



MAHANAGAR GAS LIMITED

(GAIL, Govt. of Maharashtra & BGAPH Enterprise)

Ref: MGL/CS/SE/2017/101

Date: September 26, 2017

To,

Head, Listing Compliance Department BSE Limited P. J. Towers, Dalal Street, Mumbai - 400 001 Scrip Code/Symbol: 539957; MGL	Head, Listing Compliance Department National Stock Exchange of India Ltd Exchange Plaza, Bandra -Kurla Complex, Bandra (East), Mumbai - 400 051 Script Symbol: MGL
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Sub: Disclosure pursuant to Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir/Madam,

Pursuant to Regulation 34 (1) of the SEBI (Listing Obligations and Disclosure Requirement) Regulations 2015. We are enclosing herewith Annual Report of the Company for the financial year 2016-17.

Kindly take the same in your record.

Thanking you,

Yours sincerely,

For Mahanagar Gas Limited


Alok Mishra
Company Secretary and Compliance Officer



Encl.: As above



Poised for
Growth. Investing in
Tomorrow.



**MAHANAGAR
GAS**

MAHANAGAR GAS LIMITED
ANNUAL REPORT 2016-17

indhan hariyali ka

POISED FOR GROWTH. INVESTING IN TOMORROW.

As we enter an era of new-age energy, natural gas is gaining strength as the preferred fuel when compared to the efficiency and eco-sustainability of conventional fuels. With its cost competitive advantage, the natural gas industry is at a pivotal point of expansion for the 'Age of Clean Energy'. Despite short term economic and industrial cycles, there is a momentous long-term opportunity for natural gas to play a much larger role in our energy-hungry economic landscape.

The need for alternative fuel options is especially evident in Mumbai and its adjacent regions, which is where we enjoy market exclusivity. This dense urban-industrial cluster is witnessing the fastest expanding population growth in the country, spurring an urgent growth in demand for convenient and affordable clean energy. Natural gas, as an environmentally friendly fuel, is not only expected to cater to the demand for cooking and transportation fuel, but with raw-material gas costs remaining low for the foreseeable future, it is expected to play a key role in this region's economic growth in the coming decades.

With robust infrastructure and a well-primed operational efficiency, in addition to being the sole city gas distribution entity for its authorised regions, Mahanagar Gas Limited (MGL) is ideally positioned to lead this transformation. Today, MGL is strategically positioned to capture the benefits of this large and growing market by leveraging on its competitive strengths. With longer term growth opportunities in under-penetrated Raigad also under our belt, and with a focus on new areas coming under distribution bids, MGL is set to deliver sustainable growth and create value for the long term.





City Gate Station, Sion-Wadala

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At a Glance

Mahanagar Gas Limited (MGL) is one of the largest city gas distribution (CGD) companies in India. With over 22 years of experience in supplying natural gas in Mumbai, MGL is the sole authorised distributor of compressed natural gas (CNG) and piped natural gas (PNG) in Mumbai, Thane urban and adjoining municipalities and the Raigad district in the state of Maharashtra, India. The Company distributes CNG for use in motor vehicles and PNG for domestic household as well as for commercial and industrial use.

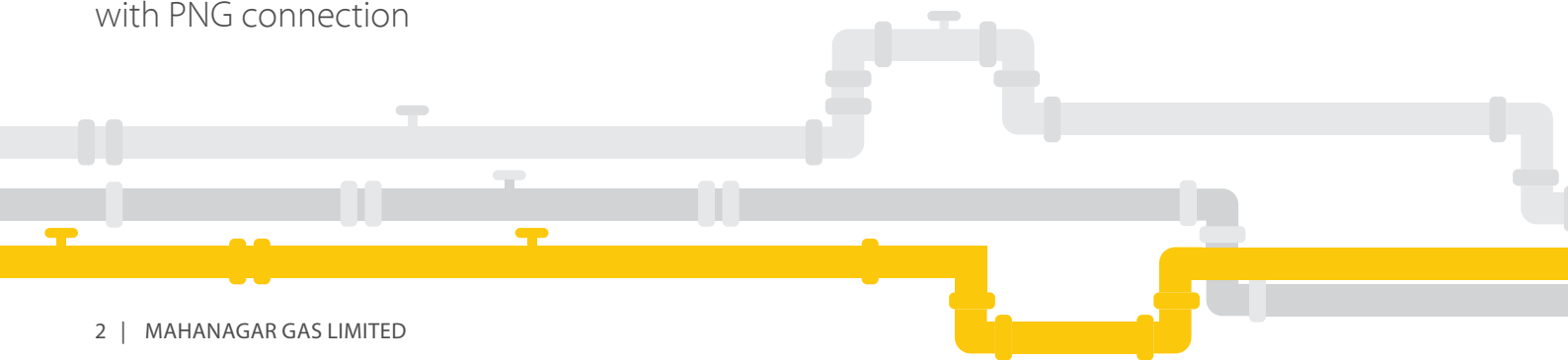
4,838_{km}
Pipeline Network

0.54_{mn}
CNG Customer Base

0.95_{mn}
Domestic households
with PNG connection

The Company is promoted by GAIL (India) Limited (GAIL) and BG Asia Pacific Holdings Pte. Ltd (BGAPH) {ultimately owned by Shell group}, each of who holds 32.5% of our Equity Shares. GAIL is a Maharatna public sector undertaking and the largest natural gas transmission company in India. BGAPH is headquartered in Singapore and is a part of the Shell Group. It is also a leader in the international exploration and production of oil, natural gas and LNG.

MGL distributes natural gas through an extensive CGD network of pipelines. It has the exclusive authorisation to lay, build, expand and operate in accordance with the Petroleum and Natural Gas Regulatory Board Regulations 2008 in Mumbai until 2020, in Thane Urban and adjoining Municipalities until 2030 and the Raigad district until 2040.





3,218

Commercial consumers
supplied with PNG

203

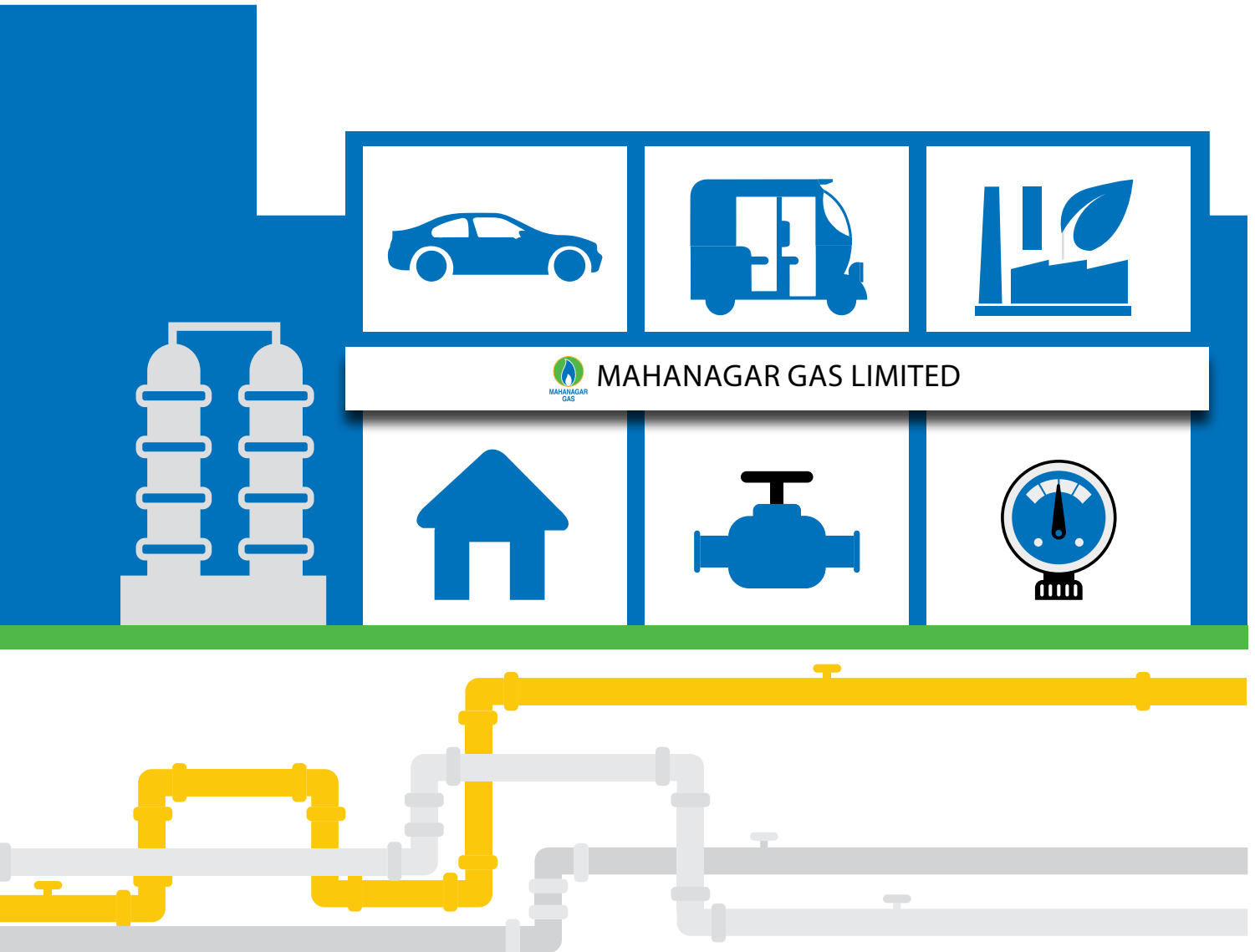
CNG Filling Stations, of which
14 are company-owned

62

Industrial Consumers
supplied with PNG

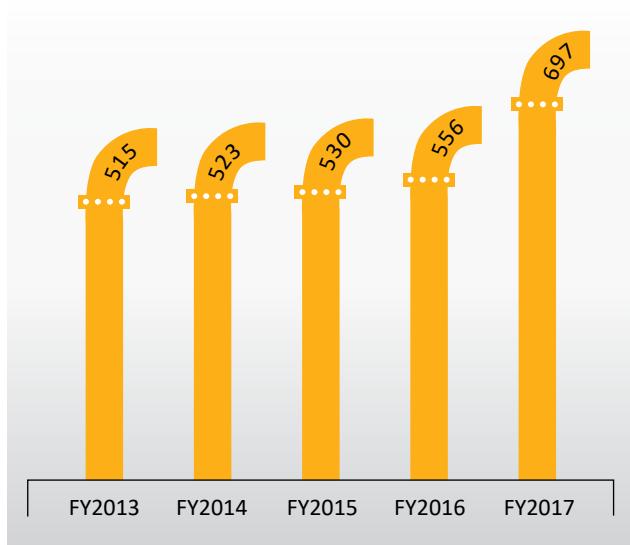
2.5695^{MMSCMD}

Volume of Natural Gas
Supplied in FY 2017



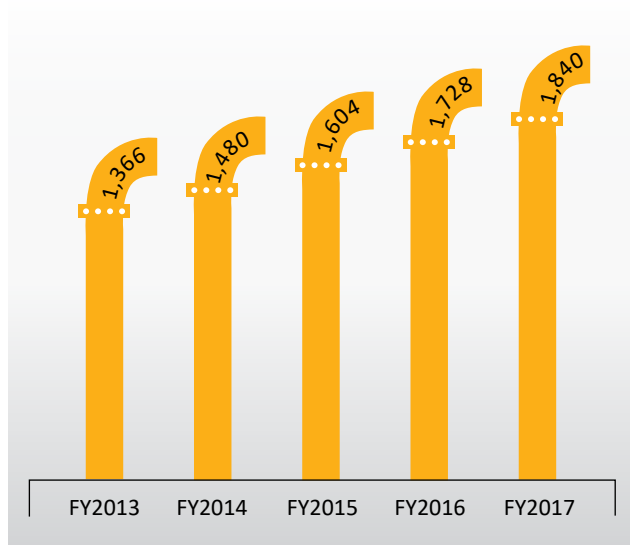
Our Financial Highlights

EBIDTA (₹ Crore)



Figures upto FY2015 are as per erstwhile GAAP (IGAAP)

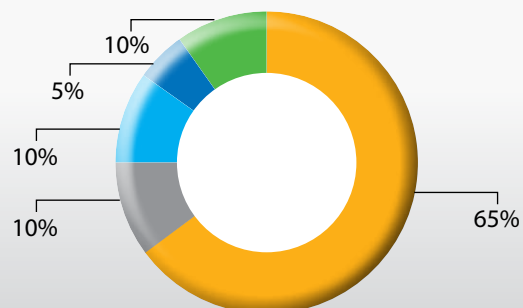
Net Worth (₹ Crore)



Figures upto FY2014 are as per erstwhile GAAP (IGAAP), however proposed dividend is not recognised, in line with Ind AS.

Shareholding Pattern as on 31st March, 2017

- Promoter and Promoter Group
- Government
- Others
- Mutual Funds
- FIIs / FPIs

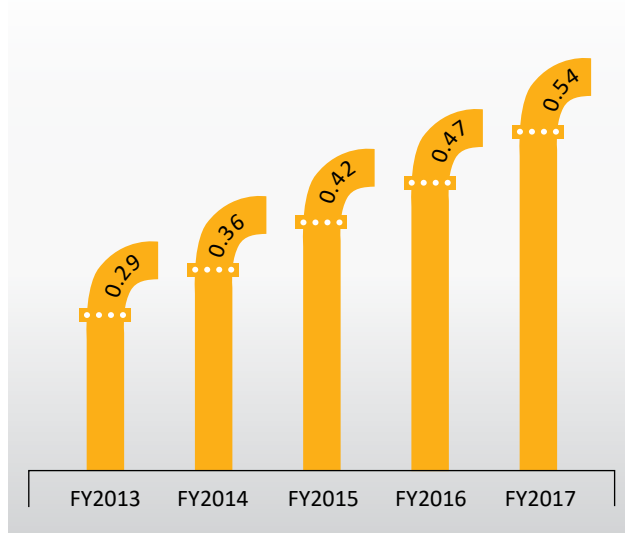




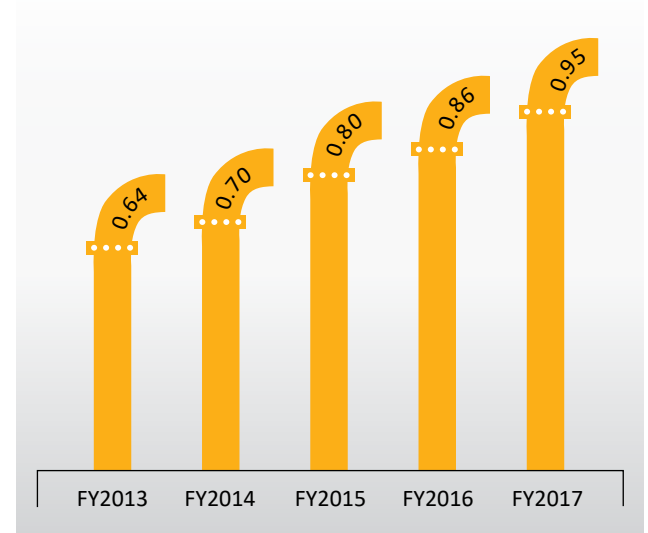
Our Performance Highlights

- Added 6.45 km of steel and 185.2 km of PE Pipeline network, leading to 4,838 km of gas pipeline spread across Mumbai and its adjoining areas, and Raigad.
- Daily reduction of over 1,400 tonnes of pollutants in Mumbai with the use of CNG.
- Added 1.62 lakh customers to supply PNG and CNG.
- During the year, 0.075 mn vehicles were added for CNG supply and 0.0865mn domestic households were connected for PNG. In addition, 402 commercial and 4 industrial consumers were added.
- Added 15 CNG Filling Stations for small and medium vehicles. CNG filling facility at 17 depots is operational for over 3,341 public transport buses run by BEST, MSRTC, TMT and NMMT to provide pollution-free travel to the citizens.

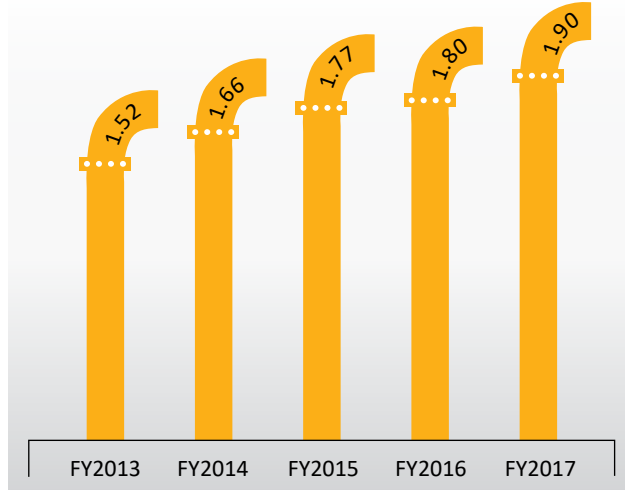
CNG Customers (Million)



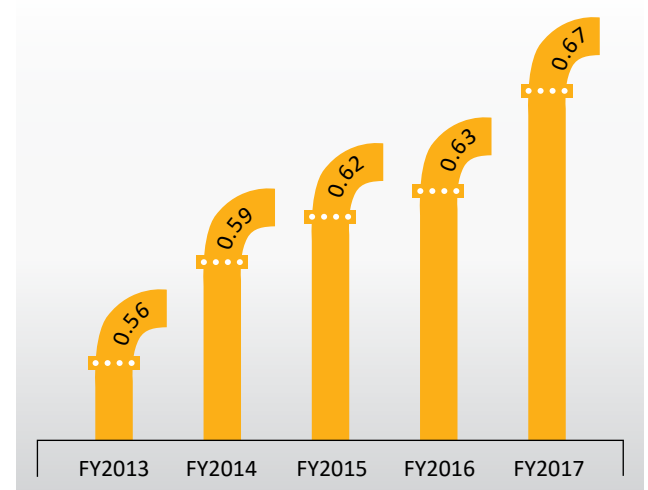
PNG Customers (Million)



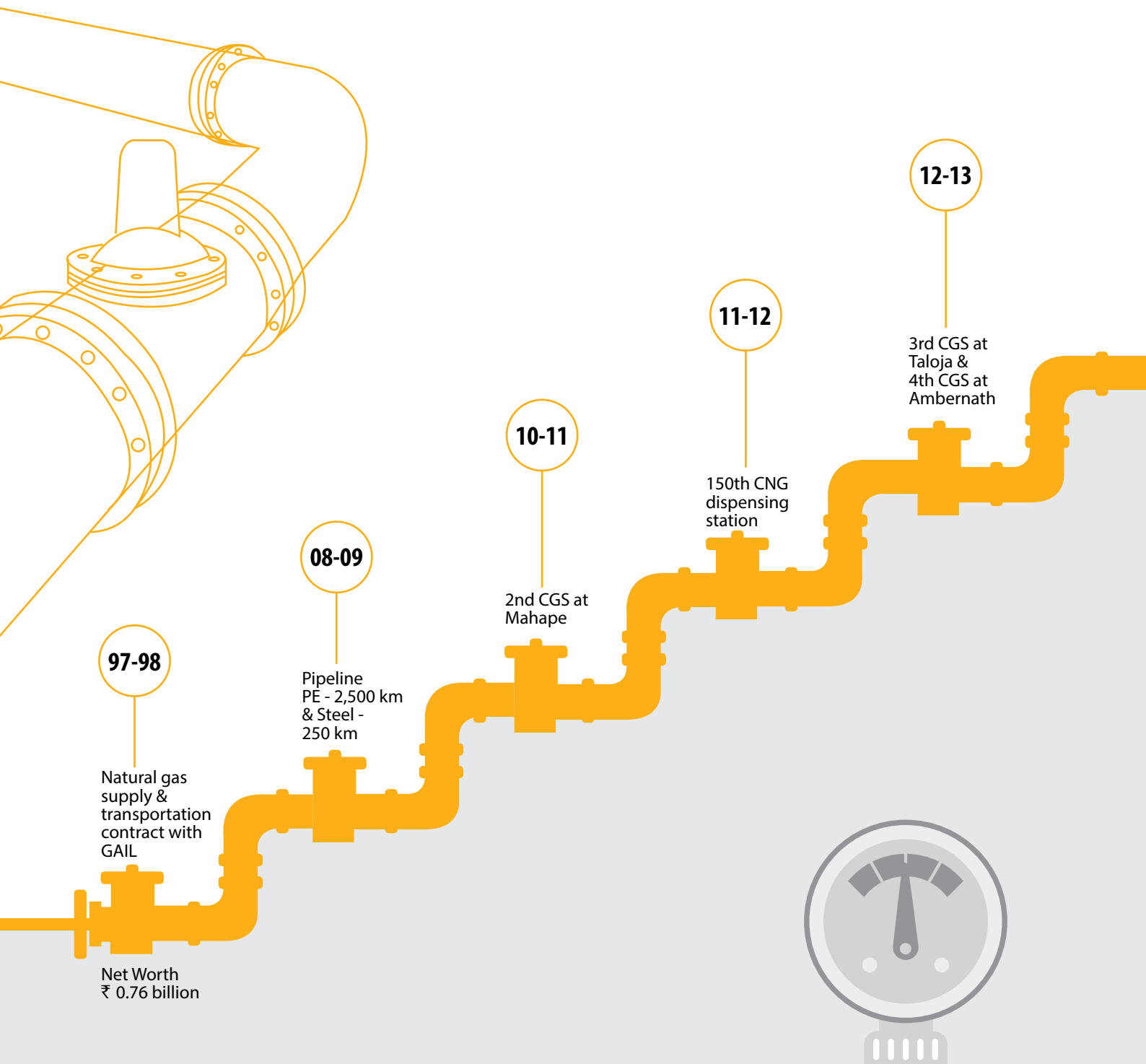
CNG Volume (MMSCMD)

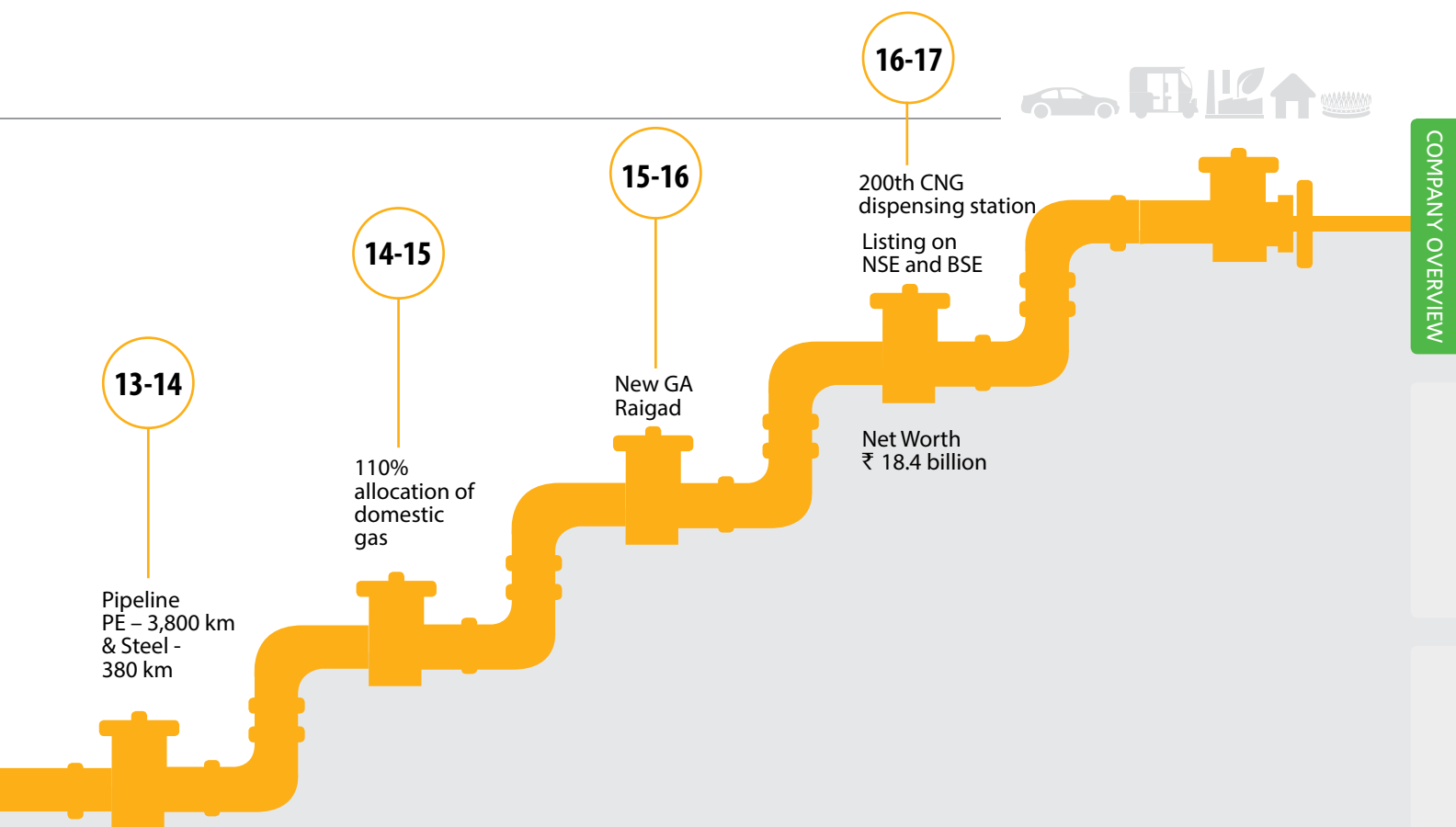


PNG Volume (MMSCMD)



Our Journey of Growth and Excellence





MGL is the sole authorised distributor of CNG and PNG in Mumbai, Thane urban and adjoining municipalities and the Raigad district.

18.2%
19 Year CAGR of Network

Message from the Chairman



Mr. Akhil Mehrotra, Chairman

We had a strong
year in FY 2017,
marked by a dividend
increase, growth in
earnings and customer
acquisitions.

I am pleased to present your Company's yearly performance review for the year 2016-17. We successfully completed the IPO of the company in July 2016. I record my sincere thanks and appreciation to all investors who participated in our IPO and have stood by us with their investments in MGL.

We had a strong year in FY 2017, marked by a dividend increase, growth in earnings and higher customer acquisitions. Our profit has grown by 26.5% and we reported volume growth of 5.7% during the year. Our results were driven by several factors, including operational efficiencies, growth in number of customers and subdued oil prices. In addition, our cost competitive and reliable gas sourcing arrangement and robust project delivery have helped establish extensive network, increasing our ability to reach more customers in our existing areas.

Building on the strong foundation, we are confident to pursue the opportunities that await us. We believe that ability to recognise the right opportunity and deploy our talent and resources quickly - will allow us enhance our growth and reach.

We have successfully commenced work on building infrastructure in the Raigad district. Furthermore, to increase the penetration in transport and domestic sector, we have till date set up 203 CNG stations and have reached 0.95 mn homes.

Growth Opportunities

The penetration of CNG and domestic PNG is still low but increasing in Mumbai, Thane Urban and adjoining municipalities. This provides us with immense opportunity to grow in our existing areas.

Furthermore, the government now allocates domestic natural gas upto 110% demand of CNG and domestic PNG. This gives us the assured availability and cost advantage against other competing fuels such as petrol, diesel and high speed diesel, paving the way for volume growth in future.

In addition, the Central and State Government have been promoting the use of natural gas by maintaining lower tax rates compared to alternate fuels. With the Central Government gradually phasing out LPG subsidy, substitution to PNG is only set to increase. The government has also mandated the conversion of all app based aggregators' taxis to clean fuel, which will boost demand manifold. The app



based taxis and aggregators have been given a 12 month time schedule to convert from alternate fuels to clean fuels like CNG.

Way Forward

We expect our growth outlook to be robust. Strong untapped demand potential in Mumbai, competitiveness of natural gas versus alternate fuels and the infrastructure rollout in Raigad area will continue to augment growth.

With priority allocation of Natural Gas through administered price mechanism (APM) to CGD industry by MoPNG, we expect our margins to remain healthy going forward. We will continue to deliver a strong financial profile with robust free cash flows and sound returns.

At Mahanagar Gas, we remain committed to the needs of environment friendly cooking and transport fuel. Our future priorities remain embedded in expanding our network to reach all our customer segments. We are making investments in growing our network to ensure access to clean and low-cost fuel.

Employees play a big part in success of any Company. I would like to thank all employees of MGL for their continued support and commitment to grow this Company.

It was an honor to take charge as the Chairman of Mahanagar Gas Limited from my illustrious predecessors whose contribution in the success of the Company is inspirational.

On behalf of the Board of Directors and the entire management team, we would like to thank you for your trust as we continue our journey to be amongst top-performing CGD Company. We remain committed and focused on creating long-term shareholder value, while demonstrating leadership in safety and environmental stewardship in all aspects of our business.

Yours' Sincerely,

Akhil Mehrotra
Chairman

26.5%
Profit Growth, FY 2017

5.7%
Volume Growth, FY 2017

Q&A with the Managing Director



Mr. Rajeev Mathur, MD

The long-term
vision for our Company
is to be a socially
responsible, world-class
and consumer friendly
gas Company.

Mr. Rajeev Mathur,

Reviews the performance of the Company during FY 2017.

How would you review the performance of your Company during FY2016-17?

We delivered good performance and healthy growth during the previous fiscal. The Company recorded a 26.5% growth in operating EBITDA. Our operational efficiencies helped in improving the operating EBITDA margin by 648 bps to 28.8%. The EBITDA/SCM also improved to ₹6.9 in FY 2017 from ₹5.7 in the previous year. The net profit after tax grew by 26.5% from ₹310.9 crore in FY 2016 to ₹393.4 crore in FY 2017. As of 31st March 2017, we have connected around 9.50 lakh households with PNG and we are operating 203 CNG stations supplying CNG to more than 5.45 lakh vehicles.

Furthermore, the daily average sales volume grew by 5.7% compared to the previous year. Daily volumes in case of CNG grew by 5.3%, household business volumes grew by 9.7%, commercial and industrial volumes also grew by 4.5%. On an overall basis, PNG volumes grew by 6.8% during the year. We now have a steel and PE pipeline network of over 4,838 kilometers.

I am pleased to inform you that the Board recommended an interim dividend of 80% for the first time in its history and a 110% final dividend-total of 190% dividend, leading to a payout ratio of 56%.

What reasons would you ascribe for this growth?

There are a number of reasons that supported this growth.

Firstly, our focus on operational efficiency helped alleviate realisations. We were able to maintain our costs, while the revenues went up.

Secondly, we were able to enlarge our customer base and reach 0.95 mn PNG customers. This addition of 86,593 customers during the year was much higher than the customer addition of 60,978 in the previous year. We have successfully created a base of 0.54mn CNG customers, 0.95mn PNG customers and 3,280 commercial and industrial customers.

And lastly, there was a substantial reduction in the cost of procurement. Thanks to the subdued prices of oil and gas in the international market, which has been helping us improve



our margins. Going forward, we do not foresee any substantial surge in the oil and gas prices.

What were the other key developments for the year?

During the year, our focus was on Raigad district where we won the bid and marked our foray. It is one of the largest districts in Maharashtra. The region is expected to witness exponential growth in the backdrop of the Government's Smart City policy, upcoming International airport and Trans-Harbour Link. Accordingly, we have identified six industrial clusters which can be accessible to create a gas grid and quickly tapped through transmission network. I am pleased to inform that the pipelines have been laid and gasified in Uran (a part of Raigad District), to supply gas. The supply of gas to households has commenced in June 2017.

Additionally, we added 15 new CNG stations, crossing the two hundred mark during the year. One of these CNG stations has also been set up in Raigad at Karjat, and gas sales has been stabilised. A number of new sites have been identified for setting up CNG stations, including one on the Mumbai-Pune expressway.

Is the Company open to new opportunities?

We are an experienced player in CGD sector with over two decades of presence; we also have access to experienced resources and skill sets. Having said that, we believe that in this capex intensive industry, it makes sense to be selective and understand the potential and economics of the region. We are actively looking to enhance our network in the adjoining areas of our presence as opposed to creating a new grid in new area.

What are the key challenges for your business?

The key challenge remains in creating the infrastructure for distribution and reaching out to the demanding customers faster. The congestion of the city, minimal utility corridor availability, limited time availability owing to seasonality impact of monsoon and hurdle in getting approvals impacts our business. There is also limited space available to setup CNG stations. In a city like Mumbai, while the demand and product availability is there, creation of infrastructure and making it convenient for customers becomes a challenge.

What are your reasons for optimism, going forward?

Over the last couple of years, the Government has amended and introduced a number of policies, which makes our business more conducive.

The Ministry of Petroleum and Natural Gas decided to raise the share of domestic gas to 110% of the requirement for CNG (transport) and PNG (domestic), giving us an assured volume of gas. In addition, every six months the volumes are reset to meet the growing requirements of the city. The price set for gas is based on a formula set by the government and it is also quite attractive.

There has been an inclination of the government to have a in pollution free environment and it has now mandated all public vehicles in cities to convert to clean gas like CNG. The government also plans to roll out City Gas Distribution (CGD) infrastructure in some 326 cities across India.

The lack of distribution infrastructure and limited availability through dispensing centers has prevented the plying of CNG on highways. The government is looking towards creating green corridor for expansion of CNG filling stations network in the country on the National and State Highways that are in the vicinity of existing and proposed gas pipelines.

In addition to these policy developments, the price effectiveness of natural gas in comparison to the alternate products and a strong untapped market for clean fuel, provides immense opportunities for the CGD sector to grow.

What is the long-term vision for the Company?

The long-term vision for our Company is to be a socially responsible, world class, consumer friendly gas Company committed to provide safe, efficient and reliable energy. We aim to create standards and become a benchmark for the industry. A benchmark in terms of operating efficiency, network bandwidth, safety and, value creation for stakeholders.

We are pursuing all our initiatives towards saturating the market with piped gas and reach every customer requiring gas.

At MGL, we remain committed toward achieving our organisation goals and creating consistent value for our stakeholders. Confident for the future, we aspire to be an enduring value creator, and an excellent long-term wealth creator for our investors and stakeholders.

To Serve the **Demand** EXPANDING BOUNDARIES TO REACH YOU



Inauguration of PNG by Hon'ble MoPNG Minister Shri. Dharmendra Pradhan at Uran, Raigad.



We are leveraging our competitive strengths and expanding our natural gas distribution network to cater to the increasing demand.

While we continue to increase in size in Mumbai and Thane Urban and adjoining Municipalities, by reaching out to new customers, we bid and began operating in the Raigad District. We commenced project activities in the Raigad district to lay, build and develop CGD infrastructure.

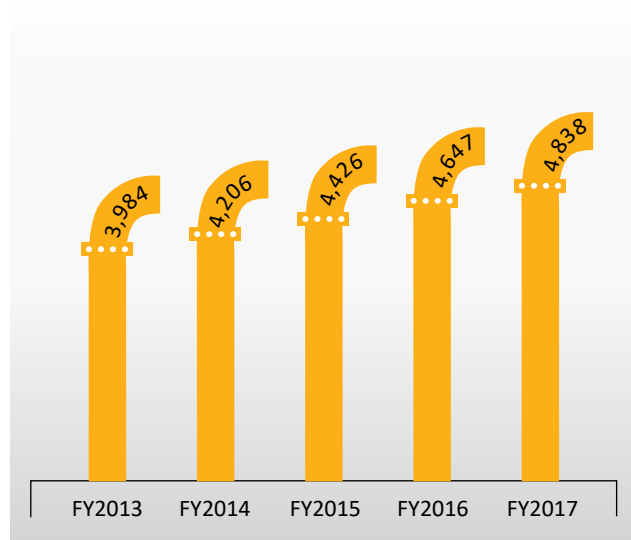
We believe that we are strategically positioned to capture the benefits of the growing demand for CNG and PNG in our areas of operation. The given cost advantage of using CNG as compared to alternative fuels is increasing the interest in environment friendly fuels. There also exists significant additional opportunity for expansion with the phasing out of LPG subsidies over a period of time. The convenience of using PNG will also help in increasing the penetration of PNG in the domestic market.

While Raigad has significant longer-term potential from the smart city policy, planned townships, international airport, and the Trans-Harbour Link, in the near term, we have identified six industrial clusters accessible to the gas grid that can be catered through a concentrated network.

The pipelines have been laid and gasified in Uran (a part of Raigad district) to supply gas. Spreading its network in phases, MGL plans to provide the convenience of the safe, cost effective and environment friendly piped natural gas to almost all feasible households in Uran area. This will benefit about 3,200 households and about 16,000 people. The PNG benefits will be extended to other nearby areas by connecting more than 7,000 households, covering about 35,000 people in coming years.

During the year, a CNG station has also been set up in Raigad at Karjat, and gas sales has been stabilised. Going forward, we intend to open couple of more CNG stations in the region.

PIPELINE NETWORK (KM)



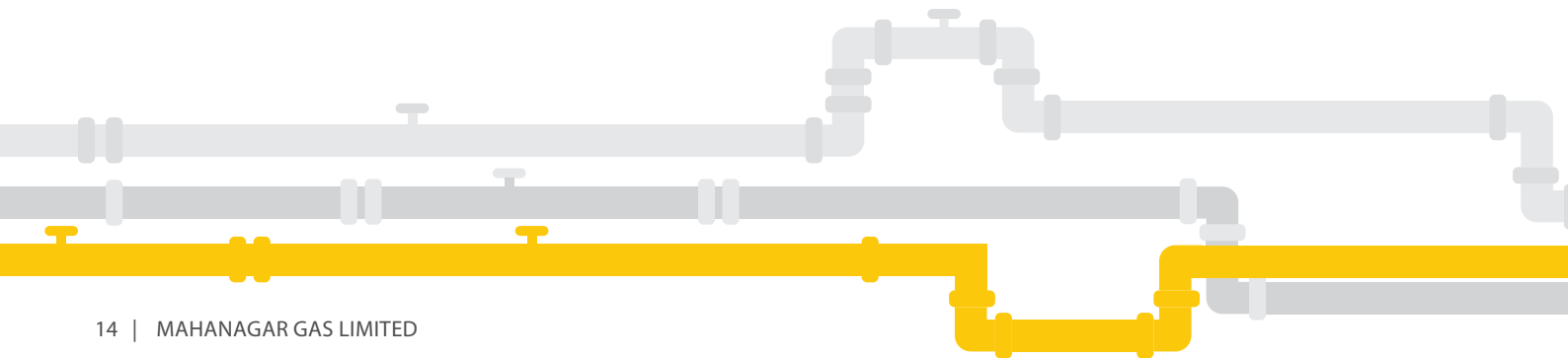
We believe that we are strategically positioned to capture the benefits of the growing demand for CNG and PNG in our areas of operation.

To Be **Always There**

PUTTING TECHNOLOGY TO WORK FOR YOU



Senior Officers of MGL with trainees of Gas Plumbing Center Don Bosco School at Karjat, Raigad.





We continue to make significant investments to keep up with the growth and demands of our service territory. We are using technology as an intervention to create value for our customers.

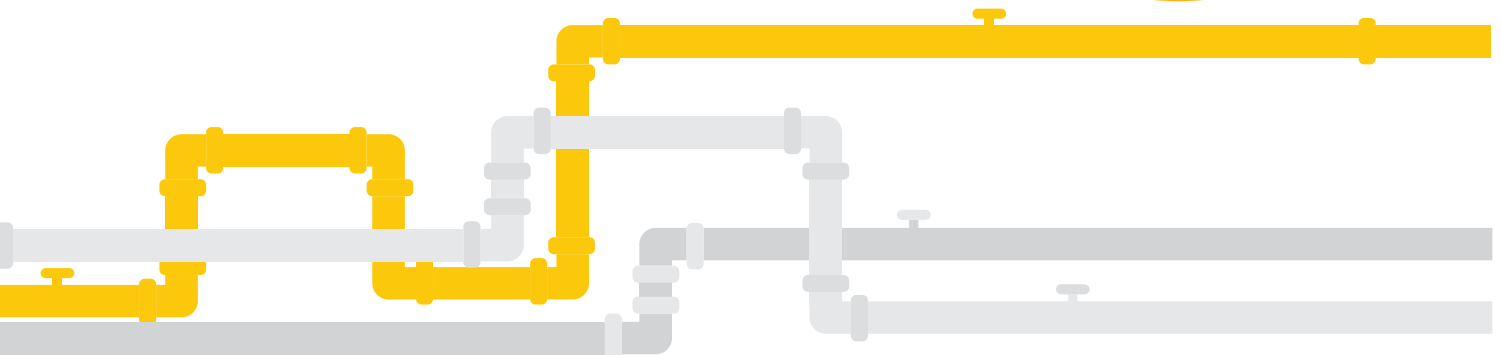
With advancements in smartphone technology, we launched a mobile application named 'MGL Connect'. This facilitates PNG (domestic) and CNG customers to upload gas meter readings, identify meter readers, download forms like registration and name change forms, and locate nearby CNG filling stations.

Consumers can also view the list of authorised CNG cylinder testing agencies on the application. In addition, the PNG consumer can view bill details and opt for making online payment. For CNG users, this app provides the real-time prices, amount saved by using CNG over other alternative fuel and waiting time at stations. Going forward, we are also looking at IT interventions, to allow customers to book time slots at CNG filling station and escape the queue. We are exploring use of RFID tag/reader system for validation of on board CNG cylinder at CNG stations to prevent re-fueling into spurious cylinders. Also use of RFID disc and reader is being explored for locating underground gas pipelines.

We have implemented Automated Remote Meter reading technology for all Industrial customers, and are planning to extend its use for Commercial customers. MGL has procured optical gas imaging cameras to identify even the very minor gas leakages.

In order to deliver complete and consistent service across all customer contact channels, we have implemented Customer Relationship Management across the organisation. This has helped integrate service management and execution processes, and gain front-end visibility into back-end operations.

For CNG users,
our application
provides the real-time
prices as well as the
amount saved by
using CNG.



To Deliver Strong **Financial Performance** ENRICHING WEALTH OF OUR STAKEHOLDERS



City Gate Station, Mahape.





Our strong financial position provides us with the financial flexibility to expand our network in the existing and new markets.

MGL has historically exhibited that it financed its growth by properly managing its capital resources. Over the last five years, the Company generated ₹2,227 crore of cash flows from operations. Given the stable business, we expect this trend of cash flow generation to continue, going forward. During the year, MGL has made capex investments of ₹255 crore.

In addition, MGL has reported over 50% dividend payout (including Dividend Distribution Tax) during the last five years. In FY 2017, a dividend of ₹17.50 per share for the previous year and interim dividend of ₹8 per share for FY 2017 was paid. In June 2016, the Company's shares were valued at ₹421 for its IPO and as at March 31, 2017, the shares were traded at ₹894.95 per share. A final dividend of ₹11 per share was declared by the Board of Directors, which shall be paid to the shareholders, post approval of the shareholders in the forthcoming Annual General Meeting.

Despite financing its growth from its internal cash flows from operations, and high dividend pay-outs, MGL continues to be a debt free company. The Company has net cash of ₹615 crore on its books. This gives it the capability to invest toward expanding its network, without raising debt. This efficient capital management has helped the Company follow a disciplined approach in maintaining its balance sheet.

We have a track record of growth in volumes, revenues as well as profits. The volume of natural gas supply increased from 1.95 mmscmd for FY2012 to 2.57 mmscmd in FY 2017, at a CAGR of 5.7%. Its total revenue increased from ₹1,451 crore in FY2012 to ₹2,292 crore in FY 2017, at a CAGR of 9.6%. The profit after tax has increased from ₹308 crore in FY2012 to ₹393 crore in FY 2017, at a CAGR of 5.0%.

5.7%

5 Year CAGR Growth for
Natural Gas Supply

9.6%

5 Year CAGR Revenue Growth

Despite financing its growth from its internal cash flows from operations and high dividend pay-outs, MGL continues to be a debt free company.

To Make Life **Even Better**

ENSURING SAFETY AND RELIABILITY



Launching of MGL Life Saving Rules.



Our aim is to be a recognised leader in the development and operation of safe, reliable and sustainable energy infrastructure.

We remain committed to our ambition to be the best gas distribution company in country. We continue to focus on delivering a safe and reliable service for our customers. We have successfully built and operated our CGD network for over two decades and have sound safety management systems in place.

Over the years, we have developed strong in-house project management capabilities, complemented by robust operation and maintenance processes. Our network of steel pipelines and polyethylene pipelines together with other infrastructure, enables us to deliver reliable and uninterrupted natural gas to our CNG and PNG consumers. The infrastructure is laid in compliance with Petroleum and Natural Gas Regulatory Board Regulations, 2008.

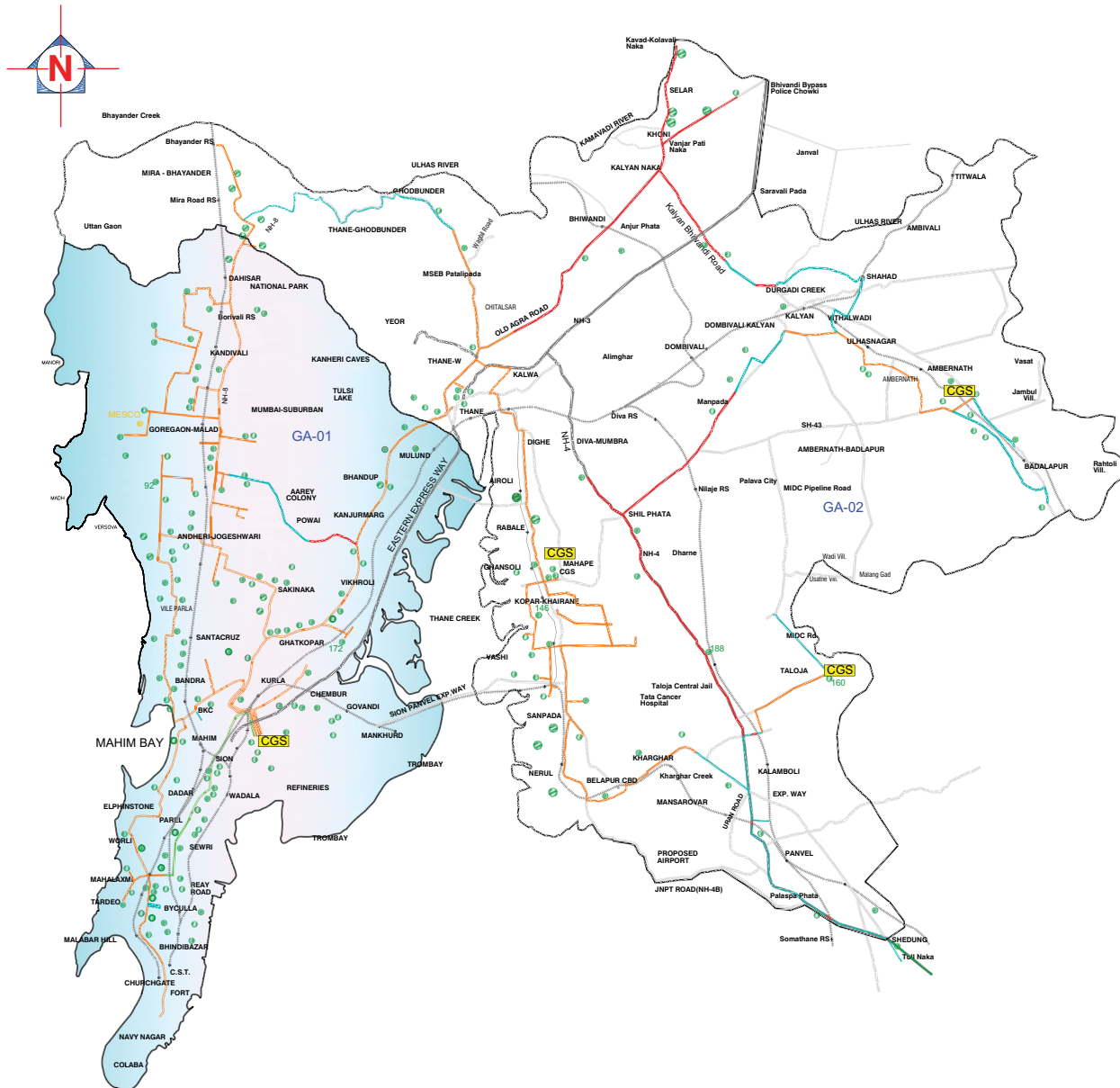
For continuous improvement in Safety, various workshops have been conducted to raise the general awareness, across the relevant community and operating environment. In addition, we organise demo on Fire Fighting equipments and ensure necessary permits in place to work at height.

Pursuing excellence in all our operational processes will allow us to manage our assets efficiently, deliver network improvements quickly and provide services that meet the demands of our customers.

A safe, reliable delivery system remains the backbone of our business, and a vital contributor to our overall success. A testimony of our focus towards safety is our strong adherence to regulatory requirements and it is reflected in our accreditation from reputed bodies. During the year, MGL was accredited with prestigious 'Greentech Safety Award' in Gold Category for excellent HSE performance in FY 2017.

Over the years, we have developed strong in-house project management capabilities, complemented by robust operation and maintenance processes.

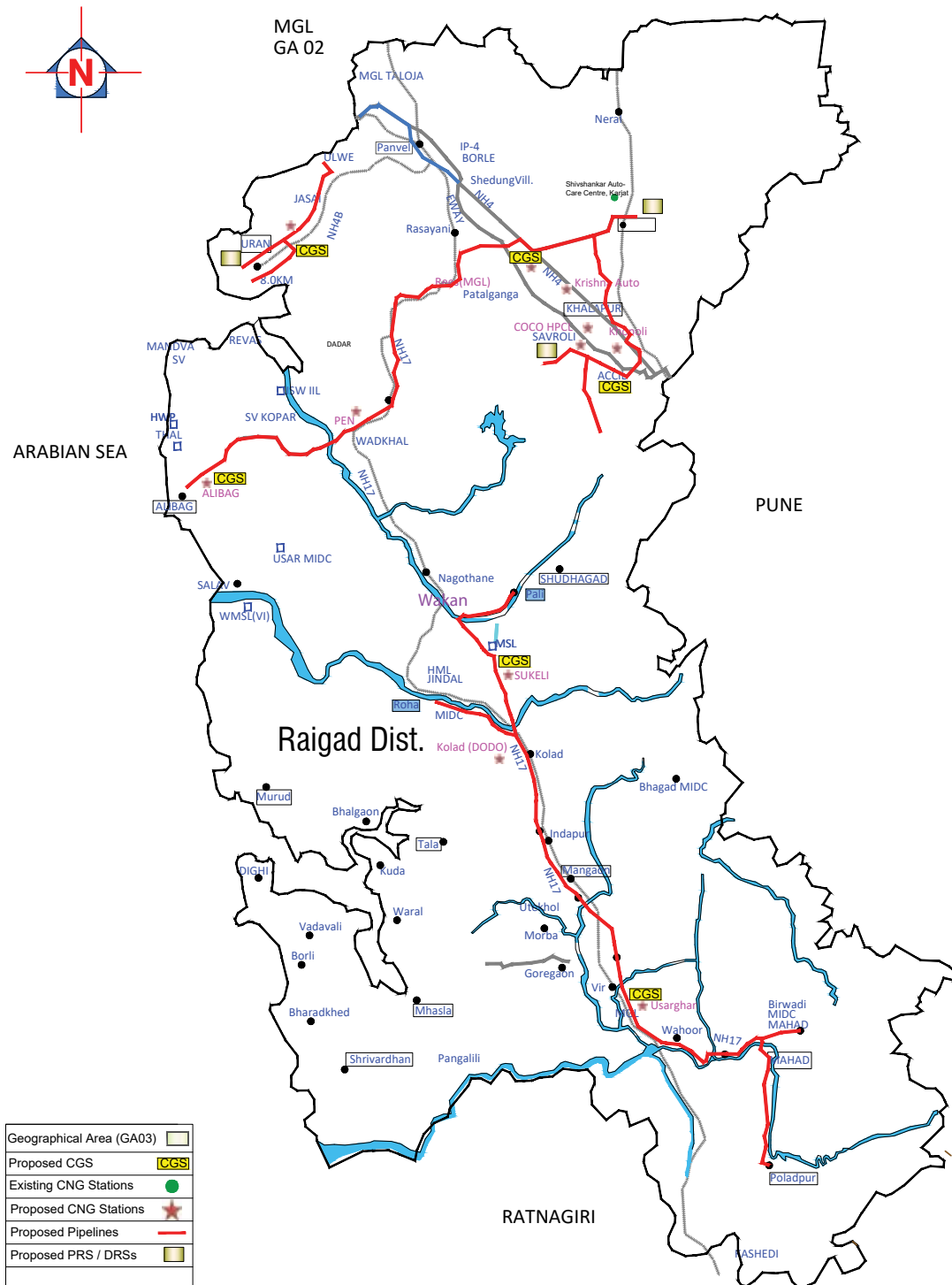
Gas Distribution Network Geographical Area (GA-1 and GA-2)



Geographical Area (GA01)	
Geographical Area (GA02)	
Citygate Stations	
Existing CNG Stations	
Existing Pipelines	
Proposed Pipelines	
Not Commissioned P/L	



New Authorised Area for Gas Distribution Network (GA-3)



Board of Directors



Mr. Akhil Mehrotra

Chairman (Nominee of BGAPH)

- On the Board since March 11, 2016
- Over 24 years of experience in the industry
- Presently, Director – Downstream business, BG India
- Previously associated with the Reliance Group of Companies



Mr. Virendra Nath Datt

Non-Executive Director (Nominee of GAIL)

- Rich experience of over 32 years in the Natural Gas Industry in India
- He started his career with ONGC in 1985 and then moved to GAIL in 1995
- Holds a Bachelor's degree in Science from Kurushetra University, Haryana and a Masters in Business Administration from Maharishi Dayanand University, Rohtak, Haryana



Mr. Sunil Porwal

Non-executive Director (Nominee of Government of Maharashtra)

- Over 31 years of rich experience, and belongs to the 1983 batch of IAS (Maharashtra Cadre)
- Also served on the Boards of Maharashtra State Seeds Corpn Ltd., Maharashtra Urban Infrastructure Development Co. Ltd., and Maharashtra Urban Infrastructure Fundtrustee Company Ltd
- Bachelor's degree in Science and has completed post- graduation in Development Management and Zoology



Mr. Rajeev Mathur

Managing Director (Nominee of GAIL)

- Over 34 years of experience
- Served 4 years as an Executive Director (Marketing) at GAIL
- MBA from Jodhpur University and Bachelor's degree in Mechanical Engineering from REC, Durgapur



Ms. Susmita Sengupta

Technical Director (Nominee of BGAPH)

- On the Board since February 2014
- Has worked with DCP Midstream in Denver, Colorado and in Midland, Texas
- Master's degree in Chemical and Petroleum Engineering from the University of Calgary and Bachelor's in Applied Sciences (Chemical Engineering from the University of Waterloo)



Mr. Jainendar Kumar Jain
Independent Director

- On the Board since January 2008
- Served as Director (Finance) at GAIL from 1996 to 2005
- Chartered Accountant and fellow member of ICAI and holds a Bachelor's degree in Commerce from Vikram University, Ujjain



Mr. Arun Balakrishnan
Independent Director

- On the Board since July 2011
- Over 35 years of experience and previously served as Chairman and Managing Director of HPCL
- PGDM from IIM, Bangalore and Bachelor's degree in Chemical Engineering from the University of Calicut



Mrs. Radhika Haribhakti
Independent Director

- Over 30 years of experience in Commercial and Investment banking with Bank of America, JM Morgan Stanley and DSP Merrill Lynch
- Serves as an Independent Director on the Boards of Adani Ports & SEZ, EIH Associated Hotels, Ltd., ICRA Ltd., Navin Flourine International Ltd., Rain Industries Ltd., and Vistaar Financial Services Pvt. Ltd.
- PGDM, Finance specialization, IIM, Ahmedabad and Commerce graduate from Gujarat University



Mr. Santosh Kumar
Independent Director

- On the board since July 2011 and served 3 years as Director (Projects) at GAIL
- Previously held positions such as Chairman, Green Gas Ltd., Director on the Boards of Maharashtra Natural Gas and Central UP Gas Ltd. and Advisor with GSPL
- Bachelor's degree in Electronic Engineering from the University of Allahabad



Mr. Raj Kishore Tewari
Independent Director

- On the board since March 2015
- Previously served as the Chairman of the Central Board of Direct Taxes in the Ministry of Finance, Govt. of India
- M.Sc. (Fiscal Studies) from the University of Bath, UK, M.Sc. (Physics) from the University of Lucknow and Bachelor's degree in Law from the University of Mumbai



Dr. Ashutosh Karnatak
Ex - Chairman



Mr. Apurva Chandra
Director



Dr. Basudeb Sen
Independent Director

Corporate Information

BOARD OF DIRECTORS

Mr. Akhil Mehrotra

Chairman

(w.e.f. May 28, 2017)

Dr. Ashutosh Karnatak

Chairman

(upto May 27, 2017)

Mr. Virendra Nath Datt

Director

(w.e.f. May 28, 2017)

Mr. Sunil Porwal

Director

(w.e.f. May 26, 2017)

Mr. Apurva Chandra

Director

(upto May 23, 2017)

Mr. Jainendar Kumar Jain

Director

Mr. Arun Balakrishnan

Director

Mr. Santosh Kumar

Director

Mrs. Radhika Haribhakti

Director

(w.e.f. March 05, 2017)

Dr. Basudeb Sen

Director

(upto March 04, 2017)

Mr. Raj Kishore Tewari

Director

Mr. Rajeev Mathur

Managing Director

Ms. Susmita Sengupta

Technical Director





CHIEF FINANCIAL OFFICER

Mr. S.M. Ranade

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Alok Mishra

BANKERS

The Hongkong & Shanghai Banking Corporation Ltd
 United Bank of India
 ICICI Bank
 AXIS Bank
 Standard Chartered Bank
 Yes Bank Ltd
 BNP PARIBAS
 Kotak Mahindra Bank Limited
 IDBI Bank Ltd
 Oriental Bank of Commerce
 HDFC Bank
 Indian Bank
 Punjab National Bank
 The Dhanlaxmi Bank Ltd
 The Development Bank of Singapore Ltd.
 CITI Bank NA
 Development Credit Bank Ltd

STATUTORY AUDITORS

M/s. Deloitte Haskins & Sells,
 Chartered Accountants,
 Indiabulls Finance Centre, Tower 3, 32nd Floor,
 Elphistone Mill Compound, Senapati Bapat Marg,
 Elphistone (W), Mumbai - 400 013.

COST AUDITORS

M/s. Dhananjay V. Joshi & Associates,
 Cost Accountants,
 "CMA Pride" Ground Floor, Plot No. 6, S. No. 16/6,
 Erandawana Co.op. Hsg. Soc., Erandawana,
 Pune - 411 004.

SECRETARIAL AUDITORS

M/s. Mehta & Mehta,
 Company Secretaries,
 201-206, Shiv Smriti, 2nd Floor,
 49/A, Dr. Annie Besant Road, Worli,
 Mumbai - 400 018.

REGISTERED OFFICE

MGL House, Block No : G-33,
 Bandra-Kurla Complex,
 Bandra (East),
 Mumbai - 400 051.

REGISTRARS & TRANSFER AGENTS

Link Intime India Private Limited,
 C-101, 247, Lal Bahadur Shastri Marg,
 Gandhi Nagar, Vikhroli (West),
 Mumbai - 400 083.

MANAGEMENT DISCUSSION & ANALYSIS



Global Economy Overview

Economic activity gained momentum in the second half of 2016, especially for advanced economies. Growth picked up in the United States as firms grew more confident about future demand, and inventories started contributing positively to growth. Growth also remained solid in the United Kingdom, where spending proved resilient in the aftermath of the June 2016 referendum in favour of leaving the European Union.

Japan's economy performed surprisingly well owing to strong net exports, while European countries - Germany and Spain - performed as a result of a strong domestic demand. On the other hand, the economic performance across emerging markets and developing economies remained mixed. India in particular is showing robust growth and remains the fastest growing economy. Further, there are reduced concern about China's near-term prospects following policy support for growth, and some firming of commodity prices.



However, sub-Saharan Africa is experiencing a sharp low down. Activity remained generally weak in fuel and non-fuel commodity exporters, while geopolitical factors held back growth in parts of the Middle East and Turkey. Overall, global growth was reported to be 3.1% in 2016, and is projected to increase to 3.5% in 2017 and 3.6% in 2018.

Indian Economy Overview

The Indian economy is growing strongly and remains a bright spot in the global landscape. The government has made significant progress on important economic reforms, which will support strong and sustainable growth going forward. In particular, the implementation of the goods and services tax, will help raise India's medium-term growth, as it will enhance the efficiency of production and movement of goods and services across Indian states.

MANAGEMENT DISCUSSION & ANALYSIS

India's economy grew by 7.1% in fiscal 2017. India's overall outlook remains positive, although growth was slightly below expectations for a short while, but had picked up during the course of the year to exceed 7%. The year 2016-17 was marked by a variety of institutional reforms such as the implementation of the Insolvency and Bankruptcy Code, creation of Monetary Policy Committee, redesigning of the FRBM framework, passage of GST, and the policy thrust towards a less-cash formal economy.

Economic growth is projected to remain strong and India will remain the fastest growing G20 economy. India has positioned itself as the most dynamic emerging economy among the largest countries and is expected to remain the fastest growing on the back of robust private consumption and significant domestic reforms gradually being implemented by the government.

Industry Developments

India is among the top five energy consumers in the world, and has been witnessing consistent growth in demand for energy. Out of the total energy basket, natural gas is the cleanest source of energy and has environment friendly characteristics, which are making it more popular as compared to other fuels. Globally, natural gas accounts for 24% of primary energy consumption, however, in India, it has a relatively small share of over 6% of the total energy basket.

In India, natural gas consumption grew at a CAGR of 3.1% over the previous seven years, reaching 46.6 Billion Cubic Metre (BCM) in FY 2015-16 from 37.6 BCM in FY 2008-09. As per World Energy Outlook 2015 report, the consumption is expected to grow at a CAGR of 4.6% over a period of 2013-40, higher than growth in Coal and Oil consumption over the same period. The demand growth for natural gas in India is likely to be driven by the development of transmission and distribution infrastructure, the savings from the usage of natural gas, the rising awareness of the environment friendly characteristics of natural gas as a fuel, and the overall favorable economics of supplying gas at reasonable prices to end consumers.

The demand for natural gas in India is majorly driven by the Power, Fertiliser, Petrochem/Refineries and City Gas Distribution (CGD) sectors.



MGL work site

46.6 BCM
India's Natural Gas Consumption

4.6%
Expected Natural Gas
Consumption Growth over the
period FY 2013-40



City Gate Station, Ambarnath.

City Gas Distribution

In India, the Petroleum and Natural Gas Regulatory Board (PNGRB) is the regulatory body for city gas distribution, and is responsible for authorising new areas to set up infrastructure amongst interested players.

The past two decades have witnessed the evolution of the CGD industry. Recently, new bidding rounds were undertaken by PNGRB. Further, for expanding the penetration of natural gas, the NITI AAYOG targets extending the CGD network to 326 cities by 2022. The work is also expected to be resumed in the 11,000 km gas pipelines bid out by PNGRB, by suitably incentivising pipeline companies with better tariff mechanism, assured throughput and Viability Gas Funding (VGF) support, as per the specific situation.

The City Gas Distribution (CGD) segment appears to be positive for its future prospects. The government's intent to move to a more gas-based economy bodes well for the segment going forward. The policy landscape is likely to be more conducive for growth of the gas sector. Besides, government initiatives for 1 crore Piped Natural Gas (PNG) connections, the introduction of stringent emission levels for vehicles, and the proposal to develop green corridors are well aligned with the goal of reducing the carbon footprint.

Furthermore, the introduction of an e-portal, faster forest clearances, simpler Ministry of Road Transport and Highways guidelines, increased investor interest, and a better informed customer base are some recent developments that lend optimism to the segment.

Besides, on the consumer front, there has been an increased awareness and demand for cleaner fuels. Today CGD network exists in 14 Indian states including two union territories, across 79 cities. As on March 2017, over 3.5 million homes have access to PNG in India. The total number of CNG stations is 1,197 and the total number of vehicles on CNG is around 2.9 million. In light of these developments, operators believe that gas will increase in prominence in the long run, and thus the role of CGD networks and natural gas availability to retail customers becomes very important. The government targets to increase the share of gas in the energy basket from the current of over 6% to 15% in the short term and even further to the world average of 24% in the long term.

MANAGEMENT DISCUSSION & ANALYSIS

Competitiveness of Natural Gas

Natural gas is gaining importance among the users of liquid fuels like petrol and diesel. Apart from contributing to cleaner environment and better air quality, it provides significant economic benefits to consumers over liquid fuels.

- Advanced kits and company fitted CNG kits at reasonable cost coupled with fiscal incentives in the form of lower tax on CNG vehicle (in Maharashtra), makes CNG vehicle an attractive proposition against automotive liquid fuels.
- Domestic PNG directly competes with subsidised LPG cylinders. The convenience and safety factors drive the usage of PNG. It saves users the hassle of ordering and changing LPG cylinders. In addition, several qualitative benefits, such as no waiting period for the fuel, no storage space requirement for the cylinders and credit period for bill payment, also attract household customers.
- Smart cities will also provide the sector the opportunity to enhance the use of clean gas. Under the Smart Cities Mission, the government plans to encourage the use of clean energy in the state by developing CGD networks in the selected cities.

Growth Drivers

A constant regulatory push by the government is one of the key drivers for growth in CGD industry as it wants to increase the share of natural gas in India's energy basket. The government is working towards formulating favourable policies, promoting CNG vehicles in public transport, expeditious infrastructure clearances and network exclusivity for new players, to promote the use and faster adoption of city gas. Some of the policy amendments are mentioned below:

- Allowing domestic city gas companies to get priority allocation of domestic gas.
- In a bid to encourage CNG conversions and usage of PNG, the government amended the domestic gas allocation policy in 2014. It accorded top priority to city gas for CNG and domestic PNG.

- The government is gradually converting the public transport system to CNG fuel. This has been mandated in the Delhi region. Going forward, the government is expected to promote CNG gas by framing policies/ guidelines to steer bulk of transport sector towards cleaner fuel.

Policy Initiatives and Regulatory Framework

CGD Expansion - New Cities

The NITI AAYOG has envisaged a rollout plan of CGD network development through competitive bidding in more than 326 possible Geographical Areas (GAs) in a phased manner by 2022.

PNGRB Plan - Bid Opportunities

PNGRB's bidding rounds could be a large opportunity for growth.

CNG Corridor

The Government has been contemplating expansion of CNG filling stations network in the country along 12,500 kilometers of National and State highways that are in the vicinity of existing and proposed gas pipelines. CNG filling stations can be established on highways covering approximately 6,500 kilometers and across 42 cities in close proximity of already existing pipelines. Furthermore, CNG

Natural Gas
contributes to cleaner
environment, better air
quality, and significant
economic benefits to
consumers over
liquid fuels.



Filling of CNG Cascades.

filling stations en-route 6,000 kilometers of highway and in 58 cities can be synchronised with the implementation of planned pipelines and CGD development. The creation of a CNG corridor is aimed at developing user confidence in CNG's availability and would prompt a switch to CNG for passenger and commercial vehicles.

Auto Fuel Vision and Policy 2025

The expert committee constituted by the MoPNG recommended the use of natural gas as an automotive fuel and making it a national mission. It highlighted major benefits from switching over from liquid fuels to natural gas or CNG:

- Logical choice to replace liquid fuels owing to its benign environmental qualities;
- No adulteration and pilferage;
- Emits significantly less pollutants such as carbon emission and particulate matter (PM) compared to petrol and diesel and no presence of carcinogens like benzene and aromatics;

- Use of CNG in cities will enable public transport to upgrade emission standards.
- Natural gas highways can be created to shift heavy commercial vehicles, trucks and public transport to CNG;
- Use of gas as a transport fuel can enhance energy security; and
- Emission benefits of replacing diesel with CNG vehicles.

With this, the demand for natural gas is likely to see a strong northward trend and CGD companies are likely to be major beneficiaries of this move.

326 Gas
Estimated bidding for CGD
network by 2022

MANAGEMENT DISCUSSION & ANALYSIS



Company Overview

Mahanagar Gas Limited (MGL) is one of the largest City Gas Distribution (CGD) companies in India having over 20 years of experience in supplying natural gas in Mumbai and is presently the sole authorised distributor of Compressed Natural Gas (CNG) and Piped Natural Gas (PNG) in Mumbai, Thane urban and adjoining municipalities, and the Raigad district in the state of Maharashtra, India. It is promoted by GAIL (India) Limited (GAIL) and BG Asia Pacific Holdings Pte. Limited (BGAPH), each of them holding 32.5% of its equity shares. The Government of Maharashtra also holds 10% stake in the Company.

MGL distributes CNG for use in vehicles and PNG for domestic household use, as well as commercial and industrial use. As at March 31, 2017, it supplied CNG to over 5,45,505 vehicles through network of 203 CNG filling stations. It also provided PNG connections to over 9,48,892 domestic households, over 3,218 commercial and 62 industrial consumers in Mumbai and its adjoining areas.

MGL distributes natural gas through an extensive CGD network of pipelines. As of March 31, 2017, it had a supply network of over 4,838 kms of pipelines, including approximately 4,417 kms of polyethylene (medium and low pressure) pipelines and 421 kms of steel pipelines.

Sourcing

The Ministry Of Petroleum and Natural Gas (MoPNG) allocates gas for the entire requirement of CNG and domestic PNG under Administered Price Mechanism (APM) and PMT Agreements. As per the MoPNG Guidelines, the Company has access to cost effective domestic natural gas equal to 110% of its CNG and domestic PNG requirements.

For its industrial and commercial PNG consumers, the Company sources Regasified Liquefied Natural Gas (RLNG) from a number of sources, both on term and spot basis.

The Company has entered into renewed framework agreements for Spot RLNG with suppliers to source Spot RLNG in a competitive manner, and address the daily and seasonal fluctuations in gas demand. As a result of this comprehensive gas sales pricing policy, the Company successfully maintained its margins, despite considerable fluctuation in Spot RLNG prices during the year.



Core Competencies

Well positioned

The Company is the sole CGD operator in Mumbai area comprising of Greater Mumbai, Thane urban and adjoining municipalities, and Raigad District. The MMR (Mumbai Metropolitan Region) has a population of approximately 21 mn with over 3 mn households, and a vehicle universe of around 1.8 mn, and many commercial and industrial enterprises.

Proficiency

The Company has an experience of over two decades in successful development and operation of CGD business. The Company's strong in-house project management capabilities, complemented by robust operation and maintenance processes, has helped in enhancing its financial performance.

Infrastructure Exclusivity

The Company has infrastructure exclusivity to lay, build, expand and operate CGD networks in Mumbai and its adjoining areas for a period of 25 years. This Infrastructure Exclusivity is valid until 2020 for Mumbai, until 2030 for the adjoining areas and until 2040 for the Raigad district. The period of exclusivity is extendable in blocks of 10 years as per the PNGRB Regulations.

Guard against Third Party Competition

Efficient operator and services levels of MGL provide significant natural guard against third party entry in our Geographical Area. This apart, there are significant barriers such as infrastructure exclusivity, allocation of domestic natural gas, requirement of regulatory approvals, and the need for large investments to establish a CGD network.

Established Infrastructure

The Company has built an extensive supply network in Mumbai and its adjoining areas over the past two decades. The Company has a wide network of pipeline and CNG filling stations, which enables reliable distribution of natural gas to its customers.

Safety

The Company has invested in implementing safety management to reinforce its commitment to health and safety. This ensures safe, reliable and uninterrupted distribution of natural gas.

Robust Management

The Company has successfully leveraged its promoters' expertise and experience in the business and operations. It also has a strong senior management team with experience in the natural gas and petroleum industry, including experience in project management and establishing a natural gas distribution network.

Relationship

The Company's experience and its enduring relationship with vendors, suppliers and contractors have enabled it to expand its network in a timely and cost efficient manner.

The Mumbai
Metropolitan Region
has a population of
approximately 21 mn with
over 3 mn households,
and a vehicle universe
of around 1.8 mn.

MANAGEMENT DISCUSSION & ANALYSIS

Key Business Highlights

A continuous addition to the number of household connections and vehicles converted to CNG has ensured sustained growth for the Company. The average gas sales volume of your Company during FY 2016-17 increased to 2.57 MMSCM per day, registering a growth of over 5.7 % over the previous fiscal year.

During the year, the Company made substantial investments in network expansion in its authorised areas of operations for developing CGD infrastructure. A pipeline addition of 191.5 kms was undertaken in FY 2016-17. The Company added 86,593 household customers for piped natural gas during the year.

Apart from domestic connections, your Company has also made progress in adding new 406 commercial and industrial consumers. Further, it added 15 new stations and crossed the 200 CNG station mark, validating its mission of spreading its green footprints. The Company helped convert 75,027 vehicles to CNG, taking the total vehicle base to 5,45,505. The Company has also launched CNG fuelled two wheelers, to enter this new category of CNG vehicle. This was done in association with M/s. Eco Fuel (Indian Partners of Lovato, Italy), enabling two-wheelers to run on safe and economical fuel. This launch of CNG fuelled two wheelers will give an opportunity to more than 36 lakhs two wheelers running in the Mumbai Metropolitan Region (MMR) to opt for this eco- friendly fuel.

As per the new government regulation, the state taxi scheme mandates all the aggregators to go on to clean fuel. The app based taxis and aggregators have been given a 12 month time schedule to convert from alternate fuels to clean fuels like CNG. In line with this, the Company entered in an agreement with OLA and UBER App based Cabs for inducting CNG fuelled cabs on their platform.

On the expansion front in Raigad, the Company has identified six pockets to initiate the supply of gas in the area. As per the schedule, the pipelines have been laid and gasified in Uran to supply gas. The supply of gas to households has commenced in June 2017. The work is also in advanced stages of completion for supply of gas to upcoming townships of reputed builders along the NH 4 in Raigad area. One CNG station has been established at Karjat, and the Company has also identified a number of new sites for setting up CNG stations, including a CNG station on the Mumbai-Pune expressway. These shall be taken up progressively during the current year 2017-18.

2.57 MMSCMD

MGL's average Gas Sales Volume,
FY 2016-17



Inauguration of CNG Two Wheeler.



Finance Review

The Company's performance improved during FY 2016-17. The Company recorded total income of ₹2,292 Crore, EBITDA of ₹697 Crore and PAT of ₹393 Crore during the year. It delivered healthy overall growth during the year with sales volume of the Company growing by 5.38%, EBITDA growing by 25.22% and PAT growing by 26.55%. The Company reported an EBITDA margin of 30.41% and PAT margin of 17.17%.

As of March 31, 2017, the Company connected 9,48,892 households with PNG and operates 203 CNG stations, supplying CNG to more than 5.45 lakh vehicles. The peak daily sale of CNG reached to 15.1 lakh kg per day during the year.

During FY 2016-17, the Company witnessed a healthy growth of about 5.7% in the daily average volume sold compared to the previous year. Daily volumes in case of CNG grew by 5.3%, household business volumes grew by 9.7%, commercial and industrial volumes also grew by 4.5%. On an overall basis, PNG volumes grew by 6.8% during the year.

The CNG and PNG businesses accounted for 73.94% and 26.06%, respectively, of the total volume of natural gas sold. In value terms (net of excise duty), the CNG and PNG business accounted 71.05% and 28.95%, respectively, of its total gas sales revenue.

Future Outlook

The growth in demand for CNG and PNG is expected to continue, and the Company is preparing to seize this opportunity by significantly investing in the infrastructure in the city of Mumbai and adjoining authorised areas.

The Company will continue to increase its penetration in Mumbai and its adjoining areas by reaching out to new customers for CNG, domestic PNG, commercial PNG and industrial PNG use. Given the cost advantage of using CNG as compared to alternative fuels, the increased interest in environmental friendly fuels, and the large untapped potential of natural gas, the penetration rate of CNG is expected to increase substantially. The existence of significant additional opportunities for the expansion-phasing out of LPG subsidies over a period of time, and the convenience of using PNG, will help in increasing the penetration of PNG in the domestic market in Mumbai, and

Thane Urban and adjoining municipalities. Today, PNG has become preferred choice of cooking fuel irrespective of the consumer profile in domestic segment. The Company plans to tie up with more prominent builders who can showcase PNG connection as one of the amenities to attract potential buyers.

MGL is strategically positioned to capture the benefits of this large and growing market, given the low penetration in its areas of operation. Further, the Company's foray in Raigad district provides significant additional opportunities for the expansion of its CNG and PNG networks. The Company will be able to leverage its competitive strengths to increase its customer base by expanding its natural gas distribution network to cater to the increasing demand.



MGL work site.

30.41%

EBITDA Margin, FY 2016-17

MANAGEMENT DISCUSSION & ANALYSIS



Technology

The Company has a Customer Relationship Management (CRM) application in place, which helps it to manage and analyse customer interactions and data across the customer lifecycle. The Company also has a facility that allows its customers to check the status of their concerns and make 'service request' through the website of MGL.

Striving towards customer delight, SMS notification is sent to customers on successful completion of requests. To ensure best customer satisfaction, CRM closes the customer's complaint or service request in SAP, only after a conversation with the customer. With significant increase in electronic communication with customers through e-mail, a Cloud based e-mail solution is being designed. This solution will provide better queue management, automate MIS, performance monitoring and a robust system of archive/retrieve e-mails.

The Company has a mobile application named 'MGL Connect'. This facilitates PNG (domestic) and CNG customers to upload gas meter readings, identify meter readers, download forms like registration and name change forms, and locate nearby CNG filling stations. Consumers can also view the list of authorised CNG cylinder testing agencies on the application.

The Company has successfully sustained and enhanced its SCADA system across all the four City Gate Stations, 160 CNG stations and 2 Sectionalizing Valves (SV). The Company has its plans in place and is further working towards taking all CNG stations and additional SVs under the ambit of SCADA.

To strengthen the safety of operations and provide improved services to consumers in a more efficient manner, the Company has successfully implemented and experienced the benefits of a Data logger monitoring system at 30 District Regulating Stations (DRS). Going forward, the Company plans to cover an additional number of 26 DRSs. The Company has also completed implementation of metering system in two existing District Regulating Stations (DRSs). Furthermore, the implementation of Automated Meter Reading (AMR) system for the customers, installed downstream of these DRSs is being expedited by exploring suitable suppliers and vendors.

To automate the process of daily CNG progress report preparation at daughter booster stations, an in-house CNG mobile app has been developed. On the consumer front, to enhance awareness on various voluntary modes of providing meter reading, new initiatives were undertaken. These include advertisements in reputed newspapers and prominent displays of posters on buildings having domestic



PNG consumers. Efforts were continued to further enhance domestic meter reading accuracy and efficiency. Various improvements to domestic meter reading android software are under implementation, which would help meter readers capture details with greater ease and accuracy as well as provide value-added inputs.

Going forward, your Company is in the process of undertaking trials for the implementation of pre-paid metering system for domestic customers. These initiatives shall render the capability for remote acquisition of meter readings, detecting instances of meter tampering and delivering an enhanced user experience thereby raising safety as well as revenue realisation.

Users' specific tools are also being developed in 'myWorld' application, which is a type of GIS (Geographical Information System) solution focused on 'on the move' usage. The pipeline network laid or being laid will be mapped in GIS on an ongoing basis, contributing to monitoring and maintaining the pipeline network more proficiently.

The Company has purchased Optical Gas Imaging Camera (FLIR) for gas leak survey. This camera has been certified as Intrinsically Safe. It is specifically tuned to visualise fugitive emissions that are impossible to see with the human eye.

Fatigue sensor is installed in 03 CNG cascade transport vehicles as a pilot project. These sensors will be installed in all CNG cascade transport. It has illuminated camera which is equipped with highly intelligent video software. The inbuilt video analytics are self-configuring. They are able to track the driver's eyelids and pupil dilation. These are highly important in order to help the driver drive safely as these devices will give real time alarm to the driver.

MGL has successfully completed trial of high capacity composite cylinder Type-3 cascade for CNG transport vehicles. MGL is in order to initiate procurement of type-3 cascade for CNG transportation. High capacity cascades will result in lesser trips, lower distance and transportation of more CNG.

Health, Safety, Security and Environment (HSS&E)

Health and Safety

The Company is in the business of supplying piped and compressed natural gas, which is environment friendly and safe. The Company adheres to high standards of Health, Safety, Environment and Security, and believes that outstanding business performance requires outstanding HSS&E performance. The Company complies with all legal and statutory requirements applicable to its operations and aspires to attain recognised world-class performance.

MGL is accredited to OHSAS 18001:2007 for Occupational Health & Safety Management systems, and during the year its ISO 14001:2008 standards has been upgraded to ISO 14001:2015 for Environment Management System and ISO 9001:2008 for Quality Management Systems. The Company is audited regularly to be at parity with international requirements.

The Company is committed to the Health and Safety of all its employees, the employees of its contractors, and any other stakeholders who may be affected by the Company's operations. MGL considers its contractors as business partners and expects them to adhere to the Company's HSSE standards. Coaching and assistance is provided to the business partners as and when required.

MGL is accredited to
OHSAS 18001:2007 for
Occupational Health
& Safety Management
systems.

MANAGEMENT DISCUSSION & ANALYSIS

As a part of the Company's drive for continuous improvement in Safety, various initiatives have been undertaken to raise general awareness in the relevant community and operating environment. The initiatives include PNG Awareness Campaigns in residential societies and for commercial customers; MGL Emergency Management Systems awareness for local Fire Brigade offices; District Disaster Management Cells; CNG Awareness Campaigns at various auto stands and B.E.S.T. depots; Eye check up and audiometry campaigns for drivers; and Gas Safety Awareness Programs in public schools. The Company has launched 16 MGL Lifesaving Rules and conducted awareness session for its employees and stakeholders. It also conducted HSE Frontline Engagement Programs for the employees and stakeholders.

Several steps have been taken towards 'Occupational Safety' excellence, with the relentless implementation of Rope Access System for the work at height activities, especially for the Riser installation at project sites.

Continuous improvement in compliance to MGL Life Saving Rules and implementation of Safety Technical Competency (STC) training policy- 'No STC No Work' and CNG filling policy- 'NO Metal Plate NO Gas' was initiated.

The Company has implemented Online Action Tracking Systems to evaluate and close the recommendations related to the incidents and Senior Management Audits in a methodical way. It has implemented E-permit systems for



Riser Installation for work at height and Defensive Driving Management systems for the behaviour of drivers. MGL has an Emergency Control Room with toll Free number 1800 22 99 44 which is available 24x7. Besides this 'Dial-before-Dig' a continuous pipeline surveillance and the mapping of pipeline network on Geographical Information Systems (GIS) also contribute to safe working environment.

The Company expects all of its employees and contractors to report hazards, and even near miss hazards. These are then investigated and lessons learnt are shared with all concerned. The Company also takes cognizance of the lessons learnt from other Oil and Gas companies across the world.

To further inculcate safe driving behaviours and tracking vehicles, MGL has been successfully upgraded Vehicle Tracking Systems (VTS) to In Vehicle Monitoring Systems (IVMS) in Light Commercial Vehicles and Emergency Vehicles. It conducts Defensive Driving Training (DDT) for all drivers and helpers of vehicles plying within the organisation namely Light Commercial Vehicles (LCV) carrying CNG, pool vehicles, and Master Control Centre (MCC) / Emergency vehicles. MGL has imparted DDT training to more than 600

The Company
undertakes various
initiatives towards
continuous
improvement
in Safety.



contractors' drivers and patrolmen driving bikes associated with the Company. It has developed Online Safety Technical Competency (STC) Training Module for 100% compliance of STC training to stakeholders.

The Company has a well-built Fire Management System in place which is in compliance with national standards. A competent fire-fighting workforce has been deployed at all City Gate Stations (CGS) and MGL offices to combat any potential fire emergency. The Fire Management System has been scrutinised by an external third party agency of international repute, validating the effectiveness of the system.

A series of Mock Drills were conducted at all installation like City Gate, in the presence and association with the Mutual Aid Response Group (MARG) members to demonstrate the MGL Emergency Response and Disaster Management Plan (ERDMP) and learn from the inputs of the MARG members for continual improvement.

Security

Security management as an independent support process in the Company evolved to provide physical security assurance mechanism to its business. The ever-changing business dynamics, continual manoeuvring in socio-economic scenario and the swift business expansion of the Company has led the security team to carry out thorough re-assessment of the Company's Security Management Processes. This has been done through risk assessment and reviews, specially focusing on protection of critical assets with an enriched focus on pipeline network and physical security support to key processes. The Company has responded positively to changing security challenges by evolving and adopting effective security mechanisms and programs into its overall business operations.

The sustainability of the security process of the Company is continuously put to test through continuous feedback from other functions followed by review of security processes. These reviews include risk and vulnerability assessments, threat appreciation, access control mechanism, security awareness training, and incident management drills and exercises. The Company's Security Management System is audited periodically by reputed third party agencies for identifying its areas of improvement.

In order to match the business expansion needs with ever increasing security threats, security as a function graduated from being a basic guarding to three distinct process oriented verticals - Surveillance Assurance, Asset Protection and Security Support; each complementing and reinforcing each other. Surveillance Assurance Process was further augmented during the year by ensuring CCTV coverage to all Company owned CNG Retail Outlets. This year, the Company commissioned state-of-the-art Security Control Room, which is functional 24X7 and has the capability of continuously monitoring all CCTV cameras, IVMS system, Mobile Patrolmen Tracking System and getting head count in all major locations.

The Company also undertook a new initiative under the Vigilance function, during the year. A 'Vigilance Mechanism' of the Company was approved and implemented to deal with matters related to fraud and unethical practices.

The ultimate goal of the Security Management System in MGL is to achieve effective and optimum security performance. The key emphasis of the Security Management System is to provide uniform security standards across the Company and to make the security practices proactive.



MANAGEMENT DISCUSSION & ANALYSIS

Environment

The focus on environment is core area of emphasis for the Company. In addition to the process and procedures, the Company adheres to the requirements of ISO 14001 accreditation. In addition, every year, MGL celebrates World Environment Day, wherein the employees work towards protect the environment and promote the benefits of natural gas to improve the environment through public awareness campaigns.

With a concern towards the environment, a new initiative of landscaping and greenland development work has also been completed at CGS Ambernath. MGL has installed solar panels in Administration Buildings to reduce collective dependence on electricity. It is also using CFL lights and gas generators working on natural gas at offices and City Gate Stations, saving significant amount of electricity, combating greenhouse gas emissions. The Company successfully implemented and upgraded EMS standard of ISO14001:2015. It also installed Rain Water Harvesting System at City Gate Stations to reuse the rain water for Fire Hydrant System and other activities inside the station. Furthermore, MGL also developed several online module for uploading and auto-sharing different audit reports, reducing the consumption of paper.

Human Resource

The Company continues to focus towards building positive employee-organisation relationship through various interventions. It provides congenial and safe work environment to its employees. Organisation restructuring for growth, job rotations and revisiting HR policies, were some of the initiatives undertaken by MGL during the year. It continues to align Company policies with the changing business environment.



Participation in women's marathon.

The Company is committed towards encouraging diversity and inclusiveness. The organisation has always supported a participative culture through consultative approach, thereby establishing a harmonious relationship for industrial peace and higher productivity. Efforts to promote employees' participation were augmented by introducing new policies like Suggestion Scheme, Grievance Redressal Mechanism, Reward and Recognition.

The Company believes that continuous development of the human resources fosters better engagement and drives performance. It gives utmost importance towards development of its human resource. During the year, employees were imparted with various trainings spanning over 1400 man-days.

As on March 31, 2017, the Company has 517 employees on its pay roll; 52 employees were recruited during the FY 2016-17. The attrition rate stood at 7% for FY 2016-17.

Risk Management and Internal Control System

MGL has put in place adequate Internal Financial controls that commensurate with its size and nature of business, in conformance to Companies Act and other applicable statutes. Policies, standards and delegations of authority have been disseminated to senior management and are cascaded within their departments. Procedures to ensure conformance to the policies, standards and delegations of authority have been put in place covering all activities. Inter-dependencies of job responsibility ensure that there are joint discussions and requisite approvals before any commitment is made.

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Team Size

The management continuously exercises focus on strengthening its internal control processes. The internal controls are periodically reviewed to have continuous assurance on the adequacy and effectiveness of controls by renowned expert agency.

Similarly, the Internal Audit activity is performed by a competent and reputed external professional firm, covering major business operations, which ensures the effectiveness of existing processes, controls and compliances. The findings drawn from the audits are fully examined and corrective measures are implemented, as applicable. This ensures that the findings emanating from the audits are effectively acted upon, thereby adding value to the system. Internal audit reports along with management comments and action plans on recommendations are presented to Audit Committee. Functioning of the auditing firm is overseen and facilitated by in-house dedicated personnel.

The Company has a rigorous business planning system to set targets and parameters for operations, which are reviewed with actual performance to ensure the timely initiation of corrective action, if required. A Strategic Management Group (SMG) consisting of Senior Executives undertake discussions and take joint decision on all major issues.

Corporate Social Responsibility

MGL has identified Corporate Social Responsibility (CSR) as a strategic tool for sustainable growth. Being a responsible corporate citizen, MGL has been continuously contributing in social investments primarily in the areas of Education, Skills Development, Health and Sanitation, Women Empowerment and Environment protection.

Education

- 'MGL Unnati', is an intervention designed with the objective to promote vertical socio-economic mobility through education. The project envisages coaching and mentoring of meritorious children from economically fragile background to compete for admission in premier technical institutes. With the aim to remove the barriers for access to higher education, the project seeks to bring about a radical change in the lives of individuals. The project has reached out to 50 students (in 3 batches). The fourth batch of 30 students is currently being mentored. Under this project, 92% of the students have got admissions into various engineering colleges including IITs and NITs.



Participants at plumbing training centre.

MGL has been contributing in the areas of Education, Skills Development, Health and Sanitation, Women Empowerment and Environment Protection.

MANAGEMENT DISCUSSION & ANALYSIS



MD's visit to Mini Science Center sponsored by MGL.

- MGL has facilitated installation of Mini Science Centers in five schools. These centers aim at enhancing learning outcomes in sciences.
- MGL has facilitated installation of computer laboratory in a school and has extended services of an instructor to ensure optimal utilisation.
- MGL has undertaken various infrastructure initiatives in schools like fabrication, setting water storage tank and repair of toilets, among others.
- MGL is also supporting an initiative to set up classroom in pre-primary and primary levels in a school in Mumbai.
- MGL is also supporting an initiative in 10 schools in Kalyan, which aims at supporting students in their growing adolescence in differentiating between right and wrong through personality development and counselling sessions.
- 'MGL Hunar' is an intervention in lines with Kaushal Bharat for imparting training on employment-oriented trades to youths from underprivileged background. The objective is towards bridging the gap between industry's demand for skilled man-power on one hand

and the great number of youths seeking jobs on the other hand.

Vocational Training

- MGL has facilitated up-gradation of infrastructure in a vocational training center to enhance the quality of technical training to match the requirement of industries.
- MGL has facilitated development of curriculum on gas plumbing and has supported training of youths on the trade. 93 trainees enrolled for training in the trade, out of which 86% successfully completed the training. The infrastructure upgradation has indirectly benefited 242 trainees in other trades.
- MGL has initiated a school for gas plumbing training. The first batch of trainees are currently undergoing training.
- MGL has successfully trained 81 youths as general duty assistant while another 18 youths were trained as customer care executives.
- MGL has been supporting slum community in Turbhe in their quest for seeking better future prospects. It has adopted a community center for various



developmental initiatives. The initiatives include operating balwadi for toddlers, support education classes, computer classes, personality development training along with providing nutritional support. For women, the center is operating tailoring classes which also mobilises orders from time to time.

- MGL also mentored children from slum communities through sports to evolve positive attitude and sensitise them against the negative social practices like gender discrepancy, substance abuse or drug addiction.

Animal Welfare and Environment

- The Company works towards sterilisation of stray animals and reduction of man-animal conflict. More than 1,000 stray animals were sterilised under the initiative. This was made possible with investment in enhancement of capacity of animal welfare organization.
- MGL has also initiated plantation initiative towards its contribution towards greener planet. Over 1,700 saplings have been planted and maintained under the initiative.

Health

- Under Pandit Deen Dayal Upadhyay Swastha Saarthi Abhiyaan, MGL has facilitated health check-up of 20,000 auto rickshaw drivers and taxi drivers in its operational area.

- Under MGL Aarogya, MGL has facilitated health check-up of 122 auto rickshaw and taxi drivers in Mumbai.
- MGL has also extended support for installation of HVAC at Bai Jerbai Wadia Hospital for Children.
- MGL has been reaching out to the less blessed, roofless and rootless children through its initiative 'MGL Komal Jivan'. MGL has adopted a multidimensional effort towards holistic development of such children who due to a complex mix of domestic, economic or social disruption finds themselves in the streets and vulnerable to multitude of abuses.
- MGL initiated community based drinking water projects in three tribal hamlets around Mumbai. Operated on solar power, the project enhances access to safe drinking water for the villagers and reduces the drudgery of women.

Cautionary Statement

This document contains statements about expected future events, financial, and operating results of Mahanagar Gas Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the actual results may differ from the forward looking statements mentioned in the Annual Report. Readers are cautioned not to place undue reliance on forward-looking statements.



Inauguration of health camp by
Hon'ble Chief Minister Shri. Devendra Fadnavis and MoPNG Minister Shri. Dharmendra Pradhan.

Directors' Report

To,
The Members,

Your Directors are pleased to present you the Twenty Second Annual Report of the Company (MGL) together with the Audited Statements of Accounts for the year ended on March 31, 2017.

1. FINANCIAL PERFORMANCE

Your Company registered a turnover of ₹2,239 Crores during the financial year 2016-17. The Profit after Tax is ₹394 Crores for the financial year 2016-17 as compared to ₹311 Crores for the financial year 2015-16.

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

PARTICULARS	F.Y. 2016-17 ₹in Crores	F.Y. 2015-16 ₹in Crores
a. Revenue from Operations	2,239	2,285
b. Other Income	53	47
c. Profit before Depreciation and Finance cost	697	557
d. Depreciation and Amortisation Expenses	95	83
e. Finance cost	1	2
f. Profit before Tax (PBT) [c-d-e]	601	472
g. Income Tax	207	161
h. Profit after Tax (PAT) for the year [f-g]	394	311
i. Other Comprehensive Income	(1)	2
j. Total Comprehensive Income [h+i]	393	313
k. Balance of Profit for earlier years	1,631	1,506
l. Adjustment on conversion of 9% Unsecured Compulsorily Convertible Debentures into Equity Shares	(1)	-
m. Balance Available for appropriation (j+k-l)	2,023	1,819
Appropriations :		
n. Dividend Paid		
Final - FY 2014-15	-	156
Final - FY 2015-16	156	-
Interim - FY 2016-17	78	-
o. Tax on Dividend	48	32
p. Total Appropriations (n+o)	282	188
q. Balance of profit carried in Balance Sheet [m-p]	1,741	1,631
Earnings Per Share (Face value of ₹10.00 each) - Basic and Diluted (₹)	39.83	31.47



Directors' Report



2. APPROPRIATIONS

DIVIDEND

Your Directors are pleased to recommend a final dividend of ₹11.00 per equity share of face value of ₹10.00 each for the financial Year 2016-17, subject to the approval of the shareholders in the ensuing Annual General Meeting.

The Board of Directors, in its meeting held on February 11, 2017 declared an interim dividend of ₹8.00 per equity share for the financial year 2016-17 and the same has been paid to all the eligible shareholders as on record date i.e. February 20, 2017.

The total dividend for the financial year ended March 31, 2017, would accordingly shall be ₹19.00 per equity share (normal dividend of ₹12.50 and special dividend of ₹6.50) of face value ₹10.00 each as against the dividend of ₹17.50 per equity share (which included special dividend of ₹7.50 per share) for the financial year ended March 31, 2016.

3. INDIAN ACCOUNTING STANDARDS

The Ministry of Corporate Affairs (MCA) vide its notification in the Official Gazette dated February 16, 2015, notified the Indian Accounting Standards (Ind AS) applicable to certain class of companies. Ind AS has replaced the existing Indian GAAP prescribed under Section 133 of the Companies Act, 2013 and Companies (Accounts) Rules, 2014. Accordingly, your Company has adopted Indian Accounting Standards (Ind AS) with effect from April 01, 2016, with a transition date of April 01, 2015. Previous years' figures have been restated and audited by the Statutory Auditors of the Company.

4. CHANGES IN SHARE CAPITAL

During the year under review, 94,36,178 Compulsorily Convertible Debentures issued to the Government of Maharashtra has been converted into 94,36,178 Equity shares of face value of ₹10.00 each pursuant to terms of the issue.

Consequent to the above, the issued, subscribed and paid up capital of the Company as on March 31, 2017 stood at 98,77,77,780 consisting of 9,87,77,778 equity shares of ₹10.00 each.

5. STATE OF COMPANY'S AFFAIRS

Your Company's growth is on fast track and is poised for scaling newer heights, in its chosen areas of operations. A brief summary of the operations of the company is provided in the Management Discussion & Analysis section forming part of the Annual Report.

Return on Capital Employed has increased from 18.70% in FY 2015-16 to 21.97% in FY 2016-17 signifying sound return on investment.



Presentation of dividend cheques to GAIL, BG and GoM.

Directors' Report

6. INITIAL PUBLIC OFFER

Your Company got successfully listed on the BSE Limited and National Stock Exchange of India Limited on July 01, 2016. The stake of the promoters, GAIL (India) Limited and BG Asia Pacific Holdings Pte Limited (ultimately owned by Shell Group) reduced to 32.50% pursuant to Offer for Sale in the IPO. During IPO process, Government of Maharashtra has acquired additional 9.5% stake and currently, is holding 10% stake in the Company and balance 25% stake is held by the public.

7. CORPORATE SOCIAL RESPONSIBILITY

The Board of Directors of your Company has constituted the CSR Committee to help your Company to frame, monitor and execute the CSR activities of your Company under its CSR scope. The Committee defines the parameters and observes them for effective discharge of the social responsibility of your Company.

The Board of Directors of your Company has further approved the CSR Policy of your Company to provide a guideline for CSR activities of your Company. The CSR Policy is also uploaded on your Company's website at <https://www.mahanagargas.com/investors/Policies.aspx>



Recognition for CSR - Award received by Technical Director

The Composition of CSR Committee is mentioned in the Corporate Governance Report forming part of Annual Report. Further Details required as per the provisions of the Companies Act, 2013 are attached to this report as **Annexure – I.**

8. DIRECTORS AND KEY MANAGERIAL PERSONNEL

a) APPOINTMENTS

During the financial year 2016-17, Mrs. Radhika Haribhakti has been appointed as an Additional (Independent) Director on the Board of the Company with effect from March 05, 2017 and shall hold office upto the date of the ensuing Annual General Meeting of the company.

Based on the recommendation of Nomination and Remuneration Committee, Mr. Jainendar Kumar Jain was re-appointed as an Additional (Independent) Director on the Board of the Company with effect from March 05, 2017 and shall hold office upto the date of the ensuing Annual General Meeting of the company.

Your Company has received Notice under Section 160 of the Companies Act, 2013 together with requisite deposit from Mr. Jainendar Kumar Jain proposing his appointment as Independent Director on the Board of your Company and from a member proposing the candidature of Mrs. Radhika Haribhakti for appointment as Independent Director of the Company. Necessary resolution seeking approval of the members for appointment of Mr. Jainendar Kumar Jain and Mrs. Radhika Haribhakti as Independent Director(s) has been incorporated in the Notice of the ensuing Annual General Meeting. The Independent Directors have given the declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013.

The Board of Directors in its meeting held on February 11, 2017, re-appointed Ms. Susmita Sengupta as Whole Time Director designated as Technical Director for a period of one year with effect from February 11, 2017, subject to the approval of the Shareholders in the forthcoming



Directors' Report

Annual General Meeting. A separate proposal seeking approval of the Members for the re-appointment of Ms. Susmita Sengupta as an Whole Time Director of your Company has been incorporated in the Notice of the ensuing Twenty-Second Annual General Meeting.

Brief profile of the directors proposed to be appointed/ re-appointed is annexed to the Notice convening Annual General Meeting.

b) CESSATION

Due to expiry of tenure, Dr. Basudeb Sen has ceased to act as Director on the Board of the Company with effect from March 05, 2017. The Board of Directors places on record the valuable contribution made by him to the growth of the Company, during his tenure as Director of the Company.

c) CHANGES IN THE BOARD OF DIRECTORS WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY I.E. MARCH 31, 2017 AND THE DATE OF THIS REPORT

Dr. Ashutosh Karnatak and Mr. Apurva Chandra have resigned from the position of Directors w.e.f. May 27, 2017 and May 23, 2017 owing to withdrawal of their nomination by GAIL (India) Limited and Government of Maharashtra respectively. The Board of Directors places on record the valuable contribution made by them to the growth of the Company, during their tenure as Directors of the Company.

Mr. Virendra Nath Datt has been nominated by GAIL (India) Limited as its Nominee on the Board of your Company in place of Dr. Ashutosh Karnatak. Accordingly, the Board of Directors in its meeting held on May 26, 2017 approved appointment of Mr. Virendra Nath Datt as Additional Director with effect from May 28, 2017 and shall hold office upto the date of the ensuing Annual General Meeting of the Company.

Mr. Sunil Porwal, Additional Chief Secretary (Industries), has been nominated by Government of Maharashtra as its Nominee on the Board of your Company in place of Mr. Apurva Chandra. Accordingly, the Board of Directors in its meeting

held on May 26, 2017 approved appointment of Mr. Sunil Porwal as Additional Director with effect from May 26, 2017 and shall hold office upto the date of the ensuing Annual General Meeting of the Company.

In terms of Articles of Association of the Company, the Chairman of the Company is to be nominated by the Promoters, on a rotational basis for a period of two years. Accordingly, the tenure of the Chairman nominated by GAIL (India) Limited expired on May 27, 2017. Consequently, Mr. Akhil Mehrotra, Nominee of BG Asia Pacific Holdings Pte. Limited on the Board of the Company, has been elected as Chairman of your Company with effect from May 28, 2017 for a period of two years.

d) RETIREMENT BY ROTATION

In terms of Section 152(6) of the Companies Act, 2013 and Article 35 of the Articles of Association of your Company, Mr. Akhil Mehrotra, Non-Executive Director is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. In the opinion of your Directors, Mr. Akhil Mehrotra has requisite qualifications and experience and therefore, your Directors recommend his re-appointment at the ensuing Annual General Meeting.

9. PARTICULARS OF EMPLOYEES

The ratio of remuneration of each director to the median of employees' remuneration as per Section 197(12) of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of the Board's report (**Annexure - II**).

There are no employees who are posted in India throughout the financial year and in receipt of a remuneration of Rupees One Crore and Two Lakhs or more, or posted for part of the year and in receipt of Rupees Eight Lakhs and Fifty Thousand or more a month, under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Directors' Reports

10. BOARD MEETINGS DURING THE FINANCIAL YEAR 2016-2017

The Board of Directors met 6 (Six) times in the Financial Year 2016-17. The details pertaining to the composition, terms of reference, attendances etc. of the Board of Directors of your Company are given in the Report on Corporate Governance section forming part of this Annual Report.

11. DIRECTORS' RESPONSIBILITY STATEMENT :

In pursuance of Section 134 (5) of the Companies Act, 2013, the Directors hereby confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- (c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the Directors had prepared the annual accounts on a going concern basis;
- (e) the Directors of the Company had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- (f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

12. CORPORATE GOVERNANCE AND SHAREHOLDERS' INFORMATION

Your Company is committed to maintain the highest standards of Corporate Governance. Your Company continues to be compliant with the requirements of Corporate Governance as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

A Report on Corporate Governance as stipulated under the Listing Regulations forms part of the Annual Report. A certificate from the Practicing Company Secretary, confirming compliance with the conditions of Corporate Governance, as stipulated in the Listing Regulations forms part of the Annual Report.

13. BUSINESS RESPONSIBILITY REPORT

Report on Business Responsibility as stipulated under the Listing Regulations and any other applicable law for the time being in force describing the initiatives taken by the Management from an environmental, social and governance perspective forms part of this Annual Report.

14. EXTRACT OF ANNUAL RETURN

Extract of Annual Return as prescribed under sub - section (3) of Section 92 and rule 12(1) of the Companies (Management and Administration) Rules, 2014 in Form MGT - 9 has been annexed to this Report as **Annexure - III**.

15. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The Policy to determine materiality of related party transactions and dealing with related party transactions as approved by the Board of Directors is available on your Company's website at <https://www.mahanagargas.com/investors/Policies.aspx>

During the financial year 2016-17, your Company has not entered into transactions with related parties as defined under Section 2(76) of the Companies Act, 2013.

However, your Company has entered into transaction with parties which falls in the definition of "Related Parties" defined under Listing Regulations. Details of transactions with related parties are as set out in Note



Directors' Reports

No. 32.3 of the Notes to Accounts, forming part of this Annual Report.

16. MATERIAL CHANGES AND COMMITMENTS

There have been no material changes and commitment affecting the financial position of the Company occurred between the end of the financial year i.e March 31, 2017 and the date of this report.

17. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNAL

There are no significant and material orders passed by the Courts or tribunals impacting the going concern status and the Company's operation in future.

18. DEPOSITS

The Company has not accepted any deposits pursuant to provisions of the Companies Act, 2013 and rules made thereunder.

19. DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS

The Company has received necessary declaration from the Independent Directors of the Company under Section 149(7) of the Companies Act, 2013 stating that they meet with the criteria of their Independence laid down in Section 149(6) and provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

20. AUDIT COMMITTEE

Details regarding the constitution, re-constitution of the Audit Committee as per the provisions of Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 along with the dates of Meeting and the Terms of Reference have been entailed in the Report on Corporate Governance.

21. STAKEHOLDERS RELATIONSHIP COMMITTEE

Details regarding the constitution, re-constitution of the Stakeholders' Relationship Committee as per the provisions of Companies Act, 2013 along with the dates of Meeting and the Terms of Reference have been entailed in the Report on Corporate Governance.

22. NOMINATION AND REMUNERATION COMMITTEE

Details regarding the constitution, re-constitution of the Nomination and Remuneration Committee (NRC) as per the provisions of Companies Act, 2013 along with the dates of Meeting and the Terms of Reference have been entailed in the Report on Corporate Governance. The Company follows a policy on remuneration of Directors and Senior Management Employees. Details of the same are given in the Report on Corporate Governance and is available on the website at https://www.mahanagargas.com/UploadedFiles/_MGL-Nomination_and_Remuneration_Policy_329e2e5b7e.pdf.

23. STATUTORY AUDITORS

In terms of the provisions of Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, an audit firm can hold office as statutory auditor for two terms of five consecutive years i.e. for a maximum period of ten years. Further, as per the provisions of the Companies Act, 2013, Company is required to comply with these provisions within three years from the commencement of the Companies Act, 2013. Accordingly, as per the aforesaid provisions, M/s. Deloitte Haskin and Sells (DHS), Chartered Accountants, have served the requisite period as Statutory Auditors of the Company and shall not be eligible for further re-appointment as Statutory Auditors on conclusion of their term at the ensuing 22nd Annual General Meeting of the Company.

The Board of Directors at its Meeting held on May 26, 2017 recommended appointment of M/s. S R B C & Co. LLP, Chartered Accountants, having Registration No. 324982E/E300003 as the Statutory Auditors of the Company to hold office for a period of five years from the conclusion of the forthcoming 22nd Annual General Meeting until the conclusion of the 27th Annual General Meeting of the Company, subject to ratification by members at every Annual General Meeting.

In this regard, your Company has received a certificate from the auditors to the effect that if they are appointed, it would be in accordance with the provisions of Companies Act, 2013.

Directors' Report

24. SECRETARIAL AUDITOR

Pursuant to Section 204 of the Companies Act, 2013, the Board of Directors had appointed M/s. Mehta & Mehta, Practicing Company Secretaries, for conducting Secretarial Audit of the Company and accordingly the said firm carried out Secretarial Audit for the Financial Year 2016-17. The Secretarial Audit Report for the financial year ended March 31, 2017 is annexed herewith as **Annexure - IV** to this Report.

25. COST AUDITOR

M/s. Dhananjay V. Joshi & Associates, Cost Auditors, were appointed as Cost Auditor for the audit of cost records maintained by the Company for the financial year ended March 31, 2016. The Cost Audit Report was filed by the Cost Auditors on September 16, 2016 within the due date. In respect of the Financial Year ended on March 31, 2017, M/s. Dhananjay V. Joshi & Associates, Cost Auditors, were re-appointed. The due date for filing the Cost Audit Report is September 27, 2017 (within 180 days from the end of financial year).

26. FORMAL ANNUAL EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and in compliance with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Committees. The Board of Directors have laid down the manner for carrying out an annual evaluation of its own performance, its various Committees and individual directors pursuant to the provisions of the Companies Act, 2013 and the Listing Regulations. These guidelines were further revised by the Board based on the Guidance Note issued by SEBI.

The Nomination and Remuneration Committee (NRC) in its meeting held on February 11, 2017, designated Mr. Arun Balakrishnan, the Chairman of NRC as the Lead Director for discussing and soliciting the views of the group and summarizing the collective views in the questionnaire for the purpose of performance evaluation for the financial year 2016-2017. The Independent Directors in its separate meeting prepared a report on performance evaluation of Individual Directors (including Chairperson, independent and non-independent directors), Board as a whole and Board Committees and submitted it to the Chairman for perusal.

27. VIGIL MECHANISM

In compliance with requirements of the provisions of Section 177(9) & (10) of the Companies Act, 2013 and as per Regulation 22 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, your Board of Directors at its meeting held on March 26, 2015 approved the establishment of Vigil Mechanism to ensure that appropriate systems and procedures to curb opportunities for any sort of corrupt and unethical practices are in place.

This vigilance directive aims to set-out a structured, efficient and effective vigilance mechanism in the organization to cover both preventive and punitive approaches in this regard. The policy on Company's Vigil Mechanism may be accessed on the Company's website at the link <https://www.mahanagargas.com/investors/Policies.aspx>.

28. DIVIDEND DISTRIBUTION POLICY

As per Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has formulated a Dividend Distribution Policy and the same has been approved by the Board of Directors on February 11, 2017 which endeavours for fairness, consistency and sustainability while distributing profits to the shareholders. The Dividend Distribution Policy is annexed hereto as **Annexure - V** and has also been disclosed on the Company's website.



Directors' Report

29. CHANGES IN ARTICLE OF ASSOCIATION OF THE COMPANY

The Shareholders in its 21st Annual General Meeting held on September 26, 2016 approved and adopted new set of Articles of Association of the Company.

30. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company had constituted an Internal Complaints Committee in compliance with requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The members of this committee include representatives from the Company and external experts/NGOs.

Your Directors further state that during the year under review, there were no cases filed pursuant to the provisions of the said Act.

31. CONSERVATION OF ENERGY, TECHNOLOGY, ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information in accordance with the provisions of Section 134(3)(m) and Rule 8 of Companies (Accounts) Rules, 2014 is annexed hereto as **Annexure – VI**.

32. APPRECIATION AND ACKNOWLEDGEMENT:

Your Directors take this opportunity to place on record their appreciation and sincere thanks to the Ministry of Petroleum & Natural Gas, Government of India, Petroleum & Natural Gas Regulatory Board, Government of Maharashtra (GOM), Municipal Corporations of Greater Mumbai, Navi Mumbai, Thane, Mira-Bhayander, Kalyan-Dombivali, Raigad, other State and Central Government Authorities, Mumbai Metropolitan Regional Development Authority (MMRDA), Maharashtra Industrial Development Corporation (MIDC), Police and Fire Brigade Authorities, Bankers, Contractors, Consultants, Consumers and Local Citizens for their whole hearted support and co-operation. The Board also records their appreciation to its Stakeholders - GAIL (India) Limited, Shell Group and GOM for their support and to the employees of the Company for their devotion, dedication and hard work for efficient operations and implementation of projects while maintaining momentum of your Company's growth.

For and on behalf of the Board of Directors

(Akhil Mehrotra)
Chairman

Place: Mumbai
Date: August 09, 2017

Directors' Report

ANNEXURE -I

REPORT ON CSR ACTIVITIES

- **A brief outline of the Company's Corporate Social Responsibility 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.**

Mahanagar Gas Limited (MGL) has revised its CSR Policy during the year 2014 to align it with the guidelines formulated by the Companies (Corporate Social Responsibility Policy) Rules, 2014.

In accordance with the vision of the Company, MGL's CSR initiatives will supplement its contribution in environment protection, development of healthy and enlightened citizens, social upliftment and sustainable community development through its service, conduct and social initiatives.

The CSR Policy and Annual CSR Plan for the Financial Year were approved by the Board of Directors and is uploaded on MGL website. Copy of CSR Plan for 2016-17 is attached to this report.

The Policy provides for an annual CSR budget of 2% of its average net profit during the three immediately preceding financial years which will be utilized as under:

- Community Initiatives	---- 90%
- Natural Calamity/Relief Fund for welfare of SC, ST, OBC, minorities	----- 5%
- Training & Development of CSR personnel	-----5%

An allocation of 90% of the total CSR budget will be for Community initiatives in the thrust areas specified in the Schedule VII of Companies Act, 2013.

The implementation, monitoring and evaluation of CSR projects will be as per the guidelines in the Companies (Corporate Social Responsibility Policy) Rules 2014.

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

The Committee is constituted of the Managing Director, Whole Time Director (Technical Director) and two Independent Directors.

The following are the members of the CSR committee:

1. Mrs. Radhika Haribhakti, Independent Director (Chairperson).
2. Mr. Raj Kishore Tewari, Independent Director
3. Mr. Rajeev Mathur, Managing Director
4. Ms. Susmita Sengupta, Whole Time Director

Note: Mrs. Radhika Haribhakti was appointed as Chairperson with effect from March 21, 2017; and Mr. Raj Kishore Tewari was appointed as Member with effect from July 20, 2017.

The Committee had 1 (One) meeting during the year 2016-17.

Average profit of the company for last three financial years under Section 198 of Companies Act, 2013 is ₹ 453.26 crores.

- **Prescribed CSR Expenditure (two per cent of the average profit mentioned above)**
- **The prescribed CSR expenditure of the company for the financial year 2016-17 was ₹9.09 Crores.**
- **Details of amount spent on CSR activities during the financial year.**
- **₹4.69 Crores were spent during the financial year 2016-17.**
- **Amount unspent: ₹4.4 Crores.**

Of the budget of ₹9.09 Crores for CSR activities for financial year 2016-17, ₹4.69 Crores was utilized in the financial year. During the year, foundation for a number of new CSR projects were laid. Some of these projects started midyear, owing to logistics arrangements and therefore part of the project fund was disbursed this year while remaining will be disbursed in next financial year. Some of the agencies with whom we partnered for execution of the projects were unable to fully utilize the funds allocated while some other required time extension for achieving better outcomes. Some infrastructure projects sanctioned by the board required comprehensive preliminary works like soil investigation, site survey, hiring contractors, etc. which resulted in stunted fund disbursement. These projects would be ramped up in the subsequent years after gauging impact of the initiatives.



Directors' Report

ANNEXURE -I

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

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs were undertaken	Amount outlay (budget) project or programs wise (₹/lakhs)	Amount spent on the projects or programs Subheads: (₹) (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure upto the reporting period (₹)	Amount spent: Direct or through implementing agency *
1.	Installation of HVAC in Bai Jerbai Wadia Hospital for Children – a grade II B Heritage Structure.	Health Care and Sanitation	Local Area	200.00	6000000	18000000	Bai Jerbai Wadia Hospital for Children
2.	Pandit Deen Dayal Upadhyay Swasth Saarthi Abhiyaan		Local Area	118.55	9769500	9769500	Vansampad Bahuudeshiya Mandal
3.	Health Camps		Local Area	13.32	172800	172800	Shree Chaitanaya Seva Trust
4.	Health Camps		Local Area	1.00	100000	100000	Jai Sainath Trust
5.	Community Based Drinking Water Project		Local Area	6.50	455000	455000	Bombay South Rotary Charitable Trust
6.	Community Based Drinking Water Project		Local Area	5.82	407369	407369	Savali Charitable Trust
7.	Swach Bharat Abhiyaan		Local Area	44.19	18382	18382	Direct Expenditure

Directors' Report

ANNEXURE -I

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs were undertaken	Amount outlay (budget) project or programs wise (₹/lakhs)	Amount spent on the projects or programs Subheads: (₹) (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure upto the reporting period (₹)	Amount spent: Direct or through implementing agency *
8.	Holistic Development of Children from the marginalized communities (Slums) (Project 2014 – 15)	Education and employment enhancing vocational Skills	Local Area	16.00	288004	1488004	Magic Bus India Foundation
9.	MGL Unnati program for mentoring meritorious students from economically weaker sections for prestigious engineering institutions (Batch 2015 -16)		Local	50.00	1633000	4933000	CSRL
10.	MGL Komal Jivan Rehabilitation and outreach program for street children (Project 2015 -16)		Local Area	47.1431	2041200	3402000	Shelter Don Bosco



Directors' Report

ANNEXURE -I

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs were undertaken	Amount outlay (budget) project or programs wise (₹/lakhs)	Amount spent on the projects or programs Subheads: (₹) (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure upto the reporting period (₹)	Amount spent: Direct or through implementing agency *
11.	MGL Muskaan (Holistic Slum Development initiative with education focus) Project 2015-16	Education and employment enhancing vocational Skills	Local Area	20.11475	861770	1027995	Aarambh Charitable Trust
12.	Mini Science Centers		Local	8.76	875774	875774	Direct Expenditure
13.	Installation of computer Lab in MCGM School		Local	11.00	985443	985443	Direct Expenditure
14.	Computer Instructor for MCGM School		Local	1.50	112500	112500	Shelter Don Bosco
15.	Infrastructure support to schools		Local	2.40	90803	90803	Direct Expenditure
16.	Holistic Development of Children from the marginalized communities (Slums) (Project 2015 - 16)		Local	18.50	1745219	1745219	Magic Bus India Foundation
17.	MGL Muskaan (Holistic Slum Development initiative with education focus) Project 2016-17		Local Area	4.98	249000	249000	Aarambh Charitable Trust
18.	Equipping primary and pre-primary sections		Local Area	11.722	468880	468880	Aseema Charitable Trust
19.	Classroom blocks school		Local Area	52.50	123625	123625	Direct Expenditure

Directors' Report

ANNEXURE -I

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs were undertaken	Amount outlay (budget) project or programs wise (₹/lakhs)	Amount spent on the projects or programs Subheads: (₹) (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure upto the reporting period (₹)	Amount spent: Direct or through implementing agency *
20.	MGL Unnati program for mentoring meritorious students from economically weaker sections for prestigious engineering institutions (Batch 2016 -17)		Local	75.00	5250000	5250000	CSRL
21.	Value Based Education for students in their growing adolescence		Local Area	7.55	604000	604000	Urivi Vikram Charitable Trust
22.	MGL Hunar (Skills Development Initiative 2015-16)	Education and employment enhancing vocational Skills	Local Area	30.3169	2388327	2905245	Don Bosco Yuva Sansthan
23.	MGL Hunar (Skills Development Initiative 2015-16)		Local Area	30.15	1215000	1845000	National Yuva Cooperative Society
24.	MGL Hunar (Skills Development Initiative 2016-17)		Local Area	9.21	441463	441463	Don Bosco Yuva Sansthan
25.	Scholarships to trainees		Local Area	3.2	12000	12000	Direct Expenditure
26.	MGL - Hirwal Gas Plumbing School		Local Area	32.68	1334000	1334000	Hirwal Education Trust
27.	MGL We Share (For infrastructure and programmatic intervention for sterilization of stray animals and treatment of critical cases 2015 - 16)	Environment/ Flora / Fauna Sustainability	Local Area	217.22	7196935	21227216	Animal Matters To Me - Mumbai



Directors' Report

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs were undertaken	Amount outlay (budget) project or programs wise (₹/lakhs)	Amount spent on the projects or programs Subheads: (₹) (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure upto the reporting period (₹)	Amount spent: Direct or through implementing agency *
28.	Support towards plantation and maintenance of 1200 saplings	Environment/ Flora / Fauna Sustainability	Local Area	1.98	138600	138600	Kai. Appasaheb Khanvilkar Gram Vikas Dharmada Nyas
29.	Support towards plantation and maintenance of 500 saplings		Local Area	2.42	60563	60563	Don Bosco Yuva Sansthan
30.	Family counselling centers for countering domestic violence (2014-15)	Promoting Gender Social Equality and Empowering Women	Local Area	43.57	344533	3612883	Stree Mukti Sangathana
31	Mid Term Evaluation and Impact Assessment of CSR project	Training & Capacity Building of CSR	Local Area	22.00	219076	2083730	Tata Institute of Social Science
32.	Other Administrative Expenses	personnel & Administrative Expenses		41.10	1256936	1256936	Direct Expense

The Company's Policy on Corporate Social Responsibility can be accessed at our website <https://www.mahanagargas.com/investors/Policies.aspx>.

Sd/-
(Technical Director)

Sd/-
(Managing Director)

Sd/-
(Chairman - CSR Committee)

Directors' Report

ANNEXURE -II

Sr. No.	Name of Director (Executive)	Directors' Remuneration (₹ In lakhs)	Employee Median Remuneration (₹ In lakhs)	Ratio
1	Mr. Rajeev Mathur, Managing Director	74.70	10.98	6.803:1
2	Ms. Susmita Sengupta, Whole Time Director	370.75	10.98	33.766:1

Note: Ratio of remuneration is not considered for Non-Executive Directors.

The percentage increase in remuneration of each Director, Chief Financial Officer, Company Secretary, if any, in the financial year.	Employee No.	Employee Name	Designation	% increase on CTC in 2016-17
	1003	Sunil Ranade	CFO	8%
	1732	Alok Mishra	Company Secretary & Compliance officer	8% + 5%*

*Promoted with effect from July 01, 2016

The percentage increase in the median remuneration of employees in the financial year.	Median Remuneration Increase for eligible employees during the Financial Year is 7.42% (including S level)
--	--

The number of permanent employees on the rolls of company.	As on March 31, 2017	Permanent Employees	Fixed Term Contract (FTC)	Total
		487	30	517

Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year.	Eligible Employees percentage increase in 2016-17 excluding SMG and KMP	7.91% (Average increment actual paid)
And its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	Percentage Increase in 2016-17 for SMG and KMP (including CFO, SVP (Comm), SVP (O & M), SVP (Constrn), VP (HR & CC) and Company Secretary & Compliance officer	8.0%

It is affirmed that the remuneration paid is as per the Remuneration Policy of the Company.



Directors' Report

ANNEXURE -III

Form No. MGT-9
EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2017
[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the
Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

1	CIN	L40200MH1995PLC088133
2	Registration Date	May 08, 1995
3	Name of the company	Mahanagar Gas Limited
4	Category	Company limited by Shares
5	Sub Category of the Company	Indian Non – Government Company
6	Whether listed company (Yes/No)	Yes
7	Address of the registered office and contact details	MGL House, Block G-33, Bandra-Kurla Complex, Bandra (E), Mumbai – 400051 Tel. No. +9122- 6678 5000 Fax. No. +9122- 2652 8925
8	Name, address and contact details of registrar and transfer agents, if any	M/s. Link Intime India Private Limited C 101, 247 Park, LBS Marg, Vikhroli (West) Mumbai – 400 083, Maharashtra, India Tel. No. +9122 – 4918 6000 Fax. No. +9122 - 4918 6060

II. PRINCIPAL BUSINESS ACTIVITY OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

Sr. No.	Name and Description of Main Product / Services	NIC of the Product	% of total turnover of the Company
1	The Company operates presently in the business of City Gas Distribution. The Company earns revenue by selling Natural Gas.	3520	99.27%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GIN	Holding/Subsidiary of the Company	% of shares held	Applicable Section
NOT APPLICABLE					

Directors' Report

ANNEXURE -III

IV. SHAREHOLDING PATTERN as on March 31, 2017(Equity Share Capital Breakup as percentage of Total Equity)

(I) Category wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. PROMOTERS									
1. Indian									
a. Individual	-	30	30	0.0001 (negligible)	-	0	0	0.00	-0.0001
b. Central Govt.	-	-	-	-	-	-	-	-	-
c. State Govt.	-	-	-	-	-	-	-	-	-
d. Bodies Corporate	44449960	-	44449960	49.7528	32102740	-	32102740	32.50	-17.2528
e. Bank / FI	-	-	-	-	-	-	-	-	-
f. Any Other	-	-	-	-	-	-	-	-	-
Sub Total – A (1)	44449960	30	44449990	49.7528	32102740	-	32102740	32.50	-17.2528
2. Foreign									
a. NRI – Individuals	-	-	-	-	-	-	-	-	-
b. Other Individuals	-	-	-	-	-	-	-	-	-
c. Body Corporate	44449960	-	44449960	49.7528	32102710	-	32102710	32.50	-17.2529
d. Bank / FI	-	-	-	-	-	-	-	-	-
e. Any Others	-	-	-	-	-	-	-	-	-
Sub Total – A(2)	44449960	-	44449960	49.7528	32102710	-	32102710	32.50	-17.2529
Total Share Holding of Promoters (1+2)	88899920	30	88899950	99.5057	64205450	-	64205450	65.00	-34.5058
B. Public Shareholding									
1. Institution									
a. Mutual Funds	-	-	-	-	5287227	-	5287227	5.3526	5.3526
b. Banks/FI	-	-	-	-	68476	-	68476	0.0693	0.0693
c. Central Govt.	-	-	-	-	-	-	-	-	-
d. State Govt.	-	441600	441600	0.4943	9877778	-	9877778	10.00	9.5057



Directors' Report

ANNEXURE -III

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
e. Venture Capital	-	-	-	-	NIL	-	-	-	-	-
f. Insurance Co.	-	-	-	-	2578515	-	2578515	2.6104	2.6104	
g. FIs	-	-	-	-	-	-	-	-	-	-
h. Foreign Portfolio Corporate	-	-	-	-	9683175	-	9683175	9.8030	9.8030	
i. Foreign venture Capital Fund	-	-	-	-	NIL	-	-	-	-	-
j. Others	-	-	-	-	-	-	-	-	-	-
Sub – Total B (1)	-	441600	441600	0.4943	27495171	-	27495171	27.8353		-
2. Non – Institution										
a. Body Corporate	-	-	-	-	553600	-	553600	0.5604	0.5604	
b. Individual										
i. Individual Shareholders holding nominal share capital upto ₹ 1,00,000	-	50	50	0.0001	5078254	701	5078955	5.1418	5.1417	
ii. Individual shareholders holding nominal share capital in excess of ₹ 1,00,000	-	-	-	-	450739	0	450739	0.4563	0.4563	
c. Others										
i. NRI (Rep)	-	-	-	-	150151	-	150151	0.1520	0.1520	
ii. NRI (Non – Rep)	-	-	-	-	28168	-	28168	0.0285	0.0285	
iii. Trust	-	-	-	-	401935	-	401935	0.4069	0.4069	
iv. In Transit	-	-	-	-	-	-	-	-	-	-
v. Hindu Undivided Family	-	-	-	-	262408	-	262408	0.2657	0.2657	

Directors' Report

ANNEXURE -III

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
vi. Foreign Portfolio Investor (Individual)	-	-	-	-	1450	-	1450	0.0015	0.0015	
vii. Clearing Member	-	-	-	-	149751	-	149751	0.1516	0.1516	
Sub - Total B (2)	-	50	50	0.0001	7076456	701	7077157	7.1647	7.1646	
Net Total (1+2)	-	441650	441650	0.4944	34571627	701	34572328	35.00		
Shares held by Custodian for GDRs & ADRs										
Promoter and Promoter Group	-	-	-	-	-	-	-	-	-	-
Grand total (A+B+C)	88899920	441680	89341600	100.00	98777077	701	98777778	100.00		

(ii) Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholdings at the beginning of the year			Shareholdings at the end of 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	% Change in shareholding during the year
1	GAIL (India) Limited	44449960	49.75%	-	32102740	32.50%	-	-17.25%
2	BG Asia Pacific Holdings PTE Limited	44449960	49.75%	-	32102710	32.50%	-	-17.25%



Directors' Report

ANNEXURE -III

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

Sr. No.	Name of the Shareholder & Type of Transaction	Shareholding at the beginning of the year - 2016		Transactions during the year		Cumulative Shareholding at the end of the year - 2017	
		No. of Shares held	% of total Shares of the Company	Date of transaction	No. of Shares	No. of Shares held	% of total Shares of the Company
1	GAIL (India) Limited	44449960	49.75%	-	-	44449960	49.75
	Transfer			May 30, 2016	30	44449990	49.75
	Dilution through Offer for Sale			June 29, 2016	-12,347,250	32102740	32.50
	At the end of the year					32102740	32.50
2	BG Asia Pacific Holdings PTE Limited	44449960	49.75%	-	-	44449960	49.75
	Dilution through Offer for Sale			June 29, 2016	-12,347,250	32102710	32.50
	At the end of the year					32102710	32.50

(iv) Shareholding pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Name of the Shareholder & Type of Transaction	Shareholding at the beginning of the year - 2016		Transactions during the year		Cumulative Shareholding at the end of the year - 2017	
		No. of Shares held	% of total Shares of the Company	Date of transaction	No. of Shares	No. of Shares held	% of total Shares of the Company
1	Governor of Maharashtra	441600	0.50	-	-	441600	0.50
	Conversion of CCDs into equity shares			June 07, 2016	9436178	9877778	10
	At the end of the year			-	-	9877778	10
2	Birla Sun Life Trustee Company Private Limited A/C Birla Sun Life Equity Fund	0	0	-	-	0	0
	Transfer			30 Jun 2016	397933	397933	0.4029
	Transfer			29 Jul 2016	-94063	303870	0.3076
	Transfer			12 Aug 2016	-6840	297030	0.3007
	Transfer			09 Sep 2016	121000	418030	0.4232
	Transfer			07 Oct 2016	151400	569430	0.5765
	Transfer			14 Oct 2016	116900	686330	0.6948
	Transfer			21 Oct 2016	1500	687830	0.6963

Directors' Report

ANNEXURE -III

Sr. No.	Name of the Shareholder & Type of Transaction	Shareholding at the beginning of the year - 2016		Transactions during the year		Cumulative Shareholding at the end of the year - 2017	
		No. of Shares held	% of total Shares of the Company	Date of transaction	No. of Shares	No. of Shares held	% of total Shares of the Company
	Transfer			28 Oct 2016	158200	846030	0.8565
	Transfer			04 Nov 2016	3120	849150	0.8597
	Transfer			25 Nov 2016	8100	857250	0.8679
	Transfer			02 Dec 2016	100000	957250	0.9691
	Transfer			23 Dec 2016	50000	1007250	1.0197
	Transfer			30 Dec 2016	13780	1021030	1.0337
	Transfer			13 Jan 2017	-22500	998530	1.0109
	Transfer			20 Jan 2017	7400	1005930	1.0184
	Transfer			27 Jan 2017	26603	1032533	1.0453
	Transfer			03 Feb 2017	45997	1078530	1.0919
	Transfer			10 Feb 2017	679000	1757530	1.7793
	Transfer			17 Feb 2017	251000	2008530	2.0334
	Transfer			10 Mar 2017	20000	2028530	2.0536
	Transfer			31 Mar 2017	-18165	2010365	2.0352
	At the end of the year					2010365	2.0352
3	Franklin India Smaller Companies Fund	0	0	-	-	0	0
	Transfer			30 Jun 2016	380724	380724	0.3854
	Transfer			08 Jul 2016	-30594	350130	0.3545
	Transfer			15 Jul 2016	127402	477532	0.4834
	Transfer			22 Jul 2016	245391	722923	0.7319
	Transfer			29 Jul 2016	160307	883230	0.8942
	Transfer			05 Aug 2016	678792	1562022	1.5813
	Transfer			07 Oct 2016	-50000	1512022	1.5307
	Transfer			28 Oct 2016	-79201	1432821	1.4505
	Transfer			18 Nov 2016	-19120	1413701	1.4312
	Transfer			25 Nov 2016	-28681	1385020	1.4022
	Transfer			06 Jan 2017	-45340	1339680	1.3563
	Transfer			13 Jan 2017	-12360	1327320	1.3437
	Transfer			20 Jan 2017	-9000	1318320	1.3346
	Transfer			24 Mar 2017	-9455	1308865	1.3251
	Transfer			31 Mar 2017	-52699	1256166	1.2717
	At the end of the year					1256166	1.2717



Directors' Report

ANNEXURE -III

Sr. No.	Name of the Shareholder & Type of Transaction	Shareholding at the beginning of the year - 2016		Transactions during the year		Cumulative Shareholding at the end of the year - 2017	
		No. of Shares held	% of total Shares of the Company	Date of transaction	No. of Shares	No. of Shares held	% of total Shares of the Company
4	Goldman Sachs India Limited	0	0	-	-	0	0
	Transfer			30 Jun 2016	118746	118746	0.1202
	Transfer			15 Jul 2016	695341	814087	0.8242
	Transfer			22 Jul 2016	209197	1023284	1.0359
	Transfer			29 Jul 2016	93554	1116838	1.1307
	Transfer			05 Aug 2016	284812	1401650	1.419
	Transfer			21 Oct 2016	164500	1566150	1.5855
	Transfer			10 Feb 2017	-374279	1191871	1.2066
	At the end of the year					1191871	1.2066
5	Eastspring Investments India Equity Open Limited	0	0	-	-	0	0
	Transfer			30 Jun 2016	244965	244965	0.248
	Transfer			05 Aug 2016	310808	555773	0.5626
	Transfer			19 Aug 2016	140565	696338	0.705
	Transfer			26 Aug 2016	374179	1070517	1.0838
	Transfer			02 Sep 2016	156384	1226901	1.2421
	Transfer			30 Sep 2016	118231	1345132	1.3618
	Transfer			07 Oct 2016	54531	1399663	1.417
	Transfer			02 Dec 2016	-66367	1333296	1.3498
	Transfer			23 Dec 2016	-74548	1258748	1.2743
	Transfer			03 Feb 2017	-11411	1247337	1.2628
	Transfer			10 Feb 2017	-124818	1122519	1.1364
	Transfer			17 Feb 2017	-26180	1096339	1.1099
	Transfer			24 Feb 2017	-29609	1066730	1.0799
	At the end of the year					1066730	1.0799
6	UTI-Dividend Yield Fund	0	0	-	-	0	0
	Transfer			30 Jun 2016	264085	264085	0.2674
	Transfer			08 Jul 2016	429915	694000	0.7026
	Transfer			05 Aug 2016	108200	802200	0.8121
	Transfer			26 Aug 2016	260643	1062843	1.076
	Transfer			02 Sep 2016	9000	1071843	1.0851
	Transfer			09 Sep 2016	90157	1162000	1.1764
	Transfer			30 Sep 2016	-72000	1090000	1.1035
	Transfer			02 Dec 2016	-18000	1072000	1.0853
	Transfer			09 Dec 2016	-18000	1054000	1.067
	Transfer			23 Dec 2016	-45000	1009000	1.0215
	At the end of the year					1009000	1.0215

Directors' Report

ANNEXURE -III

Sr. No.	Name of the Shareholder & Type of Transaction	Shareholding at the beginning of the year - 2016		Transactions during the year		Cumulative Shareholding at the end of the year - 2017	
		No. of Shares held	% of total Shares of the Company	Date of transaction	No. of Shares	No. of Shares held	% of total Shares of the Company
7	Stichting Depository APG Emerging Markets Equity Pool	0	0	-	-	0	0
	Transfer			02 Sep 2016	501500	501500	0.5077
	Transfer			09 Sep 2016	224000	725500	0.7345
	At the end of the year					725500	0.7345
8	Somerset Small Mid Cap EM All Country Fund LLC	0	0	-	-	0	0
	Transfer			14 Oct 2016	149151	149151	0.151
	Transfer			21 Oct 2016	149543	298694	0.3024
	Transfer			28 Oct 2016	90129	388823	0.3936
	Transfer			04 Nov 2016	62212	451035	0.4566
	Transfer			11 Nov 2016	40760	491795	0.4979
	Transfer			02 Dec 2016	-19348	472447	0.4783
	Transfer			23 Dec 2016	161200	633647	0.6415
	At the end of the year					633647	0.6415
9	Max Life Insurance Company Limited A/C - Ulif00125/06/04 Lifegrowth 104 - Growth Fund	0	0	-	-	0	0
	Transfer			30 Jun 2016	64042	64042	0.0648
	Transfer			08 Jul 2016	593409	657451	0.6656
	Transfer			22 Jul 2016	8500	665951	0.6742
	Transfer			05 Aug 2016	-14821	651130	0.6592
	Transfer			26 Aug 2016	-51000	600130	0.6076
	Transfer			02 Sep 2016	-13339	586791	0.5941
	Transfer			09 Sep 2016	76508	663299	0.6715
	Transfer			16 Sep 2016	-8936	654363	0.6625
	Transfer			04 Nov 2016	-19067	635296	0.6432
	Transfer			11 Nov 2016	1800	637096	0.645
	Transfer			18 Nov 2016	-16000	621096	0.6288
	Transfer			25 Nov 2016	-1959	619137	0.6268
	Transfer			06 Jan 2017	24026	643163	0.6511
	Transfer			03 Feb 2017	-24026	619137	0.6268
	Transfer			17 Feb 2017	-18000	601137	0.6086



Directors' Report

ANNEXURE -III

Sr. No.	Name of the Shareholder & Type of Transaction	Shareholding at the beginning of the year - 2016		Transactions during the year		Cumulative Shareholding at the end of the year - 2017	
		No. of Shares held	% of total Shares of the Company	Date of transaction	No. of Shares	No. of Shares held	% of total Shares of the Company
	Transfer			24 Feb 2017	-30000	571137	0.5782
	Transfer			03 Mar 2017	-66862	504275	0.5105
	At the end of the year					504275	0.5105
10	Sbi Life Insurance Co. Ltd	0	0	-	-	0	0
	Transfer			30 Jun 2016	364634	364634	0.3691
	Transfer			12 Aug 2016	25000	389634	0.3945
	Transfer			19 Aug 2016	-444	389190	0.394
	Transfer			26 Aug 2016	-1460	387730	0.3925
	Transfer			09 Sep 2016	16196	403926	0.4089
	Transfer			07 Oct 2016	-11567	392359	0.3972
	Transfer			14 Oct 2016	35000	427359	0.4326
	Transfer			21 Oct 2016	-8990	418369	0.4235
	Transfer			28 Oct 2016	-69472	348897	0.3532
	Transfer			02 Dec 2016	-20000	328897	0.333
	Transfer			30 Dec 2016	18119	347016	0.3513
	Transfer			06 Jan 2017	45000	392016	0.3969
	Transfer			24 Feb 2017	-5000	387016	0.3918
	Transfer			31 Mar 2017	95000	482016	0.488
	At the end of the year					482016	0.488

(v) Shareholding of Directors and Key Managerial Personnel

Sr. No.	For each of the Directors and KMP	Shareholdings at the beginning of the year		Shareholdings at the end of the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	Alok Mishra Company Secretary & Compliance Officer	0	0	484	Negligible
2	Sunil M. Ranade Chief Financial Officer	0	0	449	Negligible

Directors' Report

ANNEXURE -III

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(₹ in lakhs)				
Particulars	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the year				
1. Principal Amount	-	498.34	-	498.34
2. Interest due but not paid	-	-	-	-
3. Interest accrued but not paid	-	-	-	-
Total of (1+2+3)	-	498.34	-	498.34
Change in the Indebtedness during the year				
+ Additions (including interest)	-	1.01	-	1.01
- Reduction	-	(229.32)	-	(229.32)
Net Change	-	(228.31)	-	(228.31)
Indebtedness at the end of the year				
1. Principal Amount	-	270.03	-	270.03
2. Interest due but not paid	-	-	-	-
3. Interest accrued but not due	-	-	-	-
Total of (1+2+3)	-	270.03	-	270.03

VI. REMUNERATION TO DIRECTORS AND KEY MANAGERIAL PERSONNEL

A) Remuneration to Managing Director and Whole Time Director (Technical Director)

Sr. No.	Particulars of Remuneration	Name of the Managing Director and Whole Time Director	
		Mr. Rajeev Mathur Managing Director	Ms. Susmita Sengupta Whole Time Director
1	Gross Salary	74,70,238	3,70,74,694
	*Secondment charges paid to promoters & expenses of MD paid by MGL		
	(a) Salary as per provisions contained in Section 17(1) of the Income tax Act, 1961	-	-
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-
	(c) Profits in lieu of Salary under Section 17(3) of the Income Tax Act, 1961	-	-
2	Stock Options	N.A.	N.A.
3	Sweat Equity	N.A.	N.A.
4	Commission	N.A.	N.A.
	- As % of Profit		
	- Others, specify		
5	Others, please specify Provident Fund & other Funds.	-	-
Total (A)		₹ 74,70,238	₹ 3,70,74,694
Ceilings as per Act		5% of the net profits of the Company	

* Note:-

- Mr. Rajeev Mathur and Ms. Susmita Sengupta are getting remuneration / salary from their respectively employer's i.e. GAIL & BGAPH. Your Company has paid the amount of ₹ 54,85,670 and ₹ 3,70,74,694 to the promoters, i.e. GAIL & BGAPH respectively as secondment charges as both the Directors are not the employees of the Company.
- Secondment charges paid to GAIL does not include bachelor accommodation provided to the Managing Director by MGL, Telephone Expenses, Electricity Expenses, Gas Expenses & club facility used for the entertainment of guests.



Directors' Report

ANNEXURE -III

B) Remuneration to Non-Executive (Non Independent Directors)

The Company has not paid any remuneration or made any reimbursement to any Non-Executive (Non Independent Directors) for attending meetings of the Board and Committees thereof, during the Financial Year 2016-17.

C) Commission to Non-Executive Independent Directors:

Apart from Sitting Fees and reimbursement of expenses for attending the meetings of the Board and / or Committees thereof, the Shareholders of the Company have approved payment of Commission to Non-Executive Independent Directors at a rate not exceeding one percent (1%) of the net profits of the Company and calculated and divided amongst them in such manner as the Board may from time to time, determine, for a period of five years commencing from the Financial Year 2015-16.

Following are the details of Commission paid to the following Independent Directors for the Financial Year 2015-16:

Sr. No.	Name of the Director	Number of Board meetings attended	Amount payable	Chairmanship held for Committee meetings								Total Amount
				Audit	Amount Payable	IPO	Amount Payable	Nomination and Remuneration	Amount Payable	Corporate Social Responsibility	Amount Payable	
1	Dr. Basudeb Sen	2	1.00	--	0.00	--	0.00	--	0.00	--	0.00	1.00
2	Mr. Jainendar Kumar Jain	4	2.00	3	0.30	2	0.20	--	0.00	--	0.00	2.50
3	Mr. Santosh Kumar	6	3.00	--	0.00	--	0.00	--	0.00	2	0.20	3.20
4	Mr. Arun Balakrishnan	5	3.00	2	0.20	--	0.00	5	0.50	--	0.00	3.70
5	Mr. Raj Kishore Tewari	5	3.00	--	0.00	--	0.00	--	0.00	--	0.00	3.00
Total			12.00		0.50		0.20		0.50		0.20	13.40

Following are the details of Commission paid to the following Independent Directors for the Financial Year 2016-17:

Sr No	Name of the Director	Number of Board meetings attended	Amount payable	Chairmanship held for Committee meetings												Total Amount
				Audit	Amount Payable	IPO	Amount Payable	Nomi-nation & Remu-neration	Amount Payable	Corporate Social Res-ponsibility	Amount Payable	Stake-holders Relationship	Amount Payable	PRBC	Amount Payable	
1	Dr. Basudeb Sen (Director upto March 04, 2017)	3	1.50	-	0.00	-	0.00	-	0.00	-	0.00	1	0.10	--	0.00	1.60
2	Mr. Jainendar Kumar Jain	5	3.00	5	0.50	3	0.30	-	0.00	-	0.00	--	0.00	--	0.00	3.80
3	Mr. Santosh Kumar	6	3.00	-	0.00	-	0.00	-	0.00	1	0.10	--	0.00	11	1.10	4.20
4	Mr. Arun Balakrishnan	6	3.00	1	0.10	-	0.00	3	0.30	-	0.00	--	0.00	--	0.00	3.40
5	Mr. Raj Kishore Tewari	6	3.00	-	0.00	-	0.00	-	0.00	-	0.00	--	0.00	--	0.00	3.00
6	Mrs. Radhika Haribhakti (appointed as Director w.e.f. March 05, 2017)	1	0.50	-	0.00	-	0.00	-	0.00	-	0.00	--	0.00	--	0.00	0.50
			14.00		0.60		0.30		0.30		0.10		0.10		1.10	16.50

The Commission for the financial year 2016-17 was approved in the Board Meeting held on May 26, 2017 and was paid on June 28, 2017.

Directors' Report

ANNEXURE -III

D) Remuneration paid to Key Managerial Personnel (other than MD and WTD) (₹ in Lakhs)

Sr. No.	Particulars of Remuneration	Name of Key Managerial Personnel		Total
		Mr. S. M. Ranade Chief Financial Officer	Mr. Alok Mishra Company Secretary & Compliance Officer	
1.	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income tax Act, 1961	67.82	29.38	97.2
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	0.66	-	0.66
	(c) Profits in lieu of Salary under Section 17(3) of the Income Tax Act, 1961	-	-	-
2.	Stock Options	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
-	As % of Profit	-	-	-
-	Others, specify	-	-	-
5.	Others, please specify Provident Fund & other Funds	3.46	1.51	4.97
	Total	71.94	30.89	102.83



Directors' Report

ANNEXURE -IV

Form No. MR-3 SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2017

[Pursuant to Section 204(1) of the Companies Act, 2013 and the Rule 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
Mahanagar Gas Limited,
MGL House, Block No. G-33,
Bandra Kurla Complex, Bandra (East),
Mumbai – 400051.

We have conducted the secretarial audit of the compliance of applicable statutory provisions by Mahanagar Gas Limited (hereinafter called "the Company"). Secretarial audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minutes 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 31st 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 31st March, 2017 according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment;
- (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;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (during the year under review not applicable to the Company);
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (during the year under review not 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;
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (during the year under review not applicable to the Company); and
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (during the year under review not applicable to the Company);

Directors' Report

ANNEXURE -IV

- (vi) Petroleum and Natural Gas Regulatory Board Act, 2006;
- (vii) Gas Cylinder Rules, 2004;
- (viii) The Electricity Act and rules and regulations made thereunder;
- (ix) Maharashtra Fire Prevention & Life Safety Measure Act, 2006;
- (x) The Environment Protection Act, 1986;
- (xi) Air (Prevention and Control of Pollution) Act, 1981;
- (xii) Water (Prevention and Control of Pollution) Act, 1974;
- (xiii) Hazardous Wastes (Management Handling and Trans boundary Movement) Rules, 2008;
- (xiv) The Legal Metrology Act, 2009;

We have examined compliance with the applicable clauses of the following:

- a) Secretarial Standards issued by the Institute of Company Secretaries of India;
- b) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Applicable from July 01, 2016)

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

We further report that:

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

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

All decisions of the Board are carried through unanimously. As per the records provided by the Company, none of the member of the Board dissented on any resolution passed at the meeting.

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 had the following specific events / actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

- i. The Shares Allotment Committee of Directors in its meeting held on June 07, 2016, passed a resolution for conversion of 94,36,178 9% Unsecured Compulsorily Convertible Debentures of ₹10.00 into 94,36,178 equity shares of ₹10.00 each credited as fully paid up.
- ii. On July 01, 2016, the entire share capital of the Company consisting of 98,777,778 equity shares of face value ₹10.00 each of the Company were listed and admitted to dealing on the Exchange of BSE Limited and National Stock Exchange of India Limited in the list of 'B' Group Securities.

For Mehta & Mehta,

Company Secretaries
(ICSI Unique Code P1996MH007500)

Sd/-

Dipti Mehta

Partner
FCS No : 3667
CP No. : 3202

Place : Mumbai
Date : May 26, 2017

Note: 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.



Directors' Report

ANNEXURE -A

To,
Mahanagar Gas Limited,
MGL House, Block No. G-33,
Bandra Kurla Complex, Bandra (East),
Mumbai – 400051.

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 records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The secretarial audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For Mehta & Mehta,
Company Secretaries
(ICSI Unique Code P1996MH007500)

Sd/-
Dipti Mehta
Partner
FCS No : 3667
CP No. : 3202

Place : Mumbai
Date : May 26, 2017

Directors' Report

ANNEXURE-V

Dividend Distribution Policy

Preamble

The Securities Exchange Board of India (SEBI) on July 08, 2016 has notified the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016 (Regulations).

Vide these Regulations, SEBI has inserted Regulation 43A after Regulation 43 of SEBI (LODR) Regulations, 2015, which requires the Company to frame and adopt a Dividend Distribution Policy, which shall be disclosed in its Annual Report and on its website.

Accordingly, this Dividend Distribution Policy has been approved and adopted by the Board of Directors of the Company at its meeting held on February 11, 2017.

Circumstances under which the shareholders may expect dividend

The Equity Shareholders of the Company may expect an annual dividend if the Company is having surplus funds after providing all expenses, depreciation etc. and after complying with related requirements of the Companies Act, 2013 and under other statutes. Company's sustainability of business, position of Reserves to handle unforeseen financial impact and immediate expansion plans shall also be important factors to be considered for taking the dividend decision.

The financial parameters that shall be considered while declaring dividend

The factors considered while arriving at the quantum of dividend will include:

- Reasonable consistency to be maintained in dividend pay-out ratio, except in cases of abnormal change in profit for the year.
- Current year profits and outlook in line with the development of internal and external environment.
- Operating cash flows and treasury position keeping in view the debt to equity ratio.
- Any cash reserves to be created either mandatory or voluntary.

- Possibilities of alternate usage of cash, e.g. capital expenditure, M&A opportunities with potential to create greater value for shareholders.
- Providing for unforeseen events and contingencies with financial implications.
- Contingent liabilities

The Board may declare interim dividend(s) as and when considered fit, and recommend final dividend to the shareholders for their approval in the general meeting of the Company. The Board may additionally recommend special dividend in special circumstances.

Internal and external factors that shall be considered for declaration of dividend

The decision regarding dividend pay-out is a crucial decision as it determines the amount of profit to be distributed among shareholders and amount of profit to be retained in business. The Board of Directors will endeavour to take a decision with an objective to enhance shareholders wealth and market value of the shares. However, the decision regarding pay-out is subject to several factors and hence, any optimal policy in this regard may be far from obvious.

The Dividend pay-out decision will depend upon certain external and internal factors as follows:

External Factors:

State of Economy - in case of uncertain or recessionary economic and business conditions, Board will endeavour to retain larger part of profits to build up reserves to absorb future shocks.

Government policies & Regulation - when Policies and Regulations are favourable to the business, dividend pay-out can be liberal. However, in case of unfavourable Policies & Regulations, Board may resort to a conservative dividend pay-out in order to conserve cash outflows.

Statutory & other Restrictions - The Board will keep in mind the restrictions imposed by the Companies Act, other applicable Statutes, Lenders with regard to declaration of dividend.



Directors' Report

ANNEXURE-V

Internal Factors:

Apart from the external factors aforementioned, the Board will take into account various internal factors while declaring Dividend, which inter alia will include:

- (i) Profits earned during the year;
- (ii) Present & future Capital requirements of the existing businesses;
- (iii) Plan for Business Acquisitions;
- (iv) Expansion / Modernization of existing businesses / assets;
- (v) Contingent Liabilities
- (vi) Any other factor as deemed fit by the Board.

Utilisation of retained earnings :

The profits retained in business may be used for corporate actions in accordance with applicable laws and for investments towards growth of the business. The Company may choose to retain a part of its profits and distribute the balance among its shareholders as dividend. The Board of Directors will aim to balance between all these needs.

Parameters that shall be adopted with regard to various classes of share

The Company does not have different classes of shares. In case the Company issues Preference shares, equity dividend shall stand second in priority.

The Board of Directors shall review the policy, as and when need arises.

Directors' Report

ANNEXURE -VI

CONSERVATION OF ENERGY:

A) Steps taken for conservation and utilizing alternate sources of energy :

Your Company has implemented a number of energy conservation measures at various operating installations and CNG stations. It includes successful implementation of cascades of water capacity of 3000 liters to reduce the frequency of start-stop of the compressor, thereby improving efficiency and also implementation of cascades of water capacity of 4500 litres, for transportation from mother station to daughter booster station through cascade carrying vehicles, to reduce the frequency of movements of cascade carrying vehicles. Further use of Type III composite cylinder cascades of 10000 liters WC is being explored to reduce frequency of movements of cascade carrying vehicles.

This has resulted in considerable savings and contributions to environmental improvements.

Solar Power Plant of 17KW installed at CGS, Wadala, and 20KW at MGL Office, Mahape has been commissioned and successfully catering to the electrical lighting load of the office building. A 20 KW Solar power plant has been recently installed and taken into service at CGS, Taloja.

Similarly, such Solar Power Plants are installed at MGL office at Ambernath (10 KW) and MSRTC, Khopat, Thane (5 KW). The plant work has started at NMMT, Turbe and is expected to be completed by September 2017.

At Mahape office, a natural gas-based fuelled generator set has been commissioned generating sufficient power as the primary source (of power) for the office building wherein the grid power is now consumed only as the secondary or backup source. The exhaust heat emission of this Gas Genset contributes to the air-conditioning of the same building by being utilized for the newly installed vapor absorption chiller in-built with a heat recovery feature. This is a showcase of clean and green initiative.

Gas Gensets are installed at gas receiving stations (Mahape, Taloja and Ambernath) and MGL owned CNG station at Owala, Thane to provide electrical power back up.

Installation of Gas Genset at MGL CNG station at Thane and one more station to power CNG compressor (as primary electrical power source) is being planned.

High wattage premise lights have been replaced by low wattage LED lamps at CGS, Sion reducing electricity consumption by 50%.

An Energy Conservation unit has been installed at MGL House, Bandra-Kurla Complex, which has brought about 14-15% reduction in energy consumption on account of lighting load.

Continuous efforts are put to maintain electrical power factor at CNG stations at desired level to achieve efficient use of electric energy.

Your Company has also taken various initiatives like development of compact DRS, improvement in the technical specification of flexible hose used for domestic connections in high rise buildings, standardization in usage of materials (to facilitate effective management of inventory) like GI pipes, Service Regulators and RCC tiles.

B) Capital investment on energy conservation equipment's:

Your Company has spent ₹16.9 Lakhs for Solar Power Plant at CGS, Taloja and finalized PO of ₹7.35 Lakhs for Solar Power Plant at CGS, Ambernath.



Directors' Report

ANNEXURE-VI

TECHNOLOGY ABSORPTION:

Sr. No.	Particulars	Current Year 2016-17	Previous Year 2015-16
1	Research and Development (R&D)		
A	Specific areas in which R&D carried out by the Company	(a) Continuity with development of : ● AMR system for Domestic and Commercial customers. ● DRS with metering system. ● Compact underground DRS with butterfly valves. ● Usage of multi-layered composite pipes as a replacement of copper pipes. ● Practical and cost effective data logger in DRS. ● Replacement of higher sizes of diaphragm gas meters with RPD meters (which has better accuracy) ● Usage of ultrasonic meters and thermal mass meters for Commercial customers. ● Standardization of usage of materials (ERW GI pipes, PE pipes). ● Full review of technical specifications in process. ● Design of PNG riser and lateral system in high-rise building with height more than 120 metres. ● Replacement of conventional crimping fitting with injection moulded transition fitting.	(b) Continuity with development of : ● Supervisory Control and Data Acquisition (SCADA) System. ● Compact DRS. ● Standardization of materials (ERW GI pipes, Service Regulators, RCC tiles). ● Full review of technical specifications in process. ● Design of PNG riser and lateral system in high-rise building with height more than 120 metres. ● Replacement of conventional crimping fitting with injection moulded transition fitting.

Directors' Report

ANNEXURE -VI

Sr. No.	Particulars	Current Year 2016-17	Previous Year 2015-16
B	Benefits derived as a result of the above R&D	● Improvement in the existing business processes and working standards of a City Gas Distribution Project. ● Facilitating better gas balancing of network. ● Development of Natural Gas Market. ● Safe and effective operation of Gas Supply Network. ● Cost saving and energy saving. ● Effective inventory management.	● Improvement in the existing business processes and working standards of a City Gas Distribution Project. ● Development of Natural Gas Market. ● Safe and effective operation of Gas Supply Network. ● Cost saving and Energy saving. ● Effective inventory management.
C	Future plan of action	● Standardization of usage of PE pipes. ● Continuing vendor development (Regulators, Gas Meters, etc.) ● Review feasibility of providing PNG / CNG to remote locations through LCNG facilities.	● Standardization of usage of PE pipes. ● Continuing vendor development (Regulators, Gas Meters, PE pipes, etc). ● Further development of SCADA system. ● Review feasibility of providing PNG / CNG to remote locations through LCNG facilities.
D	Expenditure on R&D :		
	a) Capital		
	b) Recurring	₹11,58,000.00 (for Ceasar-II software)	Nil
	c) Total		
	d) Total R&D expenditure as a percentage of total turnover		



Directors' Report

ANNEXURE -VI

Sr. No.	Particulars	Current Year 2016-17	Previous Year 2015-16
2	Technology absorption, adaptation and innovation		
A	Efforts, in brief, made towards technology adaptation and innovation	Further development of Standards, Specifications and Operating Procedures (from Shell Group), adapted for local implementation.	Further development of Standards, Specifications and Operating Procedures (from BG Group), adapted for local implementation.
B	Benefits derived as a result of the above efforts e.g. Product Improvement, Cost Reduction, Product Development, Import Substitution, etc.	- Safe operation of Gas Supply Network. - Import substitution by development of indigenous vendor for supply of Diaphragm Gas Meters and AMR systems. - Growth strategy.	- Safe operation of Gas Supply Network. - Import substitution by development of indigenous vendor for supply of Service Regulators. - Growth strategy.
C	In case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year), following information may be furnished :		
(a)	Technology imported	Ceasar-II software	Nil
(b)	Year of import	2016	N.A.
(c)	Has technology been fully absorbed?	Yes	N.A.
(d)	If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action	N.A	N.A.
3	Foreign Exchange Earning and Outgo		
		Current Year (₹ in Crores)	Previous Year (₹ in Crores)
	Total Foreign Exchange Earned	NIL	NIL
	Total Foreign Exchange outgo	92.30	86.00

Business Responsibility Report (BRR)

for FY 2016-17

Section A: General Information about the Company.

1	Corporate Identity Number (CIN)	L40200MH1995PLC088133
2	Name of the Company	Mahanagar Gas Limited
3	Registered address	MGL House, Block G-33, Bandra- Kurla Complex, Bandra (E), Mumbai-400051.
4	Website	www.mahanagargas.com
5	E-mail id	info@mahanagargas.com
6	Financial Year reported	2016-17
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	The Company operates presently in the business of City Gas Distribution. National Industrial Classification code of the Product is 3520.
8	List three key products/services that the Company manufactures/provides (as in balance sheet)	Supply and Distribution of Natural Gas in the city of Mumbai including its adjoining areas and Raigad district.
9	Total number of locations where business activity is undertaken by the Company (a) Number of International Locations (Provide details of major 5) (b) Number of National Locations	-- i. Corporate Office in BKC, Mumbai and ii. City Gate Stations (CGS) at:- a) Wadala, Mumbai b) Mahape, Navi Mumbai c) Ambernath, Thane d) Taloja, Raigad
10	Markets served by the Company – Local / State / National / International	Local

Section B: Financial details of the Company

1	Paid up Capital (INR)	₹ 9,877.78 lakhs
2	Total Turnover (INR)	₹ 2,22,274.67 lakhs (Sale of Natural Gas including excise duty)
3	Total profit after taxes (INR)	₹ 39,342.75 lakhs
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	The Company has spent ₹468.60 lakhs, which is 1.03% of average net profit of the last 3 years, calculated in the manner specified in Section 135 of the Companies Act, 2013 and Rules made there under.
5	List of activities in which expenditure in 4 above has been incurred:-	• Health Care and Sanitation. • Education and employment enhancing vocational Skills. • Environment / Flora / Fauna Sustainability. • Promoting Gender Social Equality and Empowering Women. • Training & Capacity Building of CSR personnel & Administrative Expenses.



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Section C: Other Details

1. **Does the Company have any Subsidiary Company/ Companies?**
Mahanagar Gas Limited (MGL) does not have any subsidiary company.
2. **Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s).**
Not Applicable.
3. **Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]**
No, none of the entity / entities with whom Company does business participates in the BR initiatives of the Company. However, such entities may be having BR initiatives of their own which they may be following. GAIL (India) Limited, promoter of the Company and the major gas suppliers i.e IOCL, BPCL, HPCL and ONGC are required to undertake the BR activities and release their own dedicated Business Responsibility Report.

Section D: BR Information

1. Details of Director/Directors responsible for BR:

a. Details of the Director/Director responsible for implementation of the BR policy/policies.	Rajeev Mathur, Managing Director DIN: 03308185
b. Details of the BR head	Rajeev Mathur, Managing Director DIN: 03308185 Telephone Number: 022 6678 5000 Email ID: info@mahanagargas.com

2. Principle-wise (as per NVGs) BR Policy / policies:

The National Voluntary Guidelines (NVGs) on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility and the same are being followed in MGL.

Principle 1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
Principle 2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
Principle 3	Businesses should promote the wellbeing of all employees.
Principle 4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
Principle 5	Businesses should respect and promote human rights.
Principle 6	Businesses should respect, protect, and make efforts to restore the environment.
Principle 7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
Principle 8	Businesses should support inclusive growth and equitable development.
Principle 9	Businesses should engage with and provide value to their customers and consumers in a responsible manner.

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Sr. No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/ policies for....	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	All the policies have been formulated in consultation with the Management of the Company and approved by Competent Authority in the Organization. i.e Board of Directors.								
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Yes, the Policies conform to the applicable national and international standards.								
4	Has the policy being approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Yes, the officers of respective departments of the Company oversee the implementation of Policy.								
6	Indicate the link for the policy to be viewed online?	Ref \$	Ref &	Ref &	Ref \$	Ref &	Ref &	Ref \$	Ref &	Ref &
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the company have in-house structure to implement the policy/ policies.	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	The Company proposes to periodically carry out independent audit / evaluation of policy by a designated agency.								

Principle wise index:

P1 – Code of Conduct for Board Members and Senior Management Personnel, Whistle Blower Policy and Vigil Mechanism Policy.

P2– Contract and Procurement Manual, Natural Gas Sourcing Policy, Code of Conduct for Suppliers, and Quality Policy.

P3 – Human Resources Policies.

P4 – Corporate Social Responsibility Policy.

P5 – Prevention of Sexual Harassment at Workplace, Grievance Redressal Policy.

P6 – Health, Safety and Environment Policy

P7 – Code of Conduct and Code of Practices & Procedures for fair disclosure of Unpublished Price Sensitive Information.

P8 – Corporate Social Responsibility Policy and Health, Safety and Environment Policy

P8 –Corporate Communication Policy, Policy on Information Technology, Corporate Logo Usage guidelines

\$: <https://www.mahanagargas.com/investors/Policies.aspx>

&: Policy is available on the Company's intranet portal, which is accessible to all employees.



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(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

Sr. No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The company has not understood the Principles									
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3	The company does not have financial or manpower resources available for the task									
4	It is planned to be done within next 6 months									
5	It is planned to be done within the next 1 year									
6	Any other reason (please specify)									

3. Governance related to BR:

(a) **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.**

MGL being in the energy sector realizes the importance of sustainable growth and need for judiciously utilizing the planet's depleting natural resource. The Board of Directors constitute the representatives from our promoter i.e GAIL (India) Limited and BG Asia Pacific Holdings Pte. Limited and representative of Government of Maharashtra, which all put sustainability high on the Board agenda. Our Board reviews Company's sustainability performance on continual basis and is inherent part of corporate functions.

(b) **Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

The Company got listed on July 01, 2016 and as mandated by SEBI, the Company is releasing its first Business Responsibility Report for the Financial Year 2016-17 which forms part of the Annual Report for FY 2016-17. The same is available on the website of the Company and can be accessed at www.mahanagargas.com

Section E: Principle-wise Performance

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

1. **Does the policy relating to ethics, bribery and corruption cover only the Company? Does it extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?**

The Company has believed in adhering to the best corporate governance practice to ensure protection of interest of all Stakeholders. As a result, the Company has been voluntarily adopting the Corporate Governance practice much before the listing of its shares on the Stock Exchanges. The Company has in place a Code of Conduct for Board Members, Senior Management Personnel and Managerial Personnel. Annual affirmation for compliance of the Code of Conduct is obtained from each of the Board Members, Senior Management and Managerial Personnel. The Company is in process of formulation of a separate Code of Conduct for its employees. The values and the commitment to ethical business practice is also binding on all the Suppliers, Contractors, other external agencies of the Company. MGL does not have any Joint Venture, Subsidiary or Associate Company.

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The Company has a robust and effective Whistle blower Policy which aims to deter and detect actual or suspected misconduct. The Company through this Whistle Blower Policy is committed to providing an avenue to its employees for timely raising / reporting serious concerns with any aspect of the Company's work. This mechanism also provides for adequate safeguards against victimisation of employees who avail the mechanism. Any of the Employees can forward their concern under whistle Blower Policy in writing directly addressed to the Chairman, Audit Committee. The Company also has in place a Vigilance Mechanism policy and the same may be accessed on the website of the Company at https://www.mahanagargas.com/UploadedFiles/_56_MGL-Vigilance_Directive_68b18bb05b.pdf

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?

Stakeholders	Complaints Received during FY 2017	Complaints Resolved during FY 2017	Complaints Resolved (%)
Investor's Complaints	108	108	100%
Vendor/Contractor's Complaints	Nil	NA	NA
Employees	Nil	NA	NA
Public (received through CPGRAM)	149	149	100%

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

1. List up to three of your products or services whose designs have incorporated social or environmental concerns, risks and/ or opportunities.

Supply and Distribution of Natural Gas.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):

(a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?

The Company is in business of supplying and distribution of Natural Gas to its customers through pipeline and CNG stations that is environment friendly, reliable, economical and safe. MGL has adopted the best practices and safety principles as per international standards.

The system of supplying Natural Gas is supported by SCADA system with central control system i.e SCADA Control Room for overall monitoring.

(b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

MGL is supplying Natural Gas, which is a cleaner fuel thereby leading to a transition to the low carbon growth. Use of CNG today is reducing vehicular emissions by about 1400 tons per day, making a significant improvement in City's environment. As Natural Gas is the most benign fossil fuel, this has led to reduction of emissions at customers end.

A Solar Power Plant of 17KW at CGS, Wadala, and 20KW at MGL Office, Mahape, has been commissioned and successfully catering to the electrical lighting load of the office building. A 20 KW Solar power plant has been recently installed and taken into service at City Gate Station, Taloja. An Energy Conservation unit has been installed at MGL House, Bandra-Kurla Complex, which has brought about 14-15% reduction in energy consumption on account of lighting load. The Senior Management Personnel of the Company use car running on CNG and even the pooled vehicles and emergency vehicles run on CNG.



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3. Does the company have procedures in place for sustainable sourcing (including transportation)?

(a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

The Ministry of Petroleum and Natural Gas (MoPNG) allocates natural gas, an environmentally benign fuel for the entire requirement of CNG and domestic PNG under Administered Price Mechanism (APM) and Panna Mukti Tapti Agreements. As per the MoPNG Guidelines, the Company has access to cost effective domestic natural gas equal to 110% of our CNG and domestic PNG requirements.

For our industrial and commercial PNG consumers, the Company sources Regasified Liquefied Natural Gas (RLNG), again a clean fuel from a number of sources, both on term and spot basis. The Company has entered into renewed framework agreements for Spot RLNG with suppliers to source Spot RLNG in a competitive manner, and address the daily and seasonal fluctuations in gas demand. As a result of this comprehensive gas sales pricing policy, the Company successfully maintained its margins, despite considerable fluctuation in Spot RLNG prices during the year.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

The Company follows a transparent least price tendering approach for procurement. MGL selects its vendors based on carefully designed evaluation criteria for each good and services to be procured. In this procurement process, an equal opportunity is given to the local vendors as well as to any other small vendors, and as applicable they are invited for the tendering process.

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

The nature of business being supply and distribution of natural gas, our operations consume minimal raw material and resources and generate minimal waste. The Company has a documented procedure for generation, handling, storage and disposal of various types of hazardous waste as per the consent to operate granted to City Gate Stations at Sion, Mahape, Ambarnath and Taloja by Maharashtra Pollution Control Board, Mumbai. Assets like Desktops, Laptops, Printers and Storage are given back under buyback to the vendor, who supplies new assets. Cartridges are remanufactured and reused in our printers.

Principle 3: Businesses should promote employee well-being

- Please indicate the total number of employees.**
487 Permanent Employees and 30 Fixed Term Contract (as on March 31, 2017)
- Please indicate the Total number of employees hired on temporary/contractual/casual basis.**
The total numbers of employees hired on temporary/contractual/casual basis: 1754
- Please indicate the Number of permanent women employees.**
Number of permanent women employees: 49
- Please indicate the Number of permanent employees with disabilities.**
Number of permanent employees with disabilities: Nil
- Do you have an employee association that is recognized by management.**
Yes, Company has one recognized employee association i.e Petroleum Employee Union.
- What percentage of your permanent employees are members of this recognized employee association?**
16.43% of the permanent employees are members of this recognized employee association.
- Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

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Sr. No.	Category	No of complaints filed during the financial year	No of complaints pending as at the end of the financial year
1	Child labour/forced labour/ involuntary labour	Nil	NA
2	Sexual harassment	Nil	NA
3	Discriminatory employment	Nil	NA

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

Category	Safety (No. of employees)	Skill Upgradation (No. of employees)
Permanent Employees	242	400
Permanent Women Employees	10	31
Casual/Temporary/Contractual Employees	1754	--
Employees with Disabilities	NA	NA

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.

1. Has the company mapped its internal and external stakeholders? Yes/No

Yes, the Company has mapped its various key internal and external stakeholders which include investors, customers, employees, suppliers, vendors, Government Bodies, communities and public at large and employs various mechanisms and practices for engaging with them for fruitful dialogue and continued relationship. MGL regularly engages with its community stakeholder group, including those falling under disadvantaged, vulnerable and marginalized category, in our area of operations at Mumbai and its adjoining areas to understand and respond to community needs in an effective manner.

2. Out of the above, has the Company identified the disadvantaged, vulnerable and marginalised Stakeholders?

Yes, the Company has mapped disadvantaged, vulnerable and marginalized stakeholders, and is actively working with them towards inclusive growth. As part of MGL's CSR initiatives, Company is running health care, education, and promoting gender Social Equality and empowering Women projects for marginalized communities.

3. Are there any special initiatives undertaken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders? If so, provide details thereof, in about 50 words or so.

MGL has been continuously contributing in social investments primarily in the areas of Education, Skills Development, Health and Sanitation and Women empowerment. MGL has also initiated community based drinking water projects in 3 tribal hamlets around Mumbai. Under Pandit Deen Dayal Upadhyay Swastha Saarthi Abhiyaan, MGL has facilitated health check-up of 20000 auto rickshaw drivers and taxi drivers in its operational area. Under MGL Aarogya, the Company has facilitated health check-up of 122 auto rickshaw and taxi drivers in Mumbai. We also extended support for installation of HVAC at Bai Jerbai Wadia Hospital for Children.

MGL Komal Jivan is an initiative designed for welfare of street children – such children whose cries and pain are lost amidst the hustles and bustles of the city. We have adopted a multidimensional effort towards holistic development of such children who due to a complex mix of domestic, economic or social disruption find themselves in the streets and vulnerable to multitude of abuses.

At MGL, we have catalyzed reforms and identified role of 3 E's in shaping the community around. MGL through its community outreach programmes and initiatives



Business Responsibility Report (BRR)

continue to contribute and focus on Education, Environment and Empowerment thereby fostering the philosophy of taking care of the community for a sustainable tomorrow.

Principle 5: Businesses should respect and promote human rights.

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

Yes, the policies of the Company relating to Human Rights are all encompassing and thorough, and all contractors and suppliers are expected to follow them comprehensively. The Company had constituted an Internal Complaints Committee in compliance with requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The members of this committee include representatives from the company and external experts/NGOs. MGL is an equal opportunity employer and does not discriminate based on gender, caste, race or religion. MGL does not have any Group / Joint Ventures / Subsidiary / Associate Companies.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

No complaints regarding breach of Human Rights were received during this year.

Principle 6: Businesses should respect, protect, and make efforts to restore the environment.

1. Do the policies related to Principle 6 cover only the Company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?

Health, Safety & Environment (HSE) policy of the Company is applicable to all employees and stakeholders involved in the MGL's business. MGL does not have any Group / Joint Ventures / Subsidiary / Associate Companies. MGL is accredited to OHSAS 18001:2007 for Occupational Health & Safety Management System, and this year ISO 14001:2004 has been upgraded to ISO 14001:2015 for Environment Management System and ISO 9001:2008 for Quality Management System which are being audited regularly at par with international requirements.

MGL is committed to the Health and Safety of all its employees, the employees of our contractors and other stakeholders who may be affected by the Company's operations. The Company considers its contractors as business partners and expects them to adhere to the Company's HSSE standards. Coaching and assistance is provided to the business partners as and when required.

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc.

The Company is in business of distribution of the Natural Gas, which is the cleaner form of fuel compared to the other fuels. MGL understands its role and responsibility of mitigating the effects of climate change and is committed to the environmental protection. The objectives and goals of the Company include its contribution towards reduction of pollution in and around Mumbai and beyond.

3. Does the company identify and assess potential environmental risks? Y/N

Yes, the Company identifies and assesses potential environmental risk. MGL has identified all environmental aspects within the defined scope of the Environmental Management System i. e. at CGS - Sion, Ambernath, Mahape and Talaja for its activities, products and services that it can control and those that it can influence, and their associated impacts, considering life cycle perspective. The Company has a couple of sources and four gas receiving points, thereby minimizing the chances of interruption of gas supply.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?

The environment is both a brand image as well as a core area of focus for Mahanagar Gas Limited. In addition to the process and procedures that the Company has in place, to meet the requirements of ISO-14001 accreditation, every year the Company celebrates World Environment Day wherein the employees rededicate themselves to protect the environment and promote the benefits of natural gas to improve the environment through public awareness campaigns. Towards environment

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compliance, a new initiative of rain water harvesting work has also been completed at CGS Mahape, Taloja and Ambernath.

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

The company has installed Solar Panels in some of its Administration Buildings to reduce collective dependence on electricity. Also use of LED lights and Gas generators working on Natural gas at Offices and City Gate Stations saves significance amount of electricity and combat greenhouse gases emissions. MGL has implemented and upgraded Environmental Management System standard of ISO14001:2015. The Company has installed Rain Water Harvesting System at City Gate Stations to reuse the rain water for Fire Hydrant System and other activities inside the CGS. As a part of green initiative, Company has developed many Online Modules for uploading and auto sending the various reports which have reduced consumption of paper.

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Yes the emissions/waste generated by the Company for the Financial Year 2016-17 are within the regulatory defined limits.

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

During the year 2016-17, there were no show cause / legal notices from CPCB / SPCB received at any of the MGL sites.

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

1. Is your Company a member of any trade and chambers or association? If yes, name only those major ones that your business deals with.

Yes MGL is member of:

- Natural Gas Society
- Bombay Chamber of Commerce and Industry.

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good?

Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

No. Company's Senior Management represent the Company in various industry forums. They understand their responsibility while representing MGL in such associations. They engage in constructive dialogues and discussions and refrain from influencing public policy with vested interests.

Principle 8: Businesses should support inclusive growth and equitable development.

1. Does the Company have specified programmes / initiatives / projects in pursuit of the policy related to Principle 8? If yes, provide details thereof.

MGL's primary focus for CSR activities are on Education, Empowerment, Environment and Health Care. All activities undertaken by the Company are in concurrence to activities specified in schedule VII of the Companies Act, 2013. Some of the major CSR initiatives of the organization are:-

Education

- MGL Unnati:- Flagship CSR initiative of the company which mentors youths from socio-economically underprivileged communities and prepares them to appear for competitive engineering entrance examination. 30 students are being provided free of cost residential training to hone up their skills and prepare for engineering entrance examination.
- MGL Muskaan:- MGL has been supporting slum community in Turbhe in their quest for seeking better prospects for future generations by adopting a community centre for various developmental initiatives. The initiatives include operating balwadi for toddlers which is an assurance to both the working parents about the positive engagement and development of their children. Support education classes, computer classes, personality development initiatives apart



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from nutritional support are also conducted. Health camps are conducted on regular basis. For the women the centre is operating tailoring classes which also mobilizes orders from time to time. MGL also mentored children from slum communities through sports to evolve positive attitude and sensitize them against the negative social practices like gender discrepancy, substance abuse, drug addiction, etc.

- **Mini Science Centers:-** Science centers comprising of 60 table top models related to various theories of science was installed in 5 schools. These are expected to supplement the classroom inputs and enable better understanding of theories.
- **Computer Laboratory:-** In addition to the existing computer laboratory installed by MGL, a 2nd computer laboratory was also installed in MCGM School, Santacruz (W). Apart from the infrastructure support, MGL has also been extending support of a computer instructor in the 2 schools.
- **Equipping primary and pre-primary section in Kherwadi Municipal School.** The initiative also includes mobilization and awareness generation apart from strengthening the school management committee. The pre-primary and primary sections are aimed at employing the play way method of learning and early intervention to enhance literary skills amongst children.
- **Sports for learning initiative for children of 2 slum areas (Bharatnagar and Ambarnath)** was implemented. The project reached out to more than 1700 children across the 2 slum communities.
- **MGL Komal Jivan:-** An initiative for rehabilitation of street children was implemented. The focus of the initiative was general well-being of the children and to ensure social, emotional, psychological and physical growth of the children. These less blessed, roofless and rootless children are vulnerable to myriad number of abuses and thus an education centric multidimensional effort is designed for their rehabilitation. 55 street children are being rehabilitated under the initiative.
- **Education Infrastructure:-** Preliminary activities for upgradation of government school in Nagaon was taken up. Further water storage tanks were provided in Zilla Parishad schools in Varose and Nadhal (KW). Fabrication activity and toilet facelift was taken up in ZP School in Morbe (NV)

- **Adolescent Education:-** The initiative was implemented in 10 schools of Kalyan with focus on various social, psychological and physical challenges that an adolescent faces. The activity revolved around remedial education and counseling of adolescent to enable them reorient and realize their potential.

Empowerment

- **MGL Hunar:-** MGL Hunar is an employability initiative being implemented by MGL. Being implemented with various vocational training providers, the project provides training to youth on various trades like Gas Plumbing, Welding, Electrician, RAC Mechanic, Customer Care Executive and General Duty Assistant in Nursing. MGL has also facilitated up-gradation of infrastructure in a vocational training center in Karjat. The infrastructure up-gradation includes equipping of AV Hall, Gas Plumbing and RAC sections, Genset, Sleeping facilities for students, provisions of drinking water, etc. MGL has also facilitated curriculum development on gas plumbing. 93 trainees were enrolled in the Karjat center out of which 86% have successfully completed the training. The infrastructure up-gradation has indirectly benefited 242 trainees.

A training program focused on enhancing capacity of women was taken up by Mahanagar Gas Limited in the trade of General Duty Assistant in Nursing. The training program reached out to 81 candidates out of which 90% were female. Additionally 1 transgender candidate was also benefitted under the initiative. Another 18 candidates were trained in Customer Care Executive. Every year, MGL celebrates Women's Day. This year, MGL's women went to the Destitute Home run by Mother Theresa's Missionaries of Charity, Santacruz for celebrating Women's Day.

- **Gas Plumbing School:-** MGL has also initiated a gas plumbing school in Mahad. The school trains youths in batches of 30 on the nuances of the trade. The first batch of the training started in the month of March, 2017.
- **Scholarships:-** MGL has also extended support of scholarships to various trainees.

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Environment

- **MGL We Share:-** MGL We share is an initiative aimed at animal welfare with focus on sterilization of stray animals and reduction in man-animal conflict. More than 1000 stray animals were sterilized under the initiative. This was made possible with enhancement in the capacity of our partner organization. MGL's infrastructure support (such as pre and post operation wards, ICCU equipment, X-Ray equipment, Hematological equipment, laparoscopy machine, roof top solar power plant, etc.) has enabled drastic improvement in the performance and reduction in operational expenditure apart from reduction in turn-around time.
- **Plantation:-** MGL has facilitated plantation of 1200 saplings as its commitment towards environment. Further preparation for another 500 sapling plantation was also carried forward. The actual plantation is proposed during monsoon.

Health

- MGL has initiated community based drinking water projects in 3 tribal hamlets of Palghar District. Operated on solar power the project enhances access to safe drinking water for the villagers and reduces the drudgery of women folk. The project is benefiting more than 100 household in the villages.
- Pandit Deen Dayal Upadhyay Swastha Saarthi Abhiyaan was organized by MGL as a mega initiative towards well-being of auto rickshaw drivers and taxi drivers. 20000 drivers from across Mumbai and adjoining areas benefited from the initiative. The benefits included general health check-up, eye check-up, cardiac check-up, CBC, etc.
- Up-gradation of Bai Jerbai Wadia Hospital for Children:- MGL has also extended support towards up-gradation of Bai Jerbai Wadia Hospital for Children.
- MGL Aarogya:- MGL Aarogya is an initiative towards better health of the auto rickshaw drivers and taxi drivers of Mumbai and adjoining areas. 2 camps were organized in which 122 drivers were benefited.
- Swach Bharat Abhiyaan:- MGL is firmly supporting the Swach Bharat Abhiyaan. While Swachta Oath is administered to all employees, the management also took up cleanliness drive in areas surrounding

our offices. The Company has supported renovation of toilet in RZP School, Morbe – N.V and has also initiated ground work for new toilet blocks in government school, Nagaon, RZP School, Chowk and Children's Aid Society Rehabilitation Center in Mankhurd. MGL has also committed to support Uran Municipal Council with installation of Mobile Toilets at Market Place. Two units each with 10 seat capacity are being installed in the Uran Market Place.



Mahanagar Gas Limited has also taken up various awareness raising drives in supportive of 'Swach Bharat Abhiyaan'. A community awareness drive was taken up in Bharatnagar and Ambarnath Slum areas under the 'Sports for Development Initiative'.

Awareness sessions on cleanliness were organized under the project 'MGL Komal Jivan'. Further under MGL Gas Plumbing School, the trainees have to mandatorily dedicate time towards community service. Numerous initiatives in lines with 'Swach Bharat Abhiyaan' like cleanliness drive at bus stop, community places, local temples, etc. were organized.

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?

Most of the program is undertaken through external NGO. However, MGL has a dedicated CSR department which continuously monitors the progress of CSR activities. The projects are also regularly reviewed by senior management including the Corporate Social Responsibility (CSR) committee and the Board of Directors. CSR Committee monitors the Corporate Social Responsibility Policy by instituting a transparent



Business Responsibility Report (BRR)

monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the Company from time to time

3. Have you done any impact assessment of your initiative?

MGL has hired a third party agency for continuous monitoring and evaluation of the ongoing CSR initiatives. Apart from this, MGL's CSR team also regularly visits the project for assessment of progress. All the partners submit monthly and quarterly progress and financial report also which assists us in monitoring of the interventions.

4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.

₹4.69 Crores were spent during the financial year 2016-17. Details of some of the key projects undertaken are as under:-

Sl. No.	Initiative(s)	Amount Spent (in ₹ Lakhs)
1	Health and Sanitation initiatives including expenses towards 'Swachh Bharat Abhiyaan'	169.23
2	Education initiatives	153.29
3	Employability / Skill Enhancement Interventions	53.91
4	Environment Initiative including animal welfare	73.96
5.	Others	18.21

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

MGL employs Result Based Management approach towards CSR. The entire approach is process driven wherein focus is laid on need assessment at the inception. MGL focuses to invest in need based projects. Amongst various parameters defined for shortlisting of a project, community need assessment is mandatory. MGL's CSR team also visits the project location to interact with the community to gauge the need of the intervention before selection / finalization of a project. Further, regular dialogue with the community is also taken up to ensure involvement of community during the implementation of the project.

Yes, the Company displays the product information prominently at all its CNG Stations and also on the light commercial vehicles and the heavy commercial vehicles carrying the CNG cascades from the CGS to various CNG Stations. Adherence to all laws pertaining to product handling, branding, distribution is of utmost significance to the Company, and MGL ensures full compliance to these.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as at the end of financial year. If so, provide details thereof, in about 50 words or so.

No case has been filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and / or anti-competitive behavior during the last financial year.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.

1. What percentage of customer complaints / consumer cases is pending, as at the end of the financial year?

The details of complaints are given in Principle 1 of this report.

2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes / No / N.A. / Remarks (additional information).

4. Did your company carry out any consumer survey/ consumer satisfaction trends?

Customer Satisfaction Surveys are key indicator parameters to measure customer satisfaction and dissatisfaction levels. MGL conducts Customer Satisfaction Surveys on a yearly basis by engaging a third party agency basis across CNG and PNG Customers. The overall Customer Satisfaction Survey score for CNG users was 76 and the overall CSI score for PNG users was 83 out of 100.

Report on Corporate Governance

The Board of Directors of Mahanagar Gas Limited ("MGL") present the Report on Corporate Governance for the year ended March 31, 2017.

1. Company's philosophy on Code of Governance:

Mahanagar Gas Limited's philosophy on Corporate Governance envisages working towards high levels of transparency, accountability, consistent value systems, delegation across all facets of its operations leading to sharply focused and operationally efficient growth. The Company tries to work by these principles in all its interactions with stakeholders, including shareholders, employees, customers, suppliers and statutory authorities.

The objective of your Company is not only to meet the statutory requirements but to go well beyond it by instituting such systems and procedures as are in accordance with the latest global trend of making management completely transparent and institutionally sound. The Company has continually been strengthening business processes, systems, financial reporting, information security systems, disclosures, and standards of ethics.

Your Company ensures adequate, timely and accurate disclosure on all material matters including the financial situation, performance, ownership and governance of the Company to the stock exchanges and the investors. Information is prepared and disclosed in accordance with the prescribed standards of accounting, financial and non-financial disclosure and are disseminated in an equal, timely and cost efficient access to relevant information by users.

The Company believes that Corporate Governance is not restricted to Board and its committees. It is an approach to sustainable development. Good Governance is an essential ingredient of good business. With this view, the Company continued with its initiative of voluntary adoption of various Corporate Governance measures much before the listing of its shares on the stock exchanges.

2. Management Initiatives for Compliance:

Your Company has established a Compliance tool as a part of its transformation agenda to effectively monitor and implement various compliances within MGL.

3. Board of Directors:

a. Composition and Category of Board of Directors:

The Board of MGL comprises of combination of Executive, Non-Executive and Independent Directors. The Independent Directors are eminent persons with proven record in diverse areas like business, academics, finance, economics, administration etc.

As on March 31, 2017, your Company has ten Directors, including two woman Directors as tabled below.

Category	No of Directors	% of total no. of Directors
Executive Directors	2 (One Woman Director)	20%
Non - Executive & Non Independent Director	3	30%
Non - Executive & Independent Director	5 (One Woman Director)	50%
Total		100%

The composition of the Board is in conformity with provisions of Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and Section 149 of the Companies Act, 2013. The Board of Directors is chaired by a Non-Executive/ Promoter Chairman and has an optimum combination of Executive, Non-Executive and Independent Directors.



Report on Corporate Governance

Details of composition of Board, category and details of other Directorships, Chairmanships and the Committee positions as on March 31, 2017 are mentioned herein below:

Sr. No.	Name of the Director	Category	*Other Directorships	**No. of committee positions held in other Companies	
				Chairmanships	Memberships
1.	Dr. Ashutosh Karnatak	Chairman	2	-	2
2.	Mr. Rajeev Mathur	Managing Director	-	-	-
3.	Ms. Susmita Sengupta	Whole-Time Director	-	-	-
4.	Mr. Akhil Mehrotra	Non-Executive & Non- Independent Director	-	-	-
5.	Mr. Apurva Chandra	Non-Executive & Non- Independent Director	6	-	-
6.	Mr. Jainendar Kumar Jain	Non-Executive & Independent Director	1	-	1
7.	Mr. Santosh Kumar	Non-Executive & Independent Director	1	-	-
8.	Mr. Arun Balakrishnan	Non-Executive & Independent Director	7	4	2
9.	Dr. Basudeb Sen (upto March 04, 2017)	Non-Executive & Independent Director	3	-	2
10.	Mr. Raj Kishore Tewari	Non-Executive & Independent Director	-	-	-
11.	Mrs. Radhika Haribhakti (w. e. f March 05, 2017)	Non-Executive & Independent Director	5	-	6

Note:

*Excluding Directorship held in MGL, Private Limited Companies, Foreign Companies and Section 8 Companies.

**In accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Memberships/Chairmanships of only Audit Committees and Stakeholders Relationship Committees in all public limited companies have been considered.

Other Directorships:

None of the Directors is a Director in more than 10 Public Limited Companies or acts as an Independent Director in more than 7 Listed Companies. Further, none of the Directors acts as a member of more than 10 committees or acts as a chairman of more than 5 committees across all Public Limited Companies in which he/she is a Director.

b. Board Meetings:

The Board of Directors oversees the overall functioning of the Company and has set strategic objectives in order to achieve its Vision Statement. The Board defines Company's policy and oversees its implementation in attaining its objectives. The Board has constituted various committees to facilitate smooth and efficient flow of decision making process.

During the financial year 2016-17, 6 (six) Board Meetings were held. The dates of the Board Meetings are fixed well in advance and intimated to the Board members so as to enable the Directors to plan their schedule accordingly. The agenda papers are circulated to the Directors well in advance before the meeting.

The agenda items are comprehensive and informative in nature to facilitate deliberations and appropriate decision at the Board Meeting. Presentations are made to the Board on various functional and operational areas of the Company and other Business Development activities as well as on major projects, financial highlights etc.

Report on Corporate Governance

Apart from the Board members and Company Secretary, the CFO is usually invited to attend all the Board Meetings. Other senior management executives also participate as and when necessary, to provide additional inputs for items being discussed by the Board. The CFO makes presentation on quarterly and annual operating and financial performance. For items of agenda relating to any specific department or function, a presentation relating to such items are generally made by the respective functional Head at the Board Meeting.

The Board Minutes are prepared promptly after the Board Meeting and approval is obtained. The approved minutes are then circulated to the Board of Directors and also to the concerned departments for implementation. Action Taken Report on decision of the Board is prepared and submitted to the Board periodically.

Company Secretary acts as a Secretary to the Board and all the Committees of the Board.

Number of Board Meetings:

During the financial year 2016-2017, Six (6) Board Meetings were held, the details of which are mentioned herein below:

Date of Board Meeting	Total Strength of the Directors	No. of Directors present at the meeting
May 30, 2016	10	9
August 20, 2016	10	10
September 01, 2016	10	9
November 28, 2016	10	9
February 11, 2017	10	9
March 21, 2017	10	8

The gap between any two meetings was not more than one hundred and twenty days, as stipulated under Listing Regulations.

In the report, the abbreviations below, wherever they appear, denote the following:

Y	: Present for the meeting in person
N	: Absent for the meeting
NA	: Not Applicable being not a director at the time of meeting / Not Applicable being not a member of the Committee at the time of meeting

The details of attendance of the Directors at the Board Meetings, last annual general meeting (AGM) held during the Financial Year 2016-17 is as follows:-

Name of the Director	Board Meeting						AGM held on September 26, 2016
	May 30, 2016	August 20, 2016	September 01, 2016	November 28, 2016	February 11, 2017	March 21, 2017	
Dr. Ashutosh Karnatak	Y	Y	Y	Y	Y	Y	N
Mr. Rajeev Mathur	Y	Y	Y	Y	Y	Y	Y
Ms. Susmita Sengupta	Y	Y	Y	Y	Y	Y	Y
Mr. Akhil Mehrotra	Y	Y	Y	Y	Y	Y	Y
Mr. Apurva Chandra	Y	Y	N	Y	N	N	Y
Mr. Jainendar Kumar Jain	Y	Y	Y	Y	Y	N	Y
Mr. Santosh Kumar	Y	Y	Y	Y	Y	Y	N
Mr. Arun Balakrishnan	Y	Y	Y	Y	Y	Y	Y
Dr. Basudeb Sen*	N	Y	Y	N	Y	NA	N
Mr. Raj Kishore Tewari	Y	Y	Y	Y	Y	Y	N
Mrs. Radhika Haribhakti**	NA	NA	NA	NA	NA	Y	NA

* Director up to March 04, 2017

**Appointed as Director w. e. f March 05, 2017



Report on Corporate Governance

Relationship between the Directors:

There is no relationship amongst any of the Directors of the Company.

Shareholding of Non-Executive Directors:

None of the Non-Executive Directors holds any equity shares / convertible instruments in the Company.

Sitting fees:

The Sitting fees paid to the Independent Directors during the Financial Year 2016 - 2017 is as per details given below:

₹ (in Lakhs)

Sr. No.	Name of the Director	Number of Meetings Attended							Amount Paid as sitting fees for attending the Board meeting @ ₹ 30,000 per Board meeting and meeting of committees @ ₹ 25,000 per Committee meeting
		Board	Audit Committee	Nomination and Remuneration Committee	Corporate Social Responsibility Committee	IPO Committee	Stakeholders Relationship Committee	Performance Review Board Committee	
	Total Meetings	6	6	3	1	4	1	11	
1	Dr. Basudeb Sen	3	NA	1	NA	NA	1	NA	1.40
2	Mr. Jainendar Kumar Jain	5	5	NA	NA	3	NA	NA	3.50
3	Mr. Santosh Kumar	6	6	NA	1	NA	NA	11	6.30
4	Mr. Arun Balakrishnan	6	6	3	NA	NA	NA	NA	4.05
5	Mr. Raj Kishore Tewari	6	6	NA	NA	NA	NA	10	5.80
6	Mrs. Radhika Haribhakti	1	NA	NA	NA	NA	NA	NA	0.30
	Total								21.35

Remuneration to Non-Executive & Non Independent Directors:

The Company has not paid any remuneration or made any reimbursement to any Non-Executive & Non Independent Director for attending meetings during the Financial Year 2016 -17.

Remuneration to Executive Directors of the Company:

The disclosure relating to Remuneration paid to Executive Directors i.e. Managing Director and Whole Time Director (Technical Director) is disclosed in the Directors' Report of the Company.

Commission to Non-Executive & Independent Directors:

Apart from Sitting Fees and reimbursement of expenses for attending meetings of the Board and / or Committees thereof, the Shareholders of the Company have approved payment of Commission to Non-Executive & Independent Directors at a rate not exceeding one percent (1%) of the net profits of the Company and calculated and divided amongst them in such manner as the Board may from time to time, determine, for a period of five years commencing from the Financial Year 2016-17.

Report on Corporate Governance

Following are the details of Commission paid to the following Independent Directors for the Financial Year 2015- 2016:

₹ (in Lakhs)

Sr. No.	Name of the Director	Number of Board meetings attended	Chairmanship held for which Committee meeting									Total Amount payable
			Amount payable	Audit	Amount payable	IPO	Amount payable	NRC	Amount payable	Corporate Social Responsibility	Amount payable	
1	Dr. Basudeb Sen	2	1.00	--	0.00	--	0.00	--	0.00	--	0.00	1.00
2	Mr. Jainendar Kumar Jain	4	2.00	3	0.30	2	0.20	--	0.00	--	0.00	2.50
3	Mr. Santosh Kumar	6	3.00	--	0.00	--	0.00	--	0.00	2	0.20	3.20
4	Mr. Arun Balakrishnan	5	3.00	2	0.20	--	0.00	5	0.50	--	0.00	3.70
5	Mr. Raj Kishore Tewari	5	3.00	--	0.00	--	0.00	--	0.00	--	0.00	3.00
TOTAL			12.00		0.50		0.20		0.50		0.20	13.40

Notes:

- Total 6 (six) Board Meetings were held during the Financial Year 2015-16.
- The above calculations have been made, as per the method detailed below:
 - If the attendance in the Board Meeting is 80% or more -
No. of Meetings HELD X ₹50,000
 - If the attendance in the Board Meeting is less than 80% -
No. of meetings ATTENDED X ₹50,000
- Additional payment of ₹10,000/- payable for chairing Committee meetings.
- The total amount payable to each Non-Executive & Independent Director is subject to the maximum limit of INR 5 lakhs.

The Commission to be paid to Non-Executive & Independent Directors for the financial year 2016-17 shall be approved in the financial year 2017-18 and shall be disclosed in the Report on Corporate Governance pertaining to financial year 2017-18.

Selection of New Directors and Board Membership:

The Nomination and Remuneration Committee works with the Board to determine the appropriate characteristics, skills and experience for the Board as a whole and its individual members with the objective of having a Board with diverse backgrounds and experience in business, government, education and public service. Eminent people having an independent standing in their respective field/profession, and who can effectively contribute to the Company's business and policy decisions are considered by the Human Resources, Nomination and Remuneration Committee, for appointment as Independent Directors on the Board. The Committee, inter alia, considers qualification, positive attributes, area of expertise and number of Directorships and Memberships held in various committees of other companies by such persons for selection as Directors and determining Directors' independence. The Board considers the Committee's recommendation, and takes appropriate decision. Every Independent Director, at the first meeting of the Board in which he participates as a



Report on Corporate Governance

Director and thereafter at the first meeting of the Board in every financial year, gives a declaration that he meets the criteria of independence as provided under law.

5. Committees of the Board of Directors:

The Board has constituted the below mentioned committees:

- a) Audit Committee,
- b) Nomination and Remuneration Committee,
- c) Stakeholders Relationship Committee,
- d) Corporate Social Responsibility Committee,
- e) Performance Review Board Committee,
- f) IPO Committee.

The Board Committees are represented by a combination of Executive, Non-Executive and Independent Directors. The Chairman of all these Committees are Independent Directors.

As per the charter of respective Committees, the Committee deliberates on the matters assigned / referred to it by the Board or as mandated by the statutes. Information and data that is important to the Committees to discuss is distributed in writing to the members of the Committees well in advance of the meeting. Recommendations of the Committees are submitted to the Board to take decision on the matter, wherever required.

a. Audit Committee:

The Audit Committee ensures prudent financial and accounting practices, fiscal discipline and transparency in financial reporting. One of its important terms of reference, quarterly financial statements are reviewed by Audit Committee and recommended to the Board for its adoption.

The composition, powers, role and terms of reference of Committee are in accordance with the requirements mandated under Section 177 of the Companies Act, 2013 and Listing Regulations.

Composition and attendance during the financial year:

Composition:

The Audit Committee as on March 31, 2017, comprised of following six (6) Members of the Board:

Name of the Member	Category
Mr. Jainendar Kumar Jain	Non-Executive & Independent Director (Chairman)
Mr. Arun Balakrishnan	Non-Executive & Independent Director (Member)
Mr. Santosh Kumar	Non-Executive & Independent Director (Member)
Mr. Raj Kishore Tewari	Non-Executive & Independent Director (Member)
Dr. Ashutosh Karnatak	Non-Executive & Non Independent Director (Member)
Mr. Akhil Mehrotra	Non-Executive & Non Independent Director (Member)

Managing Director (presently Mr. Rajeev Mathur) and Whole Time Director (presently Ms. Susmita Sengupta) shall be the Permanent Invitees of the Committee.

Meetings and attendance:

Six (6) meetings of the Audit Committee were held during the financial year 2016-17.

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Below table gives the details of the attendance of the members of the Audit Committee at its meetings held during the financial year 2016-17:

Name of the Member	Audit Committee Meeting					
	May 30, 2016	August 20, 2016	September 01, 2016	November 28, 2016	February 11, 2017	March 21, 2017
Mr. Jainendar Kumar Jain	Y	Y	Y	Y	Y	N
Mr. Arun Balakrishnan	Y	Y	Y	Y	Y	Y
Mr. Santosh Kumar	Y	Y	Y	Y	Y	Y
Mr. Raj Kishore Tewari	Y	Y	Y	Y	Y	Y
Dr. Ashutosh Karnataka	Y	Y	Y	Y	Y	Y
Mr. Akhil Mehrotra	Y	Y	Y	Y	Y	Y

Power, Terms of Reference and role of Audit Committee:

Powers of Audit Committee:

The Audit Committee shall have powers; which should include the following:

- To investigate any activity within its terms of reference;
- To seek information from any employee;
- Selecting and appointing professional advisors and obtaining advice from external sources including forensic or other investigations, if necessary;
- To secure attendance of outsiders with relevant expertise, if it considers necessary;
- To have full access to the information contained in the records of the Company.

Role and Terms of Reference of Audit Committee:

The role of the Audit Committee shall include the following:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Review and recommend for approval to the Board - proposals on Borrowings and proposals on non-fund based facilities from banks;

3. Review and recommend for approval to the Board - Business plan;
4. Review and recommend for approval to the Board - capital expenditure proposals exceeding authority limit of SMG but not exceeding ₹ 50.0 Crores;
5. Review and recommend for approval to the Board - treasury policies of MGL;
6. Review and recommend for approval to the Board - Corporate Annual Budget and Revised Estimates;
7. To review PNG and CNG Pricing Policy at least on a quarterly basis and to recommend to the Board for approval, change required in it, if any;
8. Recommending to the Board, the appointment, re-appointment, terms of appointment and, if required, the replacement or removal of the internal auditor, cost auditor and statutory auditors and the fixation of audit fees and remuneration;
9. Approval of payment to statutory, internal and cost auditors for any other services rendered by them, as applicable;
10. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:



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- (a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub section 3 of section 134 of the Companies Act, 2013;
 - (b) Changes, if any, in accounting policies and practices and reasons for the same;
 - (c) Major accounting entries involving estimates based on the exercise of judgment by management;
 - (d) Significant adjustments made in the financial statements arising out of audit findings;
 - (e) Compliance with listing and other legal requirements relating to financial statements;
 - (f) Disclosure of any related party transactions;
 - (g) Modified opinion(s) in the draft audit report.
 - (h) The going-concern assumption;
 - (i) Compliance with accounting standards;
 - (j) Contingent liabilities; and,
 - (k) Claims against the Company and their effect on the financial statements; the term "financial statement" shall have the meaning ascribed to such term under Section 2(40) of the Companies Act, 2013.
11. Reviewing, with the management, the quarterly and annually financial statements and such other periodical statements before submission to the board for approval;
12. Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency, monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in the matter;
13. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
14. Examination of the financial statement and the auditor's report thereon;
15. Approval or any subsequent modification of transactions of the Company with related parties, provided that the Audit Committee may make omnibus approval for related party transactions proposed to be entered into by the Company subject to such conditions as may be prescribed;
16. Lay down the criteria for granting omnibus approval in line with the Company's policy on related party transactions and such approval shall be applicable in respect of transactions which are repetitive in nature;
17. The Audit Committee to satisfy itself regarding the need for omnibus approval and that such approval is in the interest of the Company;
18. Scrutiny of inter-corporate loans and investments;
19. Valuation of undertakings or assets of the Company, wherever it is necessary;
20. Evaluation of internal financial controls and risk management systems;
21. Reviewing, with the management, performance of statutory, cost and internal auditors, adequacy of the internal control systems;
22. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
23. Discussion with internal auditors of any significant findings and follow up there on;
24. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;

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25. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
 26. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
 27. To formulate the scope, functioning, periodicity and methodology for conducting the internal audit in consultation with the internal auditor;
 28. Approval of appointment of CFO (i.e. the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
 29. To review the functioning of the Whistle Blower mechanism;
 30. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee as per the Companies Act, 2013, Rules framed there under, and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable Rules and Regulations.
- II. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
 - III. It shall also define Statement of significant related party transactions to be submitted by management;
 - IV. Details of all material transactions with related parties to be disclosed every quarter along with the compliance report on Corporate Governance;
 - V. On a quarterly basis, the details of related party transactions entered into by the Company pursuant to each omnibus approvals given;
 - VI. Audit Committee to monitor whether the policy dealing with Related Party transactions is placed on the website thereto to be presented in the Annual Report;
 - VII. Management letters / letters of internal control weaknesses issued by the statutory auditors;
 - VIII. Internal audit reports relating to internal control weaknesses; and,
 - IX. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

Explanation:

- i) The term “related party transactions” shall have the same meaning as provided in Section 188 of the Companies Act, 2013 and Regulation 2 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Review of information by Audit Committee:

The Audit Committee shall mandatorily review the following information:

- I. Management discussion and analysis of financial condition and results of operations;

- X. Statement of deviations:
 - a. Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
 - b. Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

Establishing and monitoring of a Vigil Mechanism for enabling adequate safeguards and protection of interest of the director(s) or employees or any other person who may avail the mechanism and to provide for direct access to the Chairperson of the Audit Committee in exceptional cases where deemed necessary.



Report on Corporate Governance

b. Nomination and Remuneration Committee

The Nomination and Remuneration Committee discharges the Board's responsibilities relating to compensation of the Company's EDs and senior management. The Committee has the overall responsibility of approving and evaluating the compensation plans, policies and programmes for EDs and the senior management. The Committee reviews and recommends to the Board, to approve for the EDs, the base salary, incentives/commission, other benefits, and compensation. The Committee further coordinates and oversees the annual performance evaluation of the Board, Committees of the Board and individual Directors.

The composition, powers, role and terms of reference of Committee are in accordance with requirements mandated under Section 178 of the Companies Act, 2013 and Listing Regulations.

Composition and attendance during the financial year:

Composition:

The Nomination and Remuneration Committee as on March 31, 2017, comprised of following four (4) Members of the Board:

Name of the Member	Category
Mr. Arun Balakrishnan	Non-Executive & Independent Director (Chairman)
Mr. Santosh Kumar	Non-Executive & Independent Director (Member)
Dr. Ashutosh Karnatak	Non-Executive & Non Independent Director (Member)
Mr. Akhil Mehrotra	Non-Executive & Non Independent Director (Member)

Managing Director (presently Mr. Rajeev Mathur) and Whole Time Director (presently Ms. Susmita Sengupta) shall be the Permanent Invitees of the Committee.

Note:-

- 1) Dr. Basudeb Sen who was Director upto March 04, 2017 was member of Nomination and Remuneration Committee.

- 2) Mr. Santosh Kumar was appointed as member of Nomination and Remuneration Committee w. e. f. March 21, 2017.

Meetings and attendance:

Three (3) meetings of Nomination and Remuneration Committee were held during the financial year 2016-17.

Below table gives the details of the attendance of the members of the Nomination and Remuneration Committee at its meetings held during the financial year 2016-17:

Name of the Member	Nomination and Remuneration Committee Meeting		
	November 28, 2016	February 11, 2017	March 21, 2017
Mr. Arun Balakrishnan	Y	Y	Y
Mr. Santosh Kumar	NA	NA	NA
Dr. Ashutosh Karnatak	Y	Y	Y
Mr. Akhil Mehrotra	Y	Y	Y
Dr. Basudeb Sen	N	Y	NA

Terms of Reference of the Nomination and Remuneration Committee:

The role of the Nomination and Remuneration Committee shall inter-alia include:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of the directors, key managerial personnel and other employees;
2. The Nomination and Remuneration Committee would be reviewing the Terms and Conditions of services including remuneration in respect of Technical Director and Managing Director and submit their recommendations to the Board;
3. Formulation of criteria for evaluation of performance of Independent Directors and the Board;

Report on Corporate Governance

4. Devising a policy on Board diversity;
5. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance;
6. Determination of extension or continuation of the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
7. Evaluating the current composition, organization and governance of the Board and its Committees, as well as determine future requirements and make recommendations to the Board for approval;
8. Determine on an annual basis, desired Board qualifications, expertise and characteristics and conducting searches for potential Board Members with corresponding attributes. Evaluate and propose Nominees for election to the Board. In performing these tasks, the Committee shall have the sole authority to retain and terminate any Search Firm to be used to identify Director candidates;
9. Evaluate and recommend termination of membership of individual Directors in accordance with the Board's governance principles for cause or for other appropriate reasons;
10. To recommend to the Board regarding the appointment, promotion and removal of the senior management personnel at such level/s;
11. To review, amend, modify and approve all other Human Resources related Policies of the Company from time to time;
12. To review and recommend to the Board, Manpower Plan / budget, sanction of new senior management positions from time to time in future;
13. To review and recommend to the Board matters relating to revision of compensation /salary and long term wage settlements;
14. To review with the Management, all HR related issues from time to time so as to maintain harmonious employer-employee relations;
15. To periodically review and re-examine the Terms of Reference and make recommendations to the Board for any proposed changes;
16. In performing its responsibilities, the Committee shall have authority to obtain advice, reports or opinions from internal or external counsel and expert advisors;
17. Ensuring proper induction program for new Directors, KMP and Senior Management and reviewing its effectiveness; ensuring that on appointment, receive a formal letter of appointment in accordance with guidelines provided under the Companies Act, 2013;
18. Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
19. Consider and determine the Nomination and Remuneration policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract, retain and motivate members of the Board and such other factors as the Committee shall deem appropriate;
20. The Committee should ensure that it proactively maintains a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company

Evaluation of Performance of the Board, its Committees and Individual Directors:

The Board of Directors have laid down the manner for carrying out an annual evaluation of its own performance, its various Committees and individual directors pursuant to the provisions of the Companies Act, 2013 and the Listing Regulations. These guidelines were further revised by the Board based on the Guidance Note issued by SEBI.

The Nomination and Remuneration Committee in its meeting held on February 11, 2017, designated Mr. Arun Balakrishnan, the Chairman of NRC, as the Lead Director for discussing and soliciting the views of the group and



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summarizing the collective views in the questionnaire for the purpose of performance evaluation for the financial year 2016-2017.

The Board carried out an annual performance evaluation of its own performance, all the Directors individually as well as the evaluation of the working of the Committees of the Board. The performance evaluation of all the Directors was carried out by the Nomination and Remuneration Committee. The Independent Directors in its separate meeting prepared a report on performance evaluation of Individual Directors (including Chairperson, independent and non-independent directors), Board as a whole and Board Committees and submitted it to the Chairman for perusal.

c. Stakeholders Relationship Committee:

The Stakeholders Relationship Committee has the power to look into redressal of Shareholders'/ Investors' grievance such as complaints relating to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividend etc.

The composition, powers, role and terms of reference of Committee are in accordance with the requirements mandated under Section 178 of Companies Act, 2013 and Listing Regulations.

Composition and attendance during the financial year:

Composition:

The Stakeholders Relationship Committee as on March 31, 2017, comprised of following three (3) Members of the Board:

Name of the Member	Category
Mr. Jainendar Kumar Jain	Non-Executive & Independent Director (Chairman)
Mr. Rajeev Mathur	Executive Director (Member)
Ms. Susmita Sengupta	Executive Director (Member)

Note: -

- 1) Dr. Basudeb Sen who was a Director upto March 04, 2017 was Chairman of Stakeholders Relationship Committee.

- 2) Mr. Jainendar Kumar Jain was appointed as Chairman of Stakeholders Relationship Committee w. e. f. March 21, 2017.

Mr. Alok Mishra, Company Secretary, has been appointed as the Compliance Officer of the Company by the Board for complying with the requirements of Listing Regulations.

Meetings and attendance:

One (1) meeting of the Stakeholders Relationship Committee was held during the financial year 2016-17.

Below table gives the details of the attendance of the members of the Stakeholders Relationship Committee at its meetings held during the financial year 2016-17.

Name of the Member	Stakeholders Relationship Committee Meeting
	September 01, 2016
Dr. Basudeb Sen	Y
Mr. Jainendar Kumar Jain	NA
Mr. Rajeev Mathur	Y
Ms. Susmita Sengupta	Y

Terms of Reference of the Stakeholders Relationship Committee:

The Stakeholders Relationship Committee shall be responsible to resolve grievances and complaints of all the Security Holders. The functions of the Stakeholders Relationship Committee include the following:

- a) Collecting and analyzing reports received periodically from Registrar and Share Transfer Agent (RTA) on the following:
 - I. Requests regarding non-receipt of Shares, Debentures, Deposit receipt, declared Dividend or interest;
 - II. Requests regarding non-receipt of the Notice of Annual General Meeting, Balance Sheet and Profit & Loss Account Statement;
 - III. Complaints of investors routed by SEBI or Stock Exchanges and others;

Report on Corporate Governance

- IV. Transfer, Sub-division, consolidation, split, exchange, endorsement, transmission of share certificates, transposition of share certificates;
- V. Issue of Share Certificates, Debenture Certificate, Duplicate Share or Debenture Certificate in lieu of lost/torn/mutilated/defaced certificates;
- VI. Request relating to dematerialization and rematerialisation of shares;
- VII. Request relating to modes of paying the Dividend i.e. through Electronic clearing service, RTGS and issue of Dividend Warrant for dividend payment/Interest etc.
- VIII. Complaints related to transfer of shares, non-receipt of annual report and non-receipt of declared dividends.

- b) Other matters related to or arising out of shareholders/investors services including preparation and approval of periodical reports.

Number of complaints received / disposed during the year ended March 31, 2017

Complaints outstanding as on April 01, 2016	Nil
Complaints received during the year ended March 31, 2017	108
Complaints resolved during the year ended March 31, 2017	108
Complaints pending as on March 31, 2017	Nil

d. Corporate Social Responsibility Committee:

The composition, powers, role and terms of reference of CSR Committee are in accordance with the requirements mandated under Section 135 of the Companies Act, 2013.

Composition and attendance during the financial year:

Composition:

Corporate Social Responsibility Committee as on March 31, 2017, comprised of following three (3) Members of the Board:

Name of the Member	Category
Mrs. Radhika Haribhakti	Non-Executive & Independent Director (Chairperson)
Mr. Rajeev Mathur	Executive Director (Member)
Ms. Susmita Sengupta	Executive Director (Member)

Note:

Mrs. Radhika Haribhakti was appointed as Chairperson of CSR Committee w. e. f. March 21, 2017 in place of Mr. Santosh Kumar.

Meetings and attendance:

One (1) meeting of the Corporate Social Responsibility Committee was held during the financial year 2016-17.

Below table gives the details of the attendance of the members of the Corporate Social Responsibility Committee at its meetings held during the financial year 2016-17.

Name of the Member	CSR Committee Meeting August 20, 2016
Mr. Santosh Kumar	Y
Mrs. Radhika Haribhakti	NA
Mr. Rajeev Mathur	Y
Ms. Susmita Sengupta	Y

Terms of Reference of the Corporate Social Responsibility Committee:

Following are functions and powers of the CSR committee including those as enumerated in the Companies Act, 2013 and Rules made there under:

- To formulate and recommend to the Board a Corporate Social Responsibility Policy and subsequent amendments as required from time to time.
- To ensure that the Corporate Social Responsibility Policy shall include/ indicate the activities to be undertaken by the Companies as specified in Schedule VII of the Companies Act, 2013 and the rules made there under, from time to time excluding the activities undertaken in pursuance of its normal course of business.



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3. To monitor the Corporate Social Responsibility Policy by instituting a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the Company from time to time.
4. To recommend the annual budget for the Corporate Social Responsibility activities of the Company in compliance with the relevant statutory provisions.
5. To assist the Board to ensure that the Company spends towards the Corporate Social Responsibility activities, in every Financial Year, such percentage of average net profit /amount as may be prescribed in the Companies Act, 2013 and/or Rules made there under.
6. To explain to the Board of Directors of the Company, if the Company fails to spend the prescribed amount within the financial year.
7. To provide updates to the Board at regular interval of six months on the Corporate Social Responsibility activities.
8. Subject to these terms of reference, the Corporate Social Responsibility Committee shall have the power to regulate its own proceedings.
9. To review and recommend the CSR plan for the ensuing financial year to the Board of Directors.
10. To approve any project that may come during the year and which is not covered in the CSR Plan up to such amount as may be prescribed by the Board of Directors from time to time.
11. Such other functions as may be prescribed.

e. Performance Review Board Committee:

Composition and attendance during the financial year:

Composition:

The Performance Review Board Committee as on March 31, 2017, comprised of following Four (4) Members of the Board:

Name of the Member	Category
Mr. Santosh Kumar	Non-Executive & Independent Director (Chairman)
Mr. Raj Kishore Tewari	Non-Executive & Independent Director (Member)
Mr. Akhil Mehrotra	Non-Executive & Non Independent Director (Member)
Mr. Rajeev Mathur	Executive Director (Member)

Whole Time Director (presently Ms. Susmita Sengupta) shall be Permanent Invitee of the Committee.

Note:

Mr. Rajeev Mathur, Managing Director was appointed as Member of Performance Review Board Committee w. e. f. September 01, 2016.

Meetings and attendance:

Eleven (11) meetings of the Performance Review Board Committee were held during the financial year 2016-17.

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Below table gives the details of the attendance of the members of the Performance Review Board Committee at its meetings held during the financial year 2016-17.

Date of Performance Review Board Meeting	Name of the Director			
	Mr. Santosh Kumar	Mr. Raj Kishore Tewari	Mr. Akhil Mehrotra	Mr. Rajeev Mathur
April 26, 2016	Y	Y	Y	NA
May 30, 2016	Y	Y	Y	NA
June 29, 2016	Y	N	Y	NA
July 27, 2016	Y	Y	Y	NA
September 01, 2016	Y	Y	Y	NA
September 27, 2016	Y	Y	Y	Y
October 27, 2016	Y	Y	Y	Y
November 28, 2016	Y	Y	Y	Y
January 05, 2017	Y	Y	Y	Y
January 31, 2017	Y	Y	Y	Y
February 28, 2017	Y	Y	Y	Y

Terms of Reference of the Performance Review Board Committee:

Powers of the Performance Review Board Committee:

The Performance Review Board Committee shall have powers; which shall include the following:

- I. To review and investigate any activity within its terms of reference;
- II. To seek information from any employee / executives/ officers;
- III. To obtain advice from in house / outside person, if required;
- IV. To secure attendance of outsiders with relevant expertise, if it considers necessary;
- V. To take necessary action against any of the employee of the Company, who are directly and indirectly involved with activities being reviewed by the Committee.

Review of information by Performance Review Board Committee:

The Performance Review Board Committee shall review the following information with regard to actual achievement versus budgeted targets:

- (i) Gas sales volume across all customer segments.
- (ii) Physical and financial performance.
- (iii) Customer conversions/connections for all segments (Domestic, Commercial, Industrial and CNG);
- (iv) CNG Outlets commissioned.
- (v) CNG Compression capacity.
- (vi) Steel and PE Pipeline network.
- (vii) Capex and Opex spent
- (viii) Profitability of the Company.
- (ix) Planning and C&P Process for various activities.
- (x) Getting land for CNG stations.
- (xi) Health monitoring of contracts.
- (xii) Customer grievance status.
- (xiii) Any other matters, as the committee may deem fit.



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Terms of Reference and Role of the Performance Review Board Committee:

The terms of reference and role of the Performance Review Board Committee in relation to the information/ activity / (ies) as mentioned in above para 5.1 shall include the following:

- i) The Performance Review Board Committee may invite such number of the executives/officers of the Company, as it considers appropriate to be present at the meetings of the committee, but on occasions it may also meet without the presence of any executives / officers of the Company.
- ii) Meetings of the Performance Review Board Committee shall be conducted in English and the Minutes thereof shall be recorded in writing in English;
- iii) The minutes of meetings of the Performance Review Board Committee shall be produced before the MGL Board on a regular interval.
- iv) The Performance Review Board Committee shall submit its report to the MGL Board periodically.
- v) The Committee shall review actual achievement versus budgeted targets.
- vi) The Committee shall review and note the variances, if any, in the actual versus budgeted.
- vii) The Committee shall review the comments and also ascertain or find out the reasons of variances, if any.
- viii) In case of variances or under achievement of physical targets, the Committee shall discuss the necessary remedial actions and provide advice and guidance on remedial actions.
- ix) The Committee shall review the physical performance report of the Company at regular intervals.
- x) The Committee shall review the Customer Care management activities.

- xi) The Committee shall review the Asset Integrity management at regular intervals.
- xii) The Committee shall review the Key Performance Area (KPA) of concerned departments.
- xiii) Carrying out any other functions as mentioned herewith or as the MGL Board may advise the Committee from time to time.

f. IPO Committee

The IPO Committee was constituted to overlook the Initial Public Offer of MGL. The Shares of the Company were listed on July 01, 2016 on BSE Limited and National Stock Exchange Limited. Upon completion of the IPO of the Company, the Committee was dissolved.

Composition and attendance during the financial year:

Composition:

The IPO Committee comprised of following five (5) Members of the Board:

Name of the Member	Category
Mr. Jainendar Kumar Jain	Non-Executive & Independent Director (Chairman)
Dr. Ashutosh Karnatak	Non-Executive & Non Independent Director (Member)
Mr. Akhil Mehrotra	Non-Executive & Non Independent Director (Member)
Mr. Rajeev Mathur	Executive Director (Member)
Ms. Susmita Sengupta	Executive Director (Member)

Meetings and attendance:

Four (4) meeting of the IPO Committee were held during the financial year 2016-17.

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Below table gives the details of the attendance of the members of the IPO Committee at its meetings held during the financial year 2016-17:

Name of the Member	IPO Committee Meeting			
	May 30, 2016	June 10, 2016	June 25, 2016	June 29, 2016
Mr. Jainendar Kumar Jain	Y	Y	Y	N
Dr. Ashutosh Karnatak	N	N	N	N
Mr. Akhil Mehrotra	Y	Y	Y	Y
Mr. Rajeev Mathur	Y	Y	Y	Y
Ms. Susmita Sengupta	Y	N	Y	Y

g. Separate meeting of Independent Directors:

In accordance with the provisions of Schedule IV (Code for Independent Directors) of the Companies Act, 2013 and Regulation 25 (3) of Listing Regulations, a meeting of the Independent Directors was held on March 21, 2017, to a) review performance of non - independent directors and Board as a whole b) review performance of Chairperson of the Company, taking into account the views of executive directors and non – executive directors c) assess quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

6. Annual General Meetings:

Details of location, date, time and special resolutions passed in previous three Annual General Meetings of the Company are as follows:

Year	Date & Time	Location	Special Resolutions passed
2015-16	September 26, 2016 at 10.30 Hours	IES Manik Sabhagriha, Bandra Reclamation, Bandra (West), Mumbai	1. To adopt new set of Articles of Association of the Company. 2. To re-appoint Mr. Santosh Kumar as an Independent Director of the Company. 3. To re-appoint Mr. Arun Balakrishnan as an Independent Director of the Company. 4. To pay Commission to Non-Executive & Independent Directors
2014 - 15	July 31, 2015 at 12.30 Hours	Taj Lands End Hotel, Mumbai	1. Approval of Material Related Party Transactions
2013 - 14	September 29, 2014 at 11.00 Hours	Hotel Trident , Mumbai	1. No Special Resolution was passed

Extra-Ordinary General Meeting:

During the Financial Year 2016-17, no Extra-Ordinary General meeting of the Company was held.

Postal Ballot:

No approval of shareholders was sought by means of postal ballot during the financial year 2016-2017. There is no immediate proposal for passing any resolution through Postal Ballot. None of the businesses proposed to be transacted at ensuing AGM requires passing of resolution through Postal Ballot.

Disclosures:

a. Code of Conduct:

The Company has in place a comprehensive Code of Conduct (the Code) applicable to the Board, Senior Management Personnel and Managerial Personnel. The Code of Conduct is formulated with a purpose to ensure good corporate governance and ethical and transparent process in managing the affairs of the Company. A copy of the Code has been put on the Company's website (www.mahanagargas.com). The Code has been circulated to Directors and Management Personnel, and its compliance is affirmed by them annually.



Report on Corporate Governance

Declaration:

I hereby confirm that the Company has obtained from all the members of the Board and Management Personnel, affirmation that they have complied with the Code of Conduct for the financial year 2016-2017.

Sd/-

Date: May 10, 2017

(Rajeev Mathur)

Place: Mumbai

Managing Director

b. Familiarization Programme for the Directors:

Pursuant to requirements of Regulation 25(7) of Listing Regulations, the Company conducts the familiarization program for all Directors including Independent Directors giving an overview of the Company's operations, products, Board constitution, business model of the Company and roles, rights, responsibilities of Independent Directors.

Periodic presentations are made at the Board and Board Committee Meetings, on business and performance updates of the Company, business strategy and risks involved. Periodically, updates on relevant statutory changes and judicial pronouncements encompassing important amendments are briefed to the Directors. The details of such Familiarization Programme for Independent Directors are disclosed on the website of the Company. Weblink: www.mahanagargas.com.

c. Whistle Blower Policy:

The Company has framed a Whistle Blower Policy wherein employees are free to report any improper activity resulting in violations of laws, rules, regulations or code of conduct by any of the employees, to the Competent Authority or Chairman of the Audit Committee, as the case may be. The confidentiality of those reporting violations shall be maintained and they shall not be subjected to any discriminatory practice. No employee has been denied access to the Audit Committee.

d. Disclosure on material significant related party transactions:

Related party transactions are disclosed in Notes to Accounts forming part of this Annual Report. There are no material pecuniary relationships or transactions with the Non-Executive Directors.

The Company has not entered into any materially significant contract with its Promoters, Directors or the Management or Relatives etc., during the Financial Year 2016-17, except the Material Related Party Transaction with GAIL (India) Limited as mentioned in the point no. 32.3 of the Notes to Accounts. The policy on related party transactions is uploaded on the website of the Company. The web link of the Policy is www.mahanagargas.com.

e. Adherence to Accounting Standards:

In the preparation of financial statements, the Company has followed the Accounting Standards notified pursuant to Companies (Indian Accounting Standards) Rules, 2015 and the relevant provision of the Companies Act, 2013. The significant accounting policies which are consistently applied have been set out in the Notes to the Financial Statements.

f. Risk Management and internal control policies adopted by the Company:

The Company has a well-defined Risk Management Framework in place. The Company has procedures to periodically place before the Audit Committee and the Board, the risk assessment and mitigation plans being followed by the Company.

g. Details of non-compliance during the last three years:

The Company has not been imposed with any penalty / strictures by Stock Exchanges, SEBI or any other statutory authority for non-compliance of any matter related to capital market during the last three years. The Company has listed its shares on stock exchanges on July 01, 2016 and is strictly following the rules, regulations, guidelines issued by various regulatory Authorities.

h. Directors retiring by rotation:

Mr. Akhil Mehrotra, Non-Executive Director, will retire by rotation at the ensuing Annual General Meeting and his brief profile has been made part of Annual report.

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i. CEO / CFO Certification:

CEO / CFO Certification as required under the provisions of Regulation 17 (8) of Listing Regulations have been made part of this Report.

j. Details of compliance and Adoption/Non Adoption of the non- mandatory requirements for the year ended March 31, 2017:

- I. The Company complies with corporate governance requirements as specified under Listing Regulations.
- II. The Chairman of the Company is a Non-Executive Director.
- III. The Company does not send half-yearly financial results including summary of the significant events in the last six months to the household of each shareholder as the financial results are published in the newspapers and also posted on the website of the Company and the websites of BSE and NSE.
- IV. The auditors have issued an unmodified opinion of the financial statements of the Company.
- V. The Company has separate position for Chairman and Managing Director.
- VI. The Internal Auditor reports their findings to the Audit Committee of the Company.

k. Shareholders Information:

I. Means of Communication:

Website: The Company's website www.mahanagargas.com contains a separate dedicated section 'INVESTOR' where shareholders information is available. The full Annual Report is also available on the website in a user friendly and downloadable form. Apart from this, official news releases, detailed presentations made to institutional investors / analysts etc., and transcript of conference calls are also displayed on the Company's website.

Financial Results: The annual, half-yearly and quarterly results are regularly posted by the Company on its website

www.mahanagargas.com. These are also submitted to the Stock Exchanges in accordance with the Listing Agreement and published in leading newspapers like 'Financial Express' and 'Loksatta'.

Annual Report: Annual Report containing inter alia audited Annual Accounts, Directors' Report, Auditors' Report, and other important information are circulated to Members and others entitled thereto. The Management's Discussion and Analysis (MD&A) Report forms part of the Annual Report.

Corporate Filing: Announcements, Quarterly Results, Shareholding Pattern etc. of the Company are regularly filed by the Company with the Stock Exchanges and are available on the website of BSE Limited at www.bseindia.com, National Stock Exchange of India Limited at www.nseindia.com and also available on the website of the Company at www.mahanagargas.com.

II. Corporate Identity Number (CIN):

The Company is registered with Registrar of Companies (ROC) in State of Maharashtra, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L40200MH1995PLC088133.

III. Listing on Stock Exchanges and Stock Codes:

Shares of the Company are currently listed on the following stock exchanges:

Name	Address	Stock Code
BSE Limited	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001	539957
National Stock Exchange of India Limited	Exchange Plaza, Bandra - Kurla Complex, Bandra (East), Mumbai - 400051	MGL

The Listing fees for the financial year 2016-17 have been paid to both BSE and NSE.



Report on Corporate Governance

IV. General Details of the Company:

Registered Office: MGL House, Block G-33, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051

V. Financial Year of the Company is from April to March.

VI. Forthcoming Annual General Meeting of the Company:

Day	Date	Time	Venue
Monday	September 25, 2017	11.00 am	IES Manik Sabhagriha, Bandra Reclamation, Bandra (West), Mumbai

VII. Dates of Book Closure:

Book Closure for Dividend will be from Saturday, September 16, 2017 to Monday, September 25, 2017, both days inclusive.

VIII. Dividend Payment date:

Interim Dividend for the financial year 2016-2017 of ₹ 8.00 per equity share declared by the Board on February 11, 2017 was paid to those members whose names were appearing in the Register of Members as on February 20, 2017.

The Board has recommended final dividend of ₹11.00 per equity share for Financial Year 2016-17. If approved by the members, final

dividend will be paid to those members of the Company whose names would appear in the register of members as on Friday, September 15, 2017

IX. Company Secretary and Compliance Officer of the Company:

Mr. Alok Mishra
Company Secretary and Compliance Officer
MGL House, Block G-33
Bandra-Kurla Complex, Bandra (East)
Mumbai - 400 051
Tel: +91 (22) 2652 8924
Fax: +91 (22) 2652 8925
Email: investorrelations@mahanagargas.com

The members may communicate investor's complaints to the Company Secretary on the above mentioned co-ordinates.

X. Unclaimed Dividend:

According to the provisions of the Companies Act, 2013, the amount in the dividend account remaining unclaimed for a period of seven years from the date of its disbursement, has to be transferred to Investors Education and Protection fund (IEPF) maintained by Government of India.

Following are the details of the unclaimed dividend, if not claimed within the period of 7 years, then the same will be transferred to the Investors Education and Protection fund (IEPF) in accordance with the schedule given below:

Financial Year	Date of declaration of dividend and type of dividend	Total dividend (In ₹)	Unclaimed dividend as on March 31, 2017 (In ₹)	Due Date for transfer of unclaimed dividend to IEPF	Percentage of unclaimed dividend over Total Dividend
2016-17	February 11, 2017 – 1 st Interim	1,563,478,000.00	683,900.00	March 10, 2024	0.04
2015-16	September 26, 2016 – Final	776,351,042.00	515,136.00	October 25, 2023	0.07

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XI. Outstanding Unclaimed Shares:

The status of outstanding unclaimed shares in the Unclaimed Share Suspense Account of the Company is as under:-

Particulars	No. of Shareholders	No. of equity shares of ₹ 10.00 each
Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account as on April 01, 2016.	--	Nil
Number of shareholders who approached the Company for transfer of shares from the said Unclaimed Suspense Account during the period from April 01, 2016 up to March 31, 2017.	1	175*
Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the said period.	1	175
Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account as on March 31, 2017	-	Nil

* 175 shares were dropped while crediting shares in NSDL and CDSL during the Initial Public Offer

XII. Dematerialization of Shares:

The Company's Equity Shares have been dematerialized with the Central Depository Services (India) Limited (CDSL) and National Securities Depositories Limited (NSDL). The International Security Identification Number (ISIN) is INE002S01010.

As on March 31, 2017, 98777077 Equity Shares comprising of 99.99% of the Company's shares are held in dematerialized form.

XIII. Share Transfer System:

The shares of the Company are traded in dematerialized form. Shares received in physical form are transferred within the stipulated period from the date of lodgment subject to documents being valid and complete in all respects. There were no overdue share transfers pending as on March 31, 2017. In order to expedite the process of share transfer, the Company has delegated the power of share transfer to its officers. The Company obtains from a Company Secretary in Practice half-yearly certificate of compliance with the share transfer formalities as required under Regulation 40(9) of the Listing Regulations and files a copy of the certificate with the Stock Exchanges.

Stock Market data:

Equity Shares of ₹ 10.00 paid-up value:

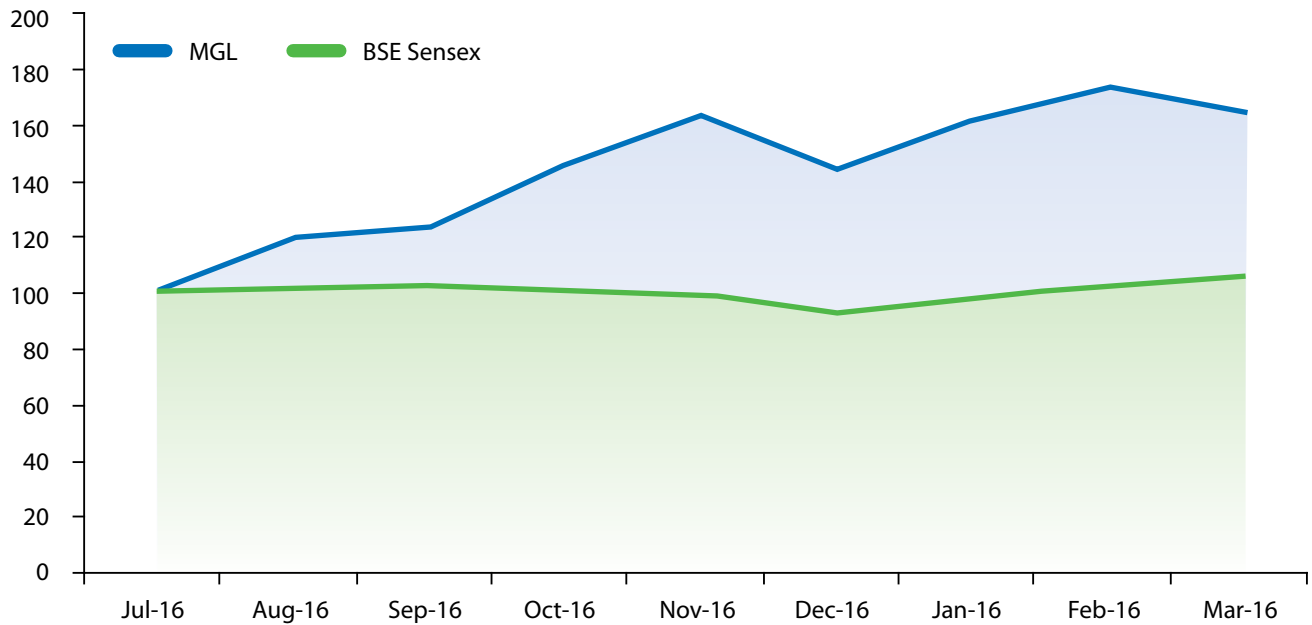
Month	BSE (in ₹)		NSE (in ₹)	
	High Price	Low Price	High Price	Low Price
July-2016	549.15	493.20	548.95	492.65
August-2016	660.90	504.00	661.40	504.00
September-2016	679.95	600.00	679.95	598.00
October-2016	802.25	665.10	803.25	664.30
November-2016	899.00	642.75	828.00	635.10
December-2016	795.00	731.00	797.00	730.10
January-2017	888.00	789.40	888.00	788.65
February-2017	956.00	850.15	955.50	849.00
March-2017	904.00	845.00	907.70	844.00

Note: The shares of the Company got listed on July 01, 2016 at BSE and NSE.

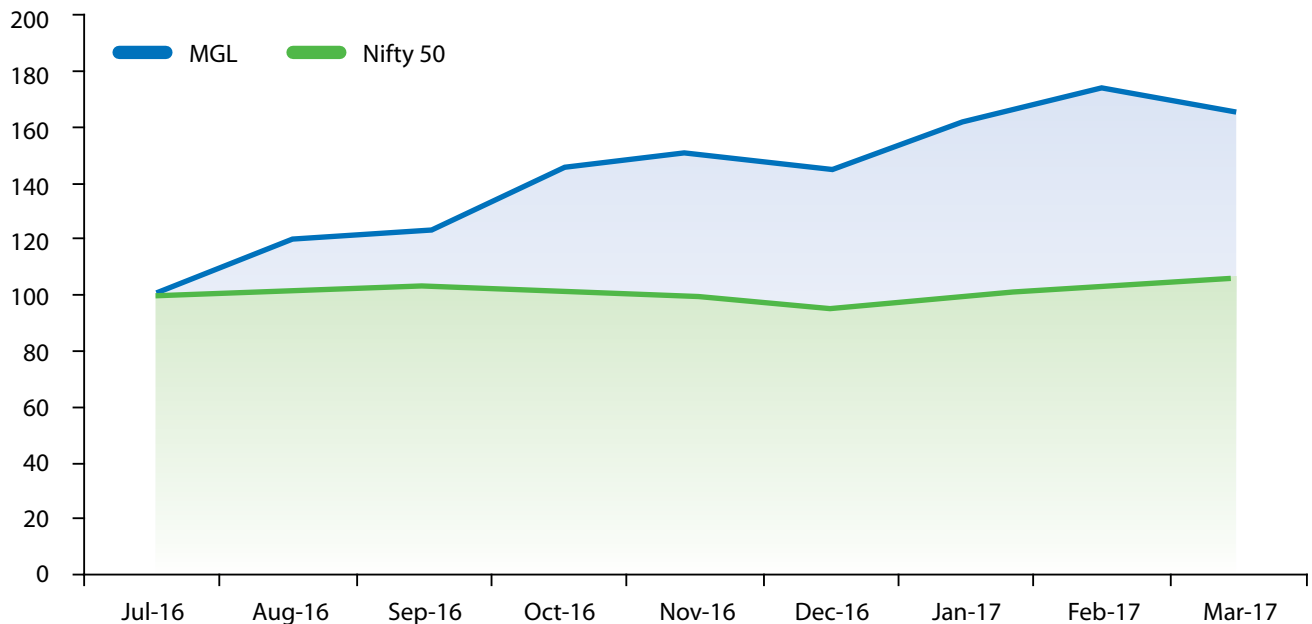


Report on Corporate Governance

The performance of the equity share price of the Company vis-à-vis the BSE Sensex at BSE is as under:



The performance of the equity share price of the Company vis-à-vis the Nifty 50 at NSE is as under:



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i. Distribution of Shareholding as on March 31, 2017

Shareholding of nominal value	Shareholders	Percentage	Nominal Value of Equity Shares	Percentage holding
1 -- 5000	84895	98.3970	42312840	4.2836
5001 -- 10000	729	0.8449	5480800	0.5549
10001 -- 20000	306	0.3547	4553470	0.4610
20001 -- 30000	89	0.1032	2251440	0.2279
30001 -- 40000	29	0.0336	1029330	0.1042
40001 -- 50000	26	0.0301	1219800	0.1235
50001 -- 100000	61	0.0707	4515390	0.4571
100001 -- *****	143	0.1657	926414710	93.7878
Total	86278	100	987777780	100

ii. Shareholding pattern as on March 31, 2017

Sr. No.	Category of Shareholders	No. of Shareholders	No. of Equity Shares	Nominal Value of Equity Shares	Percentage Holding
1.	Promoters & Promoters Group	2	64,205,450	642,054,500	65.00
2.	Institutions				
a)	Mutual Fund	34	5,287,227	52,872,270	5.35
b)	Venture Capital Funds	-	-	-	-
c)	Alternate Investment Funds	-	-	-	-
d)	Foreign Venture Capital Investors	-	-	-	-
e)	Foreign Portfolio Investor	86	9,683,175	96,831,750	9.80
f)	Financial Institutions / Banks	5	68,476	684,760	0.07
g)	Insurance Companies	22	2,578,515	25,785,150	2.61
h)	Provident Funds / Pension Funds	-	-	-	-
3.	Central Government / State Government(s)/ President of India				
(i)	Governor of Maharashtra	1	9,877,778	98,777,780	10.00
4.	Non-Institutions			-	
a)	Individuals	80,659	5,529,694	55,296,940	5.60
b)	NBFCs registered with RBI	-	-	-	-
c)	Employee Trusts	-	-	-	-
d)	Overseas Depositories (holding DRs) (balancing figure)	-	-	-	-
e)	Any Other (Specify)				
i)	Trusts	6	401,935	4,019,350	0.41
ii)	Hindu Undivided Family	3,672	262,408	2,624,080	0.27
iii)	Non Resident Indians (Non Repat)	236	28,168	281,680	0.03
iv)	Non Resident Indians (Repat)	752	150,151	1,501,510	0.15
v)	Foreign Portfolio Investor (Individual)	1	1,450	14,500	0.00
vi)	Clearing Member	266	149,751	1,497,510	0.15
vii)	Bodies Corporate	536	553,600	5,536,000	0.56
Total		86,278	98,777,778	987,777,780	100



Report on Corporate Governance

Shareholding Pattern as on March 31, 2017



iii. Top 10 shareholders as on March 31, 2017:

Sr. No.	Name of the Shareholder	No. of Shares held	Percentage (%)
1	GAIL (India) Ltd	32102740	32.5000
2	BG Asia Pacific Holdings Pte. Limited	32102710	32.4999
3	Governor of Maharashtra	9877778	10.0000
4	Goldman Sachs India Limited	1191871	1.2066
5	Eastspring Investments India Equity Open Limited	1066730	1.0799
6	Franklin India Smaller Companies Fund	1031121	1.0439
7	UTI-Dividend Yield Fund	837000	0.8474
8	Stichting Depositary APG Emerging Markets Equity Pool	725500	0.7345
9	Somerset Small Mid Cap EM All Country Fund LLC	633647	0.6415
10	Birla Sun Life Trustee Company Private Limited A/C Birla Sun Life Equity Fund	588000	0.5953

iv. Contact details of Registrar and Share Transfer Agent of the Company:

Link Intime India Pvt Ltd
C 101, 247 Park,
L B S Marg, Vikhroli West,
Mumbai 400 083
Tel No: +91 22 49186000 Fax: +91 22 49186060

v. Plant Locations:

- City Gate Station, Opposite Anik Bus Depot, Sion, Mumbai - 400 022.
- City Gate Station, MIDC Mahape, Post-Koper Khairane, Navi Mumbai - 400 709.
- City Gate Station, Plot No : TAK-A, Ambernath Industrial Area, Ambernath - Badlapur Road, Village - Chikhaloli, Tal- Ambernath, District – Thane – 421 506.
- City Gate Station, Plot No: J-93/2, Talaja MIDC Area, Talaja, District – Raigad – 410 208.

Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification

To,

The Board of Directors,
Mahanagar Gas Limited

We, Rajeev Mathur, Managing Director and S. M. Ranade, Chief Financial Officer of Mahanagar Gas Limited, to the best of our knowledge and belief certify that:

- (a) We have reviewed the financial statements and the cash flow statement of Mahanagar Gas Limited for the year ended March 31, 2017 and that to the best of our knowledge and belief :
 - 1) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - 2) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee :
 - 1) Significant changes, if any, in the internal control over financial reporting during the year.
 - 2) Significant changes, if any, in accounting policies during the year and that the same have been disclosed in the Notes to the financial statements; and
 - 3) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Date: May 12, 2017
Place : Mumbai

Sd/-
S. M Ranade
Chief Financial Officer

Sd/-
Rajeev Mathur
Managing Director



Certificate on Corporate Governance

To,
The Members of
Mahanagar Gas Limited

We have examined the compliance of conditions of Corporate Governance by Mahanagar Gas Limited (hereinafter referred as "Company") for the year ended March 31, 2017 as prescribed in Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of regulation 46 and paras C, D and E of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as "Listing Regulations").

We state that compliance of conditions of Corporate Governance is the responsibility of the management and our examination was limited to procedures and implementation thereof adopted by the Company for ensuring compliance with conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion, and to the best of our information and according to our examination of the relevant records and the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as prescribed under Listing Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

This certificate is issued solely for the purposes of complying with Listing Regulations and may not be suitable for any other purpose.

For Mehta & Mehta,
Company Secretaries
(ICSI Unique Code P1996MH007500)

Sd/-
Dipti Mehta
Partner

FCS No : 3667
CP No. : 3202
Place : Mumbai
Date : May 26, 2017

Independent Auditors' Report To The Members of Mahanagar Gas Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Mahanagar Gas Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the 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 of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

In conducting 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 thereunder.

We conducted our audit of the Ind AS financial statements 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 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 Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

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

Opinion

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit 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.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.



Independent Auditors' Report To The Members of Mahanagar Gas Limited

- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement 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 Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - 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, as amended, 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 as at the year end on its financial position in its Ind AS financial statements.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
 - 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 the Ind AS financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No. 117365W)

Sd/-
Rupen K. Bhatt
(Partner)
(Membership No. 46930)

Place: Mumbai
Date: 26th May, 2017

Annexure “A” to the Independent Auditors’ Report

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Act

We have audited the internal financial controls over financial reporting of Mahanagar Gas Limited (“the Company”) as of March 31, 2017 in conjunction with our audit of the 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.

Auditor’s 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 Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance

about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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



Annexure "A" to the Independent Auditors' Report

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.

Place: Mumbai
Date: 26th May, 2017

Opinion

In our opinion, to the best of our information and according to the explanations given to us, 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 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".

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No. 117365W)

Sd/-
Rupen K. Bhatt
(Partner)
(Membership No. 46930)

Annexure “B” to the Independent Auditors’ Report

(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us and the records examined by us and based on the examination of the registered conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of buildings which are freehold, are held in the name of the Company as at the balance sheet date.
- (ii) In our opinion and according to the information and explanations given to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) In our opinion and according to the information and explanations given to us, 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.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 73 to 76 or any other

relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014, as amended, with regard to the deposits accepted. According to the information and explanations given to us, no order in this respect has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal with regard to the company.

- (vi) We have broadly reviewed the cost records maintained by the Company pursuant to The Companies (Cost Records and Audit) Amendment Rules, 2014, prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) In our opinion and according to the information and explanations given to us, in respect of statutory dues:
 - (a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees’ State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees’ State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.
 - (c) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, and Value Added Tax which have not been deposited as on March 31, 2017 on account of disputes are given below:



Annexure “B” to the Independent Auditors’ Report

(₹ in Lakh)

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved	Amount Unpaid
Central Excise Act, 1944	Excise Duty	High Court	March 2001 to December 2004	281.86	281.86
		CESTAT	June 2003 to November 2015	15,657.20	15,229.95
		Commissioner / Commissioner (Appeals)	April 2014 to April 2016	1,445.50	1,444.27
		Below Commissioner	May 2010 to January 2016	403.85	403.85
Central Excise Act, 1944	Service Tax	CESTAT	April 2005 to September 2015	434.63	432.20
		Commissioner / Commissioner (Appeals)	April 2006 to May 2015	122.85	118.81
		Below Commissioner	April 2014 to January 2016	14.45	13.93
Maharashtra Value Added Tax Act, 2002	Sales Tax	Joint Commissioner (Appeals)	April 2006 to March 2011	489.07	438.35
Income Tax Act, 1961	Income Tax	Assessing Officer	Assessment year 2010-2011	10.20	3.71

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues in respect of debenture holders. During the year, the Company has not taken loans from financial institutions, banks and government.
- (ix) During the year, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 is not applicable. During the year the shareholders of the Company vide an initial public offer have offered for sale, equity shares to the public.
- (x) In our opinion and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No. 117365W)

Sd/-
Rupen K. Bhatt
(Partner)
(Membership No. 46930)

Place: Mumbai
Date: 26th May, 2017

Balance Sheet

as at March 31, 2017

		₹ Lakh		
Particulars	Notes	As at 31st March 2017	As at 31st March 2016	As at 31st March 2015
ASSETS				
I. Non-current Assets				
(a) Property, Plant and Equipment	4	1,30,030.93	1,12,406.00	1,02,900.18
(b) Capital Work-in-Progress	4	41,152.79	42,886.51	37,962.01
(c) Intangible Assets	4	444.30	468.71	457.10
(d) Financial Assets				
(i) Trade Receivables	5	36.62	108.32	152.79
(ii) Security Deposits	6	2,171.99	1,710.17	986.13
(iii) Other Financial Assets	7	42.85	7.21	1,301.46
(e) Income Tax Assets (net)		799.28	1,079.62	606.46
(f) Other Non-current Assets	8	8,153.39	4,477.51	4,353.52
Total Non-current Assets (I)		1,82,832.15	1,63,144.05	1,48,719.65
II. Current assets				
(a) Inventories	9	2,376.34	1,802.68	1,735.49
(b) Financial Assets				
(i) Investments	10	46,666.60	39,340.10	37,183.40
(ii) Trade Receivables	5	9,454.39	9,232.60	9,586.63
(iii) Cash and Cash Equivalents	11	738.90	2,219.09	1,679.32
(iv) Bank balances other than (iii) above	12	14,071.88	15,284.30	11,986.36
(v) Security Deposits	6	1,219.09	976.49	1,487.91
(vi) Other Financial Assets	13	2,868.68	3,229.91	2,715.33
(c) Other current assets	14	2,196.92	1,819.05	1,598.59
Total Current Assets (II)		79,592.80	73,904.22	67,973.03
TOTAL (I+II)		2,62,424.95	2,37,048.27	2,16,692.68
EQUITY AND LIABILITIES				
I. Equity				
(a) Equity Share Capital	15	9,877.78	8,934.16	8,934.16
(b) Other Equity	16	1,74,125.96	1,63,908.67	1,51,468.17
Total Equity (I)		1,84,003.74	1,72,842.83	1,60,402.33
II. Liabilities				
A. Non-current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	17	270.03	437.62	675.90
(ii) Other Financial Liabilities	18	19.59	46.27	101.58
(b) Provisions	19	1,400.64	1,117.65	1,159.00
(c) Deferred Tax Liabilities (net)	20	13,762.71	11,994.56	10,285.45
Total Non-current Liabilities (A)		15,452.97	13,596.10	12,221.93
B. Current Liabilities				
(a) Current Financial Liabilities				
(i) Trade Payables	21			
- Micro, Small and Medium Enterprises (refer note 32.10)		297.16	178.49	266.12
- Other Trade Payables		14,598.83	10,983.17	10,368.04
(ii) Security Deposits		38,781.58	31,863.85	27,401.29
(iii) Capital Creditors				
- Micro, Small and Medium Enterprises (refer note 32.10)		168.66	413.46	180.60
- Other Capital Creditors		2,296.21	2,282.86	1,342.59
(iv) Other Financial Liabilities	22	1,341.92	60.72	92.26
(b) Provisions	19	1,476.72	1,163.05	975.62
(c) Income Tax Liabilities (net)		116.36	95.44	174.32
(d) Other Current Liabilities	23	3,890.80	3,568.30	3,267.58
Total Current Liabilities (B)		62,968.24	50,609.34	44,068.42
Total Liabilities (II = A+B)		78,421.21	64,205.44	56,290.35
TOTAL (I+II)		2,62,424.95	2,37,048.27	2,16,692.68
See accompanying notes to the financial statements		1-32		

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Rupen K. Bhatt
Partner
(Membership No. 46930)

For and on behalf of the Board of Directors

Rajeev Mathur
Managing Director
DIN: 03308185

S M Ranade
Chief Financial Officer
ACA No.: 39230

Susmita Sengupta
Technical Director
DIN: 06825311

Alok Mishra
CS & Compliance Officer
ACS No.: A-15967

Place : Mumbai
Date : 26th May, 2017



Statement of Profit and Loss

for the year ended March 31, 2017

₹ Lakh

Particulars	Notes	For the year ended 31st March 2017	For the year ended 31st March 2016
I Revenue from Operations	24	2,23,907.13	2,28,513.13
II Other Income	25	5,265.72	4,717.78
III Total Income (I + II)		2,29,172.85	2,33,230.91
IV Expenses :			
Cost of Natural Gas and Traded Items	26	1,01,836.18	1,22,962.56
Changes in Inventories	27	4.04	7.20
Excise Duty		20,509.95	20,683.40
Employee Benefits Expense	28	6,001.91	5,630.38
Finance Costs	29	102.11	222.21
Depreciation and Amortisation Expenses	4	9,513.20	8,260.83
Other Expenses	30	31,139.45	28,301.24
Total Expenses		1,69,106.84	1,86,067.82
V Profit Before Tax for the period (III- IV)		60,066.01	47,163.09
VI Income Tax Expense :			
(i) Current Tax		18,947.16	14,474.38
(ii) Deferred Tax		1,776.10	1,600.04
Total Income Tax Expense (i+ii)		20,723.26	16,074.42
VII Profit After Tax for the period (V - VI)		39,342.75	31,088.67
VIII Other Comprehensive Income			
Gain/(loss) that will not be reclassified to profit or loss (Net of Income Tax)	31	(66.35)	169.48
Total Other Comprehensive Income		(66.35)	169.48
IX Total Comprehensive Income for the period (VII + VIII)		39,276.40	31,258.15
X Earnings per equity share (EPS) (Face value of ₹ 10/- each)	32.7		
Basic (₹)		39.83	31.47
Diluted (₹)		39.83	31.47
See accompanying notes to the financial statements	1-32		

There were no Exceptional Item(s) and discontinued operation(s) during the periods presented

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

Rupen K. Bhatt
Partner
(Membership No. 46930)

Place : Mumbai
Date : 26th May, 2017

For and on behalf of the Board of Directors

Rajeev Mathur
Managing Director
DIN: 03308185

S M Ranade
Chief Financial Officer
ACA No.: 39230

Susmita Sengupta
Technical Director
DIN: 06825311

Alok Mishra
CS & Compliance Officer
ACS No.: A-15967

Statement of Cash Flows

for the year ended 31st March, 2017

	₹ Lakh	
PARTICULARS	For the year ended 31st March 2017	For the year ended 31st March 2016
I. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax as per Statement of Profit and Loss	60,066.01	47,163.09
Adjustments for:		
Depreciation and Amortisation Expense	9,513.20	8,260.83
Writeoff and Disposal of Property, Plant and Equipment	100.97	43.74
Net unrealised foreign exchange (gain)/ loss	(97.47)	19.60
Gain on sale of Investments	(694.99)	(403.38)
Unrealised Gain on Investments	(591.45)	(483.55)
Allowance for Doubtful Trade Receivables (Net)	91.56	33.59
Allowance for Doubtful Security Deposits (Net)	(132.09)	(54.57)
Bad Trade Receivables written off	100.10	16.00
Sundry Deposits written off	149.48	80.86
Provision for Leave Encashment	210.03	158.32
Finance Costs	102.11	222.21
Dividend Income on Investments	(1,351.84)	(1,501.96)
Interest Income	(1,423.69)	(1,084.46)
Operating Profit Before Working Capital Changes	66,041.93	52,470.32
Movements in working capital :		
(Increase)/Decrease in Inventories	(573.66)	(67.19)
(Increase)/Decrease in Trade Receivables	(341.75)	348.91
(Increase)/Decrease in Security Deposits	(721.81)	(238.91)
(Increase)/Decrease in Other Financial Assets	357.71	(513.42)
(Increase)/Decrease in Other Non Current Assets	(3,700.35)	(165.02)
(Increase)/Decrease in Other Current Assets	(377.87)	(220.46)
Increase/(Decrease) in Other Non Current Liabilities	1,315.24	(55.31)
Increase/(Decrease) in Provisions	285.16	246.95
Increase/(Decrease) in Trade Payables	3,831.80	507.90
Increase/(Decrease) in Security Deposits (Liabilities)	6,847.80	4,296.09
Increase/(Decrease) in Other Current Liabilities	322.50	300.72
	7,244.77	4,440.26
Cash Generated from Operations	73,286.70	56,910.58
Income Taxes Paid	(18,618.74)	(15,007.04)
Net Cash from Operating Activities	54,667.96	41,903.54



Statement of Cash Flows for the year ended 31st March, 2017

₹ Lakh

PARTICULARS	For the year ended 31st March 2017	For the year ended 31st March 2016
II. CASH FLOW FROM INVESTING ACTIVITIES		
Payments for Property, Plant and Equipment	(25,693.41)	(21,543.26)
Proceeds from sale of Property, Plant and Equipment	5.46	10.93
Payments for purchase of Investments	(2,56,160.34)	(2,34,946.67)
Proceeds from sale of Investments	2,49,425.30	2,33,273.49
Movements in Bank Deposits not considered as Cash and Cash Equivalents	1,283.62	(2,154.97)
Interest Received	1,320.37	1,234.58
Dividend Received on Investments	1,351.84	1,501.96
Gain / (Loss) on sale of Investments	694.99	403.38
Net Cash (used in) Investing Activities	(27,772.17)	(22,220.56)
III. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of Borrowings	(183.18)	(282.50)
Dividend Paid	(28,161.63)	(18,817.65)
Interest Paid	(31.17)	(43.06)
Net Cash (used in) Financing Activities	(28,375.98)	(19,143.21)
Net Increase/(Decrease) in Cash and Cash Equivalents (I+II+III)	(1,480.19)	539.77
Cash and Cash Equivalents at the beginning of the year (refer note 11)	2,219.09	1,679.32
Cash and Cash Equivalents at the end of the year (refer note 11)	738.90	2,219.09
See accompanying notes forming part of the financial statements		

Note : Conversion of Compulsorily convertible debentures into equity shares is not reflected in statement of cash flow being a non cash item.

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Rupen K. Bhatt
Partner
(Membership No. 46930)

Place : Mumbai
Date : 26th May, 2017

For and on behalf of the Board of Directors

Rajeev Mathur
Managing Director
DIN: 03308185

S M Ranade
Chief Financial Officer
ACA No.: 39230

Susmita Sengupta
Technical Director
DIN: 06825311

Alok Mishra
CS & Compliance Officer
ACS No.: A-15967

Statement of Changes in Equity

for the year ended 31st March, 2017

Particulars	Equity Share Capital		Equity Component of Compound Financial Instruments [b]	Reserves and Surplus		Total [a+b+c+d]
	Number of shares	Equity share capital [a]		General Reserve [c]	Retained earnings [d]	
Balance as at 1st April 2015	8,93,41,600	8,934.16	793.85	21,183.81	1,29,490.51	1,60,402.33
Profit for the Year	-	-	-	-	31,088.67	31,088.67
Other Comprehensive Income (Net of Tax)	-	-	-	-	169.48	169.48
Dividend Paid	-	-	-	-	(8,934.16)	(8,934.16)
Special Dividend Paid	-	-	-	-	(6,700.62)	(6,700.62)
Tax on Dividend Paid	-	-	-	-	(3,182.87)	(3,182.87)
Balance as at 31st March 2016	8,93,41,600	8,934.16	793.85	21,183.81	1,41,931.01	1,72,842.83
Add: Profit for the Year	-	-	-	-	39,342.75	39,342.75
Other Comprehensive Income (Net of Tax)	-	-	-	-	(66.35)	(66.35)
Conversion of 9% Compulsorily Convertible Debentures # (refer note 32.14)	94,36,178	943.62	(793.85)	-	(103.63)	46.14
Dividend Paid	-	-	-	-	(16,697.67)	(16,697.67)
Special Dividend Paid	-	-	-	-	(6,700.62)	(6,700.62)
Tax on Dividend Paid	-	-	-	-	(4,763.34)	(4,763.34)
Balance as at 31st March 2017	9,87,77,778	9,877.78	-	21,183.81	1,52,942.15	1,84,003.74

94,36,178 equity shares of ₹10 each issued on conversion of same number of Compulsorily convertible debentures during the year ended March 31, 2017.

See accompanying notes to the financial statement 1-32

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Rupen K. Bhatt
Partner
(Membership No. 46930)

Place : Mumbai
Date : 26th May, 2017

For and on behalf of the Board of Directors

Rajeev Mathur
Managing Director
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Chief Financial Officer
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Technical Director
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Alok Mishra
CS & Compliance Officer
ACS No.: A-15967



Notes to the Financial Statements

for the year ended 31st March, 2017

1.1 General Information

Mahanagar Gas Limited ("MGL" or "the company") is a limited company domiciled in India and was incorporated on May 8, 1995. Equity shares of the Company are listed in India on the Bombay Stock Exchange and The National Stock Exchange. The registered office of the Company is located at MGL House, G-33 Block, Bandra-Kurla Complex, Bandra (East), Mumbai 400051.

MGL is in the business of City Gas Distribution ("CGD"), presently supplying Natural Gas in the city of Mumbai including its adjoining areas and the Raigad district, in the State of Maharashtra, India.

The financial statements are presented in Indian Rupee (INR) which is also Functional Currency of the Company. The financial statements were authorised for issue by the directors on May 26, 2017.

1.2 The Company has adopted Indian Accounting Standards (Ind AS) as notified by the Ministry of Corporate Affairs with effect from April 1, 2016, with a transition date of April 1, 2015. The adoption of Ind AS has been carried out in accordance with Ind AS 101, First-time Adoption of Indian Accounting Standards. Ind AS 101 requires that all Ind AS standards and interpretations that are issued and effective for the 'First Ind AS financial statements' for the year ended March 31, 2017, be applied retrospectively and consistently for all financial years presented. However, in preparing these Ind AS financial statements, the Company has availed of certain exemptions and exceptions in accordance with Ind AS 101, as explained in note 3. The resulting difference between the carrying values of the assets and liabilities in the financial statements as at the transition date under Ind AS and Previous GAAP have been recognised directly in retained earnings.

2. Summary of Significant Accounting Policies

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

2.1 Basis of Preparation

a. Statement of Compliance

The financial statements have been prepared

in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015.

Upto the year ended March 31, 2016, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which included Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is April 1, 2015. Refer Note 3 for the details of first-time adoption exemptions availed by the Company.

b. Historical Cost Convention

The financial statements have been prepared on a historical cost convention and on an accrual basis, except for certain items that are measured at fair value as required by relevant Ind AS:

- Financial assets and financial liabilities measured initially at fair value (refer accounting policy on financial Instruments);
- Defined benefit and other long-term employee benefits.

2.2 Property, Plant and Equipment

All items of property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition or construction of the items. Subsequent costs are added to existing item's carrying amount or recognised as a separate item, 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. All other subsequent costs related to an item are charged to the statement of profit and loss during the reporting period in which they are incurred. In case of commissioned assets where final payment to the contractors is pending, capitalisation is made on provisional basis subject to necessary adjustment in cost and depreciation in the year of settlement.

a. Commissioning

Gas distribution systems are treated as commissioned when supply of gas reaches to the individual points and ready for intended use.

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

b. Capital Work-in-Progress

Capital Work-in-Progress includes, material, labour and other directly attributable costs incurred on assets, which are yet to be commissioned. Capital Inventory is included in Capital work-in-progress and comprises stock of capital items and construction materials at stores and with contractors.

c. Depreciation Methods, Estimated Useful Lives and Residual Value

Depreciation is calculated using the straight-line method to allocate cost, net of estimated residual value, over estimated useful lives.

The useful lives and residual values are as prescribed under schedule II to Companies Act, 2013, except in respect of, following category of property, plant and equipment where useful life estimated as per management estimate is based on technical advice, taking into account the nature of the asset, replacements generally required from the point of view of operational effectiveness:

CNG Compressors and Dispensers - 10 years
CNG Cascades - 20 years
Underground pipeline network - 25 years
Intangible assets (Softwares/Licenses) are amortised over 6 years based on useful life.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit and loss under Other Expenses.

2.3 Impairment of Assets

The carrying values of assets/cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the fair value less costs of disposal and their value in use. Value in use is arrived

at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss.

2.4 Investments and Other Financial Assets

a. Classification

The company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income.

For investments in debt instruments, this will depend on the business model in which the investment is held.

The company reclassifies debt investments when and only when its business model for managing those assets changes.

Investments in mutual funds are primarily held for the Company's cash requirements and can be readily convertible in cash. These investments are initially recognised at fair value and carried at fair value through profit or loss (FVTPL).

b. Impairment of financial assets

The company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, except for specifically identified cases, Company follows a simplified approach where provision is made as per the ageing buckets which are designed based on historical facts and patterns.



Notes to the Financial Statements

for the year ended 31st March, 2017

c. Derecognition of financial assets

A financial asset is derecognised only when

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

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

2.4.1 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, Cash and cash equivalents includes cash on hand, cash in transit and short term deposits 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.

2.5 Financial Liabilities

Financial liabilities are subsequently measured at amortised cost or at FVTPL

Financial liabilities that are not held for trading and are not designated as at FVTPL are measured at amortised cost.

Trade and other payables

These amounts represent liabilities for goods and services received by the Company prior to the end of reporting period which are unpaid. 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 their fair value and subsequently measured at amortised cost.

2.6 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.7 Inventories

Stock of gas is valued at lower of cost computed on First In First Out (FIFO) basis and estimated net realisable value.

Inventories other than stock of gas are valued at cost, which is determined on weighted average net off provision for cost of obsolescence / slow moving inventory and other anticipated losses, wherever considered necessary.

Cost of inventories includes all other costs incurred in bringing the inventories to their present location and condition.

2.8 Revenue recognition

The Company earns revenues primarily from sale of natural gas. Revenue is recognised on supply of gas to customers by metered/assessed measurements. Revenue is measured at the fair value of the consideration received or receivable, inclusive of excise duty. Amounts disclosed as revenue are net of trade allowances, rebates, value added taxes and amounts collected on behalf of third parties.

Compensation receivable from customers with respect to shortfall in minimum guaranteed offtake of gas is recognised on contractual basis. Delayed payment charges are recognised on receipt basis in view of uncertainty of collection.

2.9 Interest and Dividend income

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 time

Notes to the Financial Statements

for the year ended 31st March, 2017

basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income from investments is recognised when the right to receive dividend has been established.

2.10 Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates 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 year end exchange rates are recognised in the statement of profit and loss.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other gains/(losses).

2.11 Income tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before tax" as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Current Tax

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. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred Tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have

been enacted or substantively 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 and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in statement of profit and 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.

2.12 Leases

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

2.13 Borrowing costs

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on



Notes to the Financial Statements

for the year ended 31st March, 2017

qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

2.14 Provisions

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

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.

2.15 Employee benefits

a. Short-term obligations

Liabilities for wages and salaries, including other monetary and non-monetary benefits that are expected to be settled wholly within 12 months after the end of the reporting period are recognised and measured at the undiscounted amounts expected to be paid when the liabilities are settled.

b. Other long-term employee benefit obligations

The liabilities for long service awards and compensated absences which are not expected to be settled wholly within 12 months after the end of the reporting period are measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period, using the projected unit credit method. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the statement of profit and loss.

c. Post-employment obligations (Defined Benefit Obligations)

The Company operates the following post-employment schemes:

- defined benefit plans - gratuity and post-retirement medical benefit scheme
- defined contribution plans such as provident fund.

Defined Benefit Plans - Gratuity obligations and Post-retirement medical benefit obligations

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

The present value of the defined benefit obligation 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 expense 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 the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the statement of profit and loss as past service cost.

Defined contribution plans

Company pays provident fund contributions to publicly administered provident funds as per local regulations. Company's contribution to provident fund is recognised on accrual basis in the Statement of Profit and Loss.

Notes to the Financial Statements

for the year ended 31st March, 2017

2.16 Segment reporting

The board of directors assesses performance of the Company as Chief Operating Decision Maker.

The Company has a single operating segment that is "Sale of Natural Gas". Accordingly, the segment revenue, segment results, segment assets and segment liabilities are reflected in the financial statements themselves as at and for the financial year ended March 31, 2017.

2.17 Earnings per share

Basic earnings per share is computed by dividing the profit after tax before other comprehensive income by the weighted average number of equity shares outstanding during the financial year. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity and dilutive equity equivalent shares outstanding during the year, except where the results would be anti dilutive.

2.18 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the management of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the following areas the management of the Company has made critical judgements and estimates.

Useful lives of property, plant and equipment

The Company reviews the useful lives and carrying amount of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

Estimation of defined benefit obligation

The company has defined benefit plans for its employees which are actuarially valued. Such valuation is based on many estimates and other factors, which may have a scope of causing a material adjustment to the carrying amounts of assets and liabilities.

Recognition of deferred tax assets

Deferred tax asset is recognised for all the deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. The management assumes that taxable profits will be available while recognising deferred tax assets.

Recognition and measurement of other provisions

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources and on past experience and circumstances known at the balance sheet date. The actual outflow of resources at a future date may therefore vary from the figure so provided and included as liability.

Recognition and measurement of unbilled gas sales revenue

In case of customers where meter reading dates for billing is not matching with reporting date, the gas sales between last meter reading date and reporting date has been accrued by the company based on past average sales. The actual sales revenue may vary compared to accrued unbilled revenue so included in Sale of natural gas and classified under current financial assets.

2.19 Recent accounting pronouncements - Standards issued but not yet effective:

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment'. These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment', respectively. The amendments are applicable to the company from April 1, 2017.



Notes to the Financial Statements

for the year ended 31st March, 2017

Amendment to Ind AS 7

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and noncash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

This amendment may have impact on the Company which is yet to be assessed.

Amendment to Ind AS 102

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes. It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that includes a net settlement feature in respect of withholding taxes to be treated as equity settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement.

The Company does not have share based payments hence there will be no impact on the financial statements.

3. First time adoption of Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in Note 2 have been applied in preparing the financial statements for the year ended March 31, 2017, the comparative information presented in these financial statements for the year ended March 31, 2016 and in the preparation of the

opening Ind AS balance sheet as at April 1, 2015 (the Company's date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

Explanation 1 – Exemptions and exceptions availed

Explanation 2 – Reconciliation of total equity as at March 31, 2016 and as at April 1, 2015.

Explanation 3 – Reconciliation of total comprehensive income for the year ended March 31, 2016.

Explanation 4 – Impact on cash flows for the year ended March 31, 2016.

Explanation 1 - Exemptions and exceptions availed

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

a. Ind AS Optional exemptions Deemed Cost

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

Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

Notes to the Financial Statements

for the year ended 31st March, 2017

b. Ind AS mandatory exceptions

i. Estimates

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

ii. Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS. The Company accordingly has made such assessment to assess such classification and measurement on the basis of the facts and circumstances that exist at the date of transition to Ind AS. Similarly, the Company has determined the classification of mutual fund investments at FVTPL based on the facts and circumstances that are existing as of transition date.

iii. De-recognition of financial assets and liabilities

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

iv. Government loans

A first-time adopter shall classify all government loans received as a financial liability or an equity instrument in accordance with Ind AS 32, Financial Instruments: Presentation. A first-time adopter shall

apply the requirements in Ind AS 109, Financial Instruments, and Ind AS 20, Accounting for Government Grants and Disclosure of Government Assistance, prospectively to government loans existing at the date of transition to Ind ASs and shall not recognise the corresponding benefit of the government loan at a below-market rate of interest as a government grant. Consequently, if a first-time adopter did not, under its previous GAAP, recognise and measure a government loan at a below-market rate of interest on a basis consistent with Ind AS requirements, it shall use its previous GAAP carrying amount of the loan at the date of transition to Ind ASs as the carrying amount of the loan in the opening Ind AS Balance Sheet. An entity shall apply Ind AS 109 to the measurement of such loans after the date of transition to Ind ASs.

The company has sales tax deferral loan, where by the sales tax collected by the Company is to be deposited with the authorities in a phased manner without any interest. Accordingly, the Company has elected to carry such sales tax deferral loan at previous GAAP value.

v. Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.



Notes to the Financial Statements

for the year ended 31st March, 2017

Explanation 2 – Reconciliation of total equity as at 31st March, 2016 and as at 1st April, 2015

Effect of Ind AS adoption on the Balance Sheet as at 31st March, 2016 and 1st April, 2015

Particulars	Notes	As at 31st March 2016 (End of last period presented under previous GAAP)			As at 1st April 2015 (Date of transition)		
		Previous GAAP ₹ Lakh	Effect of Ind AS transition ₹ Lakh	As per Ind AS Balance Sheet ₹ Lakh	Previous GAAP ₹ Lakh	Effect of Ind AS transition ₹ Lakh	As per Ind AS Balance Sheet ₹ Lakh
ASSETS							
I. Non-current Assets							
(a) Property, Plant and Equipment	a	1,15,492.39	(3,086.39)	1,12,406.00	1,05,943.51	(3,043.33)	1,02,900.18
(b) Capital Work-in-Progress		42,886.51	-	42,886.51	37,962.01	-	37,962.01
(c) Intangible Assets		468.71	-	468.71	457.10	-	457.10
(d) Financial Assets							
(i) Trade Receivables		108.32	-	108.32	152.79	-	152.79
(ii) Security Deposits		1,710.17	-	1,710.17	986.13	-	986.13
(iii) Other Financial Assets		7.21	-	7.21	1,301.46	-	1,301.46
(e) Income Tax Assets (net)		1,079.62	-	1,079.62	606.46	-	606.46
(f) Other Non-current Assets	a	1,443.72	3,033.79	4,477.51	1,357.40	2,996.12	4,353.52
Total Non-current Assets (I)		1,63,196.65	(52.60)	1,63,144.05	1,48,766.86	(47.21)	1,48,719.65
II. Current assets							
(a) Inventories		1,802.68	-	1,802.68	1,735.49	-	1,735.49
(b) Financial Assets							
(i) Investments	b	38,819.79	520.31	39,340.10	37,146.63	36.77	37,183.40
(ii) Trade Receivables		9,232.60	-	9,232.60	9,586.63	-	9,586.63
(iii) Cash and Cash Equivalents		2,219.09	-	2,219.09	1,679.32	-	1,679.32
(iv) Bank balances other than (iii) above		15,284.30	-	15,284.30	11,986.36	-	11,986.36
(v) Security Deposits		976.49	-	976.49	1,487.91	-	1,487.91
(vi) Other Financial Assets		3,229.91	-	3,229.91	2,715.33	-	2,715.33
(c) Other current assets	a	1,766.45	52.60	1,819.05	1,551.38	47.21	1,598.59
Total Current Assets (II)		73,331.31	572.91	73,904.22	67,889.05	83.98	67,973.03
TOTAL (I+II)		2,36,527.96	520.31	2,37,048.27	2,16,655.91	36.77	2,16,692.68

Notes to the Financial Statements

for the year ended 31st March, 2017

Effect of Ind AS adoption on the Balance Sheet as at 31st March, 2016 and 1st April, 2015

Particulars	Notes	As at 31st March 2016 (End of last period presented under previous GAAP)			As at 1st April 2015 (Date of transition)		
		Previous GAAP ₹ Lakh	Effect of Ind AS transition ₹ Lakh	As per Ind AS Balance Sheet ₹ Lakh	Previous GAAP ₹ Lakh	Effect of Ind AS transition ₹ Lakh	As per Ind AS Balance Sheet ₹ Lakh
EQUITY AND LIABILITIES							
I. Equity							
(a) Equity Share Capital		8,934.16	-	8,934.16	8,934.16	-	8,934.16
(b) Other Equity		1,43,863.36	20,045.31	1,63,908.67	1,31,812.36	19,655.81	1,51,468.17
Total Equity (I)		1,52,797.52	20,045.31	1,72,842.83	1,40,746.52	19,655.81	1,60,402.33
II. Liabilities							
A. Non-current Liabilities							
(a) Financial Liabilities							
(i) Borrowings	c	1,381.24	(943.62)	437.62	1,558.80	(882.90)	675.90
(ii) Other Financial Liabilities		46.27	-	46.27	101.58	-	101.58
(b) Provisions	d	1,123.83	(6.18)	1,117.65	1,163.73	(4.73)	1,159.00
(c) Deferred Tax Liabilities (net)	f	11,812.08	182.48	11,994.56	10,270.86	14.59	10,285.45
Total Non-current Liabilities (A)		14,363.42	(767.32)	13,596.10	13,094.97	(873.04)	12,221.93
B. Current Liabilities							
(a) Current Financial Liabilities							
(i) Trade Payables		11,161.66	-	11,161.66	10,634.16	-	10,634.16
(ii) Security Deposits		31,863.85	-	31,863.85	27,401.29	-	27,401.29
(iii) Capital Creditors		2,696.32	-	2,696.32	1,523.19	-	1,523.19
(iv) Other Financial Liabilities	c,e	15,634.74	(15,574.02)	60.72	15,654.76	(15,562.50)	92.26
(b) Provisions	d,e	4,346.71	(3,183.66)	1,163.05	4,159.12	(3,183.50)	975.62
(c) Income Tax Liabilities (net)		95.44	-	95.44	174.32	-	174.32
(d) Other Current Liabilities		3,568.30	-	3,568.30	3,267.58	-	3,267.58
Total Current Liabilities (B)		69,367.02	(18,757.68)	50,609.34	62,814.42	(18,746.00)	44,068.42
Total Liabilities (II)		83,730.44	(19,525.00)	64,205.44	75,909.39	(19,619.04)	56,290.35
TOTAL (I+II)		2,36,527.96	520.31	2,37,048.27	2,16,655.91	36.77	2,16,692.68



Notes to the Financial Statements

for the year ended 31st March, 2017

Reconciliation of total equity as at March 31, 2016 and April 1, 2015

Particulars	Notes	₹Lakh	
		As at March 31, 2016	As at April 1, 2015
Balance as reported under previous GAAP		1,52,797.52	1,40,746.52
Effect of measuring investments at Fair Value through profit or loss	b	520.31	36.77
9% Compulsorily Convertible Debentures treated as compound financial instrument	c	882.90	810.65
Reversal of Rent Equalisation Reserve	d	6.93	5.33
Reversal of Proposed Dividend and Tax on Dividend	e	18,817.65	18,817.65
Deferred Tax on above adjustments	f	(182.48)	(14.59)
Balance as reported under IND AS		1,72,842.83	1,60,402.33

Explanation 3 – Reconciliation of total comprehensive income for the year ended 31st March, 2016

Effect of Ind AS adoption on the Statement of Profit and Loss for the year ended 31st March, 2016

Particulars	Notes	For the year ended March 31, 2016 (End of last period presented under previous GAAP)		
		Previous GAAP	Effect of Ind AS transition	Ind AS
		₹ Lakh	₹ Lakh	₹ Lakh
I Revenue from Operations	g	2,07,892.70	20,620.43	2,28,513.13
II Other Income	h	4,234.24	483.54	4,717.78
III Total Income (I + II)		2,12,126.94	21,103.97	2,33,230.91
IV Expenses :				
Cost of Natural Gas and Traded Items		1,22,962.56	-	1,22,962.56
Changes in Inventories		7.20	-	7.20
Excise Duty	g	-	20,683.40	20,683.40
Employee Benefits Expense	i	5,371.19	259.19	5,630.38
Finance Costs	j	294.46	(72.25)	222.21
Depreciation and Amortisation Expenses	k	8,405.73	(144.90)	8,260.83
Other Expenses	g, k, l	28,220.93	80.31	28,301.24
Total Expenses		1,65,262.07	20,805.75	1,86,067.82
V Profit Before Tax for the period (III- IV)		46,864.87	298.22	47,163.09
VI Income Tax Expense :				
(i) Current Tax	i, m	14,455.00	19.38	14,474.38
(ii) Deferred Tax	i, m	1,541.22	58.82	1,600.04
Total Income Tax Expense (i+ii)		15,996.22	78.20	16,074.42
VII Profit After Tax for the period (V - VI)		30,868.65	220.02	31,088.67
VIII Other Comprehensive Income				
Gain/(loss) that will not be reclassified to profit or loss (Net of Income Tax)	i	-	169.48	169.48
Total Other Comprehensive Income		-	169.48	169.48
IX Total Comprehensive Income for the period (VII + VIII)		30,868.65	389.50	31,258.15

Notes to the Financial Statements

for the year ended 31st March, 2017

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

		₹Lakh
Particulars	Notes	Year ended March 31, 2016
Net Profit after tax (as reported under previous GAAP)		30,868.65
Effect of measuring investments at Fair Value through profit or loss	h	483.55
Re-measurement of defined benefit plans recognised in Other Comprehensive Income	i	(259.19)
Reversal of interest on CCDs net of finance cost	j	72.25
Reversal of rent equalisation reserve	l	1.61
Tax on above adjustments	i,m	(78.20)
Net Profit after tax (as reported above under IND AS)		31,088.67
Other Comprehensive Income (net of tax)	i	169.48
Total Comprehensive Income (as reported above under IND AS)		31,258.15

Notes to the reconciliations:

- a. Under IGAAP, leasehold lands were capitalised under fixed assets and depreciated over the lease term. Under Ind AS, such leasehold lands have to be assessed as to whether they are an operating lease or a financing lease, basis the terms and conditions in the lease agreement. Consequently, leasehold lands that classify as operating leases have been removed from property, plant and equipment and treated as a separate prepaid asset. The same is expensed off to the statement of profit and loss over the lease term as lease rent. Therefore an amount of ₹3,043.33 lakh and ₹3,086.39 lakh has been reclassified as at April 1, 2015 and March 31, 2016 respectively from property, plant and equipment to prepaid current and prepaid non-current asset. This transaction does not have any impact on equity.
- b. The investments in mutual funds under IGAAP were carried at lower of cost and fair value. Under Ind AS, the investments in mutual funds are to be fair valued with the corresponding gains/losses to be recognised in the statement of profit and loss. Consequently, there is an increase in equity by ₹36.77 lakh and ₹520.31 lakh as on April 1, 2015 and March 31, 2016 respectively.
- c. The company had issued compulsorily convertible debentures amounting to ₹943.62 lakh which were classified as a borrowing under IGAAP. Under Ind AS, such instruments are classified into debt and equity component. Consequently, on April 1, 2015, the equity component of the borrowings has been transferred to equity from borrowings to the tune of ₹793.85 lakh. The equity has increased by an equivalent amount.

The interest on the compulsory convertible debenture was provided as per the coupon rate of 9% under the previous GAAP. Under Ind AS, the liability component is accreted at an effective interest rate as finance cost. Consequently, the interest provided on such compulsorily convertible debentures as per the coupon rate is reversed to the tune of ₹20.01 lakh and further ₹84.93 lakh as at April 1, 2015 and March 31, 2016 respectively. Instead the interest is accreted by ₹3.21 lakh and ₹12.68 lakh for the financial year 2014-15 and 2015-16 respectively. The corresponding increase is in equity to the tune of ₹16.80 lakh and ₹89.05 lakh as at April 1, 2015 and March 31, 2016 respectively.

- d. Under IGAAP, the rent payments for operating leases were accounted on a straight line basis over the lease term and rent equalization provision was provided. Under Ind AS, the payments under the operating leases are charged to the statement of profit and loss over a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increased. There is no requirement of straight lining under Ind AS for leases under consideration, hence, the rent equalization provision of ₹5.33 lakh and ₹6.93 lakh has been reversed as on April 1, 2015 and March 31, 2016 respectively. This has led to a corresponding increase in equity by an equal amount.
- e. Under IGAAP, dividends proposed by the board of directors after the balance sheet date but before the



Notes to the Financial Statements

for the year ended 31st March, 2017

approval of the financial statements were considered as an adjusting event. Accordingly, provision for proposed dividend and tax on dividend were 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 for proposed dividend and tax there on for financial year 2014-15 of ₹18,817.65 lakh and for financial year 2015-16 of ₹18,817.65 lakh included under provisions as at April 1, 2015 and March 31, 2016 have been reversed with corresponding adjustment in retained earnings. Consequently, the total equity increased by an equivalent amount.

f. Deferred taxes on the above adjustments have also been provided. Deferred tax liability has been recognised to the tune of ₹14.59 lakh and ₹182.48 lakh as on April 1, 2015 and March 31, 2016 respectively.

g. Under the previous GAAP, revenue from sale of goods was presented exclusive of excise duty. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty paid is presented on the face of the statement of profit and loss as part of expenses. This change has resulted in an increase in total revenue and total expenses for the year ended March 31, 2016 by ₹20,683.40 lakh. There is no impact on equity and profit.

Under the previous GAAP, cash discount given to the customers was shown under other expenses and not netted from revenue. Under Ind AS, revenue from sale of goods is measured net of discounts, rebates etc. accordingly, the trade discount is netted from revenue. This change has resulted in a decrease in total revenue and total expenses for the year ended March 31, 2016 by ₹62.97 lakh. There is no impact on equity and profit.

h. Under Ind AS, the mutual funds are carried at fair value through profit and loss account. Consequently, the profit for the year ended March 31, 2016 has increased by ₹483.54 lakh (refer note b above).

i. 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 the other comprehensive income instead of the statement of profit and loss. Under the previous GAAP, these

remeasurements were forming part of statement of profit and loss for the year. As a result of this change, the profit for the year ended March 31, 2016 decreased by ₹259.19 lakh. These remeasurement losses have been reclassified to other comprehensive income at ₹169.48 lakh (net of taxes ₹89.70 lakh). This reclassification has led no impact on equity or profit for the year.

j. The interest on compulsorily convertible debentures provided as per the coupon has been reduced by ₹84.93 lakh. Instead the interest has been provided at an effective interest rate to the tune of ₹12.68 lakh. The profit has increased by ₹72.25 lakh (refer note c above).

k. Under IGAAP, the depreciation on lease hold lands was classified as a depreciation expense. Since under Ind AS, these leasehold lands are classified as operating leases, the prepaid rent has been expensed off as lease rent. Hence, the depreciation expense has reduced by ₹144.90 lakh and other expenses has increased by the same amount. There is no impact on profit for the year (refer note a above).

l. Under IGAAP, the company used to follow straight line method of accounting for operating leases. Under Ind AS, the company does not follow straight line accounting for operating leases and hence the rent equalization reserve has been reversed. It has increased the profit to the tune of ₹1.62 lakh (refer note d above).

m. The deferred tax liability has been created on the above adjustments to the tune of ₹167.89 lakh for the year ended March 31, 2016. Consequently, the profit for the year has reduced by an equivalent amount (refer note f above).

Explanation 4 – Impact on cash flows for the year ended March 31, 2016

There is no impact on cash flows due to transition to Ind AS.

Notes to the Financial Statements

for the year ended 31st March, 2017

Note - 4 : Property, Plant and Equipment & Intangible Assets

Description of Assets	Gross Carrying Amount			Accumulated Depreciation/Amortisation			Net Carrying Amount	
	As at 1st April 2016	Additions	Disposals/ Adjustments	As at 31st March 2017	As at 1st April 2016	Disposals/ Adjustments Impairment	As at 31st March 2016	As at 31st March 2017
i. Property, Plant and Equipment								
Builldings & Bunk Houses	1,658.80	8.89	-	1,667.69	37.19	36.77	1,621.61	1,593.73
	1,632.01	29.94	(3.15)	1,658.80	-	39.88	1,632.01	1,621.61
Roads & Fences	313.37	1.23	-	314.60	22.84	23.00	290.53	268.76
	313.37	-	-	313.37	-	22.84	313.37	290.53
Plant & Equipment - Gas Distribution System	1,14,552.76	26,599.96	(152.60)	1,41,000.12	7,345.66	8,575.22	1,07,207.10	1,25,139.71
	97,435.14	17,171.42	(53.80)	1,14,552.76	-	7,353.41	97,435.14	1,07,207.10
Plant & Equipment - Others	1,828.01	53.28	-	1,881.29	150.46	156.47	1,677.55	1,574.36
	1,685.67	144.52	(2.18)	1,828.01	-	150.87	1,685.67	1,677.55
Computers	444.83	223.89	(15.70)	653.02	130.29	150.72	314.54	375.33
	289.44	159.41	(4.02)	444.83	-	130.54	289.44	314.54
Electrical Installations	675.59	-	-	675.59	100.26	87.24	575.33	488.09
	678.74	0.18	(3.33)	675.59	-	100.26	678.74	575.33
Office Equipments	728.85	51.37	(1.60)	778.62	211.90	211.62	516.95	355.10
	651.23	80.63	(3.01)	728.85	-	212.40	651.23	516.95
Communication Systems	50.34	23.61	-	73.95	14.29	10.62	36.05	49.04
	32.90	17.46	(0.02)	50.34	-	14.30	32.90	36.05
Furniture and Fixtures	200.98	57.26	(0.32)	257.92	34.64	36.47	166.34	186.81
	181.68	19.89	(0.59)	200.98	-	34.68	181.68	166.34
Total - Property, Plant and Equipment (i)	1,20,453.53	27,019.49	(170.22)	1,47,302.80	8,047.53	9,288.13	1,12,406.00	1,30,030.93
	1,02,900.18	17,623.45	(70.10)	1,20,453.53	-	8,059.18	1,02,900.18	1,12,406.00
ii. Intangible Assets								
Computer Softwares / Licences (Acquired)	670.36	200.66	-	871.02	201.65	225.07	468.71	444.30
	457.10	211.83	1.43	670.36	-	201.65	457.10	468.71
Total - Intangible Assets (ii)	670.36	200.66	-	871.02	201.65	225.07	468.71	444.30
	457.10	211.83	1.43	670.36	-	201.65	457.10	468.71
Total - Property, Plant and Equipment & Intangible Assets (i+ii)	1,21,123.89	27,220.15	(170.22)	1,48,173.82	8,249.18	9,513.20	1,12,874.71	1,30,475.23
	1,03,357.28	17,835.28	(68.67)	1,21,123.89	-	8,260.83	1,03,357.28	1,12,874.71
iii. Capital work-in-progress (refer note 28 and 30)								
	-	-	-	-	-	-	42,886.51	41,152.79
	-	-	-	-	-	-	37,962.01	42,886.51
Grand Total (i+ii+iii)							1,55,761.22	1,71,628.02
							1,41,319.29	1,55,761.22

NOTES:

- Capital Work-in-Progress includes Capital Inventory of ₹7,582.16 Lakh (as at 31st March, 2016 ₹8,127.14 Lakh and as at 31st March, 2015 ₹5,685.48 Lakh)
 - Capital inventory includes material with contractors ₹1,536.08 Lakh (as at 31st March, 2016 ₹1,596.36 Lakh and as at 31st March, 2015 ₹1,416.84 Lakh)
 - Capital inventory includes material in transit ₹ Nil (as at 31st March, 2016 ₹154.24 Lakh and as at 31st March, 2015 ₹Nil)
- Figures in *italics* represent previous year's figures.



Notes to the Financial Statements

for the year ended 31st March, 2017

₹ Lakh

Particulars	As at 31st March 2017	As at 31st March 2016	As at 31st March 2015
5. Trade Receivables			
(a) Current			
Secured, Considered Good (secured against security deposits)	1,492.86	915.72	907.56
Unsecured, Considered Good	7,961.53	8,316.88	8,679.07
Doubtful	227.77	136.21	102.62
	9,682.16	9,368.81	9,689.25
Less : Allowance for Doubtful Trade Receivables	227.77	136.21	102.62
	9,454.39	9,232.60	9,586.63
(b) Non-current			
Unsecured Considered Good	36.62	108.32	152.79
Total - Trade Receivables (a+b)	9,491.01	9,340.92	9,739.42

Refer note no. 32.4.d.i for ageing of trade receivables

6. Security Deposits

(a) Current			
Unsecured, Considered Good #	1,219.09	976.49	1,487.91
Doubtful	55.50	187.59	242.16
	1,274.59	1,164.08	1,730.07
Less: Allowance for Doubtful Deposits	55.50	187.59	242.16
	1,219.09	976.49	1,487.91
(b) Non-current			
Unsecured, Considered Good	2171.99	1710.17	986.13
Total - Security Deposits (a+b)	3,391.08	2,686.66	2,474.04

includes ₹310.40 Lakh given during the year to BSE Limited and NSE Limited for the purpose of IPO

7. Other Non-current Financial Assets

Other Bank Balances #	32.55	0.43	1,293.52
Other Loans and Advances	10.30	6.78	7.94
	42.85	7.21	1,301.46

includes margin money deposit ₹32.55 Lakh (as at 31st March, 2016 ₹0.43 Lakh and as at 31st March, 2015 ₹26.32 Lakh)

8. Other Non-current Assets

Capital Advances	78.93	103.40	144.43
Prepaid Rent on Leasehold Land (refer note 32.5)	6,320.44	3,033.79	2,996.12
Prepaid Expenses	1,754.02	1,340.32	1,212.97
	8,153.39	4,477.51	4,353.52

9. Inventories (at lower of Cost and Net Realisable Value)

Stock in Trade:			
Stock of Natural Gas	33.92	37.96	45.16
Stores and Spares	2,342.42	1,764.72	1,690.33
	2,376.34	1,802.68	1,735.49

Stores and Spares in Transit ₹1.28 Lakh (as at 31st March, 2016 ₹Nil and as at 31st March, 2015 ₹5.79 Lakh)

Notes to the Financial Statements

for the year ended 31st March, 2017

Note - 10 : Investments (Carried at Fair Value through Profit or Loss)

Name of Mutual Fund Scheme (Unquoted)	Face Value	Number of Units			Amount (₹ lakh)		
		31st March 2017	31st March 2016	31st March 2015	31st March 2017	31st March 2016	31st March 2015
Axis Liquid Fund - Daily Dividend - CFDD	1000	5,99,901	-	-	6,004.26	-	-
Baroda Pioneer Liquid Fund - Plan A Daily Dividend	1000	5,87,982	3,87,960	-	5,886.40	3,884.81	-
Birla Sun Life Floating Rate Fund - STP - IP - Daily Dividend Reinvestment	100	-	18,26,490	-	-	1,827.54	-
Franklin India Treasury Management Account -Super Institutional Plan - Daily Dividend Reinvestment	1000	94,951	5,00,696	2,44,008	950.18	5,010.54	2,441.82
HDFC FMP 91D February 2015 (1) - Regular Growth - Series 33	10	-	-	1,00,00,000	-	-	1,008.79
HDFC FMP 92D March 2016(1) - Regular Dividend - Series 35	10	-	5,00,00,000	-	-	5,040.45	-
HDFC Liquid Fund - Dividend - Daily Reinvest	10	-	-	3,93,27,589	-	-	4,010.71
ICICI Prudential FMP - S 78 - 95 Days - Plan K - Reg - Dividend	10	-	5,00,00,000	-	-	5,056.10	-
ICICI Prudential Money Market Fund - Regular Plan - Daily Dividend	100	-	-	50,14,808	-	-	5,021.30
ICICI Prudential Ultra Short Term - Growth	10	3,81,15,324	-	-	6,373.91	-	-
Indiabulls Liquid Fund	1000	6,22,881	-	-	6,235.94	-	-
JM High Liquidity Fund - Daily Dividend Option	10	-	51,35,938	-	-	535.69	-
Kotak Floater - Short Term - Daily Dividend (Regular Plan)	1000	-	5,05,171	4,99,602	-	5,110.41	5,054.07
Kotak Low Duration Fund - Standard Growth (Regular Plan)	1000	3,08,948	-	-	6,124.83	-	-
LIC Nomura MF Liquid Fund - Dividend Plan	1000	-	-	4,59,748	-	-	5,048.03
Reliance Medium Term Fund - Growth Plan - Growth Option - IPGP	10	1,91,14,563	1,63,03,852	-	6,522.73	5,116.90	-
Religare Invesco Credit Opportunities Fund - Growth	1000	-	3,06,728	-	-	5,305.31	-
Invesco India Liquid Fund - Daily Dividend	1000	6,01,018	-	4,30,231	6,019.95	-	4,307.46
Sundaram Money Fund - Regular Daily DR (Div Option Reinvestment)	10	-	-	1,64,54,782	-	-	1,661.16
Tata Money Market Fund - Regular Plan - Daily Dividend	1000	1,81,960	2,44,864	3,59,663	1,822.35	2,452.35	3,602.08
UTI Liquid Fund - Cash Plan - IP - Dly Dividend	1000	71,221	-	-	726.05	-	-
UTI Treasury Advantage Fund - Institutional Plan - Growth	1000	-	-	2,65,002	-	-	5,027.98
Total Investment in Mutual Funds (Unquoted)					46,666.60	39,340.10	37,183.40



Notes to the Financial Statements

for the year ended 31st March, 2017

₹ Lakh

Particulars	As at 31st March 2017	As at 31st March 2016	As at 31st March 2015
11. Cash and Cash Equivalents			
Cash on Hand	0.81	0.16	0.10
Cash in Transit	144.54	108.16	105.37
Cheques on Hand	2.36	-	1.05
Balances with Banks			
- in Current Accounts	591.19	2,110.77	1,572.80
Total - Cash and Cash Equivalents (refer Cash Flow Statements)	738.90	2,219.09	1,679.32
12. Other Bank Balances			
In Deposit Accounts	12,786.86	15,181.25	11,916.16
Margin Money Deposit	84.99	103.05	70.20
In Current Accounts (earmarked against expenses payable towards IPO)	1,200.03	-	-
	14,071.88	15,284.30	11,986.36
13. Other Current Financial Assets			
Unbilled Revenue	2,787.65	2,600.63	2,589.07
Receivables on expenses towards IPO (refer note 32.3)	-	553.19	97.44
Others	81.03	76.09	28.82
	2,868.68	3,229.91	2,715.33
14. Other Current Assets			
Prepaid Expenses	574.51	516.02	438.44
Prepaid Rent on Leasehold Land (refer note 32.5)	221.64	186.10	193.31
Balances with Government Authorities (Central Excise, Service Tax, VAT, etc.)	1,362.87	1,031.86	949.46
Advances to Employees / Vendors	37.90	85.07	17.38
	2,196.92	1,819.05	1,598.59

Notes to the Financial Statements

for the year ended 31st March, 2017

Particulars	₹ Lakh		
	As at 31st March 2017	As at 31st March 2016	As at 31st March 2015
15. Equity Share Capital			
Authorised Equity Share Capital	13,000.00	13,000.00	13,000.00
13,00,00,000 (31.03.2016 - 13,00,00,000; 01.04.2015 - 13,00,00,000) Equity Shares of ₹10/- each			
Issued, Subscribed and Fully Paid Equity Shares (refer SOCIE)	9,877.78	8,934.16	8,934.16
9,87,77,778 (31.03.2016 - 8,93,41,600; 01.04.2015 - 8,93,41,600) Equity Shares of ₹10/- each			
The Company has only one class of shares having par value at ₹10 per share, each holder of equity shares is entitled to one vote per share.			
Details of Shareholders holding more than 5% Shares			
GAIL (India) Limited			
Number of Shares	32,102,740	44,449,960	44,449,960
Percentage	32.50	49.75	49.75
BG Asia Pacific Holding Pte. Ltd., Singapore			
Number of Shares	32,102,710	44,449,960	44,449,960
Percentage	32.50	49.75	49.75
Government of Maharashtra			
Number of Shares (refer note 32.14)	9,877,778	441,600	441,600
Percentage	10.00	0.49	0.49
16. Other Equity (refer SOCIE)			
General Reserve	21,183.81	21,183.81	21,183.81
Retained Earnings	1,52,942.15	1,41,931.01	1,29,490.51
Equity Component of Compound Financial Instrument	-	793.85	793.85
	1,74,125.96	1,63,908.67	1,51,468.17
17. Borrowings (Unsecured - at Amortised Cost)			
a. Deferred Payment Liabilities :			
Interest Free Sales Tax Deferred Loan #	270.03	437.62	615.18
b. Liability Component of Compound Financial Instruments :			
9% Unsecured Compulsorily Convertible Debentures (UCCD) (Refer Note 22 and Note No.32.14)	-	-	60.72
	270.03	437.62	675.90
# Sales tax deferment is in respect of Sales Tax collected for the period 1996-97 to 2000-01. The same is being repaid in 6 equal annual instalments on 1st April every year starting from the 14th year from the year of availment of the Loan.			
18. Non-current Financial Liabilities - Others			
Security Deposits	19.59	46.27	101.58
	19.59	46.27	101.58



Notes to the Financial Statements

for the year ended 31st March, 2017

₹ Lakh

Particulars	As at 31st March 2017	As at 31st March 2016	As at 31st March 2015
19. Provisions			
a. Current			
Employee Benefits obligations (refer note 32.1)	1,476.72	1,163.05	975.62
Total (a)	1,476.72	1,163.05	975.62
b. Non-current			
Employee Benefits obligations (refer note 32.1)	1,400.64	1,117.65	1,159.00
Total (b)	1,400.64	1,117.65	1,159.00
Total Provisions (a+b)	2,877.36	2,280.70	2,134.62
20. Deferred Tax Liabilities (Net) (refer note 32.6)			
Deferred Tax Liabilities	14,657.35	12,674.71	10,945.37
Less : Deferred Tax Assets	894.64	680.15	659.92
	13,762.71	11,994.56	10,285.45
21. Trade Payables			
Micro, Small and Medium Enterprises (refer note 32.10)	297.16	178.49	266.12
Other Trade Payables	12,635.08	5,664.33	4,488.53
	12,932.24	5,842.82	4,754.65
To Related Parties (refer note 32.3)	1,963.75	5,318.84	5,879.51
	14,895.99	11,161.66	10,634.16
22. Current Financial Liabilities - Others			
Current Maturities of Long Term Debt (refer note 17.b)	-	60.72	92.26
Payables in relation to IPO (refer note 32.3)	1,341.92	-	-
	1,341.92	60.72	92.26
23. Other Current Liabilities			
Statutory Payables	2,324.08	1,736.31	1,677.25
Advances from Customers	1,566.72	1,831.99	1,590.29
Others	-	-	0.04
	3,890.80	3,568.30	3,267.58

Notes to the Financial Statements

for the year ended 31st March, 2017

Particulars	₹ Lakh	
	For the year ended 31st March 2017	For the year ended 31st March 2016
24. Revenue from Operations		
Sale of Natural Gas (Including Excise Duty)	2,22,274.67	2,27,153.23
Sale of Pipes, Fittings and Other Materials	217.41	148.85
Other Operating Income	1,415.05	1,211.05
	2,23,907.13	2,28,513.13
25. Other Income		
a. Interest Income		
From Bank Deposits	1,388.37	1,036.63
From Other Financial Assets	35.32	47.83
	1,423.69	1,084.46
b. Dividend Income		
From Mutual Funds designated at FVTPL	1,351.84	1,501.96
c. Other Gains and Losses		
Gain/(Loss) on Debt Instruments designated at FVTPL*	1,286.44	886.93
Net Foreign Exchange Gain/(Loss)	66.94	(35.84)
	1,353.38	851.09
d. Other Non-operating Income	1,136.81	1,280.27
Total Other Income (a+b+c+d)	5,265.72	4,717.78
* Includes unrealised increase in fair value of ₹996.97 lakh (2015-16 - ₹520.31 lakh)		
26. Cost of Natural Gas and Traded Items		
Purchase Cost of Natural Gas and Other Charges	1,01,808.77	1,23,066.97
Less: Captive Consumption (Including VAT)	164.33	240.52
	1,01,644.44	1,22,826.45
Purchase of Pipes, Fittings and Other Materials	191.74	136.11
	1,01,836.18	1,22,962.56
27. Changes in Inventories		
Changes in Stock of Natural Gas and Traded Items:		
Opening Stock	37.96	45.16
Closing Stock	33.92	37.96
(Increase) / Decrease in Stock	4.04	7.20



Notes to the Financial Statements

for the year ended 31st March, 2017

₹ Lakh

Particulars	For the year ended 31st March 2017	For the year ended 31st March 2016
28. Employee Benefits Expense		
Salaries, Wages and Allowances	6,961.70	6,369.59
Contribution to Provident Fund and Other Funds	320.13	291.59
Gratuity (Note 32.1)	109.59	93.63
Staff Welfare	314.76	314.68
Secondment Charges	380.55	441.48
	8,086.73	7,510.97
Less: Transfer to Capital Work-in-Progress	2,084.82	1,880.59
	6,001.91	5,630.38
29. Finance Costs		
Interest on Borrowings	1.01	12.68
Other Interest Expense	101.10	209.53
	102.11	222.21
30. Other Expenses		
Power and Fuel	10,396.72	10,444.45
Consumption of Stores and Spares	2,825.01	2,370.80
Insurance	201.48	147.25
Rent Expense (refer note 32.5)	2,230.68	2,130.14
Rates and Taxes	248.59	189.63
Repairs to Buildings	1.29	11.73
Repairs to Plant and Machinery	4,136.59	3,445.62
Write off and Disposal of Property, Plant and Equipment	100.97	43.74
Bad Trade Receivables Written off	100.10	16.00
Allowance for Doubtful Trade Receivables (Net)	91.56	33.59
Corporate Social Responsibility Expenditure (Refer Note 32.12)	468.60	460.24
Miscellaneous Expenses	10,957.36	9,382.14
	31,758.95	28,675.33
Less: Transfer to Capital Work-in-Progress	619.50	374.09
	31,139.45	28,301.24
31. OCI - Items that will not be reclassified to profit or loss		
Gains/(Losses) on Remeasurements of the Defined Benefit Plans	(101.47)	259.18
Less : Income Tax on Remeasurements of the Defined Benefit Plans	(35.12)	89.70
OCI - Items that will not be reclassified to profit or loss (Net of Income Tax)	(66.35)	169.48

Notes to the Financial Statements

for the year ended 31st March, 2017

32. Disclosures under Indian Accounting Standards:

32.1 Employee Benefit Obligations

a. Short-term Employee Benefits

These benefits include wages and salaries, including other monetary and non-monetary benefits, compensated absences which are either non-accumulating or accumulated and expected to be availed within twelve months after the end of the reporting period.

b. Long-term Employee Benefits

i) Defined Contribution Plans

The Company makes Provident Fund contributions, which are defined contribution plans, for qualifying employees. Company has no further payment obligations once the contributions have been paid. Under the Provident Fund Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions

payable to these plans by the Company are in compliance with the rates specified in the rules of the schemes. The Company recognised **₹320.13 Lakh** (previous year ₹291.59 Lakh) as an expense and included in Note 28 – Employee Benefit Expenses 'Contribution to Provident Fund and Other Funds' in the Statement of Profit and Loss for the year ended March 31, 2017.

ii) Defined Benefit Plans

The Company offers the following defined benefit schemes to its employees:

- Gratuity (refer note 28)
- Post-Retirement Medical Benefit Plan (PRMB) (refer note 28)

The following table sets out the funded/unfunded status of the defined benefit schemes and the amount recognised in the financial statements:

Amount recognised in Statement of Profit and Loss

Particulars	₹Lakh			
	For the year ended March 31, 2017		For the year ended March 31, 2016	
	Gratuity (Funded)	PRMB (Unfunded)	Gratuity (Funded)	PRMB (Unfunded)
Current Service Cost	95.00	62.59	85.02	100.02
Interest Cost (Net)	14.59	30.73	8.61	44.62
Total Expense recognised in the Statement of Profit and Loss	109.59	93.32	93.63	144.64

Amount recognised in Other Comprehensive Income

Particulars	₹Lakh			
	For the year ended March 31, 2017		For the year ended March 31, 2016	
	Gratuity (Funded)	PRMB (Unfunded)	Gratuity (Funded)	PRMB (Unfunded)
Due to change in Demographic Assumptions	-	-	6.60	(286.07)
Due to change in Financial Assumptions	79.98	33.81	1.23	0.34
Due to Experience	9.57	(10.81)	53.54	(29.46)
Return on Plan Assets (excluding amounts included in net interest expense)	(11.08)	-	(5.36)	-
Total Remeasurement (gains)/losses recognised in OCI	78.47	23.00	56.01	(315.19)



Notes to the Financial Statements

for the year ended 31st March, 2017

Net Asset/ (Liability) recognised in the Balance Sheet

₹Lakh

Particulars	As at March 31, 2017		As at March 31, 2016		As at March 31, 2015	
	Gratuity (Funded)	PRMB (Unfunded)	Gratuity (Funded)	PRMB (Unfunded)	Gratuity (Funded)	PRMB (Unfunded)
Present value of Defined Benefit Obligation	(1235.58)	(496.13)	(993.29)	(380.81)	(803.33)	(552.22)
Fair value of Plan Assets	979.49	NA	812.51	NA	696.67	NA
Net Asset/ (Liability) recognised in the Balance Sheet	(256.09)	(496.13)	(180.78)	(380.81)	(106.66)	(552.22)

Change in defined obligation (DBO) during the year

₹Lakh

Particulars	As at March 31, 2017		As at March 31, 2016		As at March 31, 2015	
	Gratuity (Funded)	PRMB (Unfunded)	Gratuity (Funded)	PRMB (Unfunded)	Gratuity (Funded)	PRMB (Unfunded)
Present value of DBO at beginning	993.29	380.81	803.33	552.22	550.27	295.97
Current Service Cost	95.00	62.59	85.02	100.02	61.06	64.03
Interest Cost	80.16	30.73	64.90	44.62	51.23	27.55
Remeasurement (gain)/loss	89.55	23.00	61.37	(315.19)	158.71	165.68
Benefits paid	(22.42)	(1.00)	(21.33)	(0.86)	(17.94)	(1.01)
Present value of DBO at the end	1235.58	496.13	993.29	380.81	803.33	552.22

Change in the fair value of asset during the year - Gratuity (Funded)

₹Lakh

Particulars	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
Plan Assets at beginning	812.51	696.67	449.40
Interest Income	65.57	56.28	41.84
Return on Plan Assets (excluding amounts included in net interest expense)	11.08	5.36	14.45
Employer contribution	112.75	75.53	208.92
Benefits paid	(22.42)	(21.33)	(17.94)
Plan Assets as at the end \$	979.49	812.51	696.67
Actual return on Plan Assets	76.65	61.65	56.29

\$ Category-wise composition of the plan assets is not available with the Company, since the fund is managed by LIC.

Notes to the Financial Statements

for the year ended 31st March, 2017

Principal Actuarial assumptions

Particulars	As at March 31, 2017		As at March 31, 2016		As at March 31, 2015	
	Gratuity (Funded)	PRMB (Unfunded)	Gratuity (Funded)	PRMB (Unfunded)	Gratuity (Funded)	PRMB (Unfunded)
Discount rate	7.52%	7.52%	8.07%	8.07%	8.08%	8.08%
Expected rate of return on Plan Assets	7.52%	NA	8.07%	NA	8.08%	NA
Expected rate of escalation in salary	7.50%	NA	7.50%	NA	7.50%	NA
Attrition	2.00%	2.00%	2.00%	2.00%	1.00%	1.00%
Medical Cost Inflation	NA	3.00%	NA	3.00%	NA	3.00%
Mortality tables	Indian Assured Lives Mortality (2006-08) Ultimate					
Estimate of amount of contribution in the immediate next year (₹ Lakh)	212.44	NA	195.83	NA	173.19	NA

These plans typically expose the Company to actuarial risks such as:

Investment risk - The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to market yields at the end of the reporting period on government bond yields; if the return on plan asset is below this rate, it will create a plan deficit.

Interest rate risk - A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

Demographic risk - This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these

decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, medical cost inflation, discount rate and vesting criteria.

Salary risk - The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability. The expected rate of return on plan assets is determined after considering several applicable factors such as the composition of the plan assets, investment strategy, market scenario, etc.

In order to protect the capital and optimise returns within acceptable risk parameters, the plan assets are well diversified. The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

Sensitivity

Sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Particulars	Change in Assumption	As at March 31, 2017		As at March 31, 2016	
		Increase by (₹ Lakh)	Decrease by (₹ Lakh)	Increase by (₹ Lakh)	Decrease by (₹ Lakh)
Discount rate	1%	19.92	76.05	15.72	68.62
Expected rate of escalation in salary	1%	165.57	141.16	134.48	114.56
Attrition rate	1%	272.40	274.79	203.05	203.94
Medical Cost Inflation	1%	127.10	96.83	102.81	70.83

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.



Notes to the Financial Statements

for the year ended 31st March, 2017

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

iii) Other Long-term Employee Benefits

Compensated absences which are accumulated and not expected to be availed within twelve months after the end of the reporting period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date. Long Service Awards are recognised as a liability based on actuarial valuation of the defined benefit obligation as at the balance sheet date.

An amount of ₹**292.36 Lakh** (previous year ₹237.09 Lakh) and ₹**20.74 Lakh** (previous year ₹24.97 Lakh) has been charged to the Statement of Profit and Loss for the year ended March 31, 2017 towards Compensated absences and Long service awards respectively.

Actuarial assumptions for long-term compensated absences

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015
Discount rate	7.52%	8.07%	8.08%
Salary escalation	7.50%	7.50%	7.50%
Attrition	2.00%	2.00%	1.00%

The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.

NA: Not Applicable

32.2 Segment Information

a. Description of segments and principal activities

The Company has a single operating segment that is "Sale of Natural Gas". Accordingly, the segment revenue, segment results, segment assets and segment liabilities are reflected by the financial statements themselves as at and for the financial year ended March 31, 2017.

b. Entity wide disclosures

Information about products and services:

The Company is in a single line of business of "Sale of Natural Gas".

Geographical Information:

The company operates presently in the business of city gas distribution in India. Accordingly, revenue from customers earned and non-current asset are located, in India.

Information about major customers:

Three customers during the year ended March 31, 2017 and four customers during the year ended March 31, 2016 contributed to more than 10% of the revenue individually. Revenue from these customers was ₹**1,15,482.93 lakh** and ₹1,42,476.82 lakh during the year ended March 31, 2017 and March 31, 2016 respectively.

Notes to the Financial Statements

for the year ended 31st March, 2017

32.3 Related Party Transactions

GAIL (India) Limited (GAIL) and BG Asia Pacific Holdings Pte. Limited (BGAPHPL) were promoter joint venturers till June 30, 2016 and w.e.f. July 1, 2016 both are having significant influence on the Company. (BG Energy Holdings Limited (BGEHL) was a joint venturer under JV agreement and the JV agreement was assigned to BGAPHPL w.e.f. November 2, 2015).

Details of transactions with related entities (including entities transacting on behalf of related entities), in ordinary course of business:

Particulars	₹ Lakh	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Purchase of Natural Gas (from GAIL)	1,08,414.01	1,30,247.21
Secondment Charges	425.60	492.10
Expense incurred and recovered / recoverable (relates to IPO except ₹1.48 lakh for the year ended March 31, 2017)	2,858.10	455.76
Refundable Security Deposit given	4.00	6.00
Others	9.53	2.52

Outstanding balance with related entities having significant influence on the Company:

Particulars	₹Lakh		
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
Trade Payables	1,963.75	5,318.84	5,879.51
IPO related Payables/(Receivables)	1,341.92	(553.19)	(97.44)
Total	3,305.67	4,765.65	5,782.07

32.4 Financial Instruments (Fair Value Measurements) :

The Company has various financial assets and liabilities. The disclosures regarding the classification, fair value hierarchy, capital management, markets risk, credit risks and liquidity risks are as follows:

a. Classification of Financial Assets and Liabilities

Particulars	Note	₹Lakh		
		As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
A. Financial Assets				
I. Measured at Fair Value Through Profit or Loss (FVTPL)				
(i) Investments	10	46,666.60	39,340.10	37,183.40
II. Measured at Amortised Cost				
(i) Trade Receivables	5	9,491.01	9,340.92	9,739.42
(ii) Security Deposits	6	3,391.08	2,686.66	2,474.04
(iii) Cash and Cash Equivalents	11	738.90	2,219.09	1,679.32
(iv) Bank balances other than (iii) above	12	14,071.88	15,284.30	11,986.36
(v) Other Financial Assets	7,13	2,911.53	3,237.12	4,016.79
Total (A)		77,271.00	72,108.19	67,079.33



Notes to the Financial Statements

for the year ended 31st March, 2017

Particulars	Note	₹Lakh		
		As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
B. Financial Liabilities				
I. Measured at Amortised Cost				
(i) Borrowings	17	270.03	437.62	675.90
(ii) Trade Payables	21	14,895.99	11,161.66	10,634.16
(iii) Security Deposits		38,781.58	31,863.85	27,401.29
(iv) Capital Creditors		2,464.87	2,696.32	1,523.19
(v) Other Financial Liabilities	18,22	1,361.51	106.99	193.84
Total (B)		57,773.98	46,266.44	40,428.38

b. Fair Value Hierarchy of Financial Assets and Liabilities

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (i) recognised and measured at fair value and (ii) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, Company has classified its financial instruments into three levels prescribed under the accounting standards below:

Level 1: Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Level 3 inputs are unobservable inputs for the asset or liability.

Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(i) Measured at Fair Value Through Profit or Loss (FVTPL)

The company has investments in debt mutual funds which are not quoted in the active market. These debt mutual funds are subsequently measured at FVTPL as per the closing NAV statement provided

by the mutual fund house. The corresponding unrealized gain or loss on fair valuation is recorded in profit and loss account under other income. Accordingly, such debt mutual funds fall under fair value hierarchy level 2. The fair value of these mutual funds as at March 31, 2017, March 31, 2016 and April 1, 2015 is ₹46,666.60 lakh, ₹39,340.10 lakh, ₹37,183.40 lakh respectively.

(ii) Measured at Amortised Cost for which Fair Value is disclosed

The fair values of all current financial assets and liabilities including trade receivables and unbilled revenue, cash and cash equivalents, bank balances, security deposits, trade payables, capital creditors and other current financial assets and liabilities are considered to be the same as their carrying values, due to their short term nature. The fair values of all non-current financial assets and liabilities including security deposits, trade receivables and borrowings and other non-current financial assets and liabilities are considered to be the same as their carrying values, as the impact of fair valuation is not material.

c. Capital Management

Total equity as shown in the balance sheet includes equity share capital, general reserves and retained earnings.

The Company aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to its shareholders.

Notes to the Financial Statements

for the year ended 31st March, 2017

The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure. The management monitors the return on capital as well as the level of dividends to shareholders.

The Company does not have any borrowing except for sales tax deferred loan.

d. Financial risk management

Company's activities expose it to credit risk, liquidity risk and market risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and its impact on the financial statements

(i) Credit Risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting

in financial loss to the Company. The credit risk arises from trade receivables, security deposits, cash and cash equivalents and deposits with banks.

Trade receivables

The company supplies natural gas to customers.

Concentrations of credit risk with respect to trade receivables are limited as majority credit sales are made to high credit worthy entities and balance credit sales are against securities in the form of customer security deposits, bank guarantees and letter of credit. All trade receivables are reviewed and assessed for default on regular basis. Our historical experience of collecting receivables, supported by the level of default, is that credit risk is low.

For trade receivables, except for specifically identified cases, Company follows a simplified approach where provision is made as per the ageing buckets which are designed based on historical facts and patterns.

Age of receivables as on March 31, 2017

					(₹Lakh)
Ageing	Within the Credit Period	Upto 6 months	6 months to 1 year	Above 1 year	Total
Gross Amount	6,965.19	2,337.82	351.76	64.01	9,718.78
Allowance for bad receivables	-	50.93	139.14	37.70	227.77
Net Trade receivables	6,965.19	2,286.89	212.62	26.31	9,491.01

Age of receivables as on March 31, 2016

					(₹Lakh)
Ageing	Within the Credit Period	Upto 6 months	6 months to 1 year	Above 1 year	Total
Gross Amount	6,957.15	1,764.33	643.81	111.84	9,477.13
Allowance for bad receivables	-	0.57	32.77	102.87	136.21
Net Trade receivables	6,957.15	1,763.76	611.04	8.97	9,340.92

Age of receivables as on March 31, 2015

					(₹Lakh)
Ageing	Within the Credit Period	Upto 6 months	6 months to 1 year	Above 1 year	Total
Gross Amount	7,059.71	1,519.56	1,131.94	130.83	9,842.04
Allowance for bad receivables	-	-	-	102.62	102.62
Net Trade receivables	7,059.71	1,519.56	1,131.94	28.21	9,739.42



Notes to the Financial Statements

for the year ended 31st March, 2017

Reconciliation of loss allowance

	(₹Lakh)
Particulars	Amount
Loss allowance as at April 1, 2015	102.62
Changes in loss allowance	33.59
Loss allowance as at March 31, 2016	136.21
Changes in loss allowance	91.56
Loss allowance as at March 31, 2017	227.77

Other financial assets

The Company maintains exposure in security deposits, cash and cash equivalents and term deposits with banks.

In case of security deposits, majority of which are given to Municipal authorities (which are government controlled entities) towards pipeline laying activity, the credit risk is low.

In case of bank deposits, regular quotations for interest rate are invited and based on best offered rate the bank deposits are placed with banks having reasonably high net worth. Exposures of deposit placed are restricted to limits per bank as per policy and limits are actively monitored by the Company. We understand that the credit risk is very low for such deposits.

The Company's maximum exposure to credit risk as at March 31, 2017, March 31, 2016, April 1, 2015 is the carrying value of each class of financial assets as disclosed in note 6,7,11,12 and 13.

(ii) Liquidity Risk

Liquidity risk is the risk that the Company will find it difficult in meeting its obligations associated with its financial liabilities in time.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying business, Company's treasury maintains flexibility in funding by maintaining availability under cash and cash equivalents, bank deposits and mutual funds.

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows.

The tables below analyses the Company's financial liabilities into relevant maturity groupings based on their contractual maturities.

As at March 31, 2017

	₹Lakh		
Particulars	Upto 1 year	More than 1 year	Total
Borrowings	-	270.03	270.03
Trade Payables	14,895.99	-	14,895.99
Security Deposits	38,781.58	-	38,781.58
Capital Creditors	2,464.87	-	2,464.87
Others	1,341.92	19.59	1,361.51
Total	57,484.36	289.62	57,773.98

Notes to the Financial Statements

for the year ended 31st March, 2017

As at March 31, 2016

			₹Lakh
Particulars	Upto 1 year	More than 1 year	Total
Borrowings	-	437.62	437.62
Trade Payables	11,161.66	-	11,161.66
Security Deposits	31,863.85	-	31,863.85
Capital Creditors	2,696.32	-	2,696.32
Others	60.72	46.27	106.99
Total	45,782.55	483.89	46,266.44

As at April 1, 2015

			₹Lakh
Particulars	Upto 1 year	More than 1 year	Total
Borrowings	-	675.90	675.90
Trade Payables	10,634.16	-	10,634.16
Security Deposits	27,401.29	-	27,401.29
Capital Creditors	1,523.19	-	1,523.19
Others	92.26	101.58	193.84
Total	39,650.90	777.48	40,428.38

(iii) Market Risk

Foreign Exchange Risk

Company is exposed to foreign exchange risk arising from direct transactions in foreign currency and also indirectly through transactions denominated in foreign currency though settled in functional currency (INR), primarily with respect to the US Dollar (USD). Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR).

The risk is measured through a forecast of highly probable foreign currency cash flows. As per the risk management policy, the foreign currency exposure is unhedged however managed partially through natural hedge under gas sales contracts and balance through adjustment in sales prices.

The table below shows the unhedged currency exposure of financial liabilities:

Particulars	Currency	As at March 31, 2017		As at March 31, 2016		As at March 31, 2015	
		Forex	₹ Lakh	Forex	₹ Lakh	Forex	₹ Lakh
Capital Imports	USD	63,151.58	40.95	1,44,311.81	95.73	1,04,152.95	65.19
Secondment Expenses	GBP	5,34,703.00	432.47	5,34,703.00	508.44	5,34,703.00	494.38
Import of Goods & Services	USD	32,401.75	21.01	30,791.00	20.42	92,542.68	57.92

The sensitivity of profit or loss and equity to changes in the exchange rates that arise from foreign currency denominated financial instruments mentioned above is as below:

			₹Lakh
Particulars	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
USD Sensitivity :			
Increase by 5%	3.10	5.81	6.16
Decrease by 5%	3.10	5.81	6.16
GBP Sensitivity :			
Increase by 5%	21.62	25.42	24.72
Decrease by 5%	21.62	25.42	24.72



Notes to the Financial Statements

for the year ended 31st March, 2017

Interest Rate Risk:

There are no interest bearing borrowings and hence company is not exposed to interest rate risk presently.

The Company's investments in fixed deposits with banks and liquid debt mutual funds are for short durations, and therefore do not expose the Company to significant interest rates risk.

32.5 Operating Leases

a. Rental Expenses relating to Operating Leases (refer note 30)

Particulars	₹ Lakh	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Minimum Lease Payments	584.06	467.80
Others	1,646.62	1,662.34
Total Rent Expense	2,230.68	2,130.14

b. The future minimum lease payments of non-cancellable operating leases are as under:

Particulars	₹ Lakh		
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
Not later than one year	467.79	480.61	348.24
Later than one year but not later than five years	151.06	357.19	-
Later than five years	-	-	-
Total	618.85	837.80	348.24

Operating leases relate to land with lease term of 17 to 116 years. The Company does not have an option to purchase at the end of the lease term.

32.6 Income Tax

a. Components and movements of Deferred Tax Liability (Net):

Particulars	₹ Lakh						
	As at April 1, 2015	Recognised to Statement of Profit and Loss	Recognised in Statement of Other Comprehensive Income	As at March 31, 2016	Recognised to Statement of Profit and Loss	Recognised in Statement of Other Comprehensive Income	As at March 31, 2017
	(a)	(b)	(c)	(d=a+b+c)	(e)	(f)	(g=d+e+f)
i. Items of Deferred Tax Liabilities :							
Property, Plant and Equipment and Intangible Assets	(10,932.65)	(1,562.00)	-	(12,494.65)	(1,777.95)	-	(14,272.60)
Financial Assets Fair Value through profit or loss	(12.72)	(167.34)	-	(180.06)	(204.69)	-	(384.75)
Total Deferred Tax Liability (i)	(10,945.37)	(1,729.34)	-	(12,674.71)	(1,982.64)	-	(14,657.35)
ii. Items of Deferred Tax Assets :							
Allowance for doubtful trade receivables and deposits	119.32	(7.26)	-	112.06	(14.02)	-	98.04
Disallowances under Section 43B of the Income Tax Act, 1961	540.51	136.62	(109.07)	568.06	171.07	7.95	747.08
Others	0.09	(0.06)	-	0.03	49.49	-	49.52
Total Deferred Tax Assets (ii)	659.92	129.30	(109.07)	680.15	206.54	7.95	894.64
Net Deferred Tax Liability (i+ii)	(10,285.45)	(1,600.04)	(109.07)	(11,994.56)	(1,776.10)	7.95	(13,762.71)

Notes to the Financial Statements

for the year ended 31st March, 2017

b. Components of Income Tax Expense

Particulars	₹ Lakh	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Income Tax Expense		
i. Current Tax		
Current Tax on Profits for the year	18,947.16	14,474.38
Adjustment for current tax of prior periods	-	-
Total Current Tax (i)	18,947.16	14,474.38
ii. Deferred Tax		
Decrease / (Increase) in Deferred Tax Assets	(206.54)	(129.30)
Increase / (Decrease) in Deferred Tax Liability	1,982.64	1,729.34
Total Deferred Tax (ii)	1,776.10	1,600.04
Total Income Tax Expense (i+ii)	20,723.26	16,074.42

c. Reconciliation of Income Tax Expense with Accounting Profit :

Particulars	₹ Lakh	
	For the year ended March 31, 2017	For the year ended March 31, 2016
i. Profit Before Tax	60,066.01	47,163.09
ii. Tax at Indian Tax Rate of 34.608%	20,787.64	16,322.20
iii. Tax effect of Permanent Differences :		
a. Dividend income exempt u/s 10 (34)	(467.84)	(519.80)
b. CSR disallowed	162.17	159.28
c. Others	241.29	112.74
Total Tax effect of Permanent Differences (a+b+c)	(64.38)	(247.78)
iv. Income Tax Expense as per Statement of Profit and Loss (ii+iii)	20,723.26	16,074.42

32.7 Earnings per Share (EPS)

Particulars	₹ Lakh	
	For the year ended March 31, 2017	For the year ended March 31, 2016
a) Net profit after tax attributable to equity shareholders (₹ Lakh)	39,342.75	31,088.67
b) Weighted Average Number of Equity Shares	9,87,77,778	9,87,77,778
c) EPS (₹) [Basic and Diluted (a/b)] (Face value per share ₹ 10)	39.83	31.47

32.8 Capital and other commitments

- Estimated amount of contracts to be executed on capital account and not provided for (net of advances) ₹ **14,623.82 Lakh** (31.03.2016 - ₹21,115.11 Lakh; 31.03.2015 - ₹17,690.67 Lakh).
- All term contracts for purchase of natural gas with suppliers, has contractual obligation of "take or pay" for shortfall in contracted Minimum Guaranteed Quantity (MGQ) as specified in individual contracts. Estimation of these MGQ commitments is dependent on nomination of quantity by suppliers and actual purchase by the company. As both the factors "quantity nomination by supplier" and "quantity to be purchased by the company", are not predictable, MGQ commitment is not quantifiable.



Notes to the Financial Statements

for the year ended 31st March, 2017

32.9 Contingent Liabilities (to the extent not provided for)

Claims against the Company not acknowledged as debts in respect of which the Company does not expect outflow of resources **₹31,637.46 Lakh** (31.03.2016 - ₹28,195.44 Lakh; 31.03.2015 - ₹25,322.40 Lakh), includes:

- i) Claims disputed by the Company relating to issues of applicability aggregating to **₹18,951.50 Lakh** (31.03.2016 - ₹ 17,027.68 Lakh; 31.03.2015 - ₹15,418.74 Lakh) as detailed below:

Particulars	₹Lakh		
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
a) Excise Duty#	17,788.41	16,006.85	14,178.39
b) Service Tax	571.93	516.97	832.03
c) Sales Tax / Input VAT credits	489.07	448.95	333.45
d) Income Tax	102.09	54.91	74.87
Total	18,951.50	17,027.68	15,418.74

includes ₹12,497.23 lakh, where CESTAT order is in favor of the company for which department may go into appeal, hence treated as contingent liability.

Future cash outflows in respect of above matters are determinable only on receipt of judgments / decisions pending at various forums / authorities.

- ii) Central/State/Local Authority property taxes, lease rents, pipeline related re-instatement charges etc. claims disputed by the Company relating to issues of applicability and determination aggregating to **₹285.66 Lakh** (31.03.2016 - ₹191.05 Lakh; 31.03.2015 - ₹142.59 Lakh).
- iii) Third party/other claims arising from disputes relating to contracts aggregating to ₹107.59 Lakh (31.03.2016 - ₹157.17 Lakh; 31.03.2015 - ₹421.40 Lakh).
- iv) Demand from GAIL (India) Limited in respect of additional transportation tariff for the period from November 2008 to March 2017 **₹12,252.59 Lakh** (from November 2008 to March 2016 ₹10,735.60 Lakh; from November 2008 to March 2015 ₹9,277.45 Lakh). In respect to this, the company had filed a petition with PNGRB. PNGRB has set aside the petition vide web hosted order dated October 15, 2015. The company then filed petition

on November 5, 2015 with the High Court of Delhi. High Court of Delhi vide order dated November 30, 2015 has advised the company to prefer an appeal before Appellate Tribunal for Electricity (APTEL) – Appellate Authority of PNGRB. Accordingly, the company has filed an appeal before APTEL on January 21, 2016 and the case is being heard at APTEL. Based on the legal opinion, the Company contends that the same is not payable and the Company does not expect outflow of resources.

- v) Claims raised by GAIL (India) Limited in respect of differential price for supplies over and above allocation **₹6.84 Lakh** (31.03.2016 - ₹ 50.38 Lakh; 31.03.2015 - ₹ Nil).
- vi) Claims from consumers not acknowledged as debts **₹33.28 Lakh** (31.03.2016 - ₹33.56 Lakh; 31.03.2015 - ₹62.22 Lakh).
- vii) Liability on account of revision of trade margin as per contracts with Oil Marketing Companies with effect from January 1, 2015 is yet to be determined in view of undergoing negotiations.

Notes to the Financial Statements

for the year ended 31st March, 2017

32.10 Disclosure required under Micro, Small and Medium Enterprises Development Act, 2006 (the Act) are as follows :

		₹Lakh		
Sr. No.	Particulars	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
(i)	Principal amount remaining unpaid to any supplier as at the end of the accounting year			
	a) Trade Payables	297.16	178.49	266.12
	b) Capital Creditors	168.66	413.46	180.60
(ii)	Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-	-
(iii)	The amount of 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 the accounting year	-	-	-
(iv)	The amount of 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	-	-	-
(v)	The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-	-
(vi)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-	-

The above information regarding Micro enterprises and Small enterprises has been determined on the basis of information available with the company. This has been relied upon by the auditors.

32.11 Payments to Auditor (included in Miscellaneous Expenses under note 30).

		₹ Lakh	
Particulars		For the year ended March 31, 2017	For the year ended March 31, 2016
a. For Audit (Net of service tax input credit, where applicable)		47.71	33.06
b. For Taxation Matters		-	-
c. For Company Law matters		0.67	2.04
d. For Other Services		-	-
[The above expenses excludes Professional fees in respect of Initial Public Offer (IPO) ₹42 Lakh (Previous period ₹66 Lakh) excluding taxes, to be borne by promoters]			
e. Reimbursement of expenses		1.03	-
[The above expenses excludes reimbursement of expenses in respect of Initial Public Offer (IPO) ₹Nil (Previous period ₹0.50 Lakh) excluding taxes, to be borne by promoters]			



Notes to the Financial Statements

for the year ended 31st March, 2017

32.12 CSR Expenditure:

- (a) Gross amount required to be spent by company for the year is ₹909.11 Lakh (previous year ₹888.98 Lakh)
- (b) Amount spent during the period:
- Construction/acquisition of asset ₹ Nil (previous year ₹ Nil)
 - On purposes other than (i) above ₹468.60 Lakh (previous year ₹460.24 Lakh) (Refer Note 30)

32.13 Details of Specified Bank Notes(SBN) held and transacted during the period 08.11.2016 to 30.12.2016 :

Particulars	SBNs (₹)	Other Denomination Notes (₹)	Total (₹)
Closing cash in hand as on 08.11.2016	90,000	30,361	1,20,361
Add : Permitted receipts	30,75,49,500	32,69,79,980	63,45,29,480
Less : Permitted payments	-	1,83,520	1,83,520
Less : Amount Deposited in Banks	31,04,04,500	32,67,46,282	63,71,50,782
Closing cash in hand as on 30.12.2016	-	80,539	80,539

Amount deposited of ₹63,71,50,782 includes ₹63,70,60,782 directly deposited by authorized collection entities under contract with MGL, in Company's bank account as follows:

- Permitted receipts being Sales Collection on account of sale of natural gas ₹63,42,95,782 (Includes SBN ₹30,75,49,500 and Other Denomination Notes ₹32,67,46,282) and
- Other than Permitted receipts SBN ₹27,65,000, which does not belong to the Company.

32.14 On January 5, 2016, existing shareholders were offered 94,92,545 Unsecured Compulsorily Convertible Debentures (UCCDs) (Face Value ₹10/- each), on a rights basis in the proportion of 17 (seventeen) Unsecured CCDs for every 160 (one hundred and sixty) equity shares of face value of ₹10 each. 94,36,178 Unsecured CCDs were allotted to Government of Maharashtra against their application and the balance 56,367 Unsecured CCDs were cancelled. These Unsecured CCDs allotted to Government of Maharashtra were converted at par into equity shares of same number on June 7, 2016.

32.15 The company has completed an Initial Public Offer ('IPO') in June, 2016 through offer for sale by the Selling shareholders, ('the offer'). The equity shares of the company got listed on Stock Exchanges (NSE and BSE) on July 1, 2016.

32.16 The Board of Directors, at its meeting held on May 26, 2017, has proposed a final dividend of ₹11/- per equity share of face value ₹10/- each for the financial year ended March 31, 2017. This is in addition to the interim dividend of ₹8/- per equity share paid during the year. With this, the total dividend for the year is ₹19/- per equity share (normal dividend of ₹12.50 and special dividend of ₹6.50) of face value ₹10/- each. The proposal is subject to the approval of shareholders at the Annual General Meeting to be held and if approved would result in a cash outflow of approximately ₹12,848.20 Lakh, including corporate dividend tax.

For and on behalf of the Board of Directors

Rajeev Mathur
Managing Director
DIN: 03308185

Susmita Sengupta
Technical Director
DIN: 06825311

S M Ranade
Chief Financial Officer
ACA No.: 39230

Alok Mishra
CS & Compliance Officer
ACS No.: A-15967

Place : Mumbai
Date : 26th May, 2017



Long term service Award offered to employees.



Launch of CNG Two wheeler scooter.



Interaction with Stakeholders by senior management.



Felicitation of Ex Chairman Dr. Ashutosh Karnatak at the Board Meeting.



Welcome of Chairman Mr Akhil Mehrotra by the MD at Board meeting.



Welcome of Mr V.N. Dutt, GAIL nominee Director by the MD at Board meeting.



Independence Day celebration at Mhape Office, Navi Mumbai.



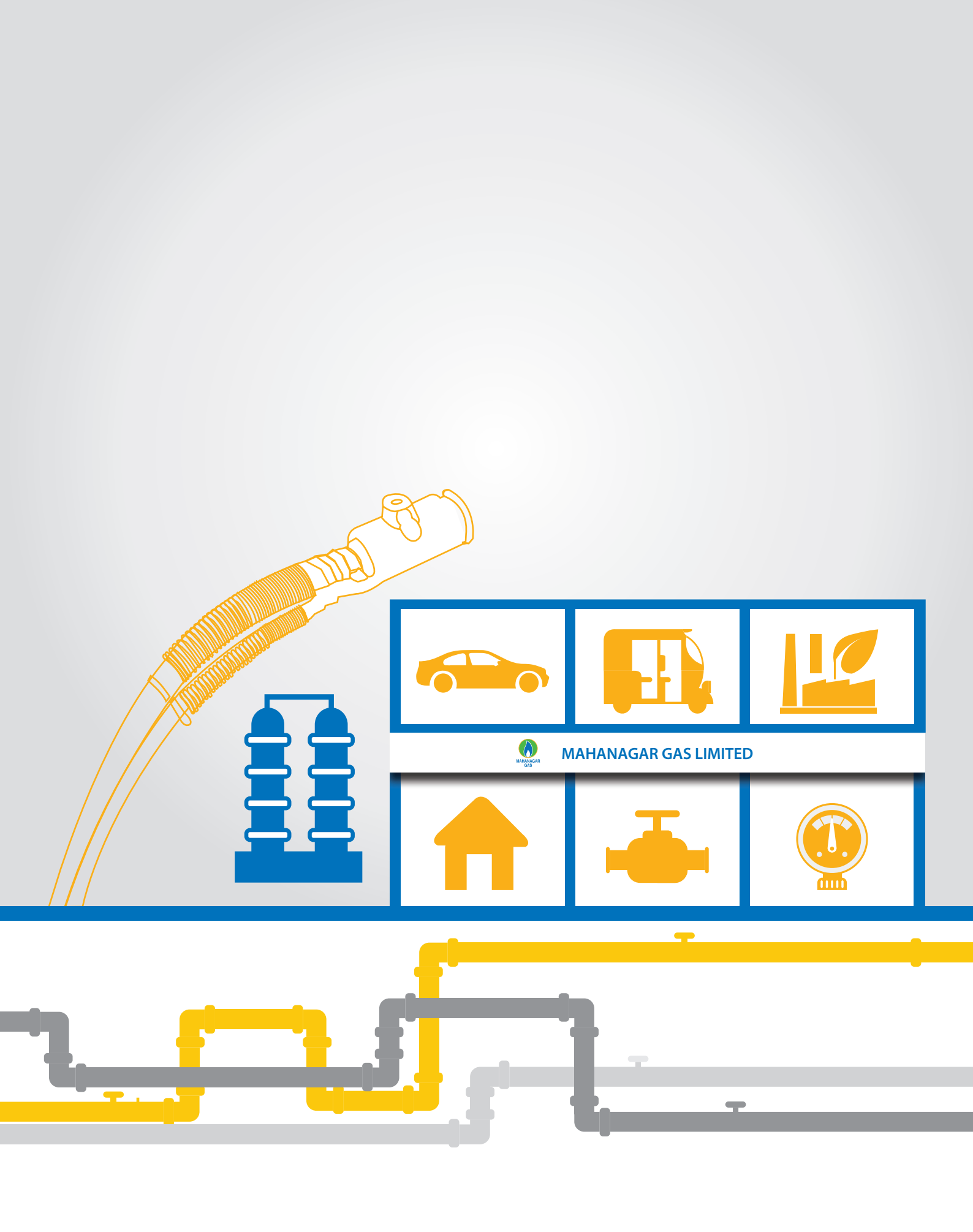
Yoga Day celebration by Senior officers.



**MAHANAGAR
GAS**

Notes

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MAHANAGAR GAS LIMITED





ANNUAL REPORT 2016 -17

MAHANAGAR GAS LIMITED

BSE - 539957
NSE - MGL
CIN - L40200MH1995PLC088133

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