, development and production**

Sr No	Joint Venture/PSCs	GSPC's PI	Operatorship/Other Partners	PI
<b>A</b>	<b>Non Operated Jvs</b>			
1	Hazira	66.67% (66.67%)	Niko Resources Ltd (Operator)	33.33%
2	Bhandut	60% (60%)	Oilex NL Holdings (India) Ltd (Operator)	40%
3	Cambay	55% (55%)	Oilex NL (Operator)	30%
			Oilex NL Holdings (India) Ltd	15%
4	Asjol	50% (50%)	Hindustan Oil and Exploration Company	50%
5	Palej	50% (50%)	<b>Exploration</b>	
			Hindustan Oil and Exploration Company Limited (Operator)	<b>50%</b>
		35% (35%)	<b>Development</b>	
			Hindustan Oil and Exploration Company Limited (Operator)	35%
	Oil and Natural Gas Corporation Limited	30%		
6	North Balol	45% (45%)	Hindustan Oil and Exploration Company Limited (Operator)	25%
			Gujarat Natural Resources Limited (GNRL)(Operator) (Formerly Heramec ltd.)	30%
7	Dholasan	70% (70%)	Gujarat Natural Resources Limited (GNRL)	30%
8	North Kathana	70% (70%)	Gujarat Natural Resources Limited (GNRL)	30%
9	Kanawara	70% (70%)	Gujarat Natural Resources Limited (GNRL)	30%
10	Allora	70% (70%)	Gujarat Natural Resources Limited (GNRL)	30%
11	CB-ONN-2004/1 (Refer Note k )	40% (40%)	Oil and Natural Gas Corporation Limited (Operator)	60%
12	CB-ONN-2004/2 (Refer Note k )	45% (45%)	Oil and Natural Gas Corporation Limited (Operator)	55%
13	CB-ONN-2004/3	35% (35%)	Oil and Natural Gas Corporation Limited	65%
14	MB-OSN-2005/1	20% (20%)	Oil and Natural Gas Corporation Limited	80%
15	CB-ONN-2009/4	50% (50%)	Oil and Natural Gas Corporation Limited	50%
16	GK-OSN-2009/1	20% (20%)	Oil and Natural Gas Corporation Limited (Operator)	40%
			Indian Oil Corporation Limited	20%
			Adani Welspun Exploration Ltd	20%

Note 37

Joint Venture Operations

B	GSPC - Operated			
17a	Tarapur		<b>Exploration</b>	
		80% (80%)	Geo Global Resources (Barbados) Inc.	20%
			<b>Development:</b>	
	56% (56%)	Geo Global Resources (Barbados) Inc.	14%	
		Oil and Natural Gas Corporation Limited	30%	
17b	Tarapur - Extension phase (Refer Note a)	80% (80%)	Geo Global Resources (Barbados) Inc.	20%
18	Unawa	70% (70%)	Gujarat Natural Resources Limited (GNRL) (Formerly Heramec Ltd.)	30%
19a	CB-ONN-2000/1 (Ahmedabad)	50% (50%)	GAIL (India) Ltd	50%
19b	CB-ONN-2000/1 -(Extension phase)	50% (50%)	GAIL (India) Ltd	50%
20	CB-ONN-2002/3 (Sanand)	55% (55%)	Jubilant Enpro Private Limited	20%
			Hindustan Petroleum Corporation Limited	15%
			Geo Global Resources (Barbados) Inc.	10%
21	CB-ONN-2003/2	50% (50%)	GAIL (India) Ltd	20%
			Jubilant Enpro Private Limited	20%
			Geo Global Resources (Barbados) Inc.	10%
22	KG-OSN-2001/3 (Refer Note a)	80% (80%)	Jubilant Enpro Limited	10%
			Geo Global Resources (Barbados) Inc.	10%

\*PI - Participating Interest

\*\*Figures in bracket indicate previous year figures. There is no change in previous year figures unless otherwise stated.

II Blocks/Fields proposed to be surrendered

Sr No	Joint Venture/PSCs	GSPC's PI	Operatorship/Other Partners	PI
<b>A</b>	<b>Non Operated JVs</b>			
1	MB-OSN-2000/1 (Mumbai) (Refer Note g)	10% (10%)	Oil and Natural Gas Corporation Limited (Operator)	75%
			Indian Oil Corporation Limited	15%
2	MB-DWN-2000/2 (Mumbai) (Refer Note g)	10% (10%)	Oil and Natural Gas Corporation Limited	50%
			Indian Oil Corporation Limited	15%
			GAIL (India) Ltd	15%
			Oil India Lt.	10%
3	CB-ONN-2002/2 (Mehsana) (Refer Note g)	60% (60%)	Jubilant Oil & Gas Pvt. Limited (Operator)	30%
			Geo Global Resources (Barbados) Inc.	10%
4	CY-ONN-2002/1(Cavery) (Refer Note g)	20% (20%)	Jubilant Oil & Gas Pvt. Limited (Operator)	30%
			GAIL (India) Ltd	50%
5	BS(3)-CBM-2003/II (Refer Note g)	30% (30%)	Oil and Natural Gas Corporation Limited (Operator)	70%
6	CY-DWN-2004/1 (Refer Note g)	10% (10%)	Oil and Natural Gas Corporation Limited (Operator)	70%
			GAIL (India) Ltd	10%
			Hindustan Petroleum Corporation Limited	10%



**II Blocks/Fields proposed to be surrendered**

Sr No	Joint Venture/PSCs	GSPC's PI	Operatorship/Other Partners	PI
<b>A</b>	<b>Non Operated JVs</b>			
7	CY-DWN-2004/2 (Refer Note g)	10% (10%)	Oil and Natural Gas Corporation Limited (Operator)	70%
			GAIL (India) Ltd	10%
			Hindustan Petroleum Corporation Limited	10%
8	CY-DWN-2004/4 (Refer Note g)	10% (10%)	Oil and Natural Gas Corporation Limited (Operator)	70%
			GAIL (India) Ltd	10%
			Hindustan Petroleum Corporation Limited	10%
9*	CY-PR-DWN-2004/2 (Refer Note g)	10% (10%)	Oil and Natural Gas Corporation Limited (Operator)	70%
			GAIL (India) Ltd	10%
			Hindustan Petroleum Corporation Limited	10%
10*	KG-DWN-2004/1 (Refer Note g)	10% (10%)	Oil and Natural Gas Corporation Limited (Operator)	70%
			GAIL (India) Ltd	10%
			Hindustan Petroleum Corporation Limited	10%
11 -*	KG-DWN-2004/2 (Refer Note g)	10% (10%)	Oil and Natural Gas Corporation Limited (Operator)	60%
			GAIL (India) Ltd	10%
			Hindustan Petroleum Corporation Limited	10%
			BPCL	10%
12 -*	KG-DWN-2004/3 (Refer Note g)	10% (10%)	Oil and Natural Gas Corporation Limited (Operator)	70%
			GAIL (India) Ltd	10%
			Hindustan Petroleum Corporation Limited	10%
13 *	KG-DWN-2004/5 (Refer Note g)	10% (10%)	Oil and Natural Gas Corporation Limited	50%
			GAIL (India) Ltd	10%
			Hindustan Petroleum Corporation Limited	10%
			BPCL	10%
			Oil India Limited	10%
14	KG-DWN-2004/6 (Refer Note g)	10% (10%)	Oil and Natural Gas Corporation Limited	60%
			GAIL (India) Ltd	10%
			Hindustan Petroleum Corporation Limited	10%
			Oil India Limited	10%
15 *	MB-OSN-2004/2 (Refer Note g)	20% (20%)	Petrogas E&P LLC(Operator)	20%
			GAIL (India) Ltd	20%
			Hindustan Petroleum Corporation Limited	20%
			Indian Oil Corporation Limited	20%
16	CB-ONN-2004/4 (Refer Note g)	40% (40%)	Oil and Natural Gas Corporation Limited (Operator)	60%

II Blocks/Fields proposed to be surrendered

Sr No	Joint Venture/PSCs	GSPC's PI	Operatorship/Other Partners	PI
<b>A</b>	<b>Non Operated JVs</b>			
17	RJ-ONN-2004/1 (Refer Note g)	22.225% (22.225%)	GAIL (India) Ltd Hindustan Petroleum Corporation Limited BPCL Hallworthy Shipping Ltd. SA Nitin Fire Protection Industries Ltd.	22.225% 22.22% 11.11% 11.11% 11.11%
18 *	KG-OSN-2005/1 (Refer Note d)	20% (20%)	Oil and Natural Gas Corporation Limited HPCL - Mittal Energy Ltd.	60% 20%
19	KG-DWN-2005/1 (Refer Note d)	10% (10%)	Oil and Natural Gas Corporation Limited Indian Oil Corporation Limited	70% 20%
20	CY-ONN-2005/1 (Refer Note b)	30% (30%)	GAIL (India) Ltd Bengal Energy Inc.	40% 30%
21	KK-DWN-2005/2 (Refer Note d)	10% (10%)	Oil and Natural Gas Corporation Limited (Operator)	90%
22	AN-DWN-2009/5 (Refer Note f)	0% (0%)	Oil and Natural Gas Corporation Limited (Operator)	100%
23	AN-DWN-2009/13 (Refer Note f)	0% (0%)	Oil and Natural Gas Corporation Limited GAIL (India) Ltd NTPC Ltd	80% 10% 10%
24	AA-ONN-2003/1(Assam) (Refer Note c)	20% (20%)	Jubilant oil & Gas Pvt Limited (Operator) Jubilant Securities Pvt. Ltd. GAIL (India) Ltd	10% 35% 35%
25	CY-DWN-2004/3 (Refer Note c)	10% (10%)	Oil and Natural Gas Corporation Limited GAIL (India) Ltd Hindustan Petroleum Corporation Limited	70% 10% 10%
26	CY-PR-DWN-2004/1 (Refer Note c)	10% (10%)	Oil and Natural Gas Corporation Limited GAIL (India) Ltd Hindustan Petroleum Corporation Limited	70% 10% 10%
27	MB-OSN-2005/5 (Refer Note c)	30% (30%)	Oil and Natural Gas Corporation Limited (Operator)	70%
28	MB-OSN-2005/6 (Refer Note c)	20% (20%)	Oil and Natural Gas Corporation Limited (Operator)	80%
29	CB-ONN-2005/4 (Refer Note c)	49% (49%)	Oil and Natural Gas Corporation Limited (Operator)	51%
30	CB-ONN-2005/10 (Refer Note c)	49% (49%)	Oil and Natural Gas Corporation Limited (Operator)	51%
31	JPDA-06-103 (Australia/East Timor) (Refer Note f)	20% (20%)	Oilex (JPDA 06/103) Ltd (Operator) Global Energy Bharat Petro Resources JPDA Ltd Japan Energy Corporation Pan Pacific Petroleum NL	10% 20% 20% 15% 15%
32*	Sabarmati	60% (60%)	Oilex NL Holdings (India) Ltd (Operator)	40%

\* Blocks CY-PR-DWN-2004/2, KG-DWN-2004/1, KG-DWN-2004/2, KG-DWN-2004/3, KG-DWN-2004/5, Sabarmati, KG-OSN-2005/1 & MB-OSN-2004/2 have received the approval from MOPN&G for surrender



Sr No	Joint Venture/PSCs	GSPC's PI	Operatorship/Other Partners	PI
<b>B</b>	<b>GSPC - Operated</b>			
33	South Diyar (Egypt)	80% (80%)	Alkor Petro Ltd	20%
34	North Hap'y (Egypt)	80% (80%)	Petrogas E&P LLC	20%
35	MB-OSN-2004/1 (Refer Note g)	20% (20%)	GAIL (India) Ltd	20%
			Hindustan Petroleum Corporation Limited	20%
			Indian Oil Corporation Limited	20%
			Western Drilling Contractors Pvt. Ltd.	20%
36	Block No 19 (Yemen) (Refer Note j)	45% (45%)	Alkor Petroo Ltd.	25%
			Western Drilling Contractors Pvt. Ltd.	30%
37	Block No 28 (Yemen) (Refer Note j)	45% (45%)	Alkor Petroo Ltd.	25%
			Western Drilling Contractors Pvt. Ltd.	30%
38	Block No 57 (Yemen) (Refer Note j)	45% (45%)	Alkor Petroo Ltd.	25%
			Western Drilling Contractors Pvt. Ltd.	30%
39	South Gulf of Suez (Egypt)	60% (60%)	Adani Welspun Exploration Ltd	40%
40	KG-ONN-2004/2 (Refer Note c)	40% (40%)	GAIL (India) Ltd	40%
			Petrogas E&P LLC	20%
41	RJ-ONN-2005/3 (Refer Note c)	60% (60%)	Oil and Natural Gas Corporation Limited	40%
42	South East Tungal (Indonesia) (Refer Note c)	50.50%(50.50%)	Essar Oil Ltd	49.50%

**Notes**

- a. The Company's Participating Interest (80% PI) in KG-OSN-2001/3 has been farmed out to Oil and Natural Gas Corporation (ONGC) through a Farm-in/Farm-out Agreement which was executed on 10th March 2017. The agreed valuation for the transaction is USD 995.26 Million towards KG-Deen Dayal West (DDW) area and USD 200 Million as an advance consideration towards the Other Six Discoveries areas (which includes DD-East, DD- North, DDW-South Extension and DD-BRU). The consideration towards DDW Field is further subject to adjustment based on gas price while the consideration towards Other Six Discoveries is subject to additional payment by ONGC upon valuation of these discoveries to be carried out upon submission of FDP. The Company had declared Commercial Operation Date (COD) w.e.f. 1<sup>st</sup> April, 2016.

As per the agreement, the economic date of transfer for asset i.e. 80% Participating Interest of GSPC is 23:59 hours 31<sup>st</sup> March 2017. The Company shall continue as operator for the block on behalf of ONGC until the closing date and all expenditure incurred from economic date to closing date on behalf of ONGC (i.e. 80% PI) shall be reimbursed by ONGC to the Company on closing date.

In August 2002, the Company had entered into Carried Interest Agreement (CIA) with Geo Global Resources (India) Inc (GGR), under which the Company granted GGR 10.0% carried interest in the KG-OSN-2001/3 block. The CIA provided that the Company was responsible to incur GGR's share of costs incurred during exploration as well as development phase prior to date of initial commercial production. The Company had incurred ₹ 1856.83 Crore on GGR's behalf until 31<sup>st</sup> March 2017. While GSPC and GGR were at difference of opinions as to obligations under the carried interest agreement, in April 2017, the Company has entered into a Deed of Assignment & Assumption of Participating Interest with GGR vide which GGR has surrendered and assigned its 10% Participating Interest in KG-OSN-2001/3 Block to the Company. Thus, the Company shall hold 10% PI in KG-OSN-2001/3 Block.

- b. During the year the company along with its Joint Venture partners have recommended block CY-ONN-2005/1 to be surrendered to Government of India. Accordingly a total exploration cost of ₹ 33.38 crores have been written off during the year.
- c. During F.Y. 2015-16, the company along with its Joint Venture partners have recommended block KG ONN 2004/2, RJ ONN 2005/3, South East Tungal Indonesia, AA-ONN-2003/1, CY-DWN-2004/3, CY-PR-DWN-2004/1, MB-OSN-2005/5, MB-OSN-2005/6, CB-ONN-2005/10 and CB-ONN-2005/4 to be surrendered to Government of India. Accordingly a total exploration cost of ₹ 679.42 crores have been written off during F.Y. 2015-16

- d. During F.Y 2014-15, the company along with its Joint Venture partners have recommended block KG OSN 2005/1, KG DWN 2005/1 and KK DWN 2005/2 to be surrendered to Government of India. Accordingly a total exploration cost of ₹ 105.13 crores have been written off during the FY.2014-15.
- e. During F.Y. 2014-15 the company along with its Joint Venture partners has decided to withdraw from South Diyar (Egypt) and South Gulf of Suez (Egypt) blocks and accordingly a total exploration cost of ₹ 397.25 crores have been written off during F.Y.2014-15. During FY 2013-14 the company along with its Joint Venture partners has decided to withdraw from North Ha'py (Egypt) block.
- f. During FY 2013-14 the company has decided to surrender and assign its 10% PI in two ONGC operated blocks namely AN-DWN-2009/5 and AN-DWN-2009/13 block to ONGC w.e.f. 1<sup>st</sup> April, 2013.
- g. The company along with its Joint Venture partners have recommended Block MB-OSN-2000/1, MB-DWN-2000/2 (Mumbai), CY-ONN-2002/1 (Cauvery), CB-ONN-2002/2, MB-OSN-2004/1, MB-OSN-2004/2, KG-DWN-2004/1, KG-DWN-2004/2, KG-DWN-2004/3, KG-DWN-2004/5, KG-DWN-2004/6, CY-DWN-2004/1, CY-DWN-2004/2, CY-DWN-2004/4, CY-PR-DWN-2004/2, CB-ONN-2004/4, RJ-ONN-2004/1 and BS (3)-CBM-2003/II to be surrendered to Government of India.
- h. JPDA-06-103 block is being operated through a Special Purpose Vehicle (SPV) i.e. GSPC JPDA Ltd a 100% subsidiary of the company as per the terms of the PSC. During the year company has made provision for diminution in value of off its investments in the block amounting to ₹98.39 crores.
- i. Company had applied for the extension of exploration phase in Tarapur block and a separate Ring Fence PSC is signed on 5<sup>th</sup> March, 2016.
- j. During the financial year 2012-13 the company along with it JV partners have recommended to surrender the three blocks by invoking the termination provision of the PSAs on account of continuation of force majeure events for more than six months. Vide letter dated 13th February, 2013, GSPC led consortium has terminated Production Sharing Agreements (PSAs) for 3 blocks awarded in Republic of Yemen (RoY). PSAs have been terminated on the ground of existence of force majeure event. The Consortium had initiated the arbitration proceedings under the PSAs before the International Chamber of Commerce (ICC), Paris and in the interim stage, obtained order Republic of Yemen not to take steps invoking SBLCs, while Consortium has been directed to extend the validity of SBLCs. Detailed pleadings were filed by both the parties and the final hearing was held from 8-12<sup>th</sup> September 2014 at the ICC hearing center in Paris. After the final hearing was concluded both the parties had submitted Post Hearing Briefs before the Arbitral Tribunal. Subsequently upon completion of the arbitration proceedings, the final award has been passed by the Arbitral Tribunal on 10<sup>th</sup> July 2015. The Arbitral Award inter alia:
- Declared that the three Production Sharing Agreements (Blocks 19, 28, and 57) have been validly terminated by GSPC Consortium;
  - Declared that the Republic of Yemen and/or the Yemeni Ministry of Oil and Minerals were and are not entitled under the Production Sharing Agreements to draw on the related Standby Letters of Credits (US\$ 42 million) issued in their favor by the International bank of Yemen;
  - Arbitral Tribunal has awarded costs of approx. USD 3.79 million in favour of GSPC Consortium. The Said Arbitral Award has been challenged by the Yemen Government by filing Annulment Proceedings in Court Of Appeal at Paris. GSPC Consortium has filed the response to the Annulment Proceedings filed by Yemen Government. The hearing for the matter took place on February 28, 2017. The Annulment Proceedings have also been held in favour of GSPC Consortium by the Paris Court. GSPC consortium is taking steps for enforcement of award. the matter is sub-judice.
- k. During the F.Y. 2014-15 ONGC operated two fields namely CB-ONN-2004/1 and CB-ONN-2004/2 had commenced the commercial production.
- l. Of the above, 17 fields/blocks are in production, namely Hazira, Bhandut, Cambay, Asjol, Unawa, North Balol, CB-ON/7 (Palej), Dholasan, North Kathana, Kanawara, Allora, CB-ONN-2000/1 (Ahmedabad), Tarapur, CB-ONN-2003/2 (Ankleshwar), KG-OSN-2001/3, CB-ONN-2004/1 and CB-ONN-2004/2 block. Net quantity of Company's interest (on gross basis) in proved developed reserves is as follows:



Particulars	Proved Reserves (Oil) (Million MT)*	Proved Reserves (Gas) (Million Cubic Meter)*
Closing Balance for the year ended on 1 <sup>st</sup> April, 2016	0.49	209.50
	(1.38)	(257.92)
Additions	-	40,493.10
** Adjustments on account of change in Reserve estimate	(0.01)	28.49
	(0.85)	(4.81)
Deletions		
	-	-
Production	0.04	157.49
	(0.04)	(43.61)
Closing Balance for the year ended on 31 <sup>st</sup> March, 2017	0.44	40,573.60
	(0.49)	(209.50)

\*Figures in brackets relate to period ended 31<sup>st</sup> March, 2016.

The Company's share of reserve has been considered on the basis of the "Reserve" certification provided by M/s. Gaffney, Cline & Associates (GCA) as on 31<sup>st</sup> August, 2015 and accordingly the proved reserves as on 31<sup>st</sup> March, 2016 has been worked based on the reserve estimates certified by GCA and only includes the blocks which are in production.

\*\* Adjustments in current year reflects change in reserve estimation as earlier the reserve estimate was based on proved developed reserves where as since 01.04.2016 company has made change in estimates based on proved reserves. Adjustments in previous years was on account of change in reserve estimate reflects the change in reserve estimation due to change in the reserves as certified by GCA. Wherein till previous year the reserve estimates for Cambay block was taken based on the management estimates while in the current year the same is based on the GCA certification. KG-OSN-2001/3 has declared COD as 01.04.2016 and accordingly its reserve estimates as on 01.04.2016 has been included above, based on the management estimates.

The financial statements of the Company reflect its share of Assets, Liabilities, Income and Expenditure of the Joint Venture operations which are accounted on a line to line basis with similar items in the Company's accounts to the extent of participating interest of the company as per the various joint venture agreements, in compliance of Ind AS-111. The income and expenditure from Joint Ventures are disclosed separately in the Statement of Profit and Loss. The summary of the Company's share in Assets & Liabilities of Joint Ventures are as follow:

**Details of profit and loss attributable to the KG Block is below:**

Particulars	(₹ in Crores)		
	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
<b>Fixed Assets</b>			
Gross Block	4,157.12	2,139.81	1,815.24
Depreciation/Depletion Fund	3,055.33	1,720.34	1,184.70
Net Block	1,101.79	419.46	630.54
CWIP*	1,495.61	15,663.03	15,560.36
Current Assets	51.41	132.39	232.50
Current Liabilities and Provisions	429.36	503.52	439.04
Contingent Liabilities	690.38	1,188.37	1,914.19

\*includes stores & spares

m. The Statement of Profit and Loss of the Company includes its share in Profit or Loss pertaining to the respective Joint Ventures. The summary of Statement of Profit and Loss for the year ended 31<sup>st</sup> March 2017 is given as under:

Particulars	For the year ended 31 <sup>st</sup> March, 2017		For the year ended 31 <sup>st</sup> March, 2016	
	Aggregate of all JVs	GSPC's Share	Aggregate of all JVs	GSPC's Share
(₹ in Crores)				
<b>Income</b>				
Sale of Crude Oil	133.74	69.47	134.89	70.27
Sale of Gas	188.91	150.58	54.42	34.04
Increase/(Decrease) in Stock*	38.64	34.46	(3.91)	(1.87)
Other Income	10.10	6.67	10.46	6.91
<b>Total</b>	<b>371.39</b>	<b>261.18</b>	<b>195.86</b>	<b>109.35</b>
<b>Expenditure</b>				
Production Expenses	101.12	67.04	89.38	52.72
Duties & Taxes	47.29	28.40	23.72	10.91
Administrative exps.	110.98	90.96	21.94	13.54
<b>Total Expenditure before Depreciation</b>	<b>259.39</b>	<b>186.40</b>	<b>135.04</b>	<b>77.17</b>
<b>Profit before depreciation</b>	<b>112.00</b>	<b>74.78</b>	<b>60.82</b>	<b>32.18</b>

\* It includes increase/ (decrease) in stock of crude oil of Hazira Field amounting to INR 0.36 crore. The same is not considered in closing stock of crude oil, in line with Joint Venture Venture's accounting policy where the company's share in net current assets is adjusted in the capital contribution adjustment account.

#### Note 38 Segment Information

##### 1. Description of segment and principal activities

The Company's management, consisting of the chief executive officer, the chief financial officer and the manager for corporate planning, monitors the operating results of the below business segments separately for the purpose of making decisions about resource allocation and performance assessment and has identified three reportable segments of its business:

- a) **Exploration and production (E&P)**: Company is engaged in oil and gas exploration and production operations
- b) **Gas Trading**: Company is engaged in the procurement of gas from international market to meet the demand of gas across Gujarat.
- c) **Wind power**: Generation of electricity through windmills.

##### 2. Segment revenue and expenses

Revenue and Expenses have been identified to a segment on the basis of operating activities of the segment. Revenue and Expenses which relate to common activities and are not allocable to segment on reasonable basis have been disclosed as "Unallocable".

##### 3. Segment assets and liabilities

Segment assets include all operating assets in respective segments comprising of net fixed assets, Capital Work in Progress, current assets, loans and advances. Segment liabilities include operating liabilities and provisions excluding borrowings and deferred tax liabilities.

##### 4. Information about geographical areas

Segment assets include all operating assets in respective segments comprising of net fixed assets, Capital Work in Progress, current assets, loans and advances. Segment liabilities include operating liabilities and provisions excluding borrowings and deferred tax liabilities.



**5. Information about product and services**

The Company's revenue from external customers for each product is same as that disclosed below under "segment revenue".

(₹ in Crores)

Particulars	For the year ended 31 <sup>st</sup> March, 2017					For the year ended 31 <sup>st</sup> March, 2016				
	E & P	Gas Trading	Wind Power	Unallocated	Total	E & P	Gas Trading	Wind Power	Unallocated	Total
<b>A. Segment revenue</b>										
External sales*	208.37	9,409.23	48.84	-	<b>9,666.44</b>	99.31	10,467.73	45.46	-	<b>10,612.51</b>
Inter segment sales	(26.79)	-	-	-	<b>(26.79)</b>	(4.33)	-	-	-	<b>(4.33)</b>
<b>Total segment revenue</b>	<b>181.58</b>	<b>9,409.23</b>	<b>48.84</b>	<b>-</b>	<b>9,639.65</b>	<b>94.98</b>	<b>10,467.73</b>	<b>45.46</b>	<b>-</b>	<b>10,608.18</b>
<b>B. Segment results</b>										
Segment results										
Profit(+)/ loss(-)	(862.60)	758.88	41.93	-	<b>(61.79)</b>	(61.15)	373.32	37.25	-	<b>349.42</b>
Unallocated expenses	-	-	-	(1,975.41)	<b>(1,975.41)</b>	-	-	-	(112.34)	<b>(112.34)</b>
<b>Operating Profit</b>	<b>(862.60)</b>	<b>758.88</b>	<b>41.93</b>	<b>(1,975.41)</b>	<b>(2,037.20)</b>	<b>(61.15)</b>	<b>373.32</b>	<b>37.25</b>	<b>(112.34)</b>	<b>237.08</b>
Interest/ dividend	-	-	-	146.22	<b>146.22</b>	-	-	-	100.15	<b>100.15</b>
Other income	6.67	-	-	18.99	<b>25.66</b>	6.91	-	-	4.72	<b>11.63</b>
Exceptional item	(15,195.87)	-	-	-	<b>(15,195.87)</b>	(784.27)	-	-	-	<b>(784.27)</b>
Provision for taxation	-	-	-	(48.32)	<b>(48.32)</b>	-	-	-	53.48	<b>53.48</b>
MAT credit entitlement	-	-	-	-	-	-	-	-	-	-
Prior period adjustments	-	-	-	-	-	-	-	-	0.08	<b>0.08</b>
<b>Profit/Loss from ordinary Activities</b>	<b>(15,189.20)</b>	<b>-</b>	<b>-</b>	<b>116.89</b>	<b>(15,072.31)</b>	<b>(777.36)</b>	<b>-</b>	<b>-</b>	<b>158.43</b>	<b>(618.93)</b>
Excess / short prov of IT										
<b>Net profit/(loss)</b>	<b>(16,051.80)</b>	<b>758.88</b>	<b>41.93</b>	<b>(1,858.52)</b>	<b>(17,109.52)</b>	<b>(1,292.29)</b>	<b>373.32</b>	<b>35.94</b>	<b>78.61</b>	<b>(381.86)</b>

\* Segment Revenue includes other income which is directly attributable to each segment.

(₹ in Crores)

	As at 31 <sup>st</sup> March, 2017					As at 31 <sup>st</sup> March, 2016					As at 1 <sup>st</sup> April, 2015				
	E & P	Gas Trading	Wind Power	Unallocated	Total	E & P	Gas Trading	Wind Power	Unallocated	Total	E & P	Gas Trading	Wind Power	Unallocated	Total
<b>C. Segment assets**</b>															
Segment assets	11,566.63	612.01	104.09		12,282.73	26,851.57	538.56	179.63	-	27,569.76	24,695.22	1,229.20	202.79	-	26,127.21
Unallocated Assets		7,395.15		7,395.15	7,395.15	-	-	-	7,363.05	7,363.05	-	-	-	6,940.20	6,940.20
<b>Total Assets</b>	<b>11,566.63</b>	<b>612.01</b>	<b>104.09</b>	<b>7,395.15</b>	<b>19,677.88</b>	<b>26,851.57</b>	<b>538.56</b>	<b>179.63</b>	<b>7,363.05</b>	<b>34,932.81</b>	<b>24,695.22</b>	<b>1,229.20</b>	<b>202.79</b>	<b>6,940.20</b>	<b>33,067.41</b>
<b>D. Segment Liabilities</b>															
Segment Liabilities	24,220.98	180.38	16.01		24,417.37	22,785.67	125.72	17.64	-	22,929.03	20,294.67	1,195.12	16.58	-	21,506.37
Unallocated Liabilities				1,509.13	1,509.13	-	-	-	1,170.73	1,170.73	-	-	-	786.80	786.80
<b>Total Liabilities</b>	<b>24,220.98</b>	<b>180.38</b>	<b>16.01</b>	<b>1,509.13</b>	<b>25,926.50</b>	<b>22,785.67</b>	<b>125.72</b>	<b>17.64</b>	<b>1,170.73</b>	<b>24,099.75</b>	<b>20,294.67</b>	<b>1,195.12</b>	<b>16.58</b>	<b>786.80</b>	<b>22,293.16</b>
<b>E. Other information</b>															
Capital Expenditure	(3,413.27)				(1,650.27)	3,051.00				3,053.88					
Additions to non-current assets															
Depreciation	860.72		13.78	46.84	921.34	59.70		23.87	3.57	87.14					
Non Cash Expenses other than Depreciation	15,497.67			6.95	15,504.62	1,182.05	3.78		6.95	1,192.78					

\* Segment Revenue includes other income which is directly attributable to each segment.

**Note 39**

In the year 1998-99, the Hazira joint venture started the construction of 36" pipeline with a view to evacuate the natural gas production expected from the new Land Based Drilling Platform to major industrial customers lying on the 14 km stretch from Hazira to Mora. The joint venture pursued the Management Committee for approval of the laying of the pipeline and shifting of the delivery point (since no delivery point was defined for natural gas in Hazira PSC), to which DGH/ Government of India ('GoI') did not agree for several reasons including but not limited to the reserves, size of the pipeline etc.

In the year 1999-2000, the Company sold this pipeline to its subsidiary company, Gujarat State Petronet Limited (GSPL) for a consideration of ₹ 49.50 Crores on as is where is basis. However the joint venture partner M/s. Niko Resources initiated arbitration proceedings against the company and GoI for seeking cost recovery of the said 36" pipeline and settlement of the dispute under PSC.

Arbitral Tribunal has passed its award dated 23<sup>rd</sup> December, 2009. As per the Arbitration Award, the pipelines forms part of the development plan of the joint venture and 'cost recovery' status is applicable to it as per PSC. It is further directed in the Award that the investment multiple ratio and the accounting of profit petroleum be revised with retrospective effect.

The impact of the arbitration award has been given in the audited joint venture accounts for the year ended 31-March-2010 as under:

(₹ in Crores)		
Particulars	Corresponding effect on	Amount
Pipeline Revenue	Sundry debtors	137.97
Profit Petroleum to MOP&NG (reversal)	Advances recoverable in cash or kind or value to be received	93.44
Plant & machinery (incurred by joint venture)	Producing properties in progress	25.71
Plant & machinery (additionally incurred by GSPCL)	Other liabilities	70.35
Pipeline expenses (direct & indirect operating expenses)	Other liabilities	65.74

The above mentioned impact of the award is based on the computation performed by the operator M/s Niko Resources. Moreover as per the Arbitration Award, GoI is liable to pay interest at the rate of 9% p.a on the amount of profit petroleum refundable to joint venture from 31/3/2003 till date of payment. The above figures with respect to 36" pipeline for the year 2010-11, 2011-12, 2012-13, 2013-14, 2014-15 and 2015-16, 2016-17 have not been updated.

Subsequently, the arbitration award has been challenged by the Government of India under Section 34 of the Arbitration and Conciliation Act, 1994 before the Delhi High Court. The High Court of Delhi has set aside the Arbitration Award vide its Order and Judgment dated July 2, 2012 resulting into cost-recovery in respect of the pipeline being disallowed. However, NIKO has preferred a further appeal u/s 37 of the Arbitration and Conciliation Act, 1994 before the division bench of the Delhi High Court. NIKO had also prayed for stay on the Judgment of Single Judge of Delhi High Court however no such stay has been granted. Accordingly, the issue of cost recovery for the pipeline is still sub-judice. Further, the Arbitral Award is still not final in terms of Section 36 of the Arbitration and Conciliation Act, 1994 and in view of the same, the Company has not considered the Arbitration Award and directions under the same as aforesaid while consolidating the Joint Venture accounts on a line by line basis.

**Note 40**
**Related party disclosures**

As per the Indian Accounting Standard-24 on "Related Party Disclosures", list of related parties identified of the Company are as follows.

**A. Subsidiary/ associate**

Name of the entity	Type
Gujarat State Petronet Limited	Subsidiary
GSPC Pipavav Power Company Ltd	Subsidiary
Guj Info Petro Limited	Subsidiary
GSPC (JPDA) Ltd	Subsidiary
GSPL India Gasnet Limited	Joint Venture
GSPL India Transco Limited	Joint Venture
Gujarat Gas Limited*	Subsidiary

**A. Subsidiary/ associate**

Name of the entity	Type
GSPC Offshore Ltd	Subsidiary
GSPC Energy Ltd.	Subsidiary
Gujarat State Energy Generation Limited	Associate
Sabarmati Gas Ltd	Joint Venture
Alcock Ashdown (Gujarat) Limited	Associate
GSPC LNG Ltd.	Associate

\* The scheme of amalgamation and arrangement was sanctioned by the Hon'ble Gujarat High Court at Ahmedabad vide its order dated 30th March 2015 between the following transferors companies -

1. GSPC Gas Company Limited (GSPC Gas)
  2. Gujarat Gas Company Limited (GGCL)
  3. Gujarat Gas Financial Services Limited (GFSL)
  4. Gujarat Gas Trading Company Limited (GTCL)
- (Collectively called Transferor Companies)

with Gujarat Gas Limited (formerly known as GSPC Distribution Networks Limited-GDNL)(the transferee) under the Scheme of Amalgamation and Arrangement with appointed date as 1<sup>st</sup> April, 2013. The certified copy of order was received on 18<sup>th</sup> April 2015 and filed with Registrar of Companies (ROC) at Ahmedabad on 14<sup>th</sup> May 2015. The Scheme of Amalgamation became effective on 14 May, 2015 with an appointed date of 1<sup>st</sup> April, 2013. Subsequently, the Company's name has been changed from GSPC Distribution Networks Limited to Gujarat Gas Limited (GGL) with effect from 15<sup>th</sup> May 2015. Further, equity shares of GGL have been listed on Bombay Stock Exchange, National Stock Exchange, Ahmedabad Stock Exchange and Vadodara Stock Exchange with effect from 15<sup>th</sup> Sep, 2015.

\*\* On 18<sup>th</sup> February, 2016, the company acquired additional shares in Sabarmati Gas Limited (With present acquisition of shares, the later has become JV of the company.)

**B. Joint Ventures & Venturers** - As per Note No.37 of notes forming part of financial statements.

**C. Key Managerial Personnel:**

Name of Key Managerial Personnels:	As at 31 <sup>st</sup> March, 2017		As at 31 <sup>st</sup> March, 2016		As at 1 <sup>st</sup> April, 2015	
	From Date	To Date	From Date	To Date	From Date	To Date
Shri Dr. J.N. Singh, IAS (CMD)	1-Aug-16	31-Mar-17	N.A.	N.A.	N.A.	N.A.
Shri Dr. J.N. Singh, IAS (MD)	11-Apr-16	31-Jul-16	N.A.	N.A.	N.A.	N.A.
Shri T. Natarajan, IAS (JMD)	1-Aug-16	31-Mar-17	N.A.	N.A.	N.A.	N.A.
Shri Atanu Chakraborty, IAS	1-Apr-16	10-Apr-16	4-Jan-15	31-Mar-16	11-Jan-14	31-Mar-15
Shri Tapan Ray, IAS	N.A.	N.A.	N.A.	N.A.	4-Jan-14	30-Sep-14
Shri Manoj Kumar Das, IAS	N.A.	N.A.	4-Jan-15	27-Apr-15	7-Aug-14	31-Mar-15
Shri Manish Verma ,(CFO)	N.A.	N.A.	N.A.	N.A.	4-Jan-14	16-Mar-15
Shri Gopal Srinivasan (CFO)	1-Apr-16	31-Mar-17	8-Jan-15	31-Mar-16	N.A.	N.A.
Shri Sandeep Dave (Company Secretary)	1-Apr-16	31-Mar-17	4-Jan-15	31-Mar-16	4-Jan-14	31-Mar-15

**D. Post employment benefit plan**

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
Non-contributory superannuation plan	0.26	0.50
Employee group gratuity scheme	0.21	0.36

**E. Key management personnel compensation**

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
Short-term employee benefits	1.16	0.82
<b>Total compensation</b>	<b>1.16</b>	<b>0.82</b>



**Note 40**
**Related party disclosure**
**F. Transactions during the year with related parties:**
**(₹ in Crores)**

Nature of Transaction	Subsidiaries		Associates		Joint Ventures/Venturers		TOTAL	
	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
<b>Income:</b>								
<b>Sale of LNG</b>	<b>3,031.90</b>	<b>3,972.89</b>	<b>36.08</b>	<b>1.73</b>	<b>1,531.26</b>	<b>2,156.29</b>	<b>4,599.24</b>	<b>6,130.92</b>
Gujarat State Petronet Ltd	16.62	9.88	-	-	-	-	16.62	9.88
Gujarat Gas Limited	2,993.15	3,909.89	-	-	-	-	2,993.15	3,909.89
GSPC Pipavav Power Company Ltd.	22.12	53.12	-	-	-	-	22.12	53.12
Sabarmati Gas Ltd	-	-	-	-	188.90	226.30	188.90	226.30
Gujarat State Energy Generation Ltd	-	-	36.08	1.73	-	-	36.08	1.73
Joint Venturer - Essar Oil Ltd	-	-	-	-	584.71	416.92	584.71	416.92
Joint Venturer - IOCL	-	-	-	-	753.74	1,513.02	753.74	1,513.02
Joint Venturer - NTPCL	-	-	-	-	3.92	0.05	3.92	0.05
Joint Venturer - HPCL	-	-	-	-	-	-	-	-
<b>Regasification Income</b>	<b>34.55</b>	<b>51.71</b>	<b>5.67</b>	<b>-</b>	<b>61.57</b>	<b>-</b>	<b>101.79</b>	<b>51.71</b>
Gujarat Gas Limited	27.87	51.71	-	-	-	-	27.87	51.71
GSPC Pipavav Power Company Ltd.	6.68	-	-	-	-	-	6.68	-
Gujarat State Energy Generation Ltd	-	-	5.67	-	-	-	5.67	-
Joint Venturer - Essar Oil Ltd	-	-	-	-	61.57	-	61.57	-
<b>Rent received</b>	<b>0.73</b>	<b>1.31</b>	<b>0.17</b>	<b>0.17</b>	<b>2.54</b>	<b>2.24</b>	<b>3.44</b>	<b>3.72</b>
Gujarat State Petronet Ltd.	0.03	0.06	-	-	-	-	0.03	0.06
GSPC Pipavav Power Company Ltd.	0.17	0.17	-	-	-	-	0.17	0.17
Gujarat Gas Limited	0.14	0.87	-	-	-	-	0.14	0.87
Guj Info Petro Ltd	0.38	0.21	-	-	-	-	0.38	0.21
GSPC LNG Ltd	-	-	-	-	-	-	-	-
Gujarat State Energy Generation Ltd	-	-	0.17	0.17	-	-	0.17	0.17
Joint Venture KG-OSN-2001/3	-	-	-	-	1.89	1.68	1.89	1.68
Other Joint Ventures	-	-	-	-	0.66	0.56	0.66	0.56
<b>Dividend Income</b>	<b>41.62</b>	<b>45.03</b>	<b>-</b>	<b>-</b>	<b>0.45</b>	<b>0.56</b>	<b>42.07</b>	<b>45.59</b>
Gujarat State Petronet Ltd.	31.85	25.48	-	-	-	-	31.85	25.48
Guj Info Petro Ltd	-	0.00	-	-	-	-	-	0.00
Gujarat Gas Limited	9.78	19.55	-	-	-	-	9.78	19.55
Sabarmati Gas Ltd.	-	-	-	-	0.45	0.56	0.45	0.56
<b>Interest Income</b>	<b>-</b>	<b>-</b>	<b>34.38</b>	<b>34.08</b>	<b>-</b>	<b>-</b>	<b>34.38</b>	<b>34.08</b>
Gujarat Gas Limited	-	-	-	-	-	-	-	-
GSPC (JPDA) Ltd.	-	-	-	-	-	-	-	-
Gujarat State Energy Generation Ltd.	-	-	34.38	34.08	-	-	34.38	34.08
<b>Reimbursement of Exp-Received</b>	<b>1.94</b>	<b>2.24</b>	<b>0.89</b>	<b>0.89</b>	<b>0.56</b>	<b>0.67</b>	<b>3.39</b>	<b>3.80</b>
Gujarat Gas Limited	0.21	0.43	-	-	-	-	0.21	0.43
Gujarat State Petronet Ltd.	0.69	0.79	-	-	-	-	0.69	0.79
GSPC Pipavav Power Company Ltd.	1.01	0.22	-	-	-	-	1.01	0.22
GSPC Energy Limited	-	0.32	-	-	-	-	-	0.32
GSPC Offshore Limited	-	0.32	-	-	-	-	-	0.32
Sabarmati Gas Ltd.	-	-	-	-	0.34	0.38	0.34	0.38
Guj Info Petro Ltd	0.03	0.13	-	-	-	-	0.03	0.13
Gujarat State Energy Generation Ltd	-	-	0.67	0.75	-	-	0.67	0.75
GSPC (JPDA) Ltd.	-	0.01	-	-	-	-	-	0.01
GSPL India Gasnet Ltd	-	-	-	-	0.12	0.21	0.12	0.21
GSPL India Transco Ltd	-	-	-	-	0.10	0.08	0.10	0.08
GSPC LNG Ltd	-	-	0.23	0.14	-	-	0.23	0.14
<b>Profit Petroleum Received</b>	<b>-</b>	<b>-</b>	<b>0.23</b>	<b>4.60</b>	<b>-</b>	<b>-</b>	<b>0.23</b>	<b>4.60</b>
Gujarat State Energy Generation Ltd	-	-	0.23	4.60	-	-	0.23	4.60
<b>Management Fees</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.20</b>	<b>0.20</b>	<b>0.20</b>	<b>0.20</b>
Others (Joint Ventures)	-	-	-	-	0.20	0.20	0.20	0.20

(₹ in Crores)

Nature of Transaction	Subsidiaries		Associates		Joint Ventures/Venturers		TOTAL	
	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
<b>Expenses:</b>								
<b>Purchase of Gas</b>	<b>11.34</b>	-	<b>13.37</b>	-	<b>1,429.84</b>	<b>1,881.27</b>	<b>1,454.55</b>	<b>1,881.27</b>
Gujarat State Energy Generation Ltd	-	-	13.37	-	-	-	13.37	-
GSPC Pipavav Power Company Ltd.	11.34	-	-	-	-	-	11.34	-
Joint Venture - Tarapur	-	-	-	-	-	3.15	-	3.15
Joint Venture - North Balol	-	-	-	-	4.35	5.69	4.35	5.69
Joint Venturer - Gail India Ltd	-	-	-	-	51.77	126.13	51.77	126.13
Joint Venturer - ONGCL	-	-	-	-	24.77	37.94	24.77	37.94
Joint Venturer - IOCL	-	-	-	-	1,348.95	1,708.35	1,348.95	1,708.35
<b>Gas transportation charges</b>	<b>93.41</b>	<b>34.29</b>	-	-	<b>96.54</b>	<b>137.11</b>	<b>189.95</b>	<b>171.40</b>
Gujarat State Petronet Ltd.	93.41	34.29	-	-	-	-	93.41	34.29
Joint Venturer - Gail India Ltd	-	-	-	-	96.54	137.11	96.54	137.11
<b>Annuity &amp; Meter validation charges</b>	-	-	-	-	<b>0.16</b>	<b>0.64</b>	<b>0.16</b>	<b>0.64</b>
Joint Venturer - Gail India Ltd	-	-	-	-	0.16	0.64	0.16	0.64
<b>Bandwidth Charges</b>	-	<b>0.02</b>	-	-	-	-	-	<b>0.02</b>
Guj Info Petro Ltd.	-	0.02	-	-	-	-	-	0.02
<b>Outsourcing Service Charges</b>	<b>0.99</b>	<b>1.29</b>	-	-	-	-	<b>0.99</b>	<b>1.29</b>
Guj Info Petro Ltd.	0.99	1.29	-	-	-	-	0.99	1.29
<b>Website Development</b>	<b>0.24</b>	<b>0.03</b>	-	-	-	-	<b>0.24</b>	<b>0.03</b>
Guj Info Petro Ltd.	0.24	0.03	-	-	-	-	0.24	0.03
<b>Software Development</b>	-	<b>0.06</b>	-	-	-	-	-	<b>0.06</b>
Guj Info Petro Ltd.	-	0.06	-	-	-	-	-	0.06
<b>Purchase of Fuel</b>	<b>0.07</b>	<b>0.12</b>	-	-	-	-	<b>0.07</b>	<b>0.12</b>
Gujarat Gas Limited	0.07	0.12	-	-	-	-	0.07	0.12
<b>Reimbursement of Expenses: Paid</b>	<b>0.76</b>	<b>1.23</b>	<b>0.02</b>	<b>0.00</b>	<b>0.01</b>	<b>0.02</b>	<b>0.78</b>	<b>1.25</b>
Guj Info Petro Ltd.	0.04	0.01	-	-	-	-	0.04	0.01
Gujarat Gas Limited	0.22	0.27	-	-	-	-	0.22	0.27
Gujarat State Petronet Ltd.	0.41	0.86	-	-	-	-	0.41	0.86
GSPC Pipavav Power Company Ltd.	0.08	0.07	-	-	-	-	0.08	0.07
GSPL India Gasnet Ltd	-	-	-	-	-	0.01	-	0.01
GSPL India Transco Ltd	-	-	-	-	0.01	0.02	0.01	0.02
GSPC LNG Ltd	-	-	0.02	-	-	-	0.02	-
Gujarat State Energy Generation Ltd	-	-	-	0.00	-	-	-	0.00
<b>Sale of Fixed Assets</b>	<b>0.04</b>	-	-	-	-	-	<b>0.04</b>	-
Gujarat State Petronet Ltd.	-	-	-	-	-	-	-	-
Guj Info Petro Ltd	0.04	-	-	-	-	-	0.04	-
<b>Purchase of Fixed Assets</b>	<b>0.05</b>	<b>0.10</b>	-	-	<b>0.06</b>	-	<b>0.10</b>	<b>0.10</b>
Guj Info Petro Ltd.	-	0.10	-	-	-	-	-	0.10
Gujarat State Petronet Ltd.	0.02	0.00	-	-	-	-	0.02	0.00
GSPL India Transco Ltd	-	-	-	-	0.06	-	0.06	-
Gujarat Gas Limited	0.03	-	-	-	-	-	0.03	-

Apart from the above transactions, the Company has also entered into other transactions in ordinary course of business with Government related entities. These are transacted at arm's length prices based on the agreed contractual terms.

These transactions were carried out in the ordinary course of business and at arms length.





(₹ in Crores)

Nature of Transaction	Subsidiaries			Associates			Joint Ventures/Venturers			TOTAL		
	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
<b>Current Assets &amp; Liabilities:</b>												
<b>Debtors</b>	186.28	136.68	336.98	112.01	72.78	122.97	66.40	45.24	100.67	364.68	254.70	560.62
Gujarat State Petronet Ltd.	3.39	-	25.74	-	-	-	-	-	-	3.39	-	25.74
Gujarat Gas Limited	182.87	136.68	311.24	-	-	-	-	-	-	182.87	136.68	311.24
Gujarat State Energy Generation Ltd.	-	-	-	112.01	72.78	122.97	-	-	-	112.01	72.78	122.97
GSPC Pipavav Power Company Ltd.	0.01	-	-	-	-	-	-	-	-	0.01	-	-
Sabarmati Gas Ltd.	-	-	-	-	-	-	14.64	11.81	12.90	14.64	11.81	12.90
Joint Venturer - Essar Oil Ltd	-	-	-	-	-	-	49.27	11.25	8.83	49.27	11.25	8.83
Joint Venturer - IOCL	-	-	-	-	-	-	-	22.17	78.94	-	22.17	78.94
Joint Venturer - HPCL	-	-	-	-	-	-	-	-	-	-	-	-
Joint Venturer - NTPCL	-	-	-	-	-	-	2.49	-	-	2.49	-	-
<b>Advance/Receivables</b>	1.47	3.05	1.02	42.20	45.60	70.10	733.72	2,465.80	2,288.99	777.40	2,514.45	2,360.11
Gujarat State Petronet Ltd.	0.29	0.49	0.12	-	-	-	-	-	-	-	0.49	-
GSPC Pipavav Power Company Ltd.	0.16	0.09	0.12	-	-	-	-	-	-	0.29	0.09	0.12
GSPC (JPDA) Ltd.	0.08	0.43	0.42	-	-	-	-	-	-	0.16	0.43	0.42
Guj Info Petro Ltd.	0.26	0.17	0.43	-	-	-	-	-	-	0.08	0.17	0.43
GSPC Energy Limited	0.32	0.32	-	-	-	-	-	-	-	0.26	0.32	-
GSPC Offshore Limited	0.32	0.32	-	-	-	-	-	-	-	0.32	0.32	-
Gujarat Gas Limited	0.32	1.21	0.05	-	-	-	-	-	-	0.32	1.21	0.05
GSP India Transco Ltd	0.02	-	-	-	-	-	0.06	0.07	0.24	0.08	0.07	0.24
GSP India Gasnet Ltd	-	-	-	-	-	-	0.06	0.02	0.28	0.06	0.02	0.28
Gujarat State Energy Generation Ltd.	-	-	-	42.18	45.47	70.10	-	-	-	42.18	45.47	70.10
Sabarmati Gas Ltd.	-	-	-	0.02	0.13	-	0.02	0.14	-	0.02	0.14	-
GSPC LNG Ltd	-	-	-	-	-	-	-	-	-	0.02	0.13	-
Others (Joint Ventures)	-	-	-	-	-	-	731.25	2,467.93	2,292.36	731.25	2,467.93	2,292.36
Joint Venturer - Gail India Ltd	-	-	-	-	-	-	2.33	(2.35)	(3.89)	2.33	(2.35)	(3.89)
<b>Payable</b>	5.49	2.04	1.17	0.02	0.00	-	273.10	349.84	328.86	278.61	351.88	330.03
Gujarat State Petronet Ltd.	5.12	1.65	0.79	-	-	-	-	-	-	5.12	1.65	0.79
Gujarat Gas Limited	0.09	0.04	0.12	-	-	-	-	-	-	0.09	0.04	0.12
Guj Info Petro Ltd.	0.23	0.28	0.19	-	-	-	-	-	-	0.23	0.28	0.19
GSPC Pipavav Power Company Ltd.	0.06	0.07	0.07	-	-	-	-	-	-	0.06	0.07	0.07
Gujarat State Energy Generation Ltd.	-	-	-	-	0.00	-	-	-	-	-	0.00	-
GSPC LNG Ltd	-	-	-	0.02	-	-	-	-	-	0.02	-	-
Joint Venture - Tarapur	-	-	-	-	-	-	-	-	0.29	-	-	0.29
Joint Venture - North Balol	-	-	-	-	-	-	0.22	0.22	0.41	0.22	0.22	0.41
Joint Venturer - Gail India Ltd	-	-	-	-	-	-	1.14	1.77	3.00	1.14	1.77	3.00
Joint Venturer - ONGCL	-	-	-	-	-	-	26.81	63.42	89.72	26.81	63.42	89.72
Joint Venturer - IOCL	-	-	-	-	-	-	244.93	284.44	235.44	244.93	284.44	235.44
Others (Joint Ventures)	-	-	-	-	-	-	-	-	-	-	-	-

Note 40  
Related party disclosure  
F. Transactions during the year with related parties:

Standalone Financial Statements

Nature of Transaction	Subsidiaries			Associates			Joint Ventures/Venturers			TOTAL		
	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
<b>Investment in Share Capital (Allotment)</b>												
Gujarat State Petronet Ltd.	1,209.24	1,208.24	1,208.15	142.76	142.76	131.33	55.10	55.10	8.96	1,407.09	1,406.09	1,348.44
GSPC Pipavav Power Company Ltd.	213.31	213.31	213.31	-	-	-	-	-	-	213.31	213.31	213.31
GSPC LNG Ltd	840.00	840.00	840.00	-	-	-	-	-	-	840.00	840.00	840.00
GSPC (JPDA) Ltd.	-	-	-	11.43	11.43	-	-	-	-	11.43	11.43	-
Gujarat Info Petro Ltd.	98.39	97.39	97.39	-	-	-	-	-	-	98.39	97.39	97.39
Gujarat Gas Limited	0.03	0.03	0.03	-	-	-	-	-	-	0.03	0.03	0.03
GSPC Marginal Field Ltd (excluding provision for Diminution in value)	57.42	57.42	57.42	-	-	-	-	-	-	57.42	57.42	57.42
Gujarat State Energy Generation Ltd.	-	-	-	-	-	-	-	-	-	-	-	-
Sabarmati Gas Ltd. .	-	-	-	119.83	119.83	119.83	-	-	-	119.83	119.83	119.83
Alcock Ashdown (Gujarat) Limited (excluding provision for Diminution in value)	-	-	-	-	-	-	55.10	55.10	8.96	55.10	55.10	8.96
GSPC Energy Limited	0.05	0.05	-	11.50	11.50	11.50	-	-	-	11.50	11.50	11.50
GSPC Offshore Limited	0.05	0.05	-	-	-	-	-	-	-	0.05	0.05	-
<b>Inter Corporate Loan</b>												
Gujarat State Energy Generation Ltd.	-	-	-	153.44	337.94	200.00	-	-	-	-	337.94	200.00
<b>Advance for Investment (Pending Allotment)</b>												
GSPC LNG Ltd	-	-	-	-	-	69.00	-	-	-	-	1.10	69.00
Gujarat State Energy Generation Ltd.	-	-	-	-	-	69.00	-	-	-	-	1.10	69.00



**Note 41**
**A. Financial instruments by category and their fair value**

(₹ in Crores)

As at 31 <sup>st</sup> March 2017	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amotised Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs	Total
<b>Financial assets</b>								
Investments								
Quoted	-	38.10	-	38.10	38.10	-	-	38.10
Unquoted	-	29.00	-	29.00	-	-	29.00	29.00
Loans								
Non-current	-	-	8.48	8.48	-	8.48	-	8.48
Current	-	-	160.97	160.97	-	-	-	-
Trade Receivables	-	-	625.39	625.39	-	-	-	-
Cash and Cash Equivalents	-	-	3.80	3.80	-	-	-	-
Other Bank Balances	-	-	90.05	90.05	-	-	-	-
Other financial assets								
Non-current	-	-	99.35	99.35	-	99.35	-	99.35
Current	-	-	1,167.21	1,167.21	-	-	-	-
<b>Total financial assets</b>	<b>-</b>	<b>67.10</b>	<b>2,155.25</b>	<b>2,222.35</b>	<b>38.10</b>	<b>107.83</b>	<b>29.00</b>	<b>174.93</b>
<b>Financial liabilities</b>								
Borrowings								
Non-current	-	-	18,105.25	18,105.25	-	18,105.25	-	18,105.25
Current	-	-	4,406.71	4,406.71	-	-	-	-
Other financial liabilities								
Non-current	-	-	9.74	9.74	-	9.74	-	9.74
Current	2.45	-	1,496.53	1,498.98	-	-	-	-
Trade Payables	-	-	334.21	334.21	-	-	-	-
<b>Total financial liabilities</b>	<b>2.45</b>	<b>-</b>	<b>24,352.44</b>	<b>24,354.89</b>	<b>-</b>	<b>18,114.99</b>	<b>-</b>	<b>18,114.99</b>

# Fair value of financial assets and liabilities measured at amortised cost is not materially different from the amortised cost. Further, impact of time value of money is not significant for the financial instruments classified as current. Accordingly, the fair value has not been disclosed separately.

(₹ in Crores)

As at 31 <sup>st</sup> March 2016	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amotised Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs	Total
<b>Financial assets</b>								
Investments								
Quoted	-	29.45	-	29.45	29.45	-	-	29.45
Unquoted	-	29.00	-	29.00	-	-	29.00	29.00
Loans								
Non-current	-	-	35.89	35.89	-	35.89	-	35.89
Current	-	-	342.42	342.42	-	-	-	-
Trade Receivables	-	-	481.15	481.15	-	-	-	-
Cash and Cash Equivalents	-	-	6.79	6.79	-	-	-	-
Other Bank Balances	-	-	78.30	78.30	-	-	-	-
Other financial assets								
Non-current	-	-	147.17	147.17	-	147.17	-	147.17
Current	-	-	1,006.62	1,006.62	-	-	-	-
<b>Total financial assets</b>	<b>-</b>	<b>58.45</b>	<b>2,098.35</b>	<b>2,156.80</b>	<b>29.45</b>	<b>183.07</b>	<b>29.00</b>	<b>241.52</b>
<b>Financial liabilities</b>								
Borrowings								
Non-current	-	-	16,840.16	16,840.16	-	16,840.16	-	16,840.16
Current	-	-	3,995.21	3,995.21	-	-	-	-
Other financial liabilities								
Non-current	-	-	23.72	23.72	-	23.72	-	23.72
Current	74.08	-	1,371.67	1,445.75	-	-	-	-
Trade Payables	-	-	303.95	303.95	-	-	-	-
<b>Total financial liabilities</b>	<b>74.08</b>	<b>-</b>	<b>22,534.72</b>	<b>22,608.80</b>	<b>-</b>	<b>16,863.89</b>	<b>-</b>	<b>16,863.89</b>

# Fair value of financial assets and liabilities measured at amortised cost is not materially different from the amortised cost. Further, impact of time value of money is not significant for the financial instruments classified as current. Accordingly, the fair value has not been disclosed separately.

(₹ in Crores)

As at 1 <sup>st</sup> April 2015	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amotised Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs	Total
<b>Financial assets</b>								
Investments								
Quoted	-	31.76	-	31.76	31.76	-	-	31.76
Unquoted	-	29.61	-	29.61	-	-	29.61	29.61
Loans								
Non-current	-	-	34.17	34.17	-	34.17	-	34.17
Current	-	-	205.21	205.21	-	-	-	-
Trade Receivables	-	-	699.81	699.81	-	-	-	-
Cash and Cash Equivalents	-	-	228.45	228.45	-	-	-	-
Other Bank Balances	-	-	201.49	201.49	-	-	-	-
Other financial assets								
Non-current	-	-	183.22	183.22	-	183.22	-	183.22
Current	41.70	-	929.19	970.89	-	-	-	-
<b>Total financial assets</b>	<b>41.70</b>	<b>61.37</b>	<b>2,481.54</b>	<b>2,584.62</b>	<b>31.76</b>	<b>217.39</b>	<b>29.61</b>	<b>278.76</b>
<b>Financial liabilities</b>								
Borrowings								
Non-current	-	-	13,270.13	13,270.13	-	13,270.13	-	13,270.13
Current	-	-	5,370.56	5,370.56	-	-	-	-
Other financial liabilities								
Non-current	-	-	27.55	27.55	-	27.55	-	27.55
Current	-	-	1,612.47	1,612.47	-	-	-	-
Trade Payables	-	-	441.76	441.76	-	-	-	-
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>20,722.48</b>	<b>20,722.48</b>	<b>-</b>	<b>13,297.68</b>	<b>-</b>	<b>13,297.68</b>

\*Investments in subsidiaries and equity accounted investees are carried at amortised cost.

# Fair value of financial assets and liabilities measured at amortised cost is not materially different from the amortised cost. Further, impact of time value of money is not significant for the financial instruments classified as current. Accordingly, the fair value has not been disclosed separately.

#### Types of inputs are as under:

**Input Level I** (Directly Observable) which includes quoted prices in active markets for identical assets such as quoted price for an equity security on Security Exchanges

**Input Level II** (Indirectly Observable) which includes prices in active markets for similar assets such as quoted price for similar assets in active markets, valuation multiple derived from prices in observed transactions involving similar businesses etc.

**Input Level III** (Unobservable) which includes management's own assumptions for arriving at a fair value such as projected cash flows used to value a business etc.





**B. Measurement of fair values**

**Valuation techniques and significant unobservable inputs**

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

**Financial instruments measured at fair value**

<b>FVTOCI in unquoted equity shares</b>	<p>Investments in Equity Shares of Subsidiaries &amp; Equity Accounted Entities as on the transition date</p> <p>SGL - There were no recent market transactions of equity of the Company around or as of the Date of Transition. However, peer companies of SGL viz. Indraprastha Gas Ltd (“IGL”) and Gujarat Gas Company Ltd (“GGCL”) were listed on Indian securities exchanges as on the transition date. Accordingly, trading multiple - P/E - of the listed peers has been used to arrive at a market-based valuation of SGL.</p> <p>GSPC LNG - Equity valuation of GSPC LNG Limited at the transition date has been carried out using discounted cash flow (DCF) method.</p> <p>GSEG - Equity valuation of GSPC LNG Limited at the transition date has been carried out using discounted cash flow (DCF) method. Free cash flows to equity (“FCFE”) have been discounted at 14% cost of equity to arrive at equity valuation.</p> <p>GIPL - There were no recent market transactions of equity of the Company around or as of the Date of Transition. book value has been used for arriving at fair value of GIPL’ s equity.</p> <p><b>Investments in Equity Shares of Other Entities</b></p> <p>OPAL - Due to the uncertainty over project cost and commissioning date, book value has been used for arriving at fair value of OPaL’ s equity. This method may be reconsidered on commencement of commercial operations.</p> <p>GSAA - Since entity has opted for voluntary winding up and has refunded the investments made, the FV report recommended that the investment be carried at book value in FY 2015 and be subsequently written off as done in the financial statements as per GAAP.</p>
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(₹ in Crores)

Effect in Rupees	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
<b>31<sup>st</sup> March, 2017</b>				
USD (7% movement)	255.19	(255.19)	166.88	(166.88)

**Interest rate risk**

Interest rate risk is the risk that either fair value or future cash flow 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 Company’s long term debt obligations with floating interest rates i.e. Base Rate/MCL linked in INR denominated loans and 6-month LIBOR linked in USD denominated loans.

The Company has substantial mix of USD denominated and INR denominated borrowings. The Company manages the interest rate risk in INR denominated loans through contractual agreement (i.e. term loan agreement) clauses with the lenders wherein provisions are built-in to allow the Company to prepay the loans without penalty. This clause can be exercised in scenarios that the interest rate under the agreement are not moving in favorable directions and the Company has other available options to switch with borrowings bearing lower interest rates. The interest rate risk of USD denominated loans is mitigated through Interest Rate Swaps which have been executed for the entire ECB liability of the Company.

(₹ in Crores)			
Variable-rate instruments	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
Non current - Borrowings	10,876.50	9,821.75	6,945.04
Current - Borrowings	4,406.71	3,995.21	5,370.56
Current portion of Long term borrowings	520.52	217.96	523.56
<b>Total</b>	<b><u>15,803.73</u></b>	<b><u>14,034.92</u></b>	<b><u>12,839.17</u></b>

(₹ in Crores)			
Fixed-rate instruments	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
Non current - Borrowings	7,228.74	7,018.41	6,325.09
Current - Borrowings	-	-	-
Current portion of Long term borrowings	406.40	595.08	640.92
<b>Total</b>	<b><u>7,635.15</u></b>	<b><u>7,613.49</u></b>	<b><u>6,966.01</u></b>

**Sensitivity analysis**

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of change in interest rates. As far as INR denominated borrowings are concerned, the Company does not accounts for any fixed-rate financial assets or financial liabilities at fair value through profit or loss, and the Company does not have any designate derivatives (interest rate swaps). However, for USD denominated borrowings, the Company accounts for fixed rate financial asset or liability at fair value through profit or loss and the Company has designate derivatives (Interest Rate Swaps). Therefore, the profit or loss impact on account of change in interest rates at the reporting date is indicated in the following table. Since, no interest rate risk is perceived on fixed rate borrowings, the same has been excluded from the sensitivity analysis below.

(₹ in Crores)				
Particulars	Profit or loss		Equity, net of tax	
	100 bp Increase	100 bp decrease	100 bp Increase	100 bp decrease
<b>31<sup>st</sup> March, 2017</b>				
Non current - Borrowings	(108.77)	108.77	(71.12)	71.12
Current - Borrowings	(44.07)	44.07	(28.82)	28.82
Current portion of Long term borrowings	(5.21)	5.21	(3.40)	3.40
<b>Total</b>				
<b>31<sup>st</sup> March, 2016</b>				
Non current - Borrowings	(98.22)	98.22	(64.23)	64.23
Current - Borrowings	(39.95)	39.95	(26.13)	26.13
Current portion of Long term borrowings	(2.18)	2.18	(1.43)	1.43
<b>Total</b>	<b><u>(140.35)</u></b>	<b><u>140.35</u></b>	<b><u>(91.78)</u></b>	<b><u>91.78</u></b>

**Note 42****Capital management**

The company defines capital as total equity including issued equity capital, share premium and all other equity reserves attributable to equity holders of the parent (which is the company's net asset value). The primary objective of the company's financial framework is to support the pursuit of value growth for shareholders, while ensuring a secure financial base. The company aims to maintain the net debt ratio, that is, the ratio of net debt to net debt plus equity, of 2:3 times with some flexibility of ~5%.

The Company monitors capital using a ratio of 'adjusted net debt' to 'adjusted equity'. For this purpose, adjusted net debt is defined as total liabilities, comprising interest-bearing loans and borrowings and obligations under finance leases, less cash and cash equivalents. Adjusted equity comprises all components of equity.



The Company's adjusted net debt to equity ratio on 31<sup>st</sup> March, 2017 was as follows.

Particulars	(₹ in Crores)		
	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
<b>Total non-current liabilities</b>	<b>23,438.88</b>	<b>21,648.41</b>	<b>19,805.17</b>
Less : Cash and bank balances	93.84	85.09	429.94
<b>Adjusted net debt</b>	<b>23,345.04</b>	<b>21,563.32</b>	<b>19,375.24</b>
<b>Total equity</b>	<b>(5,351.78)</b>	<b>10,942.75</b>	<b>10,574.04</b>
Adjusted net debt to adjusted equity ratio	-4.36:1 times	1.97:1 times	1.83:1 times

The Company has classified KG Block (KG-OSN-2001/3) as a non-current asset held for sale. As discussed in note no 23(A) an impairment loss has been accounted in the current year having a negative impact on the equity as on 31 March 2017. The negative impact on the capital pursuant to accounting for the impact of the proposed transaction for KG-OSN-2001/3 is proposed to be remedied through a detailed realignment plan which is under advanced stages of preparation and consent from the concerned authorities. Please refer to note 23(B) regarding the Realignment Plan of the Company.

#### Note 43

##### Explanation of transition to Ind AS

These are the Company's first standalone financial statements prepared in accordance with Ind Ass.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31<sup>st</sup> March 2017, the comparative information presented in these financial statements for the year ended 31 March 2016 and in the preparation of an opening Ind AS balance sheet at 1<sup>st</sup> April 2015 (the Company's date of transition).

In preparing its opening Ind AS balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (Indian GAAP or previous GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables and notes:

##### Exemption and exception applied

In preparing these financial statements, the Company has applied the below optional exemptions and mandatory exceptions in line with principles of Ind AS 101.

##### Optional exemptions

###### 1. Property, Plant and Equipment (PPE)

Ind AS 101 provides the below options with respect to the items of PPE:

- Carry forward the previous GAAP carrying values as at the transition date as "deemed cost" under Ind AS, provided there is no change in functional currency.
- Fair value the items of PPE as at the transition date and use this as the "deemed cost" under Ind AS.
- Restate the carrying values of PPE retrospectively as at the transition date based on Ind AS 16.

The above options are available for intangible assets and investment property as well except fair value option not permitted for investment property.

The Company has opted to measure all the items of PPE, intangible assets and investment properties at the previous GAAP carrying values as at the transition date.

###### 2. Oil and gas properties

Ind AS 101 permits a first time adopter company with oil and gas assets to measure the same on the following basis:

- exploration and evaluation assets at the amount determined under the previous GAAP; and
- assets in the development or production phases at the amount determined for the cost centre under the previous GAAP. The first time adopter shall allocate this amount to the cost centre's underlying assets pro rata using reserve volumes or reserve values as of that date.

Further, the above are also tested for impairment on the date of transition to Ind AS.

Accordingly, the company has opted to carry forward the oil and gas assets at the carrying values determined under the previous GAAP. Further, for oil and gas assets in development or production stage, have been allocated to the

underlying assets based on reserve volumes as on the transition date. These assets were tested for impairment and the impairment so identified has been accounted through the reserves.

### 3. Decommissioning liabilities included in the cost of PPE

A first-time adopter need not comply with these requirements for changes in such liabilities that occurred before the date of transition to Ind ASs. If a first-time adopter uses this exemption, it shall:

- Measure the liability at the transition date in accordance with Ind AS 37;
- Using the historical risk adjusted discount rate, determine the amount which would have been capitalised when the liability first arose; and
- Compute the amount of depreciation based on the estimated useful life.

However, the decommissioning liabilities for oil and gas assets in development or production phase is measured as at the transition date and the same is accounted through the retained earnings.

Accordingly, the Company has elected to apply the exemption for the obligations arising on account of decommissioning cost. Amounts associated with oil and gas assets in production or development phase have been accounted through retained earnings.

### 4. Determining whether an arrangement contains a lease

As per Appendix C to Ind AS 17, at the inception, an assessment is to be made whether an arrangement contains a lease or not. Ind AS 101 permits an entity to make an assessment based on the facts and circumstances existing as at the transition date.

Based on the exemption, the Company has opted not to apply the requirements retrospectively. Assessment of whether an arrangement contains a lease or not has been made on the basis of facts and circumstances existing as at the transition date. Further, lease classification i.e. operating or finance lease is made at the inception of lease.

### 5. Accounting for certain equity investments

Ind AS 101 permits designation of equity investments in certain entities (other than subsidiaries, associates and joint arrangements) as instruments fair valued through the other comprehensive income (FVOCI).

Accordingly, the Company has opted to designate certain equity investments as FVOCI on the transition date.

### 6. Deemed cost for investments in equity shares of subsidiaries and associates

Under, Ind AS 101 an entity can determine the value of investment in a subsidiary, associate or joint arrangement as either of the below:

- Cost determined in accordance with Ind AS 27 (i.e. retrospective application of Ind AS 27)
- Fair value at the entity's date of transition to Ind AS
- Previous GAAP carrying amount

Accordingly, if an entity chooses to measure its investment at fair value at the date of transition then that is deemed to be cost of such investment for the company and, therefore, it shall carry its investment at that amount (i.e. fair value at the date of transition) after the date of transition.

The Company has elected to fair value investments in equity shares of certain subsidiaries, associates and joint ventures and carry the same as deemed cost after the transition date.

### 7. Long term foreign currency monetary items

Ind AS 101 permits a first-time adopter may continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period as per the previous GAAP.

Accordingly, the Company has opted to continue with accounting prescribed under para 46/46 A to AS 11 for foreign currency loans recognised in the financial statements as on 31<sup>st</sup> March 2016.

#### Mandatory exceptions

Below are the key mandatory exceptions used in preparation of these financial statements:

#### 1. Estimates

Under Ind AS 101, an entity's estimates in accordance with Ind AS at 'the date of transition to Ind AS' or 'the end of the comparative period presented in the entity's first Ind AS financial statements', as the case may be, should be consistent with estimates made for the same date in accordance with previous GAAP unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any differences in accounting policies.



The Company's Ind AS estimates as on the transition date are consistent with the estimates made under previous GAAP as on this date. Key estimates considered in preparation of these financial statements that were not required under the previous GAAP are listed below:

- Fair valuation of financial instruments carried at FVTPL or FVOCI.
- Impairment of financial assets based on the expected credit loss model.
- Determination of the discounted value for financial instruments carried at amortised cost.
- Discounted value of liability on account of decommissioning cost.
- Allocation of previous GAAP carrying values of oil and gas assets in development or production phase to the underlying assets part of the cost centre based on reserve values on that date.

## 2. Classification and measurement of financial assets

Ind AS 101 provides exemptions to certain classification and measurement requirements of financial assets under Ind AS 109, where these are impracticable to implement. Classification and measurement is done on the basis of facts and circumstances existing as on the transition date.

Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the transition date.

### 43.1 Reconciliation of Total Equity

The impact of the above Ind AS adjustment on total equity is as below:

Particulars	Footnote ref.	₹ in Crores	
		As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
<b>Total equity as per previous GAAP (A)</b>		<b>7,055.24</b>	<b>7,417.55</b>
<b>Ind AS adjustments:</b>			
Fair valuation of investments in equity shares	43.3	4,980.11	4,982.42
Decommissioning liability and unwinding of discount (Windmills and Oil and gas assets)	43.4	(367.85)	(338.02)
Impact on account of Impairment of Oil and Gas Assets and change in depreciation	43.5	(105.32)	(581.48)
Transaction cost on borrowings accounted at amortised cost	43.6	(4.58)	(11.54)
Actuarial gain/ loss accounted through OCI	43.7	-	-
Other Ind AS adjustments	43.8		
Own Your Asset Scheme (OYAS)		1.18	0.89
Staighlining of operation and maintenance charges		(6.85)	(8.65)
MTM on derivatives		-	15.95
Others		1.49	0.42
Deferred Tax on transition to Ind AS	43.9	(610.67)	(903.50)
<b>Impact of total adjustments on account of Ind AS (B)</b>		<b><u>3,887.51</u></b>	<b><u>3,156.50</u></b>
<b>Total equity as per Ind AS (C) = (A) + (B)</b>		<b><u>10,942.75</u></b>	<b><u>10,574.04</u></b>

### 43.2 Total Comprehensive Income

The impact of the above Ind AS adjustment on total comprehensive income is as below:

Particulars	Footnote ref.	₹ in Crores	
		As at 1 <sup>st</sup> April, 2015	
<b>Profit after tax as per previous GAAP (A)</b>			
<b>Ind AS adjustments accounted through statement of profit and loss</b>			
Decommissioning liability and unwinding of discount (Windmills and Oil and gas assets)	43.4		(29.83)
Impact on account of Impairment of Oil and Gas Assets and change in depreciation	43.5		476.17

Particulars	Footnote ref.	(₹ in Crores)
		As at 1 <sup>st</sup> April, 2015
Transaction cost on borrowings accounted at amortised cost	43.6	6.99
Actuarial gain/ loss accounted through OCI	43.7	0.43
Other Ind AS adjustments		43.8
Own Your Asset Scheme (OYAS)		0.30
Staighlting of operation and maintenance charges		1.79
MTM on derivatives		(15.95)
Others		(0.22)
Deferred Tax on transition to Ind AS	43.9	(17.10)
<b>Total of Ind AS adjustments accounted through statement of profit and loss (B)</b>		<b>422.56</b>
<b>Ind AS adjustments accounted through other comprehensive income</b>		
Fair valuation of investments in equity shares	43.3	(2.30)
Actuarial gain/ loss accounted through OCI	43.7	(0.28)
<b>Total of Ind AS adjustments accounted through other comprehensive income (C)</b>		<b>(2.58)</b>
<b>Total comprehensive income as per Ind AS (D) = (A) + (B) + (c)</b>		<b>(74.50)</b>

#### Explanatory notes

##### 43.3 Fair value as investments in equity shares

###### FV as deemed cost for investment in equity shares of subsidiaries, associates and joint ventures

Under previous GAAP, the Company carried such investments at historical cost. Based on principles of Ind AS 101 as explained under the optional exemptions earlier in the note, the Company has opted to fair value these through the other comprehensive income and use the value so derived as deemed cost under Ind AS. Consequently, the equity reported under the previous GAAP on the transition date as well as 31<sup>st</sup> March 2016 has increased by ₹ 4,960.55 crores. This does not have any impact after the transition date since the value determined has been used as the deemed cost. Details of such investments have been provided in Note no. 5. Impact of deferred tax has been provided in note no 46.7.

###### Fair value of investments in equity shares of entities not consolidated

Under previous GAAP, the Company carried such investments at cost. Under Ind AS, the Company has opted to fair value the same through the other comprehensive income. As a result, the company recorded a FV gain of ₹ 21.87 crores and ₹19.56 crores as on the transition date and year ended 31<sup>st</sup> March, 2016 respectively. Impact of deferred tax has been provided in note no 46.7.

##### 43.4 Decommissioning liability

Under the previous GAAP, estimated obligation of restoration of the oil and gas assets as well as wind mills were not accounted. On transition to Ind AS, the company has estimated the present value of the decommissioning cost on these assets. Based on provisions of Ind AS 101 as discussed earlier in this note, the decommissioning cost pertaining to the production or development oil and gas assets has been accounted through the retained earnings. Consequently, the equity as on transition date as well as 31<sup>st</sup> March 2016 reduced by ₹ 338.02 crores and ₹ 367.85 crores. Further, the comprehensive income for 2015-16 has reduced by ₹ 29.83 crores. Impact of deferred tax has been provided in note no 46.7.

##### 43.5 Impairment of Oil and gas assets in production or development stage

Under the previous GAAP the oil and gas assets in production or development stage were tested for impairment considering a larger cost centre i.e. country as a whole. On transition to Ind AS, each PSC has been identified as a cost centre which has been tested for impairment separately. The previous GAAP carrying cost as on the transition date has been allocated to the underlying assets in each cost centre based on the estimated reserves. The change in amounts allocated to underlying assets has resulted in change in the charge for depreciation as well. The consequential impairment of ₹ 581.48 crores has been accounted through the retained earnings on the transition date. The impairment accounted under the previous GAAP in 2015-16 has been reversed leading to an increase in the comprehensive income by ₹ 475.82 crores. Impact of deferred tax has been provided in note no 46.7.



**43.6 Transaction cost on borrowings accounted at amortised cost**

Under the previous GAAP, the transaction cost directly attributable to the specific borrowings was capitalised with the project identified with the borrowing. On transition to Ind AS, the same has been considered in determining the amortised cost of the borrowings. Accordingly on transition to Ind AS, the borrowings have been accounted at the amortised cost with corresponding credit to retained earnings and CWIP / PPE as relevant. This has led an decrease in the equity by ₹ 11.54 crores and ₹ 4.58 crores on the transition date and 31 March 2016. Further the comprehensive income for 2015-16 has reduced by ₹ 6.95 crores. Impact of deferred tax has been provided in note no 46.7.

**43.7 Remeasurement of defined benefit obligation (net of tax)**

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under IGAAP, these remeasurements were forming part of the profit or loss for the year. This adjustment has no impact on the total equity on the transition date as well as 31<sup>st</sup> March 2016. Impact of deferred tax has been provided in note no 46.7.

**43.8 Other Ind AS adjustments**
**Own your asset scheme (OYAS)**

Under IGAAP, assets given to employees under OYAS scheme were reflected as fixed assets and depreciated over their respective useful lives. Under Ind AS, this has been accounted as a finance lease and the WDV of the underlying assets has been derecognised. The difference between the cost of the asset and present value of the consideration received in the future has been recognized as an employee cost over the period. However, this does not have any significant impact on equity. Impact of deferred tax has been provided in note no 46.7.

**Straightlining of Operations and Maintenance charges**

Under previous GAAP, such expenses were accounted as and when incurred. No expense was recorded during the free period of

O & M contract. Under Ind AS, such expenses have been straightlined over the contract tenure including the free period. This has decreased the equity on the transition date by ₹ 8.65 crores. The comprehensive income for 2015-16 decreased by ₹ 1.79 crores. Impact of deferred tax has been provided in note no 46.7.

**Accounting for derivative instruments**

The company has entered into interest rate swaps (IRS) and cross currency interest rate swaps (CCIRS). Under previous GAAP, the underlying loans were treated as fixed rate loans denominated in Indian Rupees. MTM gain loss on derivative instruments was not recorded separately. However, this does not have any impact on equity or comprehensive income.

Further, premium on forward contracts was amortised over the contract tenure. On transition to Ind AS, MTM on these derivative contracts has been accounted for separately. This has resulted in increase in equity by ₹ 13.03 crores on the transition date. Impact of deferred tax has been provided in note no 46.7.

**Other Ind AS adjustments**

Other adjustments comprise of reversal of Foreign currency Translation Reserve incorrectly accounted under IGAAP in 2015-16 and accounting of prior period adjustments recorded in 2015-16 through the retained earnings on the transition date since they pertain to period prior to the transition date.

**43.9 Deferred tax liability (net)**

Previous GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind-AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind-AS 12 approach has resulted in recognition of deferred tax as summarized below:

The changes in deferred tax/asset/(liabilities) are as follows :

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
The changes in deferred tax asset/ (liabilities) are as follows:		
Own Your Asset Scheme (OYAS)	(0.41)	(0.31)
Amortisation of transaction costs of Interest bearing loans and borrowing (floating rate)	(26.62)	(26.62)
Transaction cost on borrowings accounted at amortised cost	(0.10)	3.99
Decommissioning liability and unwinding of discount (Windmills and Oil and gas assets)	126.59	116.98
EIR for long term deposits	(0.13)	(0.12)

Particulars	₹ in Crores)	
	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
Straightlining of Prepaid expenses on account of operating Lease	0.01	-
Straightlining of operation and maintenance charges	2.37	2.99
Mark To Market on Derivatives-CCIRS & IRS	(1.01)	(1.01)
Mark To Market on Derivatives-Forwards (Buyers' credit)	1.01	(4.51)
Impact on account of Impairment of Oil and Gas Assets and change in depreciation	310.93	1.01
Fair valuation of investments in equity shares	(995.90)	(995.91)
Impact on account of Oil and Gas assets and change in depreciation	(27.28)	-
<b>Total</b>	<b><u>(610.53)</u></b>	<b><u>(903.51)</u></b>

**Note 44**

The Company had filed a complaint dated 06.04.2011 before PNGRB against GAIL, IOCL and BPCL. PNGRB had vide its orders dated 13.09.2011 of Chairman and dated 10.10.2011 of the majority members (three member panel of Board) unanimously held that GAIL had adopted Restrictive Trade Practices by blocking off direct connectivity to GSPC and further, directed Respondents to immediately give direct connectivity to GSPC at Dahej Terminal.

All the parties have preferred appeals against the PNGRB Orders before Appellate Tribunal for Electricity (APTEL) and APTEL has passed an interim order on 23.01.2012 and directed GAIL, IOCL and BPCL to give direct connectivity at Dahej Terminal subject to GSPC giving undertaking in respect of the following:

- GSPC shall open a separate bank account and deposit an amount of ₹140 Crores. Accordingly, GSPC has opened and deposited equivalent amount in a separate bank account.
- From the date of change of delivery point, GSPC shall open a separate bank account and deposit the Interconnectivity Charges. Accordingly company had deposited ₹ 77.77 crore in a separate bank account.

The Company has submitted the Undertaking to APTEL in respect of the same on 18.02.2012 and deposited amounts as aforesaid.

The APTEL has passed common judgment dated 18.12.2013 ("the APTEL Judgment") in the appeals filed by GAIL, IOCL and BPCL and set aside the PNGRB Order.

The Company has filed an appeal before the Hon'ble Supreme Court against the APTEL Judgment and the Hon'ble Supreme Court has vide its order dated 28.02.2014 directed the Company, as an interim arrangement, to pay the interconnectivity charges at the rate of ₹ 12 / MMBTU from the account separately maintained for the said purpose in accordance with APTEL's Order dated 23.01.2012 as narrated in (i) above. The appeal is pending before the Hon'ble Supreme Court.

**Note 45**

Based on Transaction Audit by M/s. KPMG, appointed by internal committee for investigation and Preliminary Investigation carried out by Government of Gujarat, financial irregularities relating to Delhi Office of GSPC were observed. The Audit Committee has also taken note of the same vide its minutes of meeting held on 03.03.2016. No provision has been made by the Company as the liability, if any, is unascertainable at this point of time. The matter is under investigation.

**Note 46**

In case of balances of Joint Venture parties, for cash call and other transactions and also in case of balances of other parties i.e. Trade Receivables, Trade Payables, Loans and Advances and other liabilities the company is in the process of reconciling it with the parties. Adjustments if any will be accounted on reconciliation/settlement of the same.

As per our report of even date attached.

For and on behalf of the Board of Directors

**For P Singhvi & Associates**

Chartered Accountants  
FRN. 113602W

**Praveen Singhvi**

Partner  
M. No. 071608

Date : 30<sup>th</sup> May, 2017  
Place : Gandhinagar

**Dr. J. N. Singh, IAS**

Chairman & Managing Director  
DIN : 00955107

**Sandeep Dave**

Company Secretary

Date : 30<sup>th</sup> May, 2017  
Place : Gandhinagar

**Dr. T. Natrajan, IAS**

Joint Managing Director  
DIN : 00396367

**Gopal Srinivasan**

Chief Financial Officer





GUJARAT STATE PETROLEUM CORPORATION LIMITED



**INDEPENDENT AUDITOR'S REPORT**

**TO**  
**THE MEMBERS**  
**GUJARAT STATE PETROLEUM CORPORATION LIMITED.**  
**GANDHINAGAR (GUJARAT)**

**Report on the Consolidated Ind AS Financial statements**

We have audited the accompanying Consolidated Ind AS Financial statements of **GUJARAT STATE PETROLEUM CORPORATION LIMITED** (Herein after referred to as “the Holding Company”) and its subsidiaries (the Holding Company and its Subsidiaries together referred to as “the Group”), its associates and jointly controlled entities, Comprising of the Consolidated Balance Sheet as at 31st March, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Statement of changes in Equity, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as “the Consolidated Ind AS Financial statements”).

**Management's Responsibility for the Consolidated Ind AS Financial statements**

The Holding Company's Board of Directors is responsible for the preparation of these Consolidated Ind AS Financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as “The Act”) that give a true and fair view of the Consolidated financial position, Consolidated financial Performance and Consolidated cash flows of the Group including its Associates and jointly controlled Entities in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014. The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for Preventing and detecting frauds and other irregularities; the selection and application of appropriate Accounting policies; making judgments and estimates that are reasonable and prudent; and the design, Implementation and maintenance of adequate internal financial controls that were operating effectively For ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS Financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Ind AS Financial statements by the Directors of the Holding Company, as aforesaid.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these Consolidated Ind AS Financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Ind AS Financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Consolidated Ind AS Financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Ind AS Financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the Consolidated Ind AS Financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the Consolidated Ind AS Financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Ind AS Financial statements.

**Opinion**

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



**Emphasis of Matter**

We draw attention to:

- (a) Accounting Policy (r) of significant Accounting Policies (Note No. 1), which describes that the Ind AS Financial statements of the unincorporated joint ventures are prepared in accordance with the requirements prescribed by the respective Production Sharing Contracts or Joint Operating Agreement of the unincorporated joint ventures. Hence, certain adjustments/disclosures required under the mandatory Indian Accounting Standards and the Companies Act, 2013 have been made in these accounts to the extent of information available with the Group. Our opinion is not modified in respect of this matter.
- (b) Note no. 35 regarding non provision of disputed Income Tax demands/claims by the Income Tax Authority amounting to ₹ 1335.46 Crores (P.Y. 2015-16 ₹ 1218.33 Crores) and disclosed by way of a note as contingent liability. As the matter is disputed therefore no provision is made in the Consolidated Ind AS Financial statements. Our opinion is not modified in respect of this matter.
- (c) Note No. 35 (b) to the Consolidated Ind AS Financial statements which describes the uncertainty related to alleged claim of Tuff Drilling Private Limited ("TDPL") for ₹ 719.33 Crores (GSPC's share ₹ 647.40 crores) on account of loss caused to TDPL on account of illegal termination of contract for which based on management representation that the matter is under Arbitration Proceedings no provision has been made. Our opinion is not modified in respect of this matter.
- (d) Note No. 45 to the Consolidated Ind AS Financial statements which describes that based on Transaction Audit by M/s. KPMG appointed by internal committee for investigation and Preliminary Investigation carried out by Government of Gujarat, serious financial irregularities relating to Delhi Office of GSPC were observed. The Audit Committee has also taken note of the same vide its minutes of meeting held on 03.03.2016. No provision has been made by the Group as the liability, if any, is unascertainable at this point of time. As per Management Representation the matter is under investigation. Our opinion is not modified in respect of this matter.
- (e) Note no. 23(B) to the Consolidated Ind AS financial statements which describes that the Group has prepared Consolidated Ind AS financial statements on going concern basis, notwithstanding the fact that it's net worth is completely eroded the appropriateness of the said basis is inter alia dependent on the Group's ability to obtain financial or any other support from the Government of Gujarat for meetings its obligations, improved operational/financial performance and the successful implementation of Turn Around Plan. Our opinion is not modified in respect of this matter.

**Other Matters**

(I) We did not audit the Ind AS Financial statements / financial information of 7 subsidiaries and 12 jointly controlled entities, whose Ind AS Financial statements / financial information reflect total assets of ₹ 40,787.34 Crores as at 31<sup>st</sup> March, 2017, total revenues of ₹ 7,046.36 Crores and net cash flows amounting to ₹ (56.44) Crores for the year ended on that date, as considered in the Consolidated Ind AS Financial statements. The Consolidated Ind AS Financial statements also include the Group's share of net profit of ₹ 37.29 Crores for the year ended 31<sup>st</sup> March, 2017, as considered in the Consolidated Ind AS Financial statements, in respect of 2 associate/Joint venture.

These Ind AS Financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Consolidated Ind AS Financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, associates and jointly controlled entities, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries, jointly controlled entities and associates, is based solely on the reports of the other auditors.

(II) We did not audit the Ind AS Financial statements / financial information of 14 jointly controlled entities, whose Ind AS Financial statements / financial information reflect total assets of ₹ 2206.54 Crores as at 31<sup>st</sup> March, 2017, total revenues of ₹ 59.28 Crores for the year ended on that date, as considered in the Consolidated Ind AS Financial statements. The Consolidated Ind AS Financial statements also include the Group's share of net profit of ₹ 1.70 Crores for the year ended 31<sup>st</sup> March, 2017, as considered in the Consolidated Ind AS Financial statements, in respect of 2 associates, whose Ind AS Financial statements / financial information have not been audited by us. These Ind AS Financial statements / financial information are unaudited and have been furnished to us by the Management and our opinion on the Consolidated Ind AS Financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and associates, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, jointly controlled entities and associates, is based solely on such unaudited Ind AS Financial statements / financial information. In our opinion and according to the information and explanations given to us by the Management, these Ind AS Financial statements /financial information are not material to the Group.

Our opinion on the Consolidated Ind AS Financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the Ind AS Financial statements / financial information certified by the Management.

**Report on Other Legal and Regulatory Requirements**

1. As required by Section 143 (3) of the Act, we report, to the extent applicable, that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Ind AS Financial statements.
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Ind AS Financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, Consolidated statement of changes in equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Ind AS Financial statements.
  - (d) In our opinion, the aforesaid Consolidated Ind AS Financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors of the Holding Company as on 31<sup>st</sup> March, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, associate companies and jointly controlled entities, none of the directors of the Group companies, its associate companies and jointly controlled entities is disqualified as on 31<sup>st</sup> March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our Report in "Annexure A"; and
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - I The Consolidated Ind AS Financial statements disclose the impact of pending litigations on the Consolidated financial position of the Group, its associates and jointly controlled entities. Refer Note No. 35 to the Consolidated Ind AS Financial statements.
    - II. Provision has been made in the Consolidated Ind AS Financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts for the Consolidated financial position of the Group, its associates and jointly controlled entities.
    - III. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies, associate companies and jointly entities.
    - IV. The Company has provided requisite disclosures in its Consolidated Ind AS financial statements as to holdings as well as dealing in specified bank notes during the period from 08<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016 and these are in accordance with books of account maintained by Company. Refer Note No. 12 to the Consolidated Ind AS financial statements.
2. According to the information and explanation given to us and on the basis of our examination of the records of the Group, the title deeds of immovable properties are held in the name of the Group except in respect of one land of Gujarat Gas Limited situated at Hazira having book value of ₹ 15.88 Crores and one land admeasuring 11.28 hectares of GSPC Pipavav Power Company Ltd. as on 31<sup>st</sup> March, 2017 title deeds of which are not held in the name of respective Company.
3. As required by Section 143(5) of the Act, direction and sub direction are annexed as per Annexure 'B'

Date : 30<sup>th</sup> May, 2017

Place : Gandhinagar

**For P Singhvi & Associates**  
Chartered Accountants  
FRN. 113602W**Praveen Singhvi**  
Partner  
M. No. 071608



## **“ANNEXURE A” TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF GUJARAT STATE PETROLEUM CORPORATION LIMITED.**

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

In conjunction with our audit of the Consolidated Ind AS Financial statements of the Company as of and for the year ended March 31, 2017, We have audited the internal financial controls over financial reporting of **GUJARAT STATE PETROLEUM CORPORATION LIMITED** (hereinafter referred to as “the Holding Company”) and its subsidiary companies, its associate companies and jointly controlled entities.

#### **Management's Responsibility for Internal Financial Controls**

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

#### **Auditors' Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS Financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal **financial controls system over financial reporting.**

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

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

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

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

In our opinion, the Holding Company, its subsidiary companies, its associate companies and jointly controlled entities have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**Other Matters**

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to 7 subsidiary companies, 3 associate companies and 26 jointly controlled entities, is based on the corresponding reports of the auditors of such Companies incorporated in India.

Date : 30<sup>th</sup> May, 2017  
Place : Gandhinagar

**For P Singhvi & Associates**  
Chartered Accountants  
FRN. 113602W

**Praveen Singhvi**  
Partner  
M. No. 071608

**ANNEXURE B AS REFERRED TO IN INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF GUJARAT STATE PETROLEUM CORPORATION LIMITED FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2017**

a) Directions under Section 143(5) of The Companies Act, 2013:

1. Whether the Company has clear title/lease deeds for freehold and leasehold respectively? If not please state the area of freehold and leasehold land for which title /lease deeds are not available?

Reply: According to the information and explanations given to us and on the basis of our examination of the records of the company, the title deeds of immovable properties are held in the name of the Group except in respect of:

- i. Gujarat Gas Ltd. where one property situated at Survey No. 185, Plot No. 364, Post- Hazira, Taluka Choryasi, District- Surat admeasuring 13,057 sq. Mtrs., having book value of ₹15.88 crore as at 31<sup>ST</sup> March, 2017; and
- ii. GSPC Pipavav Power Company Ltd. : 11.28 hectares of land for 702 MW Pipava Project in the name of Government of Gujarat

Title of the property are not held in the name of the respective Company.

2. Please report whether there are any cases of waiver/ write off of debts/ loan/ interest etc. if yes, the reasons there for and the amount involved.

Reply: No such cases noticed

3. Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities.

Reply: Not Applicable

b) Sector Specific Sub-directions under Section 143 (5) of The Companies Act, 2013:

**Power Sector Generation**

1. In the cases of Thermal power projects, compliance of the various pollution control Acts and the impact thereof including utilization and disposal of ash and the policy of the company in this regard, may be checked and commented upon.

Reply: Not Applicable

2. Has the company entered into revenue sharing agreements with private parties for extraction of coal at pitheads and it adequately protects the financial interest of the company?

Reply: Not Applicable

3. Does the company have a proper system for reconciliation of quantity/quality of coal ordered and received and whether grade of coal/moisture and demurrage etc., are properly recorded in the books of accounts?

Reply: Not Applicable

4. How much share of free power was due to the State Government and whether the same was calculated as per the agreed terms and depicted in the accounts as per accepted accounting norms?

Reply: In case of GPPC- Principal revenue generation of the company is governed by the Power Purchase Agreement with GUVNL.

In case of GSPC: NIL

5. In the case of Hydroelectric Projects, the water discharge is as per policy/guidelines issued by the State Government to maintain biodiversity. For not maintaining it penalty paid/payable may be reported.

Reply: Not Applicable

**Services Sector Trading**

1. Whether the company has an effective system for recovery of dues in respect of its sales activity and the dues outstanding and recoveries there against have been properly recorded in the books of accounts?

Reply: Yes, the company has an effective system for recovery of dues in respect of its sales activity and the dues outstanding and recoveries there against have been properly recorded in the books of accounts.

2. Whether the company has an effective system for physical verification, valuation of stock, treatment of non- moving items and accounting the effect of shortage/excess noticed during the physical verification.

Reply: Yes, the company has an effective for physical verification, valuation of stock, treatment of non- moving items and accounting the effect of shortage/excess noticed during the physical verification.

3. The effectiveness of the system followed in recovery of dues in respect of sales activities may be examined and reported.

Reply: In our opinion and according to the information and explanation given to us, the company has a policy and procedure for effective monitoring of credit exposure and recovery of dues from its customers in respect of its sales activities. Wherever applicable, provision for doubtful debts has been made as per Debtors Policy.

**Technology Oriented:**

1. Examine and report the cases of dispute if any on the contract relating to supply of hardware as well as software. In the event of such assets remaining with the company, please report on its valuation and accounting in the books.

Reply: There are no such cases therefore not applicable.

2. What is the system of recovering fees/ charges in regard to providing manpower to various agencies? Report the cases where no such recovery has been affected and accounted for.

Reply: Monthly invoices are raised and fee/charges are recovered from various organizations. There is no case where no such recovery has been affected.

3. What is the system of receiving revenue share from the franchise?

Reply: There are no such cases therefore not applicable.

4. Report the cases wherein software, hardware or IT enabled system is lying redundant/ outdated.

Reply: NIL

5. What is system of accounting of grants/ subsidies received from Central / State Government or its agencies for performing certain activity? Comment on the cases of diversion wherein the grants were not utilized for the purpose for which these were received

Reply: Not applicable, as such no grant / subsidies received from Central or State Government.

**For P Singhvi & Associates**  
Chartered Accountants  
FRN. 113602W

Date : 30<sup>th</sup> May, 2017  
Place : Gandhinagar

**Praveen Singhvi**  
Partner  
M. No. 071608

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) READ WITH SECTION 129(4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF GUJARAT STATE PETROLEUM CORPORATION LIMITED FOR THE YEAR ENDED 31 MARCH 2017**

The preparation of Consolidated financial statements of **Gujarat State Petroleum Corporation Limited** for the year ended 31 March 2017 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139 (5) read with Section 129 (4) of the Act are responsible for expressing opinion on the financial statements under Section 143 read with Section 129 (4) of the Act based on independent audit in accordance with the standards on auditing prescribed under Section 143 (10) of the Act. This is stated to have been done by them vide their Audit Report dated 30 May 2017.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 143 (6) (a) read with Section 129 (4) of the Act of the Consolidated financial statements of **Gujarat State Petroleum Corporation Limited** for the year ended 31 March 2017. We conducted a supplementary audit of the financial statements of its subsidiaries and associates as given in Annexure - I, but did not conduct supplementary audit of the financial statements of its subsidiaries and associates as given in Annexure-II for the year ended on that date. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records.

Based on my supplementary audit, I would like to highlight the following significant matters under Section 143 (6) (b) read with Section 129 (4) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related Audit Report:

CAG Comment & Management response on the same is placed below.

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

**(Gurveen Sidhu)  
Accountant General (E & RSA),  
Gujarat.**

**Date : 22<sup>nd</sup> September, 2017  
Place : Ahmedabad**

## Response to CAG Comment of Annual Account 2016-17

Sr. No.	CAG Comment	GSPC Management Response
1.	<p><b>A. Comments on Profitability</b>  <b>Statement of Profit and Loss</b>  <b>Exceptional Items (Note No. 32)</b>  <b>Impairment of Oil and Gas Assets :</b>  <b>₹ 14,923.54 crore</b></p> <p>GSPC, Geo Global Resources (GGR) and Jubilant Offshore Drilling Private Limited (JODPL) entered (February 2003) into a Production Sharing Contract (PSC) in relation to the exploration, exploitation, development and production of petroleum from KG Block with Participating Interests (PI) of 80 per cent, 10 per cent and 10 per cent respectively. GGR and GSPC also entered (August 2002) into a Carried Interest Agreement (CIA) in relation to carry of GGR's share of costs and expenses by GSPC.</p> <p>(1) As per the "Farm In Farm Out" Agreement entered with ONGC in March 2017, 80 per cent PI held with GSPC was transferred to ONGC in 2017-18. The Company transferred its share of 80 per cent PI in the KG block to Discontinued Operation held for sale as on 31 March 2017 and made provision for impairment amounting to ₹ 13250.33 crore on the same.</p> <p>As per Note 23 of the Notes to the Financial Statements, the valuation of the Discontinued Operation held for sale was measured at the lower of their carrying amount or fair value less cost to sell. As per Note 37 (a) of the Notes to the Financial Statements, the agreed valuation for the transaction was USD 995.26 million towards KG-Deen Dayal West (DDW) area and USD 200 million as an advance consideration towards other six discoveries areas.</p> <p>(2) Further, as per Note 2 (d) of Notes to the Financial Statements, for the 10 per cent carried interest in KG block by the Company, impairment is provided in line with the net realizable value as in the case of "Farm In Farm Out" Agreement with ONGC. The Company has transferred assets (recoverable) representing 10 per cent carried interest of GGR to Fixed Assets and has made provision for impairment amounting to ₹ 1673.21 crore.</p> <p>IND AS 36 states that "Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date". The above were major transactions contributing to the Loss for the year amounting to ₹ 16303.19 crore which has also resulted in erosion of the net worth of the Company. Considering that the fair valuation was mutually arrived at by the parties to the agreement (Company and ONGC) based on the value assigned by only one particular party, audit sought documentation of the due diligence exercise conducted by the Company to determine the true value of the assets and the consequent impairment. The Company provided some agenda papers related to the meetings of the Board of Directors. However, any other documents evidencing the process adopted for arriving at valuation were not made available.</p>	<p>Gujarat State Petroleum Corporation Limited (GSPC), Geo Global Resources (GGR) and Jubilant Offshore Drilling Private Limited (JODPL) entered (February 2003) into a Production Sharing Contract (PSC) in relation to the exploration, exploitation, development and production of petroleum from KG OSN 2001/3 (KG) block. The Participating Interests (PI) of the parties were 80%, 10% and 10% respectively.</p> <p>As disclosed in note 2(d) &amp; Note 32(a) considering the Farm In Farm Out agreement for 80% participating interest, Impairment test was carried out for the interest in KG block by the company.</p> <p>The Board of Directors, on 2<sup>nd</sup> January, 2017, approved to transfer the entire 80% participating interest to ONGC for a specific consideration. Hence, as per the requirement of Ind AS 105 the KG assets to the extent of 80% PI were classified as Non-Current Assets held for sale at Fair Value.</p> <p>As per the definition provided in para 6 to Ind AS 36 - Impairment of Assets:-  "Fair Value is the price that would be recovered to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."  There cannot be an active market for such transactions. Further, active market is more relevant when the assets has been identified for sale or disposal but the buyer has not been identified. However, in current case the Farm-In Farm-Out (FIFO) Agreement (already verified by audit party during audit) has been executed on 10<sup>th</sup> March, 2017 between GSPC &amp; ONGC wherein consideration has already been finalised and the management is of the view that in this case, the best estimate of the fair value would be the consideration agreed in the FIFO agreement with ONGC, an independent party.</p> <p>Further, para 20 of the 'Ind AS 105 - Non Current Assets Held For sale and discontinued operation' reads  "An entity shall recognise an impairment loss for any initial or subsequent write down of the asset (or disposal group) for fair value less cost to sell to the extent that it has not been recognised in accordance with para 19"</p> <p>Complying with above provisions of Ind AS 105, the company has recognised impairment loss which has also been disclosed in note 23 of the financial statements wherein fair value has been derived from FIFO agreement.</p> <p>CAG commenced audit camp in GSPC from 3<sup>rd</sup> August, 2017 and concluded on 24<sup>th</sup> August, 2017. During this period the audit team had access to all the documents related KG transaction. The minutes of the board meeting and FIFO agreement were also produced before audit team for their verification during the camp. There were no pending audit requirements at the end of the audit camp.</p> <p>Hence, all the necessary documents relevant to the impairment had been produced to the audit party on demand and all the necessary disclosures have also been made in the notes to the financial statements.</p>





**Response to CAG Comment of Annual Account 2016-17**

Sr. No.	CAG Comment	GSPC Management Response
	<p>As all the working papers related to valuation of assets impaired during the year have not been provided, audit cannot give an assurance regarding the correctness otherwise of the valuation and consequent impairment of the Discontinued Operations held for sale.</p>	<p>However, CAG again requested the KG transaction related documents (after 14 days from completion of audit camp) which were also submitted on 20<sup>th</sup> September, 2017. While submitting required details, the officials from company personally visited the CAG office and remained available for continuous two days for any further clarification. At that time we were informed that no further details or explanation is required.</p> <p>However, on 22<sup>nd</sup> September 2017, CAG issued the final comment, stating the unavailability of all working papers related to valuation of assets during the year and this has constrained them from providing an assurance regarding correctness otherwise of valuation and consequent impairment of Discontinued Operations held for Sale.</p> <p>During discussion with Principal Accountant General, on 25<sup>th</sup> September, 2017 (after issuance of final comments), it came out that CAG wanted the basis of the assumptions taken for arriving at the valuation which included reserve reports, valuation working and any other documents based on which the assumptions for valuation was taken. However, this was not informed clearly to GSPC during the entire process.</p> <p>As a compliance to the final comments the company has submitted all the additional details required by CAG on 26<sup>th</sup> September, 2017 with a request to revisit the final comment. However, CAG vide letter dated 13<sup>th</sup> October, 2017 has refused to revisit the same.</p> <p>GSPC Management is of the view that impairment has been properly carried out in accordance with the requirement of IND AS and disclosed in the accounts. This view of GSPC has also been verified independently and endorsed by the Statutory Auditors of the Company. The audit report of the Statutory Auditor does not contain any qualification regarding impairment.</p>
2.	<p><b><u>B. Comments on Disclosures</u></b> <b><u>Notes to Financial Statements</u></b></p> <p>As per para 30 of IND AS 105, “An entity shall present and disclose information that enables users of the financial statements to evaluate the financial effects of discontinued operations and disposals of non-current assets (or disposal groups).”</p> <p>As per the minutes of 221<sup>st</sup> Meeting of the Board of Directors dated 02 January 2017, after adjustment of consideration received from ONGC, financial support of Government of Gujarat would be required for balance loans of ₹ 3500 crore secured against assets transferred to Discontinued Operations held for Sale. The above material fact has not been disclosed in the notes to financial statements.</p>	<p>The divestment of 80% Participating Interest (PI) was finalized subsequent to long drawn negotiations between both the parties. The negotiations pertained to technical, commercial, financial and legal aspects of the transfer of KG Block assets to ONGC. The divestment of 80% PI has been valued under forward going Discounted Cash Flow (DCF) Method of valuation with no absorption of the existing linked debt liabilities. Subsequent to the negotiations and finalization of valuation, the FIFO Agreement was executed on 10<sup>th</sup> March 2017. The FIFO agreement had certain Conditions Precedent (CP) which were required to be satisfied by GSPC for enforcement of the agreement and transfer of the asset including receipt of the agreed consideration.</p> <p>As the acquirer of 80% PI in KG Block with operatorship, ONGC required an unencumbered asset i.e. devoid of any debt liabilities linked to the 80% Participating Interest of KG Block. Thus in view of the above, The Conditions Precedent (i.e. Article 3.2.4 of FIFO Agreement) required GSPC to obtain No Objection Certificate (NOC) of the secured lenders prior to execution of the transaction.</p> <p>The Company has already clarified that the reference drawn from Minutes of Meeting dated 2<sup>nd</sup> January 2017 is</p>

## Response to CAG Comment of Annual Account 2016-17

Sr. No.	CAG Comment	GSPC Management Response
		<p>only mentioning the requirement of support from Government of Gujarat for obtaining NOC from the secured lenders of KG Block for achieving successful closure of transaction with ONGC. In this context, GSPC had merely anticipated the requirement of ONGC and accordingly Board of Directors in 221<sup>st</sup> Board Meeting were apprised that ONGC will require NOC from the secured lenders - for which the Company <b>may require support from Government of Gujarat.</b></p> <p>However, as the negotiations evolved with ONGC and by the time that the FIFO was executed, the matter regarding the NOC from lenders was further deliberated internally and a plan of action was charted <b>to obtain the NOC from lenders without any support from Government of Gujarat.</b></p> <p>The transaction of 80% PI in KG Block was executed with floor consideration for Other Discoveries area. The Company retains the right to obtain any upside in valuation of Other Discoveries area whenever the Field Development Plan is finalized. Further, the Company also retains the right to recover dues from the revenues of KG Block. The 10% PI of GGR has also been surrendered to GSPC. The upside available from Other Discoveries along with charge on receivables from KG Block including recovery of dues of JV Partner was offered as security package for the lenders against the balance loans of ₹ 3,500 Crore.</p> <p>The Company had convened a joint lenders' meeting wherein the matter was discussed and a detailed proposal was submitted to the secured lenders' which solicited approval of NOC from secured lenders with security being provided to lenders for revenues from KG Block as well as any upside in valuation of Other Discoveries. The secured lenders appraised the submission and approved the NOC for the transaction with ONGC agreeing with the security package offered by GSPC. The secured lenders had released the respective NOCs for the transaction. Further the Company has also executed the Security Agreement with the lenders as mentioned above. The copies of NOC from lenders as well as the security agreement has been enclosed for perusal.</p> <p>Therefore, <b>the support which was anticipated from Government of Gujarat for obtaining NOC from secured lenders during the Board meeting dated 2<sup>nd</sup> January, 2017 was not eventually required by the Company.</b> The Company had obtained the necessary approvals for the transaction and NOCs from all the secured lenders with the security package on or before 31<sup>st</sup> March, 2017. Thus, the Company is of the opinion that any requirement for disclosure on account of requirement of Government of Gujarat for obtaining approval from secured lenders for balance loan of ₹ 3,500 Crore stands annulled.</p> <p>CAG comment has captured only part of several deliberations which have taken place in the meeting. Specific decision taken in the said 221<sup>st</sup> Board Meeting which specifically records Board decision to constitute Committee of Directors to finalize terms with the lenders. Further, the Board has also deliberated in the said meeting that discussion is required with the lenders to reduce liability of the company towards repayment of balance debt obligations.</p>



**GUJARAT STATE PETROLEUM CORPORATION LIMITED**

(CIN : U23209GJ1979SGC003281)

**Consolidated balance sheet as at 31<sup>st</sup> March, 2017**

(₹ in Crores)

Particulars	Notes	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	2	11,183.98	10,305.64	8,049.48
Capital work-in-progress	2	1,640.00	15,820.86	13,718.34
Investment properties	3	3.79	3.82	3.86
Goodwill on consolidation		186.14	186.14	186.14
Other intangible assets	4	409.41	320.43	2,351.35
Intangibles under development	4	1,456.64	11,066.62	11,136.03
Investment in equity accounted investees	5	539.69	388.62	293.06
<b>Financial assets</b>				
Investments	6	67.10	58.45	81.37
Loans	7	83.59	27.83	28.61
Other financial assets	8	548.42	125.45	133.53
Other non-current assets	9	451.61	564.16	311.46
<b>Total non-current assets</b>		<b>16,570.37</b>	<b>38,868.02</b>	<b>36,293.23</b>
<b>Current assets</b>				
Inventories	10	399.40	192.68	206.93
<b>Financial assets</b>				
Investments	6	-	20.00	937.33
Trade receivables	11	935.33	921.91	1,023.12
Cash and cash equivalents	12	65.68	118.87	488.28
Other bank balances	12	508.11	600.72	670.96
Loans	7	152.68	345.01	467.11
Other financial assets	8	1,237.92	1,483.32	1,084.74
Current tax assets		-	-	-
Other current assets	9	50.87	54.97	44.19
<b>Total current assets</b>		<b>3,349.99</b>	<b>3,737.48</b>	<b>4,922.66</b>
<b>Assets held for sale as a part of discontinued operations</b>	<b>23</b>	<b>8,053.34</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>		<b>27,973.70</b>	<b>42,605.50</b>	<b>41,215.89</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity share capital	13	255.93	255.93	250.45
Other equity	14	(9,016.86)	6,337.54	7,074.30
<b>Total Equity</b>		<b>(8,760.93)</b>	<b>6,593.47</b>	<b>7,324.75</b>
<b>Non controlling interest</b>		<b>3,865.42</b>	<b>3,377.34</b>	<b>3,458.24</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
<b>Financial liabilities</b>				
Borrowings	15	22,179.65	20,627.80	17,090.84
Other financial liabilities	16	683.47	633.92	585.84
Provisions	17	158.18	430.80	394.27

**GUJARAT STATE PETROLEUM CORPORATION LIMITED**  
(CIN : U23209GJ1979SGC003281)  
**Consolidated balance sheet as at 31<sup>st</sup> March, 2017**

Particulars	Notes	(₹ in Crores)		
		As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
Deferred revenue/ contract liabilities	18	12.73	11.99	12.99
Net employee benefit liabilities	19	39.81	34.79	23.17
Deferred tax liabilities (Net)	20	436.28	1,283.22	653.84
Other non-current liabilities	21	8.95	24.54	26.31
<b>Total non-current liabilities</b>		<b>23,519.07</b>	<b>23,047.06</b>	<b>18,787.26</b>
<b>Current Liabilities</b>				
Financial liabilities				
Borrowings	15	4,413.99	4,034.71	5,370.56
Trade payables	22	478.47	582.48	545.83
Other financial liabilities	16	3,455.51	4,251.98	5,230.17
Other current liabilities	21	623.30	622.50	413.19
Deferred revenue/ contract liabilities	18	1.37	18.65	2.39
Net employee benefit Liabilities	19	17.07	20.37	18.54
Current tax liability (Net)		-	-	-
Provisions	17	56.99	56.94	64.97
<b>Total current liabilities</b>		<b>9,046.70</b>	<b>9,587.63</b>	<b>11,645.65</b>
<b>Total Liabilities</b>		<b>32,565.77</b>	<b>32,634.69</b>	<b>30,432.91</b>
<b>Liabilities associated with discontinued operations</b>	23	303.44	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>27,973.70</b>	<b>42,605.50</b>	<b>41,215.89</b>

Significant Accounting Policies

1

The accompanying notes are integral part of the financial statements.  
As per our report of even date attached.

For and on behalf of the Board of Directors

**For P Singhvi & Associates**  
Chartered Accountants  
FRN. 113602W

**Praveen Singhvi**  
Partner  
M. No. 071608

Date : 30<sup>th</sup> May, 2017  
Place : Gandhinagar

**Dr. J. N. Singh, IAS**  
Chairman & Managing Director  
DIN : 00955107

**Sandeep Dave**  
Company Secretary

Date : 30<sup>th</sup> May, 2017  
Place : Gandhinagar

**Dr. T. Natrajan, IAS**  
Joint Managing Director  
DIN : 00396367

**Gopal Srinivasan**  
Chief Financial Officer



**GUJARAT STATE PETROLEUM CORPORATION LIMITED**

(CIN : U23209GJ1979SGC003281)

**Consolidated statement of profit and loss for the year ended 31<sup>st</sup> March, 2017**

(₹ in Crores)

Particulars	Notes	For the year ended 31 <sup>st</sup> March, 2017	For the year ended 31 <sup>st</sup> March, 2016
<b>INCOME</b>			
Revenue from operations	24	13,016.43	14,286.90
Other income	25	253.04	167.20
<b>TOTAL INCOME (A)</b>		<b>13,269.47</b>	<b>14,454.10</b>
<b>EXPENSES</b>			
Production expenditure	26	174.58	72.18
Cost of material consumed	27	825.75	1,109.50
Cost of traded goods	28	8,375.80	10,689.47
Changes in inventories of finished goods, work-in-progress and stock-in-trade	29	(184.14)	21.67
Employee benefits expenses	30	192.58	194.18
Finance costs	31	2,338.23	532.02
Depreciation and amortization expenses		1,492.21	697.65
Other expenses	32	525.07	523.79
<b>TOTAL EXPENSES (B)</b>		<b>13,740.08</b>	<b>13,840.46</b>
<b>Profit/ (loss) before exceptional items, share of net profits of investments accounted for using equity method and tax (A-B)</b>		<b>(470.61)</b>	<b>613.64</b>
<b>Share of profit/(loss) of joint ventures and associates accounted for using the equity method</b>			
Share of profit/(loss) of joint ventures and associates accounted for using the equity method (Net of Tax)		36.79	15.48
Share of Profit transferred to Minority Interest		(466.42)	(391.52)
<b>Profit/ (loss) before exceptional items and tax (A-B)</b>		<b>(900.24)</b>	<b>237.60</b>
Exceptional items	33	(15,195.88)	(806.65)
<b>Profit/ (loss) before share of net profits of investments accounted for using equity method and tax</b>		<b>(16,096.12)</b>	<b>(569.05)</b>
<b>Tax expense</b>	<b>20</b>		
Current Tax		322.17	258.71
Adjustments of tax for earlier years		(59.13)	(3.98)
Deferred Tax		(679.20)	(20.06)
Less: MAT credit entitlement		-	(10.33)
<b>Profit/ (loss) after tax</b>		<b>(416.16)</b>	<b>224.34</b>

## GUJARAT STATE PETROLEUM CORPORATION LIMITED

(CIN : U23209GJ1979SGC003281)

Consolidated statement of profit and loss for the year ended 31<sup>st</sup> March, 2017

(₹ in Crores)			
Particulars	Notes	For the year ended 31 <sup>st</sup> March, 2017	For the year ended 31 <sup>st</sup> March, 2016
<b>Profit/ (loss) after tax for the period including profit from non current assets held for sale - Refer Note 23 (C)</b>		<u>(15,679.96)</u>	<u>(793.39)</u>
<b>Other comprehensive income</b>			
Items that will not be reclassified to profit or loss			
Changes in fair value of FVTOCI equity instruments		8.65	(2.31)
Remeasurement of post-employment benefit obligations		(0.50)	(3.34)
Share of OCI in Associate and JV (Ind AS)		1.79	(0.69)
Income tax relating to these items		26.39	2.35
<b>Other comprehensive income for the period, net of tax (D)</b>		<u>36.33</u>	<u>(3.99)</u>
Transfer to CWIP		-	-
<b>Total Comprehensive Income for the Period (C+D)</b>		<u>(15,643.63)</u>	<u>(797.38)</u>
<b>Share of profit transferred to minority</b>		(466.42)	(391.52)
<b>Earning per equity share (EPS) including non current assets held for sale - Refer Note 23 (face value of ₹ 1/-)</b>			
Basic (₹)	34	(60.79)	(3.14)
Diluted (₹)		(59.03)	(3.05)

1

The accompanying notes are integral part of the financial statements.

As per our report of even date attached.

For and on behalf of the Board of Directors

For P Singhvi &amp; Associates

Chartered Accountants

FRN. 113602W

Praveen Singhvi

Partner

M. No. 071608

Date : 30<sup>th</sup> May, 2017

Place : Gandhinagar

Dr. J. N. Singh, IAS

Chairman &amp; Managing Director

DIN : 00955107

Sandeep Dave

Company Secretary

Date : 30<sup>th</sup> May, 2017

Place : Gandhinagar

Dr. T. Natrajan, IAS

Joint Managing Director

DIN : 00396367

Gopal Srinivasan

Chief Financial Officer





**GUJARAT STATE PETROLEUM CORPORATION LIMITED**

(CIN : U23209GJ1979SGC003281)

**Statement of changes in equity for the period ended on 31<sup>st</sup> March, 2017**

**A. Equity Share Capital**

Particulars	No. of Shares*	Amount (₹ In crores)
<b>Issued, subscribed and paid up share capital</b>		
Equity Shares of ₹ 1/- each fully paid up	2,524,486,486	252.45
As at 1 <sup>st</sup> April 2015	54,776,434	5.48
Equity shares issued during the year	2,579,262,920	257.93
As at 31 <sup>st</sup> March 2016	-	-
Changes in equity share capital -		
As at 31 <sup>st</sup> March 2017	2,579,262,920	257.93

\*No of share including share held by group company.

**B. Other equity**

(₹ In crores)

Particulars	Share application money pending allotment	Employee stock options Outstanding (Net)	Reserves & Surplus						Equity Instruments through Other Comprehensive Income	Total Equity		
			Capital reserve	Capital reserve on consolidation	Treasury share held by GGL	Amalgamation reserve	Securities premium reserve	Debtenture redemption reserve			General reserve	Retained earnings
<b>Balance at April 1, 2015</b>	-	1.41	(0.05)	81.10	(4.04)	-	3,524.51	347.74	3,272.03	(204.22)	55.82	7,074.30
Changes in accounting policy / prior period errors												
<b>Restated balance at the beginning of the reporting period</b>	-	1.41	(0.05)	81.10	(4.04)	-	3,524.51	347.74	3,272.03	(204.22)	55.82	7,074.30
Profit for the year												
Other comprehensive income for the year												
<b>Total comprehensive income for the year</b>	-	1.41	(0.05)	81.10	(4.04)	-	3,524.51	347.74	3,272.03	(1,001.59)	53.52	6,274.62
Addition during the year		1.19	1.33	(62.48)	(36.51)		366.95	44.92				377.87
Utilisation during the year												(62.48)
Any Other Change	(3.90)					0.08			(7.19)		(12.86)	(252.49)
<b>Balance at March 31, 2016</b>	(3.90)	2.60	1.28	18.62	(3.96)		3,891.46	392.66	3,264.84	(1,230.21)	40.66	6,337.53
Changes in accounting policy / prior period errors												
<b>Restated balance at the beginning of the reporting period</b>	(3.90)	2.60	1.28	18.62	(3.96)		3,891.46	392.66	3,264.84	(1,230.21)	40.66	6,337.53
Profit for the year												
Other comprehensive income for the year												
<b>Total comprehensive income for the year</b>	(3.90)	2.60	1.28	18.62	(3.96)		3,891.46	392.66	3,264.84	(16,873.84)	40.66	(9,306.10)
Issue of Equity Shares												
Any Other Change	3.90			(2.57)	3.96				0.17	351.12	56.21	289.23
<b>Balance at March 31, 2017</b>	-	1.26	1.28	16.05	(36.51)		3,894.24	267.66	3,265.01	(16,522.72)	96.87	(9,016.87)

As per our report of even date attached.

For and on behalf of the Board of Directors

**For P Singhvi & Associates**  
Chartered Accountants  
FRN: 113602W

**Praveen Singhvi**  
Partner  
M. No. 071608

Date : 30<sup>th</sup> May, 2017  
Place : Gandhinagar

**Dr. J. N. Singh, IAS**  
Chairman & Managing Director  
DIN : 00955107

**Sandeep Dave**  
Company Secretary

Date : 30<sup>th</sup> May, 2017  
Place : Gandhinagar

**Dr. T. Natrajan, IAS**  
Joint Managing Director  
DIN : 00396367

**Gopal Srinivasan**  
Chief Financial Officer

## GUJARAT STATE PETROLEUM CORPORATION LIMITED

(CIN : U23209GJ1979SGC003281)

Cash flow statement for the year ended 31<sup>st</sup> March, 2017

(` in Crores)

Particulars	For the year ended 31 <sup>st</sup> March, 2017	For the year ended 31 <sup>st</sup> March, 2016
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	(16,096.12)	(569.05)
Adjustments for:		
Depreciation, Amortisation & Depletion	1,492.21	697.65
EsOP compensation Expense	-	(0.67)
Provision for decommissioning liabilities	0.25	0.23
Employee Benefit expense	0.18	1.09
Interest & Finance Charges being financing cash outflow	2,338.23	532.02
Gain/Loss on sale of investments	-	0.05
Loss on Sale of Assets	10.13	8.56
Finance Cost		
Foreign Exchange Loss/(Gain)	-	10.05
Impairment of oil and gas assets	14,923.55	-
	-	-
Exploration Cost Written off	(17.60)	781.03
Provision no longer required	(1.09)	(1.53)
Provision for Doubtful Advances	294.09	6.00
	<u>2,942.73</u>	<u>1,463.65</u>
	(242.75)	(184.45)
	(0.14)	(0.01)
<b>Operating Profit before working capital changes</b>	<u>2,699.84</u>	<u>1,279.19</u>
<b>Adjustments for changes in Working Capital</b>		
Current Assets	(607.78)	924.86
Current Liabilities	623.69	322.09
<b>Cash Generated from Operations</b>	<u>2,715.74</u>	<u>2,526.14</u>
Taxes (paid)/ refund	(146.61)	(281.53)
Prior period Adjustments	-	0.08
<b>Net Cash Flow from Operating Activities (A)</b>	<u>2,569.13</u>	<u>2,244.69</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Cash Paid for Purchase of Assets / CWIP including Joint Ventures (Net)	(1,347.75)	(1,814.48)
Sale of Fixed Assets	2.05	(12.23)
Investments in Subsidiaries	(1.00)	(46.24)
Other Investments	(34.60)	854.88
Proceeds from Investments/change in fd & current account	(295.91)	(162.11)
Inter Corporate Loans to group Companies	184.50	(137.94)
Payment of duties and Taxes	(3.86)	(0.26)
Interest / Dividend Income	243.67	204.97
<b>Net Cash Flow from Investing Activities (B)</b>	<u>(1,252.90)</u>	<u>(1,113.41)</u>



**GUJARAT STATE PETROLEUM CORPORATION LIMITED**

(CIN : U23209GJ1979SGC003281)

**Cash flow statement for the year ended 31<sup>st</sup> March, 2017**

(₹ in Crores)

Particulars	For the year ended 31 <sup>st</sup> March, 2017	For the year ended 31 <sup>st</sup> March, 2016
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceed from Equity Share issue	2.86	445.61
Dividend paid	(143.08)	(164.40)
Equity Share issue expenses	-	0.44
Proceeds /(Repayment) to Secured Loans (net)	(543.91)	(1,149.36)
Proceeds from Unsecured Loans (net)	409.72	(1,371.02)
Interest & Financing Charges Paid	(2,325.84)	(2,375.85)
	-	-
<b>Net Cash Flow from Financing Activities (C)</b>	<b>(1,369.41)</b>	<b>(1,500.69)</b>
<b>Net Increase/(Decrease) in Cash and Cash equivalents (D) (A+B+C)</b>	<b>(53.18)</b>	<b>(369.41)</b>
<b>Cash and Cash equivalents at the Beginning of the Year</b>		
Cash on hand	0.99	1.13
Bank Balances	117.88	487.15
	<u>118.86</u>	<u>488.28</u>
<b>Cash and Cash equivalents at the End of the Year</b>		
Cash on hand	1.26	0.99
Bank Balances	64.42	117.88
	<u><u>65.68</u></u>	<u><u>118.87</u></u>

The accompanying notes are integral part of the financial statements.

As per our report of even date attached.

For and on behalf of the Board of Directors

**For P Singhvi & Associates**

Chartered Accountants  
FRN. 113602W

**Praveen Singhvi**

Partner  
M. No. 071608

Date : 30<sup>th</sup> May, 2017

Place : Gandhinagar

**Dr. J. N. Singh, IAS**

Chairman & Managing Director  
DIN : 00955107

**Sandeep Dave**

Company Secretary

Date : 30<sup>th</sup> May, 2017

Place : Gandhinagar

**Dr. T. Natrajan, IAS**

Joint Managing Director  
DIN : 00396367

**Gopal Srinivasan**

Chief Financial Officer

## Additional information - Instruction No 2 of Schedule III

Name of the entity	Net Assets i.e. total assets minus total liabilities					
	as % of consolidated net assets as on 31.03.2017	Amount (₹. in Crore) as on 31.03.2017	as % of consolidated net assets as on 31.03.2016	Amount (₹. in Crore) as on 31.03.2016	as % of consolidated net assets as on 31.03.2015	Amount (₹. in Crore) as on 31.03.2015
<b>Parent</b>	140.50%	(12,309.47)	52.87%	3,485.88	61.98%	4,539.59
<b>Subsidiaries:</b>						
<b>Indian</b>						
Gujarat State Petronet Limited	-19.33%	1,693.64	23.26%	1,533.67	19.06%	1,396.22
Gujarat Gas Limited	-7.24%	634.04	8.80%	580.53	7.68%	562.74
Guj Info Petro Limited	-0.37%	32.37	0.46%	30.54	0.42%	30.79
GSPC Pipavav Power Company Limited	-7.42%	649.76	8.73%	575.73	6.86%	502.38
GSPC (JPDA) Limited	-0.00%	(0.39)	-0.01%	(0.95)	0.00%	(0.12)
GSPC Energy Limited	0.00%	(0.29)	0.00%	(0.28)	0.00%	0.05
GSPC Offshore Limited	0.00%	(0.29)	0.00%	(0.28)	0.00%	0.05
<b>Associates (Investment as per the equity method)</b>						
<b>Indian</b>						
Gujarat State Energy Generation	-0.79%	68.85	0.78%	51.23	0.53%	38.88
Sabarmati Gas Limited	-2.01%	175.84	1.50%	99.00	0.58%	42.26
GSPC LNG Limited	-0.44%	38.43	0.57%	37.45	0.52%	37.95
GSPC India Transco Limited	-1.25%	109.56	1.34%	88.29	1.02%	74.88
GSPC India Gasnet Limited	-1.68%	147.01	1.71%	112.65	1.35%	99.08
Alcock Ashdown (Gujarat) Limited	0.00%	-	0.00%	-	0.00%	-
		(8,760.93)		6,593.47		7,324.75



A Statement of summarised financial information for each subsidiary that has non controlling interest (NCI)

(₹ In crores)

Balance Sheet	GSPL			GPL			GPPC			GGL		
	01-Apr-15	31-Mar-16	31-Mar-17	01-Apr-15	31-Mar-16	31-Mar-17	01-Apr-15	31-Mar-16	31-Mar-17	01-Apr-15	31-Mar-16	31-Mar-17
Net Worth of the company	3,702.53	4,069.18	4,495.97	39.88	44.20	46.85	515.42	590.67	666.63	1,437.60	1,509.47	1,644.88
<b>Total NCI</b>	<b>2,262.23</b>	<b>2,557.91</b>	<b>2,880.36</b>	<b>11.93</b>	<b>13.55</b>	<b>13.87</b>	<b>12.80</b>	<b>13.70</b>	<b>15.60</b>	<b>1,171.28</b>	<b>792.18</b>	<b>955.59</b>

(₹ In crores)

Statement of Profit & Loss	GSPL			GPL			GPPC			GGL		
	2015-16	2016-17	2016-17	2015-16	2016-17	2016-17	2015-16	2016-17	2016-17	2015-16	2016-17	2016-17
Total Revenue	1,057.56	1,115.76	1,115.76	23.83	15.93	15.93	669.06	669.06	491.91	6,289.98	6,289.98	5,264.19
	445.95	496.41	496.41	4.33	2.65	2.65	75.24	75.24	75.96	154.38	154.38	176.83
<b>Share of NCI</b>	<b>295.68</b>	<b>322.45</b>	<b>322.45</b>	<b>1.62</b>	<b>0.32</b>	<b>0.32</b>	<b>0.90</b>	<b>0.90</b>	<b>1.90</b>	<b>93.32</b>	<b>93.32</b>	<b>141.75</b>

\* The amounts disclosed as total revenue and profit for the year before inter company eliminations and policy alignments, while Share of NCI reported is after considering all such effects.



Additional information - Instruction No 2 of Schedule III

Name of the entity	Share in profit or loss			Other Comprehensive income			Total Comprehensive income					
	as % of consolidated profit or loss for 2016-17	Amount (₹. in Crore) for FY 2016-17	as % of consolidated profit or loss for 2015-16	Amount (₹. in Crore) for FY 2016-17	as % of consolidated profit or loss for 2015-16	Amount (₹. in Crore) for FY 2015-16	as % of consolidated profit or loss for 2016-17	Amount (₹. in Crore) for FY 2016-17	as % of consolidated profit or loss for 2015-16	Amount (₹. in Crore) for FY 2015-16		
<b>Parent</b>	102.45%	(16,063.76)	141.75%	(1,124.65)	145.19%	52.75	-217.93%	8.70	102.35%	(16,011.01)	139.95%	(1,115.96)
<b>Subsidiaries:</b>												
<b>Indian</b>												
Gujarat State Petronet Limited	-1.19%	187.08	-21.16%	167.85	-0.24%	(0.09)	-5.67%	0.23	-1.20%	187.00	-21.08%	168.08
Gujarat Gas Limited	-0.54%	84.07	-9.13%	72.42	-44.78%	(16.27)	324.17%	(12.93)	-0.43%	67.80	-7.46%	59.49
Guj Info Petro Limited	-0.01%	1.87	-0.37%	2.97	-0.08%	(0.03)	-0.52%	0.02	-0.01%	1.83	-0.38%	2.99
GSPC Pipavav Power Company Limited	-0.47%	74.07	-9.24%	73.34	6.86%	(0.03)	-0.05%	0.00	-0.47%	74.04	-9.20%	73.34
GSPC (JPDA) Limited	-0.00%	(0.06)	0.02%	(0.14)	0.00%	-	0.00%	-	0.00%	(0.06)	0.02%	(0.14)
GSPC Energy Limited	-0.00%	(0.01)	0.04%	(0.33)	0.00%	-	0.00%	-	0.00%	(0.01)	0.04%	(0.33)
GSPC Offshore Limited	0.00%	(0.01)	0.04%	(0.33)	0.00%	-	0.00%	-	0.00%	(0.01)	0.04%	(0.33)
<b>Associates (Investment as per the equity method)</b>												
<b>Indian</b>												
Gujarat State Energy Generation	-0.10%	15.81	-1.56%	12.39	0.00%	-	0.00%	-	-0.10%	15.81	-1.55%	12.39
Sabarmati Gas Limited	-0.13%	19.94	-0.14%	1.12	0.00%	-	0.00%	-	-0.13%	19.94	-0.14%	1.12
GSPC LNG Limited	-0.01%	0.98	-0.12%	0.99	0.00%	-	0.00%	-	-0.01%	0.98	-0.12%	0.99
GSPC India Transco Limited	0.00%	(0.01)	-0.07%	0.57	0.00%	-	0.00%	-	0.00%	(0.01)	-0.07%	0.57
GSPC India Gasnet Limited	0.00%	0.07	-0.05%	0.41	0.00%	-	0.00%	-	0.00%	0.07	-0.05%	0.41
Alcock Ashdown (Gujarat) Limited	0.00%	-	-0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-
		(15,679.96)		(793.39)		36.33		(3.99)		(15,643.63)		(797.38)





## Notes to Consolidated financial statements for the year ended 31<sup>st</sup> March, 2017

### CORPORATE INFORMATION

Gujarat State Petroleum Corporation Limited ('the Company') is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956. GSPC is a Government Company u/s 2(45) of Companies Act, 2013. Its debt securities are listed on National Stock Exchange in India. GSPC along with its subsidiaries, associates and joint ventures (collectively referred to as 'the Group') has evolved into an integrated energy company.

The Company is engaged in oil and gas activities comprising of oil & gas exploration, development and production and gas trading. The Company is also engaged in sale of electricity generated through Windmills. The other related businesses viz. gas transmission & distribution, power generation, city gas distribution and setting up of LNG terminal are held through its subsidiaries, joint ventures and associate companies.

#### 1. Significant accounting policies

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

##### (a) Basis of preparation of Financial Statements:

##### (i) Statement of compliance with Ind AS

The standalone financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015], other relevant provisions of the Act. The financial statements up to year ended 31<sup>st</sup> March 2016 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended), Guidance Notes issued by The Institute of Chartered Accountants of India for Oil and Gas Producing Activities (IGAAP) and other relevant provisions of the Act.

These financial statements are the first financial statements of the Group under Ind AS. The date of transition to Ind AS is 1<sup>st</sup> April, 2015. Refer Note 46 for an explanation of how the transition from Indian GAAP (IGAAP) to Ind AS has affected the Group's financial position, financial performance and cash flows.

##### (ii) Historical cost convention

The financial statements are prepared on accrual basis of accounting under historical cost convention in accordance with generally accepted accounting principles in India and the relevant provisions of the Companies Act, 2013 including Indian Accounting Standards notified there under, except for the following:

- certain financial assets and liabilities measured at fair value; and
- defined benefit plans - plan assets measured at fair value.

##### (iii) Use of estimates and judgements

The presentation of the financial statements are in conformity with the Ind AS which requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and disclosure of contingent liabilities. Such estimates and assumptions are based on management's evaluation of relevant facts and circumstances as on the date of financial statements. The actual outcome may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 9 - Current / Deferred tax expense
- Note 37 - Measurement of defined benefit obligations
- Note 35 - Provisions and contingencies
- Note 44 - Expected credit loss for receivables
- Note 44 - Fair valuation of unlisted securities
- Note 23 - Non-current assets held for sale
- Note 23 - Impairment on non-financial assets

Judgement has been exercised in determination of whether revenue from gas trading business should be accounted on gross or net basis. Further, judgement has been exercised in determination of whether an entity is controlled in spite of the company holding less than half of the voting rights.

**(iv) Current versus non-current classification**

The Group presents assets and liabilities in the Balance Sheet based on current/non-current classification.

An asset is classified as current when it is:

- A. expected to be realised or intended to be sold or consumed in its normal operating cycle;
- B. held primarily for the purpose of trading;
- C. expected to be realised within twelve months after the reporting period; or
- D. cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The liability is classified as current when:

- A. it is expected to be settled in its normal operating cycle;
- B. it is held primarily for the purpose of trading;
- C. it is due to be settled within twelve months after the reporting period; or
- D. There is no unconditional right to defer settlement of the liability for an at least twelve months after the reporting period.

All other assets and liabilities are classified as non-current assets and liabilities. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

**(b) Principles of consolidation and equity accounting**

The consolidated financial statement of GSPC represents consolidation of its financial statements with subsidiaries, associates and joint ventures (JV). The proportion of ownership interest in each subsidiary and associate is as follows:

Name of Entity	Relationship with GSPC	Direct Control or Control through Subsidiary (indirect Control)	ownership interest as on 31 <sup>st</sup> March 2017	ownership interest as on 31 <sup>st</sup> March 2016	ownership interest as on 1 <sup>st</sup> April 2015
Gujarat State Petronet Limited (G SPL)	Subsidiary	Direct Control	37.67%	37.69%	37.71%
Gujarat Gas Limited (GGL) (earlier known as GSPC Distribution Networks Limited*)	Subsidiary	Direct Control	38.11%	38.11%	38.82%
Guj Info Petro Limited (GIPL)	Subsidiary	Direct Control	69.09%	69.09%	77.20%
GSPC Pipavav Power Company Limited (GPPC)	Subsidiary	Direct Control	97.47%	97.47%	97.47%
GSPC (JPDA) Limited	Subsidiary	Direct Control	100.00%	100.00%	100.00%
GSPC Energy Limited	Subsidiary	Direct Control	100.00%	100.00%	NA
GSPC Offshore Limited	Subsidiary	Direct Control	100.00%	100.00%	NA
GSPC Gas Company Limited*	Subsidiary	Direct Control	NA	NA	54.34%
Gujarat Gas Company Limited*	Subsidiary	Indirect Control	NA	NA	28.31%
Gujarat Gas Financial Services Limited*	Subsidiary	Indirect Control	NA	NA	19.99%
Gujarat Gas Trading Company Limited*	Subsidiary	Indirect Control	NA	NA	28.61%
G SPL India Gasnet Limited	JV	Indirect JV	19.60%	19.60%	19.61%
G SPL India Transco Limited	JV	Indirect JV	19.60%	19.60%	19.61%
Sabarmati Gas Ltd	JV		32.82%	32.82%	16.44%
Gujarat State Energy Generation Limited	Associate		33.26%	33.26%	33.27%
GSPC LNG Ltd.	Associate		13.48%	13.49%	13.49%
Alcock Ashdown (Gujarat) Limited	Associate		22.50%	22.50%	22.50%

\*The scheme of amalgamation and arrangement was sanctioned by the Hon'ble Gujarat High Court at Ahmedabad vide its order dated 30<sup>th</sup> March 2015 between the following transferors companies -

1. GSPC Gas Company Limited (GSPC Gas)
  2. Gujarat Gas Company Limited (GGCL)
  3. Gujarat Gas Financial Services Limited (GFSL)
  4. Gujarat Gas Trading Company Limited (GTCL)
- (Collectively called Transferor Companies)





with Gujarat Gas Limited (formerly known as GSPC Distribution Networks Limited-GDNL)(the transferee) under the Scheme of Amalgamation and Arrangement with appointed date as 1<sup>st</sup> April, 2013. The certified copy of order was received on 18<sup>th</sup> April 2015 and filed with Registrar of Companies (ROC) at Ahmedabad on 14<sup>th</sup> May 2015. The Scheme of Amalgamation became effective on 14<sup>th</sup> May, 2015 with an appointed date of 1<sup>st</sup> April, 2013. Subsequently, the company's name has been changed from GSPC Distribution Networks Limited to Gujarat Gas Limited (GGL) with effect from 15<sup>th</sup> May 2015.

The effects of the above scheme of amalgamation are given in the consolidated accounts of the company during F.Y 2015-16 (comparative year) and hence figures of the same are not comparable to that extent with the numbers reported in the consolidated opening balance sheet prepared as on the transition date.

**(i) Subsidiaries**

Subsidiaries are entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and consolidated balance sheet respectively.

**(ii) Associates**

Associates are entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (iv) below), after initially being recognised at cost.

**(iii) Joint arrangements**

Under Ind AS 111 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

**Joint operations**

GSPC recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the consolidated financial statements under the appropriate headings. Details of the joint operation are set out in note 38.

**Joint ventures**

Interests in joint ventures are accounted for using the equity method (see (iv) below), after initially being recognised at cost in the consolidated balance sheet.

**(iv) Equity method**

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit and loss, and the group's share of other comprehensive income of the investee in other comprehensive income.

Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

The carrying amount of equity accounted investments are tested for impairment in accordance with the policy described in note k below.

**(v) Changes in ownership interests**

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.

When the group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognised in the consolidated statement of profit and loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to consolidated statement of profit and loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to consolidated statement of profit and loss where appropriate.

**(c) Property, plant and equipment**

**(i) Oil and Gas properties**

The group has adopted Contract Area (PSC) level cost centre based accounting for the oil and gas operations with effect from 1<sup>st</sup> April, 2015 and accordingly, all costs incurred in acquisition, prospecting, exploration and development of a Contract Areas are accumulated considering a contract area as a cost center. Cost incurred at each of the following level are accounted for as stated below.

**a) Pre acquisition Cost**

Expenditure incurred before obtaining the right(s) to explore, develop and produce oil and gas are expensed as and when incurred.

**b) Acquisition, Exploration & Evaluation Costs**

Acquisition cost of an oil and gas property are costs incurred to purchase, lease or otherwise acquire a property or mineral rights. All such cost are capitalised and accumulated as Exploration Cost under Capital Work In Progress or Intangible assets under Development as the case may be based on the nature of the expenditure.

Exploration and Evaluation activities cover the prospecting activities conducted in search for oil and gas after an entity has obtained legal rights to explore a specific area, as well as activities towards determination of the technical feasibility and commercial visibility of extracting the oil & gas. All such cost are capitalised and accumulated as Exploration Cost under Capital Work In Progress or Intangible assets under Development as the case may be based on the nature of the expenditure.

**c) Development Cost**

Development activities cover the activities conducted after determination of the technical feasibility and commercial viability of extracting oil & gas but before the well starts actual commercial production and includes drilling cost of developments wells, completion of successful exploration wells laying gathering lines, production facilities etc. All such cost are capitalised and accumulated as Development Cost under Capital Work In Progress or Intangible assets under Development as the case may be based on the nature of the expenditure.

**d) Producing properties**

Producing Properties are created in respect of an area/field having proved developed oil and gas reserves, when the well in the area/field ready to commence commercial production. All the exploration cost and development cost incurred for the producing wells are reclassified as Producing Properties or Property Plant & Equipment as the case may be. The exploration and evaluation expenditure on unsuccessful wells in a proved area are also capitalised as Producing Properties as per the guidance available in para 23 of Guidance Notes issued by The Institute of Chartered Accountants of India for Oil and Gas Producing Activities (Ind AS).

**e) Abandonment Cost**

The full eventual estimated liability towards costs relating to dismantling, abandoning and restoring well sites and allied facilities are recognized in respective assets when the well is complete/facilities are installed.

**f) Surrender / Relinquishment of a Contract Area**

The carrying cost of a Contract Area is written off in the statement of profit & loss in the year in which such a Contract area is surrendered after the required approvals. Further, the carrying cost of a Contract Area that is proposed for surrender during a year but approval for which is still awaited at the end of such year, is also provided for in the statement of profit & loss under the head exploration cost written off.

**g) Disposal of Interest**

Gain (excess of net consideration over carrying value of the assets) or loss (excess of carrying value of the assets over net consideration) on sale of interest in a contract area is recognized in the statement of profit or loss in the year in which such agreement is executed.

**h) Accounting for Carried interest**

The "carried interest" arrangements whereby the assignee (the carrying party) agrees to defray all costs of drilling,





developing, and operating the property and is entitled to all of the revenue from production from the property, excluding any third party interest, until all of the assignee's costs have been recovered, after which the assignor will share in both costs and production, based on the agreed arrangement. In such an arrangement, the group being the carrying party records all costs, including those carried, as per its normal accounting policy, and records all revenue from the property including that applicable to the recovery of costs carried during pay-out period.

**Transition to Ind AS**

Carrying cost of the producing properties is re-allocated amongst the producing contract areas based on the balance reserves available as on 1<sup>st</sup> April, 2015 as per the para D8A of Appendix D to Ind AS 101 - First Time Adoption of Indian Accounting Standards. After the carrying cost allocation, Impairment tests for each contract area is carried out and impairment for individual contract area, if any, is charged to opening reserves.

As per para D21A of Appendix D to Ind AS 101 - First Time Adoption of Indian Accounting Standards, for all the non-producing well sites existing as on 1<sup>st</sup> April, 2015 for which provision for abandonment has not been created, the provision for site restoration has been created at the discounted value through the opening reserves.

**(ii) Other property, plant and equipment**

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost of acquisition/construction (net of recoverable taxes) less accumulated depreciation and impairment losses, if any.

Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

In case of transmission and city gas distribution business, the Group capitalises all the cost directly attributable and ascertainable to project assets, till completing the project. These costs include expenditure of pipelines, plant and machinery, cost of laying of pipeline, cost of survey, commissioning and testing charge, detailed engineering and interest on borrowings attributable to acquisition of such assets. The gas distribution networks are treated as commissioned when supply of gas commences to the customer(s).

Costs of meter / regulator consumed for initial connection to customers are capitalized as per underlying contracts with customers and consumed for replacement during the year are charged to statements of profit & loss.

The present value of the expected cost for the decommissioning of an asset after its useful life is included in the cost of the respective asset if the recognition criteria for a provision are met.

Capital Work-in-progress includes expenditure that is directly attributable to the acquisition/construction of assets, which are yet to be commissioned and project inventory.

An item of property, plant or equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is recognised in the statement of profit and loss.

**Transition to Ind AS**

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its property, plant and equipment including oil and gas assets recognised as at 1<sup>st</sup> April 2015 measured as per IGAAP and use that carrying value as the deemed cost of the property, plant and equipment. Please refer to note 46 for details of the same. For oil and gas assets in the development or production phases, the amount determined for the cost centre under the entity's IGAAP is allocated to the cost centre's underlying assets pro rata using reserve volumes or reserve values as of that date. The present value of the expected cost for the decommissioning of an asset after its useful life is included in the cost of the respective asset except for producing properties where the decommissioning cost is charged to retained earnings as on transition date.

**(d) Investment properties**

Investment properties comprises portions of free hold or lease hold land and office buildings that are held for rental yield and/or capital appreciation.

Investment property is measured initially at its cost, including related transaction costs and borrowing costs where applicable. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed out as and when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

***Transition to Ind AS***

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its investment properties recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of investment properties. Please refer to note 46 for details of the same.

**(e) Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Subsequently, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any

Goodwill on acquisitions of subsidiaries is included in intangible assets. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

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

***Transition to Ind AS***

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its intangible assets recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets. Please refer to note 46 for details of the same.

**(f) Depreciation, depletion and amortisation methods, estimated useful lives and residual values**

Depreciation on producing properties is provided on unit of production method and on other tangible items of property, plant and equipment is provided on written down value method (WDV) except otherwise stated.

The useful lives have been determined based on technical evaluation done by the management's expert which are in line with useful lives specified by Schedule II to the Companies Act, 2013. The residual values are at 5% of the original cost of the item of property, plant and equipment. The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Mobile instruments purchased by the Group are fully written off as expenses in the year of purchase.

Cost of lease-hold land is amortized equally over the period of lease.

Depreciation on fixed assets used for exploration and drilling activities is initially capitalized as part of exploration or development costs.

The depletion on producing properties has been calculated and provided, using the unit of production method as described in the Guidance Note on Accounting for Oil and Gas Producing Activities (Ind AS) issued by ICAI, in proportion of oil and gas production achieved vis a vis the proved reserves. As Guidance Note is for "Producing Activities", the group keeping in mind the prudent industry practice considers the assets for depletion only once the commercial production is commenced with the approval of the appropriate authority as per the provisions of the Production Sharing Contract (PSC). Till that time, neither the reserves are taken for depletion nor are the assets with respect to the said PSC are capitalized.

No depreciation or depletion is provided in the accounts of the Joint Ventures. However, the depreciation and depletion, as applicable, has been provided for by the Company in its own books based on its participating interest.

Depreciation on Plant and Machinery - pipelines (Steel and MDPE) is provided at 3.33 % on Straight-Line Method (SLM) considering useful life of thirty years with no residual value.

City gas stations, skids, pressure regulating stations, meters & regulators are written off on SLM basis. These are estimated to have useful life of 18 years based on technical assessment made by technical expert and management

On Power Generation Assets, depreciation is provided on straight line method (SLM) following the rate and methodology as notified by Central Electricity Regulatory Commission (CERC) pursuant to provisions of Electricity Act, 2003.

Right of Way (ROW) & Right of Use (ROU) are amortised over a period of useful lives which are considered to be 30 years and 99 years respectively on Straight Line Method.

Depreciation on items of property, plant and equipment acquired / disposed off during the year is provided on pro-rata basis with reference to the date of addition / disposal.

Investment properties are depreciated on written down value method (WDV) based on the useful lives prescribed in Schedule II to the Companies Act, 2013.

In case of intangible assets, software is amortized at 40% on written down value method.



**(g) Impairment of non-financial assets**

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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 companies or other available fair value indicators.

The Group bases its impairment calculation based on estimates, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to Other Comprehensive Income (OCI). For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

**(h) Leases**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1<sup>st</sup> April 2015, the Group has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

***As a lessee******Finance lease***

Lease of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards incidental to ownership are classified as finance leases.

At the commencement of the lease term, the Group recognises finance leases as assets and liabilities in its balance sheet at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine; if not, the Group's incremental borrowing rate is used. Any indirect costs of the Group are added to the amount recognised as an asset.

Minimum lease payments is apportioned between the finance charge and the reduction of the outstanding liability. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

***Operating lease***

Leases in which a significant portion of the risks and rewards incidental to ownership is not transferred to the Group as lessee, are classified as operating leases. Lease payments under an operating lease are recognised as an expenses on a straight-line basis over the lease term unless either:

- A. another systematic basis is more representative of the time pattern of the user's benefit even if the payments to the lessors are not on that basis; or
- B. the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. If payments to the lessor vary because of factors other than general inflation, then this condition is not met.

***As a lessor******Finance lease***

When substantially all of the risks and rewards of ownership transfer from the Group to the lessee, then it is classified as finance lease. Amounts due from lessees under finance leases are recorded as receivables at the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

**Operating lease**

Lease income from operating lease (excluding amount for services such as insurance and maintenance) is recognised in the statement of profit or loss on a straight-line basis over the lease term, unless either:

- A. Another systematic basis is more representative of the time pattern of the user's benefit even if the payments to the Group are not on that basis; or
- B. The payments to the Group are structured to increase in line with expected general inflation to compensate for the Group's expected inflationary cost increases. If payments to the Group vary because of factors other than general inflation, then this condition is not met.

**(i) Borrowing costs**

The Group is capitalising borrowing costs that are directly attributable to the acquisition or construction of qualifying assets. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. For interest capitalisation, the capital cost of a particular project is identified against a borrowing in terms of period of construction and the interest for the relevant period is added to the capital cost till the particular project is capitalised and thereafter the interest is charged to the statement of profit and loss. All other borrowing costs are recognized as expense in the period in which they are incurred and charged to the statement of profit and loss.

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

**(j) Non-current assets held for sale and discontinued operations**

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Non-current assets classified as held for sale are presented separately from the other assets in the balance sheet.

A discontinued operation is a component of the Group that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale.

**(k) Financial instruments**

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

**Financial assets****Initial recognition**

A financial asset is recognised in the balance sheet when the Group becomes party to the contractual provisions of the instrument.

**Initial measurement**

At initial recognition, the Group measures a financial asset at its fair value plus or minus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset.

**Subsequent measurement**

For purpose of subsequent measurement, financial assets are classified into:

- A. Financial assets measured at amortised cost;
- B. Financial assets measured at fair value through profit or loss (FVTPL); and
- C. Financial assets measured at fair value through other comprehensive income (FVTOCI).

The Group classifies its financial assets in the above mentioned categories based on:

- A. The Group's business model for managing the financial assets, and
- B. The contractual cash flows characteristics of the financial asset.





A financial asset is measured at amortised cost if both of the following conditions are met:

- A. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- B. The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised 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 amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- A. The financial asset is held within a business model whose objective is achieved by both collecting the contractual cash flows and selling financial assets and
- B. The asset's contractual cash flows represents SPPI.

A financial asset is measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income. In addition, the Group may elect to designate a financial asset, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

As per announcement of The Institute of Chartered Accountants of India (ICAI) relating to Accounting for derivative contracts, derivative contracts other than those covered under Ind AS 107, as specified in the Companies (Accounting Standard) Rules, 2006; the effect of change in rates, are Marked to Market on a portfolio basis and the net loss after considering the offsetting effects on the underlying hedge item, is charged to Statement of Profit & Loss. Net gains are ignored.

#### ***Trade receivables***

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

#### ***Equity instruments***

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

#### ***Derecognition***

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's balance sheet) when:

- A. The contractual rights to the cash flows from the financial asset have expired, or
- B. The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
  - i) The Group has transferred substantially all the risks and rewards of the asset, or
  - ii) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

**Impairment of financial assets**

The Group assesses impairment based on expected credit loss (ECL) model to the following:

- A. Financial assets measured at amortised cost
- B. Financial assets measured at fair value through other comprehensive income

Expected credit losses are measured through a loss allowance at an amount equal to:

- A. The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- B. Full time expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables or contract revenue receivables. Under the simplified approach, the Group is not required to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

The Group uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Group reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss. This amount is reflected under the head 'other expenses' in the statement of Profit & Loss.

**Financial Liabilities****Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loan and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

**Subsequent measurement**

- A. Financial liabilities measured at amortised cost
- B. Financial liabilities subsequently measured at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Group has not designated any financial liability as at fair value through profit and loss.

**Loan and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses on EIR amortisation and derecognition are recognised in profit or loss. Amortised 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 amortisation is included as finance costs in the statement of profit and loss.





Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of borrowing using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of loan to the extent that it is probable that some or all the facility will be drawn down. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a payment for liquidity services and amortised over the period of the facility to which it relates.

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

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long term loan arrangement on or before the end of reporting period with the effect that the liability becomes payable on demand on the reporting date, the Group does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statement for issue, not to demand payment as a consequence of the breach.

#### ***Trade and other payables***

These amounts represent liability for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

#### ***Derivatives***

The Group uses derivative financial instruments i.e. swaps, commodity hedging contracts and option contracts, to hedge its price fluctuation risk and interest rate risk. Such derivative financial instruments are initially recognised at fair values 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 fair value of derivatives are taken directly to profit or loss.

#### ***Derecognition***

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

#### **(l) Offsetting financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when, and only when, there is a legally enforceable right to offset the recognised amount and there is intention either to settle on net basis or to realise the assets and to settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or counterparty.

#### **(m) Fair value measurement**

The Group measures certain financial instruments, such as derivatives, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- A. In the principal market for the asset or liability, or
- B. In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

- A. Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- B. Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- C. 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 recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as unquoted financial assets. Involvement of external valuers is decided upon annually by the Board of Director's after discussion with and approval by the management. The management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies.

For the purpose of fair value disclosures, the Group 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.

This note summarises the accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- A. Disclosures for valuation methods, significant estimates and assumptions (note 44).
- B. Quantitative disclosures of fair value measurement hierarchy (note 44).
- C. Financial instruments (including those carried at amortised cost) (note 44).

#### (n) Inventories

Crude oil in flow lines is not valued as it is not stored.

Inventory of crude oil & condensate with Joint Ventures is valued as per net realisable value (Sale Agreement).

Natural gas imported as LNG and stored in the storage tank of the LNG terminal are valued at cost or net realizable value whichever is lower. Chemicals, fuels, consumables, stores and spare parts are valued at Weighted Average Cost.

Inventory of Gas (including inventory in own pipeline and CNG cascades) is valued at lower of cost and net realizable value. Cost is determined on weighted average cost method.

Inventories of Project materials, spares, stores, consumables and line pack gas not meant for sale in ordinary course of business are valued at weighted moving average cost. However, stores and spares meeting the definition of property plant and equipment are capitalised and depreciated from the date of purchase.

#### (o) Employee benefits

##### (i) Short term employee benefit obligations

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

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

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of reporting period using the projected unit credit method. The benefits are discounted using the market yield at the end of reporting period that have terms approximating to the terms of related obligation. Remeasurement as a result of experience adjustments and changes in actuarial assumptions are recognised in the other comprehensive income.

The obligations are presented as current liabilities in the balance sheet if the Group does not have unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur.

##### (iii) Post-employment obligations

The Group operates the following post-employment schemes:

- A. Defined benefit plans such as gratuity, leave encashment etc. and
- B. Defined contribution plan such as provident fund, superannuation fund etc.



***Gratuity obligations***

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

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

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

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

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

***Defined contribution plans***

The Group pays provident fund and superannuation fund contributions to GSPC Employee's Provident Fund Trust and Group Superannuation Scheme of Life Insurance Corporation of India respectively. The Group has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payment is available.

***Loyalty bonus***

The Group provides for loyalty bonus to eligible employees whereby a lump sum payment to eligible employees at the time of retirement, death, incapacitation or termination of employment is paid based on the respective employee's salary and the tenure of employment. Liabilities with regard to the loyalty bonus scheme are determined by independent actuarial valuation as on the balance-sheet date.

***Superannuation Fund***

Certain employees of the Group are also participants in a defined contribution plan and have accordingly participated in the Group Superannuation Scheme of Life Insurance Corporation of India

***(iv) Termination benefits***

Termination benefits are payable when employment is terminated by the Group before the normal retirement date

***(v) Employee Stock Option plan***

Share-based compensation benefits are provided to employees via Employee Stock Option Scheme.

The fair value of options granted under the Employee Option Plan is recognised as an employee benefit expenses with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- A. including any market performance conditions (e.g. entity's share price)
- B. excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specific time period); and
- C. including the impact of any non-vesting conditions (e.g. the requirements for employees to save or holding shares for specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of revision to original estimates, if any, in the profit or loss, with a corresponding adjustment to equity

***(p) Foreign currency transactions******(i) Functional and presentation currency***

Items included in the financial statements are measured using the currency of the primary economic environment in which the Group operates ('the functional currency'). The standalone financial statements are presented in Indian rupee (INR), which is GSPC's functional and presentation currency.

**(ii) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the year-end exchange rates are generally recognised in profit or loss.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statements of profit and loss. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other income or other expenses.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

In case of overseas unincorporated joint operation, that have a functional currency different from the presentation currency are translated into presentation currency as follows:

- The summarized revenue and expenses reflected in Statement of Profit and Loss at an average of SBI buying Selling TT Rates for the year.
- The assets and liabilities at the closing exchange rate prevailing on balance sheet date as notified by Reserve Bank of India.

All resulting exchange differences are recognised in other comprehensive income as foreign currency translation reserve.

**(q) Revenue recognition**

- Revenue is measured at fair value of the consideration received or receivable. Amounts disclosed as revenue are net of the amounts collected on behalf of third parties. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and specific criteria have been met for each of the Group's activities. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.
- Income from sale of crude oil and gas produced from wells until start of commercial production is adjusted against the cost of such wells.
- Income from sale of gas is recognized net of applicable CST/VAT and profit petroleum, as applicable when it can be reliably measured and it is reasonable to expect ultimate collection. Any retrospective revision in prices of gas is accounted for in the year of such revision.
- Gas transmission income is recognized net of service tax in the same period in which the related volumes of gas are delivered to the customers
- In case of city gas distribution business, Sale of Natural Gas is recognized on supply of gas to customers by metered/assessed measurements as no significant uncertainty exists regarding the measurability or collectability of the sale consideration. Sales are billed bi-monthly for domestic customers, monthly/fortnightly for commercial and non-commercial customers and fortnightly for industrial customers. Revenue on sale of Compressed Natural Gas (CNG) is recognized on sale of gas to consumers from retail outlets. Sales of natural gas are stated inclusive of excise duty and net of value added tax.
- The amounts charged from customers for gas connections are accounted based on the terms of the underlying contract with customers by accounting the revenue on commencement of the supply of gas to the customer as Connection, Service and Fitting Income under other operating revenue.
- The amounts collected towards connection charges from certain domestic customers are "non-refundable charges". Accordingly, the same are recognized as revenue as and when the Group commences the supply of gas to the customers and such amount is charged to customers. Until then, the amounts so collected are shown under loans and advances in the balance sheet. The group has provided the installments facility to certain domestic customers towards "connection charges" which are non-refundable, the total amount of such installments are recognized as revenue as and when the group commences the supply of gas to the customers.
- The amounts collected from certain domestic customers which include amount "refundable" in nature. Accordingly, the same are recognized as a liability under head Deposits in the balance sheet.
- In case of power generation business, Sale of electricity is recognized on the basis of amount of invoices for supply of energy determined in accordance with the Techno-Commercial parameters approved in the Power Purchase Agreement /





Tariff orders by Gujarat Electricity Regulatory Commission. Revenue is recognized when no significant uncertainty as to the measurability and ultimate collection.

- Revenue from sale of electricity generated from windmills and Solar Plants are recognized on a monthly basis in accordance with the terms of power purchase agreement (PPA).
- In case of IT business, Income from operation & maintenance contracts are recognized over the period of the respective agreements on a time proportion basis.
- Revenue in respect of interest on delayed realizations from customers, if any, is recognized when it can be reliably measured and it is reasonable to expect ultimate collection.
- Revenue in respect of 'Take or Pay' quantity of gas (short lifted quantity of gas under the Gas Sale Agreements) is recognized when it can be reliably measured and it is reasonable to expect ultimate collection.
- Profit Petroleum payable to the Government of India (MoP&NG) under a PSC is accounted for initially on an estimated basis and upon approval of the DGH, MoP&NG, difference, if any, is accounted for in the year of such of approval.
- Group's share of Revenue from Joint Operations is considered on the basis of Accounts submitted by Joint Ventures.
- Interest income from a financial asset is recognised when it is probable that the economic benefit will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset to that asset's gross carrying amount on initial recognition.
- Dividend income is accounted for when the right to receive the same is established, which is generally when the shareholders approve the dividend.
- Insurance claim are accounted for on final acceptance by the insurance Company.

**(r) Accounting for oil and gas joint operations**

All Oil and Gas Joint Arrangements are in the nature of unincorporated joint operations. Accordingly, the financial statements of the Group reflect the Group's share of assets, liabilities, income and expenditure of the Joint Venture operations, which are accounted on a line by line basis, based on the available information as on the date of the Balance Sheet, with similar items in the Group's accounts, to the extent of the Participating Interest of the Group in each joint operation and related Joint Operating Agreements (JOA), if any, except in case of abandonment, impairment, depletion and depreciation, which are accounted for as per the accounting policies of the Group. The financial statements of the unincorporated joint operations are prepared by the respective Operators of the Contract Area in accordance with the requirements prescribed by the respective PSC and JOA. Hence, certain adjustments/disclosures required under the mandatory Accounting Standards and the Companies Act, 2013 have been made in the financial statements of the Group only to the extent of information available with the Group as on the date of the balance sheet. Such information include information relating to foreign exchange differences, micro, small and medium enterprises, expenditure in foreign currency, earnings in foreign currency, CIF value of imports, transactions with related parties, details of commitments and contingencies, inventory of oil and gas and consumption of stores and spares.

**(s) Taxation**

Income tax expenses comprises current tax (i.e. amount of tax for the period determined in accordance with the Income Tax Law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). Income tax expenses are recognised in statement of profit or loss except tax expenses related to items recognised directly in reserves (including statement of other comprehensive income) which are recognised with the underlying items.

**Income Taxes**

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period i.e. as per the provisions of the Income Tax Act, 1961, as amended from time to time. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction for relevant tax paying units and where the Group is able to and intends to settle the asset and liability on a net basis.

**Deferred Taxes**

Deferred tax is provided in full on temporary difference arising between the tax bases of the assets and liabilities and their carrying amounts in financial statements at the reporting date. Deferred tax are recognised in respect of deductible temporary differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods., the carry forward of unused tax losses and the carry forward of unused tax credits.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, branches and associates and interest in joint arrangements where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary differences can be utilised.

Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, branches and associates and interest in joint arrangements where it is probable that the differences will not reverse in the foreseeable future.

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

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

Any tax credit available including Minimum Alternative Tax (MAT) under the provision of the Income Tax Act, 1961 is recognised as deferred tax to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilised. The said asset is created by way of credit to the statement of profit and loss and shown under the head deferred tax asset.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

**(t) Earnings per share****Basic earnings per share**

Basic earnings per share is calculated by dividing the profit attributable to owners of the Group by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

**Diluted earnings per share**

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential equity shares and the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

**(u) Provisions, contingent liabilities and contingent assets**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.





Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

The Group records a provision for decommissioning costs of a windmills and producing properties. It is recognised as the windmills and oil and gas properties are constructed on leasehold lands which are to be returned to the lessor at the end of the lease tenure on 'as is' basis. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the respective assets. The cash flows are discounted at a current pre-tax rate that reflects the risk specific to the decommissioning liability. The unwinding of discount is expensed as incurred and recognised in the statement of profit and loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Contingent liability is disclosed in the case of:

- A. A present obligation arising from the past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- B. A present obligation arising from the past events, when no reliable estimate is possible;
- C. A possible obligation arising from the past events, unless the probability of outflow of resources is remote.

Contingent liabilities are not provided for & if material, are disclosed by way of notes to accounts. Contingent assets are not recognized in financial statements. However, the same is disclosed, where an inflow of economic benefit is probable.

**(v) Cash and Cash Equivalents**

Cash and cash equivalents comprise cash and deposits with banks and corporations. The Group considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

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

**(w) Statement of Cash Flows**

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

**(x) Dividends**

The Group recognises a liability for dividends to equity holders of the Group when the dividend is authorised and the dividend is no longer at the discretion of the Group. As per the corporate laws in India, a dividend is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

**(y) Segment Reporting**

The Chief Operational Decision Maker (CODM) monitors the operating results of its business segments separately 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. Operating segments are reported in a manner consistent with the internal reporting provided to the CODM.

**(z) Rounding off**

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

**(aa) Events occurring after the Reporting Date**

Adjusting events (that provides evidence of condition that existed at the balance sheet date occurring after the balance sheet date are recognized in the financial statements. Material non adjusting events (that are inductive of conditions that arose subsequent to the balance sheet date) occurring after the balance sheet date that represents material change and commitment affecting the financial position are disclosed in the Directors' Report.

**(bb) Exceptional Items**

Certain occasions, the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the Company is such that its disclosure improves the understanding of the performance of the Company, such income or expense is classified as an exceptional item and accordingly, disclosed in the notes accompanying to the financial statements.

Consolidated Financial Statements

Notes to Financial statement for the year ended 31<sup>st</sup> March, 2017

Note-2

Property, plant, equipment as at 31<sup>st</sup> March 2017

Particulars	Gross Block				Depreciation and Amortization				Net Block			
	As at 1 <sup>st</sup> April 2016	Adjustments on account of amalgamation	Addition during the year	Disposal/Adjustment	As at 31 <sup>st</sup> March 2017	As at 1 <sup>st</sup> April 2016	Charge For the year	Adjustments on account of amalgamation	Impairment	Disposal/Adjustment	As at 31 <sup>st</sup> March 2017	As at 1 <sup>st</sup> April 2016
<b>Tangibles assets :</b>												
Freehold Land	690.78	-	12.82		703.60	-					703.60	690.78
Lease hold Land*	37.22		8.77		46.00	0.37	0.62				45.01	36.86
Buildings	406.62		196.52	152.48	450.66	25.51	26.54			5.96	404.57	381.11
Plant and Machinery	9,348.70		10,175.59	8,408.05	11,116.24	551.57	1,315.53		616.80	683.60	9,315.94	8,797.13
Furniture and Fixture	15.96		13.89	6.96	22.89	5.07	4.44			0.40	13.79	10.89
Office Equipments	112.60		31.75	8.49	135.86	29.70	27.33			2.60	81.43	82.90
Computer Equipment	11.16		9.30	1.17	19.29	4.85	4.48			0.53	10.50	6.31
Vehicles	6.59		2.35	0.07	8.87	3.95	2.08			0.05	2.89	2.63
Ships	0.06				0.06	0.01	0.01				0.04	0.05
Books	0.03		0.23		0.27	0.03	0.23				0.00	0.00
Producing Properties (being Company's share in Joint Venture)	354.70		8,255.83	7,293.29	1,317.24	57.72	89.09		582.45	18.24	606.22	296.98
<b>Total tangible assets</b>	<b>10,984.41</b>	<b>-</b>	<b>18,707.05</b>	<b>15,870.49</b>	<b>13,820.97</b>	<b>678.77</b>	<b>1,470.34</b>	<b>-</b>	<b>1,199.25</b>	<b>711.38</b>	<b>11,183.98</b>	<b>10,305.64</b>
<b>Capital work in progress :</b>												
Exploration & Development											378.37	14,549.60
CWIP Building											2.84	2.84
CWIP Others											1,258.79	1,268.42
<b>Total capital work in progress</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,640.00</b>	<b>15,820.86</b>





**Property, plant, equipment as at 31<sup>st</sup> March 2016**

(₹ in Crores)

Particulars	Gross Block				Depreciation and Amortization				Net Block		
	As at 1 <sup>st</sup> April 2015	Adjustments on account of amalgamation	Addition during the year	Disposal/Adjustment	As at 31 <sup>st</sup> March 2016	Charge for the year	Adjustments on account of amalgamation	Impairment	Disposal/Adjustment	As at 31 <sup>st</sup> March 2016	As at 1 <sup>st</sup> April 2015
<b>Tangibles assets :</b>											
Freehold Land	294.83	294.21	106.42	-4.69	690.78	-	-	-	-	690.78	294.83
Lease hold Land*	35.43	1.79	-	-	37.22	0.37	-	0.37	0.37	36.86	35.43
Buildings	318.51	60.85	27.26	-	406.62	25.51	-	-	25.51	381.11	318.51
Plant and Machinery	7,304.73	1,442.92	608.20	-7.15	9,348.70	551.57	-	-	551.57	8,797.13	7,304.73
Furniture and Fixture	5.50	8.38	2.09	-0.01	15.96	5.07	-	-	5.07	10.89	5.50
Office Equipments	47.43	46.72	18.48	-0.02	112.60	29.70	-	-	29.70	82.90	47.43
Computer Equipment	7.39	0.83	3.11	-0.17	11.16	4.85	-	-	4.85	6.31	7.39
Vehicles	3.53	0.52	3.63	-1.10	6.59	3.95	-	-	3.95	2.63	3.53
Ships	0.06	0.00	-	-	0.06	0.01	-	-	0.01	0.05	0.06
Books	0.03	0.00	-	-	0.03	0.03	-	-	0.03	0.00	0.03
Producing Properties (being Company's share in Joint Venture)	32.04	-	322.66	-	354.70	57.72	-	-	57.72	296.98	32.04
<b>Total tangible assets</b>	<b>8,049.48</b>	<b>1,856.24</b>	<b>1,091.84</b>	<b>-13.15</b>	<b>10,984.41</b>	<b>678.77</b>	<b>-</b>	<b>-</b>	<b>678.77</b>	<b>10,305.64</b>	<b>8,049.48</b>
<b>Capital work in progress :</b>											
Exploration & Development										14,549.60	12,369.79
CWIP Borrowing cost										2.84	2.84
CWIP Building										1,268.42	1,345.71
CWIP Others											
<b>Total capital work in progress</b>										<b>15,820.86</b>	<b>13,718.34</b>

\*The non-cancellable lease term is for a period of 99 years. Accordingly, the land has been classified as finance lease.

**Notes**

- Depreciation includes depreciation of ₹ NIL crore (31<sup>st</sup> March, 2016: ₹ 2.38 crore) which has been capitalised during the year as per policy.
- Exploration and Development cost incurred by the joint ventures has been bifurcated into CWIP tangible and intangible assets under Development as per the requirement of Guidance note on Accounting for Oil & Gas Producing Activities (Ind AS) issued by ICAI read with Ind AS 106 "Exploration for and Evaluation of Mineral Resources".
- The windmills located at Jamanvada and Jakhau, Gujarat are commissioned for generation of power (electricity). Presently, the Company is generating power as per the Power Purchase Agreement (PPA) executed with GUVNL. Based on the PPA executed and clarifications received from GUVNL, the PPAs executed neither cover economic life of the windmills nor restrict the company's right to mortgage the assets. Hence, the PPA has been assessed to fall outside the scope of guidance on service concession arrangement. Further, since the consideration receivable under the PPA is fixed per unit of output, guidance on embedded leases is also not applicable. Accordingly the same have been disclosed as a part of Plant and machinery.
- Considering the Farm In Farm out Agreement for 80% participating interest, Impairment Test was carried out as per Guidance Note on Accounting for Oil and Gas producing activities read with Ind AS-36 "Impairment of Assets", for the carried interest in KG O/SN 2001/3 block (10%) by the Company and impairment is provided for the same in line with the net realisable value.

**Borrowing Costs and Test Production**

- The borrowing costs amounting to ₹ 68.19 crores (31<sup>st</sup> March, 2016 : ₹ 2,127.85 crores) and depreciation amounting to ₹ NIL crores (31<sup>st</sup> March, 2016 : ₹ 1.82 crores) has been capitalized in the current year as a part of CWIP - Exploration & Development.
- In the current year, an amount of ₹ NIL crores (31<sup>st</sup> March, 2016 : 59.43 crores) being revenue from test production of gas, crude oil/ condensate from various exploratory wells have been credited to the cost of the wells under the head C W I P .

## Note 3

## Investment property as at 31st March 2017

(₹ in Crores)

Particulars	Gross Block				Depreciation and Amortization				Net Block	
	As at 1 <sup>st</sup> April 2016	Addition during the year	Disposal/ Adjustment	As at 31 <sup>st</sup> March 2017	As at 1 <sup>st</sup> April 2016	For the year	Disposal/ Adjustment	As at 31 <sup>st</sup> March 2017	As at 31 <sup>st</sup> March 2017	As at 31 <sup>st</sup> March 2016
Land and building	3.86	-		3.86	0.04	0.03		0.07	3.79	3.82
<b>Total Investment property</b>	<b>3.86</b>	<b>-</b>		<b>3.86</b>	<b>0.04</b>	<b>0.03</b>		<b>0.07</b>	<b>3.79</b>	<b>3.82</b>

## Investment property as at 31st March 2016

(₹ in Crores)

Particulars	Gross Block				Depreciation and Amortization				Net Block	
	As at 1 <sup>st</sup> April 2015	Addition during the year	Disposal/ Adjustment	As at 31 <sup>st</sup> March 2016	As at 1 <sup>st</sup> April 2015	For the year	Disposal/ Adjustment	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
Land and building*	3.86			3.86		0.04		0.04	3.82	2.56
<b>Total Investment property</b>	<b>3.86</b>	<b>-</b>	<b>-</b>	<b>3.86</b>	<b>-</b>	<b>0.04</b>	<b>-</b>	<b>0.04</b>	<b>3.82</b>	<b>3.86</b>

\*Includes land of an amount of ₹ 4.7 crores which is non depreciable.

## Notes

- a. The assets are given on lease for various lease term as agreed mutually, The leases are cancellable subject to agreed notice period.
- b. Amount recognised in profit or loss for investment properties :

Particulars	(₹ in Crores)	
	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
Rental Income	0.90	1.04
Direct operating expenses from property that generated rental income	-	-
Direct operating expenses from property that did not generate rental income	-	-
<b>Profit from investment properties before depreciation</b>	<b>0.90</b>	<b>1.04</b>
Depreciation	-0.03	-0.04
<b>Profit from investment properties</b>	<b>0.87</b>	<b>1.00</b>

## c. Contractual Obligations

Refer to Note 36 for disclosure of contractual obligations to purchase, construct or develop investment property or for its repair, maintenance or enhancements.

## d. Leasing Arrangements

Certain investment properties are leased to tenants under long term operating leases with rentals payable monthly. Minimum lease payments receivable under non-cancellable operating leases of investment properties are as follows:

Particulars	(₹ in Crores)		
	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
Within one year			
Later than one year but not later than 5 years			
Later than 5 years			



**Note 3**
**e. Fair Value**

(₹ in Crores)

Particulars	As at	As at	As at
	31 <sup>st</sup> March, 2017	31 <sup>st</sup> March, 2016	1 <sup>st</sup> April, 2015
Land and building	-	-	-

**Note 4**
**Goodwill as at 31<sup>st</sup> March 2017**

(₹ in Crores)

Particulars	Gross Block				Depreciation and Amortization				Net Block	
	As at 1 <sup>st</sup> April 2016	Addition during the year	Disposal/ Adjustment	As at 31 <sup>st</sup> March 2017	As at 1 <sup>st</sup> April 2016	For the year	Disposal/ Adjustment	As at 31 <sup>st</sup> March 2017	As at 31 <sup>st</sup> March 2017	As at 31 <sup>st</sup> March 2016
Goodwill on consolidation	186.14			186.14					186.14	186.14
<b>Total Goodwill</b>	<u>186.14</u>	-	-	<u>186.14</u>	-	-	-	-	<u>186.14</u>	<u>186.14</u>

**Other intangible assets as at 31<sup>st</sup> March 2017**

(₹ in Crores)

Particulars	Gross Block				Depreciation and Amortization				Net Block	
	As at 1 <sup>st</sup> April 2015	Addition during the year	Disposal/ Adjustment	As at 31 <sup>st</sup> March 2016	As at 1 <sup>st</sup> April 2015	For the year	Disposal/ Adjustment	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
Right of Use / Right of Way	316.75	79.42	-0.69	396.86	7.17	8.19	-0.10	15.46	381.40	309.58
Software	22.52	29.28	-2.53	54.33	11.67	13.64	-1.01	26.32	28.01	10.85
<b>Total other intangible assets</b>	<u>339.27</u>	<u>108.70</u>	<u>-3.22</u>	<u>451.19</u>	<u>18.84</u>	<u>21.83</u>	<u>-1.11</u>	<u>41.78</u>	<u>409.41</u>	<u>320.43</u>
<b>Intangible assets under development</b>										
Exploration & Development				-	-			-	1,456.21	11,066.19
Software				-	-			-	0.43	0.43
<b>Total of Intangible assets under development</b>	-	-	-	-	-	-	-	-	<u>1,456.64</u>	<u>11,066.62</u>

**Goodwill as at 31<sup>st</sup> March 2016**

(₹ in Crores)

Particulars	Gross Block				Depreciation and Amortization				Net Block	
	As at 1 <sup>st</sup> April 2015	Addition during the year	Disposal/ Adjustment	As at 31 <sup>st</sup> March 2016	As at 1 <sup>st</sup> April 2015	For the year	Disposal/ Adjustment	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
Goodwill on consolidation	186.14			186.14					186.14	186.14
<b>Total Goodwill</b>	<u>186.14</u>	-	-	<u>186.14</u>	-	-	-	-	<u>186.14</u>	<u>186.14</u>

Other intangible assets as at 31<sup>st</sup> March 2016

(₹ in Crores)

Particulars	Gross Block				Depreciation and Amortization				Net Block	
	As at 1 <sup>st</sup> April 2015	Addition during the year	Disposal/ Adjustment	As at 31 <sup>st</sup> March 2016	As at 1 <sup>st</sup> April 2015	For the year	Disposal/ Adjustment	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
Right of Use / Right of Way	259.59	57.45	-0.29	316.75	-	7.17	-	7.17	309.58	259.59
Goodwill	2,056.88	-	-2,056.88	-0.00	-	-	-	-	-0.00	2,056.88
Software	34.88	6.64	-19.00	22.52	-	11.67	-	11.67	10.85	34.88
Concession assets	-	-	-	-	-	-	-	-	-	-
Other intangible assets	-	-	-	-	-	-	-	-	-	-
<b>Total other intangible assets</b>	<b>2,351.35</b>	<b>64.09</b>	<b>-2,076.17</b>	<b>339.27</b>	<b>-</b>	<b>18.84</b>	<b>-</b>	<b>18.84</b>	<b>320.43</b>	<b>2,351.35</b>
<b>Intangible assets under development</b>										
Exploration & Development Software	-	-	-	-	-	-	-	-	11,066.19	11,135.74
<b>Total of Intangible assets under development</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,066.62</b>	<b>11,136.03</b>

Notes

a. Concession assets

The Company has entered into two Power Purchase Agreement (PPA) with Gujarat Urja Vikas Nigam Limited (GUVNL) for a tenure of 20 and 25 years. Under the PPA, the Company is required to sell the produced electricity from all wind farms to GUVNL at the agreed rate per unit. The Company is also required to maintain the wind farm during the tenure of PPA. The PPA covers the expected life of the windfarms. The Company is not expected to have significant residual interest at the end of the PPA. The Company bears the demand risk under the PPA, hence the arrangement has been assessed to fall under the intangible asset model for service concession arrangement under Appendix A to Ind AS 11 Construction Contracts.

Note 4A

Property, plant and equipment - Breakup of net block as at 1<sup>st</sup> April 2015 as per previous GAAP.

(₹ in Crores)

Particulars	Gross Block (At Cost)	Accumulated Depreciation	Net Block
<b>Tangible Assets:</b>			
Land			
Freehold Land	363.15	-	363.15
Leasehold Land	61.68	7.74	53.94
Buildings	451.61	132.06	319.55
Plant & Machinery	10,229.61	2,928.38	7,301.23
Furniture & Fixtures	40.06	34.46	5.60
Office Equipments	147.08	99.63	47.45
Computer Equipments	82.07	73.99	8.08
Vehicles	31.42	19.98	11.44
Ship/Boat	0.10	0.03	0.07
Books	0.23	0.20	0.03
Producing Properties (being Company's share in Joint Venture)	1,769.04	1,155.52	613.52
<b>Total</b>	<b>13,176.06</b>	<b>4,451.99</b>	<b>8,724.07</b>



**Capital work in progress** (₹ in Crores)

Particulars	Net Block
Exploration and development	10,704.88
CWIP Building	22.48
CWIP Others	1,469.41
<b>Total</b>	<b><u>12,196.78</u></b>

**Intangible assets - Breakup of net block as at 1<sup>st</sup> April 2015 as per previous GAAP** (₹ in Crores)

Particulars	Gross Block (At Cost)	Accumulated Depreciation	Net Block
Goodwill	2,057.00	0.12	2,056.88
Right of Use / Right of Way	319.34	28.46	290.88
Software and other Intangibles	141.97	106.55	35.42
Other intangible assets	0.00	0.00	0.00
<b>Total</b>	<b><u>2,518.31</u></b>	<b><u>135.13</u></b>	<b><u>2,383.18</u></b>

**Intangible assets under development** (₹ in Crores)

Particulars	As at 1 <sup>st</sup> April 2015
Exploration and development	11,175.02
Software under Development	0.29
<b>Total</b>	<b><u>11,175.31</u></b>

**Note 5**
**Investments in Subsidiary and Equity accounted investees**

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
<b>Investments in unquoted equity shares of equity accounted investees<sup>a</sup></b>			
113,541,817 (31 <sup>st</sup> March, 2016 : 113,541,817; 1 <sup>st</sup> April, 2015 : 113,541,817) fully paid up equity shares of Gujarat State Energy Generation Ltd of ₹ 10 each	68.85	51.23	38.88
11,430,000 (31 <sup>st</sup> March, 2016 : 11,430,000; 1 <sup>st</sup> April, 2015 : 11,430,000) fully paid up equity shares of GSPC LNG Ltd of ₹ 10 each	38.43	37.45	37.95
4,494,330 (31 <sup>st</sup> March, 2016 : 4,494,330; 1 <sup>st</sup> April, 2015 : 2,250,000) fully paid up equity shares of Sabarmati Gas Ltd of ₹10 each	175.84	99.00	42.26
11,500,000 (31 <sup>st</sup> March, 2016 : 11,500,000; 1 <sup>st</sup> April, 2015 : 11,500,000) fully paid up equity shares of Alcock Ashdown (Gujarat) Ltd of ₹ 10 each	11.50	11.50	11.50
14,40,50,060 (31 <sup>st</sup> March, 2016 : 11,02,50,060; 1 <sup>st</sup> April, 2015 : 9,72,50,060) Fully Paid Up Equity Shares of ₹ 10 each of GSPL India Gasnet Limited	147.01	112.65	99.08

Particulars	₹ in Crores)		
	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
10,66,00,000 (31 <sup>st</sup> March, 2016: 8,58,00,000; 1 <sup>st</sup> April, 2015: 7,28,00,000) Fully Paid Up Equity Shares of ₹ 10 each of GSPL India Transco Limited	109.56 551.19	88.29 400.12	74.88 304.56
Less : Provision for impairment on shares of Alcock Ashdown (Gujarat) Ltd. <sup>b</sup>	(11.50)	(11.50)	(11.50)
<b>Investments in unquoted equity shares of equity accounted investees</b>	<b>539.69</b>	<b>388.62</b>	<b>293.06</b>

**Notes**

- a. The Company has opted to consider Fair valuation of these investments on transition date as deemed cost. The same has been explained in Note no. 46.
- b. The company had made investment in shares of Alcock Ashdown (Gujarat) Ltd. to the tune of ₹ 11.50 crores. As per audited financial statement of the company for FY 2011-12, accumulated losses of the company had exceeded its net worth. Hence, considering the same as permanent diminution in the value of investment, full provision for Diminution in value of investment had been provided in the FY 2012-13 for ₹ 11.50 crores.

**Note 6****Investments**

Particulars	₹ in Crores		
	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
<b>Non-Current</b>			
<b>A. Investment in quoted equity shares of other companies (measured at fair value through OCI)</b>			
3,697,000 (31 <sup>st</sup> March, 2016 : 3,697,000; 1 <sup>st</sup> April, 2015 : 3,697,000) fully paid up equity shares of Gujarat Industries Power Company Ltd. of ₹ 10 each	38.10	29.45	31.76
<b>B. Investment in unquoted equity shares of other companies (measured at fair value through OCI)</b>			
Nil (31 <sup>st</sup> March, 2016 : Nil; 1 <sup>st</sup> April, 2015 : 500,000) fully paid up equity shares of Gujarat Science At Action Ltd of ₹ 10 each (Refer Note b below)	-	-	0.61
29,004,033 (31 <sup>st</sup> March, 2016 : 29,004,033; 1 <sup>st</sup> April, 2015 : 29,004,033) fully paid up equity shares of ONGC Petro Additions Ltd of ₹ 10 each	29.00	29.00	29.00
Kalupur Co Op Comm Bank Ltd	0.00	0.00	0.00
<b>C. Investment in unquoted debentures of other companies (measured at fair value through profit and loss)</b>			
Nil (31 <sup>st</sup> March, 2016 : Nil; 1 <sup>st</sup> April, 2015 : 2,000) fully paid up optionally convertible debentures of Sabarmati Gas Ltd. of ₹ 100,000 each	-	-	20.00



(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
<b>Total non-current investments</b>	<b>67.10</b>	<b>58.45</b>	<b>81.37</b>
<b>Current</b>			
<b>A. Investment in units of mutual fund</b>			
Quoted (Refer note c)	-	-	937.33
<b>B. Investment in bonds</b>			
Unquoted			
Sabarmati Gas	-	20.00	-
<b>Total current investments</b>	<b>-</b>	<b>20.00</b>	<b>937.33</b>

**Notes**

- Refer Note 46 for determination of their fair values for investments carried at cost and investments measured at fair value through Other Comprehensive Income (FVTOCI)
- The company had made investment in shares of Gujarat Science At Action Ltd. to the tune of ₹ 0.50 crores. As per letter received from the official liquidator of Gujarat Science At Action Ltd., the company had opted the voluntary winding up and had refunded the investment made. Company has received in FY 2015-16 ₹ 0.11 crores from Official Liquidator on account of surplus amount as dividend @ ₹ 2.19/-per share which is part of dividend income from other companies and ₹ 0.50 crores on liquidation of the company as full and final against the investment made. Hence, there is no investment in Gujarat Science At Action Ltd. as on last day of the year.
- Details of investments in mutual funds (quoted):

(₹ in Crores)

Particulars	As at 1 <sup>st</sup> April, 2015	
	No of Units	Amount
Birla Sunlife Cash Plus Plan - Dividend	472,070	4.73
Birla Sun Life Floating Rate Fund -Short Term Plan- Direct-Dividend	1,441,531	14.42
Birla Sun Life Floating Rate-Long Term-Direct - Dividend	80,144	0.80
Birla Sun Life Savings Fund-Direct - Dividend	13,346,621	133.86
DSP Black Rock Money Manager Fund -Direct - Dividend	582,732	58.52
HDFC Cash Management Fund - Savings Plan- Direct- Dividend	4,726,157	5.03
HDFC Floating Rate Inc. Fund-STP-Wholesale-Direct -Dividend	96,448,400	97.23
ICICI Prudential Flexible Income- Direct - Dividend	7,677,775	81.18
ICICI Prudential Liquid -Direct - Dividend	230,166	2.30
ICICI Prudential Money Market Fund - Direct -Dividend	519,823	5.21
IDFC Cash Fund -Direct - Dividend	57,727	5.78
IDFC Ultra Short Term Fund-Direct- Dividend	105,993,929	106.58
Kotak Treasury Advantage Fund- Direct- Dividend	64,422,140	64.94
Kotak Liquid Scheme Plan A - Direct- Dividend	101,743	12.44
Reliance Liquid Fund-Cash Plan-Direct- Dividend	309,722	34.51
Reliance Liquidity Fund Direct - Dividend	52,630	5.27
Reliance Money Manager Fund - Direct- Dividend	742,947	74.50
SBI Premier Liquid Fund - Direct - Dividend	5	0.00
SBI Ultra Short Term Debt Fund-Direct - Dividend	317,245	31.88
Templeton India Treasury Management Account Super Institutional - Direct -Dividend	211,190	21.16
Templeton Ultra Short Bond Fund Super Institutional- Direct - Dividend	78,567,594	79.06
UTI Money Market Fund - Institutional Plan - Direct - Dividend	6,045	0.61
UTI Treasury Advantage Fund- Institutional Plan - Direct - Dividend	971,030	97.33
<b>Total of investments in mutual funds (quoted)</b>		<b>937.33</b>

## Note 7

## Loans

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
<b>Non-Current (measured at amortised cost)</b>			
Loans and Advances to Employees			
Secured, considered good	23.00	24.61	24.16
Unsecured, considered good			
Loans and Advances to Related parties			
Unsecured, considered good		3.17	-
Other Loans and Advances			
Unsecured, considered Good			4.41
Security deposits			
Unsecured, considered Good	70.86	0.05	0.05
Less : Provision for doubtful deposits	(10.28)	-	-
Amount Receivable from ESOP Trust loan	-	-	0.00
<b>Total non-current loans</b>	<b>83.59</b>	<b>27.83</b>	<b>28.61</b>
<b>Current (measured at amortised cost)</b>			
Loans and advances to employees			
Secured, considered good	3.05	5.75	5.13
Unsecured, considered good*	149.63	339.10	200.00
Other Loans and Advances	-	-	-
Unsecured, considered Good	-	0.15	261.98
<b>Total current loans</b>	<b>152.68</b>	<b>345.01</b>	<b>467.11</b>

\* refer note no.41

## Note 8

## Other financial assets

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
<b>Non-Current</b>			
Advances recoverable in cash or in kind or for value to be received (Unsecured, considered good)	-	0.84	1.89
Joint ventures	-	0.00	(0.00)
Security deposit given (Unsecured - Considered good) <sup>a</sup>	19.50	19.88	35.89
Receivable from employees (Unsecured - considered good)	1.05	1.12	1.11
Interest accrued but not due	-	0.06	-
Margin money deposit	415.52	5.96	10.42
Bank Balances-Escrow Account - PNGRB	5.05	0.00	0.00
Deposits with original maturity more than 12 months	8.70	5.11	5.86
Site resoration fund - Deposits with banks	98.62	92.30	78.32
Other receivables	-	0.18	0.41
Less : Provision for doubtful receivables	(0.03)	-	(0.36)
<b>Total non-current financial assets</b>	<b>548.42</b>	<b>125.45</b>	<b>133.53</b>



**Note 8**
**Other financial assets**

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
<b>Current</b>			
Share application money pending allotment	1.71	-	-
Advances recoverable in cash or in kind or for value to be received (Unsecured, considered good)			
Others	625.78	544.43	219.02
Receivable from Joint ventures*	503.86	804.97	710.12
Advances recoverable in cash or in kind or for value to be received (Unsecured, considered doubtful)			
Unsecured, considered doubtful	(0.08)	-	-
Less : Provision for doubtful advances	-	-	-
Insurance claim receivable	0.01	0.10	0.75
Interest accrued on deposits and loans and advances	0.66	1.04	1.86
Inter corporate Deposits with GSFS (Earmarked Funds)	10.12	24.14	47.05
Inter corporate Deposits with GSFS (GIPL's own investments)	24.79	28.27	29.20
Other current financial asset	2.02	1.06	0.19
Unbilled Revenue	49.18	34.59	20.18
Security deposit given (Unsecured - Considered good)	4.18	2.05	12.98
Receivable from employees (Unsecured - considered good)	0.64	0.47	0.39
Derivative assets <sup>c</sup>	15.06	42.21	43.01
<b>Total current financial assets</b>	<b>1,237.92</b>	<b>1,483.32</b>	<b>1,084.74</b>

\* Net of provision for Doubtful Debt of C.Y ₹ 289.93 Crores. (P.Y- NIL)

**Note 9**
**Other non-financial assets**

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
<b>Non-Current</b>			
Prepaid expense	81.85	43.07	17.47
Advance Income Tax and TDS (net of Provision) <sup>1</sup>	244.35	372.05	125.25
Balances with Government Authorities	73.74	68.92	80.97
Capital Advances	40.45	58.25	76.04
Payment under Protest	5.85	17.55	7.73
MAT credit entitlement	0.00	-	(0.00)
Deferred employee cost	5.38	4.30	4.02
Provision for doubtful vendors	-	-	(0.02)
Other non current assets	0.00	0.00	-
<b>Total non-current non-financial assets</b>	<b>451.62</b>	<b>564.15</b>	<b>311.46</b>
<b>Current</b>			
Prepaid expense	1.82	16.85	4.52
Balances with Government Authorities	42.18	25.69	36.54
Payment under Protest	-	5.44	-
Deferred employee cost	1.73	1.69	1.66
Advance to vendors	4.46	(0.01)	1.46
Advance for expenses-Others	0.68	5.29	-
<b>Total current non-financial assets</b>	<b>50.87</b>	<b>54.96</b>	<b>44.19</b>

## Notes

a. Provision of Tax for the current year is ₹ 322.17 (31<sup>st</sup> March, 2016 : 258.71 crores; 1<sup>st</sup> April, 2015 : ₹ 428.25 crores). Provision for Wealth tax included in Rent, Rates & Taxes is of NIL 31<sup>st</sup> March, 2016 : NIL; 1<sup>st</sup> April, 2015 : ₹ 0.06 crores).

The Company has continuously maintained a position that allowances / claims U/s. 42 and deduction U/s. 80IB (9) is admissible under the Income Tax Act, 1961. The company has been treating each well as a separate undertaking for the purpose of claiming deduction U/s 80IB(9). This view has not been accepted by the first assessing authorities. However, the Commissioner of Income Tax (Appeal) [C.I.T. (A)] has accepted the company's contention regarding claim U/s. 80IB (9). The second appellate authority, i.e. Income Tax Appellate Tribunal (ITAT) has also upheld the company's contention for A.Y. 2000-01 and allowed the claim U/s 80IB (9). Finance (No. 2) Act, 2009 has amended the provisions of Section 80IB (9) with retrospective effect from 1st April 2000, i.e. A.Y. 2000-01 in order to restrict the benefit of deduction U/s 80IB(9) to a "production sharing contract" instead of "well". The company has been claiming deduction U/s. 80IB (9) by treating each well as a separate undertaking. The company had challenged the above amendment by filing a writ petition before the Hon'ble High Court of Gujarat. Hon'ble High Court of Gujarat has decided the matter in favour of the company by its order dated 26<sup>th</sup> March, 2015 and has struck down the retrospective application of law by holding it as ultra vires. The Union of India has further preferred an SLP before Hon'ble Supreme Court of India challenging the Judgment of High Court of Gujarat. The SLP is placed for hearing on Application for Interim Stay sought by Union of India. The matter is still sub-judice. From F.Y. 2009-10 (A.Y. 2010-11), Company has been claiming deduction U/s. 80IB(9) by treating "Each Block" as a separate undertaking.

Further to the above, in case of claim U/s 42, the ITAT has upheld the department's contention for claim U/s. 42 in respect of Hazira Field. In view of the ITAT order, CIT (A) has also upheld department's contention for Claim U/s. 42 in respect of Hazira Field for the first time in A.Y. 05-06. However, due to this, the company does not envisage any tax liability. Both company and department have preferred appeals before Hon'ble High Court of Gujarat against the order of ITAT on issues which are not decided in their favour. The company is confident of its position.

No provision is made for such disputed Income tax liabilities, which is estimated at ₹ 1,153.57 (31<sup>st</sup> March, 2016 : 1,038.70 crores; 1<sup>st</sup> April, 2015 : ₹ 1,019.73 Crores). However the same is disclosed by way of a note as contingent liabilities vide note no.35.

The Company has availed deduction U/s.42 as well as claiming tax holiday U/s 80IB (9) of the Income Tax Act, 1961 for exploration / development costs. This has impact of temporary differences, which in the management's view, considering the past performance and future estimates will be reversed during the "Tax Holiday Period"- and to that extent the deferred tax is not recognized and accordingly no provision for deferred tax liability in respect thereof is made.

b. MAT Credit for the current year amounting to ₹ NIL (31<sup>st</sup> March, 2016: NIL Crores; 1<sup>st</sup> April, 2015 : ₹ 1.86 Crore) is not recognized as asset as the same does not have a virtual certainty for its utilization.

## Note 10

## Inventories

(₹ in Crores)

Particulars	As at	As at	As at
	31 <sup>st</sup> March, 2017	31 <sup>st</sup> March, 2016	1 <sup>st</sup> April, 2015
Raw materials	-	-	-
Finished goods - Crude oil (valued at rate specified in COSA)	25.68	2.70	4.24
Traded goods - Liquefied natural gas	193.11	43.83	63.31
Line Pack Gas	101.49	90.68	83.28
CNG in cascades	-	-	0.47
Condensate	11.15	-	-
Stores and spares/Project materials	67.98	55.47	55.63
<b>Total inventories</b>	<b>399.40</b>	<b>192.68</b>	<b>206.93</b>



**Note 11**
**Trade receivables**

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
Receivables outstanding for a period exceeding six months from the date they are due for payment			
Secured, considered good	-	33.09	1.18
Unsecured, considered good	55.68	181.52	177.83
Doubtful	-	7.33	6.74
Less : Impairment on account of expected credit loss assessment	(12.63)	(11.32)	(6.73)
	<u>43.05</u>	<u>210.62</u>	<u>179.01</u>
Receivables outstanding for a period less than six months from the date they are due for payment			
Secured, considered good	569.95	213.72	186.76
Unsecured, considered good	322.33	497.53	657.35
Doubtful	-	0.04	-
Less : Impairment on account of expected credit loss assessment	-	-	-
	<u>892.28</u>	<u>711.29</u>	<u>844.12</u>
<b>Total trade receivables</b>	<b><u>935.33</u></b>	<b><u>921.91</u></b>	<b><u>1,023.12</u></b>

**Note 12**
**Cash and other bank balances**

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
<b>Cash and cash equivalents</b>			
Balances with banks			
In current accounts	37.08	45.11	161.84
Fixed deposit with original maturity of less than 3 months	27.34	72.78	325.31
Cash on hand	1.26	0.99	1.13
<b>Total cash and cash equivalents</b>	<b><u>65.68</u></b>	<b><u>118.87</u></b>	<b><u>488.28</u></b>
<b>Other bank balances</b>			
Earmarked balances In unclaimed dividend accounts	3.76	3.91	3.56
Escrow Account - PNGRB	172.67	31.23	23.27
Margin money deposits	224.44	0.24	112.92
Fixed Deposit			
With original maturity of more than 3 months but less than 12 months	105.22	561.81	530.36
With original maturity more than 12 months	1.88	3.32	0.08
Joint Venture Bank Balance	0.14	0.21	0.78
<b>Total other bank balances</b>	<b><u>508.11</u></b>	<b><u>600.72</u></b>	<b><u>670.96</u></b>

**Demonetisation Disclosure**

Disclosure details of Specified Bank Notes (SBN) held and transacted during the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016 as provided in the Table below:-

Particulars	Amount in ₹		
	SBNs	Other denomination notes	Total
<b>Closing cash in hand as on 08.11.2016</b>	<b>458,000</b>	<b>232,370</b>	<b>690,370</b>
(+) Permitted receipts	415,800,093	431,622,123	847,422,216
(-) Permitted payments	-	(1,643,702)	(1,643,702)
(-) Amount deposited in Banks	(416,258,093)	(429,643,090)	(845,901,183)
<b>Closing cash in hand as on 30.12.2016</b>	<b>-</b>	<b>567,701</b>	<b>567,701</b>

**Note 13****Equity share capital**

Particulars	(₹ in Crores)		
	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
<b>Authorised share capital</b>			
300,00,00,000 equity shares of ₹ 1 each (31 <sup>st</sup> March, 2016 : 300,00,00,000; 1 <sup>st</sup> April, 2015 : 300,00,00,000 equity shares of ₹ 1 each)	300.00	300.00	300.00
Increase/(Decrease) during the year	-	-	-
<b>Total</b>	<b>300.00</b>	<b>300.00</b>	<b>300.00</b>

Particulars	(₹ in Crores)		
	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
<b>Issued, subscribed and paid up capital</b>			
257,92,62,920 equity shares of ₹ 1 each (31 <sup>st</sup> March, 2016 : 257,92,62,920; 1 <sup>st</sup> April, 2015 : 252,44,86,486 equity shares of ₹ 1 each)	257.93	257.93	252.45
<b>Treasury Share (held by Subsidiary company)</b>			
2,00,00,000 equity shares of ₹ 1 each (31 <sup>st</sup> March, 2016 : 2,00,00,000; 1 <sup>st</sup> April, 2015 : 2,00,00,000 equity shares of ₹ 1 each)	(2.00)	(2.00)	(2.00)
<b>Total</b>	<b>255.93</b>	<b>255.93</b>	<b>250.45</b>

**Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**

Particulars	(₹ in Crores)	
	No of Shares	Amount
<b>As at 1<sup>st</sup> April 2015</b>		
At the beginning of the year	2,524,486,486	250.45
Add : Shares issued during the year	54,776,434	5.48
<b>As at 31<sup>st</sup> March 2016</b>	<b>2,579,262,920</b>	<b>255.93</b>
<b>As at 1<sup>st</sup> April 2016</b>		
At the beginning of the year	2,579,262,920	255.93
<b>As at 31<sup>st</sup> March 2017</b>	<b>2,579,262,920</b>	<b>255.93</b>



**Details of shareholder(s) holding more than 5% Equity Shares**

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
<b>Number of Equity Shares</b>			
Government of Gujarat	2,241,010,179	2,241,010,179	2,186,233,745
Gujarat State Investment Limited	192,592,441	192,592,441	192,592,441
<b>% Holding in equity shares</b>			
Government of Gujarat	86.89%	86.89%	86.60%
Gujarat State Investment Limited	7.47%	7.47%	7.63%

**Notes**

a. As per records of the Company, including its register of shareholders/members and declaration received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of share.

**Terms /Rights attached to equity shares**

- b. The Company has only one class of equity shares having a face value of ₹ 1 per share. Each holder of equity shares is entitled to one vote per share.
- c. During the year ended 31<sup>st</sup> March, 2017 the amount of dividend per share recognized as distributions to equity shareholders is ₹ NIL (31<sup>st</sup> March, 2016 : NIL; 1<sup>st</sup> April, 2015 : ₹ NIL).
- d. In the event of liquidation of the Company, the holders of equity shares will be entitled to remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity share held by each shareholder.

**Note 14**
**Other equity**

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
Capital reserve	1.28	1.28	(0.05)
Share Application Money pending allotment	0.00	(3.90)	-
Securities premium reserve	3,894.24	3,891.46	3,524.51
Debenture redemption reserve	267.66	392.66	347.74
General Reserve	3,265.01	3,264.84	3,272.03
Employees Stock Options Outstanding (Net)	1.26	2.60	1.41
Capital reserve on consolidation	16.05	18.62	81.10
Amalgamation and arrangement Reserve	(36.51)	(36.51)	-
Retained Earnings	(16,522.72)	(1,230.21)	(204.22)
Treasury shares of Gujarat Gas Limited	-	(3.96)	(4.04)
Reserves representing unrealized gains/losses	96.87	40.66	55.82
<b>Total other equity</b>	<b><u>(9,016.86)</u></b>	<b><u>6,337.54</u></b>	<b><u>7,074.30</u></b>

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
<b>Capital reserve</b>		
Opening Balance	1.28	(0.05)
Add: Addition during the Year	-	1.33
<b>Total capital reserve</b>	<b><u>1.28</u></b>	<b><u>1.28</u></b>

Particulars	(₹ in Crores)	
	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
<b>Share Application Money pending allotment</b>		
Opening Balance	(3.90)	-
Add: Addition during the Year		
Less: Utilisation during the year	3.90	-
<b>Total share application money pending allotment</b>	<u>-</u>	<u>(3.90)</u>

Particulars	(₹ in Crores)	
	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
<b>Securities premium reserve</b>		
Opening Balance	3,891.46	3,524.51
Add/ Less: Addition/ (Utilisation) during the Year	2.78	366.95
<b>Total securities premium reserve</b>	<u>3,894.24</u>	<u>3,891.46</u>

Particulars	(₹ in Crores)	
	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
<b>Debenture redemption reserve</b>		
Opening Balance	392.66	347.74
Add/ Less: Addition/ (Utilisation) during the Year	(125.00)	44.92
<b>Total Debenture redemption reserve</b>	<u>267.66</u>	<u>392.66</u>

Particulars	(₹ in Crores)	
	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
<b>General reserve</b>		
Opening Balance	3,264.84	3,272.03
Add: Addition during the Year	0.17	0.58
Less: Utilisation during the year		(7.77)
<b>Total general reserve</b>	<u>3,265.01</u>	<u>3,264.84</u>

Particulars	(₹ in Crores)	
	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
<b>Employees Stock Options Outstanding (Net)</b>		
Opening Balance	2.60	1.41
Add/ Less: Addition/ (Utilisation) during the Year	(1.33)	1.19
<b>Total Employees Stock Options Outstanding (Net)</b>	<u>1.26</u>	<u>2.60</u>



Particulars	(₹ in Crores)	
	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
<b>Capital reserve on consolidation</b>	16.05	18.62
<b>Total Capital reserve on consolidation</b>	<u>16.05</u>	<u>18.62</u>

Particulars	(₹ in Crores)	
	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
<b>Amalgamation and arrangement Reserve</b>		
Opening Balance	(36.51)	-
Add/ Less: Addition/ (Utilisation) during the Year	0.00	(36.51)
<b>Total Amalgamation and arrangement Reserve</b>	<u>(36.51)</u>	<u>(36.51)</u>

Particulars	(₹ in Crores)	
	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
<b>Share in OCI of equity accounted investees</b>		
Opening Balance	0.48	0.5
Add/ Less: Addition/ (Utilisation) during the Year	1.80	-
<b>Total Amalgamation and arrangement Reserve</b>	<u>2.28</u>	<u>0.48</u>

Particulars	(₹ in Crores)	
	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
<b>Share in OCI of equity accounted investees</b>		
<b>Retained earnings</b>		
Opening Balance	(1,230.21)	(204.22)
Add: Profit during the year	(15,679.96)	(793.39)
Add/ Less: Addition/ (Utilisation) during the Year	387.45	(232.61)
<b>Total retained earnings</b>	<u>(16,522.72)</u>	<u>(1,230.21)</u>

**Note 14**

Particulars	(₹ in Crores)	
	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
<b>Share in OCI of equity accounted investees</b>		
<b>Reserves representing unrealized gains/losses</b>		
<b>FVOCI - equity investments</b>		
Opening Balance	19.55	21.85
Increase/(Decrease) fair value of FVOCI equity instruments	8.65	(2.31)
Income tax on net fair value gain or loss	22.38	0.01
<b>Total reserves representing unrealized gains/losses</b>	<u>50.59</u>	<u>19.55</u>

**Notes**

- a. The Company has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI equity investments reserves.

## Note 15

## Borrowings

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
<b>Non-current borrowings</b>			
<b>Secured</b>			
Term loan from banks*	14,253.45	12,912.76	9,153.86
Secured-Term loan from Financial Institutions	147.46	146.63	422.52
Compulsory convertible debentures	550.00	550.00	550.00
	<b>14,950.91</b>	<b>13,609.39</b>	<b>10,126.38</b>
<b>Unsecured</b>			
Non-convertible debentures	5,991.24	5,968.41	6,449.47
Term loan from others - GSFS	1,237.50	1,050.00	515.00
	<b>7,228.74</b>	<b>7,018.41</b>	<b>6,964.47</b>
<b>Total non-current borrowings</b>	<b>22,179.65</b>	<b>20,627.80</b>	<b>17,090.84</b>
<b>Current borrowings</b>			
<b>Secured</b>			
From banks* (Loans repayable on demand)	3,229.16	3,329.38	2,293.68
	<b>3,229.16</b>	<b>3,329.38</b>	<b>2,293.68</b>
<b>Unsecured</b>			
From banks (Loans repayable on demand)	1,184.83	705.33	3,076.88
From financial institutions	-	-	-
	<b>1,184.83</b>	<b>705.33</b>	<b>3,076.88</b>
<b>Total current borrowings</b>	<b>4,413.99</b>	<b>4,034.71</b>	<b>5,370.56</b>
<b>Current maturities of long term borrowings** (Shown as part of other current financial liabilities : Refer Note 16)</b>			
<b>Secured</b>			
Term loan from banks	719.36	722.09	921.03
Compulsory Convertible Debentures	25.04	25.04	24.94
	<b>744.40</b>	<b>747.13</b>	<b>945.97</b>
<b>Unsecured</b>			
Term loan from others - GSFS	266.72	39.32	2,257.08
Non Convertible Redeemable Debentures	140.92	1,114.82	164.34
	<b>407.64</b>	<b>1,154.14</b>	<b>2,421.42</b>
<b>Total current maturities of non-current borrowings</b>	<b>1,151.95</b>	<b>1,901.26</b>	<b>3,367.39</b>

## Notes

a. Foreign currency loans (ECB-1) amounting to USD 325 million (Current outstanding is NIL) was borrowed from a consortium of Five banks lead by State Bank of India. The Loan installment of USD 24.375 million has been repaid in June 2015. The loan was secured by way of first ranking parri- passu charge / assignment of the company's participating interest in the Production Sharing Contract (PSC) for KG-OSN-2001/3 block and the company's share of cash flow from the KG-OSN-2001/3. After repayment of the Loan the ROC charge for the same has been released.

b. State Bank of India has refinanced the entire Rupee Term Loan(RTL-1) of ₹ 3,000.00 Crs (Current outstanding is ₹ 2,925 Crores ) in F.Y. 2014-15 with better terms, which was previously held by Consortium of fourteen banks lead by Bank of Baroda. The loan is secured by way of first ranking parri passu charge / assignment of the company's participating interest in the Production Sharing Contract (PSC) for KG-OSN-2001/3 block and the company's share of cash flow from the KG-OSN-2001/3 and the Trust and Retention Account to be established as per the financing agreement.





**Secured Loans**

c. Consortium of Three member banks lead by Bank of Baroda (ECB-2), London branch has provided Foreign Currency Loan of USD 200 Million (Current outstanding of USD 80.02 Million). The repayment of installments for the facility has started from March, 2015. During the FY 2016-17 the company has no installment liability. The loan is secured by way of first ranking pari-passu charge / assignment of the company's participating interest in the Production Sharing Contract (PSC) for KG-OSN-2001/3 block and the company's share of cash flow from the KG-OSN-2001/3 and the Trust and Retention Account to be established as per the financing agreement.

d. Consortium of five member banks lead by Bank of Baroda (ECB-3), London branch has provided Foreign Currency Loan of USD 250 Million (Current outstanding of USD 199.39 Million) and USD 75 Million (Current outstanding of USD 60.933 Million) from Export Import Bank of India . The repayment of installments for the facility has started from March, 2016. During the FY 2016-17 the company has repaid normal due installment of USD 9.375 million towards repayment of USD 75 Million Facility. .The loan is secured by way of first ranking pari passu charge / assignment of the company's participating interest in the Production Sharing Contract (PSC) for KG-OSN-2001/3 block and the company's share of cash flow from the KG-OSN-2001/3 and the Trust and Retention Account to be established as per the financing agreement.

e. EXIM bank has provided Foreign Currency Loan (ECB - 4) of USD 100 Million in FY 2014-15 (Current outstanding of USD 100 Million).The loan is secured by way of first ranking pari passu charge / assignment of the company's participating interest in the Production Sharing Contract (PSC) for KG-OSN-2001/3 block and the company's share of cash flow from the KG-OSN-2001/3 and the Trust and Retention Account to be established as per the financing agreement.

f. State Bank of India (Nassau) has provided new Foreign Currency Loan (ECB - 5) of USD 100 Million in FY 2015-16 (Current outstanding of USD 93.75 Million).During the period FY 2016-17 the company has repaid normal due installment USD 6.25 Million. The loan is secured by way of first ranking pari passu charge / assignment of the company's participating interest in the Production Sharing Contract (PSC) for KG-OSN-2001/3 block and the company's share of cash flow from the KG-OSN-2001/3 and the Trust and Retention Account to be established as per the financing agreement as well as first-ranking pari passu charge over all such receivables of the Borrower, both present and future, as are charged to the LOC Lenders.

g. Consortium of thirteen member banks lead by Punjab National Bank has provided Rupee Term Loan (RTL 2) of ₹ 4,500 Crore (Current outstanding of ₹ 4, 500 Crore). The loan is secured by way of first ranking pari passu charge / assignment of the company's participating interest in the Production Sharing Contract (PSC) for KG-OSN-2001/3 block and the company's share of cash flow from the KG-OSN-2001/3 and the Trust and Retention Account to be established as per the financing agreement.

h. Compulsory Convertible Debentures of face value of ₹ 81 each are secured by a first mortgage and charge over immovable property (Guesthouse Bungalow at Infocity, Gandhinagar) of the company. There is a lock in period of one year for CCD investor from the date of allotment. The debentures will be converted into equity shares at the end of the five years. Conversion term of CCDs

“The Compulsory Convertible Debenture (CCDs) will be converted to equity after expiry of 5 (Five) years from the allotment date or date prior to filing of Red Herring Prospectus for IPO with SEBI”.

**Unsecured Loans:**

i. Company has availed Medium Term Loan from Gujarat State Financial Services (GSFS) for the period of 3 years with 6 month of moratorium and repayment in 10 equal quarterly installment. (Current outstanding ₹ 1,500 Crores). The repayment schedule has been revised in FY 2016-17 with additional one year as moratorium and incremental instalment repayment structure, therefore no installment of GSFS was due in FY 2016-17.

j. Outstanding unsecured NCDs amounting to ₹ 6,000 crores raised on private placement basis are listed with National Stock Exchange. The details of the same are as follows:

Type of NCD	Amount (₹ in crores)	Interest Rate on p.a. Basis	Issued in
8 Yrs	1,000	9.39%	Sep/12
10 Yrs	1,000	9.45%	Sep/12
60 Yrs*	1,000	10.45%	Sep/12
15 Yrs	2,000	9.03%	Mar/13
60 Yrs**	1,000	9.80%	Mar/13

\* The company has the call option for these NCDs after 10 years, from date of allotment and till maturity and in case such option is not exercised then the interest rate will step up by 2 % till the NCDs are repaid.

\*\* The company has the call option for these NCDs after 12 years, from date of allotment and till maturity and in case such option is not exercised then the interest rate will step up by 2 % till the NCDs are repaid.

k. In the F.Y. 2013-14, the Company has raised funds to the tune of ₹ 550 Crs through issuance of secured compulsory convertible debentures (CCD) on private placement basis. The details of the same are as follows:

Name of Investor	Amount (₹ in crores)	Interest Rate on p.a. Basis
IDBI Bank	150	9.56%
IFCI	100	9.39%
State Bank of India	300	10.11%

(₹ in Crores)

Sr. No.	Particulars	Total Outstanding (₹ in crores)*	Maturity periodRate of Interest (p.a.)	Repayable in 12 months	Repayable in 12 to 60 years
1	Rupee Term Loan-1	2,925.00	SBI Base Rate + 50 bps	75.00	2,850.00
2	Rupee Term Loan-2	4,500.00	SBI Base Rate + 50 bps	-	4,500.00
3	External Commercial Borrowing (ECB-2)	518.50	6 m Libor + 340 bps	-	518.50
4	External Commercial Borrowing (ECB-3)	1,688.21	6 m Libor + 374 bps	239.13	1,449.08
5	External Commercial Borrowing [ECB-4 (Exim)]	648.39	6 m Libor + 370 bps	81.05	567.34
6	External Commercial Borrowing [ECB-5 (SBI)]	607.86	6 m Libor + 390 bps	81.05	526.81
7	Non Convertible Debentures	6,000.00	9.39% to 10.45 %	-	6,000.00
8	GSFS Loan	1,500.00	8.5%	262.50	1,237.50
9	Dena Bank TL - III	24.67	9.5%	10.00	14.67
10	HDFC Bank	550.08	8.2%	6.99	543.09
11	State Bank of India TL I	427.68	8.0%	10.69	416.98
12	State Bank of India TL II	1,299.17	8.0%	32.50	1,266.67
13	Kotak Mahindra Bank Limited	50.00	8.3%	-	50.00
14	Secured Term Loan from Bank of Maharashtra	332.22	Base Rate + 0.20%	41.67	290.56
15	Secured Term Loan from Allahabad Bank	206.25	Base Rate + 0.20%	25.00	181.25
16	Secured Term Loan from IDBI Bank	200.00	Base Rate + 0.20%	25.00	175.00
17	Secured Term Loan from Dena Bank	136.03	Base Rate + 0.20%	16.67	119.36
18	Secured Term Loan from Dena Bank (New)	26.42	Base Rate + 0.20%	3.11	23.31
19	Secured Term Loan from OBC Bank	133.16	Base Rate + 0.20%	16.67	116.49
20	Secured Term Loan from Vijya Bank	66.64	Base Rate + 0.20%	8.33	58.30
21	Secured Term Loan from SBBJ	66.57	Base Rate + 0.20%	8.33	58.24
22	Secured Term Loan from Karur Vysya Bank	133.33	Base Rate	16.67	116.67
23	Secured Term Loan from Vijaya Bank *	15.77	Base Rate + 0.50%	3.32	12.44
24	Term Loan	148.75	7.9%	28.13	120.62
25	Term Loan	33.26	Base Rate + 0.35%	14.67	18.59
26	Term Loan	44.56	1 year GSEC + 2.175%	12.07	32.49
27	Term Loan	21.60	Base Rate + 0.35%	14.28	7.32
28	Term Loan	17.91	10.10% + reset every year	14.28	3.63
29	Term Loan	76.27	Base Rate + 0.25%	14.28	61.99
30	Term Loan	101.69	Base Rate + 0.45%	4.17	97.52
31	Term Loan	31.36	Base Rate + 0.25%	6.25	25.11
32	Term Loan	47.88	Base Rate + 0.25%	12.50	35.38
33	Term Loan	107.25	Base Rate + 0.40%	5.53	101.72
	<b>Total</b>	<b>22,686.48</b>		<b>1,089.84</b>	<b>21,596.64</b>

\*The amounts outstanding for various loans as on 31<sup>st</sup> March, 2017 are at historical cost.



**Note 15**
**Borrowings**

- i. Derivative contracts
- i. The company enters into currency option and interest rate swap contracts to hedge its exposure in foreign exchange rate and interest in connection with foreign currency loans.
- ii. Nominal amounts of derivative contracts entered into by the company and outstanding as on 31<sup>st</sup> March, 2017 amounts is USD 534.09 millions (31<sup>st</sup> March, 2016 : USD 549.72 millions; 1<sup>st</sup> April, 2015 : USD 24.375 Millions) by way of interest rate swap. Category wise break up is given as below\* :

Particulars	(₹ in Crores)		
	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
<b>Interest Rate Swaps and Currency Options (Call)</b>			
Currency - US Dollars : 7 contracts of USD 24.375 million			118.22
<b>Interest Rate Swaps</b>			
Currency - US Dollars* : 4 contracts of USD 549.72 million		3,646.37	
Currency - US Dollars* : 4 contracts of USD 534.09 million	3,462.96		
<b>Total</b>	<u>3,462.96</u>	<u>3,646.37</u>	<u>118.22</u>

\*Foreign Currency loans that are not hedged by derivative instruments (Currency) as on 31<sup>st</sup> March 2017 is USD 534.09 millions (31<sup>st</sup> March 16 : USD 549.72 Millions; 1<sup>st</sup> April, 2015 : USD 608.34 Million ) ₹ 3,462.96 crores (31<sup>st</sup> March, 2016 : ₹ 3,646.37 crores; 1<sup>st</sup> April, 2015 : ₹ 3,807.65 crores).

m. Loan covenants :

Bank loans contain certain debt covenants relating to limitation on indebtedness, debt-equity ratio, net borrowings to EBITDA ratio and debt service coverage ratio. The limitation on indebtedness covenant gets suspended if the Company meets certain prescribed criteria. The debt covenant related to limitation on indebtedness remained suspended as of the date of the authorisation of the financial statements. The Company has also satisfied all other debt covenants prescribed in the terms of bank loan. The other loans do not carry any debt covenant.

**Note 16**
**Other financial liabilities**

(₹ in Crores)

Particulars	(₹ in Crores)		
	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
<b>Non-Current</b>			
Payable to joint ventures	-	13.15	17.41
Lease Hold Premium payable	0.02	-	-
Other payables (including deposits received from customers)	683.46	620.78	568.43
<b>Total non-current financial liabilities</b>	<u>683.47</u>	<u>633.92</u>	<u>585.84</u>
<b>Current</b>			
Current maturities of non-current borrowings (Note 15)	1,151.95	1,901.26	3,367.39
Payable to joint ventures	528.46	662.13	585.98
Interest accrued but not due	5.29	0.00	(0.00)
Unclaimed dividend	3.79	3.90	3.64
Imbalance, overrun & Other charges	32.68	29.51	26.09
Capital creditors and other payables	634.78	131.76	532.96
Deposits from customers and others	67.67	82.85	39.43
Earnest Money Deposits	1.71	0.44	0.35
BG Asia Pacific Holdings Limited	464.78	-	-
Less : Amount deposited in Escrow Account with Citi Bank	(464.78)	-	-
Derivative liability <sup>1</sup>	1,029.18	1,440.13	674.34
<b>Total current financial liabilities</b>	<u>3,455.51</u>	<u>4,251.98</u>	<u>5,230.17</u>

## Note 17

## Provisions

Particulars	(₹ in Crores)		
	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
<b>Non-Current</b>			
Provision for decommissioning obligations	158.18	430.80	394.27
<b>Total non-current provisions</b>	<b>158.18</b>	<b>430.80</b>	<b>394.27</b>
<b>Current</b>			
Provision for profit petroleum	56.43	56.43	56.43
Provision for Other Expenses	0.56	0.51	8.45
Provision for Wealth Tax	-	-	0.09
<b>Total current provisions</b>	<b>56.99</b>	<b>56.94</b>	<b>64.97</b>

Movements in Provisions	Non-current	current	current
	Provision for decommissioning obligations	Provision for profit petroleum	Provision for other expenses
At 1 April 2016 (Opening balance)	430.80	56.43	0.51
Add: Unwinding of Discounts	30.83		
Add: Provision made during the year			0.05
Less: Provision reversed during the year	(303.44)		
At 31 March 2017 (Closing balance)	<b>158.18</b>	<b>56.43</b>	<b>0.56</b>

## Note 18

## Deferred revenue/ contract liability

Particulars	(₹ in Crores)		
	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
<b>Non-current</b>			
Income received in advance	12.73	11.99	12.99
<b>Total non-current deferred revenue/ contract liability</b>	<b>12.73</b>	<b>11.99</b>	<b>12.99</b>
<b>Current</b>			
Income received in advance	1.37	18.65	2.39
<b>Total current deferred revenue/ contract liability</b>	<b>1.37</b>	<b>18.65</b>	<b>2.39</b>

## Note 19

## Net employee benefit liabilities

Particulars	(₹ in Crores)		
	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
<b>Non-current</b>			
Provision for gratuity	0.46	2.82	2.32
Provision for leave encashment	39.07	30.84	20.85
Provision for Superannuation	0.29	-	-
Provision for Long service benefits	-	1.12	-
<b>Total non-current employee benefit liabilities (net)</b>	<b>39.81</b>	<b>34.79</b>	<b>23.17</b>



**Net employee benefit liabilities**

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
<b>Current</b>			
Provision for gratuity and loyalty bonus	15.30	16.14	8.35
Provision for leave travel allowance	0.36	0.35	0.31
Provision for Superannuation	-	0.53	-
Provision for leave benefits	1.41	3.35	9.89
<b>Total current net employee benefit liabilities</b>	<b>17.07</b>	<b>20.37</b>	<b>18.54</b>

**Note 20**
**Tax expense**
**Amount recognised in statement of profit and loss**

(₹ in Crores)

Particulars	For the year ended 31 <sup>st</sup> March, 2017	For the year ended 31 <sup>st</sup> March, 2017
<b>Current income tax</b>	(459.40)	258.71
<b>Deferred income tax liability / (asset), net</b>		
Origination and reversal of temporary differences	102.36	(20.06)
Reduction in tax rate	-	-
Recognition of previously unrecognised tax losses	-	-
Recognition of tax credit	-	(10.33)
Change in recognised deductible temporary differences	-	-
<b>Deferred tax expense</b>	<b>(357.03)</b>	<b>228.32</b>
Excess provision of income tax in respect of previous years	(59.13)	(3.98)
<b>Total tax expense for the year</b>	<b>(416.16)</b>	<b>224.34</b>

**Amount recognised in other comprehensive income**

(₹ in Crores)

Particulars	For the year ended 31 <sup>st</sup> March, 2017	For the year ended 31 <sup>st</sup> March, 2017
<b>Items that will not be reclassified to profit or loss (A)</b>		
Remeasurements of the defined benefit plans	(0.50)	(3.34)
Equity instruments through other comprehensive income	31.03	(2.31)
Share of OCI in Associate and JV	1.79	(0.69)
	<b>32.32</b>	<b>(6.35)</b>
<b>Income tax relating to items that will not be reclassified to profit or loss (B)</b>		
Remeasurements of the defined benefit plans	4.00	1.18
Equity instruments through other comprehensive income	-	0.01
Share of OCI in Associate and JV	0.01	1.17
	<b>4.01</b>	<b>2.36</b>
<b>Net amount recognised in other comprehensive income (A+B)</b>		
Remeasurements of the defined benefit plans	3.49	(2.16)
Equity instruments through other comprehensive income	31.03	(2.30)
Share of OCI in Associate and JV	1.80	0.48
	<b>36.33</b>	<b>(3.98)</b>

<b>Reconciliation of effective tax rate</b>		(₹ in Crores)	
<b>Particulars</b>	<b>For the year ended 31<sup>st</sup> March, 2017</b>	<b>For the year ended 31<sup>st</sup> March, 2017</b>	
<b>Profit before tax</b>	(16,096.12)	(569.05)	
Tax using the Company's domestic tax rate (Current year 34.61% and Previous Year 34.61%)	(5,570.55)	(196.94)	
Reduction in tax rate			
<b>Tax effect of:</b>			
<b>Non-deductible tax expenses</b>			
Deferred tax impact on items as elaborated in movement of deferred tax balances recognised through statement of profit and loss	(208.41)	363.39	
Deferred tax impact on items as elaborated in movement of deferred tax balances recognised through OCI	(0.01)	0.16	
Provision for impairment not allowable for taxes	5,258.99	-	
Refund on completion of assessment for earlier periods	48.32	-	
Items with No tax consequences	8.40	8.40	
Undistributed reserves of equity accounted investees	15.97	7.98	
Chapter VII deductions	(8.51)	(6.46)	
Differences between Indian and foreign tax rates	-	(3.55)	
Non-deductible tax expenses	0.01	0.00	
Others - Excess / Short Provision	(10.87)	0.06	
Expenses disallowed under 14A	-	0.81	
Donation	0.31	0.02	
Dividend Income	-	(3.83)	
Incremental deduction allowed under 32AC for Investment in new Plant and Equipments	(19.63)	(19.63)	
Leasehold amortisation	0.13	0.12	
Impact of LTCG on Land	(1.32)	(1.65)	
Impact of (Excess)/Short provision of earlier year deferred taxes	(0.85)	1.98	
Impact of (Excess)/Short provision of earlier year current taxes	0.21	(0.25)	
Unrealised foreign exchange gain/ (Loss)-43A	43.39	43.24	
Depreciation as per Profit and Loss Account	0.40	-	
Consumption of Stores & Spares-ICDS Adjustment	0.15	-	
Disallowance U/s 43B	0.07	-	
Interest on HBA	(0.01)	-	
Interest on Income Tax Refund	(1.16)	(0.89)	
Interest On Fixed Deposits	(61.20)	(71.84)	
Deduction allowable - Others	-	(0.07)	
Preliminary Expenses Allowed U/s. 35D	(0.01)	-	
Interest on Others	1.19	0.91	
<b>Recognition of tax effect of previously unrecognised tax losses</b>	<b>(7.77)</b>	<b>1.58</b>	
<b>Other items having no tax impact</b>	<b>96.61</b>	<b>100.80</b>	
	<b>(416.16)</b>	<b>224.34</b>	



**Note 20**
**Deferred tax asset/ (liabilities) [Net]  
Movement in deferred tax balances**

(₹ in Crores)

Particulars	31 <sup>st</sup> March, 2017							
	Net balance April 1, 2016	Recognised in profit or loss	Recognised in OCI	Recognised directly in equity	Other	Net	Deferred tax asset	Deferred tax liability
<b>Deferred tax asset/ (liabilities)</b>								
Opening balance	(1,033.37)	144.07				(889.30)	860.66	(1,749.97)
On account of impairment of assets and change in depreciation	173.96	(303.80)				(129.84)	-	(129.84)
Decommissioning obligations	100.43	208.59				309.02	309.02	-
Other items	(524.24)	630.34	26.39	141.35		273.84	283.52	(9.68)
<b>Tax assets/ (liabilities)</b>	<b>(1,283.22)</b>	<b>679.20</b>	<b>26.39</b>	<b>141.35</b>	<b>-</b>	<b>(436.28)</b>	<b>1,453.20</b>	<b>(1,889.48)</b>
Set off tax								
<b>Net tax assets/ (liabilities)</b>	<b>(1,283.22)</b>	<b>679.20</b>	<b>26.39</b>	<b>141.35</b>	<b>-</b>	<b>(436.28)</b>	<b>1,453.20</b>	<b>(1,889.48)</b>

(₹ in Crores)

Particulars	31 <sup>st</sup> March, 2016							
	Net balance April 1, 2016	Recognised in profit or loss	Recognised in OCI	Recognised directly in equity	Other	Net	Deferred tax asset	Deferred tax liability
<b>Deferred tax asset/ (liabilities)</b>								
Opening balance	(956.15)	(77.22)				(1,033.37)	-	(1,033.37)
On excess WDV as per books over WDV as per IT								
On account of impairment of assets and change in depreciation	201.24	(27.28)		-	-	173.96	173.96	-
Decommissioning obligations	117.42	(16.99)		-	-	100.43	100.43	-
Other items	(16.35)	141.55	2.35	(651.79)	-	(524.24)	5.85	(530.09)
<b>Tax assets/ (liabilities)</b>	<b>(653.84)</b>	<b>20.06</b>	<b>2.35</b>	<b>(651.79)</b>	<b>-</b>	<b>(1,283.22)</b>	<b>280.24</b>	<b>(1,563.46)</b>
Set off tax								
<b>Net tax assets/ (liabilities)</b>	<b>(653.84)</b>	<b>20.06</b>	<b>2.35</b>	<b>(651.79)</b>	<b>-</b>	<b>(1,283.22)</b>	<b>280.24</b>	<b>(1,563.46)</b>

**Tax losses carried forward**

Particulars	31 <sup>st</sup> March 2017	Expiry date	31 <sup>st</sup> March 2016	Expiry date
Expire	94.38	31-Mar-23	94.38	31-Mar-23
Expire	242.28	31-Mar-24	242.28	31-Mar-24
Expire	12,901.63	31-Mar-25	-	-
Expire	139.60	31-Mar-22	164.69	31-Mar-22
Never Expire	2,011.82	-	1,165.28	-

**Notes**

- The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.
- Significant management judgement is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income by each jurisdiction in which the relevant entity operates and the period over which deferred income tax assets will be recovered.

## Note 21

## Other non-financial liabilities

(₹ in Crores)

Particulars	As at	As at	As at
	31 <sup>st</sup> March, 2017	31 <sup>st</sup> March, 2016	1 <sup>st</sup> April, 2015
<b>Non-current</b>			
Other Current Liabilities	-	13.82	12.35
Operation and maintenance expense payable	8.95	10.72	13.96
<b>Total non-current non-financial liabilities</b>	<b>8.95</b>	<b>24.54</b>	<b>26.31</b>
<b>Current</b>			
Statutory tax liability	138.40	39.82	19.09
Advance from customers	24.50	36.75	128.88
Operation and maintenance expense payable	1.79	1.79	1.79
Others	458.61	544.14	263.41
<b>Total current non-financial liabilities</b>	<b>623.30</b>	<b>622.50</b>	<b>413.19</b>

## Note 22

## Trade payables

(₹ in Crores)

Particulars	As at	As at	As at
	31 <sup>st</sup> March, 2017	31 <sup>st</sup> March, 2016	1 <sup>st</sup> April, 2015
Total outstanding dues of micro enterprises and small enterprises*	21.47	15.32	13.13
Total outstanding dues of creditors other than micro enterprises and small enterprises	456.99	567.16	532.69
<b>Total trade payables</b>	<b>478.47</b>	<b>582.48</b>	<b>545.83</b>

\*Refer note no.42

## Note 23

## Assets held for sale as a part of discontinued operations

KG-OSN-2001/3 ("K G Block"), a joint operation, has been classified as discontinued operation held for sale based on the binding agreement entered for sale of the Group's stake in the block to Oil and Natural Gas Corporation Limited (ONGC, the buyer). The sale was approved by the board of directors in January, 2016. The requisite regulatory approvals are being obtained.

Based on the requirement of Ind AS 105 - Non Current Asset held for sale and discontinued operations (Ind AS 105), the block was and measured at the lower of their carrying amount or fair value less costs to sell, as presented in the table below:

Particulars	As at
	31 <sup>st</sup> March, 2017
<b>Assets</b>	
<i>Non current assets (net of depreciation and amortisation where applicable)</i>	
Producing Properties	7,274.95
Factory building	141.41
Office equipments	5.90
Computer equipment	0.53
Plant and machinery	7,710.14
Furniture and fixtures	6.53
Intangible - Software	1.51
Building	4.88



(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2017
CWIP others	206.58
Exploration & Development	5,951.23
<b>Total carrying value of non-current assets (A)</b>	<b>21,303.66</b>
<b>Liabilities associated with above</b>	
Provision for decommissioning cost	303.44
<b>Net assets classified as held for sale</b>	<b>21,000.22</b>
<b>Fair value less cost to sell of above (B)</b>	<b>7,749.90</b>
<b>Impairment loss recognised in statement of profit or loss as an exceptional item (C) = (A) - (B)</b>	<b>13,250.32</b>

**Details of profit and loss attributable to the KG Block is below:**

(₹ in Crores)

Particulars	3 months ending 31 <sup>st</sup> March, 2017	9 months ending 31 <sup>st</sup> March, 2016	Year ending 31 <sup>st</sup> March, 2016
Revenue	22.58	82.59	-
Expense	34.29	74.27	-
Profit before tax	(11.71)	8.32	-
Income tax expense	-	-	-
Profit after tax	(11.71)	8.32	-

Since the group had not declared COD in 2015-16, the income earned from the test production was adjusted against the CWIP.

As per the agreement, the economic date of transfer for asset i.e. 80% Participating Interest of GSPC is 23:59 hours 31<sup>st</sup> March 2017. GSPC shall continue as operator for the block on behalf of ONGC until the closing date and all expenditure incurred from economic date to closing date on behalf of ONGC (i.e. 80% PI) shall be reimbursed by ONGC to GSPC on closing date.

In August 2002, GSPC had entered into Carried Interest Agreement with Geo Global Resources (India) Inc (GGR), under which it had granted GGR 10.0% carried interest in the KG-OSN-2001/3 block. The CIA provided that GSPC was responsible to incur GGR's share of costs incurred during exploration as well as development phase prior to date of initial commercial production. GSPC had incurred ₹ 1,856.83 Crore on GGR's behalf until 31<sup>st</sup> March 2017. However, in April 2017, GSPC has entered into a Deed of Assignment of Participating Interest with GGR vide which GGR has surrendered its 10% Participating Interest in KG-OSN-2001/3. Thus, GSPC shall hold 10% PI in KG-OSN-2001/3.

### (B) Going Concern

GSPC has executed Farm-in/Farm-out Agreement with Oil and Natural Gas Corporation (ONGC) for farm-out of 80% PI in KG-OSN-2001/3 (KG Block). The KG Block has substantial gas and condensate reserves however due to technical challenges (High Pressure High Temperature), the requisite future capital investment to achieve desired levels of production had pushed the Group towards a highly leveraged position. The group was unable to infuse further capital for future development which had triggered the transaction with ONGC. GSPC has approached Government of Gujarat for approving the transaction for divestment of GSPC's 80% PI in KG Block. (Refer Note 23 (A) above) The transaction for sale of PI in KG Block has led to an impairment linked financial loss which has exceeded the net worth of the Group.

However, to recoup the negative impact on financials, the Group has an upside potential from valuation of other six discoveries in KG Block. Moreover, the Group has wide domain of business process in energy value chain with gas trading, Exploration & Production business in onshore blocks, renewable power generation, city gas distribution and gas transmission. It has strong market presence in the gas trading business which is further fortified with the gas transmission and city gas distribution businesses alongside gas based generation business which have potential for high growth trajectory.

The management of the Group with the support from Government of Gujarat is committed to complete the revival of the group by putting in place a Turnaround Plan/Debt Realignment Strategy. The Group is devising a detailed restructuring plan to improve the financial and operating performance. It has already engaged services of independent consultants for preparation of restructuring plan for reviving the financial performance of GSPC.

GSPC is in advanced stages of obtaining the approval from Government of Gujarat for furnishing a GoG guarantee for valuation adjustment linked to gas price mechanism and necessary support for Turnaround Plan/Debt Realignment Strategy which clearly indicates the continuing support of Government of Gujarat towards the group.

In view of the business presence of the Group and the measures taken along with the support of GoG, the present accounts have been prepared on a "Going Concern Basis" since in opinion of the management there is no foreseeable situation of the Group otherwise.

**Note 24****Revenue from operations**

(₹ in Crores)

Particulars	For the year ended 31 <sup>st</sup> March, 2017	For the year ended 31 <sup>st</sup> March, 2016
<b>Sale of products</b>		
Sale of natural gas - Trading	11,373.23	12,435.45
Sale of gas - Joint venture	123.44	29.64
Sale of oil - Joint venture	58.17	65.27
Sale of electricity	557.73	748.86
Sale of Traded goods	0.31	2.05
	<b>12,112.88</b>	<b>13,281.28</b>
<b>Sale of services</b>		
Re-gasification income	159.97	88.37
Revenue from Transportation of Gas (net)	682.63	841.06
IT Service Income	10.77	16.04
	<b>853.36</b>	<b>945.47</b>
<b>Other operating revenues</b>		
Contract Renewal Charges	9.22	7.97
Take or pay income	11.80	16.16
Connectivity Charges	1.99	4.92
Registration Charges	25.45	29.51
Other Operating Income	1.71	1.59
	<b>50.18</b>	<b>60.15</b>
<b>Total revenue from operations</b>	<b>13,016.43</b>	<b>14,286.90</b>

**Note 25****Other income**

(₹ in Crores)

Particulars	For the year ended 31 <sup>st</sup> March, 2017	For the year ended 31 <sup>st</sup> March, 2016
<b>Dividend from long term investments</b>		
Dividend from subsidiary companies	-	-
Dividend from other companies	2.00	13.24
	<b>2.00</b>	<b>13.24</b>
<b>Other non-operating income</b>		
Usage charges	2.00	1.62
Other income - Joint ventures	6.68	6.92
Net profit on sale of fixed assets	0.18	2.89
Miscellaneous income	10.52	10.58
Liquidated damages income	1.13	-



**Other income**

(₹ in Crores)

Particulars	For the year ended 31 <sup>st</sup> March, 2017	For the year ended 31 <sup>st</sup> March, 2016
Net Foreign Exchange Gain	22.14	-
Provisions no longer required Written Back	1.09	1.53
Deposits with banks	73.50	62.43
Optionally Convertible Debentures	0.35	1.20
Others	133.47	66.80
	<u>251.05</u>	<u>153.97</u>
<b>Total other income</b>	<u><u>253.04</u></u>	<u><u>167.20</u></u>

**Notes**

a. Interest income includes interest amounting to ₹ 34.38 crores (31<sup>st</sup> March : 34.08 crores; 1<sup>st</sup> April, 2015 : 20.23 crores) from associate company.

**Note 26**
**Production expenditure - E&P**

(₹ in Crores)

Particulars	For the year ended 31 <sup>st</sup> March, 2017	For the year ended 31 <sup>st</sup> March, 2016
Production expenditure	137.48	52.72
Duties and taxes	16.72	5.92
Other G&A expenses	20.38	13.54
<b>Total production expenditure - E&amp;P</b>	<u><u>174.58</u></u>	<u><u>72.18</u></u>

**Note 27**
**Cost of material consumed**

(₹ in Crores)

Particulars	For the year ended 31 <sup>st</sup> March, 2017	For the year ended 31 <sup>st</sup> March, 2016
Purchase of natural gas	663.77	925.70
Transportation charges	14.44	42.72
Consumable and commissioning charges	2.28	1.18
Excise duty	145.26	139.90
	<u><u>825.75</u></u>	<u><u>1,109.50</u></u>

**Note 28**
**Cost of trade goods**

(₹ in Crores)

Particulars	For the year ended 31 <sup>st</sup> March, 2017	For the year ended 31 <sup>st</sup> March, 2016
<b>Purchase of gas</b>		
Local Purchase of Gas	2,555.89	2,439.67
Import Purchase of Gas	5,169.87	6,711.48
	<u>7,725.76</u>	<u>9,151.15</u>
<b>Other costs</b>		
Import Gas Regasification Charges	631.90	643.08
Gas Transmission Charges	98.35	156.15
Commodity Hedging Cost/ Other expenses	(80.37)	738.45
Annuity & Meter Validation Charges	0.16	0.64
	<u>650.04</u>	<u>1,538.32</u>
<b>Total cost of traded goods</b>	<u><u>8,375.80</u></u>	<u><u>10,689.47</u></u>

## Note 29

Changes in inventories of finished goods, stock in process and stock in trade<sup>a</sup>

(₹ in Crores)

Particulars	For the year ended 31 <sup>st</sup> March, 2017	For the year ended 31 <sup>st</sup> March, 2016
<b>Finished goods</b>		
Closing stock of oil	(25.68)	(2.70)
Opening stock of oil	2.70	4.24
	(22.98)	1.55
Increase/ decrease in stock of oil (Hazira)	(15.65)	0.33
	<b>(38.63)</b>	<b>1.88</b>
<b>Stock in trade</b>		
Closing stock of liquified gas	(193.11)	(43.83)
Opening stock of liquified gas	43.83	63.31
Impact of GGL inventory	3.77	0.31
	<b>(145.51)</b>	<b>19.79</b>
<b>Total change in inventories of finished goods, stock in process and stock in trade</b>	<b>(184.14)</b>	<b>21.67</b>

## Note 30

## Employee benefit expenses

(₹ in Crores)

Particulars	For the year ended 31 <sup>st</sup> March, 2017	For the year ended 31 <sup>st</sup> March, 2016
Salary, wages and allowances	156.44	158.55
Contribution to provident fund and other funds (Refer note 36)	23.43	20.20
Staff welfare expenses	7.82	11.19
ESOP Compensation Expenses	-	(0.43)
Leave salary	4.89	4.68
<b>Total employee benefit expenses<sup>a</sup></b>	<b>192.58</b>	<b>194.18</b>

## Notes

a. Amount represents net expenditure for corporate.

## Note 31

## Finance costs

(₹ in Crores)

Particulars	For the year ended 31 <sup>st</sup> March, 2017	For the year ended 31 <sup>st</sup> March, 2016
Interest on buyer's credit	2,336.24	476.69
Unwinding of discount on Provisions and processing fee of loans	12.52	30.77
Other Borrowing Costs (includes bank guarantee, LC charges, bank charges, etc.)	67.85	24.44
Exchange rate difference	(78.37)	0.11
<b>Total finance costs</b>	<b>2,338.23</b>	<b>532.02</b>



**Note 32**
**Other expenses**

(₹ in Crores)

Particulars	For the year ended 31 <sup>st</sup> March, 2017	For the year ended 31 <sup>st</sup> March, 2016
<b>Expenses related to wind mills</b>		
Operation and maintenance expenses	15.99	10.75
Windmills insurance expenses	0.15	0.47
<b>Total (A)</b>	<b>16.15</b>	<b>11.21</b>
<b>Administrative expenses</b>		
Electricity expenses	67.72	68.71
Rent, rates and taxes	34.64	23.51
Repairs and maintenance		
Building repairs	2.03	1.82
Plant and machinery	111.12	123.62
Others	14.85	16.27
Insurance expenses	8.32	8.44
Maintenance contracts	14.26	28.91
Payment to outsourced person	10.80	23.60
Consumption of stores and spares	19.21	12.88
System Usage Gas	21.82	2.85
HSE expense	0.99	0.44
Franchisee, commission and profit margin expense	29.05	29.32
Services Charges & Fitting Cost	-	7.41
Security expenses	11.80	8.88
Business development and promotion	4.16	1.40
Seminar and conference expense	0.17	0.13
Advertisement and publicity	0.97	6.12
Administration and establishment	2.10	3.39
Recruitment and training expense	0.82	0.65
Travelling expenses	3.17	-
Stationery and printing	2.04	2.62
Professional and technical expenses	32.62	33.13
SLDC Charges	4.01	8.65
Listing fees	0.14	0.14
Donations	1.43	5.25
Telephone, trunk calls and postage	5.58	4.93
Office expense	6.44	4.38
Vehicle running expenses	6.81	6.60
Bandwidth expenses	0.36	0.22
Payment to auditors <sup>a</sup>	0.82	1.11
Net loss on sale/ discarding of fixed assets	9.46	8.89
Net foreign exchange loss		31.29
Corporate social responsibility expenses <sup>b</sup>	2.28	5.19
Project expenses	-	1.20
Bank charges	9.22	2.30
Stamp duty expenses	-	1.72
Other expenses	8.59	8.08
Miscellaneous expenses	57.31	12.96
<b>Total (B)</b>	<b>505.11</b>	<b>507.03</b>
<b>Provision for doubtful advances (C)</b>	<b>3.81</b>	<b>5.57</b>
<b>Total other expenses (A+B+C)</b>	<b>525.07</b>	<b>523.79</b>

**Note 32****Other expenses****Notes****a. Payment to auditors**

(₹ in Crores)

Particulars	For the year ended 31 <sup>st</sup> March, 2017	For the year ended 31 <sup>st</sup> March, 2016
For statutory audit	0.62	0.78
For other services	0.14	0.25
For reimbursement of expenses	0.06	0.08
<b>Total payment to auditors</b>	<b>0.82</b>	<b>1.11</b>

**b. Corporate social responsibility expenses**

(₹ in Crores)

Particulars	For the year ended 31 <sup>st</sup> March, 2017	For the year ended 31 <sup>st</sup> March, 2016
Gross amount required to be spent by the Company during the year	19.96	28.60
Amount spent during the year on (Paid in Cash) :		
Construction /acquisition of any asset	0.23	0.63
On purpose other than above	2.05	4.56
Amount spent during the year on (Yet to be Paid in Cash) :		
Construction /acquisition of any asset		
On purpose other than above		
<b>Total corporate social responsibility expenses</b>	<b>22.24</b>	<b>33.79</b>

**Note 33****Exceptional items**

The exceptional Items comprises of the following :

(₹ in Crores)

Particulars	For the year ended 31 <sup>st</sup> March, 2017	For the year ended 31 <sup>st</sup> March, 2016
Impairment of oil and gas assets <sup>a</sup>	14,924.54	94.14
Expenses pursuant to scheme of Amalgamation and Arrangement	-	25.62
Provision for Doubtful Debts	289.93	
Exploration cost written off <sup>b</sup>	(18.60)	686.88
<b>Total exceptional items</b>	<b>15,195.88</b>	<b>806.65</b>

**Notes**

- a. Impairment Losses comprise of impairment losses on 80% Participating Interest (PI) & 10% PI in KG-OSN-2001/3 Block ("K G Block"). Please Refer Note No.23 (Ind AS 105) for details of Non current assets held for sale with respect to assets and liabilities of KG-OSN-2001/3.
- b. The Company has written (back)/off ₹ (18.60) crores (31<sup>st</sup> March, 2016 : ₹ 686.88 crores; 1<sup>st</sup> April, 2015 : ₹ 513.03 crores) towards exploration cost for surrendered blocks. During the year there was a net foreign exchange gain on amount receivable from partners of overseas blocks. As the exploration loss for the overseas blocks were routed through exploration cost written off, the gain arising out of the same are also routed through from exploration cost written off.



**Note 34**
**Earning per share**

(₹ in Crores)

Particulars	For the year ended 31 <sup>st</sup> March, 2017	For the year ended 31 <sup>st</sup> March, 2016
<b>Profit attributable to equity holders for (₹ in Crores):</b>		
Basic earnings	(15,679.96)	(793.39)
Adjusted for the effect of dilution	(15,626.64)	(793.39)
<b>Weighted average number of equity Shares for:</b>		
Basic EPS	2579262920	2,529,180,780
Adjusted for the effect of dilution	2647164155	2,597,082,015
<b>Earnings Per Share (₹):</b>		
Basic	(60.79)	(3.14)
Diluted	(59.03)	(3.05)

**Note 35**
**Contingent liabilities**

Claims against the Company not acknowledged as debts which in the opinion of the Management are not tenable/under appeal at various stages:

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
Income Tax	1,335.46	1,218.33	1,184.85
Joint Ventures	690.38	1,264.93	2,085.53
Guarantees	2,259.67	2,264.71	692.18
Others	666.27	973.78	426.40

Above contingent liability includes our share in following matters :

- In September 2005, GSPC, as the Operator in KG-OSN-2001/3 block, had entered into a contract with Atwood Oceanics Pacific Limited ('AOPL') for drilling, completing or abandoning the wells identified by GSPC's drilling program. With respect to certain invoices raised by AOPL during July and August 2009, AOPL has claimed that the said invoices were paid by GSPC after a delay of 733 days in September 2011. Accordingly, AOPL had initiated arbitration proceeding against the JV claiming interest on delayed payment towards the said invoices claiming an amount of ₹ 98,938,902 (USD1,523,895) [31<sup>st</sup> March 2016: ₹101,148,531 (USD1,523,895)] along with interest at the rate of 1.5% per month from 11<sup>th</sup> January 2013 till the date of payment. The Honorable Sole Arbitrator, vide arbitral award dated 12<sup>th</sup> May 2015, has concluded that the JV is not liable to pay the claims of interest on delayed payment towards the invoices as aforesaid and rejected the claims made by AOPL in this regard. AOPL has preferred an appeal under Section 34 of the Arbitration and Conciliation Act, 1996 praying for setting aside of the award passed by the Sole Arbitrator before the District Court, Gandhinagar. The matter is subjudice.
- GSPC, as the Operator in KG-OSN-2001/3 block, has entered into a contract with Tuff Drilling Private Limited ('TDPL') for supply and installation of 3,000 hp modular rig in May 2010. Due to the inability of TDPL to provide the rig in the stipulated timelines, the Operator terminated the contract. Against the above actions of the Operator, TDPL has raised claims for ₹ 719.33 Crores (GSPC's share ₹ 647.40 crores) [31<sup>st</sup> March, 2016: ₹ 719.33 Crores of which GSPC's share: ₹ 647.40 crores]. The Arbitration Tribunal, vide award dated April 15, 2017, has dismissed all the claims made by TDPL against the Operator as well as all the counter claims made by the Operator against TDPL. However, since the time period for statutory appeal against the award (90 days from the date of award) is still not over, the same is shown as Contingent liabilities.
- Imbalance and overrun charges as per the 'Modalities of maintaining & operation of Escrow Account under the PNGRB (Access Code for Common or Contract Carrier Natural Gas Pipeline) Regulations, 2008 issued by PNGRB on 7<sup>th</sup> March 2011, collected for the period prior to 1<sup>st</sup> April 2011 amounting to ₹ 2.26 crores (net of taxes) has been deposited in Escrow Account under protest. However, the same is not recognised as liability as these guidelines are applicable w.e.f. 1st April 2011.
- UPL Limited (UPL) a customer of erstwhile Gujarat Gas Company Limited (GGCL) filed a complaint before Petroleum and Natural Gas Regulatory Board (PNGRB) against erstwhile GGCL alleging charging of tariff illegally under the City Gas Network Distribution Agreement entered into between the Parties. The matter was decided against erstwhile GGCL by PNGRB. Erstwhile GGCL has preferred an appeal at Appellate Tribunal for Electricity (APTEL) against the PNGRB Order.

Erstwhile GGCL has also sought an interim stay on the PNGRB order which was granted by APTEL. The APTEL has in its order stated that it is an interim order without considering the merits of the case. Company has submitted bank guarantee of ₹ 40 Crores in favour of UPL.

- e. One of the gas suppliers of the group has submitted a claim of ₹ 108.44 Crores (P. Y. ₹ 481.85 Crores), for overdrawn use of gas against demand in earlier years. The group has refuted this erroneous claim contending that no contractual provisions of the agreement executed with GGL allow such claim. The management is of the firm view that the company is not liable to pay any such claim. The group has already taken up the matter with concerned party/authorities to withdraw the claim.
- f. The office of superintendent of stamp has issued demand of stamp duty of ₹ 43.53 crores for the transaction of scheme of amalgamation and arrangement. GGL has filed the appeal before Chief Controlling Revenue Authority - CCRA on 20.12.2016 by paying 25% of demand of ₹ 10.88 crores. The group has already provided the liability of ₹ 25 crores in the books of accounts for the financial year 2015-16.

#### Contingent assets

The Group has certain claims which are pursuing through legal processes. The management believe that probable outcome in all such claims are uncertain. Hence, the disclosure of such claims is not required in the financial statements.

#### Note 36

##### Capital commitments

(₹ in Crores)

Particulars	As at	As at	As at
	31 <sup>st</sup> March, 2017	31 <sup>st</sup> March, 2016	1 <sup>st</sup> April, 2015
<b>Estimated Amount of Contracts remaining to be executed on capital accounts</b>			
i. In respect of Joint Ventures	77.75	94.97	1,913.90
ii. In respect of Others	1,250.66	853.80	823.07
<b>Minimum Work Programme committed under various production Sharing</b>			
i. In India	3.24	16.16	75.34
ii. Outside India	-	15.07	14.22
<b>Estimated amount of Contracts remaining on Revenue Accounts</b>	345.92	203.33	161.83

#### C. Other Commitments

1. Advance Adjustable against re-gasification services NIL crores (31<sup>st</sup> March 2016 : ₹ Nil & 1<sup>st</sup> April 2015 : ₹ 50.00 crores)

The Joint Venture (JPDA 06-103) is committed to drill three wells in the block along with the acquisition of 1060 sq. kms 2D and 1020 sq. kms of 3D seismic data. Of the committed work programme the Joint Venture (JPDA 06-103) has acquired 2140 sq. kms of 3D seismic data (as 2D data was compensated with additional 100 sq. kms of 3D data). The joint venture (JPDA 06-103) has also drilled 2 exploratory well which were found to be dry. The company has till date invested INR 129.22 Cr (shown in CWIP) for the completed work programme. However, drilling 1 more exploratory well is still pending and joint venture (JPDA 06-103) would undertake the balance work programme at the estimated cost of US\$ 16,975,000 (GSPC Share US\$ 3,395,000).

#### Note 37

##### Employee Benefits :

##### A. Defined contribution plans

1. Company's contribution to Provident Fund is ₹ 10.70 Crores (31<sup>st</sup> March 2016: ₹ 9.23 Crores & 1<sup>st</sup> April 2015: ₹ 3.87 Crores)
2. Company's contribution to Super Annuation fund is ₹ 1.25 Crores (31<sup>st</sup> March 2016: ₹ 1.2 Crores & 1<sup>st</sup> April 2015: ₹ 0.39 crores)

##### B. Defined benefit plans

The following table sets out the funded status of the Gratuity and Leave Encashment Plan and the amounts recognized in Group's consolidated financial statements as at 31<sup>st</sup> March, 2017; 31<sup>st</sup> March, 2016 as required by Ind AS 19.



(₹ in Crores)

Particulars	Gratuity (Funded)			Leave Encashment (Funded)		
	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> April, 2015	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> April, 2015
<b>Change in benefit obligation</b>						
1 Liability at the beginning of the year	47.74	35.05	24.22	41.69	36.92	20.80
2 Interest cost	4.00	2.80	1.99	3.23	2.83	1.78
3 Current service cost	6.55	5.16	2.98	4.14	4.20	2.67
4 Past service cost	0.50	3.75	-	0.48	0.01	-
5 Prior year charges	-	0.34	-	0.00	0.17	-
6 Benefit Paid	(0.83)	(1.13)	(1.75)	(3.15)	(1.40)	(2.07)
7 Actuarial (gain) / Losses	4.06	1.77	7.61	3.80	(1.03)	13.74
8 Liability at the end of the year	62.01	47.73	35.05	50.19	41.69	36.92
<b>Change in fair value of plan assets</b>						
1 Plan assets at the beginning of the year	35.29	30.2919	23.73	7.53	6.31	4.71
2 Expected return of plan assets	2.98	2.8458	2.18	0.68	0.56	0.41
3 Contributions	16.53	3.9836	5.86	1.9	1.28	2.21
4 Benefit paid	(2.02)	-1.5211	(1.71)	-0.47	(0.66)	(1.08)
5 Actuarial gain / (Loss)	(0.14)	-0.2217	0.05	-0.01	0.04	0.06
6 Return on plan asset excl interest income	0.68	0	0.19	0	-	-
7 Plan assets at the end of the year	53.31	35.3785	30.30	9.63	7.53	6.31
8 Total Actuarial Gain/(Loss) To Be Recognized	(4.20)	(-1.9907)	(7.55)	(-3.81)	1.07	(13.68)
<b>Actual Return on plan assets</b>						
1 Expected return of plan assets	2.98	2.85	2.18	0.68	0.56	0.41
2 Actuarial gain / (loss)	(0.14)	(0.22)	0.05	(0.01)	0.04	0.06
3 Actual return on plan assets	2.84	2.62	2.23	0.67	0.60	0.47
<b>Net asset / (liability) recognized in the Balance Sheet</b>						
1 Liability at the end of the year	62.01	47.73	35.05	50.19	41.69	36.92
2 Plan assets at the end of the year	53.31	35.38	30.30	9.63	7.53	6.31
3 Amount recognized in the Balance Sheet Accrued	8.70	12.35	4.75	40.56	34.16	30.61

(₹ in Crores)

Particulars	Gratuity (Funded)		Leave Encashment (Funded)	
	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
<b>Expenses recognized in the statement of profit &amp; loss account for the year</b>				
1 Current service cost	6.55	5.16	4.14	4.20
2 Interest cost	4.00	2.80	3.23	2.83
3 Expected return on plan assets	(3.66)	(2.85)	(0.68)	(0.56)
4 Actuarial (gain) / Losses	4.20	1.99	3.81	(1.07)
5 Past service cost	0.50	3.75	0.48	0.01
6 Prior Year Charges	-	0.34	-	0.17
7 Total expenses	11.59	11.19	10.98	5.57
<b>Balance Sheet reconciliation</b>				
1 Opening net liability	12.45	4.76	34.16	30.61
2 Expenses as above	11.59	11.19	10.98	5.57
3 Employer contribution	(16.53)	(3.98)	(1.90)	(1.28)
4 Benefits paid	1.19	0.39	(2.68)	(0.74)
5 Amount recognized in the Balance Sheet	8.70	12.35	40.56	34.16

**Note 37**

**Employee Benefits:**

**A. Defined contribution plans**

Particulars	Gratuity (Funded)			Leave Encashment (Funded)		
	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
<b>Actuarial Assumptionsa</b>						
1 Discount Rate	7.25 % - 7.40%	7.80% - 8.10%	7.74% - 8.00%	7.25 % - 7.40%	7.80% - 8.10%	7.74% - 8.00%
2 Rate of return on plan assets	7.25 % - 7.40%	7.80% - 8.10%	8.25% - 9.00%	7.40%	8.00% - 8.05%	8.75%
3 Salary Escalation	7.00 % - 9.50%	7.00% - 10.00%	7.00% - 12.00%	7.00 % - 9.50%	7.00% - 10.00%	7.00% - 12.00%

**Sensitivity analysis**

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

(₹ in Crores)

Particulars	Gratuity (Funded)		Leave Encashment (Funded)	
	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015	As at 31 <sup>st</sup> March, 2016
<b>Sensitivity %</b>				
Discount rate varied by 0.5%				
Increase +5%	65.07	52.04	46.8	38.9
Decrease -5%	73.16	58.89	53.95	42.3
Salary growth rate varied by 0.5%				
Increase +5%	72.68	58.52	53.89	42.28
Decrease -5%	65.31	52.35	46.82	38.89

**Notes**

a. Investment details

Both the funds are managed by LIC and as per the bifurcation provided for planned assets 100 % investment as on 31<sup>st</sup> March 2017 (100% as on 31<sup>st</sup> March 2016 & 100% as on 1<sup>st</sup> April, 2015) is made in Special deposit Scheme.

b. Expected Employers contribution for the next financial year

For the gratuity & leave encashment which are funded, Group is expecting to contribute the amount which can mitigate future liability. The estimate of future salary increase, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factor, such as supply and demand in the employment market. The above information is certified by the actuary.

Gratuity and Leave Encashment is administered through duly constituted and approved independent trusts, also through Group gratuity / leave encashment scheme with Life Insurance Corporation of India.

c. Loyalty bonus

The Group has also provided for ₹ 100 crores (31<sup>st</sup> April 2016:-₹ 0.15 crores & 1<sup>st</sup> April 2015:-₹ 0.54 crores) towards liability of loyalty bonus (a non-funded defined benefit plan) during the year as per the actuarial valuation.



**Note 38  
Joint Venture Operations**

The Company has entered into Production Sharing Contracts (PSCs) / Agreements in consortium with various Private/Public Sector & Foreign Companies as stated below with the Ministry of Petroleum & Natural Gas (Government of India), for exploration of oil and gas in the following fields. The company has also entered into Production Sharing Agreements (PSAs)/Work Permits overseas relating to Oil & Gas/ Exploration Areas blocks along with various companies. Pursuant to the PSCs, unincorporated Joint Ventures (JVs) have been formed to undertake necessary economic activities for production of Oil and Gas by entering into a Joint Operating Agreement with them. The details are stated below:

**I Blocks/Fields currently under exploraiton, development and production**

Sr No	Joint Venture/PSCs	GSPC's PI	Operatorship/Other Partners	PI
<b>A</b>	<b>Non Operated Jvs</b>			
1	Hazira	66.67% (66.67%)	Niko Resources Ltd (Operator)	33.33%
2	Bhandut	60% (60%)	Oilex NL Holdings (India) Ltd (Operator)	40%
3	Cambay	55% (55%)	Oilex NL (Operator)	30%
			Oilex NL Holdings (India) Ltd	15%
4	Asjol	50% (50%)	Hindustan Oil and Exploration Company	50%
5	Palej	50% (50%)	<b>Exploration</b>	
			Hindustan Oil and Exploration Company Limited (Operator)	<b>50%</b>
		35% (35%)	<b>Development</b>	
			Hindustan Oil and Exploration Company Limited (Operator)	35%
	Oil and Natural Gas Corporation Limited	30%		
6	North Balol	45% (45%)	Hindustan Oil and Exploration Company Limited (Operator)	25%
			Gujarat Natural Resources Limited (GNRL)(Operator) (Formerly Heramec ltd.)	30%
7	Dholasan	70% (70%)	Gujarat Natural Resources Limited (GNRL)	30%
8	North Kathana	70% (70%)	Gujarat Natural Resources Limited (GNRL)	30%
9	Kanawara	70% (70%)	Gujarat Natural Resources Limited (GNRL)	30%
10	Allora	70% (70%)	Gujarat Natural Resources Limited (GNRL)	30%
11	CB-ONN-2004/1 (Refer Note k )	40% (40%)	Oil and Natural Gas Corporation Limited (Operator)	60%
12	CB-ONN-2004/2 (Refer Note k )	45% (45%)	Oil and Natural Gas Corporation Limited (Operator)	55%
13	CB-ONN-2004/3	35% (35%)	Oil and Natural Gas Corporation Limited	65%
14	MB-OSN-2005/1	20% (20%)	Oil and Natural Gas Corporation Limited	80%
15	CB-ONN-2009/4	50% (50%)	Oil and Natural Gas Corporation Limited	50%
16	GK-OSN-2009/1	20% (20%)	Oil and Natural Gas Corporation Limited (Operator)	40%
			Indian Oil Corporation Limited	20%
			Adani Welspun Exploration Ltd	20%

Note 37

Joint Venture Operations

B	GSPC - Operated			
17a	Tarapur		<b>Exploration</b>	
		80% (80%)	Geo Global Resources (Barbados) Inc.	20%
			<b>Development:</b>	
	56% (56%)	Geo Global Resources (Barbados) Inc.	Oil and Natural Gas Corporation Limited	14% 30%
17b	Tarapur - Extension phase (Refer Note a)	80% (80%)	Geo Global Resources (Barbados) Inc.	20%
18	Unawa	70% (70%)	Gujarat Natural Resources Limited (GNRL) (Formerly Heramec Ltd.)	30%
19a	CB-ONN-2000/1 (Ahmedabad)	50% (50%)	GAIL (India) Ltd	50%
19b	CB-ONN-2000/1 -(Extension phase)	50% (50%)	GAIL (India) Ltd	50%
20	CB-ONN-2002/3 (Sanand)	55% (55%)	Jubilant Enpro Private Limited	20%
			Hindustan Petroleum Corporation Limited	15%
			Geo Global Resources (Barbados) Inc.	10%
21	CB-ONN-2003/2	50% (50%)	GAIL (India) Ltd	20%
			Jubilant Enpro Private Limited	20%
			Geo Global Resources (Barbados) Inc.	10%
22	KG-OSN-2001/3 (Refer Note a)	80% (80%)	Jubilant Enpro Limited	10%
			Geo Global Resources (Barbados) Inc.	10%

\*PI - Participating Interest

\*\*Figures in bracket indicate previous year figures. There is no change in previous year figures unless otherwise stated.

II Blocks/Fields proposed to be surrendered

Sr No	Joint Venture/PSCs	GSPC's PI	Operatorship/Other Partners	PI
<b>A</b>	<b>Non Operated JVs</b>			
1	MB-OSN-2000/1 (Mumbai) (Refer Note g)	10% (10%)	Oil and Natural Gas Corporation Limited (Operator)	75%
			Indian Oil Corporation Limited	15%
2	MB-DWN-2000/2 (Mumbai) (Refer Note g)	10% (10%)	Oil and Natural Gas Corporation Limited	50%
			Indian Oil Corporation Limited	15%
			GAIL (India) Ltd	15%
			Oil India Lt.	10%
3	CB-ONN-2002/2 (Mehsana) (Refer Note g)	60% (60%)	Jubilant Oil & Gas Pvt. Limited (Operator)	30%
			Geo Global Resources (Barbados) Inc.	10%
4	CY-ONN-2002/1(Cavery) (Refer Note g)	20% (20%)	Jubilant Oil & Gas Pvt. Limited (Operator)	30%
			GAIL (India) Ltd	50%
5	BS(3)-CBM-2003/II (Refer Note g)	30% (30%)	Oil and Natural Gas Corporation Limited (Operator)	70%
6	CY-DWN-2004/1 (Refer Note g)	10% (10%)	Oil and Natural Gas Corporation Limited (Operator)	70%
			GAIL (India) Ltd	10%
			Hindustan Petroleum Corporation Limited	10%



**II Blocks/Fields proposed to be surrendered**

Sr No	Joint Venture/PSCs	GSPC's PI	Operatorship/Other Partners	PI
<b>A</b>	<b>Non Operated JVs</b>			
7	CY-DWN-2004/2 (Refer Note g)	10% (10%)	Oil and Natural Gas Corporation Limited (Operator)	70%
			GAIL (India) Ltd	10%
			Hindustan Petroleum Corporation Limited	10%
8	CY-DWN-2004/4 (Refer Note g)	10% (10%)	Oil and Natural Gas Corporation Limited (Operator)	70%
			GAIL (India) Ltd	10%
			Hindustan Petroleum Corporation Limited	10%
9*	CY-PR-DWN-2004/2 (Refer Note g)	10% (10%)	Oil and Natural Gas Corporation Limited (Operator)	70%
			GAIL (India) Ltd	10%
			Hindustan Petroleum Corporation Limited	10%
10*	KG-DWN-2004/1 (Refer Note g)	10% (10%)	Oil and Natural Gas Corporation Limited (Operator)	70%
			GAIL (India) Ltd	10%
			Hindustan Petroleum Corporation Limited	10%
11 -*	KG-DWN-2004/2 (Refer Note g)	10% (10%)	Oil and Natural Gas Corporation Limited (Operator)	60%
			GAIL (India) Ltd	10%
			Hindustan Petroleum Corporation Limited	10%
			BPCL	10%
12 -*	KG-DWN-2004/3 (Refer Note g)	10% (10%)	Oil and Natural Gas Corporation Limited (Operator)	70%
			GAIL (India) Ltd	10%
			Hindustan Petroleum Corporation Limited	10%
13 *	KG-DWN-2004/5 (Refer Note g)	10% (10%)	Oil and Natural Gas Corporation Limited	50%
			GAIL (India) Ltd	10%
			Hindustan Petroleum Corporation Limited	10%
			BPCL	10%
			Oil India Limited	10%
14	KG-DWN-2004/6 (Refer Note g)	10% (10%)	Oil and Natural Gas Corporation Limited	60%
			GAIL (India) Ltd	10%
			Hindustan Petroleum Corporation Limited	10%
			Oil India Limited	10%
15 *	MB-OSN-2004/2 (Refer Note g)	20% (20%)	Petrogas E&P LLC(Operator)	20%
			GAIL (India) Ltd	20%
			Hindustan Petroleum Corporation Limited	20%
			Indian Oil Corporation Limited	20%
16	CB-ONN-2004/4 (Refer Note g)	40% (40%)	Oil and Natural Gas Corporation Limited (Operator)	60%

II Blocks/Fields proposed to be surrendered

Sr No	Joint Venture/PSCs	GSPC's PI	Operatorship/Other Partners	PI
<b>A</b>	<b>Non Operated JVs</b>			
17	RJ-ONN-2004/1 (Refer Note g)	22.225% (22.225%)	GAIL (India) Ltd Hindustan Petroleum Corporation Limited BPCL Hallworthy Shipping Ltd. SA Nitin Fire Protection Industries Ltd.	22.225% 22.22% 11.11% 11.11% 11.11%
18 *	KG-OSN-2005/1 (Refer Note d)	20% (20%)	Oil and Natural Gas Corporation Limited HPCL - Mittal Energy Ltd.	60% 20%
19	KG-DWN-2005/1 (Refer Note d)	10% (10%)	Oil and Natural Gas Corporation Limited Indian Oil Corporation Limited	70% 20%
20	CY-ONN-2005/1 (Refer Note b)	30% (30%)	GAIL (India) Ltd Bengal Energy Inc.	40% 30%
21	KK-DWN-2005/2 (Refer Note d)	10% (10%)	Oil and Natural Gas Corporation Limited (Operator)	90%
22	AN-DWN-2009/5 (Refer Note f)	0% (0%)	Oil and Natural Gas Corporation Limited (Operator)	100%
23	AN-DWN-2009/13 (Refer Note f)	0% (0%)	Oil and Natural Gas Corporation Limited GAIL (India) Ltd NTPC Ltd	80% 10% 10%
24	AA-ONN-2003/1(Assam) (Refer Note c)	20% (20%)	Jubilant oil & Gas Pvt Limited (Operator) Jubilant Securities Pvt. Ltd. GAIL (India) Ltd	10% 35% 35%
25	CY-DWN-2004/3 (Refer Note c)	10% (10%)	Oil and Natural Gas Corporation Limited GAIL (India) Ltd Hindustan Petroleum Corporation Limited	70% 10% 10%
26	CY-PR-DWN-2004/1 (Refer Note c)	10% (10%)	Oil and Natural Gas Corporation Limited GAIL (India) Ltd Hindustan Petroleum Corporation Limited	70% 10% 10%
27	MB-OSN-2005/5 (Refer Note c)	30% (30%)	Oil and Natural Gas Corporation Limited (Operator)	70%
28	MB-OSN-2005/6 (Refer Note c)	20% (20%)	Oil and Natural Gas Corporation Limited (Operator)	80%
29	CB-ONN-2005/4 (Refer Note c)	49% (49%)	Oil and Natural Gas Corporation Limited (Operator)	51%
30	CB-ONN-2005/10 (Refer Note c)	49% (49%)	Oil and Natural Gas Corporation Limited (Operator)	51%
31	JPDA-06-103 (Australia/East Timor) (Refer Note f)	20% (20%)	Oilex (JPDA 06/103) Ltd (Operator) Global Energy Bharat Petro Resources JPDA Ltd Japan Energy Corporation Pan Pacific Petroleum NL	10% 20% 20% 15% 15%
32*	Sabarmati	60% (60%)	Oilex NL Holdings (India) Ltd (Operator)	40%

\* Blocks CY-PR-DWN-2004/2, KG-DWN-2004/1, KG-DWN-2004/2, KG-DWN-2004/3, KG-DWN-2004/5, Sabarmati, KG-OSN-2005/1 & MB-OSN-2004/2 have received the approval from MOPN&G for surrender



Sr No	Joint Venture/PSCs	GSPC's PI	Operatorship/Other Partners	PI
<b>B</b>	<b>GSPC - Operated</b>			
33	South Diyar (Egypt)	80% (80%)	Alkor Petro Ltd	20%
34	North Hap'y (Egypt)	80% (80%)	Petrogas E&P LLC	20%
35	MB-OSN-2004/1 (Refer Note g)	20% (20%)	GAIL (India) Ltd	20%
			Hindustan Petroleum Corporation Limited	20%
			Indian Oil Corporation Limited	20%
			Western Drilling Contractors Pvt. Ltd.	20%
36	Block No 19 (Yemen) (Refer Note j)	45% (45%)	Alkor Petroo Ltd.	25%
			Western Drilling Contractors Pvt. Ltd.	30%
37	Block No 28 (Yemen) (Refer Note j)	45% (45%)	Alkor Petroo Ltd.	25%
			Western Drilling Contractors Pvt. Ltd.	30%
38	Block No 57 (Yemen) (Refer Note j)	45% (45%)	Alkor Petroo Ltd.	25%
			Western Drilling Contractors Pvt. Ltd.	30%
39	South Gulf of Suez (Egypt)	60% (60%)	Adani Welspun Exploration Ltd	40%
40	KG-ONN-2004/2 (Refer Note c)	40% (40%)	GAIL (India) Ltd	40%
			Petrogas E&P LLC	20%
41	RJ-ONN-2005/3 (Refer Note c)	60% (60%)	Oil and Natural Gas Corporation Limited	40%
42	South East Tungal (Indonesia) (Refer Note c)	50.50%(50.50%)	Essar Oil Ltd	49.50%

#### Notes

- a. The Company's Participating Interest (80% PI) in KG-OSN-2001/3 has been farmed out to Oil and Natural Gas Corporation (ONGC) through a Farm-in/Farm-out Agreement which was executed on 10<sup>th</sup> March 2017. The agreed valuation for the transaction is USD 995.26 Million towards KG-Deen Dayal West (DDW) area and USD 200 Million as an advance consideration towards the Other Six Discoveries areas (which includes DD-East, DD- North, DDW-South Extension and DD-BRU). The consideration towards DDW Field is further subject to adjustment based on gas price while the consideration towards Other Six Discoveries is subject to additional payment by ONGC upon valuation of these discoveries to be carried out upon submission of FDP. The Company had declared Commercial Operation Date (COD) w.e.f. 1<sup>st</sup> April, 2016.

As per the agreement, the economic date of transfer for asset i.e. 80% Participating Interest of GSPC is 23:59 hours 31<sup>st</sup> March 2017. The Company shall continue as operator for the block on behalf of ONGC until the closing date and all expenditure incurred from economic date to closing date on behalf of ONGC (i.e. 80% PI) shall be reimbursed by ONGC to the Company on closing date.

In August 2002, the Company had entered into Carried Interest Agreement (CIA) with Geo Global Resources (India) Inc (GGR), under which the Company granted GGR 10.0% carried interest in the KG-OSN-2001/3 block. The CIA provided that the Company was responsible to incur GGR's share of costs incurred during exploration as well as development phase prior to date of initial commercial production. The Company had incurred ₹ 1856.83 Crore on GGR's behalf until 31<sup>st</sup> March 2017. While GSPC and GGR were at difference of opinions as to obligations under the carried interest agreement, in April 2017, the Company has entered into a Deed of Assignment & Assumption of Participating Interest with GGR vide which GGR has surrendered and assigned its 10% Participating Interest in KG-OSN-2001/3 Block to the Company. Thus, the Company shall hold 10% PI in KG-OSN-2001/3 Block.

- b. During the year the company along with its Joint Venture partners have recommended block CY-ONN-2005/1 to be surrendered to Government of India. Accordingly a total exploration cost of ₹ 33.38 crores have been written off during the year.
- c. During F.Y. 2015-16, the company along with its Joint Venture partners have recommended block KG ONN 2004/2, RJ ONN 2005/3, South East Tungal Indonesia, AA-ONN-2003/1, CY-DWN-2004/3, CY-PR-DWN-2004/1, MB-OSN-2005/5, MB-OSN-2005/6, CB-ONN-2005/10 and CB-ONN-2005/4 to be surrendered to Government of India. Accordingly a total exploration cost of ₹ 679.42 crores have been written off during F.Y. 2015-16.

- d. During F.Y 2014-15, the company along with its Joint Venture partners have recommended block KG OSN 2005/1, KG DWN 2005/1 and KK DWN 2005/2 to be surrendered to Government of India. Accordingly a total exploration cost of ₹ 105.13 crores have been written off during the FY.2014-15.
- e. During F.Y. 2014-15 the company along with its Joint Venture partners has decided to withdraw from South Diyur (Egypt) and South Gulf of Suez (Egypt) blocks and accordingly a total exploration cost of ₹ 397.25 crores have been written off during F.Y.2014-15. During FY 2013-14 the company along with its Joint Venture partners has decided to withdraw from North Ha'py (Egypt) block.
- f. During FY 2013-14 the company has decided to surrender and assign its 10% PI in two ONGC operated blocks namely AN-DWN-2009/5 and AN-DWN-2009/13 block to ONGC w.e.f. 1<sup>st</sup> April, 2013.
- g. The company along with its Joint Venture partners have recommended Block MB-OSN-2000/1, MB-DWN-2000/2 (Mumbai), CY-ONN-2002/1 (Cauvery), CB-ONN-2002/2, MB-OSN-2004/1, MB-OSN-2004/2, KG-DWN-2004/1, KG-DWN-2004/2, KG-DWN-2004/3, KG-DWN-2004/5, KG-DWN-2004/6, CY-DWN-2004/1, CY-DWN-2004/2, CY-DWN-2004/4, CY-PR-DWN-2004/2, CB-ONN-2004/4, RJ-ONN-2004/1 and BS (3)-CBM-2003/II to be surrendered to Government of India.
- h. JPDA-06-103 block is being operated through a Special Purpose Vehicle (SPV) i.e. GSPC JPDA Ltd a 100% subsidiary of the company as per the terms of the PSC. During the year company has made provision for diminution in value of off its investments in the block amounting to ₹98.39 crores.
- I. Company had applied for the extension of exploration phase in Tarapur block and a separate Ring Fence PSC is signed on 5th March, 2016.
- j. During the financial year 2012-13 the company along with it JV partners have recommended to surrender the three blocks by invoking the termination provision of the PSAs on account of continuation of force majeure events for more than six months. Vide letter dated 13th February, 2013, GSPC led consortium has terminated Production Sharing Agreements (PSAs) for 3 blocks awarded in Republic of Yemen (RoY). PSAs have been terminated on the ground of existence of force majeure event. The Consortium had initiated the arbitration proceedings under the PSAs before the International Chamber of Commerce (ICC), Paris and in the interim stage, obtained order Republic of Yemen not to take steps invoking SBLCs, while Consortium has been directed to extend the validity of SBLCs. Detailed pleadings were filed by both the parties and the final hearing was held from 8-12<sup>th</sup> September 2014 at the ICC hearing center in Paris. After the final hearing was concluded both the parties had submitted Post Hearing Briefs before the Arbitral Tribunal. Subsequently upon completion of the arbitration proceedings, the final award has been passed by the Arbitral Tribunal on 10<sup>th</sup> July 2015. The Arbitral Award inter alia:
- Declared that the three Production Sharing Agreements (Blocks 19, 28, and 57) have been validly terminated by GSPC Consortium;
  - Declared that the Republic of Yemen and/or the Yemeni Ministry of Oil and Minerals were and are not entitled under the Production Sharing Agreements to draw on the related Standby Letters of Credits (US\$ 42 million) issued in their favor by the International bank of Yemen;
- Arbitral Tribunal has awarded costs of approx. USD 3.79 million in favour of GSPC Consortium.  
The Said Arbitral Award has been challenged by the Yemen Government by filing Annulment Proceedings in Court Of Appeal at Paris. GSPC Consortium has filed the response to the Annulment Proceedings filed by Yemen Government. The hearing for the matter took place on February 28, 2017. The Annulment Proceedings have also been held in favour of GSPC Consortium by the Paris Court. GSPC consortium is taking steps for enforcement of award. the matter is sub-judice.
- k. During the F.Y. 2014-15 ONGC operated two fields namely CB-ONN-2004/1 and CB-ONN-2004/2 had commenced the commercial production.
- l. Of the above, 17 fields/blocks are in production, namely Hazira, Bhandut, Cambay, Asjol, Unawa, North Balol, CB-ON/7 (Palej), Dholasan, North Kathana, Kanawara, Allora, CB-ONN-2000/1 (Ahmedabad), Tarapur, CB-ONN-2003/2 (Ankleshwar), KG-OSN-2001/3, CB-ONN-2004/1 and CB-ONN-2004/2 block. Net quantity of Company's interest (on gross basis) in proved developed reserves is as follows:

Particulars	Proved Reserves (Oil) (Million MT)*	Proved Reserves (Gas) (Million Cubic Meter)*
Closing Balance for the year ended on 1 <sup>st</sup> April, 2016	0.49	209.50
	(1.38)	(257.92)
Additions	-	40,493.10
** Adjustments on account of change in Reserve estimate	(0.01)	28.49
	(0.85)	(4.81)
Deletions	-	-
Production	0.04	157.49
	(0.04)	(43.61)
Closing Balance for the year ended on 31 <sup>st</sup> March, 2017	0.44	40,573.60
	(0.49)	(209.50)

\*Figures in brackets relate to period ended 31<sup>st</sup> March, 2016.

The Company's share of reserve has been considered on the basis of the "Reserve" certification provided by M/s. Gaffney, Cline & Associates (GCA) as on 31<sup>st</sup> August, 2015 and accordingly the proved reserves as on 31<sup>st</sup> March, 2016 has been worked based on the reserve estimates certified by GCA and only includes the blocks which are in production.

\*\* Adjustments in current year reflects change in reserve estimation as earlier the reserve estimate was based on proved developed reserves where as since 01.04.2016 company has made change in estimates based on proved reserves. Adjustments in previous years was on account of change in reserve estimate reflects the change in reserve estimation due to change in the reserves as certified by GCA. Wherein till previous year the reserve estimates for Cambay block was taken based on the management estimates while in the current year the same is based on the GCA certification. KG-OSN-2001/3 has declared COD as 01.04.2016 and accordingly its reserve estimates as on 01.04.2016 has been included above, based on the management estimates.

The financial statements of the Company reflect its share of Assets, Liabilities, Income and Expenditure of the Joint Venture operations which are accounted on a line to line basis with similar items in the Company's accounts to the extent of participating interest of the company as per the various joint venture agreements, in compliance of Ind AS-111. The income and expenditure from Joint Ventures are disclosed separately in the Statement of Profit and Loss. The summary of the Company's share in Assets & Liabilities of Joint Ventures are as follow:

Particulars	(₹ in Crores)		
	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
<b>Fixed Assets</b>			
Gross Block	4,157.12	2,139.81	1,815.24
Depreciation/Depletion Fund	3,055.33	1,720.34	1,184.70
Net Block	1,101.79	419.46	630.54
CWIP*	1,495.61	15,663.03	15,560.36
Current Assets	51.41	132.39	232.50
Current Liabilities and Provisions	429.36	503.52	439.04
Contingent Liabilities	690.38	1,188.37	1,914.19

\*includes stores & spares

m. The Statement of Profit and Loss of the Company includes its share in Profit or Loss pertaining to the respective Joint Ventures. The summary of Statement of Profit and Loss for the year ended 31<sup>st</sup> March 2017 is given as under:

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2017		As at 31 <sup>st</sup> March, 2016	
	Aggregate of all JVs	GSPC's Share	Aggregate of all JVs	GSPC's Share
<b>Income</b>				
Sale of Crude Oil	133.74	69.47	134.89	70.27
Sale of Gas	188.91	150.58	54.42	34.04
Increase/(Decrease) in Stock*	38.64	34.46	(3.91)	(1.87)
Other Income	10.10	6.67	10.46	6.91
<b>Total</b>	<b>371.39</b>	<b>261.18</b>	<b>195.86</b>	<b>109.35</b>
<b>Expenditure</b>				
Production Expenses	101.12	67.04	89.38	52.72
Duties & Taxes	47.29	28.40	23.72	10.91
Administrative exps.	110.98	90.96	21.94	13.54
<b>Total Expenditure before Depreciation</b>	<b>259.39</b>	<b>186.40</b>	<b>135.04</b>	<b>77.17</b>
<b>Profit before depreciation</b>	<b>112.00</b>	<b>74.78</b>	<b>60.82</b>	<b>32.18</b>

\* It includes increase/(decrease) in stock of crude oil of Hazira Field amounting to INR 0.36 crore. The same is not considered in closing stock of crude oil, in line with Joint Venture Venture's accounting policy where the company's share in net current assets is adjusted in the capital contribution adjustment account.

### Note 39

#### Segment Information

#### 1. Description of segment and principal activities

The Company's management, consisting of the chief executive officer, the chief financial officer and the manager for corporate planning, monitors the operating results of the below business segments separately for the purpose of making decisions about resource allocation and performance assessment and has identified three reportable segments of its business:

- Exploration and production (E&P)**: Company is engaged in oil and gas exploration and production operations
- Gas Trading**: Company is engaged in the procurement of gas from international market to meet the demand of gas across Gujarat.
- Power Generation**: Generation of electricity through Gas based power plant and windmills.
- Gas Transmission**
- City Gas Distribution**
- Internet, IT & LNG**

#### 2. Segment revenue and expenses

Revenue and Expenses have been identified to a segment on the basis of operating activities of the segment. Revenue and Expenses which relate to common activities and are not allocable to segment on reasonable basis have been disclosed as "Unallocable".

#### 3. Segment assets and liabilities

Segment assets include all operating assets in respective segments comprising of net fixed assets, Capital Work in Progress, current assets, loans and advances. Segment liabilities include operating liabilities and provisions excluding borrowings and deferred tax liabilities.

#### 4. Secondary segment reporting

Segment assets include all operating assets in respective segments comprising of net fixed assets, Capital Work in Progress, current assets, loans and advances. Segment liabilities include operating liabilities and provisions excluding borrowings and deferred tax liabilities.



**5. Information about product and services**

The Company's revenue from external customers for each product is same as that disclosed below under "segment revenue". (₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2017							Total
	E & P	Gas Trading	Power Generation	Gas Transmission	City Gas Distribution	Internet, IT & LNG	Unallocated	
<b>A. Segment revenue</b>								
External sales*	196.69	9,402.36	528.00	1,027.55	5,383.13	12.57	-	16,550.30
Inter segment sales	(26.79)	(3,013.07)	-	(359.70)	-	-	-	(3,399.56)
<b>Total segment revenue</b>	<b>169.90</b>	<b>6,389.29</b>	<b>528.00</b>	<b>667.85</b>	<b>5,385.13</b>	<b>12.57</b>	<b>-</b>	<b>13,150.74</b>
<b>B. Segment results</b>								
Segment results								
Profit(+)/ loss(-)	(924.54)	758.88	124.57	735.73	303.30	3.87	314.48	1,316.30
<b>Unallocated expenses</b>	-	-	-	-	-	-	(2,532.67)	(2,532.67)
<b>Operating Profit</b>	<b>(924.54)</b>	<b>758.88</b>	<b>124.57</b>	<b>735.73</b>	<b>303.30</b>	<b>3.87</b>	<b>(2,218.19)</b>	<b>(1,216.37)</b>
Interest/ dividend	-	-	-	-	-	-	209.31	209.31
Other income	-	-	-	1.64	-	-	19.96	21.60
Exceptional item	(15,195.88)	-	-	-	-	-	-	(15,195.88)
Provision for taxation	-	-	-	-	-	-	(236.97)	(236.97)
MAT credit entitlement	-	-	-	-	-	-	-	-
Prior period adjustments	-	-	-	-	-	-	-	-
<b>Profit/Loss from ordinary Activities</b>	<b>(16,120.42)</b>	<b>758.88</b>	<b>124.57</b>	<b>737.37</b>	<b>303.30</b>	<b>3.87</b>	<b>(2,225.89)</b>	<b>(16,418.32)</b>
Excess / short prov of IT	-	-	-	-	-	-	-	-
Deferred Tax	-	-	-	-	-	-	(357.03)	(357.03)
<b>Net profit/(loss)</b>	<b>(16,120.42)</b>	<b>758.88</b>	<b>124.57</b>	<b>737.37</b>	<b>303.30</b>	<b>3.87</b>	<b>(2,582.93)</b>	<b>(16,109.59)</b>

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2016							Total
	E & P	Gas Trading	Power Generation	Gas Transmission	City Gas Distribution	Internet, IT & LNG	Unallocated	
<b>A. Segment revenue</b>								
External sales*	99.30	10,506.80	748.86	1,066.28	6,094.57	19.27	(1.34)	18,533.75
Inter segment sales	(4.39)	(4,016.06)	-	(225.22)	-	(1.18)	-	(4,246.85)
<b>Total segment revenue</b>	<b>94.91</b>	<b>6,490.74</b>	<b>748.85</b>	<b>841.06</b>	<b>6,094.57</b>	<b>10.09</b>	<b>(1.34)</b>	<b>14,286.90</b>
<b>B. Segment results</b>								
Segment results								
Profit(+)/ loss(-)	(61.29)	373.32	87.70	703.09	231.78	3.58	(714.29)	623.99
<b>Unallocated expenses</b>	-	-	-	-	-	-	(553.55)	(553.55)
<b>Operating Profit</b>	<b>(61.29)</b>	<b>373.32</b>	<b>87.70</b>	<b>703.09</b>	<b>231.78</b>	<b>3.58</b>	<b>(1,267.74)</b>	<b>70.45</b>
Interest/ dividend	-	-	-	-	-	-	143.73	143.73
Other income	6.92	-	-	1.54	-	-	15.03	23.49
Exceptional item	(781.04)	-	-	-	-	-	(25.62)	(806.66)
Provision for taxation	-	-	-	-	-	-	(258.70)	(258.70)
MAT credit entitlement	-	-	-	-	-	-	-	-
Prior period adjustments	-	-	-	-	-	-	(0.06)	(0.06)
<b>Profit/Loss from ordinary Activities</b>	<b>(835.40)</b>	<b>373.32</b>	<b>87.70</b>	<b>704.63</b>	<b>231.78</b>	<b>3.58</b>	<b>(1,393.37)</b>	<b>(827.76)</b>
Excess / short prov of IT	-	-	-	-	-	-	3.98	3.98
Deferred Tax	-	-	(0.38)	0.31	0.49	-	29.97	30.38
<b>Net profit/(loss)</b>	<b>(835.40)</b>	<b>373.32</b>	<b>87.32</b>	<b>704.94</b>	<b>232.27</b>	<b>3.58</b>	<b>(1,359.42)</b>	<b>(793.39)</b>

Note 39  
Segment Information

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2017							
	E & P	Gas Trading	Power Generation	Gas Transmission	City Gas Distribution	Internet, IT & LNG	Unallocated	Total
<b>C. Segment assets**</b>								
Segment assets	11,566.63	612.01	2,630.57	4,038.36	6,348.36	59.30		25,255.23
Unallocated assets							2,713.46	2,713.46
<b>Total Assets</b>	<b>11,566.63</b>	<b>612.01</b>	<b>2,630.57</b>	<b>4,038.36</b>	<b>6,348.36</b>	<b>59.30</b>	<b>2,713.46</b>	<b>27,968.69</b>
<b>D. Segment Liabilities</b>								
Unallocated Liabilities	24,220.98	180.38	1,761.63	202.25	4,703.48	12.46		31,081.18
<b>Total Liabilities</b>	<b>24,220.98</b>	<b>180.38</b>	<b>1,761.63</b>	<b>202.25</b>	<b>4,703.48</b>	<b>12.46</b>	<b>1,783.02</b>	<b>32,864.20</b>
<b>E. Other information</b>								
<b>Capital Expenditure</b>	703.51		4.69	172.03	481.16	0.16	-	1,361.55
Additions to non-current assets				172.21			-	172.21
Depreciation	860.72		170.73	156.64	257.33	0.24	46.53	1,492.21
Non Cash Expenses other than Depreciation	15,497.67		0.33	2.81			-	15,500.81

\* Segment Revenue includes other income which is directly attributable to each segment.

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2016							
	E & P	Gas Trading	Power Generation	Gas Transmission	City Gas Distribution	Internet, IT & LNG	Unallocated	Total
<b>C. Segment assets**</b>								
Segment assets	26,851.57	538.56	2,873.05	4,098.21	6,050.06	79.59		40,491.04
Unallocated assets							2,114.46	2,114.46
<b>Total Assets</b>	<b>26,851.57</b>	<b>538.56</b>	<b>2,873.05</b>	<b>4,098.21</b>	<b>6,050.06</b>	<b>79.59</b>	<b>2,114.46</b>	<b>42,605.50</b>
<b>D. Segment Liabilities</b>								
Unallocated Liabilities	22,785.67	125.72	1,988.88	204.00	4,540.59	34.87		29,679.73
<b>Total Liabilities</b>	<b>22,785.67</b>	<b>125.72</b>	<b>1,988.88</b>	<b>204.00</b>	<b>4,540.59</b>	<b>34.87</b>	<b>2,954.96</b>	<b>32,634.69</b>
<b>E. Other information</b>								
<b>Capital Expenditure</b>	983.48		128.52	243.16	558.52	0.23		1,913.91
Additions to non-current assets				216.12				216.12
Depreciation	59.70		182.39	157.90	245.42	0.29	51.95	697.65
Non Cash Expenses other than Depreciation	1,182.05	3.78	0.31	2.67				1,188.81

(₹ in Crores)

Particulars	As at 1 <sup>st</sup> April, 2015							
	E & P	Gas Trading	Power Generation	Gas Transmission	City Gas Distribution	Internet, IT & LNG	Unallocated	Total
<b>C. Segment assets**</b>								
Segment assets	24,695.22	1,229.20	2,949.71	4,054.54	6,928.58	102.41		39,959.66
Unallocated assets							1,256.23	1,256.23
<b>Total Assets</b>	<b>24,695.22</b>	<b>1,229.20</b>	<b>2,949.71</b>	<b>4,054.54</b>	<b>6,928.58</b>	<b>102.41</b>	<b>1,256.23</b>	<b>42,605.50</b>
<b>D. Segment Liabilities</b>								
Unallocated Liabilities	20,294.67	1,195.12	2,097.86	184.94	5,490.98	62.53		29,326.10
<b>Total Liabilities</b>	<b>20,294.67</b>	<b>1,195.12</b>	<b>2,097.86</b>	<b>184.94</b>	<b>5,490.98</b>	<b>62.53</b>	<b>1,106.81</b>	<b>30,432.91</b>
<b>E. Other information</b>								
<b>Capital Expenditure</b>								
Additions to non-current assets								
Depreciation								
Non Cash Expenses other than Depreciation								



**Note 40**

In the year 1998-99, the Hazira joint venture started the construction of 36" pipeline with a view to evacuate the natural gas production expected from the new Land Based Drilling Platform to major industrial customers lying on the 14 km stretch from Hazira to Mora. The joint venture pursued the Management Committee for approval of the laying of the pipeline and shifting of the delivery point (since no delivery point was defined for natural gas in Hazira PSC), to which DGH/ Government of India ('GoI') did not agree for several reasons including but not limited to the reserves, size of the pipeline etc.

In the year 1999-2000, the Company sold this pipeline to its subsidiary company, Gujarat State Petronet Limited (GSPL) for a consideration of ₹ 49.50 Crores on as is where is basis. However the joint venture partner M/s. Niko Resources initiated arbitration proceedings against the company and GoI for seeking cost recovery of the said 36" pipeline and settlement of the dispute under PSC.

Arbitral Tribunal has passed its award dated 23<sup>rd</sup> December, 2009. As per the Arbitration Award, the pipelines forms part of the development plan of the joint venture and 'cost recovery' status is applicable to it as per PSC. It is further directed in the Award that the investment multiple ratio and the accounting of profit petroleum be revised with retrospective effect.

**The impact of the arbitration award has been given in the audited joint venture accounts for the year ended 31-March-2010 as under:**

Particulars	Amount
Pipeline Revenue	137.97
Profit Petroleum to MOP&NG (reversal)	93.44
Plant & machinery (incurred by joint venture)	25.71
Plant & machinery (additionally incurred by GSPCL)	70.35
Pipeline expenses (direct & indirect operating expenses)	65.74

The above mentioned impact of the award is based on the computation performed by the operator M/s Niko Resources. Moreover as per the Arbitration Award, GoI is liable to pay interest at the rate of 9% p.a on the amount of profit petroleum refundable to joint venture from 31/3/2003 till date of payment. The above figures with respect to 36" pipeline for the year 2010-11, 2011-12, 2012-13, 2013-14, 2014-15, 2015-16 and 2016-17 have not been updated.

Subsequently, the arbitration award has been challenged by the Government of India under Section 34 of the Arbitration and Conciliation Act, 1994 before the Delhi High Court. The High Court of Delhi has set aside the Arbitration Award vide its Order and Judgment dated July 2, 2012 resulting into cost-recovery in respect of the pipeline being disallowed. However, NIKO has preferred a further appeal u/s 37 of the Arbitration and Conciliation Act, 1994 before the division bench of the Delhi High Court. NIKO had also prayed for stay on the Judgment of Single Judge of Delhi High Court however no such stay has been granted. Accordingly, the issue of cost recovery for the pipeline is still sub-judice. Further, the Arbitral Award is still not final in terms of Section 36 of the Arbitration and Conciliation Act, 1994 and in view of the same, the Company has not considered the Arbitration Award and directions under the same as aforesaid while consolidating the Joint Venture accounts on a line by line basis.

**Note 41**

**Related party disclosure**

**F. Transactions during the year with related parties:**

(₹ in Crores)

Nature of Transaction	Associates		Joint Ventures/Venturers		KMP		Relatives of KMP		Total	
	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
<b>Income:</b>										
<b>Sale of LNG</b>	<b>36.08</b>	<b>1.74</b>	<b>1,531.26</b>	<b>2,159.46</b>	-	-	-	-	<b>1,567.35</b>	<b>2,161.20</b>
Sabarmati Gas Ltd	-	-	188.90	229.47	-	-	-	-	188.90	229.47
Gujarat State Energy Generation Ltd	36.08	1.74	-	-	-	-	-	-	36.08	1.74
Joint Venturer - Essar Oil Ltd	-	-	584.71	416.92	-	-	-	-	584.71	416.92
Joint Venturer - IOCL	-	-	753.74	1,513.02	-	-	-	-	753.74	1,513.02
Joint Venturer - NTPCL	-	-	3.92	0.05	-	-	-	-	3.92	0.05
Joint Venture-HPCL	-	-	-	-	-	-	-	-	-	-
<b>Regasification Income</b>	<b>5.67</b>	-	<b>61.57</b>	-	-	-	-	-	<b>67.24</b>	-
Gujarat State Energy Generation Ltd	5.67	-	-	-	-	-	-	-	5.67	-
Joint Venturer - Essar Oil Ltd	-	-	61.57	-	-	-	-	-	61.57	-
Sabarmati Gas Ltd	-	-	-	-	-	-	-	-	-	-
<b>Connectivity Charges Received</b>	<b>1.48</b>	-	-	-	-	-	-	-	<b>1.48</b>	-
Sabarmati Gas Limited	1.48	-	-	-	-	-	-	-	1.48	-
<b>Gas Transportation Income</b>	<b>36.28</b>	<b>1.86</b>	<b>0.05</b>	<b>3.77</b>	-	-	-	-	<b>36.33</b>	<b>5.63</b>
Sabarmati Gas Ltd	30.94	1.86	0.05	-	-	-	-	-	30.99	1.86
Gujarat State Energy Generation Ltd	5.34	-	-	3.77	-	-	-	-	5.34	3.77
<b>Line Crossing Chages Received</b>	<b>0.05</b>	-	-	-	-	-	-	-	<b>0.05</b>	-
Sabarmati Gas Ltd	0.05	-	-	-	-	-	-	-	0.05	-
<b>Rent received</b>	<b>0.44</b>	<b>0.17</b>	<b>3.59</b>	<b>2.35</b>	-	-	-	-	<b>4.03</b>	<b>2.52</b>
GSPC LNG Ltd	-	-	-	-	-	-	-	-	-	-
Gujarat State Energy Generation Ltd	0.17	0.17	-	-	-	-	-	-	0.17	0.17
KG-OSN-2001/3	-	-	1.89	1.80	-	-	-	-	1.89	1.80
GSPL INDIA GASNET LTD	-	-	0.52	-	-	-	-	-	0.52	-
GSPL INDIA TRANSCO LTD	-	-	0.52	-	-	-	-	-	0.52	-
Sabarmati Gas Ltd	0.26	-	-	-	-	-	-	-	0.26	-
Other Joint Ventures	-	-	0.66	0.55	-	-	-	-	0.66	0.55
<b>Dividend Income</b>	<b>0.55</b>	-	<b>0.45</b>	<b>0.56</b>	-	-	-	-	<b>1.00</b>	<b>0.56</b>
Sabarmati Gas Ltd	0.55	-	0.45	0.56	-	-	-	-	1.00	0.56
Gujarat State Energy Generation Ltd	-	-	-	-	-	-	-	-	-	-
<b>Interest Income</b>	<b>34.38</b>	<b>34.08</b>	-	-	-	-	-	-	<b>34.38</b>	<b>34.08</b>
Gujarat State Energy Generation Ltd	34.38	34.08	-	-	-	-	-	-	34.38	34.08
<b>Reimbursement of Exp-Received</b>	<b>1.12</b>	<b>1.21</b>	<b>3.64</b>	<b>0.42</b>	-	-	-	-	<b>4.76</b>	<b>1.63</b>
Sabarmati Gas Ltd	-	-	0.34	0.42	-	-	-	-	0.34	0.42
Gujarat State Energy Generation Ltd	0.82	0.81	-	-	-	-	-	-	0.82	0.81
GSPL INDIA GASNET LTD	-	-	2.23	-	-	-	-	-	2.23	-



**Related party disclosure**
**F. Transactions during the year with related parties:**

(₹ in Crores)

Nature of Transaction	Associates		Joint Ventures/Venturers		KMP		Relatives of KMP		Total	
	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
GSPL INDIA	-	-	1.07	-	-	-	-	-	1.07	-
TRANSCO LTD	-	-	-	-	-	-	-	-	-	-
GSPC LNG LTD	0.30	0.39	-	-	-	-	-	-	0.30	0.39
Gujarat Energy Transmission Corporation LTD	-	0.01	-	-	-	-	-	-	-	0.01
<b>Profit Petroleum Received</b>	<b>0.23</b>	<b>4.60</b>	-	-	-	-	-	-	<b>0.23</b>	<b>4.60</b>
<b>Management Fees</b>	-	-	<b>0.20</b>	<b>0.20</b>	-	-	-	-	<b>0.20</b>	<b>0.20</b>
Other (Joint ventures)	-	-	0.20	0.20	-	-	-	-	0.20	0.20
<b>Expenses:</b>										
Purchase of Gas	13.37	-	1,429.84	1,881.27	-	-	-	-	1,443.21	1,881.27
Gujarat State Energy Generation Ltd	13.37	-	-	-	-	-	-	-	13.37	-
Joint Venture - Tarapur	-	-	-	3.15	-	-	-	-	-	3.15
Joint Venture - North Balol	-	-	4.35	5.69	-	-	-	-	4.35	5.69
Joint Venturer - Gail India Ltd	-	-	51.77	126.13	-	-	-	-	51.77	126.13
Joint Venturer - ONGCL	-	-	24.77	37.94	-	-	-	-	24.77	37.94
Joint Venturer - IOCL	-	-	1,348.95	1,708.35	-	-	-	-	1,348.95	1,708.35
<b>Interest on OCDs paid</b>	<b>0.35</b>	-	-	<b>0.30</b>	-	-	-	-	<b>0.35</b>	<b>0.30</b>
Sabarmati Gas Ltd	0.35	-	-	0.30	-	-	-	-	0.35	0.30
<b>Purchase of CNG</b>	-	-	-	<b>4.39</b>	-	-	-	-	-	<b>4.39</b>
Sabarmati Gas Ltd	-	-	-	4.39	-	-	-	-	-	4.39
<b>Gas transportation charges</b>	<b>(0.00)</b>	-	<b>97.23</b>	<b>137.72</b>	-	-	-	-	<b>97.23</b>	<b>137.72</b>
Joint Venturer - Gail India Ltd	-	-	96.54	137.11	-	-	-	-	96.54	137.11
Sabarmati Gas Company Ltd.	(0.00)	-	0.69	0.61	-	-	-	-	0.69	0.61
<b>Annuity &amp; Meter validation charges</b>	-	-	<b>0.16</b>	<b>0.64</b>	-	-	-	-	<b>0.16</b>	<b>0.64</b>
Joint Venturer - Gail India Ltd	-	-	0.16	0.64	-	-	-	-	0.16	0.64
<b>Reimbursement of Expenses: Paid</b>	<b>0.53</b>	<b>0.88</b>	<b>3.20</b>	-	-	-	-	-	<b>3.73</b>	<b>0.88</b>
Gujarat State Energy Generation Ltd	0.30	0.29	-	-	-	-	-	-	0.30	0.29
GSPC LNG LIMITED	0.23	0.59	-	-	-	-	-	-	0.23	0.59
GSPL INDIA GASNET LTD	-	-	1.83	-	-	-	-	-	1.83	-
GSPL INDIA TRANSCO LTD	-	-	1.38	-	-	-	-	-	1.38	-
<b>Dividend Paid</b>	<b>0.07</b>	<b>0.13</b>	-	-	-	-	-	-	<b>0.07</b>	<b>0.13</b>
Gujarat State Energy Generation Ltd	0.07	0.13	-	-	-	-	-	-	0.07	0.13
<b>Rent Expense</b>	-	-	-	-	-	-	<b>0.04</b>	-	-	<b>0.04</b>
<b>Remuneration to Managing Director</b>	-	-	-	-	<b>2.09</b>	<b>1.04</b>	-	-	<b>2.09</b>	<b>1.04</b>
<b>Purchase of Assets</b>	-	-	<b>0.06</b>	-	-	-	-	-	<b>0.06</b>	-
GSPL INDIA TRANSCO LTD	-	-	0.06	-	-	-	-	-	0.06	-
<b>Sale of Assets</b>	<b>0.01</b>	-	-	-	-	-	-	-	<b>0.01</b>	-
GSPL INDIA TRANSCO LTD	0.01	-	-	-	-	-	-	-	0.01	-

Related party disclosure

F. Transactions during the year with related parties:

(₹ in Crores)

Nature of Transaction	Associates			Joint Ventures/Venturers			Total		
	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
<b>Current Assets &amp; Liabilities:</b>									
<b>Debtors</b>	<b>112.01</b>	<b>72.78</b>	<b>122.97</b>	<b>66.40</b>	<b>45.23</b>	<b>12.90</b>	<b>178.41</b>	<b>118.01</b>	<b>135.87</b>
Gujarat State Energy Generation Ltd.	112.01	72.78	122.97	-	-	-	112.01	72.78	122.97
Sabarmati Gas Limited	-	-	-	14.64	11.81	12.90	14.64	11.81	12.90
Joint Venturer - Essar Oil Ltd	-	-	-	49.27	11.25	-	49.27	11.25	-
Joint Venturer - IOCL	-	-	-	-	22.17	-	-	22.17	-
Joint Venturer - HPCL	-	-	-	-	-	-	-	-	-
Joint Venturer - NTPCL	-	-	-	2.49	-	-	2.49	-	-
<b>Advance/Receivables</b>	<b>45.50</b>	<b>44.51</b>	<b>1.10</b>	<b>734.10</b>	<b>2,468.11</b>	<b>2,007.59</b>	<b>779.60</b>	<b>2,512.62</b>	<b>2,008.69</b>
Gujarat State Energy Generation Ltd.	44.47	44.38	1.10	-	-	-	44.47	44.38	1.10
Sabarmati Gas Ltd	1.01	-	-	0.02	0.18	0.97	1.03	0.18	0.97
GSPL INDIA TRANSCO LTD	-	-	-	0.22	-	-	0.22	-	-
GSPL INDIA GASNET LTD	-	-	-	0.28	-	-	0.28	-	-
GSPC LNG Ltd	0.02	0.13	-	-	-	-	0.02	0.13	-
Joint Venturer - Gail India Ltd	-	-	-	2.33	-	-	2.33	-	-
Others (Joint Ventures)	-	-	-	731.25	2,467.93	2,006.62	731.25	2,467.93	2,006.62
<b>Payable</b>	<b>0.06</b>	<b>0.27</b>	<b>-</b>	<b>273.35</b>	<b>352.20</b>	<b>98.71</b>	<b>273.41</b>	<b>352.47</b>	<b>98.71</b>
Gujarat State Energy Generation Ltd.	0.05	-	-	-	-	-	0.05	-	-
Joint Venture - Tarapur	-	-	-	-	-	0.29	-	-	0.29
Joint Venture - North Balol	-	-	-	0.22	0.22	0.41	0.22	0.22	0.41
Joint Venturer - Gail India Ltd	-	-	-	-	2.35	3.89	-	2.35	3.89
Joint Venturer - ONGCL	-	-	-	1.14	1.77	3.00	1.14	1.77	3.00
Joint Venturer - IOCL	-	-	-	26.81	63.42	89.72	26.81	63.42	89.72
Others (Joint Ventures)	-	-	-	244.93	284.44	-	244.93	284.44	-
Key Managerial Personnel	-	-	-	-	-	-	-	-	-
GSPL INDIA TRANSCO LTD	-	-	-	0.09	-	-	0.09	-	-
GSPL INDIA GASNET LTD	-	-	-	0.13	-	-	0.13	-	-
GSPC LNG LIMITED	0.02	0.25	-	-	-	-	0.02	0.25	-
Sabarmati Gas Limited	-	-	-	0.03	-	1.40	0.03	-	1.40
Gujarat Energy Transmission Corporation Limited	-	0.02	-	-	-	-	-	0.02	-

(₹ in Crores)

Nature of Transaction	Associates			Joint Ventures/Venturers			Total		
	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
<b>Investment in Share Capital (Allotment)</b>	<b>142.76</b>	<b>142.76</b>	<b>131.33</b>	<b>109.70</b>	<b>111.33</b>	<b>8.96</b>	<b>252.45</b>	<b>254.09</b>	<b>140.29</b>
GSPC LNG Ltd	11.43	11.43	-	-	-	-	11.43	11.43	-
GSPL INDIA TRANSCO LTD	-	-	-	20.80	-	-	20.80	-	-
GSPL INDIA GASNET LTD	-	-	-	33.80	-	-	33.80	-	-
Gujarat State Energy Generation Ltd.	119.83	119.83	119.83	-	-	-	119.83	119.83	119.83
Sabarmati Gas Limited	-	-	-	55.10	111.33	8.96	55.10	111.33	8.96
Alcock Ashdown (Gujarat) Limited (excluding provision for Diminution in value)	11.50	11.50	11.50	-	-	-	11.50	11.50	11.50



(₹ in Crores)

Nature of Transaction	Associates			Joint Ventures/Venturers			Total		
	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
<b>Inter Corporate Loan</b>	153.44	337.94	200.00	-	-	-	153.44	337.94	200.00
Gujarat State Energy Generation Ltd.	153.44	337.94	200.00	-	-	-	153.44	337.94	200.00
<b>Advance for Investment</b>	-	1.10	69.00	-	-	-	-	1.10	69.00
<b>Deposits (Liability)</b>	-	-	0.12	-	-	-	-	-	0.12

**Note 42  
MSME Disclosure**

Information in respect of Micro, Small and Medium Enterprise Development Act, 2006 the company has sought confirmation from the vendors, whether they fall in the category of micro, small and medium enterprise as on the Balance Sheet date. Based on the information available the required disclosure are given below.

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
Principal amount remaining unpaid as at the end of accounting year	21.47	15.32	13.13
Interest paid by the company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during accounting year	-	-	-
Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-	-
Interest accrued and remaining unpaid at the end of accounting year	0.01	0.01	0.02
Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-	-

**Note 43**
**Operating lease**

Lease payments on cancellable operating lease arrangements debited to statement of profit and loss are summarised as below:

**Age of Receivables**

(₹ in Crores)

Particulars	31 <sup>st</sup> March, 2017	31 <sup>st</sup> March, 2016
Cancellable operating leases	—	0.22
<b>Total</b>	<u>—</u>	<u>0.22</u>

## Note 44

## A. Financial instruments by category and their fair value

(₹ in Crores)

As at 31 <sup>st</sup> March 2017	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs	Total
<b>Financial assets</b>								
Investments								
Quoted	-	38.10		38.10	-	-	-	-
Unquoted	-	29.00		29.00	-	-	-	-
Loans								
Non-current	-	-	83.59	83.59	-	83.59	-	83.59
Current	-	-	152.68	152.68	-	-	-	-
Trade Receivables	-	-	935.33	935.33	-	-	-	-
Cash and Cash Equivalents	-	-	65.68	65.68	-	-	-	-
Other Bank Balances	-	-	508.11	508.11	-	-	-	-
Other financial assets								
Non-current	-	-	548.42	548.42	-	548.42	-	548.42
Current	15.06	-	1,222.86	1,237.92	-	-	-	-
<b>Total financial assets</b>	<b>15.06</b>	<b>67.10</b>	<b>3,516.66</b>	<b>3,598.82</b>	<b>-</b>	<b>632.00</b>	<b>-</b>	<b>632.00</b>
<b>Financial liabilities</b>								
Borrowings								
Non-current	-	-	22,179.65	22,179.65	-	22,179.65	-	22,179.65
Current	-	-	4,413.99	4,413.99	-	-	-	-
Other financial liabilities								
Non-current	-	-	683.47	683.47	-	683.47	-	683.47
Current	1,029.18	-	2,426.33	3,455.51	-	-	-	-
Trade Payables	-	-	478.47	478.47	-	-	-	-
<b>Total financial liabilities</b>	<b>1,029.18</b>	<b>-</b>	<b>30,181.91</b>	<b>31,211.09</b>	<b>-</b>	<b>22,863.12</b>	<b>-</b>	<b>22,863.12</b>

(₹ in Crores)

As at 31 <sup>st</sup> March 2016	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs	Total
<b>Financial assets</b>								
Investments								
Equity instruments - Long term								
Quoted	-	29.45	-	29.45	29.45	-	-	29.45
Unquoted	-	29.00	-	29.00	-	-	29.00	29.00
Bonds - Current								
Unquoted	20.00	-	-	20.00	-	-	-	-
Loans								
Non-current	-	-	27.83	27.83	-	27.83	-	27.83
Current	-	-	345.01	345.01	-	-	-	-
Trade Receivables	-	-	921.91	921.91	-	-	-	-
Cash and Cash Equivalents	-	-	118.87	118.87	-	-	-	-
Other Bank Balances	-	-	600.72	600.72	-	-	-	-
Other financial assets								
Non-current	-	-	125.45	125.45	-	125.45	-	125.45
Current	42.21	-	1,441.12	1,483.32	-	-	-	-
<b>Total financial assets</b>	<b>62.21</b>	<b>58.45</b>	<b>3,580.92</b>	<b>3,701.58</b>	<b>29.45</b>	<b>153.28</b>	<b>29.00</b>	<b>211.73</b>
<b>Financial liabilities</b>								
Borrowings								
Non-current	-	-	20,627.80	20,627.80	-	20,627.80	-	20,627.80
Current	-	-	4,034.71	4,034.71	-	-	-	-
Other financial liabilities								
Non-current	-	-	633.92	633.92	-	633.92	-	633.92
Current	1,440.13	-	2,811.85	4,251.98	-	-	-	-
Trade Payables	-	-	582.48	582.48	-	-	-	-
<b>Total financial liabilities</b>	<b>1,440.13</b>	<b>-</b>	<b>28,690.77</b>	<b>30,130.89</b>	<b>-</b>	<b>21,261.72</b>	<b>-</b>	<b>21,261.72</b>



(₹ in Crores)

As at 1 <sup>st</sup> April 2015	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs	Total
<b>Financial assets</b>								
Investments								
Equity instruments								
Quoted	-	31.76	-	31.76	31.76	-	-	31.76
Unquoted	-	29.61	-	29.61	-	-	29.61	29.61
Convertible debentures	20.00	-	-	20.00	-	20.00	-	20.00
Loans								
Non-current	-	-	28.61	28.61	-	28.61	-	28.61
Current	-	-	467.11	467.11	-	-	-	-
Trade Receivables	-	-	1,023.12	1,023.12	-	-	-	-
Cash and Cash Equivalents	-	-	488.28	488.28	-	-	-	-
Other Bank Balances	-	-	670.96	670.96	-	-	-	-
Other financial assets								
Non-current	-	-	133.53	133.53	-	133.53	-	133.53
Current	43.01	-	1,041.73	1,084.74	-	-	-	-
<b>Total financial assets</b>	<b>63.01</b>	<b>61.37</b>	<b>3,853.35</b>	<b>3,977.72</b>	<b>31.76</b>	<b>182.14</b>	<b>29.61</b>	<b>243.51</b>
<b>Financial liabilities</b>								
Borrowings								
Non-current	-	-	17,090.84	17,090.84	-	17,090.84	-	17,090.84
Current	-	-	5,370.56	5,370.56	-	-	-	-
Other financial liabilities								
Non-current	-	-	585.84	585.84	-	585.84	-	585.84
Current	674.34	-	4,555.84	5,230.17	-	-	-	-
Trade Payables	-	-	545.83	545.83	-	-	-	-
<b>Total financial liabilities</b>	<b>674.34</b>	<b>-</b>	<b>28,148.91</b>	<b>28,823.25</b>	<b>-</b>	<b>17,676.69</b>	<b>-</b>	<b>17,676.69</b>

# Fair value of financial assets and liabilities measured at amortised cost is not materially different from the amortised cost. Further, impact of time value of money is not significant for the financial instruments classified as current. Accordingly, the fair value has not been disclosed separately.

#### Types of inputs are as under:

**Input Level I** (Directly Observable) which includes quoted prices in active markets for identical assets such as quoted price for an equity security on Security Exchanges

**Input Level II** (Indirectly Observable) which includes prices in active markets for similar assets such as quoted price for similar assets in active markets, valuation multiple derived from prices in observed transactions involving similar businesses etc.

**Input Level III** (Unobservable) which includes management's own assumptions for arriving at a fair value such as projected cash flows used to value a business etc.

#### B. Measurement of fair values

##### Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

#### Financial instruments measured at fair value

<b>FVTOCI in unquoted equity shares</b>	Due to the uncertainty over project cost and commissioning date investments in equity shares of OPAL have been fair valued using book value. This method may be reconsidered on commencement of commercial operations.
	Since Gujarat Science At Action (GSAA) has opted for voluntary winding up and has refunded the investments made, the FV report recommended that the investment be carried at book value in FY 2015 and be subsequently written off as done in the financial statements as per GAAP.

<b>Cross Currency Interest Rate Swaps (CCIRS) &amp; Interest rate swaps (IRS)</b>	The counter party i.e. bank assists with fair valuation of these instruments. The valuation techniques used by the bank are based on market observable inputs. The most frequently applied valuation techniques include swap models, using present value calculations. Various inputs including credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads, interest rate curve are used to derive the fair value.
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**Transfers between Levels 1 and 2**

There have been no transfers between Level 1 and Level 2 during the reporting periods

**Level 3 fair values**

Movements in the values of unquoted equity instruments for the period ended 31<sup>st</sup> March, 2017; 31<sup>st</sup> March, 2016 and 1<sup>st</sup> April, 2015 is as below:

Particulars	Amount
<b>As at 1<sup>st</sup> April 2015</b>	<b>29.6</b>
Acquisitions/ (disposals)	(0.6)
Gains/ (losses) recognised in other comprehensive income	-
Gains/ (losses) recognised in statement of profit or loss	-
<b>As at 31<sup>st</sup> March 2016</b>	<b>29.00</b>
Acquisitions/ (disposals)	-
Gains/ (losses) recognised in other comprehensive income	-
Gains/ (losses) recognised in statement of profit or loss	-
<b>As at 31<sup>st</sup> March 2017</b>	<b>29.00</b>

**Transfer out of Level 3**

There were no movement in level 3 in either directions during March 2017 and the year 2015-16.

**Sensitivity analysis**

Investments in unquoted equity shares comprises majorly of investments in ONGC Petro Additions Ltd. On account of lack of adequate information, the same have not been fair valued. Accordingly it is impracticable to provide the sensitivity analysis of the same.

**C. Financial risk management**

The Company has exposure to the following risks arising from financial instruments:

- a. Credit risk ;
- b. Liquidity risk ; and
- c. Market risk

**(i) Risk management framework**

The Group is exposed to financial risks arising from business/operating activities as well as financial instruments. The risks include market risks pertaining to price risk, currency risk and interest rate risk; credit risk and liquidity risk. The finance and commercial team advises the management (including the CFO) which oversees the risk management strategies and procedures. The objective of the teams is to inform the management on financial risks and propose appropriate financial risk governance framework for the company. Based on the inputs from respective teams, analysis and understanding, the management issues directives for mitigation of risks. The management regularly monitors the risks to ensure that financial risks are identified, measured and managed in accordance with risk management policies.

The Group's risk management activities pertaining to gas trading business are managed by the commercial team, while those pertaining to financing activities are managed by the finance team. All derivative activities are carried out by teams with appropriate skills and experience under supervision & as per directives of management. The teams are subject to necessary financial and management control.

**(ii) 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. The potential activities where credit risks may arise include from cash and cash equivalents, derivative financial instruments and deposits with financial institutions and principally from credit exposures to customers relating to outstanding receivables. The maximum credit exposure associated with financial assets is equal to



the carrying amount. Details of the credit risk specific to the Group along with relevant mitigation procedures adopted have been enumerated below:

**Trade and other receivables**

Customers of the Group across the business segments viz. gas trading, power generation, city gas distribution and gas transmission comprise of equity accounted entities and corporates which include public sector undertakings. The Group ratifies the counterparty creditworthiness prior to the contractual agreement and adequate risk mitigation measures are incorporated in the agreement. The counterparty dealings with respect to receivables are governed by the respective group company's debtor's policy which is guiding document. Hence, at this point in time, the group does not perceive credit risk on gas trading receivables.

Gas transmission services are generally subject to security deposit and/or bank guarantee clauses to ensure that in the event of non-payment the company's receivables are secured. The Group provides for allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables.

In CGD business, sales to domestic customers for household purposes like cooking, geyser application, etc., invoices are raised periodically. Security deposits along with connection deposits are taken for mitigation of potential credit risk arising in the event of non-payment of invoices. CNG sales made through operators of the CNG stations owned by the Group and CNG Franchises outlet are exposed to credit risk as amounts so collected is deposited/transferred in company bank account on next working day. Bank Guarantee / Security Deposit is taken to mitigate the credit risk. For CNG sales made through Oil Marketing Companies (OMCs), the Group raises the invoice for quantities sold based on periodicity as per the agreement. The OMCs are well established companies viz. HPCL, BPCL, IOC, Essar Oil Ltd. where no significant credit risk is anticipated.

Gujarat Urja Vikas Nigam Limited (GUVNL), a public sector undertaking controlled by the Government of Gujarat, is the single customer for the power generation business. Being a PSU with timely payment track record and adequate credit rating, the group perceives no credit risk.

Since all the customers for the group are based within India, there is no credit risk expected from the outside India. The Group creates an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables.

**Movements in Expected Credit Loss Allowance**

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
Balance at the beginning of the year	(11.32)	(6.73)
Movements in allowance	1.31	(4.59)
Closing balance	(10.02)	(11.32)

Value of receivables outstanding beyond one year from the due date is not significant. Such receivables which are past due but not impaired are assessed on case-to-case basis. The instances pertain to third party customers which have a proven creditworthiness record. Management is of the view that these financial assets are not impaired as there has not been any adverse change in credit quality and are envisaged as recoverable based on the historical payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings, if they are available. Consequently, no additional provision has been created on account of expected credit loss on the receivables. There are no other classes of financial assets that are past due but not impaired. The provision for impairment of trade receivables, movement of which has been provided below, is not significant / material. Since the Group has a fairly diversified in terms of spread and hence no concentration risk is foreseen.

**Other financial assets**

Other financial assets comprises of an amount of ₹ 485.71 Crore which is receivable from Jubilant Offshore Drilling Pvt Ltd (JODPL) pertaining to Production Sharing Contract executed between the parties for KG-OSN-2001/3 block. JODPL has filed a petition for insolvency and Insolvency Restructuring Professional (IRP) has been appointed. GSPC has adequate rights under the Production Sharing Contract to ensure recovery of receivable amounts from JODPL through the future cash flows of KG Block. The management is assessing way forward and committed to undertake necessary steps.

Apart from this, other financial assets comprise of derivative contracts, cash and cash equivalents, loans provided to employees and investments in equity shares of companies other than subsidiaries, associates and joint ventures.

- Cash and cash equivalents and Bank deposits are placed with banks having good reputation and past track record with adequate credit rating. The Group reviews their credit-worthiness at regular intervals.
- Investments are made in credit worthy companies.

- Group has given security deposit to various government authorities (like Municipal corporation, Nagarpalika, Grampanchayat, Road & building division and Irrigation department -of Govt. of Gujarat, credit worthy companies etc. ) for the permission related to work of executing / laying pipeline network in their premises / jurisdiction. Being government authorities, the Group does not have exposure to any credit risk.
- Derivative instruments comprise of forward contracts, commodity derivatives, Interest rate swaps and cross currency interest rate swaps where the counter parties are banks with good reputation, and past track record with adequate credit rating. Accordingly no default risk is perceived.

**(iii) Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are proposed to be settled by delivering cash or other financial asset. The Group's financial planning has ensured, as far as possible, that there is sufficient liquidity to meet the liabilities whenever due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group has practiced financial diligence and syndicated adequate liquidity in all business scenarios.

**Financing arrangement**

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

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
Floating rate			
Expiring within one year (bank overdraft and other facilities)	2,098.90	2,723.85	2,499.66
Expiring beyond one year (bank overdraft and other facilities)		1,701.75	1,085.91
<b>Total</b>	<b><u>2,098.90</u></b>	<b><u>4,425.60</u></b>	<b><u>3,585.57</u></b>

**Exposure to liquidity risk**

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

(₹ in Crores)

31 <sup>st</sup> March, 2017	Contractual cash flows			
	Carrying amount	Total	Less than 12 months	More than 12 months
Non-derivative financial liabilities				
Non current borrowings	22,179.65	22,179.65	-	22,179.65
Current borrowings	4,413.99	4,413.99	4,413.99	-
Non current financial liabilities	683.47	683.47	-	683.47
Current financial liabilities	3,455.51	3,455.51	3,455.51	-
Trade and other payables	478.47	478.47	478.47	-
<b>Total</b>	<b><u>31,211.09</u></b>	<b><u>31,211.09</u></b>	<b><u>8,347.96</u></b>	<b><u>22,863.12</u></b>

(₹ in Crores)

31 <sup>st</sup> March, 2016	Contractual cash flows			
	Carrying amount	Total	Less than 12 months	More than 12 months
Non-derivative financial liabilities				
Non current borrowings	20,627.80	20,627.80	-	20,627.80
Current borrowings	4,034.71	4,034.71	4,034.71	-
Non current financial liabilities	633.92	633.92	-	633.92
Current financial liabilities	4,251.98	4,251.98	4,251.98	-
Trade and other payables	582.48	582.48	582.48	-
<b>Total</b>	<b><u>30,130.89</u></b>	<b><u>30,130.89</u></b>	<b><u>8,869.17</u></b>	<b><u>21,261.72</u></b>



(₹ in Crores)

1 <sup>st</sup> April, 2015	Contractual cash flows			
	Carrying amount	Total	Less than 12 months	More than 12 months
Non-derivative financial liabilities				
Non current borrowings	17,090.84	17,090.84	-	17,090.84
Current borrowings	5,370.56	5,370.56	5,370.56	-
Non current financial liabilities	585.84	585.84	-	585.84
Current financial liabilities	5,230.17	5,230.17	5,230.17	-
Trade and other payables	545.83	545.83	545.83	-
<b>Total</b>	<b>28,823.25</b>	<b>28,823.25</b>	<b>11,146.56</b>	<b>17,676.69</b>

The Group has reclassified certain long term borrowings as current borrowings pursuant to the reclassification of KG Block as non-current asset held for sale. The reclassification of borrowings is not perceived to have negative impact pertaining to liquidity risk.

**(iv) Market risk**

Market risk is the risk or uncertainty arising from possible market price movements and their impact on the present/future performance of a business. The market risks include price risk, currency risk and interest rate risk. The primary price risk for the company is commodity price risk i.e. price risk of natural gas that could adversely affect the value of the Group's financial assets, liabilities or expected future cash flows. The currency risk for the Group involves exposure arising from External Commercial Borrowings and payments for supply of natural gas. The interest rate risk involves rate risk linked to borrowings of the Group.

**Commodity price risk**

The Group's integrated natural gas procurement and trading business (including Liquefied Natural gas (LNG)) is open to price risk which is substantially mitigated through conventional derivative instruments which ensures the hedging of the commodity price at marketable/acceptable level for sale to the customer. The Group has executed commodity swaps and options linked to Brent Crude prices which are highly correlated to natural gas prices. Further, the sales prices are modified appropriately to counter market price movements.

**Equity price risk**

The Company's exposure to equity securities price risk arises from investments held by the Group which are classified in the balance sheet as fair value through other comprehensive income (FVOCI). The captioned equity investments are publicly traded as they are listed on the NSE Nifty 50 Index as well as in unquoted equity shares of companies of good credit standing.

**Sensitivity**

The table below summarises the impact of increases/decreases of the index on the Company's other comprehensive income for the period. The analysis is based on the assumption that the index had increased average of the actual movements in quoted prices of equity shares held as investments for the respective periods. All other variables held constant.

(₹ in Crores)

Particulars	Impact on Other Comprehensive Income	
	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
NSE NIFTY 50 - increase 9% (31 March 2016 - 6%)	3.43	1.77
NSE NIFTY 50 - decrease 9% (31 March 2016 - 6%)	(3.43)	(1.77)

**Currency risk**

The functional currency of all the companies part of the group is Indian Rupees. However, the Group has exposure of USD and JPY denominated External Commercial Borrowing (ECB) as well as receivables and payables in foreign currency. The Group uses combination of Cross currency Interest rate swap, interest rate swaps and forward contracts to manage the foreign currency risk linked to ECB. The currency risk linked to the payables of gas trading business is mitigated by appropriately factoring the same in the sales prices for the natural gas sold to downstream customers.

Exposure arising on purchase contracts of crude oil on account of the fluctuations in the exchange rate is managed by taking corresponding derivative positions.

The currency exposure arising on ECB denominated in JPY was fully hedged using a CCIRS. The currency exposure on account of USD denominated ECB loans as on 31<sup>st</sup> March 2017 shall be reduced subsequent to closure of transaction for 80% PI of KG Block with ONGC. The consideration received for the transaction shall be utilized to partially novate the ECB loans. The Company shall have a balance ECB exposure not exceeding USD 150 Million. The currency risk for the balance ECB loan shall be adequately covered through natural hedge i.e. USD denominated revenue from KG Block pertaining to balance 10% PI with GSPC. Details of the USD denominated ECB outstanding as at each reporting date have been provided below:

Particulars	(₹ in Crores)		
	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
Non current borrowings			
ECB - principal and interest	3,463.04	3,645.63	3,932.99
Buyer's credit	-	-	497.28
<b>Total USD denominated exposure</b>	<b><u>3,463.04</u></b>	<b><u>3,645.63</u></b>	<b><u>4,430.27</u></b>

The following significant exchange rates have been applied during the year.

Particulars	Average rate		Year-end spot rate		
	2016-17	2015-16	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
	USD	65.59	64.25	64.84	66.33
JPY	1.71	1.71	1.72	1.70	1.72

#### Sensitivity analysis

Since the JPY denominated ECB is fully hedged, only USD denominated ECB is considered for the below sensitivity analysis.

Effect in Rupees	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 <sup>st</sup> March, 2017				
USD (2% movement)	69.26	(69.26)	45.29	(45.29)

Effect in Rupees	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 <sup>st</sup> March, 2016				
USD (2% movement)	255.19	(255.19)	166.88	(166.88)

#### Interest rate risk

Interest rate risk is the risk that either fair value or future cash flow of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with floating interest rates i.e. Base Rate/MCL linked in INR denominated loans and 6-month LIBOR linked in USD denominated loans.

The Group has substantial mix of USD denominated and INR denominated borrowings. It manages the interest rate risk in INR denominated loans through contractual agreement (i.e. term loan agreement) clauses with the lenders wherein provisions are built-in to allow the Group to prepay the loans without penalty. This clause can be exercised in scenarios that the interest rate under the agreement are not moving in favorable directions and the Group has other available options to switch with borrowings bearing lower interest rates. The interest rate risk of USD denominated loans is mitigated through Interest Rate Swaps which have been executed for the entire ECB liability of the Group.



(₹ in Crores)

Variable-rate instruments	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
Non current - Borrowings	14,950.91	13,609.39	10,126.38
Current - Borrowings	4,413.99	4,034.71	5,370.56
Current portion of Long term borrowings	744.40	747.13	945.97
<b>Total</b>	<b>20,109.30</b>	<b>18,391.23</b>	<b>16,442.90</b>

**Sensitivity analysis**

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of change in interest rates. As far as INR denominated borrowings are concerned, the Group does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss, and it does not have any designate derivatives (interest rate swaps). However, for USD denominated borrowings, the Group accounts for fixed rate financial asset or liability at fair value through profit or loss and the Group has designated derivatives (Interest Rate Swaps). Therefore, the profit or loss impact on account of change in interest rates at the reporting date is indicated in the following table. Since no interest rate risk is perceived on fixed rate loans, only variable rate loans have been considered for the purposes of sensitivity disclosed below:

(₹ in Crores)

Particulars	Profit or loss		Equity, net of tax	
	100 bp Increase	100 bp decrease	100 bp Increase	100 bp decrease
<b>31<sup>st</sup> March, 2017</b>				
Non current - Borrowings	149.51	(149.51)	97.77	(97.77)
Current - Borrowings	44.14	(44.14)	28.86	(28.86)
Current portion of Long term borrowings	7.44	(7.44)	4.87	(4.87)
<b>Total</b>	<b>201.02</b>	<b>(201.02)</b>	<b>131.45</b>	<b>-131.45</b>
<b>31<sup>st</sup> March, 2016</b>				
Non current - Borrowings	(136.09)	136.09	(88.99)	88.99
Current - Borrowings	(40.35)	40.35	(26.38)	26.38
Current portion of Long term borrowings	(7.47)	7.47	(4.89)	4.89
<b>Total</b>	<b>(183.91)</b>	<b>183.91</b>	<b>(120.26)</b>	<b>120.26</b>

**Note 45**
**Capital management**

The Group defines capital as total equity including issued equity capital, share premium and all other equity reserves attributable to equity holders of the parent (which is the Group's net asset value). The primary objective of the company's financial framework is to support the pursuit of value growth for shareholders, while ensuring a secure financial base. The Group aims to maintain the net debt ratio, that is, the ratio of net debt to net debt plus equity, of 2:3 with some flexibility of 5%.

The Group monitors capital using a ratio of 'adjusted net debt' to 'adjusted equity'. For this purpose, adjusted net debt is defined as total liabilities, comprising interest-bearing loans and borrowings and obligations under finance leases, less cash and cash equivalents. Adjusted equity comprises all components of equity.

The Group monitors capital using a ratio of 'adjusted net debt' to 'adjusted equity'. For this purpose, adjusted net debt is defined as total liabilities, comprising interest-bearing loans and borrowings and obligations under finance leases, less cash and cash equivalents. Adjusted equity comprises all components of equity.

 The Company's adjusted net debt to equity ratio on 31<sup>st</sup> March, 2017 was as follows.

(₹ in Crores)

Variable-rate instruments	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
<b>Total non-current liabilities</b>	27,745.68	26,563.78	25,828.79
Less : Cash and bank balances	573.79	719.60	1,159.24
<b>Adjusted net debt</b>	<b>27,171.90</b>	<b>25,844.18</b>	<b>24,669.55</b>
<b>Total equity</b>	<b>(8,760.93)</b>	<b>6,593.47</b>	<b>7,324.75</b>
Adjusted net debt to adjusted equity ratio	-3.11 times	3.92 times	3.37 times

The Group has classified KG Block (KG-OSN-2001/3) as a non-current asset held for sale. As discussed in note no 23 (A) an impairment loss has been accounted in the current year having a negative impact on the equity as on 31<sup>st</sup> March 2017. The negative impact on the capital pursuant to accounting for the impact of the proposed transaction for KG-OSN-2001/3 is proposed to be remedied through a detailed realignment plan which is under advanced stages of preparation and consent from the concerned authorities. Please refer to note 23 (B) regarding the Realignment Plan of the Group. Pls refer note no. 23 for details.

**Note 46**

**Explanation of transition to Ind AS**

These are the Company's first consolidated financial statements prepared in accordance with Ind AS.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31<sup>st</sup> March 2017, the comparative information presented in these financial statements for the year ended 31<sup>st</sup> March 2016 and the opening Ind AS balance sheet at 1<sup>st</sup> April 2015 (the Group's date of transition).

In preparing its opening Ind AS balance sheet, the Group has adjusted amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (Indian GAAP or previous GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Group's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables and notes:

**Exemption and exception applied**

In preparing these financial statements, the Group has applied the below optional exemptions and mandatory exceptions in line with principles of Ind AS 101.

**Optional exemptions**

**1. Property, Plant and Equipment (PPE)**

Ind AS 101 provides the below options with respect to the items of PPE:

- Carry forward the previous GAAP carrying values as at the transition date as "deemed cost" under Ind AS, provided there is no change in functional currency.
- Fair value the items of PPE as at the transition date and use this as the "deemed cost" under Ind AS.
- Restate the carrying values of PPE retrospectively as at the transition date based on Ind AS 16.

The above options are available for intangible assets and investment property as well except fair value option not permitted for investment property.

The Group has opted to measure all the items of PPE, intangible assets and investment properties at the previous GAAP carrying values as at the transition date.

**2. Oil and gas properties**

Ind AS 101 permits a first time adopter to with oil and gas assets to measure the same on the following basis:

- exploration and evaluation assets at the amount determined under the previous GAAP; and
- assets in the development or production phases at the amount determined for the cost centre under the previous GAAP.

The first time adopter shall allocate this amount to the cost centre's underlying assets pro rata using reserve volumes or reserve values as of that date.

The above are also tested for impairment on the date of transition to Ind AS. Accordingly, the group has opted to carry forward the oil and gas assets at the carrying values determined under the previous GAAP.

Further, for oil and gas assets in development or production stage, have been allocated to the underlying assets based on reserve volumes as on the transition date. These assets were tested for impairment and the impairment so identified has been accounted through the reserves.

**2. Decommissioning liabilities included in the cost of PPE**

A first-time adopter need not comply with these requirements for changes in such liabilities that occurred before the date of transition to Ind ASs. If a first-time adopter uses this exemption, it shall:

- Measure the liability at the transition date in accordance with Ind AS 37;
- Using the historical risk adjusted discount rate, determine the amount which would have been capitalised when the liability first arose; and
- Compute the amount of depreciation based on the estimated useful life.



However, the decommissioning liabilities for oil and gas assets in development or production phase is measured as at the transition date and the same is accounted through the retained earnings.

Accordingly, the Group has elected to apply the exemption for the obligations arising on account of decommissioning cost. Amounts associated with oil and gas assets in production or development phase have been accounted through retained earnings.

### **3. Determining whether an arrangement contains a lease**

As per Appendix C to Ind AS 17, at the inception, an assessment is to be made whether an arrangement contains a lease or not. Ind AS 101 permits an entity to make an assessment based on the facts and circumstances existing as at the transition date.

Based on the exemption, the Group has opted not to apply the requirements retrospectively. Assessment of whether an arrangement contains a lease or not has been made on the basis of facts and circumstances existing as at the transition date. Further, lease classification i.e. operating or finance lease is made at the inception of lease.

### **4. Accounting for certain equity investments**

Ind AS 101 permits designation of equity investments in certain entities (other than subsidiaries, associates and joint arrangements) as instruments fair valued through the other comprehensive income (FVOCI).

Accordingly, the Group has opted to designate certain equity investments as FVOCI on the transition date.

### **5. Long term foreign currency monetary items**

Ind AS 101 permits a first-time adopter may continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period as per the previous GAAP.

Accordingly, the Group has opted to continue with accounting prescribed under para 46/46 A to AS 11 for foreign currency loans recognised in the financial statements as on 31<sup>st</sup> March 2016.

### **6. Business Combination**

Ind AS 101 permits an entity to apply the requirements of Ind AS 103 - Business combinations (Ind AS 103) prospectively from the transition date or opt for retrospective application of Ind AS 103. Retrospective application could be either done since inception or from a date determined by the management. The exemption for past business combinations also applies to past acquisitions of investments in associates, interests in joint ventures and interests in joint operations in which the activity of the joint operation constitutes a business, as defined in Ind AS 103.

Accordingly, the Group has elected not to restate past business combinations that have an acquisition date prior to the transition date. However, any consequential deferred tax adjustments as required by Ind AS have been duly considered. An explanation of the same has been provided in the note no. 20 subsequently.

### **7. Share based payment**

Ind AS 102 deals with the accounting and disclosure requirements related to share-based payment transactions. The standard addresses three types of share-based payment transactions: equity-settled, cash-settled, and with cash alternatives.

A first-time adopter is encouraged, but is not required, to apply Ind AS 102 to:

- (i) equity instruments that vested before the transition date to Ind AS,
- (ii) liabilities arising from share-based payment transactions that were settled before the transition date to Ind AS.

The Group has elected to apply this exemption for its stock options which have vested prior to the transition date."

### **8. First time consolidation of a subsidiary**

Ind AS 101 permits a first time adopter to consolidate a subsidiary that was not required to be consolidated under the previous GAAP based on carrying amounts of the subsidiary's assets and liabilities restated under Ind AS based as on the transition date.

Accordingly, the Group has opted for this exemption for consolidation of the ESOP trust and social welfare trust.

#### **Mandatory exceptions**

Below are the key mandatory exceptions used in preparation of these financial statements:

**1. Estimates**

Under Ind AS 101, an entity's estimates in accordance with Ind AS at 'the date of transition to Ind AS' or 'the end of the comparative period presented in the entity's first Ind AS financial statements', as the case may be, should be consistent with estimates made for the same date in accordance with previous GAAP unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any differences in accounting policies.

The Group's Ind AS estimates as on the transition date are consistent with the estimates made under previous GAAP as on this date. Key estimates considered in preparation of these financial statements that were not required under the previous GAAP are listed below:

- Fair valuation of financial instruments carried at FVTPL or FVOCI.
- Impairment of financial assets based on the expected credit loss model.
- Determination of the discounted value for financial instruments carried at amortised cost.
- Discounted value of liability on account of decommissioning cost.
- Allocation of previous GAAP carrying values of oil and gas assets in development or production phase to the underlying assets part of the cost centre based on reserve values on that date.
- FV of ESOPs

**2. Classification and measurement of financial assets**

Ind AS 101 provides exemptions to certain classification and measurement requirements of financial assets under Ind AS 109, where these are impracticable to implement. Classification and measurement is done on the basis of facts and circumstances existing as on the transition date.

Accordingly, the Group has determined the classification of financial assets based on facts and circumstances that exist on the transition date.

**3. De-recognition of financial assets and liabilities**

Under Ind AS, a first-time adopter should apply the de-recognition requirements on 'Financial Instruments' prospectively for transactions occurring on or after the date of transition to Ind AS.

Accordingly, the Group has applied the de-recognition principles of Ind AS 109 prospectively from the transition date.

**4. Embedded derivative**

Under Ind AS 101, a first-time adopter shall assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative on the basis of the conditions that existed at the later of the date it first became a party to the contract and the date a reassessment is required by Ind AS 109 when there is a change in the terms of the contract that significantly modifies the cash flows.

Accordingly the Group has applied this exception.

**Equity and comprehensive income reconciliation****46.1 Reconciliation of Total Equity**

The impact of the above Ind AS adjustment on total equity is as below:

Particulars	Footnote ref.	₹ in Crores)	
		As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
<b>Total equity as per previous GAAP (A)</b>		<b>12,163.44</b>	<b>12,116.00</b>
<b>Ind AS adjustments:</b>			
MTM gain / (loss) on derivatives	1	(1,294.53)	(635.00)
Decommissioning liability and unwinding of discount (Windmills and Oil and gas assets)	2	(339.33)	(338.85)
Impact on account of Impairment of Oil and Gas Assets and change in depreciation	3	(135.32)	(581.48)
Impact of consolidation under Ind AS	4	(277.12)	(118.21)
Reversal of proposed dividend	5	143.13	56.22



**46.1 Reconciliation of Total Equity**

The impact of the above Ind AS adjustment on total equity is as below:

(₹ in Crores)			
Particulars	Footnote ref.	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
Amortisation of transaction costs of Interest bearing loans and borrowing	6	(0.32)	(5.00)
Other Ind AS adjustments	7	(16.51)	(8.22)
Deferred Tax on the above Ind AS adjustments	8	(272.62)	297.57
<b>Impact of total adjustments on account of Ind AS (B)</b>		<b><u>(2,192.63)</u></b>	<b><u>(1,332.98)</u></b>
<b>Total equity as per Ind AS (C) = (A) + (B)</b>		<b><u>9,970.81</u></b>	<b><u>10,782.99</u></b>

**46.1 Reconciliation of comprehensive income**

(₹ in Crores)		
Particulars	Footnote ref.	For the year 2015-16
<b>Total Comprehensive income as per previous GAAP (A)</b>		<b>(612.25)</b>
<i>Ind AS adjustments accounted through statement of profit &amp; loss</i>		
MTM gain / (loss) on derivatives	1	(659.53)
Decommissioning liability and unwinding of discount (Windmills and Oil and gas assets)	2	(0.48)
Impact on account of Impairment of Oil and Gas Assets and change in depreciation	3	446.16
Consolidation of Trust	4	(1.09)
Impact of Ind AS adjustments of equity accounted investees	4	2.77
Impact on accounting of consolidation under Ind AS	4	(40.32)
Amortisation of transaction costs of Interest bearing loans and borrowing	6	4.68
Actuarial gain/ loss accounted through OCI	8	(3.31)
Other Ind AS adjustments	7	(5.97)
Deferred Tax on the above Ind AS adjustments	9	69.34
<b>Total Ind AS adjustments accounted through statement of profit &amp; loss (B)</b>		<b><u>(181.13)</u></b>
<i>Ind AS adjustments accounted through statement of OCI</i>		
Fair valuation of investments in certain equity shares	7	-
Actual gain / loss accounted through OCI	8	(3.34)
Impact of Ind AS adjustments of equity accounted investees	4	(0.69)
Other Ind AS adjustments	7	(2.31)
Deferred Tax on the above Ind AS adjustments	9	2.36
<b>Total Ind AS adjustments accounted through statement of OCI (B)</b>		<b><u>(3.98)</u></b>
<b>Total Comprehensive income as per Ind AS (C) = (A) + (B)</b>		<b><u>(797.37)</u></b>

**Notes to the reconciliation:****1. MTM on derivatives**

Based on the requirements of Ind AS 109, commodity derivative contracts taken by the group have been fair valued through the statement of profit & loss.

In GSPC's standalone financial statements, the company opted to fair value the long terms fixed price contracts for sale of gas to the group companies against which these derivative contracts have been taken. Accordingly this did not have any impact on either equity or comprehensive income since both offset each other. Apart from this, the Group has fair valued the derivatives in the form of cross currency interest rate swaps, interest rate swaps and forward contracts.

Consequently, there has been a decrease in equity as on the transition date and 31<sup>st</sup> March 2016 by ₹ 635 crores and ₹ 1,294.53 crores. The difference between the two has reduced the consolidated comprehensive income for the year 2015-16."

**2. Decommissioning liability and unwinding of discount (Windmills and Oil and gas assets)**

Under the previous GAAP, estimated obligation of restoration of the oil and gas assets as well as wind mills were not accounted. On transition to Ind AS, the company has estimated the present value of the decommissioning cost on these assets. Based on provisions of Ind AS 101 as discussed earlier in this note, the decommissioning cost pertaining to the production or development oil and gas assets has been accounted through the retained earnings. Consequently, the equity as on transition date as well as 31<sup>st</sup> March 2016 reduced by ₹ 338.85 crores and ₹ 339.33 crores. Further, the comprehensive income for 2015-16 has reduced by ₹ 0.48 crores.

**3. Impact on account of Impairment of Oil and Gas Assets and change in depreciation**

Under the previous GAAP the oil and gas assets in production or development stage were tested for impairment considering a larger cost centre i.e. country as a whole. On transition to Ind AS, each PSC has been identified as a cost centre which has been tested for impairment separately. The previous GAAP carrying cost as on the transition date has been allocated to the underlying assets in each cost centre based on the estimated reserves. The change in amounts allocated to underlying assets has resulted in change in the charge for depreciation as well. This has resulted in a reduction in equity as on the transition date and 31<sup>st</sup> March 2016 by ₹ 581.48 crores and ₹ 135.32 crores. The difference between the two represents the impairment loss which was recognised under IGAAP in 2015-16 which was reversed under Ind AS.

**4. Impact of consolidation under Ind AS**

This represents the impact of Ind AS adjustments attributable to the equity accounted investees along with impact of consolidation of ESOP as well as social welfare trust. Further, two entities viz. GIGL and GITL which were consolidated as subsidiaries have been identified as joint ventures. Accordingly, these have been consolidated using equity method.

**5. Reversal of proposed dividend**

Under IGAAP, dividends proposed by the board of directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, provision for proposed dividend was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting.

Accordingly the liability proposed dividend of ₹ 143.13 crores as at 31<sup>st</sup> March 2016 and ₹ 56.22 crores as on the transition date included under provisions has been reversed with corresponding adjustment to retained earnings. Consequently, the total equity increased by an equivalent amount.

**6. Amortisation of transaction costs of Interest bearing loans and borrowing**

Under the previous GAAP, the transaction cost directly attributable to the specific borrowings was capitalised with the project identified with the borrowing. On transition to Ind AS, the same has been considered in determining the amortised cost of the borrowings. Accordingly on transition to Ind AS, the borrowings have been accounted at the amortised cost with corresponding credit to retained earnings and CWIP / PPE as relevant. This has lead to an increase in the equity by ₹ 5 crores on the transition date. Further the comprehensive income for 2015-16 has reduced by ₹ 4.68 crores.

**7. Other Ind AS adjustments**

These comprise primarily of the below

**Prior period adjustments** - Based on requirements of Ind AS 8, prior period adjustments have been accounted for the same retrospectively by restating the comparative amounts to which the same relates.

**Fair valuation of investments in certain equity shares** - Under previous GAAP, the Group carried such investments at cost. Under Ind AS, the Group has opted to fair value the same through the other comprehensive income.





**Own Your Asset Scheme (OYAS)** - These have been accounted as a finance lease and the WDV of the underlying assets have been derecognised. The difference between the cost of the asset and present value of the consideration received in the future has been recognized as an employee cost over the period of arrangement.

**Staighlining of operation and maintenance charges** - O&M charges have been straightlined over the contract tenure including the free period.

**Right of Use Amortisation Reversal** - Since ROU have an indefinite life, the same has not been amortised but tested for impairment at each reporting date.

**Deferral of revenue for Services** - Revenue from consultancy and software development services is recorded using percentage of completion method as against milestone based method used under IGAAP.

#### **8. Actuarial gain/ loss accounted through OCI**

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under IGAAP, these remeasurements were forming part of the profit or loss for the year. This adjustment has no impact on the total equity on the transition date as well as 31<sup>st</sup> March 2016.

#### **9. Deferred tax on Ind AS adjustments**

Previous GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind-AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. Accordingly, deferred tax impacts have been duly considered at respective places. Further, one of the companies GGL, has created DTL of INR 604 crores representing the difference between the carrying values of the assets and the corresponding tax base. Since the impact of the merger which led to the assets being fair valued, was considered in consolidated financial statements of 2015-16, accordingly the same has been accounted in that year against the amalgamation reserve. The said reserve represents a free reserve based on legal opinion obtained by GGL.

#### **Note 47**

The Company had filed a complaint dated 06.04.2011 before PNGRB against GAIL, IOCL and BPCL. PNGRB had vide its orders dated 13.09.2011 of Chairman and dated 10.10.2011 of the majority members (three member panel of Board) unanimously held that GAIL had adopted Restrictive Trade Practices by blocking off direct connectivity to GSPC and further, directed Respondents to immediately give direct connectivity to GSPC at Dahej Terminal.

All the parties have preferred appeals against the PNGRB Orders before Appellate Tribunal for Electricity (APTEL) and APTEL has passed an interim order on 23.01.2012 and directed GAIL, IOCL and BPCL to give direct connectivity at Dahej Terminal subject to GSPC giving undertaking in respect of the following:

- a. GSPC shall open a separate bank account and deposit an amount of ₹ 140 Crores. Accordingly, GSPC has opened and deposited equivalent amount in a separate bank account.
- b. From the date of change of delivery point, GSPC shall open a separate bank account and deposit the Interconnectivity Charges. Accordingly company had deposited ₹ 78.24 crore in a separate bank account.

The Company has submitted the Undertaking to APTEL in respect of the same on 18.02.2012 and deposited amounts as aforesaid.

The APTEL has passed common judgment dated 18.12.2013 ("the APTEL Judgment") in the appeals filed by GAIL, IOCL and BPCL and set aside the PNGRB Order.

The Company has filed an appeal before the Hon'ble Supreme Court against the APTEL Judgment and the Hon'ble Supreme Court has vide its order dated 28.02.2014 directed the Company, as an interim arrangement, to pay the interconnectivity charges at the rate of ₹ 12 / MMBTU from the account separately maintained for the said purpose in accordance with APTEL's Order dated 23.01.2012 as narrated in (i) above. The appeal is pending before the Hon'ble Supreme Court.

#### **Note 48**

##### **Employee stock option plan 2008**

GGL

The erstwhile GSPC Gas Company Limited ('e-GSPC'), erstwhile Gujarat Gas Company Limited ('e-GGCL'), erstwhile Gujarat Gas Financial Services Limited ('e-GFSL') and erstwhile Gujarat Gas Trading Company Limited ('e-GTCL') merged with and into GSPC Distribution Network Limited ('GDNL') under the Composite Scheme of Amalgamation and Arrangement (the "Scheme of Amalgamation"). The effective date of Scheme of Amalgamation was 14<sup>th</sup> May 2015. Upon the Scheme of

becoming effective, the name of GDNL has been changed to Gujarat Gas Limited ('GGL') as per the provisions of the Companies Act.

Pursuant to the Scheme of Amalgamation, the Addendum Gujarat Gas Limited Employee Stock Option Plan 2016 ("ESOP 2016") being supplementary to the Gujarat Gas Company Limited Employee Stock Option Plan 2008 ("ESOP 2008") has been formulated for the limited purpose of adopting the ESOP 2008 in the Company.

The e-GGCL had formulated the above ESOP 2008, whereby Stock Options had been granted by e-GGCL to its employees. The ESOP 2008 has been effective from 1 November 2008 for a tenure of 8 years. As on the effective date of the Scheme of Amalgamation, certain employees of e-GGCL to whom Options had been Granted and Vested under the ESOP 2008, have not Exercised the said Options and hence as per the Scheme of Amalgamation, they are the Eligible Employees for the purpose of the ESOP 2016 as follows.

1. Revised Grants have been made to them with effect from the effective date under the Scheme of Amalgamation of 13000 equivalent number of Options-I under the ESOP 2016, against the equivalent number of Options Granted and Vested in them pursuant to the ESOP 2008, which were not Exercised by them on the effective date under the Scheme of Amalgamation.
2. The above Revised Grants of Options-I has been on the basis of the Share Exchange Ratio of 1 (one) equity share of ₹ 10/- each of GGL, for every 1 (one) equity share of ₹ 2/- each of e-GGCL, pursuant to the Scheme of Amalgamation.
3. The Options-I bear the Exercise Price as per the ESOP 2008. The Exercise Price payable for Options-I under ESOP 2016 is based on the Exercise Price payable by such Eligible Employees under the ESOP 2008 that has been adjusted after taking into account the effect of the Share Exchange Ratio of 1:1 as mentioned above.
4. Upon such Revised Grant of Options-I to the Eligible Employees the Options Granted under the ESOP 2008 stand cancelled and the Eligible Employees shall continue to be bound by all the terms and conditions of the ESOP 2008 in addition to this ESOP 2016.

The Gujarat Gas Company Limited Employee Welfare Stock Option Trust ("ESOP 2008 Trust"), which has been formed and created vide execution of the Deed of Gujarat Gas Company Limited Employee Welfare Stock Option Trust dated 4 November 2008 has been renamed as Gujarat Gas Limited Employee Welfare Stock Option Trust ("ESOP 2016 Trust"). The ESOP 2016 Trust is an irrevocable Trust that functions for the limited purpose of adopting the ESOP 2008 and ESOP 2016 and to hold the existing share inventory of the ESOP 2008 Trust for the benefit of Eligible Employees under ESOP 2016 and the balance to be appropriated in line with the SEBI Regulations.

The ESOP 2016 and the ESOP 2016 Trust are governed by the provisions of the Companies Act 1956 or the Companies Act 2013, as may be applicable and the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 or the SEBI (Share Based Employee Benefits) Regulation, 2014, as may be applicable.

The ESOP 2008 Trust had purchased out of the funds advanced by the Company, the shares equivalent to the number of options granted. IDBI Trusteeship Services Limited are the Trustees. The Trustees can sell the shares in the market as per the approved scheme and for the year ended on 31<sup>st</sup> March 2017, there are no purchases from the market.

The exercise price is calculated at 10% discount to the closing price of the shares on record date, being the date on which the grant of options were approved as per ESOP 2008. The graded vesting of options granted, over a period of 4 years from

% of Option Vested	Cumulative	Vesting Date
25%	25%	on expiry of two years from their Grant date ("First Vesting Date")
50%	75%	on expiry of three years from their Grant date ("Second Vesting Date")
25%	100%	on expiry of four years from their Grant date ("Third Vesting Date")

The options are to be exercised within a maximum period of 2 years from the date of vesting. Within the exercise period, the employee would have the option to either purchase the shares from the trust at the exercise price or to give a mandate of sale to the trust at the best available market price, in which event the difference between the net price realized on sale after taxes and charges and the Exercise Price will accrue as gains to the employee.

Details of movement under the Stock option plan for the year ended 31<sup>st</sup> March, 2017 is as follows:

Particulars	Year ended 31/3/2017		Year ended 31/3/2016		Year ended 1/4/2015	
	Number of options	Weighted average exercise price (in ₹)	Number of options	Weighted average exercise price (in ₹)	Number of options	Weighted average exercise price (in ₹)
Options outstanding at the beginning of the year	13,000	332	25,500	334	245,250	303
Add: Options granted during the year	-	-	-	-	-	-
Less: Options forfeited during the year	-	-	-	-	11,250	335
Less: Options expired during the year	-	-	-	-	-	-
Less: Options exercised during the year	13,000	332	12,500	337	208,500	298
Options outstanding at end of the year	-	-	13,000	332	25,500	334

The employee share based payment plans have been accounted based on the Fair value method of accounting using the Black-Scholes Option Pricing Formula. There are no options outstanding as on 31<sup>st</sup> March 2017. The weighted average remaining contractual life of options outstanding as on 31<sup>st</sup> March 2016 was 0.52 years (as on 01.04.2015 was 1.79 years).

An amount of Rs. Nil (Previous year Rs. 0.01 Crores) has been recognised as an expense in Employee Benefits Expenses (Note 33) and corresponding liability has been disclosed as Stock Options Outstanding Account (Note 20). The balance of ₹ Nil (Previous year ₹ 0.17 Crores, 1 April 2015 ₹ 0.31 Crores) in Stock Options Outstanding Account (Note 20) represents the amortised cost of stock options outstanding. As on 31<sup>st</sup> March 2017, the amount recoverable from ESOP trust is ₹ Nil (Previous year ₹ 3.01 Crores, 1<sup>st</sup> April 2015 ₹ 3.01 crores).

The Company has adjusted gain of ₹ 0.17 Crores (Previous year ₹ 0.49 Crores) to General Reserve as the difference between the cost incurred by the ESOP Trust for the purchase of shares and the exercise price of those options which have been exercised by the employees.

As the Company exercise control over the ESOP trust the same has been consolidated as a subsidiary in the consolidated financial statement.

#### GSPL

#### ESOP 2010 Scheme:

During the Financial Year 2010-11, the Company instituted ESOP-2010. The Board of Directors and the Shareholders approved the plan in the meeting held on 23<sup>rd</sup> August 2010 and 27<sup>th</sup> October 2010 respectively, which provides for the issue of 21,28,925 equity shares to the employees of the company. The Compensation Committee administers ESOP-2010. These ESOPs are granted at an exercise price of ₹ 75 per share to be vested over the period of five years and to be exercised within a period of ten years from the date of Grant.

Set out below is a summary of options granted under the plan:

Particulars	31/3/2017		31/3/2016	
	Avg Exercise Price per share option (₹)	Number of options	Avg Exercise Price per share option (₹)	Number of options
Opening Balance	75.00	883,894	75.00	1,052,384
Granted during the year	75.00	-	75.00	340,404
Exercised during the year	75.00	(247,668)	75.00	(360,084)
Lapsed/cancelled during the year	75.00	-	75.00	(148,810)
<b>Closing balance</b>		<b>636,226</b>		<b>883,894</b>

#### Fair value of options granted

The fair value at grant date of options granted during the year ended 31 March 2017 was ₹ 72.45 per option (31 March 2016 - ₹ 72.45). The fair value at grant date is determined using the Binomial Model which takes into account the exercise price, the terms of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

**Expenses arising from share based payment transactions**

Total expenses arising from share-based payment transactions recognised in the statement of profit and loss as part of employee benefit expenses were as follows:

Particulars	(₹ in Crores)	
	31-Mar-17	31-Mar-16
Employee option plan	-	(0.67)

**Note 49**

Under Ind AS compliant Schedule III, the consolidated financial statements do not include notes such as quantitative information, forex earnings/expense etc. which are not necessary to present true and fair view of the financial statements.

**Note 50**

Based on Transaction Audit by M/s. KPMG, appointed by internal committee for investigation and Preliminary Investigation carried out by Government of Gujarat, financial irregularities relating to Delhi Office of GSPC were observed. The Audit Committee has also taken note of the same vide its minutes of meeting held on 03.03.2016. No provision has been made by the Company as the liability, if any, is unascertainable at this point of time. The matter is under investigation.

**Note 51**

In case of balances of Joint Venture parties, for cash call and other transactions and also in case of balances of other parties i.e. Trade Receivables, Trade Payables, Loans and Advances and other liabilities the company is in the process of reconciling it with the parties. Adjustments if any will be accounted on reconciliation/settlement of the same.

As per our report of even date attached.

For and on behalf of the Board of Directors

**For P Singhvi & Associates**

Chartered Accountants

FRN. 113602W

**Praveen Singhvi**

Partner

M. No. 071608

Date : 30<sup>th</sup> May, 2017

Place : Gandhinagar

**Dr. J. N. Singh, IAS**

Chairman & Managing Director

DIN : 00955107

**Sandeep Dave**

Company Secretary

Date : 30<sup>th</sup> May, 2017

Place : Gandhinagar

**Dr. T. Natrajan, IAS**

Joint Managing Director

DIN : 00396367

**Gopal Srinivasan**

Chief Financial Officer

