ANNEXURE TO THE NOTICE
OF MEETING
OF SECURITY HOLDERS
TO APPROVE
SCHEME OF ARRANGEMENT
UNDER SECTION 230 OF THE COMPANIES ACT, 2013
AMONG
GUJARAT STATE PETROLEUM CORPORATION LIMITED (GSPC)
AND
GUJARAT STATE INVESTMENT LIMITED (GSIL)
AND
GSPC NCD HOLDERS

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ANNEXURE - I

SCHEME OF ARRANGEMENT

UNDER SECTION 230 OF THE COMPANIES ACT, 2013

AMONG

GUJARAT STATE PETROLEUM CORPORATION LIMITED

AND

GUJARAT STATE INVESTMENT LIMITED

AND

GSPC NCD HOLDERS

PREAMBLE

This Scheme (*as defined below*) provides for the assignment of the Obligations (*as defined below*) by Gujarat State Petroleum Corporation Limited to Gujarat State Investment Limited in accordance with and in terms of the provisions of Section 230 of the Act (*as defined below*).

1 BACKGROUND AND RATIONALE FOR THE SCHEME

A. GUJARAT STATE PETROLEUM CORPORATION LIMITED ("Transferor Company") is a public limited company incorporated on 29 January 1979 under the provisions of the Companies Act, 1956 with CIN U23209GJ1979SGC003281 and having its registered office at GSPC Bhawan, Behind Udyog Bhawan, Sector-11, Gandhinagar – 382 011, Gujarat. The Transferor Company was incorporated on January 29, 1979 with the name of Gujarat State Petrochemicals Corporation Limited which was changed to the current name with effect from November 10, 1994. At the time of incorporation, the Registered Office of Transferor Company was situated at 6th floor, Center Point, Panchvati, Ellisbridge, Ahmedabad 380 006 which was changed to Block No. 15, 2nd floor, Udyog Bhavan, Sector - 11, Gandhinagar 382 010 on July 24, 1998 which was ultimately changed to the present Registered Office Address on May 14, 2004. The Transferor Company is a Government Company in accordance with Section 2 (45) of the Act (*as defined below*). The Transferor Company is *inter alia* engaged in the business of oil and gas exploration and production and natural gas trading. The shares of the Transferor Company are not listed on a Recognised Stock Exchange. However, the non-convertible debentures issued on private placement basis by the Transferor Company are listed on the

National Stock Exchange of India Limited. The details of the Transferor Company's shareholding is set out below:

Sr. No.	Name of Shareholder	% of holding
1	Gujarat Alkalies & Chemicals Limited	0.84%
2	Gujarat Industrial Development Corporation	0.48%
3	Gujarat Industrial Investment Corporation Limited	0.80%
4	Gujarat Mineral Development Corporation Limited	1.01%
5	Gujarat Narmada Valley Fertilizers Company Limited	0.84%
6	Gujarat State Fertilizers & Chemicals Limited	0.91%
7	Gujarat State Investment Limited	7.47%
8	Government of the State of Gujarat acting through Governor of Gujarat (Promoter) (including GoG Nominees)	86.89%
9	Gujarat Gas Limited	0.78%
	Total	**100.00%**

B. **GUJARAT STATE INVESTMENT LIMITED ("Transferee Company")** is a public limited company incorporated on 29 January 1988 under the provisions of the Companies Act, 1956 with CIN U64990GJ1988SGC010307 and having its registered office at 6th Floor, H K House Ashram Road Ahmedabad – 380 009, Gujarat. The Transferee Company is a Government Company in accordance with Section 2 (45) of the Act (*as defined below*). The Transferee Company holds investments of Government of Gujarat in various state sector entities. The Transferee Company is an unregistered core investment company and engaged in the business of investment generally. The shares of the Transferee Company not listed on a Recognised Stock Exchange. The details of the Transferee Company's shareholding is set out below:

Sl. No.	Name of Shareholders	Shareholding Percentage
1.	Government of the State of Gujarat acting through Governor of Gujarat (including Nominee Holders)	100

C. As on date, the Transferee Company is wholly owned by the Government of the State of Gujarat acting through the Governor of the State of Gujarat and qualifies as a 'Government Company' under Section 2 (45) of the Act (*as defined below*). The Transferor Company is owned and controlled by the Government of the State of Gujarat acting through the Governor of the State of Gujarat who holds 86.89% and also qualifies as a 'Government Company' under Section 2 (45) of the Act (*as defined below*). Both the Transferor Company and Transferee Company have not committed any default in filling their financial statements under Section 137 of the Act (*as*

defined below) or annual returns under Section 92 of the Act (*as defined below*) with the RoC (*as defined below*). The assignment of the Obligations (*as defined below)* of the Transferor Company and vesting of the same in the Transferee Company is in the interest of all concerned stakeholders including their shareholders, debenture holders, creditors and general public for the following reasons:

(i) *Streamlining of group structure*: Pursuant to the assignment of the Obligations (*as defined below)* the Transferor Company shall issue equity shares to the Transferee Company resulting in the Transferee Company becoming the holding company of the Transferor Company resulting in administrative synergies, simplification, focused management, streamlining and optimization of the group structure and efficient administration for the ultimate shareholders (i.e. the Government of the State of Gujarat acting through the Governor of the State of Gujarat) of both the companies. The assignment of the Obligations (*as defined below*) by the Transferor Company will improve the leverage/ debt to equity ratio of the Transferor Company.

(ii) *Better Tradability of NCDs*: Pursuant to the assignment of the Obligations (*as defined below)* by the Transferor Company and vesting of the same on the Transferee Company will enhance the tradability of the NCDs in the secondary market due to better credit rating of the GSIL Debentures (*as defined below*) to be issued to Existing Holders (*as defined below*).

(iii) *Implementation of Resolution of Government of Gujarat*: Government of Gujarat has issued G.R. No. GSP/11-2017/706/E dated July 26, 2018 recognizing the contribution of Transferor Company in creating a natural gas based economy in the State of Gujarat. Government of Gujarat has also resolved vide the said GR that the Existing NCDs (*as defined below*) be assigned by Transferor Company to Transferee Company in the overall interest of the Transferor Company, Transferee Company and the general public.

D. Accordingly, to achieve the above objectives, the board of directors of the Transferee Company and the Transferor Company have decided to make requisite applications and/or petitions before the Central Government (*as defined below*) under Sections 230 of the Act (*as defined below*) read with notification no. G.S.R 463 (E) dated 5 June 2015 of the Ministry of Corporate Affairs as amended by notification no. G.S.R 582 (E) of the Ministry of Corporate Affairs dated 13 June 2017and other applicable provisions of the Act (*as defined below*), for the sanction of this Scheme.

E. The assignment of the Obligations (*as defined below*) of the Transferor Company and vesting of the same in the Transferee Company with effect from the Appointed Date (*as defined below*) is in the interest of the respective shareholders, debenture holders, creditors, employees and other stakeholders of the Transferor Company and the Transferee Company.

II PARTS OF THIS SCHEME

This Scheme is divided into the following parts:

Part A deals with definitions, interpretations, date of coming into effect and share capital of the Transferor Company and the Transferee Company.

Part B deals with the assignment of the Obligations (*as defined below*) of the Transferor Company and vesting of the same in the Transferee Company.

Part C deals with amendments to the memorandum of association of the Transferor Company.

Part E deals with general provisions or terms and conditions applicable to this Scheme.

PART A

DEFINITIONS, INTERPRETATIONS, SHARE CAPITAL AND DATE OF TAKING EFFECT

1. DEFINITIONS

In this Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the meaning ascribed to them below:

1.1 "**Act**" means the Companies Act, 2013 as may be amended from time to time.

1.2 "**Applicable Law**" means and includes any applicable statute, law, bye-law, enactment, regulation, ordinance, policy, treaty, rule, notification, direction, directive, guideline, requirement, license, rule of common law, order, decree, judgment, or any restriction or condition including any similar form of decision of, or determination, application or execution by, or interpretation or pronouncement having the force of law of, any Governmental Authority having jurisdiction over the matter in question.

1.3 "**Appointed Date**" for the purpose of this Scheme and for Income Tax Act, 1961 means April 1, 2018.

1.4 "**Attachment Notification**" means notification no. MPI.1118/C.R. 394/ Pol 11 dated 4 April 2018 issued by the Home Department, Government of Maharashtra under the Maharashtra Protection of Interest of Depositors (in financial establishment) Act, 1999.

1.5 "**Board of Directors**" in relation to the Transferor Company and the Transferee Company, as the case may be, shall, unless it is repugnant to the context or otherwise, would mean the respective board of directors of such company and shall include the respective committees of the board of directors or any person authorized by the board of directors or such committee of the board of directors.

1.6 **"CIC Regulations"** means Master Direction - Core Investment Companies (Reserve Bank) Directions, 2016 as updated from time to time.

1.7 "**Central Government**" means Ministry of Corporate Affairs.

1.8 "**GSIL Debentures Trustee**" means any person who has agreed to act as a trustee in relation to the issuance of the GSIL Debentures.

1.9 "**Effective Date**" means the later of the date on which the actions set out in Clause13 are completed. Any references in this Scheme to the "date of coming into effect of this Scheme" or "effectiveness of this Scheme" or "Scheme taking effect" or "upon coming into effect of this Scheme" shall mean the Effective Date.

1.10 "**Existing Debentures**" means the issued and allotted debentures of the Transferor Company as set out in Annexure 1 of the Scheme.

1.11 **"Existing Series 1 Debentures"** means the issued and allotted debentures of the Transferor Company having ISIN No. INE065L08017 allotted on September 21, 2012 and maturing on September 21, 2020.

1.12 **"Existing Series 2 Debentures"** means the issued and allotted debentures of the Transferor Company having ISIN No. INE065L08025 allotted on October 1, 2012 and maturing on October 1, 2022.

1.13 **"Existing Series 3 Debentures"** means the issued and allotted debentures of the Transferor Company having ISIN No. INE065L08041 allotted on March 22, 2013 and maturing on March 22, 2028.

1.14 **"Existing Series 4 Debentures"** means the issued and allotted debentures of the Transferor Company having ISIN No. INE065L08033 allotted on September 28, 2012 and maturing on September 28, 2072 and having first call option for redemption on September 28, 2022.

1.15 **"Existing Series 5 Debentures"** means the issued and allotted debentures of the Transferor Company having ISIN No. INE065L08058 allotted on March 22, 2013 and maturing on March 22, 2073 and having first call option for redemption on March 22, 2025.

1.16 "**Existing Holders**" means the current debenture holders of the Existing Debentures as on the Record Date.

1.17 "**Existing Series 1 Holders**" means the Existing Holders holding Existing Series 1 Debentures.

1.18 "**Existing Series 2 Holders**" means the Existing Holders holding Existing Series 2 Debentures.

1.19 "**Existing Series 3 Holders**" means the Existing Holders holding Existing Series 3 Debentures.

1.20 "**Existing Series 4 Holders**" means the Existing Holders holding Existing Series 4 Debentures.

1.21 "**Existing Series 5 Holders**" means the Existing Holders holding Existing Series 5 Debentures.

1.22 "**GSIL Debentures**" means the debentures of the Transferee Company to be issued to Existing Holders pursuant to the Scheme.

1.23 "**GSIL Series 1 Debentures**" means the GSIL Debentures to be issued to Existing Series 1 Holders pursuant to the Scheme against extinguishment of Existing Series 1 Debentures in the books of the Transferor Company. The terms for issuance of GSIL Series 1 Debentures are as given in Part A of Annexure 2 to this Scheme.

1.24 "**GSIL Series 2 Debentures**" means the GSIL Debentures to be issued to Existing Series 2 Holders pursuant to the Scheme against extinguishment of Existing Series 2 Debentures in the books of the Transferor Company. The terms for issuance of GSIL Series 2 Debentures are as given in Part B of Annexure 2 to this Scheme.

1.25 "**GSIL Series 3 Debentures**" means the GSIL Debentures to be issued to Existing Series 3 Holders pursuant to the Scheme against extinguishment of Existing Series 3 Debentures in the books of the Transferor Company. The terms for issuance of GSIL Series 3 Debentures are as given in Part C of Annexure 2 to this Scheme.

1.26 "**GSIL Series 4 Debentures**" means the GSIL Debentures to be issued to Existing Series 4 Holders (including 63 Moons) pursuant to the Scheme against extinguishment of Existing Series 4 Debentures in the books of the Transferor Company. The terms for issuance of GSIL Series 4 Debentures are as given in Part D of Annexure 2 to this Scheme.

1.27 "**GSIL Series 5 Debentures**" means the GSIL Debentures to be issued to Existing Series 5 Holders pursuant to the Scheme against extinguishment of Existing Series 5 Debentures in the books of the Transferor Company. The terms for issuance of GSIL Series 5 Debentures are as given in Part E of Annexure 2 to this Scheme.

1.28 "**Governmental Authority**" means any applicable central, state or local government, legislative body, regulatory or administrative authority, agency or commission or any court, tribunal, board, bureau or instrumentality thereof or arbitration or arbitral body having jurisdiction.

1.29 "**IT Act**" means the Income-tax Act, 1961 including any statutory amendments and rules and regulations made therein.

1.30 "**New Terms**" means the terms and conditions (as set out in Annexure 3 of the Scheme) on which the GSIL Debenture shall be issued to the Small Debenture Holders in the event of non-receipt of the RBI Exemption.

1.31 "**Obligations**" shall mean all rights and obligations of the Transferor Company relating to the Existing Debentures including the obligations relating to payment of interest, withholding of taxes on interest payment, deduction of interest for the purpose IT Act to the Existing Holders as well as redemption of the Existing Debentures.

1.32 "**RBI**" means the Reserve Bank of India.

1.33 "**Recognized Stock Exchange**" means a recognized stock exchange as defined in Section 2(f) of the Securities Contract (Regulation) Act, 1956.

1.34 "**Record Date**" means the date to be fixed by the Board of Directors of the Transferor Company, being a date immediately after the Effective Date for determining the eligibility of the debenture holders of the Transferor Company, for the purpose of issue and allotment of GSIL Debentures, in terms of the Scheme.

1.35 "**63 Moons Debentures**" means such of the Existing Series 4 Debentures as are issued to 63 Moons that have been attached pursuant to Section 4 (2) of the Maharashtra Protection of Interest of Depositors (in financial establishment) Act, 1999 as per the Attachment Notification.

1.36 "**63 Moons**" means 63 Moons Technologies Limited a company incorporated in India with its registered office at Shakti Tower - 1, 7th Floor, Premises E, 766, Anna Salai, Thousand Lights, Chennai – 600 002, Tamil Nadu.

1.37 "**RoC**" means the Registrar of Companies, Ahmedabad.

1.38 "**RBI Exemption**" means the exemption to be granted by RBI to the Transferee Company as per the CIC Regulations, pursuant to an application dated September 25, 2018 submitted by the Transferee Company to the RBI inter alia seeking exemption from complying with certain provision of the CIC Regulations including the provisions relating to issuance of fully secured debentures to Small Debenture Holders.

1.39 "**Scheme**" means this composite scheme of arrangement in its present form or with any modification(s) made under Clause 24, as approved or directed by the Central Government or any other appropriate authority.

1.40 "**Shares**" means the equity shares of the Transferor Company.

1.41 "**Small Debenture Holders**" means the Existing Holders who individually hold Existing Debentures of a value less than INR 1,00,00,000 (Indian Rupees One Crore) as envisaged under Para 2(ii) of Annex IV to the CIC Regulations.

2. INTERPRETATIONS

2.1 The words importing the singular shall include the plural and words importing any gender shall include every gender.

2.2 All terms and words used but not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, Income Tax Act, 1961, and/or other applicable laws, rules, regulations and byelaws as the case may be, including any statutory modification or re-enactment thereof from time to time, as may be applicable. It is clarified that if there is a conflict between the definitions of a word under different legislations, the word will have the meaning ascribed to it under the most relevant legislation.

2.3 References to "Clauses", unless otherwise provided, are to the clauses of this Scheme.

2.4 The headings herein shall not affect the construction of this Scheme.

2.5 Any phrase introduced by the terms "including", "include", "in particular" or by any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.

2.6 References to person shall include any individual, firm, body corporate (whether or not incorporated), government, state or agency of a state or any joint venture, association, partnership, works council or employee representatives body (whether or not having separate legal personality).

3. DATE OF COMING INTO EFFECT AND OPERATIVE DATE

3.1 This Scheme set out herein in its present form or with any modification(s) made in accordance with the provisions of this Scheme or approved or imposed or directed by the Central Government, shall be operative from the Appointed Date but shall come into effect from the Effective Date.

4. **SHARE CAPITAL**

4.1 The share capital of the Transferor Company as on 31 March 2018 is set out below.

Particulars	Amount (INR)
Authorized share capital	
300,00,00,000 Equity Shares of Re. 1/- each	300,00,00,000
Total	300,00,00,000
Issued, subscribed and paid-up share capital	
257,92,62,920 Equity Shares of Re. 1/- each.	257,92,62,920
Total	257,92,62,920

Subsequent to 31 March, 2018 and as on date, there has been no further change in the authorized, issued, subscribed and paid-up share capital of the Transferor Company.

4.2 The share capital of the Transferee Company as on 31 March 2018 is set out below.

Particulars	Amount (INR)
Authorized share capital	
285,00,00,000 Equity Shares of Rs. 10 Each and 1,50,00,000 Preference Shares of Rs. 100/- Each	3000,00,00,000
Total	3000,00,00,000
Issued, subscribed and paid-up share capital	
104,27,69,070 Equity Shares of Rs. 10 Each	1042,76,90,700
Total	1042,76,90,700

Subsequent to 31 March 2018 and as on date, there has been no further change in the authorized, issued, subscribed and paid-up share capital of the Transferee Company.

PART - B

ASSIGNMENT OF THE OBLIGATIONS AND VESTING OF THE SAME IN THE TRANSFEREE COMPANY

5. **Assignment and Vesting**

5.1 Upon this Scheme becoming effective, and operative from the Appointed Date, the Obligations shall, under the provisions of Sections 230 of the Act, and all other applicable provisions of the Act, if any, and pursuant to the order of the Central Government sanctioning the Scheme and without any further act or deed, be assigned to and vested in and/or deemed to be assigned to and vested in the Transferee Company, as if they were originally issued by the Transferee Company for its business purpose.

5.2 Without limiting the generality of the foregoing, upon this Scheme becoming effective, and operative from the Appointed Date:

(i) The Existing Debentures shall stand redeemed and extinguished from the books of accounts of the Transferor Company;

(ii) The Debenture Redemption Reserve shall stand extinguished from the books of accounts of the Transferor Company;

(iii) The interest payable by GSIL on the GSIL Debentures shall be deemed to be expenses incurred for the purpose of business;

(iv) In the event of the Transferee Company having received the RBI Exemption,

a. the Transferee Company shall issue (i) GSIL Series 1 Debentures to Existing Series 1 Holders on the terms set out in Part A of Annexure 2 to this Scheme; (ii) GSIL Series 2 Debentures to Existing Series 2 Holders on the terms set out in Part B of Annexure 2 to this Scheme; (iii) GSIL Series 3 Debentures to Existing Series 3 Holders on the terms set out in Part C of Annexure 2 to this Scheme; (iv) GSIL Series 4 Debentures to Existing Series 4 Holders on the terms set out in Part D of Annexure 2 to this Scheme; and (v) GSIL Series 5 Debentures to Existing Series 5 Holders on the terms set out in Part E of Annexure 2 to this Scheme – in each case without any further act, deed or instrument and without requiring to follow any procedural requirements for issuance of such GSIL Debentures under the Act and rules framed thereunder; and

b. the Transferor Company shall issue Shares to the Transferee Company, as consideration for the Transferee Company being assigned the Obligations, in the

ratio set out in Annexure 4 of this Scheme without any further act, deed or instrument and without requiring to follow any procedural requirements for issuance of such Shares under the Act and rules framed thereunder.

(v) In the event the Transferee Company does not receive the RBI Exemption,

a. the Transferee Company shall, (i) issue relevant series of GSIL Debentures to the relevant Small Debenture Holders on the relevant New Terms; and (b) issue relevant GSIL Debentures to relevant Existing Holders, other than the Small Debenture Holders, in accordance with the provision of Clause 5.2(iv)(a) above – in each case without any further act, deed or instrument and without requiring to follow any procedural requirements for issuance of such GSIL Debentures under the Act and rules framed thereunder; and

b. the Transferor Company shall issue Shares to the Transferee Company, as consideration for the Transferee Company being assigned the Obligations, in the ratio set out in Annexure 4 of this Scheme without any further act, deed or instrument and without requiring to follow any procedural requirements for issuance of such Shares under the Act and rules framed thereunder.

(vi) It is clarified for avoidance of doubt that the provision of Clause 5.2 (iv) and Clause 5.2 (v) above are mutually exclusive and that Clause 5.2 (iv) shall have application only in the event of Transferee Company having received the RBI Exemption and that Clause 5.2 (v) shall have application only in the event of Transferee Company not having received the RBI Exemption;

(vii) In the event the Transferor Company is unable to locate Small Debenture Holder(s) for the purpose of assignment of Obligations and issuance of GSIL Debentures in lieu thereof as envisaged in this Scheme, the assignment of Obligations envisaged under this Scheme even with respect to such Small Debenture Holder(s) shall be deemed to have been completed upon the Scheme being effective and with effect from the Operative Date provided that the GSIL Debentures to be issued to such Small Debenture Holder(s) shall be held by the GSIL Debenture Trustee in trust for such Small Debenture Holder(s). The Transferee Company shall ensure that as and when such Small Debenture Holder(s) is located the Debenture Trustee shall handover the relevant GSIL Debentures to such Small Debenture Holder(s);

(viii) It is clarified for avoidance of doubt that issuance of GSIL Debentures contemplated under this Clause 5 or under Clause 7 hereinbelow shall not be

treated as fresh issuance for the purpose of CIC Regulations since in effect, the Transferee Company is accepting the assignment of Existing Debentures which are instruments already issued by Transferor Company and allotted to the Existing Holders.

6. **Listing of GSIL Debentures**

6.1 The GSIL Debentures shall subsequently be listed on the National Stock Exchange in accordance with the provisions of the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and such other procedures as may be specified by the relevant Recognized Stock Exchange. It is clarified that, the issuance of GSIL Debentures pursuant to this Scheme shall be deemed to be in compliance with the provisions of the Act for the purpose of the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008. It is also clarified that, the provisions of the Act or any other Applicable Law relating to "public issue" or "prospectus" shall not apply to such issuance of the GSIL Debentures.

6.2 The Transferee Company shall obtain a credit rating in respect to the GSIL Debentures from at least one credit rating agency registered with the Securities Exchange Board of India. Further, the Transferee Company shall make disclosures in a disclosure document as specified in Schedule I of the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 along with the latest available annual report of the Transferee Company.

6.3 The Transferee Company shall ensure that the GSIL Debentures issued pursuant to this Scheme are in dematerialized form.

7. **Treatment of 63 Moons Debentures**

7.1 Notwithstanding anything contrary in this Scheme, the assignment of Obligations with respect to 63 Moons Debentures and consequent issuance of GSIL Series 4 Debentures to 63 Moons shall be carried out in accordance with the provisions of this Article 7.

7.2 Subject to the requirement of any Applicable Law and order of a competent court, the Transferor Company and the Transferee Company shall take following steps with respect to the 63 Moons Debentures:

(i) The Transferor Company shall, in consultation with the Government of the State of Maharashtra and the Competent Authority under the Maharashtra Protection of Interest of Depositors (in financial establishments) Act, 1999, do all such things or make any application before any Government Authority as may be necessary, to procure the

assignment of 63 Moons Debentures to the Transferee Company in accordance with this Scheme and in terms of Attachment Notification.

(ii) Upon procurement of the necessary approval of Government Authority with regards to the Attachment Notification as aforesaid, the provisions of Clause 5 of this Scheme shall apply mutatis-mutandis to the 63 Moons Debentures also provided that the GSIL Series 4 Debentures to be issued to 63 Moons pursuant to the Scheme shall continue to be subject to attachment under the Attachment Notification and shall be subject to the requirement under Applicable Law and any order issued by a competent court.

(iii) The Transferor Company and the Transferee Company shall give effect to this Scheme with respect to the 63 Moons in the manner as specified by the Competent Authority under the Maharashtra Protection of Interest of Depositors (in financial establishments) Act, 1999 or any other Governmental Authority.

8. **Accounting Treatment**

8.1 Accounting Treatment in the financial statements of the Transferor Company

Upon the Scheme becoming effective:

(i) The transferor company shall account for the extinguishment of obligation pertaining to the existing debentures and issuance of equity shares in accordance with Ind AS including but not limited to Ind AS 109 – *Financial instruments*. This would specifically include:

a. debiting the existing debentures at the amortised cost;

b. crediting the consideration issued in the form of equity share capital i.e. equity share capital representing the face value of equity shares and securities premium, representing the difference between fair value and face value of the equity shares;

c. Difference, if any, would be accounted through the statement of profit or loss.

8.2 Accounting Treatment in the financial statements of the Transferee Company

Upon the Scheme becoming effective:

(i) In the standalone financial statements, the transferee company shall account for assumption of obligation pertaining to the debentures at the amortised cost computed in accordance with Ind AS including but not limited Ind AS 109 – *Financial instruments* read with Ind AS 27 – *Separate financial statements*. This would specifically include:

a. debiting investment in the transferor company at fair value;

b. crediting the obligation for new debentures at amortised cost determined by appropriately considering the cost and expenses incurred for issuance of the debentures;

c. difference if any between (a) and (b) would be accounted through the statement of profit or loss (if credit) and deemed investment in the transferor company (if debit).

(ii) In the consolidated financial statements, the transferee company shall account for the transaction based on Ind AS 103 – *Business combinations*, read with other relevant accounting standards.

PART – D

AMENDMENTS TO THE MEMORANDUM OF ASSOCIATION

9. **Amendment to the memorandum of association of the Transferor Company**

9.1 Upon coming into effect of this Scheme and with effect from the Appointed Date, following clause of the memorandum of association of the Transferor Company shall stand amended as follows:

A. Clause V of the Memorandum of Association shall stand amended as follows:

"The authorized Share Capital of the Company is Rs. 1200,00,00,000 (Rupees Twelve Hundred Crores only) divided into 1200,00,00,000 (Twelve Hundred Crores) Equity Shares of Re. 1 each..."

9.2 It shall be deemed that the members of the Transferor Company have also resolved and accorded all relevant consents under section 13 of the Companies Act 2013. It is clarified that there shall be no need to pass a separate members' resolution as required under section 13 of the Companies Act 2013, for the amendment of the memorandum of association of the Transferor Company as above.

PART – E

GENERAL TERMS AND CONDITIONS APPLICABLE TO THIS SCHEME

10. **Application to the Central Government**

10.1 The Transferor Company and the Transferee Company shall make all necessary applications and filings to the Central Government for sanctioning of this Scheme.

10.2 The Transferor Company and the Transferee Company shall, with reasonable dispatch, apply to the Central Government for necessary orders or directions for holding/dispensation meetings of the members of the Transferor Company and the Transferee Company for sanctioning this Scheme under Section 230 of the Act or for dispensing the holding of such meetings and orders under Section 230 of the Act, for carrying this Scheme into effect.

11. **Modifications or amendments to this Scheme**

11.1 Prior to approval of the Scheme, the Transferor Company and the Transferee Company through their respective Board of Directors (including any committee of Directors or any other authority who may be delegated such powers by the Board of Directors) are hereby empowered and authorized to assent from time to time to any modifications or amendments or substitution of this Scheme or to any conditions or limitations which the Central Government or any other statutory authorities or Government Authority may impose and to settle all doubts or difficulties that may arise for carrying out this Scheme and to do and execute all acts, deeds, matters and things as may be necessary for putting this Scheme into effect.

11.2 The Transferor Company and the Transferee Company, through their respective Board of Directors, are hereby empowered and authorized to amend, substitute, withdraw this Scheme or any part thereof prior to the Effective Date in any manner and at any time.

11.3 In the event that any conditions are imposed by the Central Government or any authorities, which the Board of Directors of the Transferor Company and the Transferee Company find unacceptable for any reason, then the Transferor Company and the Transferee Company shall be at liberty to withdraw this Scheme or any part thereof.

12. **Corporate Approvals**

12.1 It is clarified that the approval to the Scheme by the shareholders of the Transferor Company and the Transferee Company under Section 230 of the Act shall be deemed to be their approval under the applicable provisions of any Applicable Law including but not limited to the Act, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 in relation to the subject matter of this Scheme and no separate approval from the shareholders to that extent shall be required to be sought by the Transferor Company and the Transferee Company.

13. **Scheme conditional upon**

13.1 This Scheme being sanctioned by the Central Government.

13.2 Certified/ authenticated copies of the order sanctioning this Scheme being filed with the RoC by the Transferor Company and Transferee Company.

13.3 The Transferee Company receiving the certificate of registration as a systemically important core investment company under the Core Investment Companies (Reserve Bank) Directions, 2016 from the Reserve Bank of India together with prior approval of Reserve Bank of India for issuance of GSIL Debentures.

13.4 The Transferor Company receiving the approval from National Stock Exchange of India Limited pursuant to regulation 59 of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirement), 2015.

13.5 All other sanctions or approvals under any law or any other person or authority concerned being obtained in respect of any of the matters provided for or relating to this Scheme for which such sanction or approval is required.

14. SEVERABILITY

14.1 If any provision(s) of this Scheme, in the opinion of the Central Government or Board of Directors of the Transferor Company and the Transferee Company, is found to be unviable for any reason whatsoever, the same shall not affect the validity or implementation of the other parts and/ or provisions of this Scheme.

15. EFFECT OF NON-RECEIPT OF APPROVALS

15.1 In case the Central Government does not approve any provision(s) of this Scheme, the Board of Directors of the Transferor Company and the Transferee Company may declare such provision(s) under this Scheme as severable and accordingly shall be deleted from this Scheme. Such amended or modified Scheme excluding the severable and deleted portion shall continue to be effective.

15.2 If any provision(s) of this Scheme is invalid, ruled illegal by any court of competent jurisdiction or Government Authority, or unenforceable under present or future laws, then the intention of the Transferor Company and the Transferee Company, that such provision be severed from the remainder of this Scheme, shall prevail. Further, if the deletion of such provision(s) of this Scheme may cause this Scheme to become materially adverse to the Transferor Company and/ or the Transferee Company, then in such case the Transferor Company and/ or the Transferee Company shall attempt to bring about a modification in this Scheme, as shall best preserve for the Transferor Company and the Transferee Company the benefits and obligations of this Scheme, including but not limited to such provision(s).

16. **COSTS, CHARGES AND EXPENSES**

16.1 All costs, charges and expenses in relation to or in connection with or incidental to this Scheme shall be borne and paid by the Transferee Company.

ANNEXURE 1

EXISTING DEBENTURES

Sr. No.	ISIN No.	Total No. of NCDs	Face Value (Rs.)	Allotment Date	Tenure
1	INE065L08017	10000	10,00,000/-	21-09-2012	8
2	INE065L08025	10000	10,00,000/-	01-10-2012	10
3	INE065L08041	20000	10,00,000/-	22-03-2013	15
4	INE065L08033	10000	10,00,000/-	28-09-2012	60
5	INE065L08058	10000	10,00,000/-	22-03-2013	60

ANNEXURE 2

PART – A

Terms For Issuance of GSIL Series 1 Debentures to Existing Series 1 Holders

A. Nature of Instrument: Non-Convertible Debentures – 1 GSIL Series 1 Debenture shall be issued against each Existing Series 1 Debenture

B. Face Value: INR 10,00,000/-

C. Maturity / Redemption Date: September 21, 2020

D. Interest Rate: 9.39 Percent Per Annum

E. Interest Payable Semi-Annually

PART – B

Terms For Issuance of GSIL Series 2 Debentures to Existing Series 2 Holders

A. Nature of Instrument: Non-Convertible Debentures – 1 GSIL Series 2 Debenture shall be issued against each Existing Series 2 Debenture

B. Face Value: INR 10,00,000/-

C. Maturity / Redemption Date: October 1, 2022

D. Interest Rate: 9.45 Percent Per Annum

E. Interest Payable Semi-Annually

PART – C

Terms For Issuance of GSIL Series 3 Debentures to Existing Series 3 Holders

A. Nature of Instrument: Non-Convertible Debentures – 1 GSIL Series 3 Debenture shall be issued against each Existing Series 3 Debenture

B. Face Value: INR 10,00,000/-

C. Maturity / Redemption Date: March 22, 2028

D. Interest Rate: 9.03 Percent Per Annum

E. Interest Payable Semi-Annually

PART – D

Terms For Issuance of GSIL Series 4 Debentures to Existing Series 4 Holders

A. Nature of Instrument: Non-Convertible Debentures – 1 GSIL Series 4 Debenture shall be issued against each Existing Series 4 Debenture

B. Face Value: INR 10,00,000/-

C. Maturity / Redemption Date: September 28, 2022

D. Interest Rate: 9.45 Percent Per Annum

E. Interest Payable Semi-Annually

PART – E

Terms For Issuance of GSIL Series 5 Debentures to Existing Series 5 Holders

A. Nature of Instrument: Non-Convertible Debentures – 1 GSIL Series 5 Debenture shall be issued against 1 Existing Series 5 Debenture

B. Face Value: INR 10,00,000/-

C. Maturity / Redemption Date: March 22, 2025

D. Interest Rate: 9.45 Percent Per Annum

E. Interest Payable Semi-Annually

ANNEXURE 3

NEW TERMS

A. In case of Transferee Company not having received the RBI Exemption, all the Existing Holders except the Small Debenture Holders shall be issued relevant series of GSIL Debentures in accordance with the relevant terms mentioned in Annexure – 2 above.

B. In such an event, the Small Debenture Holders in each of the series of Existing Debentures shall be issued corresponding series of GSIL Debentures in accordance with the terms of such corresponding series of GSIL Debentures as narrated in relevant Part of Annexure 2 along with security of the Transferee Company fully securing the investment of Small Debenture Holders as envisaged in Para 2 (iii) of Annex – IV to the CIC Regulations.

C. By way of an example as to how issuance envisaged in B above shall operate, it is clarified that (i) Small Debenture Holders holding Existing Series 1 Debentures shall be issued GSIL Series 1 Debentures on the terms set forth in Part A of Annexure 2 to this Scheme along with security of the Transferee Company fully securing the investment of Small Debenture Holders as envisaged in Para 2 (iii) of Annex – IV to the CIC Regulations; (ii) Small Debenture Holders holding Existing Series 2 Debentures shall be issued GSIL Series 2 Debentures on the terms set forth in Part B of Annexure 2 to this Scheme along with security of the Transferee Company fully securing the investment of Small Debenture Holders as envisaged in Para 2 (iii) of Annex – IV to the CIC Regulations – so on an so forth.

ANNEXURE 4

EXCHANGE RATIOS

A. Transferee Company shall assume the Obligations pertaining to Existing Debentures in consideration of the Transferor Company issuing its Shares to the Transferee Company.

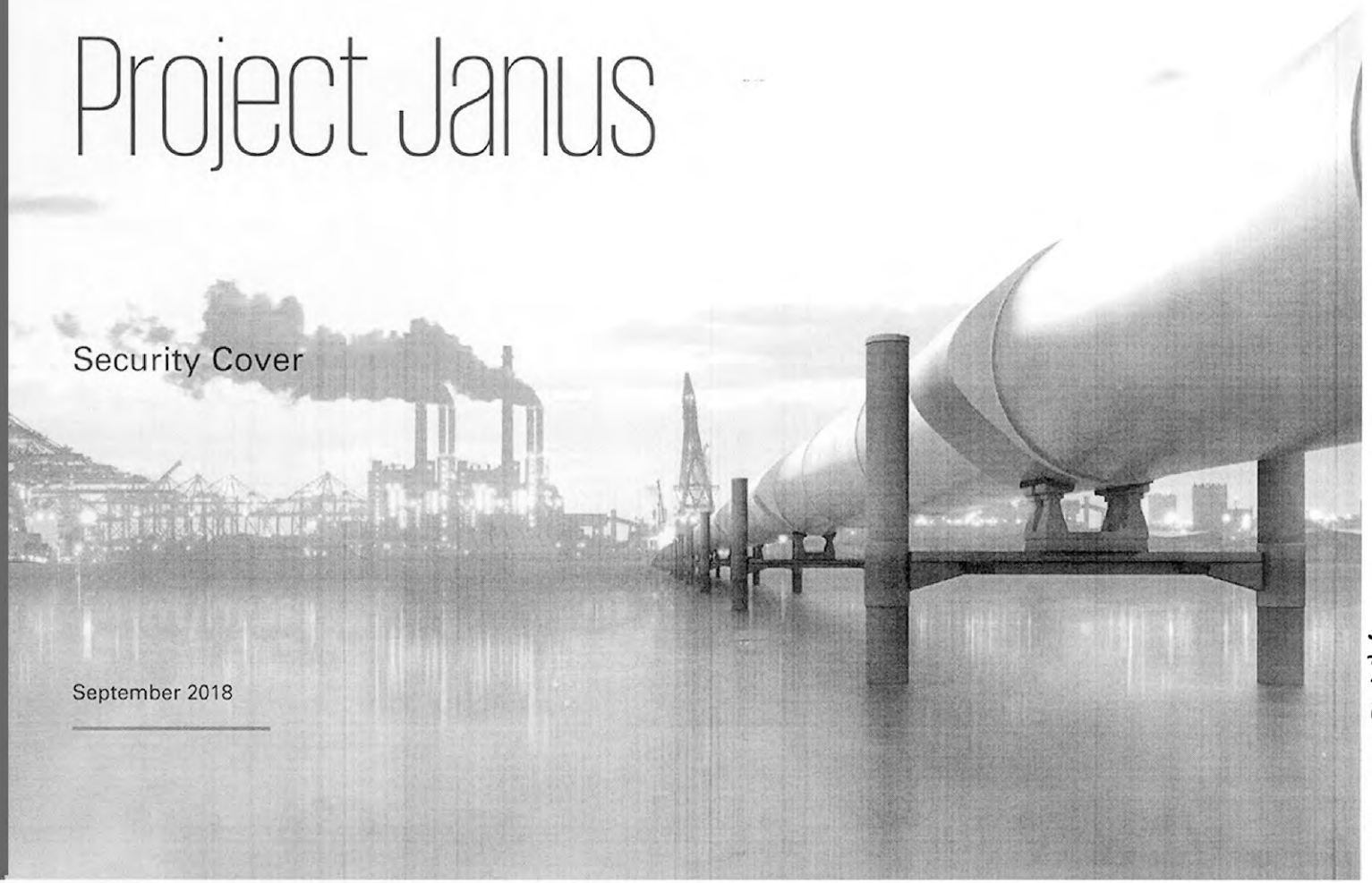
B. Such Shares shall be issued to the Transferee Company at the current Fair Market Value of the Shares of Transferor Company being Rs. 8.01 per Share as certified by M/S BSR & Associates LLP (KPMG) as the Registered Valuer.

C. Accordingly, 749,06,36,704 Shares of face value of Re. 1 Each at Fair Market Value of Rs. 8.01 each shall be issued by Transferor Company to Transferee Company against Obligations pertaining to a total of 60,000 Existing Debentures being assumed by the Transferee Company.

D. The Share Exchange Ratio is thus worked out to be 124844 Shares for every 1 Existing Debenture.

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Project Janus



Security Cover

September 2018

ANNEXURE - II

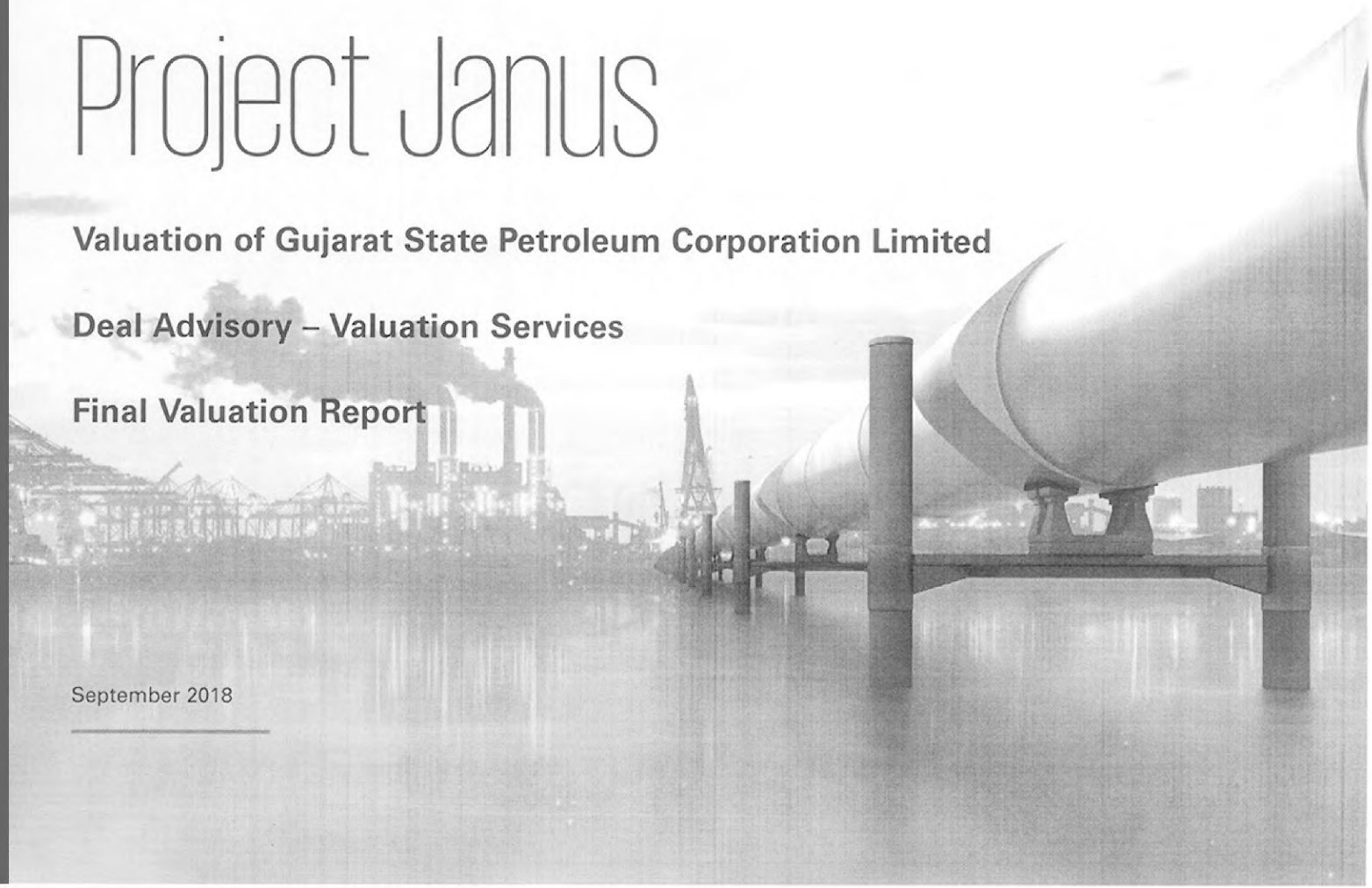
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Project Janus

Valuation of Gujarat State Petroleum Corporation Limited

Deal Advisory – Valuation Services

Final Valuation Report



September 2018

Glossary of terms

Approx	Approximately
CAGR	Compounded Annual Growth rate
Capex	Capital Expenditure
CCD	Complusory Convertible Debentures
CoCo	Comparable Companies
CoTrans	Comparable Transactions
DCF	Discounted Cash Flow
E&P	Exploration and Production
EBIT	Earnings Before Interest and Tax
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortization
EV	Enterprise Value
FCFE	Free Cash Flows to Equity
FV	Fair Value
FY	Financial Year
FYE	For Year Ended
GIPCL	Gujarat Industries Power Company Limited
GIPL	Gujarat Info Petro Limited
GPPC	GSPC Pipavav Power company Limited
GSEGL	Gujarat State Energy Generation Limited
GSPL	Gujarat State Petronet Limited
INR	Indian Rupee
Ke	Cost of Equity
Management	Management of the Client
Mn	Million
NAV	Net Asset Value
OPAL	ONGC Petro additions Limited
R(f)	Risk free rate of Return
R(m)	Market rate of Return
SGL	Sabarmati Gas Limited
TTM	Trailing Twelve Months
WACC	Weighted Average Cost Of Capital
y-o-y	Year on Year

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Strictly private and confidential

Board of Directors
Gujarat State Petroleum Corporation Limited,
GSPC Bhavan, Behind Udyog Bhavan,
Sector - 11, Gandhinagar-382 010,
Gujarat, India.

21 September 2018

Valuation Report

Dear Sirs,

This is in accordance with the terms of reference set out in our Letter of Engagement dated 16 July 2018 ("LoE"), wherein B S R & Associates LLP ("BSR") is appointed as an independent valuer by Gujarat State Petroleum Corporation Limited ("GSPC", "Client", "Company" or "You") in relation to carrying out a valuation of its equity shares as at agreed Valuation Date (June 30, 2018).

The Company proposes to issue equity shares to Gujarat State Investment Corporation Limited ('GSIL), another GoG company ("Transaction"). In connection with the Transaction, the management of the Company ("Management"), has approached BSR to carry out a valuation of the Company for their internal evaluation purposes to comply provisions of section 62 of the Companies Act, 2013 ("Engagement").

This Valuation Report ("Report") includes the valuation analysis and conclusions by BSR with respect to Valuation of GSPC.

In arriving at our conclusions, BSR has applied generally accepted valuation methodologies as on the Valuation Date.

We will not, pursuant to the LoE, perform any management functions for the Client nor make any decisions. The Client is responsible for making management decisions, including accepting responsibility for the results. This Report is based on the information provided by the management of GSPC (referred to as the "Management").

We understand that this Report will be used by the Client for the purpose in line with the LoE. The Report issued by us on the express understanding that it shall not be copied, disclosed or circulated or referred to in correspondence or discussion with any third party or used for any other purpose without BSR's prior written consent, unless agreed in the LoE. The Report has a limited scope as specified in it.

We will not accept any responsibilities to any other party to whom the Report may be shown or who may acquire a copy of the Report.

This Report does not constitute an offer or invitation to any section of the public to subscribe for or purchase any securities in, or the other business or assets or liabilities of GSPC. This letter forms an integral part of the Report.

Yours faithfully,
For B S R & Associates LLP
Chartered Accountants
Firm's Registration No. 116231W

Mahek Vikamsey
Partner
Membership No. 108235

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1	Scope and limitations
2	Executive summary
3	Basis of valuation
4	Valuation methodology and approach
5	Valuation analysis of GSPC and its subsidiaries
6	Valuation summary
7	Annexures

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Scope and limitation

Scope and limitations

Terms of the Engagement

- B S R & Associates LLP ("BSR") has been appointed by Gujarat State Petroleum Corporation Limited ("GSPC", "the Client", "the Company", or "You") to act as an independent valuer in relation to carrying out a valuation of the equity shares of GSPC as on 30 June 2018 ("Engagement").
- GSPC proposes to issue equity shares to Gujarat State Investment Corporation Limited ('GSIL), another GoG company ("Transaction"). In connection with the Transaction, the management of GSPC ("Management"), has approached BSR to carry out a valuation of GSPC for their internal evaluation purposes to comply provisions of section 62 of the Companies Act, 2013.
- This final report ("Report") have been prepared in accordance with letter of engagement ("LoE") dated 16 July 2018. Neither this Report nor its content may be used for any other purpose without prior written consent of BSR. The Report is being issued by us on the express understanding that they shall not be copied, disclosed or circulated or referred to in correspondence or discussion with any third party or used for any other purpose without BSR's prior written consent, unless agreed in the LoE.
- This Report is based on the information provided by the Management and has been confirmed by the Management. We have not independently verified or checked the accuracy or timeliness of the same.

Scope and limitations

- BSR has read, analyzed and discussed the financial information and underlying management assumptions pertaining to the business plan with the Management. This information has been solely relied upon by BSR for the Valuation.
- This Report is based on and rely solely on the business plan of GSPC for the period 1 April 2018 to 31 March 2028 ("Management Business Plan") provided by the Management. BSR has read and analyzed but not independently verified the Management Business Plan and underlying data and assumptions and accordingly provided no opinion on the same. If there were any omissions, inaccuracies or misrepresentations of the information provided by the Management, this may have a material effect on our findings. We have assessed and evaluated the reasonableness of the projections based on procedures such as analysing industry data, analysing historical performance, analysing expectations of comparable companies, analyst reports etc.
- However, our work should not be construed as providing independent opinion on the Management Business Plan or its achievability. If there were any omissions, inaccuracies or misrepresentations of the information provided by the Management, this may have a material effect on our findings.

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Scope and limitations

Scope and limitations (cont'd)

- Our work did not constitute an audit of the financial statements and accordingly, we do not express any opinion on the truth and fairness of the financial position as indicated in this Report. Our work did not constitute a validation of the financial statements of Client, and accordingly, we do not express any opinion on the same. Any decision by the Client regarding whether or not to proceed with Project Janus shall rest solely with the Client.
- The realization of the projections in the Management Business Plan will be dependent on the continuing validity of assumptions on which it is based. Our analysis therefore will not and cannot be directed to providing any assurance about the achievability of the future plans. Since the projections relate to the future, actual results are likely to be different from the projected results because events and circumstances do not occur as expected and the differences may be material.
- For our analysis, we have relied on published and secondary sources of data, whether or not made available by the Client. We have not independently verified the accuracy or timeliness of the same.
- Neither BSR nor any of its affiliates are responsible for updating this Report because of events or transactions occurring subsequent to the date of this Report. Any updates or second opinions in this Report cannot be sought by the Management from external agencies including other offices of BSR without the prior written permission of BSR.
- BSR has not considered any finding made by other external agencies in carrying out the Valuation.
- Although our valuation date is June 30, 2018, we have based our analysis on the financial statements of GSPC for the period 1 April 2015 to 31 March 2018 ("Historical Period") provided by the Management. BSR has not performed any procedures to establish reasonableness or appropriateness of these financial statements and have relied upon them for the Valuation.
- We have based our analysis on the financial statements of subsidiaries and investments of GSPC. BSR has not performed any procedures to establish reasonableness or appropriateness of these financial statements and have relied upon them for the Valuation.
- Additionally, our analysis is based on Management Business Plan for the period 1 April 2018 to 31 March 2028 ("Forecast Period"). Any changes in the assumptions or methodology used to consolidate the financial statements may significantly impact our analysis and therefore the Valuation.

Management representation

- This Report is prepared on the basis of the sources of information listed in Annexure 1. BSR has relied upon written representation provided 19 September 2018 by the Management that the information contained in the exhibits provided on 11 September 2018 is materially accurate and complete, fair in its manner of portrayal and therefore forms a reliable basis for the Valuation.

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Scope and limitations

No reliance unless assumption of responsibility letter executed

- This Report should not be regarded as suitable for use by any person or persons other than Management.
- Any party, other than by Client, may only rely on the attached Report if it has executed a formal letter of assumption of responsibility with BSR. If you have not executed a formal letter of assumption of responsibility with BSR, BSR:
  - owes you no duty (whether in contract or in tort or under statute or otherwise) with respect to or in connection with the attached Report or any part thereof.
  - will have no liability to you for any loss or damage suffered or costs incurred by you or any other person arising out of or in connection with the provision to you of the attached Report or any part thereof, however the loss or damage is caused, including, but not limited to, as a result of negligence but not as a result of the fraud or other deliberate breach of duty of BSR.
  - If you have not executed a formal letter of assumption of responsibility with BSR and you wish to rely upon the attached Report or any part thereof, you will do so entirely at your own risk.

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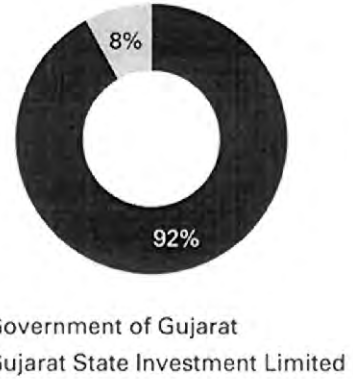
Executive summary

Overview of GSPC (1/2)

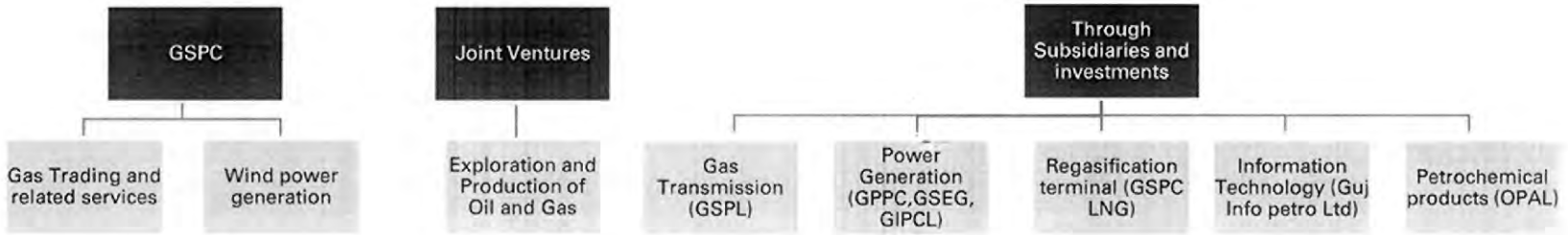
GSPC profile

- GSPC was set up in 1979 as Gujarat State Petrochemicals Corporation Limited, a Government of Gujarat ('GoG') undertaking to pursue downstream projects by the GoG.
- As on the Valuation Date, GoG and GoG undertakings hold entire 100% stake in GSPC. The same is summarized on the left.
- Currently, GSPC is one of the largest integrated energy companies in India with presence in the state of Gujarat.
- GSPC has presence across the energy business value chain through its upstream assets, gas trading business, its subsidiaries and joint ventures in gas transmission, city gas distribution, LNG terminal, power generation and other related businesses.

GSPC shareholding



GSPC operational structure



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Overview of GSPC (2/2)

Company name	Investment amount (INR Mn)	% stake	Business Description
Gujarat State Petroleum Corporation standalone operations*			
Gas Trading	NA	NA	GSPC is the second largest gas marketing company in India. The company sources its gas from international markets, spot markets and owned E&P blocks and supplies it to industrial customers as well as city gas distribution companies.
Wind Power	NA	NA	The company has a 72 MW wind power plant. The same generates around INR 480 mn revenues annually
Investments and subsidiaries			
Gujarat State Petronet Ltd. (GSPL)	26,337	37.6%	GSPL is a listed company which transmits natural gas through pipeline on an open access basis from supply points to demand centers in India.
GSPC Pipavav Power Co. Ltd (GPPC)	8,400	97.5%	GPPC, a subsidiary of GSPC, has commissioned a 702 MW combined cycle power plant near Pipavav port in Gujarat. Currently, the plant is operating at a PLF of 30% as at May 2018 (Apr 2018-22%).
Guj Info Petro Ltd. (GIPL)	0.3	50.6%	GIPL is engaged in providing data center hosting services, email solution services, website development, and other related services.
Gujarat State Energy Generation Ltd (GSEG)	1,201	32.6%	GSEG is a JV of GSPC, KRIBHCO, GAIL and other GoG undertakings. GSEG is currently operating a 507 MW combined cycle power plant at Hazira. Currently, the plant is operating at a PLF of 30% as at May 2018 (April 2018- 20%)
GSPC LNG Ltd	256	7.4%	GSPC LNG is promoted by GSPC and the Adani group to set up the regasification terminal at Mundra location. The company has completed most of the set up and the same is expected to be operational during the current calendar year.
Sabarmati Gas Ltd (SGL)	1,756	22.5%	SGL, a joint venture company of GSPC, has been conceived to retail natural gas by implementing gas distribution networks in Gujarat.
Gujarat Industries Power Company Ltd. (GIPCL)	358	2.4%	GIPCL is a listed company. It generates power through gas, thermal, and solar power plants with combined installed capacity of 929.4 MW at Vadodara plant and Surat Lignite power plant.
ONGC Petro Additions Ltd (OPAL)	290	1.4%	OPAL produces and supplies petrochemical products in India. The plant got commissioned in FY17 and is operational as of the Valuation Date.

*Apart from the gas trading and wind power businesses, GSPC also owns Exploration and production ("E&P") assets which are summarized on Slide 31

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Valuation summary

Valuation summary for GSPC	Total value	Stake %	GSPC stake value (INR Mn)
Enterprise value (Standalone)			
Gas trading & wind power	80,060	NA	80,060
KG basin existing stake	13,123	NA	13,123
E&P assets	3,075	NA	3,075
Enterprise value (A)			96,258
Investment and subsidiaries			
Gujarat State Petronet Ltd	101,502	37.6%	38,134
GSPC Pipavav Power Co. Ltd	6,796	97.5%	6,624
Sabarmati Gas Ltd	15,386	22.5%	3,457
GSPC LNG Ltd	12,238	7.4%	904
Gujarat State Energy Generation Ltd	2,433	32.6%	793
ONGC Petro Additions Ltd	40,299	1.4%	576
Gujarat Industries Power Company Ltd	13,350	2.4%	326
Guj Info Petro Ltd	477	50.0%	239
Value of investment and subsidiaries (B)			51,054
Debt and debt like items (C)			(152,022)
Surplus assets (D)			25,361
Equity value (E=A+B+C+D)			20,651
No. of shares (in mn) (F)			2579
Value per share (INR) (G= F/E)			8.01

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Basis of valuation

Basis of valuation

- **Fair Value** is the price that would be received to sell an asset or paid to transfer a liability in an **orderly transaction between market participants** at the valuation date. **Fair value reflects characteristics of an asset which are available to market participants in general and do not consider advantages/disadvantages which are available/applicable only to particular participant(s)**.

- **Fair Value Measurement** of an asset using a present value technique captures all the following elements from the **perspective of market participants** at the measurement date:
    - An estimate of future cash flows for the asset or liability being measured;
    - Expectations about possible variations in the amount and timing of the cash flows representing the uncertainty inherent in the cash flows;
    - The time value of money, represented by the rate on risk-free monetary assets that have maturity dates or durations that coincide with the period covered by the cash flows and pose neither uncertainty in timing nor risk of default to the holder (ie a risk-free interest rate);
    - The price for bearing the uncertainty inherent in the cash flows (ie a risk premium), and;
    - The factors that market participants would take into account in the circumstances.

- **Discount Rate**: The most commonly used methods are as follows:
    - Capital Asset Pricing Model (CAPM) for determining the cost of equity.
    - Weighted Average Cost of Capital (WACC) is the combination of cost of equity and cost of debt weighted for their relative funding in the asset.

- Considering the guidance mentioned above, **the Discount Rate calculated by us factors in the assumptions that a market participants would use when pricing such an asset and does not consider advantages/disadvantages which are available/applicable only to particular participant(s)**. We have used the suggested CAPM and WACC methods to determine the discount rate (please refer Slide 54 for more details).

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Valuation methodology and approach

Valuation methodology and approach (1/3)

Valuation Methodology

- "Fair Value" or "Market Value" is commonly derived by applying one or more of the following valuation approaches:

  – Income approach
  The income approach recognizes that the value of an investment is premised on the receipt of future economic benefits. These benefits can include earnings, cost savings, tax deductions and the proceeds from disposition. Discounted Cash Flow Method is a form of the income approach that is commonly used to value businesses or equity interests.

  – Market approach
  The market approach assumes that companies operating in the same industry will share similar characteristics and the company values will correlate to those characteristics. Therefore, a comparison of the subject company to similar companies whose financial information is publicly available may provide a reasonable basis to estimate the subject company's value. There are three forms of the Market Approach – the Comparable Companies approach ("CoCos"), the Comparable Transactions approach ("CoTrans") and the Market Price Method.

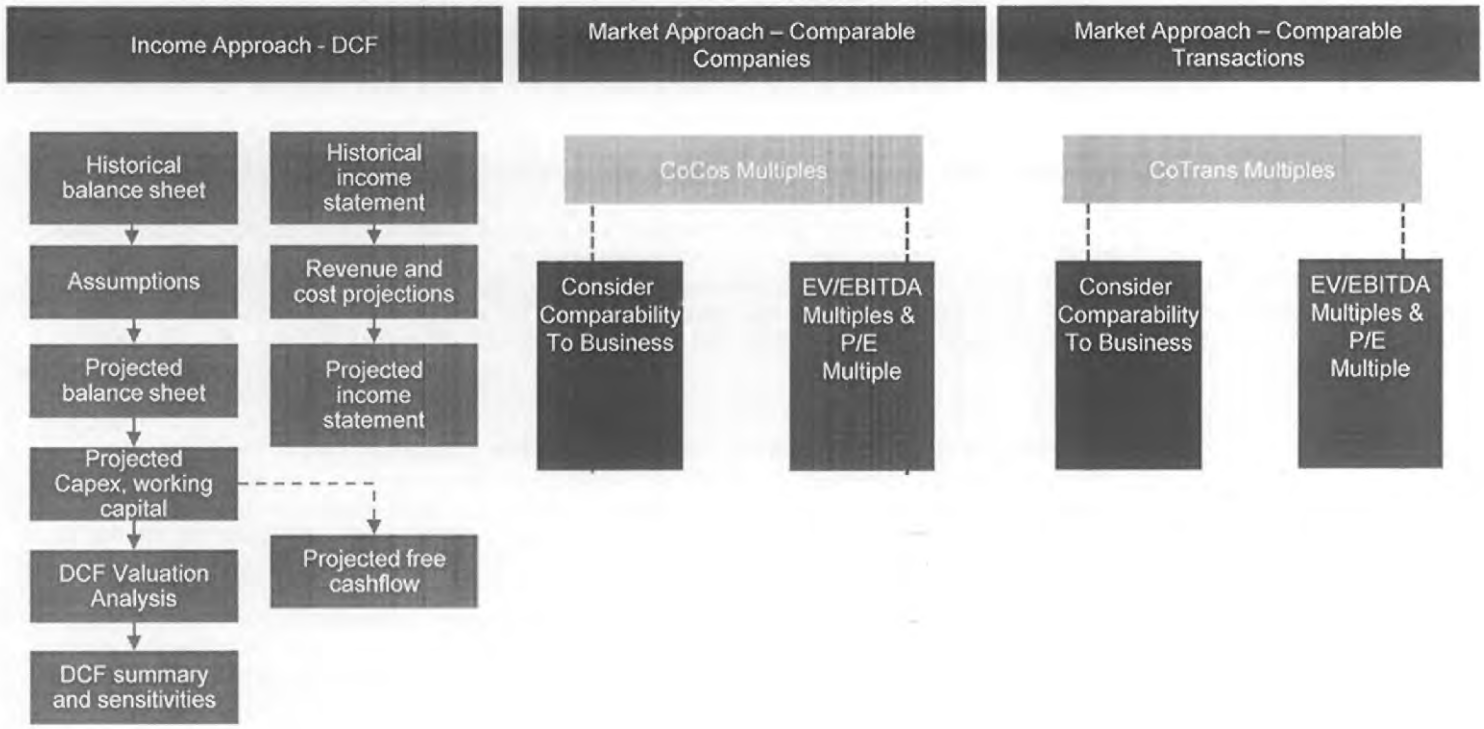
  – Cost Approach
  The cost approach considers reproduction or replacement cost as an indicator of value. The cost approach is based on the assumption that a prudent investor would pay no more for an entity than the amount for which he could replace or re-create it or an asset with similar utility. Under a going-concern premise, the cost approach is normally best suited for use in valuing asset-intensive companies, such as investment or real estate holding companies, or companies with unstable or unpredictable earnings. The cost approach either considers book value or replacement cost or realisable value as an indicator of value.

  Each of these approaches and their suitability in being applied in the Valuation are discussed hereafter.

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Valuation methodology and approach (2/3)

The methodology normally applied in Valuation Analysis is summarised below:



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Valuation methodology and approach (3/3)

Company name	Valuation methodology
Gujarat State Petroleum Corporation standalone operations	
Gas Trading Wind Power	Due to availability of combined financial projections for gas trading and wind power plant, we have used the discounted cash flow (DCF) method to value the combined business.
Investment and subsidiaries	
GSPL	Since GSPL is listed on the stock exchange, we found it appropriate to use market price method.
GPPC	Considering the current utilization levels, executed power purchase agreement, and the fact that the Management has limited visibility on the expected cash flow potential, we valued GPPC using cost approach.
GIPL	Considering the availability of historical profitability metrics and comparable companies, we valued GIPL using comparable company (CoCo) method, based on EV/EBITDA multiple.
GSEG	Considering the current utilization levels, executed power purchase agreement, and the fact that the Management has limited visibility on the expected cash flow potential, we valued GSEG using cost approach.
GSPC LNG Ltd	Considering the regasification facility is about to commercialize in next few months and the Management has limited visibility on the expected utilization and resulting cash flows, we valued GSPC LNG using the CoCo method, based on price to book value multiple.
SGL	Considering lack of reliable cash flow forecasts, availability of historical profitability metrics and comparable companies, we valued SGL using CoCo method, based on price to EBITDA multiple.
GIPCL	Since GIPCL is listed on the stock exchange, we found it appropriate to use market price method.
OPAL	We have valued OPAL using cost approach, based on price to book value multiple.
E&P Assets	We valued KG block asset using price of recent investment/transaction ("PORI") method. We valued other asset blocks using CoCo method, using enterprise value by reserve multiple.

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Valuation of GSPC and its subsidiaries

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Valuation of gas trading and wind power segment

Gas trading and wind power segment
Historical Financials- Profit and loss statement

Summary profit and loss				
FYE 31 March	**2015**	**2016**	**2017**	**2018**
INR million	**12m Audited**	**12m Audited**	**12m Audited**	**12m Audited**
Revenue from Gas Trading	107,217	102,099	91,937	103,287
Revenue from Wind power	454	455	488	447
Sale of services	267	2,578	2,155	2,610
Total revenue	**107,937**	**105,132**	**94,581**	**106,344**
y-o-y growth		*-2.6%*	*-10.0%*	*12.4%*
Cost of goods sold	(101,681)	(100,839)	(86,090)	(97,155)
Gross profit	**6,257**	**4,293**	**8,490**	**9,189**
% of revenue	*5.8%*	*4.1%*	*9.0%*	*8.6%*
Employee cost	(143)	(154)	(139)	(162)
% of revenue	*0.1%*	*0.1%*	*0.1%*	*0.2%*
Operating & admin costs	(413)	(574)	(308)	(290)
% of revenue	*0.4%*	*0.5%*	*0.3%*	*0.3%*
EBITDA	**5,701**	**3,565**	**8,043**	**8,737**

Revenue

- The gas trading segment contributes around 96% of the total revenues of the company.
- The company has a demand of around 12.5 mmscmd and has a procurement capacity of around 14.5 mmscmd of gas.
- The customers can be categorized into industrial customers, city gas distribution companies (CGD's) and fertilizer companies.

Margins

- The company has been able to achieve EBITDA margins of around 8.2% for the past 2 years.
- The major cost item relates to purchase cost of gas.
- Employee benefit expenses and admin costs contribute only a small percentage of total costs.

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Gas trading and wind power segment
Historical Financials- Balance sheet*

Summary balance sheet as presented				
INR million	31-Mar-15 Audited	31-Mar-16 Audited	31-Mar-17 Audited	31-Mar-18 Audited
Sources of funds				
Share capital	2,524	2,579	2,579	2,579
Reserve & surplus	71,651	67,973	(56,097)	(63,827)
Total shareholders funds	74,175	70,552	(53,518)	(61,247)
Long term borrowings	133,970	170,390	181,052	109,578
Short term borrowings	53,654	39,944	44,067	29,675
Current Maturities of Long term Debt	11,379	8,139	9,269	4,346
Total Borrowings	199,002	218,472	234,389	143,599
Long term provisions	521	901	1,548	1,568
Payable to/on behalf of Joint arrangements	5,860	6,621	5,678	6,855
Deferred tax liability	1,697	992	0	-
Total sources of funds	**281,255**	**297,539**	**188,097**	**90,775**

(1)
- The total debt of the company consists of secured as well as unsecured debt.
- The break-up of the same as at 31 March 2018 is as follows

INR million	31-Mar-18
Non-current borrowings	
Secured	
Term loan from banks	31,550
Compulsory convertible debentures	5,500
	37,050
Unsecured	
Non-convertible debentures	60,153
Term loan from others - GSFS	12,375
	72,528
Total non-current borrowings (A)	**109,578**
Current borrowings	
Secured	
From banks (Loans repayable on demand)	23,675
Unsecured	
From banks (Loans repayable on demand)	6,000
Total current borrowings (B)	**29,675**
Current maturities of long term borrowings	
Secured	
Term loan from banks	5
Compulsory Convertible Debentures	249
	255
Unsecured	
Term loan from others - GSFS	2,683
Non Convertible Redeemable Debentures	1,409
	4,092
Total current maturities of non-current borrowings (C)	**4,348**
Grand Total (A+B+C)	**143,599**

(1)

(2)
- Majorly consist of liability on account of site restoration.

(3)
- Consists of payables on account of E&P joint ventures.

Particulars	INR million
Total Borrowings	143,599
Long term provisions	1,568
Payable to/on behalf of Joint arrangements	6,855
Total Debt like items	**152,022**

*We do not have a separate historic balance sheet pertaining to the gas trading segment. Consolidated numbers are presented in the table above. Based on our discussion with the Management, we have only considered gas trading items for the purposes of working capital calculation and line items pertaining to E&P assets are considered debt or cash like items based on the nature.

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Gas trading and wind power segment Historical Financials- Balance sheet

Summary balance sheet as presented				
INR million	31-Mar-15 Audited	31-Mar-16 Audited	31-Mar-17 Audited	31-Mar-18 Audited
Application of funds				
Gross block	24,796	28,063	27,415	30,941
Less: Accumulated depreciation	(14,976)	(20,605)	(14,954)	(17,060)
Net block	9,820	7,458	12,460	13,881
Capital work in progress	107,129	128,134	4,070	1,186
Investment property			25	8
Intangible assets under development	111,753	111,143	14,566	9,325
Non current investments	13,879	13,362	63,249	38,598
Assets held for sale			80,533	-
Site restoration fund	1,328	1,398	994	1,040
Other Advances	2,593	2,731	5,515	5,147
Advance Income tax Paid	1,597	1,745	1,093	1,190
Advances Receivable to/from Joint ventures	24,128	25,895	6,102	6,552
Advances for sale of subsidiary	-	-	-	12,061
Loans to related Parties	2,726	3,409	1,610	1,555
Net current assets				
Other Current assets	5,172	70	20	56
Inventory	676	465	2,299	1,963
Sundry debtors	6,998	4,812	6,254	6,564
Cash and bank	4,165	847	938	936
Margin money			0	43
Advances to employees	116	113	85	91
Security Deposits	139	46	55	2
Loans and advances	254	159	140	136
Total current assets	17,265	6,353	9,651	9,655
Other long term liabilities	128	133	134	200
Trade payables	4,107	2,634	6,222	7,583
Other current liabilities	6,089.10	688.10	1,742	1,047
Short term provisions	638	635	639	593
Liabilities from Discontinued operations			3,034	-
	10,961	4,090	11,772	9,423
Net working capital	**6,304**	**2,263**	**(2,120)**	**233**
Total	**281,255**	**297,539**	**188,097**	**90,775**

(1) • CWIP and Intangible assets under development pertain to costs incurred for exploration efforts of E&P assets.

(1) (2) • Pertains to GSPC's investment. Refer overview slide for the break up of the subsidiaries and investments.

(3) • Pertains to the assets related to E&P assets- site restoration fund, other advances and advances recoverable to/form joint ventures.
• Advance for sale of subsidiary pertains to the sale of Gujarat Gas for which the money was received in the first week of April.
• While calculating surplus assets, we have excluded receivable from JODPL considering the fact that the same is converted into 2.73 % stake in KG basin which is valued separately.

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Gas trading and wind power segment Forecasted Financials- Profit and loss statement

Summary profit and loss										
FYE 31 March	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**
INR million	**12m Forecast**	**12m Forecast**	**12m Forecast**	**12m Forecast**	**12m Forecast**	**12m Forecast**	**12m Forecast**	**12m Forecast**	**12m Forecast**	**12m Forecast**
Total revenue	**137,544**	**142,342**	**147,307**	**152,447**	**157,766**	**163,272**	**168,970**	**174,868**	**180,972**	**187,290**
y-o-y growth	*29.3%*	*3.5%*	*3.5%*	*3.5%*	*3.5%*	*3.5%*	*3.5%*	*3.5%*	*3.5%*	*3.5%*
Cost of goods sold	(126,114)	(130,088)	(134,318)	(138,671)	(143,253)	(147,988)	(152,896)	(158,054)	(163,388)	(168,916)
Gross profit	**11,430**	**12,254**	**12,990**	**13,776**	**14,514**	**15,284**	**16,074**	**16,814**	**17,584**	**18,374**
% of revenue	*8.3%*	*8.6%*	*8.8%*	*9.0%*	*9.2%*	*9.4%*	*9.5%*	*9.6%*	*9.7%*	*9.8%*
Employee cost	(179)	(193)	(209)	(225)	(243)	(263)	(284)	(307)	(331)	(358)
% of revenue	*0.1%*	*0.1%*	*0.1%*	*0.1%*	*0.2%*	*0.2%*	*0.2%*	*0.2%*	*0.2%*	*0.2%*
Operating & admin costs	(311)	(327)	(343)	(361)	(379)	(397)	(417)	(438)	(460)	(483)
% of revenue	*0.2%*	*0.2%*	*0.2%*	*0.2%*	*0.2%*	*0.2%*	*0.2%*	*0.3%*	*0.3%*	*0.3%*
EBITDA	**10,940**	**11,734**	**12,438**	**13,190**	**13,892**	**14,623**	**15,373**	**16,069**	**16,793**	**17,533**
EBITDA%	*8.0%*	*8.2%*	*8.4%*	*8.7%*	*8.8%*	*9.0%*	*9.1%*	*9.2%*	*9.3%*	*9.4%*
Depreciation	(516)	(494)	(503)	(513)	(522)	(532)	(132)	(78)	(87)	(97)
EBIT	**10,424**	**11,240**	**11,935**	**12,678**	**13,370**	**14,092**	**15,240**	**15,991**	**16,705**	**17,436**
EBIT%	*7.6%*	*7.9%*	*8.1%*	*8.3%*	*8.5%*	*8.6%*	*9.0%*	*9.1%*	*9.2%*	*9.3%*
Finance cost	(6,484)	(6,561)	(6,127)	(5,667)	(5,419)	(4,996)	(4,466)	(4,125)	(3,725)	(3,098)
Other income	1,124	400	400	400	400	400	400	400	400	400
PBT	**5,065**	**5,079**	**6,208**	**7,411**	**8,351**	**9,496**	**11,174**	**12,266**	**13,380**	**14,739**
PBT%	*3.7%*	*3.6%*	*4.2%*	*4.9%*	*5.3%*	*5.8%*	*6.6%*	*7.0%*	*7.4%*	*7.9%*
Tax	(258)	-	(909)	(1,708)	(1,855)	(2,054)	(2,518)	(2,741)	(2,950)	(3,217)
PAT	**4,807**	**5,079**	**5,299**	**5,703**	**6,496**	**7,441**	**8,656**	**9,526**	**10,430**	**11,522**
PAT%	*3.5%*	*3.6%*	*3.6%*	*3.7%*	*4.1%*	*4.6%*	*5.1%*	*5.4%*	*5.8%*	*6.2%*

- Revenue: The Management expect gas trading segment to grow at a CAGR of 3.5 from FY19-28 with a resulting revenue growth of 3.5% during the same period.
- Margins: The last 10 year average of EBITDA margin for the segment is in the range of 8.5-9.5%. The Management expects a similar trend to continue in the forecast period.

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Gas trading and wind power segment Forecasted Financials- Balance sheet

Summary balance sheet as presented											
INR million	31-Mar-19 Forecast	31-Mar-20 Forecast	31-Mar-21 Forecast	31-Mar-22 Forecast	31-Mar-23 Forecast	31-Mar-24 Forecast	31-Mar-25 Forecast	31-Mar-26 Forecast	31-Mar-27 Forecast	31-Mar-28 Forecast	
Sources of funds											
Share capital	10,079	10,079	10,767	10,767	10,767	10,767	10,767	10,767	10,767	10,767	
Reserve & surplus	(6,520)	(1,441)	8,671	14,374	20,869	28,311	36,967	46,493	56,923	68,444	
Total shareholders funds	3,559	8,639	19,438	25,140	31,636	39,078	47,734	57,259	67,689	79,211	
Long term borrowings	75,805	73,831	65,896	63,053	58,531	51,323	45,323	43,223	36,458	29,543	
Short term borrowings	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	
Total Borrowings	79,305	77,331	69,396	66,553	62,031	54,823	48,823	46,723	39,958	33,043	
Long term provisions	1,768	1,768	1,768	1,768	1,768	1,768	1,768	1,768	1,768	1,768	
Total sources of funds	84,632	87,738	90,864	93,921	96,037	96,365	99,218	106,827	110,645	115,379	
Application of funds											
Gross block	28,903	29,003	29,103	29,203	29,303	29,403	29,503	29,603	29,703	29,803	
Less: Accumulated depreciation	(17,248)	(17,741)	(18,244)	(18,757)	(19,279)	(19,811)	(19,943)	(20,021)	(20,108)	(20,205)	(1)
Net block	11,655	11,262	10,859	10,446	10,024	9,592	9,560	9,582	9,595	9,599	
Capital work in progress	10,811	10,811	10,811	10,811	10,811	10,811	10,811	10,811	10,811	10,811	
Investment property	8	8	8	8	8	8	8	8	8	8	
Non current investments	38,598	38,598	38,598	38,598	38,598	38,598	38,598	38,598	38,598	38,598	
Site restoration fund	2,301	2,301	2,301	2,301	2,301	2,301	2,301	2,301	2,301	2,301	
Other Advances	7,072	7,072	7,072	7,072	7,072	7,072	7,072	7,072	7,072	7,072	(2)
Advance Income tax Paid	1,745	1,745	1,745	1,745	1,745	1,745	1,745	1,745	1,745	1,745	
Advances Receivable to/from Joint ventures	4,331	4,331	4,331	4,331	4,331	4,331	4,331	4,331	4,331	4,331	
Net current assets											
Other Current assets	76	76	76	76	76	76	76	76	76	76	
Inventory	4,814	4,982	5,156	5,336	5,522	5,715	5,914	6,120	6,334	6,555	(3)
Sundry debtors	10,174	10,529	10,897	11,277	11,670	12,078	12,499	12,935	13,387	13,854	
Cash and bank	2,636	5,764	8,313	11,989	14,122	14,462	16,912	24,053	27,397	31,649	
Advances to employees	97	97	97	97	97	97	97	97	97	97	
Security Deposits	10	10	10	10	10	10	10	10	10	10	
Loans and advances	108	108	108	108	108	108	108	108	108	108	
Total current assets	17,808	21,459	25,150	28,785	31,498	32,438	35,509	43,293	47,301	52,242	
Trade payables	4,803	4,954	5,115	5,281	5,455	5,636	5,823	6,019	6,222	6,433	(3)
Other current liabilities	4,331	4,331	4,331	4,331	4,331	4,331	4,331	4,331	4,331	4,331	
Short term provisions	564	564	564	564	564	564	564	564	564	564	
	9,698	9,849	10,010	10,176	10,350	10,531	10,718	10,914	11,117	11,328	
Net working capital	8,111	11,610	15,140	18,609	21,147	21,907	24,792	32,379	36,184	40,915	
Total	84,632	87,738	90,864	93,921	96,037	96,365	99,218	106,827	110,645	115,379	

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Gas trading and wind power segment Forecasted Financials- Balance sheet

1. The Company expects a maintenance capex of INR 100 mn per year which would be required for the gas trading business.

2. These pertain to the access assets of non-working capital nature. Most of the assets are related to the E&P business and hence we have considered the same as surplus assets

3. All the items are of working capital nature. Working capital used for the valuation exercise is provided below.

Operating working capital										
FYE 31 March	**31-Mar-19**	**31-Mar-20**	**31-Mar-21**	**31-Mar-22**	**31-Mar-23**	**31-Mar-24**	**31-Mar-25**	**31-Mar-26**	**31-Mar-27**	**31-Mar-28**
INR million	**Forecast**	**Forecast**	**Forecast**	**Forecast**	**Forecast**	**Forecast**	**Forecast**	**Forecast**	**Forecast**	**Forecast**
Net working capital	5,475	5,846	6,226	6,620	7,026	7,445	7,879	8,325	8,788	9,265
(Increase)/decrease	(6,178)	(371)	(380)	(394)	(405)	(420)	(434)	(446)	(462)	(478)
Days of revenue	*15*	*15*	*15*	*16*	*16*	*17*	*17*	*17*	*18*	*18*
% of revenue	4.0%	4.1%	4.2%	4.3%	4.5%	4.6%	4.7%	4.8%	4.9%	4.9%

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Gas trading and wind power segment
Valuation analysis and interpretation

Discounted cash flow											
FYE 31 March	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**TY**
INR million	**12 months**	**12 months**	**12 months**	**12 months**	**12 months**	**12 months**	**12 months**	**12 months**	**12 months**	**12 months**	**12 months**
Revenue	**137,544**	**142,342**	**147,307**	**152,447**	**157,766**	**163,272**	**168,970**	**174,868**	**180,972**	**187,290**	**190,099**
y-o-y growth		*3.5%*	*3.5%*	*3.5%*	*3.5%*	*3.5%*	*3.5%*	*3.5%*	*3.5%*	*3.5%*	*1.5%*
EBITDA	10,940	11,734	12,438	13,190	13,892	14,623	15,373	16,069	16,793	17,533	17,869
EBITDA margin (%)	*8.0%*	*8.2%*	*8.4%*	*8.7%*	*8.8%*	*9.0%*	*9.1%*	*9.2%*	*9.3%*	*9.4%*	*9.4%*
Less: Depreciation	(516)	(494)	(503)	(513)	(522)	(532)	(132)	(78)	(87)	(97)	(100)
EBIT	10,424	11,240	11,935	12,678	13,370	14,092	15,240	15,991	16,705	17,436	17,769
EBIT margin (%)	*7.6%*	*7.9%*	*8.1%*	*8.3%*	*8.5%*	*8.6%*	*9.0%*	*9.1%*	*9.2%*	*9.3%*	*9.3%*
Less: Taxes on EBIT	-	(1,878)	(2,572)	(2,732)	(2,881)	(3,037)	(3,284)	(3,446)	(3,600)	(3,757)	(6,209)
(Increase)/decrease in net working capital	(6,178)	(371)	(380)	(394)	(405)	(420)	(434)	(446)	(462)	(478)	(139)
Less: Capital expenditure	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)
Free cash flows to the firm	**3,496**	**9,384**	**9,386**	**9,964**	**10,506**	**11,067**	**11,554**	**12,077**	**12,631**	**13,198**	**11,421**
Period factor - mid year discounting	0.375	1.250	2.250	3.250	4.250	5.250	6.250	7.250	8.250	9.250	9.250
Discount factor - mid year discounting	0.950	0.843	0.735	0.642	0.560	0.488	0.426	0.372	0.324	0.283	0.283
Present value of cash flows to the firm	**3,322**	**7,911**	**6,903**	**6,393**	**5,880**	**5,403**	**4,921**	**4,487**	**4,094**	**3,732**	**3,229**

* Cash flows for FY 2019 are adjusted to reflect cash flows for a period of 9 months.

Assumptions	
WACC	14.63%
Perpetuity assumptions	
Terminal growth	1.50%
EBITDA margin	9.4%
Tax Rate	34.9%

Summary of value	
INR million	
Primary value	53,046
Terminal value	24,589
Add: PV of tax benefits post explicit period	2,425
Enterprise value	**80,060**

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Enterprise Value of gas trading and wind power segment works out to INR 80,060 mn.

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Summary of debt like items and surplus assets

Debt like items

INR million	31-Mar-18
Non-current borrowings	
Secured	
Term loan from banks	31,550
Compulsory convertible debentures	5,500
	37,050
Unsecured	
Non-convertible debentures	60,153
Term loan from others - GSFS	12,375
	72,528
Total non-current borrowings (A)	**109,578**
Current borrowings	
Secured	
From banks (Loans repayable on demand)	23,675
Unsecured	
From banks (Loans repayable on demand)	6,000
Total current borrowings (B)	**29,675**
Current maturities of long term borrowings	
Secured	
Term loan from banks	5
Compulsory Convertible Debentures	249
	255
Unsecured	
Term loan from others - GSFS	2,683
Non Convertible Redeemable Debentures	1,409
	4,092
Total current maturities of non-current borrowings (C)	**4,346**
Grand Total (A+B+C)	**143,599**

Particulars	INR million
Total Borrowings	143,599
Long term provisions	1,568
Payable to/on behalf of Joint arrangements	6,855
Total Debt like items	**152,022**

Surplus assets

INR Million	
Advances for sale of subsidiary	12,061
Other Advances	5,147
Advances Receivable to/from Joint ventures	2,219
Loan to related parties	1,555
Land	1,214
Advance Income tax Paid	1,190
Site restoration fund	1,040
Cash and Bank	936
Total	**25,361**

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Valuation of exploration & production (E&P) assets

E&P asset blocks
Valuation analysis and interpretation

- We understand that GSPC has the following E&P assets with available oil and gas reserves:

Entity	% stake	Investment Type	Oil reserve net to GSPC (mmboe)	
			2P	2C
Bhandut	60%	Non-operated JV	0.07	0.01
Cambay	55%	Non-operated JV		1.37
Asjol	50%	Non-operated JV	0.06	0.59
Palej	35%	Non-operated JV	0.02	0.05
North Balol	45%	Non-operated JV		0.47
Dholasan	70%	Non-operated JV	0.03	0.03
North Kathana	70%	Non-operated JV	0.04	0.01
Kanawara	70%	Non-operated JV	0.41	4.60
Allora	70%	Non-operated JV	0.04	0.01
CB-ONN-2004/1	40%	Non-operated JV		0.01
CB-ONN-2004/2	45%	Non-operated JV	0.00	2.13
CB-ONN-2004/3	35%	Non-operated JV	0.15	0.00
MB-OSN-2005/1	20%	Non-operated JV		10.52
GK-OSN-2009/1	20%	Non-operated JV		0.04
Tarapur	56%	GSPC-Operated JV	0.46	3.98
Unawa	70%	GSPC-Operated JV	0.00	0.02
CB-ONN-2000/1	50%	GSPC-Operated JV	0.70	5.93
CB-ONN-2002/3	55%	GSPC-Operated JV	0.30	0.69
CB-ONN-2003/2	50%	GSPC-Operated JV	0.29	1.79
Total			2.57	32.23

2P- is the sum of proved and probable reserves quantities of petroleum estimated to be potentially recoverable from known accumulations using established technology, which are **currently considered to be commercially recoverable.**

2C- Contingent resource are those quantities of petroleum estimated, to be potentially recoverable from known accumulations using established technology or technology under development, but which are **not currently considered to be commercially recoverable** due to one or more contingencies.

Valuation Analysis

- Based on the information provided above, market benchmarks, listed company data analysis, and research reports, we applied a multiple of $4.2 per mmboe on 2P reserves and a multiple of $1.0 per mmboe on 2C reserves, respectively, to arrive at a value of $44.57 million or INR 3075 million.
- Apart from the E&P assets mentioned above, GSPC currently holds a 12.73% stake in the KG block.
- Based on our discussion with the Management, we understand GSPC sold 80% PI of KG block to ONGC. GSPC received a total consideration of $1,494 million, including consideration of $995.3 million for 80% PI, with estimated 2P reserves of 1.05 tcf ("Primary block").
- Moreover, GSPC received $200 million* for 80% PI of other six discoveries ("Other Blocks") in the same field.
- Considering the availability of precedent transaction, we valued the KG block Primary and Other Assets using the price of recent transaction at $190 million or INR 13,123 million, as mentioned below.

Block	Transaction value at 100% PI ($ million)	Transaction value at 100% PI (INR million)	Current PI of GSPC (%)	Value of GSPC PI in KG block
KG block	1,494	103,089	12.73%	13,123

*The consideration received for Other Blocks is a floor consideration. This is expected to be adjusted for any upside in valuation of Other Blocks based on FDP to be prepared by ONGC. The Management informed us that the outcome of the FDP report is uncertain as of the valuation date. Hence, we found it subjective to comment on the expected outcome of the expected FDP study and related valuation analysis.

Value of GSPC's stake in E&P assets is INR 16,198 mn.

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Valuation of GSPL and GIPCL

GSPL & GIPCL
Valuation using market approach

GSPL and GIPCL are listed with National Stock Exchange (NSE) and Bombay Stock Exchange (BSE). Hence we have used market price method for valuation.

Below is the valuation for GSPL

Factor	Price as at 30-6-2018
Number of Shares outstanding (mn)	564
Price	180
Market Cap (INR Million)	101,502
GSPC Stake %	38%
GSPC Stake Value (INR Million)	**38,134**

Below is the valuation for GIPCL

Factor	Price as at 30-6-2018
Number of Shares outstanding (mn)	151
Price	88
Market Cap (INR Million)	13,350
GSPC Stake %	2%
GSPC Stake Value (INR Million)	**326**

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Valuation of GPPC

GPPC
Historical Profit and Loss and Balance sheet

Summary profit and loss

FYE 31 March INR million	2015 12m Audited	2016 12m Audited	2017 12m Audited	2018 12m Audited
Total revenue	3,382	6,661	4,798	4,098
y-o-y growth		*97.0%*	*-28.0%*	*-14.6%*
Cost of goods sold	(79)	(2,596)	(1,177)	(1,158)
Gross profit	**3,304**	**4,065**	**3,621**	**2,940**
% of revenue	*97.7%*	*61.0%*	*75.5%*	*71.7%*
Employee cost	(38)	(39)	(52)	(55)
% of revenue	*1.1%*	*0.6%*	*1.1%*	*1.3%*
Operating & admin costs	(132)	(257)	(73)	(107)
% of revenue	*3.9%*	*3.9%*	*1.5%*	*2.6%*
EBITDA	**3,133**	**3,769**	**3,496**	**2,779**
EBITDA%	*92.6%*	*56.6%*	*72.9%*	*67.8%*
Depreciation	(1,401)	(1,399)	(1,404)	(1,407)
EBIT	**1,733**	**2,370**	**2,092**	**1,371**
EBIT%	*51.2%*	*35.6%*	*43.6%*	*33.5%*
Finance cost	(2,169)	(1,523)	(1,405)	(1,158)
Other income	38	30	39	20
Foreign Exchange Gain/(Loss)	43	(124)	82	(68)
PBT	**(355)**	**753**	**809**	**165**
PBT%	*-10.5%*	*11.3%*	*16.9%*	*4.0%*
Tax	(7)	(386)	(49)	(35)
PAT	**(363)**	**367**	**760**	**130**
PAT%	*-10.7%*	*5.5%*	*15.8%*	*3.2%*

Summary balance sheet as presented

INR million	31-Mar-15 Audited	31-Mar-16 Audited	31-Mar-17 Audited	31-Mar-18 Provisional
Sources of funds				
Share capital	8,618	8,618	8,618	8,618
Reserve & surplus	(3,520)	(3,153)	(1,952)	(1,822)
Total shareholders funds	**5,099**	**5,466**	**6,666**	**6,796**
Long term borrowings	14,530	12,906	11,516	9,964
Current maturities of long term debt	1,617	1,617	1,648	1,657
Short term borrowings	-	95	-	60
Capital Creditors	4,516	4,612	4,119	3,993
Other long term liabilities	1	1	0	
Deferred tax liability	58	444		
Total sources of funds	**25,820**	**25,140**	**23,950**	**22,470**
Application of funds				
Gross block	26,698	27,983	25,599	25,629
Less: Accumulated depreciation	(2,459)	(3,858)	(2,800)	(4,207)
Net block	24,239	24,125	22,799	21,422
Capital work in progress	444	-	-	-
Advance tax net off TDS	6	8	(4)	15
Capital advances	87	80	70	69
Net current assets				
Inventory	-	2	152	840
Sundry debtors	665	902	649	599
Cash and bank	376	75	269	34
Loans and advances	26	9	73	63
Total current assets	1,067	989	1,143	1,536
Trade payables	17	51	44	553
Other current liabilities	5	6	10	13
Provision for expenses	0	5	5	5
	23	61	59	572
Net working capital	**1,044**	**927**	**1,084**	**964**
Total	**25,820**	**25,140**	**23,950**	**22,470**

GPPC, a subsidiary of GSPC, has commissioned a 702 MW combined cycle power plant near Pipavav port in Gujarat. Currently, the plant is operating at a PLF of 30 % as at May 2018 (Apr 2018-22%). Considering the current utilization levels, executed power purchase agreement, and the fact that the Management has limited visibility on the expected cash flow potential, we valued GPPC using cost approach, as presented on the next slide.

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GPPC
Valuation using NAV approach

Net asset value	
INR million	**31-Mar-18**
Assets	
Fixed assets	
Gross block	25,629
Less: Accumulated depreciation	(4,207)
Net block	**21,422**
Capital work in progress	-
Advance Tax Net off TDS	15
Capital advances	69
Current assets	
Inventory	840
Sundry debtors	599
Cash and bank	34
Short term loans and advances	63
Total assets	**23,042**
Liabilities	
Borrowings	11,681
Capital creditors	3,993
Current liabilities	
Trade payables	553
Other current liabilities	13
Provision for expenses	5
Total liabilities	**16,246**
Net assets value before adjustments	**6,796**
Adjustments	
Less: Book value of surplus assets	
Add: Fair value of surplus assets	
Less: Contingent liabilities	-
Net asset value	**6,796**

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With 95.5%, Value of GSPC's stake in GPPC works out to INR 6,624 mn.

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Valuation of SGL

SGL
Historical Financials

Summary balance sheet as presented

INR million	31-Mar-13 Audited	31-Mar-14 Audited	31-Mar-15 Audited	31-Mar-16 Audited	31-Mar-17 Audited	31-Mar-18 Audited
Assets						
Share capital	200	200	200	200	200	200
Reserve & surplus	1,358	1,623	2,668	2,654	3,023	3,720
Total shareholders funds	1,558	1,823	2,868	2,854	3,223	3,920
Long term borrowings	981	1,218	1,134	891	548	385
OCD	400	400	400	400	-	-
Interest accrued but not due on OCDs	65	51	36	22	-	-
Long term provisions	4	4	4	5	6	10
Other long term liabilities	382	468	498	508	729	978
Proposed dividend and DDT	-	47	60	24	-	-
Deferred tax liability	224	242	145	370	417	574
Short term borrowings	396	-	-	-		
Total sources of funds	4,011	4,253	5,145	5,073	4,923	5,867
Application of funds						
Gross block	3,610	4,149	4,440	4,888	4,257	5,290
Less: Accumulated depreciation	(467)	(636)	(857)	(1,081)	(397)	(631)
Net block	3,142	3,513	3,583	3,807	3,860	4,659
Intangible assets					129	138
Capital work in progress	383	170	196	137	125	452
Long term loans and advances	22	54	55	78	-	-
Non current investments						
Net current assets						
Other Current assets	14	16	18	19	24	15
Current investments	-	-	1,012	639	19	19
Inventory	15	26	21	22	23	27
Sundry debtors	962	755	655	468	531	573
Cash and bank	17	220	80	81	651	439
Short term loans and advances	56	64	143	254	114	154
Total current assets	1,063	1,082	1,928	1,482	1,363	1,227
Short term borrowings						
Current maturities of long term debt					163	163
Trade payables	384	414	398	252	316	328
Other current liabilities	212	151	205	178	76	116
Provisions	3	1	15	0	0	1
	599	566	617	431	555	608
Net working capital	464	517	1,311	1,051	808	618
Total	4,011	4,253	5,145	5,073	4,923	5,867

Summary profit and loss

FYE 31 March INR million	2013 12m Audited	2014 12m Audited	2015 12m Audited	2016 12m Audited	2017 12m Audited	2018 12m Audited
Operating revenue	8,887	9,707	9,350	7,469	6,875	8,399
Less: Excise duty	(295)	(336)	(293)	(268)	(339)	(422)
Net revenue	8,592	9,372	9,057	7,201	6,536	7,977
y-o-y growth		*9.1%*	*-3.4%*	*-20.5%*	*-9.2%*	*22.0%*
Cost of goods sold	(8,324)	(8,371)	(7,253)	(6,417)	(4,974)	(5,893)
Gross profit	267	1,001	1,804	783	1,562	2,084
% of revenue	*3.1%*	*10.7%*	*19.9%*	*10.9%*	*23.9%*	*26.1%*
Emploee cost	(60)	(55)	(64)	(70)	(71)	(103)
% of revenue	*0.7%*	*0.6%*	*0.7%*	*1.0%*	*1.1%*	*1.3%*
Operating & admin costs	(310)	(288)	(316)	(393)	(468)	(616)
% of revenue	*3.6%*	*3.1%*	*3.5%*	*5.5%*	*7.2%*	*7.7%*
EBITDA	(103)	658	1,425	321	1,023	1,365
EBITDA%	*-1.2%*	*7.0%*	*15.7%*	*4.5%*	*15.7%*	*17.1%*
Depreciation	(138)	(169)	(218)	(225)	(236)	(259)
EBIT	(241)	489	1,207	97	787	1,106
EBIT%	*-2.8%*	*5.2%*	*13.3%*	*1.3%*	*12.0%*	*13.9%*
Finance cost	(168)	(170)	(155)	(136)	(94)	(54)
Other income	66	58	109	188	100	96
PBT	(343)	378	1,160	149	793	1,148
PBT%	*-4.0%*	*4.0%*	*12.8%*	*2.1%*	*12.1%*	*14.4%*
Tax	-	(66)	(52)	(139)	(368)	(403)
PAT	(343)	311	1,108	10	426	745
PAT%	*-4.0%*	*3.3%*	*12.2%*	*0.1%*	*6.5%*	*9.3%*

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SGL
Valuation analysis and interpretation

- We observed that EBITDA and PAT margins of SGL have fluctuated over the historical period. We, therefore, calculated the comparable multiples on the basis of normalized and future maintainable EBITDA in place of TTM numbers.
- Normalized and maintainable EBITDA margin of 13 per cent (calculation provided below) has been considered basis analysis of historical financial statements of SGL. Finally, to arrive at the normalized and future maintainable EBITDA for SGL, TTM revenues have been multiplied with the normalized and future maintainable EBITDA margin of 13 per cent.
- Based on the analysis provided below, we arrived at a median multiple of 16.6x. Considering SGL is smaller in size to the listed CoCos, we found it appropriate to apply a discount of 10% on the median multiple to arrive at the selected multiple of 15.0x.

EBITDA margin (%)

Company name	2015	2016	2017	2018	Average	Normalized EBITDA
Sabarmati Gas Limited	16%	4%	16%	17%	13%	1,056
Indraprastha Gas Limited	22%	21%	25%	24%	23%	10,498
Mahanagar Gas Limited	23%	24%	32%	34%	28%	6,344
Gujarat Gas Limited	12%	12%	15%	14%	13%	8,167

Comparable company multiple analysis - 30 June 2018

Company Name	Market cap	Enterprise value	Revenue	EBITDA	EBITDA (%)	Normalized EBITDA	EV/ N. EBITDA TTM
Indraprastha Gas Limited	200,771	181,750	45,921	11,144	24%	10,498	17.3x
Mahanagar Gas Limited	90,859	82,344	22,330	7,801	35%	6,344	13.0x
Gujarat Gas Limited	115,951	135,815	61,743	8,951	14%	8,167	16.6x
Median							**16.6x**
Median Trading Multiple							**16.6x**
Discount over trading multiple							10%
Selected multiple - Median							**15.0x**
Financial metric							1,056
Indicative value							**15,807**
Surplus assets							(458)
Debt like items							(879)
Equity value							**15,386**
GSPC Stake							**22.5%**
GSPC Stake Value (INR Millions)							**3,457**

Surplus assets

FYE 31 March	31-Mar-18
INR million	Provisional
Investments	19
Cash	439
Total surplus assets	**458**

Debt and debt like items

FYE 31 March	31-Mar-18
INR million	Provisional
Long term borrowings	385
Current maturities of long-term debt	163
Capex creditors	331
Total debt and debt like items	**879**

Value of GSPC's stake in SGL works out to INR 3,457 mn.

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Valuation of GSPC LNG Ltd

GSPC LNG
Valuation analysis and interpretation

- Based on our discussion with the Management, we note the following:
  - The investment and the setup of the regasification terminal is complete.
  - However the Company is yet to commence the commercial operations.
- To value GSPC LNG , we used the price to book value multiple of the comparable companies operating into similar sectors and industries. There is only one listed company which is comparable to GSPC LNG. Accordingly we have used the P/Book multiple of Petronet LNG to value GSPC LNG. We have used a multiple of 3.5x for valuation

Comparable company multiple analysis	
Company Name	**P / Book Value**
	LFY/TTM
Petronet LNG Limited	3.5x

Particulars	INR Million
Book Value of investment of GSPC in GSPC LNG	256
Price/Book Value multiple	3.5x
Total Value	**904**

Value of GSPC's stake in GSPC LNG works out to INR 904 mn.

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Valuation of GSEG

GSEG
Historical Profit and Loss and Balance sheet

Summary profit and loss				
FYE 31 March INR million	2016 12m Audited	2017 12m Audited	2018 12m Audited	2018 12m Audited
Total revenue	1,226	3,632	3,291	3,496
y-o-y growth		*196.2%*	*-9.4%*	*6.2%*
Cost of goods sold	(851)	(562)	(1,291)	(1,259)
Gross profit	375	3,070	2,001	2,237
% of revenue	*30.6%*	*84.5%*	*60.8%*	*64.0%*
Employee cost	(33)	(30)	(38)	(44)
% of revenue	*2.7%*	*0.8%*	*1.1%*	*1.3%*
Operating & admin costs	(71)	(79)	(40)	(89)
% of revenue	*5.8%*	*2.2%*	*1.2%*	*2.5%*
EBITDA	271	2,961	1,923	2,104
EBITDA%	*22.1%*	*81.5%*	*58.4%*	*60.2%*
Depreciation	(728)	(727)	(710)	(709)
EBIT	(457)	2,234	1,213	1,394
EBIT%	*-37.3%*	*61.5%*	*36.9%*	*39.9%*
Finance cost	(849)	(1,084)	(875)	(632)
Other income	6	27	183	57
PBT	(1,300)	1,177	520	819
PBT%	*-106.1%*	*32.4%*	*15.8%*	*23.4%*
Tax	(488)	(35)	(0)	(48)
PAT	(1,788)	1,141.73	520	771
PAT%	*-145.8%*	*31.4%*	*15.8%*	*22.1%*

Summary balance sheet as presented				
INR million	31-Mar-16 Audited	31-Mar-17 Audited	31-Mar-18 Audited	31-Mar-18 Provisional
Sources of funds				
Share capital	3,484	3,484	3,484	3,484
Reserve & surplus	(3,497)	(2,355)	(1,835)	(1,051)
Total shareholders funds	(13)	1,129	1,649	2,433
Refundable share application money	690			
Borrowings	8,454	9,411	7,691	6,808
Total sources of funds	9,131	10,540	9,340	9,242
Application of funds				
Gross block	11,725	11,808	11,886	11,986
Less: Accumulated depreciation	-	(726)	(1,436)	(2,145)
Net block	11,725	11,082	10,450	9,841
Capital work in progress	110	116	119	125
Other intangible assets	1	1	0	0
Non current investments	157	137	192	222
Advance payment of Income Tax (net of Provision)	32	33	34	24
Net current assets				
Loans and advances	122	328	492	78
Inventory	300	308	332	699
Sundry debtors	450	1,439	98	261
Cash and bank	2	753	579	921
Total current assets	875	2,829	1,501	1,959
Trade payables	1,088	840	892	1,121
Net employee benefit liabilities	8	6	7	8
Other current liabilities	2,673	2,811	2,056	1,801
	3,769	3,657	2,955	2,929.71
Net working capital	(2,894)	(829)	(1,455)	(970)
Total	9,131	10,540	9,340	9,242

GSEG is currently operating a 507 MW combined cycle power plant at Hazira. Currently, the plant is operating at a PLF of 30% as at May 2018 (April 2018- 20%). Considering the current utilization levels, executed power purchase agreement, and the fact that the Management has limited visibility on the expected cash flow potential, we valued GSEG using cost approach, as presented on the next slide.

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GSEG
Valuation using NAV approach

Net asset value	
INR million	**31-Mar-2018**
Assets	
Fixed assets	
Gross block	11,986
Less: Accumulated depreciation	(2,145)
Net block	**9,841**
Capital work in progress	125
Non current investments	222
Advance payment of income tax	24
Current assets	
Loans and advances	78
Inventory	699
Sundry debtors	261
Cash and bank	921
Total assets	**12,171**
Liabilities	
Long term borrowings	6,808
Current liabilities	
Trade payables	1,121
Net employee benefit liabilities	8
Other current Liabilities	1,801
Total liabilities	**9,738**
Net assets value before adjustments	**2,433**
Adjustments	
Less: Book value of surplus assets*	(222)
Add: Fair value of surplus assets*	198
Less: Contingent liabilities	
Net asset value	**2,409**

* The same pertains investments of GSEG held in Gujarat gas Limited. We have valued the shares of GGL as on 30 June 2018. Below is calculation for the same.

Factor	Price as at 30-6-2017
Number of Shares outstanding (mn)	138
Price	743
Market Cap	102,254
Number of shares held by GSEG	0.27
GSEG Stake Value (INR Million)	**198**

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With 32.6% stake, Value of GSPC's stake in GSEG works out to INR 793 mn.

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Valuation of OPAL

OPAL
Valuation analysis and interpretation

- Based on our discussion with the Management, we note the following:
  - OPAL operates in the petrochemical industry in India and got commercialized in FY17.
  - The Management does not have access to FY18 financial statements and projections as of the Valuation Date.
- To value OPAL, we used the price to book value multiple of the Indian and global comparable companies operating into similar sectors and industries. We concluded on a median price to book value multiple of 2.23x.
- We understand that OPAL has outstanding CCD's and warrants. We have accounted the same while calculating book value and fully diluted stake held by GSPC.

Comparable company multiple analysis	
Company Name	**P / Book Value**
Reliance Industries Limited	2.0x
PETRONAS Chemicals Group Berhad	2.4x
PTT Global Chemical Public Company Limited	1.5x
Westlake Chemical Corporation	2.8x
LyondellBasell Industries N.V.	4.4x
Sahara Petrochemicals Company	1.4x
Saudi Basic Industries Corporation	2.0x
Yanbu National Petrochemical Company	2.2x
Median	**2.23x**

Particulars	Amount in INR mn
Share capital	208,270
Warrant issued+Issuance	19,220
CCD Issued	56,023
Loss in books	(10,629)
BV of investment	**89,753**

Particulars	INR million
P/BV Multiple	2.23
BV of investment	89,753
Equity value	**199,700**

Particulars	In million
No of warrants issued and issuable	1,922
CCD share issuance (Old)	5,615
CCD share issuance (New)	492
Common stock	2,022
Total Shares	**10,051**

Particulars	INR million
Equity value	199,700
Number of shares	10,051
Value per share	20
Shares held by GSPC	29
Value for GSPC	**576**

Value of GSPC's stake in OPAL works out to INR 576 mn.

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Valuation of GIPL

GIPL
Valuation analysis and interpretation

Considering the availability of historical profitability metrics, we have used the EV/EBITDA multiple of the comparable companies to value GIPL. The EV/EBITDA multiple works out to 7.1x

Comparable company multiple analysis	
Company Name	**EV/EBITDA**
Cambridge Technology Enterpri	6.01x
Mastek Limited	8.15x
Saksoft Limited	7.11x
Adroit Infotech Limited	6.93x
Average	**7.1x**

Comparable company multiple analysis	
	Equity Value INR Mn
EV/EBITDA	7.1
Metric	15
Indicative value	108
Add: Surplus assets	369
Equity value	**477**
Stake held by GSPC	50%
Value of stake held by GSPC	**239**

Value of GSPC's stake in GIPL works out to INR 239 mn.

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Valuation summary

Valuation summary

Valuation summary for GSPC	Total value	Stake %	GSPC stake value (INR Mn)
Enterprise value (Standalone)			
Gas trading & wind power	80,060	NA	80,060
KG basin existing stake	13,123	NA	13,123
E&P assets	3,075	NA	3,075
Enterprise value (A)			96,258
Investment and subsidiaries			
Gujarat State Petronet Ltd	101,502	37.6%	38,134
GSPC Pipavav Power Co. Ltd	6,796	97.5%	6,624
Sabarmati Gas Ltd	15,386	22.5%	3,457
GSPC LNG Ltd	12,238	7.4%	904
Gujarat State Energy Generation Ltd	2,433	32.6%	793
ONGC Petro Additions Ltd	40,299	1.4%	576
Gujarat Industries Power Company Ltd	13,350	2.4%	326
Guj Info Petro Ltd	477	50.0%	239
Value of investment and subsidiaries (B)			51,054
Debt and debt like items (C)			(152,022)
Surplus assets (D)			25,361
Equity value (E=A+B+C+D)			20,651
No. of shares (in mn) (F)			2579
Value per share (INR) (G= F/E)			8.01

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Annexures

Annexure 1:
Sources of information

- The following information provided to BSR by/ on behalf of Management was used in preparation of the Report:
  - Standalone combined Management Business Plan for gas trading and wind power segments for the period from 1 April 2017 to 31 March 2028.
  - Audited/Actual financials for GSPC of for the period from 1 April 2013 to 31 March 2018.
  - Audited/Actual financials for GPPC of for the period from 1 April 2014 to 31 March 2018.
  - Audited/Actual financials for GSEG of for the period from 1 April 2014 to 31 March 2018.
  - Audited/Actual financials for GIPL of for the period from 1 April 2017 to 31 March 2018.
  - Audited/Actual financials for SGL of for the period from 1 April 2013 to 31 March 2018.
  - Audited/Actual financials for OPAL of for the period 31 March 2017.
  - Audited/Actual financials for GSPC LNG of for the period from 1 April 2014 to 31 March 2017.
  - Reserve data for E&P assets as shared by the management
  - In addition to reviewing the above information, we also held discussions with key members of the Management, including:
    - Mr. Rajesh Sivadasan
    - Mr. Sushant Sivaprasad
    - Ms. Snehal Modi
  - The following external sources were used in the preparation of the Report:
    - External databases such as Capital IQ, MergerMarket, Bloomberg.
    - Relevant information made available to us by Management at our request.
    - Publicly available information and secondary information.

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Discount rate and Terminal value

Discount rate – general

In order to determine the discount rate, we have used the WACC methodology as set out below:

WACC	Ke * (E/(D + E)) + Kd * (1-T) * (D/(D + E))
Where:	Ke = cost of equity
	E = market value of equity
	Kd = cost of debt
	D = market value of debt
	T = corporate taxation rate

The cost of equity is derived using the Capital Asset Pricing Model ("CAPM") as follows:

	Ke	=	Rf + ß * (Rm – Rf)
• Where:	Rf	=	the current return on risk-free assets
	Rm	=	the expected average return of the market
	(Rm – Rf)	=	the average risk premium above the risk-free rate that a "market" portfolio of assets is earning
	ß	=	the beta factor, being the measure of the systematic risk of a particular asset relative to the risk of a portfolio of all risky assets

Terminal Value

- At the end of the forecast period, it is assumed that the net profits and hence the corresponding cash flows generated by the Company will continue indefinitely.
- The most common approach to calculating terminal value is to apply a constant growth model, utilizing the following formula:
- FV of terminal value = [FCFFn] x (1+g) / (WACC-g)
- PV of terminal value = FV of terminal value (1+WACC)^n
- Considering the nature of industry and the existing stage of operations of the respective businesses, we have considered 1.5 percent growth rate to be reasonable.

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Valuation Analysis
Discount Rate

Risk Free Rate (Rf) 7.8 per cent	• The nominal risk-free rate is derived based on the long-term bond yield rates. In India, we consider 10 year Government of India securities yield as at the Valuation Date (30st June 2016) for the purpose of arriving at the nominal risk free rate which was 7.8 per cent (Source: Bloomberg)
Market Rate of Return – Risk Free Rate (Rm-Rf) 7.0 per cent	• The market rate of return or R(m) has been calculated based on the normal long term return from the Indian stock market (rounded). We have considered the real market rate of return of 13.8 per cent as on 30 June 2018. (Source: BSR analysis). • R(m) – R(f) based on the above numbers is 7.0 per cent.
Beta 1.01	▪ Beta is a measure of the risk of the shares of a company. ß is the co-variance between the return on sample stock and the return on the market. In order to determine the appropriate beta factor, consideration must be given either to the market beta of the comparable quoted companies. ▪ We have considered a beta of 1.01, based on comparable company .
Cost of Equity (Ke) 14.86 per cent	• Calculated using the above inputs.
Debt Equity Ratio 3 per cent	• We have considered the debt equity ratio of 3% based on D/E ratio of comparable company.
WACC 14.63 per cent	• Based on the optimal capital structure of 3% per cent debt to equity, cost of equity of 14.86 per cent and post-tax cost of debt of 9.5 per cent, the Weighted Average Cost of Capital (WACC) is 14.63 per cent.

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Thank You

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

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ANNEXURE - III

GUJARAT STATE PETROLEUM CORPORATION LTD.
(A Govt. of Gujarat Undertaking)
Regd. Office : GSPC Bhavan, Behind Udyog Bhavan,
Sector-11, Gandhinagar-382 010, INDIA.
Phone : +91-79-66701005 Fax : +91-79-23236375
E-mail : gspc@gspc.in
CIN No.: U23209GJ1979SGC003281

REPORT UNDER SECTION 232(2)(C) OF THE COMPANIES ACT, 2013 ADOPTED BY THE BOARD OF DIRECTORS OF GUJARAT STATE PETROLEUM CORPORATION LIMITED, EXPLAINING THE EFFECT OF THE SCHEME OF ARRANGEMENT ON EQUITY SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTERS AND NON-PROMOTER SHAREHOLDERS

The Board of Directors **("Board")** of Gujarat State Petroleum Corporation Limited ("**GSPC**"), at its board meeting held on 11th September, 2018, has approved the Scheme of Arrangement pursuant to the provisions of Sections 230 to 232 of the Companies Act, 2013 and other applicable laws amongst the GSPC and Gujarat State Investment Limited ("**GSIL**") and GSPC NCD Holders **(the "Scheme").** The Scheme is subject to requisite approval(s) of the Ministry of Corporate Affairs, Government of India and other regulatory authorities (as applicable).

The Board of the Company had considered an i approved the draft Scheme of Arrangement.

As per Section 232(2)(c) of the Companies Act, 2013, a report adopted by the directors of the GSPC explaining the effect of scheme on each class of shareholders, Key Managerial Personnel (**KMPs**), promoters and non-promoter shareholders is required to be circulated to the members or class of members or creditors or class of creditors, as the case may be, for the meeting of the creditors or class of creditors or members or class of members, as the case may be, along with the notice convening such meeting.

Accordingly, the Board of GSPC at its meeting held on 11th September, 2018 has approved the scheme and as per Section 232(2) (c) of the Companies Act, 2013, the Board at its meeting held on 25th October, 2018, took on record the following impact of the Scheme on equity shareholders, KMPs, Promoters and non-promoter shareholders of the GSPC:

- The Government of Gujarat holds 86.89% Equity Share Capital of GSPC while balance of the shareholding of GSPC is held by other entities controlled by the Government of Gujarat. Further GSIL is wholly owned by the Government of Gujarat. Currently, the Managing Director of GSPC is Dr. T. Natarajan, IAS who is at the level of Secretary to the Government of Gujarat. Further, currently, the Managing Director of GSIL is Mr. Sanjeev Kumar, IAS who is also the Secretary, Economic Affairs, Government of Gujarat. The Government of Gujarat has issued G.R. No. GSP/11-2017/706/E dated July 26, 2018 resolving that the GSPC NCDs be assigned by GSPC to GSIL in the overall interest of GSPC, GSIL and the general public. GSPC is inter alia engaged in the business of oil and gas exploration and production and natural gas trading. GSIL is an unregistered core investment company and engaged in the business of investment generally;

- Pursuant to the assignment of the Obligations (as defined in the Scheme) GSPC shall issue equity shares to GSIL resulting in GSIL becoming the holding company of GSPC resulting in administrative synergies, simplification, focused management, streamlining and optimization of the group structure and efficient administration for the ultimate shareholders (i.e. the Government of the State of Gujarat acting through the Governor of the State of Gujarat) of both the companies.
- It will further enhance the tradability of the NCDs in the secondary market due to better credit rating of the GSIL Debentures (as defined in the Scheme) to be issued to Existing Holders (as defined in the Scheme);
- The Valuation Report issued by BSR & Associates, LLP, recommending the share exchange ratio for issuance of equity shares by GSPC to GSIL does not mention any special valuation difficulties.

None of the directors or KMPs or their relatives, are concerned, or interested financial or otherwise in the Scheme.

There will be no adverse effect of the said Scheme on the Equity Shareholders (the only class of shareholders), Key Managerial Personnel, Promoter and Non-Promoter Shareholders of GSPC or GSIL.

For Gujarat State Petroleum Corporation Limited

Company Secretary
Place: Gandhinagar
Date: 11th January, 2019

GSIL

GUJARAT STATE INVESTMENTS LTD.
(Govt. of Gujarat Undertaking)
REGISTERED OFFICE :
H. K. HOUSE, 6th FLOOR, ASHRAM ROAD, AHMEDABAD-380 009
PHONES : 26586636, 26579731 E-mail: info@gsilmail.com
CIN NO. : U64990GJ1988SGC010307

REPORT UNDER SECTION 232(2)(C) OF THE COMPANIES ACT, 2013 ADOPTED BY THE BOARD OF DIRECTORS OF GUJARAT STATE INVESTMENT LIMITED, EXPLAINING THE EFFECT OF THE SCHEME OF ARRANGEMENT ON EQUITY SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTERS AND NON-PROMOTER SHAREHOLDERS

The Board of Directors **("Board")** of Gujarat State Investment Limited (**"GSIL"**), at its board meeting held on 19th September, 2018, has approved the Scheme of Arrangement pursuant to the provisions of Sections 230 to 232 of the Companies Act, 2013 and other applicable laws amongst the Gujarat State Petroleum Corporation Limited (**"GSPC"**) and GSILand GSPC NCD Holders **(the "Scheme").** The Scheme is subject to requisite approval(s) of the Ministry of Corporate Affairs, Government of India and other regulatory authorities (as applicable).

The Board of the Company hadconsidered and approved the draft Scheme of Arrangement.

As per Section 232(2)(c) of the Companies Act, 2013, a report adopted by the directors of the GSIL explaining the effect of scheme on each class of shareholders, Key Managerial Personnel **(KMPs)**, promoters and non-promoter shareholders is required to be circulated to the members or class of members or creditors or class of creditors, as the case may be, for the meeting of the creditors or class of creditors or members or class of members, as the case may be, along with the notice convening such meeting.

Accordingly, the Board of GSIL in its meeting held on 19th September, 2018 approved the scheme of arrangement and as per Section 232(2) (c) of the Companies Act, 2013, meeting held on 31st December, 2018 took on record the following impact of the Scheme on equity shareholders, KMPs, Promoters and non-promoter shareholders of the GSIL:

- GSIL is wholly owned by the Government of Gujarat. Further the Government of Gujarat holds 86.89% Equity Share Capital of GSPC while balance of the shareholding of GSPC is held by other entities controlled by the Government of Gujarat. Currently, the Managing Director of GSIL is Mr. Sanjeev Kumar, IAS who is also the Secretary, Economic Affairs, Government of Gujarat. Further, the Managing Director of GSPC is Dr. T. Natarajan, IAS who is at the level of Secretary to the Government of Gujarat. The Government of Gujarat has issued G.R. No. GSP/11-2017/706/E dated July 26, 2018 resolving that the GSPC NCDs be assigned by GSPC to GSIL in the overall interest of GSPC, GSIL and the general public.GSIL is an unregistered core investment company and engaged in the business of investment generally. GSPC is inter alia engaged in the business of oil and gas exploration and production and natural gas trading;
- Pursuant to the assignment of the Obligations (as defined in the Scheme) GSPC shall

AHMEDABAD

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GSIL

GUJARAT STATE INVESTMENTS LTD.
(Govt. of Gujarat Undertaking)
REGISTERED OFFICE :
H. K. HOUSE, 6th FLOOR, ASHRAM ROAD, AHMEDABAD-380 009
PHONES : 26586636, 26579731 E-mail : infogsil@gmail.com
CIN NO. : U64990GJ1988SGC010307

issue equity shares to GSIL resulting in GSIL becoming the holding company of GSPC resulting in administrative synergies, simplification, focused management, streamlining and optimization of the group structure and efficient administration for the ultimate shareholders (i.e. the Government of the State of Gujarat acting through the Governor of the State of Gujarat) of both the companies.

- It will further enhance the tradability of the NCDs in the secondary market due to better credit rating of the GSIL Debentures (as defined in the Scheme) to be issued to Existing Holders (as defined in the Scheme);
- The Valuation Report as issued by BSR & Associates, LLP, recommending the share exchange ratio for issuance of equity shares by GSPC to GSIL does not mention any special valuation difficulties.

None of the directors or KMPs or their relatives, are concerned, or interested financial or otherwise in the Scheme.

There will be no adverse effect of the said Scheme on the Equity Shareholders (the only class of shareholders), Key Managerial Personnel, Promoter and Non-Promoter Shareholders of GSPC or GSIL.

For, Gujarat State Investments Limited

Company Secretary

Place: Ahmedabad
Date: 11/01/2019

ANNEXURE - IV

GSPC

GUJARAT STATE PETROLEUM CORPORATION LIMITED

39th ANNUAL REPORT

2017-18

INDEX

Sr. No.	Particulars
1	Director's Report
2	Independent Auditor's Report on Standalone Financial Statement
3	C&AG Report on Standalone Financial Statement
4	Standalone Financial Statement (Profit & Loss Account, Balance Sheet, Notes to Accounts, schedules and Cash Flow Statement)
5	Independent Auditor's Report on Consolidated Financial Statement
6	C&AG Report on Consolidated Financial Statement
7	Consolidated Financial Statement (Profit & Loss Account, Balance Sheet, Notes to Accounts, schedules and Cash Flow Statement)

GSPC

GUJARAT STATE PETROLEUM CORPORATION LIMITED
39th ANNUAL REPORT
2017-18

Board of Directors

Dr. J. N. Singh, IAS	**Chairman**
Shri Arvind Agarwal, IAS (w.e.f. 12th June, 2018)	**Director**
Shri Raj Gopal, IAS (w.e.f. 8th August, 2018)	**Director**
Dr. Manjula Subramaniam, IAS (Retd.)	**Independent Women Director**
Shri M. M. Srivastava, IAS (Retd.)	**Director**
Shri K. Kailashnathan, IAS (Retd.)	**Director**
Dr. N. Ravichandran	**Independent Director**
Dr. Ravindra Dholakia	**Independent Director**
Dr. Yogesh Singh	**Independent Director**
Dr. T. Natarajan, IAS	**Managing Director**

Cessation of Director
Shri Anil Mukim, IAS (upto 7th March, 2018)
Shri Sujit Gulati, IAS (w.e.f 16th July, 2018)

Executives
Shri Samir Biswal, Director (Exploration)
Shri Bosebabu, - In charge - KG Asset
Shri Jayesh Dave, SVP (Accounts)
Shri Sandeep Dave, Company Secretary & Group General Manager S&L and General Manager HR & CC)
Shri Rajesh Sivadasan, Chief Financial Officer (w.e.f. 10th November, 2017)
Shri Prakash Karnik, General Manager (E&C)

RT&A
Karvy Computershare Pvt.Ltd.

Statutory Auditors	Secretarial Auditor	Internal Auditors	Cost Auditors
Talati & Talati Chartered Accountants. Ahmedabad	K. K. Patel & Associates Company Secretary Gandhinagar	KPMG Ahmedabad	M/s. Kailash Sankhlecha & Associates Cost Accountants Ahmedabad

Bankers

State Bank of India	Vijaya Bank
Bank of Baroda	South Indian Bank
IDBI Bank	Andhra Bank
Bank of India	EXIM Bank
Corporation Bank	Syndicate Bank
Bank of Maharashtra	UCO Bank
Oriental Bank of Commerce	HDFC Bank
Indian Bank	Allahabad Bank
Dena Bank	Axis Bank
Punjab and Sind Bank	Yes Bank
Punjab National Bank	ICICI Bank
Union Bank of India	Syndicate Bank

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

DIRECTORS' REPORT

To,

The Members,

Your Directors have the pleasure in presenting the 39th Annual Report along with the Audited Statement of Accounts for the financial year ended 31st March 2018.

STATEMENT OF COMPANY's AFFAIRS

Financial Performance

The audited Standalone Financial performance for the year ended March 31,2018 is summarized below:

(Rs. In crore)

Particulars	31/03/2018	31/03/2017
Revenue from Operations (Net)	10725.54	9639.85
Other Income	144.14	171.68
Total Revenue	**10869.68**	**9811.53**
Production Expenditure-E&P	74.32	174.77
Cost of Traded Goods	9681.92	8792.77
Changes in inventories of Finished Goods, Stock in process and Stock in Trade	33.6	(183.73)
Employee Benefits Expense	16.56	14.21
Finance Cost	1674.81	1929.69
Depreciation, Amortization, Depletion and Impairment	210.52	917.68
Impairment	221.6	14923.54
Diminution in the value of Investment	0	1.00
Provision for Doubtful Debts	0	289.93
Exploration cost written off	491.33	(18.60)
Other Expense	29.66	31.47
Total Expenses	**12434.32**	**26872.74**
Profit Before Tax and Adjustments	(1564.64)	(17061.20)
Tax Expenses	0	758.01
Profit After Tax	(1564.64)	(16303.19)
Other Comprehensive Income	792.20	8.66
Total Comprehensive Income For the period	(772.44)	(16294.53)

**Previous year's figures have been regrouped/ reclassified.*

The Company has earned Profit before Depreciation Interest and Tax (Operational Profit) of Rs. 1033.62 Crore as compared Rs. 982.04 Crore in Previous Year recording increase of 5.25%.

During the financial year, the Company has reduced its debt substantially by making part repayment of its loan and line of credit facility through the consideration received from sale of 80% participating interest in KG-OSN-2001/3 Block to ONGC as well as sale of entire equity stake in Gujarat Gas Limited to Gujarat State Petronet Limited. The Company is in the advanced stage of implementation of its debt realignment plan in order to address the issues associated with high leveraging and negative net worth.

Share Capital

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

BUSINESS:

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

Segment wise performance highlights are summarized below:

I. Gas Trading

Your Company successfully continued to expand it Gas Trading business by procuring competitive gas from international markets, independently as well as through other suppliers and supplying the same to customers in various segments across the country. Your Company marketed over **12.61 MMSCMD gas** in the financial year 2017-18 with sales outside Gujarat accounting for over 8% of the total sales volumes. Concerted efforts were made by your Company not only in terms of persistent gas marketing in States outside Gujarat but also with regards to gas sourcing by using different procurement strategies to achieve flexibilities.

The major achievements in Gas trading business for the current financial year 2017-18 are summarized below:

- The Company achieved **Sales turnover of more than Rs. 10,500 crores** despite facing stiff competition from various new entrants in the market.
- The Company has procured a total of 38 LNG cargoes under its long term deal as well as spot deals during the year
- The Company has continued with its image of a reliable supplier managed to procure competitive gas and compete for Tender / Spot volumes of customers across India
- Concerted gas marketing efforts ensured average yearly volumes of around 1 MMSCMD outside Gujarat in this year
- The Company has turned out to be Power sector's most reliable supplier
- GSPC catered to a gas demand of ≈140 MMSCM of Gujarat IPPs at competitive prices to meet their sudden spurt in demand
- The Company is currently marketing gas in 6 states namely Gujarat, Maharashtra, Karnataka, Uttar Pradesh, Andhra Pradesh, and Haryana.

The Company has also entered into 40 Master LNG sales & purchase agreements with leading global companies for its short/ medium term gas requirements.

The Company has incorporated two subsidiaries i.e GSPC Offshore Limited and GSPC Energy Limited with initial paid-up capital of Rs. 5 Lakhs as part of proposed re-structuring.

GSPC Offshore Limited has no financial or operational performance during the financial year.

GSPC Energy Limited has commenced business activities and its financial performance is as follows;

- GSPC Energy Limited has recorded total Income of Rs. 35.85 crore during the financial year 2017-18.
- GSPC Energy Limited has recorded PBT of Rs. 22.53 Lacs during the financial year 2017-18.

II. Exploration and Production

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

Technology plays an important role in E&P sector. The Company has inducted best in class technology in all spheres of its operations.

The major achievements are summarized below:

2.1 KG Block

GSPC was operator of KG-OSN-2001/3 with 80% participating along with 10% held by JODPL and GGR respectively.

During the last financial year, the Board of Directors had approved sale of GSPC's 80% Participating Interest of GSPC in KG-OSN-2001/3 Block to ONGC

A farm-in agreement was executed between GSPC and ONGC on 10th March, 2017. The Government of India has approved the assignment along with transfer of Operatorship to ONGC.

The Company has achieved closure of transaction. The consideration received from ONGC was utilised for partial prepayment of secured term loan on pro-rata basis.

ONGC (the National Oil Company) with financial and technical capabilities is best placed to carry out capital and technology intensive further development and production operations in the DDW and Other Six fields of KG Block with 80% participating interest.

The Company presently holds 10% Participating interest in the KG-OSN-2001/3 as a non operating JV partner.

2.2 Other E&P block

- **Operated Blocks**

  - Oil production from Ingoli & Sanand East Field of Ahmedabad block is close to 540-580 BOPD (Barrels of Oil per Day) from 6 wells. The FDP (Field Development Plan) of GSAH-5 oil discovery has been approved by MC (Management Committee) and Mining Lease (ML) grant received on 20th March 2018. Preparation for commencement of production is under progress and drilled one development well (GSAH5#D4. Furthertesting in this well will be done during the Q1-of the financial year 2018-19. Addendum to FDP for Kalol oil discovery in Sanand East Field is under final stage of DGH review.

  - CB-ON/2-Old PSC (Production Sharing Contract) Block is currently under production from three fields viz.Tarapur-1 oil field, Tarapur-G gas field & Tarapur-6 oil field. The Company is producing Oil & Gas of about 100 - 150 BOPD & about 20000-25000 cubic meter of gas per day from these three fields. A third party agency has been finalized to carry out study for the redevelopment and production enhancement strategy in Tarapur-1 and Tarapur-6 fields. The Company is also planning for a northward and eastward extension of the ML of Tarapur-6 field based on the in-house and Third party study.

    The Ring Fenced Production Sharing Contract (RFPSC) for an

area of 570 Sq.Km. was signed on 29.08.2016 for CB-ON/2-RFPSC block. The DoC for the discoveries made in the block (PNE-1, PNE-2, TS-10, Kheda-1, Changara-1, Vaso-2 & Prospect-1) got approved and Field Development Plan for these discoveries is under review.

- Facility Creation for start of commercial production from Sanand Part-A area is completed and Addendum to Field Development Plan for new oil pool in Kalol reservoir is under review. Commercial production has started since May 2017. SE#4 pool is currently producing Oil of about 65 Barrel (BBL) per day. Production from Miroli Part-B is stopped due to high water cut.

- During the year, the Company has progressively matured various plans as a part of implementation of field development strategies for enhancement of onshore hydrocarbon production. Production from Ank-21 was continued as per plan. Facility creation for production from Ank-40s has been taken up and expected to be completed in 2018-19 (Q2).

  Approval of Appraisal plan for Ank-41s has also been approved by MC along with the recommendation for extension of 18 months under Article 3.8 of PSC. MoPNG approval and PEL also has been granted for 18 months w.e.f. 18.12.2017. Appraisal well Ank-41s-A1 is under drilling.

➢ **Non Operated Blocks -Domestic**

- In non-operated blocks portfolio, some discoveries have been made pursuant to drilling campaign carried out as follows;

  ✓ In the block CB-ONN-2004/1 (Karannagar), about 5-6 Cubic meter of oil is being produced per day from Karannagar-1.

  ✓ In block CB-ONN-2004/2, currently, Vadatal#1, Vadatal#3 & 5 are producing Oil of about 120 Barrel (BBL) per day after obtaining Mining Lease from GoG. The joint venture is preparing to drill development wells to enhance the production from Vadatal#1,3 and pools.

  ✓ In block CB-ONN-2004/3, wherein the Company holds 35% PI, FDP for Uber-2 discovery has been approved by MC. It has 88.2 MMM^3 of gas and 0.229 MMM^3 of condensate as recoverable reserves. ONGC has taken up facility creation for production and production commencement is expected during 2018-19.

  ✓ In block MB-OSN-2005/1, wherein the Company holds 20% PI, Operator has carried out drilling of two wells NBA-2 and NAA-2 to appraise the two discoveries in wells NBA-1 & NAA-1 respectively. NBA-2 was dry and new

discovery was encountered in NAA-2 for which one more appraisal well NAA-3 has been drilled. Declaration of Commerciality (DOC) has been submitted for all the three discoveries.

- ✓ In GK-OSN-2009/1, appraisal plan is being carried out by Operator while GSPC has opted out.

- Oilex the operator of Cambay Field, (wherein GSPC holds 55% participating interest), after completing the horizontal well C-77H, has started gas production from the well to test tight hydrocarbon potential. Based on the analysis of production data from C-77H and reservoir characterization of Eocene and Oligocene reservoirs, operator has prepared revised FDP. The field's PSC has been extended for next 10 years. M/s. Oilex will further delineate the areal extent of the tight Eocene reservoirs within the field.

- Oilex is the operator of Bhandut Field wherein GSPC holds 60% participating interest Based on the analysis of production data from Bhandut#3 and reservoir characterization of Oligocene reservoirs, operator has prepared revised FDP. The field's PSC has been extended for 10 years.

- GNRL Oil & Gas Ltd is the operator of Dholasan, Allora, Kanawara and North Kathana fields wherein company holds 70% PI. Operator has continued the regular production from all the four fields. Revised FDP for Kanawara field was approved by DGH.

- Niko Resources Limited (NRL), operated Hazira field in which GSPC holds 66.67% Participating Interest (PI), currently it is producing 52,000 SCMD of Gas and 80 BOPD. Further, NRL has sold off its participating interest and Operatorship to M/s Sun Petro Ltd, for that amended Production Sharing Contract has been signed. Since, 1st Jan. 2018, M/s Sun Petro Ltd. is Operator of the Field.

- HOEC [as an Operator of Asjol, North Balol and Palej (CB-ON/7) fields wherein GSPC holds 50%, 45% & 35% Participating Interest (PI) respectively] has continued the regular production as per plan.

➢ **Non Operated Blocks - International**

The Company holds 20% participating interest in JPDA 06-103 block through its wholly owned subsidary GSPC (JPDA) Limited. The continuation of activities in the block has been adversely affected due to dispute between the Government of Timor Leste and the Government of Australia with respect to the Certain Maritime Arrangements in the Timor Sea Treaty (CMATS) for which the Timor Leste Government has initiated arbitration proceedings against the Government of Australia. These developments have created significant commercial uncertainty which has negatively impacted the ability of the Joint Venture partners to meet the obligations under the

PSC. Autoridade Nacional do Petroleo (ANP) has issued notice for termination of JPDA06-103 Production Sharing Contract (PSC) and the negotiation is going on between Joint Venture partners and Autoridade Nacional do Petroleo (ANP) for final settlement.

III. Gas Transmission

Operational Performance of Subsidiaries in Gas Transmission Business.

In the midstream section of the integrated value chain, GSPL the listed subsidiary of the Company has emerged as the leading player in the State of Gujarat, which provides connectivity to major demand centers and supply sources in the State of Gujarat. GSPL owns and operates more than 2517 Kilometers of Gas Pipeline as on 31st March, 2018.

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

GSPL is re-certified to Integrated Management Systems (ISO 9001:2008, ISO 14001:2004 & OHSAS 18001:2007) with validity till 30th October, 2020.

The Petroleum & Natural Gas Regulatory Board has awarded three major cross-country gas pipeline projects to GSPL consortium. GSPL has a majority stake of 52% along with IOCL (26%), BPCL (11%) and HPCL (11%) in all the projects.

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

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

GSPL India Transco Ltd (GITL) is a Joint Venture of Gujarat State Petronet Ltd (GSPL), Indian Oil Corporation Ltd (IOCL), Bharat Petroleum Corporation Ltd (BPCL) and Hindustan Petroleum Corporation Limited (HPCL). HPCL has 11% equity participation in the company and balance being held by GSPL (52%), IOCL (26%), & BPCL (11%). The Company is authorized to implement the Mallavaram- Bhopal -Bhilwara - Vijaipur Pipeline Project (MBBVPL) with pipeline length of 1881 KMs (approx.)

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

The Company has awarded EPC Contracts for the initial section of Project from Reliance Gas Transmission India Limited's interconnection point at Kunchanapalli to Ramagundam Fertilizers & Chemicals Limited's Plant at Ramagundam. Project implementation activities are in full swing.

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

GSPL India Gasnet Ltd (GIGL) is a Joint Venture of Gujarat State Petronet Ltd (GSPL), Indian Oil Corporation Ltd (IOCL), Bharat Petroleum Corporation Ltd (BPCL) and Hindustan Petroleum Corporation Limited (HPCL). HPCL has 11% equity participation in the company and balance being held by GSPL (52%), IOCL (26%) & BPCL (11%).. GIGL has been authorised to lay two cross country gas pipelines as follows:

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

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

The Company has awarded EPC Contracts for the initial sections of Projects viz. Barmer-Pali Pipeline, Palanpur-Pali Pipeline and Jalandhar Amritsar Pipeline. Project implementation activities like laying of pipelines, civil construction works etc. for all these three sections are in full swing.

Financial Performance of Subsidiaries in Gas Transmission Business.

Gujarat State Petronet Limited (GSPL)

- GSPL has recorded total Income Rs. 1405.21 crore during the financial year 2017-18 as against Rs. 1115.76 crore in previous financial year.

- GSPL has recorded PBT of Rs. 1010.81 crore during the financial year 2017-18 as against Rs. 737.79 crore in previous financial year.

- GSPL has recorded PAT of Rs. 668.43 crore during the financial year 2017-18 as against Rs. 496.64 crore in previous financial year.

- GSPL has recorded Total Comprehensive Income (comprising of PAT and Other Comprehensive Income) of Rs. 669.02 crore during the financial year 2017-18 as against Rs. 496.41 crore in previous financial year

GSPL India Transco Limited (GITL)

- GITL has recorded total interest Income of Rs. 2.34 crores and Net Profit of Rs. 1.35 crores during the financial year 2017-18.

GSPL India Gasnet Limited (GIGL)

- GIGL has recorded total interest Income of Rs. 1.74 crores and Net Profit of Rs. 0.90 crores during the financial year 2017-18.

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

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

- **LNG terminal**

  GSPC LNG Limited is an associate Company incorporated for developing LNG Receiving, Storage and Regasification Terminal at Mundra, Kachchh, Gujarat with an initial capacity of 5 MMTPA.

  The Company have achieved Mechanical Completion for the LNG terminal facilities. Commissioning and subsequent commercial operations shall commence by mid 2018.

  Indian Oil Corporation Limited (IOCL) has evinced interest in taking equity

stake in the Company and MoU has also been signed with IOCL.

Financial performance of GSPC LNG Limited (GSPC LNG)

- GSPC LNG has recorded total Interest Income of Rs. 10.80 crore during the financial year 2017-18 as against Rs.11.18 crore in previous financial year. This figures are based on provisional accounts for the FY 2017-18

IV. Downstream Business activities

Operational Performance of Subsidiaries and Associates in Gas Distribution business.

City Gas Distribution

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

➢ **Gujarat Gas Limited**

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

Gujarat Gas Limited in an endeavor to grow and retain the leadership position of being the Largest CGD in the country has till date secured 18 licenses for development of CGD Networks and 1 license for Natural Gas Transmission pipeline i.e. Hazira-Ankleshwar pipeline and has now spread its pipeline infrastructure in 19 Districts in the State of Gujarat, 1 in the Union Territory of Dadra and Nagar Haveli and 2 Districts in the State of Maharashtra. With these newly added Geographical Areas, Gujarat Gas Limited has now extended its foot prints beyond the State of Gujarat.

Gujarat Gas Limited is supplying natural gas to more than 12.4 Lakh residential, over 13,390 commercial and non-commercial segments and over 3,210 industrial customers.

Gujarat Gas Limited also supplies natural gas in the form of Compressed Natural Gas (CNG) through 291 CNG stations catering to the automotive sector in the operational areas as on 31st March, 2018.

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

The Company held 28.40% holding in Gujarat Gas Limited at the beginning of the financial year. However the Company has sold all its 3,91,06,328 equity shares held in Gujarat Gas Limited to Gujarat State Petronet Limited in March, 2018.

Audited financial performance of Gujarat Gas Limited

- Gujarat Gas has recorded total Income of Rs. 6,375.03 crore during the financial year 2017-18 as against Rs. 5,264.19 crore in previous financial year.

- Gujarat Gas has recorded PBT of Rs. 462.84 crore during the financial year 2017-18 as against Rs. 303.34 crore in previous financial year.

- Gujarat Gas has recorded PAT for the period (before other comprehensive income) of Rs. 291.36 crore during the financial year 2017-18 as against Rs. 219.50 crore in previous financial year.

- Gujarat Gas has recorded Total Comprehensive Income (after tax) of Rs. 251.24 crore during the financial year 2017-18 as against Rs. 176.83 crore in previous financial year.

➢ **Sabarmati Gas Limited (SGL)**

SGL has CGD operations in the districts of Gandhinagar, Mehsana and erstwhile Sabarkantha (now comprising of Sabarkantha and Aravalli) and Patan. SGL is committed for development of CGD infrastructure in all these districts as well as amongst all the segment of customers.

Patan District has been recently awarded by PNGRB and is contiguous to existing markets where your company is presently operating. Addition of new market adjoining to existing operational market shall bring synergy & growth to the Business. The Company has already initiated the activities to develop City Gas Distribution network in Patan District.

SGL has customer base of 1,26,763 domestic customers, 281 industrial customers and 558 commercial establishment as well as 70 CNG stations in three Districts of North Gujarat.

As a result of competitive CNG price, Sabarmati Gas Limited has been able to increase the average daily sales to 2,48,170 KG during the financial year 2017-18 as against 2,06,468 during financial year 2016-17.

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

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

Financial performance of Sabarmati Gas Limited (SGL)

- SGL has recorded total income of Rs. 839.87 Crores during the financial year 2017-18 as against Rs. 687.49 Crores in the previous financial year.

- SGL has recorded PBT of Rs 114.85 crores during the financial year 2017-18 against the PBT of Rs. 79.32 Crores in the last financial year.,

- SGL has recorded PAT of Rs. 74.54 crores during the financial year 2017-18 as against the PAT of Rs. 42.56 Crores in the last financial year.

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

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

V. Power Generation:

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

➢ Gujarat State Energy Generation Ltd. (GSEG)

Gujarat State Energy Generation Ltd. (GSEG), the associate of the Company, has successfully commissioned its 351.43 MW combined cycle power plant at Hazira. With the commissioning of the expanded capacity of 351.43MW, the total capacity of the Hazira CCPP (Combine Cycle Power Plant) has gone up from 156.1 MW to 507.53 MW. BHEL has completed EPC contract major activities to conduct CCPP Performance Guarantee test in April, 2018 and PG test is expected to complete in current financial year.

Financial performance of Gujarat State Energy Generation Limited (GSEG)

- GSEG has recorded total Income of Rs. 353.54 crore during the financial year 2017-18 as against Rs. 344.26 crore in previous financial year.
- GSEG has recorded PBT of Rs. 80.11 Crores during the financial year 2017-18 as against profit of Rs. 46.61Crores in the previous financial year.
- GSEG has recorded PAT Rs. 75.35 crore during the financial year 2017-18 as against profit of Rs. 46.59 crore in previous financial year.

➢ GSPC Pipavav Power Company Limited (GPPC)

GSPC Pipavav Power Company Limited (GPPC), a subsidiary of your Company, was incorporated to commission 702 MW combined cycle power plant at Pipavav. GPPC has successfully commissioned 702 MW Power Project. Performance Guarantee Test of Unit-1 (i.e. 351 MW) has been successfully completed on 29th November, 2017. Performance Guarantee Test of Unit-2 is expected to be completed in the current financial year.

Financial performance of GSPC Pipavav Power Company Limited (GPPC)

- GPPC has recorded total Income of Rs. 411.81 Crores during the financial year 2017-18 as against Rs. 483.66 Crores in previous financial year.
- GPPC has recorded a PBT of Rs. 17.64 Crores during the financial year 2017-18 as against the profit of Rs. 80.85 Crores in previous financial year.

- GPPC has recorded a PAT of Rs. 13.88 Crores during the financial year 2017-18 as against profit of Rs. 75.99 Crores in previous financial year.

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

5.2 Alternate sources of Power Generation :

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

GPPC is also successfully managing a 5MW Solar Power Project at Gujarat Solar Park since last quarter of FY 2011-12. The said power plant has recorded best performance in terms of power generation as compared to all other Solar plants at Gujarat Solar Park, District Patan, Gujarat.

VI. Other Operations.

6.1 IT Infrastructure

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

Financial Performance of Guj Info Petro Limited (GIPL)

- GIPL has recorded total Income of Rs. 14.78 crores during the financial year 2017-18 against Rs. 15.93 crores in previous financial year.

- GIPL has recorded PBT of Rs. 3.43 crores during the financial year 2017-18 as against Rs.3.95 crores in previous financial year.

- GIPL has recorded PAT of Rs. 2.49 crores during the financial year 2017-18 as against Rs. 2.69 crores in previous financial year.

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

6.2 Gujarat Energy Research and Management Institute (GERMI)

GERMI is promoted by GSPC with a vision to establish it as a leading one stop institution for the entire gamut of educational, training and research requirements of the energy sector. This institute develops the talent pool for the oil and gas sector, conduct research and training in petroleum sector, assists in devising techno-economically feasible solutions for various problems encountered in exploration, drilling production and transportation operations. GERMI has also established a centre of excellence in Energy with focus on oil and gas, solar and environmental research.

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

MANAGEMENT DISCUSSION & ANALYSIS:

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

Change in nature of Business

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

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

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

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

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

Credit Rating

CRISIL has revised downwards its credit rating from A+ (Rating Watch with Negative Implication) to BBB+ (Rating Watch with Negative Implication) for the Long Term Loan. CRISIL has withdrawn the rating of Short Term Loan on receipt of a no-objection certificate from the respective banks. CRISIL has downwards its credit rating from CRISIL A+ (Rating Watch with Negative Implication) to BBB+ (Rating Watch with Negative Implication) for Unsecured NCDs with 8 years,10 years and 15-year maturity and from A (Rating Watch with Negative Implication) to BBB for Unsecured NCDs with 60 years of maturity and Compulsorily Convertible Debentures has revised downwards from CRISIL A+r (Rating Watch with Negative Implication) to BBB+r (Rating Watch with Negative Implication).

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

- Weak debt protection metrics and capital structure.
- Networth was negatively impacted in fiscal 2017 by a one-time impairment

CARE has revised downwards its credit rating from A+ (Placed on credit watch) to BBB+ (Stable) for the Long Term Loan. CARE has revised its rating downwards from A1 (Placed on credit watch) to A2 for Short Term Loan. CARE has also revised its rating downwards from A+ (Placed on credit watch) to BBB+ (Stable) for Unsecured NCDs with 8 years, 10 years and 15-year maturity and from A (Placed on credit watch) to BBB (stable) for Unsecured NCDs with 60 years of maturity.

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

- Deterioration in capital structure following provision for heavy impairment losses even exceeding its net-worth reducing its financial flexibility.
- Very high debt levels even post sale of stake in DDW block requiring

financial/capital realignment plan to meet timely debt servicing out of cash flows of gas trading business

Deposits

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

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

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

Particulars of Loans, Guarantees and Investments

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

INTERNAL FINANCIAL CONTROL

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

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

The Company has in place adequate internal financial controls with reference to financial statements. The Company has appointed KPMG to review the Internal Financial Controls (IFC) as well as to develop Standard Operation Practice (SOP) for some of the matters related to finance and other activities.

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

Further, based on the framework of Internal financial controls and systems established and maintained by the Company, work performed by the Internal, Statutory and Secretarial auditors and the reviews performed by Management and the relevant Board Committees including the Audit Committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during the financial year 2017-18.

QUALITY, HEALTH, SAFETY AND ENVIRONMENT

At GSPC, adherence to high standards of Quality, Health, Safety and Environment

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

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

The company has achieved an impressive milestone in safety statistics, incident free days for onshore operation and consistently maintained zero incident record. This clearly shows the excellence in safety standards.

Towards sustainable development of operations, GSPC has been giving importance to environmental protection as one of our primary objective in QHSE. During the reporting period GSPC has commenced green belt plantation at our onshore facilities and also encouraged plantations around our work sites. Our efforts of reducing wastes and emissions are reflected through implementation of 3R principles of wastes management (Reduce, Recycle and Reuse) in our operations.

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

During the year various onsite emergency mock drills exercise were carried out at regular interval.

EXTRACT OF ANNUAL RETURN

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

CORPORATE SOCIAL RESPONSIBILITY

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

The Company has recorded loss for the average of last three financial years as per the provision of Section – 135 and hence it was not required to spend towards CSR during the financial year.

HR INITIATIVES:

HR initiatives are summarized below:

- The Company continues to focus on initiatives which will contribute towards enhancing the capabilities of the next generation of leaders and promote the development of a high performance culture.

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

- We have accomplished this by providing effective, cost-efficient and consistent programs and services that are reflective of the needs of the Company and our stakeholders.

Training and Development initiatives are summarized below:

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

- Artificial Lift Training for employees.

- Workshop on "Letter of Credit (LC), Standby Letter of Credit (SBLC) and Bank Guarantee (BG)- Operational Issues"

- Training on MS Excel: Basic & Advance

✓ **Various Employee Engagement Activities**

- Winter Sports conducted in the month of December 2017

- Session on Stress Management and Health & Lifestyle by a Consultant Clinical Cardiologist, Apollo Hospitals, Ahmedabad.

- Sabrang- Unleash the "Power of We"

- Women's Day Celebration- Health Talk on Breast Cancer Awareness by Dr. Anagha Zope, Oncology, Apollo Hospitals, Ahmedabad.

- Health Talk on "Oral Hygiene and Health Care" at the Onshore Gas Terminal (OGT), Mallavaram.

- Celebration of World Environment Day with the theme" connecting people to nature' for creating awareness for environment protection.

- On the occasion of 47th National Safety week employees at headquarter and at site participated with an objective to create work place safety awareness & enhance motivation among the GSPC employees. The theme of 47th National Safety Day-2018 was "Reinforce Positive Behavior at the Workplace to Achieve Safety & Health Goals"

DIRECTORS & KEY MANAGERIAL PERSONNELS

Appointment of Directors

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

Independent Directors

Presently the Company has Dr. Ravindra Dholakia (DIN:- 00069396) Dr. Manjula Subramaniam, IAS (Retd.) (DIN: 00085783) Prof. Yogesh Singh (DIN: 06600055) and Dr. N. Ravichandran (DIN : 02065298) as Independent Directors on the Board.

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

Resignation and Cessation of Directors

Shri Anil Mukim, IAS has ceased to be Director of the Company w.e.f. 7th March, 2018. The Board of Director of your Company place on record appreciation of services rendered by Shri Anil Mukim, IAS.

Appointment and Resignation of Key Managerial Personnel's.

Shri Gopal Pallipuram Srinivasan has resigned as Chief Financial Officer of the Company w.e.f. 31st May, 2017. Subsequently the Board of Directors has approved appointment of Shri Rajesh Sivadasan as Chief Financial Officer of the Company w.e.f. 10th November, 2017.

The company has following Key Managerial Personnel as on the end of the financial year:

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

Particulars of Managerial Remuneration and Employees

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

Meeting of the Board and Committees

6 meetings of Board of Directors were held during the financial year 2017-18.

The Company has complied with applicable Secretarial Standard.

Board Evaluation

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

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

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

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

AUDIT COMMITTEE

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

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

The Audit Committee has recommended the financial statement for the year ended on 31st March, 2018 for approval of the Board at its meeting held on 21st May 2018.

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

VIGIL MECHANISM

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

STATUTORY AUDITORS

Your Company being a Government Company, the Statutory Auditors are appointed by the Comptroller & Auditor General of India. Accordingly, M/s Talati & Talati Chartered Accountants, Ahmedabad were appointed as Statutory Auditors of the Company for the financial year 2017-18.

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

The Company has received comments from C&AG office on the financial statement for the financial year 2017-18. Copy of comments received from C&AG office along with Management response is enclosed herewith as **Annexure – A.**

SECRETARIAL AUDITOR

The Board of Directors have appointed M/s K. K. Patel and Associates, Practicing Company Secretary to conduct Secretarial Audit for the Financial Year 2017-18.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark. The Secretarial Audit Report for the financial year ended on March 31, 2018 is annexed herewith as **Annexure – V** to this Report.

COST AUDITORS

The Board of Director has appointed M/s. Kailash Sankhlecha & Associates as Cost auditor for the financial year 2017-18.

The Company has filed the Cost Audit Report for the financial year 2016-17. The Cost Audit for the financial year 2017-18 is being finalized and the same shall be filed as required.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors hereby confirm that,

The Directors confirm that;

(i) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.

(ii) Accounting policies are selected and applied consistently and judgments and estimates are reasonable and prudent so as to give true and fair view of the state of affairs of the company at the end of the financial year and of Profit of the company for that period.

(iii) They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities is taken.

(iv) They have prepared annual accounts on a going concern basis.

(v) They have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and

(vi) They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

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

RISK MANAGEMENT

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

GENERAL

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

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

Conservation of Energy

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

Technology Absorption

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

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

Foreign Exchange Earnings and Outgo

Foreign Exchange	Rs. In crores
Earnings	NIL
Outgo	5611.73

ACKNOWLEDGEMENTS

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

The Directors convey their sincere appreciation for the valuable services rendered by employees, without whose contributions it would not have been possible for the Company to effectively address the multiple challenges being faced by the Company.

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

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

For and on behalf of the Board of Directors

Chairman

Date: 07/12/18
Place: Gandhinagar

Annexure - A

Management Response to CAG Comment of Annual Account 2017-18

Sr. No.	CAG Comment	GSPC Management Response
1.	**A. Comments on Cash Flow** **Standalone Statement of Cash Flow Cash Flow from Investing Activities Proceeds from Sale of Investments in Subsidiary (₹3256.70 crore)** As per the Debt Realignment Plan approved by the GoG, the Company has sold its holding in Gujarat Gas Limited to Gujarat State Petronet Limited for ₹ 3256.70 crore. The share transfer has been affected in two tranche and as on 31 March 2018, the consideration for sale of first tranche of ₹ 2050.65 crore was received whereas the balance amount ₹ 1206.05 crore was received on 04 April 2018. However, the Company has shown the total amount of sale value i.e. ₹ 3256.70 crore as 'Proceeds from Sale of Investments in Subsidiary' as cash inflow from Investing activities. This has resulted in overstatement of 'Cash flow from Investing Activities' and understatement of adjustments for changes in working capital (other current assets) under cash flow from Operating Activities by ₹ 1206.05 crore.	The Company has transferred its holding in Gujarat Gas Ltd(GGL) to Gujarat State Petronet Ltd(GSPl) (listed subsidiary of GSPC) through an on-market transaction as per the Debt Realignment Plan approved by the GoG. The same has been disclosed separately under the name "Proceeds from Sale of Investments in subsidiary" under Cash Flow from Investing Activity. The share transfer has been effected in two tranche i.e. free-float shares on 26th March 2018 and lock-in shares on 28th March 2018. Hence, it worth noting that company had completed the transaction before the end of the Financial Year 2017-18 subsequent to which, the Company does not hold any shares of GGL as on 31st March, 2018. Further, the proceeds of the sale were also paid by GSPL before the end of the Financial Year 2017-18 to the exchange. As the settlement was pending with exchange as on 31st March, 2018 the proceeds of 2nd tranche has remained as receivable from exchange. And therefore amount receivable from exchange being part of the current assets is disclosed as change in working capital as a part of operating activities as the receivable amount is not from the buyer of share i.e GSPL but from exchange for pending settlement. Further, more importantly there is no impact of such classifications on the net cash-flow for the year. Also, Education material on Ind-AS 7-Statement of Cash Flows (Revised

		2016) issued by ICAI also states that- *"Cash flows arising from the purchase and sale of securities held as investments are classified as investing activities."* Hence, GSPC Management is of the view that the classification of entire proceeds from sale of investments (including the balance amount ₹ 1206.05 crore which was received on 4th April 2018) as cash-in-flow in Cash Flow From Investing Activities is more appropriate to present the correct picture of cash-flows during the year to its shareholders and users of the financial statements rather than showing it under cash flow from Operating Activities.
2.	**B. Comments on Disclosures** **Notes to Standalone Financial Statements** As per the Para 41 of Ind AS 1, if an entity changes the presentation or classification of items in its financial statements, it shall reclassify comparative amounts unless reclassification is impracticable. When an entity reclassifies comparative amounts, it shall disclose (including as at the beginning of the preceding period): (a) the nature of the re-classification; (b) the amount of each item or class of items that is reclassified; and (c) the reason for the reclassification. During the year, the Company has re-classified or re-grouped previous year amount of ₹ 204.96 crore from Capital Work in progress to Property, Plant and Equipment. Further, the Company has regrouped previous year amount of ₹ 287.61 crore from Other Current Liabilities to Trade payables. However, the nature of re-classification and the reasons for the same have not been disclosed in the Notes to Financial Statements as	During the year, the Company has re-classified or re-grouped previous year amount of Rs.204.96 crore from Capital Work in progress to Producing Properties – E&P. The reclassification is within the broad assets class of Property Plant and Equipment. Details of reclassification is also available in Note 2 to financial statements. The company has also regrouped previous year amount of Rs.287.61 crore from Other Current Liabilities to Trade payables. The reclassification **has not lead to any material effect on the information in the balance sheet and it is within the broad assets class.** Further, the **Company has mentioned in its Note no.44** that "The Company has re-classified previous year figures to confirm to this year's classification." However, GSPC Management has assured the audit that the company will provide specific disclosure (including as at the beginning of the

	required by Ind AS 1.The financial statements are deficient to the above extent.	preceding period) of any material reclassification with reasons in future.
Sr. No.	CAG Comment	GSPC Management Response
1.	<u>A. Comments on Disclosures</u> **Notes to Consolidated Financial Statements** As per the Para 41 of Ind AS 1, if an entity changes the presentation or classification of items in its financial statements, it shall reclassify comparative amounts unless reclassification is impracticable. When an entity reclassifies comparative amounts, it shall disclose (including as at the beginning of the preceding period): (a) the nature of the re-classification; (b) the amount of each item or class of items that is reclassified; and (c) the reason for the reclassification. During the year, the Company has re-classified or re-grouped previous year amount of ₹ 204.96 crore from Capital Work in progress to Property, Plant and Equipment. Further, the Company has regrouped previous year amount of ₹ 287.61 crore from Other Current Liabilities to Trade payables. However, the nature of re-classification and the reasons for the same have not been disclosed in the Notes to Financial Statements as required by Ind AS 1.The financial statements are deficient to the above extent.	During the year, the Company has re-classified or re-grouped previous year amount of Rs.204.96 crore from Capital Work in progress to Producing Properties – E&P. The reclassification is within the broad assets class of Property Plant and Equipment. Details of reclassification is also available in Note 2 to financial statements. The company has also regrouped previous year amount of Rs.287.61 crore from Other Current Liabilities to Trade payables. The reclassification **has not lead to any material effect on the information in the balance sheet and it is within the broad assets class.** Further, the **Company has mentioned in its Note no.44** that "The Company has re-classified previous year figures to confirm to this year's classification." However, GSPC Management has assured the audit that the company will provide specific disclosure (including as at the beginning of the preceding period) of any material reclassification with reasons in future.

Chairman

Date: 07/12/18
Place: Gandhinagar

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE STANDALONE FINANCIAL STATEMENTS OF GUJARAT STATE PETROLEUM CORPORATION LIMITED FOR THE YEAR ENDED 31 MARCH 2018

The preparation of financial statements of Gujarat State Petroleum Corporation Limited for the year ended 31 March 2018 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act are responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the Standards on Auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 21 May 2018.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the standalone financial statements of Gujarat State Petroleum Corporation Limited for the year ended 31 March 2018 under Section 143 (6) (a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records.

Based on my supplementary audit, I would like to highlight the following significant matters under Section 143 (6) (b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related Audit Report:

(A) Comments on Cash Flow

1. Standalone Statement of Cash Flow

Cash Flow from Investing Activities

Proceeds from Sale of Investments in Subsidiary (₹3256.70 crore)

As per the Debt Realignment Plan approved by the GoG, the Company has sold its holding in Gujarat Gas Limited to Gujarat State Petronet Limited for ₹ 3256.70 crore. The share transfer has been affected in two tranche and as on 31 March 2018, the consideration for sale of first tranche of ₹ 2050.65 crore was received whereas the balance amount ₹ 1206.05 crore was received on 04 April 2018.

However, the Company has shown the total amount of sale value i.e. ₹ 3256.70 crore as 'Proceeds from Sale of Investments in Subsidiary' as cash inflow from Investing activities. This has resulted in overstatement of 'Cash flow from Investing Activities' and understatement of adjustments for

changes in working capital (other current assets) under Cash Flow from Operating Activities by ₹ 1206.05 crore.

(B) Comment on Disclosure:

2. Notes to Financial Statements

As per the Para 41 of Ind AS 1, if an entity changes the presentation or classification of items in its financial statements, it shall reclassify comparative amounts unless reclassification is impracticable. When an entity reclassifies comparative amounts, it shall disclose (including as at the beginning of the preceding period):

(a) the nature of the re-classification;

(b) the amount of each item or class of items that is reclassified; and

(c) the reason for the reclassification.

During the year, the Company has re-classified or re-grouped previous year amount of ₹ 204.96 crore from Capital Work in progress to Property, Plant and Equipment. Further, the Company has regrouped previous year amount of ₹ 287.61 crore from Other Current Liabilities to Trade payables. However, the nature of re-classification and the reasons for the same have not been disclosed in the Notes to Financial Statements as required by Ind AS-1.

The financial statements are deficient to the above extent.

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

(H. K. Dharmadarshi)
Pr. Accountant General (E&RSA), Gujarat

Place: Ahmedabad
Date:

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF GUJARAT STATE PETROLEUM CORPORATION LIMITED FOR THE YEAR ENDED 31 MARCH 2018

The preparation of consolidated financial statements of the Gujarat State Petroleum Corporation Limited for the year ended 31 March 2018 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139 (5) of the Act are responsible for expressing opinion on the Consolidated financial statements under Section 143 read with Section 129 (4) of the Act based on independent audit in accordance with the standards on auditing prescribed under Section 143 (10) of the Act. This is stated to have been done by them vide their Audit Report dated 21 May 2018.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 143 (6) (a) read with Section 129 (4) of the Act of the consolidated financial statements of Gujarat State Petroleum Corporation Limited for the year ended 31 March 2018. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records.

Based on my supplementary audit, I would like to highlight the following significant matters under Section 143 (6) (b) read with Section 129 (4) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the consolidated financial statements and the related Audit Report:

A. Comments on Cash Flow (Consolidated)

1. Notes to Consolidated Financial Statements

As per the Para 41 of Ind AS 1, if an entity changes the presentation or classification of items in its financial statements, it shall reclassify comparative amounts unless reclassification is impracticable.When an entity reclassifies comparative amounts, it shall disclose (including as at the beginning of the preceding period):

(a) the nature of the re-classification;

(b) the amount of each item or class of items that is reclassified; and

(c) the reason for the reclassification.

During the year, the Company has re-classified or re-grouped previous year amount of ₹ 204.96 crore from Capital Work in progress to Property, Plant and Equipment.Further, the Company has regrouped previous year amount of ₹ 287.61 crore from Other Current Liabilities to Trade payables. However, the

nature of re-classification and the reasons for the same have not been disclosed in the Notes to Financial Statements as required by Ind AS-1.

The financial statements are deficient to the above extent.

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

(H. K. Dharmadarshi)
Pr. Accountant General (E&RSA), Gujarat

Place: Ahmedabad
Date:

Annexure – I

MANAGEMENT DISCUSSION & ANALYSIS

World over, energy supply and demand consumption is undergoing a dramatic shift and the same is being marked as one of the largest transitions in history. The following factors have driven this noticeable change: (a) Consumption growth shifting to countries in the Middle East and developing Asia (b) Solar PV becoming economical than other energy sources (c)abundant natural gas with increase in contribution of natural gas in primary energy basket along with increased share of LNG (c) US becoming largest producer of oil & gas and predicted to meet major portion of additional oil demand in coming decades (d) Transport segment witnessing radical change in the coming years with the onset of Electric Vehicles

India is poised to play a pivotal role while the world oversees such huge energy transition. Currently, India is the fastest growing large economy in the world and our GDP grew by 7.2% in Q3 2017-18. In their recent reports, IMF, World Bank, and ADB are predicting India will grow between 7-8% in 2019 and 2020.

As per the *BP Energy Outlook 2018*, while there would be significant growth in energy consumption in fast growing developing economies, India and China would account for almost half of the growth in global energy demand. In fact, according to this report by the middle of the next decade, the incremental energy consumption in India will surpass that of China.

While natural gas in the primary energy mix was at 6% as per *BP Statistical Review of World Energy 2017*, natural gas consumption stood at 144.75 MMSCMD *(FY 2017-18)* with a marginal increase in country's natural gas production for the first time in the last 6 years. Gas production from onshore blocks including Coal Bed Methane (CBM) also grew at 8% as compared to previous fiscal. LNG imports were pegged at 73.61 MMSCMD *(FY 2017-18)* accounting for over 50% of the total gas consumed in the Country cashing in on global drop in LNG prices during major portion of the year.

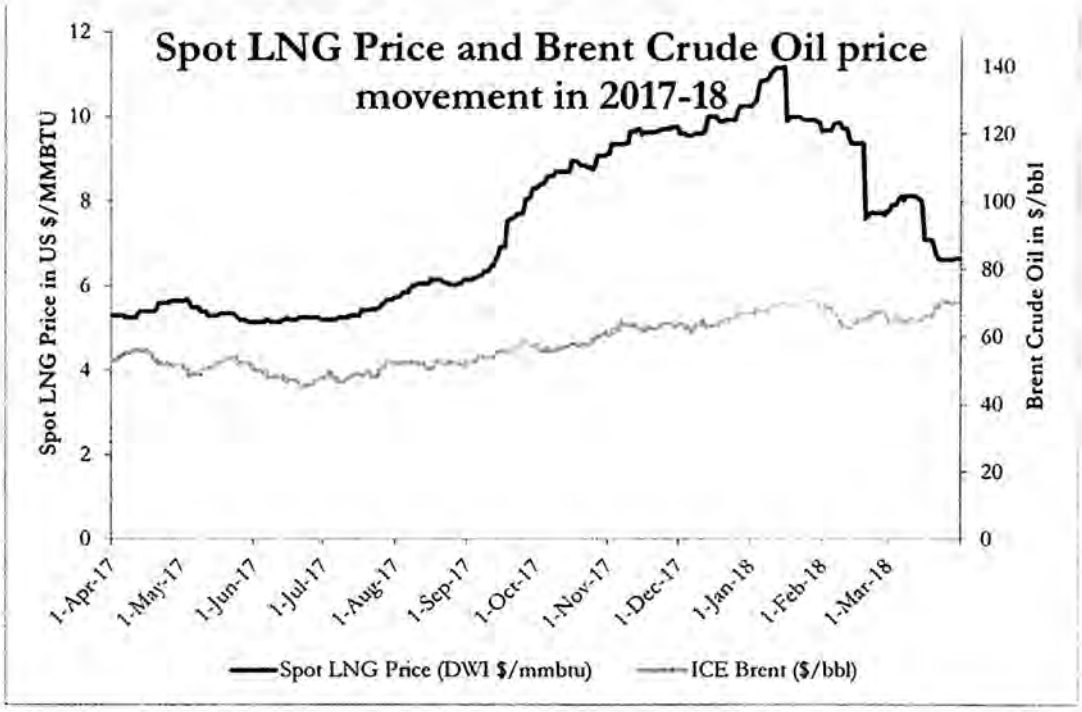
Global LNG production in 2017 jumped to a record high (*y-o-y basis*) mainly driven by the rapid growth of LNG production from Australia and the United States. Most of the demand growth occurred in Asia, mainly influenced by energy policy orientation in China, Korea and Taiwan and demand from North East Asian buyers experienced a strong rebound.

Despite several delayed start-ups, new liquefaction capacity continued to come online in various areas of the world ranging from the United States to Australia, Malaysia and Russia leading to an increase in LNG supply. However, expectations of an LNG surplus and depressed prices have not materialized, as rising imports into China contributed substantially to balancing the market.

During first half of the year (*April to September 2017*) spot LNG price remained at low level due to low demand summer months in Far East countries such as Japan, Korea, China and Taiwan. Average LNG price for delivery in India during this period were around 5.7 US $/MMBTU. However, the second half (*October to March 2018*) saw a big jump in spot LNG prices as a result of higher demand from Far East countries for meeting winter heating requirement. A major contributor to the same was China where policy decision was taken to replace coal with natural gas for country's energy requirement to tackle worsening pollution. Last year saw China's LNG import jump

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26.154 MTPA in 2016 to 38.692 MTPA in 2017 (*an increase of 48 %*) replacing South Korea as second largest LNG importer.



GOVT OF INDIA INITIATIVES

The reversal in the six-year declining trend assumes significance coming at a time when Govt. of India (GoI) is targeting a ramp up in the share of natural gas in the overall energy basket to 15% by 2030. GoI has revamped its upstream policies and regulations and is trying to bring in transparency and competitiveness to the sector by introduction of different initiatives:

1. **E&P**

- **Hydrocarbon Exploration Licensing Policy (HELP)** for award of Hydrocarbon Acreages in the Upstream Sector of India in July'17 by way of which bidding criteria has been changed to revenue sharing which will help reduce government intervention.
- **Discovered Small Field Policy** through which GoI has successfully awarded small fields to newer entities in India thus expanding the developers in the oil & gas upstream sector.
- The Open Acreage Licensing Policy (OALP) and National Data Repository (NDR) will help domestic and foreign companies participate in fields of interest and help increase the exploration interest in India's upstream sector.
- **The Enhanced Oil Recovery Policy** aims to promote the use of the latest technology in improving productivity of upstream fields.

2. **Natural Gas**

- **National Gas Grid**: To have a gas based economy and enhance the share of gas in the energy basket to 15%, the Government has envisaged developing additional

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15,000 km of gas pipeline network.

- **City Gas Distribution Network**: GoI targets to increase Piped Line Gas Connection to 1 crore connections to reduce pollution in the cities by 2020. At present, 31 CGD companies are developing CGD networks in 81 GAs in 21 State(s)/UTs which are supplying clean cooking fuel in the form of PNG to about 40 Lakhs consumers in the country. GoI has further envisaged to expand the coverage of CGD networks across the country in synchronisation with the Gas availability and pipeline connectivity.
- **Promotion of CNG/LNG in Transportation Sector**: The Government is promoting the usage of environment friendly transportation fuel, i.e. CNG by expanding the coverage of City Gas Distribution (CGD) network in the country. In order to promote the CNG services in the country, the Government has issued guidelines for making available domestic gas to the CGD entities for meeting the entire requirement of CNG for transport segments.
- **Gas Hub:** Central Government's announcement of policy intentions for setting up of a trading hub to set Indian gas benchmark would also provide a fillip to the upstream activities. Setting up of a gas trading hub requires policy efforts on various fronts that would set the right environment for a trading hub to seamlessly operate and one of it shall also be the boost it shall give Pan-India pipeline development projects.

It is expected that domestic gas production shall increase significantly over the next 5 years from the ongoing development of new fields by ONGC, OIL, Cairn and RIL-BP, besides some increase in CBM production. Several players including players, like ONGC, RIL-BP, Focus Energy and Cairns are expected to bring in gas from new domestic sources including ONGC's Vashishta and S-1 fields in KG offshore, ONGC's Daman, ONGC's Kutch Offshore, RIL – BP's R-series fields in KG Basin, Cairn India Ltd.'s (*now a part of Vedanta Group*) Raageshwari Deep Gas (RDG) field and Focus Energy Ltd.'s block in Rajasthan. All these gas sources would contribute significantly towards volume upside from domestic fields.

Nevertheless, LNG would continue to bridge the gap between demand-supply despite increase in domestic gas production owing to increasing energy requirements of the country backed by strong economic growth. Creation of pipeline infrastructure and new LNG terminals would facilitate increase in overall gas consumption in the Country. Current regasification capacity of 27 MTPA is set to double in a span of 5 years paving way for LNG imports into the Country.

Table1 – LNG import & regassification Infrastructure

(in MTPA)

LNG terminal	2017-18	2022-23
PLL, Dahej	15.0	17.5
HLPL, Hazira	5	5
PLL, Kochi	5	5
RGPPL , Dabhol	2	5
GSPC LNG, Mundra	0	5
IOCL Ennore	0	5
SEL, Jafrabad	0	5
H-Energy Jaigarh	0	5
Dhamra LNG	0	5
TOTAL	**27**	**57.5**

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Your Company has been consistently approaching customers across several states in order to expand its Gas Trading portfolio and has been successful in tying up even long term volumes with a few customers. With the downstream regulator working towards opening up access to pan-India infrastructure, your Company is confident of making gas available to customers in states other than Gujarat.

Your Company has been able to achieve a right mix of long term and spot supplies in its portfolio and hence has been in a position to market gas across various segments at competitive prices. Your Company has also been successful in implementing contractual structures which provide more flexibility to the customer along with ensuring price competitiveness.

GSPC Group is also working in the right direction of building requisite infrastructure. GSPL's JV companies namely GSPL India Gasnet Limited (GIGL) and GSPL India Transco Ltd. (GITL) are developing the Mehsana-Bhatinda (MBPL), Bhatinda-Jammu-Srinagar (BJSPL) and Mallavaram-Bhilwara-Bhopal-Vijaipur (MBBVPL) pipelines of ≈4000 kms spanning 9 States and 60 districts of the Country. GIGL has achieved considerable progress in developing its sections for achieving connectivity with GSPL's Gujarat Gas Grid, Cairns fields in Rajasthan and connectivity for Amritsar CGD project.

Upon commissioning of these sections, GIGL shall have attained the distinction of commissioning a part of GoI's vision of National Gas Grid. Commencement of gas supplies through these sections shall provide an impetus for development of balance sections of these pan-India pipelines to ensure availability of gas across several states.

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

E&P business: Producing Assets

Oil and gas production volumes, which depend on the yield from the company's producing fields, have a significant impact on the Company's results of operations. Currently, all of our producing fields are within the Cambay basin, where company holds participating interests in 17 producing fields and 01 producing field in KG basin. The Cambay basin is a maturing resource province with declining production levels, especially of gas. The volume of production from oil and gas fields generally declines as reserves are depleted with ongoing production.

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

Financial Performance and Going Concern

The Company has earned Profit before Depreciation Interest and Tax (Operational Profit) of Rs. 1033.62 Crore as compared Rs. 982.04 Crore in Previous Year recording increase of 5.25%.

GUJARAT STATE PETROLEUM CORPN LTD GSPC

During last financial year, the Board had approved the sale of GSPC's 80% Participating Interest of GSPC in KG-OSN-2001/3 Block to ONGC.

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

The Government of India has approved the assignment along with transfer of Operatorship *vide* DGH letter dated June 30, 2017. The Company achieved closure of transaction.

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

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

During the financial year, the Company has reduced its debt substantially by making part repayment of its loan and line of credit facility through the consideration received from sale of 80% participating interest in KG-OSN-2001/3 Block to ONGC as well as sale of entire equity stake in Gujarat Gas Limited to Gujarat State Petronet Limited. The Company is in the advanced stage of implementation of its debt realignment plan in order to address the issues associated with high leveraging and negative net worth.

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

Forward Looking Statements:

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

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publicly amend modify or revise any such statements on the basis of subsequent developments, information or events.

Chairman & Managing Director

GUJARAT STATE PETROLEUM CORPN GSPC GANDHINAGAR

Gujarat State Petroleum Corporation Limited

Annexure II

AOC - 1 Statement Pursuant to Section 129 of the Companies Act, 2013 relating to Company's Interest in the subsidiary companies (Figures in crores)

Sr. No	Name of Subsidiary Company	Gujarat State Petronet Limited (GSPL)	GSPL India Gasnet Limited (GIGL)	GSPL India Transco Limited (GITL)	GSPC ENERGY LIMITED	GSPC OFFSHORE LIMITED	GSPC Pipavav Power Company Limited (GPPC)	GSPC (JPDA) Limited	Guj Info Petro Limited (GIPL)	Gujarat Gas Limited
1	The date since when subsidary was acquired**/Subsidary since incorporation date#	23.12.1998	13.10.2011	13.10.2011	18.12.2015	23.09.2015	22.02.2006	13.10.2006	15.01.2001	15.05.2015**
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31-03-2018	31-03-2018	31-03-2018	31-03-2018	31-03-2018	31-03-2018	31-03-2018	31-03-2018	31-03-2018
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A
4	Share capital	563.83	387.02	381.00	0.05	0.05	861.84	98.39	0.05	137.68
5	Reserves & surplus	4,501.21	6.60	7.05	(0.16)	(0.35)	(182.23)	(98.06)	49.36	1,708.73
6	Total assets	8,948.53	915.26	429.05	20.41	0.03	2,304.22	0.52	59.92	6,633.31
7	Total Liabilities	3,883.49	521.64	41.00	20.52	0.03	1,624.61	0.19	10.51	4,786.90
8	Investments	4,181.36	-	-	-	-	-	-	-	-
9	Turnover	1,331.75	-	-	35.85	-	409.81	-	12.57	6,339.35
10	Profit before taxation	1,011.18	1.39	2.01	0.23	(0.01)	16.50	(0.06)	3.50	411.31
11	Provision for taxation	342.17	0.49	0.66	0.06	-	3.52	-	0.94	160.07
12	Profit after taxation	669.01	0.90	1.35	0.17	(0.01)	12.99	(0.06)	2.56	251.24
13	Proposed Dividend (%)	15.00	-	-	-	-	-	-	-	40.00
14	% of Ownership (Extent of shareholding)	GSPC holds 37.65%	GSPC holds 19.58%	GSPC holds 19.58%	GSPC holds 100%	GSPC holds 100%	GSPC holds 97.47%	GSPC holds 100%	GSPC holds 60.24%	GSPC holds 20.39%

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

** Name of subsidiaries which are yet to commence operations - GSPL India Gasnet Limited(GIGL),GSPL India Transco Limited(GITL) and GPSC Offshore Limited*

**GSPC Distribution Network Limited is now known as Gujarat Gas Limited after approval of merger of GSPC Gas Company Limited, Gujarat Gas Company Limited, Gujarat Gas Financial Services Limited and Gujarat Gas Trading Company Limited into GSPC Distribution Network Limited in 2015. GSPC holds NIL (PY 28.4%), GSPL 54.14(i.e. subsidary of GSPC holds PY 25.76%) and GSEG (i.e Associate of GSPC holds 0.19%).Fresh Certificate of incorporation was issued by MCA on 15th May, 2015*

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Chairman & Managing Director

Joint Managing Director

Company Secretary

Chief Financial Officer

GUJARAT STATE PETROLEUM CORPN LTD GSPC GANDHINAGAR

Date : 21.05.2018
Place : Gandhinagar

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

(Figures in crores except for no. of shares)

Sr. No.	Name of Associates/Joint Ventures	Gujarat State Energy Generation Limited (GSEG)	GSPC LNG Limited (GLL)	Sabarmati Gas Limited (SGL)	Alcock Ashdown (Gujarat) Limited (Alcock)
1	Date on which the Associate or JV was associated or acquired/Associate since incorporation date#	30.12.1998	27.02.2007	06.06.2006	05.09.1994
2	Latest audited Balance Sheet Date	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
3	Shares of Associate/Joint Ventures held by the company on the year end				
	No. of Shares held	11, 35, 41, 817	1,14,30,060	44,94,330	1,15,00,000
	Amount of Investment	119.83	11.43	55.10	11.50
	Extent of Holding in %	32.59%	13.48%	22.47%	22.55%
4	Description of how there is significant influence	Control of more than twenty per cent of total share capital***	Control of more than twenty per cent of total share capital*	Control of more than twenty per cent of total share capital**	Control of more than twenty per cent of total share capital
5	Reason why the associate/joint venture is not consolidated	N.A.	N.A.	N.A.	N.A.
6	Networth attributable to Shareholding as per latest audited Balance Sheet	79.29	43.30	88.07	(105.66)
7	Profit / Loss for the year				
	Considered in Consolidation	25.13	0.64	16.76	-
	Not Considered in Consolidation				

Names of associate or joint ventures which are yet to commence operations - GSPC LNG Limited

#GSEG, SGL and Alcock are associate since their incorporation date as mentioned above. However GLL was incorporated as subsidary of GSPC and latter on become Associate in financial year 2014-15 due to change in control over Management.

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

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

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

Chairman & Managing Director

Joint Managing Director

Company Secretary

Chief Financial Officer

GUJARAT STATE PETROLEUM CORPN LTD GSPC GANDHINAGAR

Date :- 21.05.2018
Place : Gandhinagar

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ANNEXURE – III

FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN
As on financial year ended on 31st March, 2018

[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:**	
Sr. No.	**Particulars**	**Remark**
i)	Corporate Identification Number	U23209GJ1979SGC003281
ii)	Registration Date	January 29, 1979
iii)	Name of the Company	Gujarat State Petroleum Corporation Limited
iv)	Category/ Sub-Category of the Company	Government Company (Public Company/Limited by Shares)
v)	Address of the Registered office and contact details	GSPC Bhavan, B/h Udhyog Bhavan, Sector – 11, Gandhinagar PIN :- 382010.
vi)	Whether listed company	Yes (Unsecured Non-Convertible Debentures (NCDs) issued by the Company are listed on National Stock Exchange).
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Computershare Private Limited, Plot nos. 17-24, Vithalrao Nagar, Madhapur, Hyderabad 500 081 Andhra Pradesh Tel: 079-26465179 Fax: 079-26465179
II.	**PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**	
	All the business activities contributing 10% or more of the total turnover of the company	As per **Annexure – A**
III.	**PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**	
	Particulars of Holding, Subsidiary and Associate companies	As per **Annexure - B**
IV.	**SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**	

GUJARAT STATE PETROLEUM CORP. GSPC GANDHINAGAR

i)	Category-wise Share holding	As per **Annexure – C**
ii)	Shareholding of Promoters	As per **Annexure – D**
iii)	Change in Promoters Shareholding	As per **Annexure – E** There is no change in shareholding pattern of Promotes during the financial year 2016-17.
iv)	Shareholding pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):	As per **Annexure – F**
v)	Shareholding of Directors and Key Managerial Personnel	As per **Annexure – G**
V. INDEBTEDNESS		
i)	Indebtedness of the Company including interest outstanding/ accrued but not due for payment	As per **Annexure – H**
VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL		
i)	Remuneration to Managing Director , Whole-time Directors and/or Manager:	As per **Annexure – I**
ii)	Remuneration to other directors	As per **Annexure – J**
iii)	Remuneration to Key Managerial Personnel other than MD/Manager/WTD	As per **Annexure – K**
VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES		
iii)	Penalties / Punishment/ Compounding of offences	There were no Penalties / Punishment/ Compounding of offences under Companies Act, 2013.

Chairman and Managing Director

Date : 21st MAY, 2018
Place: Gandhinagar

GUJARAT STATE PETROLEUM CORPN GSPC GANDHINAGAR

Annexure - A			
All the business activities contributing 10% or more of the total turnover of the company			
Sl. No.	Name and Description of main products/ services	NIC Code of the Product/ Service	% to total turnover of the company
1	Anciliary Product- Gas Trading	Not Appicable	96.30%



Annexure - B					
Particulars of Holding, Subsidiary and Associate Companies					
Sr. No	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Gujarat State Petronet Limited (GSPL)	L40200GJ1998SGC035188	Subsidiary	37.67	2(87)
2	GSPL India Gasnet Limited (GIGL)****	U40200GJ2011SGC067449	Subsidiary	NIL	2(87)
3	GSPL India Transco Limited (GITL)****	U40200GJ2011SGC067450	Subsidiary	NIL	2(87)
4	Gujarat Gas Limited (GGL)*	L40200GJ2012SGC069118	Subsidiary	NIL	2(87)
5	GSPC (JPDA) Limited	U23201GJ2006SGC049229	Subsidiary	100	2(87)
6	Guj Info Petro Limited	U72900GJ2001PLC039162	Subsidiary	49.94	2(87)
7	GSPC Pipavav Power Company Limited	U40100GJ2006SGC047783	Subsidiary	97.47	2(87)
8	GSPC Offshore Limited	U11202GJ2015SGC084562	Subsidiary	100	2(87)
9	GSPC Energy Limited	U11102GJ2015SGC085438	Subsidiary	100	2(87)
8	GSPC LNG Limited**	U23203GJ2007SGC050115	Associate	7.39	2(6)
9	Gujarat State Energy Generation Limited	U40100GJ1998SGC035212	Associate	32.59	2(6)
10	Sabarmati Gas Limited***	U40200GJ2006PLC048397	Associate	22.47	2(6)
11	Alcock Ashdown (Gujarat) Limited	U74999GJ1994SGC022952	Associate	22.55	2(6)

**The Company had 28.40% holding in Gujarat Gas Limited upto March, 2018. However the Company has sold all its 3,91,06,328 equity shares held in Gujarat Gas Limited to Gujarat State Petronet Limited in March, 2018. However, its status of being subsidary of GSPC has not changed since Gujarat Gas Limited after the transaction has become subsidary of GSPL which is a subsidary of GSPC and hence GGL is subsidary of GSPC.*

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

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

*****GIGL, GITL are subsidiaries of GSPL which is a subsidiary of GSPC and hence GIGL, GITL are subsidiaries of GSPC.*

GUJARAT STATE PETROLEUM CORPN. LTD. GSPC GANDHINAGAR

Annexure -C

Category-wise Share holding

Category of Shareholders		No. Of shares held at the beginning of the year				No. Of shares held at the end of the year				% Change
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total shares	
	A. (Promoters)									
1	Indian									
a)	Individual/ HUF	-	-	-	-	-	-	-	-	-
b)	Central Government	-	-	-	-	-	-	-	-	-
c)	State Government	0	2241010179	2241010179	86.89	0	2241010179	2241010179	86.89	0.00
d)	Bodies corporates	-	-	-	-	-	-	-	-	-
e)	Banks/FI	-	-	-	-	-	-	-	-	-
f)	Any other	-	-	-	-	-	-	-	-	-
	Sub total (A) (1):-	0	2241010179	2241010179	86.89	0	2241010179	2241010179	86.89	0.00
2	Foreign									
a)	NRIs- Individuals	-	-	-	-	-	-	-	-	-
b)	Other- Individuals	-	-	-	-	-	-	-	-	-
c)	Bodies Corporates	-	-	-	-	-	-	-	-	-
d)	Banks/Financial Institutions	-	-	-	-	-	-	-	-	-
e)	Any Other	-	-	-	-	-	-	-	-	-
f)	Sub total (A) (2):-	0	0	0	0	0	0	0	0	0
Total shareholding of Promoter (A)=		0	2241010179	2241010179	86.89	0	2241010179	2241010179	86.89	0.00
	B. Public Shareholding									
1	Institutions									
a)	Mutual Funds	-	-	-	-	-	-	-	-	-
b)	Banks/Financial Institutions	-	-	-	-	-	-	-	-	-
c)	Central Govt	-	-	-	-	-	-	-	-	-

GUJARAT STATE PETROLEUM CORPN. LTD. GSPC GANDHINAGAR

d)	State Govt(s)	-	-	-	-	-	-	-	-	-
e)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
f)	Insurance Companies	-	-	-	-	-	-	-	-	-
g)	FIIs	-	-	-	-	-	-	-	-	-
h)	Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i)	Others (specify)	-	-	-	-	-	-	-	-	-
	Sub-total (B)(1):-	0	0	0	0.00	0	0	0	0.00	0.00
1	**Non-institutions**									
a)	Bodies Corporation									
	i)Indian	240308441	97944300	338252741	13.11	240308441	97944300	338252741	13.11	0.00
	ii)Overseas	-	-	-	-	-	-	-	-	
b)	Individuals									
	i) Individual shareholders holding nominal share capital upto Rs.1 lakh	-	-	-	-	-	-	-	-	-
	ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	-	-	-	-	-	-	-	-	-
c)	Others (specify)	-	-	-	-	-	-	-	-	
	Sub-total (B)(2):-	240308441	97944300	338252741	13.11	240308441	97944300	338252741	13.11	0.00
Total Public Shareholding - (B)		240308441	97944300	338252741	13.11	240308441	97944300	338252741	13.11	0.00
C. Shares held by Custodian for GDRs &ADRs		-	-	-	-	-	-	-	-	
	Grand Total - (A+B+C)	**240308441**	**2338954479**	**2579262920**	**100.00**	**240308441**	**2338954479**	**2579262920**	**100.00**	**0.00**

GUJARAT STATE PETROLEUM CORPN LTD GSPC GANDHINAGAR

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

GUJARAT STATE PETROLEUM CORPN LTD GSPC GANDHINAGAR

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

GUJARAT STATE PETROLEUM CORPN GSPC GANDHINAGAR

Annexure - F					
Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)					
Sr. No.		**Shareholding at the beginning of the year (i.e. 1st April, 2017)**		**Cumulative Shareholding during the year (i.e. 31st March, 2018)**	
	For each of the top 10 shareholders	**No. of shares**	**% of total shares of the**	**No. of shares**	**% of total shares of the company**
1	Governor of Gujarat (Promoter)*	2241010179	86.89	2241010179	86.89
2	Gujarat Alkalies & Chemicals Limited	21543200	0.84	21543200	0.84
3	Gujarat Industrial Development Corporation	12345600	0.48	12345600	0.48
4	Gujarat Industrial Investment Corporation Limited	20555500	0.80	20555500	0.80
5	Gujarat Mineral Development Corporation Limited	26172800	1.01	26172800	1.01
6	Gujarat Narmada Valley Fertilizers Company Limited	21543200	0.84	21543200	0.84
7	Gujarat State Fertilizers & Chemicals Limited	23500000	0.91	23500000	0.91
8	Gujarat State Investments Limited	192592441	7.47	192592441	7.47
9	Gujarat Gas Company Limited	20000000	0.78	20000000	0.78
Total		**2579262920**	**100.00**	**2579262920**	**100.00**
**including 07 nominees of GoG holding 200 shares each*					

GUJARAT STATE PETROLEUM GSPC GANDHINAGAR

Annexure - G					
Shareholding of Directors and Key Managerial Personnel					
Sr. No.	Particulars of Directors and KMP	Shareholding at the beginning of the year (i.e. 1st April, 2017)		Cumulative Shareholding during the year (i.e. 31st March, 2018)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
NIL					

GUJARAT STATE PETROLEUM CO... GSPC

Annexure - H

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principla Amount	14,667	8,675		**23,342**
ii) Interest due but not paid	-	-		
iii) Interest acrrued but not due	-	-		-
Total (i+ii+iii)	**14,667**	**8,675**		**23,342**
Change in Indebtedness during the financial year				
- Addition	(8,595)	(560)		(9,154)
- Reduction				
Net Change	**(8,595)**	**(560)**		**(9,154)**
Indebtedness at the end of the financial year				
i) Principla Amount	6,072	8,115		**14,188**
ii) Interest due but not paid				
iii) Interest acrrued but not due	25	147		**172**
Total (i+ii+iii)	**6,098**	**8,262**		**14,359.89**

Note :- The amounts outstanding for various loans as on 31st March, 2018 are as per terms of agreement and confirmation of banks.

GUJARAT STATE PETROLEUM CORPN LTD GSPC GANDHINAGAR

Annexure - I				
Remuneration to Managing Director, Whole Time Director and/or Manager				
Sl. No.	Particulars of Remuneration	Dr. J. N. Singh, IAS	Dr. T. Natarajan, IAS	Total Amount
		Chairman and Managing Director	Jt. Managing Director	
		2017-18	2017-18	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-	0.00	2240388.00	2240388.00
	(b) Value of perquisites u/ 17(2) of the Income-tax Act, 1961	0.00	0.00	0.00
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	0.00	0.00	0.00
2	Stock Option	0.00	0.00	0.00
3	Sweat Equity	0.00	0.00	0.00
4	Commission	0.00	0.00	0.00
	- As % of Profits	0.00	0.00	0.00
	- Others, Specfiy	0.00	0.00	0.00
5	Others, please specify	0.00	0.00	0.00
	Total(A)	0.00	2240388.00	2240388.00
Ceiling as per the Act not applicable to Government Companies				
*No remuneration was paid by GSPC during the period to Dr. J. N. Singh, IAS who is Chairman and Managing Director				

GUJARAT STATE PETROLEUM CORPN LTD GSPC GANDHINAGAR

Annexure - J

Remuneration to other Directors

Sl. No.	Particulars of Remuneration	Shri Anil Mukim, IAS	Shri Sujit Gulati, IAS	Dr. Manjula Subramaniam, IAS (Retd.)	Shri M. M. Srivastava, IAS (Retd.)	Shri K. Kailashnathan, IAS (Retd.)	Dr. Ravindra Dholakia	Prof. N. Ravichandran	Prof. Yogesh Singh	Total Amount
	Period of Directorship	**1/04/2017 to 31/03/2018**	**2017-18**	**2017-18**	**2017-18**	**2017-18**	**2017-18**	**2017-18**	**2017-18**	
1	**Independent Directors**									
	- Fees for attending Board/ Committee Meetings	-	-	-	-	-	60000	37500	22500	120000
	- Commission	-	-	-	-	-	-	-	-	-
	-Others (Out of Pocket Expenses)	-	-	12000	-	-	12000	7500	4500	36000
	Total (1)	-		**12000**	-	-	**72000**	**45000**	**27000**	**156000**
2	**Other Non Executive Directors**	-	-	-	-	-	-	-	-	-
	- Fees for attending Board/ Committee Meetings	-	-	-	82500	22500	-	-	-	105000
	- Commission	-	-	-	-	-	-	-	-	-
	-Others (Out of Pocket Expenses)	15000	15000	-	16500	4500	-	-	-	51000
	Total (2)	**15000**	**15000**	-	**99000**	**27000**	-	-	-	**156000**
	Total (3) = (1 + 2)	**15000**	**15000**	**12000**	**99000**	**27000**	**72000**	**45000**	**27000**	**312000**
	Total Managerial Remuneration									

Overall Ceiling as per Act :- Not applicable to Government Companies.

Amounts mentioned in this table is actual payment made to the director during financial year 2017-18.

GUJARAT STATE PETROLEUM GSPC

Annexure - K					
Remuneration to Key Managerial Personnel othe than Managing Director/M/WTD					
Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	KMP (CS & Head Legal)*	KMP (CFO)	Total
1	**Gross Salary**				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		3913052	2849498	6762550.00
	(b) Value of perquisites u/ 17(2) of the Income-tax Act, 1961		118143	105342	223485
	(c)Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961				
2	**Stock Option**				
3	**Sweat Equity**				
4	**Commission**				
	- As a % of Profits				
	-Others, Specify				
5	**Others, Please Specify**				
	Fixed Pay				
	Total		**4031195**	**2954840**	**6986035.00**

**Including 25% performance linked incentive*

GUJARAT STATE PETROLEUM CORPN LTD GSPC GANDHINAGAR

ANNEXURE - IV

ANNUAL REPORT ON CSR ACTIVITIES

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

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

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

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

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

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

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

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

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

The contents of the CSR policy of GSPC are displayed on website of GSPC: http://gspcgroup.com/documents/pagecontent/Corporate-Social-Responsibility-Policy-GSPC.pdf

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

The Company has constituted CSR Committee of Director as follows;

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

3. **Average net loss recorded by the company for last three financial years :- Rs.** (59,33,37,19,594)
4. **Prescribed CSR Expenditure (i.e 2 % Average net loss of the company for last three financial years) :- Rs.** (1,18,66,74,392)
5. **Details of CSR spent during the financial year.**

(a) Total amount to be spent for the financial year :- **Nil**
(b) Amount unspent, if any; - **N.A.**

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

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

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

6. **In case the company has failed to spend two percent of average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board Report. – N.A.**

7. **A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.**

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

Chairman & Managing Director
(Chairman - CSR Committee)

GUJARAT STATE PETROLEUM CORPN LTD GSPC GANDHINAGAR

CS KIRAN KUMAR PATEL B.Com, FCS

K. K. PATEL & ASSOCIATES
Company Secretaries

Plot No. 305, 2nd Floor, Padmavati Appartment, Nr. GH-6 Circle, Sector-29, Gandhinagar - 382 029. Ph. 079-23243088, Mob. 98250 23204 Email : cs_kiranpatel@yahoo.co.in

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2018

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

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

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practi ces by **Gujarat State Petroleum Corporation Limited**. The secretarial audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon. Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2018 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, 2018 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder.

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings of the Company.

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(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act').

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 to the extent applicable to the Company being holding Company of Listed Subsidiary Companies.

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 is not applicable to the Company.

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 is not applicable to the Company;

(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 is not applicable to the Company.

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, to the extent applicable to the Company;

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client to the extent applicable to the Company since NCDs of the Company is Listed on National Stock Exchange.

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 is not applicable to the Company; and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 is not applicable to the Company.

(vi) I further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following sector specific laws applicable specifically to the Company:

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



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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) The Debt Listing Agreements with National Stock Exchange Limited (NSE) & Securities and Exchange Board of India (Listing Obligation and disclosure requirement) Regulations, 2015.

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

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors as on 31.03.2018. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

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

We further report that

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



We further report that

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

1. A farm-in agreement was executed between GSPC and ONGC in the previous financial year for sale of GSPC's 80% Participating Interest in KG-OSN-2001/3 Block and other Fields (i.e. Deen Dayal West Field of KG Block) to ONGC. The Government of India has approved the assignment along with transfer of Operatorship vide DGH letter dated June 30, 2017. The Company achieved closure of transaction on 4th August 2017.

2. The Board of Directors of the Company at its meeting held on 19th March, 2018 has approved the sale of 3,91,06,328 equity shares held by the Company in Gujarat Gas Limited (GGL) to Gujarat State Petronet Limited (GSPL), subsidiary of the Company. The Shareholders of the Company has approved the same by passing special resolution in Extra Ordinary General Meeting held on 22nd March, 2018. Accordingly, the Company has sold its entire shareholding in Gujarat Gas Limited to GSPL through stock exchange by way of Block deal before the end of the financial year. However, the status of GGL as subsidiary of GSPC has not changed since Gujarat Gas Limited after the transaction has become subsidiary of GSPL which is a subsidiary of GSPC.

For K. K. Patel & Associates



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

Date: 21.05.2018
Place: Gandhinagar

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

KIRAN KUMAR PATEL B.Com, FCS

K. K. PATEL & ASSOCIATES
Company Secretaries

Plot No. 305, 2nd Floor, Padmavati Appartment, Nr. GH-6 Circle, Sector-29, Gandhinagar - 382 029. Ph. 079-23243088 Mob. 98250 23204 Email : cs_kiranpatel@yahoo.co.in

'Annexure A'

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

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

1. *Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.*

2. *We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.*

3. *We have not verified the correctness and appropriateness of financial Statements of the company.*

4. *The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.*

5. *The Secretarial Audit report is not an assurance as to the future viability of the Company.*

For K. K. Patel & Associates

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

K. K. PATEL & ASSOCIATES • COMPANY SECRETARIES • C.P. 6352 FCS 6384

Date: 21.05.2018
Place: Gandhinagar

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
GUJARAT STATE PETROLEUM CORPORATION LIMITED
GANDHINAGAR (GUJARAT)

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying Standalone Ind AS Financial Statements of **GUJARAT STATE PETROLEUM CORPORATION LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Standalone Ind AS Financial Statements").

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone 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) specified under Section 133 of the Act read with Companies (Indian Accounting Standards Rules) 2015, as amended.

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 Standalone 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 Standalone Ind AS Financial Statements based on our audit.

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

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AMBICA CHAMBERS, NEAR OLD HIGH COURT, NAVRANGPURA, AHMEDABAD 380 009.
TEL. : 2754 4571 - 72, FAX : 2754 2233, 3008 4575 www.talatiandtalati.com
Also at : VADODARA (0265) 305 8025-26, 231 0499, SURAT (0261) 325 8526, ANAND (02692) 656 405
MUMBAI : 9867353743 DELHI (011) 32553900 INDORE (073) 4257344

We conducted our audit of the Standalone 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 Standalone Ind AS Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Standalone Ind AS Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone Ind AS Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Standalone Ind AS Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. 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 Standalone Ind AS Financial Statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31st March 2018, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matter

Without modifying our opinion, we draw attention to:

a) Para (p) Accounting for oil and gas joint operations of Note No. 1 Significant Accounting Policies, which describes that the Financial Statements of the joint operations (unincorporated joint ventures) prepared in accordance with the requirements prescribed by the respective Production Sharing Contracts or Joint Operating Agreement of the joint operations (unincorporated joint ventures).In view of the same, certain adjustments/disclosures required under the mandatory Accounting Standards and the provisions of the Companies Act, 2013 have been made in the Standalone Ind AS Financial Statements to the extent information available with the Company as on the date.

b) Note No. 5 & 23 (B) to the Standalone Ind AS Financial Statements which describes that the Company has sold shares of Gujarat Gas Limited during the year and profit on sale of said equity instrument has been transferred to Other Comprehensive Income (OCI) as per the guidance provided under IND AS 109 "Financial Instruments".

c) Note No. 23 (B) to the Standalone Ind AS Financial Statements wherein it is stated that the Company has prepared the Standalone Ind AS Financial Statements on a going concern basis, notwithstanding the fact that Company has incurred a net loss during the current and previous Financial Year and the same lead to complete erosion of its net worth as at the current and previous year balance sheet dates. The appropriateness of the said basis is inter alia dependent on Company's ability to successfully implement Turnaround plan/ Financial Realignment Strategy with the support from Government of Gujarat.

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d) Note No. 34 to the Standalone Ind AS Financial Statements regarding non provisioning of disputed Income Tax demands/ claims by the Income Tax Authority amounting to Rs. 1,527.43 Crores (P.Y. Rs. 1,153.57 Crores) and disclosed by way of a note to the Standalone Ind AS Financial Statements as contingent liability as the matter is disputed.

e) Note No. 34 to the Standalone Ind AS Financial Statements regarding reasonable uncertainty for final consideration receivable on account of Other Six Discoveries based on Field Development Plan (FDP) to be submitted to DGH by ONGC and subsequent adjustment of advanced floor consideration of Rs.1,265 Crores (USD 200 Million) already received against final consideration in case final consideration assessed is higher than advanced floor consideration whereas in a scenario wherein final consideration assessed is less than or equal to USD 200 Million, the Company shall retain the non-refundable advance consideration already received.

Other Matter

a) Corresponding figures for the year ended 31st March, 2017 on the Standalone Ind AS Financial Statements of the Company have been audited by predecessor auditor who had expressed an unmodified opinion thereon per their report dated May 30, 2017 for the year ended 31st March, 2017 which have been furnished to us by the management and relied upon by us for the purpose of our audit of the annual Standalone Ind AS Financial Statements.

b) We have placed reliance on technical/ commercial evaluation by the management in respect of categorization of wells as exploratory, development and producing, allocation of costs incurred on them, treatment of capitalization, depletion of producing properties on the basis of the proved probable hydrocarbon reserves and liability for abandonment costs.

c) The Standalone Ind AS Financial Statements include the Company's share of:

(i) Total assets aggregating to Rs. 1,295.44 Crores, total liabilities aggregating to Rs. 25.16 Crores, income aggregating to Rs. 70.00 Crores and expenditure aggregating to Rs. 34.83 Crores in respect of Thirteen (13) Producing Joint Operations (unincorporated joint ventures), which have been incorporated on the basis of accounts audited by other auditors.

(ii) Total assets aggregating to Rs. 4,351.12 Crores, total liabilities aggregating to Rs. 55.92 Crores, income aggregating to Rs.50.59 Crores and expenditure aggregating to Rs. 41.21 Crores in respect of Six (6) Producing Joint Operations (unincorporated joint ventures), which has been incorporated on the basis of unaudited financial information approved by the management and made available to us, in the absence of audited accounts.

(iii) Total assets aggregating to Rs. 115.32 Crores, total liabilities aggregating to Rs. 1.94 Crores in respect of Eight (8) Joint Operations (unincorporated joint ventures) under exploration and development phase or proposed to be surrendered, which have been incorporated on the basis of accounts audited by other auditors.

(iv) Total assets aggregating to Rs. 347.77 Crores, total liabilities aggregating to Rs. 16.35 Crores in respect of Thirty Eight (38) Joint Operations (unincorporated joint ventures), under exploration and development phase or proposed to be surrendered, which have been incorporated on the basis of unaudited financial information approved by the management made available to us, in the absence of audited accounts.

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Report on Other Legal and Regulatory Requirements

1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the **"Annexure – A"**, a statement on the matters specified in the paragraph 3 and 4 of the Order.

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

   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit except for the unaudited financial information relating to Forty Four (44) Joint Operations (unincorporated joint ventures) for the year ended 31st March, 2018 referred to in sub-paragraph (c)(ii) and (c)(iv) of Other Matter paragraph above and read with our comments in paragraph (a) of Emphasis of Matter.

   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, the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

   d. In our opinion, the aforesaid Standalone Ind AS Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with relevant rules issued thereunder.

   e. As the Company is a Government Company, in terms of notification no. G.S.R. 463(E) dated 5th June 2015, issued by the Ministry of Corporate Affairs, the sub-section (2) of section 164 is not applicable to the Company.

   f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our Report in **"Annexure – B"**.

   g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Ind AS Financial Statements. Refer Note 34 to the Standalone Ind AS Financial Statements;

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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3) In terms of section 143 (5) of the Act, we give in "**Annexure – C**" a statement on the directions and sub directions issued under the aforesaid section by the Comptroller and Auditor General of India.

For Talati & Talati
Chartered Accountants
(Firm Regn. No. 110758W)



Umesh Talati
(Partner)
Membership No. 034834

Place: Gandhinagar
Date: 21st May 2018

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"ANNEXURE – A" TO INDEPENDENT AUDITOR'S REPORT

The annexure referred to in paragraph 1 under "Report on Other Legal and Regulatory Requirements" section of our Independent Auditor's Report of even date on the Standalone Ind AS Financial Statements of **GUJARAT STATE PETROLEUM CORPORATION LIMITED** for the year ended 31st March 2018, we report that:

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

c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company except in respect of following immovable properties for which title deeds are not made available for our verification:

(Rs. In Crores)

Nature	Number of Cases	Gross Block	Net Block
Freehold Land	13	2.92	2.92
Building	2	6.30	2.31
Total	**15**	**9.22**	**5.23**

(ii) The inventory has been physically verified by the Management during the year. In our opinion, the frequency of verification is reasonable. The discrepancies noticed on physical verification of inventory as compared to book records were not material.

(iii) **In respect of the loans secured or unsecured to the Companies, Firms, Limited Liability Partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013:**

According to the information and explanation given to us, the Company has granted unsecured loan to parties covered in the register required to be maintained under Section 189 of the Act.

In respect of aforesaid loans:

a. The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.

b. In the case of the loans granted to the bodies corporate listed in the register maintained under section 189 of the Act, as per the terms of loan agreement, fixed schedule of repayment of principal and payment of interest is not stipulated and hence we are unable to make specific comment on the regularity of repayment of principal and payment of interest amount in such cases.

c. There is no overdue amount in respect of the loan granted to a body corporate listed in the register maintained under section 189 of the Act, in accordance with the terms and conditions on which the loan has been granted.

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(iv) In our opinion and according to the information and explanations given to us, the Company has prima facie complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made

(v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit and hence the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act and the Companies (Acceptance of Deposits) Rules, 2014 with regard to the deposits accepted are not applicable to the Company. Therefore, the provisions of Clause (v) of paragraph 3 of the Order are not applicable to the Company. According to the information and explanations given to us, no order 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.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules 2014 as amended prescribed by the Central Government under section 148 of the Companies Act, 2013, and are of the opinion that prima facie, the prescribed cost records have been made and maintained.

(vii) **In respect of statutory dues:**

a. According to the records of the Company, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Goods and Service Tax, Cess and any other statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid statutory dues were outstanding as at 31st March, 2018 for a period of more than six months from the date they became payable.

b. According to the information and explanations given to us, there are no dues of Income-tax or Sales tax or Service tax or Goods and Services tax or duty of Customs or duty of Excise or Value added tax which have not been deposited by the Company on account of disputes, except for the following:

Name of the statute	Nature of dues	Amount under dispute not yet deposited as on 31.03.2018 (Rs. in Crore)	Period to which the amount relates	Forum where the dispute is pending
Income Act 1961	Income Tax Including interest and penalty as applicable.	1.62 8.70 16.81 0.25 0.71 1.18 1.75	1996-1997 1997-1998 1998-1999 1999-2000 2001-2002 2003-2004 2008-2009	High Court
Income Act 1961	Income Tax Including interest and penalty as applicable	18.02 32,39 79.10 163.11 160.66 242.34 183.08	1999-2000 2000-2001 2001-2002 2002-2003 2003-2004 2004-2005 2005-2006	Income Tax Appellate Tribunal

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		172.28 301.84 332.81 204.85 263.24 337.34 419.76	2006-2007 2007-2008 2008-2009 2009-2010 2010-2011 2011-2012 2012-2013	
Income Act 1961	Income Tax Including interest and penalty as applicable	1.24 0.11 269.99 95.11	2004-2005 2007-2008 2013-2014 2014-2015	Commissioner of Income Tax (Appeals)
Service Tax – Finance Act 1994	Service Tax Including interest and penalty as applicable	0.10 0.24 0.004 0.09	2006-2007 2007-2008 2008-2009 2005-2006 to 2007-2008	Central Excise and Service Tax Appellate Tribunal
Service Tax – Finance Act 1994	Service Tax Including interest and penalty as applicable	8.05	2002-2003 to 2006-2007	Commissioner of Central Excise

(viii) No default towards repayment of dues to any financial institution, bank, debenture holders or government exist on the balance sheet date from our examination of the books of account and the information and explanations given to us by the Company.

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

(x) Based on the audit procedures performed and representation obtained from management we report that, no case of material fraud by the Company or on the Company by its officers or employee has been noticed or reported during the year under audit.

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

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause (xii) of paragraph 3 of "the Order" is not applicable to the Company.

(xiii) As per the information and explanation given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with the provision of section 177 and section 188 of Companies Act, 2013. The relevant disclosure as required by the applicable accounting standards has been made in Note No. 40 to the Standalone Ind AS Financial Statements.

(xiv) During the year the Company has neither made any preferential allotment or private placement of shares nor has issued any fully or partly convertible debenture as required under section 42 of Companies Act 2013. Therefore, clause (xiv) of paragraph 3 of the order is not applicable to the Company.

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(xv) As per the information and explanation given to us and based on our examination of the records of the Company, the Company has not entered in to any non cash transactions with directors or persons connected with him. Therefore, clause (xv) of paragraph 3 of "the order" is not applicable to the Company.

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

For Talati & Talati
Chartered Accountants
(Firm Regn. No. 110758W)



Umesh Talati
(Partner)
Membership No. 034834

Place: Gandhinagar
Date: 21st May 2018

"ANNEXURE B" TO THE INDEPENDENT AUDITOR'S REPORT

The annexure referred to in paragraph 2(f) under "Report on Other Legal and Regulatory Requirements" section of our Independent Auditor's Report of even date on the Standalone Ind AS Financial Statements of **GUJARAT STATE PETROLEUM CORPORATION LIMITED** for the year ended 31st March 2018, we report that:

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **GUJARAT STATE PETROLEUM CORPORATION LIMITED** ("the Company") as of 31" March, 2018 in conjunction with our audit of the Standalone Ind AS Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

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Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Talati & Talati
Chartered Accountants
(Firm Regn. No. 110758W)

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Umesh Talati
(Partner)
Membership No. 034834

Place: Gandhinagar
Date: 21st May 2018

"ANNEXURE – C" TO INDEPENDENT AUDITOR'S REPORT

The annexure referred to in paragraph 3 under "Report on Other Legal and Regulatory Requirements" section of our Independent Auditor's Report of even date on the Standalone Ind AS Financial Statements of **GUJARAT STATE PETROLEUM CORPORATION LIMITED** for the year ended 31st March 2018, we report that:

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

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

   Reply: According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of freehold and leasehold land are held in the name of the Company except in respect of following freehold lands for which title deeds are not made available for our verification:

(Rs. In Crores)

Nature	Number of Cases	Gross Block	Net Block
Freehold Land	13	2.92	2.92
Total	**13**	**2.92**	**2.92**

2. Please report whether there are any cases of waiver/ write off of debts/ loan/ interest etc. if yes, the reasons there for and the amount involved.
   Reply: As per the information and explanations given to us and based on the examination of the records of the Company, there are no cases of any waiver of loan/debt/interest during the year.

3. Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities.
   Reply: As per the information and explanations given to us and based on the examination of the records provided to us, we report that the Company does not own any inventory lying with the third parties. Further, the Company has not received any assets as gifts from Govt. or other authorities during the year.

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

Power Sector
Generation

1. In the cases of Thermal power projects, compliance of the various pollution control Acts and the impact thereof including utilization and disposal of ash and the policy of the Company in this regard, may be checked and commented upon.
   Reply: Not Applicable

2. Has the Company entered into revenue sharing agreements with private parties for extraction of coal at pitheads and it adequately protects the financial interest of the Company?
   Reply: Not Applicable

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

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Reply: Not Applicable

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

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

Services Sector
Trading

1. Whether the Company has an effective system for recovery of dues in respect of its sales activity and the dues outstanding and recoveries there against have been properly recorded in the books of accounts?
Reply: As per the information and explanations given to us and based on the examination of the records in respect of recovery of dues from customers, the Company has an effective system for recovery of dues in respect of sales activity and the dues outstanding and recoveries there against have been properly recorded in the books of accounts.

2. Whether the Company has an effective system for physical verification, valuation of stock, treatment of non- moving items and accounting the effect of shortage/excess noticed during the physical verification.
Reply: In our opinion and as per the information and explanations given to us, the Company has an effective system in relation to physical verification of inventories, valuation of stock, treatment of non- moving items and accounting the effect of shortage/excess noticed during the physical verification.

3. The effectiveness of the system followed in recovery of dues in respect of sales activities may be examined and reported.
Reply: In our opinion and according to the information and explanation given to us, the Company periodically prepares debtors outstanding and ageing reports and follow-ups with outstanding debtors, if any. The Company has also adequate amount of security against debtors in the form of Bank guarantee or Security Deposits except some debtors (considered doubtful) which are outstanding beyond 6 months and no security is available for which provision has been made as per Debtors Policy of the Company.

For Talati & Talati
Chartered Accountants
(Firm Regn. No. 110758W)

TALATI & TALATI • AHMEDABAD • CHARTERED ACCOUNTANTS

Umesh Talati
(Partner)
Membership No. 034834

Place: Gandhinagar
Date: 21st May 2018

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GUJARAT STATE PETROLEUM CORPORATION LIMITED
(CIN : U23209GJ1979SGC003281)
Standalone Balance Sheet as at 31st March, 2018

GSPC

(Rs. in Crores)

Particulars	Notes	As at 31st March,2018	As at 31st March, 2017
ASSETS			
Non-current assets			
Property, plant and equipment	2	1,385.42	1,448.84
Capital work-in-progress	2	118.60	202.07
Investment property	3	0.82	2.49
Intangible assets	4	2.67	2.17
Intangibles under development	4	932.53	1,456.64
Financial assets			
Investment in subsidiary & equity accounted investees	5	3,795.04	6,257.76
Other Investments	6	64.79	67.10
Loans	7	9.14	8.48
Other financial assets	8	103.96	99.35
Other non-current assets	9	118.96	109.34
Total non-current assets		**6,531.93**	**9,654.24**
Current assets			
Inventories	10	196.28	229.91
Financial assets			
Trade receivables	11	656.40	625.39
Cash and cash equivalents	12	6.92	3.80
Other bank balances	12	91.02	90.05
Loans	7	155.48	160.97
Other financial assets	8	2,376.08	1,167.21
Other current assets	9	5.60	1.99
Total current assets		**3,487.78**	**2,279.32**
Assets held for sale	23	-	8,053.34
TOTAL ASSETS		**10,019.71**	**19,986.90**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	13	257.93	257.93
Other equity	14	(6,382.68)	(5609.71)
Total Equity		**(6,124.75)**	**(5,351.78)**
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	15	10,957.79	18,105.25
Other financial liabilities	16	11.58	9.74
Provisions	17	156.79	154.82
Deferred revenue/ contract liabilities	18	0.32	0.42
Net employee benefit liabilities	19	8.13	4.61
Deferred tax liabilities (Net)	20	-	0.00
Other non-current liabilities	21	-	3.27
Total non-current liabilities		**11,134.61**	**18,278.11**
Current Liabilities			
Financial liabilities			
Borrowings	15	2,967.47	4,406.71
Trade payables	22	758.26	621.81
Other financial liabilities	16	1,121.95	1,498.98
Other current liabilities	21	102.89	170.37
Deferred revenue/ contract liabilities	18	0.08	0.06
Net employee benefit Liabilities	19	2.77	2.77
Provisions	17	56.43	56.43
Total current liabilities		**5,009.85**	**6,757.13**
Liabilities associated with assets held for sale	23	-	**303.44**
Total Liabilities		**16,144.46**	**25,338.68**
TOTAL EQUITY AND LIABILITIES		**10,019.71**	**19,986.90**
Significant Accounting Policies	1		

The accompanying notes are integral part of the financial statements.

As per our report of even date attached.

For Talati & Talati
Chartered Accountants
Firm Regn. No. 110758W

TALATI & TALATI • AHMEDABAD • CHARTERED ACCOUNTANTS •

Umesh Talati
Partner
Membership No. 34834

Date : 21st May, 2018
Place : Gandhinagar

For and on behalf of the Board of Directors

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

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

Sandeep Davé
Company Secretary

Rajesh Sivadasan
Chief Financial Officer

Date : 21st May, 2018
Place : Gandhinagar

GUJARAT STATE PETROLEUM CORPORATION LIMITED GANDHINAGAR GSPC

GUJARAT STATE PETROLEUM CORPORATION LIMITED

(CIN : U23209GJ1979SGC003281)

GSPC

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

(Rs. in Crores)

Particulars	Notes	For the period ended 31st March, 2018	For the period ended 31st March, 2017
INCOME			
Revenue from operations	24	10,725.54	9,639.85
Other income	25	144.14	171.68
TOTAL INCOME (A)		10,869.68	9,811.53
EXPENSES			
Production expenditure	26	74.32	174.77
Cost of traded goods	27	9,681.92	8,792.77
Changes in inventories of finished goods, work-in-progress and stock-in-trade	28	33.60	(183.73)
Employee benefits expenses	29	16.56	14.21
Finance costs	30	1,674.81	1,929.69
Depreciation and amortization expenses		210.52	917.68
Other expenses	31	29.66	31.46
TOTAL EXPENSES (B)		11,721.39	11,676.85
Profit/ (loss) before exceptional items and tax (A-B)		(851.71)	(1,865.32)
Exceptional items	32	(712.93)	(15,195.88)
Profit/ (loss) before tax		(1,564.64)	(17,061.20)
Tax expense			
Current Tax		-	-
Adjustments of tax for earlier years		-	(48.32)
Deferred Tax		-	(709.69)
Profit/ (loss) after tax for the period including profit/(loss) from discontinued operation (C)		(1,564.64)	(16,303.19)
Other comprehensive income			
Items that will not be reclassified to profit or loss		-	-
Profit on Sale of Equity Instrument		793.98	-
Changes in fair value of FVTOCI equity instruments		(2.31)	8.65
Remeasurement of post-employment benefit obligations		0.53	0.01
Income tax relating to these items		-	0.00
Other comprehensive income for the period, net of tax (D)		792.20	8.66
Total Comprehensive Income for the Period (C+D)		(772.44)	(16,294.53)
Earnings per equity share (EPS) from discontinued and continuing operations (Face Value of Rs.1/- each)	33		
Basic (Rs.)		(6.07)	(63.21)
Diluted (Rs.)		(5.70)	(61.39)
Earnings per equity share (EPS) from discontinued operation-Refer Note No 23 (face value of Rs.1/-)	33		
Basic (Rs.)		-	(0.01)
Diluted (Rs.)		-	(0.01)
Earnings per equity share (EPS) from continuing operations (face value of Rs.1/-)	33		
Basic (Rs.)		(6.07)	(63.20)
Diluted (Rs.)		(5.70)	(61.38)
Significant Accounting Policies	1		

The accompanying notes are integral part of the financial statements.

As per our report of even date attached.

For and on behalf of the Board of Directors

For Talati & Talati
Chartered Accountants
Firm Regn. No. 110758W

TALATI & TALATI AHMEDABAD CHARTERED ACCOUNTANTS

Umesh Talati
Partner
Membership No. 34834

Date : 21st May, 2018
Place : Gandhinagar

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

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

Sandeep Dave
Company Secretary

Rajesh Sivadasan
Chief Financial Officer

Date : 21st May, 2018
Place : Gandhinagar

GUJARAT STATE PETROLEUM CORPORATION LIMITED

(CIN : U23209GJ1979SGC003281)

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Standalone Statement of Cash flows for the period ended 31st March, 2018

(Rs. in Crores)

Particulars	For the period ended 31st March, 2018	For the period ended 31st March, 2017
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	(1,564.64)	(17,061.20)
Adjustments for:		
Depreciation, Amortisation & Depletion	210.52	917.68
Employee benefit Expense	2.75	0.57
Interest & Finance Charges	1,674.81	1,929.69
Loss on Sale of Assets	(0.19)	-
Other non-cash expenses	-	(1.11)
Exploration Cost Written off	491.33	(18.60)
Impairment of oil and gas assets	221.60	14,923.55
Diminution in the value of Investment	-	1.00
Provision for Doubtful Advances	(0.65)	289.58
	1,035.53	981.16
Interest and Dividend Income	(45.48)	(146.22)
Profit on sale of Assets	-	(0.14)
Operating Profit before working capital changes	990.05	834.80
Adjustments for changes in Working Capital		
Long Term Loans & Advances	(0.66)	3.08
Other Non-Current Assets	(2.46)	(183.40)
Inventories	33.63	(183.38)
Trade Receivables	(30.36)	(144.24)
Short Term loan and Advances	5.49	(241.28)
Fixed Deposits with Bank	(0.97)	-
Other Current Assets	(1,212.47)	(18.41)
Other Long Term Liabilities	(3.27)	(3.93)
Long Term Provisions	1.97	-
Trade payables	136.45	68.04
Other Current Liabilities	50.31	301.02
Cash Generated from Operations	(32.29)	432.30
Taxes (paid)/ refund	(11.77)	121.72
Net Cash Flow from Operating Activities (A)	(44.06)	554.02
CASH FLOW FROM INVESTING ACTIVITIES		
Cash Paid for Purchase of Assets / CWIP including Joint Ventures	(251.36)	(703.51)
Sale proceeds from sale of Participating Interest in Joint Venture	7,749.90	-
Sale of Fixed Assets	0.26	1.62
Investments in Subsidiaries	-	(1.00)
Proceeds from Sale of Investments in subsidiary	3,256.70	-
Inter Corporate Loans to group Companies	-	184.50
Interest and Dividend Income	45.48	146.22
Net Cash Flow from Investing Activities (B)	10,800.98	(372.17)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds /(Repayment) to Secured Loans (net)	(8,486.77)	1,270.34
Proceeds from Unsecured Loans (net)	(550.73)	409.72
Interest & Financing Charges	(1,716.30)	(1,864.90)
Net Cash Flow from Financing Activities (C)	(10,753.80)	(184.84)
Net Increase/(Decrease) in Cash and Cash equivalents (D) (A+B+C)	3.12	(2.99)

TALATI & TALATI AHMEDABAD CHARTERED ACCOUNTANTS

GSPC GANDHINAGAR

(Rs. in Crores)

Particulars	For the period ended 31st March, 2018	For the period ended 31st March, 2017
Cash and Cash equivalents at the Beginning of the Year		
Cash on hand	0.03	0.02
Cheques on Hand	-	-
Bank Balances	3.77	6.77
	3.80	6.79
Cash and Cash equivalents at the End of the Year		
Cash on hand	0.02	0.03
Cheques on Hand	-	-
Bank Balances	6.90	3.77
	6.92	**3.80**

Notes

(i) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Ind AS-7 on Cash Flow Statements.

(ii) Previous year figures have been regrouped, reclassified and recasted wherever considered necessary to confirm to the current year's figures.

(iii) Change in Liability arising from Financing Activities

(Rs. in Crores)

	1st April,2017	Cash Flow	Foreign Exchange Movement	31st March, 2018
Borrowing-Long Term (Refer Note 15)	19,032.17	(7,598.26)	(41.49)	11,392.42
Borrowing-Current (Refer Note 15)	4,406.71	(1,439.24)	-	2,967.47

The accompanying notes are integral part of the financial statements.

As per our report of even date attached.

For and on behalf of the Board of Directors

For Talati & Talati
Chartered Accountants
Firm Regn. No. 110758W

Umesh Talati
Partner
Membership No. 34834

Date : 21st May, 2018
Place : Gandhinagar

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

Sandeep Dave
Company Secretary

Date : 21st May, 2018
Place : Gandhinagar

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

Rajesh Sivadasan
Chief Financial Officer

GUJARAT STATE PETROLEUM CORPORATION LIMITED
(CIN : U23209GJ1979SGC003281)
Standalone Statement of changes in equity (SOCIE) for the period ended on 31 March 2018

GSPC

A. Equity Share Capital

Particulars	No. of Shares	Amount (Rs. In crores)
Issued, subscribed and paid up share capital		
Equity Shares of Rs. 1/- each fully paid up		
As at 1st April 2017	2,579,262,920	257.93
Changes in equity share capital	-	-
As at 31st March 2018	2,579,262,920	257.93

B. Other equity (Rs. In Crores)

Particulars	Reserves & Surplus					Other Comprehensive Income	Total Equity
	Capital reserve	Securities premium reserve	Debenture redemption reserve	General reserve	Retained earnings		
Balance at April 1, 2016	1.28	3,740.06	347.74	3,245.14	(633.61)	3,984.21	10,684.82
Profit for the year	-	-	-	-	(16,303.19)	-	(16,303.19)
Other comprehensive income for the year	-	-	-	-	-	8.65	8.65
Items of OCI recognised directly in retained earnings	-	-	-	-	-	-	-
Remeasurements of post-employment benefit obligation, net of tax	-	-	-	-	-	0.01	0.01
Total comprehensive income for the year	1.28	3,740.06	347.74	3,245.14	(16,936.80)	3,992.87	(5,609.71)
Addition during the year	-	-	-	-	-	-	-
Utilisation during the year	-	-				-	-
Any Other Change	-	-	-	-	0.01	(0.01)	-
Balance at March 31, 2017	1.28	3,740.06	347.74	3,245.14	(16,936.79)	3,992.86	(5,609.71)
Changes in accounting policy / prior period errors	-	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	1.28	3,740.06	347.74	3,245.14	(16,936.79)	3,992.86	(5,609.71)
Profit for the year	-	-	-	-	(1,564.64)	-	(1,564.64)
Other comprehensive income for the year	-	-	-	-	-	791.67	791.67
Items of OCI recognised directly in retained earnings	-	-	-	-	-	-	-
Remeasurements of post-employment benefit obligation, net of tax	-	-	-	-	-	0.53	0.53
Total comprehensive income for the year	1.28	3,740.06	347.74	3,245.14	(18,501.43)	4,785.06	(6,382.15)
Issue of Equity Shares	-	-	-	-	-	-	-
Any Other Change	-	-	-	-	2,709.61	(2,710.14)	(0.53)
Balance at March 31, 2018	1.28	3,740.06	347.74	3,245.14	(15,791.82)	2,074.92	(6,382.68)

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

For and on behalf of the Board of Directors

For Talati & Talati
Chartered Accountants
Firm Regn. No. 110758W

TALATI & TALATI CHARTERED ACCOUNTANTS AHMEDABAD

Umesh Talati
Partner
Membership No. 34834

Date : 21st May, 2018
Place : Gandhinagar

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

Dr. T. Natrajan, IAS
Joint Managing Director
DIN : 00396167

Sandeep Dave
Company Secretary

Rajesh Sivadasan
Chief Financial Officer

Date : 21st May, 2018
Place : Gandhinagar

GUJARAT STATE PETROLEUM CORPORATION LTD GSPC GANDHINAGAR

Corporate information

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

The Financial Statements for the year ended March 31, 2018 are approved by the Board of Directors and authorised for issue on 21st May, 2018.

1. Significant accounting policies

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

(a) Basis of preparation of Financial Statements:

(i) Statement of compliance with Ind AS

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

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

(ii) Historical cost convention

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

- Certain financial assets and liabilities measured at fair value; and
- Defined benefit plans - plan assets measured at fair value.
- Assets held for sale –measured at Fair Value less Cost to Sell

(iii) Use of estimates and judgements

The presentation of the financial statements are in conformity with the Ind AS which requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and disclosure of

TALATI & TALATI CHARTERED ACCOUNTANTS AHMEDABAD

contingent liabilities. Such estimates and assumptions are based on management's evaluation of relevant facts and circumstances as on the date of financial statements. The actual outcome may differ from these estimates.

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

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

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

- Current / Deferred tax expense
- Measurement of defined benefit obligations, Key Actuarial Assumptions
- Provisions and contingencies
- Expected credit loss for receivables
- Estimation of Oil and Gas reserves
- Impairment
- Valuation of Inventory
- Going Concern
- Fair Value of Assets held for sale

(iv) Current versus non-current classification

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

An asset is classified as current when it is:

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

The liability is classified as current when:

A. it is expected to be settled in its normal operating cycle;
B. it is held primarily for the purpose of trading;

C. it is due to be settled within twelve months after the reporting period; or
D. There is no unconditional right to defer settlement of the liability for an at least twelve months after the reporting period.

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

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

(b) Property, plant and equipment

(i) Oil and Gas properties

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

1) Pre-acquisition Cost

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

2) Acquisition, Exploration & Evaluation Costs:-

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

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

3) Development Cost

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

4) Producing properties:-

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

5) Abandonment Cost

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

6) Surrender / Relinquishment of a Contract Area

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

7) Disposal of Interest

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

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8) Accounting for Carried interest

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

(ii) Other property, plant and equipment

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

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

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

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

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

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(c) Investment properties

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

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

(d) Intangible assets

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

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

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

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

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

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

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

The depletion on producing properties has been calculated and provided, using the unit of production method as described in the Guidance Note on Accounting for Oil and Gas

Producing Activities (Ind AS) issued by ICAI, in proportion of oil and gas production achieved vis a vis the proved reserves.

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

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

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

Investment properties are depreciated on written down value method (WDV) based on the useful lives prescribed in Schedule II to the Companies Act, 2013.
In case of intangible assets, software is amortized at 40% on written down value method.

(f) Impairment of non-financial assets

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

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

The Company bases its impairment calculation based on estimates, which are prepared separately for each of the Company's CGUs to which the individual assets are

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allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

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

(g) Leases

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

As a lessee

Finance lease

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

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

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

Operating lease

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

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

As a lessor

Finance lease

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

Operating lease

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

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

(h) Borrowing costs

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

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

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

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

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

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

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

Financial instruments

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

Financial assets

Initial recognition

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

Initial measurement

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

Subsequent measurement

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

A. Financial assets measured at amortised cost;
B. Financial assets measured at fair value through profit or loss (FVTPL); and

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C. Financial assets measured at fair value through other comprehensive income (FVTOCI).

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

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

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

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

The Company has elected to Fair Value Investments in equity share of subsidiaries, associates & joint ventures at transition date and carry the same as deemed cost thereafter.

Financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

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

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

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

As per announcement of The Institute of Chartered Accountants of India (ICAI) relating to Accounting for derivative contracts, derivative contracts other than those covered under Ind AS 107, as specified in the Companies (Accounting Standard) Rules, 2016 and as amended, the effect of change in rates, are Marked to Market on a portfolio basis and the net loss after considering the offsetting effects on the underlying hedge item, is charged to Statement of Profit & Loss. Net gains are ignored.

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Trade receivables

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

Equity instruments

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

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

Derecognition

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

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

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

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

Impairment of financial assets

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

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

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

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

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

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

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

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

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





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

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

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

Financial Liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

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

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

Financial guarantee contracts

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

Loan and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses on EIR amortisation and de-recognition are recognised in profit or loss. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

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

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





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

Trade and other payables

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

Derivatives

The Company uses derivative financial instruments i.e. swaps, commodity hedging contracts and option contracts, to hedge its price fluctuation risk and interest rate risk. Such derivative financial instruments are initially recognised at fair values on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in fair value of derivatives are taken directly to profit or loss.

De-recognition

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

(j) Offsetting financial instruments

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

(k) Fair value measurement

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

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

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

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

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

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

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

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

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

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External valuers are involved for valuation of significant assets, such as unquoted financial assets. Involvement of external valuers is decided upon annually by the BOD after discussion with and approval by the management. The management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.
At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies.

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

This note summarises the accounting policy for fair value.

(l) Inventories

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

(m) Employee benefits

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

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

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

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

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

(iii) ***Post-employment obligations***

The Company operates the following post-employment schemes:

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

Gratuity obligations

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

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

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

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.
Changes in present value of the defined benefit obligation resulting from plan amendment or curtailments are recognised immediately in profit or loss as past service cost.

Defined contribution plans

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

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Loyalty bonus

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

(iv) ***Termination benefits***

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

(n) Foreign currency transactions

(i) ***Functional and presentation currency***

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

(ii) ***Transactions and balances***

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

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

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

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

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

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

(o) Revenue recognition

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

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

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

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

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

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

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

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

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

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

(p) Accounting for oil and gas joint operations (un incorporated Joint Ventures)

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

(q) Taxation

Income taxes

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

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

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

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

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

Deferred taxes

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

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

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. However, when there is no convincing evidence available for future taxable profit the Company recognises Deferred Tax assets arising from unused tax losses or tax credit only to the extent of Deferred Tax liability already recognised by the Company till date.

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

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

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

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

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

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

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

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

(r) Earnings per share

Basic earnings per share

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

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential equity shares and the weighted

average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

(s) Provisions, contingent liabilities and contingent assets

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

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

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

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

Contingent liability is disclosed in the case of:

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

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C. A possible obligation arising from the past events, unless the probability of outflow of resources is remote.

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

(t) Cash and Cash Equivalents

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

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

(u) Statement of Cash Flows

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

(v) Dividends

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

(w) Segment Reporting

The Chief Operational Decision Maker (CODM) monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements. Operating segments are reported in a manner consistent with the internal reporting provided to the CODM.

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(x) Rounding off

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

(y) Events occurring after the Reporting Date

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

(z) Exceptional Items

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

(aa) Allocation of General Administrative Expenses

In case of Joint ventures, in which the Company is an operator, the allocation of Common General and Administrative Expenses and Employee cost to various operated blocks, is done on the basis of time allocations notified by each employee.

Amendments to existing Ind AS

The following amended standards are not expected to have a significant impact on the Company's standalone financial statements. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Company when it will adopt the respective standards.

- Ind AS 115 Revenue from contract with customers-
  On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. Ind AS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The core principle of the new standard that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced

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disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. This Standard permits two possible methods of transition i.e. retrospective approach and modified retrospective method.

The effective date for the adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

Based on the preliminary assessment, the company does not expect any significant impacts on transition to Ind AS 115. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information when the standard will be adopted. The quantitative impacts would be finalized based on a detailed assessment which has been initiated to identify the key impacts along with evaluation of appropriate transition options to be considered.

- Ind AS 40 - Investment Property – The amendment lays down the principle regarding the transfer of asset to, or from, investment property.
- Ind AS 21 - The Effects of Changes in Foreign Exchange Rates – The amendment lays down principles to determine the date of transaction when a company recognizes a non-monetary prepayment asset or deferred income liability.
- Ind AS 12 – Income Taxes – The amendments explains that determining temporary differences and estimating probable future taxable profit against which deductible temporary differences are assessed for utilization are two separate steps.
- Ind AS 28 – Investments in Associates & joint Ventures- The amendment clarifies that a venture capital organisation or a mutual fund or similar entities may elect, at initial recognition, to measure investments in associates or joint venture at fair value through profit & loss separately for each associates or joint venture.
- Ind AS 112- Disclosure of interest in other entities- The amendments clarifies that disclosure requirements also apply to interests that are classified as held for sale or as discontinued operations in accordance with Ind AS 105-Non Current assets held for sale and discontinued operations.

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

Note 2

Property, plant, equipment as at 31st March 2018 (Rs. in Crores)

Particulars	Gross Block				Depreciation and Amortization					Net Block	
	As at 1st April 2017	Addition during the year	Disposal/ Adjustment	As at 31st March 2018	As at 1st April 2017	For the year	Impairment during the year	Disposal/ Adjustment	As at 31st March 2018	As at 31st March 2018	As at 31st March 2017
Tangibles assets :											
Freehold Land	121.44		1.64	123.08	-				-	123.08	121.44
Lease hold Land*	3.66			3.66	0.07	0.04			0.11	3.55	3.59
Buildings	35.56	3.04		38.60	2.53	2.19			4.72	33.88	33.03
Plant and Machinery	1,244.68		3.10	1,247.78	774.68	120.41		0.24	895.33	352.45	470.00
Furniture and Fixture	5.39	-	(0.36)	5.03	1.69	0.98		(0.21)	2.46	2.57	3.70
Office Equipments	4.34	0.04	(0.04)	4.34	1.62	0.65		(0.02)	2.25	2.09	2.72
Computer Equipments	3.85	0.10	0.08	4.03	1.23	0.54		0.00	1.77	2.26	2.62
Vehicles	0.27	0.03	0.18	0.48	0.08	0.05		0.13	0.26	0.22	0.19
Producing Properties	1,522.22	138.24	0.00	1,660.46	710.67	84.47			795.14	865.32	811.55
Total tangible assets	2,941.41	141.45	4.60	3,087.46	1,492.57	209.33	-	0.14	1,702.04	1,385.42	1,448.84
Capital work in progress :											
Exploration & Development										92.64	173.41
CWIP Building										0.14	2.84
CWIP Others										25.82	25.82
Total capital work in progress										118.60	202.07

Property, plant, equipment as at 31st March 2017 (Rs. in Crores)

Particulars	Gross Block				Depreciation and Amortization					Net Block	
	As at 1st April 2016	Addition during the year	Disposal/ Adjustment	As at 31st March 2017	As at 1st April 2016	For the year	Impairment during the year	Disposal/ Adjustment	As at 31st March 2017	As at 31st March 2017	As at 31st March 2016
Tangibles assets :											
Freehold Land	121.44	-	-	121.44	-	-	-	-	-	121.44	121.44
Lease hold Land*	3.66	-	-	3.66	0.04	0.03	-	-	0.07	3.59	3.62
Buildings	21.99	165.77	(152.20)	35.56	1.19	7.26	-	(5.92)	2.53	33.03	20.80
Plant and Machinery	198.89	9,434.59	(8,388.80)	1,244.68	24.34	813.96	616.80	(680.42)	774.68	470.00	174.55
Furniture and Fixture	3.37	8.93	(6.91)	5.39	0.92	1.15	-	(0.38)	1.69	3.70	2.45
Office Equipments	2.77	10.04	(8.47)	4.34	0.68	3.50	-	(2.56)	1.62	2.72	2.09
Computer Equipments	2.91	2.02	(1.08)	3.85	0.79	0.96	-	(0.52)	1.23	2.62	2.12
Vehicles	0.30	-	(0.03)	0.27	0.06	0.06	-	(0.04)	0.08	0.19	0.24
Producing Properties	591.90	8,223.61	(7,293.29)	1,522.22	57.37	89.09	582.45	(18.24)	710.67	811.55	534.53
Total tangible assets	947.23	17,844.96	(15,850.78)	2,941.41	85.39	916.01	1,199.25	(708.08)	1,492.57	1,448.84	861.84
Capital work in progress :											
Exploration & Development										173.41	14,312.41
CWIP Building										2.84	2.86
CWIP Others										25.82	37.85
Total capital work in progress										202.07	14,353.12

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

Notes

a. Exploration and Development cost incurred by the joint ventures has been bifurcated into CWIP tangible and intangible assets under Development as per the requirement of Guidance note on Accounting for Oil & Gas Producing Activities (Ind AS) issued by ICAI read with Ind AS 106 "Exploration for and Evaluation of Mineral Resources".

b. Considering the Farm In Farm out Agreement for 80% participating interest, Impairment Test was carried out during FY 2016-17 as per Guidence Note on Accounting for Oil and Gas producing activities read with Ind AS-36 " Impaiment of Assets", for the carried interest in KG OSN 2001/3 block (10%) by the Company and imapirment was provided for the same in line with the net realisable value.

Borrowing Costs

a. The borrowing costs amounting to Rs. 0.79 crores (FY 2016-17 Rs. 68.19 crores) has been capitalized in the current year as a part of CWIP - Exploration & Development.

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

Note 3

Investment property as at 31st March 2018 (Rs. in Crores)

Particulars	Gross Block				Depreciation and Amortization				Net Block	
	As at 1st April 2017	Addition during the year	Disposal/ Adjustment	As at 31st March 2018	As at 1st April 2017	For the year	Disposal/ Adjustment	As at 31st March 2018	As at 31st March 2018	As at 31st March 2017
Land and building	2.56	-	(1.64)	0.92	0.07	0.03	-	0.10	0.82	2.49
				-				-	-	-
Total Investment property	2.56	-	(1.64)	0.92	0.07	0.03	-	0.10	0.82	2.49

Investment property as at 31st March 2017 (Rs. in Crores)

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

*Includes land of an amount of Rs 0.15 crores (P.Y Rs. 1.79 crores) which is non depreciable.

Notes

a. The assets are given on lease to group companies for various lease term as agreed mutually. The leases are cancellable subject to the agreed notice period.

b. Amount recognised in profit or loss for investment properties : (Rs. in Crores)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Rental Income	0.91	0.90
Direct operating expenses from property that generated rental income	-	-
Direct operating expenses from property that did not generate rental income	-	(0.00)
Profit from investment properties before depreciation	0.91	0.90
Depreciation	(0.03)	(0.04)
Profit from investment properties	0.88	0.86

c. Leasing Arrangements

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

d. Fair Value

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

Note 4

Other intangible assets as at 31st March 2018 (Rs. in Crores)

Particulars	Gross Block				Depreciation and Amortization				Net Block	
	As at 1st April 2017	Addition during the year	Disposal/ Adjustment	As at 31st March 2018	As at 1st April 2017	For the year	Disposal/ Adjustment	As at 31st March 2018	As at 31st March 2018	As at 31st March 2017
Software	5.01	1.66	-	6.67	2.84	1.16	-	4.00	2.67	2.17
Total other intangible assets	5.01	1.66		6.67	2.84	1.16	-	4.00	2.67	2.17
Intangible assets under development										
Exploration & Development									932.39	1,456.21
Software									0.14	0.43
Total of Intangible assets under development									932.53	1,456.64

Other intangible assets as at 31st March 2017 (Rs. in Crores)

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

a Details of borrowing cost capitalised have been disclosed in Note No. 2 of Property, Plant and Equipment

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Notes to Financial statements for the period ended 31st March 2018

Note 5

Investments in Subsidiary and Equity accounted investees (Rs. in Crores)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Non-Current		
A. Investments in quoted equity shares of subsidiary companies [a]		
212,305,270 (31st March, 2017 : 212,305,270) fully paid up equity shares of Gujarat State Petronet Ltd. of Rs.10 each	2,633.65	2,633.65
NIL (31st March, 2017 : 39,106,328) fully paid up equity shares of Gujarat Gas Limited of Rs.10 each [b]	-	2,462.72
	2,633.65	**5,096.37**
B. Investments in unquoted equity shares of subsidiary companies [a]		
840,002,936 (31st March, 2017 : 840,002,936) fully paid up equity shares of GSPC Pipavav Power Co. Ltd of Rs.10 each	840.00	840.00
25,000 (31st March, 2017 : 25,000) fully paid up equity shares of Guj Info Petro Ltd. of Rs.10 each	0.03	0.03
	840.03	**840.03**
C. Investments in unquoted equity shares of subsidiary companies (at cost)		
50,000 (31st March, 2017 : 50,000;) fully paid up equity shares of GSPC Offshore Ltd. of Rs.10 each	0.05	0.05
50,000 (31st March, 2017 : 50,000) fully paid up equity shares of GSPC Energy Ltd. of Rs.10 each	0.05	0.05
98,390,000 (31st March, 2017 : 98,390,000) fully paid up equity shares of GSPC JPDA Ltd of Rs.10 each	98.39	98.39
Less : Provision for impairment on shares of GSPC JPDA Ltd [c]	(98.39)	(98.39)
	0.10	**0.10**
D. Investments in unquoted equity shares of equity accounted investees [a]		
113,541,817 (31st March, 2017 : 113,541,817) fully paid up equity shares of Gujarat State Energy Generation Ltd of Rs.10 each	120.10	120.10
11,430,000 (31st March, 2017 : 11,430,000) fully paid up equity shares of GSPC LNG Ltd of Rs.10 each	25.61	25.61
4,494,330 (31st March, 2017 : 4,494,330) fully paid up equity shares of Sabarmati Gas Ltd of Rs.10 each	175.55	175.55
11,500,000 (31st March, 2017 : 11,500,000) fully paid up equity shares of Alcock Ashdown (Gujarat) Ltd of Rs.10 each	11.50	11.50
Less : Provision for impairment on shares of Alcock Ashdown(Gujarat) Ltd. [c]	(11.50)	(11.50)
	321.26	**321.26**
Total investments in subsidiary and equity accounted investees	**3,795.04**	**6,257.76**
Total quoted investments	**2,633.65**	**5,096.37**
Total unquoted investments	**1,271.28**	**1,271.28**
Provision for impairment on unquoted investments	**(109.89)**	**(109.89)**
Total investments	**3,795.04**	**6,257.76**
Market Value of Quoted Investments in Subsidiaries	**4,023.18**	**6,435.03**

Notes

a. The Company has opted to consider Fair valuation of investments in Subsidiaries & Equity Accounted Investees on transition date as deemed cost.

b. Shares of Gujarat Gas Limited have been sold to Gujarat State Petronet Ltd (listed subsidiary of GSPC) through an on-market transaction. The share transfer has been effected in two tranche i.e. free-float shares on 26th March 2018 and lock-in shares on 28th March 2018. Subsequent to the captioned sale, the Company does not hold any shares of GGL





Notes to Financial statements for the period ended 31st March 2018

c. The company had made investment in shares of Alcock Ashdown (Gujarat) Ltd. to the tune of Rs. 11.50 crores. As per audited financial statement of the company for FY 2011-12, accumulated losses of the company had exceeded its net worth. Hence, considering the same as permanent diminution in the value of investment, full provision for Diminution in value of investment had been provided in the FY 2012-13 for Rs. 11.50 crores.

The company had made an investment through Special Purpose Vehicle (SPV) in GSPC (JPDA) LTD. amounting to Rs.98.39 crores (31st March, 2017 : Rs 98.39 crores) to carry out exploration activities in Australia.The exploration activites had created significant commercial uncertainty which has negatively impacted the ability of the Joint Venture partners to meet the obligations under the PSC. Hence, the Company has provided for impairment in its books of accounts and accordinly the same has been fully provided for.

Note 6

Other Investments (Rs. in Crores)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Non-Current		
A. Investment in quoted equity shares of other companies (measured at fair value through OCI)		
3,697,000 (31st March, 2017 : 3,697,000) fully paid up equity shares of Gujarat Industries Power Company Ltd. of Rs.10 each	35.79	38.10
B. Investment in unquoted equity shares of other companies (measured at fair value through OCI)		
29,004,033 (31st March, 2017 : 29,004,033) fully paid up equity shares of ONGC Petro Additions Ltd of Rs.10 each	29.00	29.00
Total non-current investments	**64.79**	**67.10**
Market Value of Investment in quoted equity shares of other company	**35.79**	**38.10**

Notes

a. Refer Note 41 for determination of their fair values for investments carried at cost and investments measured at fair value through Other Comprehensive Income (FVTOCI)

Note 7

Loans (Rs. in Crores)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Non-Current		
Loans and Advances to Employees		
Secured, considered good	9.14	8.48
Total non-current loans	**9.14**	**8.48**
Current		
Loans and advances to employees		
Secured, considered good	0.86	1.57
Loans and Advance to Related Parties Unsecured, considered good	154.62	159.40
Total current loans	**155.48**	**160.97**

TALATI & TALATI AHMEDABAD CHARTERED ACCOUNTANTS

GUJARAT STATE PETROLEUM CORPORATION LTD GANDHINAGAR GSPC

GUJARAT STATE PETROLEUM CORPORATION LIMITED

Notes to Financial statements for the period ended 31st March 2018

Note 8

Other financial assets **(Rs. in Crores)**

Particulars	As at 31st March, 2018	As at 31st March, 2017
Non-Current		
Receivable from employees under Own Your Vehicle Scheme (Unsecured - considered good)	0.36	0.73
Site resoration fund - Deposits with banks (Refer Note a)	103.60	98.62
Total non-current financial assets	**103.96**	**99.35**
Current		
Amount Receivable for Sale of Investments in Subsidiary	1206.05	-
Advances recoverable in cash or in kind or for value to be received (Unsecured, considered good)		
Others Advances Recoverable	514.43	550.93
Amount receivable under Joint operations	655.23	610.21
Advances recoverable in cash or in kind or for value to be received (Unsecured, considered doubtful)		
Unsecured, considered doubtful	290.01	290.01
Less : Provision for doubtful advances	(290.01)	(290.01)
Security deposit given	0.15	5.51
Unamortised expenses		
Receivable from employees (Unsecured - considered good)	0.22	0.56
Total current financial assets	**2,376.08**	**1,167.21**

Notes

a. The above amount has been deposited with banks under section 33ABA of the Income Tax Act,1961 and can be withdrawn only for the purpose specified in the Scheme i.e towards removal of equipments and installations in a manner agreed with Central Government pursuant to an abandonment plan to prevent hazards to life,property,environment etc. This amount is considered as restricted cash and hence not considered as ' Cash and Cash equivalents'.

Note 9

Other non-current assets **(Rs. in Crores)**

Particulars	As at 31st March, 2018	As at 31st March, 2017
Non-Current		
Prepaid expense	4.10	4.47
Advance Income Tax and TDS (net of Provision)	112.87	101.10
Deferred employee cost	1.99	3.77
Total non-current non-financial assets	**118.96**	**109.34**
Current		
Prepaid expense	2.30	0.36
Deferred employee cost	3.30	1.63
Other current assets	-	-
Total current non-financial assets	**5.60**	**1.99**

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Notes to Financial statements for the period ended 31st March 2018

Notes

a. Provision of Tax for the current year is Rs. NIL (31st March,2017 : NIL).

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

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

No provision is made for such disputed Income tax liabilities, which is estimated at Rs.1,527.43 crores (31st March, 2017 : 1,153.57 crores). However the same is disclosed by way of a note as contingent liabilities vide note no.34.

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

Note 10

Inventories **(Rs. in Crores)**

Particulars	As at 31st March, 2018	As at 31st March, 2017
Finished goods - Crude oil (valued at rate specified in COSA)	4.06	2.74
Condensate (As per condensate sale agreement)	30.84	34.06
Traded goods - Liquified natural gas	161.38	193.11
Total inventories	**196.28**	**229.91**

Note 11

Trade receivables **(Rs. in Crores)**

Particulars	As at 31st March, 2018	As at 31st March, 2017
Secured, considered good	447.96	441.73
Unsecured, considered good	208.44	183.66
Doubtful	3.31	3.96
Less : Impairment on account of expected credit loss assessment	(3.31)	(3.96)
Total trade receivables	**656.40**	**625.39**

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Notes to Financial statements for the period ended 31st March 2018

Note 12

Cash and cash equivalents & other bank balances (Rs. in Crores)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Cash and cash equivalents		
Balances with banks		
In current accounts	6.90	3.77
Cash on hand	0.02	0.03
Total cash and cash equivalents	**6.92**	**3.80**
Other bank balances		
Margin money deposits	4.33	-
Fixed Deposit		
With original maturity of more than 3 months but less than 12 months	86.69	90.05
Total other bank balances	**91.02**	**90.05**

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Notes to Financial statements for the period ended 31st March 2018

Note 13

Equity share capital

(Rs. in Crores)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Authorised share capital		
300,00,00,000 equity shares of Rs. 1 each (31st March, 2017 : 300,00,00,000 equity shares of Rs. 1 each)	300.00	300.00
Increase/(Decrease) during the year	-	-
Total	**300.00**	**300.00**

(Rs. in Crores)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Issued, subscribed and paid up capital		
257,92,62,920 equity shares of Rs. 1 each (31st March, 2017 : 257,92,62,920 equity shares of Rs. 1 each)	257.93	257.93
Total	**257.93**	**257.93**

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

(Rs. in Crores)

Particulars	No. of Shares	Amount
	Equity Shares of Rs. 1 each fully paid	
As at 1st April 2016		
Shares outstanding at the beginning of the period	2,579,262,920	257.93
Add : Shares issued during the year	-	-
Less: Shares cancelled during the period	-	-
Shares outstanding at the end of the period	**2,579,262,920**	**257.93**
As at 1st April 2017	2,579,262,920	257.93
At the beginning of the year	-	-
Add : Shares issued during the year	-	-
As at 31st March 2018	**2,579,262,920**	**257.93**

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

Particulars	As at 31st March, 2018	As at 31st March, 2017
Number of Equity Shares		
Government of Gujarat	2,241,010,179	2,241,010,179
Gujarat State Investment Limited	192,592,441	192,592,441
% Holding in equity shares		
Government of Gujarat	86.89%	86.89%
Gujarat State Investment Limited	7.47%	7.47%

Notes

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

Terms /Rights attached to equity shares

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

c. During the year ended 31st March, 2018 the amount of dividend per share recognized as distributions to equity shareholders is Rs. NIL (31st March, 2017 : NIL).

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

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

TALATI & TALATI CHARTERED ACCOUNTANTS AHMEDABAD

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Notes to Financial statements for the period ended 31st March 2018

Note 14

Other equity

(Rs. in Crores)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Capital reserve	1.28	1.28
Securities premium reserve	3,740.06	3,740.06
Debenture redemption reserve	347.74	347.74
General Reserve	3,245.14	3,245.14
Retained Earnings	(15,791.82)	(16,936.79)
Other Comprehensive Income	2,074.92	3,992.86
Total other equity	(6,382.68)	(5,609.71)

(Rs. in Crores)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Capital reserve		
Opening Balance	1.28	1.28
Add: Addition during the Year	-	-
Less: Utilisation during the year	-	-
Total capital reserve	1.28	1.28

(Rs. in Crores)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Securities premium reserve		
Opening Balance	3,740.06	3,740.06
Add: Addition during the Year	-	-
Less: Utilisation during the year	-	-
Total securities premium reserve	3,740.06	3,740.06

(Rs. in Crores)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Debenture redemption reserve		
Opening Balance	347.74	347.74
Add: Addition during the Year	-	-
Less: Utilisation during the year	-	-
Total Debenture redemption reserve	347.74	347.74

(Rs. in Crores)

Particulars	As at 31st March, 2018	As at 31st March, 2017
General reserve		
Opening Balance	3,245.14	3,245.14
Add: Addition during the Year	-	-
Less: Utilisation during the year	-	-
Total general reserve	3,245.14	3,245.14

(Rs. in Crores)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Retained earnings		
Opening Balance	(16,936.79)	(633.61)
Add:		
Profit/(Loss) during the year	(1,564.64)	(16,303.19)
Remeasurement of post employment benefit obligation (net of tax)	(0.53)	0.01
Transfer from OCI (net of Tax)	2,710.14	-
Less: Utilisation during the year	-	-
Total retained earnings	(15,791.82)	(16,936.79)

TALATI & TALATI AHMEDABAD CHARTERED ACCOUNTANTS

GSPC GUJARAT STATE PETROLEUM CORPORATION LTD GANDHINAGAR

GUJARAT STATE PETROLEUM CORPORATION LIMITED

Notes to Financial statements for the period ended 31st March 2018

(Rs. in Crores)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Other Comprehensive Income		
FVOCI - equity investments		
Opening Balance	3,992.86	3984.21
Current Year OCI	792.20	-
Transfer to retained earnings for sale of equity instruments	(2,710.14)	8.65
Total Other Comprehensive Income	**2,074.92**	**3992.86**

Notes

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

Note 15

Borrowings

(Rs. in Crores)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Non-current borrowings		
Secured		
Term loan from banks	3,155.00	10,326.51
Compulsory convertible debentures	550.00	550.00
	3,705.00	**10,876.51**
Unsecured		
Non-convertible debentures	6,015.29	5,991.24
Term loan from others - GSFS	1,237.50	1,237.50
	7,252.79	**7,228.74**
Total non-current borrowings	**10,957.79**	**18,105.25**
Current borrowings		
Secured		
From banks (Loans repayable on demand)	2,367.47	3,229.16
	2,367.47	**3,229.16**
Unsecured		
From banks (Loans repayable on demand)	600.00	1,177.55
	600.00	**1,177.55**
Total current borrowings	**2,967.47**	**4,406.71**
Current maturities of long term borrowings (Shown as part of other current financial liabilities : Refer Note 16)		
Secured		
Term loan from banks	0.51	495.58
Compulsory Convertible Debentures	24.94	24.94
	25.45	**520.52**
Unsecured		
Term loan from others - GSFS	268.26	265.48
Non Convertible Redeemable Debentures	140.92	140.92
	409.18	**406.40**
Total current maturities of non-current borrowings	**434.63**	**926.92**

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GUJARAT STATE PETROLEUM CORPORATION LIMITED

Notes to Financial statements for the period ended 31st March 2018

Notes

Secured Loans

a. State Bank of India had sanctioned a Rupee Term Loan (RTL 1) Facility amounting to Rs. 3,000 Crores (Current outstanding is Rs. 859.09 Crores) in F.Y 2014-15. During FY 2017-18, the Company has prepaid normal due installment of Rs. 18.75 Crores. In addition to the above, the Company has repaid Rs 2,047.16 Crores with funds received as consideration from ONGC. The prepayment with funds from sales consideration has retired the near term installments in the repayment schedule. The loan is secured by way of first ranking parri passu charge over the Company's share (10%) in the contract area (KG-OSN-2001/3), charge over receivables from JODPL Pvt Limited (JODPL) as on 31st March 2017 amounting to Rs. 485.71 Crores and charge over any additional consideration which may be received from ONGC in future after approval of Field Development Plan for other six discoveries of KG-OSN-2001/3.

b. Consortium of three member banks lead by Bank of Baroda, London branch has provided Foreign Currency Loan (ECB-1) of USD 200 Million (Rs.1053.94 Crores) (Current outstanding of USD 18.30 Million i.e. ~Rs. 119.03 Crores). The Company has prepaid USD 61.72 Million (i.e. ~Rs. 392..91 Crores)from funds received as consideration from ONGC. The Company based on the request of Indian Bank, repaid entire outstanding loan of Indian Bank, Singapore. The prepayment with funds from sales consideration has retired the near term installments in the repayment schedule. The loan is secured by way of first ranking parri passu charge over the Company's share (10%) in the contract area (KG-OSN-2001/3), charge over receivables from JODPL as on 31st March 2017 amounting to Rs. 485.71 Crores and charge over any additional consideration which may be received from ONGC in future after approval of Field Development Plan for other six discoveries of KG-OSN-2001/3.

c. Consortium of five member banks lead by Bank of Baroda, London branch has provided Foreign Currency Loan (ECB-2) of USD 250 Million (Rs.1528.70 Crores) (Current outstanding of USD 60.80 Million i.e ~Rs. 395.47 Crores) and USD 75 Million (Current outstanding of USD 18.57 Million i.e. Rs. 120.79 Crores) from Export Import Bank of India . The company has prepaid USD 138.59 Million (i.e. ~Rs. 882.26 Crores) (USD 250 Million Facility) and USD 42.36 Million (i.e. ~Rs. 269.66 Crores) (USD 75 Million Facility) from funds received as consideration from ONGC. The prepayment with funds from sales consideration has retired the near term installments in the repayment schedule. The loan is secured by way of first ranking parri passu charge over the Company's share (10%) in the contract area (KG-OSN-2001/3), charge over receivables from JODPL as on 31st March 2017 amounting to Rs. 485.71 Crores and charge over any additional consideration which may be received from ONGC in future after approval of Field Development Plan for other six discoveries of KG-OSN-2001/3.

d. EXIM bank has provided Foreign Currency Loan (ECB - 3) of USD 100 Million (Rs.624.45 Crores) (Current outstanding of USD 24.24 Million i.e. ~Rs. 157.67 Crores). During FY 2017-18, the company has prepaid installment of USD 6.25 Million (i.e. ~Rs. 40.42 Crores) as per existing repayment schedule. In addtion, the Company has repaid USD 69.51 Million (i.e. ~Rs. 442.50 Crores)from funds received as consideration from ONGC. The prepayment with funds from sales consideration has retired the near term installments in the repayment schedule. The loan is secured by way of first ranking parri passu charge over the Company's share (10%) in the contract area (KG-OSN-2001/3), charge over receivables from JODPL as on 31st March 2017 amounting to Rs. 485.71 Crores and charge over any additional consideration which may be received from ONGC in future after approval of Field Development Plan for other six discoveries of KG-OSN-2001/3.

e. State Bank of India (Nassau) has provided Foreign Currency Loan (ECB - 4) of USD 100 Million (Rs.657.40Crores) (Current outstanding of USD 28.58 Million i.e. ~Rs. 185.90 Crores).The Company has prepaid USD 65.17 Million (i.e. ~Rs. 414.87 Crores)from funds received as consideration from ONGC. The prepayment with funds from sales consideration has retired the near term installments in the repayment schedule. The loan is secured by way of first ranking parri passu charge over the Company's share (10%) in the contract area (KG-OSN-2001/3), charge over receivables from JODPL as on 31st March 2017 amounting to Rs. 485.71 Crores, charge over any additional consideration which may be received from ONGC in future after approval of Field Development Plan for other six discoveries of KG-OSN-2001/3 and charge over receivables of the Company, both present and future, at par with the charge provided to Line of Credit Lenders.

f. Consortium of thirteen member banks lead by Punjab National Bank has provided Rupee Term Loan (RTL 2) of Rs. 4,500 Crore (Current outstanding of Rs. 1,389.36 Crore). The Company has prepaid Rs. 3,110.64 Crores with funds received as consideration from ONGC. The prepayment with funds from sales consideration has retired the near term installments in the repayment schedule. The loan is secured by way of first ranking parri passu charge over the Company's share (10%) in the contract area (KG-OSN-2001/3), charge over receivables from JODPL as on 31st March 2017 amounting to Rs. 485.71 Crores and charge over any additional consideration which may be received from ONGC in future after approval of Field Development Plan for other six discoveries of KG-OSN-2001/3.

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GUJARAT STATE PETROLEUM CORPORATION LTD GANDHINAGAR GSPC

Unsecured

g. Company has availed Medium Term Loan from Gujarat State Financial Services (GSFS) for the period of 3 years with repayment in 10 equal quarterly installment. (Current outstanding Rs. 1,500 Crores). The repayment schedule has been revised in FY 2017-18 with additional moratorium of one year and an incremental repayment schedule. Subsequent to revision in repayment schedule, no installment of the medium term loan was due in FY 2017-18.

h. Outstanding unsecured NCDs amounting to Rs. 6,000 crores raised on private placement basis are listed with National Stock Exchange. The details of the same are as follows:

Type of NCD	Amount (Rs. in crores)	Interest Rate on p.a. Basis	Issued in
8 Yrs	1,000	9.39%	Sep-12
10 Yrs	1,000	9.45%	Sep-12
60 Yrs*	1,000	10.45%	Sep-12
15 Yrs	2,000	9.03%	Mar-13
60 Yrs**	1,000	9.80%	Mar-13

b.During the year the Company has written off Non-Operated Block CB-ONN-2009/4 amounting to Rs.33.02 Crores. Further company has written off Rs. 455.04 crores (net off impairment provision already provided for last year) towards exploration cost for KG OSN 2001/3 block 80% Participating Interest

** The company has the call option for these NCDs after 12 years, from date of allotment i.e. 22nd March, 2013 and in case call option is not exercised, the interest rate will step up by 2% till the NCDs are repaid/redeemed.

Quasi-Equity

i. The Company has raised funds amounting to Rs. 550 Crores through issuance of Compulsory Convertible Debentures (CCDs) on private placement basis. The details of CCDs issued are as follows:

Name of Investor	Amount (Rs. in crores)	Interest Rate on p.a Basis
IDBI Bank	150	9.56%
IFCI	100	9.39%
State Bank of India	300	10.11%

The CCDs (face value: Rs. 81 per debenture) are secured by a first mortgage and charge over immovable property (Guesthouse Bungalow at Infocity, Gandhinagar) of the Company. There was a lock in period of one year for CCD investor from the date of allotment. The debentures are supposed to be converted into equity shares at the end of the five years.

Conversion term of CCDs

"The Compulsory Convertible Debenture (CCDs) will be converted to equity after expiry of 5 (Five) years from the allotment date or date prior to filing of Red Herring Prospectus for IPO with SEBI". The Company has submitted a request for extension of conversion date for IDBI and IFCI which were due in April/May 2018 under the premise that the conversion date for all the three entities may be aligned to ensure similar treatment of respective facilities. Both the institutions are in process of obtaining necessary approvals for aligning the conversion date of respective CCDs.

TALATI & TALATI AHMEDABAD CHARTERED ACCOUNTANTS

GUJARAT STATE PETROLEUM CORPN LTD GANDHINAGAR GSPC

j. Loan repayment schedule

S. No.	Particulars	Total Outstanding (Rs. In crores)*	Maturity period	Rate of Interest (p.a.)	Repayable in 12 months	Repayable in 2 to 4 years	Repayable in 5 to 7 years	Repayable in 8 to 10 years	Repayable in 11 to 15 years	Repayable in 16 to 60 years
1	Rupee Term Loan-1	859.09	30-Sep-24	SBI Base Rate + 50 bps			859.09		-	-
2	Rupee Term Loan-2	1,389.36	31-Mar-29	SBI Base Rate + 50 bps	-			916.86	472.50	-
3	External Commercial Borrowing (ECB-1)	119.03	30-Sep-20	6 m Libor + 340 bps	-	119.03	-	-	-	-
4	External Commercial Borrowing (ECB-2)	516.26	30-Sep-23	6 m Libor + 374 bps		119.89	396.36		-	-
5	External Commercial Borrowing [ECB-3 (Exim)]	157.67	31-Dec-24	6 m Libor + 370 bps			157.67		-	-
6	External Commercial Borrowing [ECB-4 (SBI)]	185.90	30-Sep-24	6 m Libor + 390 bps			185.90		-	-
7	Non Convertible Debentures	6,000.00	Last re-payment 22 March 2073	9.39% to 10.45 %		1,000.00	3,000.00	-	-	2,000.00
8	GSFS Loan	1,500.00	15-Dec-19	8.25%	262.50	1,237.50	-	-	-	-
	Total	10,727.31			262.50	2,476.42	4,599.02	916.86	472.50	2,000.00

*The amounts outstanding for various loans as on 31st March, 2018 are as per the terms of the agreement and as per the understanding of the Joint Lenders Meeting wherein it was decided that the prepayment with funds from sales consideration has retired the near term installments in the repayment schedule, for which the approval of respective banks is awaited.The amount represents actual amount payable to banks at prevailing exchange rates on reporting date excluding accounting effects of Effective interest Rate (EIR) as per Ind-AS.

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Notes to Financial statements for the period ended 31st March 2018

k. Derivative contracts

(i). The company enters into currency option and interest rate swap contracts to hedge its exposure in foreign exchange rate and interest in connection with foreign currency loans however in view of the partial repayment of the facility, GSPC had completely unwinded the existing interest rate swap contracts.

(ii). Nominal amounts of derivative contracts entered into by the company and outstanding as on 31st March, 2018 is NIL (31st March, 2017 : USD 534.09 millions) by way of interest rate swap. Category wise break up is given as below* :

Particulars	As at 31st March, 2018	As at 31st March, 2017
Interest Rate Swaps		
Currency - US Dollars* : 4 contracts of USD 534.09 million	-	3,462.96
Total	-	3,462.96

*Foreign Currency loans that are not hedged by derivative instruments (Currency) as on 31st March 2018 is USD 150.49 million (31st March 17 : NIL) Rs. 978.86 crores (31st March, 2017 : NIL).

Note 16

Other financial liabilities (Rs. in Crores)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Non-Current		
Other payables (including deposits received from customers)	11.58	9.74
Total non-current financial liabilities	11.58	9.74
Current		
Current maturities of non-current borrowings (Note 15)	434.63	926.92
Payable to/on behalf of joint arrangement	685.53	567.82
Operation and maintenance expense payable	1.79	1.79
Derivative liability[1]	-	2.45
Total current financial liabilities	1,121.95	1,498.98

Notes

[1]The Company had entered into Interest rate swap to hedge against interest rate risk in previous year.

Note 17

Provisions (Rs. in Crores)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Non-Current		
Provision for decommissioning obligations	156.79	154.82
Total non-current provisions	156.79	154.82
Current		
Provision for profit petroleum	56.43	56.43
Total current provisions	56.43	56.43

(Rs. in Crores)

Movements in Provisions	Non-current	Current
	Provision for decommissioning	Provision for profit petroleum
At 1 April 2017 (Opening balance)	154.82	56.43
Add: Unwinding of Discounts	3.18	-
Add: Provision made during the year	22.92	-
Less: Provision reversed during the year	(24.12)	-
At 31 March 2018 (Closing balance)	156.79	56.43

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Notes to Financial statements for the period ended 31st March 2018

Note 18

Deferred revenue/ contract liabilities (Rs. in Crores)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Non-current		
Income received in advance	0.32	0.42
Total non-current deferred revenue/ contract liability	**0.32**	**0.42**
Current		
Income received in advance	0.08	0.06
Total current deferred revenue/ contract liability	**0.08**	**0.06**

Note 19

Net employee benefit liabilities (Rs. in Crores)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Non-current		
Provision for gratuity and loyalty bonus	6.56	4.61
Provision for leave benefits	1.57	-
Total non-current net employee benefit liabilities	8.13	4.61
Current		
Provision for gratuity and loyalty bonus	2.08	2.40
Provision for leave benefits	0.69	0.37
Total current net employee benefit liabilities	**2.77**	**2.77**

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

Note 20

Tax expense

Amount recognised in statement of profit and loss (Rs. in Crores)

Particulars	For the period ended 31st March, 2018	For the period ended 31st March, 2017
Current income tax	-	-
Deferred income tax liability / (asset), net		
Origination and reversal of temporary differences	-	(709.69)
Reduction in tax rate	-	-
Recognition of previously unrecognised tax losses	-	-
Recognistion of tax credit	-	-
Change in recognised deductible temporary differences	-	-
Deferred tax expense	-	(709.69)
Excess provision of income tax in respect of previous years	-	(48.32)
Total tax expense for the year	-	(758.01)

Amount recognised in other comprehensive income (Rs. in Crores)

Particulars	For the period ended 31st March, 2018	For the period ended 31st March, 2017
Items that will not be reclassified to profit or loss (A)		
Remeasurements of the defined benefit plans	0.53	0.01
Equity instruments through other comprehensive income	(2.31)	8.65
Profit on Sale of Equity Instrument	793.98	-
	792.20	**8.66**
Income tax relating to items that will not be reclassified to profit or loss (B)		
Remeasurements of the defined benefit plans	-	(0.00)
Equity instruments through other comprehensive income	-	(0.00)
	-	**0.00**
Net amount recognised in other comprehensive income (A+B)		
Remeasurements of the defined benefit plans	0.53	0.01
Equity instruments through other comprehensive income	(2.31)	8.65
Profit on Sale of Equity Instrument	793.98	-
	792.20	**8.66**

Reconciliation of effective tax rate (Rs. in Crores)

Particulars	For the period ended 31st March, 2018	For the period ended 31st March, 2017
Profit before tax	(1,564.64)	(17,061.20)
Tax using the Company's domestic tax rate (Current year 34.944% and Previous Year 34.944%)	(546.75)	(5,961.87)
Reduction in tax rate		
Tax effect of:		
Non-deductible tax expenses		
Deferred tax impact on items as elaborated in movement of deferred tax balances recognised through statement of profit and loss	(512.46)	4.93
Deferred tax impact on items as elaborated in movement of deferred tax balances recognised through OCI	512.45	(0.01)
Provision for impairment not allowable for taxes	249.20	5,247.25
Other Disallowances	297.55	(48.32)
	0.00	**(758.01)**

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

Note 20

Deferred tax asset/ (liabilities) [Net]

Movement in deferred tax balances (Rs. in Crores)

Particulars	31st March, 2018							
	Net balance April 1, 2017	Recognised in profit or loss*	Recognised in OCI	Recognised directly in equity	Other	Net	Deferred tax asset	Deferred tax liability
Deferred tax asset/ (liabilities)								
On excess of carrying value of PPE over Tax base	185.67	386.28	-	-	-	571.95	743.71	(171.76)
On account of impairment of assets and change in deprecation	-	-	-	-	-	-	-	-
Decommissioning obligations	134.39	(134.39)	-	-	-	-	-	-
Investments	(995.96)	512.46	-	-	-	(483.50)	-	(483.50)
Loans and borrowings	(5.53)	(82.85)	-	-	-	(88.38)	-	(88.38)
Straightlining of operation ans maintenance expenses	1.75	(1.75)	-	-	-	-	-	-
Open forward contracts	-	-	-	-	-	-	-	-
CCIRS and IRS	-	-	-	-	-	-	-	-
Tax credit	17.21	(17.21)	-	-	-	-	-	-
Provisions	-	-	-	-	-	-	-	-
Other items	662.47	(662.54)	-	-	-	(0.07)	-	(0.07)
	-	-	-	-	-			
Tax assets/ (liabilities)	**0.00**	**(0.00)**	**-**	**-**	**-**	**(0.00)**	**743.71**	**(743.71)**
Set off tax								
Net tax assets/ (liabilities)	**0.00**	**(0.00)**	**-**	**-**	**-**	**(0.00)**	**743.71**	**(743.71)**

Particulars	31st March, 2017							
	Net balance April 1, 2016	Recognised in profit or loss*	Recognised in OCI	Recognised directly in equity	Other	Net	Deferred tax asset	Deferred tax liability
Deferred tax asset/ (liabilities)								
On excess of carrying value of PPE over Tax base	(82.36)	268.03	-	-	-	185.67	249.49	63.82
On account of impairment of assets and change in deprecation	283.64	(283.64)			-	-	-	-
Decommissioning obligations	126.59	7.80			-	134.39	134.39	
Investments	(995.90)	(0.06)			-	(995.96)	-	995.96
Loans and borrowings	(26.71)	21.18			-	(5.53)	19.54	25.07
Straightlining of operation ans maintenance expenses	2.37	(0.62)			-	1.75	1.75	-
Open forward contracts	1.01	(1.01)	-	-	-	-	-	-
CCIRS and IRS	(1.01)	1.01	-		-	-	-	-
Tax credit	-	17.21	-	-	-	17.21	17.21	-
Provisions	-	-	-	-	-	-	-	-
Other items	(17.32)	679.79	-	-	-	662.47	662.47	-
Tax assets/ (liabilities)	**(709.69)**	**709.69**	**-**	**-**	**-**	**(0.00)**	**1,084.85**	**1,084.85**
Set off tax								
Net tax assets/ (liabilities)	**(709.69)**	**709.69**	**-**	**-**	**-**	**(0.00)**	**1,084.85**	**1,084.85**

Tax losses carried forward

Particulars	31-Mar-18	Expiry date	31 March 2017	Expiry date
Expire	-	31-Mar-23	94.38	31-Mar-23
Expire	-	31-Mar-24	242.28	31-Mar-24
Expire	11,626.52	31-Mar-25	12,901.63	31-Mar-25
Never Expire	86.24	-	116.74	-
Never Expire	763.90	-	846.54	-

* Refer point no (q) of note no.1 of Significant accounting policies

Notes

1. The company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

2. Significant management judgement is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income by each jurisdiction in which the relevant entity operates and the period over which deferred income tax assets will be recovered.

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Notes to Financial statements for the period ended 31st March 2018

Note 21

Other current liabilities (Rs. in Crores)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Non-current		
Others	-	3.27
Total non-current non-financial liabilities	-	3.27
Current		
Statutory liability	77.82	95.41
Other liabilities	25.07	74.96
Total current non-financial liabilities	102.89	170.37

Note 22

Trade payables (Rs. in Crores)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	758.26	621.81
Total trade payables	758.26	621.81

Notes

a. The company has not received any Memorandum from the suppliers whose principal amount remains unpaid as on 31st March'2018(as required to be filed by the suppliers with the notified authority under the Micro, Small and Medium Enterprise Development Act, 2006) claiming their status as micro, small and medium enterprise as on the Balance Sheet date. Consequently, the amount payable to micro, small and medium enterprises during the year Rs. Nil (31st March, 2017 : Rs. Nil).

Note 23

(A) Discontinued operation held for sale

The assets and liabilities of KG-OSN-2001/3 ("K G Block"), a joint operation of the company, were classified as discontinued operation held for sale in FY 2016-17 based on the binding agreement entered for sale of the company's stake in the block to Oil and Natural Gas Corporation Limited (ONGC, the buyer). The sale was approved by the board of directors in January, 2016. The requisite regulatory approvals were obtained and the transaction has achieved closure in August 2017. The actual sale of asset has been effected in the current financial year thus the consideration received from the transaction has been set-off against asset held for sale.

Based on the requirement of Ind AS 105 – Non Current Asset held for sale (Ind AS 105), the block was and measured at the lower of their carrying amount or fair value less costs to sell, as presented in the table below for 31st March 2017:

(Rs. in Crores)

Particulars	As at 31st March, 2017
Assets	
Non current assets (net of depreciation and amortisation where applicable)	
Producing Properties	7,274.95
Factory building	141.41
Office equipments	5.90
Computer equipment	0.53
Plant and machinery	7,710.14
Furniture and fixtures	6.53
Intangible - Software	1.51
Building	4.88
CWIP others	206.58
Exploration & Development	5,951.23
Total carrying value of non-current assets (A)	21,303.66
Liabilities associated with above	
Provision for decommissioning cost	303.44
Net assets classified as held for sale	21,000.22
Fair value less cost to sell of above (B)	7,749.90
Impairment loss recognised in statement of profit or loss as an exceptional item (C) = (A) - (B)	13,250.32

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Notes to Financial statements for the period ended 31st March 2018

Details of profit and loss attributable to the KG Block is below:

Particulars	3 months ending 31st March, 2017
Revenue	22.58
Expense	34.29
Profit before tax	(11.71)
Income tax expense	-
Profit after tax	(11.71)

Since the Company had not declared COD in 2015-16, the income earned from the test production was adjusted against the CWIP.

As per the agreement, the economic date of transfer for asset i.e. 80% Participating Interest of GSPC was 23:59 hours 31st March 2017. The Company continued as operator for the block on behalf of ONGC until the closing date i.e. 4th August 2017 and all expenditure incurred from economic date to closing date on behalf of ONGC (i.e. 80% PI) shall be reimbursed by ONGC to the Company on closing date. The final closure of the transaction is pending finalization between the parties.

In August 2002, the Company had entered into Carried Interest Agreement with Geo Global Resources (India) Inc (GGR), under which the Company granted GGR 10.0% carried interest in the KG-OSN-2001/3 block. The CIA provided that the Company was responsible to incur GGR's share of costs incurred during exploration as well as development phase prior to date of intial commercial production. The Company had incurred Rs. 1856.83 Crore on GGR's behalf until 31st March 2017. However, in April 2017, the Company has entered into a Deed of Assignment of Participating Interest with GGR vide which GGR has surrendered its 10% Participating Interest in KG-OSN-2001/3 to the Company. Thus, the Company shall hold 10% PI in KG-OSN-2001/3.

(B) Going Concern

The Company had executed Farm-in/Farm-out Agreement with Oil and Natural Gas Corporation (ONGC) for farm-out of 80% Participating Interest in KG-OSN-2001/3 (KG Block). The KG Block has substantial gas and condensate reserves however due to technical challenges (High Pressure High Temperature), the requisite future capital investment to achieve desired levels of production had pushed the Company towards a highly leveraged position. The Company was unable to infuse further capital for future development which had triggered the strategic transfer of KG Asset to ONGC . The Company has achieved closure of transaction with requisite approval from Government of Gujarat for the transaction for divestment of GSPC's 80% Participating Interest in KG Block. (Refer Note 23 (A) above) The transaction for sale of Participating Interest in KG Block had led to an impairment in previous financial year and the corresponding amount has been accounted as exploration cost written-off in the present financial year. The financial loss had exceeded the net worth of the Company. However, to recoup the negative impact on financials, the Company has a future upside potential from valuation of other six discoveries in KG Block which shall be determined based on Field Development Plan.

Further, the Company has wide domain of business process in energy value chain with gas trading, Exploration & Production business in onshore blocks and renewable power generation. The Company has strong market presence in the gas trading business which is further fortified with subsidiaries in gas transmission and gas distribution business alongside gas based power generation business which have potential for high growth trajectory.

The management of the Company with the support from Government of Gujarat is committed to complete the revival of the company by putting in place a Turnaround Plan/Financial Realignment Strategy. The Company has devised a detailed realignment plan to improve the financial and operating performance.

As per the Debt Realignment Plan, the Company has sold its holding in Gujarat Gas Ltd to Gujarat State Petronet Ltd. during the year and realised an amount of Rs.3,252.79 Crores. The Company's holding in Gujarat Gas Limited has been sold to Gujarat State Petronet Ltd (listed subsidiary of GSPC) through an on-market transaction. The share transfer has been effected in two tranche i.e. free-float shares on 26th March 2018 and lock-in shares on 28th March 2018. As on 31st March,2018 the consideration for sale of first tranche of Gujarat Gas ltd. shares was received. The balance amount of consideration was received on 4th April,2018. Subsequent to the captioned sale, the Company does not hold any shares of GGL.The consideration received has been deployed to reduce the outstanding debt. The Company has sought approval for of Debt Realignment Plan from Government of Gujarat (GoG). The debt realignment plan is targeted to reduce the debt.

Moreover, the Company had obtained all the necessary approvals from Government of Gujarat for achieveing closure of transaction with ONGC including a GoG guarantee for valuation adjustment linked to gas price mechanism and necessary support for Turnaround Plan/Financial Realignment Strategy which clearly indicates the continuing support of Government of Gujarat towards the Company.

In view of the strong business presence of the Company, advanced stages of execution of Debt Realignment Plan with the support of GoG, the present accounts have been prepared on a "Going Concern Basis" since in opinion of the management there is no foreseeable situation of the Company otherwise.

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Notes to Financial statements for the period ended 31st March 2018

Note 24

Revenue from operations (Rs. in Crores)

Particulars	For the period ended 31st March, 2018	For the period ended 31st March, 2017
Sale of products		
Sale of natural gas - Trading	10,328.68	9,193.73
Sale of gas - Joint venture	14.84	123.45
Sale of oil - Joint venture	76.30	58.13
Sale of electricity - Windmills	44.68	48.84
	10,464.50	**9,424.15**
Sale of services		
Re-gasification income	229.24	194.51
Transportation income	27.39	14.12
	256.63	**208.63**
Other operating revenues		
Take or pay income	4.41	7.07
Total revenue from operations	**10,725.54**	**9,639.85**

Note 25

Other income (Rs. in Crores)

Particulars	For the period ended 31st March, 2018	For the period ended 31st March, 2017
Interest income		
Interest on Deposits with banks	4.58	6.24
Others interest income	27.83	96.90
	32.41	**103.14**
Dividend from long term investments		
Dividend from subsidiary companies	43.58	41.62
Dividend from other companies	1.90	1.45
	45.48	**43.07**
Other non-operating income		
Usage charges	2.59	3.55
Other income - Joint ventures	4.80	6.68
Net profit on sale of fixed assets	-	0.14
Net Forex gain - loss	58.45	13.90
Other Non-Operating Income	0.41	1.20
	66.25	**25.47**
Total other income	**144.14**	**171.68**

Notes

a. Interest income includes interest amounting to Rs. NIL (F.Y.2016-17 : NIL) from subsidiary company and Rs. 22.70 crores (F.Y.2016-17 :Rs.34.38 crores) from associate company.

Note 26

Production expenditure - E&P (Rs. in Crores)

Particulars	For the period ended 31st March, 2018	For the period ended 31st March, 2017
Production expenditure	48.21	137.67
Duties and taxes	6.36	16.72
Other G&A expenses	19.60	20.32
Bidding Expenses	0.15	0.06
Total production expenditure - E&P	**74.32**	**174.77**

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Notes to Financial statements for the period ended 31st March 2018

Note 27

Cost of traded goods (Rs. in Crores)

Particulars	For the period ended 31st March, 2018	For the period ended 31st March, 2017
Purchase of gas		
Local Purchase of Gas	2,759.42	2,565.23
Import Purchase of Gas	5,885.29	5,169.37
	8,644.71	**7,734.60**
Other costs		
Import Gas Regasification Charges	606.99	631.86
Gas Transmission Charges	224.50	191.76
Commodity Hedging Cost	205.35	234.39
Other expenses - Gas Trading	0.37	0.16
	1,037.21	**1,058.17**
Total cost of traded goods	**9,681.92**	**8,792.77**

Note 28

Changes in inventories of finished goods, stock in process and stock in trade (Rs. in Crores)

Particulars	For the period ended 31st March, 2018	For the period ended 31st March, 2017
Finished goods		
Closing stock of oil	(34.90)	(36.79)
Opening stock of oil	36.79	2.70
	1.89	(34.09)
Increase/ decrease in stock of oil *	(0.02)	(0.36)
	1.87	**(34.45)**
Stock in trade		
Closing stock of liquified gas	(161.38)	(193.11)
Opening stock of liquified gas	193.11	43.83
	31.73	**(149.28)**
Total change in inventories of finished goods, stock in process and stock in trade	**33.60**	**(183.73)**

*(Refer Note No:37(I))

Note 29

Employee benefits expenses (Rs. in Crores)

Particulars	For the period ended 31st March, 2018	For the period ended 31st March, 2017
Salary, wages and allowances	10.02	11.50
Contribution to provident fund and other funds	6.52	2.69
Staff welfare expenses	0.02	0.02
Total employee benefit expenses[a]	**16.56**	**14.21**

Notes

a. Amount represents net expenditure for corporate.

Note 30

Finance costs (Rs. in Crores)

Particulars	For the period ended 31st March, 2018	For the period ended 31st March, 2017
Interest Cost	1,658.36	1,912.44
Unwinding of discount on Provisions	2.81	11.37
Other Borrowing Costs (includes bank guarantee, LC charges, bank charges, etc.)	13.64	5.88
Total finance costs	**1,674.81**	**1,929.69**

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Notes to Financial statements for the period ended 31st March 2018

Note 31

Other expenses (Rs. in Crores)

Particulars	For the period ended 31st March, 2018	For the period ended 31st March, 2017
Expenses related to wind mills		
Operation and maintenance expenses	8.07	6.88
Windmills insurance expenses	0.15	0.15
Total (A)	**8.22**	**7.03**
Administrative expenses		
Electricity expenses	0.77	0.32
Rent, rates and taxes	0.62	0.64
Repairs and maintenance		
Others	1.36	0.62
Insurance expenses	0.77	0.43
Business development and promotion	0.01	0.09
Advertisement and publicity	0.04	0.08
Administration and establishment	4.31	3.03
Recruitment and training expenses	0.19	0.05
Travelling expenses	1.23	0.81
Stationery and printing	0.59	0.47
Professional and technical expenses	11.36	16.50
Donations	-	1.01
Telephone, trunk calls and postage	0.22	0.25
Vehicle running expenses	0.09	0.05
Bandwidth expenses	0.15	0.06
Payment to auditors	0.15	0.34
Net Loss on Sale/discarding of Fixed Assets	0.19	-
Other expenses	0.04	0.03
Total (B)	22.09	24.78
Provision for doubtful advances (C)	(0.65)	(0.35)
Total other expenses (A+B+C)	**29.66**	**31.46**

a. Payment to auditors (Rs. in Crores)

Particulars	For the period ended 31st March, 2018	For the period ended 31st March, 2017
For statutory audit	0.15	0.17
For other services	-	0.12
For reimbursement of expenses	-	0.05
Total payment to auditors	0.15	0.34

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Notes to Financial statements for the period ended 31st March 2018

b. Corporate social responsibility expenses (Rs. in Crores)

Particulars	For the period ended 31st March, 2018	For the period ended 31st March, 2017
Gross amount required to be spent by the Company during the year	-	-
Amount spent during the year on (Paid in Cash) :		
Construction /acquisition of any asset		
On purpose other than above	-	-
Amount spent during the year on (Yet to be Paid in Cash)		
Construction /acquisition of any asset		
On purpose other than above		
Total corporate social responsibility expenses	-	-

Note 32

Exceptional items

The exceptional items comprises of the following: (Rs. in Crores)

Particulars	For the period ended 31st March, 2018	For the period ended 31st March, 2017
Impairment of oil and gas assets	221.60	14,923.55
Diminution in the value of Investment	-	1.00
Provision for Doubtful Debts	-	289.93
Exploration cost written off/ written back	491.33	(18.60)
Total exceptional items	**712.93**	**15,195.88**

Notes

a. Impaiment Losses mainly comprise of Sanand-Miroli block amounting to Rs.215.69 Crores where as imparment loss of previous year was w.r.t KG-OSN-2001/3 Block amounting to Rs.14,923.54 Crores. Please Refer Note No.23 (Ind AS 105) for details of Non current assets held for sale with respect to assets and liabilities of KG-OSN-2001/3.

b.During the year the Company has written off Non-Operated Block CB-ONN-2009/4 amounting to Rs.33.02 Crores. Further company has written off Rs. 455.04 crores (net off impairment provision already provided for last year) towards exploration cost for KG OSN 2001/3 block 80% Participating Interest transfer. Balance amount includes cost incurred for earlier written off blocks.

During the previous year there was a net foreign exchange gain on amount receivable from partners of overseas blocks. As the exploration loss for the overseas blocks were routed through exploration cost written off, the gain arising out of the same are also routed through from exploration cost written off.

Note 33

Earnings per share

Particulars	For the period ended 31st March, 2018	For the period ended 31st March, 2017
Profit attributable to equity holders for (Rs. in Crores):		
Basic earnings	(1,564.64)	(16,303.19)
Adjusted for the effect of dilution	(1,509.28)	(16,249.87)
Weighted average number of equity Shares for:		
Basic EPS	2,579,262,920	2,579,262,920
Adjusted for the effect of dilution	2,647,164,155	2,647,164,155
Earnings per equity share (EPS) from continuing & discontinued operation) (face value of Rs.1/-)		
Basic (Rs.)	(6.07)	(63.21)
Diluted (Rs.)	(5.70)	(61.39)
Earnings per equity share (EPS) from discontinued operation-Refer Note No 23 (face value of Rs.1/-)		
Basic (Rs.)	-	(0.01)
Diluted (Rs.)	-	(0.01)
Earnings per equity share (EPS) from continuing operations (face value of Rs.1/-)		
Basic (Rs.)	(6.07)	(63.20)
Diluted (Rs.)	(5.70)	(61.38)

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

Note 34

Contingent liabilities & assets

1. Claims against the Company not acknowledged as debts which in the opinion of the Management are not tenable/under appeal at various stages:

(Rs. in Crores)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Income Tax (Ref. note no.9 a)	1527.43	1,153.57
Joint Ventures (Ref. note a to g below)	197.77	690.38
Other (Ref. note h & i below)	227.85	-

Above Contingent Liabilities Includes-.

(a) In September 2005, GSPC, as the Operator in KG-OSN-2001/3 block (till 31 March, 2017), had entered into a contract with Atwood Oceanics Pacific Limited ('AOPL') for drilling, completing or abandoning the wells identified by GSPC's drilling program. With respect to certain invoices raised by AOPL during July and August 2009, AOPL has claimed that the said invoices were paid by GSPC after a delay of 733 days in September 2011. Accordingly, AOPL had initiated arbitration proceeding against the JV claiming interest on delayed payment towards the said invoices claiming an amount of Rs. 9.91 Crores (USD1,523,895) [31 March 2017: Rs.9.89 Crores (USD1,523,895)] along with interest at the rate of 1.5% per month from 11 January 2013 till the date of payment. The Honorable Sole Arbitrator, vide arbitral award dated 12 May 2015, has concluded that the JV is not liable to pay the claims of interest on delayed payment towards the invoices as aforesaid and rejected the claims made by AOPL in this regard. AOPL has preferred an appeal under Section 34 of the Arbitration and Conciliation Act, 1996 praying for setting aside of the award passed by the Sole Arbitrator before the District Court, Gandhinagar. The matter is subjudice.

(b) GSPC, as the Operator in KG-OSN-2001/3 block (till 31 March, 2017), had entered into a contract with Tuff Drilling Private Limited ('TDPL') for supply and installation of 3,000 hp modular rig in May 2010. Due to the inability of TDPL to provide the rig in the stipulated timelines, the Operator terminated the contract. Against the above actions of the Operator, TDPL has raised claims for Rs. NIL (GSPC's share Rs.NIL)[31st March, 2017:Rs.719.33 Crores of which GSPC's share: Rs.647.40 crores]. The Arbitration Tribunal, vide award dated April 15, 2017, has dismissed all the claims made by TDPL against the Operator as well as all the counter claims made by the Operator against TDPL. The time available to TDPL for preferring an appeal against the said award has also expired and no appeal having been preferred by TDPL, the Award has become Final and hence, no contingent liability for the same is considered in current Financial Year.

(c) Guaranteed Gas Price:The Company has executed Farm-in Farm-out Agreement with ONGC for farm-out of 80% PI in KG Block. The agreement involves annual valuation adjustment linked to existing gas prices during the currency of the respective financial year which is carried forward for the tenure of gas sales and purchase agreement between ONGC and GSPC. As per the terms of valuation adjustment clause of agreement, the Company shall be liable to annually adjust valuation i.e. pay any differential amount to ONGC which shall be evaluated based on difference between actual gas prices during the year and agreed prices for the respective financial year for the actual production quantity. The liability is unascertainable due to linkage of adjustment value to actual production during the year along with actual gas prices which is determined as per 6-month trailing market prices of varied mix of alternative fuels/sources of natural gas notified by PPAC. Both these factors cannot be accurately predicted/estimated, thus the valuation adjustment cannot be quantified with certainty. However, the Company has gas sales purchase agreement with ONGC for the entire natural gas produced from KG Block which is forms a component of gas trading pool, which effectively covers the risk of valuation adjustment under FIFO.

(d) JODPL:The Company has issued forfeiture notice to Jubilant Offshore Drilling Pvt Ltd (JODPL) against Rs. 493.55 Crore of the capital contribution (excluding applicable interest on capital contribution) made by the Company on behalf of JODPL in KG-OSN-2001/3 until 31st March 2017. Based on relevant clauses of PSC and JOA, it can be reasonably ascertained that the forfeiture notice shall be effected and GSPC shall be assigned commensurate PI towards the capital contribution.

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(e) Profit Petroleum paid under protest : Joint Venture (JV) partners are liable to pay profit petroleum to MoP&NG after recovery of cost petroleum. The Director General of Hydrocarbons (DGH) disallowed an amount of USD 17.745 million (mainly on account of purchase of compressor amounting to USD 11.328 million) from the cost petroleum recovered by JV and demanded profit petroleum on disallowed amount. In the Operating Committee meeting (10th June 2013) it was decided to deposit the amount demanded by the MoP&NG under protest. The Company had deposited Rs. 91.16 crore on this account.

(f)Royalty paid under protest: The Joint Venture was charging Royalty on Gas Sales Price and recovering the same from the customers. The Royalty thus collected is shared between GOI and Government of Gujarat in the ratio of 47:53 respectively.

The Directorate General of Hydrocarbons (DGH) vide letter dated 6th February, 2013 demanded the royalty amount short paid by the Company @ 9.09 percent instead of 10 percent. DGH was of the view that the Joint Venture had computed royalty on gas on Cum-royalty basis using the effective rate of 9.09 percent instead of 10 percent which was not in line with the Royalty Notifications.

The Company paid the differential royalty for the period from 2003-04 to 2012-13 in July 2013 under protest. From April 2013, the Company is paying the Royalty (as per above formula) to GOI on monthly basis. As on 31 March 2018, the Company paid Royalty of Rs. 35.99 crore to GOI under protest.As the matter is under arbritation, only GOI portion of the royalty is paid.

g) The Company had made an investment in a joint venture (JV) incorporated to carry out exploration and production activities in Joint Petroleum Development Area (JPDA) block (JPDA 06-103) in Australia. GSPC holds 20% working interest in the JV through Special Purpose Vehicle (SPV) in GSPC (JPDA) Ltd amounting to Rs. 98.39 crore (31st March 2017: Rs. 98.39 crore) to carry out exploration activities in Australia.

Considering the unsuccessful outcome of the exploration activities in the block 100% provision for impairment has been provided in the standalone financial statements to the extent of investment made in the subsidiary - GSPC (JPDA) Ltd amounting to Rs. 98.39 crores as on 31.03.2018 (Rs.98.39 crores as on 31.03.2017)

Moreover, Autoridade Nacional do Petroleo (ANP) has terminated the PSC with condition of paying the penalty of USD 3403758 (Current year Rs.22.12 Crores (Previous year Rs.22.12 Crores)) (JPDA Share) for the unfinished work programme. However, Operator and JV partners have protested against the same and ANP has reduced the penalty to USD 2300000 (Current year Rs.14.95 Crores (Previous year Rs.14.95 Crores)) (JPDA Share). The final outcome of the same is still awaited.

(h) The Company had filed a complaint dated 06.04.2011 before PNGRB against GAIL, IOCL and BPCL. PGNRB had vide its orders dated 13.09.2011 of Chairman and dated 10.10.2011 of the majority members (three member panel of Board) unanimously held that GAIL had adopted Restrictive Trade Practices by blocking off direct connectivity to GSPC and further, directed Respondents to immediately give direct connectivity to GSPC at Dahej Terminal.

All the parties have preferred appeals against the PNGRB Orders before Appellate Tribunal for Electricity (APTEL) and APTEL has passed an interim order on 23.01.2012 and directed GAIL, IOCL and BPCL to give direct connectivity at Dahej Terminal subject to GSPC giving undertaking in respect of the following:

i) GSPC shall open a separate bank account and deposit an amount of Rs. 140 Crores. Accordingly, GSPC has opened and deposited equivalent amount in a separate bank account.

ii) From the date of change of delivery point, GSPC shall also deposit differential amount in a separate bank account. (Accordingly company had deposited additional Rs. 75.36 crore in a separate bank account). The Company has submitted the Undertaking to APTEL in respect of the same on 18.02.2012 and deposited amounts as aforesaid.

The APTEL has passed common judgment dated 18.12.2013 ("the APTEL Judgment") in the appeals filed by GAIL, IOCL and BPCL and set aside the PNGRB Order.

The Company filed an appeal before the Hon'ble Supreme Court against the APTEL Judgment and the Hon'ble Supreme Court has vide its order dated 28.02.2014 directed the Company, as an interim arrangement, to pay the interconnectivity charges at the rate of Rs. 12 / MMBTU form the account separately maintained for the said purpose in accordance with APTEL's Order dated 23.01.2012 as narrated in (i) & (ii) above.

Accordingly, company utilized Rs.176.55 crores for payments to GAIL, IOCL and BPCL as per Interim arrangement order of the Hon'ble Supreme Court. The amount paid net of amount recovered from customers is shown as amount paid under protest in the accounts.

Further, the company has also not provided for differential amount charged by vendors above Rs.12/ MMBTU agreegating to Rs. 35.86 crores .

The appeal is pending before the Hon'ble Supreme Court.

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i) Withholding tax on charter Higher increased in Foreign Currency Components

• IOCL and BPCL unilaterally included a component of $0.0272/MMBTU in the Foreign Currency Component (FCC) w. e. f. from 1st July 2015 due to withholding tax on PLL's charter higher payments to shipping companies (effectively from Apr 1, 2015 as for the period Apr 1, 2015 to Jun 30, 2015 IOCL / BPCL raised a Debit Note).

• GSPC has been advised by its legal counsel that such amount is not payable under the terms of the Gas Sales Agreement (GSA) with IOCL and BPCL

• In view of the above, GSPCL has deducted withholding tax component Rs. 15.44 crores from April 2015 to March 2018

• Since the amount is not payable under the GSA, GSPC shall not make payment for such component of $0.0272/MMBTU included in FCC to IOCL and BPCL and hence, the same is not provided for in books of accounts.

Contingent Asset

The consideration received from ONGC towards 80% PI transfer in KG-OSN-2001/3 block had two components i.e. (i) Consideration towards DDW (ii) Advance floor consideration for Other Six Discoveries amounting to USD 995.26 Million(Rs.6295.02 crores) and USD 200 Million(Rs.1265 crores) respectively. The advance consideration received towards Other Six Discoveries is non-refundable.

The final consideration for Other Six Discoveries shall be determined based on Field Development Plan (FDP) of Other Six Discoveries prepared by ONGC for submission to Directorate General of Hydrocarbons (DGH). In the scenario, wherein final consideration as per FDP of Other Six Discoveries is assessed at a value higher than USD 200 Million, the advance consideration received by GSPC shall be adjusted against the same and the balance consideration shall be paid to GSPC. In a scenario, wherein final consideration assessed for Other Six Discoveries is less than or equal to USD 200 Million, GSPC shall retain the non-refundable advance consideration already received.

However, ONGC has already applied for extension in timeline for submission of FDP. Following the principle of conservatism, the Company has not arrived at the valuation of the six discoveries as it is subject to preparation of FDP by ONGC and GSPC & ONGC agreeing to a value as per the valuation parameters adopted for DDW. Hence, at present the receivable on account of six discoveries cannot be reasonably ascertained.

Note 35

Capital commitments

A. Estimated amount of contracts remaining to be executed on capital accounts and not provided for:

1. In respect of Joint Ventures Rs. 550.93 crores (31st March 2017 : Rs. 77.75 crores)
2. In respect of others Rs. 1.01 crores (31st March 2017 : Rs. 3.27 crores)

B. Minimum work programme committed under various Production Sharing Contracts in India and Outside India.

1. In India: Nil (31st March 2017 : 3.24 crores)
2. Outside India: Nil (31st March 2017 : Nil)

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

Note 36
Employee Benefits:

A. Defined contribution plans
1 Company's contribution to Provident Fund is Rs. 2.94 Crores (FY 2016-17 - Rs. 0.78 Crores)
2 Company's contribution to Super Annuation fund is Rs. 0.46 Crores (FY 2016-17 Rs. 0.25 Crores)

B. Defined benefit plans
The following table sets out the funded status of the Gratuity and Leave Encashment Plan and the amounts recognized in company's financial statements as at 31st March, 2018; 31st March, 2017 as required by Ind AS 19.

(Rs. in Crores)

Particular	Gratuity (Funded)		Leave Encashment (Funded)	
	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2018	As at 31st March, 2017
Change in benefit obligation				
1 Liability at the beginning of the year	8.23	6.24	9.25	8.45
2 Interest cost	0.27	0.79	0.67	0.66
3 Current service cost	0.60	1.92	0.66	0.59
4 Past service cost	0.02			
5 Benefit Paid	(0.14)	(0.61)	(0.23)	(0.47)
6 Actuarial (gain) / Losses	(0.28)	(0.11)	1.17	0.02
7 Transfer in Obligation	0.16	-	-	-
8 Liability at the end of the year	8.86	8.23	11.52	9.25
Change in fair value of plan assets				
1 Plan assets at the beginning of the year	8.15	7.26	8.87	6.84
2 Expected return of plan assets	0.66	0.65	0.62	0.62
3 Contributions	0.29	1.01	-	1.89
4 Benefit paid	(0.14)	(0.61)	(0.23)	(0.47)
6 Actuarial gain / (Loss)	(0.09)	(0.16)	-	(0.01)
7 Transfer in Plan Assets	0.12		-	
8 Plan assets at the end of the year	8.99	8.15	9.26	8.87
9 Total Actuarial Gain/(Loss) To Be Recognized	0.19	(0.05)	(1.17)	(0.03)
Actual Return on plan assets				
1 Expected return of plan assets	0.66	0.65	0.62	0.62
2 Actuarial gain / (loss)	(0.09)	(0.16)	-	(0.01)
3 Actual return on plan assets	0.57	0.49	0.62	0.61
Net (asset) / liability recognized in the Balance Sheet				
1 Liability at the end of the year	8.86	8.23	11.52	9.25
2 Plan assets at the end of the year	8.99	8.15	9.26	8.87
3 Amount recognized in the Balance Sheet Accrued	(0.13)	0.08	2.26	0.38
Expenses recognized in the statement of profit & loss account for the year				
1 Current service cost	0.60	1.92	0.66	0.59
2 Interest cost	0.27	0.79	0.67	0.66
3 Expected return on plan assets	(0.66)	(0.65)	(0.62)	(0.62)
4 Actuarial (gain) / Losses	(0.19)	0.05	1.17	0.03
5.Transfer in Obligation (net)	0.04			
6 Past service cost	0.02	-	-	-
7 Total expenses*	0.08	2.11	1.88	0.66
Balance Sheet reconciliation				
1 Opening net liability	0.08	(1.02)	0.38	1.61
2 Expenses as above	0.08	2.11	1.88	0.66
3 Employer contribution	(0.29)	(1.01)	-	(1.89)
4 Amount recognized in the Balance Sheet	(0.13)	0.08	2.26	0.38
Actuarial Assumptions				
1 Discount Rate	7.65%	7.40%	7.65%	7.40%
2 Rate of return on plan assets	7.65%	7.40%	7.65%	7.40%
3 Salary Escalation	7.00%	7.00%	7.00%	7.00%

* The figures represent the amount before the allocation of salary expense to Joint Ventures.

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

Particular	Gratuity (Funded)		Leave Encashment (Funded)	
	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2018	As at 31st March, 2017
Amount for the current & previous period are as follows:				
Defined Benefit obligation	8.86	8.23	11.52	9.25
Plan asset	8.99	8.15	9.26	8.87
Surplus/(deficit)	0.13	(0.08)	(2.26)	(0.38)
Experience adjustment on plan liability	(0.71)	(0.58)	1.57	0.42
Experience adjustment on plan assets	-	(0.01)	1.20	0.04

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

(Rs. in Crores)

Particulars	Gratuity (Funded)		Leave Encashment (Funded)	
	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2018	As at 31st March, 2017
Discount rate varied by 0.5%				
+0.5%	16.63	14.45	10.79	8.64
-0.5%	18.73	15.94	12.32	9.92
Salary growth rate varied by 0.5%				
+0.5%	18.48	15.73	12.32	9.91
-0.5%	16.84	14.61	10.78	8.63

Notes

a. Investment details

Both the funds are managed by LIC and as per the bifurcation provided for planned assets 100% investment as on 31st March 2018 (100% as on 31st March 2017) is made in Special deposit Scheme.

b. Expected Employers contribution for the next financial year

For the gratuity & leave encashment which are funded, Company is expecting to contribute the amount which can mitigate future liability. The estimate of future salary increase, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factor, such as supply and demand in the employment market. The above information is certified by the actuary.

Gratuity and Leave Encashment is administered through duly constituted and approved independent trusts, also through Group gratuity / leave encashment scheme with Life Insurance Corporation of India.

c. Loyalty bonus

The Company has also provided for Rs.0.86 crores (FY 2016-17 Rs. 0.11 crores) towards liability of loyalty bonus (a non-funded defined benefit plan) during the year as per the actuarial valuation.

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

Note 37

Joint Operations (un incorporated Jont Ventures)

The Company has entered into Production Sharing Contracts (PSCs) / Agreements in consortium with various Private/Public Sector & Foreign Companies as stated below with the Ministry of Petroleum & Natural Gas (Government of India), for exploration of oil and gas in the following fields. The company has also entered into Production Sharing Agreements (PSAs)/Work Permits overseas relating to Oil & Gas/ Exploration Areas blocks along with various companies. Pursuant to the PSCs, Joint Operations (unincorporated Joint Ventures (JVs)) have been formed to undertake necessary economic activities for production of Oil and Gas by entering into a Joint Operating Agreement with them. The details are stated below:

I Blocks/Fields currently under exploraiton, development and production

Sr No	Joint Operations/PSCs	GSPC's PI	Operatorship/Other Partners	PI
A	**Non Operated JVs**			
1	Hazira	66.67% (66.67%)	Sun Petrochemicals Private Limited (Operator)	33.33%
2	Bhandut	60% (60%)	Oilex NL Holdings (India) Ltd (Operator)	40%
3	Cambay	55% (55%)	Oilex NL (Operator)	30%
			Oilex NL Holdings (India) Ltd	15%
4	Asjol	50% (50%)	Hindustan Oil and Exploration Company Limited (Operator)	50%
5	Palej	50% (50%)	Exploration	
			Hindustan Oil and Exploration Company Limited (Operator)	50%
		35% (35%)	Development	
			Hindustan Oil and Exploration Company Limited (Operator)	35%
			Oil and Natural Gas Corporation Limited	30%
6	North Balol	45% (45%)	Hindustan Oil and Exploration Company Limited (Operator)	25%
			GNRL Oil & Gas Limited (Operator) (Formerly Heramec ltd.)	30%
7	Dholasan	70% (70%)	GNRL Oil & Gas Limited (Operator) (Formerly	30%
8	North Kathana	70% (70%)	GNRL Oil & Gas Limited (Operator) (Formerly	30%
9	Kanawara	70% (70%)	GNRL Oil & Gas Limited (Operator) (Formerly	30%
10	Allora	70% (70%)	GNRL Oil & Gas Limited (Operator) (Formerly	30%
11	CB-ONN-2004/1	40% (40%)	Oil and Natural Gas Corporation Limited (Operator)	60%
12	CB-ONN-2004/2	45% (45%)	Oil and Natural Gas Corporation Limited (Operator)	55%
13	CB-ONN-2004/3	35% (35%)	Oil and Natural Gas Corporation Limited (Operator)	65%
14	MB-OSN-2005/1	20% (20%)	Oil and Natural Gas Corporation Limited (Operator)	80%
15	GK-OSN-2009/1	20% (20%)	Oil and Natural Gas Corporation Limited (Operator)	40%
			Indian Oil Corporation Limited	20%
			Adani Welspun Exploration Ltd	20%
16	KG-OSN-2001/3 (Refer Note a)	10% (80%)	JODPL Pvt. Limited	10%
			Oil and Natural Gas Corporation Ltd.	80%





B	GSPC-Operated			
17a	Tarapur	80% (80%)	Geo Global Resources (Barbados) Inc.	20%
			Development:	
		56% (56%)	Geo Global Resources (Barbados) Inc.	14%
			Oil and Natural Gas Corporation Limited	30%
17b	Tarapur - Extension phase (Refer Note h)	80% (80%)	Geo Global Resources (Barbados) Inc.	20%
18	Unawa	70% (70%)	GNRL Oil & Gas Limited (Formerly Heramec ltd.)	30%
19a	CB-ONN-2000/1 (Ahmedabad)	50% (50%)	GAIL (India) Ltd	50%
19b	CB-ONN-2000/1 –(Extension phase) (Refer Note j)	50% (50%)	GAIL (India) Ltd	50%
20	CB-ONN-2002/3 (Sanand) (Refer Note j)	55% (55%)	Jubilant Oil & Gas Private Limited	20%
			Hindustan Petroleum Corporation Limited	15%
			Geo Global Resources (Barbados) Inc.	10%
21	CB-ONN-2003/2 (Ankleshwar)	62.50% (50%)	Exploration	
			GAIL (India) Ltd	25%
			Geo Global Resources (Barbados) Inc.	12.5%
		50%(50%)	Development & Production:	
			GAIL (India) Ltd	20%
			Jubilant Capital Private Limited	20%
			Geo Global Resources (Barbados) Inc.	10%

*PI – Participating Interest

** Figures in bracket indicate previous year figures. There is no change in previous year figures unless otherwise stated.

II Blocks/Fields proposed to be surrendered

Sr No	Joint Operations/PSCs	GSPC's PI	Operatorship/Other Partners	PI
A	Non Operated JVs			
1	MB-OSN-2000/1 (Mumbai) (Refer Note g)	10% (10%)	Oil and Natural Gas Corporation Limited (Operator)	75%
			Indian Oil Corporation Limited	15%
2	MB-DWN-2000/2 (Mumbai) (Refer Note g)	10% (10%)	Oil and Natural Gas Corporation Limited	50%
			Indian Oil Corporation Limited	15%
			GAIL (India) Ltd	15%
			Oil India Lt.	10%
3	CB-ONN-2002/2 (Mehsana) (Refer Note g)	60% (60%)	Jubilant Oil & Gas Pvt. Limited (Operator)	30%
			Geo Global Resources (Barbados) Inc.	10%
4	CY-ONN-2002/1(Cavery) (Refer Note g)	20% (20%)	Jubilant Oil & Gas Pvt. Limited (Operator)	30%
			GAIL (India) Ltd	50%
5	BS(3)-CBM-2003/II (Refer Note g)	30% (30%)	Oil and Natural Gas Corporation Limited (Operator)	70%
6	CY-DWN-2004/1 (Refer Note g)	10% (10%)	Oil and Natural Gas Corporation Limited (Operator)	70%
			GAIL (India) Ltd	10%
			Hindustan Petroleum Corporation Limited	10%
7	CY-DWN-2004/2 (Refer Note g)	10% (10%)	Oil and Natural Gas Corporation Limited (Operator)	70%
			GAIL (India) Ltd	10%
			Hindustan Petroleum Corporation Limited	10%

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8	CY-DWN-2004/4 (Refer Note g)	10% (10%)	Oil and Natural Gas Corporation Limited (Operator)	70%
			GAIL (India) Ltd	10%
			Hindustan Petroleum Corporation Limited	10%
9*	CY-PR-DWN-2004/2 (Refer Note g)	10% (10%)	Oil and Natural Gas Corporation Limited (Operator)	70%
			GAIL (India) Ltd	10%
			Hindustan Petroleum Corporation Limited	10%
10*	KG-DWN-2004/1 (Refer Note g)	10% (10%)	Oil and Natural Gas Corporation Limited (Operator)	70%
			GAIL (India) Ltd	10%
			Hindustan Petroleum Corporation Limited	10%
11 -*	KG-DWN-2004/2 (Refer Note g)	10% (10%)	Oil and Natural Gas Corporation Limited (Operator)	60%
			GAIL (India) Ltd	10%
			Hindustan Petroleum Corporation Limited	10%
			BPCL	10%
12 -*	KG-DWN-2004/3 (Refer Note g)	10% (10%)	Oil and Natural Gas Corporation Limited (Operator)	70%
			GAIL (India) Ltd	10%
			Hindustan Petroleum Corporation Limited	10%
13 *	KG-DWN-2004/5 (Refer Note g)	10% (10%)	Oil and Natural Gas Corporation Limited (Operator)	50%
			GAIL (India) Ltd	10%
			Hindustan Petroleum Corporation Limited	10%
			BPCL	10%
			Oil India Limited	10%
14	KG-DWN-2004/6 (Refer Note g)	10% (10%)	Oil and Natural Gas Corporation Limited (Operator)	60%
			GAIL (India) Ltd	10%
			Hindustan Petroleum Corporation Limited	10%
			Oil India Limited	10%
15 *	MB-OSN-2004/2 (Refer Note g)	20% (20%)	Petrogas E&P LLC(Operator)	20%
			GAIL (India) Ltd	20%
			Hindustan Petroleum Corporation Limited	20%
			Indian Oil Corporation Limited	20%
16	CB-ONN-2004/4 (Refer Note g)	40% (40%)	Oil and Natural Gas Corporation Limited (Operator)	60%
17	RJ-ONN-2004/1 (Refer Note g)	22.225% (22.225%)	GAIL (India) Ltd (Operator)	22.225%
			Hindustan Petroleum Corporation Limited	22.22%
			BPCL	11.11%
			Hallworthy Shipping Ltd. SA	11.11%
			Nitin Fire Protection Industries Ltd.	11.11%
18 *	KG-OSN-2005/1 (Refer Note d)	20% (20%)	Oil and Natural Gas Corporation Limited (Operator)	60%
			HPCL – Mittal Energy Ltd.	20%
19	KG-DWN-2005/1 (Refer Note d)	10% (10%)	Oil and Natural Gas Corporation Limited (Operator)	70%
			Indian Oil Corporation Limited	20%
20	CY-ONN-2005/1(Refer Note b)	30% (30%)	GAIL (India) Ltd (Operator)	40%
			Bengal Energy Inc.	30%

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21	KK-DWN-2005/2 (Refer Note d)	10% (10%)	Oil and Natural Gas Corporation Limited (Operator)	90%
22	AN-DWN-2009/5 (Refer Note f)	0% (0%)	Oil and Natural Gas Corporation Limited (Operator)	100%
23	AN-DWN-2009/13 (Refer Note f)	0% (0%)	Oil and Natural Gas Corporation Limited (Operator)	80%
			GAIL (India) Ltd	10%
			NTPC Ltd	10%
24	AA-ONN-2003/1(Assam) (Refer Note c)	20% (20%)	Jubilant oil & Gas Pvt Limited (Operator)	10%
			Jubilant Securities Pvt. Ltd.	35%
			GAIL (India) Ltd	35%
25	CY-DWN-2004/3 (Refer Note c)	10% (10%)	Oil and Natural Gas Corporation Limited (Operator)	70%
			GAIL (India) Ltd	10%
			Hindustan Petroleum Corporation Limited	10%
26	CY-PR-DWN-2004/1 (Refer Note c)	10% (10%)	Oil and Natural Gas Corporation Limited (Operator)	70%
			GAIL (India) Ltd	10%
			Hindustan Petroleum Corporation Limited	10%
27	MB-OSN-2005/5 (Refer Note c)	30% (30%)	Oil and Natural Gas Corporation Limited (Operator)	70%
28	MB-OSN-2005/6 (Refer Note c)	20% (20%)	Oil and Natural Gas Corporation Limited (Operator)	80%
29	CB-ONN-2005/4 (Refer Note c)	49% (49%)	Oil and Natural Gas Corporation Limited (Operator)	51%
30	CB-ONN-2005/10 (Refer Note c)	49% (49%)	Oil and Natural Gas Corporation Limited (Operator)	51%
31	CB-ONN-2009/4 (Refer Note b)	50% (50%)	Oil and Natural Gas Corporation Limited (Operator)	50%
32*	Sabarmati	60% (60%)	Oilex NL Holdings (India) Ltd (Operator)	40%

* Blocks CY-PR-DWN-2004/2, KG-DWN-2004/1,KG-DWN-2004/2,KG-DWN-2004/3,KG-DWN-2004/5,Sabarmati,KG-OSN-2005/1 & MB-OSN-2004/2 have received the approval from MOPN&G for surrender

B	GSPC-Operated			
33	South Diyur (Egypt) (Refer Note e)	80% (80%)	Alkor Petro Ltd	20%
34	North Hap'y (Egypt) (Refer Note e)	80% (80%)	Petrogas E&P LLC	20%
35	MB-OSN-2004/1 (Refer Note g)	20% (20%)	GAIL (India) Ltd	20%
			Hindustan Petroleum Corporation Limited	20%
			Indian Oil Corporation Limited	20%
			Western Drilling Contractors Pvt. Ltd.	20%
36	Block No 19 (Yemen) (Refer Note i)	45% (45%)	Alkor Petroo Ltd.	25%
			Western Drilling Contractors Pvt. Ltd.	30%
37	Block No 28 (Yemen) (Refer Note i)	45% (45%)	Alkor Petroo Ltd.	25%
			Western Drilling Contractors Pvt. Ltd.	30%
38	Block No 57 (Yemen) (Refer Note i)	45% (45%)	Alkor Petroo Ltd.	25%
			Western Drilling Contractors Pvt. Ltd.	30%
39	South Gulf of Suez (Egypt) (Refer Note e)	60% (60%)	Adani Welspun Exploration Ltd	40%
40	KG-ONN-2004/2 (Refer Note c)	40% (40%)	GAIL (India) Ltd	40%
			Petrogas E&P LLC	20%
41	RJ-ONN-2005/3 (Refer Note c)	60% (60%)	Oil and Natural Gas Corporation Limited	40%
42	South East Tungkal (Indonesia) (Refer Note c)	50.50%(50.50%)	Essar Oil Ltd	49.50%

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Notes

a. The Company's Participating Interest (80% PI) in KG-OSN-2001/3 has been farmed out to Oil and Natural Gas Corporation (ONGC) through a Farm-in/Farm-out Agreement which was executed on 10th March 2017. The agreed valuation for the transaction is USD 995.26 Million towards KG-Deen Dayal West (DDW) area and USD 200 Million as an advance consideration towards the Other Six Discoveries areas. The consideration towards DDW Field is further subject to adjustment based on gas price while the consideration towards Other Six Discoveries is subject to additional payment by ONGC upon valuation of these discoveries to be carried out upon submission of FDP.

The Company had declared Commercial Operation Date (COD) w.e.f. 1st April, 2016. As per the agreement, the economic date of transfer for asset i.e. 80% Participating Interest of GSPC is 23:59 hours 31st March 2017. The closure for the transaction has been achieved on 4th August 2017.

In August 2002, the Company had entered into Carried Interest Agreement (CIA) with Geo Global Resources (India) Inc (GGR), under which the Company granted GGR 10.0% carried interest in the KG-OSN-2001/3 block. The Company had incurred Rs.1,856.83 Crore on GGR's behalf until 31st March 2017. While GSPC and GGR were at difference of opinions as to obligations under the carried interest agreement, in April 2017, the Company has entered into a Deed of Assignment & Assumption of Participating Interest with GGR vide which GGR has surrendered and assigned its 10% Participating Interest in KG-OSN-2001/3 Block to the Company. Thus, the Company shall hold 10% PI in KG-OSN-2001/3 Block.

b. During the year the company along with its Joint Venture partners have recommended block CB-ONN-2009/4 to be surrendered to Government of India. Accordingly a total exploration cost of Rs.33.04 crores have been written off during the year. During the previous year the company along with its Joint Venture partners had recommended block CY-ONN-2005/1 to be surrendered to Government of India. Accordingly a total exploration cost of Rs.33.38 crores have been written off during the FY 2016-17.

c. During F.Y. 2015-16, the company along with its Joint Venture partners have recommended block KG ONN 2004/2, RJ ONN 2005/3, South East Tungkal Indonesia, AA-ONN-2003/1, CY-DWN-2004/3, CY-PR-DWN-2004/1, MB-OSN-2005/5, MB-OSN-2005/6, CB-ONN-2005/10 and CB-ONN-2005/4 to be surrendered to Government of India. Accordingly a total exploration cost of Rs.679.42 crores have been written off during F.Y. 2015-16

d. During F.Y 2014-15, the company along with its Joint Venture partners have recommended block KG OSN 2005/1, KG DWN 2005/1 and KK DWN 2005/2 to be surrendered to Government of India. Accordingly a total exploration cost of Rs. 105.13 crores have been written off during the FY.2014-15.

e. During F.Y. 2014-15 the company along with its Joint Venture partners has decided to withdraw from South Diyur (Egypt) and South Gulf of Suez (Egypt) blocks and accordingly a total exploration cost of Rs.397.25 crores have been written off during F.Y.2014-15. During FY 2013-14 the company along with its Joint Venture partners has decided to withdraw from North Ha'py (Egypt) block.

f. During FY 2013-14 the company has decided to surrender and assign its 10% PI in two ONGC operated blocks namely AN-DWN-2009/5 and AN-DWN-2009/13 block to ONGC w.e.f. 1st April, 2013.

g. The company along with its Joint Venture partners have recommended Block MB-OSN-2000/1, MB-DWN-2000/2 (Mumbai), CY-ONN-2002/1 (Cauvery), CB-ONN-2002/2, MB-OSN-2004/1, MB-OSN-2004/2, KG-DWN-2004/1, KG-DWN-2004/2, KG-DWN-2004/3, KG-DWN-2004/5, KG-DWN-2004/6, CY-DWN-2004/1, CY-DWN-2004/2, CY-DWN-2004/4, CY-PR-DWN-2004/2, CB-ONN-2004/4, RJ-ONN-2004/1 and BS (3)-CBM-2003/II to be surrendered to Government of India.

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h. Company had applied for the extension of exploration phase in Tarapur block and a separate Ring Fence PSC is signed on 5th March, 2016.

i. During the financial year 2012-13 the company along with it JV partners have recommended to surrender the three blocks by invoking the termination provision of the PSAs on account of continuation of force majeure events for more than six months. Vide letter dated 13th February, 2013, GSPC led consortium has terminated Production Sharing Agreements (PSAs) for 3 blocks awarded in Republic of Yemen (RoY). PSAs have been terminated on the ground of existence of force majeure event. The Consortium had initiated the arbitration proceedings under the PSAs before the International Chamber of Commerce (ICC), Paris and in the interim stage, obtained order Republic of Yemen not to take steps invoking SBLCs, while Consortium has been directed to extend the validity of SBLCs. Detailed pleadings were filed by both the parties and the final hearing was held from 8-12th September 2014 at the ICC hearing center in Paris. After the final hearing was concluded both the parties had submitted Post Hearing Briefs before the Arbitral Tribunal. Subsequently upon completion of the arbitration proceedings, the final award has been passed by the Arbitral Tribunal on 10 July 2015. The Arbitral Award inter alia:

- Declared that the three Production Sharing Agreements (Blocks 19, 28, and 57) have been validly terminated by GSPC Consortium;

- Declared that the Republic of Yemen and/or the Yemeni Ministry of Oil and Minerals were and are not entitled under the Production Sharing Agreements to draw on the related Standby Letters of Credits (US$ 42 million i.e ~Rs.273.18 crores) issued in their favor by the International bank of Yemen;

- Arbitral Tribunal has awarded costs of approx. USD 3.79 million (~Rs.24.65 crores) in favour of GSPC Consortium.

The Said Arbitral Award has been challenged by the Yemen Government by filing Annulment Proceedings in Court Of Appeal at Paris. GSPC Consortium has filed the response to the Annulment Proceedings filed by Yemen Government. The hearing for the matter took place on February 28, 2017. The Annullment Proceedings have also been held in favour of GSPC Consortium by the Paris Court. GSPC consortium is taking steps for enforcement of award. the matter is sub-judice.

j. During the FY2017-18 GSPC Operated Sanand Block and CB-ONN-2000/1(RFPSC) has received approval for commercial production.

k.Of the above, 19 fields/blocks are in production, namely Hazira, Bhandut, Cambay, Asjol, Unawa, North Balol, CB-ON/7 (Palej), Dholasan, North Kathana, Kanawara, Allora, CB-ONN-2000/1 (Ahmedabad), Tarapur, CB-ONN-2003/2 (Ankleshwar), KG-OSN-2001/3, CB-ONN-2000/1(RFPSC),Sanand Miroli, CB-ONN-2004/1 and CB-ONN-2004/2 block. Net quantity of Company's interest (on gross basis) in proved developed reserves is as follows:

Particulars	Proved Reseves (Oil) (Million MT)*	Proved Reserves (Gas) (Million Cubic Meter) *
Opening Balance for the year ended on 1st April, 2017	0.44	40,573.60
	(0.49)	(209.50)
Additions	0.03	
		(40,493.10)
** Adjustments on account of change in Reserve estimate	(0.24)	(103.02)
	(0.01)	(28.49)
Deletions		36,341.23
	-	-
Production	0.03	21.79
	(0.04)	(157.49)
Closing Balance for the year ended on 31st March, 2018	0.20	4,107.56
	(0.44)	(40,573.60)

*Figures in brackets relate to period ended 31st March, 2017

The Company's share of reserve has been considered on the basis of the "Reserve" certification provided by M/s. Gaffney, Cline & Associates (GCA) as on 31st August, 2015 and accordingly the proved reserves as on 31st March, 2016 has been worked based on the reserve estimates certified by GCA and only includes the blocks which are in production.

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

** Adjustments reflects change in reserve estimation as earlier, the reserve estimate was based on proved developed reserves where as since 01.04.2016 company has made change in estimates based on proved reserves. In the previous year KG-OSN-2001/3 had declared COD as 01.04.2016 and accordingly its reserve estimates as on 01.04.2016 has been included above, based on the management estimates. However, due to the change in GSPC share of PI in the block with effect from 01.04.2017 the same reserves are now considered based on 10% PI.

The financial statements of the Company reflect its share of Assets, Liabilities, Income and Expenditure of the Joint Venture operations which are accounted on a line to line basis with similar items in the Company's accounts to the extent of participating interest of the company as per the various joint venture agreements, in compliance of Ind AS-111. The income and expenditure from Joint Ventures are disclosed separately in the Statement of Profit and Loss. The summary of the Company's share in Assets & Liabilities of Joint Ventures are as follow:

(Rs. in Crores)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Fixed Assets		
Gross Block	4,433.15	4,157.12
Depreciation/Depletion Fund	(3,433.50)	(3,055.33)
Net Block	999.65	1,101.79
CWIP*	1,579.31	1,495.61
Current Assets	97.18	51.41
Current Liabilities and Provisions	99.36	429.36
Contingent Liabilities	197.77	690.38

*includes stores & spares

I. The Statement of Profit and Loss of the Company includes its share in Profit or Loss pertaining to the respective Joint Operations. The summary of Statement of Profit and Loss for the year ended 31st March 2018 is given as under:

(Rs. in Crores)

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	Aggregate of all JVs	GSPC's Share	Aggregate of all JVs	GSPC's Share
Income				
Sale of Crude Oil	137.81	76.30	133.74	69.47
Sale of Gas	128.60	39.50	188.91	150.58
Increase/(Decrease) in Stock*	9.47	(1.87)	38.64	34.46
Other Income	7.30	4.80	10.10	6.67
Total	**283.18**	**118.73**	**371.39**	**261.18**
Expenditure				
Production Expenses	157.83	48.21	101.12	67.04
Duties & Taxes	12.02	6.36	47.29	28.40
Administrative exps.	63.09	19.60	110.98	90.96
Total Expenditure before Depreciation	232.94	74.17	259.39	186.40
Profit before depreciation	50.24	44.56	112.00	74.78

*It includes increase/ (decrease) in stock of crude oil of Hazira Field amounting to INR 0.02 crore. The same is not considered in closing stock of crude oil, in line with Joint Venture's accounting policy.

m.In current Financial Year GSPC and HOEC has submitted the proposal for CB-ON/7 Ring Fenced PSC (RFPSC) to MOPNG which is pending requisite approval. However, GSPC has already paid the requisite amount of USD 1.275 Million (Rs.8.17 Crores) as per the guidelines of MOPNG for signing of CB-ON/7 RFPSC.

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

Note 38

Segment Information

1. Description of segment and principal activities

The Company's Board of Directors monitors the operating results of the below business segments separately for the purpose of making decisions about resource allocation and performance assessment and has identified three reportable segments of its business:

a) Exploration and production (E&P) : Company is engaged in oil and gas exploration and production operations

b) Gas Trading : Company is engaged in the procurement of gas from international market to meet the demand of gas across Gujarat

c) Wind power : Generation of electricity through windmills

2. Segment revenue and expenses

Revenue and Expenses have been identified to a segment on the basis of operating activities of the segment. Revenue and Expenses which relate to common activities and are not allocable to segment on reasonable basis have been disclosed as "Unallocable".

3. Segment assets and liabilities

Segment assets include all operating assets in respective segments comprising of net fixed assets, Capital Work in Progress, current assets, loans and advances. Segment liabilities include operating liabilities and provisions excluding borrowings and deferred tax liabilities.

4. Information about geographical areas

Segment assets include all operating assets in respective segments comprising of net fixed assets, Capital Work in Progress, current assets, loans and advances. Segment liabilities include operating liabilities and provisions excluding borrowings and deferred tax liabilities

5. Information about product and services

The Company's revenue from external customers for each product is same as that disclosed below under "segment revenue".

(Rs. in Crores)

Particulars	As at 31st March, 2018					As at 31st March, 2017				
	E & P	Gas Trading	Wind Power	Unallocated	Total	E & P	Gas Trading	Wind Power	Unallocated	Total
A. Segment revenue										
External sales*	115.80	10,589.72	44.68	-	10,750.20	208.37	9,409.23	48.84	-	9,666.44
Inter segment sales	(24.66)	-	-	-	(24.66)	(26.79)	-	-	-	(26.79)
Total segment revenue	**91.14**	**10,589.72**	**44.68**	**-**	**10,725.54**	**181.58**	**9,409.23**	**48.84**	**-**	**9,639.65**
B. Segment results										
Segment results										
Profit(+)/ loss(-)	39.61	851.40	36.46	-	927.47	(1.88)	758.88	55.71	-	812.71
Unallocated expenses	-	-	-	(1,712.80)	(1,712.80)	-	-	-	(1,928.57)	(1,928.57)
Operating Profit	**39.61**	**851.40**	**36.46**	**(1,712.80)**	**(785.33)**	**(1.88)**	**758.88**	**55.71**	**(1,928.57)**	**(1,115.86)**
Interest/ dividend	-	-	-	77.89	77.89	-	-	-	146.22	146.22
Other income	4.80	58.45	-	3.00	66.25	6.67	-	-	18.99	25.66
Depreciation	(189.45)		(18.10)	(2.97)	(210.52)	(860.72)		(13.78)	(46.84)	(921.34)
Provision for taxation	-	-	-	-	-	-	-	-	(48.32)	(48.32)
MAT credit entitlement	-	-	-	-	-	-	-	-	-	-
Prior period adjustments	-	-	-	-	-	-	-	-	-	-
Profit/Loss from ordinary Activities	**(145.04)**	**909.85**	**18.36**	**(1,634.88)**	**(851.71)**	**(855.93)**	**758.88**	**41.93**	**(1,858.52)**	**(1,913.64)**
Excess / short prov of IT										
Exceptional item	(712.93)	-	-	-	(712.93)	(15,195.87)	-	-	-	(15,195.87)
Net profit/(loss)	**(857.97)**	**909.85**	**18.36**	**(1,634.88)**	**(1,564.64)**	**(16,051.80)**	**758.88**	**41.93**	**(1,858.52)**	**(17,109.52)**

* Segment Revenue includes other income which is directly attributable to each segment.

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

Note 38
Segment Information

(Rs. in Crores)

Particulars	As at 31st March, 2018					As at 31st March, 2017				
	E & P	Gas Trading	Wind Power	Unallocated	Total	E & P	Gas Trading	Wind Power	Unallocated	Total
C. Segment assets										
Segment assets	4,720.19	696.36	132.50		5,549.05	11,566.63	612.01	104.09		12,282.73
Unallocated Assets				4,470.67	4,470.67				7,395.15	7,395.15
Total Assets	**4,720.19**	**696.36**	**132.50**	**4,470.67**	**10,019.71**	**11,566.63**	**612.01**	**104.09**	**7,395.15**	**19,677.88**
D. Segment Liabilities										
Segment Liabilities	482.41	525.47	6.84		1,014.73	24,220.98	180.38	16.01		24,417.37
Unallocated Liabilities				15,129.73	15,129.73				1,509.13	1,509.13
Total Liabilities	**482.41**	**525.47**	**6.84**	**15,129.73**	**16,144.46**	**24,220.98**	**180.38**	**16.01**	**1,509.13**	**25,926.50**
E. Other information										
Capital Expenditure	138.24	-	-	4.87	143.11	(3,413.27)	-	-	1,763.00	(1,650.27)
Additions to non-current assets	-					-				
Depreciation	189.45	-	18.10	2.97	210.52	860.72	-	13.78	46.84	921.34
Non Cash Expenses other than Depreciation	712.93	-	-		712.93	15,497.67	-	-	6.95	15,504.62

Note 39

In the year 1998-99, the Hazira joint venture started the construction of 36" pipeline with a view to evacuate the natural gas production expected from the new Land Based Drilling Platform to major industrial customers lying on the 14 km stretch from Hazira to Mora. The joint venture pursued the Management Committee for approval of the laying of the pipeline and shifting of the delivery point (since no delivery point was defined for natural gas in Hazira PSC), to which DGH/ Government of India ('GoI') did not agree for several reasons including but not limited to the reserves, size of the pipeline etc.

In the year 1999-2000, the Company sold this pipeline to its subsidiary company, Gujarat State Petronet Limited (GSPL) for a consideration of Rs.49.50 Crores on as is where is basis. However the joint venture partner M/s. Niko Resources initiated arbitration proceedings against the company and GoI for seeking cost recovery of the said 36" pipeline and settlement of the dispute under PSC.

Arbitral Tribunal has passed its award dated 23rd December, 2009. As per the Arbitration Award, the pipelines forms part of the development plan of the joint venture and 'cost recovery' status is. The impact of the arbitration award has been given in the audited joint venture accounts for the year ended 31-March-2010 as under:

Rs. In crs

Particulars	Corresponding effect on	Amount
Pipeline Revenue	Sundry debtors	137.97
Profit Petroleum to MOP&NG (reversal)	Advances recoverable in cash or kind or value to be received	93.44
Plant & machinery (incurred by joint venture)	Producing properties in progress	25.71
Plant & machinery (additionally incurred by GSPCL)	Other liabilities	70.35
Pipeline expenses (direct & indirect operating expenses)	Other liabilities	65.74

The above mentioned impact of the award is based on the computation performed by the operator M/s Niko Resources. Moreover as per the Arbitration Award, GoI is liable to pay interest at the rate of 9% p.a on the amount of profit petroleum refundable to joint venture from 31/3/2003 till date of payment. The above figures with respect to 36"pipeline for the year 2010-11, 2011-12, 2012-13, 2013-14 ,2014-15, 2015-16 and 2016-17 have not been updated.

Subsequently, the arbitration award has been challenged by the Government of India under Section 34 of the Arbitration and Conciliation Act, 1994 before the Delhi High Court. The High Court of Delhi has set aside the Arbitration Award vide its Order and Judgment dated July 2, 2012 resulting into cost-recovery in respect of the pipeline being disallowed. However, NIKO has preferred a further appeal u/s 37 of the Arbitration and Conciliation Act, 1994 before the division bench of the Delhi High Court. NIKO had also prayed for stay on the Judgment of Single Judge of Delhi High Court however no such stay has been granted. Accordingly, the issue of cost recovery for the pipeline is still sub-judice. Further, the Arbitral Award is still not final in terms of Section 36 of the Arbitration and Conciliation Act, 1994 and in view of the same, the Company has not considered the Arbitration Award and directions under the same as aforesaid while consolidating the Joint Venture accounts on a line by line basis.

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Note 40

RELATED PARTY TRANSACTIONS

As per the Indian Accounting Standard (Ind AS) 24 on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the related parties of the Company are as follows.

40.1.1 Subsidiary Company - Gujarat State Petronet Limited, GSPC Pipavav Power Company Ltd, Guj Info Petro Limited, GSPC (JPDA) Ltd, Gujarat Gas Limited, GSPC Offshore Ltd, GSPC Energy Ltd.

40.1.2 Associate Companies - Gujarat State Energy Generation Limited, Alcock Ashdown (Gujarat) Limited, GSPC LNG Ltd.

40.1.3 Joint Ventures- GSPL India Gasnet Limited ,GSPL India Transco Limited and Sabarmati Gas Ltd,

40.1.4 Key Managerial Personnel:

	F.Y.2017-18		F.Y.2016-17	
Name of Key Managerial Personnels:	From Date	To Date	From Date	To Date
Shri Dr. J.N. Singh, IAS (Chairman & Managing Director)	01-04-17	31-03-18	01-08-16	31-03-17
Shri Dr. J.N. Singh, IAS (Managing Director)	-	-	11-04-16	31-07-16
Shri T. Natarajan, IAS (Joint Managing Director)	01-04-17	31-03-18	01-08-16	31-03-17
Shri Atanu Chakraborty, IAS	-	-	01-04-16	10-04-16
Shri Anil Mukim, IAS (Director)	01-04-17	07-03-18	17-10-16	31-03-17
Shri Sujit Gulati, IAS (Director)	01-04-17	31-03-18	07-07-16	31-03-17
Dr. Manjula Subramaniam, IAS (Retd.) (Woman Independent Director)	01-04-17	31-03-18	01-04-16	31-03-17
Shri M. M. Srivastava, IAS (Retd.) (Director)	01-04-17	31-03-18	01-04-16	31-03-17
Shri K. Kailashnathan, IAS (Retd.) (Director)	01-04-17	31-03-18	01-04-16	31-03-17
Dr. N. Ravichandran (Independent Director)	01-04-17	31-03-18	01-04-16	31-03-17
Prof. Yogesh Singh (Independent Director)	01-04-17	31-03-18	01-04-16	31-03-17
Dr. Ravindra Dholakia (Independent Director)	01-04-17	31-03-18	01-04-16	31-03-17
Shri Rajesh Sivadasan (CFO)	10-11-17	31-03-18	-	-
Shri Gopal Srinivasan (CFO)	01-04-17	31-05-17	01-04-16	31-03-17
Shri Sandeep Dave (Company Secretary)	01-04-17	31-03-18	01-04-16	31-03-17

40.1.5 Related party disclosure

Transactions during the year with related parties:

(Rs. in Crores)

Nature of Transaction	Subsidiaries		Associates		Joint Ventures / Venturers		Key Management		TOTAL	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Income:									-	
Sale of LNG	**3,870.97**	**3,031.89**	**84.70**	**36.08**	**210.20**	**188.90**	**-**	**-**	**4,165.87**	**3,256.87**
Gujarat State Petronet Ltd	4.12	16.62	-	-	-	-		-	4.12	16.62
Gujarat Gas Limited	3,798.37	2,993.15	-	-	-	-		-	3,798.37	2,993.15
GSPC Pipavav Power Company Ltd.	33.87	22.12	-	-	-	-		-	33.87	22.12
Sabarmati Gas Ltd.	-	-		-	210.20	188.90		-	210.20	188.90
Gujarat State Energy Generation Ltd	-	-	84.70	36.08	-	-		-	84.70	36.08
GSPC Energy Ltd.	34.61		-		-				34.61	-
									-	
REGASIFICATION INCOME	**33.22**	**34.55**	**-**	**5.67**	**-**	**-**	**-**	**-**	**33.22**	**40.22**
Gujarat Gas Limited	29.15	27.87	-	-	-	-	-	-	29.15	27.87
GSPC Pipavav Power Company Ltd.	4.07	6.68	-	-	-	-	-	-	4.07	6.68
Gujarat State Energy Generation Ltd	-	-	-	5.67	-	-	-	-	-	5.67
Rent received	**0.74**	**0.72**	**0.18**	**0.17**	**-**	**-**	**-**	**-**	**0.92**	**0.89**
Gujarat State Petronet Ltd	0.09	0.03	-	-	-	-	-	-	0.09	0.03
GSPC Pipavav Power Company Ltd.	0.18	0.17	-	-	-	-	-	-	0.18	0.17
Gujarat Gas Limited	0.04	0.14	-	-	-	-	-	-	0.04	0.14
Guj Info Petro Ltd	0.43	0.38	-	-	-	-	-	-	0.43	0.38
Gujarat State Energy Generation Ltd	-	-	0.18	0.17	-	-	-	-	0.18	0.17
Dividend Income	**43.58**	**41.63**	**-**	**-**	**0.90**	**0.45**	**-**	**-**	**44.48**	**42.08**
Gujarat State Petronet Ltd	31.85	31.85	-	-	-	-	-	-	31.85	31.85
Gujarat Gas Limited	11.73	9.78	-	-	-	-	-	-	11.73	9.78
Sabarmati Gas Ltd.	-	-	-	-	0.90	0.45	-	-	0.90	0.45
Interest Income	**0.005**	**-**	**22.71**	**34.38**	**-**	**-**	**-**	**-**	**22.71**	**34.38**
GSPC Pipavav Power Company Ltd.	0.005	-	-		-		-		0.005	
Gujarat State Energy Generation Ltd	-	-	22.71	34.38	-		-	-	22.71	34.38
Reimbursement of Exp-Received	**9.95**	**1.94**	**0.98**	**0.90**	**2.05**	**0.56**	**-**	**-**	**12.98**	**3.39**
Gujarat Gas Limited	0.76	0.21	-	-	-	-		-	0.76	0.21
Gujarat State Petronet Ltd	7.81	0.69	-	-	-	-		-	7.81	0.69
GSPC Pipavav Power Company Ltd.	0.81	1.01	-	-	-	-	-	-	0.81	1.01
GSPC ENERGY LIMITED	0.25	-	-	-	-	-	-	-	0.25	-
Sabarmati Gas Ltd.	-	-	-	-	0.39	0.34	-	-	0.39	0.34
Guj Info Petro Ltd	0.32	0.03	-	-	-	-	-	-	0.32	0.03
Gujarat State Energy Generation Ltd	-	-	0.82	0.67	-	-	-	-	0.82	0.67
GSPL INDIA GASNET LTD	-	-	-	-	1.03	0.12	-	-	1.03	0.12
GSPL INDIA TRANSCO LTD	-	-	-	-	0.63	0.10	-	-	0.63	0.10
GSPC LNG LTD	-	-	0.16	0.23	-	-	-	-	0.16	0.23
Profit Petroleum Received	-	-	-	**0.23**	-	-	-	-	-	**0.23**
Gujarat State Energy Generation Ltd	-	-	-	0.23	-	-	-	-	-	0.23
Expenses:										
Purchase of Gas	**-**	**11.34**	**-**	**13.37**	**-**	**-**	**-**	**-**	**-**	**24.71**
Gujarat State Energy Generation Ltd	-	-	-	13.37	-	-	-	-	-	13.37
GSPC Pipavav Power Company Ltd.	-	11.34	-	-	-	-	-	-	-	11.34
Gas transportation charges	**108.04**	**93.41**	**-**	**-**	**-**	**-**	**-**	**-**	**108.04**	**93.41**
Gujarat State Petronet Ltd	108.04	93.41	-	-	-	-	-	-	108.04	93.41

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Outsourcing Service Charges	**0.89**	**0.99**	-	-	-	-	-	-	**0.89**	**0.99**
Guj Info Petro Ltd	0.89	0.99	-	-	-	-	-	-	0.89	0.99
									-	-
Website Development	**0.04**	**0.24**	-	-	-	-	-	-	**0.04**	**0.24**
Guj Info Petro Ltd	0.04	0.24	-	-	-	-	-	-	0.04	0.24
Purchase of Fuel	**0.05**	**0.07**	-	-	-	-	-	-	**0.05**	**0.07**
Gujarat Gas Limited	0.05	0.07	-	-	-	-	-	-	0.05	0.07
Reimbursement of Expenses: Paid	**1.29**	**0.75**	-	**0.02**	**0.06**	**0.01**	-	-	**1.36**	**0.77**
Guj Info Petro Ltd.	0.14	0.04	-	-	-	-	-	-	0.14	0.04
Gujarat Gas Limited	0.47	0.22	-	-	-	-	-	-	0.47	0.22
Gujarat State Petronet Ltd	0.23	0.41	-	-	-	-	-	-	0.23	0.41
GSPC Pipavav Power Company Ltd.	0.46	0.08	-	-	-	-	-	-	0.46	0.08
GSPL INDIA GASNET LTD	-	-	-	-	0.06	-	-	-	0.06	-
GSPL INDIA TRANSCO LTD	-	-	-	-	-	0.01	-	-	-	0.01
GSPC LNG LTD	-	-	-	0.02	-	-	-	-	-	0.02
Remuneration to Key Managerial Personnel	-	-	-	-	-	-	**1.20**	**1.68**	**1.20**	**1.68**
Key management personnel compensation							0.92	1.16	0.92	1.16
Director Sitting Fees							0.03	0.05	0.03	0.05
Post employment benefit plan										
-Non-contributory superannuation plan							0.05	0.26	0.05	0.26
-Employee group gratuity scheme							0.20	0.21	0.20	0.21
Sale of Fixed Assets	-	**0.04**	-	-	-	-	-		-	**0.04**
Guj Info Petro Ltd	-	0.04	-	-	-	-	-		-	0.04
Sale of Investments	**3,256.70**	-							**3,256.70**	-
Gujarat State Petronet Ltd	3,256.70	-							3,256.70	-
Purchase of Fixed Assets	**0.24**	**0.05**	-	-	-	**0.06**	-	-	**0.24**	**0.11**
Guj Info Petro Ltd	0.24	-	-	-	-	-	-	-	0.24	-
Gujarat State Petronet Ltd.		0.02								0.02
GSPL INDIA TRANSCO LTD	-		-	-	-	0.06	-			0.06
Gujarat Gas Limited	-	0.03	-	-	-	-	-			0.03
										-
Current Assets & Liabilities:										-
Debtors	**151.17**	**186.27**	**96.64**	**112.01**	**5.73**	**14.64**	-	-	**253.54**	**312.91**
Gujarat State Petronet Ltd	0.44	3.39	-	-	-	-	-	-	0.44	3.39
Gujarat Gas Limited	134.61	182.87	-	-	-	-	-	-	134.61	182.87
Gujarat State Energy Generation Ltd	-	-	96.64	112.01					96.64	112.01
GSPC Pipavav Power Company Ltd.	-	0.01	-	-					-	0.01
Saburmati Gas Ltd	-	-	-	-	5.73	14.64	-	-	5.73	14.64
GSPC ENERGY LIMITED	16.12	-	-	-	-	-			16.12	-
Advance/Receivables	**8.29**	**1.43**	**67.05**	**42.20**	**0.39**	**0.14**	-	-	**75.73**	**43.77**
Gujarat State Petronet Ltd	7.07	-	-	-	-	-	-	-	7.07	-
GSPC Pipavav Power Company Ltd.	0.20	0.29	-	-	-	-	-	-	0.20	0.29
GSPC (JPDA) Ltd.	0.08	0.16	-	-	-	-	-	-	0.08	0.16
Guj Info Petro Ltd	0.15	0.08	-	-	-	-	-	-	0.15	0.08
GSPC ENERGY LIMITED	0.30	0.26	-	-	-	-	-	-	0.30	0.26
GSPC OFFSHORE LIMITED	0.32	0.32	-	-	-	-	-	-	0.32	0.32
Gujarat Gas Limited	0.17	0.32	-	-	-	-	-	-	0.17	0.32
GSPL INDIA TRANSCO LTD	-	-	-	-	0.21	0.06	-	-	0.21	0.06
GSPL INDIA GASNET LTD	-	-	-	-	0.15	0.06	-	-	0.15	0.06
Gujarat State Energy Generation Ltd	-	-	67.04	42.18	-	-	-	-	67.04	42.18
	-	-	-	-	0.03	0.02	-	-	0.03	0.02
GSPC LNG Ltd			0.01	0.02	-				0.01	0.02
Payable	**4.92**	**5.50**	-	**0.02**	-	-	-	-	**4.92**	**5.52**
Gujarat State Petronet Ltd	4.24	5.12	-	-	-	-	-	-	4.24	5.12
Gujarat Gas Limited	0.07	0.09	-	-	-	-	-	-	0.07	0.09
Guj Info Petro Ltd	0.22	0.23	-	-	-	-	-	-	0.22	0.23
	0.39	0.06	-	-	-	-	-	-	0.39	0.06
GSPC LNG Ltd			-	0.02	-	-	-	-		0.02
Investment in Share Capital (Allotment) *	**1,151.83**	**1,209.25**	**142.76**	**142.76**	**55.10**	**55.10**	-	-	**1,349.69**	**1,407.11**
Gujarat State Petronet Ltd	213.31	213.31	-	-	-	-	-	-	213.31	213.31
GSPC Pipavav Power Company Ltd.	840.00	840.00	-	-	-	-	-	-	840.00	840.00
GSPC LNG Ltd	-	-	11.43	11.43			-	-	11.43	11.43
GSPC (JPDA) Ltd.	98.39	98.39	-	-			-	-	98.39	98.39
Guj Info Petro Ltd	0.03	0.03	-	-	-	-	-	-	0.03	0.03
Gujarat Gas Ltd.		57.42								57.42
Gujarat State Energy Generation Ltd	-	-	119.83	119.83					119.83	119.83
Saburmati Gas Ltd.				-	55.10	55.10	-	-	55.10	55.10
Alcock Ashdown (Gujarat) Limited (excluding provision for Diminution in value)			11.50	11.50					11.50	11.50
GSPC ENERGY LIMITED	0.05	0.05	-	-			-	-	0.05	0.05
GSPC OFFSHORE LIMITED	0.05	0.05	-	-	-				0.05	0.05
	-									
Inter Corporate Loan	-	-	**153.44**	**153.44**	-	-	-	-	**153.44**	**153.44**
Gujarat State Energy Generation Ltd	-	-	153.44	153.44	-	-	-	-	153.44	153.44

* Investment in share capital excluding any addition on account of fair value

Apart from the above transactions, the Company has also entered into other transactions in ordinary course of business with Government related entities. These are transacted at arm's length prices based on the agreed contractual terms.

These transactions were carried out in the ordinary course of business and at arms length.

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

Note 41

A. Financial Instruments by category and their fair value

(Rs. in Crores)

As at 31st March 2018	Carrying amount					Fair value			
	FVTPL	FVTOCI	Amotised Cost	Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs	Total
Financial assets									
Investments									
Quoted	-	2,669.44	-		2,669.44	2,669.44	-	-	2,669.44
Unquoted	-	1,190.29	-	0.10	1,190.39	-		1,190.29	1,190.29
Loans					-				-
Non-current	-	-	9.14		9.14	-	9.14		9.14
Current	-	-	155.48		155.48	-	-	-	-
Trade Receivables	-	-	656.40		656.40	-	-	-	-
Cash and Cash Equivalents	-	-	6.92		6.92	-	-	-	-
Other Bank Balances	-	-	91.02		91.02	-	-	-	-
Other financial assets					-				-
Non-current	-	-	103.96		103.96	-	103.96	-	103.96
Current	-	-	2,376.08		2,376.08	-	-	-	-
Total financial assets	-	**3,859.73**	**3,399.00**	**0.10**	**7,258.83**	**2,669.44**	**113.10**	**1,190.29**	**3,972.83**
Financial liabilities									
Borrowings									
Non-current	-	-	10,957.79		10,957.79	-	10,957.79	-	10,957.79
Current	-	-	2,967.47		2,967.47	-	-	-	-
Other financial liabilities									
Non-current	-	-	11.58		11.58	-	11.58	-	11.58
Current	-	-	1,121.95		1,121.95	-	-	-	-
Trade Payables	-	-	758.26		758.26	-	-	-	-
Total financial liabilities	-	-	**15,817.05**		**15,817.05**	-	**10,969.37**	-	**10,969.37**

Fair value of financial assets and liabilities measured at amortised cost is not materially different from Fair Value. Further, impact of time value of money is not significant for the financial instruments classified as current. Accordingly, the fair value has not been disclosed separately.

(Rs. in Crores)

As at 31st March 2017	Carrying amount					Fair value			
	FVTPL	FVTOCI	Amotised Cost	Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs	Total
Financial assets									
Investments									
Quoted	-	5,134.47	-		5,134.47	5,134.47	-	-	5,134.47
Unquoted	-	1,190.29	-	0.10	1,190.39	-	-	1,190.29	1,190.29
Loans									-
Non-current	-	-	8.48		8.48	-	8.48		8.48
Current	-	-	160.97		160.97	-	-	-	-
Trade Receivables	-	-	625.39		625.39	-	-	-	-
Cash and Cash Equivalents	-	-	3.80		3.80	-	-	-	-
Other Bank Balances	-	-	90.05		90.05	-	-	-	-
Other financial assets									-
Non-current	-	-	99.35		99.35	-	99.35	-	99.35
Current	-	-	1,167.21		1,167.21	-	-	-	-
Total financial assets	-	**6,324.76**	**2,155.25**	**0.10**	**8,480.11**	**5,134.47**	**107.83**	**1,190.29**	**6,432.59**
Financial liabilities									
Borrowings									
Non-current	-	-	18,105.25	-	18,105.25	-	18,105.25	-	18,105.25
Current	-	-	4,406.71	-	4,406.71			-	-
Other financial liabilities				-	-				-
Non-current	-	-	9.74	-	9.74	-	9.74	-	9.74
Current	2.45	-	1,496.53	-	1,498.98	-	-	-	-
Trade Payables	-	-	621.81	-	621.81	-	-	-	-
Total financial liabilities	**2.45**	-	**24,640.04**	-	**24,642.49**	-	**18,114.99**	-	**18,114.99**

Fair value of financial assets and liabilities measured at amortised cost is not materially different from Fair Value. Further, impact of time value of money is not significant for the financial instruments classified as current. Accordingly, the fair value has not been disclosed separately.

Types of inputs are as under:

Input Level I (Directly Observable) which includes quoted prices in active markets for identical assets such as quoted price for an equity security on Security Exchanges

Input Level II (Indirectly Observable) which includes prices in active markets for similar assets such as quoted price for similar assets in active markets, valuation multiple derived from prices in observed transactions involving similar businesses etc.

Input Level III (Unobservable) which includes management's own assumptions for arriving at a fair value such as projected cash flows used to value a business etc.

B. Measurement of fair values

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

FVTOCI in unquoted equity shares	**Investments in Equity Shares of Other Entities** OPAL -Due to the uncertainty over project cost and commissioning date investments in equity shares of OPAL have been fair valued using book value. This method may be reconsidered on commencement of commercial operations.

Transfers between Levels 1 and 2

There have been no transfers between Level 1 and Level 2 during the reporting periods

TALATI & TALATI CHARTERED ACCOUNTANTS AHMEDABAD

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Level 3 fair values

Movements in the values of unquoted equity instruments for the period ended 31st March, 2018 and 31st March, 2017 is as below:

(Rs. in Crores)

Particulars	Amount
As at 1 April 2016	**1,190.29**
Acquisitions/ (disposals)	-
Gains/ (losses) recognised in other comprehensive income	-
Gains/ (losses) recognised in statement of profit or loss	-
As at 31 March 2017	**1,190.29**
Acquisitions/ (disposals)	-
Gains/ (losses) recognised in other comprehensive income	-
Gains/ (losses) recognised in statement of profit or loss	-
As at 31 March 2018	**1,190.29**

Transfer out of Level 3

There were no transfers out of level 3 during the year 2017-18 and 2016-17.

Sensitivity analysis

Investments in unquoted equity shares comprise of investments in ONGC Petro Additions Ltd. which has recently commenced commercial production. Accordingly , the shares have been valued at Face Value and hence it is impracticable to provide the sensitivity analysis of the same.

C. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

a. Credit risk ;
b. Liquidity risk ; and
c. Market risk

(I) Risk management framework

The Company is exposed to financial risks arising from business/operating activities as well as financial instruments. The risks include market risks pertaining to price risk, currency risk and interest rate risk; credit risk; and liquidity risk. The finance and commercial team advises the management (including the CFO) which oversees the risk management strategies and procedures. The objective of the teams is to inform the management on financial risks and propose appropriate financial risk governance framework for the company. Based on the inputs from respective teams, analysis and understanding, the management issues directives for mitigation of risks. The company regularly monitors the risks to ensure that financial risks are identified, measured and managed in accordance with risk management policies.

The company's risk management activities pertaining gas trading business are managed by the commercial team, while those pertaining to financing activities are managed by the finance team. All derivative activities are carried out by teams with appropriate skills and experience under supervision as per directives of management. The teams are subject to necessary financial and management control.

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(ii) Credit risk

Credit risk is the risk that a customer or counterparty to a financial instrument will fail to perform or fail to pay amounts due causing financial loss to the company. The potential activities where credit risks may arise include from cash and cash equivalents, derivative financial instruments and deposits with financial institutions and principally from credit exposures to customers relating to outstanding receivables. The maximum credit exposure associated with financial assets is equal to the carrying amount. Details of the credit risk specific to the company along with relevant mitigation procedures adopted have been enumerated below:

Trade receivables

Customers of the company in the gas trading business comprise of subsidiaries/associates and corporates which include public sector undertakings. The Company ratifies the counterparty creditworthiness prior to the contractual agreement for gas sale/purchase and adequate risk mitigation measures are incorporated in the agreement. The counterparty dealings with respect to receivables are governed by the Company's debtor's policy which is guiding document. Hence, at this point in time, the Company does not perceive credit risk on gas trading receivables. Gujarat Urja Vikas Nigam Limited (GUVNL), a public sector undertaking controlled by the Government of Gujarat, is the single customer for wind energy business. Thus customer being a PSU with timely payment track record and adequate credit rating, the Company perceives no credit risk.

Age of Receivables (Rs. in Crores)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Within the credit period		
1-30 days past due	495.07	467.55
31-60 days past due	3.94	26.99
61-90 days past due		
More than 90 days past due	160.70	134.81

The above receivables which are past due but not impaired are assessed on case-to-case basis. The instances pertain to third party customers which have a proven creditworthiness record. Management is of the view that these financial assets are not impaired as there has not been any adverse change in credit quality and are envisaged as recoverable based on the based on historical payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings, if they are available. Further, since the amounts are collected within one year, there is no loss on account of time value of money. Consequently, no additional provision has been created on account of expected credit loss on the receivables. There are no other classes of financial assets that are past due but not impaired. The provision for impairment of trade receivables, movement of which has been provided below, is not significant / material.

Movements in Expected Credit Loss Allowance (Rs. in Crores)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Balance at the beginning of the year	3.96	3.96
Movements in allowance	0.65	-
Closing balance	3.31	3.96

Management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historical payment behavior and analysis of customer credit risk, including underlying customers' credit ratings if they are available.

The trade receivables of the Company are located in India and there is no credit exposure located outside India.

Since the company has a fairly diversified in terms of spread and hence no concentration risk is foreseen.

Other financial assets

Other financial assets comprises of an amount of Rs. 493.56 Crore which is receivable from Jubilant Offshore Drilling Pvt Ltd (JODPL) pertaining to Production Sharing Contract executed between the parties for KG-OSN-2001/3 block. JODPL had filed a petition for insolvency and Insolvency Restructuring Professional (IRP) was appointed. However, the resolution process did not materialise subsequent to which JODPL has gone into liquidation and a liquidator has been appointed. The Company has issued forfeiture notice to JODPL to recover the outstanding dues. The Company has adequate rights under the Production Sharing Contract to ensure recovery of receivable amounts from JODPL through the future cash flows of KG Block. The Company is assessing way forward and committed to undertake necessary steps.

Apart from this, other financial assets comprise of derivative contracts, cash and cash equivalents, loans provided to employees and investments in equity shares of companies other than subsidiaries, associates and joint ventures.

- Cash and cash equivalents and Bank deposits are placed with banks having good reputation and past track record with adequate credit rating. The Company reviews their credit-worthiness at regular intervals.
- Investments are made in credit worthy companies.
- Derivative instruments comprise of forward contracts, interest rate swaps and cross currency interest rate swaps where the counter parties are banks with good reputation, and past track record with adequate credit rating. Accordingly no default risk is perceived.

(iii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are proposed to be settled by delivering cash or other financial asset. The Company's financial planning has ensured, as far as possible, that there is sufficient liquidity to meet the liabilities whenever due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company has practiced financial diligence and syndicated adequate liquidity in all business scenarios.

Financing arrangement

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

(Rs. in Crores)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Floating rate borrowings		
Expiring within one year (line of credit and other facilities)	2,132.02	1,270.90
Expiring beyond one year (line of credit and other facilities)	-	-
Total	**2,132.02**	**1,270.90**

Further, the Company has also tied-up additional sources of liquidity to meet the liabilities during the respective annual years which has ensured that the Company has a clean track record with no adverse events pertaining to liquidity risk.

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GUJARAT STATE PETROLEUM CORPN. LTD. GSPC GANDHINAGAR

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross / undiscounted values and include estimated interest payments and exclude the impact of netting agreements.

(Rs. in Crores)

31st March, 2018	Contractual cash flows based on maturity			
	Carrying amount	Total	Less than 12 months	More than 12 months
Non-derivative financial liabilities				
Non current borrowings	10,957.79	10,957.79	-	10,957.79
Current borrowings	2,967.47	2,967.47	2,967.47	-
Non current financial liabilities	11.58	11.58	-	11.58
Current financial liabilities	1,121.95	1,121.95	1,121.95	-
Trade and other payables	758.26	758.26	758.26	-
Total	**15,817.05**	**15,817.05**	**4,847.68**	**10,969.37**

(Rs. in Crores)

31st March, 2017	Contractual cash flows based on maturity			
	Carrying amount	Total	Less than 12 months	More than 12 months
Non-derivative financial liabilities				
Non current borrowings	18,105.25	18,105.25		18,105.25
Current borrowings	4,406.71	4,406.71	4,406.71	
Non current financial liabilities	9.74	9.74		9.74
Current financial liabilities	1,498.98	1,498.98	1,498.98	
Trade and other payables	621.81	621.81	621.81	
Total	24,642.49	24,642.49	6,527.50	18,114.99

(iv) Market risk

Market risk is the risk or uncertainty arising from possible market price movements and their impact on the present/future performance of a business. The market risks include price risk, currency risk and interest rate risk. The primary price risk for the company is commodity price risk i.e. price risk of natural gas that could adversely affect the value of the Company's financial assets, liabilities or expected future cash flows. The currency risk for the Company involves exposure arising from External Commercial Borrowings and payments for supply of natural gas. The interest rate risk involves rate risk linked to borrowings of the Company. After the completion of Debt Realignment plan, the Company shall be reviewing interest rate hedging strategy for the balance foreign currency loans.The currency risk of these foreign currency loans is covered through a natural hedge linked to revenue from E &P Blocks denominated in USD.

Commodity price risk

The company's integrated natural gas procurement and trading business (including Liquified Natural gas (LNG)) is open to price risk which is substantially mitigatec through contractual agreement with back-to-back customers through terms of pricing and also through conventional derivative instruments which ensures the hedging of the commodity price at marketable/acceptable level for sale to the customer. The Company has executed commodity swaps and options linked to Brent Crude prices which are highly correlated to natural gas prices. These derivatives in conjunction with the long term rate contracts forming part of the gas trading business assist in mitigating the commodity price risk. Further, as mentioned above, the sales prices are modified appropriately to counter market price movements

Equity price risk

The Company's exposure to equity securities price risk arises from investments held by the Company which are classified in the balance sheet as fair value through other comprehensive income (FVOCI). The captioned equity investments are publicly traded as they are listed on the NSE Nifty 50 Index.

Sensitivity

The table below summarises the impact of increases/decreases of the index on the Company's other comprehensive income for the period. The analysis is based on the assumption that the index had increased average of the actual movements in quoted prices of equity shares held as investments for the respective periods. All other variables held constant.

(Rs. in Crores)

Particulars	Impact on Other Comprehensive Income	
	As at 31st March, 2018	As at 31st March, 2017
NSE NIFTY 50 - increase 6% (31 March 2017 - 9%)	2.15	3.43
NSE NIFTY 50 - decrease 6% (31 March 2017 - 9%)	(2.15)	(3.43)

Currency risk

The functional currency of the Company is Indian Rupees. However, the Company has exposure of USD linked External Commercial Borrowing (ECB) as well as receivables and payables in foreign currency. The currency risk linked to the payables of gas trading business is mitigated by appropriately factoring the same in the sales prices for the natural gas sold to downstream customers.The currency risk of these foreign currency loans is covered through a natural hedge linked to revenue from E &P Blocks denominated in USD.

Following is the summary of foreign currency (USD) exposure for the company:

(Rs. in Crores)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Non current borrowings		
ECB - principal and interest	978.86	3,463.04
Buyer's credit	-	-
Net Foreign currency exposure	**978.86**	**3,463.04**

The currency exposure on account of USD denominated ECB loans as on 31st March, 2018 is reduced subsequent to closure of KG block transaction for 80% PI as discussed in Note No. 23 (A). The consideration received for the transaction was utilised to partially novate the ECB loans. The currency risk for the existing loans is adequately covered through natural hedge i.e. USD denominated revenue from the KG block pertaining to balance 10% PI with the Company.

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

The following significant exchange rates have been applied during the year.

Rupees	Average rate		Year-end spot rate	
	2017-18	2016-17	As at March 31, 2018	As at March 31, 2017
USD 1	64.94	65.59	65.04	64.84

Sensitivity analysis based on the net foreign currency exposure provided earlier in this note

(Rs. in Crores)

Effect in Rupees	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31st March, 2018				
USD (2% movement)	19.58	(19.58)	12.80	(12.80)

(Rs. in Crores)

Effect in Rupees	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31st March, 2017				
USD (7% movement)	242.41	(242.41)	158.52	(158.52)

Interest rate risk

Interest rate risk is the risk that either fair value or future cash flow of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long term debt obligations with floating interest rates i.e. Base Rate/MCLR linked in INR denominated loans and 6-month LIBOR linked in USD denominated loans.

The Company has substantial mix of USD denominated and INR denominated borrowings. The Company manages the interest rate risk in INR denominated loans through contractual agreement (i.e. term loan agreement) clauses with the lenders wherein provisions are built-in to allow the Company to prepay the loans without penalty. This clause can be exercised in scenarios that the interest rate under the agreement are not moving in favorable directions and the Company has other available options to switch with borrowings bearing lower interest rates. After the completion of Debt Realignment plan, the Company shall be reviewing interest rate hedging strategy for the balance foreign currency loans.

(Rs. in Crores)

Variable-rate instruments	As at 31st March, 2018	As at 31st March, 2017
Non current - Borrowings	3,155.00	10,326.51
Current - Borrowings	2,967.47	4,406.71
Current portion of Long term borrowings	0.51	495.58
Total	6,122.98	15,228.79

Fixed-rate instruments	As at 31st March, 2018	As at 31st March, 2017
Non current - Borrowings	7,802.79	7,778.74
Current - Borrowings	-	-
Current portion of Long term borrowings	434.12	431.34
Total	8,236.91	8,210.09

Sensitivity analysis

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of change in interest rates. As far as INR denominated borrowings are concerned, the Company does not accounts for any fixed-rate financial assets or financial liabilities at fair value through profit or loss, and the Company does not have any designate derivatives (interest rate swaps). Therefore, the profit or loss impact on account of change in interest rates at the reporting date is indicated in the following table. Since, no interest rate risk is perceived on fixed rate borrowings, the same has been excluded from the sensitivity analysis below.

(Rs. in Crores)

Particulars	Profit or loss		Equity, net of tax	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
31st March, 2018				
Non current - Borrowings	(31.55)	31.55	(20.63)	20.63
Current - Borrowings	(29.67)	29.67	(19.40)	19.40
Current portion of Long term borrowings	(0.01)	0.01	(0.00)	0.00
Total	(61.23)	61.23	(40.04)	40.04
31st March, 2017				
Non current - Borrowings	(103.27)	103.27	(67.53)	67.53
Current - Borrowings	(44.07)	44.07	(28.82)	28.82
Current portion of Long term borrowings	(4.96)	4.96	(3.24)	3.24
Total	(152.29)	152.29	(99.58)	99.58

Note 42

Capital management

The company defines capital as total equity including issued equity capital, share premium and all other equity reserves attributable to equity holders of the parent (which is the company's net asset value). The primary objective of the company's financial framework is to support the pursuit of value growth for shareholders, while ensuring a secure financial base. The company aims to maintain the net debt ratio, that is, the ratio of net debt to net debt plus equity, of 2:3 times with flexibility of +-5%.

The Company monitors capital using a ratio of 'adjusted net debt' to 'adjusted equity'. For this purpose, adjusted net debt is defined as total liabilities, comprising interest-bearing loans and borrowings and obligations under finance leases, less cash and cash equivalents. Adjusted equity comprises all components of equity.

The Company monitors capital using a ratio of 'adjusted net debt' to 'adjusted equity'. For this purpose, adjusted net debt is defined as total liabilities, comprising interest-bearing loans and borrowings and obligations under finance leases, less cash and cash equivalents. Adjusted equity comprises all components of equity.

The Company's adjusted net debt to equity ratio on 31st March, 2018 was as follows.

(Rs. in Crores)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Total liabilities comprising interest-bearing loans and borrowings	14,359.89	23,438.88
Less : Cash and bank balances	97.94	93.84
Adjusted net debt	**14,261.95**	**23,345.04**
Total equity	6,124.75	(5,351.78)
Adjusted net debt to adjusted equity ratio	2.33:1 times	-4.36:1 times

The Company had transferred KG Block (KG-OSN-2001/3) to ONGC. As discussed in note no 23 (A) an impairment loss had been accounted in the previous year having a negative impact on the equity as on 31 March 2017. The negative impact on the capital structure pursuant to accounting for the transaction for KG-OSN-2001/3 is proposed to be remedied through a detailed Debt Realignment Plan. The consideration from transaction from KG-OSN-2001/3 and sale of holding in Gujarat Gas Ltd to Gujarat State Petronet Ltd which has reduced the company's outstanding debt. The debt realignment plan is in advanced stages and the balance portion of debt shall be reduced subsequent to implementation of the plan. The Company is awaiting final approval from Government of Gujarat and consent from the concerned authorities. Please refer to note 23 (B) regarding the Realignment Plan of the Company.

The implementation of the above stated steps towards debt realignment has already indicated improvement in the adjusted net debt to adjusted equity ratio which will undergo further improvement after implementation of Debt Realingment Plan.

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GUJARAT STATE PETROLEUM CORPORATION LIMITED

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

Note 43

In case of balances of Joint Venture parties, for cash call and other transactions and also in case of balances of other parties i.e. Trade Receivables, Trade Payables, Loans and Advances and other liabilities the company is in the process of reconciling it with the parties. Adjustments if any will be accounted on reconciliation/settlement of the same.

Note 44

The Company has re-classified previous year figures to confirm to this year's classification.

As per our report of even date attached.

For Talati & Talati
Chartered Accountants
Firm Regn. No. 110758W

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Umesh Talati
Partner
Membership No. 34834

Date : 21st May, 2018
Place : Gandhinagar

For and on behalf of the Board of Directors

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

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

Sandeep Dave
Company Secretary

Rajesh Jayadasan
Chief Financial Officer

Date : 21st May, 2018
Place : Gandhinagar

GSPC

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
GUJARAT STATE PETROLEUM CORPORATION LIMITED

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying Consolidated Ind AS Financial Statements of **GUJARAT STATE PETROLEUM CORPORATION LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its associates and jointly controlled entities, comprising the Consolidated Balance Sheet as at 31st March, 2018, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income). the Consolidated Statement of Cash Flow and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these Consolidated Ind AS Financial Statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated cash flows and consolidated change in equity of the Group including its associates and jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with Companies (Indian Accounting Standards Rules) 2015, as amended.

The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Ind AS Financial Statements by the Board of Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these Consolidated Ind AS Financial Statements based on our audit.

While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

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We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Ind AS Financial Statements are free from material misstatement.

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

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Ind AS Financial Statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of other auditors on separate Financial Statements and on the other financial information of the subsidiaries, associates and jointly controlled entities, the aforesaid Consolidated Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates and jointly controlled entities as at 31st March, 2018, and their consolidated loss (including other comprehensive income), their consolidated cash flows and consolidated change in equity for the year ended on that date.

Emphasis of Matter

Without qualifying our opinion, we draw attention to:

a) Para (s) Accounting for oil and gas joint operations of Note No. 1 Significant Accounting Policies, which describes that the Financial Statements of the joint operations (unincorporated joint ventures) prepared in accordance with the requirements prescribed by the respective Production Sharing Contracts or Joint Operating Agreement of the joint operations (unincorporated joint ventures). In view of the same, certain adjustments/disclosures required under the mandatory Accounting Standards and the provisions of the Companies Act, 2013 have been made in the Consolidated Ind AS Financial Statements to the extent information available with the Holding Company as on the date.

b) Note No. 23(B) to the Consolidated Ind AS Financial Statements which describes about the sale of Shares of Gujarat Gas Limited by the Holding Company during the year. Gains on sale of said shares has been transferred to Other Comprehensive Income (OCI) as per the guidance as provided under Ind AS 109 "Financial instruments.

c) Note No. 23 (B) to the Consolidated Ind AS Financial Statements wherein it is stated that the Holding Company has prepared the Standalone Ind AS Financial Statements on a going concern basis, notwithstanding the fact that Holding Company has incurred a net loss during the current

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and previous Financial Year and the same lead to complete erosion of its net worth as at the current and previous year balance sheet dates. The appropriateness of the said basis is inter alia dependent on Company's ability to successfully implement Turnaround plan/ Financial Realignment Strategy with the support from Government of Gujarat.

d) Note No. 35 to the Consolidated Ind AS Financial Statements which regarding non provisioning of disputed Income Tax demands/ claims by the Income Tax Authority amounting to Rs. 1,527.43 Crores (P.Y. Rs. 1,153.57 Crores) and disclosed by way of a note to the Consolidated Ind AS Financial Statements as contingent liability as the matter is disputed.

e) Note No. 35 to the Consolidated Ind AS Financial Statements regarding reasonable uncertainty for final consideration receivable on account of Other Six Discoveries based on Field Development Plan (FDP) to be submitted to DGH by ONGC and subsequent adjustment of advanced floor consideration of Rs.1,265 Crores (USD 200 Million) already received against final consideration in case final consideration assessed is higher than advanced floor consideration whereas in a scenario wherein final consideration assessed is less than or equal to USD 200 Million, the Holding Company shall retain the non-refundable advance consideration already received.

Other Matters

a) We did not audit the Financial Statements and other financial information of Five (5) Subsidiaries and Three (3) Jointly Controlled Entities whose Financial Statements and other financial information are considered in these Consolidated Ind AS Financial Statements. The Ind AS Financial Statements of those subsidiaries reflect total assets of Rs. 12,043 Crores and net assets of Rs. 3,333 Crores as at 31st March, 2018, and total revenues of Rs. 7,573 Crores and net cash flows amounting to Rs. 92.17 Crores for the year ended on that date, as considered in the Consolidated Ind AS Financial Statements.

These Ind AS Financial Statements and other financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Consolidated Ind AS Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and jointly controlled entities, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries and jointly controlled entities is based solely on the reports of the other auditors.

b) We did not audit the Ind AS Financial Statements and other financial information of Two (2) Subsidiaries, and Three (3) Associates whose Financial Statements and other financial information are considered in these Consolidated Ind AS Financial Statements. The IND as Financial Statements of those subsidiaries reflect total assets of Rs. 2,305 Crores and net assets of Rs. 680 Crores as at 31st March, 2018, total revenues of Rs. 412 Crores for the year ended on that date, as considered in the Consolidated Ind AS Financial Statements. The Consolidated Ind AS Financial Statements also include the Group's share of net profit of Rs. 26 Crores for the year ended 31st.March, 2018, as considered in the Consolidated Ind AS Financial Statements, in respect of Three (3) Associates, whose Ind AS Financial Statements / financial information have not been audited by us.

These Ind AS Financial Statements and financial information are unaudited and have been furnished to us by the Management and our opinion on the Consolidated Ind AS Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associates, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries and associates, is based solely on such unaudited Ind AS Financial Statements and other financial information. In our opinion

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and according to the information and explanations given to us by the Management, these Ind AS Financial Statements and other financial information are not material to the Group.

c) The Consolidated Ind AS Financial Statements include the Holding Company's share of:

(i) Total assets aggregating to Rs. 1,295.44 Crores, total liabilities aggregating to Rs. 25.16 Crores, income aggregating to Rs. 70.00 Crores and expenditure aggregating to Rs. 34.83 Crores in respect of Thirteen (13) Producing Joint Operations (unincorporated joint ventures), which have been incorporated on the basis of accounts audited by other auditors.

(ii) Total assets aggregating to Rs. 4,351.12 Crores, total liabilities aggregating to Rs. 55.92 Crores, income aggregating to Rs. 50.59 Crores and expenditure aggregating to Rs. 41.21 Crores in respect of Six (6) Producing Joint Operations (unincorporated joint ventures), which has been incorporated on the basis of unaudited financial information approved by the management and made available to us, in the absence of audited accounts.

(iii) Total assets aggregating to Rs. 115.32 Crores, total liabilities aggregating to Rs. 1.94 Crores in respect of Eight (8) Joint Operations (unincorporated joint ventures) under exploration and development phase or proposed to be surrendered, which have been incorporated on the basis of accounts audited by other auditors.

(iv) Total assets aggregating to Rs. 347.77 Crores, total liabilities aggregating to Rs. 16.35 Crores in respect of Thirty Eight (38) Joint Operations (unincorporated joint ventures), under exploration and development phase or proposed to be surrendered, which have been incorporated on the basis of unaudited financial information approved by the management made available to us, in the absence of audited accounts.

d) Corresponding figures for the year ended 31st March, 2017 on the Consolidated Ind AS Financial Statements of the Holding Company have been audited by predecessor auditor who had expressed an unmodified opinion thereon per their report dated May 30, 2017 for the year ended 31st March, 2017 which have been furnished to us by the management and relied upon by us for the purpose of our audit of the Consolidated Ind AS Financial Statements.

e) We have placed reliance on technical/ commercial evaluation by the management of the Holding Company in respect of categorization of wells as exploratory, development and producing, allocation of costs incurred on them, treatment of capitalization, depletion of producing properties on the basis of the proved probable hydrocarbon reserves and liability for abandonment costs.

Report on Other Legal and Regulatory Requirements

1) As required by Section143 (3) of the Act, we report, to the extent applicable, that:

a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Ind AS Financial Statements except for (i) the unaudited financial information relating to Two (2) Subsidiaries and Three (3) Associates for the year ended 31st March, 2018 referred to in sub-paragraph (b) of Other Matter paragraph above and (ii) the unaudited financial information relating to Forty Four (44) Joint Operations (unincorporated joint ventures) for the year ended 31st March, 2018 referred to in sub-paragraph (c)(ii) and (c)(iv) of Other Matter paragraph above and read with our comments in paragraph (a) of Emphasis of Matter

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b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Ind AS Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Cash Flow and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Ind AS Financial Statements.

d. In our opinion, the aforesaid Consolidated Ind AS Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with relevant rules issued thereunder.

e. As the Group is a Government Company, in terms of notification no. G.S.R. 463(E) dated 5th June 2015, issued by the Ministry of Corporate Affairs, the sub-section (2) of section 164 is not applicable to the Group.

f. With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and its subsidiary and associate companies and the operating effectiveness of such controls, refer to our Report in "Annexure A"; and

g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Consolidated Ind AS Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and jointly controlled entities – Refer Note No. 35 to the Consolidated Ind AS Financial Statements.

   ii. Provision has been made in the Consolidated Ind AS Financial Statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts for the consolidated financial position of the Group, its associates and jointly controlled entities.

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiary companies, associate companies and jointly controlled entities.

2) According to the information and explanations given to us and on the basis of our examination of the records the Group, the title deeds of immovable properties are held in the name of the Group except in respect of following immovable properties for which title deeds are not made available for our verification:

In respect of Holding Company

(Rs. In Crores)

Nature	Number of Cases	Gross Block	Net Block
Freehold Land	13	2.92	2.92
Building	2	6.30	2.31
Total	**15**	**9.22**	**5.23**

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In respect of Subsidiaries*

(Rs. In Crores)

Nature	Number of Cases	Gross Block	Net Block
Freehold Land	2	15.88	15.88
Total	**2**	**15.88**	**15.88**

* Title deeds of immovable properties are held in the name of the Subsidiaries except in respect of One property situated at Survey No. 306-A-/I, Paiki 3, Post- Hazira, Taluka Choryasi, District - Surat admeasuring 13,057 sq. Mtrs., having book value of Rs. 15.88 Crore as at 31st March, 2018; and Other property situated at Survey No. 150, Mora Village, District - Surat admeasuring 13,557 sq. Mtrs., having book value of Rs. 1 as at 31st March, 2018.

3) In terms of section 143 (5) of the Act, we give in "Annexure - B" a statement on the directions and sub directions issued under the aforesaid section by the Comptroller and Auditor General of India.

For Talati & Talati
Chartered Accountants
(Firm Regn. No. 110758W)

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Umesh Talati
(Partner)
Membership No. 034834

Place: Gandhinagar
Date: 21st May 2018

"ANNEXURE A" TO THE INDEPENDENT AUDITOR'S REPORT

The annexure referred to in paragraph 1(f) under "Report on Other Legal and Regulatory Requirements" section of our Independent Auditor's Report of even date on the Consolidated Ind AS Financial Statements of **GUJARAT STATE PETROLEUM CORPORATION LIMITED** for the year ended 31st March 2018, we report that:

Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of GUJARAT STATE PETROLEUM CORPORATION LIMITED (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its associates and jointly controlled entities as of March 31, 2018 in conjunction with our audit of the Consolidated Ind AS Financial Statements of the Holding Company as of and for the year ended on that date.

Management's Responsibility for Internal Financial Control

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

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and

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appropriate to provide a basis for our audit opinion on the Holding Company, its subsidiaries, associates and jointly controlled entities, internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Holding Company, its subsidiary companies, its associate companies and jointly controlled entities have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to 5 subsidiaries and 3 jointly controlled entities is based on the corresponding reports of the auditors of such companies incorporated in India.

For Talati & Talati
Chartered Accountants
(Firm Regn. No. 110758W)

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Umesh Talati
(Partner)
Membership No. 034834

Place: Gandhinagar
Date: 21st May 2018

"ANNEXURE B" TO THE INDEPENDENT AUDITOR'S REPORT

The annexure referred to in paragraph 3 under "Report on Other Legal and Regulatory Requirements" section of our Independent Auditor's Report of even date on the Consolidated Ind AS Financial Statements of **GUJARAT STATE PETROLEUM CORPORATION LIMITED** for the year ended 31st March 2018, we report that:

a) Directions under Section 143(5) of The Companies Act, 2013:

In case of Holding Company:

1. Whether the Company has clear title/lease deeds for freehold and leasehold respectively? If not please state the area of freehold and leasehold land for which title / lease deeds are not available?
   Reply: According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of freehold and leasehold lands are held in the name of the Company except in respect of following freehold lands for which title deeds are not made available for our verification:

(Rs. In Crores)

Nature	Number of Cases	Gross Block	Net Block
Freehold Land	13	2.92	2.92
Total	**13**	**2.92**	**2.92**

2. Please report whether there are any cases of waiver/ write off of debts/ loan/ interest etc. if yes, the reasons there for and the amount involved.
   Reply: As per the information and explanations given to us and based on the examination of the records of the Company, there are no cases of any waiver of loan/debt/interest during the year.
3. Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities.
   Reply: As per the information and explanations given to us and based on the examination of the records provided to us, we report that the Company does not own any inventory lying with the third parties. Further, Company has not received any assets as gifts from Govt. or other authorities during the year.

In case of Subsidiaries:

Sr. No.	Particulars	GSPL	GGL	GIPL	GEL	GOL
1	Whether the Company has clear title/lease deeds for freehold and leasehold respectively? If not please state the area of freehold and leasehold land for which title / lease deeds are not available?	As per the information and explanations given to us, the Company has clear title/ lease deeds for freehold and leasehold respectively.	One property situated at Survey No. 306-A-/1, Paiki 3, Post- Hazira, Taluka Choryasi, District - Surat admeasuring 13,057 sq. Mtrs., having book value of Rs. 15.88 Crore as at 31st March, 2018; and Other property situated at Survey No. 150, Mora Village, District - Surat admeasuring 13,557 sq. Mtrs., having book value of Rs. 1 as at 31st March, 2018. Title of the property is not held in the name of the Company.	The Company has clear title/ lease deeds for freehold and leasehold properties owned by them.	The Company has no freehold and leasehold property during the period of audit.	The Company has no freehold and leasehold property during the period of audit.

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2	Please report whether there are any cases of waiver/ write off of debts/ loan/ interest etc. if yes, the reasons there for and the amount involved.	There are no such cases of waiver/ write off of debts/ loans/ interest etc.	There are no such cases of waiver/ write off of debts/ loans/ interest etc.	No. There are no such cases of waiver/ write off of debts/ loans/ interest etc.	No such case has occurred during the period of audit.	There is no such case occur during the period under audit.
3	Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities.	Company does not own any inventory which is lying with the third party. Further, Company has not received any assets as gifts from Govt. or other authorities.	Company does not own any inventory which is lying with the third party. Further, Company has not received any assets as gifts from Govt. or other authorities.	Company does not own any inventory which is lying with the third party. Further, Company has not received any assets as gifts from Govt. or other authorities.	The Company does not have any inventory in their books.	The Company does not have any inventory in their books.

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

Power Sector

In case of Holding Company:
Generation

1. In the cases of Thermal power projects, compliance of the various pollution control Acts and the impact thereof including utilization and disposal of ash and the policy of the Company in this regard, may be checked and commented upon.
   Reply: Not Applicable
2. Has the Company entered into revenue sharing agreements with private parties for extraction of coal at pitheads and it adequately protects the financial interest of the Company?
   Reply: Not Applicable
3. Does the Company have a proper system for reconciliation of quantity/quality of coal ordered and received and whether grade of coal/moisture and demurrage etc., are properly recorded in the books of accounts?
   Reply: Not Applicable
4. How much share of free power was due to the State Government and whether the same was calculated as per the agreed terms and depicted in the accounts as per accepted accounting norms?
   Reply: NIL
5. In the case of Hydroelectric Projects, the water discharge is as per policy/guidelines issued by the State Government to maintain biodiversity. For not maintaining it penalty paid/payable may be reported.
   Reply: Not Applicable

In case of Subsidiaries:
No Adverse Comments.

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Service Sector

In case of Holding Company:
Trading

1. Whether the Company has an effective system for recovery of dues in respect of its sales activity and the dues outstanding and recoveries there against have been properly recorded in the books of accounts?
   Reply: As per the information and explanations given to us and based on the examination of the records in respect of recovery of dues from customers, the Company has an effective system for recovery of dues in respect of sales activity and the dues outstanding and recoveries there against have been properly recorded in the books of accounts.
2. Whether the Company has an effective system for physical verification, valuation of stock, treatment of non- moving items and accounting the effect of shortage/excess noticed during the physical verification.
   Reply: In our opinion and as per the information and explanations given to us, the Company has an effective system in relation to physical verification of inventories, valuation of stock, treatment of non- moving items and accounting the effect of shortage/excess noticed during the physical verification.
3. The effectiveness of the system followed in recovery of dues in respect of sales activities may be examined and reported.
   Reply: In our opinion and according to the information and explanation given to us, the Company periodically prepares debtors outstanding and ageing reports and follow-ups with outstanding debtors, if any. The Company has also adequate amount of security against debtors in the form of Bank guarantee or Security Deposits except some debtors (considered doubtful) which are outstanding beyond 6 months and no security is available for which provision has been made as per Debtors Policy of the Company.

In case of Subsidiaries:

Sr. No.	Particulars	GSPL	GGL	GEL	GOL
1	Whether the Company has an effective system for recovery of dues in respect of its sales activity and the dues outstanding and recoveries there against have been properly recorded in the books of accounts?	Not Applicable	As per the information and explanations given to us and based on the examination of the policies in respect of recovery of dues from customers, the Company has a policy and procedure for effective monitoring of credit exposure and recovery of dues from its customers in respect of its sales activities. In our opinion and according to the information and explanation given to us, the recoveries against the dues have been properly recorded in books of accounts.	Yes. The Company has an effective system for recovery of dues in respect of its sales activities and the dues outstanding and recoveries there again have been properly recorded in books of accounts.	The Commercial activity has not started during the period of audit; therefore the same is not applicable.
2	Whether the Company has an effective system for physical verification, valuation of stock, treatment of non-	Not Applicable	In our opinion and according to the information and explanation given to us, the procedures and the systems, in relation to physical verification of inventories, valuation of stock, treatment of non-	Because of the nature of business of Company, there is no physical stock. All sales are back to back purchase.	The Commercial activity has not started during the period of audit;

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	moving items and accounting the effect of shortage/excess noticed during the physical verification.		moving items and accounting the effect of shortage/excess noticed during the physical verification, are reasonable and adequate in relation to the size of the Company and nature of its business.		therefore the same is not applicable.
3	The effectiveness of the system followed in recovery of dues in respect of sales activities may be examined and reported.	Not Applicable	In our opinion and according to the information and explanation given to us, the Company has a policy and procedure for effective monitoring of credit exposure and recovery of dues from its customers in respect of its sales activities. There are no significant instances of its failure observed for the year under audit.	Considering the nature and size of the business, Company has effective system of recovery of dues in respect of sales.	The Commercial activity has not started during the period of audit; therefore the same is not applicable.

Information Technology Sector

In case of Holding Company:
Not Applicable

In case of Subsidiaries:

Sr. No.	Particulars	GIPL
1	Examine and report the cases of dispute if any on the contract relating to supply of hardware as well as software. In the event of such assets remaining with the Company, please report on its valuation and accounting in the books.	During the year, we have not come across any such disputes as mentioned in question.
2	What is the system of recovering fees/ charges in regard to providing manpower to various agencies? Report the cases where no such recovery has been affected and accounted for.	Monthly invoices are raised and fee/charges are recovered from various organisation. There is no case where no such recovery has been affected.
3	What is the system of receiving revenue share from the franchise?	There is no franchise arrangement entered into by the Company.
4	Report the cases wherein software, hardware or IT enabled system is lying redundant/ outdated.	There are no such cases.
5	What is system of accounting of grants/ subsidies received from Central / State Government or its agencies for performing certain activity? Comment on the cases of diversion wherein the grants were not utilized for the purpose for which these were received.	During the year, the Company has not received any grants/ subsidies from Central/State Government or its agencies.

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Additional Sub-directions in case of GSPL

Sr. No.	Particulars	GSPL
1	Whether the Company has taken adequate measures to prevent encroachment of idle land owned by it. Whether any land of the Company is encroached, under litigation, not put to use or declare surplus? Details may be provided.	As per the information and explanations given to us, the Company has taken adequate measures to prevent encroachment and there is no encroachment to the land owned by the Company
2	Whether the system in vogue for identification of projects to be taken up under Public Private Partnership is in line with guideline/ policies of the Government? Comment of the deviation, if any.	The Company does not have any project to be taken up under Public Privet Partnership.
3	Whether system the monitoring the execution of works vis-a-vis the milestone stipulated in the agreement is in existence and the impact of cost escalation. If any, revenue/ losses from the franchise?	System of monitoring the execution of works vis-a-vis the milestone stipulated in the agreement is in existence and the impact of cost escalation, if any revenue/ losses from contracts etc., have been properly accounted for in the books.
4	Whether funds received/ receivable for specific schemes from central/state agencies were properly accounted for/ utilized? List the cases of deviations.	The Company does not have received/ receivable any fund for specific schemes from central/state agencies.
5	Whether the bank guarantees have been revalidated in time?	Bank guarantees have been revalidated in timely manner.
6	Comment on the confirmation of balances of trade receivables, trade payables, term deposits, bank accounts and cash obtained.	Balance Confirmation has been received in respect of term deposits, bank accounts & cash. Separate disclosure has been made for trade receivables & trade payables.
7	The cost incurred on abandoned projects may be quantified and the amount actually written-off shall be mentioned.	During the year, the Company has not abandoned any projects.

For Talati & Talati
Chartered Accountants
(Firm Regn. No. 110758W)



Umesh Talati
(Partner)
Membership No. 034834

Place: Gandhinagar
Date: 21st May 2018

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GUJARAT STATE PETROLEUM CORPORATION LIMITED
(CIN : U23209GJ1979SGC003281)
Consolidated balance sheet as at 31st March, 2018

(Rs. in Crores)

Particulars	Notes	As at 31st March, 2018	As at 31st March, 2017
ASSETS			
Non-current assets			
Property, plant and equipment	2	11,294.52	11,389.56
Capital work-in-progress	2	1,492.84	1,393.32
Investment property	3	2.12	3.79
Goodwill on consolidation	4	186.14	186.14
Other intangible assets	4	443.45	409.39
Intangibles under development	4	932.53	1,457.46
Financial assets			
Investment in equity accounted investees	5	727.90	512.48
Other investments	6	64.80	67.10
Loans	7	22.52	22.55
Other financial assets	8	184.21	178.55
Deferred tax assets		0.36	0.97
Other non-current assets	9	507.94	512.67
Total non-current assets		**15,859.33**	**16,133.58**
Current assets			
Inventories	10	446.95	385.94
Financial assets			
Trade receivables	11	1,086.00	977.73
Cash and cash equivalents	12	134.67	69.03
Other bank balances	12	481.81	926.45
Loans	7	160.39	167.02
Other financial assets	8	2,464.69	1,261.86
Other current assets	9	88.31	62.10
Total current assets		**4,862.82**	**3,850.13**
Assets held for sale as a part of discontinued operations		-	**8,053.34**
TOTAL ASSETS		**20,722.15**	**28,037.05**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	13	255.93	255.93
Other equity	14	(7,848.78)	(8,808.11)
Total Equity		**(7,592.85)**	**(8,552.18)**
Non controlling interest	46	2,324.22	3,624.01
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	15	15,926.63	22,049.47
Other financial liabilities	16	26.75	24.34
Provisions	17	160.63	158.18
Deferred revenue/ contract liabilities	18	15.18	15.91
Net employee benefit liabilities	19	51.15	44.47
Deferred tax liabilities (Net)	20	562.53	470.48
Other non-current liabilities	21	-	3.27
Total non-current liabilities		**16,742.87**	**22,766.12**
Current Liabilities			
Financial liabilities			
Borrowings	15	2,974.76	4,413.99
Trade payables	22	968.17	765.79
Other financial liabilities	16	4,967.48	4,312.07
Other current liabilities	21	251.41	318.31
Deferred revenue/ contract liabilities	18	20.20	15.16
Net employee benefit Liabilities	19	8.90	13.35
Provisions	17	56.99	56.99
Total current liabilities		**9,247.91**	**9,895.66**
Total Liabilities		**25,990.78**	**32,661.78**
Liabilities associated with discontinued operations	23	-	**303.44**
TOTAL EQUITY AND LIABILITIES		**20,722.15**	**28,037.05**
Significant Accounting Policies	1		

The accompanying notes are integral part of the financial statements.

As per our report of even date attached.

For and on behalf of the Board of Directors

For Talati & Talati
Chartered Accountants
Firm Regn. No. 110758W

Umesh Talati
Partner
Membership. No. 34834

Date : 21st May, 2018
Place : Gandhinagar

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

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

Sandeep Dave
Company Secretary

Rajan Sivadasan
Chief Financial Officer

Date : 21st May, 2018
Place : Gandhinagar

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GUJARAT STATE PETROLEUM CORPORATION LIMITED
(CIN : U23209GJ1979SGC003281)
Consolidated statement of profit and loss for the year ended 31st March, 2018

(Rs. in Crores)

Particulars	Notes	For the year ended 31st March, 2018	For the year ended 31st March, 2017
INCOME			
Revenue from operations	24	14,596.60	13,003.16
Other income	25	194.40	273.56
TOTAL INCOME (A)		14,791.00	13,276.72
EXPENSES			
Production expenditure	26	74.32	174.77
Cost of material consumed	27	730.67	813.65
Cost of traded goods	28	9,381.13	8,372.95
Changes in inventories of finished goods, work-in-progress and stock-in-trade	29	(28.12)	(183.88)
Employee benefits expenses	30	211.26	193.16
Finance costs	31	2,032.28	2,347.76
Depreciation and amortization expenses		798.43	1,494.81
Other expenses	32	678.59	550.81
TOTAL EXPENSES (B)		13,878.56	13,764.03
Profit/ (loss) before exceptional items and tax (A-B)		912.44	(487.30)
Exceptional items	33	(712.93)	(15,194.88)
Profit/ (loss) before tax		199.51	(15,682.18)
Share of profit/(loss) of joint ventures and associates accounted for using the equity method			
Share of profit/(loss) of joint ventures and associates accounted for using the equity method (Net of Tax)	46	67.74	41.41
Share of Profit transferred to Minority Interest	46	(628.80)	(482.39)
Tax expense	20		
Current Tax		460.18	302.53
Adjustments of tax for earlier years		(9.28)	(59.59)
Deferred Tax		82.11	(657.80)
Profit/ (loss) after tax for the period including profit from discontinued operation (C)		(894.56)	(15,708.32)
Other comprehensive income			
Items that will not be reclassified to profit or loss :			
Profit on Sale of Equity Instrument		793.98	-
Changes in fair value of FVTOCI equity instruments		(54.50)	(43.75)
Remeasurement of post-employment benefit obligations		1.47	(4.70)
Income tax relating to these items		11.60	14.13
Share of OCI in Associate and JV (Ind AS)		0.06	(0.03)
Income tax relating to these items		(0.01)	0.00
Other comprehensive income for the period, net of tax (D)		752.60	(34.35)
Total Comprehensive Income for the Period (C+D)		(141.96)	(15,742.66)
Earnings per equity share (EPS) - Refer Note 23 (face value of Rs.1/-) for discontinued and continuing operations	34		
Basic (Rs.)		(3.50)	(61.38)
Diluted (Rs.)		(3.20)	(59.59)
Earnings per equity share (EPS) from discontinued operation - Refer Note 34 (face value of Rs.1/-)			
Basic (Rs.)		-	(0.01)
Diluted (Rs.)		-	(0.01)
Earnings per equity share (EPS) from continuing operations - Refer Note 34 (face value of Rs.1/-)			
Basic (Rs.)		(3.50)	(61.37)
Diluted (Rs.)		(3.20)	(59.58)

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

For Talati & Talati
Chartered Accountants
Firm Regn. No. 110758W

Umesh Talati
Partner
Membership. No. 34834

Date : 21st May, 2018
Place : Gandhinagar

For and on behalf of the Board of Directors

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

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

Sandeep Dave
Company Secretary

Rajesh Sivadasan
Chief Financial Officer

Date : 21st May, 2018
Place : Gandhinagar

GUJARAT STATE PETROLEUM CORPORATION LIMITED

(CIN : U23209GJ1979SGC003281)

GSPC

Consolidated Statement of Cash flows for the period ended 31st March, 2018

(Rs. in Crores)

Particulars	For the period ended 31st March, 2018	For the period ended 31st March, 2017
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	199.50	(15,682.18)
Adjustments for:		
Depreciation, Amortisation & Depletion	798.43	1,494.81
Interest & Finance Charges	2,020.21	2,349.70
Loss on Sale of Assets	2.67	9.81
Foreign Exchange Loss/(Gain)	6.80	(8.24)
Other non-cash expenses	3.96	(0.42)
Exploration Cost Written off	491.33	(18.60)
Impairment of oil and gas assets	-	14,923.55
Diminution in the value of Investment	221.60	1.00
Provision for Doubtful Advances	(0.63)	292.65
	3,743.87	3,362.08
Interest and Dividend Income	(82.40)	(189.12)
Profit on sale of Assets	-	(0.14)
Operating Profit before working capital changes	3,661.47	3,172.82
Adjustments for changes in Working Capital		
Long Term Loans & Advances	(4.94)	(17.25)
Other Non-Current Assets	(19.87)	(12.77)
Inventories	(61.39)	(193.33)
Trade Receivables	(72.41)	(100.46)
Short Term loan and Advances	(10.86)	(244.38)
Fixed Deposits with Bank	0.04	16.49
Other Current Assets	(1,212.54)	(18.42)
Other Long Term Liabilities	122.90	29.87
Long Term Provisions	0.47	0.35
Trade payables	167.49	129.93
Other Current Liabilities	(252.66)	(33.60)
Cash Generated from Operations	2,317.70	2,729.25
Taxes (paid)/ refund	(427.76)	(151.46)
Net Cash Flow from Operating Activities (A)	1,889.94	2,577.79
CASH FLOW FROM INVESTING ACTIVITIES		
Cash Paid for Purchase of Assets / CWIP including Joint Ventures	(1,027.16)	(1,345.30)
Sale proceeds from sale of Participating Interest in Joint Venture	7,749.90	-
Sale of Fixed Assets	20.98	2.02
Other Investments		-
Net Proceeds from Investments	287.94	(331.42)
Inter Corporate Loans to group Companies	-	184.50
Interest and Dividend Income	98.02	184.33
Net Cash Flow from Investing Activities (B)	7,129.68	(1,305.87)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceed from Equity Share issue	1.84	6.82
Proceeds /(Repayment) to Secured Loans (net)	(6,242.03)	719.14
Proceeds from Unsecured Loans (net)	(550.73)	377.50
Interest & Financing Charges	(2,021.95)	(2,289.97)
Divedend (including Corporate Dividend Tax)	(141.08)	(134.21)
Net Cash Flow from Financing Activities (C)	(8,953.95)	(1,320.72)
Net Increase/(Decrease) in Cash and Cash equivalents (D) (A+B+C)	65.66	(48.80)

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Particulars	For the period ended 31st March, 2018	For the period ended 31st March, 2017
Cash and Cash equivalents at the Beginning of the Year		
Cash on hand	1.26	0.02
Cheques on Hand	-	-
Bank Balances	67.77	117.81
	69.03	117.83
Cash and Cash equivalents at the End of the Year		
Cash on hand	1.38	1.26
Cheques on Hand	-	-
Bank Balances	133.29	67.77
	134.67	**69.03**

Notes

(i) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Ind AS-7 on Cash Flow Statements.

(ii) Previous year figures have been regrouped, reclassified and recasted wherever considered necessary to conform to the current year's figures.

The accompanying notes are integral part of the financial statements.

As per our report of even date attached.

For Talati & Talati
Chartered Accountants
FRN. 110758W

Umesh Talati
Partner
M. No. 34834

Date : 21st May, 2018
Place : Gandhinagar

For and on behalf of the Board of Directors

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

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

Sandeep Dave
Company Secretary

Rajesh Sivadasan
Chief Financial Officer

Date : 21st May, 2018
Place : Gandhinagar

GUJARAT STATE PETROLEUM CORPORATION LIMITED

Consolidated Statement of changes in equity (SOCIE) for the period ended on 31 March 2018

A. Equity Share Capital

Particulars	No. of Shares	Amount (Rs. in crores)
Issued, subscribed and paid up share capital		
Equity Shares of Rs. 1/- each fully paid up		
As at 1st April 2016	2,579,262,920.00	257.93
Equity shares issued during the year		
Treasury Shares held by Subsidiary Company	(20,000,000.00)	(2.00)
As at 31st March 2017	2,559,262,920.00	255.93

A. Equity Share Capital

Particulars	No. of Shares	Amount (Rs. in crores)
Issued, subscribed and paid up share capital		
Equity Shares of Rs. 1/- each fully paid up		
As at 1st April 2017	2,579,262,920.00	257.93
Equity shares issued during the year		
Treasury Shares held by Subsidiary Company	(20,000,000.00)	(2.00)
As at 31st March 2018	2,559,262,920.00	255.93

B. Other equity

(Rs. in Crores)

Particulars	Employee stock options Outstanding (Net)	Reserves & Surplus											Other Comprehensive Income	Total Equity
		Capital reserve	Capital reserve on consolidation	Treasury shares	Amalgamation and arrangement Reserve	Securities premium reserve	Debenture redemption reserve	General reserve	Amalgamation and adjustment Reserve	Foreign Currency Translation Reserve	Capital Reserve on Common Control & Business combination	Retained earnings		
Balance at April 1, 2016	11.35	10.01	6.21	-	476.40	4,146.91	415.44	3,276.40	(136.75)	42.03	(377.14)	(659.24)	62.09	7,273.71
Profit for the year												(15,737.07)		(15,737.07)
Other comprehensive income for the year														
Remeasurements of post-employment benefit obligation, net of tax												(0.08)	(11.39)	(11.47)
												0.01		0.01
Total comprehensive income for the year	11.35	10.01	6.21	-	476.40	4,146.91	415.44	3,276.40	(136.75)	42.03	(377.14)	(16,396.38)	50.69	(8,474.83)
Addition during the year				1.02								17.66		18.68
Utilisation during the year	(9.90)			(1.02)		(254.47)	(67.70)	(14.15)		(3.26)			(1.46)	(351.96)
Balance at March 31, 2017	1.45	10.01	6.21	-	476.40	3,892.44	347.74	3,262.25	(136.75)	38.77	(377.14)	(16,378.73)	49.23	(8,808.11)
Restated balance at the beginning of the reporting period	1.45	10.01	6.21	-	476.40	3,892.44	347.74	3,262.25	(136.75)	38.77	(377.14)	(16,378.73)	49.23	(8,808.11)
Profit for the year												929.54		929.54
Other comprehensive income for the year														
Items of OCI recognised directly in retained earnings												0.08	3,501.65	3,501.73
Remeasurements of post-employment benefit obligation, net of tax												2,709.98	(2,709.98)	
												(0.53)	0.53	
Total comprehensive income for the year	1.45	10.01	6.21	-	476.40	3,892.44	347.74	3,262.25	(136.75)	38.77	(377.14)	(12,739.65)	841.43	(4,376.83)
Issue of Equity Shares														
Any Other Change	(0.44)				0.04	0.96		(0.48)	18.31	1.44	(3,217.59)		(291.17)	(3,471.94)
Balance at March 31, 2018	1.01	10.01	6.21	-	476.44	3,893.40	347.74	3,261.77	(118.44)	40.21	(3,594.73)	(12,739.65)	567.26	(7,848.78)

As per our report of even date attached.

For Talati & Talati
Chartered Accountants
Firm Regn. No 110758W

Umesh Talati
Partner
Membership No 34834

Date 21st May, 2018
Place Gandhinagar

For and on behalf of the Board of Directors

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

Sandeep Dave
Company Secretary

Dr. T. Natrajan, IAS
Joint Managing Director
DIN 00196867

Rajesh Sivasubramanian
Chief Financial Officer

Date : 21st May, 2018
Place Gandhinagar

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Corporate information

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

The Consolidated financial statements are approved for issue by the Parent Company's Board of Directors on 21st May, 2018.

1. Significant accounting policies

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

(a) Basis of preparation of Consolidated financial statements:

(i) Statement of compliance with Ind AS

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

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

(ii) Historical cost convention

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

- certain financial assets and liabilities measured at fair value; and
- defined benefit plans - plan assets measured at fair value.
- Assets held for sale –measured at Fair Value less Cost to Sell

(iii) Use of estimates and judgements

The presentation of the consolidated financial statements are in conformity with the Ind AS which requires the management to make estimates, judgments and

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assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and disclosure of contingent liabilities. Such estimates and assumptions are based on management's evaluation of relevant facts and circumstances as on the date of consolidated financial statements. The actual outcome may differ from these estimates.

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

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

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

- Current / Deferred tax expense
- Measurement of defined benefit obligations, Key Actuarial Assumptions
- Provisions and contingencies
- Expected credit loss for receivables
- Estimation of Oil and Gas reserves
- Impairment
- Valuation of Inventory
- Going Concern
- Fair Value of Assets held for sale

(iv) Current versus non-current classification

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

An asset is classified as current when it is:

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

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The liability is classified as current when:

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

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

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

(b) Principles of consolidation and equity accounting

The consolidated financial statement of GSPC represents consolidation of its consolidated financial statements with subsidiaries, associates and joint ventures (JV). The proportion of ownership interest in each subsidiary, associate and joint venture is as follows:

Name of Entity	Relationship with GSPC	Direct Control or Control through Subsidiary (indirect Control)	ownership interest as on 31st March 2018	ownership interest as on 31st March 2017
Gujarat State Petronet Limited (GSPL)	Subsidiary (By Management Control)	Direct Control	37.65%	37.67%
Gujarat Gas Limited (GGL) (earlier known as GSPC Distribution Networks Limited*)	Subsidiary	Indirect Control	20.39%	38.11%
Guj Info Petro Limited (GIPL)	Subsidiary	Direct Control	60.24%	69.09%
GSPC Pipavav Power Company Limited (GPPC)	Subsidiary	Direct Control	97.47%	97.47%
GSPC (JPDA) Limited	Subsidiary	Direct Control	100.00%	100.00%
GSPC Energy Limited	Subsidiary	Direct Control	100.00%	100.00%
GSPC Offshore Limited	Subsidiary	Direct Control	100.00%	100.00%
GSPL India Gasnet Limited	JV	Indirect JV	19.58%	19.60%

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GSPL India Transco Limited	JV	Indirect JV	19.58%	19.60%
Sabarmati Gas Ltd	JV	Direct JV	32.82%	32.82%
Gujarat State Energy Generation Limited	Associate	Associate	33.26%	33.26%
GSPC LNG Ltd.	Associate	Associate	13.48%	13.48%
Alcock Ashdown (Gujarat) Limited	Associate	Associate	22.50%	22.50%
Social Welfare Trust	Subsidiary	Direct	100%	100%
Gujarat Gas Limited Employee welfare stock option trust	Subsidiary	Indirect	20.39%	38.11%

Subsidiaries

Subsidiaries are entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, other equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been aligned where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and consolidated balance sheet respectively.

Associates

Associates are entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Joint ventures

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet.

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(i) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit and loss, and the group's share of other comprehensive income of the investee in other comprehensive income.

Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been aligned where necessary to ensure consistency with the policies adopted by the group.

The carrying amounts of equity accounted investments are tested for impairment in accordance with the policy.

(ii) Changes in ownership interests

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.

When the group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognised in the consolidated statement of profit and loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to consolidated statement of profit and loss.

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If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to consolidated statement of profit and loss where appropriate.

(iii) Business combination of entities under common control

Business combinations involving entities that are ultimately controlled by the same party before and after the business combination are considered as common control business combination to be accounted using the pooling of interest method which comprises of the below.

- The assets and liabilities of the combining entities are reflected at their carrying amount.
- No adjustments are made to reflect the fair values, or recognise new assets or liabilities. Adjustments are made to align accounting policies.
- The financial information in the financial statements in respect of prior period is restated as the business combination has occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination.

The balance of retained earnings appearing in the financial statements of the transferor is aggregated with the corresponding balance appearing in the financial statements of the transferee or is adjusted against general reserve. Acquisition costs that the group incurs in connection with a business combination are expensed as incurred.

The identity of the reserves is preserved and the reserves of the transferor become the reserve of the transferee. The difference if any between the amounts recorded as share capital plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to "Capital Reserve on common control business combination" and is presented separately from other capital reserves.

(c) Property, plant and equipment

(i) Oil and Gas properties

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

1) Pre-acquisition Cost

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

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2) Acquisition, Exploration & Evaluation Costs:-

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

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

3) Development Cost

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

4) Producing properties:-

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

5) Abandonment Cost

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

6) Surrender / Relinquishment of a Contract Area

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

7) Disposal of Interest

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

8) Accounting for Carried interest

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

(iv) Other property, plant and equipment

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

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

In case of transmission and city gas distribution business, the Group capitalises all the cost directly attributable and ascertainable to project assets, till completing the project. These costs include expenditure of pipelines, plant and machinery, cost of laying of pipeline, cost of survey, commissioning and testing charge, detailed engineering and interest on borrowings attributable to acquisition of such assets. The gas distribution networks are treated as commissioned when supply of gas commences to the customer(s).

Costs of meter / regulator consumed for initial connection to customers are capitalized as per underlying contracts with customers and consumed for replacement during the year are charged to statements of profit & loss.

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

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

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

(d) Investment properties

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

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

(e) Intangible assets

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

Goodwill on acquisitions of subsidiaries is included in intangible assets. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

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

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

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

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

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

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

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

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

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

Depreciation on Plant and Machinery - pipelines (Steel and MDPE) is provided at 3.33 % on Straight-Line Method (SLM) considering useful life of thirty years.

City gas stations, skids, pressure regulating stations, meters & regulators are written off on SLM basis. These are estimated to have useful life of 18 years based on technical assessment made by technical expert and management

On Power Generation Assets depreciation is provided on straight line method (SLM) following the rate and methodology as notified by Central Electricity Regulatory Commission (CERC) pursuant to provisions of Electricity Act, 2003.

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Right of Way (ROW) & Right of Use (ROU) are amortised over a period of useful lives which are considered to be 30 years and 99 years respectively on Straight Line Method.

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

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

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

(g) Impairment of non-financial assets

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

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

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

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





(h) Leases

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

As a lessee

Finance lease

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

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

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

Operating lease

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

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

As a lessor

Finance lease

When substantially all of the risks and rewards of ownership transfer from the Group to the lessee, then it is classifies as finance lease. Amounts due from lessees under

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finance leases are recorded as receivables at the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

Operating lease

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

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

(i) Borrowing costs

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

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

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

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

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

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

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

(k) Financial instruments

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

Financial assets

Initial recognition

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

Initial measurement

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

Subsequent measurement

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

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

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

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

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

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

Financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any

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discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the consolidated statement of profit and loss.

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

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

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

As per announcement of The Institute of Chartered Accountants of India (ICAI) relating to Accounting for derivative contracts, derivative contracts other than those covered under Ind AS 107, as specified in the Companies (Accounting Standard) Rules, 2015 and as amended, the effect of change in rates, are Marked to Market on a portfolio basis and the net loss after considering the offsetting effects on the underlying hedge item, is charged to Statement of Profit & Loss. Net gains are ignored.

Trade receivables

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

Equity instruments

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

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

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De-recognition

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

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

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

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

Impairment of financial assets

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

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

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

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

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

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

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Group reverts to recognising impairment loss allowance based on 12-month ECL.
Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

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

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

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

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

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Financial Liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

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

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

Financial guarantee contracts

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

Loan and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and

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losses on EIR amortisation and de-recognition are recognised in consolidated statement of profit and loss. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of profit and loss.

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

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

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

Trade and other payables

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

Derivatives

The Group uses derivative financial instruments i.e. swaps, commodity hedging contracts and option contracts, to hedge its price fluctuation risk and interest rate risk. Such derivative financial instruments are initially recognised at fair values on the date

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on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in fair value of derivatives are taken directly to consolidated statement of profit and loss.

De-recognition

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

(l) Offsetting financial instruments

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

(m) Fair value measurement

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

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

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

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

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

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

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

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

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

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

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

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

This note summarises the accounting policy for fair value.

(n) Inventories

- Crude oil in flow lines is not valued as it is not stored.
- Inventory of crude oil & condensate with Joint Ventures is valued as per net realisable value as per the rate specified on sale agreement.

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- Natural gas imported as LNG and stored in the storage tank of the LNG terminal are valued at cost or net realizable value whichever is lower.
- Chemicals, fuels, consumables, stores and spare parts are valued at Weighted Average Cost.
- Inventory of Gas (including inventory in own pipeline and CNG cascades) is valued at lower of cost and net realizable value. Cost is determined on weighted average cost method.
- Inventories of Project materials, spares, stores, consumables and line pack gas not meant for sale in ordinary course of business are valued at weighted moving average cost. However, stores and spares meeting the definition of property plant and equipment are capitalised and depreciated from the date of purchase.

(o) Employee benefits

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

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

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

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

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

(iii) ***Post-employment obligations***

The Group operates the following post-employment schemes:

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

Gratuity obligations

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plan is present value of the defined benefit obligation at the end of the

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reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

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

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

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.
Changes in present value of the defined benefit obligation resulting from plan amendment or curtailments are recognised immediately in profit or loss as past service cost.

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

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

(iv) ***Termination benefits***
Termination benefits are payable when employment is terminated by the Group before the normal retirement date

(v) ***Employee Stock Option plan***
Share-based compensation benefits are provided to employees via Employee Stock Option Scheme.

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The fair value of options granted under the Employee Option Plan is recognised as an employee benefit expenses with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

A. including any market performance conditions (e.g. entity's share price)
B. excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specific time period); and
C. including the impact of any non-vesting conditions (e.g. the requirements for employees to save or holding shares for specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of revision to original estimates, if any, in the profit or loss, with a corresponding adjustment to equity.

(p) Foreign currency transactions

(i) ***Functional and presentation currency***

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

(ii) ***Transactions and balances***

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

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

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

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

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

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

(q) Revenue recognition

- Revenue is measured at fair value of the consideration received or receivable. Amounts disclosed as revenue are net of the amounts collected on behalf of third parties. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and specific criteria have been met for each of the Group's activities. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.
- Income from sale of crude oil and gas produced from wells until start of commercial production is adjusted against the cost of such wells.
- Income from sale of gas is recognized net of applicable CST/VAT and profit petroleum, as applicable when it can be reliably measured and it is reasonable to expect ultimate collection. Any retrospective revision in prices of gas is accounted for in the year of such revision.
- Revenue from sale of electricity is recognized on last day of respective month when it can be reliably measured and it is reasonable to expect the ultimate collection
- Gas transmission income is recognized net of service tax/GST in the same period in which the related volumes of gas are delivered to the customers
- In case of city gas distribution business, Sale of Natural Gas is recognized on supply of gas to customers by metered/assessed measurements as no significant uncertainty exists regarding the measurability or collectability of the sale consideration. Sales are billed bi-monthly for domestic customers, monthly/fortnightly for commercial and non-commercial customers and fortnightly for industrial customers. Revenue on sale of Compressed Natural Gas (CNG) is recognized on sale of gas to consumers from retail outlets. Sales of natural gas are stated inclusive of excise duty and net of value added tax.
- The amounts charged from customers for gas connections are accounted based on the terms of the underlying contract with customers by accounting the revenue on commencement of the supply of gas to the customer as Connection, Service and Fitting Income under other operating revenue.
- The amounts collected towards connection charges from certain domestic customers are "non-refundable charges". Accordingly, the same are recognized

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as revenue as and when the Group commences the supply of gas to the customers and such amount is charged to customers. Until then, the amounts so collected are shown under loans and advances in the balance sheet. The group has provided the installments facility to certain domestic customers towards "connection charges" which are non-refundable, the total amount of such installments are recognized as revenue as and when the group commences the supply of gas to the customers.

- The amounts collected from certain domestic customers which include amount "refundable" in nature. Accordingly, the same are recognized as a liability under head Deposits in the balance sheet.
- In case of power generation business, Sale of electricity is recognized on the basis of amount of invoices for supply of energy determined in accordance with the Techno-Commercial parameters approved in the Power Purchase Agreement / Tariff orders by Gujarat Electricity Regulatory Commission. Revenue is recognized when no significant uncertainty as to the measurability and ultimate collection.
- Revenue from sale of electricity generated from windmills and Solar Plants are recognized on a monthly basis in accordance with the terms of power purchase agreement (PPA).
- In case of IT business, Income from operation & maintenance contracts are recognized over the period of the respective agreements on a time proportion basis.
- Revenue in respect of interest on delayed realizations from customers, if any, is recognized when it can be reliably measured and it is reasonable to expect ultimate collection.
- Revenue in respect of 'Take or Pay' quantity of gas (short lifted quantity of gas under the Gas Sale Agreements) is recognized when it can be reliably measured and it is reasonable to expect ultimate collection.
- Profit Petroleum is reduced from the revenue from sale of products as Government of India's share in Profit Petroleum. Profit Petroleum payable to the Government of India (MoP&NG) under a PSC is accounted for initially on an estimated basis and upon approval of the DGH, MoP&NG, difference, if any, is accounted for in the year of such of approval.
- Group's share of Revenue from Joint Operations is considered on the basis of Accounts submitted by Joint Ventures.
- Interest income from a financial asset is recognised when it is probable that the economic benefit will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset to that asset's gross carrying amount on initial recognition.
- Dividend income is accounted for when the right to receive the same is established, which is generally when the shareholders approve the dividend.

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- Insurance claim are accounted for on final acceptance by the insurance Group.

(r) Allocation of General Administrative Expenses

In case of Joint ventures, in which the Group is an operator, the allocation of Common General and Administrative Expenses and Employee cost to various operated blocks, is done on the basis of time allocations notified by each employee.

(s) Accounting for oil and gas joint operations

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

(t) Taxation

Income taxes

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

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

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

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

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

Deferred taxes

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

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

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. However, when there is no convincing evidence available for future taxable profit the company recognises deferred Tax assets arising from unused tax losses or tax credit only to the extent of deferred Tax liability already recognised by the company till date.

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

Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, branches and associates

and interest in joint Operations where it is probable that the differences will not reverse in the foreseeable future.

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

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

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

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

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

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

(u) Earnings per share

Basic earnings per share

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

Diluted earnings per share

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

(v) Provisions, contingent liabilities and contingent assets

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

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

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

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

Contingent liability is disclosed in the case of:

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

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

(w) Cash and Cash Equivalents

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

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

(x) Statement of Cash Flows

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

(y) Dividends

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

(z) Segment Reporting

The Chief Operational Decision Maker (CODM) monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements. Operating segments are reported in a manner consistent with the internal reporting provided to the CODM.

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(aa) Rounding off

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

(bb) Events occurring after the Reporting Date

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

(cc) Exceptional Items

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

(dd) Amendments to existing Ind AS

The following amended standards are not expected to have a significant impact on the Group's consolidated financial statements. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group when it will adopt the respective standards.

- Ind AS 115 Revenue from contract with customers-
  On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. Ind AS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The core principle of the new standard that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. This Standard permits two possible methods of transition i.e. retrospective approach and modified retrospective method.

The effective date for the adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

Based on the preliminary assessment, the company does not expect any significant impacts on transition to Ind AS 115. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information when the standard will be adopted. The quantitative impacts would be finalized based on a detailed assessment which has been initiated to identify the key impacts along with evaluation of appropriate transition options to be considered.

- Ind AS 40 - Investment Property – The amendment lays down the principle regarding the transfer of asset to, or from, investment property.
- Ind AS 21 - The Effects of Changes in Foreign Exchange Rates – The amendment lays down principles to determine the date of transaction when a company recognizes a non-monetary prepayment asset or deferred income liability.
- Ind AS 12 – Income Taxes – The amendments explains that determining temporary differences and estimating probable future taxable profit against which deductible temporary differences are assessed for utilization are two separate steps.
- Ind AS 28 – Investments in Associates & joint Ventures- The amendment clarifies that a venture capital organisation or a mutual fund or similar entities may elect, at initial recognition, to measure investments in associates or joint venture at fair value through profit & loss separately for each associates or joint venture.
- Ind AS 112- Disclosure of interest in other entities- The amendments clarifies that disclosure requirements also apply to interests that are classified as held for sale or as discontinued operations in accordance with Ind AS 105-Non Current assets held for sale and discontinued operations.

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

Note 2

Property, plant, equipment as at 31st March 2018

(Rs. in Crores)

Particulars	Gross Block				Depreciation and Amortization					Net Block	
	As at 1st April 2017	Addition during the year	Disposal/ Adjustment	As at 31st March 2018	As at 1st April 2017	Charge For the year	Impairment	Disposal/ Adjustment	As at 31st March 2018	As at 31st March 2018	As at 31st March 2017
Tangibles assets :											
Freehold Land	700.04	2.06	1.64	703.74	-	-		-	-	703.74	700.04
Lease hold Land*	59.74	1.64	-	61.38	1.93	0.70		-	2.63	58.75	57.81
Buildings	469.47	21.72	(0.13)	491.06	47.11	21.94		(0.01)	69.04	422.02	422.36
Plant and Machinery	11,483.56	510.78	(15.85)	11,978.49	2,207.37	639.64		(8.23)	2,838.78	9,139.71	9,276.19
Furniture and Fixture	30.42	0.90	(2.58)	28.74	12.32	3.60		(1.81)	14.11	14.63	18.10
Office Equipments	24.42	1.58	(2.15)	23.85	15.54	2.84		(1.99)	16.39	7.46	8.88
Computer Equipment	39.05	3.15	(1.51)	40.69	25.66	3.96		(1.47)	28.15	12.54	13.39
Vehicles	13.77	0.47	(1.66)	12.58	7.81	1.77		(1.47)	8.11	4.47	5.96
Electrical Installation & Equipment	71.28	6.77	(0.00)	78.05	29.73	11.22		-	40.95	37.10	41.55
Communication Equipment	50.84	1.84	-	52.68	17.16	6.78		-	23.94	28.74	33.68
Ships	0.06	-	-	0.06	0.02	0.01		-	0.03	0.03	0.04
Books	0.33	0.00	-	0.33	0.33	0.00		-	0.33	-	-
Producing Properties (being Company's share in Joint Venture)	1,522.21	138.24	-	1,660.45	710.65	84.47		-	795.12	865.33	811.56
Total tangible assets	**14,465.19**	**689.15**	**(22.24)**	**15,132.10**	**3,075.63**	**776.93**	**-**	**(14.98)**	**3,837.58**	**11,294.52**	**11,389.56**
Capital work in progress :											
Exploration & Development										92.64	173.41
CWIP Building										0.14	2.84
CWIP Others										1,400.06	1,217.07
Total capital work in progress	**-**	**-**	**-**	**-**	**-**	**-**		**-**	**-**	**1,492.84**	**1,393.32**

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Property, plant, equipment as at 31st March 2017

(Rs. in Crores)

Particulars	Gross Block				Depreciation and Amortization					Net Block	
	As at 1st April 2016	Addition during the year	Disposal/ Adjustment	As at 31st March 2017	As at 1st April 2016	Charge For the year	Impairment	Disposal/ Adjustment	As at 31st March 2017	As at 31st March 2017	As at 31st March 2016
Tangibles assets :											
Freehold Land	687.22	12.82		700.04	-	-	-	-	-	700.04	687.22
Lease hold Land*	50.97	8.77	-	59.74	1.31	0.62	-	-	1.93	57.81	49.66
Buildings	425.43	196.52	(152.48)	469.47	26.54	26.53	-	(5.96)	47.11	422.36	398.89
Plant and Machinery	9,905.70	9,985.92	(8,408.06)	11,483.56	958.64	1,318.15	616.80	(686.22)	2,207.37	9,276.19	8,947.06
Furniture and Fixture	23.49	13.89	(6.96)	30.42	8.28	4.44	-	(0.40)	12.32	18.10	15.21
Office Equipments	21.65	11.27	(8.50)	24.42	12.22	5.90	-	(2.58)	15.54	8.88	9.43
Computer Equipment	30.88	9.30	(1.13)	39.05	21.71	4.48	-	(0.53)	25.66	13.39	9.17
Vehicles	11.50	2.35	(0.08)	13.77	5.78	2.08	-	(0.05)	7.81	5.96	5.72
Ele Installation & Equipment	57.22	14.06		71.28	16.23	13.50	-	-	29.73	41.55	40.99
Communication Equipment	44.45	6.39		50.84	9.25	7.91	-	(0.00)	17.16	33.68	35.20
Ships	0.06	-		0.06	0.01	0.01	-	-	0.02	0.04	0.05
Books	0.10	0.23		0.33	0.10	0.23	-	-	0.33	-	-
Producing Properties (being Company's share in Joint Venture)	591.90	8,223.61	(7,293.30)	1,522.21	57.37	89.09	582.45	(18.26)	710.65	811.56	534.53
Total tangible assets	11,850.57	18,485.13	(15,870.51)	14,465.19	1,117.44	1,472.94	1,199.25	(714.00)	3,075.63	11,389.56	10,733.13
Capital work in progress :											
Exploration & Development										173.41	14,549.60
CWIP Building										2.84	2.84
CWIP Others										1,217.07	1,268.42
Total capital work in progress	-	-	-	-	-	-		-	-	1,393.32	15,820.86

*The non-cancellable lease term is for a period of 50-99 years. Accordingly, the land has been classified as finance lease.

Notes

a. Exploration and Development cost incurred by the joint ventures has been bifurcated into CWIP tangible and intangible assets under Development as per the requirement of Guidance note on Accounting for Oil & Gas Producing Activities (Ind AS) issued by ICAI read with Ind AS 106 "Exploration for and Evaluation of Mineral Resources".

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

c. Gujarat Pipavav Power Company Limited (GPPC) had capitalised substantial portion of 702MW power plant during FY 2013 - 2014 that were ready for commercial production based on trial run as per terms of Power Purchase Agreement (PPA) with GUVNL. Further the work under EPC contract is not over and the GPPC has not issued Provisional Acceptance Certificate (PAC) to Bharat Heavy Electricals Ltd. (BHEL). Considering uncertainity in recoberability and crystallization of exact amount of liquidated damages on account of delay in execution of contract under the EPC contract with BHEL (including liquidated damages arising that may arise on Perfomance Acceptance Certificate), the management has decided to consider accounting of liquidated damages under EPC contract after PAC and Perfomance Guarantee test by BHEL.

The assets i.e. 702MW gas based combined cycle power plant located at Pipavav, Amreli is commissioned for generation of power (electricity). Presently, the GPPC is generating power as per the Power Purchase Agreement (PPA) executed with GUVNL. Although, GUVNL is the sole procurer of electricity generated from the assets at this point in time, the GPPC has right to use the assets for other customer/s in future, if any.

In light of the above aspects of the arrangement, the GPPC has examined the parameters of determining whether this arrangement contains a Lease with respect to Appendix C of Ind AS 17-Leases. As per Appendix C there are two criteria which needs to be fulfilled to determine that the arrangement is a lease:

i) Fulfilment of the arrangement is dependent on the use of a specific asset

ii) Arrangement conveys a right to use the asset

The Management has reviewed the above two conditions in light of the Power Purchase Agreement, Articles of Association, its relationship with the promoters and the Government of Gujarat. Moreover, the GPPC has solicited clarifications from GUVNL (the procurer). The first condition is fulfilled as the arrangement is dependent on the use of specified asset i.e. the 156MW and 351MW gas based power project. However, the GPPC has observed that the second condition is not satisfied due to the following observations:

a. The power procurer neither has the ability to operate the asset nor direct any other party to operate the asset.

b. The power procurer does not have any physical control over the asset

c. The GPPC has the right to sell the electricity generated from the asset to a separate power procurer, if required. Further the condition under the criteria requires that the pricing for the arrangement must not be linked operating capacity/ productivity of the asset. The criteria allows the arrangement to classified as lease only if there is neither a fixed price per unit nor market linked price per unit. The asset's pricing with power procurer is completely dependent on the productivity factor as the final price of power is market linked. The price of gas procured by the GPPC to operate the asset and generate power is market linked and a pass-through under the PPA which leads to the inference that the price per unit is market linked. Moreover the fixed cost component under PPA pricing is also governed by certain market linked components like interest rate for the loans being serviced by the GPPC.

Thus, although the procurer is off-taking all or substantially all the output from a specified asset, there vests no right to use of the asset with the procurer other than the output. Hence the arrangement does not fulfil the criteria for the determination of lease and accordingly the asset has been considered as a part of PPE of the GPPC disclosed in the Schedule above.

Borrowing Costs and Test Production

a. The borrowing costs amounting to Rs. 0.82 crores (FY 2016-17 Rs. 68.36 crores) has been capitalized in the current year as a part of CWIP.

Contractual Obligations

Refer Note 36 for disclosure of contractual(Capital) commitments for the acquisition of property, plant and equipment of Gujarat State Petronet Limited (Consolidated).

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

Note 3

Investment property as at 31st March 2018

(Rs. in Crores)

Particulars	Gross Block				Depreciation and Amortization				Net Block	
	As at 1st April 2017	Addition during the year	Disposal/ Adjustment	As at 31st March 2018	As at 1st April 2017	For the year	Disposal/ Adjustment	As at 31st March 2018	As at 31st March 2018	As at 31st March 2017
Land and building	3.86	-	(1.64)	2.22 -	0.07	0.03		0.10 -	2.12 -	3.79 -
Total Investment property	**3.86**	**-**	**(1.64)**	**2.22**	**0.07**	**0.03**	**-**	**0.10**	**2.12**	**3.79**

Investment property as at 31st March 2017

(Rs. in Crores)

Particulars	Gross Block				Depreciation and Amortization				Net Block	
	As at 1st April 2016	Addition during the year	Disposal/ Adjustment	As at 31st March 2017	As at 1st April 2016	For the year	Disposal/ Adjustment	As at 31st March 2017	As at 31st March 2017	As at 31st March 2016
Land and building*	3.86			3.86	0.04	0.03		0.07	3.79	3.82
Total Investment property	**3.86**	**-**	**-**	**3.86**	**0.04**	**0.03**	**-**	**0.07**	**3.79**	**3.82**

*Includes land of an amount of Rs. 1.45 crores which is non depreciable.

Notes

a. The assets are given on lease for various lease terms as agreed mutually. The leases are cancellable subject to agreed notice period.

b. Amount recognised in profit or loss for investment properties :

(Rs. in Crores)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Rental Income	1.05	1.21
Direct operating expenses from property that generated rental income	-	-
Direct operating expenses from property that did not generate rental income	-	-
Profit from investment properties before depreciation	**1.05**	**1.21**
Depreciation	(0.03)	(0.03)
Profit from investment properties	**1.02**	**1.18**

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c. Leasing Arrangements

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

Note 3

d. Fair Value

In case of Parent Company management conducted the fair value assessment based on principles of Ind AS 113 for investment properties. Consequently, the fair value was determined not to be substantiallv different from the carrving value of the assets.

In Case of Subsidiary Gujarat State Petronet Limited (Consolidated)

(Rs. In Crores)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Investment Properties	2.40	2.40
Total	2.40	2.40

The Group obtains independent valuations for its investment properties once in every three years. The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, the group considers information from a variety of sources including:

1. Current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences
2. Discounted cash flow projections based on reliable estimates of future cash flows
3. Capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence

The fair values of investment properties have been determined by based on independent valuer's valuation certificate. The main inputs used are the rental growth rates, jantry value guideline and sales comparison approach based on comparable transactions and industry data. All resulting fair value estimates for investment properties are included in level 3.

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Note 4

Goodwill on Consolidation as at 31st March 2018

(Rs. in Crores)

Particulars	Gross Block				Depreciation and Amortization				Net Block	
	As at 1st April 2017	Addition during the year	Disposal/ Adjustment	As at 31st March 2018	As at 1st April 2017	For the year	Disposal/ Adjustment	As at 31st March 2018	As at 31st March 2018	As at 31st March 2017
Goodwill on consolidation	186.14	-	-	186.14	-	-	-	-	186.14	186.14
Total Goodwill on consolidation	**186.14**	-	-	**186.14**	-	-	-	-	**186.14**	**186.14**

Other intangible assets as at 31st March 2018

(Rs. in Crores)

Particulars	Gross Block				Depreciation and Amortization				Net Block	
	As at 1st April 2017	Addition during the year	Disposal/ Adjustment	As at 31st March 2018	As at 1st April 2017	For the year	Disposal/ Adjustment	As at 31st March 2018	As at 31st March 2018	As at 31st March 2017
Right of Use/ Right of Way	400.31	39.11	(0.05)	439.37	21.33	10.00	(0.02)	31.31	408.06	378.98
Software	85.86	16.47	(1.77)	100.56	55.45	11.47	(1.75)	65.17	35.39	30.41
Total other intangible assets	**486.17**	**55.58**	**(1.82)**	**539.93**	**76.78**	**21.47**	**(1.77)**	**96.48**	**443.45**	**409.39**
Intangible assets under development										
Exploration & Development				-	-			-	932.39	1,456.21
Software				-	-			-	0.14	1.25
Total of intangible assets under development	-	-	-	-	-	-	-	-	**932.53**	**1,457.46**

Goodwill on consolidation as at 31st March 2017

(Rs. in Crores)

Particulars	Gross Block				Depreciation and Amortization				Net Block	
	As at 1st April 2016	Addition during the year	Disposal/ Adjustment	As at 31st March 2017	As at 1st April 2016	For the year	Disposal/ Adjustment	As at 31st March 2017	As at 31st March 2017	As at 31st March 2016
Goodwill on consolidation	186.14			186.14					186.14	186.14
Total Goodwill on consolidation	**186.14**	-	-	**186.14**	-	-	-	-	**186.14**	**186.14**

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Other intangible assets as at 31st March 2017

(Rs. in Crores)

Particulars	Gross Block				Depreciation and Amortization				Net Block	
	As at 1st April 2016	Addition during the year	Disposal/ Adjustment	As at 31st March 2017	As at 1st April 2016	For the year	Disposal/ Adjustment	As at 31st March 2017	As at 31st March 2017	As at 31st March 2016
Right of Use / Right of Way*	321.58	79.42	0.69	400.31	13.24	8.19	0.10	21.33	378.98	308.34
Software	72.81	15.58	2.53	85.86	42.82	13.64	1.01	55.45	30.41	29.99
Total other intangible assets	**394.39**	**95.00**	**3.22**	**486.17**	**56.06**	**21.83**	**1.11**	**76.78**	**409.39**	**338.34**
Intangible assets under development										
Exploration & Development					-			-	1,456.21	11,066.19
Software					-			-	1.25	0.43
Total of Intangible assets under development	-	-	-	-	-	-	-	-	**1,457.46**	**11,066.62**

Notes

a. Details of borrowing cost capitalised have been disclosed in Note No. 2 of Property, Plant and Equipment.

b. Right of Use (ROU)

Gujarat State Petronet Limited acquires the 'right of use' (hereinafter referred to as 'ROU') for the purpose of laying and maintenance of the underground pipeline and vests in Gujarat State Petronet Limited and Gujarat State Petronet Limited has the right to use the same in the manner for which it has been acquired. The acquisition of ROU is governed by the legal process as per the Act, Gujarat State Petronet Limited has paid the compensation /consideration of the ROU -land determined by the competent authority under the Act and any person authorised by Gujarat State Petronet Limited, have unrestricted right of entry and lay pipeline or do any other act necessary for the purpose of laying of pipelne. Gujarat State Petronet Limited has disclosed the cost incurred for acquisition of ROU as 'Right of Use' in the Intangible Asset schedule. ROU has an indefinite life and hence it is not amortised. However, the same is tested for impairment annually.

*Includes RoU of ₹ 10,930.33 Lacs (31st March 2017: ₹ 10,667.02 Lacs).

c. Right of Way (ROW) :

The Right of Way (ROW) is amortized over 30 years on straightline method as the same is inextricably linked and dependent on useful life of Gas transmission pipeline(s).

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

Note 5

Investments in Equity accounted investees **(Rs. in Crores)**

Particulars	As at 31st March, 2018	As at 31st March, 2017
Investments in unquoted equity shares of equity accounted investees		
119,791,817 (31st March, 2017 : 119,791,817) fully paid up equity shares of Gujarat State Energy Generation Ltd of Rs.10 each	83.66	57.14
36,430,000 (31st March, 2017 : 36,430,000) fully paid up equity shares of GSPC LNG Ltd of Rs.10 each	41.81	40.34
9,987,400 (31st March, 2017 : 9,987,400) fully paid up equity shares of Sabarmati Gas Ltd of Rs.10 each	195.97	158.43
11,500,000 (31st March, 2017 : 11,500,000) fully paid up equity shares of Alcock Ashdown (Gujarat) Ltd of Rs.10 each	11.50	11.50
20,12,50,060 (31st March, 2017: 14,40,50,060) Fully Paid Up Equity Shares of Rs 10 each of GSPL India Gasnet Limited	204.68	147.01
19,81,20,000 (31st March, 2017: 10,66,00,000) Fully Paid Up Equity Shares of Rs 10 each of GSPL India Transco Limited	201.78	109.56
	739.40	523.98
Less : Provision for impairment on shares of Alcock Ashdown(Gujarat) Ltd. a	(11.50)	(11.50)
Investments in unquoted equity shares of equity accounted investees	**727.90**	**512.48**

Notes

a. The company had made investment in shares of Alcock Ashdown (Gujarat) Ltd. to the tune of Rs. 11.50 crores. As per audited financial statement of the company for FY 2011-12, accumulated losses of the company had exceeded its net worth. Hence, considering the same as permanent diminution in the value of investment, full provision for Diminution in value of investment had been provided in the FY 2012-13 for Rs. 11.50 crores.

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Note 6

Other Investments **(Rs. in Crores)**

Particulars	As at 31st March, 2018	As at 31st March, 2017
Non-Current		
A. Investment in quoted equity shares of other companies (measured at fair value through OCI)		
3,697,000 (31st March, 2017 : 3,697,000) fully paid up equity shares of Gujarat Industries Power Company Ltd. of Rs.10/ each	35.79	38.10
B. Investment in unquoted equity shares of other companies (measured at fair value through OCI)		
29,004,033 (31st March, 2017 : 29,004,033) fully paid up equity shares of ONGC Petro Additions Ltd of Rs.10/ each	29.00	29.00
8,730 (31st March 2017: Nil) Fully Paid Up Equity Shares of of Swan LNG Private Limited Rs. 10/- each	0.01	-
200 (31st March, 2017 : 200) fully paid up Equity shares of Kalupur Co Op Comm Bank Ltd of Rs. 25 /- each	0.00	0.00
Total Non-current Other Investments	**64.80**	**67.10**

Notes

a. Refer Note 41 for determination of their fair values for investments carried at cost and investments measured at fair value through Other Comprehensive Income (FVTOCI)

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Note 7

Loans

(Rs. in Crores)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Non-Current (measured at amortised cost)		
Loans and Advances to Employees		
Secured, considered good	22.52	22.55
Total non-current loans	**22.52**	**22.55**
Current (measured at amortised cost)		
Loans and advances to employees		
Secured, considered good	4.04	5.02
Loans and Advance to Related Parties		
Secured, considered good	1.73	2.59
Unsecured, considered good*	154.62	159.41
Total current loans	**160.39**	**167.02**

*** refer note no.41**

Note 8

Other financial assets

(Rs. in Crores)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Non-Current		
Security deposit given (Unsecured - Considered good)	79.17	75.40
Receivable from employees (Unsecured - considered good)	1.43	1.00
Bank Balances-Escrow Account - PNGRB	-	3.40
Deposits with original maturity more than 12 months	-	0.14
Site resoration fund - Deposits with banks	103.61	98.61
Total non-current financial assets	**184.21**	**178.55**

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Note 8

Other financial assets **(Rs. in Crores)**

Particulars	As at 31st March, 2018	As at 31st March, 2017
Current		
Amount Receivable for Sale of Investments	1,206.05	-
Advances recoverable in cash or in kind or for value to be received		
(Unsecured, considered good)	2.46	0.41
Others	599.45	629.35
Receivable from Joint Operations*	654.47	610.21
Advances recoverable in cash or in kind or for value to be received		
Unsecured Considered good	0.72	0.03
Unsecured, considered doubtful	290.01	290.01
Less : Provision for doubtful advances	(290.01)	(290.01)
Security deposit given (Unsecured - Considered good)	0.71	6.13
Receivable from employees (Unsecured - considered good)	0.59	0.67
Derivative assets	0.24	15.06
Total Current financial assets	**2,464.69**	**1,261.86**

a. The above amount has been deposited with banks under section 33ABA of the Income Tax Act,1961 and can be withdrawn only for the purpose specified in the Scheme i.e towards removal of equipments and installations in a manner agreed with Central Government pursuant to an abandonment plan to prevent hazards to life,property,environment etc. This amount is considered as restricted cash and hence not considered as ' Cash and Cash equivalents'.

Note 9

Other Non-current assets **(Rs. in Crores)**

Particulars	As at 31st March, 2018	As at 31st March, 2017
Non-Current		
Prepaid expense	61.47	63.93
Advance Income Tax and TDS (net of Provision)1	300.82	306.62
Balances with Government Authorities	93.56	93.51
Capital Advances	35.21	37.86
Payment under Protest	11.24	5.85
Deferred employee cost	5.61	4.87
Other non current assets	0.03	0.03
Total Other Non-current assets	**507.94**	**512.67**
Current		
Prepaid expense	24.86	19.75
Balances with Government Authorities	50.99	33.30
Deferred employee cost	5.82	2.38
Other current assets	6.64	6.67
Total Other Current assets	**88.31**	**62.10**

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Notes

a. Provision of Tax for the current year is Rs. 460.18 (31st March,2017 : 302.53 crores).

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

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

No provision is made for such disputed Income tax liabilities, which is estimated at Rs.1,527.43 crores (31st March, 2017 : 1,153.57 crores). However the same is disclosed by way of a note as contingent liabilities vide note no.34.

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

Note 10

Inventories **(Rs. in Crores)**

Particulars	As at 31st March, 2018	As at 31st March, 2017
Finished goods - Crude oil (valued at rate specified in COSA)	4.06	2.74
Traded goods - Liquified natural gas	213.34	183.70
Line Pack Gas	103.98	97.42
Natural Gas Deferred Delivery (GIT)	16.44	-
Condensate	30.84	34.06
Stores and spares/Project materials	78.29	68.02
TotalInventories	**446.95**	**385.94**

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Note 11

Trade receivables (Rs. in Crores)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Secured, considered good	375.95	298.07
Unsecured, considered good	710.05	679.66
Doubtful	11.68	12.27
Less : Impairment on account of expected credit loss assessment	(11.68)	(12.27)
	1,086.00	977.73
Total Trade receivables	**1,086.00**	**977.73**

Note 12

Cash and cash equivalents* (Rs. in Crores)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Cash and cash equivalents		
Balances with banks		
In current accounts	53.30	36.86
Fixed deposit with original maturity of less than 3 months	79.99	30.91
Cash on hand	1.38	1.26
Total Cash and cash equivalents	**134.67**	**69.03**
Other bank balances		
Earmarked balances in unclaimed dividend accounts[a]	3.58	3.79
Escrow Account	40.18	35.79
Margin money deposits	304.39	41.21
Fixed Deposit		
With original maturity of more than 3 months but less than 12 months	129.22	802.61
With original maturity more than 12 months	4.44	43.05
Total Other bank balances	**481.81**	**926.45**

* Refer note 41 - Financial instruments, fair values and risk measurement

a. The balances in dividend accounts are not available for use by Gujarat State Petronet Limited and the money remaining unpaid will be deposited in the Investor Protection and Education Fund after the expiry of 7 years from the date they became due for payment. No amount is due at the end of the period for credit to Investor Protection and Education fund.

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

Note 13

Equity share capital

(Rs. in Crores)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Authorised share capital		
300,00,00,000 equity shares of Rs. 1 each (31st March, 2017 : 300,00,00,000 equity shares of Rs. 1 each)	300.00	300.00
Increase/(Decrease) during the year	-	-
Total	**300.00**	**300.00**

(Rs. in Crores)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Issued, subscribed and paid up capital		
257,92,62,920 equity shares of Rs. 1 each (31st March, 2017 : 257,92,62,920 equity shares of Rs. 1 each)	257.93	257.93
Treasury Share (held by Subsidiary company)		
2,00,00,000 equity shares of Rs. 1 each (31st March, 2017 : 2,00,00,000 equity shares of Rs. 1 each)	(2.00)	(2.00)
Total	**255.93**	**255.93**

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

Particulars	No of shares	Amount (Rs. in Crores)
As at 1st April 2016		
At the beginning of the year	2,579,262,920	257.93
Add : Shares issued during the year		
As at 31st March 2017	**2,579,262,920**	**257.93**
As at 1st April 2017		
At the beginning of the year	2,579,262,920	257.93
Add : Shares issued during the year		
As at 31st March 2018	**2,579,262,920**	**257.93**

Reconciliation of Treasury Share (held by Subsidiary company) outstanding at the beginning and at the end of the reporting period

Particulars	No of shares	Amount (Rs. in Crores)
As at 1st April 2016		
At the beginning of the year	20,000,000	2.00
Add : Shares issued during the year		
As at 31st March 2017	**20,000,000**	**2.00**
As at 1st April 2017		
At the beginning of the year	20,000,000	2.00
Add : Shares issued during the year		
As at 31st March 2018	**20,000,000**	**2.00**

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

Particulars	As at 31st March, 2018	As at 31st March, 2017
Number of Equity Shares		
Government of Gujarat	2,241,010,179	2,241,010,179
Gujarat State Investment Limited	192,592,441	192,592,441
% Holding in equity shares		
Government of Gujarat	86.89%	86.89%
Gujarat State Investment Limited	7.47%	7.47%

Notes

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

Terms /Rights attached to equity shares

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

c. During the year ended 31st March, 2018 the amount of dividend per share recognized as distributions to equity shareholders is Rs. NIL (31st March, 2017 : NIL).

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

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

Note 14

Other equity

(Rs. in Crores)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Capital reserve	10.01	10.01
Securities premium reserve	3,893.40	3,892.44
Debenture redemption reserve	347.74	347.74
General Reserve	3,261.77	3,262.25
Capital Reserve on Common Control & Business combination	(3,594.73)	(377.14)
Employees Stock Options Outstanding (Net)	1.01	1.45
Capital reserve on consolidation	6.21	6.21
Amalgamation and arrangement Reserve	476.44	476.40
Retained Earnings	(12,739.66)	(16,378.74)
Amalgamation and adjustment Reserve	(118.44)	(136.75)
Foreign Currency Translation Reserve	40.21	38.77
Other Comprehensive Income	567.26	49.23
Total Other equity	**(7,848.78)**	**(8,808.11)**

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(Rs. in Crores)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Capital reserve		
Opening Balance	10.01	10.01
Add/ Less: Addition/ (Utilisation) during the Year	-	-
Total Capital reserve	**10.01**	**10.01**

(Rs. in Crores)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Capital reserve on consolidation		
Opening Balance	6.21	6.21
Add/ Less: Addition/ (Utilisation) during the Year	-	-
Total Capital reserve on consolidation	**6.21**	**6.21**

(Rs. in Crores)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Securities premium reserve		
Opening Balance	3,892.44	4,146.91
Add/ Less: Addition/ (Utilisation) during the Year	0.96	(254.47)
Total Securities premium reserve	**3,893.40**	**3,892.44**

(Rs. in Crores)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Debenture redemption reserve		
Opening Balance	347.74	415.44
Add/ Less: Addition/ (Utilisation) during the Year	-	(67.70)
Total Debenture redemption reserve	**347.74**	**347.74**

(Rs. in Crores)

Particulars	As at 31st March, 2018	As at 31st March, 2017
General reserve		
Opening Balance	3,262.25	3,276.40
Add: Addition during the Year		
Less: Utilisation during the year	(0.48)	(14.15)
Total General reserve	**3,261.77**	**3,262.25**

(Rs. in Crores)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Employees Stock Options Outstanding (Net)		
Opening Balance	1.45	11.35
Add/ Less: Addition/ (Utilisation) during the Year	(0.44)	(9.90)
Total Employees Stock Options Outstanding (Net)	**1.01**	**1.45**

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(Rs. in Crores)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Foreign Currency Translation Reserve		
Opening Balance	38.77	42.03
Add/ Less: Addition/ (Utilisation) during the Year	1.44	(3.26)
Total Foreign Currency Translation Reserve	**40.21**	**38.77**

(Rs. in Crores)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Amalgamation and arrangement Reserve		
Opening Balance	476.40	476.40
Add/ Less: Addition/ (Utilisation) during the Year	0.04	-
Total Amalgamation and arrangement Reserve	**476.44**	**476.40**

(Rs. in Crores)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Capital Reserve on Common Control & Business combination		
Opening Balance	(377.14)	(377.1)
Add/ Less: Addition/ (Utilisation) during the Year	(3,217.59)	-
Total Capital Reserve on Common Control & Business combination	**(3,594.73)**	**(377.14)**

(Rs. in Crores)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Amalgamation & Adjustment Reserve		
Opening Balance	(136.75)	(136.75)
Add/ Less: Addition/ (Utilisation) during the Year	18.31	-
Total Amalgamation and adjustment Reserve	**(118.44)**	**(136.75)**

(Rs. in Crores)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Retained earnings		
Opening Balance	(16,378.74)	(659.24)
Add: Profit during the year	(911.10)	(15,737.15)
Less:		
Add/ Less: Addition/ (Utilisation) during the Year	4,550.18	17.66
Total Retained earnings	**(12,739.66)**	**(16,378.74)**

Particulars	As at 31st March, 2018	As at 31st March, 2017
Other Comprehensive Income		
FVOCI - equity investments		
Opening Balance	49.23	62.09
Increase/(Decrease) fair value of FVOCI equity instruments	(245.46)	(5.00)
Income tax on net fair value gain or loss	3.28	3.54
Current Year OCI	792.20	(11.39)
Transaction with Non-Controlling Interest	**(31.99)**	-
Total Other Comprehensive Income	**567.26**	**49.23**

Notes

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

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Note 15

Borrowings

(Rs. in Crores)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Non-current borrowings		
Secured		
Term loan from banks*	6,466.20	14,151.40
Secured-Term loan from Financial Institutions	90.97	119.33
Compulsory convertible debentures	550.00	550.00
	7,107.17	**14,820.73**
Unsecured		
Non-convertible debentures	6,015.29	5,991.24
Term loan from others - GSFS	2,804.17	1,237.50
	8,819.46	**7,228.74**
Total non-current borrowings	**15,926.63**	**22,049.47**
Current borrowings		
Secured		
From banks* (Loans repayable on demand)	2,374.76	3,236.44
	2,374.76	**3,236.44**
Unsecured		
From banks (Loans repayable on demand)	600.00	1,177.55
	600.00	**1,177.55**
Total current borrowings	**2,974.76**	**4,413.99**
Current maturities of long term borrowings (Shown as part of other current financial liabilities : Refer Note 16)		
Secured		
Term loan from banks	309.73	820.52
Term loan from Financial Institutions	29.74	29.36
Compulsory Convertible Debentures	24.94	24.94
	364.41	**874.82**
Unsecured		
Term loan from others - GSFS	1,507.29	265.48
Non Convertible Redeemable Debentures	140.92	140.92
	1,648.21	**406.40**
Total current maturities of non-current borrowings	**2,012.62**	**1,281.22**

Notes

Gujarat State Petroleum Corporation Limited

Secured Loans

a. State Bank of India had sanctioned a Rupee Term Loan (RTL 1) Facility amounting to Rs. 3,000 Crores (Current outstanding is Rs. 859.09 Crores) in F.Y. 2014-15. During FY 2017-18, the Company has prepaid normal due installment of Rs. 18.75 Crores. In addition to the above, the Company has repaid Rs. 2,047.16 Crores with funds received as consideration from ONGC. The prepayment with funds from sales consideration has retired the near term installments in the repayment schedule. The loan is secured by way of first ranking parri passu charge over the Company's share (10%) in the contract area (KG-OSN-2001/3), charge over receivables from JODPL Private Limited (JODPL) as on 31st March 2017 amounting to Rs. 485.71 Crores and charge over any additional consideration which may be received from ONGC in future after approval of Field Development Plan for other six discoveries of KG-OSN-2001/3.





b. Consortium of three member banks lead by Bank of Baroda, London branch has provided Foreign Currency Loan (ECB-1) of USD 200 Million (Rs. 1053.94 Crores)(Current outstanding of USD 18.30 Million i.e. ~Rs. 119.03 Crores). The Company has prepaid USD 61.72 Million (i.e. ~Rs. 392..91 Crores)from funds received as consideration from ONGC. The Company based on the request of Indian Bank, repaid entire outstanding loan of Indian Bank, Singapore. The prepayment with funds from sales consideration has retired the near term installments in the repayment schedule. The loan is secured by way of first ranking parri passu charge over the Company's share (10%) in the contract area (KG-OSN-2001/3), charge over receivables from JODPL as on 31st March 2017 amounting to Rs. 485.71 Crores and charge over any additional consideration which may be received from ONGC in future after approval of Field Development Plan for other six discoveries of KG-OSN-2001/3.

c. Consortium of five member banks lead by Bank of Baroda, London branch has provided Foreign Currency Loan (ECB-2) of USD 250 Million (Rs. 1528.70 Crores) (Current outstanding of USD 60.80 Million i.e ~Rs. 395.47 Crores) and USD 75 Million (Current outstanding of USD 18.57 Million i.e. Rs. 120.79 Crores) from Export Import Bank of India . The company has prepaid USD 138.59 Million (i.e. ~Rs. 882.26 Crores) (USD 250 Million Facility) and USD 42.36 Million (i.e. ~Rs. 269.66 Crores) (USD 75 Million Facility) from funds received as consideration from ONGC. The prepayment with funds from sales consideration has retired the near term installments in the repayment schedule. The loan is secured by way of first ranking parri passu charge over the Company's share (10%) in the contract area (KG-OSN-2001/3), charge over receivables from JODPL as on 31st March 2017 amounting to Rs. 485.71 Crores and charge over any additional consideration which may be received from ONGC in future after approval of Field Development Plan for other six discoveries of KG-OSN-2001/3.

d. EXIM bank has provided Foreign Currency Loan (ECB - 3) of USD 100 Million (Rs. 624.45 Crores) (Current outstanding of USD 24.24 Million i.e. ~Rs. 157.67 Crores). During FY 2017-18, the company has prepaid installment of USD 6.25 Million (i.e. ~Rs. 40.42 Crores) as per existing repayment schedule. In addtion, the Company has repaid USD 69.51 Million (i.e. ~Rs. 442.50 Crores)from funds received as consideration from ONGC. The prepayment with funds from sales consideration has retired the near term installments in the repayment schedule. The loan is secured by way of first ranking parri passu charge over the Company's share (10%) in the contract area (KG-OSN-2001/3), charge over receivables from JODPL as on 31st March 2017 amounting to Rs. 485.71 Crores and charge over any additional consideration which may be received from ONGC in future after approval of Field Development Plan for other six discoveries of KG-OSN-2001/3.

e. State Bank of India (Nassau) has provided Foreign Currency Loan (ECB - 4) of USD 100 Million (Rs. 657.40 Crores) (Current outstanding of USD 28.58 Million i.e. ~Rs. 185.90 Crores).The Company has prepaid USD 65.17 Million (i.e. ~Rs. 414.87 Crores)from funds received as consideration from ONGC. The prepayment with funds from sales consideration has retired the near term installments in the repayment schedule. The loan is secured by way of first ranking parri passu charge over the Company's share (10%) in the contract area (KG-OSN-2001/3), charge over receivables from JODPL as on 31st March 2017 amounting to Rs. 485.71 Crores, charge over any additional consideration which may be received from ONGC in future after approval of Field Development Plan for other six discoveries of KG-OSN-2001/3 and charge over receivables of the Company, both present and future, at par with the charge provided to Line of Credit Lenders.

f. Consortium of thirteen member banks lead by Punjab National Bank has provided Rupee Term Loan (RTL 2) of Rs. 4,500 Crore (Current outstanding of Rs. 1,389.36 Crore). The Company has prepaid Rs. 3,110.64 Crores with funds received as consideration from ONGC. The prepayment with funds from sales consideration has retired the near term installments in the repayment schedule. The loan is secured by way of first ranking parri passu charge over the Company's share (10%) in the contract area (KG-OSN-2001/3), charge over receivables from JODPL as on 31st March 2017 amounting to Rs. 485.71 Crores and charge over any additional consideration which may be received from ONGC in future after approval of Field Development Plan for other six discoveries of KG-OSN-2001/3.

Unsecured Loans:

g. Company has availed Medium Term Loan from Gujarat State Financial Services (GSFS) for the period of 3 years with repayment in 10 equal quarterly installment. (Current outstanding Rs. 1,500 Crores). The repayment schedule has been revised in FY 2017-18 with additional moratorium of one year and an incremental repayment schedule. Subsequent to revision in repayment schedule, no installment of the medium term loan was due in FY 2017-18.

h. Outstanding unsecured NCDs amounting to Rs. 6,000 crores raised on private placement basis are listed with National Stock Exchange. The details of the same are as follows:

Type of NCD	Amount (Rs. in crores)	Interest Rate on p.a. Basis	Issued in
8 Yrs	1,000	9.39%	Sep-12
10 Yrs	1,000	9.45%	Sep-12
60 Yrs*	1,000	10.45%	Sep-12
15 Yrs	2,000	9.03%	Mar-13
60 Yrs**	1,000	9.80%	Mar-13

* The company has the call option for these NCDs after 10 years, from date of allotment and till maturity and in case such option is not exercised then the interest rate will step up by 2 % till the NCDs are repaid.

** The company has the call option for these NCDs after 12 years, from date of allotment and till maturity and in case such option is not exercised then the interest rate will step up by 2 % till the NCDs are repaid.

Quasi-Equity

i. In the F.Y. 2013-14, the Company has raised funds to the tune of Rs. 550 Crs through issuance of secured compulsory convertible debentures (CCD) on private placement basis. The details of the same are as follows:

Name of Investor	Amount (Rs. in crores)	Interest Rate on p.a. Basis
IDBI Bank	150	9.56%
IFCI	100	9.39%
State Bank of India	300	10.11%

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The CCDs (face value: Rs. 81 per debenture) are secured by a first mortgage and charge over immovable property (Guesthouse Bungalow at Infocity, Gandhinagar) of the Company. There was a lock in period of one year for CCD investor from the date of allotment. The debentures are supposed to be converted into equity shares at the end of the five years.
Conversion term of CCDs

"The Compulsory Convertible Debenture (CCDs) will be converted to equity after expiry of 5 (Five) years from the allotment date or date prior to filing of Red Herring Prospectus for IPO with SEBI". The Company has submitted a request for extension of conversion date for IDBI and IFCI which were due in April/May 2018 under the premise that the conversion date for all the three entities may be aligned to ensure similar treatment of respective facilities. Both the institutions are in process of obtaining necessary approvals for aligning the conversion date of respective CCDs.

j. In Case of Subsidiary Gujarat State Petronet Limited (Consolidated)

For Borrowings also Refer note 41 - Financial instruments, fair values and risk measurement

Secured Loans

Term loan from banks and financial institutions are secured by first pari-passu charge on all Intangible and Tangible assets (except 36" pipeline from Hazira to Mora), Capital Work in Progress, operating cash flows, Book Debts and Other Movables of the Company.

k. In Case of Subsidiary Gujarat Pipavav Power Company Limited

Secured Loans

Term loan from banks are secured by pari-passu charge by way of mortgage of the company's immovable properties both present and future: and hypothecation of entire movable properties both present and future situated at Dist Amreli, Pipavav for 702 MW power project is subject to fulfillment of the condition.

During FY 2017-18 the term loan of IDBI & Karur Vysya Bank was repaid. This both loans were taken over by Dena Bank.

The Secured Term Loan from Vijaya Bank of which maturity is 24th Nov 21 for 5 MW Solar Project is secured by Pari Passu Charge by way of Mortgage of the company's immovable properties both present and future: and hypothecation of entire movable properties both present and future situated at Dist Patan, Charankha for 5 MW Solar Power project and receivables .

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Gujarat State Petroleum Corporation Limited

Loan repayment schedule

(Rs. in Crores)

Particulars	Total Outstanding (Rs. In crores)	Maturity period	Rate of Interest (p.a.)	Repayable in 12 months	Repayable in 2 to 4 years	Repayable in 5 to 7 years	Repayable in 8 to 10 years	Repayable in 11 to 15 years	Repayable in 16 to 60 years
Rupee Term Loan-1	859.09	30-Sep-24	SBI Base Rate + 50 bps			859.09		-	-
Rupee Term Loan-2	1,389.36	31-Mar-29	SBI Base Rate + 50 bps	-			916.86	472.50	-
External Commercial Borrowing (ECB-1)	119.03	30-Sep-20	6 m Libor + 340 bps	-	119.03	-	-	-	-
External Commercial Borrowing (ECB-2)	516.26	30-Sep-23	6 m Libor + 374 bps		119.89	396.36		-	-
External Commercial Borrowing (ECB-3 (Exim))	157.67	31-Dec-24	6 m Libor + 370 bps			157.67		-	-
External Commercial Borrowing (ECB-4 (SBI))	185.90	30-Sep-24	6 m Libor + 390 bps			185.90		-	-
Non Convertible Debentures	6,000.00	Last re-payment 22 March 2073	9.39% to 10.45 %		1,000.00	3,000.00	-	-	2,000.00
GSFS Loan	1,500.00	15-Dec-19	8.25%	262.50	1,237.50	-	-	-	-
Total	**10,727.31**			**262.50**	**2,476.42**	**4,599.02**	**916.86**	**472.50**	**2,000.00**

In the Case of Subsidiary Gujarat State Petronet Limited (Consolidated).

Maturity Profile and Rate of Interest of Term Loans[a]

(Rs. in Crores)

Rate of Interest	No. of Installm.	Outstanding at 31st March 2018	2018-19	2019-2027
7.86%	17	120.71	28.13	91.41
1 Year GSEC + 2.175%	5	29.84	12.07	18.10
1 Year MCLR	36	101.57	16.67	133.33
8.25%	3	2,805.70	1,233.33	2,266.67
8.10%	40	543.21	27.62	515.59
7.99%	40	1,683.70	86.30	1,597.40
8.35%	40	100.03	0.02	100.01
Total		**5,384.76**	**1,404.13**	**4,722.50**

a Repayment schedule includes amount of loan sanctioned but to be drawn

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In the Case of Subsidiary Gujarat Pipavav Power Limited.

(Rs. in Crores)

Particulars	Rate of Interest	Maturity	Outstanding as at March 31, 2018	Maturity Profile		
				2018- 2019	2019 - 2024	2024 - 2029
Details of Term Loans From Bank						
Secured Term Loan from Bank of Maharashtra	One Year MCLR+ 0.00%	31-Mar-25	290.95	41.89	209.46	39.59
Secured Term Loan from Allahabad Bank	One Year MCLR+ 0.00%	30-Jun-25	181.07	25.00	125.00	31.07
Secured Term Loan from Dena Bank	One Year MCLR+ 0.00%	30-Jun-25	120.74	16.67	83.33	20.74
Secured Term Loan from Dena Bank (New)	One Year MCLR+ 0.00%	30-Sep-25	23.33	3.11	15.56	4.66
Secured Term Loan from Dena Bank (IDBI take over)	One Year MCLR+ 0.00%	31-Mar-25	174.84	24.99	124.93	24.93
Secured Term Loan from Dena Bank (KVB take over)	One Year MCLR+ 0.00%	31-Mar-25	116.63	16.67	83.34	16.63
Secured Term Loan from OBC Bank	One Year MCLR+ 0.10%	31-Mar-25	116.42	16.67	83.33	16.42
Secured Term Loan from Vijya Bank	One Year MCLR+ 0.00%	31-Mar-25	58.30	8.33	41.67	8.30
Secured Term Loan from SBI	One Year MCLR+ 0.65%	31-Mar-25	67.29	9.05	45.27	12.97
Secured Term Loan from Vijaya Bank *	One Year MCLR+ 0.00%	24-Nov-21	12.50	3.32	9.18	-
Total			**1,162.07**	**165.70**	**821.06**	**175.31**

Installments amount is derived on sanctioned amount of Term Loan.

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Note 15

Borrowings

m. Derivative contracts

(i). The company enters into currency option and interest rate swap contracts to hedge its exposure in foreign exchange rate and interest in connection with foreign currency loans however in view of the partial repayment of the facility, GSPC had completely unwinded the existing interest rate swap contracts.

(ii). Nominal amounts of derivative contracts entered into by the company and outstanding as on 31st March, 2018 is NIL (31st March, 2017 : USD 534.09 millions) by way of interest rate swap. Category wise break up is given as below* :

(Rs. in Crores)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Interest Rate Swaps		
Currency - US Dollars* : 4 contracts of USD 534.09 million	-	3,462.96
Total	-	3,462.96

Gujarat State Petroleum Corporation Limited

*Foreign Currency loans that are not hedged by derivative instruments (Currency) as on 31st March 2018 is USD 150.49 million (31st March 2017 : NIL) Rs. 978.86 crores (31st March, 2017 : NIL).

In Case of Subsidiary Gujarat State Petronet Limited (Consolidated)

For foreign currency loan, the Company has entered in to cross currency swap and interest rate swap in order to hedge its foreign currency risks in full.

Note 16

Other financial liabilities

(Rs. in Crores)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Non-Current		
Other payables (including deposits received from customers)	26.75	24.34
Total non-current financial liabilities	**26.75**	**24.34**
Current		
Current maturities of non-current borrowings (Note 15)	2,012.62	1,281.22
Payable to Joint Operations	685.53	562.11
Unclaimed dividend	3.58	3.79
Imbalance,overrun & Other charges	36.21	32.68
Capital creditors and other payables	1,521.41	1,380.87
Deposits from customers and others	27.24	20.51
Earnest Money Deposits	2.27	1.71
BG Asia Pacific Holdings Limited	464.78	464.78
Less : Amount deposited in Escrow Account with Citi Bank	(464.78)	(464.78)
Derivative liability[1]	678.62	1,029.18
Total current financial liabilities	**4,967.48**	**4,312.07**

Notes

1The Company had entered into Interest rate swap to hedge against interest rate risk.





Note 17

Provisions

(Rs. in Crores)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Non-Current		
Provision for decommissioning obligations	160.63	158.18
Total non-current provisions	**160.63**	**158.18**
Current		
Provision for profit petroleum	56.43	56.43
Provision for Other Expenses	0.56	0.56
Total current provisions	**56.99**	**56.99**

(Rs. in Crores)

Movements in Provisions	Non-current	Current
	Provision for decommissioning obligations	Provision for profit petroleum & Other
At 1 April 2017 (Opening balance)	**158.18**	**56.99**
Add: Unwinding of Discounts	3.65	-
Add: Provision made during the year	22.92	-
Less: Provision reversed during the year	(24.12)	-
At 31 March 2018 (Closing balance)	**160.63**	**56.99**

Note 18

Deferred revenue/ contract liability

(Rs. in Crores)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Non-current		
Income received in advance	11.84	11.15
Others	3.34	4.76
Total non-current deferred revenue/ contract liability	**15.18**	**15.91**
Current		
Income received in advance	20.20	15.16
Total current deferred revenue/ contract liability	**20.20**	**15.16**

Note 19

Net employee benefit liabilities

(Rs. in Crores)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Non-current		
Provision for gratuity	7.26	5.41
Provision for leave encashment	43.51	38.77
Provision for Superannuation	0.38	0.29
Total non-current net employee benefit liabilities	**51.15**	**44.47**
Current		
Provision for gratuity and loyalty bonus	6.24	11.20
Provision for leave travel allowance	0.38	0.36
Provision for leave encashment	2.28	1.79
Total current net employee benefit liabilities	**8.90**	**13.35**

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Note 21

Other non-financial liabilities

(Rs. in Crores)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Non-current		
Other Current Liabilities	-	3.27
Total non-current non-financial liabilities	-	**3.27**
Current		
Statutory tax liability	106.41	155.21
Advance from customers	119.93	88.13
Others	25.07	74.97
Total current non-financial liabilities	**251.41**	**318.31**

Note 22

Trade payables

(Rs. in Crores)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Total outstanding dues of micro enterprises and small enterprises*	17.41	7.16
Total outstanding dues of creditors other than micro enterprises and small enterprises	950.76	758.63
Total Trade payables	**968.17**	**765.79**

*** Refer Note No. 43**

Note 23

(A) Discontinued operation held for sale

The assets and liabilities of KG-OSN-2001/3 ("K G Block"), a joint operation of the company, were classified as discontinued operation held for sale in FY 2016-17 based on the binding agreement entered for sale of the company's stake in the block to Oil and Natural Gas Corporation Limited (ONGC, the buyer). The sale was approved by the board of directors in January, 2016. The requisite regulatory approvals were obtained and the transaction has achieved closure in August 2017. The actual sale of asset has been effected in the current financial year thus the consideration received from the transaction has been set-off against asset held for sale.

Based on the requirement of Ind AS 105 – Non Current Asset held for sale (Ind AS 105), the block was and measured at the lower of their carrying amount or fair value less costs to sell, as presented in the table below for 31st March 2017:

(Rs. in Crores)

Particulars	As at 31st March, 2017
Assets	
Non current assets (net of depreciation and amortisation where applicable)	
Producing Properties	7,274.95
Factory building	141.41
Office equipments	5.90
Computer equipment	0.53
Plant and machinery	7,710.14
Furniture and fixtures	6.53
Intangible - Software	1.51
Building	4.88
CWIP others	206.58
Exploration & Development	5,951.23
Total carrying value of non-current assets (A)	**21,303.66**
Liabilities associated with above	
Provision for decommissioning cost	**303.44**
Net assets classified as held for sale	**21,000.22**
Fair value less cost to sell of above (B)	7,749.90
Impairment loss recognised in statement of profit or loss as an exceptional item (C) = (A) - (B)	**13,250.32**

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Details of profit and loss attributable to the KG Block is below:

(Rs. in Crores)

Particulars	3 Months ended 31st March, 2017
Revenue	22.58
Expense	34.29
Profit Before Tax	(11.71)
Income tax expense	
Profit after tax	(11.71)

Since the group had not declared COD in 2015-16, the income earned from the test production was adjusted against the CWIP.

As per the agreement, the economic date of transfer for asset i.e. 80% Participating Interest of GSPC was 23:59 hours 31st March 2017. The Company continued as operator for the block on behalf of ONGC until the closing date i.e. 4th August 2017 and all expenditure incurred from economic date to closing date on behalf of ONGC (i.e. 80% PI) shall be reimbursed by ONGC to the Company on closing date. The final closure of the transaction is pending finalization between the parties.

In August 2002, the Company had entered into Carried Interest Agreement with Geo Global Resources (India) Inc (GGR), under which the Company granted GGR 10.0% carried interest in the KG-OSN-2001/3 block. The CIA provided that the Company was responsible to incur GGR's share of costs incurred during exploration as well as development phase prior to date of intial commercial production. The Company had incurred Rs. 1856.83 Crore on GGR's behalf until 31st March 2017. However, in April 2017, the Company has entered into a Deed of Assignment of Participating Interest with GGR vide which GGR has surrendered its 10% Participating Interest in KG-OSN-2001/3 to the Company. Thus, the Company shall hold 10% PI in KG-OSN-2001/3.

(B) Going Concern

The Company had executed Farm-in/Farm-out Agreement with Oil and Natural Gas Corporation (ONGC) for farm-out of 80% PI in KG-OSN-2001/3 (KG Block). The KG Block has substantial gas and condensate reserves however due to technical challenges (High Pressure High Temperature), the requisite future capital investment to achieve desired levels of production had pushed the Company towards a highly leveraged position. The Company was unable to infuse further capital for future development which had triggered the strategic transfer of KG Asset to ONGC . The Company has achieved closure of transaction with requisite approval from Government of Gujarat for the transaction for divestment of GSPC's 80% PI in KG Block. (Refer Note 23 (A) above) The transaction for sale of PI in KG Block had led to an impairment in previous financial year and the corresponding amount has been accounted as exploration cost written-off in the present financial year. The financial loss had exceeded the net worth of the Company. However, to recoup the negative impact on financials, the Company has a future upside potential from valuation of other six discoveries in KG Block which shall be determined based on Field Development Plan.

Further, the Company has wide domain of business process in energy value chain with gas trading, Exploration & Production business in onshore blocks and renewable power generation. The Company has strong market presence in the gas trading business which is further fortified with subsidiaries in gas transmission and gas distribution business alongside gas based power generation business which have potential for high growth trajectory.

The management of the Company with the support from Government of Gujarat is committed to complete the revival of the company by putting in place a Turnaround Plan/Financial Realignment Strategy. The Company has devised a detailed realignment plan to improve the financial and operating performance.

As per the Debt Realignment Plan, the Company has sold its holding in Gujarat Gas Ltd to Gujarat State Petronet Ltd. during the year and realised an amount of Rs.3,252.79 Crores. The Company's holding in Gujarat Gas Limited has been sold to Gujarat State Petronet Ltd (listed subsidiary of GSPC) through an on-market transaction. The share transfer has been effected in two tranche i.e. free-float shares on 26th March 2018 and lock-in shares on 28th March 2018. As on 31st March,2018 the consideration for sale of first tranche of Gujarat Gas ltd. shares was received. The balance amount of consideration was received on 4th April,2018. Subsequent to the captioned sale, the Company does not hold any shares of GGL.The consideration received has been deployed to reduce the outstanding debt. The Company has sought approval for of Debt Realignment Plan from Government of Gujarat (GoG). The debt realignment plan is targeted to reduce the debt.

Moreover, the Company had obtained all the necessary approvals from Government of Gujarat for achieveing closure of transaction with ONGC including a GoG guarantee for valuation adjustment linked to gas price mechanism and necessary support for Turnaround Plan/Financial Realignment Strategy which clearly indicates the continuing support of Government of Gujarat towards the Company.

In view of the strong business presence of the Company, advanced stages of execution of Debt Realignment Plan with the support of GoG, the present accounts have been prepared on a "Going Concern Basis" since in opinion of the management there is no foreseeable situation of the Company otherwise.

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

Note 24

Revenue from operations

(Rs. in Crores)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Sale of products		
Sale of natural gas - Trading	12,767.47	11,332.80
Sale of gas - Joint venture	14.84	123.44
Sale of oil - Joint venture	76.30	58.13
Sale of electricity	491.77	557.25
	13,350.38	**12,071.62**
Sale of servites		
Re-gasification income	225.17	187.84
Revenue from Transportation of Gas (net)	956.40	672.90
IT Service Income	12.46	12.49
	1,194.03	**873.23**
Other operating revenues		
Connectivity Charges	52.19	58.31
	52.19	**58.31**
Total revenue from operations	**14,596.60**	**13,003.16**

Note 25

Other income

(Rs. in Crores)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Dividend from long term investments		
Dividend from other companies	1.90	1.45
	1.90	**1.45**
Other non-operating income		
Usage charges	2.29	2.83
Other income - Joint arrangements	4.80	6.68
Net profit on sale of fixed assets	0.01	0.14
Other Interest Income	57.63	124.83
Net Foreign Exchange Gain	51.65	44.28
Interest from Deposits with banks	57.40	70.20
Other Non Operating Income	18.72	23.15
	192.50	**272.11**
Total other income	**194.40**	**273.56**

Notes

a. Interest income includes interest amounting to Rs. 22.70 crores (F.Y.2016-17 :Rs.34.38 crores) from associate company, interest income on deposits, staff advances, employee loans, delayed payments from customers, interest on income tax refunds.

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Note 26

Production expenditure - E&P

(Rs. in Crores)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Production expenditure	48.21	137.67
Duties and taxes	6.36	16.72
Other G&A expenses	19.60	20.32
Bidding Expenses	0.15	0.06
Total production expenditure - E&P	**74.32**	**174.77**

Note 27

Cost of material consumed

(Rs. in Crores)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Purchase of natural gas[a]	543.49	655.75
Transportation charges	19.57	11.36
Consumable and commissioning charges	2.59	1.28
Excise duty	165.02	145.26
Total Cost of material consumed	**730.67**	**813.65**

a. Purchase of Natural Gas is net off Deferred delivery of Natural Gas(GIT) of Rs. 16.44 Crores.

Note 28

Cost of traded goods

(Rs. in Crores)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Purchase of gas		
Local Purchase of Gas	2,794.79	2,443.31
Import Purchase of Gas	5,885.29	5,169.37
	8,680.08	**7,612.68**
Other costs		
Import Gas Regasification Charges	606.98	625.18
Gas Transmission Charges	224.50	214.24
Commodity Hedging Cost/ Other expenses	(130.80)	(79.31)
Annuity & Meter Validation Charges	0.37	0.16
	701.05	**760.27**
Total cost of traded goods	**9,381.13**	**8,372.95**

Note 29

Changes in inventories of finished goods, stock in process and stock in trade

(Rs. in Crores)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Finished goods		
Closing stock of oil	(34.90)	(36.79)
Opening stock of oil	36.79	2.70
	1.89	(34.09)
Increase/ decrease in stock of oil (Refer Note No.38(I))	(0.02)	(0.36)
	1.87	**(34.45)**
Stock in trade		
Closing stock of liquified gas	(226.94)	(196.95)
Opening stock of liquified gas	196.95	47.52
	(29.99)	(149.43)
Total change in inventories of finished goods, stock in process and stock in trade	**(28.12)**	**(183.88)**

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Note 30

Employee benefits expenses (Rs. in Crores)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Salary, wages and allowances	176.52	163.93
Contribution to providend fund and other funds (Refer note 36)	25.14	20.61
Staff welfare expenses	9.60	8.62
Total employee benefit expenses[a]	**211.26**	**193.16**

Notes

a. Net expenditure after allocation to Joint Operations.

Note 31

Finance costs (Rs. in Crores)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Interest Expenses	1,996.34	2,317.52
Unwinding of discount on Provisions and processing fee of loans	4.93	12.52
Other Borrowing Costs (includes bank guarantee, LC charges, bank charges, etc.)	31.01	17.72
Total finance costs	**2,032.28**	**2,347.76**

Note 32

Other expenses

(Rs. in Crores)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Expenses related to wind mills		
Operation and maintenance expenses	8.07	6.88
Windmills insurance expenses	0.15	0.15
Total (A)	**8.22**	**7.04**
Administrative expenses		
Electricity expenses	1.06	0.60
Rent, rates and taxes	4.83	4.48
Repairs and maintenance		
Others	409.79	317.21
Insurance expenses	11.55	8.32
Business development and promotion	46.51	56.73
Advertisement and publicity	1.03	0.94
Administration and establishment	13.70	10.89
Recruitment and training expense	0.86	0.88
Travelling expenses	4.19	3.17
Stationery and printing	3.50	2.19
Professional and technical expenses	35.75	37.53
Donations	19.71	3.33
Telephone, trunk calls and postage	5.66	5.97
Vehicle running expenses	50.46	38.55
Bandwidth expenses	0.43	0.27
Payment to auditors[a]	0.57	0.79
Net loss on sale/ discarding of fixed assets	8.00	9.76
Corporate social responsibility expenses[b]	27.85	2.28
Other expenses	12.02	22.62
Miscellaneous expenses	10.62	11.00
Total (B)	**668.09**	**537.52**
Network Operating and Project Expenses		
Network Operating Expenses	0.07	0.06
Project Expenses	1.66	1.39
Facility Management Charges	0.63	0.98
Total (C)	**2.36**	**2.44**
Provision for doubtful advances (D)	**(0.08)**	**3.81**
Total other expenses (A+B+C+D)	**678.59**	**550.81**

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GSPC GUJARAT STATE PETROLEUM CORPORATION LTD GANDHINAGAR GUJ

Notes

a. Payment to auditors (Rs. in Crores)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
For statutory audit	0.54	0.59
For other services	0.02	0.14
For reimbursement of expenses	0.01	0.05
Total payment to auditors	**0.57**	**0.79**

b. Corporate social responsibility expenses (Rs. in Crores)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Gross amount required to be spent by the Company during the year	23.79	19.96
Amount spent during the year on (Paid in Cash) :		
Construction /acquisition of any asset	0.13	0.23
On purpose other than above	27.73	2.05
Total corporate social responsibility expenses	**27.85**	**2.28**

Note 33

Exceptional items

The exceptional Items comprises of the following: (Rs. in Crores)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Impairment of oil and gas assets[a]	221.60	14,923.55
Provision for Doubtful Debts	-	289.93
Exploration cost written off[b]	491.33	(18.60)
Total exceptional items	**712.93**	**15,194.88**

Notes

a. Impairment Losses mainly comprise of Sanand-Miroli block amounting to Rs.215.69 Crores where as imparment loss of previous year was w.r.t KG-OSN-2001/3 Block amounting to Rs.14,923.54 Crores. Please Refer Note No.23 (Ind AS 105) for details of Non current assets held for sale with respect to assets and liabilities of KG-OSN-2001/3.

b.During the year the Company has written off Non-Operated Block CB-ONN-2009/4 amounting to Rs.33.02 Crores. Further company has written off Rs. 455.04 crores (net off impairment provision already provided for last year) towards exploration cost for KG OSN 2001/3 block 80% PI transfer. Balance amount includes cost incurred for earlier written off blocks.

During the previous year there was a net foreign exchange gain on amount receivable from partners of overseas blocks. As the exploration loss for the overseas blocks were routed through exploration cost written off, the gain arising out of the same are also routed through from exploration cost written off.

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Note 34

Earnings per share

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Profit attributable to equity holders for (Rs. in Crores):		
Basic earnings	(894.56)	(15,708.32)
Adjusted for the effect of dilution	(839.20)	(15,655.00)
Weighted average number of equity Shares for:		
Basic EPS	2559262920	2559262920
Adjusted for the effect of dilution	2627164155	2627164155
Earnings Per Share (Rs.) (EPS) from continuing and discontinuing operations:		
(face value of Rs.1/-)		
Basic	(3.50)	(61.38)
Diluted	(3.20)	(59.59)
Earnings per equity share (EPS) from discontinued operation-Refer Note No 23		
(face value of Rs.1/-)		
Basic (Rs.)	-	(0.01)
Diluted (Rs.)	-	(0.01)
Earnings per equity share (EPS) from continuing operations		
(face value of Rs.1/-)		
Basic (Rs.)	(3.50)	(61.37)
Diluted (Rs.)	(3.20)	(59.58)

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

Note 35
Contingent liabilities

1. Claims against the Group not acknowledged as debts which in the opinion of the Management are not tenable/under appeal at various stages:

(Rs. in Crores)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Income Tax (Ref. note no.9 a)	1980.72	1,661.99
Joint Ventures (Ref. note a to g below)	197.77	690.38
Guarantee	2921.50	2,259.49
Other (Ref. note h & i below)	927.18	332.74

Above Contingent Liabilities Includes-.

Gujarat State Petroleum Corporation Limited

(a) In September 2005, GSPC, as the Operator in KG-OSN-2001/3 block (till 31 March, 2017), had entered into a contract with Atwood Oceanics Pacific Limited ('AOPL') for drilling, completing or abandoning the wells identified by GSPC's drilling program. With respect to certain invoices raised by AOPL during July and August 2009, AOPL has claimed that the said invoices were paid by GSPC after a delay of 733 days in September 2011. Accordingly, AOPL had initiated arbitration proceeding against the JV claiming interest on delayed payment towards the said invoices claiming an amount of Rs. 9.91 Crores (USD1,523,895) [31 March 2017: Rs.9.89 Crores (USD1,523,895)] along with interest at the rate of 1.5% per month from 11 January 2013 till the date of payment. The Honorable Sole Arbitrator, vide arbitral award dated 12 May 2015, has concluded that the JV is not liable to pay the claims of interest on delayed payment towards the invoices as aforesaid and rejected the claims made by AOPL in this regard. AOPL has preferred an appeal under Section 34 of the Arbitration and Conciliation Act, 1996 praying for setting aside of the award passed by the Sole Arbitrator before the District Court, Gandhinagar. The matter is subjudice.

(b) GSPC, as the Operator in KG-OSN-2001/3 block (till 31 March, 2017), had entered into a contract with Tuff Drilling Private Limited ('TDPL') for supply and installation of 3,000 hp modular rig in May 2010. Due to the inability of TDPL to provide the rig in the stipulated timelines, the Operator terminated the contract. Against the above actions of the Operator, TDPL has raised claims for Rs. NIL (GSPC's share Rs.NIL)[31st March, 2017:Rs.719.33 Crores of which GSPC's share: Rs.647.40 crores]. The Arbitration Tribunal, vide award dated April 15, 2017, has dismissed all the claims made by TDPL against the Operator as well as all the counter claims made by the Operator against TDPL. The time available to TDPL for preferring an appeal against the said award has also expired and no appeal having been preferred by TDPL, the Award has become Final.

(c) Guaranteed Gas Price:The Company has executed Farm-in Farm-out Agreement with ONGC for farm-out of 80% PI in KG Block. The agreement involves annual valuation adjustment linked to existing gas prices during the currency of the respective financial year which is carried forward for the tenure of gas sales and purchase agreement between ONGC and GSPC. As per the terms of valuation adjustment clause of agreement, the Company shall be liable to annually adjust valuation i.e. pay any differential amount to ONGC which shall be evaluated based on difference between actual gas prices during the year and agreed prices for the respective financial year for the actual production quantity. The liability is unascertainable due to linkage of adjustment value to actual production during the year along with actual gas prices which is determined as per 6-month trailing market prices of varied mix of alternative fuels/sources of natural gas notified by PPAC. Both these factors cannot be accurately predicted/estimated, thus the valuation adjustment cannot be quantified with certainty. However, the Company has gas sales purchase agreement with ONGC for the entire natural gas produced from KG Block which is forms a component of gas trading pool, which effectively covers the risk of valuation adjustment under FIFO.

(d) JODPL:The Company has issued forfeiture notice to Jubilant Offshore Drilling Pvt Ltd (JODPL) against Rs. 493.55 Crore of the capital contribution (excluding applicable interest on capital contribution) made by the Company on behalf of JODPL in KG-OSN-2001/3 until 31st March 2017. Based on relevant clauses of PSC and JOA, it can be reasonably ascertained that the forfeiture notice shall be effected and GSPC shall be assigned commensurate PI towards the capital contribution.

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(e) Profit Petroleum paid under protest : Joint Venture (JV) partners are liable to pay profit petroleum to MoP&NG after recovery of cost petroleum. The Director General of Hydrocarbons (DGH) disallowed an amount of USD 17.745 million (mainly on account of purchase of compressor amounting to USD 11.328 million) from the cost petroleum recovered by JV and demanded profit petroleum on disallowed amount. In the Operating Committee meeting (10th June 2013) it was decided to deposit the amount demanded by the MoP&NG under protest. The Company had deposited Rs. 91.16 crore on this account.

(f)Royalty paid under protest: The Joint Venture was charging Royalty on Gas Sales Price and recovering the same from the customers. The Royalty thus collected is shared between GOI and GOG in the ratio of 47:53 respectively.

The Directorate General of Hydrocarbons (DGH) vide letter dated 6th February, 2013 demanded the royalty amount short paid by the Company @ 9.09 percent instead of 10 percent. DGH was of the view that the Joint Venture had computed royalty on gas on Cum-royalty basis using the effective rate of 9.09 percent instead of 10 percent which was not in line with the Royalty Notifications.

The Company paid the differential royalty for the period from 2003-04 to 2012-13 in July 2013 under protest. From April 2013, the Company is paying the Royalty (as per above formula) to GOI on monthly basis. As on 31 March 2018, the Company paid Royalty of Rs. 35.99 crore to GOI under protest.

As the matter is under arbritation, only GOI portion of the royalty is paid.

g) The Company had made an investment in a joint venture (JV) incorporated to carry out exploration and production activities in Joint Petroleum Development Area (JPDA) block (JPDA 06-103) in Australia. GSPC holds 20% working interest in the JV through Special Purpose Vehicle (SPV) in GSPC (JPDA) Ltd amounting to Rs. 98.39 crore (31st March 2017: Rs. 98.39 crore) to carry out exploration activities in Australia.

Considering the unsuccessful outcome of the exploration activities in the block 100% provision for impairment has been provided in the standalone financial statements to the extent of investment made in the subsidiary - GSPC (JPDA) Ltd amounting to Rs. 98.39 crores as on 31.03.2018 (Rs.98.39 crores as on 31.03.2017)

Moreover, Autoridade Nacional do Petroleo (ANP) has terminated the PSC with condition of paying the penalty of USD 3403758 (Current year Rs.22.12 Crores (Previous year Rs.22.12 Crores)) (JPDA Share) for the unfinished work programme. However, Operator and JV partners have protested against the same and ANP has reduced the penalty to USD 2300000 (Current year Rs.14.95 Crores (Previous year Rs.14.95 Crores)) (JPDA Share). The final outcome of the same is still awaited.

(h) The Company had filed a complaint dated 06.04.2011 before PNGRB against GAIL, IOCL and BPCL. PGNRB had vide its orders dated 13.09.2011 of Chairman and dated 10.10.2011 of the majority members (three member panel of Board) unanimously held that GAIL had adopted Restrictive Trade Practices by blocking off direct connectivity to GSPC and further, directed Respondents to immediately give direct connectivity to GSPC at Dahej Terminal.

All the parties have preferred appeals against the PNGRB Orders before Appellate Tribunal for Electricity (APTEL) and APTEL has passed an interim order on 23.01.2012 and directed GAIL, IOCL and BPCL to give direct connectivity at Dahej Terminal subject to GSPC giving undertaking in respect of the following:

i) GSPC shall open a separate bank account and deposit an amount of Rs. 140 Crores. Accordingly, GSPC has opened and deposited equivalent amount in a separate bank account.

ii) From the date of change of delivery point, GSPC shall also deposit differential amount in a separate bank account. (Accordingly company had deposited additional Rs. 75.36 crore in a separate bank account). The Company has submitted the Undertaking to APTEL in respect of the same on 18.02.2012 and deposited amounts as aforesaid.

The APTEL has passed common judgment dated 18.12.2013 ("the APTEL Judgment") in the appeals filed by GAIL, IOCL and BPCL and set aside the PNGRB Order.

The Company filed an appeal before the Hon'ble Supreme Court against the APTEL Judgment and the Hon'ble Supreme Court has vide its order dated 28.02.2014 directed the Company, as an interim arrangement, to pay the interconnectivity charges at the rate of Rs. 12 / MMBTU form the account separately maintained for the said purpose in accordance with APTEL's Order dated 23.01.2012 as narrated in (i) & (ii) above.

Accordingly, company utilized Rs.176.55 crores for payments to GAIL, IOCL and BPCL as per Interim arrangement order of the Hon'ble Supreme Court. The amount paid net of amount recovered from customers is shown as amount paid under protest in the accounts.

Further, the company has also not provided for differential amount charged by vendors above Rs.12/ MMBTU agreegating to Rs. 35.86 crores .

The appeal is pending before the Hon'ble Supreme Court.

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i) Withholding tax on charter Higher increased in Foreign Currency Components

• IOCL and BPCL unilaterally included a component of $0.0272/MMBTU in the Foreign Currency Component (FCC) w. e. f. from 1st July 2015 due to withholding tax on PLL's charter higher payments to shipping companies (effectively from Apr 1, 2015 as for the period Apr 1, 2015 to Jun 30, 2015 IOCL / BPCL raised a Debit Note).

• GSPC has been advised by its legal counsel that such amount is not payable under the terms of the Gas Sales Agreement (GSA) with IOCL and BPCL.

• In view of the above, GSPCL has deducted withholding tax component Rs. 15.44 crores from April 2015 to March 2018

• Since the amount is not payable under the GSA, GSPC shall not make payment for such component of $0.0272/MMBTU included in FCC to IOCL and BPCL and hence, the same is not provided for in books of accounts.

In Case of Subsidiary Gujarat State Petronet Limited (Consolidated)

UPL Limited (UPL) a customer of erstwhile Gujarat Gas Company Limited(now known as Gujarat Gas Limited) filed a complaint before Petroleum and Natural Gas Regulatory Board (PNGRB) against erstwhile GGCL alleging charging of tariff illegally under the City Gas Network Distribution Agreement entered into between the Parties. The matter was decided against the company by PNGRB. The company has preferred an appeal at Appellate Tribunal for Electricity (APTEL) against the PNGRB Order. The company has also sought an interim stay on the PNGRB order which was granted by APTEL. The APTEL has in its order stated that it is an interim order without considering the merits of the case. The company has submitted bank guarantee of Rs. 40 Crores in favour of UPL.

Erstwhile Gujarat Gas Company Limited and Erstwhile GSPC Gas Company Limited (Now collectively known as Gujarat Gas Limited "GGL") had signed Gas supply agreement with Gujarat State Petroleum Corporation Limited (GSPCL) for purchase of Re-gasified liquefied natural gas (RLNG). As per the provision of said agreement, GGL has to pay interconnectivity charges to GSPCL for the supply and purchase of RLNG at Delivery point which is charged to GSPCL by their supplier i.e.PLL Off takers (GAIL India, BPCL, IOCL).

PGNRB had vide its orders dated 13.09.2011 of Chairman and dated 10.10.2011 of the majority members (three member panel of Board) unanimously held that GAIL had adopted Restrictive Trade Practices by blocking off direct connectivity to GSPC and further, directed Respondents to immediately give direct connectivity to GSPC at Dahej Terminal.

The PLL Offtakers (GAIL) filed appeals against the said PNGRB orders before the Appellate Tribunal for Electricity (APTEL). On 23-February-2012 APTEL had issued an interim order for shifting the Delivery Point from GAIL-GSPL Delivery Point to GSPL-PLL Delivery Point. On 18-December-2013 APTEL issued its judgment and required GSPCL to pay the amount of the difference between Rs. 8.74/MMBTU (exclusive of Service Tax) – earlier connectivity charges and Rs. 19.83/MMBTU (Exclusive of Service Tax) – HVJ/DVPL Zone-1 tariff to GAIL for the period from 20th November 2008 to 29th February 2012.

GSPCL has filed an appeal against the APTEL's above referred judgment before Hon'ble Supreme Court of India (GSPCL vs. GAIL & Others, Civil Appeal No. 2473-2476 of 2014) and the Hon'ble Supreme Court of India had passed the Interim Order on 28th February 2014. The Court has stated that the ends of justice would be met if as a matter of interim arrangement, the appellant is directed to pay interconnectivity charges at the rate of Rs. 12.00 per MMBTU (exclusive of Taxes).

The Company has already provided and paid interconnectivity charges at the rate of Rs. 12.00 per MMBTU (exclusive of Taxes).

One of the gas suppliers of the Company has submitted a claim of Rs. 134.90 Crores (P. Y. Rs. 108.44 Crores), for overdrawn use of gas against demand in earlier years. The company has refuted this erroneous claim contending that no contractual provisions of the agreement executed with GGL allow such claim. The management is of the firm view that the company is not liable to pay any such claim. The company has already taken up the matter with concerned party/authorities to withdraw the claim.

During this year, the Group has initiated an arbitration proceeding against one of the franchisees claiming compensaton for loss of revenue, while replying to the claim, the said franchisee has also filed a counter claim of Rs. 177.14 Crores against the group claiming compensation for various losses. The Group has filed necessary rejoinder to the counter claim strongly refuting the same mainly on the grounds that the claims are wrong and as are not flowing from the same agreement under which the arbitral tribunal has been constituted the tribunal does not have any jurisdiction to adjudicate the claim.

The office of superintendent of stamp has issued demand of stamp duty of Rs 43.53 crores for the transaction of scheme of amalgamation and arrangement. The Company has filed the appeal before Chief Controlling Revenue Authority - CCRA on 20.12.2016 by paying 25% of demand of Rs 10.88 crores. The Company has already provided the liability of Rs 25 crores in the books of accounts for the financial year 2015-16.

Imbalance and overrun charges as per the 'Modalities of maintaining & operation of Escrow Account under the PNGRB (Access Code for Common or Contract Carrier Natural Gas Pipeline) Regulations, 2008' issued by PNGRB on 7th March 2011, collected for the period prior to 1st April 2011 amounting to ₹ 226.02 Lacs (net of taxes) has been deposited in Escrow Account under protest. However, the same is not recognised as liability as these guidelines are applicable w.e.f. 1st April 2011.

Contingent assets

Gujarat State Petroleum Corporation Limited

The consideration received from ONGC towards 80% PI transfer in KG-OSN-2001/3 block had two components i.e. (i) Consideration towards DDW (ii) Advance floor consideration for Other Six Discoveries amounting to USD 995.26 Million(Rs.6295.02 crores) and USD 200 Million(Rs.1265 crores) respectively. The advance consideration received towards Other Six Discoveries is non-refundable.

The final consideration for Other Six Discoveries shall be determined based on Field Development Plan (FDP) of Other Six Discoveries prepared by ONGC for submission to Directorate General of Hydrocarbons (DGH). In the scenario, wherein final consideration as per FDP of Other Six Discoveries is assessed at a value higher than USD 200 Million, the advance consideration received by GSPC shall be adjusted against the same and the balance consideration shall be paid to GSPC. In a scenario, wherein final consideration assessed for Other Six Discoveries is less than or equal to USD 200 Million, GSPC shall retain the non-refundable advance consideration already received.

However, ONGC has already applied for extension in timeline for submission of FDP. Following the principle of conservatism, the Company has not arrived at the valuation of the six discoveries as it is subject to preparation of FDP by ONGC and GSPC & ONGC agreeing to a value as per the valuation parameters adopted for DDW. Hence, at present the receivable on account of six discoveries cannot be reasonably ascertained.

The Group is having certain claims, realisation of which is dependent on outcome of legal process being pursued. The management believe that probable outcome in all such claims are uncertain. Hence, the disclosure of such claims is not required in the financial statements.

Note 36

Capital commitments

(Rs in crores)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Estimated Amount of Contracts remaining to be exucuted on capital		
i.In respect of Joint Ventures	550.93	77.75
ii.In respect of Others	628.90	1,252.41
Minimum Work Programme committed under various production		
i.In India	-	3.24
ii.Outside India	-	-
Investment Commitments	1,824.07	1,885.35
Estimated amount of Contracts remaining on Revenue Accounts	330.79	345.92

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

Note 37

Employee Benefits:

A. Defined contribution plans

1. Company's contribution to Provident Fund is Rs. 18.67 Crores (31st March 2017: Rs. 14.78 Crores)
2. Company's contribution to Super Annuation fund is Rs. 1.45 Crores (31st March 2017: Rs. 1.25 Crores)

B. Defined benefit plans

The following table sets out the funded status of the Gratuity and Leave Encashment Plan and the amounts recognized in Group's consolidated financial statements as at 31st March, 2018; 31st March, 2017 as required by Ind AS 19.

(Rs in crores)

Particulars	Gratuity (Funded)		Leave Encashment (Funded)	
	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2018	As at 31st March, 2017
Change in benefit obligation				
1 Liability at the beginning of the year	61.97	47.73	50.20	41.70
2 Interest cost	4.10	3.99	3.60	3.23
3 Current service cost	6.12	6.54	4.17	4.13
4 Past service cost	0.84	0.50	-	0.48
5 Prior Year Charge	-	-	-	-
6 Benefit Paid	(1.85)	(2.08)	(2.24)	(3.13)
7 Actuarial (gain) / Losses	(1.30)	5.29	0.27	3.79
8 Transfer in Obligation	0.18	-	-	-
9 Liability at the end of the year	70.06	61.97	56.01	50.20
Change in fair value of plan assets				
1 Plan assets at the beginning of the year	53.29	35.29	9.63	7.53
2 Expected return of plan assets	4.04	2.97	0.68	0.68
3 Contributions	11.78	16.52	0.12	1.90
4 Benefit paid	(1.90)	(2.02)	(0.23)	(0.47)
6 Actuarial gain / (Loss)	(0.18)	0.53	0.01	(0.01)
7 Return on plan Assets excl interest income	-	-	-	-
8 Transfer in/(out) plan assets	0.14	-	-	-
9 Plan assets at the end of the year	67.17	53.29	10.21	9.63
10 Total Actuarial Gain/(Loss) To Be Recognized	1.12	(4.76)	(0.26)	(3.80)
Actual Return on plan assets				
1 Expected return of plan assets	4.04	2.97	0.68	0.68
2 Actuarial gain / (loss)	(0.18)	0.53	0.01	(0.01)
3 Actual return on plan assets	3.86	3.50	0.69	0.67
Net (asset) / liability recognized in the Balance Sheet				
1 Liability at the end of the year	70.06	61.97	56.01	50.20
2 Plan assets at the end of the year	67.17	53.29	10.21	9.63
3 Amount recognized in the Balance Sheet	2.89	8.68	45.80	40.57

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(Rs in crores)

Particulars	Gratuity (Funded)		Leave Encashment (Funded)	
	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2018	As at 31st March, 2017
Expenses recognized in the statement of profit & loss account for the year				
1 Current service cost	6.12	6.54	4.17	4.13
2 Interest cost	4.10	3.99	3.60	3.23
3 Expected return on plan assets	(4.04)	(2.97)	(0.68)	(0.68)
4 Actuarial (gain) / Losses	(1.12)	4.76	0.26	3.80
5 Transfer in Obligation(net)	0.04	-	-	-
6 Past service cost	0.84	0.50	-	0.48
7 Total expenses	5.94	12.82	7.35	10.96
Balance Sheet reconciliation				
1 Opening net liability	8.68	12.44	40.57	34.17
2 Expenses as above	5.94	12.82	7.35	10.96
3 Employer contribution	(11.78)	(16.52)	(0.12)	(1.90)
4 Benefits paid	0.05	(0.06)	(2.01)	(2.66)
5 Amount recognized in the Balance Sheet	2.89	8.68	45.80	40.57

Note 37

Employee Benefits:

A. Defined contribution plans

(Rs in crores)

Particular	Gratuity (Funded)		Leave Encashment (Funded)	
	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2018	As at 31st March, 2017
Actuarial Assumptions				
1 Discount Rate	7.60%-7.70%	7.25%-7.4%	7.60%-7.70%	7.25%-7.4%
2 Rate of return on plan assets	7.60%-7.70%	7.25%-7.4%	7.60%-7.70%	7.40%
3 Salary Escalation	7% to 9.5%	7.00%-9.5%	7% to 9.5%	7% to 9.5%

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Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

(Rs in crores)

Particulars	Gratuity (Funded)		Leave Encashment (Funded)	
	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2018	As at 31st March, 2017
Sensitivity %				
Discount rate varied by 0.5%				
Increase +5%	74.41	65.06	52.45	46.80
Decrease -5%	83.72	73.15	59.92	53.96
Salary growth rate varied by 0.5%				
Increase +5%	83.15	72.67	59.87	53.88
Decrease -5%	74.85	65.39	52.46	46.92

Notes

a. Investment details

Both the funds are managed by LIC and as per the bifurcation provided for planned assets 100 % investment as on 31st March 2018 (100% as on 31st March 2017) is made in Special deposit Scheme.

b. Expected Employers contribution for the next financial year

For the gratuity & leave encashment which are funded, Group is expecting to contribute the amount which can mitigate future liability. The estimate of future salary increase, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factor, such as supply and demand in the employment market. The above information is certified by the actuary.

Gratuity and Leave Encashment is administered through duly constituted and approved independent trusts, also through Group gratuity / leave encashment scheme with Life Insurance Corporation of India.

c. Loyalty bonus

The Group has also provided for Rs. 0.86 crores (31st April 2017:-Rs.0.11 crores) towards liability of loyalty bonus (a non-funded defiined benefit plan) during the year as per the actuarial valuation.





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

Note 38

Joint Operations (un incorporated Joint Ventures)

The Company has entered into Production Sharing Contracts (PSCs) / Agreements in consortium with various Private/Public Sector & Foreign Companies as stated below with the Ministry of Petroleum & Natural Gas (Government of India), for exploration of oil and gas in the following fields. The company has also entered into Production Sharing Agreements (PSAs)/Work Permits overseas relating to Oil & Gas/ Exploration Areas blocks along with various companies. Pursuant to the PSCs, Joint Arrangements {unincorporated Joint Ventures (JVs)} have been formed to undertake necessary economic activities for production of Oil and Gas by entering into a Joint Operating Agreement with them. The details are stated below:

I Blocks/Fields currently under exploraiton, development and production

Sr No	Joint Operations/PSCs	GSPC's Participating Interest (PI)	Operatorship/Other Partners	PI
A	**Non Operated JVs**			
1	Hazira	66.67% (66.67%)	Sun Petrochemicals Private Limited (Operator)	33.33%
2	Bhandut	60% (60%)	Oilex NL Holdings (India) Ltd (Operator)	40%
3	Cambay	55% (55%)	Oilex NL (Operator)	30%
			Oilex NL Holdings (India) Ltd	15%
4	Asjol	50% (50%)	Hindustan Oil and Exploration Company Limited	50%
5	Palej	50% (50%)	**Exploration**	
			Hindustan Oil and Exploration Company Limited (Operator)	50%
		35% (35%)	**Development**	
			Hindustan Oil and Exploration Company Limited (Operator)	35%
			Oil and Natural Gas Corporation Limited	30%
6	North Balol	45% (45%)	Hindustan Oil and Exploration Company Limited (Operator)	25%
			GNRL Oil & Gas Limited (GNRL)(Operator) (Formerly Heramec ltd.)	30%
7	Dholasan	70% (70%)	GNRL Oil & Gas Limited (GNRL) (Operator)	30%
8	North Kathana	70% (70%)	GNRL Oil & Gas Limited (GNRL) (Operator)	30%
9	Kanawara	70% (70%)	GNRL Oil & Gas Limited (GNRL) (Operator)	30%
10	Allora	70% (70%)	GNRL Oil & Gas Limited (GNRL) (Operator)	30%
11	CB-ONN-2004/1	40% (40%)	Oil and Natural Gas Corporation Limited (Operator)	60%
12	CB-ONN-2004/2	45% (45%)	Oil and Natural Gas Corporation Limited (Operator)	55%
13	CB-ONN-2004/3	35% (35%)	Oil and Natural Gas Corporation Limited	65%
14	MB-OSN-2005/1	20% (20%)	Oil and Natural Gas Corporation Limited	80%

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15	GK-OSN-2009/1	20% (20%)	Oil and Natural Gas Corporation Limited	40%
			Indian Oil Corporation Limited	20%
			Adani Welspun Exploration Ltd	20%
16	KG-OSN-2001/3 (Refer Note a)	10% (80%)	JODPL Pvt. Limited	10%
			Oil and Natural Gas Corporation Ltd.	80%

Note 38

Joint Operations (un incorporated Joint Ventures)

B	GSPC-Operated			
16a	Tarapur			
		80% (80%)	Geo Global Resources (Barbados) Inc.	20%
			Development:	
		56% (56%)	Geo Global Resources (Barbados) Inc.	14%
			Oil and Natural Gas Corporation Limited	30%
16b	Tarapur - Extension phase (Refer Note i)	80% (80%)	Geo Global Resources (Barbados) Inc.	20%
17	Unawa	70% (70%)	GNRL Oil & Gas Limited (GNRL) (Formerly Heramec ltd.)	30%
18a	CB-ONN-2000/1 (Ahmedabad)	50% (50%)	GAIL (India) Ltd	50%
18b	CB-ONN-2000/1 –(Extension phase) (Refer Note k)	50% (50%)	GAIL (India) Ltd	50%
19	CB-ONN-2002/3 (Sanand) (Refer Note k)	55% (55%)	Jubilant Oil & Gas Private Limited	20%
			Hindustan Petroleum Corporation Limited	15%
			Geo Global Resources (Barbados) Inc.	10%
20	CB-ONN-2003/2 (Ankleshwar)		Exploration	
		62.50% (50%)	GAIL (India) Ltd	25%
			Geo Global Resources (Barbados) Inc.	12.5%
			Development & Production:	
		50%(50%)	GAIL (India) Ltd	20%
			Jubilant Capital Private Limited	20%
			Geo Global Resources (Barbados) Inc.	10%

*PI – Participating Interest

** Figures in bracket indicate previous year figures. There is no change in previous year figures unless otherwise stated.

II Blocks/Fields proposed to be surrendered

Sr No	Joint Operations/PSCs	GSPC's PI	Operatorship/Other Partners	PI
A	Non Operated JVs			
1	MB-OSN-2000/1 (Mumbai) (Refer Note g)	10% (10%)	Oil and Natural Gas Corporation Limited	75%
			Indian Oil Corporation Limited	15%
2	MB-DWN-2000/2 (Mumbai) (Refer Note g)	10% (10%)	Oil and Natural Gas Corporation Limited	50%
			Indian Oil Corporation Limited	15%
			GAIL (India) Ltd	15%
			Oil India Lt.	10%
3	CB-ONN-2002/2 (Mehsana) (Refer Note g)	60% (60%)	Jubilant Oil & Gas Pvt. Limited (Operator)	30%
			Geo Global Resources (Barbados) Inc.	10%
4	CY-ONN-2002/1(Cavery) (Refer Note g)	20% (20%)	Jubilant Oil & Gas Pvt. Limited (Operator)	30%
			GAIL (India) Ltd	50%
5	BS(3)-CBM-2003/II (Refer Note g)	30% (30%)	Oil and Natural Gas Corporation Limited (Operator)	70%

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6	CY-DWN-2004/1 (Refer Note g)	10% (10%)	Oil and Natural Gas Corporation Limited (Operator)	70%
			GAIL (India) Ltd	10%
			Hindustan Petroleum Corporation Limited	10%
7	CY-DWN-2004/2 (Refer Note g)	10% (10%)	Oil and Natural Gas Corporation Limited (Operator)	70%
			GAIL (India) Ltd	10%
			Hindustan Petroleum Corporation Limited	10%
8	CY-DWN-2004/4 (Refer Note g)	10% (10%)	Oil and Natural Gas Corporation Limited (Operator)	70%
			GAIL (India) Ltd	10%
			Hindustan Petroleum Corporation Limited	10%
9*	CY-PR-DWN-2004/2 (Refer Note g)	10% (10%)	Oil and Natural Gas Corporation Limited (Operator)	70%
			GAIL (India) Ltd	10%
			Hindustan Petroleum Corporation Limited	10%
10*	KG-DWN-2004/1 (Refer Note g)	10% (10%)	Oil and Natural Gas Corporation Limited (Operator)	70%
			GAIL (India) Ltd	10%
			Hindustan Petroleum Corporation Limited	10%
11 -*	KG-DWN-2004/2 (Refer Note g)	10% (10%)	Oil and Natural Gas Corporation Limited (Operator)	60%
			GAIL (India) Ltd	10%
			Hindustan Petroleum Corporation Limited	10%
			BPCL	10%
12 -*	KG-DWN-2004/3 (Refer Note g)	10% (10%)	Oil and Natural Gas Corporation Limited (Operator)	70%
			GAIL (India) Ltd	10%
			Hindustan Petroleum Corporation Limited	10%
13 *	KG-DWN-2004/5 (Refer Note g)	10% (10%)	Oil and Natural Gas Corporation Limited	50%
			GAIL (India) Ltd	10%
			Hindustan Petroleum Corporation Limited	10%
			BPCL	10%
			Oil India Limited	10%
14	KG-DWN-2004/6 (Refer Note g)	10% (10%)	Oil and Natural Gas Corporation Limited	60%
			GAIL (India) Ltd	10%
			Hindustan Petroleum Corporation Limited	10%
			Oil India Limited	10%
15 *	MB-OSN-2004/2 (Refer Note g)	20% (20%)	Petrogas E&P LLC(Operator)	20%
			GAIL (India) Ltd	20%
			Hindustan Petroleum Corporation Limited	20%
			Indian Oil Corporation Limited	20%
16	CB-ONN-2004/4 (Refer Note g)	40% (40%)	Oil and Natural Gas Corporation Limited (Operator)	60%

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17	RJ-ONN-2004/1 (Refer Note g)	22.225% (22.225%)	GAIL (India) Ltd	22.225%
			Hindustan Petroleum Corporation Limited	22.22%
			BPCL	11.11%
			Hallworthy Shipping Ltd. SA	11.11%
			Nitin Fire Protection Industries Ltd.	11.11%
18 *	KG-OSN-2005/1 (Refer Note d)	20% (20%)	Oil and Natural Gas Corporation Limited	60%
			HPCL – Mittal Energy Ltd.	20%
19	KG-DWN-2005/1 (Refer Note d)	10% (10%)	Oil and Natural Gas Corporation Limited	70%
			Indian Oil Corporation Limited	20%
20	CY-ONN-2005/1	30% (30%)	GAIL (India) Ltd	40%
			Bengal Energy Inc.	30%
21	KK-DWN-2005/2 (Refer Note d)	10% (10%)	Oil and Natural Gas Corporation Limited (Operator)	90%
22	AN-DWN-2009/5 (Refer Note f)	0% (0%)	Oil and Natural Gas Corporation Limited (Operator)	100%
23	AN-DWN-2009/13 (Refer Note f)	0% (0%)	Oil and Natural Gas Corporation Limited	80%
			GAIL (India) Ltd	10%
			NTPC Ltd	10%
24	AA-ONN-2003/1(Assam) (Refer Note c)	20% (20%)	Jubilant oil & Gas Pvt Limited (Operator)	10%
			Jubilant Securities Pvt. Ltd.	35%
			GAIL (India) Ltd	35%
25	CY-DWN-2004/3 (Refer Note c)	10% (10%)	Oil and Natural Gas Corporation Limited	70%
			GAIL (India) Ltd	10%
			Hindustan Petroleum Corporation Limited	10%
26	CY-PR-DWN-2004/1 (Refer Note c)	10% (10%)	Oil and Natural Gas Corporation Limited	70%
			GAIL (India) Ltd	10%
			Hindustan Petroleum Corporation Limited	10%
27	MB-OSN-2005/5 (Refer Note c)	30% (30%)	Oil and Natural Gas Corporation Limited (Operator)	70%
28	MB-OSN-2005/6 (Refer Note c)	20% (20%)	Oil and Natural Gas Corporation Limited (Operator)	80%
29	CB-ONN-2005/4 (Refer Note c)	49% (49%)	Oil and Natural Gas Corporation Limited (Operator)	51%
30	CB-ONN-2005/10 (Refer Note c)	49% (49%)	Oil and Natural Gas Corporation Limited (Operator)	51%
31	CB-ONN-2009/4	50% (50%)	Oil and Natural Gas Corporation Limited (Operator)	50%
32*	Sabarmati	60% (60%)	Oilex NL Holdings (India) Ltd (Operator)	40%

* Blocks CY-PR-DWN-2004/2, KG-DWN-2004/1,KG-DWN-2004/2,KG-DWN-2004/3,KG-DWN-2004/5,Sabarmati,KG-OSN-2005/1 & MB-OSN-2004/2 have received the approval from MOPN&G for surrender

B	GSPC-Operated			
33	South Diyur (Egypt)	80% (80%)	Alkor Petro Ltd	20%
34	North Hap'y (Egypt) (Refer Note e)	80% (80%)	Petrogas E&P LLC	20%
35	MB-OSN-2004/1 (Refer Note g)	20% (20%)	GAIL (India) Ltd	20%
			Hindustan Petroleum Corporation Limited	20%
			Indian Oil Corporation Limited	20%
			Western Drilling Contractors Pvt. Ltd.	20%
36	Block No 19 (Yemen) (Refer Note j)	45% (45%)	Alkor Petroo Ltd.	25%
			Western Drilling Contractors Pvt. Ltd.	30%
37	Block No 28 (Yemen) (Refer Note j)	45% (45%)	Alkor Petroo Ltd.	25%
			Western Drilling Contractors Pvt. Ltd.	30%
38	Block No 57 (Yemen) (Refer Note j)	45% (45%)	Alkor Petroo Ltd.	25%
			Western Drilling Contractors Pvt. Ltd.	30%

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39	South Gulf of Suez (Egypt)	60% (60%)	Adani Welspun Exploration Ltd	40%
40	KG-ONN-2004/2 (Refer Note e)	40% (40%)	GAIL (India) Ltd	40%
			Petrogas E&P LLC	20%
41	RJ-ONN-2005/3 (Refer Note c)	60% (60%)	Oil and Natural Gas Corporation Limited	40%
42	South East Tungkal (Indonesia) (Refer Note c)	50.50%(50.50%)	Essar Oil Ltd	49.50%

Notes

a. The Company's Participating Interest (80% PI) in KG-OSN-2001/3 has been farmed out to Oil and Natural Gas Corporation (ONGC) through a Farm-in/Farm-out Agreement which was executed on 10th March 2017. The agreed valuation for the transaction is USD 995.26 Million towards KG-Deen Dayal West (DDW) area and USD 200 Million as an advance consideration towards the Other Six Discoveries areas. The consideration towards DDW Field is further subject to adjustment based on gas price while the consideration towards Other Six Discoveries is subject to additional payment by ONGC upon valuation of these discoveries to be carried out upon submission of FDP.

The Company had declared Commercial Operation Date (COD) w.e.f. 1st April, 2016. As per the agreement, the economic date of transfer for asset i.e. 80% Participating Interest of GSPC is 23:59 hours 31st March 2017. The closure for the transaction has been achieved on 4th August 2017.

In August 2002, the Company had entered into Carried Interest Agreement (CIA) with Geo Global Resources (India) Inc (GGR), under which the Company granted GGR 10.0% carried interest in the KG-OSN-2001/3 block. The Company had incurred Rs.1,856.83 Crore on GGR's behalf until 31st March 2017. While GSPC and GGR were at difference of opinions as to obligations under the carried interest agreement, in April 2017, the Company has entered into a Deed of Assignment & Assumption of Participating Interest with GGR vide which GGR has surrendered and assigned its 10% Participating Interest in KG-OSN-2001/3 Block to the Company. Thus, the Company shall hold 10% PI in KG-OSN-2001/3 Block.

b. During the year the company along with its Joint Venture partners have recommended block CB-ONN-2009/4 to be surrendered to Government of India. Accordingly a total exploration cost of Rs.33.04 crores have been written off during the year. During the previous year the company along with its Joint Venture partners had recommended block CY-ONN-2005/1 to be surrendered to Government of India. Accordingly a total exploration cost of Rs.33.38 crores have been written off during the FY 2016-17.

c. During F.Y. 2015-16, the company along with its Joint Venture partners have recommended block KG ONN 2004/2, RJ ONN 2005/3, South East Tungkal Indonesia, AA-ONN-2003/1, CY-DWN-2004/3, CY-PR-DWN-2004/1, MB-OSN-2005/5, MB-OSN-2005/6, CB-ONN-2005/10 and CB-ONN-2005/4 to be surrendered to Government of India. Accordingly a total exploration cost of Rs.679.42 crores have been written off during F.Y. 2015-16

d. During F.Y 2014-15, the company along with its Joint Venture partners have recommended block KG OSN 2005/1, KG DWN 2005/1 and KK DWN 2005/2 to be surrendered to Government of India. Accordingly a total exploration cost of Rs. 105.13 crores have been written off during the FY.2014-15.

e. During F.Y. 2014-15 the company along with its Joint Venture partners has decided to withdraw from South Diyur (Egypt) and South Gulf of Suez (Egypt) blocks and accordingly a total exploration cost of Rs.397.25 crores have been written off during F.Y.2014-15. During FY 2013-14 the company along with its Joint Venture partners has decided to withdraw from North Ha'py (Egypt) block.

f. During FY 2013-14 the company has decided to surrender and assign its 10% PI in two ONGC operated blocks namely AN-DWN-2009/5 and AN-DWN-2009/13 block to ONGC w.e.f. 1st April, 2013.

g. The company along with its Joint Venture partners have recommended Block MB-OSN-2000/1, MB-DWN-2000/2 (Mumbai), CY-ONN-2002/1 (Cauvery), CB-ONN-2002/2, MB-OSN-2004/1, MB-OSN-2004/2, KG-DWN-2004/1, KG-DWN-2004/2, KG-DWN-2004/3, KG-DWN-2004/5, KG-DWN-2004/6, CY-DWN-2004/1, CY-DWN-2004/2, CY-DWN-2004/4, CY-PR-DWN-2004/2, CB-ONN-2004/4, RJ-ONN-2004/1 and BS (3)-CBM-2003/II to be surrendered to Government of India.

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h. Company had applied for the extension of exploration phase in Tarapur block and a separate Ring Fence PSC is signed on 5th March, 2016.

i. During the financial year 2012-13 the company along with it JV partners have recommended to surrender the three blocks by invoking the termination provision of the PSAs on account of continuation of force majeure events for more than six months. Vide letter dated 13th February, 2013, GSPC led consortium has terminated Production Sharing Agreements (PSAs) for 3 blocks awarded in Republic of Yemen (RoY). PSAs have been terminated on the ground of existence of force majeure event. The Consortium had initiated the arbitration proceedings under the PSAs before the International Chamber of Commerce (ICC), Paris and in the interim stage, obtained order Republic of Yemen not to take steps invoking SBLCs, while Consortium has been directed to extend the validity of SBLCs. Detailed pleadings were filed by both the parties and the final hearing was held from 8-12th September 2014 at the ICC hearing center in Paris. After the final hearing was concluded both the parties had submitted Post Hearing Briefs before the Arbitral Tribunal. Subsequently upon completion of the arbitration proceedings, the final award has been passed by the Arbitral Tribunal on 10 July 2015. The Arbitral Award inter alia:

- Declared that the three Production Sharing Agreements (Blocks 19, 28, and 57) have been validly terminated by GSPC Consortium;
- Declared that the Republic of Yemen and/or the Yemeni Ministry of Oil and Minerals were and are not entitled under the Production Sharing Agreements to draw on the related Standby Letters of Credits (US$ 42 million i.e ~Rs.273.18 crores) issued in their favor by the International bank of Yemen;
- Arbitral Tribunal has awarded costs of approx. USD 3.79 million (~Rs.24.65 crores) in favour of GSPC Consortium.

The Said Arbitral Award has been challenged by the Yemen Government by filing Annulment Proceedings in Court Of Appeal at Paris. GSPC Consortium has filed the response to the Annulment Proceedings filed by Yemen Government. The hearing for the matter took place on February 28, 2017. The Annullment Proceedings have also been held in favour of GSPC Consortium by the Paris Court. GSPC consortium is taking steps for enforcement of award. the matter is sub-judice.

j. During the FY2017-18 GSPC Operated Sanand Block and CB-ONN-2000/1(RFPSC) has received approval for commercial production.

k.Of the above, 19 fields/blocks are in production, namely Hazira, Bhandut, Cambay, Asjol, Unawa, North Balol, CB-ON/7 (Palej), Dholasan, North Kathana, Kanawara, Allora, CB-ONN-2000/1 (Ahmedabad), Tarapur, CB-ONN-2003/2 (Ankleshwar), KG-OSN-2001/3, CB-ONN-2000/1(RFPSC),Sanand Miroli, CB-ONN-2004/1 and CB-ONN-2004/2 block. Net quantity of Company's interest (on gross basis) in proved developed reserves is as follows:

Particulars	Proved Reseves (Oil) (Million MT)*	Proved Reserves (Gas) (Million Cubic Meter) *
Opening Balance for the year ended on 1st April, 2017	0.44	40,573.60
	(0.49)	(209.50)
Additions	0.03	
		(40,493.10)
** Adjustments on account of change in Reserve	(0.24)	(103.02)
	(0.01)	(28.49)
Deletions		36,341.23
	-	-
Production	0.03	21.79
	(0.04)	(157.49)
Closing Balance for the year ended on 31st March, 201	**0.20**	**4,107.56**
	(0.44)	(40,573.60)

*Figures in brackets relate to period ended 31st March, 2017

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The Company's share of reserve has been considered on the basis of the "Reserve" certification provided by M/s. Gaffney, Cline & Associates (GCA) as on 31st August, 2015 and accordingly the proved reserves as on 31st March, 2016 has been worked based on the reserve estimates certified by GCA and only includes the blocks which are in production.

** Adjustments reflects change in reserve estimation as earlier, the reserve estimate was based on proved developed reserves where as since 01.04.2016 company has made change in estimates based on proved reserves. In the previous year KG-OSN-2001/3 had declared COD as 01.04.2016 and accordingly its reserve estimates as on 01.04.2016 has been included above, based on the management estimates. However, due to the change in GSPC share of PI in the block with effect from 01.04.2017 the same reserves are now considered based on 10% PI.

The financial statements of the Company reflect its share of Assets, Liabilities, Income and Expenditure of the Joint Venture operations which are accounted on a line to line basis with similar items in the Company's accounts to the extent of participating interest of the company as per the various joint venture agreements, in compliance of Ind AS-111. The income and expenditure from Joint Ventures are disclosed separately in the Statement of Profit and Loss. The summary of the Company's share in Assets & Liabilities of Joint Ventures are as follow:

(Rs. in Crores)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Fixed Assets		
Gross Block	4,433.15	4,157.12
Depreciation/Depletion Fund	(3,433.50)	(3,055.33)
Net Block	999.65	1,101.79
CWIP*	1,579.31	1,495.61
Current Assets	97.18	51.41
Current Liabilities and Provisions	99.36	429.36
Contingent Liabilities	197.77	690.38

*includes stores & spares

I. The Statement of Profit and Loss of the Company includes its share in Profit or Loss pertaining to the respective Joint Ventures. The summary of Statement of Profit and Loss for the year ended 31st March 2018 is given as under:

(Rs. in Crores)

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	Aggregate of all JVs	GSPC's Share	Aggregate of all JVs	GSPC's Share
Income				
Sale of Crude Oil	137.81	76.30	133.74	69.47
Sale of Gas	128.60	39.50	188.91	150.58
Increase/(Decrease) in Stock*	9.47	(1.87)	38.64	34.46
Other Income	7.30	4.80	10.10	6.67
Total	**283.18**	**118.73**	**371.39**	**261.18**
Expenditure				
Production Expenses	157.83	48.21	101.12	67.04
Duties & Taxes	12.02	6.36	47.29	28.40
Administrative exps.	63.09	19.60	110.98	90.96
Total Expenditure before Depreciation	**232.94**	**74.17**	**259.39**	**186.40**
Profit before depreciation	**50.24**	**44.56**	**112.00**	**74.78**

*It includes increase/ (decrease) in stock of crude oil of Hazira Field amounting to INR 0.02 crore. The same is not considered in closing stock of crude oil, in line with Joint Venture Venture's accounting policy.

m.In current Financial Year GSPC and HOEC has submitted the proposal for CB-ON/7 Ring Fenced PSC (RFPSC) to MOPNG which is pending requisite approval. However, GSPC has already paid the requisite amount of USD 1.275 Million(Rs.8.17 Crores) as per the guidelines of MOPNG for signing of CB-ON/7 RFPSC.

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Note 39

In the year 1998-99, the Hazira joint venture started the construction of 36" pipeline with a view to evacuate the natural gas production expected from the new Land Based Drilling Platform to major industrial customers lying on the 14 km stretch from Hazira to Mora. The joint venture pursued the Management Committee for approval of the laying of the pipeline and shifting of the delivery point (since no delivery point was defined for natural gas in Hazira PSC), to which DGH/ Government of India ('GoI') did not agree for several reasons including but not limited to the reserves, size of the pipeline etc.

In the year 1999-2000, the Company sold this pipeline to its subsidiary company, Gujarat State Petronet Limited (GSPL) for a consideration of Rs.49.50 Crores on as is where is basis. However the joint venture partner M/s. Niko Resources initiated arbitration proceedings against the company and GoI for seeking cost recovery of the said 36" pipeline and settlement of the dispute under PSC.

Arbitral Tribunal has passed its award dated 23rd December, 2009. As per the Arbitration Award, the pipelines forms part of the development plan of the joint venture and 'cost recovery' status is applicable to it as per PSC. It is further directed in the Award that the investment multiple ratio and the accounting of profit petroleum be revised with retrospective effect.

The impact of the arbitration award has been given in the audited joint venture accounts for the year ended 31-March-2010 as under:

(Rs in crores)

Particulars	Corresponding effect on	Amount
Pipeline Revenue	Sundry debtors	137.97
Profit Petroleum to MOP&NG (reversal)	Advances recoverable in	93.44
Plant & machinery (incurred by joint venture)	Producing properties in progress	25.71
Plant & machinery (additionally incurred by GSPCL)	Other liabilities	70.35
Pipeline expenses (direct & indirect operating expenses)	Other liabilities	65.74

The above mentioned impact of the award is based on the computation performed by the operator M/s Niko Resources. Moreover as per the Arbitration Award, GoI is liable to pay interest at the rate of 9% p.a on the amount of profit petroleum refundable to joint venture from 31/3/2003 till date of payment. The above figures with respect to 36"pipeline for the year 2010-11, 2011-12, 2012-13, 2013-14 ,2014-15 and 2015-16 have not been updated.

Subsequently, the arbitration award has been challenged by the Government of India under Section 34 of the Arbitration and Conciliation Act, 1994 before the Delhi High Court. The High Court of Delhi has set aside the Arbitration Award vide its Order and Judgment dated July 2, 2012 resulting into cost-recovery in respect of the pipeline being disallowed. However, NIKO has preferred a further appeal u/s 37 of the Arbitration and Conciliation Act, 1994 before the division bench of the Delhi High Court. NIKO had also prayed for stay on the Judgment of Single Judge of Delhi High Court however no such stay has been granted. Accordingly, the issue of cost recovery for the pipeline is still sub-judice. Further, the Arbitral Award is still not final in terms of Section 36 of the Arbitration and Conciliation Act, 1994 and in view of the same, the Company has not considered the Arbitration Award and directions under the same as aforesaid while consolidating the Joint Venture accounts on a line by line basis.

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

Note 40

Segment Information

1. Description of segment and principal activities

The Company's management monitors the operating results of the below business segments separately for the purpose of making decisions about resource allocation and performance assessment and has identified six reportable segments of its business:

a) **Exploration and production (E&P)** : Group is engaged in oil and gas exploration and production operations.
b) **Gas Trading** : Group is engaged in the procurement of gas from international market to meet the demand of gas across Gujarat and other states.
c) **Power Generation** : Group is engaged in the generation of electricity through Gas based power plant and windmills.
d) **Gas Transmission** : Group is engaged in tranmission of natural gas across Gujarat.
e) **City Gas Distribution** : Group is engaged in CNG, PNG & Industrial Gas supply across Gujarat.
f) **Internet & IT** : Group is engaged in providing IT related services.

2. Segment revenue and expenses

Revenue and Expenses have been identified to a segment on the basis of operating activities of the segment. Revenue and Expenses which relate to common activities and are not allocable to segment on reasonable basis have been disclosed as "Unallocable".

3. Segment assets and liabilities

Segment assets include all operating assets in respective segments comprising of net fixed assets, Capital Work in Progress, current assets, loans and advances. Segment liabilities include operating liabilities and provisions excluding borrowings and deferred tax liabilities.

4. Secondary segment reporting

Segment assets include all operating assets in respective segments comprising of net fixed assets, Capital Work in Progress, current assets, loans and advances. Segment liabilities include operating liabilities and provisions excluding borrowings and deferred tax liabilities.

5. Information about product and services

The Company's revenue from external customers for each product is same as that disclosed below under "segment revenue".

(Rs. in Crores)

Particulars	As at 31st March, 2018								As at 31st March, 2017							
	E & P	Gas Trading	Power Generation	Gas Transmission	City Gas Distribution	Internet, IT	Unallo-cated	Total	E & P	Gas Trading	Power Generation	Gas Transmission	City Gas Distribution	Internet, IT	Unallo-cated	Total
A. Segment revenue																
External sales*	115.80	10,625.57	491.77	1,298.59	6,094.31	12.57		18,638.61	208.37	9,409.23	568.59	1,005.97	5,019.00	12.81		16,223.97
Inter segment sales	(24.66)	(3,900.11)		(117.24)				(4,042.01)	(26.79)	(3,061.26)		(132.76)	-	-		(3,220.81)
Total segment revenue	91.14	6,725.46	491.77	1,181.35	6,094.31	12.57	-	14,596.60	181.58	6,347.97	568.59	873.21	5,019.00	12.81	-	13,003.16
B. Segment results																
Segment results Profit(+)/ loss(-)	39.55	851.63	223.33	1,162.25	734.85	1.53		3,013.14	(1.95)	758.87	307.68	896.44	560.67	1.06		2,522.77
Unallocated Other Income							(1,496.68)	(1,496.68)							(1,788.83)	(1,788.83)
Operating Profit	39.55	851.63	223.33	1,162.25	734.85	1.53	(1,496.68)	1,516.46	(1.95)	758.87	307.68	896.44	560.67	1.06	(1,788.83)	733.94
Interest/ dividend							116.93	116.93	-	-	-	-	-	-	196.48	196.48
Other income	4.80	58.45	0.12			0.27	13.84	77.48	6.67	-	0.04		-	0.03	70.34	77.08
Depreciation	(189.45)	-	(173.45)	(154.83)	(271.82)	(0.31)	(8.57)	(798.43)	(860.72)	-	(170.73)	(156.65)	(257.33)	(0.24)	(49.14)	(1,494.81)
Provision for taxation							(460.18)	(460.18)	-	-	-	-	-	-	(302.53)	(302.53)
Profit/Loss from ordinary Activities	(145.10)	910.08	50.00	1,007.42	463.03	1.49	(1,834.66)	452.26	(856.00)	758.87	136.99	739.79	303.34	0.85	(1,873.68)	(789.84)
Exceptional item	(712.93)	-	-	-	-	-	-	(712.93)	(15,194.88)	-	-	-	-	-	-	(15,194.88)
Excess / short prov of IT	-	-	-	-	-	-	9.28	9.28	-	-	-	-	-	-	59.59	59.59
Deferred tax	-	-	-	-	-	-	(82.11)	(82.11)	-	-	-	-	-	-	657.80	657.80
Net profit/(loss)	(858.03)	910.08	50.00	1,007.42	463.03	1.49	(1,907.49)	(333.50)	(16,050.88)	758.87	136.99	739.79	303.34	0.85	(1,156.30)	(15,267.34)

GUJARAT STATE PETROLEUM CORPORATION LIMITED

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

Segment Information

Particulars	As at 31st March, 2018								As at 31st March, 2017							
	E & P	Gas Trading	Power Generation	Gas Transmission	City Gas Distribution	Internet, IT	Unallo-cated	Total	E & P	Gas Trading	Power Generation	Gas Transmission	City Gas Distribution	Internet, IT	Unallo-cated	Total
C. Segment assets																
Segment assets	4,720.71	716.77	2,544.71	3,893.45	6,661.77	59.92		18,597.33	11,566.91	612.05	2,630.87	4,026.13	6,335.05	59.30		25,230.31
Unallocated Assets							2,124.82	2,124.82							2,806.75	2,806.75
Total Assets	4,720.71	716.77	2,544.71	3,893.45	6,661.77	59.92	2,124.82	20,722.15	11,566.91	612.05	2,630.87	4,026.13	6,335.05	59.30	2,806.75	28,037.05
D. Segment Liabilities																-
Segment Liabilities	482.60	546.00	1,642.14	285.09	4,795.30	10.51		7,761.65	24,221.65	180.71	1,761.63	202.25	4,619.39	12.46		30,998.09
Unallocated Liabilities							18,229.13	18,229.13							1,967.13	1,967.13
Total Liabilities	482.60	546.00	1,642.14	285.09	4,795.30	10.51	18,229.13	25,990.78	24,221.65	180.71	1,761.63	202.25	4,619.39	12.46	1,967.13	32,965.22
E. Other Information																
Capital Expenditure	138.24		22.46	3,442.34	399.41	0.42	355.70	4,358.57	(3,413.27)		51.86	172.04	413.71	0.16	1,771.31	(1,004.19)
Depreciation	189.45	-	173.45	154.83	271.82	0.31	8.57	798.43	860.72	-	170.73	156.65	257.33	0.24	49.14	1,494.81
Non Cash Expenses other than Depreciation	712.93						-	712.93	15,497.67							15,497.67

* Segment Revenue includes other income which is directly attributable to each segment.

Note 41

In the year 1998-99, the Hazira joint venture started the construction of 36" pipeline with a view to evacuate the natural gas production expected from the new Land Based Drilling Platform to major industrial customers lying on the 14 km stretch from Hazira to Mora. The joint venture pursued the Management Committee for approval of the laying of the pipeline and shifting of the delivery point (since no delivery point was defined for natural gas in Hazira PSC), to which DGH/ Government of India ('GoI') did not agree for several reasons including but not limited to the reserves, size of the pipeline etc.

In the year 1999-2000, the Company sold this pipeline to its subsidiary company, Gujarat State Petronet Limited (GSPL) for a consideration of Rs.49.50 Crores on as is where is basis. However the joint venture partner M/s. Niko Resources initiated arbitration proceedings against the company and GoI for seeking cost recovery of the said 36" pipeline and settlement of the dispute under PSC.

Arbitral Tribunal has passed its award dated 23rd December, 2009. As per the Arbitration Award, the pipelines forms part of the development plan of the joint venture and 'cost recovery' status is applicable to it as per PSC. It is further directed in the Award that the investment multiple ratio and the accounting of profit petroleum be revised with retrospective effect.

The impact of the arbitration award has been given in the audited joint venture accounts for the year ended 31-March-2010 as under:

Particulars	Amount
Pipeline Revenue	137.97
Profit Petroleum to MOP&NG (reversal)	93.44
Plant & machinery (incurred by joint venture)	25.71
Plant & machinery (additionally incurred by GSPCL)	70.35
Pipeline expenses (direct & indirect operating expenses)	65.74

The above mentioned impact of the award is based on the computation performed by the operator M/s Niko Resources. Moreover as per the Arbitration Award, GoI is liable to pay interest at the rate of 9% p.a on the amount of profit petroleum refundable to joint venture from 31/3/2003 till date of payment. The above figures with respect to 36"pipeline for the year 2010-11, 2011-12, 2012-13, 2013-14 ,2014-15 and 2015-16 have not been updated.

Subsequently, the arbitration award has been challenged by the Government of India under Section 34 of the Arbitration and Conciliation Act, 1994 before the Delhi High Court. The High Court of Delhi has set aside the Arbitration Award vide its Order and Judgment dated July 2, 2012 resulting into cost-recovery in respect of the pipeline being disallowed. However, NIKO has preferred a further appeal u/s 37 of the Arbitration and Conciliation Act, 1994 before the division bench of the Delhi High Court. NIKO had also prayed for stay on the Judgment of Single Judge of Delhi High Court however no such stay has been granted. Accordingly, the issue of cost recovery for the pipeline is still sub-judice. Further, the Arbitral Award is still not final in terms of Section 36 of the Arbitration and Conciliation Act, 1994 and in view of the same, the Company has not considered the Arbitration Award and directions under the same as aforesaid while consolidating the Joint Venture accounts on a line by line basis.

TALATI & TALATI CHARTERED ACCOUNTANTS AHMEDABAD

GUJARAT STATE PETROLEUM CORPORATION LTD. GSPC

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

Note 41
Related party disclosure

As per the Indian Accounting Standard-24 on "Related Party Disclosures", list of related parties identified of the Company are as follows.

A. Associates/Joint Ventures

Name of the entity	Type
Gujarat State Energy Generation Limited	Associate
Sabarmati Gas Company Ltd	Joint venture
GSPC LNG Ltd.	Associate
GSPL India Gasnet Limited	Joint Venture
GSPL India Transco Limited	Joint Venture
Alcock Ashdown (Gujarat) Limited	Associate

B. Key Managerial Personnel:

Name of Key Managerial Personnels:	F.Y.2017-18		F.Y.2016-17	
	From Date	To Date	From Date	To Date
Shri Dr. J.N. Singh, IAS (Chairman & Managing Director)	1-Apr-17	31-Mar-18	1-Aug-16	31-Mar-17
Shri Dr. J.N. Singh, IAS (Managing Director)	-	-	11-Apr-16	31-Jul-16
Shri T. Natarajan, IAS (Joint Managing Director)	1-Apr-17	31-Mar-18	1-Aug-16	31-Mar-17
Shri Atanu Chakraborty, IAS	-	-	1-Apr-16	10-Apr-16
Shri Anil Mukim, IAS (Director)	1-Apr-17	7-Mar-18	17-Oct-16	31-Mar-17
Shri Sujit Gulati, IAS (Director)	1-Apr-17	31-Mar-18	7-Jul-16	31-Mar-17
Dr. Manjula Subramaniam, IAS (Retd.) (Woman Independent Director)	1-Apr-17	31-Mar-18	1-Apr-16	31-Mar-17
Shri M. M. Srivastava, IAS (Retd.) (Director)	1-Apr-17	31-Mar-18	1-Apr-16	31-Mar-17
Shri K. Kailashnathan, IAS (Retd.) (Director)	1-Apr-17	31-Mar-18	1-Apr-16	31-Mar-17
Dr. N. Ravichandaran (Independent Director)	1-Apr-17	31-Mar-18	1-Apr-16	31-Mar-17
Prof. Yogesh Singh (Independent Director)	1-Apr-17	31-Mar-18	1-Apr-16	31-Mar-17
Dr. Ravindra Dholakia (Independent Director)	1-Apr-17	31-Mar-18	1-Apr-16	31-Mar-17
Shri Rajesh Sivadasan (CFO)	10-Nov-17	31-Mar-18	-	-
Shri Gopal Srinivasan (CFO)	1-Apr-17	31-May-17	1-Apr-16	31-Mar-17
Shri Sandeep Dave (Company Secretary)	1-Apr-17	31-Mar-18	1-Apr-16	31-Mar-17

TALATI & TALATI AHMEDABAD CHARTERED ACCOUNTANTS

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

Note 41
Related party disclosure
C. Transactions during the year with related parties:

(Rs. in Crores)

Nature of transaction	Associates		Joint Ventures		TOTAL	
	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2018	As at 31st March, 2017
Current Assets & Liabilities:						
Debtors	**96.64**	**112.01**	**5.73**	**14.64**	**102.37**	**126.65**
Gujarat State Energy Generation Ltd.	96.64	112.01	-	-	96.64	112.01
Sabarmati Gas Limited	-	-	5.73	14.64	5.73	14.64
Advance/Receivables	**67.05**	**44.49**	**2.11**	**1.51**	**69.16**	**46.00**
Gujarat State Energy Generation Ltd.	67.04	44.47	-	-	67.04	44.47
Sabarmati Gas Ltd		-	1.24	1.01	1.24	1.01
GSPL India Transco Ltd	-	-	0.49	0.22	0.49	0.22
GSPL India Gasnet Ltd	-	-	0.38	0.28	0.38	0.28
GSPC LNG Ltd	0.01	0.02	-	-	0.01	0.02
Payable	-	**0.07**	**0.13**	**0.25**	**0.13**	**0.32**
Gujarat State Energy Generation Ltd.		0.05	-	-	-	0.05
GSPL India Transco Ltd	-	-	0.08	0.09	0.08	0.09
GSPL India Gasnet Ltd	-	-	0.05	0.13	0.05	0.13
GSPC LNG Ltd		0.02	-	-	-	0.02
Sabarmati Gas Limited	-	-	-	0.03	-	0.03
Investment in Share Capital (Allotment)	**142.76**	**142.76**	**203.82**	**109.70**	**346.57**	**252.46**
GSPC LNG Ltd	11.43	11.43	-	-	11.43	11.43
GSPL India Transco Ltd	-	-	91.52	20.80	91.52	20.80
GSPL India Gasnet Ltd	-	-	57.20	33.80	57.20	33.80
Gujarat State Energy Generation Ltd.	119.83	119.83	-	-	119.83	119.83
Sabarmati Gas Limited	-	-	55.10	55.10	55.10	55.10
Alcock Ashdown (Gujarat) Limited (excluding provision for Diminution in value)	11.50	11.50	-	-	11.50	11.50
Inter Corporate Loan	**153.44**	**153.44**	-	-	**153.44**	**153.44**
Gujarat State Energy Generation Ltd.	153.44	153.44	-	-	153.44	153.44

TALATI & TALATI CHARTERED ACCOUNTANTS AHMEDABAD

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

Note 41

Related party disclosure

C. Transactions during the year with related parties:

(Rs. in Crores)

Nature of Transaction	Associates		Joint Ventures		KMP		TOTAL	
	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2018	As at 31st March, 2017
Income:								
Sale of LNG	84.70	36.08	210.20	188.90	-	-	294.90	224.98
Sabarmati Gas Ltd	-	-	210.20	188.90	-	-	210.20	188.90
Gujarat State Energy Generation Ltd	84.70	36.08	-	-	-	-	84.70	36.08
Regasification Income	-	5.67	-	-	-	-	-	5.67
Gujarat State Energy Generation Ltd	-	5.67	-	-	-	-	-	5.67
Connectivity Charges Received	-	-	1.77	1.48	-	-	1.77	1.48
Sabarmati Gas Limited	-	-	-	1.48	-	-	-	1.48
GSPL India Gasnet Ltd			1.77	-			1.77	-
Gas Transportation Income	-	5.34	34.77	30.93			34.77	36.27
Sabarmati Gas Ltd			34.77	30.93	-	-	34.77	30.93
Gujarat State Energy Generation Ltd	-	5.34	-		-	-	-	5.34
Line Crossing Chages Received	-	-	-	0.05	-	-		0.05
Sabarmati Gas Ltd	-	-	-	0.05	-	-	-	0.05
Rent received	0.18	0.17	1.40	1.30	-	-	1.58	1.47
Gujarat State Energy Generation Ltd	0.18	0.17	-	-	-	-	0.18	0.17
GSPL India Gasnet Ltd	-	-	0.55	0.52	-	-	0.55	0.52
GSPL India Transco Ltd	-	-	0.55	0.52	-	-	0.55	0.52
Sabarmati Gas Ltd	-	-	0.30	0.26	-	-	0.30	0.26
Dividend Income	-	-	2.00	1.00	-	-	2.00	1.00
Sabarmati Gas Ltd	-	-	2.00	1.00	-	-	2.00	1.00
Interest Income	22.71	34.38	-	-	-	-	22.71	34.38
Gujarat State Energy Generation Ltd	22.71	34.38	-	-	-	-	22.71	34.38
Reimbursement of Exp-Received	0.98	1.11	5.53	3.64	-	-	6.51	4.75
Sabarmati Gas Ltd	-	-	0.39	0.34	-	-	0.39	0.34
Gujarat State Energy Generation Ltd	0.82	0.81	-	-	-	-	0.82	0.81
GSPL India Gasnet Ltd	-	-	3.33	2.23	-	-	3.33	2.23
GSPL India Transco Ltd	-	-	1.81	1.07	-	-	1.81	1.07
GSPC LNG Ltd	0.16	0.30	-	-	-	-	0.16	0.30
Profit Petroleum Reimbursement Received	-	0.23	-	-	-	-	-	0.23
Gujarat State Energy Generation Ltd	-	0.23	-	-	-	-	-	0.23
Expenses:								
Purchase of Gas	-	13.37	-	-	-	-	-	13.37
Gujarat State Energy Generation Ltd	-	13.37	-	-	-	-	-	13.37
Interest on OCDs paid	-	-	-	0.35	-	-	-	0.35
Sabarmati Gas Ltd	-		-	0.35	-	-	-	0.35
Purchase of CNG	-	-	-	4.39	-	-	-	4.39
Sabarmati Gas Ltd	-	-	-	4.39	-	-	-	4.39
Gas transportation charges	-	-	-	0.69	-	-	-	0.69
Sabarmati Gas Ltd.	-	-	-	0.69	-	-	-	0.69
Reimbursement of Expenses: Paid	-	0.53	2.53	3.21	-	-	2.53	3.74
Gujarat State Energy Generation Ltd	-	0.30	-	-	-	-	-	0.30
GSPC LNG Ltd	-	0.23	-	-	-	-	-	0.23
GSPL India Gasnet Ltd	-	-	1.31	1.83	-	-	1.31	1.83
GSPL India Transco Ltd	-	-	1.22	1.38	-	-	1.22	1.38
Dividend Paid	-	0.07	-	-	-	-	-	0.07
Gujarat State Energy Generation Ltd	-	0.07	-	-	-	-	-	0.07
Remuneration to KMP (parent Company)	-	-	-	-	1.20	1.68	1.20	1.68
Key management personnel compensation					0.92	1.16	0.92	1.16
Director Sitting Fees					0.03	0.05	0.03	0.05
Post employment benefit plan								
-Non-contributory superannuation plan					0.05	0.26	0.05	0.26
-Employee group gratuity scheme					0.20	0.21	0.20	0.21
Remuneration to KMP (subsidiary companies)					5.86	7.78	5.86	7.78
Key management personnel compensation					1.57	1.23	1.57	1.23
Director Sitting Fees					0.20	0.19	0.20	0.19
Post employment benefit plan					0.14	0.07	0.14	0.07
-Non-contributory superannuation plan					0.92	0.91	0.92	0.91
-Employee group gratuity scheme					3.03	5.38	3.03	5.38
Purchase of Assets	-		-	0.06	-	-	-	0.06
GSPL India Transco Ltd	-		-	0.06	-	-	-	0.06
Sale of Assets	-		-	0.01	-	-		0.01
GSPL India Transco Ltd			-	0.01	-	-		0.01

TALATI & TALATI CHARTERED ACCOUNTANTS AHMEDABAD

GSPC GUJARAT STATE PETROLEUM CORPORATION LTD

Note 42

A. Financial instruments by category and their fair value

(Rs. in Crores)

As at 31st March 2018	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs	Total
Financial assets								
Investments								
Quoted	-	35.79	-	35.79	35.79	-	-	35.79
Unquoted	-	756.90	-	756.90	-	-	756.90	756.90
Loans								
Non-current	-	-	22.52	22.52	-	22.52	-	22.52
Current	-	-	160.39	160.39	-	-	-	-
Trade Receivables	-	-	1,086.00	1,086.00	-	-	-	-
Cash and Cash Equivalents	-	-	134.67	134.67	-	-	-	-
Other Bank Balances	-	-	481.81	481.81	-	-	-	-
Other financial assets								
Non-current	-	-	184.21	184.21	-	184.21	-	184.21
Current	0.24	-	2,464.45	2,464.69	-	-	-	-
Total financial assets	**0.24**	**792.69**	**4,534.04**	**5,326.97**	**35.79**	**206.72**	**756.90**	**999.41**
Financial liabilities								
Borrowings								
Non-current	-	-	15,926.63	15,926.63	-	15,926.63	-	15,926.63
Current	-	-	2,974.76	2,974.76				-
Other financial liabilities								
Non-current	-	-	26.75	26.75	-	26.75	-	26.75
Current	678.62	-	4,288.87	4,967.48	-	-	-	-
Trade Payables	-	-	968.17	968.17	-	-	-	-
Total financial liabilities	**678.62**	**-**	**24,185.18**	**24,863.80**	**-**	**15,953.39**	**-**	**15,953.39**

(Rs. in Crores)

As at 31st March 2017	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amotised Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs	Total
Financial assets								
Investments								
Equity instruments - Long term								
Quoted	-	38.10	-	38.10	38.10	-	-	38.10
Unquoted	-	541.49	-	541.49	-	-	541.49	541.49
Bonds - Current								
Unquoted	-	-	-	-	-	-	-	-
Loans					-	-	-	-
Non-current	-	-	22.55	22.55	-	22.55	-	22.55
Current	-	-	167.02	167.02	-	-	-	-
Trade Receivables	-	-	977.73	977.73	-	-	-	-
Cash and Cash Equivalents	-	-	69.03	69.03	-	-	-	-
Other Bank Balances	-	-	926.45	926.45	-	-	-	-
Other financial assets					-	-	-	-
Non-current	-	-	178.55	178.55	-	178.55	-	178.55
Current	15.06	-	1,246.80	1,261.86	-	-	-	-
Total financial assets	**15.06**	**579.59**	**3,588.14**	**4,182.78**	**38.10**	**201.10**	**541.49**	**780.69**
Financial liabilities								
Borrowings								
Non-current	-	-	22,049.47	22,049.47	-	22,049.47	-	22,049.47
Current	-	-	4,413.99	4,413.99	-	-	-	-
Other financial liabilities								
Non-current	-	-	24.34	24.34	-	24.34	-	24.34
Current	1,029.18	-	3,282.89	4,312.07	-	-	-	-
Trade Payables	-	-	765.79	765.79	-	-	-	-
Total financial liabilities	**1,029.18**	**-**	**30,536.48**	**31,565.66**	**-**	**22,073.81**	**-**	**22,073.81**

TALATI & TALATI CHARTERED ACCOUNTANTS AHMEDABAD

GUJARAT STATE PETROLEUM CORPN. LTD. GSPC GANDHINAGAR

Fair value of financial assets and liabilities measured at amortised cost is not materially different from the amortised cost. Further, impact of time value of money is not significant for the financial instruments classified as current. Accordingly, the fair value has not been disclosed separately.

Types of inputs are as under:
Input Level I (Directly Observable) which includes quoted prices in active markets for identical assets such as quoted price for an equity security on Security Exchanges
Input Level II (Indirectly Observable) which includes prices in active markets for similar assets such as quoted price for similar assets in active markets, valuation multiple derived from prices in observed transactions involving similar businesses etc.
Input Level III (Unobservable) which includes management's own assumptions for arriving at a fair value such as projected cash flows used to value a business etc.

B. Measurement of fair values
Valuation techniques and significant unobservable inputs
The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

FVTOCI in unquoted equity shares	Due to the uncertainty over project cost and commissioning date investments in equity shares of OPAL have been fair valued using book value. This method may be reconsidered on commencement of commercial operations.
Cross Currency Interest Rate Swaps (CCIRS) & Interest rate swaps (IRS)	The counter party i.e. bank assists with fair valuation of these instruments. The valuation techniques used by the bank are based on market observable inputs. The most frequently applied valuation techniques include swap models, using present value calculations. Various inputs including credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads, interest rate curve are used to derive the fair value.

Transfers between Levels 1 and 2
There have been no transfers between Level 1 and Level 2 during the reporting periods

Level 3 fair values
Movements in the values of unquoted equity instruments for the period ended 31st March, 2018 and 31st March, 2017 is as below:

(Rs. in Crores)

Particulars	Amount
As at 1 April 2016	**417.6**
Acquisitions/ (disposals)	-
Gains/ (losses) recognised in other comprehensive income	-
Gains/ (losses) recognised in consolidated statement of profit or loss	123.9
As at 31 March 2017	**541.49**
Acquisitions/ (disposals)	-
Gains/ (losses) recognised in other comprehensive income	-
Gains/ (losses) recognised in consolidated statement of profit or loss	215.4
As at 31 March 2018	**756.90**

Transfer out of Level 3
There were no movement in level 3 in either directions during 2017-18 and the year 2016-17. There were no transfers out of level 3 during the year 2017-18 and 2016-17.

Sensitivity analysis
Investments in unquoted equity shares comprises majorly of investments in ONGC Petro Additions Ltd. On account of lack of adequante information, the same have not been fair valued. Accordingly it is impracticable to provide the sensitivity analysis of the same.

C. Financial risk management
The Company has exposure to the following risks arising from financial instruments:
a. Credit risk ;
b. Liquidity risk ; and
c. Market risk

TALATI & TALATI CHARTERED ACCOUNTANTS AHMEDABAD

GUJARAT STATE PETROLEUM CORPN. LTD. GANDHINAGAR GSPC

(i) Risk management framework

The Group is exposed to financial risks arising from business/operating activities as well as financial instruments. The risks include market risks pertaining to price risk, currency risk and interest rate risk; credit risk and liquidity risk. The finance and commercial team advises the management (including the CFO) which oversees the risk management strategies and procedures. The objective of the teams is to inform the management on financial risks and propose appropriate financial risk governance framework for the company. Based on the inputs from respective teams, analysis and understanding, the management issues directives for mitigation of risks. The management regularly monitors the risks to ensure that financial risks are identified, measured and managed in accordance with risk management policies.

The Group's risk management activities pertaining gas trading business are managed by the commercial team, while those pertaining to financing activities are managed by the finance team. All derivative activities are carried out by teams with appropriate skills and experience under supervision as per directives of management. The teams are subject to necessary financial and management control.

(ii) Credit risk

Credit risk is the risk that a customer or counterparty to a financial instrument will fail to perform or fail to pay amounts due causing financial loss to the company. The potential activities where credit risks may arise include from cash and cash equivalents, derivative financial instruments and deposits with financial institutions and principally from credit exposures to customers relating to outstanding receivables. The maximum credit exposure associated with financial assets is equal to the carrying amount. Details of the credit risk specific to the Group along with relevant mitigation procedures adopted have been enumerated below:

Trade and other receivables

Customers of the Group across the business segments viz. gas trading, power generation, city gas distribution and gas transmission comprise of equity accounted entities and corporates which include public sector undertakings. The Group ratifies the counterparty creditworthiness prior to the contractual agreement and adequate risk mitigation measures are incorporated in the agreement. The counterparty dealings with respect to receivables are governed by the respective group company's debtor's policy which is guiding document. Hence, at this point in time, the group does not perceive credit risk on gas trading receivables.

Gas transmission services are generally subject to security deposit and/or bank guarantee clauses to ensure that in the event of non-payment the company's receivables are secured. The Group provides for allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables.

In CGD business, sales to domestic customers for household purposes like cooking, geyser application, etc., invoices are raised periodically. Security deposits along with connection deposits are taken for mitigation of potential credit risk arising in the event of non-payment of invoices. CNG sales made through operators of the CNG stations owned by the Group and CNG Franchises outlet are exposed to credit risk as amounts so collected is deposited/transferred in company bank account on next working day. Bank Guarantee / Security Deposit is taken to mitigate the credit risk. For CNG sales made through Oil Marketing Companies (OMCs), the Group raises the invoice for quantities sold based on periodicity as per the agreement. The OMCs are well established companies viz. HPCL, BPCL, IOC, Essar Oil Ltd. where no significant credit risk is anticipated.

Gujarat Urja Vikas Nigam Limited (GUVNL), a public sector undertaking controlled by the Government of Gujarat, is the single customer for the power generation business. Being a PSU with timely payment track record and adequate credit rating, the group perceives no credit risk.

Since all the customers for the group are based within India, there is no credit risk expected from the outside India. The Group creates an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables.

Movements in Expected Credit Loss Allowance (Rs. in Crores)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Balance at the beginning of the year	(12.27)	(11.32)
Movements in allowance	0.59	(0.96)
Closing balance	(11.68)	(12.27)

Value of receivables outstanding beyond one year from the due date is not significant. Such receivables which are past due but not impaired are assessed on case-to-case basis. The instances pertain to third party customers which have a proven creditworthiness record. Management is of the view that these financial assets are not impaired as there has not been any adverse change in credit quality and are envisaged as recoverable based on the historical payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings, if they are available. Consequently, no additional provision has been created on account of expected credit loss on the receivables. There are no other classes of financial assets that are past due but not impaired. The provision for impairment of trade receivables, movement of which has been provided below, is not significant / material. Since the Group has a fairly diversified in terms of spread and hence no concentration risk is foreseen.

Other financial assets

Other financial assets comprises of an amount of Rs. 485.71 Crore which is receivable from Jubilant Offshore Drilling Pvt Ltd (JODPL) pertaining to Production Sharing Contract executed between the parties for KG-OSN-2001/3 block. JODPL has filed a petition for insolvency and Insolvency Restructuring Professional (IRP) has been appointed. GPSPC has adequate rights under the Production Sharing Contract to ensure recovery of receivable amounts from JODPL through the future cash flows of KG Block.The management is assessing way forward and committed to undertake necessary steps.

Apart from this, other financial assets comprise of derivative contracts, cash and cash equivalents, loans provided to employees and investments in equity shares of companies other than subsidiaries, associates and joint ventures.

- Cash and cash equivalents and Bank deposits are placed with banks having good reputation and past track record with adequate credit rating. The Group reviews their credit worthiness at regular intervals.
- Investments are made in credit worthy companies.
- Group has given security deposit to various government authorities (like Municipal corporation, Nagarpalika, Grampanchayat, Road & building division and Irrigation department -of Govt. of Gujarat, credit worthy companies etc.) for the permission related to work of executing / laying pipeline network in their premises / jurisdiction. Being government authorities, the Group does not have exposure to any credit risk.
- Derivative instruments comprise of forward contracts, commodity derivatives, Interest rate swaps and cross currency interest rate swaps where the counter parties are banks with good reputation, and past track record with adequate credit rating. Accordingly no default risk is perceived.

(iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are proposed to be settled by delivering cash or other financial asset. The Group's financial planning has ensured, as far as possible, that there is sufficient liquidity to meet the liabilities whenever due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group has practiced financial diligence and syndicated adequate liquidity in all business scenarios.

Financing arrangement

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

(Rs. in Crores)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Floating rate		
Expiring within one year (line of credit and other facilities)	3,121.02	1,898.90
Expiring beyond one year (line of credit and other facilities)		
Total	3,121.02	1,898.90

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Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

(Rs. In Crores)

31st March, 2018	Contractual cash flows			
	Carrying amount	Total	Less than 12 months	More than 12 months
Non-derivative financial liabilities				
Non current borrowings	15,926.63	15,926.63		15,926.63
Current borrowings	2,974.76	2,974.76	2,974.76	-
Non current financial liabilities	26.75	26.75	-	26.75
Current financial liabilities	4,967.48	4,967.48	4,967.48	-
Trade and other payables	968.17	968.17	968.17	-
Total	**24,863.80**	**24,863.80**	**8,910.41**	**15,953.39**

(Rs. In Crores)

31st March, 2017	Contractual cash flows			
	Carrying amount	Total	Less than 12 months	More than 12 months
Non-derivative financial liabilities				
Non current borrowings	22,049.47	22,049.47		22,049.47
Current borrowings	4,413.99	4,413.99	4,413.99	-
Non current financial liabilities	24.34	24.34	-	24.34
Current financial liabilities	4,312.07	4,312.07	4,312.07	-
Trade and other payables	765.79	765.79	765.79	-
Total	**31,565.66**	**31,565.66**	**9,491.85**	**22,073.81**

The Group has reclassified certain long term borrowings as current borrowings pursuant to the reclassification of KG Block as non current asset held for sale. The reclassification of borrowings is not perceived to have negative impact pertaining to liquidity risk.

(iv) Market risk

Market risk is the risk or uncertainty arising from possible market price movements and their impact on the present/future performance of a business. The market risks include price risk, currency risk and interest rate risk. The primary price risk for the company is commodity price risk i.e. price risk of natural gas that could adversely affect the value of the Group's financial assets, liabilities or expected future cash flows. The currency risk for the Group involves exposure arising from External Commercial Borrowings and payments for supply of natural gas. The interest rate risk involves rate risk linked to borrowings of the Group.

Commodity price risk

The Group's integrated natural gas procurement and trading business (including Liquified Natural gas (LNG)) is open to price risk which is substantially mitigated through conventional derivative instruments which ensures the hedging of the commodity price at marketable/acceptable level for sale to the customer. The Group has executed commodity swaps and options linked to Brent Crude prices which are highly correlated to natural gas prices. Further, the sales prices are modified appropriately to counter market price movements.

Equity price risk

The Company's exposure to equity securities price risk arises from investments held by the Group which are classified in the balance sheet as fair value through other comprehensive income (FVOCI). The captioned equity investments are publicly traded as they are listed on the NSE Nifty 50 Index as well as in unquoted equity shares of companies of good credit standing.

Sensitivity

The table below summarises the impact of increases/decreases of the index on the Company's other comprehensive income for the period. The analysis is based on the assumption that the index had increased average of the actual movements in quoted prices of equity shares held as investments for the respective periods. All other variables held constant.

(Rs. In Crores)

Particulars	Impact on Other Comprehensive Income	
	As at 31st March, 2018	As at 31st March, 2017
NSE NIFTY 50 - increase 6% (31 March 2017 - 9%)	2.15	3.43
NSE NIFTY 50 - decrease 6% (31 March 2017 - 9%)	(2.15)	(3.43)

Currency risk

The functional currency of all the companies part of the group is Indian Rupees. However, the Group has exposure of USD and JPY denominated External Commercial Borrowing (ECB) as well as receivables and payables in foreign currency. The Group uses combination of Cross currency interest rate swap, interest rate swaps and forward contracts to manage the foreign currency risk linked to ECB. The currency risk linked to the payables of gas trading business is mitigated by appropriately factoring the same in the sales prices for the natural gas sold to downstream customers.

Exposure arising on purchase contracts of crude oil on account of the fluctuations in the exchange rate is managed by taking corresponding derivative positions.

In case of GSPL the currency exposure arising on ECB denoinated in JPY was fully hedged using a CCIRS.

In case of GSPC the currency exposure on account of USD denominated ECB loans as on 31st March 2018 is reduced subsequent to closure of transaction for 80% PI of KG Block with ONGC. The consideration received for the transaction was utilized to partially novate the ECB loans. The currency risk for the balance ECB loan shall be adequately covered through natural hedge i.e. USD denominated revenue from KG Block pertaining to balance 10% PI with GSPC. Details of the USD denominated ECB outstanding as at each reporting date have been provided below:

(Rs. In Crores)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Non current borrowings		
ECB - principal and interest	978.86	3,463.04
Total USD denominated exposure	**978.86**	**3,463.04**

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The following significant exchange rates have been applied during the year.

Rupees	Average rate		Year-end spot rate	
	2017-18	2016-17	As at 31-Mar-18	As at 31-Mar-17
USD	64.94	65.59	65.04	64.84
JPY	1.67	1.71	1.62	1.72

Sensitivity analysis

Since the JPY denominated ECB is fully hedged, only USD denominated ECB is considered for the below seinsitivity analyis

(Rs. in Crores)

Effect in Rupees	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31st March, 2018				
USD (2% movement)	19.58	(19.58)	12.80	(12.80)

(Rs. in Crores)

Effect in Rupees	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31st March, 2017				
USD (7% movement)	242.41	(242.41)	158.52	(158.52)

Interest rate risk

Interest rate risk is the risk that either fair value or future cash flow of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with floating interest rates i.e. Base Rate/MCL linked in INR denominated loans and 6-month LIBOR linked in USD denominated loans.

The Group has substantial mix of USD denominated and INR denominated borrowings. It manages the interest rate risk in INR denominated loans through contractual agreement (i.e. term loan agreement) clauses with the lenders wherein provisions are built-in to allow the Group to prepay the loans without penalty. This clause can be exercised in scenarios that the interest rate under the agreement are not moving in favorable directions and the Group has other available options to switch with borrowings bearing lower interest rates. The interest rate risk of USD denominated loans is mitigated through Interest Rate Swaps which have been executed for the entire ECB liability of the Group.

(Rs. In Crores)

Variable-rate instruments	As at 31st March, 2018	As at 31st March, 2017
Non current - Borrowings	6,557.17	14,270.73
Current - Borrowings	2,974.76	4,413.99
Current portion of Long term borrowings	339.47	849.88
Total	**9,871.40**	**19,534.60**

(Rs. In Crores)

Fixed-rate instruments	As at 31st March, 2018	As at 31st March, 2017
Non current - Borrowings	9,369.46	7,778.74
Current - Borrowings	-	-
Current portion of Long term borrowings	1,673.15	431.34
Total	**11,042.61**	**8,210.09**

Sensitivity analysis

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of change in interest rates. As far as INR denominated borrowings are concerned, the Group does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss, and it does not have any designate derivatives (interest rate swaps). However, for USD denominated borrowings, the Group accounts for fixed rate financial asset or liability at fair value through profit or loss and the Group has designated derivatives (Interest Rate Swaps). Therefore, the profit or loss impact on account of change in interest rates at the reporting date is indicated in the following table. Since no interest rte risk is perceived on fixed rate loans, only variable rate loans have been considered for the purposes of sensitivity disclosed below:

(Rs. in Crores)

Particulars	Profit or loss		Equity, net of tax	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
31st March, 2018				
Non current - Borrowings	65.57	(65.57)	42.88	(42.88)
Current - Borrowings	29.75	(29.75)	19.45	(19.45)
Current portion of Long term borrowings	3.39	(3.39)	2.22	(2.22)
Total				
31st March, 2017				
Non current - Borrowings	(142.71)	142.71	(93.32)	93.32
Current - Borrowings	(44.14)	44.14	(28.86)	28.86
Current portion of Long term borrowings	(8.50)	8.50	(5.56)	5.56
Total	**(195.35)**	**195.35**	**(127.74)**	**127.74**

Note 43

Capital management

The Group defines capital as total equity including issued equity capital, share premium and all other equity reserves attributable to equity holders of the parent (which is the Group's net asset value). The primary objective of the company's financial framework is to support the pursuit of value growth for shareholders, while ensuring a secure financial base. The Group aims to maintain the net debt ratio, that is, the ratio of net debt to net debt plus equity, of 2:3 with some flexibility of 5%.

The Group monitors capital using a ratio of 'adjusted net debt' to 'adjusted equity'. For this purpose, adjusted net debt is defined as total liabilities, comprising interest-bearing loans and borrowings and obligations under finance leases, less cash and cash equivalents. Adjusted equity comprises all components of equity.

The Group monitors capital using a ratio of 'adjusted net debt' to 'adjusted equity'. For this purpose, adjusted net debt is defined as total liabilities, comprising interest-bearing loans and borrowings and obligations under finance leases, less cash and cash equivalents. Adjusted equity comprises all components of equity.

The Company's adjusted net debt to equity ratio on 31st March, 2018 was as follows.

(Rs. in Crores)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Total non-current liabilities	20,914.01	27,744.68
Less : Cash and bank balances	616.48	995.48
Adjusted net debt	**20,297.53**	**26,749.20**
Total equity	**(7,592.85)**	**(8,552.18)**
Adjusted net debt to adjusted equity ratio	-2.68 times	-3.13 times

The Company had transferred KG Block (KG-OSN-2001/3) to ONGC. As discussed in note no 23 (A) an impairment loss had been accounted in the previous year having a negative impact on the equity as on 31 March 2017. The negative impact on the capital structure pursuant to accounting for the transaction for KG-OSN-2001/3 is proposed to be remedied through a detailed Debt Realignment Plan. The consideration from transaction from KG-OSN-2001/3 and sale of holding in Gujarat Gas Ltd to Gujarat State Petroenet Ltd which has reduced the company's outstanding debt. The debt realignment plan is in advanced stages and the balance portion of debt shall be reduced subsequent to implementation of the plan. The Company is awaiting final approval from Government of Gujarat and consent from the concerned authorities. Please refer to note 23 (B) regarding the Realignment Plan of the Company.

The implementation of the above stated steps towards debt realignment has already indicated improvement in the adjusted net debt to adjusted equity ratio which will undergo further improvement after implementation of Debt Realingment Plan.

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

Note 44

MSME Disclosure

Informtion in respect of Micro, Small and Medium Enterprise Development Act, 2006 the company has sought confirmation from the vendors, whether they fall in the catagory of micro, small and medium enterprise as on the Balance Sheet date. Basen on the information available the required disclosure are given below.

(Rs. In crores)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Principal amount remaining unpaid as at the end of accounting year	30.48	20.82
Interest paid by the company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during accounting year		-
Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006		-
Interest accrued and remaining unpaid at the end of accounting year	0.01	0.01
Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006		-

Note 45

Employee stock option plan 2008

In Case of Subsidiary Gujarat Gas Limited

The erstwhile GSPC Gas Company Limited ('e-GSPC'), erstwhile Gujarat Gas Company Limited ('e-GGCL'), erstwhile Gujarat Gas Financial Services Limited ('e-GFSL') and erstwhile Gujarat Gas Trading Company Limited ('e-GTCL') merged with and into GSPC Distribution Network Limited ('GDNL') under the Composite Scheme of Amalgamation and Arrangement (the "Scheme of Amalgamation"). The effective date of Scheme of Amalgamation was 14 May 2015. Upon the Scheme of Amalgamation becoming effective, the name of GDNL has been changed to Gujarat Gas Limited ('GGL') as per the provisions of the Companies Act.

Pursuant to the Scheme of Amalgamation, the Addendum Gujarat Gas Limited Employee Stock Option Plan 2016 ("ESOP 2016") being supplementary to the Gujarat Gas Company Limited Employee Stock Option Plan 2008 ("ESOP 2008") has been formulated for the limited purpose of adopting the ESOP 2008 in the Company.

The e-GGCL had formulated the above ESOP 2008, whereby Stock Options had been granted by e-GGCL to its employees. The ESOP 2008 has been effective from 1 November 2008 for a tenure of 8 years. As on the effective date of the Scheme of Amalgamation, certain employees of e-GGCL to whom Options had been Granted and Vested under the ESOP 2008, have not Exercised the said Options and hence as per the Scheme of Amalgamation, they are the Eligible Employees for the purpose of the ESOP 2016 as follows:

1. Revised Grants have been made to them with effect from the effective date under the Scheme of Amalgamation of 13000 equivalent number of Options-I under the ESOP 2016, against the equivalent number of Options Granted and Vested in them pursuant to the ESOP 2008, which were not Exercised by them on the effective date under the Scheme of Amalgamation.
2. The above Revised Grants of Options-I has been on the basis of the Share Exchange Ratio of 1 (one) equity share of Rs.10/- each of GGL, for every 1 (one) equity share of Rs.2/- each of e-GGCL, pursuant to the Scheme of Amalgamation.
3. The Options-I bear the Exercise Price as per the ESOP 2008. The Exercise Price payable for Options-I under ESOP 2016 is based on the Exercise Price payable by such Eligible Employees under the ESOP 2008 that has been adjusted after taking into account the effect of the Share Exchange Ratio of 1:1 as mentioned above.

4. Upon such Revised Grant of Options-I to the Eligible Employees the Options Granted under the ESOP 2008 stand cancelled and the Eligible Employees shall continue to be bound by all the terms and conditions of the ESOP 2008 in addition to this ESOP 2016.

The Gujarat Gas Company Limited Employee Welfare Stock Option Trust ("ESOP 2008 Trust"). which has been formed and created vide execution of the Deed of Gujarat Gas Company Limited Employee Welfare Stock Option Trust dated 4 November 2008 has been renamed as Gujarat Gas Limited Employee Welfare Stock Option Trust ("ESOP 2016 Trust").The ESOP 2016 Trust is an irrevocable Trust that functions for the limited purpose of adopting the ESOP 2008 and ESOP 2016 and to hold the existing share inventory of the ESOP 2008 Trust for the benefit of Eligible Employees under ESOP 2016 and the balance to be appropriated in line with the SEBI Regulations.

The ESOP 2016 and the ESOP 2016 Trust are governed by the provisions of the Companies Act 1956 or the Companies Act 2013, as may be applicable and the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 or the SEBI (Share Based Employee Benefits) Regulation, 2014, as may be applicable.

The ESOP 2008 Trust had purchased out of the funds advanced by the Company, the shares equivalent to the number of options granted. IDBI Trusteeship Services Limited are the Trustees. The Trustees can sell the shares in the market as per the approved scheme and for the year ended on 31st March 2018, there are no purchases from the market.

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The exercise price is calculated at 10% discount to the closing price of the shares on record date, being the date on which the grant of options were approved as per ESOP 2008. The graded vesting of options granted, over a period of 4 years from the date of grant is as follows:

% of Option Vested	Cumulative	Vesting Date
25%	25%	on expiry of two years from their Grant date ('First Vesting Date')
50%	75%	on expiry of three years from their Grant date ('Second Vesting Date')
25%	100%	on expiry of four years from their Grant date ('Third Vesting Date')

The options are to be exercised within a maximum period of 2 years from the date of vesting. Within the exercise period, the employee would have the option to either purchase the shares from the trust at the exercise price or to give a mandate of sale to the trust at the best available market price, in which event the difference between the net price realized on sale after taxes and charges and the Exercise Price will accrue as gains to the employee.

Details of movement under the Stock option plan for the year ended 31 March, 2018 is as follows:

Particulars	Year ended Mar-18		Year ended Mar-17	
	Number of options	Weighted average exercise price (in Rs.)	Number of options	Weighted average exercise price (in Rs.)
Options outstanding at the beginning of the year	-	-	13,000	332
Add: Options granted during the year	-	-	-	-
Less: Options forfeited during the year	-	-	-	-
Less: Options expired during the year	-	-	-	-
Less: Options exercised during the year	-	-	13,000	332
Options outstanding at end of the year	-	-	-	-

The employee share based payment plans have been accounted based on the Fair value method of accounting using the Black-Scholes Option Pricing Formula. There are no options outstanding as on 31 March 2018 and 31 March 2017.
The Company has adjusted gain of Rs. Nil (Previous year Rs. 0.17 Crores) to General Reserve as the difference between the cost incurred by the ESOP Trust for the purchase of shares and the exercise price of those options which have been exercised by the employees.

In Case of Subsidiary Gujarat State Petronet Limited
ESOP 2010 Scheme:
During the Financial Year 2010-11, the Company instituted ESOP-2010. The Board of Directors and the Shareholders approved the plan in the meeting held on 23rd August 2010 and 27th October 2010 respectively, which provides for the issue of 21,28,925 equity shares to the employees of the company. The Compensation Committee administers ESOP 2010. These ESOPs are granted at an exercise price of ₹75 per share to be vested over the period of five years and to be exercised within a period of ten years from the date of Grant.

Set out below is a summary of options granted under the plan:

Particulars	31st March, 2018		31st March, 2017	
	Avg Exercise Price per share option (₹)	Number of options	Avg Exercise Price per share option (₹)	Number of options
Opening Balance	75	636,226	75	883,894
Granted during the year	75	-	75	-
Exercised during the year	75	(245,860)	75	(247,668)
Lapsed/cancelled during the year	75	(2,408)	75	-
Closing balance		387,958		636,226

Fair value of options granted
The fair value at grant date of options granted during the year ended 31 March 2018 was ₹ 72.45 per option (31 March 2017 - ₹ 72.45). The fair value at grant date is determined using the Binomial Model which takes into account the exercise price, the terms of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

Expenses arising from share based payment transactions
Total expenses arising from share-based payment transactions recognised in the statement of profit and loss as part of employee benefit expenses were as follows:

(Rs. in Crores)

Particulars	Mar-18	Mar-17
Employee option plan	(0.01)	-

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

Note 46 : A statement of summarised financial information for each subsidiary that has non controlling interest

Rs. In Crs

Balance Sheet	GSPL Consolidated		GIPL		GPPC	
	As at 31.03.2018	As at 31.03.2017	As at 31.03.2018	As at 31.03.2017	As at 31.03.2018	As at 31.03.2017
Net worth of the company*	3,283.85	5,760.65	49.41	46.85	679.61	666.63
Non Controlling Interest	2,287.56	3,588.67	19.59	18.60	17.07	16.74
Statement of Profit & Loss	**GSPL Consolidated**		**GIPL**		**GPPC**	
	As at 31.03.2018	**As at 31.03.2017**	**As at 31.03.2018**	**As at 31.03.2017**	**As at 31.03.2018**	**As at 31.03.2017**
Total Revenue*	7,522.49	6,150.54	14.78	15.93	411.81	483.67
Total Comprehensive Income*	918.93	675.25	2.56	2.65	12.99	75.96
Share of Non Controlling Interest	627.48	479.46	0.99	1.01	0.33	1.92
Statement of Cash Flows	**GSPL Consolidated**		**GIPL**		**GPPC**	
	As at 31.03.2018	**As at 31.03.2017**	**As at 31.03.2018**	**As at 31.03.2017**	**As at 31.03.2018**	**As at 31.03.2017**
Net Cash Flow from Operating Activities	1,667.03	1,644.14	(1.79)	(5.24)	266.50	386.67
Net Cash Flow from Investing Activities	(3,604.35)	(834.61)	1.55	3.00	(25.81)	(51.72)
Net Cash Flow from Financing Activities	2,020.44	(871.84)	-	-	(264.17)	(315.82)
Net Cashflows	83.12	(62.31)	(0.24)	(2.24)	(23.48)	19.13

* The amounts disclosed as total revenue and Total Comprehensive Income for the year before inter company eleminations and policy allignments, while share of NCI reported is after considering all such effects.

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Additional information - Instruction No 2 of Schedule III

Name of the entity	Net Assets i.e. total assets				Share in profit or loss				Other Comprehensive Income				Total Comprehensive Income			
	as % of consolidated net assets as on 31.03.2018	Amount (Rs. in Crore) as on 31.03.2018	as % of consolidated net assets as on 31.03.2017	Amount (Rs. in Crore) as on 31.03.2017	As % of consolidated profit or loss for FY 2017-18	Amount (Rs. in Crore) for FY 2017-18	As % of consolidated profit or loss for FY 2016-17	Amount (Rs. in Crore) for FY 2016-17	As % of consolidated profit or loss for FY 2017-18	Amount (Rs. in Crore) for FY 2017-18	As % of consolidated profit or loss for FY 2016-17	Amount (Rs. in Crore) for FY 2016-17	As % of consolidated profit or loss for FY 2017-18	Amount (Rs. in Crore) for FY 2017-18	As % of consolidated profit or loss for FY 2016-17	Amount (Rs. in Crore) for FY 2016-17
Parent	128.04%	(9,722.08)	137.72%	(11,777.85)	142.58%	(1,275.45)	102.10%	(16,037.53)	-113192.24%	7.36	368640.81%	16.42	141.75%	(1,268.09)	101.99%	(16,021.11)
Subsidiaries:																
Indian																
Gujarat State Petronet Limited	-4.38%	332.71	-16.43%	1,405.27	-28.13%	251.66	-1.19%	187.08	-3395.45%	0.22	-1944.46%	(0.09)	-28.16%	251.88	-1.19%	187.00
Gujarat Gas Limited	-4.96%	376.55	-7.33%	626.76	-5.28%	47.21	-0.16%	25.05	117582.46%	(7.64)	-365147.02%	(16.26)	-4.42%	39.57	-0.06%	8.79
Guj Info Petro Limited	-0.39%	29.74	-0.38%	32.35	-0.17%	1.52	-0.01%	1.67	-740.92%	0.05	-775.70%	(0.03)	-0.18%	1.57	-0.01%	1.64
GSPC Pipavav Power Company Limited	-8.72%	662.42	-7.60%	649.76	-1.41%	12.65	-0.47%	74.07	-153.85%	0.01	-673.64%	(0.03)	-1.42%	12.66	-0.47%	74.04
GSPC (JPDA) Limited	0.00%	0.33	0.00%	(0.39)	0.01%	(0.06)	0.00%	(0.06)	0.00%	-	0.00%	-	0.01%	(0.06)	0.00%	(0.06)
GSPC Energy Limited	0.00%	(0.12)	0.00%	(0.29)	-0.02%	0.17	0.00%	(0.01)	0.00%	-	0.00%	-	-0.02%	0.17	0.00%	(0.01)
GSPC Offshore Limited	0.00%	(0.30)	0.00%	(0.29)	0.00%	(0.01)	0.00%	(0.01)	0.00%	-	0.00%	-	0.00%	(0.01)	0.00%	(0.01)
Associates (Investment as per the equity method)																
Indian																
Gujarat State Energy Generation Limited	-1.10%	83.66	-0.67%	57.14	-2.96%	26.52	-0.11%	18.02	0.00%	-	0.00%	-	-2.96%	26.52	-0.11%	18.02
Sabarmati Gas Limited	-2.58%	195.97	-1.85%	158.43	-4.32%	38.61	-0.13%	20.62	0.00%	-	0.00%	-	-4.32%	38.61	-0.13%	20.62
GSPC LNG Limited	-0.55%	41.81	-0.47%	40.34	-0.16%	1.46	-0.01%	1.73	0.00%	-	0.00%	-	-0.16%	1.46	-0.01%	1.73
GSPL India Transco Limited	-2.66%	201.78	-1.28%	109.56	-0.08%	0.69	0.00%	0.48	0.00%	-	0.00%	-	-0.08%	0.69	0.00%	0.48
GSPL India Gasnet Limited	-2.70%	204.68	-1.72%	147.01	-0.05%	0.46	0.00%	0.56	0.00%	-	0.00%	-	-0.05%	0.46	0.00%	0.56
Alcock Ashdown (Gujarat) Limited	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-
	100.00%	(7,592.85)	100.00%	(8,552.18)	100.00%	(894.56)	100.00%	(15,708.32)	100.00%	(0.01)	100.00%	0.00	100.00%	(894.57)	100.00%	(15,708.31)

TALATI & TALATI · AHMEDABAD · CHARTERED ACCOUNTANTS

GSPC GAS COMPANY LTD. GANDHINAGAR

Note 47
Under Ind AS compliant Schedule III, the consolidated financial statements do not include notes such as quantitative information, forex earnings/expense etc. which are not necessary to present true and fair view of the financial statements.

Note 48
In case of balances of Joint Operation parties, for cash call and other transactions and also in case of balances of other parties i.e. Trade Receivables, Trade Payables, Loans and Advances and other liabilities the company is in the process of reconciling it with the parties. Adjustments if any will be accounted on reconciliation/settlement of the same.

Note 49
The Group has restated and re-classified previous year figures giving effects of transfer of control within group to make the figures comparable..

As per our report of even date attached.

For Talati & Talati
Chartered Accountants
Firm Regn. No. 110758W

Umesh Talati
Partner
Membership. No. 34834

Date : 21st May, 2018
Place : Gandhinagar

For and on behalf of the Board of Directors

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

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

Sandeep Dave
Company Secretary

Rajesh Sivadasan
Chief Financial Officer

Date : 21st May, 2018
Place : Gandhinagar

ANNEXURE - V

GSIL

GUJARAT STATE INVESTMENTS LIMITED

30TH ANNUAL REPORT

2017-18

Registered Office: 06th Floor, H.K. House, Opp. Bata Showroom, Ashram Road, Ahmedabad-380 009

CIN. U64990GJ1988SGC010307

GSIL

30TH Annual Report of

Gujarat State Investments Limited

Financial Year 2017-2018

Board of Directors

Shri Arvind Agarwal, IAS [DIN 00122921]	(w.e.f. 06.06.2018)	Chairman
Shri Sanjeev Kumar, IAS [DIN 03600655]	(w.e.f. 31.07.2017)	Managing Director
Ms. Arti Kanwar, IAS [DIN 03535973]		Director
Ms. Mamta Verma, IAS [DIN 01854315]		Independent Director
Shri Vasant Raval [DIN03097981]		Independent Director

Cessation of Directors

Shri Anil Mukim, IAS [DIN 02842064]	(upto 17.03.2018)	Chairman
Smt. Mona Khandhar, IAS [DIN 06803015]	(upto 31.07.2017)	Managing Director

Chief Financial Officer

Shri G. S. Pathak

Company Secretary

Shri Sandip Shah

Statutory Auditors

M/s J. P. Shah & Co.,
Chartered Accounts,
Ahmedabad

Secretarial Auditors

Shri Harish P. Jain
Company Secretary
Ahmedabad

Internal Auditors

M/s Raman M Jain & Co.
Chartered Accounts,
Ahmedabad

Bankers:

State Bank of India
ICICI Bank

GSIL

GUJARAT STATE INVESTMENTS LTD.
(Govt. of Gujarat Undertaking)
REGISTERED OFFICE :
H. K. HOUSE, 6th FLOOR, ASHRAM ROAD, AHMEDABAD-380 009
PHONES : 26586636, 26579731 E-mail : infoatgsi@gmail.com
CIN NO. : U64990GJ1988SGC010307

DIRECTORS' REPORT

To,
The Members
Gujarat State Investments Limited

The Directors take pleasure in presenting the 30th Annual Report together with the audited financial statements for the year ended on 31.03.2018. The Consolidated performance of the Company and its associates has been referred to wherever required.

THE HIGHLIGHTS OF THE FINANCIAL PERFORMANCE

Standalone

During the year under review there is Profit Before Tax of Rs.7545.90 Lakhs (Previous year is Rs. 6354.67 Lakhs), Net Profit After Tax is Rs. 7282.84 Lakhs (Previous year is Rs. 5750.66 Lakhs), Dividend Income of Rs.6819.88 Lakh (Previous year Rs. 4699.60 Lakh), Interest Income was of Rs. 856.65 Lakh (Previous year Rs. 1818.50 Lakh) while operating expenses were of Rs.149.80 Lakh including depreciation Rs. 8.78 Lakh (Previous operating expenses Rs. 164.29 Lakh inclusive of deprecation of Rs. 7.46 Lakh). As on last date of the year amount of Reserves and surplus is Rs. 8648.05 Lakhs (Previous year 7919.80 Lakhs).

Income Tax liability is of Rs. 265.82 Lakh (Previous year Rs. 602.97 Lakh)

Consolidated

Financial performance on consolidated basis during the year under review there is Profit Before Tax of Rs. 1800.46 Lakhs (Previous year is Rs. 1682.70 Lakhs), Profit for the year is Rs. 46654.83 Lakhs (Previous year is Rs. 33076.76 Lakhs).

DIVIDEND

Keeping in view of present profit sharing policy, your Directors have not recommended any divided for the year under review.

SHARE CAPITAL

The Authorized Share Capital of the Company is Rs. 300000 Lakh (285,00,00,000 Equity Shares of Rs. 10 each and 1,50,00,000 Preference Shares of Rs. 100 each) and Paid- up Equity Capital of the company is Rs. 104276.90 Lakh , as on 31st March, 2018 which has remain same against the previous year.

Brief Highlights of the year

During the year under review, your company has repaid loan amounting Rs. 179.85, i.e. Rs.125/- Crore provided for equity participation in GSPCL and Rs. 54.85 Crore provided for equity participation in BECL, to the State Government

During the year, Your Company has purchased 6,00,00,000 equity shares of Bhavnagar Energy Company Limited (BECL) at face value of Rs. 10 each.

The state of the Company's affairs

The Company is registered with RBI as a NBFC-ND-SI-CIC and received a certificate of registration on 25th April, 1998. The Company, as per Master Direction -Core Investment Companies (Reserve Bank) Directions, 2016 as amended, recognized by RBI vide letter dated 05th February, 2015 as unregistered Core Investment Company.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There have been no material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

ASSOCIATES

At the beginning of the year, your Company had four associates companies as on 31st March, 2018, Your Company have four associates companies.

During the year, your Board reviewed approved annual accounts of the associates. In accordance with the Section 129(3) the Companies Act, 2013 your company has prepared consolidated financial statements of the Company, which forms part of this report. Further, a statement of our associates in prescribed format in AOC-1 is appended as ANNEXURE to the Consolidated Financial Statements.

These documents will also be available for inspection during business hours at registered office of your company.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM AND ITS ADEQUACY

Under the Risk Management, various risks relating to operations & maintenance, financial and other organizational risks are assessed, evaluated and continuously monitored for taking effective mitigation steps. Risk interalia, containing major anxiety areas and action plan for their mitigation and noteworthy risk management activities carried out by the

Company is periodically reviewed by the Audit Committee and the Board of Directors. The Company has adequate internal controls commensurate with the nature of its business and size.

Presentation of financial statements

The financial statements of the company for the year ended on 31st March, 2018 have been disclosed as per Division I of scheduled III of the Companies Act, 2013

Consolidated financial statements

Your Directors also present the consolidated financial statements incorporating the duly audited financial statements of the associates as prepared in compliance with the Companies Act, 2013 read with applicable accounting standards.

Secretarial Standards of ICSI

Pursuant to approval given on 10th April, 2015 by the Central Government on Secretarial Standards specified by the Institute of Company Secretaries of India, the Secretarial Standards on Meetings of the Board of Directors (SS-1) and General Meetings (SS-2), as amended from time to time, came into effect from 01st July, 2015. The Company is in compliance with the same.

AUDITORS,

Statutory Auditor

Your Company is a Government Company within the meaning of the Section 2 (45) of the Companies Act, 2013, the Comptroller and Auditor General of India, New Delhi had appointed M/s. J. P. Shah & Co., [Registration No. 109612W] Chartered Accountants, as Auditors of your Company for the Financial Year 2017-18. ***There are no disqualifications, reservations, adverse remarks or disclaimers in the auditor's report***

The Comments of Comptroller & Auditor General of India (C&AG) and the reply of the Management thereto from part of this report and attached as annexure to this repot.

Secretarial Audit

Shri Harish P. Jain, Practicing Company Secretaries, was appointed to conduct the Secretarial Audit of the Company for Financial Year 2017-18, as required under section 204 of the Companies Act, 2013 and Rules made thereunder. The Secretarial Audit Report for F.Y. 2017-18 forms part of Annual Report as annexure to this report. ***The Secretarial Audit Report does not contain any qualification, reservations or adverse remarks.***

Extracts of Annual Return and other disclosures under Companies (appointment & Remuneration) Rules, 2014

The Extract of Annual Return in prescribed format, Form No. MGT-9, as per Section 134 (3) (a) of the Companies Act, 2013 read with Rule 8 of Companies Act (Accounts) Rules 2014 and Rule 12 of Companies (Management & Administration) Rules, 2014 is annexed hereto and forms part of this report.

Declaration on Independent Directors

The independent directors have submitted the declaration of independence, as required pursuant to section 149 (7) of the Companies Act, 2013 stating that they meet the criteria of independence as provided in sub-section (6).

Corporate Social Responsibility:

The report on CSR Activities, as required pursuant to Section 135(2) of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed hereto.

Your company's investment in CSR activities for the year 2017-18 was Rs.64.79 Lakhs which is 2% the average profits of the Company for the last three years.

DIRECTORS & Key Managerial Personnel- Changes

As on the Date of the Report, the Board of Directors of the Company comprises five Directors including one Managing Director and two Independent Directors.

Appointments:

Shri Arvind Agarwal, IAS [DIN 00122921] vide Government of Gujarat vide GR. No. JNV 10-2011-720764-A dated 29th May, 2018 has been appointed as Additional Director and Chairman of the Board of your company w.e.f. 06.06.2018.

Shri Sanjeev Kumar, IAS [DIN 03600655] vide Government Order No. JNV/10/2011/720764/A dated 15th July, 2017 has been appointed vice Smt. Mona Khandhar, IAS [DIN 06803015] as Managing Director of your company and also designated as Key Managerial Personal w.e.f 31st July. 2017.

Resignations and/or cessation:

Shri Anil Mukim, IAS [DIN 02842064] Chairman of the Company submitted his resignation w.e.f. 17th March, 2018.

Smt. Mona Khandhar, IAS [DIN 06803015] Managing Director submitted his resignation w.e.f. 31st July, 2017

Key Managerial Personal (KMP):

The Company has Shri Sanjeev Kumar, IAS [DIN 03600655], Managing Director and Shri Snadip Shah, Company Secretary and Shri G. S. Pathak, Chief Financial Officer designated as KMP as required under the Companies Act, 2013.

PARTICULARS OF EMPLOYEES OF THE COMPANY

a. None of the employee throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than one crore and two lakh rupees;

b. None of the employee for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than eight lakh and fifty thousand rupees per month;

c. None of the employee throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company.

SIGNIFICANT AND MATERIAL ODERS PASSED BY THE REGULATORS OR COURTS.

During the year under review, there were no significant and material orders passed by the regulators or courts or tribunals, which may impact the going concern status of the Company and its operation.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Your Company has not granted any Loan or given any Guarantees or made any investments which are covered under the provisions of section 186 of the Companies Act, 2013.

RELATED PARTY TRANSACTIONS

There was no related party transactions (RPTs) entered into by the Company during the financial year, which attracted the provisions of section 188 of the Companies Act, 2013.

BOARD MEETINGS AND Composition of the Board and attendance record of directors for 2017-18

During the financial year under review 04 meetings of the Board of Directors were held on following dates,

06th June, 2017	15th September, 2017	27th November, 2017
12th March, 2018		

The maximum interval between any two meetings did not exceed 120 days, as prescribed in the Companies Act, 2013 read with Secretarial Standard-I .

Table 1: Composition of the Board and attendance record of directors for 2016-17

Name of director	Category	Relationship with other directors	Meetings attended	Whether attended last AGM
Shri Anil Mukim, IAS [DIN 02842064]	**Chairman- Non-Executive**	---	**4/4**	**No**
Ms. Arti Kanwar, IAS [DIN 03535973]	**Director**	---	**2/4**	**No**
Shri Vasantkumar Raval [DIN 03097981]	**Independent Director**	---	**3/4**	**No**
Ms. Mamta Verma, IAS [DIN 01854315]	**Independent Woman Director**	---	**4/4**	**No**
Smt. Mona Khandhar, IAS [DIN 06803015]@	**Managing Director- Non-Executive, Promoter**	---	**1/1**	**No**
Shri Sanjeev Kumar, IAS [DIN 03600655]*	**Managing Director- Non-Executive, Promoter**	---	**3/3**	**No**

^ tendered his resignation w.e.f. 17.03.2018
@ tendered her resignation w.e.f.31.07.2017
***appointed as M.D. w.e.f. 31.07.2017**

Meetings and Membership the Committee

1. Audit Committee

During financial year 2017-18 the Audit Committee met 03 times as following dates,

15th September, 2017	27th November, 2017	12th March, 2018

The present composition of Audit Committee is as follow,

1. Shri Arvind Agarwal, IAS [DIN 00122921] Chairman of the Committee

2. Ms. Mamta Verma, IAS [DIN 01854315], Member (Independent Director)
3. Shri Vasant Raval [DIN 03097981], Member (Independent Director)

2. Corporate Social Responsibility Committee (CSR Committee)

During the year CSR Committee met on 12th March, 2018

The present composition of CSR Committee is as follow,

Shri Arvind Agarwal, IAS [DIN 00122921] Chairman of the Committee
2. Shri Sanjeev Kumar, IAS [DIN 03600655], Member
3. Ms. Mamta Verma, IAS [DIN 01854315], Member (Independent Director)

4. Nomination and Remuneration Committee (N&R Committee)

During the year N&R Committee met on 15th September, 2017

The present composition of Nomination and Remuneration Committee is as follow,

1. Ms. Mamta Varma, IAS [DIN 01854315] Chairman of the Committee
2. Shri Sanjeev Kumar, IAS [DIN 03600655], Member
3. Shri Vasant Raval [DIN 03097981], Member (Independent Director)

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under section 134 (5) of the Companies Act, 2013, with respect to Directors' Responsibility Statement, it is hereby confirmed:
(a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
(b) the directors have 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 have 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 have prepared the annual accounts on a going concern basis; and
(e) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Deposits

Your company has not accepted or renewed any deposits during the year under review mentioned under Section 73 of the Companies Act, 2013.

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

The Company primarily being an investment company and not involved in any industrial or manufacturing activities, the Company has no particulars to report regarding conservation of energy and technology absorption as required under section 134 of the Companies Act, 2013 and Rules made thereunder.

During the year under review, the Company did not have any foreign exchange earnings or foreign exchange outgo.

ACKNOWLEDGMENTS

The Board expresses its gratitude and appreciation to the Government of Gujarat, Financial Institutions and Banks, other business associates, promoters and shareholders' and employees of the Company for their continued support.

For, and on behalf of the Board



Chairman

Date: 01/11/2018
Place: Gandhinagar

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143 (6) (b) OF THE COMPANIES ACT, 2013 ON THE STANDALONE FINANCIAL STATEMENTS OF GUJARAT STATE INVESTMENT LIMITED FOR THE YEAR ENDED 31 MARCH 2018

The preparation of standalone financial statements of the **Gujarat State Investment Limited** for the year ended 31 March 2018 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139 (5) of the Act are responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under Section 143 (10) of the Act. This is stated to have been done by them vide their Audit Report dated 31 July 2018.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of **Gujarat State Investment Limited** for the year ended 31 March 2018 under Section 143 (6) (a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records.

On the basis of my audit, nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' Report.

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

18/10/18

(H. K. Dharmadarshi)
Principal Accountant General (E&RSA), Gujarat

Place: Ahmedabad
Date:

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) READ WITH SECTION 129 (4) OF THE COMPANIES ACT, 2013 ON 'THE CONSOLIDATE FINANCIAL STATEMENTS OF GUJARAT STATE INVESTMENTS LIMITED FOR THE YEAR ENDED 31 MARCH 2018 AND REPLY THERETO

Comments	Management's Reply
The preparation of consolidated financial statements of Gujarat State Investments Limited for the year ended 31 March 2018 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139 (5) read with Section 129 (4) of the Act are responsible for expressing opinion on the financial statements under Section 143 read with Section 129 (4) of the Act based on independent audit in accordance with the Standards on Auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 31 July, 2018. I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the consolidated financial statements of Gujarat State Investments Limited for the year ended 31 March 2018 under Section 143 (6) (a) read with Section129 (4) of the Act. We conducted supplementary audit of the financial statements of Gujarat State Investments Limited and Bhavnagar Energy Company Limited for the year ended on that date. Further, Section 139(5) and 143 (6)(a) of the Act are not applicable to Gujarat State Fertilizers and Chemicals Limited, Gujarat Narmada Valley Fertilisers Company Limited, Gujarat Alkalies and Chemicals Limited being private entities for appointment of their Statutory Auditor and for conduct of supplementary audit. Accordingly, Comptroller and Auditor General of India has neither appointed the Statutory Auditor nor conducted the supplementary audit of these companies. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under Section 143(6)(b) read with Section 129(4) of the Act which have come to my attention and which in my view are necessary for enabling a better	Statement of Fact

understanding of the consolidated financial statements and the related Audit Report:	
A. Comments on Disclosure **Notes forming part of financial statements (Consolidated)** **1. Significant Accounting Policies** A reference is invited to Para No. 1.2 of Significant Accounting Policies dealing with Principles of consolidation wherein it is stated that 'such policies and notes from the individual financial statements have been disclosed which fairly represent the needed disclosure'. Gujarat Narmada Valley Fertilizers & Chemicals Limited (GNFC), an associate of GSIL, in its financial statements for the year ended March 31, 2018 has given following note: 'The Company has made investment in Bhavnagar Energy Company Limited (BECL), which is involved in coal based generation of electricity with two 250 MW plants each. There is significant delay in commissioning the plant and commercial operations of the investee company. Due to significant delay in project, there is a significant cost overrun and profitability issues for BECL. Considering financial position and financial performance of BECL on a conservative basis, management has provided diminution provision of 1,197 lakh (March 31, 2017: Rs. 1,290.61 lakh) during the current year ended March 31, 2018. The above note of GNFC should have been disclosed in the notes forming part of consolidated accounts as part of fair and transparent accounting as GNFC has made diminution provision of Rs. 1,197 lakh against investment in BECL which is also an associates of GSIL and in which GSIL has investment of Rs. 258.43 crore as on March 31, 2018. Para No 1.2 of Significant Accounting Policies is deficient to that extent.	Company has invested 3,32,27,546 shares in of 21.39% Gujarat Narmada Valley Fertilizers & Chemicals Limited (GNFC) which is 21.39% of total issued share capital of GNFC. The company has consolidated books of accounts of GNFC using equity method of consolidation as duly mentioned in Accounting Standard 23 "Accounting for Investments in Associates in Consolidated Financial Statements". Further during FY 2017-18, the company has consolidated profit of Rs. 159, 89 lakh (i.e. 21.39% Rs. 747, 49 lakh) as Profit Share of GNFC (Associate Company) in its books of accounts. During FY 2017-18 GNFC Ltd has provided diminution provision of Rs. 1,197 lacs in its financial statement which is 1.60% of total profit reported by GNFC in its Financial Statement. Further GNFC has not reported the said the said event as extraordinary items or prior period items in its Financial Statement. As per Para 23 of Accounting Standard Parent Company should disclose share of any extraordinary or prior period items should also be separately in its financial statement. Extract of Para 23 is reproduced herewith. *"23. Investments in associates accounted for using the equity method should be classified as long-term investments and disclosed separately in the consolidated balance sheet. The investor's share of the profits or losses of such investments should be disclosed separately in the consolidated*

For and on behalf of the **Comptroller and Auditor General Of India** **Sd/-** **(H. K. Dharmadarshi)** **Pr. Accountant General (E&RSA), Gujarat** **Place: Ahmedabad** **Date: 18.10.2018**	*statement of profit and loss. **The investor's share of any extraordinary or prior period items should also be separately disclosed.**"* Hence taking the clue from above Para, GNFC has not reported diminution provision of Rs 1,197 lakh as extraordinary item or prior period item in its financial statement as duly mentioned in Para 23 of Accounting Standard 23, it is not mandatory for Parent company to reproduce the said note reported by GNFC in its Financial Statements. In other words within the frame work of preparation of consolidated financial statements as per Accounting Standard 21 vis a vie 23 read with Companies Act, 2013, the notes on accounts pertaining to associate companies does not find place in the consolidated financial statements of the company. Hence Company has not disclosed note pertaining to diminution provision of Rs. 1,197 in respect of BECL in its financial statement which is also inconsonance with the Para 23 of Accounting Standard 23. **For and on behalf of the** **Gujarat State Investments Limited** **Arvind Agarwal, IAS** **[DIN00122921]** **Chairman** **Place:** Gandhinagar **Date:** 01/11/2018

Harish P. Jain & Associates
Practising Company Secretary

Harish P. Jain
(B Sc LL B FCS)

302, "Narayan Krupa Square",
B/h. Old Natraj Cinema, Near Sakar - V,
Off Ashram Road, Ahmedabad - 380 009.
Telefax : (O) : 079 - 26574144
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Form No. MR-3

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2018
[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
GUJARAT STATE INVESTMENTS LIMITED

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Gujarat State Investment 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 my opinion thereon.

Based on our verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31, 2018 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 March 31, 2018 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Law as applicable specifically to the Company is as under:

a. Reserve Bank of India, 1934

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India, to the extent applicable under the companies Act, 2013.

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

The Company was not required to comply with the provision of other regulation listed in the Form No. MR-3 prescribed under the Companies Rules, 2014 as there were no instance / events falling within the preview of these regulations during the financial year.

We further report that-

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

(ii) 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.

(iii) As per the minutes of the Board duly recorded and signed by the Chairman, decision of the Board was unanimously and no dissenting view are recorded .

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.

Place: Ahmedabad
Date: 30/04/2018

for HARISH P.JAIN & ASSOCIATES
PRACTISING COMPANY SECRETARIES

(HARISH JAIN)
Proprietor
Membership
FCS No.4203
C. P. NO. 4100

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2018

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

1.	CIN	U64990GJ1988SGC010307
2.	Registration Date	29/01/1988
3.	Name of the Company	GUJARAT STATE INVESTMENTS LIMITED
4.	Category/Sub-category of the Company	Company Limited by Shares/ Government Company
5.	Address of the Registered office & contact details	6th Floor, H. K. House, Ashram Road, Ahmedabad-380 009 (P)079-26586636, 26579731 Mail:- infoatgsil@gmail.com
6.	Whether listed company	NO
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Investments Company	64200	100%
2			
3			

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

SN	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY /	% of shares held	Applicable Section
1	GUJARAT STATE FERTILIZERS & CHEMICALS LIMITED	L99999GJ1962PLC001121	Associate	37.84%	Section 2(6)
2	GUJARAT NARMADA VALLEY FERTILIZERS & CHEMICALS LIMITED	L24110GJ1976PLC002903	Associate	21.38%	Section 2(6)
3	GUJARAT ALKALIES AND CHEMICALS LIMITED	L24110GJ1973PLC002247	Associate	20.87%	section 2(6)
4	BHAVNAGAR ENERGY COMPANY LIMITED	U40102GJ2007SGC051396	Associate	25.09%	section 2(6)

IV. VI. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year[As on 31-March-2016]				No. of Shares held at the end of the year[As on 31-March-2017]				% Change during the year
	De mat	Physical	Total	% of Total Shares	De mat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF									
b) Central Govt									
c) State Govt(s)		1042769000	1042769000	100		1042769000	1042769000	100	NIL
d) Bodies Corp.									
e) Banks / FI									
f) Any other		70	70			70	70		
Total shareholding of Promoter (A)		1042769070	1042769070	100		1042769070	1042769070	100	NIL
B. Public Shareholding									
1. Institutions									
a) Mutual Funds									
b) Banks / FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs									
h) Foreign Venture Capital Funds									
i) Others									

360

(specify)									
Sub-total (B)(1):-									
2. Non-Institutions									
a) Bodies Corp.									
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh									
c) Others (specify)									
Non Resident Indians									
Overseas Corporate Bodies									
Foreign Nationals									
Clearing Members									
Trusts									
Foreign Bodies - D R									
Sub-total (B)(2):-									
Total Public Shareholding (B)=(B)(1)+ (B)(2)									
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)		1042769070	1042769070	100		1042769070	1042769070	100	NIL

(ii) Shareholding of Promoter-

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	Hon'ble Governor of Gujarat	1042769070	100	Nil	1042769070	100	Nil	NIL
2								
3								
4								
5								
6								
7								
8								
9								

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

No Change

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

Not Applicable

(v) Shareholding of Directors and Key Managerial Personnel:

SN	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	NIL	NIL	NIL	NIL
	At the end of the year	NIL	NIL	NIL	NIL

V) **INDEBTEDNESS** -Indebtedness of the Company including interest outstanding/accrued but not due for payment.

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	N.A.	6,79,85,00,000.00	N.A.	6,79,85,00,000.00
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)				
Change in Indebtedness during the financial year				
* Addition		60,00,00,000.00		60,00,00,000.00
* Reduction		1,79,85,00,000.00		1,79,85,00,000.00
Net Change				
Indebtedness at the end of the financial year				
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)		**5,60,00,00,000.00**		**5,60,00,00,000.00**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

The Managing Director of the Company is non-executive MD hence, remuneration to MD is not applicable

B. Remuneration to Directors

a. Note: Till the last financial year all directors of the Company has nominated by Government of Gujarat, i.e Promoter of the Company, as Non-Executive Directors, therefore sitting fees has not been paid by the Company

b. **REMUNERATION TO OTHER DIRECTORS**

A Independent Directors **Amount in ₹**

SN	Particulars of Remuneration	Independent Director		
		Shri Vasantkumar Raval	Ms. Mamta Varma	Total
1	Fees for attending Board/Committee Meetings	7500.00	NIL	7500.00
2	Commission	NIL	NIL	NIL
3	Other	NIL	NIL	NIL
	Total Payment	**7500.00**	**NIL**	**7500.00**

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Amount in ₹

SN	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
1	Gross salary	N.A.	7,82,186.00	11,33,924.00	19,16,110.00
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		NIL	NIL	NIL
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		NIL	NIL	NIL
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961		NIL	NIL	NIL
2	Stock Option		NIL	NIL	NIL
3	Sweat Equity		NIL	NIL	NIL
4	Commission		NIL	NIL	NIL
	- as % of profit		NIL	NIL	NIL
	others, specify...		NIL	NIL	NIL
5	Others, please specify		NIL	NIL	NIL
	Total		7,82,186.00	11,33,924.00	19,16,110.00

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

During the year 2017-18, there were no penalties/punishment/compounding of offences under the Companies Act, 2013.

GUJARAT STATE INVESTMENTS LIMITED
6th Floor, H.K. House, Ashram Road,
AHMEDABAD-380 009
(CIN:-U64990GJ1988SGC010307)

FORMAT FOR THE ANNUAL REPORT ON CSR ACTIVITIES

1. CSR Policy of the Company as annexed hereto

2. The present composition of CSR Committee is as follow,

    1. Shri Arvind Agarwal, IAS [DIN 00122921], Chairman of the Committee
    2. Smt. Sanjeev Kumar, IAS [DIN 03600655], Member
    3. Ms. Mamta Verma, IAS [DIN 01854315], Member (Independent Director)

3. The Average Net Profit of the Company for last three financial year is ₹ 32,39,64,882/-

4. Prescribed CSR expenditure (two percent of the amount as in item 3 above) is ₹ 64,79,298/-

5. The details of CSR spend during the financial year 2017-18 is

    a. Total amount spend for financial year: ₹ 64,79,298/-

    b. Amount unspent : NIL

    c. The Company being a Government Company has contributed the amount ₹ 64,79,298/- to "Gujarat CSR Authority" towards its CSR contribution

The Committee declares that the amount which has been spent by the Company for CSR Contribution is in compliance with CSR objectives and policy of the Company.

Managing Director

Chairman

ANNEXURE-1 27/03/15

Corporate Social Responsibility Policy

Gujarat State Investments Limited

Preamble

Gujarat State Investments Limited (GSIL) is a wholly owned Government of Gujarat Company with employee size of total five employee, having regard to the Company's size and scope, for social development contribution in the local area it would not be practical to undertake direct CSR project.

CSR Policy

The Company will focus on activities in areas, excluding those undertaken in pursuance of normal business of the Company, selected from those identified and prescribed under the Companies Act, 2013 with greater participation in the areas of health, sanitation and social welfare, efforts towards reducing child mortality, promotion of education & socially responsible behavior and employment enhancing vocational skills.

The Government of Gujarat, keeping in view of objective prescribed under the Companies Act, 2013, read with CSR Rules, 2014 has formulate CSR Authority, to carry out various CSR Activities.

The Company will transfer, in every financial year, an amount considered appropriate by the Board, inter-alia keeping in view the benchmark of 2% of the average net profits of the Company during the 3 immediately preceding financial years, to the CSR Authority and/trust/society as established by the Government of Gujarat, to fulfill its Corporate Social Responsibilities.

Place: Gandhinagar

Date:

J. P. SHAH & CO.
Chartered Accountants

J. P. SHAH
B.Com, F.C.A.

CA NIRAV J. SHAH
B.Com, F.C.A, LL.B, D.I.S.A., B.C.S.

7/8, Mrudul Tower, 1st Floor, H.K. House Lane, Ashram Road, Ahmedabad-380 009. Tel. : 079- 26576124

INDEPENDENT AUDITOR'S REPORT

To,
The Members of
GUJARAT STATE INVESTMENTS LIMITED,

Report on the Standalone Financial Statements

We have audited accompanying financial statements of **Gujarat State Investments Limited**('the company') which comprise the Balance Sheet as at 31 March, 2018, and the Statement of Profit and Loss, the statement of change in equity and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone 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 standalone financial statements that give true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2015.This responsibility also includes maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design , implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone 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 Rules made there under.

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

J. P. SHAH & CO. N. J. SHAH M.NO. 107717 FRN-109543W AHMEDABAD CHARTERED ACCOUNTANTS

J. P. SHAH & CO
Chartered Accountants

CA J..P. SHAH
B.Com, F.C.A.

CA NIRAV J. SHAH
B.Com, F.C.A., LL.B., D.I.S.A., B.C.S.

7/8, Mridul Tower, 1st Floor, H.K. House Lane, Ashram Road, AHMEDABAD 380 009 Tel.: 079 - 26576124

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 risk 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 true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to explanations given to us, the aforesaid Standalone 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'2018 and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the said Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
   (b) In our opinion, proper books of accounts required by the law have been kept by the company so far 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 specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
   (e) GSIL being a Government Company, Section 164(2) of The Companies Act 2013 is not applicable.
   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure B"**.

J. P. SHAH & CO
Chartered Accountants

CA J..P. SHAH
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(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

(i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements.

(ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses:

(iii) As the Company being a Government Company & 100% owned by Government of Gujarat, the said clause is not applicable, and the Company has not declared any dividend, so there has been no delay in transferring amounts, required to be transferred to the Investors Education and Protection Fund by the Company.

3. As required by Section 143(5) of the Act, 2013 we are enclosing herewith compliances to directions / sub directions as part of Audit Report in Annexure II enclosed herewith.

For, **J P SHAH & CO**
CHARTERED ACCOUNTANTS
FRN: 109612W

(CA Nirav J. Shah)
Partner
Membership No. 107717

Place: Ahmedabad
Date: 31/07/2018

J. P. SHAH & CO
Chartered Accountants

CA J..P. SHAH
B.Com, F.C.A.

CA NIRAV J. SHAH
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ANNEXURE A TO AUDITOR'S REPORT
(Referred to in paragraph 1 of our report of even date)

The Annexure referred to in our Independent Auditor's Report to the members of the Company on the financial statements for the year ended 31st March, 2018, we report that:

1. (a) The company has maintained proper records showing full particulars, including quantitative details and situation of Fixed Assets up to 31st March, 2018.

   (b) According to the information and explanation given to us all the fixed assets have been physically verified by the company during the year, there is a regular programme of verification which is reasonable having regard to the size of the company and the nature of its assets. No material discrepancy were noticed on such verification.

   (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

2. This clause is not applicable to the company as the company does not deal in Inventories.

3. The company has not granted any loans secured or unsecured to companies, firms or other parties covered in register maintained under section 189 of the Companies Act, 2013 ('the Act').Accordingly provisions of clause 3(iii) (a) to (c) of the order are not applicable to the company and hence not commented upon.

4. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, in respect of the loans, investment, guarantees and security.



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5. The Company has not accepted any deposits from the public and the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other provisions of the Act and the Companies (Acceptance of Deposit) Rules,2015 with regard to deposit accepted from the public are not applicable.

6. The company is not required to maintain the cost records as may be prescribed by the Central Government under section 148(1) of the Companies Act, 2013

7. In respect of statutory dues :
   (a) According to the information and explanation given to us, the company is generally Regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees state insurance, income tax, service tax, cess and other material statutory dues, applicable to it.

   According to the information and explanation given to us by the management of the company and based on the records provided to us by the company, there are no disputed amount payables in respect of Income Tax, Service Tax, cess in arrears, as at 31st March, 2018 for a period of more than six months from the date they became payable.

   (b) According to the Information and explanations given to us, there are no dues of Income Tax, Service Tax outstanding on account of any dispute.

8. The company does not have any loans or borrowings from any financial institutions, banks, or debenture holders during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.

9. The company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.

J. P. SHAH & CO
Chartered Accountants

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10. According to the information and explanations given to us, no material fraud by the company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

11. According to the information and explanation given to us, and based on our examination of the records of the Company, the Managing Director is a non executive director.

12. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company and hence the provision of this clause is not applicable.

13. According to the information and explanation given to us and based on the examination of the records, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and the details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

14. According to the information and explanations given to us and based on the examination of the records, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provisions of Clause (xiv) of paragraph 3 of the Order are not applicable to the company and hence not commented upon.

15. According to the information and explanation given to us and based on the examination of the records, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3(xv) of the Order are not applicable to the company and hence not commented upon.

J. P. SHAH & CO
Chartered Accountants

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16. According to the information and explanation given to us and based on the examination of the records, The Company has complied with the requirement of section 45-IA of Reserve Bank of India Act, 1934. The details of which are prescribed in Annexure-II

For, J P SHAH & CO
CHARTERED ACCOUNTANTS
FRN: 109612W

(CA Nirav J. Shah)
Partner
Membership No. 107717

Place: Ahmedabad
Date:31/07/2018

J. P. SHAH & CO
Chartered Accountants

CA J..P. SHAH
B.Com, F.C.A.

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"Annexure B" to the Auditor's Report of even date on the Standalone Financial Statements of GUJARAT STATE INVESTMENTS LIMITED.

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

We have audited the internal financial controls over financial reporting of Gujarat State Investments Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone 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 control. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's 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.

J. P. SHAH & CO
Chartered Accountants

CA J..P. SHAH
B.Com, F.C.A.

CA NIRAV J. SHAH
B.Com, F.C.A., LL.B., D.I.S.A., B.C.S.

7/8, Mridul Tower, 1st Floor, H.K. House Lane, Ashram Road, AHMEDABAD 380 009 Tel.: 079 – 26576124

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.

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Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For, J P SHAH & CO
CHARTERED ACCOUNTANTS
FRN: 109612W

(CA Nirav J. Shah)
Partner
Membership No. 107717

Place: Ahmedabad
Date: 31/07/2018

J. P. SHAH & CO
Chartered Accountants

CA J..P. SHAH
B.Com, F.C.A.

CA NIRAV J. SHAH
B.Com, F.C.A., LL.B., D.I.S.A., B.C.S.

7/8, Mridul Tower, 1st Floor, H.K. House Lane, Ashram Road, AHMEDABAD 380 009 Tel.: 079 – 26576124

Annexure-II

REPORT IN RESPECT OF DIRECTIONS UNDER SECTION 143(5) OF THE COMPANIES ACT, 2013 FOR THE YEAR 2017-18.

Sr. No.	Particulars	Comments on
(1)	Whether the company has clear title/lease deeds for freehold and leasehold land respectively? If not, please state the area of freehold and leasehold land for which title/lease deeds are not available.	There is no freehold or leasehold land existing in the asset register of the company and hence above question is not applicable to the company.
(2)	Whether there are any cases of waiver/write off of debts/loans/interest etc. if yes, the reasons there for and the amount involved.	No, There is not any case of waiver/write off of debts/loans/interest etc.
(3)	Whether proper records are maintained for inventories lying with third parties & assets received as gift/grant(s) from government or other authorities.	The company's business is of investment activity hence there is no inventories. The company has not received any gift/grant(s) from government or other authorities.

J. P. SHAH & CO
Chartered Accountants

CA J..P. SHAH
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CA NIRAV J. SHAH
B.Com, F.C.A., LL.B., D.I.S.A., B.C.S.

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SECTOR SPECIFIC SUB-DIRECTIONS UNDER SECTION 143(5) OF THE COMPANIES ACT, 2013.

FINANCE SECTOR

Sr. No.	Particulars	Comments on
(1)	Whether the Company has complied with the directions issued by Reserve Bank of India for : • Non-Banking Finance Companies (NBFCs); • Classification of non-performing assets; and • Capital adequacy norms for NBFCs.	The Company is unregistered CIC hence directions issued by RBI for CIC-ND-SI are applicable and complied with.
(2)	Whether the Company has a system to ensure that loans were secured by adequate security free from encumbrances and have first charge on the mortgaged assets. Further instances of undue delay in disposal of seized units may be reported.	As unregistered CIC-ND-SI, the company is barred from granting any loan in compliance with RBI directions.
(3)	Whether introduction of any scheme for settlement of dues and extensions hereto complied with policy/ guidelines of Company / Government.	The said clause is not applicable to the Company
(4)	Comments on the confirmation of balances of trade receivables, trade payables, term deposits, bank accounts and cash obtained.	Yes, the confirmation for term deposits, bank accounts & cash is obtained on regular basis. Further there is no trade receivable or payable hence confirmation for the same not required.
(5)	Whether the bank guarantees have been revalidated in time?	The Company has not accepted or given any bank guarantees and hence not applicable.

For, J P SHAH & CO
CHARTERED ACCOUNTANTS
FRN: 109612W

(CA Nirav J. Shah)
Partner
Membership No. 107717

Place: Ahmedabad
Date: 31/07/2018

Gujarat State Investments Limited
BALANCE SHEET AS AT 31ST MARCH 2018 (Standalone)

Amount (Rs.)

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	2	10,42,76,90,700	10,42,76,90,700
(b) Reserves and Surplus	3	8,64,80,54,795	7,91,98,01,005
Shareholder's Funds		19,07,57,45,495	18,34,74,91,705
(2) Share Application Money pending allotment		-	-
(3) Non-Current Liabilities			
(a) Long-Term Borrowings	4	5,60,00,00,000	6,79,85,00,000
(b) Long Term Provisions	5	13,27,708	9,69,380
Non-Current Liabilities		5,60,13,27,708	6,79,94,69,380
(4)Current Liabilities			
(a) Trade Payables		-	-
(b) Other Current Liabilities	6	15,78,351	25,54,354
© Short term Provisions	7	48,995	42,857
Current Liabilities		16,27,346	25,97,211
Total		**24,67,87,00,549**	**25,14,95,58,296**
Property Plant & Equipment			
(1) Non-Current Assets			
(a)Fixed Assets			
(i) Tangible assets	8	16,63,220	23,38,612
(b)Non-current investments	9	24,03,40,67,577	23,43,40,67,578
(c)Deferred tax assets (net)	10	7,52,886	5,07,531
(d)Long term loans and advances	11	3,65,23,429	3,80,94,200
Non-Current Assets		24,07,30,07,112	23,47,50,07,921
(2)Current Assets			
(a)Cash and Cash Equivalents	12	44,63,395	29,63,783
(b)Short-term loans and advances	13	58,15,57,526	1,60,71,81,534
(c)Other current assets	14	1,96,72,516	6,44,05,058
Current Assets		60,56,93,437	1,67,45,50,375
Total		**24,67,87,00,549**	**25,14,95,58,296**

Notes to Balance Sheet and Statement of Profit & Loss 1 to 31

As per our report attached

For J.P.Shah & Co.
Chartered Accountants
Firm registration number : 109612W

CA Nirav J.Shah)
Partner

Membership No. : 107717
Place : Ahmedabad
Date 31/07/2018

For and on behalf of board of directors of
Gujarat State Investments Limited

Managing Director Director

Company Secretary Chief Financial Officer
Place : Gandhinagar
Date 22 JUL 2018

GUJARAT STATE INVESTMENTS LTD. AHMEDABAD

Gujarat State Investments Limited

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH 2018 (Standalone)

			Amount (Rs.)
Particulars	**Note No**	***for the year ended on March 31, 2018***	***for the year ended on March 31, 2017***
I Revenue :			
Revenue from operations	15	76,76,53,230	65,18,10,349
Other Income	16	19,17,036	85,550
Total Reveune		**76,95,70,266**	**65,18,95,899**
II Expenses			
Employee Benefits Expenses	17	36,06,250	30,91,884
Finance Costs	18	28,556	28,739
Depreciation expenses	8	8,78,442	7,45,817
Other expenses	19	1,04,66,579	1,25,62,254
Total Expenses		**1,49,79,827**	**1,64,28,694**
III Profit before Tax		75,45,90,439	63,54,67,205
IV Tax Expense			
(a) Current tax		2,65,82,004	6,02,96,705
(b) Current tax expense related to prior years		-	2,45,165
(c) Deferred Tax		(245355)	(140702)
V Profit for the year(III - IV)		72,82,53,790	57,50,66,037
VI Earnings Per Equity Share (F.V of Rs. 10 each)			
Basic (in Rs.)		0.70	0.55
Diluted (in Rs.)		0.70	0.55

Notes to Balance Sheet and Statement of Profit & Loss 1 to 31

per our report attached

For J.P.Shah & Co.
Chartered Accountants
Firm registration number : 109612W

CA Nirav J. Shah
Partner

Membership No. : 107717
Place : Ahmedabad
Date 21/07/2018

For and on behalf of board of directors of
Gujarat State Investments Limited

Managing Director **Director**

Company Secretary **Chief Financial Officer**
Place : Gandhinagar
Date 22 JUL 2018

GUJARAT STATE INVESTMENTS LTD. AHMEDABAD

Gujarat State Investments Limited

Cash Flow Statement for the year ended March 31, 2018 (Standalone)

Amount (Rs.)

	Particulars	2017-18	2016-17
A	**CASH FLOW FROM OPERATING ACTIVITES**		
	Net Profit Before Tax	75,45,90,439	63,54,67,205
	Adjustments for :		
	Provision for dimunition in value of investments, credited to the statement of	-	-
	Profit & Loss Account		
	Depreciation	8,78,442	7,45,817
	Liabilites / Provsisons no longer required	-	-
	Liabilites / Provsisons no longer required		
	Profit / Loss on sale of Assets	-	2,105
	Profit & Loss on sale of Investment	-	-
	Prior Period Adjustment		
	Operating profit before working capital changes		
	Adjustments for :		
	Provision of Gratuity & Retirement benefits	3,58,328	1,39,716
	Operating profit before working capital changes	75,58,27,209	63,63,54,843
	Movments in working Capital		
	Decrease/Increase in other current assets	4,47,32,542	6,61,95,186
	Other Non current assets		-
	Decease/Increase in loan & Advances	1,02,71,94,779	1,35,75,87,395
	Decrease / Increase in Current Liability	-9,69,865	14,04,900
	Cash used in operations	1,07,09,57,456	1,42,51,87,481
	Direct Tax Paid (Net of Refunds)	-2,65,82,004	-6,05,41,870
	Net Cash used in Operating Activities	1,80,02,02,661	2,00,10,00,454
B	**CASH FLOW FROM INVESTING ACTIVITES**		
	Proceeds from sale of Fixed Assets	-	300
	Proceeds from sale of Investment	-	-
	Purchase of Fixed Asset	-2,03,050	-19,98,662
	Capital Expenditure on Purchase of Fixed Assets		-
	Purchase of Investments	-60,00,00,000	-54,85,00,000
	Intercorporate Deposits Placed		
	Intercorporate Deposits Withdrawan		
	Net Cash from Investing Activities	-60,02,03,050	-55,04,98,362
C	**CASH FLOW FROM FINANCING ACTIVITES**		-
	Proceeds/ Payment from unsecured loans	-1,19,85,00,000	-2,00,00,00,000
	Proceeds for Share Application Money		
	Net Cash from Financing Activities	-1,19,85,00,000	-2,00,00,00,000
	Net Increase / (Decrease) in Cash And Cash Equivalents (A + B + C)	14,99,611	-54,94,97,908
	Cash And Cash Equivalents - Opening Balance	29,63,783	55,24,61,691
	Cash And Cash Equivalents - Closing Balance	44,63,395	29,63,783

Notes :

1 Since Company is a Investment Company, Purchase & sale of Investments have been considered as part of " Cash flow from Investing activites & Interest / dividend earned from said Investments during the year have been considered as part of " Cash flow from Operating activties"

2 Cash and cash equivalents represents cash and bank balances as per Balance Sheet, intercorporate deposits placed for three months or lower tenure.

3 Previous year's figures have been regrouped, wherever necessary.

As per our report attached

For J.P.Shah & Co.
Chartered Accountants,
Firm registration number : 109612W

N. J. SHAH
M.No. 107717
FRN-109612W
AHMEDABAD

(CA Nirav J Shah)
Partner
Membership No.- 107717
Place : Ahmedabad
Date 31/07/2018

For and on behalf of board of directors of
Gujarat State Investments Limited

Managing Director — Director

Company Secretary — Chief Financial Officer

Place : Gandhinagar
Date 22 JUL 2018

GUJARAT STATE INVESTMENTS LTD. AHMEDABAD

Gujarat State Investments Limited

Notes forming part of financial statements for the year ended 31st March'2018 (Standalone)

1 SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of preparation of Financial Statements

The Financial Statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) in India under the historical cost convention on accrual basis of accounting.

Accounting Policies have been consistently followed except where a newly issued Accounting Standard is initially adopted or a revision of an existing Accounting Standard requires a change in the accounting policy hitherto in use. The company adopts the accrual system of accounting. The accounting is on the basis of a going concern concept.

The accounting policies adopted in preparation of financial statements are consistent with those of previous year except for the change in accounting policy explained below.

1.2 Use of Estimates

The preparation of financial statements in conformity of Indian GAAP requires the management to make judgments, estimates & assumptions that affects the reported amounts of revenues, expenses, assets, liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions.

Uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

1.3 Income Recognition

Income from dividend is accounted as and when such dividend has been declared and company's right to received payment is established.

Interest income is recognized on a time proportion basis, taking into the account the amount outstanding and the rate applicable.

GUJARAT STATE INVESTMENTS LTD. AHMEDABAD

1.4 **Fixed Assets**

Fixed assets are stated at cost of acquisition less accumulated depreciation provided on written down value method.

Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

1.5 **Depreciation**

Depreciation on fixed assets is provided on written down value method as per the Useful life prescribed in Schedule II to the Companies Act, 2013.

1.6 **Impairment of Fixed Assets**

a) Consideration is given during the period to determine whether there is any indication of impairment of the carrying amount of the Company's Fixed Assets. If any indication exists, an Asset's recoverable amount is estimated, an impairment loss is recognized whenever the carrying amount of an Asset exceeds recoverable amount.

b) Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased.

1.7 **Investments**

The company has valued its Investment at cost. The company has created provision for diminishing in the value of investment which other than temporary in the nature. The company has carried out impairment test for valuation of investment as on balance sheet date. As a matter of prudence and conservatism, company has not recognized rise in the value of investment which is in temporary nature and has not reversed provision created for diminishing in the value of Investment in earlier years.

1.8 **Employee Benefits**

i) Short-term employee benefits;

Short-term employment benefits are recognized as an expense at the undiscounted amount in the profit & loss account of the year in which the related service is rendered.

ii) Post employment benefits;

a) Post employment benefits comprise of gratuity, leave encashment Post employment benefits are recognized as an expense in the profit and loss account for the year in which the employee has rendered services. The expense is recognized at the present value of the amount payable using actuarial valuation carried out as at the end of the year in accordance with the Accounting Standard As-15 on 'Employee Benefits' notified

GUJARAT STATE INVESTMENTS LTD. AHMEDABAD

under Companies Accounting Standards Rules ,2006.

b) The company has setup a separate Provident Fund Trust. Contribution paid / payable for provident fund of eligible employees is recognized in the profit and loss account each year. The Company has an obligation to make good the short fall if any, between the return from the investment of the trust and the interest rate notified by the government.

Actuarial gains and losses in respect of post employment benefits are charged to the profit and loss account.

1.9 **Taxation.**

a) Provision for Income Tax is made on the basis of taxable income for the current accounting year in accordance with the Income Tax Act, 1961 and Rules framed there under.

b) Deferred tax asset / liability are recognized at the applicable rate of tax on the basis of timing differences between book profit and taxable income. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income is available against which deferred tax assets can be realized. In situations where the company has carry forward tax losses all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

1.10 **Earning Per Share**

The company reports basic and diluted earnings per share (EPS) in accordance with Accounting standard 20 on Earnings Per Share. Basic EPS is computed by dividing the net profit or loss for the year by the weighted average number of equity shares outstanding during the year.

1.11 **Provisions Contingent Liabilities and Contingent Asset**

Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event ; it is probable that an out flow of resources will be required to settle the obligation ,in respect to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current estimates.

Contingent liabilities, if any, are disclosed by way of note.

Contingent Assets are neither recognized nor disclosed in the Financial Statements.

GUJARAT STATE INVESTMENTS LTD. AHMEDABAD

Amount in Rs.

te o	Particulars	As at March 31, 2018	As at March 31, 2017
	Notes to Financial Statements		
	Share Capital		
	The company has two class of shares referred to as Equity shares & Preference shares. The details thereof are as under :		
	Authorised		
	285,00,00,000 Equity Shares of Rs. 10 each	28,50,00,00,000	28,50,00,00,000
	1,50,00,000 Preference Shares of Rs. 100 each	1,50,00,00,000	1,50,00,00,000
	Total	30,00,00,00,000	30,00,00,00,000
	Issued, Subscribed and Paid up		
	104,27,69,070 Equity Shares of Rs. 10 each	10,42,76,90,700	10,42,76,90,700
	Total	**10,42,76,90,700**	**10,42,76,90,700**

eld by:

1.Governor of Gujarat (100 % Shareholding) (P.Y. : 100 % Shareholding)

Reconciliation of number of shares outstanding :

Particulars		Equity Shares (in Nos.)	
A	Shares at the beginning of the year	1,04,27,69,070	1,04,27,69,070
B	Issued during the period	-	-
C	Less : Share bought back	-	-
D	**Shares At the end of the year (A + B - C)**	**1,04,27,69,070**	**1,04,27,69,070**

Rights of Equity Shareholders, Dividend and Repayment of Capital :

i All shares rank equally with regard to company's residual assets

ii The holders of equity shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at ie meeting of the company.

The details of shareholders holding more than 5 % of Shares :

Name of the Shareholders	Equity Shares (in Nos.)	
Governor of Gujarat (100 % Shareholding)	1,04,27,69,070	1,04,27,69,070

GUJARAT STATE INVESTMENTS AHMEDABAD

3 Reserves & Surplus		
Surlpus I.e. Balance in the Statement of Profit & Loss		
As per last Balance Sheet	7,39,98,01,005	6,82,47,34,968
Less ; Depreciation on transition to Schedule II of the Companies Act,2013 on tangible fixed assets with nil remaining useful life	-	-
Addition : Profit for the year	72,82,53,790	57,50,66,037
Total (a)	**8,12,80,54,795**	**7,39,98,01,005**
Capital Redemption Reserve		
As per last Balance Sheet	52,00,00,000	52,00,00,000
Total (b)	**52,00,00,000**	**52,00,00,000**
Total Reserves & Surplus (a + b)	**8,64,80,54,795**	**7,91,98,01,005**
Long Term Borrowings - Unsecured		
Loan from State Government (GOG)	5,60,00,00,000	6,79,85,00,000
Total	**5,60,00,00,000**	**6,79,85,00,000**
Long Term Provisions		
(a) Provision for Employee Benefits :		
(i) Provision for gratuity	8,21,056	6,30,444
(ii) Provision for leave encashement	5,06,652	3,38,936
(ii) Provision for other employee benefits	-	-
Total	**13,27,708**	**9,69,380**
Trade Payables		
Creditors for Expenses / Services if any	-	-
Total	-	-

There are no amounts due to the parties covered under Micro, Small and Medium Enterprises Development Act, 2006.

Other Current Liabilites		
Other payables	15,78,351	25,54,354
Total	**15,78,351**	**25,54,354**
Short Term Provisions		
(i) Provision for Gratuity	14,720	17,344
(ii) Provision for Leave Encashment	34,275	25,513
Total	**48,995**	**42,857**

GUJARAT STATE INVESTMENTS LTD. AHMEDABAD

Gujarat State Investments Limited
Notes forming part of financial statements (Standalone)

8. Tangible Assets

Amount in Rs.

Particulars	Gross Block				Depreciation Block					Net Block	
	As at March 31, 2017	Additions during the Year	Sale/ Disposal during the year	As at March 31, 2018	As at March 31, 2017	For the Year	Adjustment	As at March 31, 2018	Adjustment recorded against surplus balance in statement of Profit & Loss	As at March 31, 2018	As at March 31, 2017
Furniture & Fixtures	5,24,270	-	-	5,24,270	4,99,283	1,793	-	5,01,076	-	23,194	24,986
Vehicles	36,29,062	-	-	36,29,062	14,35,910	7,62,182	-	21,98,092	-	14,30,970	21,93,152
Office Equipment	2,18,751	19,300	-	2,38,051	1,07,189	32,215	-	1,39,404	-	98,647	1,11,562
Computer	1,99,261	1,83,750		3,83,010	1,90,349	82,252	-	2,72,601	-	1,10,409	8,912
Total	45,71,344	2,03,050	-	47,74,393	22,32,732	8,78,442	-	31,11,173	-	16,63,220	23,38,612
Previous Year	27,03,924	19,98,662	1,31,242	45,71,344	16,11,050	7,45,817	1,27,683	22,29,184	3,548	23,38,612	10,88,172

No assets are under lease or are acquired due to business combinations and other adjustments

No assets have been written off on reduction of capital or revalued during the preceding five years as on March, 31, 2018

GUJARAT STATE INVESTMENTS LTD. AHMEDABAD

Non-current investments

Long Term - Trade Investments (At cost) (No. of Equity Shares of face value of Rs. 10 each fully paid-up unless otherwise specified.)

(a) Quoted

	No. of Shares As At 31/03/2018	No. of Shares As At 31/03/2017	Book value Amount	Book value Amount
(i) Equity Shares - Strategic Investments				
Gujarat Narmada Valley Fertlisers Co. L	33227546	33227546	1,35,31,53,175	1,35,31,53,175
Gujarat State Fertlisers & Chemicals Co. Ltd. (F.V Rs.2)	150799905	150799905	2,52,37,96,172	2,52,37,96,172
Gujarat Alkalies & Chemicals Ltd.	15329373	15329373	1,73,31,52,505	1,73,31,52,505
Gujarat Industries Power Co. Ltd .	352415	352415	2,63,83,825	2,63,83,825
Torrent Power Ltd.	46871621	46871621	17,88,59,260	17,88,59,260
Gujarat Leasing Financing Ltd.	1328125	1328125	7,14,92,209	7,14,92,209
Total (i)			**5,88,68,37,145**	**5,88,68,37,145**
(ii) Equity Shares - Non Strategic vestments				
Digjam Limited	1234744	1234744	18,80,26,969	18,80,26,969
Atul Products Ltd.	130594	130594	1,40,96,129	1,40,96,129
Batliboi & Co. Ltd. (F.V. Rs.5)	38895	38895	10,25,876	10,25,876
G S L (India) Limited	157140	157140	15,71,400	15,71,400
Gujarat State Financial Corporation	935600	935600	1,87,12,000	1,87,12,000
Sun Pharmaceutical Industries Ltd. (F.V Rs.1)	505265	505265	92,87,287	92,87,287
Bank of Baroda (F.V Rs. 2)	250000	250000	1,10,12,500	1,10,12,500
Total (ii)			**24,37,32,160**	**24,37,32,160**
Total (a) (i + ii)			**6,13,05,69,305**	**6,13,05,69,306**
(b) Un Quoted				
(i) Equity Shares - Non Strategic investments				
Cama Hotels Ltd.	5340	5340	72,700	72,700
Gujarat State Machine Tools Co. Ltd. (F. V Rs. 1)	1929050	1929050	20,000	20,000
Gujarat State Trans Receivers Limited	12000	12000	1,000	1,000
Total (i)			**93,700**	**93,700**
(ii) Equity Shares - Strategic investments				
Bhavnagar Energy Corporation Ltd.	258433900	198433900	2,58,43,39,000	1,98,43,39,000
Gujarat State Petroleum Corporation Ltd.(F.V Rs. 1)	192592441	192592441	15,59,99,87,726	15,59,99,87,726
Total (ii)			**18,18,43,26,726**	**17,58,43,26,726**
Total (b) (i + ii)			**18,18,44,20,426**	**17,58,44,20,426**
Total (a + b)			**24,31,49,89,731**	**23,71,49,89,732**
Less : Provision for diminution in value of investments			**28,09,22,154**	**28,09,22,154**
Total Book Value of investments			**24,03,40,67,577**	**23,43,40,67,578**
Aggregate Market Value of Quoted investments			**51,47,00,04,515**	**47,16,93,44,984**

GUJARAT STATE INVESTMENTS LTD. AHMEDABAD

0 Deferred Tax Assets

In terms of the provisions of the Accounting Standard No. 22 " Accounting for tax on Income", notified by companies (Accounting Standards) Rule 2006 the company has started recongition of Defered Tax. In compliance with the provision of the Accounting Standard and based on general prudence, the company has started recognizing the said DTA / DTL while preparing the Accounts for the current year.

Deferred Tax Asset - Depreciation	**5,07,531**	**3,66,829**
Accrued Expenses - Deductible on Payment	**2,45,355**	**1,40,702**
Net Deferred Tax Asset	**7,52,886**	**5,07,531**

I Long Term Loans and advances

(a) Advance Income Tax		
{ (net of provisions of Current Year Rs 2,65,82,004./-) (Previous Year : Rs.6,02,96,705/-) }	3,65,23,429	3,80,94,200
(b) Other loans and advances (Bridge loan)		
Doubtful	25,00,000	25,00,000
Less : Provision for other doubtful ans and advances	25,00,000	25,00,000
	3,65,23,429	**3,80,94,200**

Cash & Cash Equivalents

(a) Cash on hand	16,230	14,616
(b) Balances with Banks :		
-In current accounts	41,92,730	9,49,167
© Liquid deposits with GSFS	2,54,435	20,00,000
Total	**44,63,395**	**29,63,783**

Short-term loans and advances

(a) Security Deposits		
Unsecured, considered good	9,000	9,000
(b) Loans & advances to employees		
Secured, considered good		
(c) Prepaid expenes - Unsecured, considered good	25,745	10,932
1) Balances with government authotities		
(i) FBT Refund	4,026	4,026
(ii) Income Tax Refund	-	-
(e) Inter-corporate deposits		
unsecured, considered good		
Gujarat State Financial Services Ltd.	58,15,18,755	1,60,71,57,576
Total	**58,15,57,526**	**1,60,71,81,534**

Other current assets

(i) Interest accured on investments	1,96,72,516	6,44,05,058
Total	**1,96,72,516**	**6,44,05,058**

GUJARAT STATE INVESTMENTS LTD. AHMEDABAD

5 Details of Revenue from operations

(a) Income from Investments		
(i) Dividends	68,19,87,840	46,99,59,787
(ii) Interest on Investments	8,56,65,390	18,18,50,562
Total	**76,76,53,230**	**65,18,10,349**

6 Other Income

(i) Adjustment to the carrying amount of long term investments-reversal of reduction in the carrying amount	-	-
(ii) Profit on sale of Invetments	-	-
(iii) Profit on sale of Assets	-	-
(iv) Adjustment of shortfall payment on CPF trust	-	54,860
(V) Interest on Income Tax refund	79,883	27,790
(VI) Provision of Exp write Back	-	2,900
(VII) Misc Receipt	18,37,153	-
Total	19,17,036	85,550

Employee Benefits Expenses

(i) Salaries	31,07,973	28,05,789
(ii) Contribution to provident and other funds	4,98,277	2,86,095
Total	**36,06,250**	**30,91,884**

Finance Costs

(i) Interest Expenses on Borrowings	-	-
(ii) Interest expenses paid to I.T Department	28,556	28,739
Total	**28,556**	**28,739**

Other Expenses

Power & fuel	3,76,768	2,25,597
Office rent	6,31,620	23,01,874
Repairs & maintenance	72,797	26,478
Insurance	47,290	19,065
Rates & Taxes	71,497	71,826
Communication	49,140	81,532
Travelling & Conveyance	78,901	1,85,802
Printing & Stationery	1,12,729	1,07,862
Legal & Professional	2,81,020	2,82,861
Payment to auditors	1,06,650	1,15,012
Stamp duty Expense	-	-
service tax (RCM)	-	1,00,809
Miscellenaous Expenses	3,92,419	6,00,849
Advertisement Expenses	-	-
Prior Period items	-	-
Expenditure on Corporate Social Responsibility	64,79,298	77,85,109
registration fees	-	-
Contract service	17,66,450	6,57,579
Total	**1,04,66,579**	**1,25,62,254**

GUJARAT STATE INVESTMENTS LTD. AHMEDABAD

20 This being an investment Company, the disclosure as per Para 4 (a) & (b) of Part II to the Schedule III of the Companies Act 2013, is not required to be made.

21 Depreciation is calculated on WDV method on the number of remaining useful life of the assets as per the provisions of Companies Act,2013.

22 **Segment Reporting**
The Company operates in one business segment. In view of this, no separate disclosure is required under Accounting Standard AS – 17 "Segment Reporting".

23 **Related Party disclosure as required under the Accounting Standard "AS-18" on Related Party Disclosures, notified under Companies Accounting Standard Rules 2006 are given below :**
a) The Company being state controlled enterprise , it is not required to disclosed transaction with other State controlled enterprise Accounting Standards AS-18
b) There is no transaction with Key management personnel

24 **Employee Benefits**
The disclosures required under Accounting Standard15"Employees Benefit 'notified in the Companies (Accounting Standards) Rules 2014 are given below:

(a)Changes In present value of obligation (As on March 31, 2018) (Amount Rs.)

Particulars	(Gratuity) March 31,2018	(Gratuity) March 31,2017	(Leave Encashment) March 31,2018	(Leave Encashment) March 31,2017
Present value of obligation as at beginning of the year	6,47,788	5,48,584	3,64,449	3,08,462
Current Service Cost	52,979	39,790	29,985	24,622
Interest Cost	46,336	41,090	25,498	23,030
Actuarial Gain/ (Loss) on obligations	88,673	18,324	1,20,995	8,335
Benefits payable	-	-	-	-
Present Value of Obligation as at end of the year	8,35,776	6,47,788	5,40,927	3,64,449

(b) The gratuity plan is not funded. Hence particulars relating to plan assets are not given

(c) The Amount Recognized in Balance Sheet (Amount In Rs)

Particulars	(Gratuity) March 31,2018	(Gratuity) March 31,2017	(Leave Encashment) March 31,2018	(Leave Encashment) March 31,2017
Present Value of obligation at the end of the Year	8,35,776	6,47,788	5,40,927	3,64,449
Fair Value of Plan Assets as at the end of the Year	Nil	Nil	Nil	Nil
New Asset/ (Liability) recognized in Balance Sheet	8,35,776	6,47,788	5,40,927	3,64,449

(d)Amount Recognized in the Profit and Loss Account (Amount In Rs)

Particulars	(Gratuity) March 31,2018	(Gratuity) March 31,2017	(Leave Encashment) March 31,2018	(Leave Encashment) March 31,2017
Current Service Cost	52,979	39,790	29,985	24,622
Interest Cost	46,336	41,090	25,498	23,030
Net Actuarial Gain/(Loss) recognized in the year 2017-18	88,673	18,324	1,20,995	8,335
Exp. Recognized in the statement of Profit & Loss	1,87,988	99,204	1,76,478	55,987

(e) Assumptions

Particulars	(Gratuity) March 31,2018	(Gratuity) March 31,2017	(Leave Encashment) March 31,2018	(Leave Encashment) March 31,2017
Mortality Table (LIC)	2006-08 (Ultimate)	2006-08 (Ultimate)	2006-08 (Ultimate)	2006-08 (Ultimate)
Discount Rate	7.30%	7.25%	7.25%	7.25%
Rate of Increase in Compensation levels	5.0%	5.0%	5.0%	5.0%
Rate of Returned Plan Assets	Not applicable	Not applicable	Not applicable	Not applicable

GUJARAT STATE INVESTMENTS LTD. AHMEDABAD

25 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 relevant information is certified by the Actuary.

In terms of the guidance on implementing the As – 15 (Revised 2005) issued by the Institute of Chartered Accountants of India , the Employees Provident Fund setup by the Company is treated as defined benefit plan since the company has to meet the specified minimum rate of return , at the year end, short fall have remained un-provided for. Accordingly an amount of Rs.78,040/- (previous year excess of Rs. 54,860/-) is recognized as short fall amount towards the Provision for Provident Fund Scheme of the Company and the same Debited to Profit and Loss Account

26 Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand along with balance of Liquid deposit with GSFS.

27 Auditor's Remuneration

(Amount In Rs.)

Particulars	2017-18	2016-17
For Statutory Audit Fees	30,250	40,325
For Tax Audit Fees	18,150	20,187
For Internal Audit Fees	28,750	28,750
For Epf Trust Audit Fees	5,900	5,750
For Secretarial Audit Fees	23,600	20,000

Earnings per Share	2017-18	2016-17
Profit/(Loss) for the period (Rs.)	72,82,53,790	57,50,66,037
Weighted average no. of shares (Face Value Rs. 10 each)	1042769070	1042769070
Earnings per Share(Basic/Dilluted)(Face Value Rs.10 each)	0.70	0.55

29 Contingent Liabilites

Claim of Income Tax for the Assessment Years 2001-02,2004-05, 2006-07,2009-10,2010-2011,2011-12,2012-13,2013-14,2014-15,2015-16 against the company is disputed and not acknowledged as debt. The company is in appeal before appellate authorities, & as on date of preparing Financial Statements there are no outstanding demand against the Company.

30 The previous year's figures have been regrouped / recast / reclassifed / rearranged whereever necesary to correspond with the current year's classification / disclosure.

31 As a promoter of Bhavnagar Energy Company Limited (BECL), the company has singed the Sponsors' Support Agreement (SSA) and as per the said Agreement, the promoters collectively shall not, till the final settlement date (being the date on which all obligations under the SSA have been irrevocably and unconditonally paid and discharged in full to the safisfaction of lenders), dispose-off their shareholdings which would result in dilution of their shareholding below 51%.

As per our report attached
For J.P.Shah & Co.
Chartered Accountants
Firm registration number : 109612W

(CA Nirav J Shah)
Partner
Membership No. : 107717
Place : Ahmedabad
Date 31/07/2018

For and on behalf of board of directors of
Gujarat State Investments Limited

Managing Director **Director**

Company Secretary **Chief Financial Officer**
Place : Gandhinagar
Date 22 JUL 2018

GUJARAT STATE INVESTMENTS LTD. AHMEDABAD

J. P. SHAH & CO.
Chartered Accountants

J. P. SHAH
B.Com, F.C.A.

CA NIRAV J. SHAH
B.Com, F.C.A, LL.B, D.I.S.A., B.C.S.

7/8, Mrudul Tower, 1st Floor, H.K. House Lane, Ashram Road, Ahmedabad-380 009. Tel. : 079- 26576124

Independent Auditors' Report on Consolidated Financial Statements

To,
The Members of
Gujarat State Investments Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Gujarat State Investments Limited ("the Investor Company") and its Associates(collectively referred to as "the Company" or "the Group"), comprising of the consolidated balance sheet as at 31 March 2018, the consolidated statement of profit and loss, the consolidated cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Investor Company's Board of Directors is responsible for the preparation of the consolidated financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Companies Act, 2013 (hereinafter referred to as "the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014. The Board of Directors of the Company are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Investor Company, as aforesaid.

Auditors' Responsibility

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of

J. P. SHAH & CO
Chartered Accountants

CA J..P. SHAH
B.Com, F.C.A.

CA NIRAV J. SHAH
B.Com, F.C.A., LL B., D.I.S.A., B.C.S.

7/8, Mridul Tower, 1st Floor, H.K. House Lane, Ashram Road, AHMEDABAD 380 009 Tel.: 079 – 26576124

The Consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Investor Company's preparation of the consolidated 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 Investors Company's Board of Directors, as well as evaluating the overall presentation of the consolidated 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 consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view (Subject to Emphasis of Matter given below) in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Company, as at 31 March 2018, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Emphasis of Matter

The Consolidated financial statement have been prepared without considering financial statements of Bhavnagar Energy Company Limited (BECL) which is an associate of the company as the financial statement for the period have not been made available to us hence we are not in position to offer any comment to that extent. (Please refer to Note No. 28(i))

Further GACL, an associate of the company has provided its stand alone financial statements hence the company has prepared consolidated financial statements as per the financial statements provided by GACL. (Please refer to Note No. 28(ii))

Our opinion on the consolidated financial statements and our report on the other legal and regulatory requirements below is not modified in respect of the above matters with respect to our reliance on the work done and unaudited financial statements certified by the management.

Other Matters

Financial Statements of Three Associates Companies' had prepared its Audited financial statement in consonance with IND AS and The financial statement of BECL, an associate of the company has not prepared its financial statement for the F.Y.2017-18. Gujarat State Investment Limited (GSIL) needs to converge its financial statement for F.Y. 2017-18 as per the section 129 of companies Act, 2013. GSIL has accepted the Unaudited financial Statements from its Three Associates (prepared as per the companies (Accounting Standard) Rules, 2006 i.e. in accordance with the accounting policies followed by the parent company for its associate companies) and our report relates to the aforesaid associates is based solely on such Unaudited financial statements / financial information of three associates till the F.Y.2017-18 and For BECL, an associate company till F.Y.2016-17 . During the year Bhavnagar Energy Corporation Ltd.(BECL), an associate of the company has not provided financial statement for FY2017-18 to us, hence the company has consolidated financial statement of BECL till FY 2016-17 in its books of accounts.

J. P. SHAH & CO
Chartered Accountants

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Report on Other Legal and Regulatory Requirements

1. As required by sub-section 3 of Section 143 of the Act, we report, to the extent applicable, that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.

(c) The consolidated balance sheet, the consolidated statement of profit and loss, and the consolidated cash flow statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

(d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the directors of the Investor Company as on 31 March 2018 taken on record by the Board of Directors of the Investor Company and the report of the statutory auditors of its associated companies incorporated in India, none of the Directors of the Group companies incorporated in India is disqualified as on 31 March 2018 from being appointed as a Director of that company in terms of sub-section 2 of Section 164 of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer Note 32 to the consolidated financial statements;

ii. The Group did not have any long term contracts including derivative contract for which there were any material foreseeable losses.

iii. There has been no delay in transferring amount, required to be transferred to the Investors Education Protection Fund.

For, J P SHAH & CO
CHARTERED ACCOUNTANTS
FRN: 109612W

(CA Nirav J. Shah)
Partner
Membership No. 107717

Place: Ahmedabad
Date: 31/07/2018

J. P. SHAH & CO
Chartered Accountants

CA J..P. SHAH
B.Com, F.C.A.

CA NIRAV J. SHAH
B.Com, F.C.A., LL.B., D.I.S.A., B.C.S.

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Annexure A to Auditors' Report

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting of Gujarat State Investments Limited ("the Investor Company") and its Associate companies which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, 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.

J. P. SHAH & CO
Chartered Accountants

CA J..P. SHAH
B.Com, F.C.A.

CA NIRAV J. SHAH
B.Com, F.C.A., LL.B., D.I.S.A., B.C.S.

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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, the Investor Company and its associate companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, 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 ICAI.

For, J P SHAH & CO
CHARTERED ACCOUNTANTS
FRN: 109612W

(CA Nirav J. Shah)
Partner
Membership No. 107717

Place: Ahmedabad
Date: 31/07/2018

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Gujarat State Investments Limited
STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH 2018 (Consolidated)

Amount (Rs.)

Particulars	Note No	for the year ended on 31/03/2018	for the year ended on 31/03/2017
I Revenue :			
Revenue from operations	15	19,31,08,844	18,46,13,288
Other Income	16	19,17,036	85,550
Total Reveune		**19,50,25,880**	**18,46,98,838**
II Expenses			
Employee Benefits Expenses	17	36,06,250	30,91,884
Finance Costs	18	28,556	28,739
Depreciation expenses	8	8,78,442	7,45,817
Other expenses	19	1,04,66,579	1,25,62,254
Total Expenses		**1,49,79,827**	**1,64,28,694**
III Profit before Tax		18,00,46,053	16,82,70,145
IV Tax Expense			
(a) Current tax		2,65,82,004	6,02,96,705
(b) Current tax expense related to prior years			2,45,165
(c) Deferred Tax Assets/(Liabilities)		-2,45,355	(140702)
V Share of Associates Profit		4,51,17,73,972	3,19,98,07,343
VI Total Income		4,66,54,83,376	3,30,76,76,320
VII Earnings Per Equity Share (F.V of Rs. 10 each)			
Basic (in Rs.)		4.47	3.17
Diluted (in Rs.)		4.47	3.17

Notes to Balance Sheet and Statement of Profit & Loss 1 to 34

As per our report attached
For J.P.Shah & Co.
Chartered Accountants
Firm registration number : 109612W

(CA Nirav J.Shah)
Partner
Membership No. : 107717
Place : Ahmedabad
Date 31/07/2018

For and on behalf of board of dire
Gujarat State Investments Limited

Managing Director Director

Company Secretary Chief Financial Officer

Place : Gandhinagar
Date : 22 JUL 2018

GUJARAT STATE INVESTMENTS LTD. AHMEDABAD

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Gujarat State Investments Limited
BALANCE SHEET AS AT 31ST MARCH 2018 (Consolidated)

Amount (Rs.)

Particulars	Note No.	As at 31/03/2018	As at 31/03/2017
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	2	10,42,76,90,700	10,42,76,90,700
(b) Reserves and Surplus	3	36,59,00,68,932	31,92,45,85,556
Shareholder's Funds		47,01,77,59,632	42,35,22,76,256
(2) Share Application Money pending allotment		-	-
(3) Non-Current Liabilities			
(a) Long-Term Borrowings	4	5,60,00,00,000	6,79,85,00,000
(b) Long Term Provisions	5	13,27,708	9,69,380
Non-Current Liabilities		5,60,13,27,708	6,79,94,69,380
(4)Current Liabilities			
(a) Trade Payables		-	-
(b) Other Current Liabilities	6	15,78,351	25,54,353
(c) Short term Provisions	7	48,995	42,857
Current Liabilities		16,27,346	25,97,210
Total		**52,62,07,14,686**	**49,15,43,42,846**
II. Property Plant & Equipment.			
(1) Non-Current Assets			
(a)Fixed Assets			
(i) Tangible assets	8	16,63,220	23,38,612
(ii) Intangible assets		-	-
(b)Non-current investments	9	51,97,60,81,714	47,43,88,52,128
(c)Deferred tax assets (net)	10	7,52,886	5,07,531
(d)Long term loans and advances	11	3,65,23,429	3,80,94,200
Non-Current Assets		52,01,50,21,249	47,47,97,92,471
(2)Current Assets			
(a)Cash and Cash Equivalents	12	44,63,395	29,63,783
(b)Short-term loans and advances	13	58,15,57,526	1,60,71,81,534
(c)Other current assets	14	1,96,72,516	6,44,05,058
Current Assets		60,56,93,437	1,67,45,50,375
Total		**52,62,07,14,686**	**49,15,43,42,846**

Notes to Balance Sheet and Statement of Profit & Loss 1 to 34

As per our report attached

For J.P.Shah & Co.
Chartered Accountants
Firm registration number : 109612W

(CA Nirav.J.Shah)
Partner
Membership No. : 107717
Place : Ahmedabad
Date 31/07/2018

For and on behalf of board of directors of
Gujarat State Investments Limited

Managing Director **Director**

Company Secretary **Chief Financial Officer**
Place : Gandhinagar
Date 22 JUL 2018

GUJARAT STATE INVESTMENTS LTD. AHMEDABAD

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Gujarat State Investments Limited

Cash Flow Statement for the year ended March 31, 2018 (Consolidated)

	Particulars	2017-18	2016-17
		Amount (Rs.)	
A	**CASH FLOW FROM OPERATING ACTIVITES**		
	Net Profit Before Tax	18,00,46,053	16,82,70,145
	Adjustments for :		
	Provision for dimunition in value of investments, credited to the statement of	-	-
	Profit & Loss Account		
	Depreciation	8,78,442	7,45,817
	Liabilites / Provsisons no longer required	-	-
	Liabilites / Provsisons no longer required		
	Profit / Loss on sale of Assets	-	2,105
	Profit & Loss on sale of Investment	-	-
	Prior Period Adjustment		
	Operating profit before working capital changes		
	Adjustments for :		
	Provision of Gratuity & Retirement benefits	3,58,328	1,39,716
	Operating profit before working capital changes	**18,12,82,823**	**16,91,57,783**
	Movments in working Capital		
	Decrease/increase in other current assets	4,47,32,542	6,61,95,186
	Other Non current assets	-	-
	Decease/increase in loan & Advances	1,02,71,94,779	1,35,75,87,395
	Decrease / Increase in Current Liability	-9,69,864	14,04,900
	Cash used in operations	1,07,09,57,457	1,42,51,87,481
	Direct Tax Paid (Net of Refunds)	-2,65,82,004	-6,05,41,870
	Dividend received of Associates	57,45,44,386	46,71,97,061
	Net Cash used in Operating Activities	**1,80,02,02,662**	**2,00,10,00,455**
B	**CASH FLOW FROM INVESTING ACTIVITES**		
	Proceeds from sale of Fixed Assets	-	300
	Proceeds from sale of Investment	-	-
	Purchase of Fixed Asset	-2,03,050	-19,98,662
	Capital Expenditure on Purchase of Fixed Assets	-	-
	Purchase of Investments	-60,00,00,000	-54,85,00,000
	Intercorporate Deposits Placed		
	Intercorporate Deposits Withdrawan		
	Net Cash from Investing Activities	**-60,02,03,050**	**-55,04,98,362**
C	**CASH FLOW FROM FINANCING ACTIVITES**	-	-
	Proceeds/ Payment from unsecured loans	-1,19,85,00,000	-2,00,00,00,000
	Proceeds for Share Application Money	-	-
	Net Cash from Financing Activities	-1,19,85,00,000	-2,00,00,00,000
	Net Increase / (Decrease) In Cash And Cash Equivalents (A + B + C)	**14,99,612**	**-54,94,97,907**
	Cash And Cash Equivalents - Opening Balance	29,63,783	55,24,61,691
	Cash And Cash Equivalents - Closing Balance	44,63,395	29,63,783

Notes :

Since Company is a Investment Company, Purchase & sale of Investments have been considered as part of " Cash flow from Investing activites & Interest / dividend earned from said investments during the year have been considered as part of " Cash flow from Operating activties"

Cash and cash equivalents represents cash and bank balances as per Balance Sheet, intercorporate deposits placed for three months or lower tenure.

Previous year's figures have been regrouped, wherever necessary.

As per our report attached
For J.P.Shah & Co.
Chartered Accountants
Firm registration number : 109612W

(CA Jitav J. Shah)
Partner
Membership No. : 107717

Place : Ahmedabad
Date 31/07/2018

For and on behalf of board of directors of
Gujarat State Investments Limited

Managing Director | Director

Company Secretary | Chief Financial Officer

Place : Gandhinagar
Date 22 JUL 2018

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Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

Gujarat State Investments Limited does not have any subsidiary Part"A" is not required to be fill

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Amount in Rs Lakh

		Name of associates			
		GSFC	GNFC	GACL	BECL
1	Latest unaudited Balance Sheet Date As per IGAAP	31.03.2018	31.03.2018	31.03.2018	31.03.2017
2	Date on which the Associate or Joint Venture was associate or acquired	21.09.1990	17.08.1991	05.09.2013	26.07.2016
3	Number of Shares of Associate held by the company on the year end	1,507.99905	332.27546	153.29373	2,584.33900
	Amount of Investment in Associates	25,237.96	13,531.53	17,331.53	25,843.39
	Extend of Holding %	37.84	21.39	20.87	25.09
4	Description of how there is significant influence	By way of Shareholding	By way of Shareholding	By way of Shareholding	By way of Shareholding
5	Reason why the associate/joint venture is not consolidated	N.A.	N.A.	N.A.	Refer Note 1 below
6	Net worth attributable to shareholding as per latest audited Balance Sheet	5,57,897.00	3,94,839.64	3,05,496.94	-
7	Profit/Loss for the year				
	i. Considered in Consolidation	17,904.72	15,988.70	15,908.80	-----
	ii. Not Considered in Consolidation	-----	-----	-----	-----

Note 1 : As the Financial Statement of FY 2017-18 could not been made available by BECL, the company has consolidated financial statement of BECL up to FY 2016-17 only.

For J.P.Shah & Co.
Chartered Accountants
Firm registration number : 109612W

(CA Nirav J.Shah)
Partner

Membership No. : 107717

For and on behalf of board of directors of
Gujarat State Investments Limited

Managing Director **Director**

Company Secretary **Chief Financial Officer**

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Gujarat State Investments Limited

Notes forming part of financial statements for the year ended 31st March'2018 (Consolidated)

1 SIGNIFICANT ACCOUNTING POLICIES

GROUP INFORMATION

Gujarat State Investments Limited (GSIL) is a wholly owned undertaking of Govt. of Gujarat incorporated on29.11.1988 as a Public Limited Company domiciled and incorporated in India. The Consolidated Financial Statements related to the Company and Associates viz. Gujarat Narmada valley Fertilizers Company Limited (GNFC), Gujarat State Fertilizer & Chemicals Ltd. (GSFC) and Gujarat Alkalies& Chemicals Limited (GACL) and Bhavnagar Energy Company Limited (BECL).

Summary of Investment in Associates

Sr. No.	Name of Associate	No. of Shares Held	% of Holding	Last Audited Balance Sheet date
1	Gujarat State Fertilizer & Chemicals Ltd	15,07,99,905 (15,07,99,905)	37.84 % (37.84 %)	31.03.2018
2	Gujarat Narmada Valley Fertilizer Company Ltd.	3,32,27,546 (3,32,27,546)	21.39 % (21.39 %)	31.03.2018
3	Gujarat Alkalies& Chemicals Ltd.	1,53,29,373 (1,53,29,373)	20.87 % (20.87 %)	31.03.2018
4	Bhavnagar Energy Company Limited	25,84,33,900 (19,84,33,900)	25.09% (23.46)	31.03.2017*

* The Company has prepared its Consolidated Financial Statement for FY 2017-18 without considering the Financial Statement of BECL, an associate of the company, as the same has not been made available by BECL.

1.1 Basis of preparation of Financial Statements

The Consolidated Financial Statements are prepared under the historical cost convention in accordance with the generally accepted accounting principles in India. The applicable mandatory Accounting Standards specified under Section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rule, 2014 of India have been followed in

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preparation of these consolidated Financial Statements.

The Notes and Significant Accounting Policies to the Consolidated Financial Statements are intended to serve as a guide for better understanding of the Group's position. In this respect, the Group has disclosed such notes and policies, which represent the needed disclosure.

1.2 Principles of Consolidation

Significant Accounting policies and Notes to these Consolidated Financial Statements are intended to serve as a means of informative disclosures and a guide for better understanding of the consolidated position of the group. Recognizing this purpose, only such policies and notes from the individual financial statements have been disclosed which fairly represent the needed disclosures. Lack of homogeneity and other similar considerations made it desirable to exclude some of them, which in the opinion of the management, could be better viewed when referred from the individual Financial Statements.

The Consolidated Financial Statements are prepared on the following basis:

a. The Financials Statement of the Associates companies' consolidation are drawn up to the same reporting date as of the Company i.e. year ended 31st March, 2018.
The Ministry of Corporate Affairs (MCA) has issued a notification dated 16th February 2015 for phase wise revised road map for adoption and applicability of Indian Accounting Standard from 01.04.2016. To comply with the said statutory requirement Gujarat Narmada valley Fertilizers Company Limited (GNFC), Gujarat State Fertilizer & Chemicals Ltd. (GSFC) and Gujarat Alkalies& Chemicals Limited (GACL) and Bhavnagar Energy Company Ltd (BECL) has prepared its audited financial statement in consonance with IND AS. Gujarat State Investment Limited (GSIL) needs to convert its financial statement in accordance with IND AS from 01.04.2018. For the purpose of consolidated financial statement for F.Y. 2017-18 as per the section 129 of companies act 2013; GSIL has accepted unaudited financial statement from its associate. (Prepared as per the companies (Accounting Standard) Rules, 2006 i.e. in accordance with the accounting policies followed by the parent company of its associate companies.).During the year Bhavnagar Energy Company Ltd (BECL), an associate of the company has not provided financial statement for FY 2017-18 to us, hence the company has consolidated financial





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statement of BECL till FY 2016-17 in its books of accounts.

b. The Consolidated Financial Statement include the share of Profit/Loss of the Associate which has been accounted as per the "Equity Method" and accordingly, the share of profit/loss of the associate has been added to / deducted from the cost of investments.
c. The difference between the cost of investment in the Associates and the net assets at the time of acquisition of the shares in the Associate is recognized in the Consolidated Financial Statements as Goodwill or Capital Reserve, as the case may be.

1.3 Use of Estimates

The preparation of financial statements in conformity of Indian GAAP requires the management to make judgments, estimates & assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions.

Uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

1.4 Income Recognition

Income from dividend is accounted as and when such dividend has been declared and company's right to received payment is established.

Interest income is recognized on a time proportion basis, taking into the account the amount outstanding and the rate applicable.

1.5 Fixed Assets

Fixed assets are stated at cost of acquisition less accumulated depreciation provided on written down value method.

Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

1.6 Depreciation

Depreciation on fixed assets is provided on written down value method as per the Useful life prescribed in Schedule II to the Companies Act, 2013.

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1.7 Impairment of Fixed Assets

a) Consideration is given during the period to determine whether there is any indication of impairment of the carrying amount of the Company's Fixed Assets. If any indication exists, an Asset's recoverable amount is estimated, an impairment loss is recognized whenever the carrying amount of an Asset exceeds recoverable amount.

b) Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased.

1.8 Investments

The company has valued its Investment at cost. The company has created provision for diminishing in the value of investment which other than temporary in the nature. The company has carried out impairment test for valuation of investment as on balance sheet date. As a matter of prudence and conservatism, company has not recognized rise in the value of investment which is in temporary nature and has not reversed provision created for diminishing in the value of Investment in earlier years.

1.9 Employee Benefits

i) Short-term employee benefits;

Short-term employment benefits are recognized as an expense at the undiscounted amount in the profit & loss account of the year in which the related service is rendered.

ii) Post employment benefits;

a) Post employment benefits comprise of gratuity, leave encashment Post employment benefits are recognized as an expense in the profit and loss account for the year in which the employee has rendered services. The expense is recognized at the present value of the amount payable using actuarial valuation carried out as at the end of the year in accordance with the Accounting Standard As-15 on 'Employee Benefits' notified under Companies Accounting Standards Rules ,2006.

b) The company has setup a separate Provident Fund Trust. Contribution paid / payable for provident fund of eligible employees is recognized in the profit and loss account each year. The Company has an obligation to make good the short fall if any, between the return from the investment of the trust and the interest rate notified by the government.

Actuarial gains and losses in respect of post employment benefits are charged to the profit and loss account.

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1.10 Taxation.

a) Provision for Income Tax is made on the basis of taxable income for the current accounting year in accordance with the Income Tax Act, 1961 and Rules framed there under.

b) Deferred tax asset / liability are recognized at the applicable rate of tax on the basis of timing differences between book profit and taxable income. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income is available against which deferred tax assets can be realized. In situations where the company has carry forward tax losses all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

1.11 Earning Per Share

The company reports basic and diluted earnings per share (EPS) in accordance with Accounting Standard 20 on Earnings Per Share. Basic EPS is computed by dividing the net profit or loss for the year by the weighted average number of equity shares outstanding during the year.

1.12 Provisions Contingent Liabilities and Contingent Asset

Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event ; it is probable that an out flow of resources will be required to settle the obligation ,in respect to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current estimates.

Contingent liabilities, if any, are disclosed by way of note.

Contingent Assets are neither recognized nor disclosed in the Financial Statements.

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Amount in Rs.

Note No	Particulars	As at March 31, 2018	As at March 31, 2017

Notes to Financial Statements

2 Share Capital

a The company has two class of shares referred to as Equity shares & Preference shares. The details thereof are as under :

Authorised		
285,00,00,000 Equity Shares of Rs. 10 each	28,50,00,00,000	28,50,00,00,000
1,50,00,000 Preference Shares of Rs. 100 each	1,50,00,00,000	1,50,00,00,000
Total	30,00,00,00,000	30,00,00,00,000
Issued, Subscribed and Paid up		
104,27,69,070 Equity Shares of Rs. 10 each	10,42,76,90,700	10,42,76,90,700
Total	10,42,76,90,700	10,42,76,90,700

Held by:

1.Governor of Gujarat (100 % Shareholding) (P.Y. : 100 % Shareholding)

b Reconciliation of number of shares outstanding :

Particulars		Equity Shares (In Nos.)	
A	Shares at the beginning of the year	1,04,27,69,070	1,04,27,69,070
B	Issued during the period	-	-
C	Less : Share bought back	-	-
D	Shares At the end of the year (A + B - C)	1,04,27,69,070	1,04,27,69,070

c Rights of Equity Shareholders, Dividend and Repayment of Capital :

I All shares rank equally with regard to company's residual assets.

II The holders of equity shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the meeting of the company.

d The details of shareholders holding more than 5 % of Shares :

Name of the Shareholders	Equity Shares (In Nos.)	
Governor of Gujarat (100 % Shareholding)	1,04,27,69,070	1,04,27,69,070

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3 Reserves & Surplus		
Surlpus i.e. Balance in the Statement of Profit & Loss		
As per last Balance Sheet	31,40,45,85,556	28,09,69,09,236
Less : Depreciation on transition to Schedule II of the	-	-
Companies Act,2013 on tangible fixed assets with nil remaining useful life		
Addition : Profit for the year	4,66,54,83,376	3,30,76,76,320
Total (a)	**36,07,00,68,932**	**31,40,45,85,556**
Capital Redemption Reserve		
As per last Balance Sheet	52,00,00,000	52,00,00,000
Total (b)	**52,00,00,000**	**52,00,00,000**
Total Reserves & Surplus (a + b)	**36,59,00,68,932**	**31,92,45,85,556**
4 Long Term Borrowings - Unsecured		
Loan from State Government (GOG)	5,60,00,00,000	6,79,85,00,000
Total	**5,60,00,00,000**	**6,79,85,00,000**
5 Long Term Provisions		
(a) Provision for Employee Benefits :		
(i) Provision for gratuity	8,21,056	6,30,444
(ii) Provision for leave encashement	5,06,652	3,38,936
(ii) Provision for other employee benefits	-	-
Total	**13,27,708**	**9,69,380**
Trade Payables		
Creditors for Expenses / Services if any	0	0
Total	**0**	**0**
There are no amounts due to the parties covered under Micro, Small and Medium Enterprises Development Act, 2006.		
7 Other Current Liabilites		
Other payables	15,78,351	25,54,353
Total	**15,78,351**	**25,54,353**
8 Short Term Provisions		
(i) Provision for Gratuity	14,720	17,344
(ii) Provision for Leave Encashment	34,275	25,513
Total	**48,995**	**42,857**

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Note No : 30 Additional Information as required by paragraph 2 of the General Instruction for Preparation of Consolidated Financial Statements to Shedule III to the Act.

Name of the Enterprise	Net Assets i.e. Total Assets minus Total Liabilities (FY 2017-18)		Share in Profit or Loss(FY 2017-18)		Net Assets i.e. Total Assets minus Total Liabilities (FY 2016-17)		Share in Profit or Loss(FY 2016-17)	
	As % of consolidated net assets	Rs.	As % of consolidated Profit or	Rs.	As % of consolidated net assets	Rs.	As % of consolidated Profit or	Rs.
Parent								
Gujrat State Investment Limited	23.14	10,88,13,04,644	3.29	15,37,09,404	25.39	10,75,30,50,853	3.26	10,78,68,977
Associate								
Gujarat Narmda Valley Fertlisers Co. Ltd	17.71	8,32,48,44,381	34.27	1,59,88,70,375	16.27	6,89,21,11,736	37.41	1,23,75,10,746
Gujarat State Fertlisers & Chemicals Co. Ltd. (F.V Rs.2)	44.94	21,12,85,28,559	38.38	1,79,04,72,631	46.44	19,66,98,15,719	48.57	1,60,66,25,099
Gujarat Alkalies & Chemicals Ltd. *	9.29	4,36,98,17,060	24.06	1,12,24,30,966	7.85	3,32,40,32,959	18.95	62,67,45,509
Bhavnagar Energy Corporation Limited**	4.92	2,31,32,64,988	-	0	4.05	1,71,32,64,988	-8.20	-27,10,74,012
Total	100.00	47,01,77,59,632	100.00	4,66,54,83,376	100.00	42,35,22,76,256	100.00	3,30,76,76,320

* Refer Note No 28(ii)

** Refer Note No 28(i)

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9 **Non-current Investments**

Long Term - Trade Investments (At cost) (No. of Equity Shares of face value of Rs. 10 each fully paid-up unless otherwise specified.)

(a) Quoted

(I) Equity Shares - Strategic Investments	**No. of Shares As At 31/03/2018**	**No. of Shares As At 31/03/2017**	**Book value Amount**	**Book value Amount**
Investment In Associates (Refer Note No 27)				
Gujarat Narmada Valley Fertilisers Co. Ltd.	3,32,27,546	3,32,27,546	8,32,48,44,381	6,89,21,11,736
Gujarat State Fertilisers & Chemicals Co. Ltd. (F.V Rs.2)	15,07,99,905	15,07,99,905	21,12,85,28,559	19,66,98,15,719
Gujarat Alkalies & Chemicals Ltd.	1,53,29,373	1,53,29,373	4,36,98,17,060	3,32,40,32,959
Investment In Others				
Gujarat Industries Power Co. Ltd .	3,52,415	3,52,415	2,63,83,825	2,63,83,825
Torrent Power Ltd.	4,68,71,621	4,68,71,621	17,88,59,260	17,88,59,260
Gujarat Leasing Financing Ltd.	13,28,125	13,28,125	7,14,92,209	7,14,92,209
Total (I)			34,09,99,25,293	30,16,26,95,707
(II) Equity Shares - Non Strategic Investments				
Digjam Limited	12,34,744	12,34,744	18,80,26,969	18,80,26,969
Atul Products Ltd	1,30,594	1,30,594	1,40,96,129	1,40,96,129
Batliboi & Co. Ltd. (F.V. Rs.5)	38,895	38,895	10,25,876	10,25,876
G S L (India) Limited	1,57,140	1,57,140	15,71,400	15,71,400
Gujarat State Financial Corporation	9,35,600	9,35,600	1,87,12,000	1,87,12,000
Sun Pharmaceutical Industries Ltd. (F.V Rs.1)	5,05,265	5,05,265	92,87,287	92,87,287
Bank of Baroda (F.V Rs. 2)	2,50,000	2,50,000	1,10,12,500	1,10,12,500
Total (II)			24,37,32,160	24,37,32,160
Total (a) (I + Ii)			34,34,36,57,453	30,40,64,27,868
(b) Un Quoted				
(i) Equity Shares - Non Strategic Investments				
Cama Hotels Ltd.	5,340	5,340	72,700	72,700
Gujarat State Machine Tools Co. Ltd. (F. V Rs. 1)	19,29,050	19,29,050	20,000	20,000
Gujarat State Trans Receivers Limited	12,000	12,000	1,000	1,000
Total (I)			93,700	93,700
(ii) Equity Shares - Strategic Investments				
Bhavnagar Energy Company Limited	25,84,33,900	19,84,33,900	2,31,32,64,988	1,71,32,64,988
Gujarat State Petroleum Corporation Ltd.(F.V Rs. 1)	19,25,92,441	19,25,92,441	15,59,99,87,726	15,59,99,87,726
Total (II)			17,91,32,52,714	17,31,32,52,714
Total (b) (I + Ii)				17,31,33,46,414
Total (a + b)			52,25,70,03,867	47,71,97,74,282
Less : Provision for diminution in value of Investments			28,09,22,154	28,09,22,154
Total Book Value of Investments			51,97,60,81,714	47,43,88,52,128
Aggregate Market Value of Quoted Investments			51,47,00,04,515	47,16,93,44,984

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10 Deferred Tax Assets

Rule 2006 the company has started recongition of Defered Tax. In compliance with the provision of the Accounting Standard and based on general prudence, the company has started recognizing the said DTA / DTL while preparing the Accounts for the current year.

Deferred Tax Asset - Depreciation	5,07,531	3,66,829
Accrued Expenses - Deductible on Payment	2,45,355	1,40,702
Net Deferred Tax Asset	7,52,886	5,07,531

11 Long Term Loans and advances

(a) Advance Income Tax		
((net of provisions of Current Year Rs.6,02,96,705 /-) (Previous Year : Rs.7,47,51,287/-)	3,65,23,429	3,80,94,200
(b) Other loans and advances (Bridge loan)		
Doubtful	25,00,000	25,00,000
Less : Provision for other doubtful loans and advances	25,00,000	25,00,000
	3,65,23,429	3,80,94,200

12 Cash & Cash Equivalents

(a) Cash on hand	16,230	14,616
(b) Balances with Banks :		
current accounts	41,92,730	9,49,167
© Liquid deposits with GSFS	2,54,435	20,00,000
Total	44,63,395	29,63,783

13 Short-term loans and advances

(a) Security Deposits		
Unsecured, considered good	9,000	9,000
(b) Loans & advances to employees		
Unsecured, considered good		
(c) Prepaid expenes - Unsecured, considered good	25,745	10,932
(d) Balances with government authotities		
(i) FBT Refund	4,026	4,026
(ii) Income Tax Refund	-	-
(e) Inter-corporate deposits		
Unsecured, considered good		
Gujarat State Financial Services Ltd.	58,15,18,755	1,60,71,57,576
Total	58,15,57,526	1,60,71,81,534

14 Other current assets

(i) Interest accured on investments	1,96,72,516	6,44,05,058
Total	1,96,72,516	6,44,05,058

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15 Details of Revenue from operations		
(a) Income from Investments		
(i) Dividends	10,74,43,454	27,62,726
(ii) Interest on Investments	8,56,65,390	18,18,50,562
Total	**19,31,08,844**	**18,46,13,288**
16 Other Income		
(i) Adjustment to the carrying amount of long term investments-	-	-
reversal of reduction in the carrying amount	-	-
(ii) Profit on sale of Invetments	-	-
(iii) Profit on sale of Assets	-	-
(iv) Adjustment of shortfall payment on CPF trust	-	54,860
(V) Interest on Income Tax refund	79,883	27,790
(VI) Provision of Exp write Back	-	2,900
(VII) Misc Receipt	18,37,153	
Total	19,17,036	85,550
17 Employee Benefits Expenses		
(i) Salaries	31,07,973	28,05,789
(ii) Contribution to provident and other funds	4,98,277	2,86,095
Total	36,06,250	30,91,884
8 Finance Costs		
(i) Interest Expenses on Borrowings	-	-
(ii) Interest expenses paid to I.T Department	28,556	28,739
Total	28,556	28,739
9 Other Expenses		
Power & fuel	3,76,768	2,25,597
Office rent	6,31,620	23,01,874
Repairs & maintenance	72,797	26,478
surance	47,290	19,065
Rates & Taxes	71,497	71,826
Communication	49,140	81,532
Travelling & Conveyance	78,901	1,85,802
Printing & Stationery	1,12,729	1,07,862
Legal & Professional	2,81,020	2,82,861
Payment to auditors	1,06,650	1,15,012
Stamp duty Expense	-	-
service tax (RCM)	-	1,00,809
Miscellenaous Expenses	3,92,419	6,00,848
Advertisement Expenses	-	-
Prior Period items	-	-
Expenditure on Corporate Social Responsibility	64,79,298	77,85,109
registration fees	-	-
Contract service	17,66,450	6,57,579
Total	1,04,66,579	1,25,62,254

GUJARAT STATE INVESTMENTS LTD. AHMEDABAD

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10 This being an investment Company, the disclosure as per Para 4 (a) & (b) of Part II to the Schedule III of the Companies Act 2013, is not required to be made.

11 Depreciation is calculated on WDV method on the number of remaining useful life of the assets as per the provisions of Companies Act,2013.

12 **Segment Reporting**
The Company operates in one business segment. In view of this, no separate disclosure is required under Accounting Standard AS – 17 "Segment Reporting".

13 **Related Party disclosure as required under the Accounting Standard "AS-18" on Related Party Disclosures, notified under Companies Accounting Standard Rules 2006 are given below :**
a) The Company being state controlled enterprise , it is not required to disclosed transaction with other State controlled enterprise Accounting Standards AS-18
b) There is no transaction with Key management personnel

14 **Employee Benefits**
The disclosures required under Accounting Standard15"Employees Benefit "notified in the Companies (Accounting Standards) Rules 2014 are given below:

(a)Changes in present value of obligation (As on March 31, 2018) (Amount Rs.)

Particulars	(Gratuity) March 31,2018	(Gratuity) March 31,2017	(Leave Encashment) March 31,2018	(Leave Encashment) March 31,2017
Present value of obligation as at beginning of the year	6,47,788	5,48,584	3,64,449	3,08,462
Current Service Cost	52,979	39,790	29,985	24,622
Interest Cost	46,336	41,090	25,498	23,030
Actuarial Gain/ (Loss) on obligations	88,673	18,324	1,20,995	8,335
Benefits payable	-	-	-	-
Present Value of Obligation as at end of the year	8,35,776	6,47,788	5,40,927	3,64,449

(b) The gratuity plan is not funded. Hence particulars relating to plan assets are not given

(c) The Amount Recognized in Balance Sheet (Amount in Rs)

Particulars	(Gratuity) March 31,2018	(Gratuity) March 31,2017	(Leave Encashment) March 31,2018	(Leave Encashment) March 31,2017
Present Value of obligation at the	8,35,776	6,47,788	5,40,927	3,64,449
Fair Value of Plan Assets as at the end of the Year	Nil	Nil	Nil	Nil
New Asset/ (Liability) recognized in Balance Sheet	8,35,776	6,47,788	5,40,927	3,64,449

(d)Amount Recognized in the Profit and Loss Account (Amount in Rs)

Particulars	(Gratuity) March 31,2018	(Gratuity) March 31,2017	(Leave Encashment) March 31,2018	(Leave Encashment) March 31,2017
Current Service Cost	52,979	39,790	29,985	24,622
Interest Cost	46,336	41,090	25,498	23,030
Net Actuarial Gain/(Loss) recognized in the year 2017-18	88,673	18,324	1,20,995	8,335
Exp. Recognized in the statement of Profit & Loss	1,87,988	99,204	1,76,478	55,987

(e) Assumptions

Particulars	(Gratuity) March 31,2018	(Gratuity) March 31,2017	(Leave Encashment) March 31,2018	(Leave Encashment) March 31,2017
Mortality Table (LIC)	2006-08 (Ultimate)	2006-08 (Ultimate)	2006-08 (Ultimate)	2006-08 (Ultimate)
Discount Rate	7.30%	7.25%	7.25%	7.25%
Rate of Increase in Compensation	5.0%	5.0%	5.0%	5.0%
Rate of Returned Plan Assets	Not applicable	Not applicable	Not applicable	Not applicable

GUJARAT STATE INVESTMENTS LTD. AHMEDABAD

25 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 relevant information is certified by the Actuary.

In terms of the guidance on implementing the As – 15 (Revised 2005) issued by the Institute of Chartered Accountants of India , the Employees Provident Fund setup by the Company is treated as defined benefit plan since the company has to meet the specified minimum rate of return , at the year end, no short fall have remained un-provided for. Accordingly an amount of Rs.78,040/- (previous year Rs. 54,860/-) is recognized as excess amount towards the Provision for Provident Fund Scheme of the Company and the same credited to Profit and Loss Account

26 Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand along with balance of Liquid deposit with GSFS.

27 Investment in Equity Shares of Associates

	As at 31st March 2018	As at 31st March 2017
Gujarat Narmada Valley Fertlisers Co. Ltd.	86,38,77,855	86,38,77,855
Add : Goodwill Arise on acquisition of Associates	48,92,75,320	48,92,75,320
Add : Share of Accumulated Reserves / Profits	5,53,89,58,561	4,36,79,02,907
Add : Current Year's Profit *	1,59,88,70,375	1,23,75,10,746
Less: Dividend Received during Current Year	16,61,37,730	6,64,55,092
Accumulated Cost of Investment	8,32,48,44,381	6,89,21,11,736
Current Year's shares in Profit of Associates includes exceptional items of Rs. 1700.57 lacs (P.Y. (31033.79 lacs))		
Gujarat State Fertlisers & Chemicals Co. Ltd	3,35,02,06,513	3,35,02,06,513
Less: Capital Reserve arise on acquisition of associates	-82,64,10,341	-82,64,10,341
Add : Share of Accumulated Reserves / Profits	17,14,60,19,547	15,87,11,54,239
Add : Current Year's Profit	1,79,04,72,631	1,60,66,25,099
Less: Dividend Received during Current Year	33,17,59,791	33,17,59,791
Accumulated Cost of Investment	21,12,85,28,559	19,66,98,15,719
Gujarat Alkalies & Chemicals Limited	3,79,14,94,144	3,79,14,94,144
Less: Capital Reserve arise on acquisition of associates	-2,05,83,41,639	-2,05,83,41,639
Add : Share of Accumulated Reserves / Profits	1,59,08,80,454	1,03,31,17,123
Add : Current Year's Profit (Refer Note 28 (ii))	1,12,24,30,966	62,67,45,509
Less: Dividend Received during Current Year	7,66,46,865	6,89,82,178
Accumulated Cost of Investment	4,36,98,17,060	3,32,40,32,959
Bhavnagar Energy Company Limited	1,67,53,86,405	1,67,53,86,405
Add:Investment during the year	60,00,00,000	
Add: Goodwill arise on acquisition of associates (Refer Note 28 (i))	30,89,52,595	30,89,52,595
Add : Share of Accumulated Reserves / Profits	-27,10,74,012	-
Add : Current Year's Profit (Refer Note 28 (i))	-	-27,10,74,012
Less: Dividend Received during Current Year	-	-
Accumulated Cost of Investment	2,31,32,64,988	1,71,32,64,988

(i) The Company has prepared its Consolidated Financial Statement for FY 2017-18 without considering the Financial Statement of BECL, an associate of the company, as the same has not been provided by BECL. However, unaudited GAAP accounts of BECL for FY 2016-17 has been consolidated thus to that extent the financial results of the current year are not comparable with those of FY 2016-17. During the FY 2017-18 the company has invested additional Rs. 60,00,00,000 (6,00,00,000 shares) in BECL. As BECL could not provided its financial statement for FY 2017-18 to us, treatment of Capital Reserve / Goodwill for current year's investment has not been accounted in the books of accounts.

(ii) For consolidation of accounts, GACL, an associate of the company, has provided its stand alone financial statement, hence the company has preared Consolidated Financial Statement as per Financial Statement provided by the GACL. During FY 2017-18 GACL has accounted a share of loss of Joint Venture amounting to Rs. 80 lacs (PY 121 lacs) in its Consolidated Ind AS Financial Statement affaecting its standalone Profit of Rs. 53502 lacs (PY Rs. 30810 lacs) for FY 2017-18.

GUJARAT STATE INVESTMENT AHMEDABAD

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29 Auditor's Remuneration

Particulars	(Amount in Rs.) 2017-18	2016-17
For Statutory Audit Fees	30,250	40,325
For Tax Audit Fees	18,150	20,187
For Internal Audit Fees	28,750	28,750
For Epf Trust Audit Fees	5,900	5,750
For Secretarial Audit Fees	23,600	20,000

31 **Earnings per Share**

	2017-18	2016-17
Profit/(Loss) for the period (Rs.)	4,66,54,83,376	3,30,76,76,320
Weighted average no. of shares (Face Value Rs. 10 each)	1,04,27,69,070	1,04,27,69,070
Earnings per Share(Basic/Dilluted)(Face Value Rs.10 each)	4.47	3.17

32 **Contingent Liabilites**

Claim of Income Tax for the Assessment Years 2001-02,2004-05, 2006-07,2009-10,2010-2011,2011-12,2012-13,2013-14, 2014-15,2015-16 against the company is disputed and not acknowledged as debt. The company is in appeal before appellate authorities, & as on date of preparing Financial Statements there are no outstanding demand against the Company.

33 The previous year's figures have been regrouped / recast / reclassifed / rearranged whereever necesary to correspond with the current year's classification / disclosure.

34 As a promoter of Bhavnagar Energy Company Limited (BECL), the company has singed the Sponsors' Support Agreement (SSA) and as per the said Agreement, the promoters collectively shall not, till the final settlement date (being the date on which all obligations under the SSA have been irrevocably and unconditonally paid and discharged in full to the satisfaction of lenders), dispose-off their shareholdings which would result in dilution of their shareholding below 51%.

As per our report attached
For J.P.Shah & Co.
Chartered Accountants
Firm registration number : 109612W

(CA Nirav.J.Shah)
Partner
Membership No. : 107717
Place : Ahmedabad
Date 21/07/2018

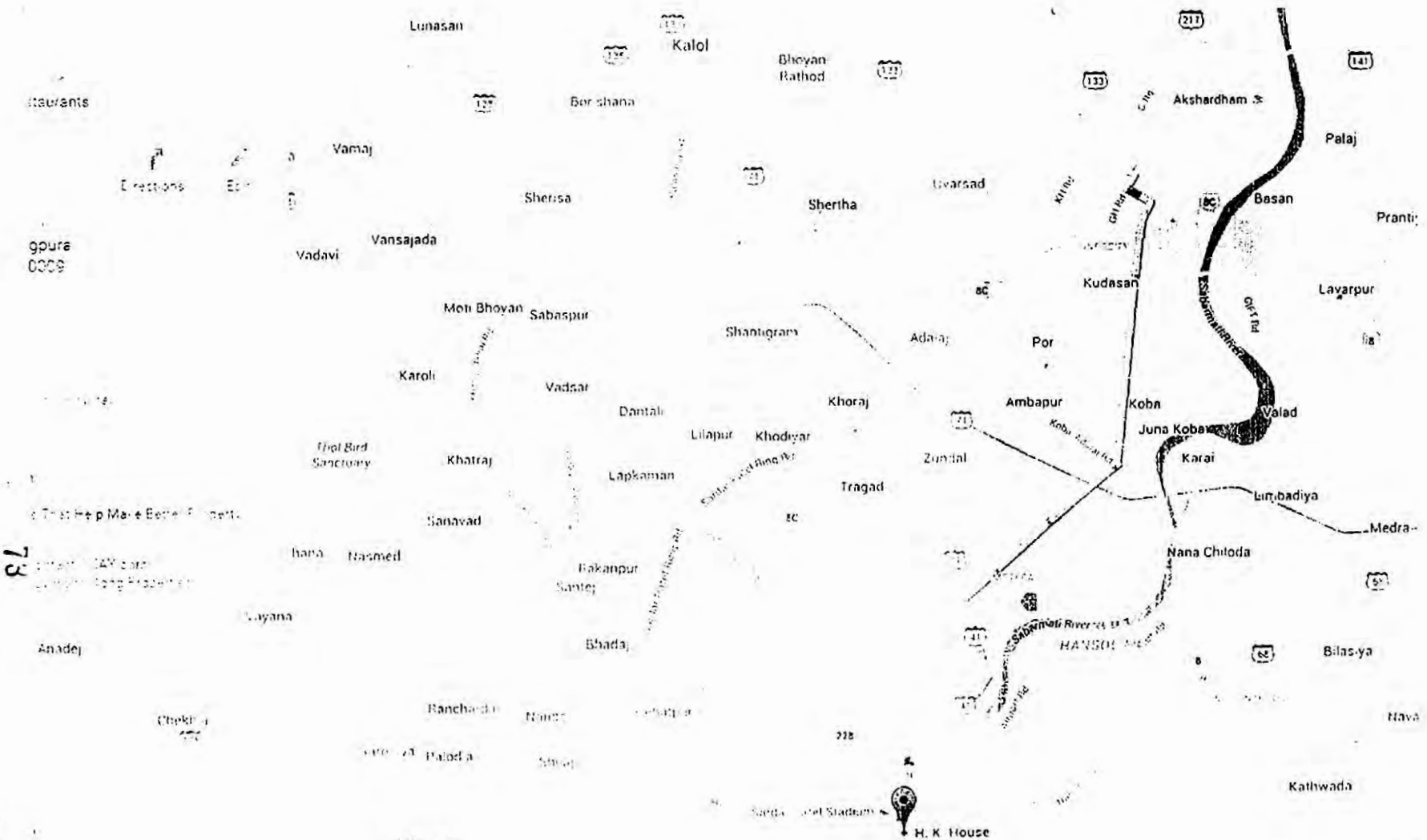
For and on behalf of board of directors of
Gujarat State Investments Limited

Managing Director Director

Company Secretary Chief Financial Officer

Place : Gandhinagar
Date 22 JUL 2018

GUJARAT STATE INVESTMENTS LTD. AHMEDABAD


Lunasan
Kalol
Bhoyan Rathod
Akshardham
Palaj
Vamaj
Sherisa
Shertha
Vansajada
Vadavi
Kudasan
Basan
Layarpur
Moti Bhoyan
Sabaspur
Shantigram
Adaraj
Por
Karoli
Vadsar
Dantali
Khoraj
Ambapur
Koba
Valad
Juna Koba
Lilapur
Khodiyar
Khatraj
Zundal
Karai
Lapkaman
Tragad
Limbadiya
Sanavad
Medra
Nana Chiloda
Bakanpur
Santej
Bhadaj
Bilas-ya
Kathwada
H. K. House
Ahmedabad

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ANNEXURE - VI

Limited Review Report on Half Yearly Standalone Unaudited Financial Results pursuant to the Regulations 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To
The Board of Directors
Gujarat State Petroleum Corporation Limited

We have reviewed the accompanying statement of Standalone Unaudited Financial Results (hereinafter referred to as "the Statement") of Gujarat State Petroleum Corporation Limited ("the Company") for the half year ended September 30, 2018 being submitted by the Company pursuant to the requirement of the Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as modified by SEBI Circular No. CIR/CFD/FAC/62/2016 dated 5th July 2016 and SEBI Circular No. CIR/IMD/DF1/69/2016 dated 10th August 2016.

This statement which is the responsibility of the Company's Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" (IND AS 34) prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued there under as amended from time to time and other accounting principles generally accepted in India. Our responsibility is to issue a report on the Statement based on our review.

We conducted our review of the Statement in accordance with the Standard on Review Engagement (SRE) 2400, "Engagement to Review Financial Statements "issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Without modifying our opinion, we draw your attention to note No. 5 to the Standalone Unaudited Financial Results which describes about the treatment of Interest of Rs. 284.97/- Crores serviced/ accrued on Rs. 6000/- Crores Non-Convertible Debentures pursuant to transfer of the said Non-Convertible Debentures to Gujarat State Investments Ltd (GSIL) w.e.f. 1st April 2018 and its consequential impact of showing the said interest of 284.97/- Crores as receivable from GSIL in financial results.

H. TALATI & CO. CHARTERED ACCOUNTANTS

2nd & 3rd Floor, Ambica Chambers, Opp. High Court Lane, Ashram Road, Ahmedabad - 380 009. Tel. : (O) 91-79-2754 4571

Other Matter

1) We have placed reliance on technical/commercial evaluation done by the management in respect of categorization of wells as exploratory, development and producing, allocation of costs incurred on them, treatment of capitalization, depletion of producing properties on the basis of the proved probable hydrocarbon reserves and liability for abandonment costs.

2) The accompanying statement includes Company's proportionate share of total income aggregating to Rs. 47.73/- Crores and total expenditures aggregating to Rs.22.11/- Crores in respect of 18 Joint Operations (Unincorporated Joint Ventures), which have been incorporated on the basis of unaudited financial information approved by the management and made available to us.

3) The Comparative Unaudited Standalone financial information of the Company for the half year ended September 30, 2017 prepared in accordance with IND AS and included in these Unaudited Standalone Financial results, had been reviewed by an Independent Firm of Chartered Accountants, who had expressed an unmodified opinion thereon per their report dated November 10, 2017 which have been furnished to us by the Management and relied upon by us for the purpose of our limited review of the half year ended unaudited standalone financial results.

Based on our review conducted as stated above, nothing has come to our attention that causes us to believe that the accompanying statement prepared in accordance with applicable Indian Accounting Standards and other accounting principles generally accepted in India has not disclosed the information required to be disclosed in terms of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as modified by SEBI Circular No. CIR/CFD/FAC/62/2016 dated 5th July 2016 and SEBI Circular No. CIR/IMD/DF1/69/2016 dated 10th August 2016 including the manner in which it is to be disclosed, or that it contains any material misstatement.

For H. Talati & Co.
Chartered Accountants,
(Firm Reg. No.-134956W)

H. TALATI & CO. CHARTERED ACCOUNTANTS

Amit Shah
Partner
Membership No.:122131

Place: Gandhinagar
Date : October 25, 2018

GUJARAT STATE PETROLEUM CORPORATION LIMITED

(CIN : U23209GJ1979SGC003281)

STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30TH SEPTEMBER, 2018

GSPC

(Rs. in Crore except per share data)

Particulars	6 Months ended 30th September, 2018	Corresponding 6 months ended in the Previous Year 30th September, 2017	Year to date figures for current year ended 30th September, 2018	Previous Accounting year ended 31st March 2018
	Unaudited	Unaudited	Unaudited	Audited
1. INCOME				
(a) Revenue from operations	7,024.52	4,520.55	7,024.52	10,725.54
(b) Other income	58.57	75.83	58.57	144.14
TOTAL INCOME	7,083.09	4,596.38	7,083.09	10,869.68
2. EXPENSES				
(a) Production expenditure	38.19	34.65	38.19	74.32
(b) Cost of traded goods	6,648.75	3,916.03	6,648.75	9,681.92
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(135.86)	172.42	(135.86)	33.60
(d) Employee benefits expenses	7.13	5.35	7.13	16.56
(e) Finance costs	339.92	932.53	339.92	1,674.81
(f) Depreciation and amortization expenses	81.59	112.21	81.59	210.52
(g) Other expenses	142.37	12.12	142.37	29.66
TOTAL EXPENSES	7,122.09	5,185.31	7,122.09	11,721.39
3. Profit/ (loss) before exceptional items and tax (1-2)	(39.00)	(588.93)	(39.00)	(851.71)
4. Exceptional items (Refer note no.4)	94.16	(59.97)	94.16	(712.93)
5. Profit/ (loss) before tax (3+4)	55.16	(648.90)	55.16	(1,564.64)
6.Tax expense				
Current Tax	-	-	-	
Adjustments of tax for earlier years				
Deferred Tax				
Less: MAT credit entitlement	-	-	-	
7. Profit/ (loss) after tax for the period (5-6)	55.16	(648.90)	55.16	(1,564.64)
8. Other comprehensive income				
Items that will not be reclassified to profit or loss	-	-	-	
Profit on Sale of Equity Instrument				793.98
Changes in fair value of FVTOCI equity instruments	(8.21)	9.83	(8.21)	(2.31)
Remeasurement of post-employment benefit obligations		(0.03)	-	0.53
Income tax relating to these items	-	-	-	-
Other comprehensive income for the period, net of tax	(8.21)	9.80	(8.21)	792.20
9. Total Comprehensive Income for the Period (7+8)	46.95	(639.10)	46.95	(772.44)
10.Paid-up Equity Share capital (Face value of the Equity Share Rs. 1/- each)	257.93	257.93	257.93	257.93
11. Paid -up Debt Capital (Refer note no.6)	6550	6550	6550	6550
12. Reserves excluding Revaluation Reserves as per Balance sheet of Previous accounting year.				(6,382.68)
13. Debenture Redemption Reserve	347.74	347.74	347.74	347.74
14.Earning per equity share (EPS) (face value of Rs.1/-)				
Basic (Rs.)	0.21	(2.48)	0.21	(6.07)
Diluted (Rs.)(Refer note no 8)	0.21	(2.48)	0.21	(6.07)
15. Debt Equity Ratio (Refer note no.9)	(2.29) : 1	(2.74) : 1	(2.29) : 1	(2.34) : 1
16. Debt Service Coverage Ratio (Refer note no.10)	0.92	0.05	0.92	0.11
17. Interest Service Coverage Ratio (Refer note no.11)	1.13	0.49	1.13	0.62

* Not Annualised

Note:

1 The above financial results have been reviewed and recommended by the Audit Committee and approved by the Board of Directors at their respective meetings held on 25th October, 2018 at Gandhinagar.

2. The operating profit (i.e. profit before finance cost, depreciation, tax and exceptional items) of the company during the six months ended 30th September, 2018 is Rs 382.51 crores as compared to Rs 455.81 crores in corresponding six months in previous financial year

3. An Independent Firm of Chartered Accountants have carried out a Limited Review of above results.

4. Exceptional item includes written back amount of Rs.94.90 crores which is towards revaluation of its capital inventory of its E & P Blocks carried out by independent consultant

5. The Company is in advance stage of implementation of debt realignment plan which includes transfer of Non-Convertible Debentures (NCD) of Rs. 6,000 Crore to Gujarat State Investments Ltd (GSIL) w.e.f. 1st April 2018. The Company has initiated the process of transfer of NCDs to GSIL which is subject to approval of regulatory authority. Thus, any interest serviced or accrued as on closing date by Company subsequent to 1st April 2018 shall be reimbursed to the Company. Accordingly, the Company has accounted for a receivable of Rs. 284.97 Crore vis-à-vis the interest accrued / serviced on 30th September 2018 towards NCDs.

6.Effective April 1, 2018, the Company has adopted Ind AS 115 "Revenue from Contracts with customers" using the cumulative catch-up transition method which is applied to contracts that were not completed as of April 1, 2018. Accordingly, the comparatives have not been retrospectively adjusted. The effect on adoption of Ind AS 115 was insignificant on the financial results.

7. Debt Capital includes NCD of Rs.6000 crores and CCD of Rs.550 crores which are shown at historical cost.

8. The Company had issued the Compulsory Convertible Debentures in prior years which are convertible into equity shares that could potentially dilute Basic Earnings Per Share in the future. However, the same has not been included in the calculation of Diluted Earnings Per Share because they are Anti Dilutive for the periods presented.

9. Debt Equity Ratio=Total Debt / Shareholders Equity. Debt includes Secured and Unsecured loans. Shareholders Equity includes Paid up Capital & Reserve and Surplus.

10. Debt Service Coverage Ratio: (Profit After Tax+ Interest + Deprecation + Other Non cash Expenses) / (Interest + Principle repayment during the year).

11. Interest Service Coverage Ratio : (Profit After Tax+ Interest + Depreciation + Other Non cash Expenses)/ Interest

12. The figures for the corresponding periods have been restated, reclassified, reworked, regrouped and rearranged wherever necessary.

H. TALATI & CO. CHARTERED ACCOUNTANTS

Dr. T. Natarajan, IAS
Managing Director
DIN : 00396367

Date : 25th October, 2018
Place : Gandhinagar

GUJARAT STATE PETROLEUM CORPORATION LIMITED
(CIN : U23209GJ1979SGC003281)
Standalone Balance Sheet as at 30th September, 2018

GSPC

(Rs. In Crores)

Particulars	As at 30th September, 2018 Unaudited	As at 31st March, 2018 Audited
ASSETS		
Non-current assets		
Property, plant and equipment	1,319.59	1,385.42
Capital work-in-progress	153.06	118.60
Investment property	0.81	0.82
Intangible assets	2.39	2.67
Intangibles under development	944.60	932.53
Financial assets		
Investment in subsidiary & equity accounted investees	3,795.04	3,795.04
Other Investments	56.58	64.79
Loans	7.98	9.14
Other financial assets	105.89	103.96
Other non-current assets	120.78	118.96
Total non-current assets	**6,506.72**	**6,531.93**
Current assets		
Inventories	329.65	196.28
Financial assets		
Trade receivables	647.78	654.83
Cash and cash equivalents	2.66	6.92
Other bank balances	489.93	91.02
Loans	34.66	157.05
Other financial assets	1,671.92	2,376.08
Other current assets	5.28	5.60
Total current assets	**3,181.88**	**3,487.78**
Assets held for sale	-	-
TOTAL ASSETS	**9,688.60**	**10,019.71**
EQUITY AND LIABILITIES		
Equity		
Equity share capital	257.93	257.93
Other equity	(6,337.62)	(6382.68)
Total Equity	**(6,079.69)**	**(6,124.75)**
Liabilities		
Non-current liabilities		
Financial liabilities		
Borrowings	10,798.16	10,957.79
Other financial liabilities	10.71	11.58
Provisions	163.57	156.79
Deferred revenue/ contract liabilities	0.23	0.32
Net employee benefit liabilities	8.13	8.13
Deferred tax liabilities (Net)		0.00
Other non-current liabilities		
Total non-current liabilities	**10,980.80**	**11,134.61**
Current Liabilities		
Financial liabilities		
Borrowings	2,692.37	2,962.88
Trade payables		
Total outstanding dues of micro enterprises and small enterprises		
Total outstanding dues of creditors other than micro enterprises and small enterprises	604.35	758.26
Other financial liabilities	1,325.59	1,121.95
Other current liabilities	104.85	107.48
Deferred revenue/ contract liabilities	0.08	0.08
Net employee benefit Liabilities	3.82	2.77
Provisions	56.43	56.43
Total current liabilities	**4,787.49**	**5,009.85**
Liabilities associated with assets held for sale	-	-
Total Liabilities	**15,768.29**	**16,144.46**
TOTAL EQUITY AND LIABILITIES	**9,688.60**	**10,019.71**

Date : 25th October, 2018
Place : Gandhinagar

Dr. T. Natarajan, IAS
Managing Director
DIN : 00396367

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ANNEXURE - VII

J. P. SHAH & CO.
Chartered Accountants

J. P. SHAH
B.Com, F.C.A.

CA NIRAV J. SHAH
B.Com, F.C.A, LL.B, D.I.S.A., B.C.S.

7/8, Mrudul Tower, 1st Floor, H.K. House Lane, Ashram Road, Ahmedabad-380 009. Tel. : 079- 26576124

AUDITOR'S REPORT

To,
The Board of Directors of
GUJARAT STATE INVESTMENTS LIMITED,

Report on the Standalone Financial Statements

We have reviewed financial statements of **Gujarat State Investments Limited**('the company') which comprise the Balance Sheet as at 30th September, 2018, and the Statement of Profit and Loss, for the six months then ended and a summary of significant accounting policies and other explanatory information.

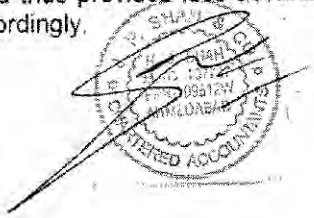
Management's Responsibility for the Standalone Financial Statements

The Statement which is responsibility of the Company's Management and approved by the Board of Directors is in accordance with the recognition and measurement principles laid down in Ind AS-34, Interim Financial Reporting prescribed u/s 133 of the Companies Act, 2013 read with relevant rules issued there under and other accounting principles generally accepted in India.This responsibility also includes maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design , implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion based on our review on these standalone financial statements

1. We have reviewed in accordance with the Standard on Review Engagement (SRE 2400) "Review of Interim financial information" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial results are free of material misstatement. A review is limited primarily to enquiries of the Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly,



2. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the applicable Accounting Standards i.e. India Accounting Standards ('Ind AS') prescribed u/s 133 of the Companies Act , 2013 read with relevant rules issued there under and other recognised accounting practices and policies generally accepted in India has not disclosed the information required to be disclosed in terms of the Regulation, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For JP SHAH & CO.
Chartered Accountants
Firm Registration No. 109612W

NIRAV J SHAH
Partner
Membership No.107717

Place : Ahmedabad
Date : 31/12/2018

Gujarat State Investment Limited

CIN : U64990GJ1988SGC010307

BALANCE SHEET AS AT 30th September, 2018

(Rs. in Lakhs)

Sr No	Particulars	Note No.	As at 30th September, 2018	As at 30th September, 2017
	ASSETS			
1	**Financial Assets**			
a.	Cash and Cash Equivalents	1	27.75	12,592.72
b.	Bank Balance other than (a) above		-	-
c.	Derivative financial instruments		-	-
d.	Receivables		-	-
	i) Trade Receivables		-	-
	ii) Other Receivables		-	-
e.	Loans	2	-	-
f.	Investments	3	3,20,474.51	3,14,554.47
g.	Other Financial assets	4	9,653.41	5,921.10
2	**Non-Financial Assets**			
a.	Inventories		-	-
b.	Current tax assets (Net)	5	391.30	343.12
c.	Deferred tax Assets (Net)		-	-
d.	Investment Property		-	-
e.	Biological assets other than bearer plants		-	-
f.	Property, Plant and Equipment	6	14.16	21.22
g.	Capital work-in-progress		-	-
h.	Intangible assets under development		-	-
i.	Goodwill		-	-
j.	Other Intangible asset		-	-
k.	Other non -financial assets			
	Total Assets		**3,30,561.13**	**3,33,432.63**
	LIABILITIES AND EQUITY			
	LIABILITIES			
1	**Financial Liabilities**			
a.	Derivative financial instruments		-	-
b.	Payables			
	(I)Trade Payables			-
	(i) total outstanding dues of micro enterprises and small enterprises		-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
	(II) Other Payables			
	(i) total outstanding dues of micro enterprises and small enterprises		-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
c.	Debt Securities			
	Borrowings (Other than Debt Securities)	7	50,500.00	62,500.00
e.	Deposits		-	-
f.	Subordinated Liabilities		-	-
g.	Other financial liabilities(to be specified)		-	-
2	**Non-Financial Liabilities**			
a.	Current tax liabilities (Net)			
b.	Provisions	8	14.37	11.72
c.	Deferred tax liabilities (Net)	9	32,779.50	30,666.95
d.	Other non-financial liabilities(to be specified)	10	3.35	29.73
3	**EQUITY**			
a.	Equity Share capital	11	1,04,276.91	1,04,276.91
b.	Other Equity	12	1,42,987.00	1,35,947.32
	Total Liabilities And Equity		**3,30,561.13**	**3,33,432.63**

See accompanying Notes to the Financial Statements
As per our report attached

For
Gujarat State Investments Limited

GUJARAT STATE INVESTMENTS LTD. AHMEDABAD

Company Secretary Chief Financial Officer

Place : Ahmedabad

Date : 31 DEC 2018

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Gujarat State Investment Limited

CIN : U64990GJ1988SGC010307

STATEMENT OF PROFIT & LOSS FOR THE PERIOD ENDED 30TH SEPTEMBER, 2018

(Rs. in Lakhs)

Sr. No	Particulars	Note No.	For the period ended 30th September, 2018	For the period ended 30th September, 2017
	Revenue From Operations			
i.	Interest Income	13	19.34	11.47
ii.	Dividend Income		9,184.95	6,819.88
iii.	Rental Income		-	-
iv.	Fees and commission Income		-	-
v.	Net gain on fair value changes		-	-
vi.	Net gain on derecognition of financial instruments under amortised cost category		-	-
vii.	Sale of products(including Excise Duty)		-	-
viii.	Sale of services		-	-
ix.	Others		-	-
(I)	**Total Revenue from operations**		9,204.29	7,431.35
(II)	Other Income	14	4.23	4.68
(III)	**Total Income (I+II)**		9,208.52	7,436.03
	Expenses			
i.	Finance Costs		-	-
ii.	Fees and commission expense		-	-
iii.	Net loss on fair value changes		-	-
iv.	Net loss on derecognition of financial instruments under amortised cost category		-	-
v.	Impairment on financial instruments		2,993.24	11,280.94
vi.	Cost of materials consumed		-	-
vii.	Purchases of Stock -in -trade		-	-
viii.	Changes in Inventories of finished goods, stock -in - trade and work -in - progress		-	-
ix.	Employee Benefits Expenses	15	15.79	17.21
x.	Depreciation , amortization and impairment		2.66	4.22
xi.	Others expenses	16	30.14	14.76
(IV)	**Total Expenses (IV)**		3,041.83	11,317.13
(V)	Profit / (loss) before exceptional items and tax (III - IV)		6,166.69	(3,881.10)
(VI)	Exceptional items		-	-
(VII)	Profit/(loss) before tax (V -VI)		6,166.69	(3,881.10)
(VIII)	Tax Expense			
	(i) Current Tax		-	191.60
	(ii) Deferred Tax		833.46	3,731.21
(IX)	Profit / (loss) for the period from continuing operations(VII -VIII)		7,000.15	(341.49)
(X)	Profit/(loss) from discontinued operations		-	-
(XI)	Tax Expense of discontinued operations		-	-
(XII)	Profit/(loss) from discontinued operations(After tax) (X -XI)		-	-
(XIII)	**Profit/(loss) for the period (IX+XII)**		7,000.15	(341.49)
(XIV)	**Other Comprehensive Income**			
	(A) (i) Items that will not be reclassified to profit or loss		(0.00)	(0.48)
	(ii) Income tax relating to items that will not be reclassified to profit or loss			
	Subtotal (A)		(0.00)	(0.48)
	(B) (i) Items that will be reclassified to profit or loss		-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
	Subtotal (B)			
	Other Comprehensive Income (A+B)		(0.00)	(0.48)
(XV)	**Total Comprehensive Income for the period (XIII+XIV) (Comprising Profit (Loss) and other Comprehensive Income for the period)**		7,000.14	(341.9743)
(XVI)	Earnings per equity share			
	Basic & Diluted		0.67	(0.0328)

See accompanying Notes to the Financial Statements

As per our report attached

GUJARAT STATE INVESTMENTS LTD. AHMEDABAD

For
Gujarat State Investments Limited

Company Secretary **Chief Financial Officer**

Place : Ahmedabad

Date : 13.1 DEC 2018

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CIN : U64990GJ1988SGC010307

STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 30TH SEPTEMBER, 2018

(Rs. in Lakhs)

	Particulars	For the period ended 30th September, 2018	For the period ended 30th September, 2017
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Profit Before Tax	6,166.69	(3,881.10)
	Adjustment for		
	Add :		
	Interest and Finance Charges	-	-
	Depreciation	2.66	4.22
	Provision of Employee benefit	1.13	-
	Fair Value of investment	2,993.24	11,280.94
	Other income (non cash)	-	-
	Operating Profit Before Working Capital Changes	9,163.72	7,404.06
	(Increase) / Decrease in Current Assets		
	Loans and advances	-	-
	Other Current Assets	(3,641.10)	16,799.76
	(Increase) / Decrease in Provision	(0.33)	1.00
	Increase / (Decrease) in Current Liabilities		
	Other Payables	(5.14)	24.49
	Cash Generated From Operations	5,517.15	18,224.31
	Direct Taxes Paid	(33.83)	17.39
	NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES (A)	5,483.32	18,241.70
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of Property, Plant and Equipment	(0.19)	(2.03)
	Purchase of Investment		
	Decrease in deposits		
	NET CASH INFLOW / (OUTFLOW) FROM INVESTING ACTIVITIES (B)	(0.19)	(2.03)
C.	**CASH FLOW USED IN FINANCING ACTIVITIES**		
	Proceeds from the borrowing		
	Repayment of Borrowings	(5,500.00)	(5,485.00)
	Interest and Finance Charges paid		
	NET CASH INFLOW / (OUTFLOW) FROM FINANCING ACTIVITIES (C)	(5,500.00)	(5,485.00)
	Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	(16.86)	12,754.67
	Add : Cash and Cash Equivalents balance as at 1st April	44.63	29.64
	Cash and Cash Equivalents as at 30th September	27.77	12,784.30

GUJARAT STATE INVESTMENTS LTD. AHMEDABAD

For
Gujarat State Investments Limited

Company Secretary Chief Financial Officer

Place : Ahmedabad

Date : 31 DEC 2018

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th September, 2018

Company Overview & Significant Accounting Policies

1. Reporting Entity

Gujarat State Investment Limited(the'Company') is a Company domiciled in India, with its registered office situated at 6th Floor, H K House, Ashram Road, Ahmedabad-380009 Gujarat, India.The Company has been incorporated under the provisions of Companies Act applicable in India. The Company is primarily involved in investment activity.

2. Basis of preparation

(a) Statement of compliance with Ind AS

The financial statements of the Company have been prepared to comply with the Indian Accounting standards ('Ind AS'), as per the Companies (Indian accounting standards) Rules, 2015 notified under Section 133 of the Companies act 2013 and other relevant provisions.

Details of Significant accounting policies are included in the Note 3

(b) Functional and presentation currency

These financial statements are presented in Indian Rupees(INR), which is also the functional currency.All the amounts have been rounded off to the nearest lakhs , unless otherwise indicated.

(c) Basis of Measurement

The financial statements have been prepared on the historical cost basis except for the following items:

Item	Measurement basis
Inter Corporate Deposit (ICD)	At Amortised cost
Investments other than investment in Associates	At Fair value

(d) Use of Estimates and Judgements:

In preparing these financial statements , management has made judgements , estimates ,and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities , incomes and expenses. Actual results may differ from these estimates.

Estimates:

Estimates and underlying assumptions are reviewed on an ongoing basis. They are based on historical experience and other factors including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances. Revisions to the accounting estimates are recognised prospectively.

Judgements:

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the respective note.

Assumptions and Estimation Uncertainties:

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the respective note.

(e) Measurement of Fair Values :

The Company has established control framework with respect to the measurement of fair values. The Company regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the Company assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Company's Board of Directors.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation
Level 1 - quoted (unadjusted) market prices in active markets for identical assets or liabilities.
Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e as prices) or indirectly (i.e derived from prices).
Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Further information about the assumptions made in measuring fair values is included in the respective note.

GUJARAT STATE INVESTMENTS LTD. AHMEDABAD

3. Significant Accounting Policies

a. Financial Instruments

1. Financial Assets:

i) Classification

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

- Those measured at amortized cost and
- Those measured at fair value through profit or loss.

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

- A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL :

  - the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

  - the contractual terms of a financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- Financial assets are not reclassified subsequent to their initial recognition except if and in the period the Company changes its business model for managing financial assets.

ii) Measurement

At initial recognition, the Company measures a financial asset when it becomes a party to the contractual provisions of the instruments and measures at its fair value. Transaction costs are incremental costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. A regular way purchase and sale of financial assets are accounted for at trade date.

iii) Subsequent Measurement and Gains and Losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on de-recognition is recognized in profit or loss.

iv) Derecognition

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognized.

2. Financial Liabilities:

(i) Classification , Subsequent Measurement and Gains and losses

Financial liabilities are classified as measured at Historical cost. Company has taken interest free loan from Government of Gujarat having specific directions to invest in equity shares of specified entities. There exist a contractual obligation, however, the terms and conditions do not specify that whether the loan is repayable on demand and also fixed repayment schedule is not specified. Considering the said fact it is not possible to value such financial liability at amortised cost.

ii) Derecognition

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in the profit or loss.

3. Offsetting

Financial assets and financial liabilities are off set and the net amount presented in the Balance Sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

4. Investment in Associates

Investment in associates is carried at cost in the separate financial statements.

GUJARAT STATE INVESTMENTS LTD. AHMEDABAD

b. **Property, Plant and Equipment**

i. **Recognition and Measurement**

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation, and accumulated impairment losses, if any. "

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non- refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Useful lives have been determined in accordance with Schedule II to the Companies Act, 2013. The residual values are not more than 5% of the original cost of the asset.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

ii. **Transition to Ind AS**

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2017, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment.

iii. **Subsequent Expenditure**

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

iv. **Depreciation**

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the written down value method and is recognised in the statement of profit and loss.

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives best represent the period over which management expects to use these assets.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (up to) the date on which asset is ready for use (disposed of).

v. **Derecognition**

An item of Property, Plant and Equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of assets.

c. **Impairment**

i. **Impairment of Financial Assets**

In accordance with Ind AS 109, the Company uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of financial assets other than those measured at fair value through profit and loss (FVTPL)

Measurement of Expected Credit Losses

The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or

Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

ii. **Impairment of Non-Financial Assets**

The Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in the Statement of Profit and Loss.

In respect of assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

d. **Employee Benefits**

i. **Short Term Employee Benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

GUJARAT STATE INVESTMENTS LTD. AHMEDABAD

ii. Defined Contribution Plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions towards Government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

iii. Defined Benefit Plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount using market yields at the end of reporting period on government bonds.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the Asset Ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Re-measurement of defined benefit plans in respect of post-employment are charged to the Other Comprehensive Income.

e. Provisions (other than Employee Benefits), Contingent Liabilities and Contingent Assets

A provision is recognized when the Company has a present legal obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognized but are disclosed in the notes to the financial statements. A contingent asset is neither recognized nor disclosed if inflow of economic benefit is probable.

f. Recognition of Dividend Income, Interest Income

Income from dividend is accounted as and when such dividend has been declared and the company's right to received payment is established.

Interest income is recognized on a time proportion basis, taking in the account the amount outstanding and the rate applicable.

g. Income Tax

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

(i) Current Tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date. Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

(ii) Deferred Tax

Deferred tax is recognised , at the year end, in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes.
Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used.
Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax liabilities and assets on net basis or their tax assests and liabilities will be realised simultaneously.

GUJARAT STATE INVESTMENTS LTD. AHMEDABAD

h. Cash and Cash Equivalents

Cash and cash equivalents include cash and cheques in hand, bank balances, demand deposits with banks and other short term highly liquid investments that are readily convertible to know amounts of cash and which are subject to an insignificant risk of changes in value where original maturity is three months or less.

i. Earning Per Share

Basic earning per share is calculated by dividing the net profit after tax for the year attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year. Diluted earning per share is calculated by dividing net profit attributable to equity shareholders (after adjustment for diluted earnings) by average number of weighted equity shares outstanding during the year plus potential equity shares.

j. Cash Flow Statement

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

GUJARAT STATE INVESTMENTS LTD. AHMEDABAD

Notes