

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF RELIANCE GAS TRANSPORTATION INFRASTRUCTURE LIMITED**

#### **Report on the Financial Statements**

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

#### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including Accounting Standards 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditors' Responsibility**

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

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under section 143 (11) of the Act.

We conducted our audit of the 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 financial statements are free from material misstatement.

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

### **Opinion**

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

### **Emphasis of Matters**

We draw attention to the following matter in the Notes to the financial statements:

Note 20.1 of the Financial Statements in respect of matter relating to recognition of revenue based on expected final levelised tariff which is pending for approval from the Petroleum and Natural Gas Regulatory Board (PNGRB) and consequent recognition of Regulatory income.

Our opinion is not qualified / modified in respect of this matter.

### **Report on Other Legal and Regulatory Requirements**

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

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act.

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- e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”.
- g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations and representations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements as referred to in Note 29 to the 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.

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 **Chaturvedi & Shah**

Chartered Accountants

(Registration No 101720W)

For **Lodha & Co.**

Chartered Accountants

(Registration No 301051E)

Sd/-

**Sandesh Ladha**

Partner

Membership No.47841

Place: Mumbai

Dated: 26<sup>th</sup> May, 2016

Sd/-

**H.K. Verma**

Partner

Membership No.55104

**ANNEXURE “A” TO THE INDEPENDENT AUDITORS’ REPORT ON THE FINANCIAL STATEMENTS OF RELIANCE GAS TRANSPORTATION INFRASTRUCTURE LIMITED**

**(Referred to in paragraph 1 (g) under ‘Report on Other Legal and Regulatory Requirements’ 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 **RELIANCE GAS TRANSPORTATION INFRASTRUCTURE LIMITED** (“the Company”) as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 Act.

**Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing issued by ICAI as prescribed under Section 143(10) of the Act, 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.

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

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

### **Opinion**

In our opinion, 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, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

For **Chaturvedi & Shah**  
Chartered Accountants  
(Registration No 101720W)

For **Lodha & Co.**  
Chartered Accountants  
(Registration No 301051E)

Sd/-

Sd/-

**Sandesh Ladha**  
Partner  
Membership No.47841  
Place: Mumbai  
Dated: 26<sup>th</sup> May, 2016

**H.K. Verma**  
Partner  
Membership No.55104

### 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. In respect of its fixed assets:
  - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - b) As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
  - c) According to the information and explanations provided to us and based on the documents/ confirmations, as the case may be, produced to us for our verification, in our opinion, title deeds of immovable properties are held in the name of the Company except in cases as mentioned in the following table. For the above purpose, lease/title deeds/other relevant documents have been taken as basis for verification in respect of land as well as self-constructed building thereupon.

#### Building

Total Number of cases	Gross Block as at 31.03.2016 (Rs. In Crores)	Net Block as at 31.03.2016 (Rs. In Crores)	Remarks
2 (Two) Cases	78.20	55.85	These buildings have been constructed on land not owned by the company (Refer Note 11.1 of the financial statements)

- ii. In our opinion the inventories have been physically verified during the year by the Management at reasonable intervals and as explained to us 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 Act. Therefore, the provisions of Clause (iii) of paragraph 3 of the Order is not applicable to the Company.

- iv. In our opinion and according to the information and explanations given to us, the Company has not granted any loans, made any investments and provided any guarantees and securities covered under section 185 and 186 of the Act. Therefore, the provisions of the Clause (iv) of the paragraph 3 of the Order is not applicable to the company.
- v. According to the information and explanations given to us, the Company has not accepted any deposit from the public. Therefore, the provisions of Clause (v) of paragraph 3 of the Order is not applicable to the Company.
- vi. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014 prescribed by the Central Government under Section 148(1) of the Act and are of the opinion that, *prima facie*, the prescribed accounts and cost records have been 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 respect of statutory dues:
- a) According to the records of the Company, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other material statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2016 for a period of more than six months from the date of becoming payable.
- b) According to the records of the Company, there are no dues of Sales Tax, Income Tax, Duty of Customs, Wealth Tax, Service Tax, Duty of Excise or Value Added Tax or Cess which have not been deposited as on 31st March, 2016 on account of disputes except as follows:

Sr. No	Name of the Statute	Nature of Dues	Amount(Rs. in crore)	Period to which the amount relates	Forum where dispute is pending
1.	Finance Act, 1994	Service Tax	524.26	2008-09 to 2011-12	CESTAT, Mumbai

- viii. Based on our audit procedures and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and Government and dues to debenture holders.



- ix. In our opinion and according to the information and explanations given to us, the Company has not raised monies by way of Initial Public Offer or further public offer (including debt instruments) and monies raised by way of term loans during the year have been applied by the Company for the purposes for which they were raised.
- x. In our opinion and according to the information and explanations given to us, no fraud by the Company or 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 Act.
- xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of Paragraph 3 of the Order is not applicable.
- xiii. In our opinion and according to the information and explanations given to us the Company's transactions with its related party are in compliance with Sections 177 and 188 of the Act, where applicable, and details of related party transactions have been disclosed in the financial statements 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 Paragraph 3 of the Order 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 specified u/s 192 of the Act with its directors or persons connected with him and hence reporting under clause (xv) of Paragraph 3 of the Order is not applicable to the Company.
- xvi. In our opinion and according to information and explanations provided to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For Chaturvedi & Shah**  
Chartered Accountants  
(Registration No 101720W)

**For Lodha & Co.**  
Chartered Accountants  
(Registration No 301051E)

Sd/-

Sd/-

**Sandesh Ladha**  
Partner  
Membership No.47841

**H.K. Verma**  
Partner  
Membership No.55104

Place: Mumbai

Dated: 26<sup>th</sup> May, 2016

## Reliance Gas Transportation Infrastructure Limited

(₹ in Crore)

Balance Sheet as at 31st March, 2016

	Note	As at 31st March, 2016		As at 31st March, 2015	
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholders' Funds</b>					
Share Capital	3	3,025.16		3,025.16	
Reserves and Surplus	4	<u>(4,915.92)</u>	(1,890.76)	<u>(4,377.96)</u>	(1,352.80)
<b>Non-Current Liabilities</b>					
Long Term Borrowings	5	15,836.11		14,910.29	
Other Long Term Liabilities	6	767.22		760.55	
Long Term Provisions	7	<u>440.65</u>	17,043.98	<u>884.58</u>	16,555.42
<b>Current Liabilities</b>					
Trade Payables	8				
Micro and Small Enterprises		0.87		0.98	
Others		21.53		33.11	
Other Current Liabilities	9	340.20		1,332.16	
Short Term Provisions	10	<u>705.66</u>	1,068.26	<u>11.31</u>	1,377.56
<b>Total</b>			<u><b>16,221.48</b></u>		<u><b>16,580.18</b></u>
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Fixed Assets	11				
Tangible Assets		12,704.50		13,545.23	
Intangible Assets		2.63		0.01	
Capital Work-in-Progress		<u>7.85</u>		<u>4.70</u>	
		12,714.98		13,549.94	
Long Term Loans and Advances	12	62.83		61.73	
Other Non-Current Assets - Regulatory Asset	13	<u>2,760.00</u>	15,537.81	<u>-</u>	13,611.67
<b>Current Assets</b>					
Current Investments	14	217.39		-	
Inventories	15	268.17		286.12	
Trade Receivables	16	47.76		58.39	
Cash and Bank Balances	17	123.46		60.56	
Short Term Loans and Advances	18	14.55		16.88	
Other Current Assets	19	<u>12.34</u>	683.67	<u>2,546.56</u>	2,968.51
<b>Total</b>			<u><b>16,221.48</b></u>		<u><b>16,580.18</b></u>
<b>Notes on Financial Statements</b>	1-31				

# Reliance Gas Transportation Infrastructure Limited

## Balance Sheet as at 31st March, 2016 (Contd.)

As per our report of even date

For Chaturvedi & Shah  
Chartered Accountants

For Lodha & Co  
Chartered Accountants

For and on behalf of the Board

Sd/-  
**Sandesh Ladha**  
Partner

Sd/-  
**H.K.Verma**  
Partner

Sd/-  
**R. K. Dhadda**  
Managing Director

Sd/-  
**K. R. Raja**  
Director

Sd/-  
**Natarajan T. G.**  
Director

Sd/-  
**S. Anantharaman**  
Director

Sd/-  
**Komal Chhapru**  
Director

Sd/-  
**Bijay Agrawal**  
Company Secretary

Sd/-  
**M Sundar**  
Chief Financial Officer

Place: Mumbai  
Dated: 26th May, 2016

## Reliance Gas Transportation Infrastructure Limited

Statement of Profit and Loss for the year ended 31st March, 2016

(₹ in Crore)

	Note	2015-16	2014-15
<b>INCOME</b>			
Revenue from Operations	20	1,294.03	1,356.66
Other Income	21	137.41	78.44
<b>Total Revenue</b>		<u>1,431.44</u>	<u>1,435.10</u>
<b>EXPENDITURE :</b>			
Employee Benefits Expense	22	49.25	45.37
Finance Costs	23	571.78	656.63
Depreciation and Amortisation Expense	11	843.52	874.54
Other Expenses	24	504.85	294.65
<b>Total Expenses</b>		<u>1,969.40</u>	<u>1,871.19</u>
<b>Profit / (Loss) Before Tax</b>		<b>(537.96)</b>	<b>(436.09)</b>
<b>Tax Expense</b>			
Current Tax	27.1	-	-
Deferred Tax	27.2	-	-
<b>Profit / (Loss) for the year</b>		<u><b>(537.96)</b></u>	<u><b>(436.09)</b></u>
<b>Earnings per equity share of face value of ₹ 1 each:</b>			
Basic and Diluted (in ₹)	25	<b>(0.24)</b>	<b>(0.19)</b>
<b>Notes on Financial Statements</b>	<b>1-31</b>		

# Reliance Gas Transportation Infrastructure Limited

## Statement of Profit and Loss for the year ended 31st March, 2016 (Contd.)

As per our report of even date

For Chaturvedi & Shah  
Chartered Accountants

For Lodha & Co  
Chartered Accountants

For and on behalf of the Board

Sd/-  
**Sandesh Ladha**  
Partner

Sd/-  
**H.K.Verma**  
Partner

Sd/-  
**R. K. Dhadda**  
Managing Director

Sd/-  
**K. R. Raja**  
Director

Sd/-  
**Natarajan T. G.**  
Director

Sd/-  
**S. Anantharaman**  
Director

Sd/-  
**Komal Chhapru**  
Director

Sd/-  
**Bijay Agrawal**  
Company Secretary

Sd/-  
**M Sundar**  
Chief Financial Officer

Place: Mumbai  
Dated: 26th May, 2016

# Reliance Gas Transportation Infrastructure Limited

## Cash Flow Statement for the year ended 31st March, 2016

	2015-16	(₹ in Crore) 2014-15
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit / (Loss) Before Tax as per Statement of Profit and Loss	(537.96)	(436.09)
Adjusted for:		
Depreciation and Amortisation	843.52	874.54
Diminution in value of Asset under disposal	7.91	-
Loss / (Profit) on sale of current investments (Net)	(7.86)	(4.63)
Loss/ (Profit) on sale of Fixed Assets (Net)	(0.14)	(17.11)
Unrealised Exchange Difference	250.03	(11.26)
Interest income	(4.73)	(4.34)
Finance Costs	571.78	656.63
	<u>1,660.51</u>	<u>1,493.83</u>
<b>Operating profit / (loss) before working capital changes</b>	<b>1,122.55</b>	<b>1,057.74</b>
Trade and Other Receivables	(221.35)	(155.66)
Inventories	17.95	22.54
Trade and Other Payables	(17.52)	(45.98)
	<u>(220.92)</u>	<u>(179.10)</u>
<b>Cash Generated from Operations</b>	<b>901.63</b>	<b>878.64</b>
Taxes Paid	-	-
Net Cash from / (used in) Operating Activities	<u>901.63</u>	<u>878.64</u>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(9.80)	(5.03)
Sale of Fixed Assets	0.99	61.19
Purchase of Current Investments	(1,569.97)	(1,340.56)
Sale of Current Investments	1,360.44	1,395.40
Deposits placed with Banks	(8.27)	(5.93)
Interest Income	4.34	25.97
Net cash from / (used in) Investing Activities	<u>(222.27)</u>	<u>131.04</u>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Long Term Borrowings	7,694.15	853.28
Repayment of Long Term Borrowings	(7,762.67)	(1,200.00)
Interest and Finance charges paid	(556.21)	(667.95)
Net cash from / (used in) Financing Activities	<u>(624.73)</u>	<u>(1,014.67)</u>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>54.63</b>	<b>(4.99)</b>
<b>Opening Balance of Cash and Cash Equivalents</b>	<b>12.28</b>	<b>17.27</b>
<b>Closing Balance of Cash and Cash Equivalents</b>	<b>66.91</b>	<b>12.28</b>

### Notes:

- 1 The Cash Flow Statement has been prepared under the "Indirect Method" set out in Accounting Standard-3 (AS-3) "Cash flow Statements".
- 2 The figures in ( ) represents cash outflow.

# Reliance Gas Transportation Infrastructure Limited

## Cash Flow Statement for the year ended 31st March, 2016 (Contd.)

As per our report of even date

For Chaturvedi & Shah  
Chartered Accountants

For Lodha & Co  
Chartered Accountants

For and on behalf of the Board

Sd/-  
**Sandesh Ladha**  
Partner

Sd/-  
**H.K.Verma**  
Partner

Sd/-  
**R. K. Dhadda**  
Managing Director

Sd/-  
**K. R. Raja**  
Director

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**Natarajan T. G.**  
Director

Sd/-  
**S. Anantharaman**  
Director

Sd/-  
**Komal Chhapru**  
Director

Sd/-  
**Bijay Agrawal**  
Company Secretary

Sd/-  
**M Sundar**  
Chief Financial Officer

Place: Mumbai  
Dated: 26th May, 2016



# Reliance Gas Transportation Infrastructure Limited

Notes on Financial Statements for the year ended 31st March, 2016

## NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

### a Basis of preparation of Financial Statements

The financial statements have been prepared in compliance with the Generally Accepted Accounting Principles in India (Indian GAAP), including the Accounting Standards notified under the Companies Act, 2013. The financial statements are prepared on accrual basis under the historical cost convention, except for certain Fixed Assets which are carried at revalued amounts.

### b Use of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

### c Fixed Assets

- i) Fixed Assets are stated at cost net of recoverable taxes and includes amounts added on revaluation, less accumulated depreciation, amortisation and impairment loss, if any.
- ii) Line pack gas has been considered as fixed assets.
- iii) All costs, including financing costs, net changes on foreign exchange contracts and adjustments arising from exchange rate variations relating to long term borrowings attributable to the fixed assets are capitalised.
- iv) All the expenditure (net of income earned) related to Project incurred during the construction period till commencement of operations are treated as Project Development Expenditure pending capitalisation, and are included under Capital Work-In-Progress and the same are allocated on all the Fixed Assets of the Project on completion.

### d Intangible Assets

Intangible Assets are stated at cost of acquisition less accumulated amortisation. Computer software is amortised over a period of 5 years on straight line method.

### e Depreciation

Depreciation on Fixed Assets including revalued amount is provided on straight line method over the useful life as per Schedule II to the Companies Act, 2013 / technically evaluated life. Loose tools are depreciated over a period of three years; Premium on leasehold land is amortised over the period of lease; line pack gas is not depreciated.

In respect of additions or extensions forming an integral part of existing assets, including incremental cost arising on account of translation of foreign currency liabilities for acquisition of fixed assets, depreciation is provided over the residual life of the respective assets.

### f Impairment of Assets

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting periods is reversed if there has been an increase in the recoverable value due to a change in the estimate.

### g Investments

Current investments are carried at the lower of cost and quoted/fair value, computed scrip wise. Non-current Investments are stated at cost. Provision for diminution in the value of non current investments is made only if such a decline is other than temporary in the opinion of the management.

# Reliance Gas Transportation Infrastructure Limited

## NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

### h Foreign Currency Transactions

- i) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.
- ii) Monetary items denominated in foreign currencies at the year end are restated at year end rates. In case of monetary items which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of contract is recognised as exchange difference and the premium paid on forward contracts has been recognised over the life of the contract.
- iii) Non monetary foreign currency items are carried at cost.
- iv) Any income or expense on account of exchange difference either on settlement or on translation is recognised in the Statement of Profit and Loss except in the following cases :-
  - (a) Upto accounting period 31st March, 2007, in respect of all Foreign Currency Monetary Items relating to acquisition of fixed assets such difference is adjusted to the carrying cost of the fixed assets.
  - (b) With effect from 1st April, 2007 in respect of long term Foreign Currency monetary Items relating to acquisition of depreciable fixed assets such difference is adjusted to the carrying cost of the depreciable fixed assets and in respect of other long term Foreign Currency Monetary items, the same is transferred to "Foreign Currency Monetary Translation Difference Account" and amortised over the balance period of such long term Foreign Currency Monetary items but not beyond 31st March 2020.

### i Inventories

Items of inventories are measured at lower of cost or net realisable value after providing for obsolescence, if any. Cost of inventories comprises of cost of purchase and other costs incurred in bringing them to their respective present location and condition and are determined on weighted average basis.

### j Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Company which can be reasonably measured and when no significant uncertainty exists as to its realisation.

- 1 (i) Income from transportation of gas, a regulated business, is recognised in terms of Guidance Note on Accounting for Rate Regulated Activities issued by The Institute of Chartered Accountants of India (ICAI). A regulatory asset is recognised when it is probable that the future economic benefits associated with it will flow to the entity as a result of the actual or expected actions of the regulator under the applicable regulatory framework and the amount can be measured reliably. A regulatory liability is recognised (a) when an entity has a present obligation as a result of past event and (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.
  - (ii) Income from transportation of gas is recognised on completion of delivery in respect of the quantity of gas delivered to customers.
  - (iii) In respect of quantity of gas received from customers under deferred delivery basis, Income for the quantity of gas retained in the pipeline is recognised by way of deferred delivery charges for the period of holding the gas in the pipeline at a mutually agreed rate.
  - (iv) Income is accounted net of service tax.
  - (v) Amount received upfront in lumpsum under Agreement from Customers is recognised on a pro-rata basis over the period of the relevant Agreement.
- 2 Interest income is recognised on a time proportion basis taking into account the amount outstanding and rate applicable.
- 3 Dividend is recognised when the right to receive is established.

### k Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as a part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

# Reliance Gas Transportation Infrastructure Limited

## NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

### **l Financial Derivative Transactions**

In respect of derivative contracts, premium paid, gains / losses on settlement and provision for losses are recognised in the Statement of Profit and Loss.

### **m Employee Benefits**

- i) Short term employee benefits are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the related service is rendered.
- ii) Post employment and other long term employee benefits are recognised as an expense in the Statement of Profit and Loss for the year in which the employee has rendered services:
  - (a) Contribution to defined contribution plans viz. Provident Fund, Superannuation Fund and Pension Scheme are recognized as and when incurred.
  - (b) Long-term employee benefits viz. gratuity and leave encashment are recognized at the present value of the amounts payable determined at the close of the year based on actuarial valuation techniques using the Projected Unit Credit Method. Actuarial gains and losses are charged to the Statement of Profit and Loss.

### **n Provision for Current and Deferred Tax**

Provision for Current Tax is made after taking into consideration benefits admissible under the provisions of the Income-tax Act, 1961. Deferred tax resulting from "timing difference" between taxable income and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the asset will be realised in future. In case of carried forward of unabsorbed depreciation and tax losses, deferred tax assets are recognised only if there is virtual certainty that such deferred tax assets can be realised against future taxable profits. Entitlement credit in respect of Minimum Alternate Tax is recognised only if there is convincing evidence of realisation of the same.

### **o Premium payable on redemption of Redeemable Preference Shares**

Premium payable on redemption of Redeemable Preference Shares in excess of premium, if any, received at the time of issue of such Shares is provided and charged to the Statement of Profit and Loss on a pro-rata basis over the tenure of such shares, subject to availability of profits.

### **p Provisions, Contingent Liabilities and Contingent Assets**

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources and a reliable estimate can be made of the amount of obligation. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

## NOTE 2

The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.

## Reliance Gas Transportation Infrastructure Limited

(₹ in Crore)

### NOTE 3. SHARE CAPITAL

	As at 31st March, 2016	As at 31st March, 2015
<b>Authorised :</b>		
7000 00 00 000 Equity Shares of ₹ 1 each (7000 00 00 000)	7,000.00	7,000.00
300 00 00 000 Preference Shares of ₹ 10 each (300 00 00 000)	3,000.00	3,000.00
	<u>10,000.00</u>	<u>10,000.00</u>
<b>Issued, Subscribed and Fully Paid up :</b>		
2275 16 25 000 Equity Shares of ₹ 1 each fully paid up (2275 16 25 000)	2,275.16	2,275.16
75 00 00 000 9% Non-cumulative Redeemable Preference (75 00 00 000) Shares of ₹ 10 each fully paid up	750.00	750.00
<b>TOTAL</b>	<u>3,025.16</u>	<u>3,025.16</u>

3.1 Reconciliation of the shares outstanding at the beginning and at the end of the reporting year :

There is no movement in Equity Shares and 9% Non-cumulative Redeemable Preference Shares outstanding at the beginning and at the end of the year.

3.2 The details of Shareholders holding more than 5% shares and details of Shares held by holding company or holding company of holding company or by subsidiaries / associates of holding company :

Name of Shareholders	As at 31st March, 2016		As at 31st March, 2015	
	No. of Shares	% held	No. of Shares	% held
(a) Equity Shares				
Reliance Utilities Private Limited, (Holding Company) along with its nominees	2275 16 25 000	100.00%	2275 16 25 000	100.00%
(b) 9% Non-cumulative Redeemable Preference Shares				
Reliance Industries Limited (Associate company of Holding Company of Holding Company)	50 00 00 000	66.67%	50 00 00 000	66.67%
Reliance Ports And Terminals Limited (Holding Company of Holding Company)	25 00 00 000	33.33%	25 00 00 000	33.33%

3.3 The 9% Non-cumulative Redeemable Preference Shares shall be redeemed at ₹ 125 per Preference Share (including premium of ₹ 115 per Preference Share), in five equal instalments of ₹ 25 each per Preference Share on 31st March, 2025, 31st March, 2026, 31st March, 2027, 31st March, 2028 and 31st March, 2029.

At the option of the Company, the above Redeemable Preference Shares are redeemable at any time before the dates mentioned above by giving 30 days notice to the Preference shareholders at a price calculated to give a yield of 8% p.a to the Preference shareholders after taking into account redemption made and dividends already distributed.

3.4 Rights and Restrictions to Equity Shares / Preference Shares

Equity Shares - The Equity Shares of the Company, rank pari passu in all respects including voting rights and entitlement to dividend. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

Preference Shares - The preference shares of the company have priority over the equity shares of the Company

i) For receiving dividend

ii) For repayment of capital in the event of liquidation of the Company

in proportion to their holding.

The preference shareholders will have voting rights incase the dividend is not paid for a consecutive period of two years

# Reliance Gas Transportation Infrastructure Limited

(₹ in Crore)

## NOTE 4. RESERVES AND SURPLUS

	As at 31st March, 2016	As at 31st March, 2015
<b>Securities Premium Account</b>		
As per last Balance Sheet	4,235.02	4,235.02
<b>Debenture Redemption Reserve</b>		
As per last Balance Sheet (Refer Note 4.1)	4.29	4.29
<b>Surplus in Statement of Profit and Loss</b>		
As per Last Balance Sheet	(8,617.27)	(8,181.18)
Add: Profit / (Loss) for the year	<u>(537.96)</u>	<u>(436.09)</u>
<b>TOTAL</b>	<u><u>(4,915.92)</u></u>	<u><u>(4,377.96)</u></u>

### 4.1 Debenture Redemption Reserve

The Company is required to create a Debenture Redemption Reserve (DRR) in terms of section 71(4) of the Companies Act, 2013 of ₹ 875.00 Crore for Debenture Series PPD - 2 and Debenture Series PPD - 3 over the tenure of the Debentures, out of profits of the Company. The Company had during the earlier years created DRR of ₹ 4.29 Crore. In view of the loss for the current year no further amount could be provided for DRR.

## NOTE 5. LONG TERM BORROWINGS

	As at 31st March, 2016	As at 31st March, 2015
<b>A. DEBENTURES</b>		
<b>Secured</b>		
Non Convertible Debentures	1,000.00	1,000.00
<b>Unsecured</b>		
Non Convertible Debentures	2,500.00	2,500.00
<b>B. TERM LOANS</b>		
<b>Secured</b>		
From Banks	4,015.15	3,161.78
From Financial Institution	<u>-</u>	<u>243.83</u>
	4,015.15	3,405.61
<b>C. LOANS FROM RELATED PARTIES</b>		
<b>Unsecured</b>		
Loan from Body Corporates (Refer Note 26)	8,320.96	6,258.06
<b>D. LOANS FROM OTHERS</b>		
<b>Unsecured</b>		
Loan from Body Corporates	-	1,746.62
<b>TOTAL</b>	<u><u>15,836.11</u></u>	<u><u>14,910.29</u></u>

5.1 The Term Loans from Banks and Secured Non - Convertible Debentures referred to above including current maturities of long term debt as given in Note 9 are secured on first ranking pari passu basis by way of mortgage / hypothecation / charge over;

- (a) all fixed assets of the Company, both present and future;
- (b) all stocks, goods, book debts, revenue and Receivables, both present and future, of the Company from the operations of the Project;
- (c) all rights, titles, interest, claims and demands of the Company in respect of Project Documents including Insurance Contracts;
- (d) all its bank accounts.

The Term Loans lenders are also having lien and are entitled to assert a general or special claim on the monies available in the specific escrow account maintained by M/s Reliance Ports And Terminals Limited (the Holding Company- "RPTL") subject to the terms and conditions agreed to by the RPTL, lenders and the Company.

## Reliance Gas Transportation Infrastructure Limited

(₹ in Crore)

### NOTE 5. LONG TERM BORROWINGS (Contd.)

5.2 Rate of Interest and Maturity profile of Non Convertible Debentures are set out below :

Rate of Interest	Maturity Profile	
	2021-22	2018-19
10.95% (Issued in January, 2009) (Secured)	-	1,000.00
10.25% (Issued in August, 2011) (Unsecured)	2,500.00	-

5.3 Maturity profile of Term Loans are set out below:

Year	2027-28	2021-22	2017-18
	to	to	to
	2030-31	2026-27	2020-21
Secured Term Loans	1,690.59	1,901.91	422.65

The Company has a right to prepay these loans subject to compliance with terms and conditions of respective loans.

5.4 Maturity profile of Unsecured Loans are set out below:

Year	2025-26	2024-25	2021-22
Unsecured Loans	3,467.68	853.28	4,000.00

The Company has given an undertaking to the term loan lenders that the above unsecured loan will remain subordinated both for interest and principal repayment to this Term Loan. Accordingly the principal repayment mentioned above is subject to fulfillment of this covenant.

### NOTE 6. OTHER LONG TERM LIABILITIES

	As at 31st March, 2016	As at 31st March, 2015
<b>Others</b>		
Provision for Premium on Redemption of Preference Shares	637.50	637.50
Income Received In Advance	12.51	15.41
Other Payables	117.21	107.64
<b>TOTAL</b>	<b>767.22</b>	<b>760.55</b>

6.1 Provision for Premium on Redemption of Preference Shares

In view of loss for the year, the Company has not provided for prorata premium on redemption of preference shares of ₹ 318.75 Crore (Previous Year ₹ 318.75 Crore). Further, cumulative amount of premium on redemption of preference shares not provided till 31.03.2016 is ₹ 1593.75 Crore (Previous Year ₹ 1275.00 Crore)

6.2 Other Payables includes Security Deposits from customers.

### NOTE 7. LONG TERM PROVISIONS

	As at 31st March, 2016	As at 31st March, 2015
Other Long Term Provision*	440.65	884.58
<b>TOTAL</b>	<b>440.65</b>	<b>884.58</b>

\* Represents mark to market provision for derivative transactions.

## Reliance Gas Transportation Infrastructure Limited

(₹ in Crore)

**NOTE 8.** The details of amounts outstanding to Micro and Small Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), based on the available information with the Company are as under:

Sr No.	Particulars	As at 31st March, 2016	As at 31st March, 2015
a	Principal amount due and remaining unpaid	-	-
b	Interest due on (a) above and the unpaid interest	-	-
c	Interest paid on all delayed payments under the MSMED Act	-	-
d	Payment made beyond the appointed day during the year	-	-
e	Interest due and payable for the period of delay other than (c) above	-	-
f	Interest accrued and remaining unpaid	-	-
g	Amount of further interest remaining due and payable in succeeding years	-	-

### NOTE 9. OTHER CURRENT LIABILITIES

	As at 31st March, 2016	As at 31st March, 2015
Current Maturities of Secured Long-term Debt (Refer Note 5.1)	105.66	1,100.00
Interest Accrued but Not Due on Borrowings	214.68	198.32
Income Received In Advance	3.27	3.27
Creditors for Capital Expenditure	12.67	12.98
Other payables*	3.92	17.59
<b>TOTAL</b>	<b>340.20</b>	<b>1,332.16</b>

\* Includes Statutory dues, Security deposits received and Advances from customers.

### NOTE 10. SHORT TERM PROVISIONS

	As at 31st March, 2016	As at 31st March, 2015
Provision for Leave encashment/ Gratuity / Superannuation (Refer Note 22)	3.49	2.95
Provision for Wealth Tax	-	0.04
Other Short Term Provision*	702.17	8.32
<b>TOTAL</b>	<b>705.66</b>	<b>11.31</b>

\* Represents mark to market provision for derivative transactions.

Reliance Gas Transportation Infrastructure Limited

NOTE 11

(₹ in Crore)

FIXED ASSETS

Description	GROSS BLOCK		DEPRECIATION/AMORTISATION		NET BLOCK	
	As at 01.04.2015	As at 31.03.2016	Upto 31.03.2015	Upto 31.03.2016	As at 31.03.2016	As at 31.03.2015
<b>Tangible assets</b>						
<b>Owned Assets</b>						
Freehold Land	56.82	56.72	-	-	56.72	56.82
Buildings	430.21	431.33	97.12	111.45	319.88	333.09
Plant and Machinery	25,753.46	25,752.38	12,686.83	13,510.88	12,241.50	13,066.63
Furniture and Fixtures	8.31	8.23	3.64	4.59	3.64	4.67
Vehicles	5.38	5.60	1.57	2.81	2.79	3.81
Office Equipment	4.03	3.34	3.41	2.94	0.40	0.62
Line pack gas	78.14	78.14	-	-	78.14	78.14
<b>Sub-Total</b>	<b>26,336.35</b>	<b>26,335.74</b>	<b>12,792.57</b>	<b>13,632.67</b>	<b>12,703.07</b>	<b>13,543.78</b>
<b>Leased Assets</b>						
Leasehold Land	1.56	1.56	0.11	0.13	1.43	1.45
<b>Sub-Total</b>	<b>1.56</b>	<b>1.56</b>	<b>0.11</b>	<b>0.13</b>	<b>1.43</b>	<b>1.45</b>
<b>Total (A)</b>	<b>26,337.91</b>	<b>26,337.30</b>	<b>12,792.68</b>	<b>13,632.80</b>	<b>12,704.50</b>	<b>13,545.23</b>
<b>Intangible assets</b>						
Software*	1.53	4.45	1.52	1.82	2.63	0.01
<b>Total (B)</b>	<b>1.53</b>	<b>4.45</b>	<b>1.52</b>	<b>1.82</b>	<b>2.63</b>	<b>0.01</b>
<b>TOTAL (A+B)</b>	<b>26,339.44</b>	<b>26,341.75</b>	<b>12,794.20</b>	<b>13,634.62</b>	<b>12,707.13</b>	<b>13,545.24</b>
Previous Year	26,405.88	26,339.44	11,958.08	12,794.20	13,545.24	14,447.80
Capital Work-in-Progress					7.85	4.70

\* Other than internally generated

11.1 Building includes ₹ 78.20 Crore (Previous Year ₹ 78.20 Crore) being building constructed on land not owned by the Company.

11.2 The Company, based on the report by an internationally reputed firm in pipeline engineering and project management, had revalued fixed assets relating to East West pipeline of the Company as at 30.11.2011, viz. Freehold Land, Buildings, Plant and Machinery, Furnitures and Fixtures and Office Equipment by an incremental amount of ₹ 8688.46 Crore.



# Reliance Gas Transportation Infrastructure Limited

(₹ in Crore)

## NOTE 12. LONG TERM LOANS AND ADVANCES

	As at 31st March, 2016	As at 31st March, 2015
Unsecured, considered good		
Capital Advances	0.41	0.31
Security Deposits	1.41	1.38
Balance with Custom Authorities etc.	4.41	4.41
Advance Income Tax (Net)	56.60	55.63
<b>TOTAL</b>	<b><u>62.83</u></b>	<b><u>61.73</u></b>

## NOTE 13. OTHER NON-CURRENT ASSETS

	As at 31st March, 2016	As at 31st March, 2015
Regulatory Assets (Refer Note 20.1)	2,760.00	-
<b>TOTAL</b>	<b><u>2,760.00</u></b>	<b><u>-</u></b>

## NOTE 14. CURRENT INVESTMENTS

	As at 31st March, 2016	As at 31st March, 2015
<b>Investments in units of Mutual Fund</b>		
<b>- Unquoted</b>		
3 70 82 337 DSP Black Rock Ultra Short Term Fund - Direct Plan- Growth ( - ) of ₹ 1000 each	39.45	-
1 33 57 930 DSP Black Rock Banking & PSU Debt Fund - Regular - Growth ( - ) of ₹ 1000 each	16.40	-
61 27 333 ICICI Prudential Money Market Fund - Direct Plan -Growth ( - ) of ₹ 100 each	128.24	-
38 91 609 Kotak Banking And PSU Debt Fund - Growth - Direct Plan ( - ) of ₹ 1000 each	12.75	-
61 655 L&T Liquid Fund - Direct Plan - Growth ( - ) of ₹ 1000 each	12.80	-
56 122 Axis Banking Debt Fund -Direct-Growth ( - ) of ₹ 1000 each	7.75	-
<b>TOTAL</b>	<b><u>217.39</u></b>	<b><u>-</u></b>
Total Amount of Unquoted Investments	217.39	-

14.1 Current investments are carried at the lower of cost or quoted / fair value.

## NOTE 15. INVENTORIES

	As at 31st March, 2016	As at 31st March, 2015
Stock of Natural Gas and Fuel	16.38	22.01
Stores and Spares	251.79	264.11
<b>TOTAL</b>	<b><u>268.17</u></b>	<b><u>286.12</u></b>

15.1 Inventories are measured at lower of cost or net realisable value.

# Reliance Gas Transportation Infrastructure Limited

(₹ in Crore)

## NOTE 16. TRADE RECEIVABLES

	As at 31st March, 2016	As at 31st March, 2015
(Unsecured and Considered Good) Over Six Months from due date	-	-
Others	47.76	58.39
<b>TOTAL</b>	<u>47.76</u>	<u>58.39</u>

## NOTE 17. CASH AND BANK BALANCES

	As at 31st March, 2016	As at 31st March, 2015
<b>Cash and Cash Equivalents</b>		
<b>Bank Balances:</b>		
In Current Accounts	31.91	12.28
In Deposit	35.00	-
<b>Other Bank Balances</b>		
Includes bank deposits to the extent held as security against guarantees of ₹ 0.78 Crore (Previous Year ₹ 0.78 Crore) and other commitments of ₹ 55.77 Crore (Previous Year ₹ 47.50 Crore)	56.55	48.28
<b>TOTAL</b>	<u>123.46</u>	<u>60.56</u>

## NOTE 18. SHORT TERM LOANS AND ADVANCES

	As at 31st March, 2016	As at 31st March, 2015
<b>Unsecured, Considered Good and to other than related parties</b>		
Deposits	0.02	0.07
Balance with Custom, Central Excise Authorities etc.	0.99	0.72
Others Advances*	13.54	16.09
<b>TOTAL</b>	<u>14.55</u>	<u>16.88</u>

\* Includes advances to Vendors, Interest Receivable on Fixed Deposits with Banks, Cenvat Credit in the process of being availed.

## NOTE 19. OTHER CURRENT ASSETS

	As at 31st March, 2016	As at 31st March, 2015
Unbilled Income	-	2,516.00
Assets held for Disposal	7.74	15.83
Other Receivables	4.60	14.73
<b>TOTAL</b>	<u>12.34</u>	<u>2,546.56</u>

## Reliance Gas Transportation Infrastructure Limited

(₹ in Crore)  
2014-15

2015-16

### NOTE 20. REVENUE FROM OPERATIONS

#### Income from Services

Income from Transportation of Gas		1,138.88		1,228.63
Regulatory Income / Income to be recovered after final tariff determination (Refer Note 20.1)		244.00		240.00
Other Operating Income				
Deferred Delivery Services	43.13		12.06	
Others	3.27	46.40	3.27	15.33

Less: Service Tax

135.25

127.30

1,294.03

1,356.66

20.1 Transportation of gas through pipelines is a business regulated by Petroleum and Natural Gas Regulatory Board (PNGRB). The operations of the business including setting up of pipeline and determination of tariff are regulated by PNGRB. The PNGRB (Determination of Natural Gas Pipeline Tariff) Regulations, 2008 provide for determination of tariff based on Discounted Cash Flow (DCF) methodology considering specified rate of return on capital employed which shall remain fixed over the economic life of the pipeline plus operating expenses of the Company as stipulated in the said regulations along with consideration of volume in the manner specified therein over the economic life of the pipeline. However, the entity has been allowed to reach to the stipulated level of volume in the initial five years gradually. The tariff is fixed on a provisional basis for initial period and then finalised for the initial period and for a further period of five consecutive years. Thereafter the tariff is reviewed every five years.

As per the original regulations the entity was allowed to adjust the difference between the provisional tariff and final tariff with the customers and recover the same from them. However, the revised regulations provide for adjustment to be made in the DCF calculations in such a manner that the said difference is recovered through a derived tariff from the customers on prospective basis.

PNGRB has approved the provisional transportation tariff in year 2010. Presently, the customers are being billed for transportation of gas as per the said provisional tariff further broken into zone wise rates. The Company has filed application for determination of final tariff and subsequent revisions as directed by PNGRB, which are pending for consideration before them. Pending approval, the Company has been recognising revenue as per the expected final levelised tariff which has been arrived at after giving due consideration to various key parameters provided in the relevant regulations of PNGRB for determination of tariff and determination of pipeline capacity on the basis of which PNGRB is expected to finalise the final tariff. Accordingly, income of ₹ 2516.00 Crore for the period from 1st April 2009 till 31st March 2015 being the difference between the income determined as per the expected final levelised tariff and the provisional levelised tariff on the aggregate volume of gas transported during that period was recognised in earlier years as Unbilled income. For aggregate volume of gas transported during the year, the Company is entitled to recover an amount of ₹ 244.00 Crore being the difference between the income determined as per the expected final levelised tariff determined as aforesaid and the provisional levelised tariff by way of adjustment in future tariff. In terms of the Guidance Note on Accounting for Rate Regulated Activities issued by the Institute of Chartered Accountants of India, ₹ 2760.00 Crore being the aggregate of the the above amount of ₹ 244.00 Crore along with the unbilled income of ₹ 2516.00 Crore has been regarded as Regulatory Asset as on the balance sheet date i.e. 31.03.2016, which is expected to be recovered through the derived final tariff to be charged from the customers on the aggregate volume of future gas that will be transported over the remaining economic life of the said pipeline. Based on the final outcome of the aforesaid application pending for approval before PNGRB, suitable adjustments with respect to the Regulatory asset recognised as aforesaid will be made by the Company.

## Reliance Gas Transportation Infrastructure Limited

### NOTE 21. OTHER INCOME

	2015-16		(₹ in Crore) 2014-15	
<u>Interest Income</u>				
From Fixed Deposits	4.72		4.25	
On Income Tax Refund	-		0.07	
From Others	0.01	4.73	0.02	4.34
Net Gain on Sale of Current Investments		7.86		4.63
Profit on Sale of Fixed Assets		0.14		17.11
Facilitation and other Services		117.78		34.81
Other Non-Operating Income		6.90		17.55
		<u>137.41</u>		<u>78.44</u>

### NOTE 22. EMPLOYEE BENEFITS EXPENSE

	2015-16		(₹ in Crore) 2014-15	
Salaries, Wages and Bonus	41.90		38.80	
Contribution to Provident Fund and other Funds	3.19		2.26	
Staff welfare expenses	4.16		4.31	
		<u>49.25</u>		<u>45.37</u>

22.1 The disclosure as per Accounting Standard 15 (AS-15) 'Employee Benefits', are given below:

#### Defined Contribution Plan

Contribution to defined Contribution Plan, recognised as expense for the year are as under:

	2015-16		(₹ in Crore) 2014-15	
Employer's Contribution to Provident Fund	1.39		1.42	
Employer's Contribution to Superannuation Fund	0.12		0.14	
Employer's Contribution to Pension Scheme	0.60		0.47	

#### Defined Benefit Plan

The Company operated post retirement benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

#### i) Reconciliation of opening and closing balances of Defined Benefit obligation

	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2015-16	2014-15	2015-16	2014-15
a. Defined Benefit obligation at beginning of the year	5.01	4.68	2.94	2.93
b. Current Service Cost	0.50	0.51	0.16	0.16
c. Interest Cost	0.40	0.37	0.23	0.23
d. Liability Transferred In/ Acquisitions	0.02	-	-	-
e. Actuarial (gain) / loss	0.50	(0.39)	0.23	(0.36)
f. Benefits paid	(0.70)	(0.16)	(0.08)	(0.02)
g. Defined Benefit Obligation at the year end	5.73	5.01	3.48	2.94

## Reliance Gas Transportation Infrastructure Limited

### NOTE 22. EMPLOYEE BENEFITS EXPENSE (Contd.)

#### ii) Reconciliation of opening and closing balances of fair value of Plan Assets

	( ₹ in Crore )	
	2015-16 Gratuity (Funded)	2014-15 Gratuity (Funded)
a. Fair value of Plan Assets at beginning of the year	5.01	4.68
b. Expected Return on Plan Assets	0.40	0.37
c. Actuarial Gain / (Loss)	0.05	0.05
d. Assets Transferred In/Acquisitions	0.02	-
e. Employer Contributions	0.95	0.07
f. Benefits paid	(0.70)	(0.16)
g. Fair value of Plan Assets at the year end	5.73	5.01
h. Actual return on plan assets	0.45	0.42

#### iii) Reconciliation of fair value of assets and obligations

	( ₹ in Crore )				
	As at 31.03.16 Gratuity (Funded)	As at 31.03.15 Gratuity (Funded)	As at 31.03.14 Gratuity (Funded)	As at 31.03.13 Gratuity (Funded)	As at 31.03.12 Gratuity (Funded)
a. Fair value of Plan Assets at year end	5.73	5.01	4.68	2.79	1.42
b. Present value of Obligation as at year end	5.73	5.01	4.68	3.94	2.72
c. Amount recognised in the Balance Sheet [Surplus / (Deficit)]	-	-	-	(1.15)	(1.30)

	( ₹ in Crore )				
	As at 31.03.16 Leave Encashment (Unfunded)	As at 31.03.15 Leave Encashment (Unfunded)	As at 31.03.14 Leave Encashment (Unfunded)	As at 31.03.13 Leave Encashment (Unfunded)	As at 31.03.12 Leave Encashment (Unfunded)
a. Fair value of Plan Assets at year end	-	-	-	-	-
b. Present value of Obligation as at year end	3.48	2.94	2.93	2.31	1.53
c. Amount recognised in the Balance Sheet [Surplus / (Deficit)]	(3.48)	(2.94)	(2.93)	(2.31)	(1.53)

(The details of experience adjustments arising on account of plan assets and liabilities as required by paragraph 120(n)(ii) of AS 15 on 'Employee Benefits' are not available in the valuation report and hence, are not furnished.)

#### iv) Expenses recognised during the year

	( ₹ in Crore )			
	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2015-16	2014-15	2015-16	2014-15
a. Current Service Cost	0.50	0.51	0.16	0.16
b. Interest Cost	0.40	0.37	0.22	0.23
c. Expected Return on Plan Assets	(0.40)	(0.37)	-	-
d. Actuarial (Gain)/Loss	0.45	(0.44)	0.23	(0.36)
e. Expenses recognised during the year	0.95	0.07	0.61	0.03

#### v) Investment Details

##### Particulars of Investments - Gratuity (%)

The Gratuity Trust has taken Gratuity Policies from various Insurance Companies, therefore percentage of investments in GOI Securities, Public Financial Institutions etc. are not ascertainable.

## Reliance Gas Transportation Infrastructure Limited

### NOTE 22. EMPLOYEE BENEFITS EXPENSE (Contd.)

#### vi) Assumptions

	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2015-16	2014-15	2015-16	2014-15
	2006-08 (Ultimate)	2006-08 (Ultimate)	2006-08 (Ultimate)	2006-08 (Ultimate)
Mortality Table (LIC)	8.00%	8.00%	8.00%	8.00%
Discount Rate	6.00%	6.00%	6.00%	6.00%
Salary escalation	8.00%	8.00%	-	-
Expected Rate of Return on Plan Assets				

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The expected rate of return on plan assets is determined considering RBI Bond Interest rate or historical return on plan assets.

vii) The expected contributions for defined benefit plan for the next financial year will be in line with FY 2015-16.

### NOTE 23. FINANCE COSTS

	2015-16	(₹ in Crore) 2014-15
Interest Expenses	570.74	656.60
Other Borrowing Costs	1.04	0.03
	<u>571.78</u>	<u>656.63</u>

### NOTE 24. OTHER EXPENSES

	2015-16	(₹ in Crore) 2014-15	
<b>OPERATION AND MAINTAINANCE EXPENSES</b>			
Stores and Spare (Refer Note 24.3)	21.80	24.99	
Electricity, Power and Fuel	87.53	104.17	
Repairs - Machinery	45.34	43.87	
Other Operational Expenses	7.82	7.23	180.26
<b>ADMINISTRATION EXPENSES</b>			
Payment to and Provision for Managerial personnel on deputation	1.96	1.93	
Insurance	7.03	6.90	
Rent	0.32	0.22	
Repairs - Others	0.17	1.06	
Rates and Taxes	2.97	2.91	
Contracted and others services	31.75	31.51	
Travelling and Conveyance	10.56	18.16	
Payment to Auditors (Refer Note 24.1)	0.50	0.51	
Professional Fees	5.12	8.83	
Letter of credit and bank charges	1.32	0.07	
Diminution in Value of Asset under Disposal	7.91	-	
Net Loss / (Gain) on Foreign Currency Transaction and Translation	255.85	27.72	
General Expenses	16.90	14.53	
Wealth Tax	-	0.04	114.39
	<u>504.85</u>	<u>294.65</u>	

## Reliance Gas Transportation Infrastructure Limited

### NOTE 24. OTHER EXPENSES (Contd.)

#### 24.1 PAYMENT TO AUDITORS AS :

	2015-16	(₹ in Crore) 2014-15
(a) Auditor		
Statutory Audit Fees	0.40	0.40
Tax Audit Fees	0.05	0.05
(b) Certification Fees	-	0.03
(c) Expenses Reimbursed	0.04	0.02
(d) Cost Audit Fees	0.01	0.01
	<u>0.50</u>	<u>0.51</u>

#### 24.2 EXPENDITURE IN FOREIGN CURRENCY

	2015-16	(₹ in Crore) 2014-15
Repairs and Maintenance	27.51	28.58
Consultation Fees	-	4.71
Project Contract Expenses	2.94	-
Others	0.01	0.14
	<u>30.46</u>	<u>33.43</u>

#### 24.3 VALUE OF STORES AND SPARES CONSUMED

	2015-16		2014-15	
	(₹ in Crore)	% of Consump- -tion	(₹ in Crore)	% of Consump- -tion
Imported	8.43	38.66	14.67	58.69
Indigenous	13.37	61.34	10.32	41.31
	<u>21.80</u>	<u>100.00</u>	<u>24.99</u>	<u>100.00</u>

#### 24.4 VALUE OF IMPORTS ON C.I.F. BASIS IN RESPECT OF ;

	2015-16	(₹ in Crore) 2014-15
Stores and Spares	4.14	6.03
Capital Goods	0.49	0.49
	<u>4.63</u>	<u>6.52</u>

## Reliance Gas Transportation Infrastructure Limited

(₹ in Crore)

### NOTE 25. EARNINGS PER SHARE (EPS)

	2015-16	2014-15
i) Net Profit / ( Loss) as per Statement of Profit and Loss	(537.96)	(436.09)
ii) Weighted Average number of equity shares used as denominator for calculating Basic and Diluted EPS	2275 16 25 000	2275 16 25 000
iii) Earnings per share of face value of ₹ 1 each		
- For Basic and Diluted	(0.24)	(0.19)

### NOTE 26. RELATED PARTY DISCLOSURES

As per Accounting Standard 18 (AS-18) 'Related Party Disclosures', the disclosures of transactions with the related parties are given below:

List of related parties where control exists and related parties with whom transactions have taken place and relationships:

#### i) Name of Related Party

##### Entities which exercise control on the company

Reliance Industries Holding Private Limited  
Reliance Ports and Terminals Limited  
Reliance Utilities Private Limited

##### Associate Company

Reliance Industries Limited

##### Fellow Subsidiary Company

Reliance Utilities and Power Private Limited  
Reliance Consolidated Holding Private Limited  
(Amalgamated with Reliance Industries Holding Private Limited with effect from 30.09.2015)

##### Key Managerial Person

Mr. R. K. Dhadda

#### ii) Transactions during the year with Related parties:

##### Name of Related Party/Nature of transaction (Excluding reimbursement and share premium)

	2015-16	2014-15
		(₹ in Crore)
<b>(a) Reliance Ports And Terminals Limited</b>		
<b>Preference Share capital</b>		
Closing Balance	250.00	250.00
<b>Loan</b>		
Opening Balance	4,853.28	4,000.00
Loan Taken	3,467.68	853.28
Closing Balance	8,320.96	4,853.28
<b>Transportation charges</b>	-	0.03
<b>Sale of asset held for disposal</b>	-	0.01
<b>Sale of assets</b>	0.18	-



## Reliance Gas Transportation Infrastructure Limited

### NOTE 26. RELATED PARTY DISCLOSURES (Contd.)

	2015-16	(₹ in Crore) 2014-15
<b>(b) Reliance Utilities Private Limited</b>		
Equity Share Capital Closing Balance	2,275.16	2,275.16
Deposit received for proposing candidature of Directors	0.03	-
Deposit repaid for proposing candidature of Directors	0.03	-
Other Receivables Closing Balance	-	0.06
<b>(c) Reliance Industries Limited</b>		
Preference Share capital Closing Balance	500.00	500.00
Sale of materials	0.31	0.25
Purchase of fuel	47.43	52.16
Sale of Assets	-	45.55
Income from Services (Including Service Tax)	220.56	196.81
Trade Receivables Closing Balance	6.95	7.47
Trade Payables Closing Balance	1.92	3.13
<b>(d) Reliance Utilities and Power Private Limited</b>		
Sale of Assets	0.10	-
<b>(e) Reliance Consolidated Holding Private Limited</b>		
Loan Opening Balance	1,404.78	1,404.78
Loan Repaid	1,404.78	-
Closing Balance	-	1,404.78
<b>(f) Mr. R.K.Dhadda</b>		
Remuneration (Including Service Tax)	1.66	1.50

### NOTE 27. TAXATION

#### 27.1 Current tax

In view of the loss for the current year and carried forward business loss of earlier years, no provision for current tax has been made.

#### 27.2 Deferred tax

The Company has Deferred Tax Assets of ₹ 3207.10 Crore (Previous year ₹ 4029.71 Crore) relating to provision for employee benefits, unabsorbed depreciation and business loss, and Deferred Tax Liability of ₹ 2378.16 Crore (Previous year ₹ 2537.09 Crore) relating to fixed assets, resulting in a Net Deferred Tax Assets of ₹ 828.94 Crore (Previous year ₹ 1492.62 Crore). As a matter of prudence the same has not been recognized in books of account.

## Reliance Gas Transportation Infrastructure Limited

### Note 28.

Due to continued low level of gas production from KG-D6 block, the volume of gas transported by the Company continued to be low in the current year resulting in lower capacity utilisation of the pipeline and consequent continued losses and erosion of networth. However, the long term prospects of the Company appear better considering enhanced level of exploration activities, new gas discoveries in the KG basin and expected commissioning of LNG terminals on the east coast. Further, the refinancing of the existing project term loans from banks in terms of Reserve Bank of India (RBI) Circular on refinancing of Project Loans with a maturity profile aligned to the economic life of and cash flows from the pipeline provide operational flexibility to the Company. The promoters of the Company have continued to support and have agreed to provide the necessary financial support to the Company as and when required. In view of the above, the Directors are of the opinion that there is no material uncertainty in respect of the Company's ability to continue as a going concern.

### NOTE 29. CONTINGENT LIABILITIES AND COMMITMENTS (to the extent not provided for)

	As at 31st Mar, 2016	As at 31st Mar, 2015
(₹ in Crore)		
<b>i) Contingent Liabilities</b>		
a Guarantee issued by Bank	20.27	20.31
b Special Additional Duty under dispute not acknowledged as debt	2.64	2.64
c The Company is contesting the order of the Commissioner of Service tax seeking to deny the credit of ₹ 262.13 Crore in respect of input services and capital goods availed by the Company during the pre-commissioning period of East West Pipeline and penalty of equivalent amount thereon. The matter is currently at the Appellate level. Based on the legal interpretation of the cenvat credit provisions and decision of High Court and Appellate Authority on similar issues, the Company has been legally advised that the above demand is not sustainable, and accordingly no provision is considered necessary. In respect of above litigation, the Company does not anticipate any material impact on its financial position.		
<b>ii) Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	6.95	5.58

### NOTE 30. FINANCIAL AND DERIVATIVE INSTRUMENTS

- i) Derivative contracts entered into by the Company and outstanding as on 31st March, 2016

Nominal amount of derivative contracts entered into by the Company for hedging currency / interest related risks and outstanding as on 31st March, 2016 amounts to ₹ 4500 Crore (Previous Year ₹ 4500 Crore)

Particulars	(₹ in Crore)	
	As at 31st Mar, 2016	As at 31st Mar, 2015
Currency Swaps	4500.00	4500.00
ii) All derivative and financial instruments acquired by the Company are for hedging purposes only.		
iii) Foreign currency exposure that are not hedged by derivative instruments as on 31st Mar, 2016 amounts to ₹ 2.54 Crore (Previous Year ₹ 7.49 Crore)		

### NOTE 31. SEGMENT REPORTING

The Company is mainly in the business of transportation of natural gas and this is the only segment to be reported as per Accounting Standard on Segment Reporting (AS-17).

# Reliance Gas Transportation Infrastructure Limited

## Notes on Financial Statements for the year ended 31st March, 2016 (Contd.)

As per our report of even date

For Chaturvedi & Shah  
Chartered Accountants

For Lodha & Co  
Chartered Accountants

For and on behalf of the Board

Sd/-  
**Sandesh Ladha**  
Partner

Sd/-  
**H.K.Verma**  
Partner

Sd/-  
**R. K. Dhadda**  
Managing Director

Sd/-  
**K. R. Raja**  
Director

Sd/-  
**Natarajan T. G.**  
Director

Sd/-  
**S. Anantharaman**  
Director

Sd/-  
**Komal Chhapru**  
Director

Sd/-  
**Bijay Agrawal**  
Company Secretary

Sd/-  
**M Sundar**  
Chief Financial Officer

Place: Mumbai  
Dated: 26th May, 2016