



## MAHANAGAR GAS LIMITED

Our Company was incorporated on May 8, 1995 at Mumbai as Mahanagar Gas Limited, a public limited company under the Companies Act, 1956. Our Company obtained a certificate of commencement of business on July 4, 1995. **Corporate Identification Number:** U40200MH1995PLC088133

**Registered Office and Corporate Office:** MGL House, G-33 Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051. For details of change in registered office of our Company, see the section "History and Certain Corporate Matters" on page 131.

**Contact Person:** Mr. Alok Mishra, Company Secretary and Compliance Officer; **Tel:** +91 (22) 6695 2941, **Fax:** +91 (22) 6675 6491

**Email:** mgl ipo@mahanagargas.com; **Website:** www.mahanagargas.com

### PROMOTERS OF OUR COMPANY: GAIL (INDIA) LIMITED AND BG ASIA PACIFIC HOLDINGS PTE LIMITED

INITIAL PUBLIC OFFER OF UP TO 24,694,500 EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH ("EQUITY SHARES") OF MAHANAGAR GAS LIMITED ("COMPANY" OR "ISSUER") FOR CASH AT A PRICE OF ₹ [ ] PER EQUITY SHARE ("OFFER PRICE") THROUGH AN OFFER FOR SALE OF UP TO 12,347,250 EQUITY SHARES BY GAIL (INDIA) LIMITED AND UP TO 12,347,250 EQUITY SHARES BY BG ASIA PACIFIC HOLDINGS PTE LIMITED ("SELLING SHAREHOLDERS") AGGREGATING UP TO ₹ [ ] MILLION ("OFFER"). THE OFFER INCLUDES A RESERVATION OF UP TO 200,000 EQUITY SHARES, AGGREGATING UP TO ₹ [ ] MILLION, FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES (AS DEFINED HEREINAFTER) ON A COMPETITIVE BASIS ("EMPLOYEE RESERVATION PORTION"). THE OFFER LESS THE EMPLOYEE RESERVATION PORTION IS HEREINAFTER REFERRED TO AS THE "NET OFFER". THE OFFER AND THE NET OFFER WILL CONSTITUTE 25.00 % AND 24.80 %, RESPECTIVELY, OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY. OUR COMPANY AND THE SELLING SHAREHOLDERS MAY, IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS, OFFER A DISCOUNT OF ₹ [ ] PER EQUITY SHARE ON THE OFFER PRICE TO ELIGIBLE EMPLOYEE ("EMPLOYEE DISCOUNT").

THE FACE VALUE OF THE EQUITY SHARES IS ₹ 10 EACH.

THE PRICE BAND, THE EMPLOYEE DISCOUNT, IF ANY, AND THE MINIMUM BID LOT SIZE WILL BE DECIDED BY OUR COMPANY AND THE SELLING SHAREHOLDERS, IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS, AND WILL BE ADVERTISED IN MUMBAI EDITION OF FINANCIAL EXPRESS (AN ENGLISH NATIONAL DAILY NEWSPAPER), MUMBAI EDITION OF JANSATTA (A HINDI NATIONAL DAILY NEWSPAPER) AND MUMBAI EDITION OF NAVSHAKTI (A MARATHI NATIONAL DAILY NEWSPAPER) EACH WITH WIDE CIRCULATION AT LEAST FIVE WORKING DAYS PRIOR TO THE BID/OFFER OPENING DATE AND SHALL BE MADE AVAILABLE TO BSE LIMITED ("BSE") AND NATIONAL STOCK EXCHANGE OF INDIA LIMITED ("NSE", AND TOGETHER WITH BSE, THE "STOCK EXCHANGES") FOR UPLOADING ON THEIR RESPECTIVE WEBSITES.

In case of revision in the Price Band, the Bid/ Offer Period shall be extended by at least three additional Working Days after such revision of the Price Band, subject to the Bid/ Offer Period not exceeding 10 Working Days. Any revision in the Price Band, and the revised Bid/ Offer Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a press release and also by indicating the change on the websites of the Book Running Lead Managers, at the terminals of the Syndicate Members and by intimation to Self Certified Syndicate Banks ("SCSBs"), Registered Brokers, Collecting Depository Participants and Registrar and Share Transfer Agents.

Pursuant to Rule 19(2)(b) of the Securities Contracts Regulation Rules, 1957, as amended ("SCRR") read with Regulation 41 of the SEBI ICDR Regulations, the Offer is being made for at least 10% of the post-Offer paid-up Equity Share capital of our Company. This Offer is being made through the Book Building Process where 50% of the Net Offer shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("QIBs") ("QIB Portion"). Our Company and the Selling Shareholders may, in consultation with the Book Running Lead Managers, allocate up to 60% of the QIB Portion to Anchor Investors, on a discretionary basis, ("Anchor Investor Portion") at the Anchor Investor Allocation Price, out of which at least one third will be available for allocation to domestic Mutual Funds only subject to valid Bids received from Domestic Mutual Funds at or above the Anchor Investor Allocation Price. In event of under-subscription, or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the QIB Portion. Equity Shares representing 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the QIB Portion shall be available for allocation on a proportionate basis to QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received from them at or above the Offer Price. Further, not less than 15% of the Net Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Offer shall be available for allocation to Retail Individual Bidders, subject to valid Bids being received from them at or above the Offer Price. All Investors, other than Anchor Investors, shall participate in the Offer mandatorily through the Application Supported by Blocked Amount ("ASBA") process by providing the details of their respective ASBA Account, which will be blocked by the SCSBs, to participate in this Offer. For details, see the section "Offer Procedure" on page 295.

### RISK IN RELATION TO THE FIRST OFFER

This being the first public offer of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Shares is ₹10. The Floor Price is [ ] times the face value and the Cap Price is [ ] times the face value. The Offer Price (as determined by our Company and the Selling Shareholders, in consultation with Book Running Lead Managers, on the basis of the assessment of market demand for the Equity Shares by way of the Book Building Process and as stated in the section "Basis for Offer Price" on page 80, should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares of our Company or regarding the price at which the Equity Shares will be traded after listing.

### GENERAL RISKS

Investment in equity and equity related securities involves a degree of risk and investors should not invest any funds in this Offer unless they can afford to take the risk of losing their investment. Investors are advised to read the Risk Factors carefully before taking an investment decision in this Offer. For taking an investment decision, investors must rely on their own examination of our Company and the Offer including the risks involved. The Equity Shares offered in the Offer have not been recommended or approved by the Securities and Exchange Board of India ("SEBI") nor does SEBI guarantee the accuracy or adequacy of the contents of this Red Herring Prospectus. Specific attention of the investors is invited to the section "Risk Factors" on page 18.

### THE COMPANY AND THE SELLING SHAREHOLDERS' ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Red Herring Prospectus contains all information with regard to our Company and the Offer, which is material in the context of this Offer; that the information contained in this Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect; that the opinions and intentions expressed herein are honestly held; and that there are no other facts, the omission of which makes this Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. Each of the Selling Shareholders, having made reasonable enquiries, accepts responsibility for and confirms that this Red Herring Prospectus contains all statements in relation to itself and the Equity Shares offered by it in the Offer which are material in the context of the Offer and that all such statements are true and correct and in all material aspects, and are not misleading in any material respect.

### LISTING

The Equity Shares offered through the Red Herring Prospectus are proposed to be listed on BSE and NSE. The in-principle approvals of BSE and NSE for listing the Equity Shares have been received pursuant to letter bearing number DCS/PO/NP/IP/805/2015-2016 dated November 26, 2015 and letter bearing number NSE/LIST/52638 dated December 2, 2015, respectively. For the purpose of this Offer, BSE shall be the Designated Stock Exchange. A copy of the Red Herring Prospectus and the Prospectus shall be delivered for registration to the Registrar of Companies, Mumbai, in accordance with Section 26(4) of the Companies Act, 2013.

The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States, and unless so registered, may not be offered or sold within the United States except pursuant to an exemption from or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S and the applicable laws of each jurisdiction where such offers and sales occur.

### BOOK RUNNING LEAD MANAGERS

### REGISTRAR TO THE OFFER

 <b>Kotak Mahindra Capital Company Limited</b> 1st Floor, 27 BKC, Plot No. 27, G Block Bandra Kurla Complex, Bandra (East) Mumbai - 400 051 Tel: +91 (22) 4336 0000 Fax: +91 (22) 6713 2447 E-mail: mgl.ipo@kotak.com Investor grievance e-mail: kmccredressal@kotak.com Contact Person: Ganesh Rane Website: http://investmentbank.kotak.com SEBI Registration No.: INM000008704	 <b>Citigroup Global Markets India Private Limited</b> 1202, 12th Floor, First International Financial Centre, G-Block C54 & 55, Bandra Kurla Complex, Bandra (East) Mumbai - 400 051 Tel: +91 (22) 6175 9999 Fax: +91 (22) 6175 9961 E-mail: mgl.ipo@citi.com Investor grievance e-mail: investors.cgmib@citi.com Contact Person: Aditi Jain Website: http://www.online.citibank.co.in/rhtm/citigroupglobalscreen1.htm SEBI Registration No.: INM000010718	 <b>Link Intime India Private Limited</b> C 13, Pannalal Silk Mills Compound LBS Marg, Bhandup (West) Mumbai - 400 078 Tel: +91 (22) 6171 5400 Fax: +91 (22) 2596 0329 Investor grievance email: mgl.ipo@linkintime.co.in Contact Person: Shanti Gopalkrishnan Website: www.linkintime.co.in SEBI Registration No.: INR 000004058
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### BID/OFFER PROGRAMME\*

<b>FOR ALL BIDDERS:</b>	<b>ISSUE OPENS ON: JUNE 21, 2016</b>
<b>FOR QIBS:</b>	<b>ISSUE CLOSES ON: JUNE 23, 2016</b>
<b>FOR RETAIL AND NON-INSTITUTIONAL BIDDERS</b>	<b>ISSUE CLOSES ON: JUNE 23, 2016</b>

\*Our Company and the Selling Shareholders, may, in consultation with the Book Running Lead Managers, consider participation by Anchor Investors. The Anchor Investor Bid/ Offer Period shall be one Working Day prior to the Bid/ Offer Opening Date.

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## SECTION I: GENERAL

### DEFINITIONS AND ABBREVIATIONS

This Red Herring Prospectus uses certain definitions and abbreviation which, unless the context otherwise indicates or implies, shall have the respective meanings given below. References to statutes, regulations, rules, guidelines and policies will be deemed to include all amendments and modifications thereto.

As on date of this Red Herring Prospectus, our Company does not have any subsidiaries. Consequently, all references to “our Company”, “the Company”, “the Issuer”, “we”, “our”, “us” or “Mahanagar Gas Limited” is to Mahanagar Gas Limited, a company incorporated under the Companies Act 1956 and having its Registered Office and Corporate Office at MGL House, G-33 Block, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051, on a standalone basis.

The words and expression used in this Red Herring Prospectus, but not defined herein, shall have the same meaning ascribed to such terms under the SEBI ICDR Regulations, the Companies Act, the SCRA, the Depositories Act and the rules and regulations made thereunder as the case may be. Notwithstanding the foregoing, the terms not defined but used in the sections “*Statement of Tax Benefits*”, “*Financial Statements*”, “*Outstanding Litigation and Material Developments*” and “*Main Provisions of Articles of Association*” on pages 83, 174, 251 and 341 respectively, shall have the meanings ascribed to such terms in these respective sections.

#### Company Related Terms

Term	Description
Articles/ Articles of Association/ AoA	The articles of association of our Company, as amended
Audit Committee	Audit committee of our Company constituted in accordance with Regulation 18 of the SEBI Listing Regulations and Section 177 of the Companies Act, 2013
Auditor/ Statutory Auditor	The statutory auditor of our Company, being M/s. Deloitte Haskins & Sells, Chartered Accountants
Our Board/ Board of Directors	The board of directors of our Company, as duly constituted from time to time
CCD	Compulsory convertible debentures of our Company of ₹ 10 each, which was held by the Government of Maharashtra. For further details, see “ <i>Capital Structure</i> ” on page 61
CSR Committee	Corporate social responsibility committee of our Company constituted in accordance with the Companies Act, 2013
Director(s)	The director(s) on our Board, unless otherwise specified. For further details of our Directors, see “ <i>Our Management</i> ” on page 141
Equity Listing Agreement/ Listing Agreement	The equity listing agreement to be entered into by our Company with the Stock Exchanges
Equity Shares	The equity shares of our Company of face value of ₹ 10 each, fully paid-up, unless otherwise specified in the context thereof
Group Companies	The companies included under the definition of “Group Companies” under the SEBI ICDR Regulations and identified by the Company in its Materiality Policy. For further details, see section “ <i>Our Promoters, Promoter Group and Group Companies</i> ” on page 158
Independent Directors	The independent directors on the Board who are eligible to be appointed as an independent director under the provisions of the Companies Act and the SEBI Listing Regulations. For details of the Independent Directors, see section “ <i>Our Management</i> ” on page 141
Key Managerial Personnel/ KMP	The key management personnel of our Company in terms of the SEBI ICDR Regulations and the Companies Act disclosed in section “ <i>Our Management</i> ” on page 141
Materiality Policy	The policy on identification of group companies, material creditors and material litigation, adopted by our Board on November 2, 2015, in accordance with the requirements of the SEBI ICDR Regulations
Memorandum/ Memorandum of Association	The memorandum of association of our Company, as amended.

Term	Description
Nomination and Remuneration Committee	Nomination and remuneration committee of our Company constituted in accordance with the Regulation 19 of the SEBI Listing Regulations and Section 178 of the Companies Act, 2013
Promoters	<p>The promoters of our Company, being:</p> <p>(a) GAIL (India) Limited, a company incorporated under the Companies Act 1956 and having its registered office at 16, Bhikaiji Cama Place, R.K. Puram, New Delhi – 110066; and</p> <p>(b) BG Asia Pacific Holdings Pte Limited, a company incorporated under the Companies Act (Cap. 50), Singapore and having its registered office at 8 Marina View, #11-03 Asia Square, Tower 1, 018960, Singapore.</p> <p>For further details, see section “<i>Our Promoters, Promoter Group and Group Companies</i>” on page 158</p>
Promoter Group	Includes such persons and entities constituting the promoter group of our Company in terms of Regulation 2(1)(zb) of the SEBI ICDR Regulations and as disclosed in section “ <i>Our Promoters, Promoter Group and Group Companies</i> ” on page 158
Registered Office and Corporate Office	MGL House, G-33 Block, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051
RoC/ Registrar of Companies	The Registrar of Companies, Mumbai situated at 100, Everest, Marine Drive, Mumbai – 400 002
Stakeholders’ Relationship Committee	Stakeholder’s relationship committee of our Company constituted in accordance with the Regulation 20 of the SEBI Listing Regulations and Section 178 of the Companies Act, 2013

#### Offer Related Terms

Term	Description
Acknowledgement Slip	The slip or document issued by the Designated Intermediary to a Bidder as proof of registration of the Bid cum Application Form
Allot/ Allotment/ Allotted	The transfer of Equity Shares pursuant to the Offer to successful Bidders
Allotment Advice	Note or advice or intimation of Allotment of Equity Shares sent to the Bidders who have been or are to be Allotted the Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange
Allottee	A successful Bidder to whom the Allotment is made
Anchor Investor	A QIB, applying under the Anchor Investor Portion, who has Bid for an amount of at least ₹ 100 million and in accordance with the requirements specified in the SEBI ICDR Regulations and the Red Herring Prospectus
Anchor Investor Allocation Price	The price at which Equity Shares will be allocated in terms of this Red Herring Prospectus and the Prospectus to the Anchor Investors, which will be decided by our Company and the Selling Shareholders, in consultation with the BRLMs prior to the Bid Opening Date
Anchor Investor Application Form	The form used by an Anchor Investor to make a Bid in the Anchor Investor Portion and which will be considered as an application for Allotment in terms of this Red Herring Prospectus and the Prospectus
Anchor Investor Bid/ Offer Date	The day, one Working Day prior to the Bid/ Offer Opening Date on which Bids by Anchor Investors shall be accepted, prior to or after which the members of the Syndicate will not accept any Bids from the Anchor Investor and allocation to Anchor Investors shall be completed
Anchor Investor Offer Price	The price at which Allotment will be made to Anchor Investors in terms of this Red Herring Prospectus and the Prospectus, which shall be higher than or equal to the Offer Price but not higher than the Cap Price. The Anchor Investor Offer Price will be decided by our Company and the Selling Shareholders, in consultation with the BRLMs, prior to the Bid/ Offer Opening Date

Term	Description
Anchor Investor Pay-in Date	With respect to Anchor Investors, it shall be the Anchor Investor Bidding Date, and, in the event the Anchor Investor Allocation Price is lower than the Offer Price, not later than two Working Days after the Bid/ Offer Closing Date
Anchor Investor Portion	Up to 60% of the QIB Portion, which may be allocated by our Company and the Selling Shareholders, in consultation with the BRLMs, to Anchor Investors on a discretionary basis, of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price
Application Supported by Blocked Amount/ ASBA	An application, whether physical or electronic, used by ASBA Bidders, to make a Bid authorising a SCSB to block the Bid Amount in the ASBA Account.
Application Supported by Blocked Amount Form /ASBA Form	An application form, whether physical or electronic, used by ASBA Bidders, which will be considered as the application for Allotment in terms of this Red Herring Prospectus and the Prospectus. All Bidders, except Anchor Investors, shall apply through ASBA mode only
ASBA Account	Account maintained with a SCSB and specified in the ASBA Form submitted by an ASBA Bidder for blocking the Bid Amount mentioned in the ASBA Form
ASBA Bidder(s)	All Bidders except Anchor Investors
Basis of Allotment	The basis on which Equity Shares will be Allotted to successful Bidders under the Offer and which is described under the section “ <i>Offer Procedure - Basis of Allotment</i> ” on page 328
Bid	An indication to make an offer during the Bid/ Offer Period by a Bidder (other than an Anchor Investor) or on the Anchor Investor Bidding Date by an Anchor Investor, pursuant to submission of a Bid cum Application Form to purchase Equity Shares from the Selling Shareholders, at a price within the Price Band, including all revisions and modifications thereto as permitted under the SEBI ICDR Regulations
Bid Amount	Highest value of optional Bids indicated in the Bid cum Application Form and payable by the Bidder or blocked in the ASBA Account of the ASBA Bidders, as the case may be, upon submission of the Bid, less discount to Eligible Employees, if applicable.
Bid cum Application Form	The Anchor Investor Application Form or the ASBA Form, as the context requires
Bid/ Offer Closing Date	<p>Except in relation to Bids received from Anchor Investors, the date after which the Designated Intermediaries will not accept any Bids, and which shall be notified in an English national daily newspaper, a Hindi national daily newspaper and a Marathi daily newspaper, each with wide circulation and in case of any revision, the extended Bid/ Offer Closing Date which shall be notified on the websites of the BRLMs, at the terminals of the Syndicate Members and by intimation to the SCSBs, Registered Brokers, CDPs and RTAs, as required under the SEBI ICDR Regulations.</p> <p>Our Company and the Selling Shareholders may, in consultation with the BRLMs, consider closing the Bid/ Offer Period for QIBs one Working Day prior to the Bid/ Offer Closing Date in accordance with the SEBI ICDR Regulations which shall be notified in an English national daily newspaper, a Hindi national daily newspaper and a Marathi daily newspaper, each with wide circulation</p>
Bid/ Offer Opening Date	Except in relation to Bids received from Anchor Investors, the date on which the Designated Intermediaries shall start accepting Bids, and which shall be the date notified in an English national daily newspaper, a Hindi national daily newspaper and a Marathi daily newspaper, each with wide circulation and in case of any revision, the extended Bid/ Offer Opening Date which shall be notified on the websites of the BRLMs, at the terminals of the Syndicate Members and by intimation to the SCSBs, Registered Brokers, CDPs and RTAs, as required under the SEBI ICDR Regulations
Bid/ Offer Period	The period between the Bid/ Offer Opening Date and the Bid/ Offer Closing Date or the QIB Bid/ Offer Closing Date, as the case may be (in either case inclusive of such date and the Bid Opening Date) during which Bidders, other than Anchor Investor Bidder, can submit their Bids, including any revisions thereof.



Term	Description
	The Bid/ Offer Period shall comprise of Working Days only. Our Company and the Selling Shareholders may, in consultation with the BRLMs, consider closing the Bid/ Offer Period for QIB Bidders one Working Day prior to the Bid/ Offer Closing Date, which shall be notified in an advertisement in same newspapers in which the Offer opening advertisement was published
Bidder	Any prospective investor who makes a Bid pursuant to the terms of this Red Herring Prospectus and the Bid cum Application Form
Bid Lot	[●]
Bidding Centres	Centres at which the Designated Intermediaries shall accept the ASBA Forms, i.e., Designated Branch for SCSBs, Specified Locations for Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs.
Book Building Process	The book building process as provided under Part A of Schedule XI of the SEBI ICDR Regulations, in terms of which the Offer is being made
BRLMs/ Book Running Lead Managers	The Book Running Lead Managers to the Offer, in this case being Kotak Mahindra Capital Company Limited and Citigroup Global Markets India Private Limited
Broker Centre	A broker centre of the Stock Exchanges with broker terminals, wherein a Registered Broker may accept ASBA Forms, a list of which is available on the websites of the Stock Exchanges
CAN/ Confirmation of Allocation Note	Notice or intimation of allocation of Equity Shares sent to Anchor Investors, who have been allocated Equity Shares, after the Anchor Investor Bid/ Offer Period
Cap Price	The higher end of the Price Band, subject to any revision thereof, in this case being ₹ [ ] per Equity Share, above which the Offer Price will not be finalized and above which no Bids will be accepted
Collecting Depository Participant / CDP	A depository participant as defined under the Depositories Act, 1996, as amended, registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of circular no. GR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Cut-off Price	Any price within the Price Band determined by our Company and the Selling Shareholders, in consultation with the BRLMs. Only Retail Individual Bidders and Eligible Employees bidding in the Employee Reservation Portion, are entitled to Bid at the Cut-off Price
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Forms used by the ASBA Bidders, a list of which is available on the website of SEBI at <a href="http://www.sebi.gov.in">http://www.sebi.gov.in</a> or at such other website as may be prescribed by SEBI from time to time
Designated Date	The date on which funds will be transferred from the Escrow Account to the Public Offer Account or the Refund Account, as appropriate, and instructions for transfer of the amount blocked by the SCSB from the bank account of the ASBA Bidder to the Public Offer Account are provided, after the Prospectus is filed with the RoC, following which the Selling Shareholders shall transfer the Equity Shares in the Offer
Designated Intermediaries	Syndicate, Sub-Syndicate/Agents, SCSBs, Registered Brokers, the CDPs and RTAs, who are authorised to collect ASBA Forms from the Bidders, in relation to the Offer
Designated CDP Locations	Such locations of the CDPs where ASBA Bidders can submit the ASBA Forms.  The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges ( <a href="http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?expandable=6">http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?expandable=6</a> and <a href="http://www.nseindia.com/products/content/equities/ipos/asba_procedures.htm">http://www.nseindia.com/products/content/equities/ipos/asba_procedures.htm</a> )
Designated RTA Locations	Such locations of the RTAs where ASBA Bidders can submit the ASBA Forms to RTAs.

Term	Description
	The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges ( <a href="http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?expandable=6">http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?expandable=6</a> and <a href="http://www.nseindia.com/products/content/equities/ipos/asba_procedures.htm">http://www.nseindia.com/products/content/equities/ipos/asba_procedures.htm</a> )
Designated Stock Exchange	BSE
Draft Red Herring Prospectus or DRHP	The draft red herring prospectus dated November 12, 2015, filed with SEBI on November 13, 2015, prepared in accordance with the SEBI ICDR Regulations, which did not contain complete particulars of the Offer Price and the size of the Offer
Eligible Employees	<p>All or any of the following:</p> <p>(a) Permanent and full-time employees of our Company (excluding such employees who not eligible to invest in the Offer under applicable laws, rules, regulations and guidelines) as of the date of filing of this Red Herring Prospectus with the RoC, who are Indian nationals and based and present in India and continue to be in the employment of our Company until submission of the Bid cum Application Form, as the case may be; and</p> <p>(b) a Director of our Company, whether whole-time or otherwise (excluding such Directors not eligible to invest in the Offer under applicable laws, rules, regulations and guidelines) as of the date of filing this Red Herring Prospectus with the RoC and who continues to be a Director of our Company until the submission of the Bid cum Application Form and is based and present in India as on the date of submission of the Bid cum Application Form</p> <p>An employee of our Company who is recruited against a regular vacancy, but is on probation, as on the date of submission of the Bid cum Application Form, as the case may be, will be deemed to be a 'permanent employee' of our Company</p>
Employee Discount	Our Company and the Selling Shareholders, in consultation with the BRLMs, may decide to offer a discount of ₹ [ ] per Equity Share to the Offer Price to Eligible Employees in accordance with the SEBI ICDR Regulations and which shall be announced at least five Working Days prior to the Bid/ Offer Opening Date
Eligible NRIs	The NRI(s) from jurisdictions outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the ASBA Form and this Red Herring Prospectus will constitute an invitation to purchase the Equity Shares
Employee Reservation Portion	A reservation of up to 200,000 Equity Shares, available for allocation to Eligible Employees on a proportionate basis, which shall not exceed 5% of our Company's post Offer paid-up capital
Escrow Account	Account(s) opened for this offer with the Escrow Collection Bank(s) and in whose favour the Anchor Investors may issue transfer money through direct credit/NECS/NEFT/RTGS in respect of the Bid Amount while submitting a Bid
Escrow Agreement	The escrow agreement to be entered into by our Company, the Selling Shareholders, the Registrar to the Offer, the Book Running Lead Managers, the Syndicate Members, the Escrow Collection Bank(s), the Public Offer Bank and the Refund Banker(s) for collection of the Bid Amounts and for remitting refunds, if any, to the Bidders (excluding the ASBA Bidders) on the terms and conditions thereof
Escrow Collection Bank(s)	The banks which are clearing members and registered with SEBI as bankers to an issue and with whom the Escrow Account for Anchor Investors will be opened, in this case being [ ]
First/ Sole Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form
Floor Price	The lower end of the Price Band, at or above which the Offer Price will be finalized and below which no Bids will be accepted

Term	Description
General Information Document	General Information Document prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 notified by SEBI, suitably modified and included in section “Offer Procedure – General Information Document for Investing in Public Issues” on page 307
Mutual Funds	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
Mutual Fund Portion	5% of the QIB Portion (excluding the Anchor Investor Portion) or 244,945 Equity Shares available for allocation to Mutual Funds only
Net Offer	The Offer less the Employee Reservation Portion
Net Proceeds	The proceeds of the Offer less the Offer related expenses. For further information about use of Offer Proceeds and the Offer expenses, see section “Objects of the Offer” on page 78
Net QIB Portion	The QIB Portion less the number of Equity Shares Allotted to Anchor Investors on a discretionary basis
Non-Institutional Bidders	All Bidders, that are not QIBs or Retail Individual Bidders who have Bid for Equity Shares for a cumulative amount more than ₹ 2,00,000 (but not including NRIs other than Eligible NRIs)
Non-Institutional Portion	The portion of the Offer being not less than 15% of the Net Offer consisting of not less than 3,674,175 Equity Shares, available for allocation to Non-Institutional Bidders, on a proportionate basis, subject to valid Bids being received at or above the Offer Price
Non-Resident	A person resident outside India, as defined under FEMA and includes an NRI, FII, FPI and FVCI
NRI	A person resident outside India, who is a citizen of India or a person of Indian origin, and shall have the meaning ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2000
Offer Agreement	The offer agreement dated November 12, 2015 entered into among our Company, the Selling Shareholders and the BRLMs
Offer Price	The final price at which Equity Shares will be Allotted in terms of this Red Herring Prospectus. The Offer Price will be decided by our Company and the Selling Shareholders, in consultation with the BRLMs, on the Pricing Date. A discount of ₹ [ ] per Equity Share on the Offer Price may be offered to Eligible Employees. The Rupee amount of the such discount, if any, will be decided by our Company and the Selling Shareholders, in consultation with the BRLMs, and advertised in an English national daily newspaper, a Hindi national daily newspaper and a Marathi daily newspaper, each with wide circulation (Marathi being the regional language of Maharashtra where our Registered Office is located), at least five Working Days prior to the Bid/ Offer Opening Date, and shall be made available to the Stock Exchanges for the purpose of uploading on their website
Offer Proceeds	The proceeds of the Offer that would be available to the Selling Shareholders pursuant to the final listing and trading approvals are received. For further details, see the section “Objects of the Offer” on page 78
Offer/Offer for Sale	The offer for sale of up to 24,694,500 Equity Shares of face value ₹ 10 each aggregating up to ₹ [ ] million, by the Selling Shareholders, pursuant to the terms of this Red Herring Prospectus
Price Band	<p>The price band of a minimum price of ₹ [ ] per Equity Share (Floor Price) and the maximum price of ₹ [ ] per Equity Share (Cap Price) including any revisions thereof</p> <p>Price Band, minimum Bid Lot size and Employee Discount, if any, for the Offer will be decided by our Company and the Selling Shareholders in consultation with the BRLMs and will be advertised, at least five Working Days prior to the Bid/ Offer Opening Date, in an English national daily newspaper, a Hindi national daily newspaper and a Marathi daily newspaper, each with wide circulation</p>
Pricing Date	The date on which the Offer Price is decided by our Company and the Selling Shareholders, in consultation with the BRLMs



<b>Term</b>	<b>Description</b>
Prospectus	The prospectus to be filed with the RoC in connection with this Offer after the Pricing Date, in accordance with Section 26 and Section 28 of the Companies Act, 2013 and the SEBI ICDR Regulations, containing amongst other things, the Offer Price as determined at the end of the Book Building Process, the size of the Offer and certain other information
Public Offer Account	The bank account opened with the Public Offer Bank by our Company under Section 40 of the Companies Act, 2013 to receive money from the Escrow Accounts and the ASBA Accounts on the Designated Date
Public Offer Bank	[ ]
Qualified Institutional Buyers/ QIBs	The qualified institutional buyers as defined under Regulation 2(1)(zd) of the SEBI ICDR Regulations
QIB Bid/ Offer Closing Date	In the event our Company, in consultation with BRLMs, decides to close Bidding by QIBs one day prior to the Bid/ Offer Closing Date, the date one day prior to the Bid/ Offer Closing Date; otherwise it shall be the same date as the Bid/ Offer Closing Date
QIB Portion	The portion of the Offer (including the Anchor Investor Portion) being 50% of the Net Offer consisting of 12,247,250 Equity Shares, available for allocation to QIBs (including the Anchor Investor Portion), on a proportionate basis
Red Herring Prospectus	<p>This red herring prospectus dated June 10, 2016 issued in connection with the Offer in accordance with Section 32 of the Companies Act, 2013 and the SEBI ICDR Regulations, which does not have complete particulars of Offer Price and the size of the Offer</p> <p>The Red Herring Prospectus will be registered with the RoC at least three days before the Bid/ Offer Opening Date and will become the Prospectus upon filing with the RoC after the Pricing Date</p>
Refund Account(s)	The account(s) opened with Refund Bank(s) from which refunds of the whole or part of the Bid Amount to Anchor Investors shall be made
Refund Bank(s)	The banks which are clearing members and registered with SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 with whom the Refund Account(s) will be opened
Refunds through electronic transfer of funds	Refunds through NECS, direct credit, RTGS or NEFT, as applicable
Registered Broker	Stock brokers registered with the Stock Exchanges (and whose name is mentioned on the website of the Stock Exchanges as eligible to accept ASBA Forms), other than the Members of the Syndicate
Registrar and Share Transfer Agents or RTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Registrar/ Registrar to the Offer	The registrar to the Offer, in this case being Link Intime India Private Limited
Registrar Agreement	The restated and amended registrar agreement dated June 2, 2016, entered into among our Company, the Selling Shareholders and Registrar to the Offer
Retail Individual Investors/ Retail Individual Bidder(s)	The individual bidders (including HUFs applying through its Karta and Eligible NRIs), other than Eligible Employees bidding in the Employee Reservation Portion, who have Bid for an amount not more than ₹ 200,000 in any of the bidding options in the Offer
Retail Portion	The portion of the Offer being not less than 35% of the Net Offer, consisting of not less than 8,573,075 Equity Shares available for allocation to Retail Individual Bidder(s) in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price
Revision Form	<p>The form used by the Bidders, to modify the quantity of Equity Shares or the Bid Amount in any of their ASBA Forms or any previous Revision Form(s), as applicable</p> <p>QIB Bidders and Non-Institutional Bidders are not allowed to lower or withdraw their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage.</p>

Term	Description
	Retail Individual Bidders can revise their Bids during the Bid/Offer Period and withdraw their Bids until the Bid/Offer Closing Date
Self-Certified Syndicate Bank(s) or SCSBs	The banks which are registered with SEBI under the SEBI (Bankers to an Issue) Regulations, 1994 and offer services in relation to ASBA, including blocking of an ASBA Account in accordance with the SEBI ICDR Regulations. The list of banks that have been notified by SEBI to act as SCSBs for the ASBA process is available on the SEBI website at the link <a href="http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries">http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries</a> , and at such other websites as may be prescribed by SEBI from time to time
Selling Shareholders	GAIL and BGAPH
Share Escrow Agreement	Agreement dated June 10, as amended by an amendment agreement dated June 10, 2016, entered into between the Selling Shareholders, our Company, the BRLMs and the escrow agent in connection with the transfer of Equity Shares under the Offer for Sale by the Selling Shareholders and credit of such Equity Shares to the demat account of the Allottees
Specified Locations	Bidding centres where the Syndicate shall accept ASBA Forms from Bidders
Stock Exchanges	Refers collectively to BSE and NSE
Syndicate	BRLMs and Syndicate Members
Syndicate Agreement	Agreement dated [ ] to be entered among the BRLMs, the Syndicate Member, the Selling Shareholders, our Company and the Registrar to the Offer in relation to collection of Bid cum Application Forms by the Syndicate
Syndicate Member	The intermediaries registered with the SEBI who are permitted to carry on the activity as an underwriter, in this case being, [ ]
Underwriters	BRLMs and Syndicate Member
Underwriting Agreement	The underwriting agreement to be entered among the Underwriters, the Selling Shareholders and our Company on or after the Pricing Date
Working Day	All days other than second and fourth Saturday of the month, Sunday or a public holiday, on which commercial banks in Mumbai are open for business; provided however, with reference to (a) announcement of Price Band; and (b) Bid/Offer Period, shall mean all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business; and (c) the time period between the Bid/ Offer Closing Date and the listing of the Equity Shares on the Stock Exchanges, shall mean all trading days of Stock Exchanges, excluding Sundays and bank holidays, as per the SEBI Circular SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016

#### Technical and Industry Related Terms/ Abbreviations

Term	Description
ACQ	Annual contracted quantity
Adjoining Areas	Thane city and adjoining contiguous areas including Mira Bhayender, Navi Mumbai, Ambernath, Bhiwandi, Kalyan, Dombivly, Badlapur, Ulhasnagar, Pandal, Kharghar and Taloja
APM	Administered pricing mechanism
Bcf	Billion cubic feet
BEST	Brihanmumbai Electric Supply & Transport
BGIES	BG India Energy Solutions Private Limited
BPCL	Bharat Petroleum Corporation Limited
Btu	British thermal units
CBM	Coal bed methane
CGD	City gas distribution
CGS	City gate station
CNG	Compressed natural gas
CO	Carbon monoxide
CO2	Carbon dioxide
CWIP	Capital work in progress
DRS	District regulator stations
EOL	Essar Oil Limited

Term	Description
GA	Geographic areas
GCV	Gross calorific value
GGCL	Gujarat Gas Company Limited
GI	Galvanized iron
GSPCL	Gujarat State Petroleum Corporation Limited
GUP	Gas utilisation policy
HC	Hydrocarbon
HLPL	Hazira LNG Private Limited
HPCL	Hindustan Petroleum Corporation Limited
HPHT	High pressure, high temperature
HSD	High speed diesel
HSE	Health and safety practices and environment
HSE Steering Committee	Health and Safety Steering Committee
IGL	Indraprastha Gas Limited
IOCL	Indian Oil Corporation Limited
KG basin	Krishna Godavari basin
LDO	Light diesel oil
LNG	Liquefied natural gas
LPG	Liquefied petroleum gas
LSHS	Low sulphur heavy stock
MMBTU/ Mmbtu	One million British thermal units
MMSCMD/ Mmscmd	Million metric standard cubic meter per day
MMTPA/ Mmtpa	Million metric tonne per annum
MoPNG	Ministry of Petroleum and Natural Gas
MRS	Metering and Regulating Stations
MS	Motor spirit
MSRTC	Maharashtra State Road Transport Corporation
NCR	National capital region
NCV	Net calorific value
NELP	New Exploration Licensing Policy
NMMT	Navi Mumbai Municipal Transport
NOC	National oil companies
NOx	Nitrogen oxides
OEM	Original equipment manufacturer
OIL	Oil India Limited
OMC	Oil marketing companies
ONGC	Oil and Natural Gas Corporation
PPA	Power purchase agreements
PE	Polyethylene
PLF	Plant load factor, a measure of average capacity utilization
PLL	Petronet LNG Limited
PM	Particulate matter
PNG	Piped natural gas
PNGRB	Petroleum and Natural Gas Regulatory Board
PNGRB Act	Petroleum and Natural Gas Regulatory Board Act, 2006
PNGRB Regulations	PNGRB (Exclusivity for City or Local Natural Gas Distribution Network) Regulations, 2008
Pricing Guidelines	New Domestic Natural Gas Pricing Guidelines, 2014
Priority Sector	CNG and domestic PNG customers as defined by MoPNG
RIL	Reliance Industries Limited
RLNG	Re-gasified liquefied natural gas
RTO	Regional transport organisation
SCADA system	Supervisory control and data acquisition system
SCM	Standard cubic meter
SGL	Sabarmati Gas Limited
SOx	Sulphur oxides
SR	Service regulator

Term	Description
STC	Safety and technical competence training
TCF	Trillion cubic feet
TMT	Thane Municipal Transport
UAP	Unified allocation policy

#### Conventional and General Terms/ Abbreviations

Term	Description
ACIT	Assistant Commissioner of Income Tax
AGM	Annual general meeting
AIF(s)	The alternative investment funds, as defined in, and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
Air Act, 1981	Air (Prevention and Control of Pollution) Act, 1981
AS/Accounting Standards	Accounting Standards issued by the Institute of Chartered Accountants of India
AY	Assessment year
BAN	Beneficiary account number
BGAPH	BG Asia Pacific Holdings Pte. Limited
BSE	BSE Limited
CAGR	Compounded annual growth rate
Category I foreign portfolio investor(s)	FPIs who are registered as “Category I foreign portfolio investor” under the SEBI FPI Regulations
Category II foreign portfolio investor(s)	FPIs who are registered as “Category II foreign portfolio investor” under the SEBI FPI Regulations
Category III foreign portfolio investor(s)	FPIs who are registered as “Category III foreign portfolio investor” under the SEBI FPI Regulations
CCI	Competition Commission of India
CDSL	Central Depository Services (India) Limited
CIN	Corporate identity number
Client ID	The client identification number maintained with one of the Depositories in relation to demat account
Companies Act, 1956	Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon notification of the sections of the Companies Act, 2013) along with the relevant rules made thereunder
Companies Act/ Companies Act, 2013	Companies Act, 2013, to the extent in force pursuant to the notification of sections of the Companies Act, 2013, along with the relevant rules made thereunder
Competition Act	The Competition Act, 2002
Consolidated FDI Policy	Consolidated FDI Policy dated June 7, 2016, issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, and any modifications thereto or substitutions thereof, issued from time to time.
CRISIL	Credit Rating Information Services of India Limited
CSR	Corporate social responsibility
CST Act	Central Sales Tax Act, 1956
Demographic Details	Details of the Bidders including the Bidder’s address, name of the Bidder’s father/ husband, investor status, occupation and bank account details
Depository	A depository registered with SEBI under the Depositories Act, 1996
Depository Participant/ DP	A depository participant registered with SEBI under the Depositories Act
Depositories	NSDL and CDSL
Depositories Act	The Depositories Act, 1996
DCIT	Deputy Commissioner of Income Tax
DCST	Deputy Commissioner of Sales Tax

Term	Description
DIN	Director identification number
DP/ Depository Participant	A depository participant as defined under the Depositories Act
DP ID	Depository participant's identification
DTC	Direct Taxes Code
ECS	Electronic clearance service
EGM	Extraordinary general meeting
EPS	Earnings per share
FCNR Account	Foreign currency non-resident account
FDI	Foreign direct investment
FEMA	Foreign Exchange Management Act, 1999 read with rules and regulations thereunder
FEMA Regulations	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations 2000
FII(s)	Foreign Institutional Investors as defined under the SEBI FPI Regulations.
Financial Year/ Fiscal/ Fiscal Year/ FY	Period of 12 months ended March 31 of that particular year, unless otherwise stated
FIPB	Foreign Investment Promotion Board
Foreign Portfolio Investor or FPI	Foreign Portfolio Investors, as defined under the SEBI FPI Regulations and registered with SEBI under applicable laws in India.
FVCI	Foreign Venture Capital Investor, registered under the FVCI Regulations
FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
GAAR	General anti avoidance rules
GAIL	GAIL (India) Limited
GIR	General index register
GoI/ Government	Government of India
GoM	Government of Maharashtra
Hazardous Waste Rules, 2008	Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008
HNI	High Net worth Individual
HUF	Hindu Undivided Family
ICAI	Institute of Chartered Accountants of India
ICRA	ICRA Limited
IFRS	International Financial Reporting Standards
IPO	Initial Public Offering
Income Tax Act or the I.T. Act	The Income Tax Act, 1961
Indian GAAP	Generally Accepted Accounting Principles in India
Ind AS	New Indian Accounting Standards notified by Ministry of Corporate Affairs on February 16, 2015, applicable to our Company from Financial Year commencing April 1, 2016
IRDA	Insurance Regulatory and Development Authority of India
ISO	International Organization for Standardization
JV	Joint venture
LLP Act	The Limited Liability Partnership Act, 2008
Ltd.	Limited
MCA	Ministry of Corporate Affairs, Government of India
Mn/ mn	Million
MoU	Memorandum of understanding
NA	Not Applicable
NAV/ Net Asset Value	Net asset value being paid up equity share capital plus free reserves (excluding reserves created out of revaluation) less deferred expenditure not written off (including miscellaneous expenses not written off) and debit balance of profit and loss account, divided by number of issued Equity Shares
NECS	National Electronic Clearing Services
NEFT	National Electronic Fund Transfer
No.	Number



Term	Description
NoC	No objection certificate
NR	Non-resident
Notified Sections	The sections of the Companies Act, 2013 that have been notified by the Government as having come into effect prior to the date of this Red Herring Prospectus
NRE Account	Non-resident external account
NRO Account	Non-resident ordinary account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB/ Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date was eligible to undertake transactions pursuant to the general permission granted to OCBs under FEMA
OHSAS	Occupational Health and Safety Management Systems
p.a.	Per annum
P/E Ratio	Price per earnings ratio
PAN	Permanent account number allotted under the Income Tax Act
PAT	Profit after tax
PBT	Profit before tax
PCB	Pollution Control Board
PESB	Public Enterprises Selection Board
Pvt.	Private
RBI	Reserve Bank of India
RBI Act	Reserve Bank of India Act, 1934
RoC	The Registrar of Companies, Mumbai, Maharashtra
RONW	Return on net worth
Rs./ ₹	Indian Rupees
RTGS	Real time gross settlement
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SCSB	Self-certified syndicate bank
SEBI	Securities and Exchange Board of India, constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
SEBI FII Regulations	Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
SEBI ICDR Regulations/ SEBI Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
SEBI VCF Regulations	The erstwhile Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996
Securities Act	U.S. Securities Act of 1933, as amended
State Government	The government of a state of the Union of India
STT	Securities transaction tax
Sub-account	Sub-accounts registered with SEBI under the SEBI FII Regulations other than sub-accounts which are foreign corporates or foreign individuals
UIN	Unique identification number

<b>Term</b>	<b>Description</b>
U.K. or United Kingdom	United Kingdom
US/ USA/ United States	United States of America
U.S. GAAP	Generally Accepted Accounting Principles in the US
USD/ US\$/ U.S.\$	United States Dollars
VAT	Value added tax
VCFs	Venture Capital Funds as defined and registered with SEBI under the SEBI VCF Regulations
Water Act, 1974	Water (Prevention and Control of Pollution) Act, 1974

## **CERTAIN CONVENTIONS, USE OF FINANCIAL, INDUSTRY AND MARKET DATA AND CURRENCY OF PRESENTATION**

### **Certain Conventions**

Unless otherwise specified or the context otherwise requires, all references to “India” in this Red Herring Prospectus are to the Republic of India, all references to the “U.S.”, the “USA” or the “United States” are to the United States of America, together with its territories and possessions.

Unless stated otherwise, all references to page numbers in this Red Herring Prospectus are to the page numbers of this Red Herring Prospectus.

### **Financial Data**

Unless stated otherwise, the financial information in this Red Herring Prospectus is derived from our audited financial statements (i) as of and for Fiscals ended March 31, 2014, 2013 and 2012 is prepared in accordance with Indian GAAP and the Companies Act, 1956, read with General Circular 8/2014 dated April 4, 2014 issued by the Ministry of Corporate Affairs and other applicable statutory and/ or regulatory requirements and (ii) as of and for Fiscal ended March 31, 2016 and 2015, is prepared in accordance with Indian GAAP and the Companies Act, 2013. The above stated financial information is restated in accordance with the SEBI ICDR Regulations.

In this Red Herring Prospectus, all figures in decimals have been rounded off to the second decimal place and all percentage figures have been rounded off to two decimal places.

Indian GAAP differs in certain material respects from U.S. GAAP and IFRS. We have not attempted to quantify the impact of IFRS or U.S. GAAP on the financial data included in this Red Herring Prospectus, nor do we provide a reconciliation of the financial statements to those under U.S. GAAP or IFRS. Accordingly, the degree to which the financial information prepared in accordance with Indian GAAP, Companies Act and the SEBI ICDR Regulations included in this Red Herring Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Accounting Standards and accounting practices, Indian GAAP, the Companies Act and the SEBI ICDR Regulations. See the section “*Risk Factors – Significant differences could exist between Indian GAAP and other accounting principles, such as U.S. GAAP and IFRS, which may affect investors’ assessments of our Company’s financial condition*” on page 33. Any reliance by persons not familiar with Indian accounting practices, Indian GAAP, the Companies Act and the SEBI ICDR Regulations on the financial disclosures presented in this Red Herring Prospectus should accordingly be limited. In making an investment decision, investors must rely upon their own examination of our Company, the terms of the Offer and the financial information relating to our Company. Potential investors should consult their own professional advisors for an understanding of these differences between Indian GAAP and IFRS or U.S. GAAP, and how such differences might affect the financial information contained herein.

Unless otherwise indicated, any percentage amounts, as set forth in this Red Herring Prospectus, including in the sections “*Risk Factors*”, “*Our Business*”, “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 18, 107 and 229, respectively, have been calculated on the basis of the restated audited financial statements of our Company included in this Red Herring Prospectus.

### **Currency and Units of Presentation**

All references to “Rupees”, “Rs.”, “INR” or “₹” are to Indian Rupees, the official currency of the Republic of India. All references to “US\$” or “USD” or “U.S. Dollar” are to United States Dollars, the official currency of the United States. All references to “SGD” or “Singapore Dollar” are to Singapore Dollars, the official currency of the Republic of Singapore. All references to “GBP” or “Great Britain Pound” are to Great Britain Pound, the official currency of United Kingdom. Our Company has presented certain numerical information in this Red Herring Prospectus in “million” units. One million represents 1,000,000 and one billion represents 1,000,000,000. In this Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed therein are due to rounding-off.

### **Industry and Market Data**

Unless stated otherwise, industry and market data used throughout this Red Herring Prospectus has been derived from industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are

not guaranteed and their reliability cannot be assured. Although, we believe that the industry and market data used in this Red Herring Prospectus is reliable, neither we nor the Selling Shareholders, the BRLMs nor any of their respective affiliates or advisors have prepared or verified it independently. The extent to which the market and industry data used in this Red Herring Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data.

Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in the section “*Risk Factors*” on page 18. Accordingly, investment decisions should not be based on such information.

In accordance with the SEBI ICDR Regulations, we have included in the section “*Basis for the Offer Price*” on page 80, information pertaining to the peer group companies of our Company. Such information has been derived from publicly available data of the peer group companies.

### Exchange Rates

The following table sets forth, for each period indicated, information concerning the number of Rupees for which one US Dollar could be exchanged.

As of	Exchange Rate (in ₹)*
March 30, 2012	51.16
March 28, 2013	54.39
March 28, 2014	60.10
March 31, 2015	62.59
March 31, 2016	66.33

\* Source: [www.rbi.org.in](http://www.rbi.org.in)

*In case March 31 of any of the respective years is a public holiday, the previous calendar day not being a public holiday has been considered*

The following table sets forth, for each period indicated, information concerning the number of Rupees for which one Singapore Dollar could be exchanged.

As of	Exchange Rate (in ₹)*
March 31, 2012	41.51
March 31, 2013	44.07
March 31, 2014	47.65
March 31, 2015	45.54
March 31, 2016	49.02

\* Source: [www.oanda.com](http://www.oanda.com) (Bid rate)

The following table sets forth, for each period indicated, information concerning the number of Rupees for which one Great Britain Pound could be exchanged.

As of	Exchange Rate (in ₹)*
March 30, 2012	81.80
March 28, 2013	82.32
March 28, 2014	99.85
March 31, 2015	92.46
March 31, 2016	95.09

\* Source: [www.rbi.org.in](http://www.rbi.org.in)

*In case March 31 of any of the respective years is a public holiday, the previous calendar day not being a public holiday has been considered*

## FORWARD-LOOKING STATEMENTS

All statements contained in this Red Herring Prospectus that are not statements of historical facts constitute “forward-looking statements”. Investors can generally identify forward-looking statements by terminology such as “aim”, “anticipate”, “believe”, “continue”, “estimate”, “expect”, “intend”, “may”, “objective”, “plan”, “potential”, “project”, “pursue”, “should”, “will”, “would”, or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals are also forward-looking statements.

All statements regarding the expected financial condition and results of operations, business, plans and prospects are forward-looking statements. These forward-looking statements include statements as to the business strategy, the revenue, profitability, planned initiatives. These forward-looking statements and any other projections contained in this Red Herring Prospectus (whether made by us or any third party) are predictions and involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. Important factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under the sections “*Risk Factors*”, “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*”, “*Industry Overview*” and “*Our Business*” on pages 18, 229, 91 and 107, respectively.

The forward-looking statements contained in this Red Herring Prospectus are based on the beliefs of our management, as well as the assumptions made by and information currently available to our management. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materializes, or if any of the underlying assumptions prove to be incorrect, the actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent written and oral forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements.

Certain important factors that could cause actual results to differ materially from our Company’s expectations include, but are not limited to, the following:

1. Increase in the cost price of natural gas;
2. Reduction in allocation amount of domestic natural gas from MoPNG;
3. Stoppage/ obstruction of our natural gas marketing exclusivity in Mumbai and Adjoining Areas;
4. Risks arising from currency fluctuations and inflation;
5. Alternative fuels becoming more cost effective or a fuel of choice to our customers;
6. Decrease in CNG volumes sold;
7. Ability to successfully implement our strategy, our growth and our expansion plans;
8. Changes in government policies and regulatory actions that apply to or affect our business;
9. Inability to comply with applicable regulations, including licenses and approvals from government organizations; and
10. Developments affecting the Indian economy.

By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Our Company, the Selling Shareholders, the BRLMs, the Syndicate Members or their respective affiliates do not have any obligation to, and do not intend to, update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI’s requirements, our Company, the Selling Shareholders and the BRLMs will ensure that investors are informed of material developments until the time of the grant of final listing and trading permissions with respect to Equity Shares being offered in this Offer, by the Stock Exchanges. Our Company and the Selling Shareholders will ensure that investors are informed of material developments in relation to statements about our Company and the Selling Shareholders in the Draft Red Herring Prospectus, this Red Herring Prospectus and Prospectus until the Equity Shares are allotted to the investors.



## SECTION II: RISK FACTORS

*An investment in equity shares involves a high degree of risk. Investors should carefully consider all the information in this Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in the Equity Shares. The risks and uncertainties described in this section are not the only risks that we currently face. If any of the following risks, or other risks that are not currently known or are currently deemed immaterial, actually occur, our business, results of operations, financial condition and cash flows could be materially and adversely affected and the price of our Equity Shares could decline, causing the investors to lose part or all of the value of their investment in the Equity Shares. The financial and other related implications of the risk factors, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are certain risk factors where the financial or other implication is not quantifiable and, therefore, have not been disclosed in such risk factors.*

*This Red Herring Prospectus also contains forward-looking statements that involve risks and uncertainties. Our Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Red Herring Prospectus. See "Forward-Looking Statements" on page 17. Unless otherwise stated, financial information in this section is derived from our restated audited financial information included in "Financial Statements" on page 174. In making an investment decision, prospective investors must rely on their own examination of our Company and the terms of the Offer including the merits and the risks involved.*

### Internal Risk Factors

1. ***A majority of our natural gas supply requirements are met by the allocation of domestic natural gas from the MoPNG at a price determined in accordance with the New Domestic Natural Gas Pricing Guidelines 2014 ("Pricing Guidelines"). Any increase in the cost price of natural gas or any reduction in allocation amount of domestic natural gas may have an adverse effect on our business, results of operations and cash flows.***

We have been allocated natural gas by the MoPNG, the price of which is determined in accordance with the Pricing Guidelines. The price of such natural gas is presently US\$ 3.06/MMBTU on GCV basis. We have also been allocated an additional tranche of natural gas from Panna and Mukta fields at a price of US\$ 5.73/ MMBTU (NCV) and from Tapti fields, both located in Maharashtra, at a price of US\$ 5.57/ MMBTU (NCV). The cost price of both of these allocations is significantly lower than the market price of imported natural gas. The allocated natural gas is currently for our CNG and domestic PNG customers (together, the "**Priority Sector**"). The volume of natural gas allocated to us constituted 86.32%, 84.74% and 88.48%, of our total gas purchased for Fiscal 2014, Fiscal 2015 and Fiscal 2016, respectively.

The MoPNG allocates natural gas to CGD entities through guidelines issued in this regard (the "**MoPNG Guidelines**"). The natural gas is first allocated to GAIL which then supplies the natural gas, so allocated, to the respective CGD entities. The MoPNG Guidelines, revised in February 2014, increased the allocation of natural gas to GAIL for domestic use (PNG) and for use in motor vehicles (CNG), and such allocation is expected to meet the full requirement of all CGD entities. The MoPNG Guidelines were further revised in August 2014, authorising GAIL to supply natural gas 10% over and above the 100% requirement of PNG (domestic) and CNG (transport) for vehicles of each CGD entity, calculated as per the last half yearly consumption by such CGD entity. If there is any reduction in the allocation of domestic natural gas by MoPNG to an extent that we cannot meet demand in PNG and CNG consumption, we will need to purchase gas at prices that may be significantly higher than the current price at which we purchase natural gas.

If the allocation criteria, Pricing Guidelines or the variables used in the Pricing Guidelines were to change, the cost price of natural gas could increase. Further, any reduction in the volume of domestic natural gas allocated to us for the Priority Sector or a withdrawal of the policy entirely may impact the price at which we purchase natural gas, our business, results of operations and cash flows. For example, we could be required to purchase gas from re-gasified liquefied natural gas ("**RLNG**") suppliers at market price. The price at which we sell natural gas to our customers is not regulated and consequently, we have historically been able to pass on any increase in the cost price of natural gas to our customers. In order to remain competitive in the market, we periodically review the price at which we sell natural gas, which we typically benchmark to the price of alternative fuels available to our customers. In the event that we are unable to pass on any increase in the cost price of domestic natural gas to our Priority Sector customers, our business, results of operations and cash flows could be adversely affected.

2. ***The price of domestic natural gas and RLNG we purchase is denominated in United States dollars, while the selling price is in Indian Rupees. In the event that we are unable to pass on the cost of any devaluation of the Indian Rupee to our customers on a timely basis, or at all, our business, results of operations and cash flows could be adversely affected.***

The price of domestic natural gas and RLNG we purchase is denominated in United States Dollars. However, we sell natural gas in Indian Rupees. While we periodically review and modify the price at which we sell natural gas to account for any change in the foreign exchange rate between the United States Dollar and Indian Rupee, however, such revision has historically had a time lag as a result of the nature of our business. The foreign exchange rate between the United States Dollar and Indian Rupee has historically been volatile and has varied from ₹ 45.14 per United States Dollar as of March 31, 2010 to ₹ 60.10 per United States Dollar as of March 28, 2014 and ₹ 66.33 per United States Dollar as of March 31, 2016 (Source: [www.rbi.org.in](http://www.rbi.org.in)). Such fluctuations expose our business, results of operations and cash flows to exchange rate risk. In the event that we are unable to pass on any increase in cost of natural gas caused by a devaluation of the Indian Rupee to our customers on a timely basis, or at all, our business, results of operation and cash flows could be adversely affected.

3. ***In the event alternative fuels become more cost effective, or a fuel of choice to our customers, our business, results of operations and cash flows and could be adversely affected.***

The price at which we sell natural gas is benchmarked to the price of fuels available to our customers such as petrol, diesel, other liquid fuel and LPG. Prices of alternative fuels are linked to the price of crude oil. In Fiscal 2015, Brent crude prices decreased significantly to US\$ 53.69 per barrel as of March 31, 2015 from US\$ 105.95 as of March 31, 2014. As of March 31, 2016, the Brent crude price was US\$ 36.75 per barrel. (Source: U.S. Energy Information Administration). For further details, please see “Industry Overview” on page 91. As such, despite the benchmarking of the price of natural gas to the price of alternative fuels, any decrease in the prices of crude oil or other alternative fuels such that natural gas becomes a relatively expensive option for our customers, could result in a shift in customer preference to these alternative fuels, which could adversely affect our business, results of operations and cash flows.

In addition, our customers could turn to alternate sources of energy such as solar and wind energy in the future. A shift towards clean and renewable energy and increasing use of solar or wind energy could result in a decline in the usage of natural gas. With the increased use of solar, wind and other sources of clean energy in the future, our business, results of operations and cash flows could be adversely affected.

4. ***A majority of our total revenue is attributable to our CNG business. Any decrease in volume of CNG sold by us may have an adverse effect on our business, results of operations, financial condition and cash flows.***

For Fiscal 2014, Fiscal 2015 and Fiscal 2016, the sale of CNG accounted for 61.82%, 65.10%, and 71.05% respectively, of our total gas sales revenue. Any decrease in the volume of CNG sold, due to factors which may not be in our control or otherwise, may have an adverse effect on our business, results of operations, financial condition and cash flows.

5. ***Our natural gas marketing exclusivity in Mumbai and its Adjoining Areas is subject to determination before the Delhi High Court. An adverse judgment by the High Court could affect our business, results of operations, cash flows and financial condition.***

In accordance with the PNGRB Regulations, we were granted an exemption *vide* letters dated January 21, 2009 and August 4, 2009, from being declared as a common carrier or contract carrier for transportation of natural gas by the PNGRB, and thereby we were accorded marketing exclusivity in our areas of operations. As per the letters, our marketing exclusivity for Mumbai and Adjoining Areas would come to an end in 2012 and 2014, respectively. On September 21, 2015, the PNGRB issued several public notices under section 20(1) of the PNGRB Act declaring its intention to end marketing exclusivity over several CGD networks (“Notices”). Our Company was also issued two such public notices declaring the said intention to end exclusivity for Mumbai and its Adjoining Areas, respectively. The PNGRB, *vide* the Notices, invited comments from all affected stakeholders viz. all CGD entities likely to be affected by its decision to end the exclusivity. A writ petition has been filed by Indraprastha Gas Limited, another CGD entity, against the PNGRB Regulations. The High Court *vide* its order dated September 30, 2015 has

directed that any order passed by the PNGRB in this regard shall be subject to further orders of the High Court. Our Company filed an application dated November 24, 2015 before the High Court to intervene and for our Company to be included as a party/co-petitioner along with IGL (“**Application**”). Our Company has also prayed that (i) an appropriate writ to quash the PNGRB Regulations be issued; (ii) it be declared as an exclusive authorised entity for a CGD network; (iii) it be declared as a common carrier; and (iv) the provisions of the PNGRB Act, 2006 be adhered to. The matter is currently pending. For further details, see “*Outstanding Litigations and Other Material Developments*” on page 251.

Moreover, the PNGRB is yet to notify regulations for computation of the network tariff payable to any CGD entity by any third party using such CGD entity’s network of pipelines. In the event the PNGRB notifies any such regulations and in the event of an adverse determination by the High Court, our natural gas pipeline network would be open for use as a common carrier or contract carrier, which would enable any entity to distribute natural gas in Mumbai and its Adjoining Areas, by payment of transportation tariff. In case of such an event, we would no longer be a sole distributor in Mumbai and its Adjoining Areas, resulting in a potential loss of customers and decrease in margins.

**6. *We have received debit notes/invoices from GAIL demanding payment of transportation tariff for use of the Uran-Trombay pipeline as well as for marketing margin on non APM gas, both of which we have contested. If we are required to make such payments, our results of operations and cash flows could be adversely affected.***

We have received debit notes/invoices from GAIL demanding payment of a total of ₹ 1,085.30 million as tariff charges including VAT (“**Uran-Trombay Debit Notes**”) with respect to the use of the Uran-Trombay Pipeline (“**Pipeline**”) (which is used for the supply of natural gas to us) from the period between November 2008 and April, 2016. The Uran-Trombay Debit Notes were raised by GAIL consequent to an order by the PNGRB dated December 30, 2013 (“**Tariff Order**”). The Tariff Order determined the provisional tariff for the Pipeline at ₹ 5.70/MMBTU and made it effective retrospectively from November 2008. Due to the retrospective applicability of the Tariff Order, the amount allegedly payable by us to GAIL for use of the Pipeline was revised and as a result, the Uran-Trombay Debit Notes were issued to us. Our Company filed a complaint challenging the Tariff Order before the PNGRB. The PNGRB, vide an order dated October 15, 2015, dismissed our complaint (“**Order**”). We filed a writ petition against the Order before the Delhi High Court on November 5, 2015 (“**Writ Petition**”). The Delhi High Court, vide order dated November 30, 2015, dismissed the Writ Petition and directed our Company to file an appeal before the Appellate Tribunal for Electricity (“**APTEL**”). The Delhi High Court also, *inter alia*, directed our Company to submit an undertaking to GAIL stating that the disputed amount, if found to be due, would be paid by our Company to GAIL. Our Company has provided such an undertaking to GAIL and filed an appeal before the APTEL on January 21, 2016 (“**Appeal**”). The APTEL, vide its interim orders dated April 22, 2016 and May 27, 2016, granted time to PNGRB to file its reply. The matter is currently pending. For further details, see “*Outstanding Litigation and Material Developments*” on page 251. We will continue to receive debit notes every month for the supply of natural gas supplied to us through the Pipeline. In the event our Appeal is dismissed and we are required to pay the amount mandated, our results of operations and cash flows could be adversely affected.

We have also received a debit note demanding payment of ₹ 5.73 million, for marketing margin levied on non-APM gas sourced by us from GAIL between February 2012 and November 2013. The marketing margin levied by GAIL in the debit note is higher than the rate determined by the MoPNG vide its letter dated May 31, 2010 addressed to the National Oil Companies (“**MoPNG Letter**”). We have paid the amount of ₹ 5.73 million in protest and have issued a notice to GAIL for discussions in relation to initiation of arbitration proceedings. Further, an amount of ₹ 4.82 million was paid under protest for marketing margin the period November 2013 to April 2016. The matter is subject to internal discussions between us and GAIL.

We cannot assure you that such debit notes would not be raised against us in future or that the above negotiations and disputes would be resolved in our favour. If we have to pay the disputed amounts, it will adversely impact our result of operations and cash flows.

Our Company has not made provisions in its financial statements for the liabilities that may arise out of the debit notes received from GAIL. These amounts form a part of the schedule of contingent liabilities and have been disclosed in the restated audited financial statements of the Company. For further information, see “*Financial Statements*” beginning on page 174 and Risk Factor 22 on page 27.

**7. Our CNG business is dependent on oil marketing companies (the “OMCs”) for the operation of CNG filling stations. Any conflict with such OMC’s could adversely affect our business, results of operations and cash flows.**

We sell CNG at CNG filling stations, a significant majority of which are owned by independent third parties. As of March 31, 2016, 175 out of our 188 CNG filling stations are owned and operated by independent third parties. Consequently, we have a high dependence on the independent third parties for the operation of CNG filling stations not owned and operated by us. Historically, the sale of CNG from these stations has contributed to a significant portion of our revenues.

Of these 175 CNG filling stations, a significant majority is owned by OMCs such as Hindustan Petroleum Corporation Limited, Bharat Petroleum Corporation Limited and Indian Oil Corporation Limited. The agreements with such OMCs, for supply of CNG to stations owned and operated by them, have been renewed until March 31, 2018. While we have long standing relationships with these OMCs, we are unable to assure you that these relationships shall continue without conflict or at all. In the event of a conflict, which cannot be settled between the parties, our business, results of operations and cash flows could be adversely affected. We are also unable to assure you that we shall be able to identify alternate OMCs in a timely and cost effective manner, or at all, which could also adversely affect our business results of operations and cash flows.

**8. Any breakdown in the network infrastructure through which we source and supply natural gas could adversely affect our business, reputation, results of operations and cash flows.**

We receive natural gas at our city gate stations located at Wadala, Mahape, Ambernath and Taloja (collectively our “CGSs”) through pipelines owned by GAIL. The natural gas is then distributed through our network of pipelines to CNG filling stations and PNG consumers. In the event that we suffer an interruption in the receipt of natural gas at one or more of our CGSs (due to a breakdown in our suppliers’ network infrastructure or otherwise), or we face a breakdown in our own network infrastructure, we would not be able to supply CNG and PNG on a continuous basis to our customers. For example, in March 2011, GAIL’s transmission pipeline from Trombay to our CGS at Wadala was damaged, and we suffered an interruption in the supply of natural gas for a period of one day, which resulted in stoppage of natural gas supply to a large number of our customers. Any future breakdown either in our suppliers’ or our own network infrastructure could adversely affect our business, reputation, results of operations and cash flows.

**9. There are several outstanding litigations against our Company, our Directors and our Promoters. In the event any adverse judgment or order is passed against any of them, our business, results of operations, financial condition or cash flows may be adversely affected.**

There are several outstanding legal proceedings involving our Company, our Promoters and our Directors which are pending at different levels of adjudication and before different courts, tribunals, administrative and appellate authorities. We cannot assure you that these legal proceedings will be decided in our favour or in favour of our Promoters or Directors. Any unfavourable decision in such proceedings could have an adverse effect on our business, results of operations, financial condition and cash flows. A summary of legal proceedings, disclosed in the section “*Outstanding Litigation and Other Material Developments*” on page 251 that are above the materiality threshold, determined in accordance with the Materiality Policy, is set out below:

**Against our Company**

Nature of case / claim	Number of cases	Amount involved (₹ in million)
Criminal*	1	NA
Actions by Statutory and Regulatory Authorities	5 notices issued#	NA
Indirect tax	70	1,745.96
Direct tax	8	16.44
Writ petitions/ public interest litigations	2	NA
Civil	1	46.95

\* Certain Directors of the Company and our Promoter, GAIL, have also been named as parties in this case.

# Municipal corporations have imposed penalties on our Company in the past.

**By our Company**

Nature of case / claim	Number of cases	Amount involved (₹ in million)
Criminal	84	0.82
Civil	2	754.00*

\*To the extent quantifiable

**Against our Directors**

Nature of case / claim	Number of cases	Amount involved (₹ in million)
Criminal	1	NA

**Against our Promoters\***

Nature of case / claim	Number of cases	Amount involved (₹ in million)
Writ petitions/ public interest litigation	37	3,089.10
Civil	6	0.10*
Actions by Statutory and Regulatory Authorities	1	2.00*
Indirect tax	169	50,749.26
Direct tax	38	16,079.0

\*To the extent quantifiable

**By our Promoters\***

Nature of case / claim	Number of cases	Amount involved (₹ in million)
Criminal	13	11.89
Writ petitions/ public interest litigations	3	NA
Civil	2	5,110.00

\*The above matters are involving GAIL.

The amounts claimed in these proceedings have been disclosed to the extent ascertainable and include amounts claimed jointly and severally. If any new developments arise, such as a change in Indian law, regulation or adverse public policy, we may need to make additional provisions in our financial statements.

**10. Any delays in commissioning new CNG filling stations could adversely affect our business, prospects, results of operation and cash flows.**

We are in the process of acquiring or leasing land for setting up our own CNG filling stations. The development and operation of a CNG filling station also entails obtaining statutory, regulatory consents and approvals from a number of authorities. Any delay in, or failure to procure land to set up our own CNG filling stations or obtaining statutory, regulatory consents and approvals could adversely affect our business, prospects, results of operations and cash flows.

**11. We have not been, and currently are not, in compliance with Foreign Investment Promotion Board's ("FIPB") direction to reduce our shareholding of the Promoters in our Company. Any adverse action taken by RBI against our Company in this regard may adversely affect our cash flows and results of operations.**

FIPB had granted its permission to British Gas plc (now known as BG Transco), for setting up a joint venture for city gas distribution, through its letter dated February 28, 1994 ("FIPB Letter I"). Pursuant to the FIPB Letter I, FIPB had noted that while initially the two joint venture partners would hold equal stake in the Company, subsequently the public and the Government of Maharashtra would be required to hold



20% and 10% of the Equity Shares, respectively. We have sought and received extensions from FIPB in the past for meeting the aforementioned condition, and were recently granted another approval dated January 1, 2015 by FIPB, for our Company's proposal to undertake the initial public offer by December 2015 ("**FIPB Letter II**"), subject to market conditions. The FIPB Letter II also prescribed certain terms and conditions including filing of a compounding application before RBI, for non-compliance for the period January 2007 to March 2008. Consequently, we filed an application with RBI on September 21, 2015 for initiation of compounding proceedings and for non-compliance of the conditions stipulated by the FIPB Letter II. The RBI, vide order dated February 10, 2016, allowed the compounding on payment of ₹ 0.79 million by our Company ("**Compounding Order**"). Our Company has paid an amount of ₹ 0.79 million pursuant to the Compounding Order. Any further action taken by RBI against our Company as a result of non-compliance with the FIPB Letter II may subject our Company to further action by the FIPB and may adversely affect our business, cash flows and results of operations.

**12. Our natural gas sales agreements with GAIL have a 'take or pay' obligation, which if invoked, may adversely affect our business, results of operations, and cash flows.**

We have entered into domestic natural gas sales and transportation contracts with GAIL, on June 5, 2009, which were amended on March 28, 2014, September 26, 2014, June 15, 2015, August 6, 2015, November 26, 2015 and May 30, 2016 (collectively the "**Domestic Natural Gas Agreement**"). We have also entered into an agreement with GAIL for purchase of natural gas from the Panna - Mukta and Tapti fields on March 28, 2014, which was amended on April 29, 2014, May 30, 2014, June 27, 2014, June 15, 2015, August 6, 2015, November 26, 2015 and May 30, 2016 (the "**PMT Agreements**", together with Domestic Natural Gas Agreement, the "**Gas Sales Agreements**") and a gas sales agreement with GAIL dated November 24, 2015, as amended on March 30, 2016 and the side letter related thereto (the "**GS Agreement**"). The Domestic Natural Gas Agreement is valid until March 31, 2021, the GS Agreement is valid until December 31, 2016 and the PMT Agreements are valid till terminated by mutual consent of the parties.

Pursuant to the Domestic Natural Gas Agreement, we have agreed to buy minimum quantities of natural gas in each financial year (the "**Take or Pay Quantity**"), and are also required to make payments to GAIL for at least 90% of the contracted volume, if GAIL is required to make payments to the supplier of natural gas ultimately provided to us. The PMT Agreements subject us to a quarterly Take or Pay Quantity. Further, we have also agreed under the GS Agreement to buy an annual agreed quantity of gas failing which we will be required to pay GAIL an amount equal to the difference between 90% of the annual contracted quantity of natural gas and the adjusted quantity of natural gas purchased in that year, subject to certain terms and conditions. As a result, under the specified circumstances, particularly when our natural gas purchase obligations exceed our sales, the take or pay obligations under the Gas Sales Agreements or the GS Agreement could adversely affect our business, results of operations and cash flows.

**13. Any increase in spot RLNG may adversely affect our business, results of operations and cash flows.**

We have entered into framework agreements for the purchase of spot RLNG with suppliers such as GAIL, HPCL, HLPL, GSPCL, BPCL and BGIES. 13.69%, 10.16% and 5.69% of our total purchased natural gas for Fiscal 2014, Fiscal 2015 and Fiscal 2016, respectively, was on spot basis. The purchase price under these agreements is dependent upon a number of factors that are not in our control such as geo-political issues, changes in global demand and supply of natural gas and changes in crude prices. Any adverse movement in the prices of spot RLNG that results in contraction of the spread between RLNG and alternative fuel prices may adversely affect our business, results of operations and cash flows.

**14. In the event we are unsuccessful in implementing our strategy of entering into new markets, our growth prospects could be adversely affected.**

Presently, we operate in Mumbai and its Adjoining Areas. We have recently been awarded the license for the Raigad district in the 4<sup>th</sup> round of CGD bidding. We seek to continue to enter into new markets through the extension and expansion of our natural gas distribution network. Further, PNGRB has identified several additional geographic areas ("**GAs**") for future rounds of bidding, for which they would invite bids in subsequent rounds. While we intend to submit bids for new GA's which are commercially attractive, we cannot assure you that we will win each or any of those bids. In the event we are unsuccessful in winning bids, our growth prospects could be adversely affected.

Apart from organic growth in our business, we propose to identify and acquire companies in other

geographies that are in the same or similar line of business. Presently, we are in the process of identifying such acquisition targets. In the event we are unable to acquire such companies, our growth strategies may not fully materialise.

- 15. *Our strategy to enter into new markets which will require significant skills and capabilities, resources and time. In case we are unable to provide such commitment, our business, prospects, results of operations and financial condition could be adversely affected.***

We propose to expand our business operations by bidding for CGD projects in new markets, through acquisitions of other CGD companies, etc. A CGD project in a new market requires project management skills, execution capabilities, financial and other resources as well as the investment of time of management personnel as well as integration of such business into our existing corporate set up.

Moreover, the CGD entity that is awarded a project is required to, among other things, connect a certain number of domestic households and also lay minimum kilometres of pipeline in a definitive timeframe. The CGD bids are generally supported by a performance bank guarantee. For any new projects that we may win bids for, we cannot assure you that we will be successful in meeting the targets for connecting the minimum number of domestic households and also laying down minimum kilometres of pipeline in a timely manner, or at all, failing which the proportionate amount of the performance bank guarantee may be invoked. We cannot assure you that we will be able to provide such skills, capabilities, resources and time, particularly in such a manner that would not adversely affect our existing business and operations.

Additionally, the customer base and preferences in markets where we have won and may win bids in the future to expand our operations, may differ from those in Mumbai, its Adjoining Areas and the Raigad district, all of which of which are located in Maharashtra. Consequently, we may not be able to leverage our experience to such new geographic markets. In addition, while expanding into various other regions, our business will be exposed to various challenges such as seeking governmental approvals from local government bodies complying with unfamiliar local regulatory requirements, identifying and collaborating with local contractors and suppliers with whom we may have no previous working relationships, attracting potential customers in a market in which we do not have significant experience, local taxation and adapting our marketing materials and operations to different regions of India in which local languages are spoken.

We cannot assure you that we will be successful in expanding our business to include other markets in India. Any failure by us to successfully carry out our plan to geographically diversify our business could have an adverse effect on our business, financial condition and results of operations.

- 16. *We are subject to laws and regulations of MoPNG, PNGRB and other authorities which regulate our business and operations. We are also required to maintain a number of licences, permits and authorisations. Breach of applicable laws and regulations, including those relating to anti-bribery and corruption by an employee, an associated party or someone acting on the Company's behalf could adversely affect our business and reputation. Moreover, there have been delays in procuring certain licenses and filing of certain returns and certain agreements relating to leasehold premises occupied by us are pending renewal.***

MoPNG and PNGRB regulate many aspects of our operations, including transportation, distribution, marketing and sale of natural gas. As the regulatory environment for our industry increases in complexity, the risk of non-compliance could also increase. If we fail to comply with applicable laws and regulations, whether existing or new, we could be subject to fines, penalties or other enforcement action by the authorities which regulate our business and operations.

To operate our business, we are required to maintain a number of licenses, permits and authorisations, including environmental, health and safety permits. For details, see “Government and Other Approvals” on page 262.

Our Company was granted a “no objection certificate” dated November 23, 1989 from Maharashtra Pollution Control Board (“MPCB”) in relation to establishment of our pipeline network in Mumbai (“Project”) subject to certain conditions (“NoC”). The NoC further stated that our Company was not required to obtain consent under the Water Act and the Air Act for the Project. However, the Ministry of Environment and Forests, vide its letter dated November 16, 1999, listed certain non-compliances with the conditions in the NoC and further noted that our Company has not obtained consent from the MPCB for

distribution of natural gas in Mumbai from the year 1994 onwards. Our Company is in the process of applying for the “consent to establish” under the Water Act and the Air Act. The Water Act and the Air Act provide for penal provisions and imposition of penalties in case of failure to comply with the requirement to obtain consent.

Failure by us to obtain, maintain and renew the required licences, permits and authorisations, in a timely manner or at all, may interrupt our business and operations, and subject us to fines, penalties, other enforcement action or additional costs.

Occupancy certificates pertaining to six of our CNG stations and for one City Gate Station are not traceable. We have in place systems and processes to prevent possible breach of applicable laws and regulations, including those relating to anti-bribery and corruption. Our systems and processes include regulatory compliance systems and internal training on legal matters to prevent the breach of applicable laws and regulations. Further, we have an internal policy against anti-bribery and corruption, which includes training, risk assessments and monitoring activities. However, despite of such systems and processes, we are unable to assure you that instances of bribery and corruption or violation of any applicable laws by our employees, etc. would not occur.

Our Company was required to file an annual return on reporting of foreign liabilities and assets (“FLA”), in relation to the FDI in our Company. Our Company is in the process of filing the FLA. Our Company may be subject to penalties for delayed filing.

Further, lease agreements relating to four of our branch offices are pending renewal. If any of the owners of these branch offices do not renew the agreements on terms and conditions acceptable to us, or at all, we may suffer a disruption in our operations.

**17. *Transporting natural gas is hazardous and could result in accidents, which could adversely affect our reputation, business, financial condition, results of operations and cash flows.***

Natural gas is highly combustible. Our operations are subject to the risks and hazards inherent in the business of natural gas transportation and distribution such as:

- blowouts (uncontrolled escapes of natural gas from pipelines);
- accidents, fires and explosions;
- leaks or other losses of natural gas or other hydrocarbons as a result of the malfunction of equipment;
- damage from third parties, including from construction and utilities equipment and from other surface users;
- damage to the pipelines by rodents;
- difficulties maintaining and extending our widespread network infrastructure; and
- natural disasters such as earthquakes, floods, storms, landslides and other adverse weather conditions and hazards.

These risks could result in serious injury and death to employees and others, significant damage to property, environmental pollution, legal proceedings, impairment of our business and operations and curtailment or suspension of our supply of natural gas, which in turn could lead to substantial loss to us. We could also receive adverse publicity and experience diversion of management attention and resources in defending such claims. In the recent past there have been incidents where damage and injury was caused, such as flash fire in a kitchen during meter installation resulting in a first aid case in December 2014, and third party damage of PE pipe causing flash fire without injury in January 2015. Further, the location of network infrastructure and storage facilities in or near heavily populated areas, including residential areas, commercial business centres and industrial sites, could increase the number of injuries, deaths or damages resulting from any such incidents.

**18. *We are promoted by GAIL and BGAPH and any conflicts between our Promoters could result in potential disruption in our business and operations, which may adversely affect our business, results of operations, financial condition and cash flows. Further, after the implementation of the Proposed Combination, any conflict of interest between Royal Dutch Shell plc (“Shell”), the ultimate parent company and promoter of BGAPH, Shell and GAIL could have an adverse impact on our business and results of operations.***

We are promoted by GAIL and BGAPH as a joint venture. As on date of this Red Herring Prospectus, each of GAIL and BGAPH holds 45.00% of our Equity Shares. As our Promoters, they exercise significant control over us and would continue to exercise control after the completion of the Offer. Further, we rely on our Promoters for their business experience, management, corporate governance and natural gas supply. We cannot assure you that there would not be any conflict or dispute between our Promoters in the future. In the event of a conflict (as indicated above), there could be a potential disruption in our business and operations which may adversely affect our business, results of operations, financial condition and cash flows.

Further, we cannot assure you that Shell's vision and strategies for our Company will be similar to those of BGAPH or BG Group Limited, or what effect Shell's strategies may have on our business and results of operations.

Additionally, Shell's vision and strategies may not be aligned with those of GAIL, our other Promoter, which may result in conflict between our Promoters. We are unable to assure you that any such conflicts will be resolved amicably in a timely manner, or at all, failing which our business and results of operations may be adversely affected.

- 19. *We receive a majority of natural gas at our CGS at Wadala. A disruption in the receipt of natural gas at our CGS at Wadala could lead to a disruption in the supply of natural gas by us which could adversely affect our business, reputation, results of operations and cash flows.***

We receive natural gas from GAIL's pipelines at our CGSs and from the CGSs the natural gas is supplied to our CNG filling stations and our PNG customers through our network of pipelines. Presently, we own and operate four CGSs. Our CGS at Wadala receives the maximum volume of natural gas among all our CGSs. For Fiscal 2016, Fiscal 2015 and Fiscal 2014, we received 2.12 MMSCMD, 1.97 MMSCMD and 1.99 MMSCMD, respectively of natural gas at our CGS at Wadala. Any disruption in the receipt of natural gas at the CGS at Wadala, would lead to significant disruptions in the supply of natural gas to our CNG filling stations and PNG customers. There are currently three streams for the receipt of natural gas at our CGS at Wadala. A failure of any of the existing streams, or a delay or failure in setting up the third stream for receipt of natural gas, or in any other network infrastructure at our CGS at Wadala could result in significant disruptions in the supply of natural gas to our CNG and PNG customers which could adversely affect our business, reputation, results of operations and cash flows.

- 20. *Presently we are allowed to operate only in Mumbai, its Adjoining Areas and the Raigad district and consequently, we are dependent upon the economic, social and political conditions of this region. Any adverse change in the economic, social or political condition of Mumbai, its Adjoining Areas and the Raigad district could adversely affect our business, results of operations and cash flows.***

Presently, we are allowed to operate only in Mumbai, its Adjoining Areas and the Raigad district, which exposes us to adverse economic, social and political conditions that may arise in the region. Any disruption or disturbance in the state of Maharashtra, particularly in Mumbai, its Adjoining Areas and the Raigad district could adversely affect our business, results of operations and cash flows.

- 21. *We are dependent on our management and key professional and technical employees to manage our business and operations. We may be unable to attract or retain our management, key professional and technical employees, which could adversely affect our business and operations.***

We are dependent upon our management, key professionals and technical employees to manage our business and operations. Our ability to implement our business strategy and serve our customers is dependent upon our ability to attract and retain skilled personnel. We compete with other companies for personnel, therefore, we may not be able to attract qualified and experienced professionals and technical personnel when required or in a sufficient number in line with our growth plans and we cannot assure you that we will be able to retain these personnel. Some of our directors have been nominated by our Promoters, including our Managing Director, who is a nominee of GAIL. On October 30, 2015, our Managing Director has been nominated by the Public Enterprises Selection Board ("PESB") as the Director (Business Development) for GAIL. In case our Managing Director resigns from our Board in order to accept the position to which he has been nominated to by PESB, a suitable replacement may not be nominated in time. Further, our inability to attract and retain qualified, experienced and technical personnel or delay in

appointment of the replacement of current Managing Director of our Company, if required, could have an adverse effect on our business and operations.

**22. *We have contingent liabilities under the Accounting Standards, which may adversely affect our financial condition and results of operation.***

We recorded ₹ 2,819.55 million of contingent liabilities as of March 31, 2016 in our Financial Statements.

The details of such contingent liabilities are as follows:

(₹ in million)	
<b>Particulars</b>	<b>As at March 31, 2016</b>
Excise Duty	1,600.69
Service Tax	51.70
Sales Tax / Input VAT credits	44.89
Income Tax	5.49
Central / state / local authority property taxes, lease rents, pipeline related re-instatement charges etc. – Claims disputed by the Company relating to issues of applicability and determination	19.10
Third party / other claims arising from disputes relating to contracts	15.72
Demand from GAIL with respect to additional transport tariff from November 2008 to March 31, 2016	1,073.56
Demand from GAIL with respect of differential price for supply over and above allocation	5.04
Claims from consumers not acknowledged as debts	3.36

Liability on account of revision of trade margin as per contract with oil marketing companies with effect from January 1, 2015 is yet to be determined in view of undergoing negotiations.

For details of our contingent liabilities, please see “*Financial Statements*” and “*Outstanding Litigations and Material Developments*” on pages 174 and 251, respectively.

If any of the above contingent liabilities materialise, our financial condition and results of operations may be adversely affected.

**23. *Our insurance coverage may not be adequate to cover all losses or liabilities that we may incur in our business and operations.***

We maintain insurance coverage for, among others, consequential losses (including physical damage to our assets) caused by fire and natural disasters as well as insurance coverage for our supervisory control and data acquisition (“SCADA”) system. See “*Our Business – Insurance*” on page 121. As at April 1, 2016, the amount of insurance cover taken by us aggregated to ₹ 10,479.98 million. This includes cover for assets aggregated to ₹ 6,953.42 million, which as a percentage of our total non-current assets was 42.59% and as a percentage of our total assets of was 29.51%. However, our insurance coverage may not be adequate to cover all losses or liabilities that we may incur. Moreover, we are subject to the risk that we may not be able to maintain or obtain insurance of the type and amount desired at acceptable rates in the future. To the extent that actual losses incurred by us exceed the insurance cover, we would have to bear the losses, which could have an adverse effect on our financial condition and results of operations.

**24. *Some of the trademarks that we use in our business are not registered. In case of any unauthorised use of these trademarks by third parties, our business, reputation and results of operations could be adversely affected.***

Some of the trademarks we use are not registered. While we have applied for registration of these trademarks, we cannot assure you that they will be registered with the Trademark Registry in a timely manner, or at all. For details see “*Government and Other Approvals*” on page 262. A delay in registering our trademarks may adversely affect our goodwill, business, reputation and results of operations. In the absence of such protection, we may not be able to prevent infringement of our trademark and a passing off action may not provide sufficient protection until the trademark is registered. Any misuse of our logo by third parties could adversely affect our reputation which could in turn adversely affect our financial performance and the market price of the Equity Shares. If any of our unregistered trademarks are registered



in favour of a third party, we may not be able to claim ownership of such trademarks and consequently, we may be unable to seek remedies for infringement of those trademarks by third parties other than relief against passing off by other entities. Our inability to obtain or maintain these registrations may adversely affect our reputation and business.

25. ***The successful completion of network infrastructure expansion requires the products and services of third parties, including service providers, independent contractors and suppliers. The failure of a third party to perform its obligations could consequently result in a delay in expanding our network infrastructure which could adversely affect our business, results of operations and cash flows.***

The successful completion of pipeline infrastructure expansion requires the services of third parties including engineers, contractors and suppliers of personnel and materials. The timing and quality of construction of the network infrastructure depends on the availability and skill of these third parties, as well as any contingencies affecting them, including the availability of suitable personnel, raw material shortages and industrial actions such as strikes and lockouts. We cannot assure you that products and third parties will continue to be available to us at acceptable rates, or at all. Also, if a service provider or contractor fails to perform its obligations satisfactorily, we may be unable to develop the network infrastructure within the intended timeframe, at the intended cost, or at all. Further, we may also be liable to our customers for any losses caused to them due to the failure of the contractor or service provider in performing their obligations or any misconduct on their part. As a result, we may be required to make additional investments or provide additional services to ensure the adequate performance and delivery of contracted services. Any consequent delay in expanding network infrastructure could adversely affect our business, results of operations and cash flows.

The approvals that we receive from municipal authorities for laying pipelines often specify the completion date. We typically sub-contract civil construction and other development works for laying pipelines. A delay in the completion of construction on the part of a sub-contractor, for any reason, could result in a delay in meeting the scheduled completion date prescribed under the approval received from the municipal authorities, which may result in an imposition of penalty by such municipal authorities on us. The risks we face by using sub-contractors includes not completing construction on time and within budget, sub-contractors not adhering to quality specifications for the construction, sub-contractors not obtaining adequate working capital or other financing required to complete construction, and our Company not being able to pass on certain risks to sub-contractors such as unforeseen site and geological conditions.

26. ***Delays in the completion of expansion of our pipeline network or complying with the time limits prescribed under our authorisations for laying of pipelines or our construction contract schedules may impact our business, financial condition and results of operation.***

Laying of pipelines and creating suitable pipeline infrastructure for the distribution of natural gas typically requires substantial capital outlay during the construction period which may take an extended period of time to complete, and before a potential return can be generated. The time and costs involved to complete laying of pipelines and creating suitable pipeline infrastructure may be subject to several factors, including receipt of requisite approvals and permits from the relevant authorities, shortages of, or price increases with respect to, construction materials (which may prove defective), equipment, technical skills and labour, unanticipated cost increases, changes in the regulatory environment, adverse weather conditions, third party performance, environmental issues, changes in market conditions and other unforeseeable issues and circumstances. Any of these factors may lead to delays in, or prevent the completion of, expansion of our pipeline network and result in a substantial increase in costs incurred by us. The cost overruns may not be adequately compensated by contractual indemnities, which may affect our business, financial condition and results of operations. In addition, any delays in implementing our expansion plans as scheduled or directed by the PNGRB could result in imposition of penalty by PNGRB.

PNGRB has granted us infrastructure exclusivity to authorisation to lay, build, expand and operate the CGD network up to April 2040 for the Raigad district. Pursuant to such exclusivity, we are required to meet yearly targets for the number of domestic PNG connections and kilometers of steel pipeline to be laid. Inabilities to meet such targets within the specified time may subject us to penalties imposed by the PNGRB.

Any delays in completing our expansion plans as scheduled could result in negative publicity and a lack of confidence among investors and potential residents. In the event there are any delays in the implementation

and completion of our expansion plans our business, financial condition and results of operations could be adversely affected. For instance, we have received a letter dated June 2, 2016 from the PNGRB alleging non-compliance with the requirements of Regulation 11 of the PNGRB (Authorizing Entities to Lay, Build, Operate or Expand City or Local Natural Gas Distribution Networks) Regulations, 2008 ("**Letter**"). The PNGRB, *vide* the Letter, has alleged delay in submissions of financial closure report and failure to enter into a gas sales agreement for our city gas distribution network at Raigad. Our Company is in the process of submitting a reply to the Letter.

**27. *Disproportionate increases of re-instatement charges may adversely affect our profitability***

As part of our operations and as mandated by the infrastructure exclusivity granted to us, we are required to lay and maintain CGD pipelines throughout Mumbai and the Adjoining Areas. For laying pipelines, we require the permission of the Municipal Corporation of Greater Mumbai and the municipal corporations governing the Adjoining Areas such as Thane and Navi Mumbai, respectively (together the "**City Municipalities**"). We are required to pay reinstatement charges to the City Municipalities for operating our CGD pipeline networks. Over the years, such reinstatement charges have risen at disproportionate rates. If such charges continue to increase in a similar manner, our profitability and cash flows may be adversely affected.

**28. *We have entered into and will continue to enter into, related party transactions. There is no assurance that our future related party transactions would be on terms favourable to us when compared to similar transactions with unrelated or third parties.***

Related party transactions may involve conflicts of interests which may be detrimental to our Company. We cannot assure you that related party transactions could not have been made on more favourable terms with unrelated parties. For example, we have entered into Gas Sales Agreements with GAIL for procuring natural gas. The majority of our natural gas demand is met by GAIL, one of our Promoters, either through the Domestic Natural Gas Agreement, the PMT Agreement or the GS Agreement or through spot contracts. See "*Related Party Transactions*" on page 172.

For Fiscals 2012, 2013, 2014, 2015 and 2016, the total natural gas purchases from related parties as a percentage of the total natural gas purchases are as follows:

					(%)
<b>Fiscal 2012</b>	<b>Fiscal 2013</b>	<b>Fiscal 2014</b>	<b>Fiscal 2015</b>	<b>Fiscal 2016</b>	
88.93	100.00	94.42	85.89	95.22	

In Fiscals 2012, 2013, 2014, 2015 and 2016, there were no natural gas sales to related parties.

Our Promoters, Directors, and executive officers may have an interest in pursuing transactions that, in their judgment, enhance the value of their equity investment, even though such transactions may involve risks to the holders of our Equity Shares. We cannot assure you that our Promoters, Directors and executive officers will be able to address these or other conflicts of interests in an impartial manner. Further, there is no assurance that our related party transactions in future will be on terms favourable to us when compared to similar transactions with unrelated or third parties or that our related party transactions, individually or in the aggregate, will not have an adverse effect on our financial condition.

**29. *Our Promoters are involved in ventures that are in the same line of business as us. In the event of a conflict of interest, our promoters may favour the interest of such other ventures over our interest***

Our Promoters have promoted other ventures that are engaged in city gas distribution or whose main objects may permit them to carry out businesses similar to ours, which may result in a potential conflict of interest. For instance, some of the companies promoted by GAIL, i.e., Indraprastha Gas Limited, GAIL Gas Limited, Avantika Gas Limited, Bhagyanagar Gas Limited, Central U.P Gas Limited, Green Gas Limited, Maharashtra Natural Gas Limited and Tripura Natural Gas Company Limited are engaged in the CGD business in different parts of India. We cannot assure you that GAIL or the companies promoted by GAIL will not bid for the same geographical areas as us. In the event any of these companies bid for the same geographical areas as us, this could create a potential conflict of interest for GAIL. In the event our Promoters choose to concentrate or channelise their efforts and resources through any of these other ventures, our business and results of operations may be adversely effected.

30. ***Our ability to pay dividends in the future will depend upon our future results of operations, financial condition, cash flows and working capital and capital expenditure requirements.***

Our ability to pay dividends in the future will depend upon our future results of operations, financial condition, cash flows, sufficient profitability, working capital and capital expenditure requirements. See “Dividend Policy” on page 173. We cannot assure you that we will generate sufficient revenues to cover our operating expenses and, as such, pay dividends to our shareholders consistent with our past practice, or at all.

31. ***While our business is not materially affected by seasonal trends, historically, our revenues in the first quarter of a Fiscal has been marginally lesser compared to our revenues in other quarters.***

Our revenues in the first quarter of a Fiscal is marginally lesser when compared to our revenues in other quarters of the Fiscal. We believe that this is due to summer vacations of schools in the first quarter of a financial year, prompting families to travel out of Mumbai and its Adjoining Areas on vacations. Such trends may affect the level of outstanding indebtedness and working capital during such periods in future.

32. ***In recent Fiscals, we had negative net cash flows from investing and financing activities. Any negative cash flows in the future may adversely affect our results of operations and financial condition.***

We had negative net cash flows from investing and financing activities in the last three Fiscals, the details of which are summarised below:

(Amount in ₹million)

Details	Fiscal 2016	Fiscal 2015	Fiscal 2014
Net cash used in investing activities	(2,286.25)	(2,607.23)	(1,998.62)
Net cash used in financing activities	(1,914.34)	(1,760.81)	(1,851.62)

Any negative cash flows in the future may adversely affect our results of operations and financial condition. See “Financial Information” on page 174.

33. ***Our operations could be adversely affected by strikes, work stoppages or increased wage demands by our employees or any other kind of disputes with our employees.***

As of March 31, 2016, we employed 499 employees. While we consider our relationship with our employees to be good, we cannot assure you that we will not experience disruptions in work due to disputes or other problems with our work force, which may adversely affect our ability to perform our business operations.

34. ***We have issued specified securities during the last one year at a price that will be below the Offer Price.***

We have allotted 94,36,178 Equity Shares of face value of ₹ 10 each to the Government of Maharashtra on June 7, 2016. These Equity Shares were allotted pursuant to conversion of 94,36,178 CCDs. Such conversion price is lower than the Offer Price. For further details, see “Capital Structure” on page 61.

35. ***Our Company will not receive any proceeds from the Offer.***

This Offer is an offer for sale of 24,694,500 Equity Shares by the Selling Shareholders. The entire proceeds after deducting relevant Offer expenses from the Offer will be paid to the Selling Shareholders and our Company will not receive any proceeds from the Offer. See “Objects of the Offer” on page 78.

36. ***The joint venture agreement between our Promoters and our Articles of Association confer a special right to our Promoters and the Government of Maharashtra that would survive post listing of the Equity Shares.***

The joint venture agreement with our Promoters (“JVA”) and our Articles of Association allows our Promoters to nominate an equal number of directors on our Board, provided that they hold equal number of Equity Shares. Further, the JVA and our Articles of Association also allow the Government of Maharashtra to nominate a director as long as they hold 10% of our paid up Equity Share capital. We shall call a meeting of our Shareholders post listing of the Equity Shares for approval of our Articles of

Association. If the Articles of Association are approved by at least 75% of our Shareholders, then present and voting, the rights in favour of our Promoters and the Government of Maharashtra, would survive post listing of the Equity Shares. Consequently, your rights, as a shareholder of our Company, may not be *pari passu* with the rights of our Promoters and the Government of Maharashtra, with respect to appointment of directors on our Board. For further details of the JVA and our Articles of Association, see “*History and Certain Corporate Matters*” and “*Main Provisions of Articles of Association*” on pages 131 and 341, respectively.

37. ***Our Promoters will continue to control us after the Offer, which will enable them to control our business, influence material policies and outcome of matters submitted to shareholders for approval in circumstances where our Promoters’ interests may not align with or may be adverse to other shareholders’ or our interests.***

Upon completion of the Offer, our Promoters would continue to hold, in aggregate, a majority of our post-Offer equity share capital. As a result, our Promoters will have the ability to exercise significant influence over our business, policies and affairs including matters requiring shareholders’ approval such as approval of mergers, strategic acquisitions or joint ventures or sale of all or substantially all of our assets, the timing and distribution of dividends, election or termination of appointment of our Directors and officers, policies for lending, investments and capital expenditures. This control could delay, defer or prevent a change of control in the Company, impede a merger, consolidation, takeover or other business arrangement involving us, without the support of our Promoters, or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of our Company even if it is in our Company’s best interest. In addition, for so long as our Promoters continue to exercise significant control over us; they may influence our material policies in a manner that could conflict with the interests of our other shareholders. Our Promoters may have interests that may be adverse to the interests of our other shareholders and may take positions with which our other shareholders do not agree. Any of the foregoing factors could have an adverse effect on our business, financial condition, results of operations and cash flows.

38. ***One of our records relating to a form filed with the RoC is not traceable.***

We have been unable to locate one of the corporate records i.e. prescribed form filed by us with the RoC, in respect of the allotment of Equity Shares on June 30, 1998. We have undertaken a RoC search to locate the said form as well. While we believe that the form was filed with the Registrar of Companies in a timely matter, we have not been able to obtain a copy of the form, including from the Registrar of Companies. We cannot assure you that the form filing will be available in the future or that we will not be subject to any penalty imposed by the competent regulatory authority in this respect.

39. ***Certain properties, including our branch offices are not owned by us and we have only leasehold or leave and license rights over them. In the event we lose such rights, our business, financial condition, results of operation and cash flows could be adversely affected.***

Certain properties, including our branch offices and CNG filling stations are located at premises leased or licensed by us. The lease periods and rental amounts vary on the basis of their locations. We cannot assure you that we will be able to renew our leases on acceptable terms or at all, once the term of the leases are completed. In the event that we are required to vacate any of these premises, we would be required to make alternative arrangements for new offices and other infrastructure and we cannot assure that the new arrangements will be on acceptable terms. If we are required to relocate our business operations during this period, we may suffer a disruption in our operations or have to pay increased charges, which could have an adverse effect on our business, prospects, results of operations and financial condition. For details, see “*Our Business – Properties*” on page 121.

40. ***We may be subjected to certain charges by the MSEDCL and the Legal Metrology Department which may adversely affect our results of operations.***

We presently purchase power for operating our CNG stations at industrial electricity tariff rates, which is substantially cheaper than commercial electricity tariff rates. However, the Maharashtra State Electricity Distribution Corporation Limited (“MSEDCL”) has contended that distribution of CNG through petrol pumps is a commercial activity and consequently, for such operations, tariff imposed should be at commercial rates instead of industrial rates. The matter is presently under discussions with the MSEDCL.

In case it is determined that power tariff would be charged at commercial rates with retrospective effect, our results of operations may be adversely affected.

The Legal Metrology Department has alleged that we were in violation of the Legal Metrology Act, the Legal Metrology (General), Rule, 2011 and the Maharashtra Metrology (Enforcement) Rules, 2011, with respect to stamping and verification requirements of PNG meters. In this regard, we have been and going forward may be subjected to penalties. For further details, please see “Outstanding Litigations and Material Developments – Litigations against our Company – Actions by Statutory and Regulatory Authorities” on page 252.

## External Risk Factors

41. *Public companies in India, including us, are required to prepare financial statements under Ind AS with effect from April 1, 2016 which differ in material respects from present Indian GAAP which is applicable to the Company till March 31, 2016 and to compute Income Tax under the Income Computation and Disclosure Standards (the “ICDS”) with effect from April 1, 2015. The transition to ICDS has impacted the income computation and tax liability of the company for the year ended March 31, 2016. The transition to Ind AS will have a material impact on the presentation of our financial statements for periods beginning on or after April 1, 2016 and may require us to restate our historical financial statements included in this Red Herring Prospectus, as a result of which we may be materially and adversely affected.*

India has decided to adopt the “Convergence of its existing standards with IFRS” and has not adopted IFRS. These “Converged IFRS / synchronised Accounting Standards” are referred to in India as Ind AS. The Ministry of Corporate Affairs, Government, has through a notification dated February 16, 2015, set out the Ind AS and the timelines for their implementation. Accordingly, our Company is required to adopt and prepare its financial statements in accordance with Ind AS for periods beginning on or after April 1, 2016. Given that Ind AS differs in certain material aspects from Indian GAAP under which our financial statements are currently prepared, our financial statements for the periods commencing on or after April 1, 2016 may not be fully comparable to our historical financial statements.

We have not attempted to quantify the impact of Ind AS on the financial data included in this Red Herring Prospectus, nor have we provided a reconciliation of the financial statements to those under Ind AS. While the Company has conducted a preliminary analysis in relation to the transition to Ind AS, the key highlights of which are set out on page 243, this is an initial analysis and the full impact on the Company's financial statements of such transition to Ind AS is currently not clear. There can be no assurance that the adoption of Ind AS will not affect our reported results of operations or financial condition materially. Moreover, we may be required to retroactively apply Ind AS to our historical financial statements, subject to certain optional and mandatory exemptions, which may require us to restate our financial statements included in this Red Herring Prospectus, after April 1, 2016. In addition, our management is devoting and will continue to devote time and other resources for the successful and timely implementation of Ind AS. Any failure to successfully adopt Ind AS may have an adverse effect on the trading price of the Equity Shares and/or may lead to regulatory action and other legal consequences. Moreover, our transition to Ind AS reporting may be hampered by increasing competition and increased costs for the relatively small number of Ind AS-experienced accounting personnel available as more Indian companies begin to prepare Ind AS compliant financial statements. Any of these factors relating to compliance of Ind AS may adversely affect our financial condition and results of operations.

In addition, the Ministry of Finance has issued a notification dated March 31, 2015 notifying ICDS which creates a new framework for the computation of taxable income. ICDS came into effect from April 1, 2015 and the transition to ICDS has impacted the income computation and tax liability of the Company for the year ended March 31, 2016. ICDS deviates in several respects from concepts that are followed under general accounting standards, including Indian GAAP and Ind AS. For example, where ICDS-based calculations of taxable income differ from Indian GAAP or Ind AS-based concepts, the ICDS-based calculations have the effect of requiring taxable income to be recognized earlier, increasing overall levels of taxation or both. In addition, ICDS is applicable for the computation of income for tax purposes but is not applicable for the computation of income for MAT, which our Company currently pays. Further, pursuant to ICDS, premia earned on forward contracts becomes taxable on settlement and not at the time of earning. There can be no assurance that the adoption of ICDS will not adversely affect our business, results of operations and financial condition.



**42. *Significant differences could exist between Indian GAAP and other accounting principles, such as U.S. GAAP and IFRS, which may affect investors' assessments of our Company's financial condition.***

We have not attempted to explain in a qualitative manner the impact of the IFRS or U.S. GAAP on the financial information included in this Red Herring Prospectus, nor do we provide a reconciliation of our financial information to those of U.S. GAAP or IFRS. U.S. GAAP and IFRS differ in significant respects from Indian GAAP. Indian GAAP differs from accounting principles with which prospective investors may be familiar in other countries. Accordingly, the degree to which the financial information included in this Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices, Indian GAAP, the Companies Act and the SEBI ICDR Regulations. Any reliance by persons not familiar with Indian accounting practices, Indian GAAP, the Companies Act and the SEBI ICDR Regulations, on the financial disclosures presented in this Red Herring Prospectus should accordingly be limited.

**43. *An exit by the UK from the European Union could impact global financial markets which could in turn adversely affect the trading prices of our Equity Shares.***

An exit by the UK from the European Union ("EU") could impact the trading prices of our Equity Shares. A referendum will be held in the UK on June 23, 2016 on whether the UK will remain in the EU. In case the referendum is in favour of the exit, UK and member countries in the EU may face increased economic and financial volatility. Such economic and financial volatility may impact global financial markets, which may adversely affect the trading prices of our Equity Shares.

**44. *We may be affected by competition law in India and any adverse application or interpretation of the Competition Act could adversely affect our business.***

The Competition Act was enacted for the purposes of preventing practices having an appreciable adverse effect on competition in the relevant market in India. Under the Competition Act, any formal or informal arrangement, understanding or action in concert, which causes or is likely to cause an appreciable adverse effect on competition is considered void and results in the imposition of substantial monetary penalties. Further, any agreement among competitors which directly or indirectly involves the determination of purchase or sale prices, limits or controls production, supply, markets, technical development, investment or provision of services, shares the market or source of production or provision of services by way of allocation of geographical area of market or type of goods or services or number of customers in the relevant market or directly or indirectly results in bid-rigging or collusive bidding is presumed to have an appreciable adverse effect on competition. The Competition Act also prohibits abuse of a dominant position by any enterprise or group.

On March 4, 2011, the GoI issued and brought into force the combination regulation (merger control) provisions under the Competition Act with effect from June 1, 2011. These provisions require acquisitions of shares, voting rights, assets or control or mergers or amalgamations that cross the prescribed asset and turnover based thresholds to be mandatorily notified to the CCI. Additionally, on May 11, 2011, the CCI issued the Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011, as amended, which sets out the mechanism for implementation of the merger control regime in India. Further, the CCI has extra-territorial powers and can inquire into or investigate any agreements, dominant conduct or combination occurring outside India if such agreement, dominant conduct or combination has an appreciable adverse effect on competition in India.

The impact of the provisions of the Competition Act on the agreements or transactions entered into by us cannot be predicted at this state. However, the applicability or interpretation of the Competition Act to any merger, amalgamation or acquisition proposed or undertaken by us, or any enforcement proceedings initiated by CCI for alleged violation of provisions of the Competition Act may adversely affect our business, financial condition, results of operations or future prospects.

**45. *Changing laws, rules and regulations and legal uncertainties, including adverse application of tax laws and regulations, may adversely affect our business, results of operations and cash flows.***

Our business, results of operations and cash flows could be adversely affected by unfavourable changes in or interpretations of existing, or the promulgation of new laws, rules and regulations applicable to our business and operations.



There can be no assurance that the GoI may not implement new regulations and policies which will require us to obtain approvals and licenses from the GoI or other regulatory bodies or impose onerous requirements and conditions on our business and operations. Any such changes and the related uncertainties with respect to the implementation of the new regulations may have an adverse effect on our business, results of operations and cash flows. In addition, we may have to incur capital expenditures to comply with the requirements of any new regulations, which may also affect our results of operations and cash flows.

On March 5, 2015 the MoPNG issued the draft guidelines for granting marketing rights to eligible entities (as defined therein) for marketing CNG as transportation fuel including setting up CNG filling stations (“**Draft Guidelines**”). The Draft Guidelines, if notified, will significantly increase competition from such other ‘Eligible Entities’, such as, new entities who fulfil the investment threshold; entities authorised by the PNGRB; entities deemed to be authorised under the PNGRB Act, 2006; and entities authorised by the Central Government. The increase in competition may have an adverse effect on our revenues, results of operations and cash flows. See “*Regulations and Policies*” on page 123 for details of the laws, rules and regulations currently applicable to us.

Further, the General Anti Avoidance Rules (“**GAAR**”) are proposed to be effective from April 1, 2018. The tax consequences of the GAAR provisions being applied to an arrangement could result in denial of tax benefits among other consequences. In the absence of any precedents on the subject, the application of these provisions is uncertain. If the GAAR provisions are made applicable to our Company, it may have an adverse tax impact on us.

**46. *Our business is substantially affected by prevailing economic, political and others prevailing conditions in India.***

Our Company is incorporated in India, and almost all our assets and employees are located in India. As a result, we are highly dependent on prevailing economic conditions in India and our results of operations are significantly affected by factors influencing the Indian economy. Factors that may adversely affect the Indian economy, and hence our results of operations, may include:

- any increase in Indian interest rates or inflation;
- any exchange rate fluctuations;
- any scarcity of credit or other financing in India, resulting in an adverse impact on economic conditions in India and scarcity of financing of our developments and expansions;
- prevailing income conditions among Indian consumers and Indian corporations;
- volatility in, and actual or perceived trends in trading activity on, India’s principal stock exchanges;
- changes in India’s tax, trade, fiscal or monetary policies;
- political instability, terrorism or military conflict in India or in countries in the region or globally, including in India’s various neighbouring countries;
- occurrence of natural or man-made disasters;
- prevailing regional or global economic conditions, including in India’s principal export markets;
- any downgrading of India’s debt rating by a domestic or international rating agency;
- financial instability in financial markets; and
- other significant regulatory or economic developments in or affecting India or its natural gas sector.

Any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy, could adversely impact our business, results of operations and financial condition and the price of the Equity Shares.

**47. *Holders of Equity Shares may be restricted in their ability to exercise pre-emptive rights under Indian law and thereby suffer future dilution of their ownership position.***

Under Section 62 of the Companies Act, a company incorporated in India must offer its equity shareholders pre-emptive rights to subscribe and pay for a proportionate number of equity shares to maintain their existing ownership percentages prior to issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the equity shares voting on such resolution.

However, if the laws of the jurisdiction that you are in do not permit the exercise of such pre-emptive rights without our filing an offering document or a registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights. If we elect not to file an offering document or a registration statement, the new securities may be issued to a custodian, who may sell the securities for your benefit. The value such custodian receives on the sale of any such securities and the related transaction costs cannot be predicted. To the extent that you are unable to exercise pre-emptive rights available in respect of the equity shares, your proportional interests in our Company may be reduced by the new equity shares that are issued by our Company.

**Risks Relating to Investment in our Equity Shares**

**48. *Our Equity Shares have never been publicly traded and the Offer may not result in an active or liquid market for our Equity Shares. Further, the price of our Equity Shares may be volatile and you may be unable to resell your Equity Shares at or above the Offer Price, or at all.***

Prior to the Offer, there has been no public market for our Equity Shares and an active trading market on the Stock Exchanges may not develop or be sustained after the Offer. Listing and quotation does not guarantee that a market for our Equity Shares will develop, or if developed, the liquidity of such market for our Equity Shares. The Offer Price of our Equity Shares is proposed to be determined through a book-building process and may not be indicative of the market price of our Equity Shares at the time of commencement of trading of our Equity Shares or at any time thereafter. The market price of our Equity Shares may be subject to significant fluctuations in response to, among other factors, risks stated in this section, market conditions specific to the industry we operate in, perception in the market about investments in or estimates by financial analysts of us and our industry, developments relating to India and volatility in the Stock Exchanges and securities markets elsewhere in the world, etc.

**49. *Any future issuance of our Equity Shares may dilute your shareholdings and sales of our Equity Shares by our Promoters may adversely affect the trading price of our Equity Shares.***

Any future equity issuances by us may lead to the dilution of investors' shareholdings in our Company. In addition, any sales of substantial amounts of our Equity Shares in the public market after the completion of the Offer, including by our Promoters, or the perception that such sales could occur, could adversely affect the market price of our Equity Shares and could impair the future ability of our Company to raise capital through offerings of our Equity Shares. We also cannot predict the effect, if any, that the sale of our Equity Shares held by our Promoters or the availability of these Equity Shares for future sale will have on the market price of our Equity Shares.

**50. *Foreign investors are subject to foreign investment restrictions under Indian law, which may adversely affect the market price of our Equity Shares.***

Under the foreign exchange regulations currently in force in India, transfers of equity shares between non-residents and residents are permitted (subject to certain exceptions) if they comply with *inter alia*, the pricing guidelines and reporting requirements specified by the RBI. If the transfer of equity shares is not in compliance with such pricing guidelines or reporting requirements, or falls under any of the prescribed exceptions, prior approval of the RBI will be required. Additionally, shareholders who seek to convert the Indian Rupee proceeds from a sale of equity shares in India into foreign currency and repatriate any such foreign currency from India will require a no-objection/tax clearance certificate from the Indian income

tax authorities. We cannot assure you that any required approval from the RBI or any other government agency can be obtained in a timely manner or on any particular terms or at all. Owing to possible delays in obtaining requisite approvals, investors in our Equity Shares may be prevented from realising gains during periods of price increase or limiting their losses during periods of price decline.

**51. *You will not be able to immediately sell any of our Equity Shares you purchase in the Offer on an Indian Stock Exchange.***

Our Equity Shares will be listed on the Stock Exchanges. Pursuant to Indian regulations, certain actions must be completed before the Equity Shares can be listed and trading may commence. Investor' book entry, or demat accounts, with depository participants in India are expected to be credited within two working days of the date on which Allotment is approved by the Board. Thereafter, upon receipt of final listing and trading approval from the Stock Exchanges, trading in the Equity Shares is expected to commence within six Working Days from the date of Bid/Offer closure.

We cannot assure you that the Equity Shares will be credited to investors' demat accounts, or that trading in the Equity Shares will commence, within the time periods specified above.

**52. *You may be subject to Indian taxes arising out of capital gains on the sale of our Equity Shares***

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of our Equity Shares are generally taxable in India. Any gain realised on the sale of listed equity shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if Securities Transaction Tax ("STT") has been paid on the transaction. STT will be levied on and collected by a domestic stock exchange on which the equity shares are sold. Any gain realised on the sale of equity shares held for more than 12 months, which are sold other than on a recognised stock exchange and on which no STT has been paid to an Indian resident, will be subject to long term capital gains tax in India. Further, any gain realised on the sale of listed equity shares held for a period of 12 months or less which are sold other than on recognised stock exchanges and on which STT has been paid, will be subject to short term capital gains tax in India. Capital gains arising from the sale of the equity shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of our Equity Shares.

**PROMINENT NOTES**

1. Public Offer of 24,694,500 Equity Shares of face value of ₹ 10 each of our Company, for cash at a price of ₹ [ ] per equity share aggregating up to ₹ [ ] million, through an Offer for Sale of 12,347,250 Equity Shares by GAIL and 12,347,250 Equity Shares by BGAPH. The Offer shall constitute at least 10% of the fully diluted post-Offer paid up Equity Share capital of our Company.
2. The Offer is being made through the Book Building Process, wherein 50% of the Net Offer shall be available for allocation, on a proportionate basis to QIBs. Our Company and the Selling Shareholders may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis. 5% of the QIB Portion (excluding Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Not less than 15% of the Net Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Offer shall be available for allocation to Retail Individual Bidders, subject to valid Bids being received at or above the Offer Price.
3. Our Company and the Selling Shareholders may, in consultation with the BRLMs, offer a discount of ₹ [ ] per Equity Share to the Offer Price to Eligible Employees.
4. The net worth of our Company as at March 31, 2016 was ₹ 15,279.75 million. The net asset value per Equity Share of our Company as at March 31, 2016 was ₹ 171.03. See "Financial Information" on page 174.

5. The average cost of acquisition of Equity Shares by our Promoters, BGAPH and GAIL is ₹ 10 per Equity Share, respectively. See “Capital Structure” on page 61.
6. Except as disclosed in the section titled “Promoters and Group Companies”, none of our Group Companies have business interests or other interests in our Company.
7. For details of related party transactions entered into by our Company with the Group Companies during the last Fiscal, the nature of transactions and the cumulative value of transactions, please see “Financial Statements” on page 174.
8. There has been no change in our Company’s name since incorporation.
9. There has been no financing arrangement whereby our Promoter Group, the Directors of our Promoters, the Directors of our Company and their relatives, have financed the purchase by any other person of securities of our Company other than in the normal course of business of the financing entity during the period of six months immediately preceding the date of filing of this Red Herring Prospectus with SEBI.
10. Any clarification or information relating to the Offer shall be made available by the BRLMs and our Company to the investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever. Investors may contact any of the BRLMs who have submitted the due diligence certificate to SEBI for any complaints pertaining to the Offer.
11. Bidders may contact any of the BRLMs who have submitted the due diligence certificate to SEBI, for any complaints, information or clarifications pertaining to the Issue. All grievances relating to the ASBA process may be addressed to the Registrar, with a copy to the relevant Designated Intermediary with whom the ASBA Form was submitted as the case may be, giving full details such as name, address of the Bidder, number of Equity Shares applied for, DP ID, Client ID, Bid Amounts blocked, ASBA Account number and the address of the Designated Intermediary with whom the ASBA Form was submitted. All grievances relating to Bids submitted through the Registered Broker may be addressed to the Stock Exchanges with a copy to the Registrar.

## SECTION III: INTRODUCTION

### SUMMARY OF INDUSTRY

#### Overview – Indian Economy and Energy Demand

India was the third-largest economy in the world in 2013 by purchasing power parity. India also had the second-largest population in the world, at almost 1.27 billion people in 2014, having grown by approximately 1.3% each year since 2008. (Source: U.S. Energy Information Administration 2014, <http://data.worldbank.org/indicator/SP.POP.TOTL>). According to the World Bank's Global Economics Prospects report (June 2015), the Indian economy is projected to grow at 7.5%, 7.9% and 8.0% in each year from 2015 to 2017.

India was the fourth-largest energy consumer in the world after China, the US and Russia in 2014 and its need for energy continues to rise as a result of the country's economic growth and modernisation over the past several years. Primary energy consumption in India has more than doubled between 1990 and 2012, reaching an estimated 32 quadrillion Btu.

#### Indian Natural Gas Sector

##### *Reserves and Production*

Natural gas production in the Fiscal 2014 was approximately 97 million standard cubic metre per day ("MMSCMD") by ONGC, OIL, non-state owned and Joint Venture ("JV") companies. The share of offshore natural gas production in Fiscal 2014 was approximately 74.5%.

(Source: <http://petroleum.nic.in/docs/exp.about.oilgasprod2015.pdf>)

Domestic natural gas production is likely to increase over the medium to long-term following the commencement of production from Gujarat State Petroleum Corporation Limited's DeenDayal block, ONGC's KG basin blocks and modest increases in RIL-BP JV's KG D-6 production. With the proposed premium for deep water blocks, ICRA Research projects domestic natural gas production from existing or discovered gas fields to increase from 93 MMSCMD in Fiscal 2015 to approximately 114 MMSCMD by Fiscal 2018, which could further increase to approximately 162 MMSCMD by Fiscal 2025, notwithstanding the fall in the production from existing fields.

##### *Demand*

In the last decade, the demand for natural gas in India has increased due to its increased availability, the development of natural gas transmission and distribution infrastructure and the environment friendly characteristics of natural gas as a fuel source. (Source: *Vision 2030 – Natural Gas Infrastructure in India 2013*)

Natural gas consumption grew at a CAGR of 3.7% over the previous five years to 144 MMSCMD in Fiscal 2014 from 120 MMSCMD in Fiscal 2009, driven by growth in consumption from sectors such as power, fertilisers and City Gas Distribution ("CGD"). (Source: *ICRA Report on Prospects for the CGD Sector - March 2015*)

#### Liquefied Natural Gas

LNG has become an important part of India's energy portfolio since the country began importing it from Qatar in 2004. In 2013, India was the world's fourth-largest LNG importer, importing 638 Bcf, or 6%, of global trade. (Source: U.S. Energy Information Administration 2014)

ICRA believes that the potential gas deficit (price unconstrained) will decrease to approximately 117 MMSCMD in Fiscal 2015 to approximately 74 MMSCMD by Fiscal 2021 in line with improvement in domestic gas supply and the commencement of LNG supplies from long-term LNG contracts. The deficit could marginally increase to approximately 87 MMSCMD by Fiscal 2025 reflecting the need for more long-term and spot LNG contracts to meet the deficit. (Source: *ICRA Report on Prospects for the CGD Sector – March 2015*)

## **Natural Gas Pipelines**

By the end of Fiscal 2014, India had a natural gas pipeline network length of 14,988 km with capacity of 401 MMSCMD spread over 15 states and union territories. GAIL is one of the leading companies in the market and owns approximately 73% of the existing pipeline network. (Source: <http://petroleum.nic.in/docs/abtng.pdf>)

MoPNG is contemplating developing a national gas grid having multiple points of supply and delivery. The proposed gas grid would connect the natural gas sources to major demand centres in India and the network is expected to expand to approximately 28,000 kilometres of pipelines with a total design capacity of approximately 721 MMSCMD over the next five to six years.

## **City Gas Distribution**

Natural gas supplied through the CGD network has varied uses. It can be used as CNG in vehicles, as an alternative to petrol, diesel and LPG. Piped Natural Gas (PNG) can be used as a domestic cooking fuel, in place of LPG. PNG can also be used to substitute commercial LPG and fuel oil, LSHS, LDO and bulk LPG in commercial and industrial establishments, respectively. (Source: CRISIL – CGD Report December 2014)

### *CGD – Market Size*

There are 20 entities, including JV companies, operating in 36 Geographical Areas (GA). PNGRB has authorised 54 GAs in total, in which operations are yet to commence in 18 GAs. (Source: [www.pngrb.gov.in/data-bank.html](http://www.pngrb.gov.in/data-bank.html))

The Indian CGD market size was estimated at INR 240 billion in Fiscal 2014, with sales volumes of 20 MMSCMD, accounting for 13% of India's total natural gas consumption. (Source: CRISIL – CGD Report December 2014)

## **CGD Growth Prospects – Key Factors**

### *Domestic Gas Allocation*

Domestic gas produced from fields awarded under different regimes such as Nomination, Pre-NELP and NELP are allocated as per the Gas Utilization Policy (“GUP”). As per the policy domestic gas is allocated sector-wise in the order of priority as decided by the Government. As per the extant policy, CGD (CNG and domestic PNG), fertilizer, power and LPG customers are classified as Priority Sectors.

According to the recent media reports, the Central Government is considering a Unified Allocation Policy (UAP), applicable for all regimes, to eliminate anomalies and correct imperfections in the existing policies.

### *Domestic Gas Pricing*

In October 2014, the Indian Government approved a new gas pricing formula for domestic gas sales. As per the new formula, the price of natural gas would be the volume weighted average of gas prices at Henry Hub (US), Alberta Gas Reference Point (Canada), National Balancing Point (NBP) (UK) and the Russian domestic market. Gas prices will be determined on a half-yearly (April and October) basis and based on trailing four quarter prices at these hubs, with a one quarter lag.

## **Policy Initiatives and Regulatory Framework**

### *Central Government's Mission*

The Minister for Finance in the Fiscal 2015 budget speech made an important announcement on the development of PNG in a ‘Mission’ mode. The Government has initiated several measures to propel CGD sector growth in the country. (Source: ICRA Report on Prospects for CGD Sector - March 2015)

### *CGD Expansion - New Cities*

The PNGRB has envisaged a rollout plan of CGD network development through competitive bidding in more than 300 possible Geographical Areas (GAs) in a phased manner. While the actual rollout has been delayed due to lack of connectivity and supply constraints, with the Government assuring domestic gas supplies for CGD



entities (CNG and domestic PNG), CRISIL expects new CGD projects to be awarded and developed, over the next three years. (Source: *CRISIL – CGD Report December 2014*)

The PNGRB has bid out 34 GAs in the sixth round of CGD bidding. 106 GAs have further been identified by PNGRB for subsequent bidding rounds subject to natural gas pipeline connectivity. (Source: [www.pngrb.gov.in/CGD-network-BID.html](http://www.pngrb.gov.in/CGD-network-BID.html))

PNGRB's bidding rounds could be a large opportunity for growth with eleven GAs in Maharashtra and sixty GAs in rest-of-India offering multiple opportunities to MGL for expansion beyond Mumbai.

The GAs in Maharashtra comprise Ahmadnagar, Latur, Osmanabad, Ratnagiri, Nagpur, Solapur, Kolhapur, Satara, Chandrapur, Gadchiroli and Wardha.  
(Source: <http://www.pngrb.gov.in/pdf/cgd/bid4.2/PN9sep2014.pdf>)

As per the prevailing bidding rules, the PNGRB determines the minimum work programme considering population and area of the GA and notifies the same while offering the GAs for bidding. The minimum work programme comprises of domestic connections and pipeline to be laid over the first five years of the license period. (Source: *ICRA Report on Prospects for the CGD Sector - March 2015*)

### **Regulation - PNGRB vs IGL Case**

For details, see “*Industry*” and “*Outstanding Litigation and Other Material Developments*” on pages 91 and 251, respectively.

### **Near Term Growth Prospects – Key Markets**

CRISIL Research (CGD Report - December 2014) expects CGD sales volumes to rise to approximately 22.4 MMSCMD in Fiscal 2017 from 20 MMSCMD in Fiscal 2014. Sales volumes of both industrial and commercial segments have declined over the last two years due to falling competitiveness with alternative fuels and muted economic activity. But total sales volumes are expected to increase from 2015-16 and grow at approximately 6%, led by fleet additions to public transport, private vehicle conversions and rising economic activity.

Natural gas demand for CGD sector is expected to rise steadily due to the addition of gas networks in new cities, price advantage of CNG and increased use of PNG in domestic, industrial and commercial sectors. Given the priority allocation of domestic gas to CNG and PNG (domestic), thrust on domestic connections and development of CNG grid are likely to enable Priority Sector grow at a healthy rate. Industrial and commercial demand largely depends on the prevailing RLNG prices.

According to CRISIL (CGD Report 2014 -December 2014), demand for natural gas is expected to be driven by CNG and domestic PNG segments, while the demand from the industrial segment could remain low over the next three years. Additions to the public transport fleet in Delhi and Mumbai is expected to enable an 8% CAGR growth in demand from the CNG segment over the next three years. Further, assured domestic gas supply is expected to keep CNG prices competitive as compared with alternative fuels, which would support growth in CNG demand through the conversion of private vehicles from using oil based fuel to gas based fuel. Domestic demand for PNG is also expected to witness healthy growth, riding on the convenience factor.

In terms of the end-user segments, the share of demand from CNG segment is expected to increase to 41% in 2016-17 from 37% in 2013-14, while share of demand from the industrial and commercial segments is expected to decline to 52% from 57%, over the same period. In terms of areas, Delhi/NCR and Mumbai, which have a large base of CNG and domestic PNG customers, are expected to witness relatively stronger growth. However, companies in Gujarat, who cater primarily to industrial customers, are expected to experience low demand.

### **Near-term growth projections of major markets:**

#### *Mumbai*

The CGD market size in Mumbai is expected to increase to 2.8 MMSCMD in 2016-17, from 2.26 MMSCMD in 2013-14, a CAGR of approximately 7.5%. In value terms, it is expected to increase to INR 27 billion, from approximately INR 19 billion, a CAGR of 12% for the same period.

### *Delhi*

The CGD sales volume in Delhi/NCR is expected to increase to 4.3 MMSCMD in 2016-17, from 3.8 MMSCMD in 2013-14, recording a 4% CAGR. While growth in demand is expected to remain muted in 2014-15, it is expected to rise thereafter, due to additions to the public transport fleet.

### *Gujarat*

Gujarat is the largest CGD market in India, accounting for approximately 39% of total consumption. The CGD market size in Gujarat is expected to increase to 8 MMSCMD in 2016-17, from 7.8 MMSCMD in 2013-14. However, in 2014-15, demand is expected to decline by approximately 7% to 7.3 MMSCMD, due to muted industrial activity and poor competitiveness with alternative fuels, following a sharp fall in crude oil prices.

*(Source: CRISIL – CGD Report December 2014)*

### **Long-term Growth Prospects**

CGD demand is poised for healthy growth over the long term because of favourable economics of CNG usages when compared with the alternative fuels, convenience in use of PNG (domestic) for households, and moderate outlook for PNG (industrial) and PNG (commercial) with the likely pick up in manufacturing sector growth in line with the anticipated GDP recovery. The Government plans to set up approximately 15,000 kilometres of new gas transmission pipelines would also aid expansion of the CGD into newer areas. It is however imperative that regulatory clarity emerges on the powers of PNGRB, for the orderly growth of the sector. *(Source: ICRA Report on Prospects for the CGD Sector - March 2015)*

## SUMMARY OF OUR BUSINESS

We are one of the largest city gas distribution (“CGD”) companies in India (*Source: CRISIL – CGD Report December 2014*). We have more than 20 years of experience in supplying natural gas in Mumbai and are presently the sole authorised distributor of compressed natural gas (“CNG”) and piped natural gas (“PNG”) in Mumbai, its Adjoining Areas and the Raigad district in the state of Maharashtra, India. We are promoted by GAIL and BGAPH, each of who holds 45.00% of our Equity Shares. GAIL is a Maharatna public sector undertaking and the largest natural gas transmission company in India (*Source: Ready Reckoner, Snapshot of India's Oil & Gas data, November, 2014, Petroleum Planning & Analysis Cell, MoPNG*). BGAPH is headquartered in Singapore and is a part of the Shell Group, an international exploration and production and LNG group of companies. On February 15, 2016, Royal Dutch Shell plc (“Shell”) completed the acquisition of BG Group plc (now known as BG Group Limited) and its subsidiaries, and accordingly Shell has become the ultimate holding company of all the BG Group companies, including that of BGAPH.

We distribute CNG for use in motor vehicles and PNG for domestic household use as well as for commercial and industrial use. As at March 31, 2016, we supplied CNG to over 0.47 million vehicles through our network of 188 CNG filling stations, and provided PNG connection to approximately 0.86 million domestic households, over 2,866 commercial and 60 industrial consumers in Mumbai and its Adjoining Areas. For Fiscal 2016, our CNG and PNG businesses accounted for 74.21% and 25.79%, respectively, of the total volume of natural gas sold, and 71.05% and 28.95%, respectively, of our total gas sales revenue.

We operate in Mumbai, the second largest city in India and one of the most populous cities in the world (*Source: World Urbanisation Prospects, United Nations, Department of Economic and Social Affairs, Population Division (2014)*). As per the census carried out in 2011, Mumbai had a population of 12.44 million and comprised of 2.71 million households (*Source: Economic Survey of Maharashtra 2014-2015 dated March 17, 2015*) and as of July 2015, there were approximately 6.7 million motor vehicles in Mumbai, Thane region and Panvel region (*Source: Mumbai Transport Commissioner's office*). Additionally, the number of CNG operated motor vehicles has grown steadily at a CAGR of 13.75% from March 31, 2009 to March 31, 2016 in Mumbai and its Adjoining Areas (*Source: PNGRB submissions*). We believe that there is significant growth potential for our business in Mumbai and its Adjoining Areas due to the (i) anticipated growth in the number of CNG operated vehicles considering the current cost effectiveness of CNG as a fuel, (ii) potential growth in the number of households in our areas of operation and (iii) on commencement of gas supply to consumers in the Raigad district.

As per the MoPNG Guidelines, we have access to cost effective domestic natural gas equal to 110% of our CNG and domestic PNG requirements (such customers are classified under the “**Priority Sector**”). This domestic natural gas is currently sold to us at US\$ 3.06/ MMBTU (GCV), which is significantly lower than the current market price of imported natural gas, for supply exclusively to the Priority Sector. Our Priority Sector sales accounted for 84.14%, 85.03% and 85.58% of our total sales volume in Fiscal 2014, Fiscal 2015 and Fiscal 2016, respectively. For our industrial and commercial PNG consumers, we source regasified liquefied natural gas (“**RLNG**”) from a number of sources, both on term and spot basis. The price at which we sell natural gas to our customers is not regulated and we generally are able to pass on an increase in the cost of natural gas to our customers.

We distribute natural gas through an extensive CGD network of pipelines, for which we have the exclusive authorisation to lay, build, expand and operate the CGD network in accordance with the Petroleum and Natural Gas Regulatory Board (Exclusivity for City or Local Natural Gas Distribution Network) Regulations, 2008 (the “**PNGRB Regulations**”) in Mumbai until 2020, its Adjoining Areas until 2030 and the Raigad district until 2040 (the “**Infrastructure Exclusivity**”). As at March 31, 2016, we had a supply network of over 4,646 kms of pipelines, including approximately 4,231 kms of polyethylene pipeline (“**PE pipeline**”) and 415 kms of steel pipeline, and 188 CNG filling stations. Our network of 188 CNG filling stations includes stations owned and operated by us, oil manufacturing companies (“**OMCs**”), private parties or situated at bus depots of state transport undertakings. We believe that there are significant entry barriers for competitors to enter into our area of operation, such as our infrastructure exclusivity, the requirement of large investments to establish a natural gas distribution network, lead time in the allocation of domestic natural gas and obtaining the required regulatory approvals.

We have won several awards for our contribution to society and our commitment towards health and safety. Our awards include the Greentech CSR Award, Gold Category at the 2014 Greentech Environment and CSR Awards for outstanding achievement in Corporate Social Responsibility in the CGD sector and the Gold Award in the CGD Sector at the 5<sup>th</sup> Annual Greentech CSR Award in 2015 for outstanding achievement in CSR. Our commitment to health and safety has also been recognised by the National Safety Council for merit in industrial

safety in 2012 and also at the Greentech Safety Awards for outstanding achievements in safety and environment management in 2013. We have also been awarded the Golden Peacock Award for CSR, 2015 and the Rashtra Vibhushan Award in 2015 for outstanding contribution for National Economic & Social Development.

Our total revenue increased to ₹ 21,216.28 million in Fiscal 2016 from ₹ 13,283.99 million in Fiscal 2012 at CAGR of 12.42%. Our profit after tax increased to ₹ 3,086.87 million in Fiscal 2016 from ₹ 3,077.43 million in Fiscal 2012 at CAGR of 0.08%.

### **Competitive Strengths**

#### ***Well positioned in Mumbai, one of the most populous cities in the world and second largest metropolitan city in India***

We are currently the sole authorised distributor of CNG and PNG in Mumbai, its Adjoining Areas and the Raigad district in the state of Maharashtra. Our area of operation for supplying natural gas has recently been enhanced with the inclusion of Raigad which was awarded to us during the 4th CGD bid round. We operate in Mumbai, one of the most populous cities in the world and the second largest metropolitan city in India (*Source: World Urbanisation Prospects, United Nations, Department of Economic and Social Affairs, Population Division (2014)*). Mumbai had a population of 12.44 million and comprised of 2.71 million households, as per the census carried out in 2011 (*Source: Economic Survey of Maharashtra 2014-2015 dated March 17, 2015*). Mumbai is regarded as the commercial and financial capital of India and contributes more than 22% to Maharashtra's Gross State Domestic Product (*Source: Economic Survey of Maharashtra 2014-2015*). As of July, 2015, there were approximately 6.7 million motor vehicles in Mumbai, Thane region and Panvel region (*Source: Mumbai Transport Commissioner's office*) which increased at CAGR of 8.5% from March 31, 2009. The number of CNG fuelled vehicles was 0.47 million in Mumbai and its Adjoining Areas, as of March 31, 2016, which increased at CAGR of 13.75% from March 31, 2009. In addition, Mumbai, being a growing commercial and financial hub, provides additional opportunities to capture the demand for natural gas from domestic customers and the commercial sector owing to its increasing population and growth of commercial establishments. We believe that we are strategically positioned to capture the benefits of this large and growing market given the low penetration in our areas of operation. As of March 31, 2016, 57 of our 188 CNG filling stations and 0.27 million of our 0.86 million domestic PNG customers were in the Adjoining Areas. The Adjoining Areas of Mumbai provide significant opportunities for the expansion of our CNG and PNG networks.

#### ***Cost effective availability of domestic natural gas***

The MoPNG, Government of India allocates natural gas to CGD entities through guidelines issued and updated periodically (the "MoPNG Guidelines"). The natural gas is first allocated to GAIL, which then supplies the natural gas, so allocated, to the respective CGD entities. The MoPNG Guidelines, revised in February 2014, increased allocation of natural gas to GAIL, for supplying to CGD entities, for sale to the Priority Sector. Such increased allocation is expected to meet the full requirement of all CGD entities. The MoPNG Guidelines were further revised in August 2014, authorising GAIL to supply natural gas 10% over and above the 100% requirement of each CGD entity for supply to the Priority Sector, calculated as per the last half yearly consumption by such CGD entity.

The price of domestic natural gas allocated by the MoPNG is determined as per the Pricing Guidelines, which is also known as the administered price mechanism ("APM"). The price of natural gas is presently US\$ 3.06/MMBTU on GCV basis. This price is currently significantly lower than the market price of imported natural gas. An additional tranche of natural gas from Panna and Mukta fields is allocated to us at a price of US\$5.73 per MMBTU (NCV) and from Tapti fields at US\$5.57 per MMBTU (NCV). Our Priority Sector sales accounted for 84.14%, 85.03% and 85.58% of our total volume of natural gas sold in Fiscal 2014, Fiscal 2015 and Fiscal 2016, respectively. We believe the natural gas demand from the Priority Sector is likely to continue, potentially enabling the on-going allocation of cost effective natural gas to us. We also believe that our geographical location enables us access to natural gas from a variety of sources as we are close to the source of production of natural gas in the Mumbai offshore basin, as well as to the import terminals, Dahej, Hazira and Dabhol. This offers us a distinct price advantage and lower transportation tariff, compared to many other CGD companies.

#### ***Infrastructure exclusivity and established infrastructure network***

We have infrastructure exclusivity to lay, build, expand and operate a CGD network in Mumbai and its Adjoining Areas for a period of 25 years. This Infrastructure Exclusivity is valid until 2020 for Mumbai, until 2030 for the

Adjoining Areas and until 2040 for the Raigad district. The period of exclusivity is extendable in blocks of 10 years as per the PNGRB Regulations. This exclusivity mandates a new operator in our area of operation to only use our distribution network upon the payment of transportation tariff to us. We have built an extensive supply network in Mumbai and its Adjoining Areas over the past 20 years. We have approximately 415 kms of steel pipeline, approximately 4,231 kms of PE pipeline and a network of 188 CNG filling stations as of March 31, 2016. In addition, our interconnected network of pipelines along with multiple city gate stations (“CGSs”), enables reliable distribution of natural gas to our customers. We have incurred significant capital expenditure to build this network. Our capital expenditure (additions to gross block and increase in capital work in progress) for Fiscal 2014, Fiscal 2015 and Fiscal 2016 was ₹ 1,773.23 million, ₹ 1,902.52 million and ₹ 2,294.82 million, respectively, and our gross fixed assets as at March 31, 2014, March 31, 2015 and at March 31, 2016 were ₹ 15,175.75 million, ₹ 16,714.51 million and ₹ 18,449.84 million, respectively. Moreover, we believe that there are significant entry barriers for a competitor to enter in our areas of operations, such as our infrastructure exclusivity, lead time in the allocation of domestic natural gas, the requirement of regulatory approvals and the need for large investments to establish a CGD network.

#### ***Experience in successful development and operation of CGD business***

We have successfully built and operated our CGD network for over 20 years. During this time, we believe that we have developed strong in-house project management capabilities, complemented by robust operation and maintenance processes. Further, we are also committed to health and safety and have implemented safety management systems to seek to ensure the safe, reliable and uninterrupted distribution of natural gas. We believe that our experience and our relationship with vendors, suppliers and contractors has enabled us to expand our network in a timely and cost efficient manner. We have developed the necessary infrastructure and multiple CGSs to enable the transfer of natural gas from multiple sources. We also have a strong senior management team with experience in the natural gas and petroleum industry, including experience in project management and establishing a natural gas distribution network. We believe governance and policy oversight through internal committees, processes and systems coupled with our management team helps us to derive operational efficiencies.

#### ***Promoters with strong national and multinational experience***

We believe that we are able to leverage our Promoters’ expertise and experience in our business and operations giving us a competitive advantage. In addition to the guidance and expertise provided by our Promoters, our senior management team also includes employees of our Promoters who are seconded to us from time to time.

GAIL is the largest natural gas transmission company in India. It owns and operates a transmission network of approximately 11,000 kms of high pressure natural gas trunk pipelines across India with a total capacity of approximately 206 MMSCMD. For Fiscal 2016, the average gas transmitted by GAIL was 92.09 MMSCMD. GAIL is engaged in the transmission, exploration and production of liquefied petroleum gas (“LPG”) and other gas projects. Further, it operates seven plants in India which process natural gas to produce LPG. It also owns and operates a petrochemical plant that produces high density polyethylene and linear low density polyethylene used in making pipelines.

BGAPH is headquartered in Singapore and is involved in the day to day management of its investments in India, Egypt, Mauritius and South East Asia. Through its subsidiaries and associated companies, it is engaged in the business, amongst others, of exploration and production of oil and gas, LNG importation and marketing, and the transmission and distribution of natural gas. On February 15, 2016, Royal Dutch Shell plc (“Shell”) completed the acquisition of BG Group plc (now BG Group Limited) and its subsidiaries. Accordingly, Shell has become the ultimate holding company of all the BG Group companies, including that of BGAPH. For further details, please see “Our Promoters, Promoter Group and Group Companies” on page 158.

#### ***Strong financial performance with consistent growth and profitability***

We have a track record of growth in volumes, revenues and profits. Our volume of supplied natural gas increased from 1.95 MMSCMD for Fiscal 2012 to 2.43 MMSCMD for Fiscal 2016, at a CAGR of 5.67%. Our total revenue increased from ₹ 13,283.99 million for Fiscal 2012 to ₹ 21,216.28 million for Fiscal 2016, at a CAGR of 12.42%. Our profit after tax has increased from ₹ 3,077.43 million in Fiscal 2012 (in this year, purchase of natural gas and other charges was net of ₹ 384.54 million on account of downward revision in pipeline tariff for earlier years) to ₹ 3,086.87 million in Fiscal 2016, at a CAGR of 0.08%. We have paid dividends every year during the last five years. See section titled “Dividend Policy” and “Financial Statements” on page 173 and 174, respectively. We have already made substantial investments in our network and continue to expand the reach of our network. In



Fiscals 2016, 2015 and 2014, our capital expenditure (additions to gross block and increase in capital work in progress) was ₹ 2,294.82 million, ₹ 1,902.52 million and ₹ 1,773.23 million, respectively, which was used primarily for the expansion of our pipeline network. We have a strong balance sheet with, as of March 31, 2016, equity capital of ₹ 893.42 million, accumulated reserves of ₹ 14,386.33 million and long term borrowings of ₹ 138.12 million on account of an unsecured interest free sales tax deferment loan of ₹ 43.76 million (classified as long term borrowings) and 9% unsecured compulsory convertible debentures of ₹ 94.36 million (classified as current liabilities being due for conversion into equity within one year from March 31, 2016). The return on average equity (profit after tax/ (average share capital + reserves and surplus)) was 21.03% in Fiscal 2016 as compared to 31.05% in Fiscal 2012. In addition, our net cash flows from our operating activities (after tax) were ₹ 4,254.30 million in Fiscal 2016, ₹ 4,267.14 million in Fiscal 2015 and ₹ 3,976.48 million in Fiscal 2014. We believe that our strong financial position provides us with the financial flexibility to expand our network in our existing markets and expand to new markets in India.

## **Our Strategy**

### ***Increase penetration in Mumbai, its Adjoining Areas and supply gas in the Raigad district***

We intend to increase penetration in Mumbai and its Adjoining Areas by reaching out to new customers for CNG, domestic PNG, commercial PNG and industrial PNG use. We have commenced project activities in the Raigad district and propose to lay, build and develop infrastructure in the area. We believe that we are strategically positioned to capture the benefits of the growing demand for CNG and PNG in our areas of operation. We believe that given the cost advantage of using CNG as compared to alternative fuels, increased interest in environmental friendly fuels and the large untapped potential of natural gas can lead to a substantial increase in CNG penetration rate. We further believe that the existence of significant additional opportunities for the expansion, phasing out of LPG subsidies over a period of time and the convenience of using PNG will help us in increasing the penetration of PNG in the domestic market in Mumbai and its Adjoining Areas. In addition, Mumbai, being a growing commercial and financial hub, provides additional opportunities to capture the demand for natural gas from domestic customers and the commercial sector owing to its increasing population and growing number of commercial establishments. We believe that we are strategically positioned to capture the benefits of this large and growing market given the low penetration in our areas of operation. Further, the Adjoining Areas of Mumbai and the Raigad district provide significant additional opportunities for the expansion of our CNG and PNG networks. We believe that we will be able to leverage our competitive strengths to increase our customer base by expanding our natural gas distribution network to cater to the increasing demand.

### ***Further development of infrastructure in existing areas***

We propose to further develop and upgrade our infrastructure which, we believe, will improve our reach, allow us to cater to a larger customer base and improve the quality of our services. For the purpose of expanding our gas distribution network, whether in our existing areas of operations, or in new markets, we are prepared to incur substantial capital expenditure in laying, building and developing CGD infrastructure. We believe that any such expansion will have a positive impact on our results of operations as we will be able to increase our customer base and the volume of natural gas distributed. In the last five Fiscals, we have set up 2 CGSs, 43 CNG filling stations, laid down 114.33 kms of steel and 1,243 kms of PE pipeline (including medium and low pressure PE network), and added 0.35 million PNG customers. We intend to add over 675 kms of steel pipeline and PE pipeline and 83 CNG filling stations during the next five years, in our areas of operations. In order to diversify our portfolio of CNG filling stations, we intend to set up a higher number of CNG filling stations that would be owned and operated by us and by pro-actively identifying land for setting up such CNG filling stations.

### ***Continue to source reliable and cost effective natural gas from multiple vendors***

We will continue to monitor the cost of natural gas and endeavour to source natural gas in the most cost effective manner and from several vendors. For our Priority Sector natural gas supply, we purchase natural gas from domestic sources in accordance with the allocation policy of the MoPNG and the Pricing Guidelines. For commercial and industrial PNG customers, we source RLNG from various sources, both on a term and spot basis. We enter into medium term contracts using a formula based pricing model and source any additionally required RLNG with spot purchases to seek to take advantage of decreases in the cost of natural gas. We have entered into spot framework agreements and letters of intent with several suppliers such as GAIL, HPCL, HLPL, GSPCL, BPCL, IOCL and PLL and BGIES for the procurement of RLNG.



### ***Seeking opportunities for growth in new markets***

We seek to enter into new markets by participating in the bidding process for new CGD areas as well as through inorganic growth. The PNGRB identifies new potential CGD areas, invites bidders to participate in a competitive bidding process and allocates new areas for CGD projects to successful bidders. We have in the past and intend in future to continue to participate in such bidding processes to increase our operating areas. For example, in Fiscal 2015, we won the bid for laying, building and operating a CGD network in the Raigad district during the 4<sup>th</sup> CGD bidding round. We propose to continue to explore economically viable opportunities to expand our CGD business across India. We believe that our experience of over 20 years coupled with strong Promoter support, provides us with a competitive advantage, allowing us to expand and grow our business. Further, we may consider value accretive acquisition opportunities in new geographies to expand our reach.

## SUMMARY FINANCIAL INFORMATION

The following tables set forth the summary financial information derived from the restated financial information of our Company, prepared in accordance with Indian GAAP and the Companies Act, 1956 and the Companies Act, 2013, as applicable and restated in accordance with the SEBI ICDR Regulations as of and for Fiscals ended March 31, 2016, 2015, 2014, 2013 and 2012.

As on each date, our Company has not had any subsidiaries and consequently, all the financial information is only prepared and represented on a standalone basis.

The financial statements referred to above are presented under the section titled “*Financial Statements*” on page 174. The summary financial information presented below should be read in conjunction with these financial statements, the notes thereto and the section titled “*Financial Statements*” on page 174.

### Restated Summary Statement of Assets and Liabilities

(₹ in million)

Particulars	As at 31st March 2016	As at 31st March 2015	As at 31st March 2014	As at 31st March 2013	As at 31st March 2012
<b>I - EQUITY AND LIABILITIES</b>					
<b>(1) Shareholders' Funds</b>					
(a) Share Capital	893.42	893.42	893.42	893.42	893.42
(b) Reserves and Surplus	14,386.33	13,181.23	12,076.16	10,932.86	9,777.00
	15,279.75	14,074.65	12,969.58	11,826.28	10,670.42
<b>(2) Non-current liabilities</b>					
(a) Long-term borrowings	43.76	155.88	79.83	98.33	104.71
(b) Deferred tax liabilities (Net)	1,181.20	1,027.09	887.09	796.76	650.67
(c) Other long-term liabilities	5.25	10.63	7.78	0.85	5.52
(d) Long term provisions	52.75	68.32	40.42	-	-
	1,282.96	1,261.92	1,015.12	895.94	760.90
<b>(3) Current Liabilities</b>					
(a) Trade payables					
(i) Total outstanding dues of Micro, Small and Medium Enterprises	17.85	26.61	13.02	10.11	7.31
(ii) Total outstanding dues of creditors other than Micro, Small and Medium Enterprises	1,101.47	1,092.94	1,050.69	853.82	358.08
(b) Other current liabilities	3,897.63	3,227.00	2,751.28	2,359.43	1,919.02
(c) Short-term provisions	1,983.30	1,972.73	1,943.32	1,884.12	1,746.99
	7,000.25	6,319.28	5,758.31	5,107.48	4,031.40
<b>TOTAL</b>	<b>23,562.96</b>	<b>21,655.85</b>	<b>19,743.01</b>	<b>17,829.70</b>	<b>15,462.72</b>
<b>II - ASSETS</b>					
<b>(1) Non-current assets</b>					
(a) Fixed assets					
(i) Tangible assets	11,549.24	10,594.36	9,871.18	9,210.81	7,582.09
(ii) Intangible assets	46.87	45.71	43.69	46.11	55.01
(iii) Capital work-in-progress	4,288.64	3,796.20	3,454.41	3,147.67	3,218.30
	15,884.75	14,436.27	13,369.28	12,404.59	10,855.40
(b) Long term loans and advances	429.90	296.34	236.07	253.54	266.98
(c) Other non-current assets	10.87	17.82	16.74	17.21	15.70
	16,325.52	14,750.43	13,622.09	12,675.34	11,138.08
<b>(2) Current assets</b>					
(a) Current investments	3,881.98	3,714.66	3,420.66	3,021.19	2,355.05
(b) Inventories	180.27	173.55	158.66	137.73	142.73
(c) Trade Receivables	892.55	962.31	1,092.63	901.87	824.54
(d) Cash and Cash Equivalents	1,720.87	1,449.17	888.06	660.23	510.30
(e) Short-term loans and advances	276.04	306.26	284.21	217.82	317.23
(f) Other current assets	285.73	299.47	276.70	215.52	174.79
	7,237.44	6,905.42	6,120.92	5,154.36	4,324.64

Particulars	As at 31st March 2016	As at 31st March 2015	As at 31st March 2014	As at 31st March 2013	As at 31st March 2012
<b>TOTAL</b>	<b>23,562.96</b>	<b>21,655.85</b>	<b>19,743.01</b>	<b>17,829.70</b>	<b>15,462.72</b>

#### Restated Summary Statement of Profit and Loss

(₹ in million)

Particulars		For the year ended				
		31st March 2016	31st March 2015	31st March 2014	31st March 2013	31st March 2012
<b>I</b>	Revenue from Operations :					
	Sale of Natural Gas (Gross)	22,721.62	22,745.64	20,352.31	16,342.66	14,198.03
	Less : Excise Duty	2,068.34	1,967.55	1,665.91	1,365.63	1,230.65
	Sale of Natural Gas (Net)	20,653.28	20,778.09	18,686.40	14,977.03	12,967.38
	Sale of pipes, fittings and other materials	14.88	4.68	12.43	8.30	22.52
	Other operating income	121.11	166.51	152.70	158.45	100.40
		20,789.27	20,949.28	18,851.53	15,143.78	13,090.30
<b>II</b>	Other Income	427.01	407.09	344.94	318.56	193.69
<b>III</b>	<b>Total Revenue (I + II)</b>	<b>21,216.28</b>	<b>21,356.37</b>	<b>19,196.47</b>	<b>15,462.34</b>	<b>13,283.99</b>
<b>IV</b>	Expenses:					
	Cost of Natural Gas and Traded Items	12,296.26	12,958.08	11,444.37	8,121.94	6,209.78
	Changes in Inventories	0.72	(0.85)	(1.09)	(0.31)	(0.54)
	Employee benefits expense	537.12	511.11	416.89	359.03	321.66
	Finance Costs	29.45	12.05	2.07	10.69	2.92
	Depreciation and amortization expense (Refer note 27.6)	840.57	799.09	807.16	711.08	638.39
	Other expenses	2,825.67	2,583.95	2,109.24	1,836.37	1,572.09
	<b>Total expenses</b>	<b>16,529.79</b>	<b>16,863.43</b>	<b>14,778.64</b>	<b>11,038.80</b>	<b>8,744.30</b>
<b>V</b>	<b>Profit before tax (III- IV)</b>	<b>4,686.49</b>	<b>4,492.94</b>	<b>4,417.83</b>	<b>4,423.54</b>	<b>4,539.69</b>
<b>VI</b>	Tax expense:					
	(1) Current tax	1,445.50	1,331.00	1,355.00	1,292.40	1,395.00
	(2) Deferred tax	154.12	151.93	90.34	146.08	67.26
	Total	1,599.62	1,482.93	1,445.34	1,438.48	1,462.26
	<b>Profit after tax for the year (V - VI)</b>	<b>3,086.87</b>	<b>3,010.01</b>	<b>2,972.49</b>	<b>2,985.06</b>	<b>3,077.43</b>
	<b>Adjustments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VII</b>	<b>Net profit after tax for the year as restated</b>	<b>3,086.87</b>	<b>3,010.01</b>	<b>2,972.49</b>	<b>2,985.06</b>	<b>3,077.43</b>
<b>VIII</b>	Earnings per equity share (EPS) (face value of ₹ 10/- each)					
	Basic (₹)	34.55	33.69	33.27	33.41	34.45
	Diluted (₹)	31.36	30.54	30.15	30.28	31.21

#### Restated Summary Statement of Cash Flows

(₹ in million)

Particulars	For the year ended				
	31st March 2016	31st March 2015	31st March 2014	31st March 2013	31st March 2012
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>					
<b>Profit before taxation (as restated)</b>	<b>4,686.49</b>	<b>4,492.94</b>	<b>4,417.83</b>	<b>4,423.54</b>	<b>4,539.69</b>
<b>Adjustments for</b>					
Depreciation and amortisation expense	840.57	799.09	807.16	711.08	638.39
Loss on Sale / Disposal of Assets (Net)	4.23	0.05	0.93	0.84	1.03
Loss on Sale of Current Investments - Non Trade (Net)	-	-	0.46	-	-

Particulars	For the year ended				
	31st March 2016	31st March 2015	31st March 2014	31st March 2013	31st March 2012
Profit on sale of current investments - Non trade (Net)	(40.34)	(15.88)	-	-	-
Fixed Assets Written Off	0.15	0.13	4.32	4.37	17.24
Provision for / (Reversal of) Doubtful Trade Receivables	3.36	(2.05)	3.62	(3.37)	2.30
Provision for / (Reversal of) Doubtful Security Deposits	(5.46)	7.73	(8.09)	(4.66)	18.26
Bad Trade Receivables written off	1.60	3.64	3.74	9.66	4.33
Exchange Fluctuation (Net)	1.95	(3.37)	9.83	3.54	5.91
Provision for Leave Encashment	15.83	19.22	2.26	15.13	9.95
Finance Costs	29.45	12.05	2.07	10.69	2.92
Dividend Income on Current Investments - Non trade	(150.20)	(241.15)	(223.84)	(200.07)	(130.52)
Interest on Bank Fixed Deposits	(103.66)	(75.64)	(59.58)	(47.60)	(31.88)
<b>Operating profit before working capital changes (as restated)</b>	<b>5,283.97</b>	<b>4,996.76</b>	<b>4,960.71</b>	<b>4,923.15</b>	<b>5,077.62</b>
<b>Movements in Working Capital</b>					
(Increase)/Decrease in Inventories	(6.72)	(14.89)	(20.93)	5.00	(6.77)
(Increase)/Decrease in Trade Receivables	64.80	128.73	(198.12)	(83.62)	227.00
(Increase)/Decrease in Long Term Loans and Advances	(74.99)	(40.99)	(1.15)	25.13	(1.35)
(Increase)/Decrease in Other Non Current Assets	6.95	(1.09)	0.47	(1.51)	(2.56)
(Increase)/Decrease in Short Term Loans and Advances	35.68	(29.78)	(58.30)	104.07	(66.90)
(Increase)/Decrease in Other Current Assets	(1.27)	(13.54)	(48.65)	(39.29)	(22.28)
Increase/(Decrease) in Other Long Term Liabilities	(5.38)	2.85	6.93	(4.67)	0.22
Increase/(Decrease) in Long Term Provisions	(15.57)	27.90	40.42	-	-
Increase/(Decrease) in Trade Payables	(2.19)	59.21	189.95	495.00	(194.05)
Increase/(Decrease) in Other Current Liabilities	467.10	540.37	387.85	428.26	417.12
Increase/(Decrease) in Short Term Provisions	2.63	1.32	2.90	2.01	1.78
	<b>471.04</b>	<b>660.09</b>	<b>301.37</b>	<b>930.38</b>	<b>352.21</b>
<b>Cash Generated from Operations</b>	<b>5,755.01</b>	<b>5,656.85</b>	<b>5,262.08</b>	<b>5,853.53</b>	<b>5,429.83</b>
Income taxes paid (net of refunds)	(1,500.71)	(1,389.71)	(1,285.60)	(1,464.68)	(1,150.27)
<b>Net Cash from Operating Activities</b>	<b>4,254.30</b>	<b>4,267.14</b>	<b>3,976.48</b>	<b>4,388.85</b>	<b>4,279.56</b>

Particulars	For the year ended				
	31st March 2016	31st March 2015	31st March 2014	31st March 2013	31st March 2012
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>					
Purchase of fixed assets, including intangible assets, capital work in progress and capital advances	(2,211.25)	(1,975.94)	(1,768.44)	(2,265.81)	(2,135.32)
Proceeds from sale of fixed assets	1.09	1.29	0.44	16.63	0.38
Purchase of current investments	(23,494.66)	(24,398.62)	(20,837.50)	(17,033.62)	(14,489.72)
Sale of Current Investments	23,367.69	24,120.49	20,437.58	16,367.49	13,264.92
Bank balances not considered as Cash and Cash Equivalents	(217.99)	(662.01)	(101.59)	(184.58)	(55.52)
Interest Received	118.67	66.41	47.05	46.16	27.87
Dividend Received	150.20	241.15	223.84	200.07	130.52
<b>Net Cash (used in) Investing Activities</b>	<b>(2,286.25)</b>	<b>(2,607.23)</b>	<b>(1,998.62)</b>	<b>(2,853.66)</b>	<b>(3,256.87)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>					

Particulars	For the year ended				
	31st March 2016	31st March 2015	31st March 2014	31st March 2013	31st March 2012
Issue of 9% Unsecured Compulsorily Convertible Debentures	-	94.36	-	-	-
Repayment of Borrowings	(17.76)	(18.31)	(18.50)	(6.38)	(3.20)
Dividend paid	(1,563.48)	(1,563.48)	(1,563.48)	(1,340.13)	(777.28)
Corporate Dividend Tax	(318.29)	(265.71)	(265.71)	(217.40)	(126.09)
Interest Paid	(14.81)	(7.67)	(3.93)	(5.93)	(3.06)
<b>Net Cash used in Financing Activities</b>	<b>(1,914.34)</b>	<b>(1,760.81)</b>	<b>(1,851.62)</b>	<b>(1,569.84)</b>	<b>(909.63)</b>
<b>Net (Decrease)/Increase in Cash and Cash Equivalents (A+B+C)</b>	<b>53.71</b>	<b>(100.90)</b>	<b>126.24</b>	<b>(34.65)</b>	<b>113.06</b>
Cash and Cash Equivalents at the beginning of the year	157.39	258.29	132.05	166.70	53.64
<b>Cash and Cash Equivalents at the end of the year *</b>	<b>211.10</b>	<b>157.39</b>	<b>258.29</b>	<b>132.05</b>	<b>166.70</b>
* Cash and cash equivalents at the end of the year comprises (Refer note 17)					
i) Cash on Hand	0.02	0.01	0.01	0.04	0.08
ii) Cheques in Hand	-	0.10	-	10.79	-
iii) Balances with Banks					
In Current Accounts	211.08	157.28	258.28	121.22	166.62
	<b>211.10</b>	<b>157.39</b>	<b>258.29</b>	<b>132.05</b>	<b>166.70</b>

#### Reservations, qualifications and adverse remarks of auditors in the last five Fiscals

There are no reservations, qualifications and adverse remarks in the financial statements of the last five Fiscals.

#### Age-wise analysis of Capital Work-in-Progress

“As at March 31, 2016, the total capital work in progress of the Company (the “**CWIP**”) was ₹ 4,288.64 million and CWIP that comprised of CNG machinaries, uncommissioned pipeline network including meters, regulators, etc. was ₹ 3,475.93 million (the “**Project CWIP**”). The balance CWIP comprised of capital item stock inventory.

The value of work in progress as at the start of the period for the last five financial years for Project CWIP is as follows:

(₹ in million)

Financial Year (The age or year mentioned below represents when the work was started)	Project CWIP
Upto 2012	1,209.65
2013	662.32
2014	349.67
2015	528.10
2016	726.19

The time period of holding assets as CWIP before it is treated as fixed assets (aging analysis) varies from pipeline to pipeline and depends on the time at which a particular pipeline is commissioned.

## THE OFFER

The following table summarizes the Offer details:

<b>Initial Public Offer of Equity Shares comprising<sup>(1)</sup></b>	Up to 24,694,500 Equity Shares, aggregating up to ₹ [ ] million
(i) Offer for Sale by GAIL	Up to 12,347,250, aggregating up to ₹ [ ] million
(ii) Offer for Sale by BGAPH	Up to 12,347,250, aggregating up to ₹ [ ] million
<i>of which:</i>	
Employee Reservation Portion <sup>(2)</sup>	Up to 200,000 Equity Shares
<i>Therefore, Net Offer</i>	24,494,500 Equity Shares
<i>Of which:</i>	
<b>A) QIB Portion<sup>(4)(5)</sup></b>	12,247,250 Equity Shares
<i>Of which:</i>	
Anchor Investor Portion <sup>(3)</sup>	7,348,350 Equity Shares
Net QIB Portion (assuming Anchor Investor Portion is fully subscribed)	4,898,900 Equity Shares
<i>Of which</i>	
Available for allocation to Mutual Funds only (5% of the QIB Portion excluding the Anchor Investor Portion)	244,945 Equity Shares
Balance for all QIBs including Mutual Funds	4,653,955 Equity Shares
<b>B) Non-Institutional Portion<sup>(4)</sup></b>	Not less than 3,674,175 Equity Shares
<b>C) Retail Portion<sup>(4)</sup></b>	Not less than 8,573,075 Equity Shares
<b>Pre and post-Offer Equity Shares</b>	
Equity Shares outstanding prior to the Offer	98,777,778 Equity Shares
Equity Shares outstanding after the Offer	98,777,778 Equity Shares
<b>Use of proceeds of this Offer</b>	See “Objects of the Offer” on page 78. Our Company will not receive any proceeds from the Offer.

<sup>(1)</sup> The Offer has been authorised by a resolution dated February 3, 2015 of our Board. BGAPH has authorised the Offer pursuant to a board resolution dated May 21, 2015 and GAIL has authorized the Offer pursuant to a board resolution dated March 20, 2014. The Selling Shareholders confirm that the Equity Shares being offered as part of the Offer have been held by them for such periods as required by Regulation 26(6) of the SEBI ICDR Regulations.

<sup>(2)</sup> Any under-subscription in the Employee Reservation Portion will be added to the Net Offer. In the event of under-subscription in the Net Offer, spill over to the extent of under-subscription will be allowed from the Employee Reservation Portion.

<sup>(3)</sup> Our Company and the Selling Shareholders may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for allocation to domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Offer Price at which allocation is being done to other Anchor Investors. For further details, see “Offer Procedure” on page 295.

<sup>(4)</sup> Under-subscription, if any, in any category, except in the QIB Portion, would be allowed to be met with spill over from any other category or combination of categories at the discretion of our Company and the Selling Shareholders, in consultation with the BRLMs and the Designated Stock Exchange.

Our Company and the Selling Shareholders may, in consultation with the BRLMs, offer a discount of ₹ [ ] per Equity Share to the Offer Price to Eligible Employees

Allocation to all categories, except Anchor Investors, if any, and Retail Individual Investors, shall be made on a proportionate basis. Allocation to each Retail Individual Bidder shall not be less than the Minimum Bid Amount,



*subject to availability of Equity Shares in the Retail Portion, and the remaining available Equity Shares, if any, shall be Allotted on a proportionate basis.*

For details, including in relation to grounds for rejection of Bids, see “*Offer Procedure*” on page 295. For details of the terms of the Offer, see “*Terms of the Offer*” on page 286.

## GENERAL INFORMATION

Our Company was incorporated in Mumbai on May 8, 1995 as a public limited company under the Companies Act, 1956. Our Company obtained a certificate of commencement of business on July 4, 1995. Our Company is engaged in the business of distribution of natural gas viz., compressed natural gas and piped natural gas. For further details regarding the business undertaken by our Company, see “*Our Business*” on page 107.

### Registered and Corporate Office of our Company

#### Mahanagar Gas Limited

MGL House  
G-33 Block  
Bandra-Kurla Complex  
Bandra (East)  
Mumbai - 400 051  
Tel: +91 (22) 6678 5000  
Fax: +91 (22) 2654 0092  
Website: www.mahanagargas.com  
Email: mgl.ipo@mahanagargas.com  
Corporate Identity Number: U40200MH1995PLC088133  
Registration Number: 088133

For details in changes in our registered office, see, “*History and Other Corporate Matters*” on page 131.

### Address of the Registrar of Companies

Our Company is registered with the RoC, Mumbai situated at the following address:

#### Registrar of Companies

100, Everest, Marine Drive  
Mumbai – 400 002  
Tel: +91 (22) 2281 2627  
Fax: +91 (22) 2281 1977

### Board of Directors

The following table sets out the composition of our Board as on the date of this Red Herring Prospectus:

Name and Designation	DIN	Address
Dr. Ashutosh Karnatak <i>Chairman</i>	03267102	716, New Delhi Apartments, Vasundhra Enclave, New Delhi - 110 096
Mr. Rajeev Kumar Mathur <i>Managing Director</i>	03308185	Flat No 2335, III Floor, Sector D, Pocket II, Vasant Kunj, New Delhi - 110 070
Ms. Susmita Sengupta <i>Wholtime Director</i>	06825311	Flat no 2301, Glen Ridge, Hiranandani Gardens, Powai, Mumbai - 400 076
Mr. Akhil Mehrotra <i>Non-Executive Director</i>	07197901	Flat – 303/4, A – Wing, Lake Lucrne Phase III, Lake Homes, Powai, Mumbai - 400 076
Mr. Apurva Chandra <i>Non-Executive Director</i>	02531655	38, Amber Building, 9th Floor, Malabar Hills, Mumbai - 400 006
Dr. Basudeb Sen <i>Independent Director</i>	00056861	109 Rashtraguru Avenue, Dum Dum, Kolkata - 700 028
Mr. Jainendar Kumar Jain <i>Independent Director</i>	00066452	C-018, GAIL Employees Cooperative Group Housing Society, Plot No. GH-9, Sector-56, Gurgaon - 122 003.
Mr. Santosh Kumar <i>Independent Director</i>	00239324	House No. E, Sector 55, Gautam Budh Nagar, Noida - 201 301.
Mr. Arun Balakrishnan <i>Independent Director</i>	00130241	Flat 2012, Sobha Petunia Veerana Palaya, Opp. Lumbini Gardens, Bangalore - 560 045
Mr. Raj Kishore Tewari <i>Independent Director</i>	07056080	703, Devika Apartment, Vaishali, Ghaziabad - 201 001

For further details of our Board of Directors, see “*Our Management*” on page 141.

#### **Company Secretary and Compliance Officer**

Mr. Alok Mishra is the Company Secretary and the Compliance Officer of our Company. His contact details are as follows:

##### **Mr. Alok Mishra**

MGL House  
G-33 Block  
Bandra-Kurla Complex  
Bandra (East)  
Mumbai - 400 051  
Tel: +91 (22) 6695 2941  
Fax: +91 (22) 6675 6491  
Email: mgl.ipo@mahanagargas.com (Company Secretary); investorrelations@mahanagargas.com (Compliance Officer)

#### **Chief Financial Officer**

Mr. Sunil M. Ranade is the Chief Financial Officer of our Company. His contact details are as follows:

##### **Mr. Sunil M. Ranade**

MGL House  
G-33 Block  
Bandra-Kurla Complex  
Bandra (East)  
Mumbai - 400 051  
Tel: +91 (22) 6678 5000  
Fax: +91 (22) 2654 0092  
Email: cfo@mahanagargas.com

**Investors can contact the Company Secretary and Compliance Officer, the BRLMs, the Registrar to the Offer, in case of any pre-Offer or post-Offer related problems, such as non-receipt of Allotment Advice, credit of Allotted Equity Shares in the respective beneficiary account or refund orders.**

All grievances may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary with whom the Bid cum Application Form was submitted. The Bidder should give full details such as name of the sole or first Bidder, Bid cum Application Form number, Bidder DP ID, Client ID, PAN, date of the Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for and the name and address of the Designated Intermediary where the Bid cum Application Form was submitted by the Bidder.

Further, the Bidder shall also enclose the Acknowledgement Slip from the Designated Intermediaries in addition to the documents/information mentioned hereinabove.

#### **Book Running Lead Managers**

##### **Kotak Mahindra Capital Company Limited**

1<sup>st</sup> Floor, 27 BKC  
Plot No. 27  
G Block Bandra Kurla Complex  
Bandra (East), Mumbai - 400 051  
Tel: +91 (22) 4336 0000  
Fax: +91 (22) 6713 2447  
E-mail: mgl.ipo@kotak.com  
Investor grievance e-mail: kmccredressal@kotak.com  
Contact Person: Ganesh Rane  
Website: <http://investmentbank.kotak.com>

SEBI Registration No.: INM000008704

**Citigroup Global Markets India Private Limited**

1202, 12<sup>th</sup> Floor, First International Financial Centre  
G-Block C54 & 55, Bandra Kurla Complex  
Bandra (East)  
Mumbai - 400 051  
Tel: +91 (22) 6175 9999  
Fax: +91 (22) 6175 9961  
E-mail: mgl.ipo@citi.com  
Investor grievance e-mail: investors.cgmb@citi.com  
Website: <http://www.online.citibank.co.in/rhtm/citigroupglobalscreen1.htm>  
Contact Person: Aditi Jain  
SEBI Registration No.: INM000010718

**Syndicate Members**

[ ]

**Registrar to the Offer**

**Link Intime India Private Limited**

C 13, Pannalal Silk Mills Compound  
LBS Marg, Bhandup (West)  
Mumbai - 400 078  
Tel: +91 (22) 6171 5400  
Fax: +91 (22) 2596 0329  
Investor grievance email: mgl.ipo@linkintime.co.in  
Website: [www.linkintime.co.in](http://www.linkintime.co.in)  
Contact Person: Shanti Gopalkrishnan  
SEBI Registration No.: INR 0000 04058

**Domestic Legal Counsel to our Company and the Selling Shareholders**

**Khaitan & Co**

One Indiabulls Centre  
Tower 1, 13<sup>th</sup> Floor  
841 Senapati Bapat Marg  
Elphinstone Road  
Mumbai - 400 013  
Tel: +91 (22) 6636 5000  
Fax: +91 (22) 6636 5050

**International Legal Counsel to our Company and the Selling Shareholders**

**Jones Day**

138 Market Street, Level 28  
CapitaGreen  
Singapore - 048946  
Tel: +65 6538 3939  
Fax: +65 6536 3939

**Domestic Legal Counsel to the BRLMs**

**Cyril Amarchand Mangaldas**

V Floor, Peninsula Chambers  
Peninsula Corporate Park  
Ganpatrao Kadam Marg  
Lower Parel

Mumbai - 400 013  
Tel: +91 (22) 2496 4455  
Fax: +91 (22) 2496 3666

**International Legal Counsel to the BRLMs**

**Herbert Smith Freehills LLP**  
50 Raffles Place  
#24-01 Singapore Land Tower  
Singapore - 048 623  
Tel: +65 6868 8000  
Fax: +65 6868 8001

**Statutory Auditors of our Company**

**Deloitte Haskins & Sells, Chartered Accountants**

Indiabulls Finance Centre, Tower 3, 32<sup>nd</sup> Floor  
Elphistone Mill Compound, Senapati Bapat Marg  
Elphistone (West)  
Mumbai – 400 013  
Tel: +91 (22) 6607 1000  
Fax: +91 (22) 6667 9025/9421  
Firm Registration No: 117365W  
Email: rkbhatt@deloitte.com

**Escrow Collection Banks**

[ ]

**Refund Bank**

[ ]

**Designated Intermediaries**

**Self Certified Syndicate Banks**

The list of banks that have been notified by SEBI to act as the SCSBs for the ASBA process is provided on the website of SEBI at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>. For list of branches of the SCSBs named by the respective SCSBs to collect the ASBA Forms please refer to the above-mentioned link.

**Registered Broker**

The list of the Registered Brokers eligible to accept ASBA forms, including details such as postal address, telephone number and e-mail address, is provided on the websites of the BSE and the NSE at [http://www.bseindia.com/Markets/PublicIssues/brokercentres\\_new.aspx?expandable=3](http://www.bseindia.com/Markets/PublicIssues/brokercentres_new.aspx?expandable=3) and [http://www.nseindia.com/products/content/equities/ipos/ipo\\_mem\\_terminal.htm](http://www.nseindia.com/products/content/equities/ipos/ipo_mem_terminal.htm), respectively, as updated from time to time.

**RTAs**

The list of the RTAs eligible to accept ASBA Forms at the Designated RTA Locations, including details such as address, telephone number and email address, is provided on the websites of Stock Exchanges at <http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?expandable=6> and [http://www.nseindia.com/products/content/equities/ipos/asba\\_procedures.htm](http://www.nseindia.com/products/content/equities/ipos/asba_procedures.htm), respectively, as updated from time to time.

### Collecting Depository Participants

The list of the CDPs eligible to accept ASBA Forms at the Designated CDP Locations, including details such as name and contact details, is provided on the websites of the Stock Exchanges at <http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?expandable=6> and [http://www.nseindia.com/products/content/equities/ipos/asba\\_procedures.htm](http://www.nseindia.com/products/content/equities/ipos/asba_procedures.htm), respectively, as updated from time to time.

### Bankers to our Company

<b>Hongkong &amp; Shanghai Banking Corporation Limited</b> 52/60 M.G Road, Fort Mumbai - 400 001 Tel.: +91 (22) 6757 4314/4322 Fax: +91 (22) 2659 2938 Email: zakirhalde@hsbc.co.in Website: <a href="http://www.hsbc.co.in">http://www.hsbc.co.in</a> Contact Person: Zakir Halde	<b>HDFC Bank Limited</b> Manekji Wadia Building, 2 <sup>nd</sup> Floor Nanik Motwani Marg, Fort Mumbai - 400 001 Tel.: +91 (22) 3023 5848 Fax: +91 (22) 2634 7989 Email: <a href="mailto:jatinv.shah@hdfcbank.com">jatinv.shah@hdfcbank.com</a> Website: <a href="http://www.hdfcbank.com">http://www.hdfcbank.com</a> Contact Person: Jatin Shah
<b>Kotak Mahindra Bank Limited</b> 2 <sup>nd</sup> and 3 <sup>rd</sup> Floor, Navsari Building D.N.Road, Fort Mumbai - 400 001 Tel.: +91 (22) 6615 3041 Fax: +91 (22) 6615 3050 Email: <a href="mailto:anuj.patni@kotak.com">anuj.patni@kotak.com</a> Website: <a href="http://www.kotak.com">http://www.kotak.com</a> Contact Person: Anuj Patni	<b>Axis Bank Ltd</b> Ground & 1st Floor, Harbhajan Building C. S. T. Road, Opp. Raheja Centre, Kalina Santacruz (E) Mumbai - 400 098 Tel.: +91 (22) 2665 3006 Fax: +91 (22) 2665 3006 Email: <a href="mailto:kalina.branchhead@axisbank.com">kalina.branchhead@axisbank.com</a> Website: <a href="http://www.axisbank.com">http://www.axisbank.com</a> Contact Person: Mamta Ajwani
<b>United Bank of India</b> C-14, C-15, MMRDA Building, Bandra Kurla Complex Mumbai - 400 051 Tel.: +91 (22) 2659 2143 Fax: +91 (22) 2659 2938 Email: <a href="mailto:bmbdk@unitedbank.co.in">bmbdk@unitedbank.co.in</a> Website: <a href="http://www.unitedbankofindia.com">http://www.unitedbankofindia.com</a> Contact Person: Rajeshri Jadhav	<b>ICICI Bank Limited</b> ICICI Bank Tower Bandra Kurla Complex Mumbai - 400 021 Tel.: +91 (22) 26537512 Fax: +91 (22) 26531374 Email: <a href="mailto:devesh.sharma@icicibank.com">devesh.sharma@icicibank.com</a> Website: <a href="http://www.icicibank.com">http://www.icicibank.com</a> Contact Person: Devesh Sharma

### IPO grading

No credit rating agency, registered with SEBI has been appointed in respect of obtaining grading for the Offer.



### Inter se allocation of responsibilities

The following table sets forth the inter se allocation of responsibilities for various activities among the BRLMs:

Sr. No	Activity	Responsibility	Co-ordinator
1.	Capital Structuring with relative components and formalities such as type of instruments, etc.	Kotak, Citi	Kotak
2.	Due diligence of Company's operations/ management/ business plans/ legal etc. Drafting and design of Red Herring Prospectus including memorandum containing salient features of the Prospectus. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalization of Prospectus and RoC filing.	Kotak, Citi	Kotak
3.	Drafting and approval of all statutory advertisements.	Kotak, Citi	Kotak
4.	Drafting and approval of all publicity material other than statutory advertisements as mentioned in 3 above, including corporate advertisement, brochures.	Kotak, Citi	Citi
5.	Appointment of intermediaries: - advertising agency and printers; - escrow banks and registrar; and - IPO grading agency and monitoring agency.	Kotak, Citi	Citi
6.	International institutional marketing strategy, including finalizing the list and allocation of investors for one to one meetings, in consultation with the Company, finalizing the International road show schedule & investor meeting schedules.	Kotak, Citi	Citi
7.	Preparation of road show presentation and frequently asked questions.	Kotak, Citi	Citi
8.	Marketing strategy for domestic institutions including banks, mutual funds, etc., finalizing the list and division of investors for one to one meetings, in consultation with the Company, and finalizing the investor meeting schedules.	Kotak, Citi	Kotak
9.	Non-Institutional and retail marketing of the Issue, which will include inter alia, formulating marketing strategies, preparation of publicity budget, finalizing media and PR strategy, finalizing centers for holding conferences for press and brokers, deciding on the quantum of issue material and following-up on distribution of publicity and issue material including forms, prospectuses, etc.	Kotak, Citi	Kotak
10.	Co-ordination with Stock Exchanges for Book Building software, bidding terminals and mock trading.	Kotak, Citi	Citi
11.	Finalization of pricing, in consultation with the Company and managing the book.	Kotak, Citi	Citi
12.	The post bidding & post issue activities including management of escrow accounts, co-ordination of institutional and non-institutional allocation, intimation of allocation and dispatch of refunds to bidders etc. The post Issue activities for the Issue involving essential follow up steps, which include the finalization of trading and dealing of instruments and demat of delivery of Equity Shares, with the various agencies connected with the work such as the Registrar to the Issue and bankers to the Offer, SCSBs and the bank(s) handling refund business. The merchant banker shall be responsible for ensuring that these agencies fulfill their functions and enable it to discharge this responsibility through suitable agreements with the Company.	Kotak, Citi	Citi

## **Credit Rating**

As this is an Offer of Equity Shares, the requirement of credit rating is not applicable.

## **Experts**

Except as stated below, our Company has not obtained any expert opinions:

Our Company has received written consent from the Statutory Auditors, who holds a valid peer review certificate, to include its name as required under Section 26(1)(a)(v) of the Companies Act, 2013 in this Red Herring Prospectus and as an “expert” as defined under section 2(38) of the Companies Act, 2013 in respect of the examination report dated May 30, 2016 of the Statutory Auditors on the restated audited financial statements of our Company as of and for Fiscals ended March 31, 2016, 2015, 2014, 2013 and 2012 and the statement of tax benefits dated June 1, 2016, included in this Red Herring Prospectus and such consents have not been withdrawn as on the date of this Red Herring Prospectus. The term “expert” and consent thereof does not represent an expert or consent within the meaning under the Securities Act.

## **Trustees**

As this is an Offer of Equity Shares, the requirement of appointment of trustees is not applicable.

## **Appraising Agency**

As Offer is an offer for sale, our Company shall not receive any proceeds from the sale of Equity Shares. Consequently, the requirement of an appraising agency is not applicable.

## **Monitoring Agency**

The Offer being an offer for sale, our Company will not receive any proceeds from the Offer and is not required to appoint a monitoring agency for the Offer.

## **Book Building Process**

The book building, in context of the Offer, refers to the process of collection of Bids on the basis of this Red Herring Prospectus within the Price Band, which will be decided by our Company and the Selling Shareholders in consultation with the BRLMs, and advertised in Mumbai editions of Financial Express, Mumbai editions of Jansatta and Mumbai editions of Navshakti, which are widely circulated English, Hindi and Marathi newspapers (Marathi being the regional language of Maharashtra, where our Registered Office is located) at least five Working Days prior to the Bid/ Offer Opening Date and shall be made available to the Stock Exchanges for the purpose of upload on their respective websites. The Offer Price shall be determined by our Company and the Selling Shareholders, in consultation with the BRLMs, after the Bid/ Offer Closing Date.

**All Bidders, except Anchor Investors, can participate in the Offer only through the ASBA process.**

**In accordance with the SEBI ICDR Regulations, QIBs bidding in the QIB Portion and Non-Institutional Bidders bidding in the Non-Institutional Portion are not allowed to withdraw or lower the size of their Bids (in terms of the quantity of the Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders and Eligible Employees bidding in the Employee Reservation Portion can revise their Bids during the Bid/ Offer Period and withdraw their Bids until Bid/Offer Closing Date. Further, Anchor Investors cannot withdraw their Bids after the Anchor Investor Bid/ Offer Period. Allocation to the Anchor Investors will be on a discretionary basis. For further details, see the section “Offer Procedure” on page 286.**

For further details, see the section “Offer Structure” and “Offer Procedure” on pages 289 and 286.

## **Illustration of Book Building Process and the Price Discovery Process**

For an illustration of the book building process and the price discovery process, see “Offer Procedure – Part B – Basis of Allocation – Illustration of the Book Building Process and Price Discovery Process” on page 327.

## Withdrawal of the Offer

For details in relation to refund on withdrawal of the Offer, see “Offer Structure – Withdrawal of the Offer” on page 293.

## Underwriting Agreement

After the determination of the Offer Price and allocation of the Equity Shares, but prior to the filing of the Prospectus with the RoC, our Company and the Selling Shareholders may enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Offer. It is proposed that pursuant to the terms of such Underwriting Agreement, if entered into, the BRLMs shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfill their underwriting obligations. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions to closing, as specified there in.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

*(This portion has been intentionally left blank and will be filled in before filing of the Prospectus with the RoC)*  
(₹ in million)

Name, Address, Telephone, Fax, and Email of the Underwriters	Indicated number of Equity Shares to be Underwritten	Amount Underwritten
[ ]	[ ]	[ ]
[ ]	[ ]	[ ]
[ ]	[ ]	[ ]

The above mentioned is indicative underwriting and will be finalised after pricing and actual allocation and subject to the provisions of the SEBI ICDR Regulations.

In the opinion of our Board and the board of directors of the Selling Shareholders (based on a certificate given by the Underwriters), the resources of the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The Underwriters are registered with SEBI under Section 12 (1) of the SEBI Act or registered as brokers with the Stock Exchange(s).

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitments set forth in the table above. Notwithstanding the above table, the BRLMs and Syndicate Member(s) shall only be responsible for ensuring completion of the subscription or purchase in respect of such Bids procured by them (or their respective sub-syndicate members), and not for Bids procured by other Underwriters (or the respective sub-syndicate members of such Underwriters) or for the ASBA Bidders who have submitted their Bids directly to the SCSBs, Registered Brokers, Registered RTAs or CDPs, including ensuring full payment of the Offer Price, in respect of the Equity Shares for which such Bids are made. Each BRLM and Syndicate Member, in respect of ASBA Bidders who have submitted their Bids to such BRLM or Syndicate Member, in the event that a Bidder submitting its Bid to such Underwriter, at any of the Specified Locations, (including Bids procured by its sub-syndicate members), defaults in the performance of its obligations in respect of the Offer (other than defaults due to negligence, misconduct or default by the SCSBs of any nature), the BRLM or Syndicate Member that procures such Bid from the Bidder shall be responsible for ensuring payment of the Offer Price in respect of such Equity Shares to the Escrow Account as soon as reasonably practicable but prior to finalization of the Basis of Allotment, provided that the obligations of each BRLM or Syndicate Member shall first be set off against any over subscription in the same category in which the default occurs or from any other category in which there is over subscription subject to the provisions of the SEBI ICDR Regulations and this Red Herring Prospectus.

## CAPITAL STRUCTURE

The share capital of our Company as on the date of this Red Herring Prospectus is set forth below:

(in ₹ except share data)

Sr. No.	Particulars	Aggregate Value at Face Nominal Value	Aggregate value at Offer Price
<b>A</b>	<b>Authorised share capital</b>		
	130,000,000 Equity Shares of ₹ 10 each	1,300,000,000	
<b>B</b>	<b>Issued, subscribed and paid up share capital before the Offer</b>		
	98,777,778 Equity Shares of ₹ 10 each	987,777,780	
<b>C</b>	<b>Present Offer in terms of this Red Herring Prospectus</b>		
	Offer for Sale up to 24,694,500 Equity Shares by the Selling Shareholders <sup>(1)</sup>	246,945,000	[ ]
	Of which:		
	Employee Reservation Portion		
	Up to 200,000 Equity Shares	2,000,000	[ ]
<b>D</b>	<b>Net Offer to the Public</b>		
	Up to 24,494,500 Equity Shares	244,945,000	[ ]
<b>E</b>	<b>Issued, subscribed and paid up share capital after the Offer</b>		
	98,777,778 Equity Shares	987,777,780	
<b>G</b>	<b>Securities premium account</b>		
	Before the Offer	Nil	
	After the Offer	Nil	

<sup>(1)</sup>The Offer has been authorised by a resolution dated February 3, 2015 of our Board. The Offer has been authorized pursuant to the resolutions passed by the board of directors of GAIL on March 20, 2014 and by the board of directors of BGAPH on May 21, 2015. GAIL, by way of its letter dated November 12, 2015 and BGAPH, by way of its letter dated November 9, 2015 have given their consent to include up to 12,347,250 Equity Shares each, as part of the Offer for Sale. The Equity Shares being offered in the Offer have been held by the Selling Shareholders for a period of at least one year prior to the date of the Draft Red Herring Prospectus.

### Changes in the authorized capital of our Company

There has been no change in the authorised capital of our Company since incorporation.

### Notes to Capital Structure

#### 1. Share Capital History

##### (a) Equity Share Capital History of our Company

Date of allotment	Number of Equity Shares allotted	Face value (₹)	Issue price per Equity Share (₹)	Nature of consideration	Nature of allotment	Cumulative number of Equity Shares	Cumulative Paid –up Equity Share capital (₹)	Allottees and the number of Equity Shares allotted
August 25, 1995	80	10	10	Cash	Subscription to the Memorandum	80	800	Note 1
November 6, 1996	39,039,970	10	10	19,519,985 Equity Shares and 1,388,654 Equity Shares were allotted to BGAPH and GAIL,	Preferential allotment	39,040,050	390,400,500	19,519,985 Equity Shares allotted each to GAIL and BGAPH

Date of allotment	Number of Equity Shares allotted	Face value (₹)	Issue price per Equity Share (₹)	Nature of consideration	Nature of allotment	Cumulative number of Equity Shares	Cumulative Paid –up Equity Share capital (₹)	Allottees and the number of Equity Shares allotted
				respectively, for cash.  18,131,331* Equity Shares were allotted to GAIL for consideration other than cash.				
February 21, 1997	5,545,000	10	10	Cash	Preferential allotment	44,585,050	445,850,500	2,772,500 Equity Shares allotted each to GAIL and BGAPH
March 6, 1998	17,840,000	10	10	Cash	Preferential allotment	62,425,050	624,250,500	8,920,000 Equity Shares allotted each to GAIL and BGAPH
June 30, 1998	14,000,000	10	10	Cash	Preferential allotment	76,425,050	764,250,500	7,000,000 Equity Shares allotted each to GAIL and BGAPH
December 18, 1998	10,000	10	10	Cash	Preferential allotment	76,435,050	764,350,500	5,000 Equity Shares allotted each to GAIL and BGAPH
February 23, 1999	12,464,950	10	10	Cash	Preferential allotment	88,900,000	889,000,000	6,232,475 Equity Shares allotted each to GAIL and BGAPH
September 2, 2002	441,600	10	10	Cash	Preferential allotment	89,341,600	893,416,000	441,600 Equity Shares allotted to Government of Maharashtra
June 7, 2016	9,436,178	10	-	-	Conversion of CCDs	98,777,778	987,777,780	9,436,178 Equity Shares allotted to the Government of Maharashtra
<b>Total</b>						<b>98,777,778</b>	<b>987,777,780</b>	

\* These shares were initially issued against land. However, the land could not be transferred to the Company's name due to non-receipt of necessary approvals and the said land was surrendered back in Fiscal 2013 and an equivalent amount of ₹ 9,535,210.00 was paid by GAIL on February 22, 2013.

Note 1: 10 Equity Shares allotted each to Mr. Chittranjan Dua, Mr. Raghu Ram Raju, Mr. Munish Sharma, Mr.

*Deepak Adlakha, Mr. N.K. Nagpal, Mr. Ajay K. Garg, Mr. Ujjwal Kumar Dey and Mr. R.P. Sharma, the eight initial subscribers to the Memorandum.*

**(b) Equity Shares allotted for consideration other than cash**

Date of allotment of Equity Shares	No. of Equity Shares issued	Face value of Each Equity share (₹)	Reasons for allotment	Allottees	Benefits accrued to our Company
November 6, 1996	18,131,331*	10	Issued against assets assigned/ transferred by GAIL to our Company pursuant to an asset transfer agreement dated April 2, 1996 entered into between GAIL and our Company	GAIL	Assets including land and plant and machinery in relation to the Bombay city gas distribution project were transferred to our Company

\* These shares were initially issued against land. However, the land could not be transferred to the Company's name due to non-receipt of necessary approvals and the said land was surrendered back in Fiscal 2013 and an equivalent amount of ₹ 9,535,210.00 was paid by GAIL on February 22, 2013.

**2. Build up of CCDs**

Date of allotment of CCDs	No. of CCDs issued	Face value of each CCD (₹)	Reasons for allotment	Allottee
January 5, 2015	9,436,178	10	Rights issue	Government of Maharashtra
June 7, 2016	(9,436,178)	10	Converted into 9,436,178 Equity Shares, at par, in the ratio of 1:1	-

- Our Company has not allotted any shares in terms of any scheme approved under Sections 391-394 of the Companies Act, 1956.
- Our Company has not issued any Equity Shares out of its revaluation reserves.
- Except for 9,436,178 Equity Shares allotted on June 7, 2016 consequent to conversion of the CCDs, our Company has not made any issue of specified securities at a price that may be lower than the Offer Price during the preceding one year from the date of this Red Herring Prospectus.
- Build-up of Promoters' shareholding, Promoters' contribution and lock-in**

*Build-up of Equity Share capital held by our Promoters*



(a) The Equity Shares held by GAIL were acquired by/ allotted to GAIL in the following manner:

Date of allotment/ purchase/ transfer	Nature of issue	Number of Equity Shares	Face value per Equity Share (₹)	Issue/ purchase/ sale price per Equity Share (₹)	Nature of consideration	Percentage of the pre- Offer capital (%)	Percentage of the post- Offer capital (%)	Whether eligible to form part of the minimum Promoters' contribution
November 6, 1996	Preferential allotment	19,519,985	10	10	1,388,654 Equity Shares were allotted cash and 18,131,331 <sup>##</sup> Equity Shares were allotted for consideration other than cash.	19.76	19.76	Yes
February 21, 1997	Preferential allotment	2,772,500	10	10	Cash	2.81	2.81	Yes
March 6, 1998	Preferential allotment	8,920,000	10	10	Cash	9.03	9.03	Yes
June 30, 1998	Preferential allotment	7,000,000	10	10	Cash	7.09	7.09	Yes
December 18, 1998	Preferential allotment	5,000	10	10	Cash	0.01	0.01	Yes
February 23, 1999	Preferential allotment	6,232,475	10	10	Cash	6.31	6.31	Yes
September 7, 2009	Transfer	10 <sup>*</sup>	10	10	Cash	Negligible	Negligible	No
September 7, 2009	Transfer	10 <sup>**</sup>	10	10	Cash	Negligible	Negligible	No
September 7, 2009	Transfer	10 <sup>***</sup>	10	10	Cash	Negligible	Negligible	No
March 25, 2014	Transfer	10 <sup>****</sup>	10	10	Cash	Negligible	Negligible	No
March 25, 2014	Transfer	10 <sup>*****</sup>	10	10	Cash	Negligible	Negligible	No
May 30, 2016	Transfer <sup>#</sup>	30	10	-	Cash	Negligible	Negligible	No
	<b>Total</b>	<b>44,449,990</b>				<b>45.00</b>	<b>45.00</b>	

\* Was jointly held by Mr. R.K. Goyal and GAIL

\*\* Was jointly held by Mr. M. Ravindran and GAIL

\*\*\* Was jointly held by Mr. R.C. Arora and GAIL

\*\*\*\* Was jointly held by Mr. R.K. Goyal and GAIL

\*\*\*\*\* These Equity Shares were transferred from the joint ownership of GAIL and Mr. R.K. Goyal to the joint ownership of GAIL and Mr. Mr. Satyabrata Bairagi

<sup>#</sup> 30 Equity Shares jointly held by GAIL and Mr. R.C Arora, Mr. M. Ravindram and Mr. Satyabrata Bairagi were transferred to the sole ownership of GAIL

## These shares were initially issued against land. However, the land could not be transferred to the Company's name due to non-receipt of necessary approvals and the said land was surrendered back in Fiscal 2013 and an equivalent amount of ₹ 9,535,210.00 was paid by GAIL on February 22, 2013.

(b) The Equity Shares held by BGAPH were acquired by/ allotted to BGAPH in the following manner:

Date of allotment/ purchase/ transfer	Nature of issue	Number of Equity Shares	Face value per Equity Share (₹)	Issue/ purchase/ sale price per Equity Share (₹)	Nature of considerat ion	Percenta ge of the pre- Offer capital (%)	Percentage of the post- Offer capital (%)	Whether eligible to form part of the minimum Promoters' contribution
November 06, 1996	Preferential Allotment	19,519,985	10	10	Cash	19.76	19.76	Yes
February 21, 1997	Preferential Allotment	2,772,500	10	10	Cash	2.81	2.81	Yes
March 06, 1998	Preferential Allotment	8,920,000	10	10	Cash	9.03	9.03	Yes
June 30, 1998	Preferential Allotment	7,000,000	10	10	Cash	7.09	7.09	Yes
December 18, 1998	Preferential Allotment	5,000	10	10	Cash	0.01	0.01	Yes
February 23, 1999	Preferential Allotment	6,232,475	10	10	Cash	6.31	6.31	Yes
	<b>Total</b>	<b>44,449,960</b>				<b>45.00</b>	<b>45.00</b>	

All the Equity Shares held by our Promoters were fully paid-up at the time of their respective allotments.

#### A. Details of Promoters' contribution locked-in for three years

The Equity Shares which are being locked-in are eligible for computation of Promoters' contribution in accordance with the provisions of the SEBI ICDR Regulations.

Pursuant to Regulation 36(a) of the SEBI ICDR Regulations, an aggregate of 20% of the fully diluted post-Offer paid up Equity Share capital of our Company held by our Promoters shall be considered as minimum Promoters' contribution and shall be locked-in for a period of three years from the date of Allotment.

GAIL and BGAPH, have, pursuant to letters dated November 12, 2015 and November 9, 2015, respectively, given consent to include such number of Equity Shares held by them as may constitute 20% of the fully diluted post-Offer equity share capital of our Company as Promoters' contribution and have agreed not to sell, transfer, charge, pledge or otherwise encumber in any manner the Promoters' contribution from the date of the Draft Red Herring Prospectus, until the commencement of the lock-in period specified above, or for such other time as required under SEBI ICDR Regulations.

GAIL has confirmed to our Company and the BRLMs that the acquisition of Equity Shares (constituting the 20% of the fully diluted post-Offer equity share capital of our Company) has been financed from their internal accruals and no loans or financial assistance from any bank or financial institution has been availed for such purpose. Further, BGAPH has confirmed to our Company and the BRLMs that the acquisition of the Equity Shares (constituting the 20% of the fully diluted post-Offer equity share capital of our Company) has been financed by BG Asia Pacific Pte Limited (a subsidiary of BGAPH), a company incorporated under the Companies Act (Cap. 50), Singapore, with its principal place of business being at 8 Marina View, #11-03, Asia Square Tower 1, 018960, Singapore.

Details of the Equity Shares held by our Promoters, which will be subject to lock-in for three years from the date of Allotment are:

Sr. No.	Name of the Promoter	Date of allotment/ transfer or when the Equity Shares were made fully paid up	Number of Equity Shares locked-in	Face value (₹)	Issue/acquisition price per Equity Share (₹)	Nature of allotment	Nature of consideration	Percentage of	
								Pre- Offer capital	Post- Offer capital
1.	GAIL	November 6, 1996	9,877,780	10	10	Preferential allotment	Cash	10.00	10.00
2.	BGAPH	November 6, 1996	9,877,780	10	10	Preferential allotment	Cash	10.00	10.00
	<b>Total</b>	-	<b>19,755,560</b>	-	-	-	-	<b>20.00</b>	<b>20.00</b>

The minimum Promoters' Contribution has been brought in to the extent of not less than the specified minimum lot and from the persons defined as 'promoter' under the SEBI ICDR Regulations. All Equity Shares offered as minimum Promoters' contribution were fully paid up at the time of their issue.

The Equity Shares that are being locked-in are not, and will not be, ineligible for computation of Promoters Contribution under Regulation 33 of the SEBI ICDR Regulations. In this computation, as per Regulation 33 of the SEBI ICDR Regulations, our Company confirms that the Equity Shares locked-in do not, and shall not, consist of:

- (i) The Equity Shares acquired during the preceding three years for consideration other than cash and revaluation of assets or capitalisation of intangible assets or bonus shares out of revaluations reserves or unrealised profits or bonus shares which are otherwise ineligible for computation of Promoters' Contribution;
- (ii) Equity Shares acquired during the preceding one year, at a price lower than the price at which the Equity Shares are being offered to the public in the Offer;
- (iii) Equity Shares issued to the Promoters during the preceding one year upon conversion of a partnership firm; and
- (iv) Equity Shares held by the Promoters that are subject to any pledge.

All the Equity Shares held by the Promoters are held in dematerialised form.

**B. Details of Equity Shares locked-in for one year**

In terms of Regulation 37 of SEBI ICDR Regulations and in addition to the above Equity Shares (forming part of the Promoters' Contribution) that are locked-in for three years, the entire pre-Offer share capital of our Company, will be locked-in for a period of one year from the date of Allotment in this Offer, excluding the Equity Shares that are Allotted pursuant to the Offer.

**C. Lock in of Equity Shares allotted to Anchor Investors, if any**

Equity Shares Allotted to Anchor Investors in the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment.

**D. Other requirements in respect of lock-in**

Equity Shares held by our Promoters which are locked in for a period of one year may be pledged only with scheduled commercial banks or public financial institutions as collateral security for loans granted by such banks or financial institutions provided that the pledge of the Equity Shares is one of the terms of the sanction of the loan. Further, the Equity Shares constituting 20% of the fully diluted post-Offer capital of our Company held by the Promoters that are locked-in for a period of three years from the date of Allotment of Equity Shares in the Offer, may be pledged only if, in addition to complying with the aforesaid conditions, the loan has been granted by the banks or financial institutions for the purpose of financing one or more Objects of the Offer.

The Equity Shares held by persons other than the Promoters prior to the Offer and locked-in may be transferred to any other person holding the Equity Shares which are locked-in subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the SEBI Takeover Regulations, as

applicable. Further, Equity Shares held by the Promoters may be transferred to and among the Promoter Group or to a new promoter or persons in control of our Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the SEBI Takeover Regulations, as applicable.

## 7. Shareholding Pattern of our Company

The table below represents the shareholding pattern of our Company as on the date of this Red Herring Prospectus:

**Table I- Summary of Statement holding of specified securities**

	Category of shareholder	No of shareholders	No. of fully paid up equity shares held	No. of Partly paid up equity shares held	No of shares underlying Depository Receipts	Total nos shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1975) a % of (A+B+C2)	Number of Voting Rights held in each class of securities				Number of Locked in shares		Number of equity shares held in dematerialized form
								No of Voting Rights			Total as a % of (A+B+C)			
								Class X	Class Y	Total				
(A)	Promoter & Promoter group													
	GAIL (India) Limited	1	4,44,49,990	-	-	4,44,49,990	-	-	-	-	45.00	1	4,44,49,990	4,44,49,990
	BG Asia Pacific Holdings Pte. Limited	1	4,44,49,960	-	-	4,44,49,960	-	-	-	-	45.00	1	4,44,49,960	4,44,49,960
	Individuals	-	-	-	-	-	-	-	-	-	0.00	-	-	
(B)	Public			-	-		-	-	-	-	-			
(C)	Non Promoter - Non Public			-	-		-	-	-	-	-			
	Government of Maharashtra	1	9,877,778	-	-	9,877,778	-	-	-	-	10.00	1	9,877,778	
	Individuals	5	50	-	-	50	-	-	-	-		5	50	
(C 1)	C1) Shares underlying DRs			-	-		-	-	-	-	-			
(C2)	C2) Shares held by Employee Trusts			-	-		-	-	-	-	-			
	Total	8	98,777,778	-	-	98,777,778	-	-	-	-	100.00	8	98,777,778	8,88,99,950

**Table II -Statement showing shareholding pattern of the Promoter and Promoter group**

	Category of shareholder (I)	PAN (II)	No of shareholders (III)	No. of fully paid up equity shares held (IV)	Partly paid up equity shares held	No of shares underlying	Total nos shares held (VII= IV+ V+ VI)	Shareholding calculate as per	Number of Voting Rights held in each class of securities (IX)				No of Shares underlying outstanding	Shareholding as a % assuming full convertible securities (as a % of Total Voting rights (A+B+C))	No of Shares underlying outstanding	Shareholding as a % assuming full convertible securities (as a % of Total Voting rights (A+B+C))	Num ber of Lock ed in		Num ber of Lock ed in		Number of equity shares held in dematerializ ed form (XIV)
									No of Voting Rights			Total as a % of Total Voting rights (A+B+C)					No(a)	As a % of total	No(a)	As a % of total	
									Class X	Class Y	Total										
1)	Indian																				
a)	Individuals/ Hindu undivided Family		-	-	-	-	-					-									
b)	Central Government/ State Governments																				
c)	Financial Institutions/B anks																				
d)	Any other (specify) Body Corporate		1	4,44,49,990	-	-	4,44,49,990					45.00									4,44,49,990
	GAIL (INDIA) LIMITED																				
	Sub-Total (A) (1)		1	4,44,49,990			4,44,49,990					45.00									4,44,49,990
2)	Foreign																				
a)	Individuals (Non Resident Individuals/ Foreign Individuals																				
b)	Government																				
c)	Institutions																				



	Category of shareholder (I)	PAN (II)	No of shareholders (III)	No. of fully paid up equity shares held (IV)	Partly paid up equity shares held	No of shares underlying	Total nos shares held (VII= IV+V+ VI)	Shareholding calculate as per	Number of Voting Rights held in each class of securities (IX)				No of Shares underlying outstanding	Shareholding as a % assuming full convertible securities (as a % of Total Voting rights (A+B+C))	No of Shares underlying outstanding	Shareholding as a % assuming full convertible securities (as a % of Total Voting rights (A+B+C))	Num ber of Lock ed in		Num ber of Lock ed in		Number of equity shares held in dematerializ ed form (XIV)
									No of Voting Rights			Total as a % of Total Voting rights (A+B+C)					No(a)	As a % of total	No(a)	As a % of total	
									Class X		Class Y										
d)	Foreign Portfolio Investor																				
f)	Any other (specify) Body Corporate		1	4,44,49,960	-	-	4,44,49,960					45.00									4,44,49,960
	BG ASIA PACIFIC HOLDINGS PTE LIMITED																				
	Sub-Total (A)(2)		1	4,44,49,960			4,44,49,960					45.00									4,44,49,960
	Total Shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2)		2	8,88,99,950			8,88,99,950					90.00									8,88,99,950

**Table III-Statement showing shareholding pattern of the Public shareholder**

	Category of shareholder (I)	PAN(II)	No of shareholders (III)	No. of fully paid up equity shares held (IV)	Partly paid up equity shares held (V)	No of shares underlying Depository Receipts (VI)	Total nos shares held (VII= IV+V+VI)	Shareholding calculate as per SCRR 1957 As a % of (A+B+C2) VIII	Number of Voting Rights held in each class of securities (IX)				No of Shares underlying outstanding convertible securities (including Warrants ) (X)	Shareholding as a % assuming full convertible securities (as a percentage of diluted share capital) (XI) = (VII)+(X) as a % of A+B+C2	Number of Locked in shares (XII)		Number of Locked in shares (XIII)		Number of equity shares held in dematerialized form (XIV)
									No of Voting Rights			Total as a % of Total Voting rights (A+B+C)			No (a)	As a % of total shares held (b)	No (a)	As a % of total shares held	
									Class X	Class Y	Total								
1)	Institutions																		
a)	Mutual Funds/ Name																		
b)	Venture Capital Funds Name																		
c)	Alternate Investment Funds Name																		
d)	Foreign Venture Capital Investors Name																		
e)	Foreign Portfolio Investors																		
f)	Financial Institutions/Banks																		
g)	Insurance Companies																		
h)	Provident Funds/Pension Funds Name																		
i)	Any other																		

	Category of shareholder (I)	PAN(II)	No of shareholders (III)	No. of fully paid up equity shares held (IV)	Partly paid up equity shares held (V)	No of shares underlying Depository Receipts (VI)	Total nos shares held (VII= IV+V+VI)	Shareholding calculate as per SCRR 1957 As a % of (A+B+C2) VIII	Number of Voting Rights held in each class of securities (IX)				No of Shares underlying outstanding convertible securities (including Warrants ) (X)	Shareholding as a % assuming full convertible securities (as a percentage of diluted share capital) (XI) = (VII)+(X) as a % of A+B+C2	Number of Locked in shares (XII)		Number of Locked in shares (XIII)		Number of equity shares held in dematerialized form (XIV)
									No of Voting Rights			Total as a % of Total Voting rights (A+B+C)			No (a)	As a % of total shares held (b)	No (a)	As a % of total shares held	
									Class X	Class Y	Total								
	(specify)																		
	Sub-Total (B) (1)																		
2)	Central Government/State Government(s)/Pre sident of India																		
	Government of Maharashtra		1	9,877,778								10.00%							
	Sub-Total (B)(2)		1	9,877,778								10.00%							
3)	Non-Institutions																		
a)	Individuals - i. individual shareholders holding nominal share capital up to Rs. 2 Lakhs. ii. Individual shareholders holding nominal share capital in excess of Rs. 2 lakhs																		
	Name																		
b)	NBFC registered with RBI																		
c)	Employee Trusts																		

	Category of shareholder (I)	PAN(II)	No of shareholders (III)	No. of fully paid up equity shares held (IV)	Partly paid up equity shares held (V)	No of shares underlying Depository Receipts (VI)	Total nos shares held (VII= IV+V+VI)	Shareholding calculate as per SCRR 1957 As a % of (A+B+C2) VIII	Number of Voting Rights held in each class of securities (IX)				No of Shares underlying outstanding convertible securities (including Warrants ) (X)	Shareholding as a % assuming full convertible securities (as a percentage of diluted share capital) (XI) = (VII)+(X) as a % of A+B+C2	Number of Locked in shares (XII)		Number of Locked in shares (XIII)		Number of equity shares held in dematerialized form (XIV)
									No of Voting Rights			Total as a % of Total Voting rights (A+B+C)			No (a)	As a % of total shares held (b)	No (a)	As a % of total shares held	
									Class X	Class Y	Total								
d)	Overseas Depositories (holding DRs) (balancing figure)																		
	Name																		
e)	Any other (specify) Individual		5	50															
	Sub -Total (B)(3)		5	50															
	Total Public Shareholding (B)= (B)(1)+(B)(2)+(B)(3)		6	9,877,828								10.00%							

## 8. Shareholding of our Promoter and Promoter Group

The details of the Equity Shares held by our Promoters and Promoter Group are as follows:

Sr. No.	Name of shareholder	Pre-Offer		Post-Offer	
		Number of Equity Shares	%	Number of Equity Shares	%
Promoters					
1	GAIL	44,449,990	45.00	32,102,740	32.50
2	BGAPH	44,449,960	45.00	32,102,710	32.50
	Total	88,899,920	90.00	64,205,450	65.00
Promoter Group					
None of the companies forming part of our Promoter Group hold any Equity Shares of our Company.					

## 9. Equity Shares held by top ten shareholders

The following are the names of top 10 shareholders of our Company and the number of Equity Shares held by them:

(a) *As on the date of filing of this Red Herring Prospectus:*

Sr. no.	Name of the Shareholder	No. of Equity Shares	% of pre-Offer capital	No. of Equity Shares post-Offer	% of post-Offer Capital
1.	GAIL	44,449,990	45.00	32,102,740	32.50
2.	BGAPH	44,449,960	45.00	32,102,710	32.50
3.	Government of Maharashtra	9,877,778	10.00	9,877,778	10.00
4.	Mr.Rahul Mishra	10	Negligible	10	Negligible
5.	Mr. Vishal Mehta	10	Negligible	10	Negligible
6.	Mr.Sandip Gunvantlal Gandhi	10	Negligible	10	Negligible
7.	Mr.Piyush Jajodia	10	Negligible	10	Negligible
8.	Mr.N.K.Nagpal	10	Negligible	10	Negligible
	<b>Total</b>	<b>98,777,778</b>	<b>100%</b>	<b>98,777,778</b>	<b>98,777,778</b>

(b) *10 days prior to filing of this Red Herring Prospectus:*

Sr. no.	Name of the Shareholder	No. of Equity Shares	% of pre-Offer capital	No. of Equity Shares post-Offer	% of post-Offer Capital
1.	GAIL	44,449,990	49.75	32,102,740	32.50
2.	BGAPH	44,449,960	49.75	32,102,710	32.50
3.	Government of Maharashtra	441,600 <sup>#</sup>	0.495	9,877,778*	10.00*
4.	Mr.Rahul Mishra	10	Negligible	10	Negligible
5.	Mr. Vishal Mehta	10	Negligible	10	Negligible
6.	Mr.Sandip Gunvantlal Gandhi	10	Negligible	10	Negligible
7.	Mr.Piyush Jajodia	10	Negligible	10	Negligible
8.	Mr.N.K.Nagpal	10	Negligible	10	Negligible
	<b>Total</b>	<b>89,341,600</b>	<b>100%</b>	<b>98,777,778</b>	<b>100%</b>

<sup>#</sup> Our Company has allotted 9,436,178 CCDs to the Government of Maharashtra on January 5, 2015. The CCDs were converted into 9,436,178 Equity Shares on June 7, 2016.

\* This has been calculated by including 9,436,178 Equity Shares allotted on conversion of the CCDs.

**(c) Two years prior to the date of filing this Red Herring Prospectus:**

Sr. no.	Name of the Shareholder	No. of Equity Shares	% of pre-Offer capital
1.	GAIL	44,449,960*	49.75
2.	BGAPH	44,449,960	49.75
3.	Government of Maharashtra	441,600	0.495
4.	Mr. Chittaranjan Dua	10	negligible
5.	Mr. Raghu Ram Raju	10	negligible
6.	Mr. Munish Sharma	10	negligible
7.	Mr. Deepak Adlakha	10	negligible
8.	Mr. N.K Nagpal	10	negligible
9.	Mr. Satyabrata Bairagi jointly with GAIL	10	negligible
10.	Mr.M Ravindran jointly with GAIL	10	negligible
10.	Mr. Mr. R. C. Arora jointly with GAIL	10	negligible
<b>Total</b>		<b>89,341,600</b>	<b>100%</b>

\*In addition to 44,449,960 Equity Shares, GAIL held 30 Equity Shares jointly with Mr. Satyabrata Bairagi, Mr. R.C. Arora and Mr. M. Ravindran.

10. None of the directors of our Promoters hold any Equity Shares of our Company.
11. There are no public shareholders of our Company holding more than 1% of the pre-Offer paid up capital of our Company.
12. Our Company, the Selling Shareholders, our Directors and the BRLMs have not entered into any buyback and/ or standby arrangements and or any other similar arrangements for the purchase of Equity Shares of our Company.
13. The companies forming part of our Promoter Group, the directors of our Promoters, the Directors of our Company and their relatives have not purchased or sold the Equity Shares of our Company within six months immediately preceding the date of filing of the Draft Red Herring Prospectus with SEBI. However, 30 Equity Shares that were earlier held by Mr. Satyabrata Bairagi, Mr. R.C. Arora and Mr. M. Ravindran, jointly with GAIL, have been transferred to the sole ownership of GAIL on May 30, 2016.
14. The companies forming part of our Promoter Group, the directors of our Promoters, the Directors of our Company and their relatives have not financed the purchase of Equity Shares by any other person during the period of six months immediately preceding the date of the Draft Red Herring Prospectus.
15. None of our Directors or KMPs have any shareholding in our Company as on the date of this Red Herring Prospectus.
16. As on the date of this Red Herring Prospectus, there are no outstanding convertible securities or any other right which would entitle any person any option to receive Equity Shares.
17. The Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on date of this Red Herring Prospectus.
18. The Equity Shares issued pursuant to this Offer shall be fully paid-up.
19. Except the 9,436,178 Equity Shares allotted on June 7, 2016 pursuant to the conversion of 9,436,178 CCDs, our Company has not made and shall not make any further issue of Equity Shares and/ or any securities convertible into Equity Shares, whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner, during the period commencing from filing of the Draft Red Herring Prospectus with SEBI until the Equity Shares have been listed on the Stock Exchanges.
20. Our Company presently does not have any intention or proposal, and has not entered into negotiations nor are considering to alter its capital structure for a period of six months from the Bid/ Offer Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of equity (including issue of securities convertible into or exchangeable for, directly or indirectly, for our Equity Shares) whether on a preferential basis or bonus or rights issue or further public offering or qualified institutions placement or



otherwise. However, if our Company enters into acquisitions, joint venture(s) or any other arrangements, our Company may, subject to necessary approvals, consider raising capital to fund such activities or to use Equity Shares as a currency for acquisitions or participation in such joint ventures at any time during the aforementioned six months.

21. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law. Our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
22. Except to the extent of tendering Equity Shares in the Offer as the Selling Shareholders, Our Promoters will not participate in the Offer. Further, the members of our Promoter Group will not participate in the Offer.
23. As on the date of this Red Herring Prospectus, none of the Equity Shares of our Company are subject to pledge.
24. No person connected with the Offer, including, but not limited to, the BRLMs, the members of the Syndicate, our Company, the Selling Shareholders, our Directors, our Promoters and our KMPs, shall offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to any Bidder for making a Bid.
25. There has been no financing arrangement whereby our Promoters, our Promoter group, the directors of our Promoters and their relatives have financed the purchase by any other person of securities of the Company other than in the normal course of business of the financing entity, during the period of six months immediately preceding the date of the Draft Red Herring Prospectus.
26. Our Company has not made any public issue of its Equity Shares in the past. Except as disclosed in this section, our Company has not made a rights issue of any kind since its incorporation.
27. As on the date of this Red Herring Prospectus, neither the BRLMs nor their associates hold any Equity Shares.
28. Any over-subscription to the extent of 10% of the Offer can be retained for the purpose of rounding off to the nearer multiple of minimum allotment lot while finalizing the allotment, subject to minimum allotment being equal to [ ] Equity Shares, which is the minimum Bid size in this Offer. Consequently, the actual allotment may go up by a maximum of 10% of the Offer as a result of which the post-Offer paid up capital after the Offer would also increase by the excess amount of allotments so made. In such an event, the Equity Shares held by the Promoters and subject to lock-in shall be suitably increased so as to ensure that 20% of the post-Offer paid up capital is locked-in.
29. Pursuant to Rule 19(2)(b) of the SCRR read with Regulation 41 of the SEBI ICDR Regulations, the Offer is being made for at least 10% of the post-Offer paid-up Equity Share capital of our Company. Our Company is eligible for the Offer in accordance with Regulation 26(1) of the SEBI ICDR Regulations. Further, the Offer is being made through the Book Building Process wherein 50% of the Net Offer shall be available for allocation to QIBs on a proportionate basis. Further, not less than 15% of the Net Offer will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Offer will be available for allocation to Retail Individual Bidders, subject to valid Bids being received at or above the Offer Price. The allotment of Equity Shares to each Retail Individual Bidder shall not be less than minimum Bid Lot, subject to availability of Equity Shares in Retail Investor category, and the remaining available Equity Shares, if any, shall be allotted on proportionate basis. Our Company and the Selling Shareholders may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors at the Anchor Investor Allocation Price, on a discretionary basis, out of which at least one-third will be reserved for allocation to domestic Mutual Funds only subject to Bids received at or above the Anchor Investor Allocation Price. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Such number of Equity Shares representing 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Offer Price.
30. The Offer includes an Employee Reservation Portion of up to 200,000 Equity Shares for subscription by Eligible Employees, which shall not exceed 5% of our Company's post Offer paid-up capital. Our Company and Selling Shareholders may, in consultation with the BRLMs, offer a discount on the Offer Price to Eligible Employees, in accordance with applicable law.
31. Any unsubscribed portion in Employee Reservation category shall be added to the Net Offer. Under-

subscription, if any, in Non-Institutional Portion, would be met with spill over from any other categories or combination of categories at the discretion of our Company in consultation with the BRLMs and Designated Stock Exchange. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories. Any inter-se spill over, if any, would be effected in accordance with applicable laws, rules, regulations and guidelines. In the event of under-subscription in the Offer (except the QIB Portion), spill-over to the extent of under-subscription shall be permitted from the Employee Reservation Portion to the Net Offer.

32. Our Company shall ensure that transactions in the Equity Shares by the Promoters and the Promoter Group between the date of registering the Red Herring Prospectus with the RoC and the Bid/ Offer Closing Date, if any, shall be reported to the Stock Exchanges within twenty four hours of such transaction.
33. Our Company does not have an employee stock option plan.

## OBJECTS OF THE OFFER

The objects of the Offer are to achieve the benefits of listing the Equity Shares on the Stock Exchanges and to carry out the Offer for Sale. We believe that the listing of the Equity Shares will enhance our brand name and provide liquidity to the existing shareholders. Listing will also provide a public market for the Equity Shares in India. Our Company will not receive any proceeds from the Offer and all proceeds from the Offer shall go to the Selling Shareholders.

## OFFER RELATED EXPENSES

The total Offer related expenses are estimated to be approximately ₹ [ ] million. The Offer related expenses consist of listing fees, fees payable to the BRLMs, underwriting fees, selling commission, legal counsel, Registrar to the Offer, Public Offer Account Bank(s), Escrow Collection Bank, Refund Bank including processing fee to the SCSBs for processing Bid cum Application Forms submitted by ASBA Bidders procured by the Members of the Syndicate and submitted to SCSBs, brokerage and selling commission payable to Registered Brokers, RTAs and CDPs, printing and stationery expenses, advertising and marketing expenses and all other incidental expenses for listing the Equity Shares on the Stock Exchanges. All expenses with respect to the Offer, except for listing fees which shall be borne by our Company, will be borne by and shared between the Selling Shareholders equally. Payments, if any, made by our Company in relation to the Offer shall be on behalf of the Selling Shareholders and such payments will be reimbursed by the Selling Shareholders to our Company.

The break-up for the Offer expenses is as follows:

Activity	Estimated expenses <sup>(1)</sup> (in ₹ million)	As a % of the total estimated Issue expenses <sup>(1)</sup>	As a % of the total Issue size <sup>(1)</sup>
Fees payable to BRLMs	[•]	[•]	[•]
Selling commission and processing fees for SCSBs <sup>(4) (5)</sup>	[•]	[•]	[•]
Selling commission and processing/uploading charges for Members of the Syndicate, RTAs and CDPs <sup>(2)</sup>	[•]	[•]	[•]
Processing/uploading charges for Registered Brokers <sup>(3)</sup>	[•]	[•]	[•]
Fees payable to Registrar to the Offer	[•]	[•]	[•]
Printing and stationary expenses	[•]	[•]	[•]
Advertising and marketing expenses	[•]	[•]	[•]
Others			
• Listing fees	[•]	[•]	[•]
• SEBI, BSE and NSE processing fees	[•]	[•]	[•]
• Fees payable to Legal Counsels	[•]	[•]	[•]
• Miscellaneous	[•]	[•]	[•]
<b>Total estimated Offer expenses</b>	<b>[•]</b>	<b>[•]</b>	<b>[•]</b>

1) Amounts will be finalised at the time of filing the Prospectus and on determination of Offer Price and other details.

2) Selling commission on the portion for Eligible Employees, portion for Retail Individual Bidders and the portion for Non-Institutional Bidders which are procured by Members of the Syndicate (including their Sub-Syndicate Members) would be as follows:

Portion for Retail Individual Bidders	₹ [ ] per valid application (plus applicable service tax)
Portion for Non-Institutional Bidders	₹ [ ] per valid application (plus applicable service tax)
Portion for Eligible Employees	[ ] % of the Amount Allotted* (plus applicable service tax)

\* Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price.

In addition to the selling commission referred above, any additional amount(s) to be paid by the Company and Selling Shareholders shall be, as mutually agreed upon by the BRLMs, their affiliate Syndicate member, the Company and Selling Shareholders before the opening of the Offer.

Bidding Charges: ₹ [ ] per valid application bid by the Syndicate.

3) Selling commission payable to the Registered Brokers, RTAs and CDPs on the portion for Eligible Employees, Retail Individual Bidders and Non-Institutional Bidders which are directly procured by the Registered Broker or RTAs or CDPs or submitted to SCSB for processing, would be as follows:

Portion for Retail Individual Bidders	₹ [ ] per valid Bid cum Application Form* (plus applicable service tax)
Portion for Non-Institutional Bidders	₹ [ ] per valid Bid cum Application Form* (plus applicable service tax)
Portion for Eligible Employees	₹ [ ] per valid Bid cum Application Form* (plus applicable service tax)

\* Based on valid Bid cum Application Forms

**Note: The total E-IPO commission to Registered Brokers, RTAs and CDPs shall not be more than the Capped E-IPO Commission (defined below).**

**Capped E-IPO Commission**

A sum of ₹[ ] plus service tax which shall be the maximum commission payable by the Company and the Selling Shareholders to Registered Brokers, RTAs and CDPs.

- 4) Selling commission payable to the SCSBs on the portion for Retail Individual Bidders, Non-Institutional Bidders and Eligible Employees, which are directly procured by them would be as follows:

Portion for Retail Individual Bidders*	₹[ ] per valid application (plus applicable service tax)
Portion for Non-Institutional Bidders*	₹[ ] per valid application (plus applicable service tax)
Portion for Eligible Employees	[ ] % of the Amount Allotted* (plus applicable service tax)

\* Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price.

No additional processing/uploading charges shall be payable by the Company and the Selling Shareholders to the SCSBs on the applications directly procured by them.

- 5) Processing fees payable to the SCSBs on the portion for Retail Individual Bidders, Non-Institutional Bidders and Eligible Employees which are procured by the members of the Syndicate /Sub-Syndicate /Registered Brokers and submitted to SCSBs for blocking would be as follows:

Portion for Retail Individual Bidders	₹[ ] per valid Bid cum Application Form* (plus applicable service tax)
Portion for Non-Institutional Bidders	₹[ ] per valid Bid cum Application Form* (plus applicable service tax)
Portion for Eligible Employees	₹[ ] per valid Bid cum Application Form* (plus applicable service tax)

\* Based on valid Bid cum Application Forms

**Total ASBA Processing Fees**

A sum of ₹[ ] plus service tax which shall be the maximum ASBA processing fees payable by the Company and the Selling Shareholders.

**Monitoring of Utilization of Funds**

Since the Offer is an offer for sale and our Company will not receive any proceeds from the Offer, our Company is not required to appoint a monitoring agency for the Offer.

## BASIS FOR OFFER PRICE

The Offer Price will be determined by the Company and the Selling Shareholders, in consultation with the BRLMs, on the basis of an assessment of market demand for the offered Equity Shares by the book building process and on the basis of the following qualitative and quantitative factors. The face value of the Equity Shares of our Company is ₹ 10 each and the Offer Price is [ ] times of the face value at the lower end of the Price Band and [ ] times the face value at the higher end of the Price Band.

### Qualitative Factors

We believe that we have the following competitive strengths:

- Well positioned in Mumbai, one of the most populous cities in the world and second largest metropolitan city in India;
- Cost effective availability of domestic natural gas;
- Infrastructure exclusivity and established infrastructure network;
- Experience in successful development and operation of CGD business;
- Promoters with strong national and multinational experience; and
- Strong financial performance with consistent growth and profitability.

For a detailed discussion on the qualitative factors, which form the basis for computing the Offer Price, please see the section “*Our Business*” and the section “*Risk Factors*” on pages 107 and 18, respectively of this Red Herring Prospectus.

### Quantitative Factors

The information presented below relating to our Company is based on the restated audited financial information of our Company for the Fiscals 2016, 2015 and 2014. For further details, see “*Financial Statements*” on page 174.

Some of the quantitative factors which may form the basis for computing the Offer Price are as follows:

#### 1. Basic and Diluted Earnings per Equity Share (“EPS”) of our Company (in ₹)

As per our restated audited financial information:

For the period ended	Basic EPS	Weight	Diluted EPS	Weight
March 31, 2016	34.55	3	31.36	3
March 31, 2015	33.69	2	30.54	2
March 31, 2014	33.27	1	30.15	1
<b>Weighted Average</b>	<b>34.05</b>		<b>30.89</b>	

Notes:

1. Weighted average number of Equity Shares are the number of Equity Shares outstanding at the beginning of the year adjusted by the number of Equity Shares issued during year multiplied by the time weighing factor. The time weighing factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the year.
2. Earnings per Share is calculated in accordance with Accounting Standard 20 ‘Earnings Per Share’, notified accounting standard by Companies (Accounting Standards) Rules, 2006 (as amended).”

#### 2. Return on Net Worth (“RONW”) (%)

As per our restated audited financial statements:

As at the year ended	RONW	Weight
March 31, 2016	20.20%	3
March 31, 2015	21.39%	2
March 31, 2014	22.92%	1
<b>Weighted Average</b>	<b>21.05%</b>	

Note: Return of net worth has been computed as Net profit after tax divided by the Net worth (share capital + reserves and surplus) for equity shareholders for the respective period end.

As on March 31, 2016, assuming conversion of the CCDs into 94,36,178 Equity Shares, the RONW is 20.11 %.

There will be no change in the net worth post-Offer as the Offer is by way of Offer for Sale by the Selling Shareholders.

### 3. Net Asset Value per Equity Share (“NAV”) for the Company (₹)

NAV as at March 31, 2016 was ₹ 171.03.

As on March 31, 2016, assuming conversion of the CCDs into 94,36,178 Equity Shares, the NAV is ₹ 155.70.

Offer Price: ₹ [ ] Per Equity Share.

*Note: NAV calculated by dividing the net worth (share capital + reserves and surplus) for equity shareholders at the end of the year by the total number of Equity Shares outstanding at the end of the year.*

There will be no change in the NAV post-Offer as the Offer is by way of Offer for Sale by the Selling Shareholders.

### 4. Price/Earning (P/E) ratio in relation to Price Band of ₹ [ ] to ₹ [ ] per Equity Share of ₹ 10 each:

a. P/E based on basic EPS for the period ended March 31, 2016.

Particulars	P/E at the Floor Price	P/E at the Cap Price
P/E based on basic EPS	[ ]	[ ]
P/E based on weighted average basic EPS	[ ]	[ ]

b. P/E based on diluted EPS for the period ended March 31, 2016.

Particulars	P/E at the Floor Price	P/E at the Cap Price
P/E based on diluted EPS	[ ]	[ ]
P/E based on weighted diluted EPS	[ ]	[ ]

Peer Group P/E\*:

- Highest: 44.49
- Lowest: 17.15
- Industry Composite: 30.82

*\*Source: The highest and lowest Industry P/E shown above is based on the Industry peer set provided below under “Comparison with Listed Industry Peers”. The Industry composite has been calculated as the arithmetic average P/E of the Industry peer set provided below, based on consolidated EPS numbers. For further details, see “Basis for Offer Price - Comparison with Listed Industry Peers” hereunder.*

### 5. Comparison with Industry Peers

S No.	Name of the Company	For the year ended March 31, 2016					
		Face Value (₹)	Total Revenue from Operations <sup>(1)</sup> (In ₹million)	Basic EPS <sup>(2)</sup> (₹)	P/E <sup>(3)</sup>	RoNW <sup>(4)</sup> (%)	NAV <sup>(5)</sup> (₹)
1.	MGL	10	20,789.27	34.55	[ ]	20.20%	171.03
	<b>Peer Group</b>						

S No.	Name of the Company	For the year ended March 31, 2016					
		Face Value (₹)	Total Revenue from Operations <sup>(1)</sup> (In ₹million)	Basic EPS <sup>(2)</sup> (₹)	P/E <sup>(3)</sup>	RoNW <sup>(4)</sup> (%)	NAV <sup>(5)</sup> (₹)
2.	IGL	10	36,857.9	33.15	17.15x	18.73%	176.97
3.	GGL	10	61,058.6	11.32	44.49x	7.34%	154.33

Notes:

<sup>1</sup> Based on total revenue as reported in company filings, excluding other income

<sup>2</sup> Basic EPS as reported in company filings

<sup>3</sup> Price earnings ratio calculated by dividing the market value of the shares of the companies as on May 24, 2016 (closing price as per BSE), by the basic EPS of the companies for Fiscal Year Ending March 31, 2016

<sup>4</sup> Return of net worth has been computed as Net profit after tax for Fiscal Year March 31, 2016 divided by the Net worth (share capital + reserves and surplus) for equity shareholders at the end of March 31, 2016

<sup>5</sup> Net Asset Value per Equity Share has been computed as net worth (share capital + reserves and surplus) at the end of Fiscal March 31, 2016 divided by the total number of Equity Shares outstanding as at March 31, 2016

The Offer Price of ₹ [ ] per Equity Share has been determined by the Company and the Selling Shareholders in consultation with the BRLMs, on the basis of the demand from investors for the Equity Shares through the Book Building Process and is justified in view of the above qualitative and quantitative parameters.

Prospective investors should also review the entire Red Herring Prospectus, including, in particular, the sections “Risk Factors”, “Financial Information”, “Industry Overview” and “Our Business” beginning on pages 18, 174, 91 and 107, respectively, to obtain a more informed view. The trading price of the Equity Shares could decline due to the factors mentioned in the section “Risk Factors” beginning on page 18 or any other factors that may arise in the future and you may lose all or part of your investments.



## STATEMENT OF TAX BENEFITS

To,

The Board of Directors  
**Mahanagar Gas Limited**  
MGL House, G-33 Block  
Bandra Kurla Complex, Bandra (East)  
Mumbai - 400 051

**Sub: Statement of possible Direct Tax Benefits in connection with proposed initial public offering (“the issue”) of Mahanagar Gas Ltd (“Company”)**

We report that the enclosed statement states the possible direct tax (viz under the Indian Income Tax Act, 1961) benefits available to the Company or its shareholders under the current direct tax law referred to above, presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of Company or its shareholders to derive these direct tax benefits is dependent upon their fulfilling such conditions.

The possible direct tax benefits discussed in the enclosed annexure are not exhaustive. This statement is only intended to provide general information to investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Issue particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail. Neither are we suggesting nor are we advising the investor to invest money based on this statement.

We do not express any opinion or provide any assurance as to whether:

- i) The Company or its shareholders will continue to obtain these benefits in future; or
- ii) The conditions prescribed for availing the benefits have been/would be met with.

The contents of the enclosed statement are based on the representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

This statement is intended solely for information and for inclusion in the Offer Document in relation to initial public offer of Company’s shares and is not to be used, circulated or referred to for any other purpose without our prior written consent.

Our views are based on the existing provisions of law referred to earlier and its interpretation, which are subject to change from time to time. No assurance is given that the revenue authorities/courts will concur with the views expressed in this Tax Benefit Statement. We do not assume responsibility to update the views consequent to such changes.

The views are exclusively for the use of Mahanagar Gas Limited and shall not, without our prior written consent, be disclosed to any other person, except to the extent disclosure is otherwise permitted by the terms of our engagement.

Disclosure of all or any part of this Tax Benefit Statement to any other person is on the basis that, to the fullest extent permitted by law, neither DELOITTE HASKINS & SELLS nor any other Deloitte Entity accepts any duty of care or liability of any kind to the recipient, and any reliance on it is at the recipient’s own risk.

Sincerely,

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

Place: Mumbai  
Date: June 1, 2016

**Rupen K. Bhatt**  
Partner  
(Membership No. 46930)

**STATEMENT OF POSSIBLE DIRECT TAX BENEFITS AVAILABLE TO MAHANAGAR GAS LTD.  
("COMPANY") AND TO ITS SHAREHOLDERS**

**1. Under the Income-tax Act, 1961 ("the Act / IT Act")**

**I. Special tax benefits available to the Company**

There are no special tax benefits available under the Act to the Company.

**II. General tax benefits available to the Company**

1. As per section 10(34) of the Act, any income by way of dividends referred to in section 115O received on the shares of any Indian company is exempt from tax. Such dividend is to be excluded while computing Minimum Alternate Tax ("MAT") liability.
2. As per section 10(35) of the Act, the following income will be exempt in the hands of the Company:
  - a) Income received in respect of the units of a Mutual Fund specified under clause (23D) of section 10; or
  - b) Income received in respect of units from the Administrator of the specified undertaking; or
  - c) Income received in respect of units from the specified company:

However, this exemption does not apply to any income arising from transfer of units of the Administrator of the specified undertaking or of the specified Company or of a mutual fund, as the case may be.

3. Capital assets may be categorized into short term capital assets or long term capital assets based on the period of holding. Capital assets being shares or any other security listed in a recognised Stock Exchange in India or unit of Unit Trust of India or unit of a Mutual Fund (Equity Oriented) specified under section 10(23D) or a zero coupon bond held by the assessee for a period of more than 12 months are considered as long term capital assets. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as long term capital gains ("LTCG"). Capital gains arising on sale of these assets held for 12 months or less are considered as short term capital gains ("STCG").

In respect of any other capital assets, the holding period should exceed 36 months to be considered as long term capital assets except in case of share of a company (not being share listed in recognized stock exchange in India) wherein the holding period should exceed 24 months to be considered as long term capital asset.

4. As per provisions of Section 48 of the Act, LTCG arising on transfer of capital assets, other than bonds and debentures (excluding capital indexed bonds issued by the Government) and depreciable assets, is computed by deducting the indexed cost of acquisition and indexed cost of improvement from the full value of consideration
5. As per section 10(38) of the Act, LTCG arising to the Company from the transfer of long term capital asset being an equity share in a company or a unit of an equity oriented fund or unit of a business trust where such transaction has been entered into on a recognised stock exchange of India and is chargeable to securities transaction tax ("STT") will be exempt in the hands of the Company. However, income by way of LTCG shall not be reduced in computing the book profits for the purposes of computation of minimum alternate tax ("MAT") under section 115JB of the Act.
6. In accordance with section 112 of the Act, LTCG to the extent not exempt under Section 10(38) of the Act would be subject to tax at the rate of 20% (plus applicable surcharge and education cess) with indexation benefits. However, as per the proviso to Section 112 of the Act, if the tax on LTCG is resulting from transfer of listed securities (other than unit) or zero coupon bonds, then LTCG will be chargeable to tax at the rate lower of the following: -
  - a. 20% (plus applicable surcharge and education cess) of the capital gains as computed after indexation of the cost; or
  - b. 10% (plus applicable surcharge and education cess) of the capital gains as computed without indexation

7. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, LTCG (in case not covered under section 10(38) of the Act) arising on the transfer of a Long Term Capital Asset would be exempt from tax if such capital gain is invested within 6 months from the date of such transfer in a “long term specified asset”.

A “long term specified asset” means any bond, redeemable after three years and issued on or after 1<sup>st</sup> day of April 2007 by the:

- a. National Highways Authority of India constituted under Section 3 of The National Highways Authority of India Act, 1988; or
- b. Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.

The total deduction with respect to investment in the long term specified assets is restricted to Rs.50 lakhs whether invested during the financial year in which the asset is transferred or subsequent year.

Where the “long term specified asset” are transferred or converted into money within three years from the date of their acquisition, the amount so exempted is taxable as capital gains in the year of transfer / conversion

8. As per section 111A of the Act, STCG arising to the Company from the sale of equity share or a unit of an equity oriented fund or a unit of business trust, where such transaction is chargeable to STT will be taxable at the rate of 15% (plus applicable surcharge and education cess). Further, STCG as computed above that are not liable to STT would be subject to tax as calculated under the normal provisions of the IT Act.
9. As per section 70 read with section 74 of the IT Act, Short Term Capital Loss (“STCL”) computed for the given year is allowed to be set off against STCG as well as LTCG computed for the said year. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years for being set off against subsequent years’ STCG as well as LTCG.

However, the long term capital loss (“LTCL”) computed for a given year is allowed to be set off only against the LTCG. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years for being set off only against subsequent years’ LTCG.

10. Business losses, if any, for an assessment year can be carried forward and set off against business profits for eight subsequent years.
11. Unabsorbed depreciation, if any, for an assessment year can be carried forward indefinitely and set off against any sources of income in the same year or any subsequent assessment years as per section 32(2) of the Act subject to the provisions of section 72(2) and section 73(3) of the Act.
12. As per section 115JAA of the Act, credit is allowed in respect of any MAT paid under section 115JB of the Act for any assessment year commencing on or after 1st day of April 2006. Tax credit to be allowed shall be the difference between MAT paid and the tax computed as per the normal provisions of the Act for that assessment year. The MAT credit is allowed to be set-off in the subsequent years to the extent of difference between MAT payable and the tax payable as per the normal provisions of the Act for that assessment year. The MAT credit shall not be allowed to be carried forward beyond tenth assessment year immediately succeeding the assessment year in which tax credit become allowable.
13. Under Section 36 (1) (xv) of the Act, the amount of STT paid by an assessee in respect of taxable securities transactions offered to tax as “Profits and gains of Business or profession” shall be allowable as a deduction against such Business Income.
14. As per the Finance Act 2016, a new section 80JJAA has been inserted in place of existing section 80JJA, whereby an assessee to whom section 44AB applies, shall be eligible for a deduction of an amount equal to 30% of additional employee cost incurred in the course of such business in the previous year, for 3 assessment years subject to conditions stipulated in the new section 80 JJAA.

### **III. General tax benefits available to Resident Shareholders**

1. As per section 10(34) of the Act, any income by way of dividends referred to in section 115O received on the shares of any Indian company is exempt from tax. As per the Finance Act 2016, income by way of dividend in excess of Rs. 10 lakh shall be chargeable to tax in the case of an individual, Hindu undivided family (HUF) or a firm who is resident in India, at the rate of 10% plus applicable surcharge and cess.
2. As per provisions of section 48 of the Act, LTCG arising on transfer of capital assets, other than bonds and debentures (excluding capital indexed bonds issued by the Government) and depreciable assets, is computed by deducting the indexed cost of acquisition and indexed cost of improvement from the full value of consideration.
3. As per section 10(38) of the Act, LTCG arising from the transfer of a long term capital asset being an equity share of the company, where such transaction has been entered into on a recognized stock exchange of India and is chargeable to STT, will be exempt in the hands of the shareholder.
4. In accordance with section 112 of the Act, LTCG to the extent not exempt under section 10(38) of the Act would be subject to tax at the rate of 20% (plus applicable surcharge and education cess) with indexation benefits. However, as per the proviso to section 112 of the Act, if the tax on LTCG is resulting from transfer of listed securities (other than unit) or zero coupon bonds, then LTCG will be chargeable to tax at the rate lower of the following: -
  - a. 20% (plus applicable surcharge and education cess) of the capital gains as computed after indexation of the cost; or
  - b. 10% (plus applicable surcharge and education cess) of the capital gains as computed without indexation
5. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, LTCG (in case not covered under section 10(38) of the Act) arising on the transfer of a Long Term Capital Asset would be exempt from tax if such capital gain is invested within 6 months from the date of such transfer in a "long term specified asset".

A "long term specified asset" means any bond, redeemable after three years and issued on or after 1<sup>st</sup> day of April 2007 by the:

- a. National Highways Authority of India constituted under section 3 of The National Highways Authority of India Act, 1988; or
- b. Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.

The total deduction with respect to investment in the long term specified assets is restricted to Rs.50 lakhs whether invested during the financial year in which the asset is transferred or subsequent year.

Where the "long term specified asset" are transferred or converted into money within three years from the date of their acquisition, the amount so exempted is taxable as capital gains in the year of transfer / conversion.

6. As per section 54F of the Act, LTCG [in cases not covered under section 10(38)] arising on the transfer of the shares of the company held by an Individual or Hindu Undivided Family (HUF) will be exempt from capital gains tax if the net consideration is utilized to purchase or construct one residential house in India. The residential house is required to be purchased within a period of one year before or two year after the date of transfer or to be constructed within three years after the date of transfer.
7. As per section 111A of the Act, STCG arising from the sale of equity shares of the company, where such transaction is chargeable to STT, will be taxable at the rate of 15% (plus applicable surcharge and education cess). Further, STCG as computed above that are not liable to STT would be subject to tax as calculated under the normal provisions of the IT Act.

As per section 70 read with section 74 of the IT Act, Short Term Capital Loss computed for the given year is allowed to be set off against STCG as well as LTCG computed for the said year. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years for being set off against subsequent years' STCG as well as LTCG.

However, the long term capital loss computed for a given year is allowed to be set off only against the LTCG. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years for being set off only against subsequent years' LTCG.

8. Under section 36 (1) (xv) of the Act, the amount of STT paid by an assessee in respect of taxable securities transactions offered to tax as "Profits and gains of Business or profession" shall be allowable as a deduction against such Business Income.
9. No income tax is deductible at source from income by way of capital gains under the present provisions of the Act in case of residents.

#### **IV. General tax benefits available to Non-Resident Shareholders (Other than Foreign Institutional Investors ("FIIs") / Foreign Portfolio Investors ("FPIs"))**

1. As per section 10(34) of the Act, any income by way of dividends referred to in section 115-O received on the shares of any Indian company is exempt from tax.
2. As per first proviso to section 48 of the Act, in case of a non-resident shareholder, the capital gain/loss arising from transfer of shares of the company, acquired in convertible foreign exchange, is to be computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively in connection with such transfer, into the same foreign currency which was initially utilized in the purchase of shares. Cost Indexation benefit will not be available in such a case.
3. As per section 10(38) of the Act, LTCG arising from the transfer of long term capital asset being an equity share of the company, where such transaction has been entered into on a recognized stock exchange of India and is chargeable to STT, will be exempt in the hands of the shareholder.
4. As per section 112 of the Act, LTCG to the extent not exempt under section 10(38) of the Act, would be subject to tax at the rate of 20% (plus applicable surcharge and education cess) after giving effect to the first proviso to section 48 of the Act. If the tax payable on transfer of listed securities exceeds 10% of the LTCG, the excess tax shall be ignored for the purpose of computing tax payable by the assessee.
5. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, LTCG (in case not covered under section 10(38) of the Act) arising on the transfer of a Long Term Capital Asset would be exempt from tax if such capital gain is invested within 6 months from the date of such transfer in a "long term specified asset".

A "long term specified asset" means any bond, redeemable after three years and issued on or after 1<sup>st</sup> day of April 2007 by the:

- (a) National Highways Authority of India constituted under section 3 of The National Highways Authority of India Act, 1988; or
- (b) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

The total deduction with respect to investment in the long term specified assets is restricted to Rs.50 lakhs whether invested during the financial year in which the asset is transferred or subsequent year.

Where the "long term specified asset" are transferred or converted into money within three years from the date of their acquisition, the amount so exempted is taxable as capital gains in the year of transfer / conversion

6. As per section 54F of the Act, LTCG (in cases not covered under section 10(38) arising on the transfer of the shares of the Company held by an Individual or Hindu Undivided Family (HUF) will be exempt from capital gains tax if the net consideration is utilized to purchase or construct one residential house in India. The residential house is required to be purchased within a period of one year before or two years after the date of transfer or to be constructed within three years after the date of transfer.
7. As per section 111A of the Act, STCG arising from the sale of equity shares of the Company, where such transaction is chargeable to STT, will be taxable at the rate of 15% (plus applicable surcharge and education

cess). Further, STCG as computed above that are not liable to STT would be subject to tax as calculated under the normal provisions of the IT Act.

8. As per section 70 read with section 74 of the IT Act, STCL computed for the given year is allowed to be set off against STCG as well as LTCG computed for the said year. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years for being set off against subsequent years' STCG as well as LTCG.

However, the LTCL computed for a given year is allowed to be set off only against the LTCG for the said year. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years for being set off only against subsequent years' LTCG.

9. Under section 36 (1) (xv) of the Act, the amount of STT paid by an assessee in respect of taxable securities transactions offered to tax as "Profits and gains of Business or profession" shall be allowable as a deduction against such Business Income.
10. In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the non-resident is considered resident in terms of such Tax Treaty. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the non-resident.

As per section 90(4) of the Act, an assessee being a non-resident, shall not be entitled to claim relief under section 90(2) of the Act, unless a certificate of his resident in any country outside India, is obtained by him from the government of that country or any specified territory. As per section 90(5) of the Act, the non-resident shall be required to provide such other information, as has been notified.

11. As per clause (fb) and (iid) of Explanation 1 to section 115JB of the Act, the income from transactions in securities (other than STCG arising on transactions on which STT is not chargeable), interest, royalty, or fees for technical services arising to a foreign company, shall be excluded from the computation of book profit liable to MAT and the book profit shall be increased by the amount of expenditure corresponding to such income

## **V. Special tax benefits available to Non-Resident Indians**

1. As per section 115C(e) of the Act, the term "non-resident Indians" means an individual, being a citizen of India or a person of Indian origin who is not a "resident". A person shall be deemed to be of Indian origin if he, or either of his parents or any of his grand-parents, was born in undivided India.
2. As per section 115E of the Act, in the case of a shareholder being a non-resident Indian, and subscribing to the shares of the Company in convertible foreign exchange, in accordance with and subject to the prescribed conditions, LTCG on transfer of the shares of the Company (in cases not covered under section 10(38) of the Act) will be subject to tax at the rate of 10% (plus applicable surcharge and education cess), without any indexation benefit.
3. As per section 115F of the Act and subject to the conditions specified therein, in the case of a shareholder being a non-resident Indian, gains arising on transfer of a long term capital asset being shares of the Company which were acquired, or purchased with or subscribed to in, convertible foreign exchange, will not be chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period of six months in any specified asset or savings certificates referred to in section 10(4B) of the Act. If part of such net consideration is invested within the prescribed period of six months in any specified asset or savings certificates referred to in section 10(4B) of the Act then this exemption would be allowable on a proportionate basis. Further, if the specified asset or saving certificates in which the investment has been made is transferred within a period of three years from the date of investment, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such specified asset or savings certificates are transferred.
4. As per section 115G of the Act, non-resident Indians are not obliged to file a return of income under section 139(1) of the Act, if their only source of income is income from specified investments or long term capital



gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.

5. As per section 115H of the Act, where non-resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income for that year under section 139 of the Act to the effect that the provisions of Chapter XII-A shall continue to apply to him in relation to investment income derived from the investment in equity shares of the Company as mentioned in section 115C(f)(i) of the Act for that year and subsequent assessment years until assets are converted into money.
6. As per section 115I of the Act, a Non-Resident Indian may elect not to be governed by the provisions of “Chapter XII-A – Special Provisions Relating to Certain Incomes of Non-Residents” for any assessment year by furnishing a declaration along with his return of income for that assessment year under section 139 of the Act, that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the Act.
7. In a situation where the shareholder transfers the shares of the Company, which are held as ‘long-term capital assets’ and such transaction is not covered by the provisions of section 10(38) of the Act as referred to earlier, the shareholder can consider availing the benefit as provided in section 54F of the Act. Shareholders being individuals can consider the conditions so stated in section 54F of the Act and examine the availability of the benefit based on their individual tax position.
8. In respect of non-resident Indian, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the non-resident is considered resident in terms of such Tax Treaty. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the non-resident.

As per section 90(4) of the Act, an assessee being a non-resident Indian, shall not be entitled to claim relief under section 90(2) of the Act, unless a certificate of his resident in any country outside India, is obtained by him from the government of that country or any specified territory. As per section 90(5) of the Act, the non-resident Indian shall be required to provide such other information, as has been notified

## **VI. Benefits available to FIIs / FPIs**

### **Special tax benefits**

1. Under section 115AD(1)(ii) of the IT Act, income by way of STCG arising to the FII on transfer of shares shall be chargeable at a rate of 30%, where such transactions are not subjected to STT, and at the rate of 15% if such transaction of sale is entered on a recognised stock exchange in India and is chargeable to STT. The above rates are to be increased by applicable surcharge and education cess.

Under Section 115AD(1)(iii) of the IT Act income by way of LTCG arising from the transfer of shares (in cases not covered under Section 10(38) of the IT Act) held in the company will be taxable at the rate of 10% (plus applicable surcharge and education cess). The benefits of indexation of cost and of foreign currency fluctuations are not available to FIIs. Further, for the purposes of section 115AD, FPIs would get similar treatment as available to FIIs.

2. As per section 196D(2) of the Act, no deduction of tax at source will be made in respect of income by way of capital gain arising from the transfer of securities referred to in section 115AD.
3. As per clause (fb) and (iid) of Explanation 1 to section 115JB of the Act, the income from transactions in securities (other than STCG arising on transactions on which STT is not chargeable), interest, royalty, or fees for technical services arising to a FII, shall be excluded from the computation of book profit liable to MAT and the book profit shall be increased by the amount of expenditure corresponding to such income.
4. As per section 2(14) of the Act, any securities held by a FII / FPI which has invested in such securities in accordance with the regulations made under Securities & Exchange Board of India Act, 1992 would be treated as a capital asset only so that any income arising from transfer of such security by a FII / FPI would be treated in the nature of capital gains.



## **VII. Special tax benefits available to Mutual Funds**

As per section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made thereunder, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorised by the Reserve Bank of India will be exempt from income tax, subject to such conditions as the Central Government may, by notification in the Official Gazette, specify in this behalf.

## **VIII. THE WEALTH TAX ACT, 1957**

Wealth Tax Act, 1957 has been abolished with effect from Assessment Year 2016-17.

## **IX. BENEFITS AVAILABLE UNDER THE GIFT TAX ACT, 1958**

Gift tax is not leviable in respect of any gift made on or after 1 October 1998. Therefore any gift of share of a company will not attract gift tax.

### **NOTES:**

1. The statement of tax benefits enumerated above is as per the Income Tax Act 1961 including amendments as set out in the Finance Act 2016.
2. As per the FA, surcharge is to be levied on individuals, HUF, AOP, body of individuals, artificial juridical person, co-operative society and local authorities at the rate of 12% if the total income exceeds Rs 1 Crore. As per the Finance Act 2016, Surcharge has been increased from 12% to 15% on tax if income exceeds Rs 1 Crore on persons other than companies, firms and co-operative societies.
3. Surcharge is levied on domestic companies at the rate of 7% where the income exceeds Rs 1 crore but does not exceed Rs 10 crores and at the rate of 12% where the income exceeds Rs. 10 crores.
4. Surcharge is levied on every company other than domestic company at the rate of 2% where the income exceeds Rs 1 crore but does not exceed Rs 10 crores and at the rate of 5% where the income exceeds Rs. 10 crores.
5. A 2% education cess and 1% secondary and higher education cess on the total income is payable by all categories of taxpayers.
6. The above statement of possible direct tax benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of Shares.
7. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the tax treaty, if any, between India and the country in which the non-resident has fiscal domicile.
8. This statement is intended only to provide general information to the investors and is neither designed nor intended to be substituted for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.
9. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.
10. This statement of possible direct tax benefits enumerated above is as per the Act as amended by the FA.

*Above are the possible tax benefits available to the shareholders under the current tax laws in India. Several of these benefits are dependent on the shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the shareholders to derive the tax benefits is dependent upon fulfilling such conditions. The benefits discussed above are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.*

## SECTION IV: ABOUT OUR COMPANY

### INDUSTRY OVERVIEW

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#### **Overview – Indian Economy and Energy Demand**

India was the third-largest economy in the world in 2014 by gross domestic product (international dollars using purchasing power parity rates). India also had the second-largest population in the world, at almost 1.3 billion people in 2014, having grown by approximately 1.3% each year since 2008. (Source: World Bank Databank – World Development Indicators).

According to the World Bank's Global Economics Prospects report (June 2015), the Indian economy is projected to grow at 7.5%, 7.9% and 8.0% in each year from 2015 to 2017. The recent economic recovery in India has been buoyed by a reinvigorated reform agenda and supported by strengthening demand in high-income countries. India has benefited from the decline in global oil prices, improving fiscal and current account balances, enabling subsidy reforms and facilitating an easing of monetary policy.

India was the fourth-largest energy consumer in the world after China, the US and Russia in 2011 and its need for energy continues to rise as a result of the country's economic growth and modernisation over the past several years. Primary energy consumption in India has more than doubled between 1990 and 2012, reaching an estimated 32 quadrillion Btu. However, India's per capita energy consumption is one-third of the global average, indicating potentially higher energy demand in the long term as the country continues on its path of economic development. (Source: U.S. Energy Information Administration – India Report 2014).

#### **The Role of Natural Gas in India Energy Mix**

The economy and energy demands are deeply inter-related. Energy availability is the key to economic growth and higher economic growth is driven by increasing energy consumption. Given the increasing concern for climate change, environmentally clean fuels such as natural gas are expected to play a dominant role in India's economic growth in the coming years. (Source: MoPNG – Report of the Working Group on Petroleum & Natural Gas Sector 2011)

#### **Indian Natural Gas Sector**

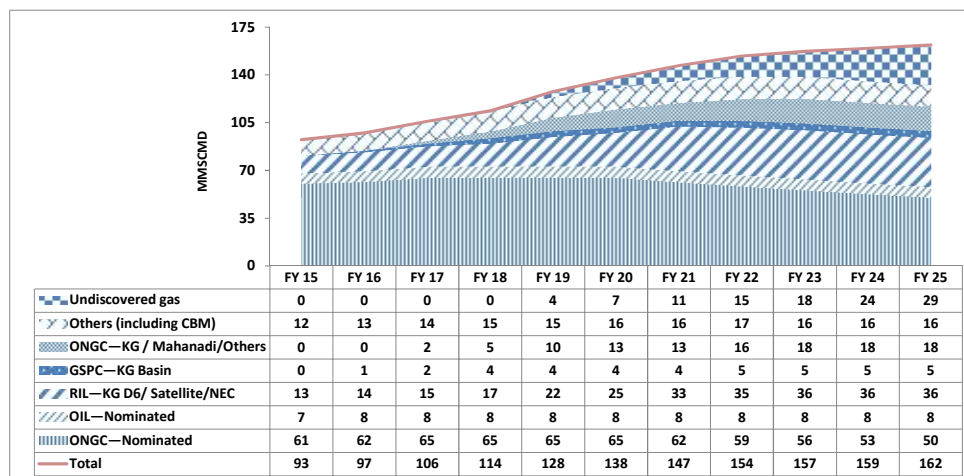
The development of the natural gas industry started in 1960s with the discovery of gas fields in Assam and Gujarat. After the discovery of the South Bassein fields by the Oil and Natural Gas Corporation ("ONGC") in 1970s, natural gas assumed importance. The exploration activities in India were initially carried out only by the National Oil Companies ("NOC") such as ONGC and Oil India Limited ("OIL") and blocks were awarded on nomination

basis (the “Nomination Regime”). Later non-state owned companies were allowed to carry out exploration through joint ventures with the NOCs under the Pre-NELP regime. Subsequently, 100% foreign participation in exploration was allowed under the current New Exploration Licensing Policy (“NELP”) regime. Discoveries were later made in Gujarat, the KG basin, the Cauvery basin, Tripura and Assam. (Source: <http://petroleum.nic.in/docs/abtng.pdf>)

Natural gas production in Q1 – Q3 of Fiscal 2015 was approximately 92 million standard cubic metre per day (“MMSCMD”) by ONGC, OIL, non-state owned and Joint Venture (“JV”) companies. About 73.7% of natural gas production was by ONGC and OIL under the Nomination Regime and remaining 26.3% of natural gas production was by non-state owned and JV companies under the NELP and Pre-NELP regimes. The share of offshore natural gas production in Q1 – Q3 of Fiscal 2015 was approximately 74%. (Source: <http://petroleum.nic.in/docs/exp.about.oilgasprod2015.pdf>)

Domestic natural gas production is likely to increase over the medium to long-term following the commencement of production from Gujarat State Petroleum Corporation Limited’s DeenDayal block, ONGC’s KG basin blocks and modest increases in RIL-BP JV’s KG D-6 production. With the proposed premium for deep water blocks, ICRA Research projects that domestic natural gas production from existing or discovered gas fields to increase from 93 MMSCMD in Fiscal 2015 to approximately 114 MMSCMD by Fiscal 2018, which could further increase to approximately 162 MMSCMD by Fiscal 2025, notwithstanding the fall in the production from existing fields. However, adequate premium for deep water and HPHT offshore blocks would be critical to boost the domestic natural gas production.

#### **Long-term Supply Projection**



(Source: ICRA Report on Prospects for the CGD Sector - March 2015)

#### **Demand**

In the last decade, the demand for natural gas in India has increased due to its increased availability, the development of natural gas transmission and distribution infrastructure and the environment friendly characteristics of natural gas as a fuel source. (Source: Vision 2030 – Natural Gas Infrastructure in India 2013)

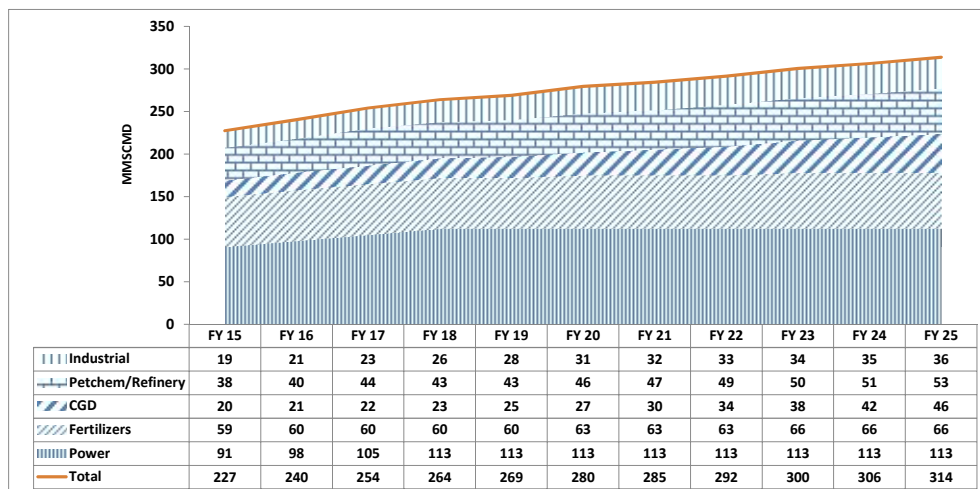
Natural gas consumption grew at a CAGR of 3.7% over the previous five years to 144 MMSCMD in Fiscal 2014 from 120 MMSCMD in Fiscal 2009, driven by growth in consumption from sectors such as power, fertilisers and City Gas Distribution (“CGD”). (Source: ICRA Report on Prospects for the CGD Sector - March 2015)

While the demand potential for natural gas is high, the actual offtake could critically depend upon the price competitiveness of natural gas against alternative liquid fuels and end-products (e.g.: fertiliser and power) prices. ICRA Research believes the natural gas ‘demand potential’ will rise to approximately 280 MMSCMD by Fiscal 2020 and further to approximately 314 MMSCMD by Fiscal 2025 from the current demand potential of more than 225 MMSCMD.

The current demand from gas-based power plants (at 85% PLF) is approximately 91 MMSCMD, while the actual consumption in Fiscal 2014 was only 29 MMSCMD (of which 7% was RLNG) leading to very low PLF of approximately 25% in Fiscal 2014. ICRA Research has assessed the demand potential of power at PLF of 85%,

which would be achievable only if reasonably priced gas is available for the sector. The gas price pooling, which is under implementation by the Government may help in reviving existing power plants. Similarly for the fertiliser sector, the actual consumption is lower than the potential of 60 MMSCMD due to constrained availability (fall in KG-D6 supply) and lower than anticipated production from other sources like CBM and the delay in the development of pipelines.

### Long-term Demand\* Projection



(Source: ICRA Report on Prospects for the CGD Sector - March 2015)\* Price unconstrained

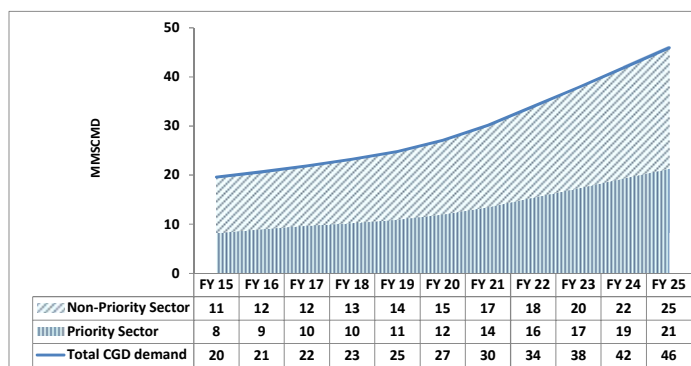
	CAGR (2015-20)	CAGR (2015-25)
Priority Sector	7.8%	9.9%
Non-Priority Sector	5.8%	8.0%
<b>Total CGD demand</b>	<b>6.7%</b>	<b>8.9%</b>

In case of the CGD segment, the demand has been estimated based on the growth in existing cities and additions of new cities (from Fiscal 2018 onwards).

**Priority Sector:** CNG & Domestic

**Non-Priority Sector:** Commercial & Industrial

### CGD Demand: Priority Sector and Non-Priority Sector



(Source: ICRA Report on Prospects for the CGD Sector - March 2015)

### **Liquefied Natural Gas**

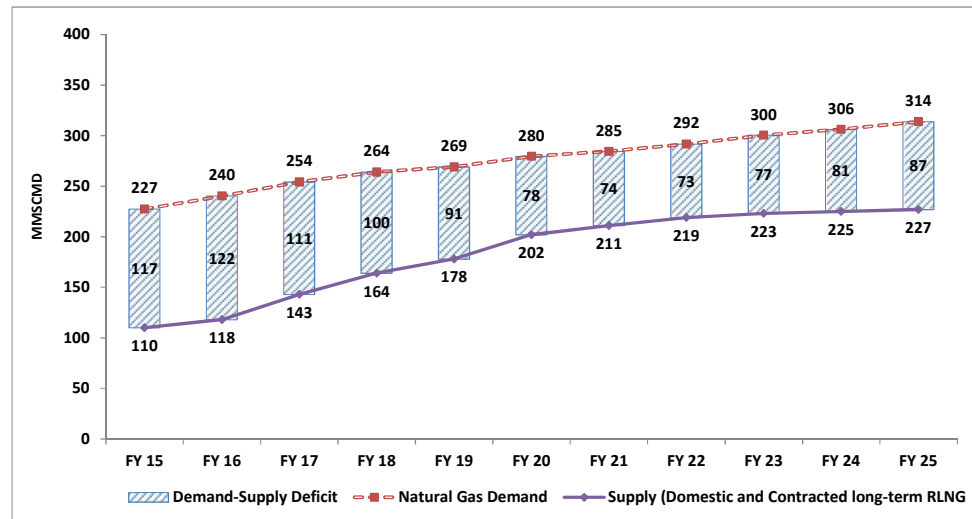
LNG has become an important part of India's energy portfolio since the country began importing it from Qatar in 2004. In 2013, India was the world's fourth-largest LNG importer, importing 638 Bcf, or 6%, of global trade. (Source: U.S. Energy Information Administration – India Report 2014)

Indian LNG importers have actively sought supply from several new LNG sources and have signed several short-term and long-term purchase agreements in the past few years. Indian importers signed agreements to receive supply of LNG from Australia's Gorgon LNG terminal and several U.S. terminals such as Sabine Pass, Cove Point, and Main Pass and from the portfolio of several global LNG suppliers such as BG, GDF Suez S.A, Gas Natural Fenosa, and Gazprom. IOCL has invested in gas projects in Canada (Pacific Northwest LNG) and BPCL in an offshore gas project in Mozambique (jointly with ONGC) to secure LNG imports for India. (Source: U.S. Energy Information Administration India Report 2014)

ICRA believes that the potential gas deficit (price unconstrained) will decrease marginally to approximately 117 MMSCMD in Fiscal 2015 to approximately 74 MMSCMD by Fiscal 2021 in line with improvement in domestic gas supply and the commencement of LNG supplies from long-term LNG contracts. The deficit could marginally

increase to approximately 87 MMSCMD by Fiscal 2025 reflecting the need for more long-term and spot LNG contracts to meet the deficit.

### Estimated Demand for Additional R-LNG

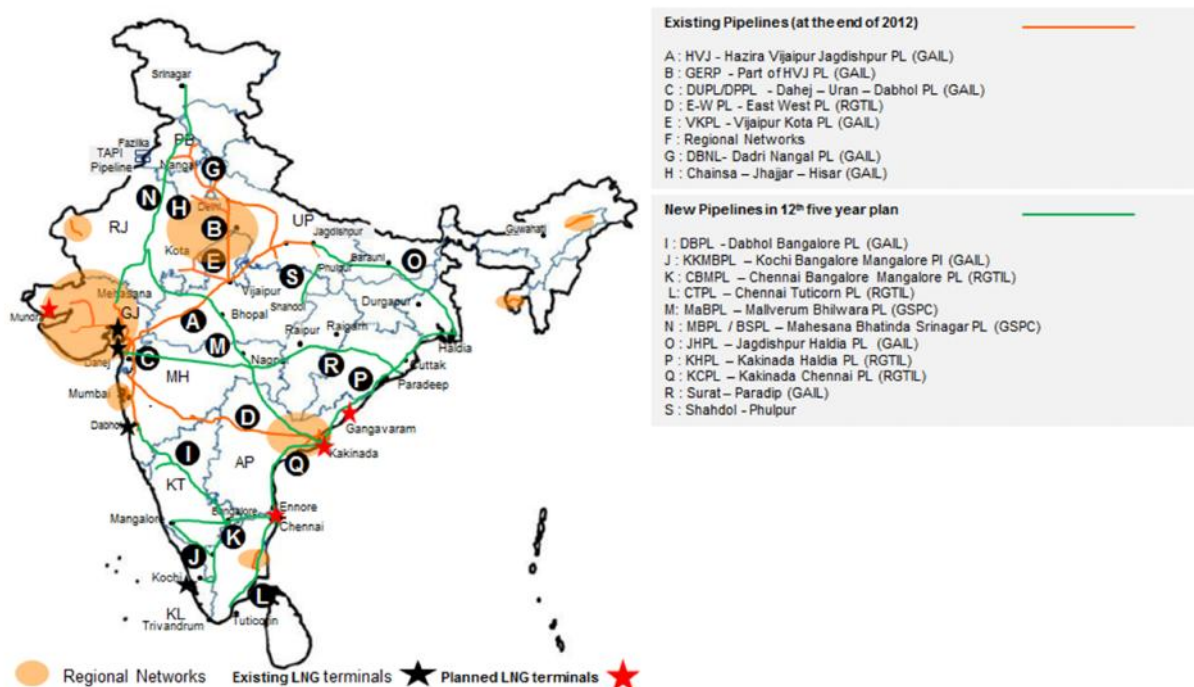


(Source: ICRA Report on Prospects for the CGD Sector - March 2015)

### **Natural Gas Pipelines**

By the end of Fiscal 2014, India had a natural gas pipeline network length of 14,988 km with capacity of 401 MMSCMD spread over 15 states and union territories. GAIL is one of the leading companies in the market and owns approximately 73% of the existing pipeline network. (Source: <http://petroleum.nic.in/docs/abtng.pdf>)

MoPNG is contemplating developing a national gas grid having multiple points of supply and delivery. The proposed gas grid would connect the natural gas sources to major demand centres in India and the network is expected to expand to approximately 28,000 km of pipelines with a total design capacity of approximately 721 MMSCMD over the next five to six years. The expected gas transmission network in India at the end of Fiscal 2017 (The 12<sup>th</sup> five year plan: 2012-2017) is as follows:





(Source: Vision 2030 – Natural Gas Infrastructure in India 2013)

### City Gas Distribution

Natural gas supplied through the CGD network has varied uses. It can be used as CNG in vehicles, as an alternative to petrol, diesel and LPG. Piped Natural Gas (PNG) can be used as a domestic cooking fuel, in place of LPG. PNG can also be used to substitute commercial LPG and fuel oil in commercial and industrial establishments, respectively. (Source: CRISIL – CGD Report December 2014)

### CGD – Market Size

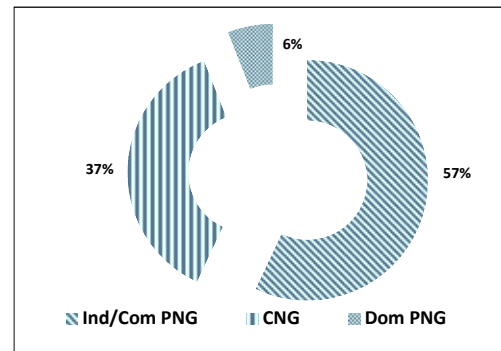
There are 20 entities, including JV companies, operating in 36 Geographical Areas (GA). PNGRB has authorised 54 GAs in total, in which operations are yet to commence in 18 GAs. (Source: [www.pngrb.gov.in/data-bank.html](http://www.pngrb.gov.in/data-bank.html))

The Indian CGD market size was estimated at INR 240 billion in Fiscal 2014, with sales volumes of 20 MMSCMD, accounting for 13% of India's total natural gas consumption. (Source: CRISIL – CGD Report December 2014)

The four key CGD companies, Indraprastha Gas Limited (IGL), Mahanagar Gas Limited (MGL), Gujarat State Petroleum Corporation Gas Limited (GSPC Gas) and Gujarat Gas Company Limited (GGCL), together account for 60% of the total sales volumes. GSPC Gas and GGCL have been merged to form Gujarat Gas Limited. These entities collectively cover the following regions:

- MGL - Mumbai and Thane
- IGL - Delhi, Noida, Greater Noida and Ghaziabad
- GGCL - Surat, Ankleshwar and Bharuch
- GSPC - Cities in Gujarat such as Gandhinagar, Hazira, Valsad, Vapi, Rajkot, Morbi and Surendra Nagar.

### Demand Volume Break-up (2013-14)



In terms of the geographical break-up, Delhi, Mumbai and Gujarat collectively account for 70% of the country's total sales volumes. Gujarat accounts for approximately half of the industrial demand, whereas Delhi and Mumbai constitute approximately 60% of CNG demand. (Source: CRISIL – CGD Report December 2014)

### CGD Customer base, CNG and Steel Infrastructure as at September 30, 2014

State	Geographical Areas	CNG filling stations	PNG Connections			Steel Pipeline (In Inch-Kilometres)
			Domestic	Industrial	Commercial	
Haryana	Sonapat, Faridabad, Gurgaon, Chandigarh	15	18,664	139	65	1,641
Punjab	Jalandhar	-	-	-	-	-
Andhra Pradesh	Kakinada, Hyderabad, Vijayawada	29	2,249	2	46	1,103
Assam	Tinsukia, Dibrugarh, Sibsagar, Jorhat, Golaghat	-	27,156	375	941	4,261
Gujarat	Gandhinagar, Mehsana, Sabarkantha	45	162,509	250	789	1,738
	Rajkot	59	137,567	951	704	1,525
	Ahmedabad	69	188,042	670	1,349	1,466
	Surat, Bharuch & Ankleshwar	56	394,796	833	8,529	5,122
	Valsad	19	62,990	523	118	479
	Navsari	15	74,548	42	100	517
	Nadiad	20	47,405	14	239	299

State	Geographical Areas	CNG filling stations	PNG Connections			Steel Pipeline (In Inch-Kilometres)
			Domestic	Industrial	Commercial	
	Vadodara	15	76,245	81	2,456	324
	Others (Halol, Hazira, Khambhat, Palej, Surendranagar, Anand, Jamnagar and Bhavnagar)	111	95,490	457	846	1,170
Madhya Pradesh	Dewas, Gwalior, Indore, Ujjain	16	2,820	71	29	938

State	Geographical Areas	CNG filling stations	PNG Connections			Steel Pipeline (In Inch-Kilometres)
			Domestic	Industrial	Commercial	
Maharashtra	Mumbai & Greater Mumbai *	128	531,480	16	2,107	1,850
	Thane city & adjoining contiguous areas including Mira Bhayender, Navi Mumbai, Thane City, Ambernath, Bhiwandi, Kalyan, Dombivily, Badlapur, Ulhasnagar, Panvel, Kharghar & Taloja**	45	212,199	39	327	1,704
	Others ( Pune, Pimpri Chiechwad, Hinjewadi, Chakan & Talegaon)	29	13,962	91	42	1,163
Delhi	National Capital Territory	281	368,920	612	613	3,043
Rajasthan	Kota	4	191	17	1	355
Tripura	Agartala	4	13,683	45	242	7
Uttar Pradesh	Kanpur	12	3,079	34	42	366
	Noida & Greater Noida	21	36,853	215	206	875
	Ghaziabad	23	65,991	140	123	1,084
	Others (Meerut, Mathura, Agra, Bareilly, Lucknow, Moradabad, Firozabad, Khurja, Allahabad, Jhansi)	27	8,862	439	80	3,204
<b>India (Total)</b>		<b>1,043</b>	<b>2,545,701</b>	<b>6,056</b>	<b>19,994</b>	<b>34,236</b>

\*: MGL Mumbai Area

\*\*: MGL Adjoining Areas.

(Source: Annexure-I referred in reply to Part (a) of Lok Sabha unstarred Question No. 110 answered on 24.11.2014)

### CGD Growth Prospects – Key Factors

#### Domestic Gas Allocation

Domestic gas produced from fields awarded under different regimes such as Nomination, Pre-NELP and NELP are allocated as per the Gas Utilization Policy (“GUP”). As per the policy domestic gas is allocated sector-wise in the order of priority as decided by the Government. As per the extant policy, CGD (CNG and domestic PNG), fertilizer, power and LPG customers are classified as Priority Sectors.



According to the recent media reports, the Central Government is considering a Unified Allocation Policy (UAP), applicable for all regimes, to eliminate anomalies and correct imperfections in the existing policies.

Current Policy		Proposed Policy(UAP)
Nomination & Pre-NELP regimes	NELP regime	All regimes
<p>Order of priority*:</p> <ul style="list-style-type: none"> <li>Gas-based urea plants**</li> <li>Gas-based LPG &amp; Petrochemical plants***</li> <li>Gas-based power plants with existing PPAs</li> <li>CGD (CNG &amp; domestic)</li> <li>Others (steel, refineries, CGD (industrial &amp; commercial))</li> </ul> <p>*Court mandated customers are also allocated gas</p> <p>In case of non-APM gas, **non-Urea fertilisers also included *** Low priority for LPG and Petrochemical plants</p>	<p>Order of priority:</p> <ul style="list-style-type: none"> <li>Gas-based urea plants</li> <li>Gas-based LPG plants</li> <li>Gas-based power plants with existing PPAs</li> <li>CGD (CNG &amp; domestic)</li> <li>Others (steel, refineries, petrochemical, CGD (industrial &amp; commercial))</li> </ul> <p>Existing plants are prioritized over new plants</p>	<p>Order of priority:</p> <ul style="list-style-type: none"> <li>CGD (CNG &amp; domestic)</li> <li>Plants that provide inputs to strategic sectors of atomic energy and space research</li> <li>Gas-based LPG and Petrochemical plants</li> <li>Gas-based urea plants</li> <li>Gas-based power plants with existing PPAs</li> <li>Others</li> </ul>

In February 2014, MoPNG issued guidelines to meet 100% requirement of CGD Priority sector (CNG & domestic PNG) by applying pro-rata cut on Non-Priority customers. Supply allocation will be reviewed bi-annually on the basis of actual sales volume. In October 2014, the MoPNG had issued another guideline in accordance with which GAIL has been directed to supply an additional 10% to meet incremental demand during the review period. This step shows a strong thrust from the Government to increase the penetration levels in the CNG and PNG (domestic) market, with assurance of increasing domestic gas allocation to be extended to such increased volumes. It ensures that CGD operators aggressively acquire new consumers without compromising margins from the incremental demand during the review period as the same demand was earlier met by R-LNG. Further, the reallocation of domestic gas would also have a positive impact on CGD operations in different cities. Specifically, CGD companies with a higher share of sales to the Priority sector will benefit more than others. Moreover, profit margins in CNG sales continue to remain healthy in most cities because of the competitive break-even period for conversion from alternative fuels.

While it is not yet clear as to when the proposed policy (UAP) will be implemented, ICRA Research believes that CGD sector will be a significant gainer under the proposed policy. Expansion of the city gas network through replacement of liquid fuels by CNG and PNG through domestic gas allocation would encourage natural gas as cleaner, cheaper and more convenient fuel (as compared to LPG). Besides, the replacement of alternative fuels by CNG and PNG will result in lower subsidy burden (for LPG) and also result in savings on foreign exchange through reduction in crude oil imports.

(Source: ICRA Report on Prospects for the CGD Sector - March 2015)

#### Domestic Gas Pricing

In October 2014, the Indian Government approved a new gas pricing formula for domestic gas sales. As per the new formula, the price of natural gas would be the volume weighted average of gas prices at Henry Hub (US), Alberta Gas Reference Point (Canada), National Balancing Point (NBP) (UK) and the Russian domestic market. Gas prices will be determined on a half-yearly (April and October) basis and based on trailing four quarter prices at these hubs, with a one quarter lag. Since the announcement of formula, gas prices have softened in the reference countries, which could result in lower domestic gas prices.

In the following table, domestic gas prices are estimated at different prices of Henry Hub and NBP hub prices.

### Domestic Gas Prices (GCV, US\$/ MMBTU)

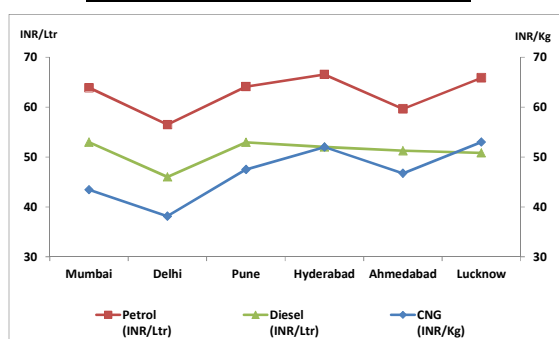
		NBP Price (\$/MMBTU)						
		4.0	5.0	6.0	7.0	8.0	9.0	10.0
Henry Hub Price (\$/MMBTU)	2.0	2.46	2.76	3.06	3.36	3.66	3.96	4.26
	2.5	2.69	2.99	3.29	3.59	3.89	4.19	4.49
	3.0	2.91	3.21	3.51	3.81	4.11	4.41	4.71
	3.5	3.14	3.44	3.74	4.04	4.34	4.64	4.94
	4.0	3.37	3.67	3.97	4.27	4.57	4.87	5.17
	4.5	3.60	3.90	4.20	4.50	4.80	5.10	5.40
	5.0	3.83	4.13	4.43	4.73	5.03	5.33	5.63
	5.5	4.06	4.36	4.66	4.96	5.26	5.56	5.86

(Source: ICRA Report on Prospects for the CGD Sector - March 2015)

### *Impact of Crude Oil Prices*

Hub-linked domestic gas price formula and differential tax structure for CNG vis-à-vis liquid fuels, favor conversion to CNG even at lower Brent prices. Since November 1, 2014, domestic gas prices have been linked to the gas prices prevailing in the reference countries as per the approved formula. In contrast, prices of competing liquid fuels for the CGD sector such as Motor Spirit (MS), High Speed Diesel (HSD) and Auto LPG will be influenced by the prevailing crude prices and crack spreads. As a result, direction of price changes for domestic gas and competing liquid fuels, may not always be uni-directional, which might impact the economics of conversion. However, large cushion in the break-even period for conversion and indirect taxes on liquid fuels, provide significant comfort for the CGD companies. For example, although the Brent prices have fallen from US\$ 115/ barrel to approximately US\$ 45/ barrel in the last few months, the entire benefit has not been passed on to the end customers. Prices of MS and HSD have reduced by only 15-20% from their peak levels as the Government has increased the excise duties on MS and HSD to boost its revenues. This will also act as a cushion against any increase in the Brent prices at a future date. As a result, economics of conversion to CNG from petrol and diesel continue to remain healthy.

### Fuel Prices (CNG, Diesel and Petrol)



Depending on the transportation costs and applicable local taxes, retail petrol and diesel prices vary from city to city. Similarly, gas purchase costs are likely to be different for different CGD companies based on the distance from the land-fall points (domestic gas) and RLNG terminals (LNG) as per the zonal transportation tariffs approved by the PNGRB.

(Note: Retail prices as on 10 February 2015)

(Source: ICRA Report on Prospects for the CGD Sector - March 2015)

## **Policy Initiatives and Regulatory Framework**

### *Central Government's Mission*

The Minister for Finance in the Fiscal 2015 budget speech made an important announcement on the development of PNG in a 'Mission' mode. The Government has initiated several measures to propel CGD sector growth in the country. (Source: ICRA Report on Prospects for CGD Sector - March 2015)

### *CGD Expansion - New Cities*

The PNGRB has envisaged a rollout plan of CGD network development through competitive bidding in more than 300 possible Geographical Areas (GAs) in a phased manner. While the actual rollout has been delayed due

to lack of connectivity and supply constraints, with the Government assuring domestic gas supplies for CGD entities (CNG and domestic PNG), CRISIL expects new CGD projects to be awarded and developed, over the next three years. (Source: CRISIL – CGD Report December 2014)

The PNGRB has bid out 34 GAs in the sixth round of CGD bidding. 106 GAs have further been identified by PNGRB for subsequent bidding rounds subject to natural gas pipeline connectivity. (Source: [www.pngrb.gov.in/CGD-network-BID.html](http://www.pngrb.gov.in/CGD-network-BID.html))

#### **PNGRB Plan - Bid Opportunities**

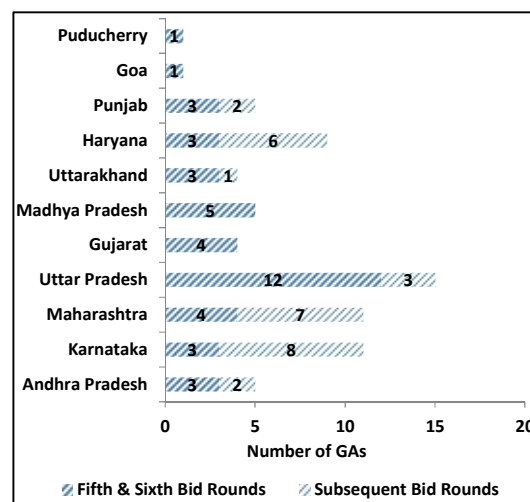
PNGRB's bidding rounds could be a large opportunity for growth with eleven GAs in Maharashtra and sixty GAs in rest-of-India offering multiple opportunities to MGL for expansion beyond Mumbai.

The GAs in Maharashtra comprise Ahmadnagar, Latur, Osmanabad, Ratnagiri, Nagpur, Solapur, Kolhapur, Satara, Chandrapur, Gadchiroli and Wardha.

(Source:

<http://www.pngrb.gov.in/pdf/cgd/bid4.2/PN9sep2014.pdf>)

As per the prevailing bidding rules, the PNGRB determines the minimum work programme considering population and area of the GA and notifies the same while offering the GAs for bidding. The minimum work programme comprises of domestic connections and pipeline to be laid over the first five years of the license period. Bidders are required to bid for network tariff and compression charge to be charged over the license period (25 years) and the bidder offering the lowest network tariff (70% weightage) and compression charge (30% weightage) would be declared as the winner. In the event of tie, the bidders will have to submit additional bid bond and the bidder who offers the highest bid bond would be declared as the winner. (Source: ICRA Report on Prospects for the CGD Sector - March 2015)



#### ***PNG and CNG Corridor***

The lack of distribution infrastructure and limited availability through dispensing centres has prevented the plying of CNG on highways. The Government has been contemplating expansion of CNG filling stations network in the country along 12,500 kilometres of National and State highways that are in the vicinity of existing and proposed gas pipelines. CNG filling stations can be established on highways covering approximately 6,500 kilometres and in 42 cities in close proximity of already existing pipelines. Further, CNG filling stations en-route 6,000 kilometres of highway and in 58 cities can be synchronised with the implementation of planned pipelines. The creation of a CNG corridor is aimed at developing user confidence in CNG's availability and would prompt a switch to CNG for passenger and commercial vehicles. The favourable economics of conversion to CNG vis-à-vis alternative auto fuels (even at low Brent prices) would continue to provide an impetus for CNG consumption growth. Though the above policy would increase CNG market size as more vehicles would be converted to CNG, the impact on the demand for existing CGD companies remains to be seen. The Government is expected to finalise the policy on setting up CNG outlets on highways after hearing the view of the industry participants, which is currently underway.

Additionally, CGD incumbents have been directed by the MoPNG to focus on the PNG (domestic) segment. Accordingly, the CGD companies have started setting up networks in new areas within their GA and increase penetration in the already covered areas in a bid to increase the number of PNG (domestic) connections. While the competitiveness of PNG domestic segment versus the subsidised domestic LPG segment remains low, the convenience of using PNG is expected to drive conversion. (Source: ICRA Report on Prospects for the CGD Sector - March 2015).

#### ***Auto Fuel Vision and Policy 2025***

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

- Logical choice to replace liquid fuels owing to its benign environmental qualities;

- No adulteration and pilferage;
- Emits significantly less pollutants such as CO<sub>2</sub>, HC, CO, NO<sub>x</sub>, SO<sub>x</sub> and particulate matter (“PM”) compared to petrol and diesel and no presence of carcinogens like benzene and aromatics;
- For a diesel engine to match emission levels of CNG engines, incorporation of advanced technology such as selective catalytic reduction and particulate traps as also use of ultra-low sulphur diesel is required;
- Use of CNG in cities will enable public transport to upgrade emission standards to Euro V equivalent BS V specification. CNG engines need to be equipped with oxidation catalyst to take care of NO<sub>x</sub> levels and some particulates that comes from lubricants burning;
- Environmentally, it is a preferred fuel for city public transport with start-stop type of operations. Delhi and Mumbai are success story of gas as a fuel;
- Even at full market price, gas is cost competitive relative to non-subsidised liquid fuels;
- Natural gas highways can be created to shift heavy commercial vehicles, trucks and public transport to CNG;
- Use of gas as a transport fuel can enhance energy security; and
- Emission benefits of replacing diesel with CNG vehicles:

Fuel	CO <sub>2</sub> , g/km	NO <sub>x</sub> , g/km	PM, g/km
Diesel	2.4	21	0.38
CNG	0.4	8.9	0.012
Reduction	84%	58%	97%

#### *Auto Industry Support*

The auto industry is willing to support usage of CNG. A number of automobile manufacturing companies are producing dual fuel vehicles (CNG plus petrol). However, the sales of such vehicles are limited to cities where CNG supplies are available such as Delhi and Mumbai. Sales of CNG vehicles have seen a very high growth due to large savings on fuel price as the price of CNG is comparatively much lower than that of diesel and petrol. (Source: *Auto Fuel Policy & Vision 2014*)

#### **Competition following the Expiry of Marketing Exclusivity**

Once the marketing exclusivity period ends (five years from the date of authorisation), other entities can enter the area awarded to CGD companies and begin operations. This represents a threat to the existing CGD companies in terms of switchover of existing customers and enrolment of untapped customers. However, CRISIL does not foresee the entry of new companies in operational cities. This is primarily due to lack of any meaningful competitive advantage across companies, with regards to gas sourcing (approximately 85% of the operational costs). While the Government allots domestic gas supply to various companies at the same base prices, there is not any major difference across companies' ability to source LNG. Moreover, the new entrant also has to compensate the existing company for utilising the gas pipeline network in the area (network exclusivity exists for 25 years). At present, in most of the regions, there is only one CGD company. (Source: *CRISIL – CGD Report December 2014*)

#### **Regulation - PNGRB vs IGL Case**

The PNGRB vide its order dated April 9, 2012, issued an order with respect to the network tariffs and compression charges which could be levied by IGL on its customers for sale of CNG and PNG. The tariffs determined by the regulator were significantly lower than those proposed by IGL. The regulator ordered an immediate reduction in sales prices of CNG and PNG by IGL based on the regulated rates indicated by it and also instructed for the application of these tariffs retrospectively from April 1, 2008. This order was challenged by IGL and the High Court pronounced its judgment on June 1, 2012 in favour of IGL and ruled that the regulator has no power to determine network tariffs, compression charges or in any other manner fix the maximum retail price to be charged by a marketer of natural gas such as IGL from its customers. As per the High Court verdict, PNGRB can only fix the tariff to be charged to third party marketers of gas. The favourable High Court judgment provided relief to IGL and averted the financial risks emanating from the PNGRB order.

PNGRB subsequently sought the legal opinion of the Additional Solicitor General on the High Court order and thereafter filed an appeal in the Supreme Court. The Government in an affidavit filed in July 2013 has confirmed that the regulator has no power to fix the maximum retail price at which the entities can market or sell notified petroleum and natural gas and PNGRB has no powers to fix transmission tariff unless a third party marketer uses the network. Subsequently, the PNGRB has also submitted in court that they do not have any power to regulate

the marketing margin.

(Source: ICRA Report on Prospects for the CGD Sector - March 2015)

The Supreme Court in its order dated July 1, 2015, dismissed the appeal of PNGRB. The court passed an order that the PNGRB does not have powers to fix transportation tariff and compression charge. In words of court “In view of that the Board cannot frame a Regulation which will cover the area pertaining to determination of network tariff for city or local gas distribution network and compression charge for CNG. As the entire Regulation centres around the said subject, the said Regulation deserves to be declared ultra vires, and we do so”.

### Cost Competitiveness Compared to Alternative Fuels

#### (a) Comparison of CNG with Alternative Fuels

Natural gas provides significant economic benefits to consumers over liquid fuels. CNG directly competes with petrol and diesel in the vehicle segment. CNG vehicles typically enjoy higher fuel efficiencies and lower upfront cost than a diesel vehicle, which makes them a more attractive option. However, compared to petrol vehicles, CNG vehicles involve a substantial upfront payment which is dependent on type of vehicle and quality of the conversion kit.

(Source: CRISIL – CGD Report December 2014)

**Table: Payback period of a CNG vehicle compared to a petrol vehicle:**

	Running Costs (Rs/km)			Conversion Costs (Rs)	Break Even Km	Avg km/day	Break Even Months
	CNG	MS	HSD				
Car on MS	2.07	4.26		35,000	15,975	50	10.5
Buses	8.69		15.14	180,000	27,907	200	4.6
Auto Rickshaws	1.24	2.56		25,000	19,018	100	6.3

Note: ICRA Research Estimates - Based on prices prevailing, in Mumbai, as at February 5, 2015

(Source: ICRA Report on Prospects for the CGD Sector - March 2015)

**Table: Savings with CNG over the ownership period for four wheelers (Car)**

Cost of ownership calculations for four wheeler	Petrol	CNG	Diesel
Purchase price (Rs)	500,000	540,000	600,000
Running & Maintenance Cost			
Cost of Fuel (Rs./ltr)	63.90		52.99
Cost of Fuel (Rs/Kg)		43.45	
Mileage (in Km/ltrs or Km/kg)	15	21	18
Cost per Km (Rs./Km)	4.26	2.07	2.94
Life of the vehicle (years)	10	10	10
Average distance travelled per year (Kms)	15,000	15,000	15,000
Running Cost (Rs.)	639,000	310,359	441,583
Maintenance Cost per annum (Rs.)	10,000	15,000	15,000
Salvage Value after 10 years (Rs.)	50,000	35,000	50,000
Cost of vehicle over useful life	1,189,000	965,359	1,141,583
CNG lower by, as against petrol		19%	
CNG lower by, as against diesel		15%	

Note: ICRA Research Estimates - Based on prices prevailing, in Mumbai, as at February 5, 2015

(Source: ICRA Report on Prospects for the CGD Sector - March 2015)

**Table: Payback Period for Three Wheelers**

<b>Savings calculations for three wheeler</b>	<b>Petrol</b>	<b>CNG</b>
Purchase price of Rickshaw	80,000	125,000
Cost of Fuel (Rs./ltr)	63.90	
Cost of Fuel (Rs/kg)		43.45
Mileage (in km/ltrs or km/kg)	25	35
Cost per Km (Rs./km)	2.56	1.24
Average distance travelled per day (kms)	150	150
Cost per annum (Rs.)	139,941	67,969
Annual savings against Petrol engine (Rs.)		71,972
Pay-Back of Rickshaw (in years)		0.63

Note: ICRA Research Estimates - Based on prices prevailing, in Mumbai, as at February 5, 2015

(Source: ICRA Report on Prospects for the CGD Sector - March 2015)

**(b) Comparison of Domestic PNG with Alternative Fuels:**

Domestic PNG competes directly with subsidised LPG, which is currently priced at approximately US\$12 per MMBTU. Following revision of the domestic gas price, the price of domestic PNG has increased to INR 25 to 27 per scm (approximately US\$12 to 13 per MMBTU). The Government currently provides twelve subsidised cylinders per year to households, following which, customers will need to purchase an unsubsidised cylinder priced at approximately US\$23 per MMBTU. The convenience and safety factors drive the usage of PNG. It saves users the hassle of ordering and changing LPG cylinders. In addition, several qualitative benefits, such as no waiting period for the fuel, no storage space requirement for the cylinders and credit period for bill payment, also attract household customers. This would be primarily visible in the case of major cities where there will be a higher share of dual income households, who would be willing to shift to PNG for its convenience factor. Also, most new or recently constructed housing societies are pre-fitted with piped gas. (Source: CRISIL – CGD Report December 2014)

As per ICRA's analysis (ICRA Report on Prospects for the CGD Sector - March 2015) PNG (domestic) in Mumbai remains competitive as compared to subsidised LPG cylinders.

<b>Subsidized cylinders provided</b>	<b>No.</b>	<b>12</b>	<b>9</b>	<b>6</b>	<b>0</b>
Annual consumption of Cylinders	No.	12	12	12	12
Subsidized rate	Rs/Cylinder	452	452	452	452
Non - subsidized rate	Rs/Cylinder	619	619	619	619
<b>Annual cost</b>	<b>Rs.</b>	<b>5424</b>	<b>5925</b>	<b>6426</b>	<b>7428</b>
Annual requirement of LPG	KGs	170.4	170.4	170.4	170.4
GCV Unit	Kcal/Kg	10800	10800	10800	10800
Energy Cost for cylinders	Rs/million Kcal	2947	3220	3492	4036
PNG rate (including taxes)	Rs/m3	26.58	26.58	26.58	26.58
GCV of PNG	Kcal/m3	9500	9500	9500	9500
Energy Cost for PNG-d	Rs/million Kcal	2798	2798	2798	2798
<b>Difference presently</b>	<b>%</b>	<b>5%</b>	<b>15%</b>	<b>25%</b>	<b>44%</b>

Note: ICRA Research Estimates - Based on prices prevailing, in Mumbai, as at February 5, 2015

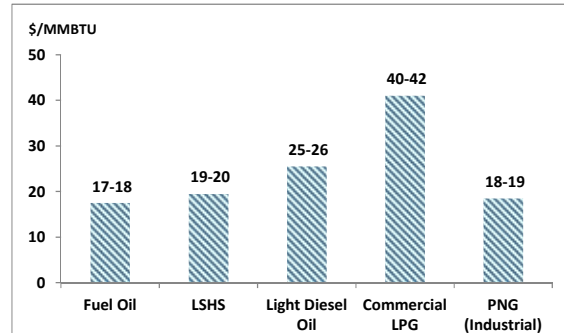
Over the long-term, the gradual phase out of subsidies on LPG cylinders by the Government would also drive demand for PNG significantly. The above table considers an annual household consumption of twelve cylinders per annum. Four scenarios have been considered assuming different number of subsidised cylinders (at twelve, nine, six and zero). Assuming provision of twelve subsidised cylinders by the Government, the savings are negligible incentivise conversion of existing LPG consumers. As the subsidised cylinders reduces to six, the savings increases to 25% at the current prices, making economic sense for the consumers to shift to PNG (domestic). At zero subsidised cylinders, savings for PNG domestic stands at 44% as compared to LPG.



(Source: ICRA Report on Prospects for the CGD Sector - March 2015)

### (c) Comparison of Commercial and Industrial PNG with Alternative Fuels

For commercial establishments such as hotels, hospitals and restaurants, PNG offers a low-cost alternative as subsidised LPG is not available to these users. The convenience factor will further prompt commercial establishments to switch to PNG. (Source: CRISIL – CGD Report December 2014)



PNG is used in industries such as ceramic tiles and glass as a heating fuel instead of fuel oil, LSHS and LDO. Given the sharp increase in PNG prices over the last three years, due to rising dependence on RLNG, industrial PNG has lost its competitiveness compared to fuel oil. Further, end-users also have to incur an upfront conversion cost, while shifting from fuel oil to PNG. On the other hand, PNG will continue to be attractive for end-users reliant on other alternative fuels, particularly commercial LPG and LDO, which are significantly more expensive.

Note: @ Brent 80 US\$/bbl

(Source: CRISIL – CGD Report December 2014)

With declining crude prices, the industrial and commercial PNG segment faces strong competition from alternative fuels and would continue to witness challenges in terms of growth due to reduced price competitiveness. However, the competitiveness of PNG to service these segments remains satisfactory against existing prices of alternative fuels like commercial LPG and LDO, though it is muted against furnace oil and LSHS. Volume growth and profitability contribution of Non-Priority segments depends on relative exposure to different alternative fuels.

### Crude Oil Scenarios: RLNG Competitiveness – Premium/Discount vis-à-vis Alternative Fuels

At Brent 50\$/bbl					At Brent 75\$/bbl				At Brent 100\$/bbl		
	RLNG DES Price (\$/mmbtu)				RLNG DES Price (\$/mmbtu)				RLNG DES Price (\$/mmbtu)		
Fuel	12%*JCC	13%*JCC	14%*JCC		12%*JCC	13%*JCC	14%*JCC		12%*JCC	13%*JCC	14%*JCC
Bulk LPG	87%	75%	64%		79%	67%	56%		74%	62%	51%
LDO	60%	50%	40%		60%	49%	39%		59%	48%	38%
LSHS	13%	5%	-1%		16%	8%	1%		18%	9%	2%
Furnace Oil	3%	-3%	-9%		1%	-6%	-12%		-1%	-8%	-14%
Naphtha	28%	19%	12%		33%	24%	16%		36%	27%	19%

Note: Basic prices of alternative fuels in Mumbai and RLNG delivered price at City Gate Station (CGS) of MGL considered

(Source: ICRA Report on Prospects for the CGD Sector - March 2015)

### Near Term Growth Prospects – Key Markets

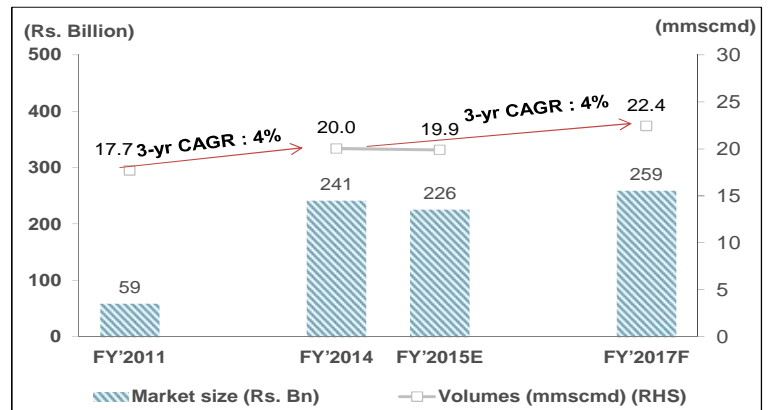
CRISIL Research (CGD Report - December 2014) expects CGD sales volumes to rise to approximately 22.4 MMSCMD in Fiscal 2017 from 20 MMSCMD in Fiscal 2014. Sales volumes of both industrial and commercial segments have declined over the last two years due to falling competitiveness with alternative fuels and muted economic activity. But total sales volumes are expected to increase from 2015-16 and grow at approximately 6%, led by fleet additions to public transport, private vehicle conversions and rising economic activity

Natural gas demand for CGD sector is expected to rise steadily due to the addition of gas networks in new cities, price advantage of CNG and increased use of PNG in domestic, industrial and commercial sectors. Given the priority allocation of domestic gas to CNG and PNG (domestic), thrust on domestic connections and development of CNG grid are likely to enable Priority Sector grow at a healthy rate. Industrial and commercial demand largely depends on the prevailing RLNG prices.



### India - Market Size and Volume Growth

According to CRISIL (CGD Report 2014 – December 2014), demand for natural gas is expected to be driven by CNG and domestic PNG segments, while the demand from the industrial segment could remain low over the next three years. Additions to the public transport fleet in Delhi and Mumbai is expected to enable an 8% CAGR growth in demand from the CNG segment over the next three years. Further, assured domestic gas supply is expected to keep CNG prices competitive as compared with alternative fuels, which would support growth in CNG demand through the conversion of private vehicles from using oil based fuel to gas based fuel. Domestic demand for PNG is also expected to witness healthy growth, riding on the convenience factor.



In terms of the end-user segments, the share of demand from CNG segment is expected to increase to 41% in 2016-17 from 37% in 2013-14, while share of demand from the industrial and commercial segments is expected to decline to 52% from 57%, over the same period. In terms of areas, Delhi/NCR and Mumbai, which have a large base of CNG and domestic PNG customers, are expected to witness relatively stronger growth. However, companies in Gujarat, who cater primarily to industrial customers, are expected to experience low demand.

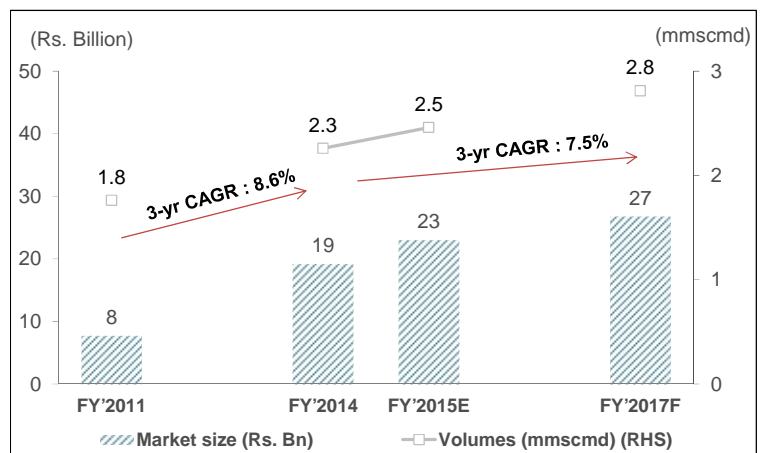
#### **Near-term growth projections of major markets:**

##### *Mumbai*

The CGD market size in Mumbai is expected to increase to 2.8 MMSCMD in 2016-17, from 2.26 MMSCMD in 2013-14, a CAGR of approximately 7.5%. In value terms, it is expected to increase to INR 27 billion, from approximately INR 19 billion, a CAGR of 12% for the same period.

CNG demand is largely driven by conversion of private vehicles and introduction of CNG variants by automobile manufacturing companies. This trend is expected to continue given the significant cost advantage of using CNG contrasted with alternative fuels. Addition of public sector fleet also contributes to the CNG demand. Similarly, demand from domestic PNG segment is also expected to rise given its convenience factor and urban customer base.

### Mumbai - Market Size and Volume Growth



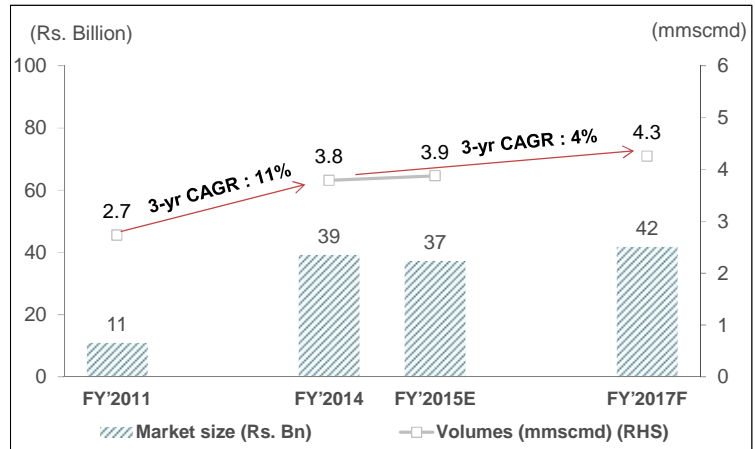
Given the low penetration rates, the ongoing network expansion in the adjoining areas of Mumbai is also expected to contribute significantly to overall volume growth in the medium to long-term. On the other hand, demand from industrial users is expected to grow at a muted pace given limited competitiveness with liquid fuels such as fuel oil. However, competitiveness of PNG with fuels such as commercial LPG and LDO is expected to result in a marginal growth in demand from this segment.

## Delhi

The CGD sales volume in Delhi/NCR is expected to increase to 4.3 MMSCMD in 2016-17, from 3.8 MMSCMD in 2013-14, recording a 4% CAGR. While growth in demand is expected to remain muted in 2014-15, it is expected to rise thereafter, due to additions to the public transport fleet.

As per CRISIL (CGD Report - December 2014), CNG demand will be driven by additions to the public transport fleet. In addition, reduction of CNG prices, following the allocation of additional domestic gas, has significantly improved competitiveness of CNG, as compared with alternative fuels like petrol.

### Delhi - Market Size and Volume Growth



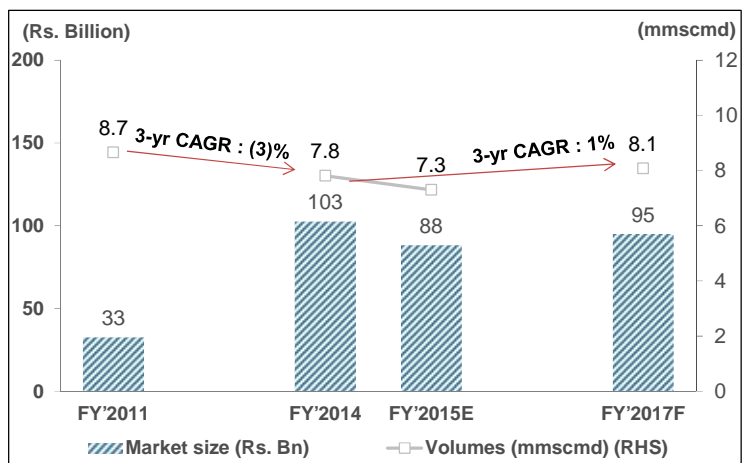
On the other hand, demand for industrial PNG is expected to remain low, over the next three years, due to erosion in competitiveness compared to alternative fuels. However, over the long-term, expansion in NCR cities (Noida, Greater Noida and Ghaziabad) and supply of natural gas to upcoming industrial belts along the Delhi-Mumbai railway freight corridor, is expected to lead to healthy growth in PNG demand.

## Gujarat

Gujarat is the largest CGD market in India, accounting for approximately 39% of total consumption. The CGD market size in Gujarat is expected to increase to 8 MMSCMD in 2016-17, from 7.8 MMSCMD in 2013-14. However, in 2014-15, demand is expected to decline by approximately 7% to 7.3 MMSCMD, due to muted industrial activity and poor competitiveness with alternative fuels, following a sharp fall in crude oil prices.

Unlike Delhi and Mumbai, CGD companies in Gujarat predominantly supply PNG to industrial customers (approximately 75%) and rely greatly, on LNG. Consequently, the price differential between LNG and alternative fuels, primarily furnace oil, determines growth in demand for CGD in Gujarat. The sharp decline in crude oil prices, during the year, has negatively impacted competitiveness of PNG compared to furnace oil and will limit demand growth.

### Gujarat - Market Size and Volume Growth



The sharp decline in crude oil prices, during the year, has negatively impacted competitiveness of PNG compared to furnace oil and will limit demand growth.

Demand for CNG and domestic PNG will increase on account of assured domestic gas supply. Moreover, the ongoing expansion of companies into new geographical areas is also expected to aid growth in demand. Development of infrastructure in these areas is currently under progress and these areas are expected to contribute to gas demand growth, after 2014-15.

(Source: CRISIL – CGD Report December 2014)

### Long-term Growth Prospects

CGD demand is poised for healthy growth over the long term because of favourable economics of CNG usages when compared with the alternative fuels, convenience in use of PNG (domestic) for households, and moderate outlook for PNG (industrial) and PNG (commercial) with the likely pick up in manufacturing sector growth in line with the anticipated GDP recovery. The award of new GAs is expected to gather pace over the next two years, which will boost natural gas demand. The Government plans to set up approximately 15,000 kilometres of

new gas transmission pipelines would also aid expansion of the CGD into newer areas. With the Government support on gas allocation, CGD companies with higher share of priority sector sales will be better placed to leverage this growth momentum. Growth opportunities for companies could also arise from participating in future bidding rounds of PNGRB, wherein careful selection of cities with good potential, coupled with prudent bidding can translate to profitable growth. It is however imperative that regulatory clarity emerges on the powers of PNGRB, for the orderly growth of the sector.

*(Source: ICRA Report on Prospects for the CGD Sector - March 2015)*

## OUR BUSINESS

### Overview

We are one of the largest city gas distribution (“CGD”) companies in India (*Source: CRISIL – CGD Report December 2014*). We have more than 20 years of experience in supplying natural gas in Mumbai and are presently the sole authorised distributor of compressed natural gas (“CNG”) and piped natural gas (“PNG”) in Mumbai, its Adjoining Areas and the Raigad district in the state of Maharashtra, India. We are promoted by GAIL and BGAPH, each of who holds 45.00% of our Equity Shares. GAIL is a Maharatna public sector undertaking and the largest natural gas transmission company in India (*Source: Ready Reckoner, Snapshot of India’s Oil & Gas data, November, 2014, Petroleum Planning & Analysis Cell, MoPNG*). BGAPH is headquartered in Singapore and is a part of the Shell Group, an international exploration and production and LNG group of companies. On February 15, 2016, Royal Dutch Shell plc (“Shell”) completed the acquisition of BG Group plc (now known as BG Group Limited) and its subsidiaries, and accordingly Shell has become the ultimate holding company of all the BG Group companies, including that of BGAPH.

We distribute CNG for use in motor vehicles and PNG for domestic household use as well as for commercial and industrial use. As at March 31, 2016, we supplied CNG to over 0.47 million vehicles through our network of 188 CNG filling stations, and provided PNG connection to approximately 0.86 million domestic households, over 2,866 commercial and 60 industrial consumers in Mumbai and its Adjoining Areas. For Fiscal 2016, our CNG and PNG businesses accounted for 74.21% and 25.79%, respectively, of the total volume of natural gas sold, and 71.05% and 28.95%, respectively, of our total gas sales revenue.

We operate in Mumbai, the second largest city in India and one of the most populous cities in the world (*Source: World Urbanisation Prospects, United Nations, Department of Economic and Social Affairs, Population Division (2014)*). As per the census carried out in 2011, Mumbai had a population of 12.44 million and comprised of 2.71 million households (*Source: Economic Survey of Maharashtra 2014-2015 dated March 17, 2015*) and as of July 2015, there were approximately 6.7 million motor vehicles in Mumbai, Thane region and Panvel region (*Source: Mumbai Transport Commissioner’s office*). Additionally, the number of CNG operated motor vehicles has grown steadily at a CAGR of 13.75% from March 31, 2009 to March 31, 2016 in Mumbai and its Adjoining Areas (*Source: PNGRB submissions*). We believe that there is significant growth potential for our business in Mumbai and its Adjoining Areas due to the (i) anticipated growth in the number of CNG operated vehicles considering the current cost effectiveness of CNG as a fuel, (ii) potential growth in the number of households in our areas of operation and (iii) on commencement of gas supply to consumers in the Raigad district.

As per the MoPNG Guidelines, we have access to cost effective domestic natural gas equal to 110% of our CNG and domestic PNG requirements (such customers are classified under the “**Priority Sector**”). This domestic natural gas is currently sold to us at US\$ 3.06/ MMBTU (GCV), which is significantly lower than the current market price of imported natural gas, for supply exclusively to the Priority Sector. Our Priority Sector sales accounted for 84.14%, 85.03% and 85.58% of our total sales volume in Fiscal 2014, Fiscal 2015 and Fiscal 2016, respectively. For our industrial and commercial PNG consumers, we source regasified liquefied natural gas (“RLNG”) from a number of sources, both on term and spot basis. The price at which we sell natural gas to our customers is not regulated and we generally are able to pass on an increase in the cost of natural gas to our customers.

We distribute natural gas through an extensive CGD network of pipelines, for which we have the exclusive authorisation to lay, build, expand and operate the CGD network in accordance with the Petroleum and Natural Gas Regulatory Board (Exclusivity for City or Local Natural Gas Distribution Network) Regulations, 2008 (the “**PNGRB Regulations**”) in Mumbai until 2020, its Adjoining Areas until 2030 and the Raigad district until 2040 (the “**Infrastructure Exclusivity**”). As at March 31, 2016, we had a supply network of over 4,646 kms of pipelines, including approximately 4,231 kms of polyethylene pipeline (“**PE pipeline**”) and 415 kms of steel pipeline, and 188 CNG filling stations. Our network of 188 CNG filling stations includes stations owned and operated by us, oil manufacturing companies (“**OMCs**”), private parties or situated at bus depots of state transport undertakings. We believe that there are significant entry barriers for competitors to enter into our area of operation, such as our infrastructure exclusivity, the requirement of large investments to establish a natural gas distribution network, lead time in the allocation of domestic natural gas and obtaining the required regulatory approvals.

We have won several awards for our contribution to society and our commitment towards health and safety. Our awards include the Greentech CSR Award, Gold Category at the 2014 Greentech Environment and CSR Awards for outstanding achievement in Corporate Social Responsibility in the CGD sector and the Gold Award in the CGD Sector at the 5<sup>th</sup> Annual Greentech CSR Award in 2015 for outstanding achievement in CSR. Our

commitment to health and safety has also been recognised by the National Safety Council for merit in industrial safety in 2012 and also at the Greentech Safety Awards for outstanding achievements in safety and environment management in 2013. We have also been awarded the Golden Peacock Award for CSR, 2015 and the Rashtra Vibhushan Award in 2015 for outstanding contribution for National Economic & Social Development.

Our total revenue increased to ₹ 21,216.28 million in Fiscal 2016 from ₹ 13,283.99 million in Fiscal 2012 at CAGR of 12.42%. Our profit after tax increased to ₹ 3,086.87 million in Fiscal 2016 from ₹ 3,077.43 million in Fiscal 2012 at CAGR of 0.08%.

## **Competitive Strengths**

### ***Well positioned in Mumbai, one of the most populous cities in the world and second largest metropolitan city in India***

We are currently the sole authorised distributor of CNG and PNG in Mumbai, its Adjoining Areas and the Raigad district in the state of Maharashtra. Our area of operation for supplying natural gas has recently been enhanced with the inclusion of Raigad which was awarded to us during the 4th CGD bid round. We operate in Mumbai, one of the most populous cities in the world and the second largest metropolitan city in India (*Source: World Urbanisation Prospects, United Nations, Department of Economic and Social Affairs, Population Division (2014)*). Mumbai had a population of 12.44 million and comprised of 2.71 million households, as per the census carried out in 2011 (*Source: Economic Survey of Maharashtra 2014-2015 dated March 17, 2015*). Mumbai is regarded as the commercial and financial capital of India and contributes more than 22% to Maharashtra's Gross State Domestic Product (*Source: Economic Survey of Maharashtra 2014-2015*). As of July, 2015, there were approximately 6.7 million motor vehicles in Mumbai, Thane region and Panvel region (*Source: Mumbai Transport Commissioner's office*) which increased at CAGR of 8.5% from March 31, 2009. The number of CNG fuelled vehicles was 0.47 million in Mumbai and its Adjoining Areas, as of March 31, 2016, which increased at CAGR of 13.75% from March 31, 2009. In addition, Mumbai, being a growing commercial and financial hub, provides additional opportunities to capture the demand for natural gas from domestic customers and the commercial sector owing to its increasing population and growth of commercial establishments. We believe that we are strategically positioned to capture the benefits of this large and growing market given the low penetration in our areas of operation. As of March 31, 2016, 57 of our 188 CNG filling stations and 0.27 million of our 0.86 million domestic PNG customers were in the Adjoining Areas. The Adjoining Areas of Mumbai provide significant opportunities for the expansion of our CNG and PNG networks.

### ***Cost effective availability of domestic natural gas***

The MoPNG, Government of India allocates natural gas to CGD entities through guidelines issued and updated periodically (the "MoPNG Guidelines"). The natural gas is first allocated to GAIL, which then supplies the natural gas, so allocated, to the respective CGD entities. The MoPNG Guidelines, revised in February 2014, increased allocation of natural gas to GAIL, for supplying to CGD entities, for sale to the Priority Sector. Such increased allocation is expected to meet the full requirement of all CGD entities. The MoPNG Guidelines were further revised in August 2014, authorising GAIL to supply natural gas 10% over and above the 100% requirement of each CGD entity for supply to the Priority Sector, calculated as per the last half yearly consumption by such CGD entity.

The price of domestic natural gas allocated by the MoPNG is determined as per the Pricing Guidelines, which is also known as the administered price mechanism ("APM"). The price of natural gas is presently US\$ 3.06/MMBTU on GCV basis. This price is currently significantly lower than the market price of imported natural gas. An additional tranche of natural gas from Panna and Mukta fields is allocated to us at a price of US\$5.73 per MMBTU (NCV) and from Tapti fields at US\$5.57 per MMBTU (NCV). Our Priority Sector sales accounted for 84.14%, 85.03% and 85.58% of our total volume of natural gas sold in Fiscal 2014, Fiscal 2015 and Fiscal 2016, respectively. We believe the natural gas demand from the Priority Sector is likely to continue, potentially enabling the on-going allocation of cost effective natural gas to us. We also believe that our geographical location enables us access to natural gas from a variety of sources as we are close to the source of production of natural gas in the Mumbai offshore basin, as well as to the import terminals, Dahej, Hazira and Dabhol. This offers us a distinct price advantage and lower transportation tariff, compared to many other CGD companies.



### ***Infrastructure exclusivity and established infrastructure network***

We have infrastructure exclusivity to lay, build, expand and operate a CGD network in Mumbai and its Adjoining Areas for a period of 25 years. This Infrastructure Exclusivity is valid until 2020 for Mumbai, until 2030 for the Adjoining Areas and until 2040 for the Raigad district. The period of exclusivity is extendable in blocks of 10 years as per the PNGRB Regulations. This exclusivity mandates a new operator in our area of operation to only use our distribution network upon the payment of transportation tariff to us. We have built an extensive supply network in Mumbai and its Adjoining Areas over the past 20 years. We have approximately 415 kms of steel pipeline, approximately 4,231 kms of PE pipeline and a network of 188 CNG filling stations as of March 31, 2016. In addition, our interconnected network of pipelines along with multiple city gate stations (“CGSs”), enables reliable distribution of natural gas to our customers. We have incurred significant capital expenditure to build this network. Our capital expenditure (additions to gross block and increase in capital work in progress) for Fiscal 2014, Fiscal 2015 and Fiscal 2016 was ₹ 1,773.23 million, ₹ 1,902.52 million and ₹ 2,294.82 million, respectively, and our gross fixed assets as at March 31, 2014, March 31, 2015 and at March 31, 2016 were ₹ 15,175.75 million, ₹ 16,714.51 million and ₹ 18,449.84 million, respectively. Moreover, we believe that there are significant entry barriers for a competitor to enter in our areas of operations, such as our infrastructure exclusivity, lead time in the allocation of domestic natural gas, the requirement of regulatory approvals and the need for large investments to establish a CGD network.

### ***Experience in successful development and operation of CGD business***

We have successfully built and operated our CGD network for over 20 years. During this time, we believe that we have developed strong in-house project management capabilities, complemented by robust operation and maintenance processes. Further, we are also committed to health and safety and have implemented safety management systems to seek to ensure the safe, reliable and uninterrupted distribution of natural gas. We believe that our experience and our relationship with vendors, suppliers and contractors has enabled us to expand our network in a timely and cost efficient manner. We have developed the necessary infrastructure and multiple CGSs to enable the transfer of natural gas from multiple sources. We also have a strong senior management team with experience in the natural gas and petroleum industry, including experience in project management and establishing a natural gas distribution network. We believe governance and policy oversight through internal committees, processes and systems coupled with our management team helps us to derive operational efficiencies.

### ***Promoters with strong national and multinational experience***

We believe that we are able to leverage our Promoters’ expertise and experience in our business and operations giving us a competitive advantage. In addition to the guidance and expertise provided by our Promoters, our senior management team also includes employees of our Promoters who are seconded to us from time to time.

GAIL is the largest natural gas transmission company in India. It owns and operates a transmission network of approximately 11,000 kms of high pressure natural gas trunk pipelines across India with a total capacity of approximately 206 MMSCMD. For Fiscal 2016, the average gas transmitted by GAIL was 92.09 MMSCMD. GAIL is engaged in the transmission, exploration and production of liquefied petroleum gas (“LPG”) and other gas projects. Further, it operates seven plants in India which process natural gas to produce LPG. It also owns and operates a petrochemical plant that produces high density polyethylene and linear low density polyethylene used in making pipelines.

BGAPH is headquartered in Singapore and is involved in the day to day management of its investments in India, Egypt, Mauritius and South East Asia. Through its subsidiaries and associated companies, it is engaged in the business, amongst others, of exploration and production of oil and gas, LNG importation and marketing, and the transmission and distribution of natural gas. On February 15, 2016, Royal Dutch Shell plc (“Shell”) completed the acquisition of BG Group plc (now BG Group Limited) and its subsidiaries. Accordingly, Shell has become the ultimate holding company of all the BG Group companies, including that of BGAPH. For further details, please see “Our Promoters, Promoter Group and Group Companies” on page 158.

### ***Strong financial performance with consistent growth and profitability***

We have a track record of growth in volumes, revenues and profits. Our volume of supplied natural gas increased from 1.95 MMSCMD for Fiscal 2012 to 2.43 MMSCMD for Fiscal 2016, at a CAGR of 5.67%. Our total revenue increased from ₹ 13,283.99 million for Fiscal 2012 to ₹ 21,216.28 million for Fiscal 2016, at a CAGR of 12.42%. Our profit after tax has increased from ₹ 3,077.43 million in Fiscal 2012 (in this year, purchase of natural gas and

other charges was net of ₹ 384.54 million on account of downward revision in pipeline tariff for earlier years) to ₹ 3,086.87 million in Fiscal 2016, at a CAGR of 0.08%. We have paid dividends every year during the last five years. See section titled “*Dividend Policy*” and “*Financial Statements*” on page 173 and 174, respectively. We have already made substantial investments in our network and continue to expand the reach of our network. In Fiscals 2016, 2015 and 2014, our capital expenditure (additions to gross block and increase in capital work in progress) was ₹ 2,294.82 million, ₹ 1,902.52 million and ₹ 1,773.23 million, respectively, which was used primarily for the expansion of our pipeline network. We have a strong balance sheet with, as of March 31, 2016, equity capital of ₹ 893.42 million, accumulated reserves of ₹ 14,386.33 million and long term borrowings of ₹ 138.12 million on account of an unsecured interest free sales tax deferment loan of ₹ 43.76 million (classified as long term borrowings) and 9% unsecured compulsory convertible debentures of ₹ 94.36 million (classified as current liabilities being due for conversion into equity within one year from March 31, 2016). The return on average equity (profit after tax/ (average share capital + reserves and surplus)) was 21.03% in Fiscal 2016 as compared to 31.05% in Fiscal 2012. In addition, our net cash flows from our operating activities (after tax) were ₹ 4,254.30 million in Fiscal 2016, ₹ 4,267.14 million in Fiscal 2015 and ₹ 3,976.48 million in Fiscal 2014. We believe that our strong financial position provides us with the financial flexibility to expand our network in our existing markets and expand to new markets in India.

## **Our Strategy**

### ***Increase penetration in Mumbai, its Adjoining Areas and supply gas in the Raigad district***

We intend to increase penetration in Mumbai and its Adjoining Areas by reaching out to new customers for CNG, domestic PNG, commercial PNG and industrial PNG use. We have commenced project activities in the Raigad district and propose to lay, build and develop infrastructure in the area. We believe that we are strategically positioned to capture the benefits of the growing demand for CNG and PNG in our areas of operation. We believe that given the cost advantage of using CNG as compared to alternative fuels, increased interest in environmental friendly fuels and the large untapped potential of natural gas can lead to a substantial increase in CNG penetration rate. We further believe that the existence of significant additional opportunities for the expansion, phasing out of LPG subsidies over a period of time and the convenience of using PNG will help us in increasing the penetration of PNG in the domestic market in Mumbai and its Adjoining Areas. In addition, Mumbai, being a growing commercial and financial hub, provides additional opportunities to capture the demand for natural gas from domestic customers and the commercial sector owing to its increasing population and growing number of commercial establishments. We believe that we are strategically positioned to capture the benefits of this large and growing market given the low penetration in our areas of operation. Further, the Adjoining Areas of Mumbai and the Raigad district provide significant additional opportunities for the expansion of our CNG and PNG networks. We believe that we will be able to leverage our competitive strengths to increase our customer base by expanding our natural gas distribution network to cater to the increasing demand.

### ***Further development of infrastructure in existing areas***

We propose to further develop and upgrade our infrastructure which, we believe, will improve our reach, allow us to cater to a larger customer base and improve the quality of our services. For the purpose of expanding our gas distribution network, whether in our existing areas of operations, or in new markets, we are prepared to incur substantial capital expenditure in laying, building and developing CGD infrastructure. We believe that any such expansion will have a positive impact on our results of operations as we will be able to increase our customer base and the volume of natural gas distributed. In the last five Fiscals, we have set up 2 CGSs, 43 CNG filling stations, laid down 114.33 kms of steel and 1,243 kms of PE pipeline (including medium and low pressure PE network), and added 0.35 million PNG customers. We intend to add over 675 kms of steel pipeline and PE pipeline and 83 CNG filling stations during the next five years, in our areas of operations. In order to diversify our portfolio of CNG filling stations, we intend to set up a higher number of CNG filling stations that would be owned and operated by us and by pro-actively identifying land for setting up such CNG filling stations.

### ***Continue to source reliable and cost effective natural gas from multiple vendors***

We will continue to monitor the cost of natural gas and endeavour to source natural gas in the most cost effective manner and from several vendors. For our Priority Sector natural gas supply, we purchase natural gas from domestic sources in accordance with the allocation policy of the MoPNG and the Pricing Guidelines. For commercial and industrial PNG customers, we source RLNG from various sources, both on a term and spot basis. We enter into medium term contracts using a formula based pricing model and source any additionally required RLNG with spot purchases to seek to take advantage of decreases in the cost of natural gas. We have entered into



spot framework agreements and letters of intent with several suppliers such as GAIL, HPCL, HLPL, GSPCL, BPCL, IOCL and PLL and BGIES for the procurement of RLNG.

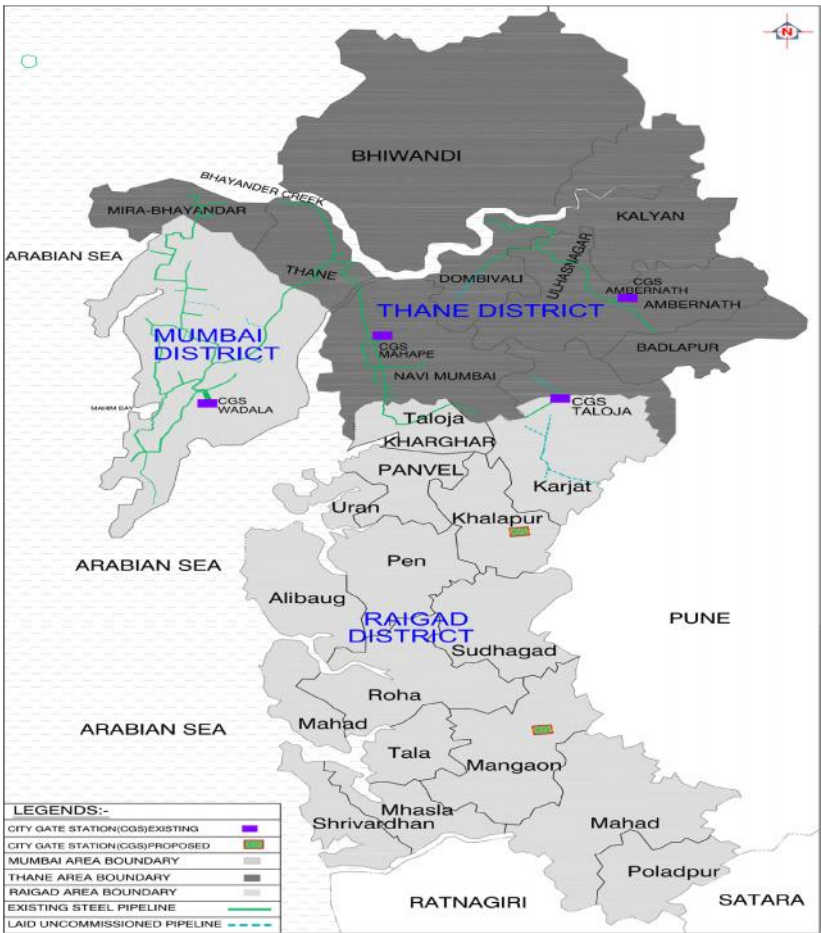
### Seeking opportunities for growth in new markets

We seek to enter into new markets by participating in the bidding process for new CGD areas as well as through inorganic growth. The PNGRB identifies new potential CGD areas, invites bidders to participate in a competitive bidding process and allocates new areas for CGD projects to successful bidders. We have in the past and intend in future to continue to participate in such bidding processes to increase our operating areas. For example, in Fiscal 2015, we won the bid for laying, building and operating a CGD network in the Raigad district during the 4<sup>th</sup> CGD bidding round. We propose to continue to explore economically viable opportunities to expand our CGD business across India. We believe that our experience of over 20 years coupled with strong Promoter support, provides us with a competitive advantage, allowing us to expand and grow our business. Further, we may consider value accretive acquisition opportunities in new geographies to expand our reach.

### Our Business Operations

We are the only CGD entity operating in Mumbai and its Adjoining Areas. Our operations include the distribution of natural gas as: (a) CNG for vehicles; (b) PNG to domestic households; (c) PNG for commercial use to hotels, hospitals, school canteens and medium and small scale industries; and (d) PNG to small to large scale industries.

The following map shows our distribution network in Mumbai, its Adjoining Areas and the Raigad district:



The following table sets out the details of our income from sales attributable to our CNG and PNG businesses for the last five Fiscals:

(₹ in million)

Particulars	Fiscal 2016	Fiscal 2015	Fiscal 2014	Fiscal 2013	Fiscal 2012
CNG Sales <sup>#</sup>	14,673.54	13,527.04	11,552.37	9,469.93	8,533.39
PNG Sales <sup>#</sup> :					
Domestic	2,331.71	2,205.59	1,949.36	1,502.52	1,280.81
Commercial	1,745.10	2,260.08	2,361.66	1,842.53	1,372.88
Industrial	1,902.93	2,785.38	2,823.01	2,162.05	1,780.30
<b>Total</b>	<b>20,653.28</b>	<b>20,778.09</b>	<b>18,686.40</b>	<b>14,977.03</b>	<b>12,967.38</b>

<sup>#</sup> Sales is net of Excise Duty and VAT

#### Sales Volume

The following table summarises our CNG and PNG sales volumes in the last five Fiscals:

(in MMSCMD)

Particulars	Fiscal 2016	Fiscal 2015	Fiscal 2014	Fiscal 2013	Fiscal 2012
CNG Sales	1.80	1.77	1.66	1.52	1.43
PNG Sales:					
Domestic	0.28	0.26	0.24	0.22	0.20
Commercial	0.15	0.15	0.15	0.14	0.13
Industrial	0.20	0.21	0.21	0.20	0.20
<b>Total</b>	<b>2.43</b>	<b>2.38</b>	<b>2.26</b>	<b>2.08</b>	<b>1.96</b>

For Fiscals 2016, 2015 and 2014, our revenues from the Priority Sector accounted for 82.34%, 75.72% and 72.25%, respectively, of our total revenues, and the volumes sold accounted for 85.58, 85.03% to 84.14%, respectively, of the total volumes for same period.

#### Growth in customers

The following table illustrates the number of customers we have supplied our products to, at the end of each of the last five Fiscals:

Particulars	As on March 31, 2016	As on March 31, 2015	As on March 31, 2014	As on March 31, 2013	As on March 31, 2012
CNG	470,478	421,258	359,068	285,506	234,805
Domestic	862,299	801,321	706,226	641,482	558,412
Commercial	2,866	2,607	2,290	1,970	1,502
Industrial	60	57	53	42	38

#### Performance matrix

Particulars	Fiscal 2016	Fiscal 2015	Fiscal 2014	Fiscal 2013	Fiscal 2012
Average Sales Realisation/SCM	23.21	23.88	22.68	19.76	18.17
Gas cost /SCM	13.80	14.88	13.88	10.71	8.67
Gross Margin/SCM	9.41	8.99	8.80	9.05	9.50
Other Expenses/SCM**	3.79	3.56	3.08	2.91	2.68
EBIDTA/SCM***	5.76	5.63	5.93	6.37	6.99
PAT/SCM	3.47	3.46	3.61	3.94	4.31
Return on average equity (%)*	21.03	22.26	23.98	26.54	31.05

\* Equity includes share capital and reserves and surplus

\*\*Other expenses includes employee cost and cost of traded items

\*\*\* EBIDTA excludes other income

## **Our Customers**

### ***CNG***

Our customers include operators of public transport vehicles such as taxis; auto-rickshaws; buses operated by NMMT, BEST and TMT; and private vehicles such as cars, buses, light goods vehicles, heavy goods vehicles, among others. We believe CNG offers a price advantage over other alternate fuel, such as petrol and diesel. We benchmark the price at which CNG is supplied to consumers to the price of diesel and petrol.

For the Fiscals 2016, 2015 and 2014, our CNG sales volumes accounted for 74.2%, 74.1% and 73.5%, respectively, of the total volume of natural gas sold.

#### ***Marketing of CNG***

Our marketing initiatives are broadly focussed on four different segments i.e. public transport, private transport, commercial transport and state/municipal transport undertakings. Marketing initiatives are primarily focussed on facilitating the conversion of non – CNG operated motor vehicles to CNG, in association with retrofitters and vehicle OEMs. The details of such marketing initiatives are as follows:

*Public Transport:* Public transport that operate on CNG include metered taxi and auto rickshaws. Our marketing initiatives include carrying out meetings with auto rickshaw and taxi unions to advertise our CNG filling stations. We also meet retrofitters and OEMs in order to encourage them to set up more CNG kit retrofitting centres.

*Private Transport:* We undertake marketing activities such as meeting with our customers, undertaking CNG vehicle test drives and other initiatives. Apart from such direct marketing activities, we also advertise on the radio.

*Commercial Transport:* Commercial transport includes commercial motor vehicles such trucks, tempos, tankers, buses, etc. We encourage entities operating such commercial transport vehicles within Mumbai to convert the vehicles to CNG. In this regard, meetings are conducted at various transport hubs.

*State/Municipal Transport:* This segment includes of vehicles such as TMT, BEST and NMMT and other local government agencies. We meet with government officials to promote conversion of vehicles to CNG by offering to set up dedicated CNG filling facilities within their depot premises. Such entities are encouraged to convert their vehicles to CNG by the provision by our Company of a discount on CNG sales prices.

### ***PNG***

We distribute PNG to households as well as commercial and industrial consumers.

#### ***Domestic***

We distribute PNG to domestic customers located in Mumbai and its Adjoining Areas who use PNG predominantly as cooking gas. As at March 31, 2016, we have connected 0.86 million households to our CGD network in our areas of operation. We expect to commence operations in the Raigad district in Fiscal 2017. For Fiscals 2016, 2015 and 2014, our domestic PNG sales accounted for 11.37%, 10.94% and 10.67%, respectively, of our total volume of the natural gas sold. The price at which PNG is supplied to customers in this category is benchmarked to the price of subsidised LPG cylinders.

#### ***Commercial***

We seek to distribute PNG to commercial establishments such as hotels, restaurants, malls, hospitals, canteens and small scale industries. As at March 31, 2016, we had over 2,866 commercial PNG customers. For Fiscals 2016, 2015 and 2014, our commercial PNG sales accounted for 6.32%, 6.13% and 6.37%, respectively, of our total volume of natural gas sold. The price at which PNG is supplied to commercial customers is indexed to several alternate fuels such as low sulphur heavy stock (“LSHS”), light diesel oil (“LDO”) and commercial LPG.

#### ***Industrial***

We seek to distribute industrial PNG to medium and large sized enterprises such as, among others, those in the business of engineering and manufacturing, forging and fabrication, dyeing and printing, heat treatment,

pharmaceuticals, food and beverages and glass manufacturing. As of March 31, 2016, we had 60 industrial PNG customers. For Fiscals 2016, 2015 and 2014, our industrial PNG sales accounted for 8.10%, 8.84% and 9.49%, respectively, of our total sales volume of natural gas. The price at which PNG is supplied to customers in this category is indexed to the price of LSHS. Our pricing policy also depends upon the value proposition to the relevant customer taking into account alternate sources of energy available to them. The share of our industrial segment has gone down due to higher growth in other segments, while growth in this segment is restricted due to cheaper liquid fuels.

#### *Marketing of PNG*

Our marketing initiatives are divided based on end-use into three broad categories, domestic, commercial and industrial.

##### *Domestic*

We promote domestic sales of our PNG through initiatives such as promotional meetings in housing societies, dissemination of information on the benefits of using PNG, and promotions through our website.

##### *Commercial*

For large commercial customers like hotels and large hospitals, we conduct meetings to explain the economic benefits, environmental advantages and convenience of using natural gas over alternate liquid fuels. We also monitor and approach projects which are in their design and initial construction phases to market and offer the benefits of using natural gas to their consumers. Further, we also meet periodically with small commercial customers like small restaurants owners and hotels to promote the use of natural gas.

##### *Industrial*

We have established relationships with several industry associations. Our marketing efforts are focussed on promoting and increasing awareness of natural gas as a clean and environment friendly fuel by conducting seminars and publishing articles on benefits of natural gas in several industry publications. Immediate targets are high value alternative fuels such as LDO, High Speed Diesel (“HSD”) and LPG. Mid-term targets are medium value users of alternative fuels customers such as fuel oil, LSHS etc. Long term targets are low value alternative fuel customers using fuels like coal, briquettes, and other solid wastes, among others.

#### **Marketing exclusivity**

In accordance with the PNGRB Act, we were granted an exemption from being declared a common carrier or contract carrier for the transportation of natural gas by the PNGRB and thereby we were accorded marketing exclusivity in our areas of operations. Natural gas marketing exclusivity in Mumbai and its Adjoining Areas is subject to determination before the Delhi High Court. For further details, see “*Risk Factors - Our natural gas marketing exclusivity in Mumbai and its Adjoining Areas is subject to determination before the Delhi High Court. An adverse judgment by the High Court could affect our business, results of operations, cash flows and financial condition*” and “*Outstanding Litigations and Other Material Developments*” on pages 19 and 251, respectively. The marketing exclusivity for the Raigad district is valid up to March 31, 2020.

#### **Competition**

##### **CNG**

While we are the sole authorised distributor of CNG in Mumbai, its Adjoining Areas and the Raigad district, we face competition from providers of other forms of transportation fuels such as petrol and diesel. See “*Industry Overview*” on page 91. For further details of companies that we consider to be in our peer group in this segment, see “*Basis for Offer Price*” on page 80.

##### **PNG**

We are the sole authorised distributor of PNG in Mumbai, its Adjoining areas and the Raigad district. However, as distributors of PNG, we face competition from suppliers of alternate fuels such as LPG. For industrial and commercial customers, liquid and solid fuels are viable alternatives. Our primary competitors for domestic PNG

sales are LPG distributors such as HPCL, BPCL and IOCL. For commercial PNG, competitors include distributors of commercial LPG such as HPCL, BPCL, IOCL and some small private players.

### Natural Gas Allocation and Supply

The MoPNG, Government of India allocates natural gas to CGD entities through guidelines issued and updated periodically (the “**MoPNG Guidelines**”). The allocation is done to GAIL which then supplies the natural gas, so allocated, to the respective CGD entities. The MoPNG Guidelines, revised in February 2014, increased allocation of domestic gas to GAIL for supplying to CGD entities for domestic PNG and CNG for vehicles. Such increased allocation is expected to meet the full requirement of all CGD entities. The MoPNG Guidelines were further revised in August 2014, authorizing GAIL to supply domestic gas 10% over and above the 100% requirement of domestic consumption of PNG and CNG for vehicles of each CGD entity, calculated as per the last half yearly consumption by such CGD entity. We have also been allocated an additional tranche of natural gas from Panna Mukta and Tapti fields. With effect from June 1, 2016, we have been allocated 2.17 MMSCMD of natural gas, of which 0.50 MMSCMD is sourced pursuant to the PMT Agreement and 1.67 MMSCMD is sourced pursuant to the Domestic Natural Gas Agreement. For our requirements of industrial and commercial PNG, i.e., non-priority sector, we source RLNG from several sources, both on term and spot basis.

For details of the prices at which we procure natural gas, see “*Management’s Discussion and Analysis of Financial Conditions and Results of Operations*” on page 229.

The following tables summarises our long term and mid-term contracts with GAIL for the procurement of natural gas:

Gas Sourcing Agreements	Supply Source	Present Gas Allocation / Contracted Quantity (MMSCMD)	Maximum Permissible Availability (MMSCMD)
Domestic Natural Gas Agreement	Allocated by the Government	1.67	Up to 1.83 (110% of allocation)
PMT Agreement	PMT (Allocated by the Government)	0.50	Up to 0.55 (110% of allocation)
GS Agreement	Term RLNG with GAIL	0.15 on a firm basis 0.15 on a fallback basis	

In addition to the agreements mentioned above, we source industrial and commercial PNG from other domestic sources, the quantity of which was 0.07 MMSCMD for Fiscal 2016.

### Key provisions of our natural gas sourcing agreements

#### *Domestic Natural Gas Agreement with GAIL*

We have entered into domestic natural gas sales and transportation agreement dated June 5, 2009, as amended on March 28, 2014, September 26, 2014, June 15, 2015, August 6, 2015, November 26, 2015 and May 30, 2016 with GAIL (collectively the “**Domestic Natural Gas Agreement**”) for the supply of 1.67 MMSCMD of natural gas until March 31, 2021 (“**Annual Agreed Quantities**”). As per the terms of the Domestic Natural Gas Agreement we are obligated to sell 1.67 MMSCMD of natural gas to the Priority Sector. The Domestic Natural Gas Agreement further obligates us to pay for at least 90% of the quantity specified in the agreement and calculated based on the daily nominated quantity irrespective of the actual quantity of natural gas supplied and whether we purchase that take or pay quantity. However, this obligation is only applicable if GAIL pays any take or pay charges to its supplier. GAIL may terminate the Domestic Natural Gas Agreement in the event natural gas supplied to us is used for any other purpose. Further, GAIL is obligated to remedy any deficiency in the quality of the natural gas supplied. We reserve the right to refuse to lift gas not conforming to the quality specifications. Further, GAIL may at any time transfer or assign all of its rights under the Domestic Natural Gas Agreement to any other associated company or corporation by giving prior notice in writing to us of such transfer or assignment.

#### *PMT Agreement*

We have entered into a domestic natural gas sales and transportation agreement dated March 28, 2014, as amended on April 29, 2014, May 30, 2014, June 27, 2014, June 15, 2015, August 6, 2015, November 26, 2015 and May

30, 2016 with GAIL (the “**PMT Agreement**”) for the supply of 0.50 MMSCMD of natural gas to us from the Panna-Mukta and Tapti fields. The PMT Agreement is effective from April 1, 2014 until the earlier of: (a) the date of early termination by either party; (b) the date GAIL ceases to be the Government nominee for purchasing the natural gas; or (c) the occurrence of any other event of termination under the PMT Agreement. The terms of the PMT Agreement obligate us to sell natural gas sourced as either CNG or PNG to domestic consumers.

#### *GS Agreement*

We have entered into a gas sale agreement dated November 24, 2015 with GAIL and the side letter thereto, as amended on March 30, 2016 (the “GS Agreement”) for the purchase of natural gas on a take or pay basis. The GS Agreement is valid until December 31, 2016. Under the GS Agreement, the following is the annual contracted quantity (“ACQ”):

Contract Year	ACQ (in billions BTU)	Approximate average daily contracted quantity @ 9880 Kcal/ SCM GCV	
		(in MMBTU)	(in MMSCMD)
2016	2152.446	5881	0.15

The price which we are required to pay for the natural gas is set out in a Price Side Letter dated November 24, 2015.

Pursuant to the GS Agreement, we are liable to pay (in addition to amounts for the quantity of natural gas taken) for the difference between 90% of the ACQ and the adjusted quantity taken (such difference the “**Annual Take or Pay Deficiency**”) and calculated as the product of such Annual Take or Pay Deficiency multiplied by the weighted average contract price. In addition to the usual termination clauses, GAIL may also terminate the GS Agreement if: (a) we fail to buy 50% or more of daily contracted quantity of natural gas for 180 consecutive days; (b) if we fail to make a payment within 15 banking days of the relevant due date; (c) if we breach the requirement to obtain a letter of credit; (d) if GAIL’s sale and purchase agreement are terminated; or (e) if the re-gasification agreement between GAIL and the LNG terminal operator is terminated. We may terminate the GS Agreement if GAIL fails to deliver 50.0% or more of the daily contracted quantity of natural gas for 180 consecutive days.

#### *Spot RLNG Contracts*

We have entered into the following contracts for the purchase of RLNG on a spot basis.

Supplier	Agreement	Date of the Agreement	Date of Expiry
GAIL (India) Limited	Spot Gas Sale Agreement	November 29, 2010	July 31, 2016
BG India Energy Solutions Private Limited	Supply Framework Agreement	November 13, 2009	Shall remain in effect unless terminated
Hazira LNG Private Limited	Framework Gas Sale Agreement	September 13, 2013	May 9, 2017
Gujarat State Petroleum Corporation Limited	Supply Framework Agreement	October 10, 2013	July 9, 2016
Bharat Petroleum Corporation Limited	Agreement for sale of RLNG on short term basis	February 13, 2014	February 13, 2017
Hindustan Petroleum Corporation Limited	Framework agreement for Spot Gas	April 20, 2016	March 20, 2017

In the past, we have also entered into terms sheets with Indian Oil Corporation Limited and Petronet LNG Limited for purchasing natural gas.

For Fiscal 2016, the average volume of natural gas purchased was 2.49 MMSCMD, of which 2.35 MMSCMD, or 94.31% of our total natural gas requirement was procured through long term and mid-term contracts with GAIL. The remaining 0.14 MMSCMD, or 5.69% of our total natural gas requirement, was met through spot contracts with RLNG suppliers, including GAIL.



## Pricing

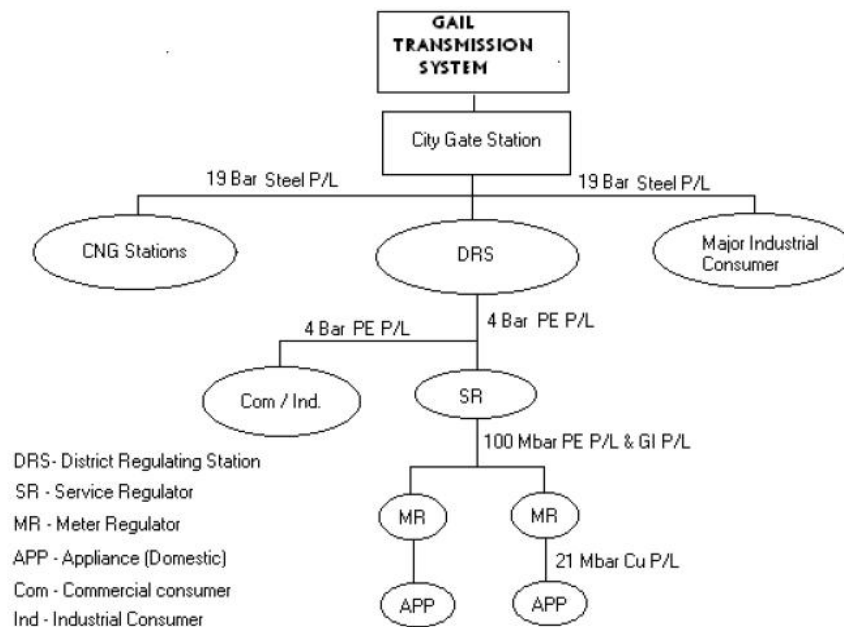
The price at which we sell natural gas to our customers is not regulated. In order to maintain our competitive advantage, we periodically review the price at which we sell natural gas (both CNG and PNG), which is benchmarked against the prices of alternative fuels available to our customers.

The natural gas distributed by us through our pipeline infrastructure provides convenience, safety, reliability and environmental friendliness to our end-consumers. The charges of installation of the main line and trunk line are borne by us but the cost of a dedicated pipeline at the consumer's premises is borne by the consumer.

## Infrastructure

Our network of steel pipelines and polyethylene pipelines together with other infrastructure, such as district regulator stations ("DRSs"), enables us to deliver reliable and uninterrupted natural gas to our CNG and PNG consumers. The infrastructure is laid in compliance with Petroleum and Natural Gas Regulatory Board (Technical Standards and Specifications including Safety Standards for City or Local Natural Gas Distribution Networks) Regulations, 2008.

The following chart summarises the process of distribution of CNG and PNG from the transmission system to the end consumer:



## Our Distribution Network

### City Gate Station

We have four CGSs, where the natural gas is received, filtered, metered, pressure regulated, and odourised. Each CGS facility includes filters, knock out drums, pressure regulators, safety valves, natural gas flow meters, isolation valves, flow control valves, control instrumentations and odourising system. The entire process includes measuring the quantity of natural gas received from the suppliers, filtration to eliminate dust and solid matter, followed by regulation of the pressure to ensure steady downstream pressure after odourisation, which provides the characteristic smell to the gas for identification in case of a leak. From the CGSs, the natural gas is then transmitted to our CNG filling stations and our PNG customers through our network of steel and PE pipelines.

### CNG Filling Stations

The natural gas received at the CNG filling stations is compressed up to a pressure of around 250 bar, which is the optimum threshold for supplying natural gas to vehicles. A typical CNG filling station comprises reciprocating



compressors of a capacity of 750 or 1200 scmh, CNG storage cascades and dispensers. The natural gas received from the steel pipeline is then compressed and dispensed into the CNG vehicles. Depending upon the location and expected load, the CNG filling station is designed for the size and number of compressors and dispensers.

#### Types of CNG stations

**Mother Station:** A mother station is connected to the natural gas pipeline and can compress natural gas to enable the supply of CNG further to daughter booster stations (not connected to the pipeline) through vehicle mounted cascades. These cascades are filled at the mother station and then moved to daughter booster stations for dispensation.

**Online Station:** An online station is connected to the natural gas pipeline for dispensation of CNG to vehicles. The online station also has the capability to compress natural gas into CNG. Online stations are not equipped to support the mobile cascade filling facility. Most of our stations are online stations.

**Daughter Booster Station:** A daughter booster station is not connected to any natural gas pipeline. This station receives gas from vehicle mounted cascades, filled at our mother station.

As at March 31, 2016, we distributed CNG through 188 CNG filling stations, of which 13 stations are owned and operated by us, 136 stations are owned and operated by OMCs, 22 stations are owned and operated by other private parties and 17 stations are situated at the bus depots of the state transport undertakings, such as NMMT, BEST and TMT and operated by them. As at March 31, 2016, our CNG filling stations cumulatively had online compression capacity of 3.14 million kgs per day and catered to approximately 0.47 million CNG customers in Mumbai and its Adjoining Areas.

The breakdown of the CNG filling stations, owned and operated by us and third parties, is as follows:

<b>Type of CNG filling stations</b>	<b>Number of Stations</b>
Owned by our Company	13
Owned by:	
Bharat Petroleum Corporation Limited (“BPCL”) <sup>1</sup>	53
Hindustan Petroleum Corporation Limited (“HPCL”) <sup>2</sup>	54
Indian Oil Corporation Limited (“IOCL”) <sup>3</sup>	29
Owned by other private and other parties	39
<b>Total</b>	<b>188</b>

<sup>1</sup> Agreement dated June 9, 2015, valid until March 31, 2018. Pursuant to this agreement, we are liable to pay trade discount of ₹ 2.74 per kg of natural gas sold within the municipal corporation limits of Mumbai, Thane, Navi Mumbai and Mira Bhayander and ₹ 2.49 per kg of natural gas sold in other geographical areas.

<sup>2</sup> Agreement dated June 2, 2015, valid until March 31, 2018. Pursuant to this agreement, we are liable to pay trade discount of ₹ 2.74 per kg of natural gas sold within the municipal corporation limits of Mumbai, Thane, Navi Mumbai and Mira Bhayander and ₹ 2.49 per kg of natural gas sold in other geographical areas.

<sup>3</sup> Agreement dated June 11, 2015, valid until March 31, 2018. Pursuant to this agreement, we are liable to trade discount of ₹ 2.74 per kg of natural gas sold within the municipal corporation limits of Mumbai, Thane, Navi Mumbai and Mira Bhayander and ₹ 2.49 per kg of natural gas sold in other geographical areas.

#### **District Regulator Stations (“DRS”)**

The DRS infrastructure reduces and regulates the pressure of natural gas and also filters impurities such as dust that may be present in the natural gas.

#### **Steel Grid Network**

The steel grid pipeline network consists of pipelines built of carbon steel, which are laid underground for transporting and distributing natural gas from the CGSs to the DRS, MRS (defined below) and CNG compressors.

### ***Medium Density PE Distribution Network***

The medium density polyethylene distribution network begins from the downstream isolation valve of the DRS. The distribution network is made of polyethylene pipes varying from 20 mm to 180 mm in diameter. The network is operated at a maximum pressure of 4 mbar. The potential natural gas distribution area, which is fed by a DRS, is called a DRS area. Each DRS caters to a specific load of domestic, commercial and industrial customers in the respective DRS area.

### ***Service Regulators and Metering and Regulating Stations***

Service Regulators (“SRs”) and Metering and Regulating Stations (“MRSs”) are installed on the consumer’s premises. The SR regulates pressure between 4 mbar and 100 mbar, which is further distributed through smaller diameter PE pipelines. The MRS feeds the industrial and commercial consumers at the required pressure, which is typically 500 mbar.

### ***Galvanised Iron Riser***

Galvanised iron pipes are installed on the external walls of the building and kitchen of the registered consumer. A meter/regulator regulates and reduces the pressure from 100 mbar to 21 mbar and measures the natural gas consumption for each consumer. The pipe work inside the domestic kitchen is typically a copper pipe of 12 mm diameter.

### ***Health and Safety Practices and Environment (“HSE”)***

We are committed to health and safety of our employees and consumers and our safety management processes form an integral part of our operations. The key elements of our safety management initiatives are the formulation and implementation of the health and safety policy, planning of activities to achieve health and safety for our personnel, monitoring and review of performance and external and internal safety audits.

We have formed a Health and Safety Steering Committee (“**HSE Steering Committee**”) to monitor and implement our health and safety policy. The HSE Steering Committee continually monitors overall health and safety, ensures compliance and implements health and safety policies. The HSE Steering Committee meets once a month and the meetings are chaired by our technical director. Measuring tools such as the HSE score cards are used to monitor the overall health and safety performance of our systems and employees.

We have won several awards and recognition for our commitment to health, safety and environment policies. These include the Gold Award in the CGD sector for Outstanding Achievements In Environment Management at the 14<sup>th</sup> Annual Greentech Environment Awards in 2013, the Gold Award in CGD Sector for Outstanding Achievements in Safety Management at the 12<sup>th</sup> Annual Greentech Safety Awards in 2013, and a Certificate of Merit from the National Safety Council for Meritorious Performance in Industrial Safety in Miscellaneous Industry Group at the Maharashtra Safety Awards in 2012. We have also been accredited with ISO 9001, ISO 14001 and OHSAS 18001 system certifications.

### ***Project Management Capability***

As a part of our project management we design, lay, test and commission steel, PE, GI and copper piping systems for CNG and PNG installations. Our project management team is broadly divided into three functional departments, the polyethylene, steel and CNG projects. The departments undertake procedures such as use of equipment, complying with guidelines for carrying out the laying, testing and commissioning of steel, polyethylene, and copper piping system for CNG and PNG installations. The use of safety gear and compliance with regulations; focused attention on obtaining requisite approvals and clearances from statutory authorities for laying of the pipeline network and preparation and monitoring of monthly progress are undertaken by us to meet the set milestones. A corporate project monitoring cell has been formed under the direct supervision of our managing director. This cell monitors the progress of all our projects and sets milestones thereof, and documents the progress in the management information system report. This report is sent to all directors and heads of departments on a monthly basis.

## **Operation & Maintenance**

### ***Natural Gas Distribution System***

We have established damage prevention plans, along with corrosion and maintenance management for our distribution system. As part of the damage prevention plans, we undertake initiatives such as daily patrolling of our network; coordinating and following up with the other utility companies; manning third party excavations with our trained supervisors for continuous advice at site, 'dial before dig' campaigns; and round the clock support through emergency crew and dedicated telephone lines. As a part of corrosion management, the steel network is protected by a cathodic protection system. This involves several techniques such as direct current voltage gradient, inspection with the closed interval survey and direct assessment, collectively contributing to corrosion monitoring. Maintenance is undertaken as part of a routine preventive planned process or as an immediate response to any emergency such as a natural gas leak, among others. Our response to any emergencies is treated as breakdown maintenance and preventive maintenance is undertaken as a part of routine maintenance.

### ***CNG equipment***

CNG equipment, such as compressors and dispensers, that are high pressure in nature, need proper upkeep and timely maintenance in order to ensure maximum availability of this equipment for operations. The maintenance contract is typically part of the purchase contract and accordingly, the maintenance of this equipment is carried out by vendors initially and after completion of the maintenance contracts, the operation and maintenance of the equipment is undertaken by us.

We have a centralised control room at Sion and have 12 strategically located emergency district offices with emergency preparedness, near clusters of CNG filling stations and PNG customers in order to allow quick responses. We also have emergency vehicles placed throughout our operating areas for emergency and responding to customer complaints. Our employees are equipped with tools, required spare parts and consumables, and transport and communication facilities to quickly respond to emergencies and to perform operation and maintenance activities in the shortest response time. Employees are given periodic training to maintain and upgrade their skills.

## **Metering, Billing and Collection**

### ***Domestic PNG***

Meter reading is obtained from each consumer's residence after which it is checked for tolerance and exceptional parameters. Once the reading is finalised, the bill is uploaded on our internal system, readings are billed and final bills are printed, franked and sent to the post office for dispatch to the customers. We grant a credit period of 20 days to our domestic consumers, who may pay their natural gas bills using internet banking, our website, the bill desk, bill junction, across the counter services at a bank, post office, or ECS.

### ***Commercial and Industrial PNG***

Commercial customers are divided into a several categories based on their consumption pattern and usage of alternative fuel. Commercial customers are identified based on area, allocated various cycles and meter reading unit. Commercial and industrial customers are billed on a fortnightly basis. The meter readings are then uploaded on our internal system, checked for tolerance and exceptional parameters and then billed and sent to customers. We receive payment from commercial customers through ECS.

### ***MGL Connect***

With advancements in smartphone technology, in Fiscal 2016, we launched a mobile application named "MGL Connect" to facilitate PNG (domestic) and CNG customers to upload gas meter readings, identify meter readers, download forms like registration and name change forms, and locate nearby CNG filling stations. Consumers can also view the list of authorised CNG cylinder testing agencies on the application.

#### ***Key features of MGL Connect:***

***PNG Bill:*** Consumers may view their current and previous (up to three) PNG bills and get details of payments made, locations of where payments can be made and have an option of making online payments.

*Meter Readings:* Consumers will have the benefit of providing their meter reading during the billing cycle. The system will send an automated push notification to the customer and request them to update their meter reading, including the option of uploading a photograph of the current meter reading. This would enable our Company to process bills on actual meter readings.

*Know Your Meter Reader:* Consumers may verify a meter reader by entering their employee ID displayed on the identity card to help eliminate and curb fraudulent activities.

*Log Service Complaints:* Consumers may log service related issues by selecting the category or nature of complaint.

*Download:* Various documents, policies and procedures may be viewed and downloaded by the customers.

*CNG filling station locator and saving calculator:* Information related to CNG, location of CNG filling stations, CNG prices, and amount saved by using CNG over other alternative fuel will be available.

## **Insurance**

We maintain insurance coverage that we consider is customary in our industry with some of the leading insurers in India. Some of the major risks covered are standard fire and special perils, burglary and earthquakes in respect of our registered office and corporate office. Further, our assets, projects and operations also are insured against losses from fire, theft and other risks to property and plant and machinery including any third party liabilities. We also maintain group accident insurance for our employees covering accidental death, permanent disablement, accidents, temporary and total disability and directors' and officers' liability insurance for all of our directors. We maintain an insurance coverage for our supervisory control and data acquisition (SCADA) systems.

## **Employees**

As at March 31, 2016, we had 499 employees, of which 17 are fixed term contract employees.

In addition to salary and allowances, we provide our employees with medical leave and retirement benefits, which include provident fund and gratuity. We conduct training programs for our employees on a periodic basis on technical and other specific areas. We also have employee recognition programs, such as long service awards to recognise loyalty and valuable contributions made by our employees. Our relationship with our employees has generally been positive and our operations have not been interrupted by any work stoppages, strikes or other labour disturbances in the recent past.

We are dedicated to recruit and train employees to maintain a rewarding work environment. In addition to ongoing on-the-job training, we provide employees with training in specific areas as required both on technical as well as behavioural aspects. Additionally, we also conduct training for our contract employees and contractors. For contract employees and contractors, a safety and technical competence training ("STC") is conducted at the beginning of the contract and is repeated on a monthly basis. STC is certified by issuing an STC card which is valid for a period of one year.

**Trade Unions:** We have a memorandum of settlement with the petroleum employees union, which is valid till March 31, 2018. The number of employees who are part of the employee union are 73.

## **Intellectual Property**

For details of our intellectual properties, please see "*Government and Other Approvals*" on page 262.

## **Property**

Our registered and corporate office is located at MGL House, G-33 Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051, Maharashtra. Our registered and corporate office is located on property that is located on leasehold land, subject to a long term lease. We also operate from 14 branch offices, all of which are located on leasehold premises. We also own four CGSs and 13 CNG filling stations.

## Corporate Social Responsibility

We are conscious of our role and responsibility to deliver superior and sustainable value to our customers, employees and communities. With that aim, we are committed to contribute positively towards the social and economic development of the community as a whole. In collaboration with the Centre for Social Responsibility and Leadership, we have implemented a specific project, '*Project MGL Unnati*', to coach and mentor under privileged students for entrance examinations to engineering institutions and we make payments of premium for personal accident insurance cover of 245,016 CNG taxi and motored three wheeler drivers under the Maha Suraksha Yojana. In the past, we have undertaken initiatives to provide vocational training at a centre called '*Adhar*' for underprivileged adults, have partnered with various organisations for the empowerment of women especially from underprivileged backgrounds, for the rehabilitation of street children, for the promotion of sports by helping finance the training. We have also helped finance the setting up of a veterinary intensive care unit and the purchase of an ambulance for animals. Our CSR initiatives have been recognised at the 4<sup>th</sup> and the 5<sup>th</sup> Annual Greentech CSR Awards 2014 and in 2015, respectively, in which we were awarded the "Gold Award" for outstanding achievement in CSR and we were also awarded the Pt. Madan Mohan Malaviya Silver Award for the Best CSR Practices in Education, 2015. We have also been awarded the Golden Peacock Award for CSR, 2015 and the Rashtra Vibhushan Award in 2015 for outstanding contribution for National Economic & Social Development.

## REGULATIONS AND POLICIES

*The following is an overview of the important laws and regulations which are relevant to our business and related sectors. The regulations set out below are not exhaustive and are only intended to provide general information. The following is neither designed nor intended to be a substitute for professional legal advice. For details of government approvals obtained by us in compliance with these regulations, see the section “Government and Other Approvals” on page 262. The statements below are based on the current provisions of Indian law, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.*

The MoPNG issues guidelines and policies relating to allocation/supply of domestic natural gas to CGD entities for CNG (transport) and PNG (domestic) segment, development of natural gas pipelines and city or local natural gas distribution network. The MoPNG also regulates the distribution policies of, among others, petroleum products such as LPG and kerosene.

### **I. Regulation of the Petroleum and Natural Gas Sector**

#### **A. The Petroleum and Natural Gas Regulatory Board Act, 2006 (the “PNGRB Act”)**

The PNGRB Act provides for the establishment of the Petroleum and Natural Gas Regulatory Board to regulate the refining, processing, storage, transportation, distribution, marketing and sale of petroleum, petroleum products and natural gas (excluding the production of crude oil and natural gas) so as to protect the interest of consumers and entities engaged in specified activities.

The Regulatory Board does so by fostering fair trade and competition amongst the entities, ensuring uninterrupted and adequate supply of petroleum, petroleum products and natural gas in all parts of the country, securing equitable distribution for petroleum and petroleum products, monitoring prices and laying down technical standards and specifications including safety standards in activities relating to the same.

The PNGRB Act provides that no entity shall market any notified petroleum, petroleum products or natural gas, establish or operate an LNG terminal or lay, build, operate or expand any pipeline as a common contract carrier or distribution network without obtaining prior registration or authorisations from the Regulatory Board and that any entity carrying out such activity before the appointed date shall be deemed to have such authorisation or registration subject to the provisions of the PNGRB Act. Further, the Regulatory Board may declare a pipeline for transportation of petroleum, petroleum products and natural gas or authorise an entity to lay, build and operate or expand a pipeline as common carrier after inviting objections and suggestions from entities likely to be affected by such authorisations.

The entity laying, building, operating or expanding a pipeline for transportation of petroleum, petroleum products and LNG has the right of first use for its own requirement and the remaining capacity is to be used among the entities as decided by the Regulatory Board having regard to the needs of fair competition in marketing and availability of petroleum and petroleum products and natural gas throughout the country.

The Regulatory Board also has powers to specify the terms and conditions for determining the transportation tariff for pipelines calculated on the basis of cost of service, internal rate of return and net present value. The contravention of the directions of the Regulatory Board is punishable with fine. The Regulatory Board has investigative powers and powers to decide disputes as well.

#### **B. Petroleum and Minerals Pipelines (Acquisition of Right of User in Land) Act, 1962 (the “Pipelines Act”)**

The Pipelines Act provides the framework governing the acquisition of right of user in land for laying pipelines for the transportation of petroleum and minerals and other matters connected therewith. This law is limited to the acquisition procedure, restrictions on use of land and compensation payable to the persons interested in the land. The right of acquisition of the user may be subject to such conditions as may be deemed fit by the Government in public interest. The Pipelines Act confers certain powers of a civil court to the competent authority formed the Central Government to perform its functions. Further, it also provides rigorous penalties on anyone who may willfully obstruct the laying of pipelines or destroys/ displaces the pipelines laid under the provisions of this Act.



## II. PNGRB Regulations

### A. *PNGRB (Determination of Network Tariff for City or Local Natural Gas Distribution Networks and Compression Charge for CNG) Regulations, 2008 (the “Network Tariff Regulations”)*

The Network Tariff Regulations provide for the procedure and methodology to determine and regulate the network tariff and compression charge of CNG for an entity which is engaged in laying, building, operating or expanding CGD network. An entity is obligated to submit to the Regulatory Board, the financial cost and other data for determination of network tariff and compression charge for CNG.

In an ongoing litigation between Indraprastha Gas Limited (“IGL”) and the PNGRB, IGL challenged the order dated April 9, 2012 passed by the PNGRB (“**PNGRB Regulations**”) whereby the PNGRB issued directions with respect to the network tariffs and compression charges which could be levied by IGL on its customers for sale of CNG and PNG (“**Order**”). The PNGRB, *vide* the Order, directed IGL to reduce the sale prices of CNG and PNG based on the regulated rates indicated by it and also instructed application of these tariffs retrospectively from April 1, 2008. IGL challenged the Order before the Delhi High Court which, *vide* order dated June 1, 2012, ruled in favour of IGL and held that PNGRB does not have power to determine network tariffs, compression charges or in any other manner, fix the maximum retail price to be charged by a marketer of natural gas such as IGL from its customers (“**HC Order**”). As per the HC Order, PNGRB is empowered to only fix the tariff to be charged to third party marketers of gas. Upon appeal filed by the PNGRB against the HC Order before the Supreme Court, the Supreme Court, *vide* its order dated July 1, 2015, dismissed the said appeal and held that PNGRB does not have powers to fix transportation tariff and compression charges and accordingly declared the Network Tariff Regulations ultra vires. For further details, please see “*Outstanding Litigation and Material Developments - Details of pending litigation involving any other person whose outcome could have material adverse effect on the position of our Company*” on page 256.

### B. *PNGRB (Authorizing Entities to Lay, Build, Operate or Expand City or Local Natural Gas Distribution Networks) Regulations, 2008 (the “Gas Distribution Networks Regulations”)*

The Gas Distribution Networks Regulations authorize, regulate and lay down the criteria and procedure for entities to lay, build, operate or expand a CGD network. The Gas Distribution Networks Regulations pave the way for development of CGD network and provides for selection of an entity through an open bidding process. Regulation 5 of the Gas Distribution Networks Regulations specifies the minimum eligibility criteria for an entity to participate in the bidding process and regulation 14, 15 and 16 specify service obligations, quality of service standards and the consequences of default and termination of authorization procedure. Regulation 5(8) provide for a period of sixty days for submission of application cum bid for grant of authorization for laying, building, operating and expanding the CGD network.

As per regulation 10(3) of the Gas Distributions Networks Regulations, the grant of authorization to an entity cannot be renounced by way of sale, assignment, transfer or surrender to any person or entity till five years from the date of issue. On failure to abide by the terms and conditions specified in these regulations and/ or on failure to take remedial actions to correct the same, the performance bond may be encashed or the authorization of the entity may be terminated as per the procedure prescribed in regulation 16. Civil penalty under the PNGRB Act may also be applied.

The Petroleum and Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand City or Local Natural Gas Distribution Networks) Amendment Regulations, 2015, amended the Gas Distribution Networks Regulations. Such amendments covered situations in case of a tie in the highest composite score between entities bidding for grant of authorization to lay, build, operate or expand city or local gas distribution network. In case of a tie between entities, such entities shall be asked to submit an additional bid bond and the entity submitting the bid bond of a higher amount shall be granted the said authorization. By way of this amendment, the PNGRB has also allowed an existing entity to induct a new partner in laying, building, operating or expanding city or local natural gas distribution network, till such time the existing entity continues to be a lead partner. In relation to selection criteria of an entity bidding for the authorization, the amendment lays down that an entity submitting the bid should not have been imposed any penalty under section 28 or punished under chapter ix of the PNGRB Act, during the preceding one year from the last date of submission of the bid. Further, the minimum time period before which an entity can renunciate its rights in favour of a new entity has been increased from three years to five years.



The Petroleum and Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand City or Local Natural Gas Distribution Networks) Amendment Regulations, 2016, amended the provisions of the Gas Distribution Networks Regulations relating to definitions of “compression charge of CNG” and “network tariff”. The amendment also amended provisions in relation to criteria for bidding by entities and fixing of natural gas pipeline tariff etc. The amendment has allowed the PNGRB to determine the transportation tariff as per the PNGRB Act.

**C. *PNGRB (Exclusivity for City or Local Natural Gas Distribution Network) Regulations, 2008 (the “PNGRB Regulations”)***

The PNGRB Regulations stipulate the terms under which the PNGRB can grant exclusivity rights over CGD networks to entities selected through a bid process (authorised entity). The PNGRB is empowered to grant an exclusive right to lay, build or expand CGD networks (infrastructure exclusivity). Infrastructure exclusivity is granted for a term lasting the economic life of the project. The PNGRB can also grant an exclusive right to supply gas through the CGD network i.e. exclusivity from the purview of common carrier or contract carrier (marketing exclusivity) to an entity proposing to lay, build or expand a CGD network. Marketing exclusivity can only be granted for a limited period of time i.e. for a maximum period of five years after which the authorised entity is required to allow other entities to supply gas through the CGD network on a non-discriminatory basis. Exclusivity has been offered to entities in order to incentivise investment in developing CGD networks and to facilitate their development in a planned and integrated manner. Entities selected to exclusively service a geographical area are required to furnish a specific performance bond to the PNGRB. Further, an authorised entity must comply with the service obligations set out in the regulations during and after the exclusivity period such as *inter alia* providing domestic PNG connections as per the bid and laying the CGD network throughout the authorised area.

**D. *PNGRB (Technical Standards and Specifications including Safety Standards for City or Local Natural Gas Distribution Networks) Regulations, 2008 (the “Technical Standards Regulations”)***

The Technical Standards Regulations address the design, materials, fabrication, installation, inspection and testing, commissioning, operation, maintenance, modifications and abandonment of CGD network. Standards for city or local natural gas distribution networks have been specified to ensure uniformity in the application of design principles and to guide selection and application of materials and components. These standards are monitored by the Regulatory Board to ensure compliance. In the event of failure to meet the standards laid down under the Technical Standards Regulations, the authorisation of the entity may be suspended or terminated as per the procedure laid down thereunder.

The Petroleum and Natural Gas Regulatory Board (Technical Standards and Specifications including Safety Standards for City or Local Natural Gas Distribution Networks) Amendment Regulations, 2016 have amended the provisions of Technical Standards Regulations relating to technical standards and specifications including safety standards for city or local natural gas distribution networks as specified in schedule-I which cover material and equipment (Schedule-1A), piping system components and fabrication (Schedule- 1C) and design, installation and testing (Schedule-1D).

**E. *PNGRB (Code of Practice for Quality of Service for City or Local Natural Gas Distribution Networks) Regulations, 2010 (the “Service Quality Regulations”)***

The Service Quality Regulations lay down the code of practice for promoting reliable service to consumers and the public. They also provide service standards to be complied with by every CGD entity authorised for laying, maintaining and expanding CGD networks for new and existing PNG connections. Further, the Service Quality Regulations also prescribe a code of practice with reference to metering and billing of domestic, commercial and industrial connections and a code of practice with reference to planned network interruptions. Under these regulations, CGD entities are required to submit annual returns to the PNGRB.

**F. *PNGRB (Access Code for City or Local Natural Gas Distribution Networks) Regulations, 2011 (the “Access Code Regulations”)***

The Access Code Regulations govern the contracts between authorized entities and shippers such as common carriers and contract carriers. The Access Code Regulations mandate authorized entities to provide non-discriminatory access to CGD and LNG networks at the end of the exclusivity period to any entity or shippers who want access to entry point capacity, exit point capacity and delivery at CNG exit point capacity on such networks for supply of natural gas to domestic, commercial or industrial

consumers. The authorised entities are required to declare entry point, exit point, exit point capacity and publish an information memorandum for seeking capacity booking on its website, 180 days before the end of its exclusivity period. The Access Code Regulations also provide for payment of certain charges to authorised entities by the shippers for gaining access to its entities. The Access Code Regulations prevent abuse of monopoly in the distribution system and promote the development of a competitive market by establishing uniform principles.

**G. PNGRB (Integrity Management System for City or Local Natural Gas Distribution Networks) Regulations, 2013 (the “Integrity Management System Regulations”)**

The Integrity Management Systems Regulations outline the basic features and requirements for developing and implementing an effective and efficient integrity management plan for CGD networks through evaluating the risks associated with it and allocating resources effectively for prevention, detection and mitigation activities and improving the safety of CGD networks so as to protect personnel, property, public and environment and by streamlining operations. They provide a system for ensuring compliance with their provisions by conducting the following audits during operation phase:

- (a) Internal audit as per the checklist for natural gas pipelines provided by PNGRB to be carried out by the management of the operator every year; and
- (b) External audit by a third party, approved by the PNGRB, as per the methodology which is specified by the PNGRB every 3 years.

The Integrity Management System Regulations provide that in the event of any deviation or short fall in the implementation of the system the entity may be liable to face the penal consequences.

**H. PNGRB (Determining Capacity of City or Local Natural Gas Distribution Network) Regulations, 2015 (the “Capacity Determination Regulations”)**

The Capacity Determination Regulations outline the methodology including procedure, parameters, both constant and variable and frequency of declaration of CGD network capacity which shall be used for providing access to a shipper on a non-discriminatory basis under the Petroleum and Natural Gas Regulatory Board (Access Code for City or Local Natural Gas Distribution Networks) Regulations, 2011.

The capacity of a CGD network shall be determined by entities on the first working day of October every year or whenever there is a change in quantity of natural gas plus or minus 10% of previous declared capacity due to any of the following:

- (a) change in quality of gas;
- (b) modification, upgradation, addition or deletion of entry or exit points; and
- (c) addition or deletion of loop lines, compressor etc.

Entities have to submit a report to the PNGRB once the determination of capacity is made. The PNGRB after analyzing the report submitted by an entity can either accept or reject the declared capacity. Once accepted, the entity shall publish the accepted CGD network capacity on its website in accordance with the Access Code Regulations.

**I. Petroleum and Natural Gas Regulatory Board (Codes of Practices for Emergency Response and Disaster Management Plan) Regulations, 2010 (“ERDMP Regulations”)**

The ERDMP Regulations cover identification of emergencies, the mitigation measures to reduce and eliminate the risk or disaster, the preparedness required to develop plans for actions when disaster or emergencies occur. Schedule VII of the ERDMP Regulations lays down the emergency response and disaster management plan required to be implemented with respect to pipelines carrying petroleum products. The ERDMP Regulations also provide the responses that mobilize the necessary emergency services including responders like fire service, police service, medical service and the post disaster recovery with aim to restore the affected area to its original conditions. Emergencies under the ERDMP Regulations can be categorized into three broad levels on the basis of seriousness and response requirements. The ERDMP Regulations provide that records of all incidents covered under Level-I should be maintained by the entity for inspection whenever called for inspection and Level-II and Level-III shall be reported to the PNGRB in the format specified within 48 hours after occurrence of the incidents or any other reason triggering major incident. The PNGRB is empowered by regulation 8 of the ERDMP Regulations to monitor compliance with ERDMP, technical standards and specifications, either directly

or indirectly through accredited third parties. In the event of deviation from the recommended standards, the entities would be liable to the penal provisions under the applicable technical standards and specifications.

**J. PNGRB (Levy of Fee and Other Charges) Regulations, 2007 (“Fees and Other Charges Regulations”)**

The levy of fees and other charges regulations has been necessitated on account of the fact that scrutiny of a large number of applications and the process associated with them pertaining to registration, authorization, complaints etc. by the PNGRB puts pressure on scarce regulatory resources available.

Under these regulations, the PNGRB can levy fees and other charges on entities for various services/activities.

**K. PNGRB (Third Party Conformity Assessment) Regulations, 2015 (“Third Party Conformity Regulations”)**

The Third Party Conformity Regulations outline the mechanism for assessment of conformity to various regulations by entities through approved agencies or by the PNGRB on its own including eligibility criteria and procedure for assessment of third party agency for empanelment as approved agency.

**III. Guidelines**

**A. PNGRB (Commissioning and Gas Charging in Steel Pipelines for City or Local Natural Gas Distribution Networks) Guidelines, 2016 (“Guidelines”)**

The Guidelines have been issued by the PNGRB for the purposes of safe purging, commissioning and de-commissioning of city or local natural gas distribution network. The Guidelines are applicable to an entity which is laying, building, operating or expanding or which proposes to lay, build, operate or expand a city or local natural gas distribution network. The Guidelines provide for pre-commissioning checks, safety audits, safety measures etc. to be undertaken prior to commissioning.

**IV. Other laws and regulations**

**A. Environmental Regulations**

We are subject to Indian laws and regulations concerning environmental protection. The principal environmental regulations applicable to industries in India are the Water (Prevention and Control of Pollution) Act, 1974, the Air (Prevention and Control of Pollution) Act, 1981 and the Environment Protection Act, 1986.

The environmental regulations require a company to file an Environment Impact Assessment (“EIA”) with the State Pollution Control Board (“PCB”) and the Ministry of Environment and Forests (“MoEF”) before undertaking a project entailing the construction, development or modification of any plant, system or structure. If the PCB approves the project, the matter is referred to the MoEF for its final determination. When granting clearance, conditions can be imposed and the approving authorities can direct variations to the proposed project.

The PCBs located across the States monitor compliance with applicable environmental regulations. No industrial or productive facility may operate without a valid authorisation from the local PCB office. PCBs routinely inspect industrial and productive facilities, to monitor compliance with applicable environmental standards and regulations, including the provisions of the Water Act, 1974. The PCBs are also empowered to grant authorisation for collection, treatment, storage and disposal of hazardous waste, either to the occupier or the operator of the facility.

**B. Explosives Act, 1884 (the “Explosives Act”)**

Under the Explosives Act, the GoI has the power to regulate the manufacture, possession, use, sale, transport and importation of explosives and grant/ refusal of license for the same activities. The GoI may prohibit the manufacture, possession or importation of especially dangerous explosives. Any contravention of the Explosives Act or rules made under it, being the Explosives Rules, 1983, may lead to an arrest without warrant and imprisonment for three years, including a fine which may extend up to a maximum of ₹ 5,000.

### **C. Gas Cylinder Rules, 2004 (the “Gas Cylinder Rules”)**

Manufacture, possession and use of any gas contained in cylinders in compressed or liquefied state is regulated under the Gas Cylinder Rules. The Gas Cylinder Rules mandate that a cylinder can be filled with compressed gas and be subsequently possessed by a person only after he has been granted a licence by the Chief Controller. Further, if a compressed gas filling station acts in a manner unwarranted by the licence and such action is likely to endanger public safety, then it shall be treated as a breach of the Gas Cylinder Rules, provided the act is not remedied within the period specified by the Controller. The Gas Cylinder Rules also state that in the event of non-compliance with the conditions of the licence or the provisions of the Gas Cylinder Rules, the license shall be suspended or cancelled. Under the Gas Cylinder Rules, any compressed gas filling station or a storage place where a cylinder is being filled or possessed, or any practice connected with the handling or transportation of compressed gas cylinders, which tends to endanger public safety or the bodily safety of any person, is required to be remedied within the time specified by the Controller of Explosives.

### **D. The Static and Mobile Pressure Vessels (Unfired) Rules 1981 (the “SMPV Rules”)**

The SMPV Rules regulate the manufacture, filling, delivery and repair to pressure vessels. Under the SMPV Rules, licenses are required to be obtained for storage and transportation of compressed gas. The SMPV Rules also prescribe conditions under which the licenses can be amended, renewed, suspended or cancelled.

### **E. The Legal Metrology Act, 2009 (the “LM Act”)**

The LM Act seeks to establish and enforce standards of weights and measures, regulate trade and commerce in weights, measures and other goods which are sold or distributed by weight, measure or number and for matters connected therewith or incidental thereto. The LM Act makes it mandatory to obtain a license from the Controller of Legal Metrology by any person who manufactures, sells or repairs any weight or measure. All weights or measures in use or proposed to be used in any transaction or protection, should be verified and stamped at such place and during such hours as the Controller of Legal metrology may specify on payment of prescribed fees. Further no person shall import any weight or measure unless he is registered in such manner and on payment of such fees, as may be prescribed.

Various penalties have been provided for contravention of the provisions of the LM Act. The penalty of using non-standard weight or measure may attract a fine of up to twenty thousand rupees and, a subsequent offence, may lead to imprisonment extending to three years along with fine. The penalty for use of unverified weight or measure is fine which shall not be less than ₹ 2,000 but which may extend to ₹ 10,000 and for the second or subsequent offence, imprisonment along with fine. In case a person imports any weight or measure without being registered under this Act, he may be punished with fine which may extend to ₹ 25,000.

The LM Act also provides for provisions relating to compounding of offences.

### **F. The Legal Metrology (Approval of Models) Rules, 2011 (the “Approval of Models Rules”)**

The Approval of Models Rules lay down provisions regarding approvals of models of weights and measures. The Approval of Models Rules state that only recognised laboratories shall carry out tests for approval of models. Application for approval of models needs to be made to the director of legal metrology with the prescribed information. Once a model is approved, a certificate of approval is issued, pursuant to which, a license to manufacture the model may be obtained from the State Government. The procedure for issue, revocation and suspension of the certificate of approval is also laid down.

The Approval of Models Rules repeal the Standards of Weights and Measures (Approval of Models) Rules, 1987.

### **G. Maharashtra Legal Metrology (Enforcement) Rules, 2011 (the “Maharashtra Legal Metrology Rules”)**

Every weight or measure used or intended to be used in any transaction or protection is required to conform to the physical characteristics, configuration, constructional details, materials, performances, tolerances and such other standards as prescribed under the Maharashtra Legal Metrology Rules (Enforcement). According

to the Maharashtra Legal Metrology Rules, every person using any weight or measure in any transaction or for protection shall present such weight or measure for verification or re-verification, at the office of the Legal Metrology officer or at such other place as the Legal Metrology Officer may specify in this behalf.

**H. Oil Industry Safety Directorate 179 (“OISD 179”)**

OISD 179 covers “Safety Requirements on Compression, Storage, Handling and Refuelling of Natural Gas for use in Automotive Sector”. OISD publications are prepared for use in the oil and gas industry under the MoPNG. OISD 179 lays down the minimum safety requirements to be satisfied at installations handling Natural Gas for dispensing into vehicles and minimum checks required in the vehicles by Refuelling stations. OISD 179 does not certify the fitness of vehicles for CNG use or otherwise. Further, OISD 179 supplements the existing statutory regulations and in no way supersedes them. It is not intended that requirements of OISD 179 should be applied rigidly to existing installations duly approved by Chief Controller of Explosives, where for a variety of reasons it may not be practicable to comply with. OISD 179, however, creates awareness and helps in selective implementation at existing installations as far as possible.

**I. Oil Industry Safety Directorate 188 (“OISD 188”)**

OISD 188 covers “Corrosion Monitoring of offshore and onshore pipelines”. OISD 188 prescribes various corrosion monitoring requirements and test methods for offshore and onshore pipelines. OISD 188 is applicable to offshore and onshore pipelines such as multi-phase pipelines, gas pipelines, oil pipelines and water injection pipelines.

**J. Indian Standard 3224, 2002 (“IS 3224”)**

IS 3224 covers “Valve fittings for compressed gas cylinders excluding liquefied petroleum gas (LPG) cylinders”. IS 3224 covers the requirements for design, materials, manufacture and testing of new valve fittings for use with refillable aluminium and steel cylinders for compressed gases (permanent and high and low pressure liquefiable and dissolve gases) other than liquefied petroleum gas (LPG) for refillable aluminium and steel cylinders. IS 3224 also covers valve fittings for CNG cylinders for automotive use.

**K. Indian Standard 7285-2, 2004 (“IS 7285-2”)**

IS 7285-2 pertains to “Refillable seamless steel gas cylinders”, specifically relating to Quenched and Tempered steel cylinders with tensile strength less than 1100 MPa (112 kgf per mm<sup>2</sup>). This standard (part 2) sets out minimum requirements for the material, design, construction and workmanship, manufacturing processes and test at manufacture of refillable quenched and tempered seamless steel gas cylinders of water capacities from 0.5 litre up to and including 400 litres for compressed, liquefied and dissolved gases exposed to extreme worldwide ambient temperatures (normally between -50 and 65 degrees centigrade). This part is applicable to cylinders with a maximum tensile strength of less than 1100 MPa (112 kg per cm<sup>2</sup>).

**L. Indian Standard 8775, 1978 (“IS 8775”)**

IS 8775 pertains to Filling Pressure and Corresponding developed pressure for permanent gases contained in cylinders. The IS 8775 has been made with a view to promote safe design and use of gas cylinders. The Standard specifies the value of internal pressure for gas contained in cylinders.

**M. Indian Standard 5903, 1970 (“IS 5903”)**

Indian standard for Recommendation for safety devices for Gas Cylinders. This standard covers requirements for the design, construction, testing and certification of safety devices for gas cylinders.

**N. Indian Standard 4379, 1981**

Indian standard for Identification of the contents of Industrial gas cylinders. This standard covers the method of marking industrial gas cylinders up to and including 130 litres water capacity to identify their contents.

**O. Indian Standard 5572, 2009 (“IS 5572”)**

Indian standard for classification of hazardous areas (other than mines) having flammable gases and vapours for electrical installation. This standard provides guidance on the classification of areas where flammable gas or vapour risks may arise in order to permit the proper selection of electrical apparatus for use in such areas.

**P. Indian Standard 8451, 2009 (“IS 8451”)**

Indian standard for periodic inspection and testing of high pressure gas cylinders – code of practice. This standard deals with seamless steel transportable gas cylinder (single or those from bundles) intended for compressed and liquefied gases under pressure, of water capacity from 0.5 litre up to and including 150 litres. It also applies, as far as practicable, to cylinders of less than 0.5 litre water capacity. This standard specifies the requirement for periodic inspection and testing to verify the integrity of such gas cylinders to be reintroduced into service for a further period of time. This standard does not apply for periodic inspection and testing of acetylene cylinders and composite cylinders.

**Q. ASME B31.8, 1999 (“ASME B31.8”)**

ASME B31.8 pertains to Gas Transmission and Distribution piping systems. This code covers the design, fabrication, installation, inspection and testing of pipeline facilities used for the transportation of gas. This code also covers safety aspects of the operation and maintenance of those facilities.

**R. Automotive Industry Standard-028 (“AIS-028”)**

Code of Practice for use of CNG Fuel in internal combustion engined vehicles. This code of practice shall apply to the design, construction, installation, operation, maintenance, inspection, testing and fuelling of compressed natural gas (CNG) systems where CNG is used either wholly or as bi-fuel for internal combustion engines. In general the standard is directed towards vehicle installations.

**S. Labour Laws**

We are required to comply with certain labour and industrial laws, which includes the Factories Act, 1948, Employees’ Provident Funds and Miscellaneous Provisions Act 1952, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965, Workmen Compensation Act, 1923, the Payment of Gratuity Act, 1972, Contract Labour (Regulation and Abolition) Act, 1970, the Payment of Wages Act, 1936, Industrial Disputes Act, 1947 and the amongst others.



## HISTORY AND CERTAIN CORPORATE MATTERS

Our Company was incorporated on May 8, 1995 as a public limited company, pursuant to a joint venture agreement entered into between GAIL and British Gas plc on December 6, 1994, for the purposes of undertaking the business of city distribution and marketing of natural gas in Mumbai, its Adjoining Areas and the Raigad district in the state of Maharashtra, India or at such other places as may be decided by our Company from time to time. Our Company received a certificate of commencement of business on July 4, 1995. Our Company has 11 members as on the date of this Red Herring Prospectus. For further details, please refer to the section “*Capital Structure*” beginning on page 61.

For information on our Company’s profile, activities, services, market, growth, technology, managerial competence, see “*Our Management*”, “*Our Business*” and “*Industry Overview*” beginning on pages 141, 107 and 91, respectively.

### Our Main Objects

The main objects contained in the Memorandum of Association of our Company are:

1. *To carry on all or any of the businesses of sale, suppliers, distributors, dealers and to act as advisors, operators, franchisees, consultants or in any other role for purchase, procure, export, storage, compression, liquification, transmission, distribution, marketing etc relating to natural gas and its derivatives and other forms of energy as fuel for transport vehicles or for supply to consumers in cascades or for any other use, Piped Natural Gas for domestic/commercial /industrial or any other purposes and to build, operate, and transfer any network or supply chain engaged in or related thereto in India and abroad and to construct, lay, operate, use, lease, hire, inspect, maintain, improve, enlarge, alter, protect, repair, replace and remove, and to carry out works in respect of pipelines and equipment and facilities ancillary to the operation or use of pipelines and to install in any premises or place and to operate, use, inspect, maintain, repair, replace and remove meters or other devices for assessing the quantity or quality of supplies of gas and for other purposes connected with such supplies related to city gas distribution projects.*
2. *To carry on all or any of the businesses of suppliers, distributors, dealers, designers, developers, manufacturers, installers, fitters, fabricators, operators, consultants, repairers, maintainers, importers and exporters of and to store, lease including wet lease, hire, inspect, improve, alter, protect, replace, remove, deal in all equipments including gas appliances and kitchen equipments, machinery including plants & generators meters, compressors, dispensers and any other devises connected with city gas distribution projects for the use of gas for domestic, industrial, commercial or other purposes related to city gas distribution project or with the conservation of gas and to install terminal points at retail outlets of Oil Companies and other entities for supply of Natural Gas and its derivatives and also to set up separate Outlets for dispensing to automobiles and undertaking pre-feasibility / market survey, techno economics feasibility reports, detailed project reports, basic knowhow, design, detailed, engineering including engineering procurement, testing, revamping, design, development, fabrication, maintaining gas processing / re-gasification plants, transmission & distribution centers, gas terminals, gas storage facilities and development and operation & maintenance of CGD networks or district or local gas supply and distribution networks and all matters in connection with or incidental to the above for the company and any other entity in India and abroad.*
3. *To plan, establish, develop and to lay cables, provide, operate and maintain all types of telecommunication services including telephony, telex as well as wireless, data communication, telematics and other forms of communication and to maintain and manage, to acquire from any person, from any body corporate or other establishment whether in India and / or outside India, technical information, know how, process engineering, manufacturing and operating data, plans layouts and blue prints useful for designing, erection, construction, commissioning, operation and maintenance of the plant and equipment required for any of the business of the Company and to acquire license(s) and other rights and benefits in the foregoing matters and things, to act as carriers/carrier, domestic and international long distance operators, basic service provider, cellular service provider, Internet service provider, broad band provider, video conference facilities, to maintain and manage distance leased services, to provide technical specifications, standards and norms of services in the local and long distance communication, to provide inter-connection of the local network services, long distance transmission systems and overseas communications systems.*



4. *To build, construct, maintain, improve, develop, manage and control any buildings, offices, godowns, warehouses, shops, machinery and plant and telephone exchanges, telegraph office, coaxial stations, microwave stations, repeaters stations, telecommunication lines, cables, towers or any other equipments pipelines, machinery connected with design, development, construction, maintenance and operation of telecommunication and other services such as retail convenience stores, ATMs, SCADA and/or any other conveniences for the consumers, or to conduct any other activities, which may seem or be calculated, directly or indirectly, to advance the interests of the company and to subsidize, contribute to or otherwise assist or take part in doing any of these things, and / or to join with any other person and / or company and / or with any Government authority in doing any of these things.*

The existing and proposed activities of our Company are and shall be within the scope of the objects clause of the Memorandum of Association.

For details relating to our business, description of our activities, services, products, marketing, competition, markets of each segment, *inter alia*, see “Our Business”, “Industry Overview” and “Management’s Discussion and Analysis of Financial Condition and Results of Operation” on pages 107, 91 and 229, respectively.

#### **Amendments to our Memorandum of Association**

Since our incorporation, the following changes have been made to our Memorandum of Association:

<b>Date of Shareholders’ Resolution</b>	<b>Nature of amendment</b>
September 29, 2001	<p>Addition of the following two clauses viz., clause 3 and clause 4 in the “Main Objects of the Company”, immediately after clause 2:</p> <p>3. <i>“To plan, establish, develop and to lay cables, provide, operate and maintain all types of telecommunication services including telephony, telex as well as wireless, data communication, telematics and other forms of communication and to maintain and manage, to acquire from any person, from anybody corporate or other establishment whether in India and/ or outside India, technical information, know how, process engineering, manufacturing and operating data, plans layouts and blue prints useful for designing, erection, construction, commissioning, operation and maintenance of the plant and equipment required for any of the business of the Company and to acquire license(s) and other rights and benefits in the foregoing matters and things, to act as carriers/ carrier, domestic and international long distance operators, basic service provider, cellular service provider, Internet service provider, broad band provider, video conference facilities, to maintain and manage distance leased services, to provide technical specifications, standards and norms of services in the local and long distance communication, to provide inter-connection of the local network services, long distance transmission systems and overseas communications systems.</i></p> <p>4. <i>To build, construct, maintain, improve, develop, manage and control any buildings, offices, godowns, warehouses, shops, machinery and plant and telephone exchanges, telegraph office, coaxial stations, microwave stations, repeaters stations, telecommunication lines, cables, towers or any other equipments pipelines, machinery connected with design, development, construction, maintenance and operation of telecommunication services and conveniences, which may seem or calculated, directly or indirectly, to advance the interests of the company and to subsidize, contribute to or otherwise assist or take part in doing any of these things, and/ or to join with any other person and/or company and/ or with any Government authority in doing any of these things.”</i></p>
September 28, 2004	<p>Addition of following eight clauses viz., clause 38 to clause 45, in the “Other Objects Clause” immediately after clause 37 :</p>

Date of Shareholders' Resolution	Nature of amendment
	<p>38. <i>“To carry all or any of the businesses of storage, suppliers, buyers, distributors, sellers, dealers in petroleum and petroleum products, motor spirit, unleaded petrol, high speed diesel, ultra low Sulphur diesel, lubricants, gasoline, mobil oil, kerosene oil, Auto LPG and any other kind of fuels, oils and derivatives that may be existing or may be invented in the future, to appoint any person or agency or to own and run service station, petrol pumps and outlets for carrying on the above businesses as agents or as principals or as commission agents.</i></p> <p>39. <i>To carry on the business of dealers, importers, exporters, stockists, distributors, wholesalers, retailers, installers, maintainers and fitters of all types of automobile parts, spare parts, component parts, tyres, tubes, batteries, auto accessories, lubricants, coolants, grease, to provide services of auto servicing, auto analyzing, wheel alignment and all other services relating to automobiles, buses, tractors, jeep, motorcycles, scooters, motorbikes and vehicles of all kinds as principals or as agents or as commission agents.</i></p> <p>40. <i>To carry on the business of dealers in buying and selling automobiles, buses, tractors, jeep, motorcycles, scooters, motorbikes and vehicles of all kinds.</i></p> <p>41. <i>To appoint agents, retailers, distributors, agencies, or to carry on the business as principals or as agents or as commission agents to set up, install, maintain Automatic Teller Machine ("ATM"), Speed Mart, Departmental Stores/Stalls, Food and Beverage Stores/Stalls, ice cream parlour, vending machines, fast food outlets, cafes, snack bar, coffee shops and bars, courier facility, CNG conversion kits center / workshop, cylinder testing (retesting center), vehicle certification center, PUC center, tyre and tube repair shop, pharmacy / medical shop, service help desk of banking and insurance companies or any other companies or agencies and for the purpose to let out / lease out required space/outlets/offices on lease or sub-lease basis to the any person, agency and parties to sell and purchase of CNG conversion kits, spare parts thereof, CNG cylinders etc.</i></p> <p>42. <i>To buy and sell new and used motor vehicles, caravans, trailers, spare parts, accessories, radios, cassette players and other electrical equipment and any goods or equipment capable of being installed in a motor vehicle or associated with a motor vehicle.</i></p> <p>43. <i>To carry on the business of purchase, sale or otherwise deal in the business of food, retail goods, gifts, flowers, books, confectionery and consumables of whatever nature for sale from garage premises, outlets, service stations or any place of its business.</i></p> <p>44. <i>To appoint agents, service providers, dealers to set up facilities for automobile washing and servicing and any other facilities suitable for customers or to carry on the same business as principals.</i></p> <p>45. <i>To operate motor transport of all kinds, including the leasing or hiring of cars, lorries, trucks, tractors and breakdown vehicles.”</i></p>
August 27, 2013	<p>Addition of following clause viz., clause 29A in the “Other Objects Clause” immediately after clause 29:</p> <p>29A <i>“To carry on the business of advertising by any method including but not limited to Space Selling in bills either directly or through agencies, for</i></p>

Date of Shareholders' Resolution	Nature of amendment
	<p><i>the promotion of sales and supply of all kinds of goods, materials and services of other Companies or Industries or Organizations or persons and to offer all services in relation to the above."</i></p>
November 6, 2015	<p>Clauses 1, 2, 3 and 4 of the "Main Objects Clause" were substituted with the current clauses 1, 2, 3 and 4. For details of the existing main object clauses 1, 2, 3 and 4, please see "<i>History and Certain Corporate Matters - Our Main Objects</i>" on page 131.</p> <p>Prior to their substitution, clauses 1, 2, 3 and 4 of the "Main Objects Clause" used to read as follows:</p> <ol style="list-style-type: none"> <li>1. <i>"To carry on all or any of the businesses of suppliers, distributors and dealers in natural gas and its derivatives, to construct, lay, operate, use, lease, hire, inspect, maintain, improve, enlarge, alter, protect, repair, replace and remove, and to carry out works in respect of pipelines and equipment and facilities ancillary to the operation or use of pipelines and to install in any premises or place and to operate, use, inspect, maintain, repair, replace and remove meters or other devices for assessing the quantity or quality of supplies of gas and for other purposes connected with such supplies related to city gas distribution projects."</i></li> <li>2. <i>"To carry on all or any of the businesses of suppliers, distributors, designers, developers, manufacturers, installers, fitters, repairers, maintainers, importers and exporters of and dealers in gas appliances, kitchen equipment and fittings and all kinds of goods, equipment fittings, machinery, materials and installations connected with city gas distribution projects for the use of gas for domestic, industrial, commercial or other purposes related to city gas distribution project or with the conservation of gas."</i></li> <li>3. <i>"To plan, establish, develop and to lay cables, provide, operate and maintain all types of telecommunication services including telephony, telex as well as wireless, data communication, telematics and other forms of communication and to maintain and manage, to acquire from any person, from any body corporate or other establishment whether in India and / or outside India, technical information, know how, process engineering, manufacturing and operating data, plans layouts and blue prints useful for designing, erection, construction, commissioning, operation and maintenance of the plant and equipment required for any of the business of the Company and to acquire license(s) and other rights and benefits in the foregoing matters and things, to act as carriers/carrier, domestic and international long distance operators, basic service provider, cellular service provider, Internet service provider, broad band provider, video conference facilities, to maintain and manage distance leased services, to provide technical specifications, standards and norms of services in the local and long distance communication, to provide inter-connection of the local network services, long distance transmission systems and overseas communications systems."</i></li> <li>4. <i>"To build, construct, maintain, improve, develop, manage and control any buildings, offices, godowns, warehouses, shops, machinery and plant and telephone exchanges, telegraph office, coaxial stations, microwave stations, repeaters stations, telecommunication lines, cables, towers or any other equipments pipelines, machinery connected with design, development, construction, maintenance and operation of telecommunication services and conveniences, which may seem or calculated, directly or indirectly, to advance the interests of the company</i></li> </ol>

Date of Shareholders' Resolution	Nature of amendment
	<p><i>and to subsidize, contribute to or otherwise assist or take part in doing any of these things, and/ or to join with any other person and/or company and/ or with any Government authority in doing any of these things.”</i></p> <p>Sub clause 8 of “objects ancillary or incidental to the attainment of main objects” was substituted with current sub clause 8 which reads as follows:</p> <p><i>“To acquire, takeover, merge, amalgamate, demerge, take stake in and undertake the whole or any part of the business, property and liabilities of any person carrying on any business which the Company is authorized to carry on or possession of property suitable for the purpose of the objects of the Company.”</i></p> <p>Prior to the substitution, sub clause 8 of “objects ancillary or incidental to the attainment of main objects” used to read as follows:</p> <p><i>“To acquire and undertake the whole or any part of the business, property and liabilities of any person carrying on any business which the Company is authorized to carry on or possession of property suitable for the purpose of the objects of the Company.”</i></p>

#### Changes in the Registered Office

Date of change	Changed from	Changed to	Reasons for change
May 27, 2003	City Gate Station, Opp Anik Bus Depot, Sion, Mumbai – 400 022	MGL House, Block No. G-33, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051	To enable greater operational efficiency

#### Major events in our history

The table below sets forth the key events in the history of our Company:

Calendar Year	Major event
1997-1998	The first natural gas supply and transportation contract was signed with GAIL
2008-2009	Completed laying 2,000 km of PE pipeline in GA 1
2010-2011	Completed laying 200 km of steel pipeline in GA 1 and achieved a customer base of 0.5 million domestic customers
2011-2012	Commissioned 150th CNG dispensing station
2012-2013	Completed laying more than 350 km of PE pipeline and 350 km of steel pipelines
2013-2014	Achieved a customer base of 1.0 million customers

#### Awards, achievements and certifications

We have received the following major awards:

Sr. No.	Award	Description	Year of award
1.	15 <sup>th</sup> Annual Greentech Safety Award	Gold award in city gas distribution sector for outstanding achievements in safety management	2016
2.	Rashtra Vibhushan Award	Gold award in social development on outstanding contribution for national economic and social development	2015
3.	Golden Peacock Award for Corporate Social Responsibility	Award for Corporate Social Responsibility	2015

Sr. No.	Award	Description	Year of award
4.	5 <sup>th</sup> Annual Greentech CSR Award	Gold award in city gas distribution sector for outstanding achievements in CSR	2015
5.	Second Pandit Madan Mohan Malaviya Award (Silver Award)	For Best CSR Practices in Education, 2015 for our project 'MGL Unnati'.	2015
6.	4 <sup>th</sup> Annual Greentech CSR Award	Gold award in city gas distribution sector for outstanding achievements in CSR	2014
7.	14 <sup>th</sup> Annual Greentech Environment Award	Gold award in city gas distribution sector for outstanding achievements in environment management	2013
8.	12 <sup>th</sup> Annual Greentech Safety Award	Gold award in city gas distribution sector for outstanding achievements in safety management	2013
9.	International Certification Services Quality champion recognition	Towards continual efforts in upgrading the CGD network integrity	2013
10.	Certificate of Compliance to PNGRB notification GSR 39(E)	Codes of practices for emergency response and disaster management plan (ERDMP) Regulations	2013
11.	International Certification Services Quality champion recognition	Towards continual efforts in upgrading the CGD network integrity	2013
12.	National Safety Council - Maharashtra Safety Awards	Certificate of Merit for meritorious performance in industrial safety in miscellaneous industry group	2012
13.	BG Chairman's Award	HSSE effectiveness highly commended	2011
14.	NGV India	Certificate of appreciation for valuable support of NGV India 2010 conference & Exhibition 24-26th November 2010 BEC, Mumbai, India	2010
15.	OHSAS 18001:2007	Scope of certificate is designing, laying, testing and commissioning of pipeline network for distribution of natural gas for domestic industrial and commercial customers at city gas station at Wadala, O&M and construction sites, operation and maintenance of compressed natural gas supply system for vehicles at three MGL owned CNG filling stations at Sion, Bandra Kurla Complex and Tardeo	2009 onwards
16.	CII Safety Health and environment award	1st prize in CII safety health and environment award 2009 for outstanding achievement in large service sector	2009
17.	9th Annual Greentech Environment excellence award	Silver award in petroleum sector	2008
18.	BG Chairman's Award	Safety performance improvement or innovation highly commended	2007
19.	Golden Peacock Environment Management Award	Special commendation of environment management award 2005	2005
20.	BG Chief executive innovation awards	Enhanced working practices to the power of infinity commended for Innomission	2005
21.	Golden Peacock Environment Management Award	Special commendation of environment management award 2005	2005
22.	Greentech Safety Gold Award	Winner of Gold award in petroleum sector for outstanding achievement in safety management	2004
23.	Greentech Environment Gold Award	Winner of Gold award in petroleum sector for outstanding achievement in environment management	2004
24.	BG Chairman's Award	Community initiative highly commended	2004

Sr. No.	Award	Description	Year of award
25.	BG Chairman's Award	Contribution to Health	2004
26.	Corcon 2004 Conference on corrosion	NACE international the corrosion society India section 2-4 December 2004 New Delhi	2004
27.	BG Chairman's Award	Recognising excellence safety performance winner	2003
28.	ISO 14001:2004	Scope of certificate is operation and maintenance of piped and compressed natural gas at city gate station, Wadala	2003 onwards
29.	Inside Outside Mega Show 2002	2nd prize in category B organised by Business India exhibitions from 14 - 17 November 2002 at MMRDA grounds, Mumbai	2002
30.	ISO 9001:2008	Scope of certificate is marketing, design, construction, operation and maintenance of city gas distribution system comprising piped natural gas for domestic, commercial and industrial customers, compressed natural gas system for vehicles.	2002 onwards
31.	Inside Outside Mega Show 2002	2nd prize in category B organised by Business India exhibitions from 14 - 17 November 2002 at MMRDA grounds, Mumbai	2002

#### **Number of Shareholders of our Company**

Total numbers of Shareholders of our Company as on the date of this Red Herring Prospectus is 8.

#### **Subsidiaries of our Company**

As on the date of this Red Herring Prospectus, our Company does not have any subsidiaries.

#### **Injunction or restraining order**

Our Company is not operating under any injunction or restraining order.

#### **Raising of capital by our Company**

Other than as disclosed in section “*Capital Structure*” on page 61, we have not issued any capital in the form of equity or debt.

#### **Changes in the activities of our Company during the last five years**

There have been no changes in the activities undertaken by our Company during a period of five years prior to the date of this Red Herring Prospectus which may have had a material effect on the profits or loss of our Company or affected our business including discontinuance of lines of business, loss of agencies or markets and similar factors.

#### **Defaults or rescheduling of borrowings with financial institutions/ banks**

There have been no defaults or rescheduling of borrowings with the financial institutions/ banks.

#### **Lock-out, Strikes, etc.**

There have been no lock-outs, strikes etc. during the five years preceding the date of this Red Herring Prospectus.

#### **Details of public/ rights issues made in the past five years**

Except the rights issue of CCDs, our Company has not made any public issue/ rights issue in the five years preceding the date of this Red Herring Prospectus.



## Time and Cost Overruns

Laying of pipelines and creating suitable pipeline infrastructure for distribution of natural gas typically require substantial capital outlay during the construction period which may take an extended period of time to complete. The time and costs required to complete laying of pipelines and creating suitable pipeline infrastructure may be subject to several factors, including receiving the requisite approvals and permits from the relevant authorities, shortages of, or price increases with respect to, construction materials (which may prove defective), equipment, technical skills and labour, construction delays, unanticipated cost increases, changes in the regulatory environment, adverse weather conditions, third party performance risks, environmental risks, changes in market conditions and other unforeseeable problems and circumstances. We typically sub-contract civil construction and other development works for laying of the pipeline. A completion delay on the part of a sub-contractor, for any reason, could result in additional time cost for us. Pursuant to the PNGRB Act, the PNGRB had granted us exemption for our pipeline network in Mumbai and its Adjoining Areas from being treated as a common carrier or contract carrier ("**Marketing Exclusivity**"). Pursuant to the Marketing Exclusivity, we were given yearly targets for number of domestic PNG connections, kilometres of steel pipeline laid and total CNG compression capacity per day for the period of the Marketing Exclusivity. PNGRB issued a notice dated June 25, 2013 ("**PNGRB Notice**") to our Company stating that there was significant shortfall in achieving certain project milestones by us which was responded to by our Company. On January 7, 2014, a formal hearing pursuant to Regulation 10 of the PNGRB (Exclusivity for City or Local Natural Gas Distribution Network) Regulations, 2008 was called by PNGRB for explaining the status of achievement of such project milestones. PNGRB has not levied any penalty for the shortfall.

## Key shareholders agreements

### *Joint Venture Agreement between GAIL and BGAPH*

Our Company was set up pursuant to a joint venture agreement entered into between GAIL and British Gas Plc. on December 6, 1994 for city distribution and marketing of natural gas in greater Bombay or at such other places as may be decided by our Company from time to time ("**JVA**"). On August 22, 2000, GAIL, BG Transco Plc. (formerly British Gas Plc.) entered into an assignment and amendment agreement whereby BGEH agreed to perform the obligations of BG Transco Plc and accordingly BG Transco Plc was released and discharged of its obligations under the Agreement. On November 2, 2015, BG Energy Holdings Limited ("**BGEH**"), GAIL and BGAPH (referred to as the "**Party**" or together as the "**Parties**") subsequently entered into an assignment and amendment agreement that (i) amended certain terms and conditions of the JVA and (ii) released and discharged BGEH of its obligations under the JVA by transferring its obligations to BGAPH ("**Amendment Agreement**" and together with the JVA is referred to as "**Agreement**").

Pursuant to the Agreement, (i) BGAPH was required to enter into a technology transfer agreement with our Company to provide its technical knowledge, documents, systems and expertise to our Company and (ii) GAIL was required to contribute in our Company by way of engineering design procurement, management and technical skills.

**Share Capital:** Pursuant to the terms of the JVA, the parties agreed that the Equity Shares of our Company would be held in the following proportion: (i) GAIL: 35.00%; (ii) BGAPH: 35.00%; (iii) Government of Maharashtra: 10.00%; and (iv) Public: 20.00%. Pursuant to the Amendment Agreement, the Parties intend that the proposed shareholding of our Company, immediately upon the proposed initial public offering of Equity Shares of our Company, shall be in the following proportion: (i) GAIL: 32.50%; (ii) BGAPH: 32.50%; (iii) Government of Maharashtra: 10.00%; and (iv) Public: 25.00%.

**Management/Directors:** The Agreement mandates our Company to have a maximum of 12 Directors on our Board, of which BGAPH would nominate 3 directors, GAIL would nominate 3 directors, the Government of Maharashtra would nominate one director and one director would be co-opted by the Board. For so long as BGAPH and GAIL hold equal equity percentages in our Company, they shall have the right to nominate equal number of directors on the Board of our Company.

**Transfer of Shares:** In the event either Party wishes to transfer its Equity Shares, it shall give to the other Party a notice in writing of its wish to transfer the said Equity Shares. Following receipt of such notice, the other Party may either purchase the offered Equity Shares or nominate a third party to whom such offered Equity Shares shall be sold and in the absence of such communication, the Party offering its Equity Shares shall be free to sell the offered Equity Shares to a third party purchaser of its choice. Notwithstanding the restriction on transfer of Equity



Shares, each Party shall have a right, after due intimation to the other Party, transfer its Equity Shares to any of its wholly-owned subsidiaries subject to that wholly-owned subsidiary executing a deed of adherence to the Agreement.

**Termination:** The Agreement shall terminate on the happening of any of the following events: (i) if either Party becomes bankrupt or goes into liquidation, except for the purpose of amalgamation or reconstruction; or (ii) if any distress or attachment is levied for a period in excess of 60 days, or any receiver is appointed in respect to the business or a substantial part of the property or assets of either Party; or (iii) if there is a Government expropriation (or condemnation) of all or a substantial portion of the assets or capital stock of either Party; or (iv) if as a result of merger, amalgamation, reconstruction or consolidation by either Party with or into another company or corporation where such Party is not the surviving or the resulting organisation; or (v) if as a result of reconstruction of either Party, it is unable to perform its responsibilities in terms of the Agreement; or (vi) if any of the terms of approval by the Government affects at any material term of the Agreement and the Parties fail to negotiate and agree upon any amendment or modification to the Agreement to preserve its validity; or (vii) if either Party gives ninety days' written notice to the other Party in case of breach of material provisions of the Agreement.

Pursuant to the JVA, our Company has entered into the following agreements:

**1. *Secondment Agreement entered into between our Company and BG Exploration and Production India Limited***

Our Company entered into a secondment agreement dated June 1, 1995 with BG Transco Plc ("**Secondment Agreement**") which was assigned and amended vide Assignment and Amendment Agreement dated August 22, 2000 ("**Assignment Agreement**"). According to the Assignment Agreement, BG Transco Plc assigned its rights to BGEH. As per the Assignment Agreement, BGEH may have its obligations towards our Company performed through any of its subsidiaries. From April 1, 2012, BGEH has been performing its obligations under the Secondment Agreement through its indirect, wholly-owned subsidiary BG Exploration and Production India Limited ("**BGEPIL**") due to operational convenience.

Our Company entered into the Secondment Agreement as our Company requires certain personnel from BGEPIL on secondment (deputation) for purposes of our business activities. Except as otherwise agreed to, our Company is responsible for payment of all costs of accommodation, transport and official travel payable in India. Further, our Company is required to pay to BGEPIL, actual costs, if any, of remuneration and benefits and disbursements incurred by BGEPIL in connection with the said secondment.

**2. *Secondment Agreement entered into between GAIL and our Company***

GAIL and our Company entered into a secondment agreement dated June 10, 1997, as our Company requires certain personnel from GAIL on secondment (deputation) for purposes of its business activities ("**Secondment Agreement**"). Except as otherwise agreed to, our Company is responsible for payment of all costs of accommodation, transport and official travel payable in India. Further, our Company is required to pay to GAIL, the actual costs, if any, of remuneration and benefits and disbursements incurred by GAIL in connection with the said secondment. GAIL shall pay to our Company, an amount equal to the value of any tax credit received by GAIL in respect of withholding tax paid by our Company on any payment made to GAIL.

**3. *Technology Transfer Agreement entered into between our Company and BGEH***

Our Company and BG Transco Plc. (formerly British Gas Plc.) entered into a technology transfer agreement dated December 6, 1994 (amended by assignment and amendment to technology transfer agreement dated August 22, 2000) whereby, BG Transco Plc assigned its rights to BGEH ("**TTA**"). As per the TTA, BGEH is required to provide to our Company, relevant technology for the purposes of our Company's business activities.

**Financial and Strategic Partners**

Our Company does not have any financial and strategic partners as of the date of filing this Red Herring Prospectus.

**Details of guarantees given by Promoters**

Our Promoters have not given guarantees to any third parties.

## OUR MANAGEMENT

### Board of Directors

The Articles of Association require our Company to have not less than three directors and not more than fifteen Directors. As on the date of this Red Herring Prospectus, our Board comprises of ten Directors.

The following table sets forth details of our Board as of the date of this Red Herring Prospectus:

Name, Designation, Occupation, DIN, Address, Date of appointment and Term	Nationality	Age (Years)	Other Directorships
<b>Dr. Ashutosh Karnatak</b> (Nominee of GAIL)  <b>Designation:</b> Non Executive Chairman  <b>Occupation:</b> Service  <b>DIN:</b> 03267102  <b>Address:</b> 716, New Delhi Apartments, Vasundhra Enclave, New Delhi, Delhi 110096  <b>Date of appointment/ re-appointment:</b> May 28, 2015  <b>Term:</b> Liable to retire by rotation	Indian	56	1. GAIL (India) Limited 2. GAIL Gas Limited
<b>Mr. Rajeev Kumar Mathur</b>  <b>Designation:</b> Managing Director (Nominee of GAIL)  <b>Occupation:</b> Service  <b>DIN:</b> 03308185  <b>Address:</b> Flat No 2335, III Floor, Sector D, Pocket II, Vasant Kunj, Delhi 110070  <b>Date of appointment/ re-appointment:</b> September 29, 2014  <b>Term:</b> Up to September 28, 2017	Indian	55	-
<b>Ms. Susmita Sengupta</b>  <b>Designation:</b> Wholetime Director (Nominee of BGAPH)  <b>Occupation:</b> Service  <b>DIN:</b> 06825311  <b>Address:</b> Flat no 2301, Glen Ridge, Hiranandani Gardens, Powai, Mumbai-400076	Canadian	58	-

Name, Designation, Occupation, DIN, Address, Date of appointment and Term	Nationality	Age (Years)	Other Directorships
<b>Date of appointment/ re-appointment:</b> April 1, 2016  <b>Term:</b> Up to February 10, 2017			
<b>Mr. Akhil Mehrotra*</b>  <b>Designation:</b> Additional Director (Non-Executive Director and nominee of BGAPH)  <b>Occupation:</b> Service  <b>DIN:</b> 07197901  <b>Address:</b> Flat – 303/4, A – Wing, Lake Lucrne Phase III, Lake Homes, Powai, Mumbai 400 076  <b>Date of appointment/ re-appointment:</b> March 11, 2016  <b>Term:</b> Liable to retire by rotation	Indian	48	1. BG India Energy Private Limited 2. BG India Energy Services Private Limited 3. BG LNG Regas India Private Limited 4. BG India Energy Solutions Private Limited
<b>Mr. Apurva Chandra</b>  <b>Designation:</b> Non-Executive Director (Nominee of Government of Maharashtra)  <b>Occupation:</b> Service  <b>DIN:</b> 02531655  <b>Address:</b> 38, Amber Building, 9 <sup>th</sup> Floor, Malabar Hills, Mumbai 400006  <b>Date of appointment/ re-appointment:</b> April 2, 2013  <b>Term:</b> Liable to retire by rotation	Indian	51	1. Maharashtra Airport Development Company Limited 2. Maharashtra Vikrikar Rokhe Pradhikaran Limited 3. Aurangabad Industrial Township Limited 4. SICOM Limited
<b>Dr. Basudeb Sen</b>  <b>Designation:</b> Independent Director  <b>Occupation:</b> Retired  <b>DIN:</b> 00056861  <b>Address:</b> 109 Rashtraguru Avenue, Dum Dum, Kolkata 700028  <b>Date of appointment/ re-appointment:</b> March 5, 2015  <b>Term:</b> Liable to retire by rotation	Indian	67	1. Dhunseri Petrochem Limited 2. Sumedha Fiscal Services Limited 3. AI Champdany Industries Limited

Name, Designation, Occupation, DIN, Address, Date of appointment and Term	Nationality	Age (Years)	Other Directorships
<b>Mr. Jainendar Kumar Jain</b>  <b>Designation:</b> Independent Director  <b>Occupation:</b> Service  <b>DIN:</b> 00066452  <b>Address:</b> C-018, GAIL Employees Co-op. Group Housing Society, Plot No. GH-9, Sector-56, Gurgaon 122003  <b>Date of appointment/ re-appointment:</b> January 2, 2008  <b>Term:</b> March 4, 2017	Indian	70	1. Jamna Auto Industries Limited
<b>Mr. Santosh Kumar</b>  <b>Designation:</b> Independent Director  <b>Occupation:</b> Service  <b>DIN:</b> 00239324  <b>Address:</b> House No. E, Sector 55, Gautam Budh Nagar, Noida 201301  <b>Date of appointment/ re-appointment:</b> September 29, 2014  <b>Term:</b> Two consecutive years up to the conclusion of the 21 <sup>st</sup> Annual General Meeting of our Company to be held in Fiscal 2017	Indian	66	1. Indraprastha Gas Limited
<b>Mr. Arun Balakrishnan</b>  <b>Designation:</b> Independent Director  <b>Occupation:</b> Consultant  <b>DIN:</b> 00130241  <b>Address:</b> Flat 2102, Sobha Petunia Veerana Palaya, Opp. Lumbini Gardens, Bangalore 560045  <b>Date of appointment/ re-appointment:</b> September 29, 2014  <b>Term:</b> Two consecutive years up to the conclusion of the 21 <sup>st</sup> Annual General Meeting of our Company to be held in Fiscal 2017	Indian	65	1. HPCL- Mittal Energy Limited 2. NCDEX e Markets Limited 3. HPCL Mittal Pipelines Limited 4. Linde India Limited 5. Jaypee Infratech Limited 6. Antrix Corporation Limited 7. Jaiprakash Power Ventures Limited 8. Wellness Diabetacare Private Limited 9. Shipping Corporation of India Limited

Name, Designation, Occupation, DIN, Address, Date of appointment and Term	Nationality	Age (Years)	Other Directorships
<b>Mr. Raj Kishore Tewari</b>  <b>Designation:</b> Independent Director  <b>Occupation:</b> Retired  <b>DIN:</b> 07056080  <b>Address:</b> 703, Devika Apartment, Vaishali, Ghaziabad 201001  <b>Date of appointment/ re-appointment:</b> March 5, 2015  <b>Term:</b> March 4, 2018	Indian	61	-

*\* Mr. Akhil Mehrotra has been appointed pursuant to a Board meeting dated March 30, 2016. This appointment will be regularised in the next general meeting.*

#### **Brief Profile of our Directors**

**Dr. Ashutosh Karnatak**, aged 56 years, is the Chairman of our Company. He has been conferred a Doctor of Philosophy from University of Petroleum & Energy Studies, Dehradun. He also holds a Master's degree in Technology (Energy Studies) from the Indian Institute of Technology, Delhi, and a Bachelor's degree in Technology (Electrical Engineering) from Harcourt Butler Technological Institute, Kanpur. He has been on our Board since May 28, 2015. He has over 30 years of work experience. He presently holds the position of director (projects) with GAIL.

**Mr. Rajeev Kumar Mathur**, aged 55 years, is the Managing Director of our Company. He holds a Bachelor's degree in Mechanical Engineering from Regional Engineering College, Durgapur, Burdwan. He also holds a Master's Degree in Business Administration from the Jodhpur University. Mr. Mathur has also been an associate member of the Institution of Engineers. He has served on our Board since September 29, 2014. He has over 28 years of work experience. Mr. Mathur has served as an executive director (marketing) at GAIL for four years.

**Ms. Susmita Sengupta**, aged 58 years, is a Wholtime Director of our Company. She holds a Bachelor's degree in Applied Sciences (Chemical Engineering) from the University of Waterloo and a Master's degree in Chemical and Petroleum Engineering from the University of Calgary, Alberta. She is a recipient of the Alberta Oil Sands Technology and Research Authority Scholarship. She is affiliated to Association of Professional Engineers of Ontario, Canada, Pipeline Inspectors' Certification, Canada. She has served on our Board since February 15, 2014. Prior to joining our Company, she has worked with DCP Midstream in Denver, Colorado and in Midland, Texas in the United States of America.

**Mr. Akhil Mehrotra**, aged 48 years, is a Non-Executive Director of our Company. He holds a Bachelor's Degree in Mechanical Engineering from Rani Durgavati University, Jabalpur and Master's Degree in Business Administration from Indira Gandhi National Open University. He holds a Diploma in Business Finance from the Institute of Chartered Financial Analysts of India and Diploma in Marketing Management from the University of Bombay. He has also completed a Residential Management Programme for Reliance Group Engineers conducted by the Indian Institute of Management, Bangalore. He has over 24 years of work experience. He has been on our Board since March 11, 2016. He is currently the Director Downstream Business, BG's Indian operations since December 1, 2014. Prior to joining our Company, he has worked with the Reliance Group of Companies, Herdillia Unimers Limited and Deepak Fertilisers and Petrochemicals Corporation Limited.

**Mr. Apurva Chandra**, aged 51 years, is a Non-Executive Director of our Company. He belongs to the 1988 batch of the Indian Administrative Service (Maharashtra Cadre) and has a total experience of about 26 years. He holds a Bachelor's degree in Civil Engineering from the Indian Institute of Technology, New Delhi, a Master's degree in Structural Engineering from Indian Institute of Technology, New Delhi and a Diploma in Business Finance from the Institute of Chartered Financial Analysts of India. He has been on our Board since April 2, 2013.

Prior to joining our Company, he spent more than seven years in the Ministry of Petroleum and Natural Gas in Government of India. He has also served on the board of directors of GAIL and Petronet LNG Limited.

**Dr. Basudeb Sen**, aged 67 years, is an Independent Director of our Company. He holds a Master's degree in Economics from the University of Calcutta and has completed his doctorate from the Indian Statistical Institute. He has been on our Board since March 21, 2006. Prior to joining our Company, he served as the Chairman and managing director of the Industrial Investment Bank of India Limited and executive director of the Unit Trust of India.

**Mr. Jainendar Kumar Jain**, aged 70 years, is an Independent Director of our Company. He holds a Bachelor's degree in Commerce from Vikram University, Ujjain. He is a Chartered Accountant and fellow member of the Institute of Chartered Accountants of India. He has been on our Board since January 2, 2008. Prior to joining our Company, he was the director (finance) at GAIL from 1996 to 2005.

**Mr. Santosh Kumar**, aged 66 years, is an Independent Director of our Company. He holds a Bachelor's degree in Electrical Engineering from the University of Allahabad. He has been on our board since July 21, 2011. Prior to joining our Company, he was the director (projects) at GAIL for three years. He was also the chairman of Green Gas Limited and director on the board of Maharashtra Natural Gas Limited, Central UP Gas Limited, and GSEG. He was also advisor with Gujarat State Petronet Limited from 2009-10.

**Mr. Arun Balakrishnan**, aged 65 years, is an Independent Director of our Company. He holds a Bachelor's degree in Chemical Engineering from the University of Calicut. He also holds a Post Graduate Diploma in Management from the Indian Institute of Management, Bangalore. He has over 35 years of work experience. He has served on our Board since July 21, 2011. Prior to joining our Company, he was the Chairman and Managing Director of HPCL.

**Mr. Raj Kishore Tewari**, aged 61 years, is an Independent Director of our Company. He holds a Master's degree in Science (Physics) from the University of Lucknow and a Master's degree in Science (Fiscal Studies) from the University of Bath, United Kingdom. He holds a Bachelor's degree in Law from the University of Mumbai. He was recruited as an officer of the Indian Revenue Service and has been a part of the Direct Taxes Administration since the year 1976. He has been on our Board since March 5, 2015. Prior to joining our Company, he served as the Chairman of the Central Board of Direct Taxes in the Department of Revenue, Ministry of Finance, Government of India.

### **Confirmations**

None of our Directors is or was a director of any listed company during the last five years preceding the date of this Red Herring Prospectus, whose shares have been or were suspended from being traded on BSE or NSE.

None of our Directors is or was a director of any listed company which has been or was delisted from any stock exchange.

### **Relationship between Directors**

None of our Directors are related to each other.

### **Arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which the directors were selected as a director or member of senior management**

Pursuant to the joint venture agreement between GAIL and BGAPH dated December 6, 1994, as amended ("**Agreement**"), for so long as BGAPH and GAIL hold equal equity percentage in our Company, they shall have the right to nominate an equal number of Directors on our Board. Further, the Government of Maharashtra also has the right to nominate one director on our Board.

### **Borrowing powers of our Board**

The Articles of Association, subject to the provisions of the Companies Act, authorise our Board, at its discretion, to generally raise or borrow or secure the payment of any sum or sums of money for our purposes. However, our Board shall not, without the sanction of the shareholders, borrow amounts exceeding the aggregate of our paid-up capital and free reserves. Pursuant to a resolution passed by our Board at its meeting held on February 3, 2015,



the borrowing limits were increased to ₹ 5,500.00 million for letter of credit facilities and ₹ 3,700.00 million for bank guarantees.

#### Term of Appointment of the Executive Directors

- Mr. Rajeev Kumar Mathur was appointed as the Managing Director of our Company pursuant to the resolution passed by our Board on September 29, 2014 and approved by the shareholders in the EGM held on March 5, 2015.
- Ms. Susmita Sengupta was appointed as the Wholetime Director of our Company pursuant to a circular resolution approved by our Board on February 11, 2014 and her appointment came into effect from February 15, 2014. The said resolution was adopted by our Board on March 25, 2014 and was approved by the shareholders at the AGM held on September 29, 2014. Further, Ms. Susmita Sengupta was re-appointed by our Board at its meeting held on March 26, 2015 and the said appointment came into effect from April 1, 2015 and the same was approved by the shareholders at the AGM held on July 31, 2015. Ms. Susmita Sengupta was re-appointed by our Board at its meeting held on March 30, 2016 for a period from April 1, 2016 to February 10, 2017 and the same was approved by the Shareholders at the EGM held on March 30, 2016.

#### Remuneration of the Directors

##### A. Non-Executive Directors

###### 1. Non-Executive Non Independent Directors

Our Company has not paid any remuneration or made any reimbursement to any Non-Executive (Non Independent Directors) for attending meetings of our Board and committees, thereof, during the Fiscal 2016.

###### 2. Independent Directors

Apart from sitting fees of ₹ 30,000 for each Board meeting, ₹ 25,000 for our committee meeting and reimbursement of expenses for attending the meetings of our Board and/or committees thereof, the shareholders of our Company, by way of a resolution dated August 8, 2012, approved payment of commission to Independent Directors for a period of five years at a rate not exceeding one percent (1%) of the net profits of our Company and calculated and divided amongst them in such manner as our Board may from time to time determine. The commission for Fiscal 2016 has been approved by the Board in its meeting held on May 30, 2016.

The details of remuneration paid to our Independent Directors by our Company in Fiscal 2016 is given below:

(in ₹ million)

Name of the Director	Commission*	Sitting fees
Dr. Basudeb Sen	0.46	0.11
Mr. Jainendar Kumar Jain	0.34	0.25
Mr. Santosh Kumar	0.44	0.36
Mr. Arun Balakrishnan	0.45	0.38
Mr. Raj Kishore Tewari	Nil	0.23
<b>Total</b>	<b>1.69</b>	<b>1.33</b>

\*This commission paid in Fiscal 2016 is for Fiscal 2015

##### B. Executive Directors

The remuneration paid to our Executive Directors for Fiscal 2016 is given below:

(Amount in ₹ million)

Particulars of remuneration	Name	
	Mr. Rajeev Kumar Mathur	Ms. Susmita Sengupta
Salary	3.14	32.63
Perquisites	0.25	5.89
Others	0.32	-
Performance Bonus	0.67	-
<b>Total</b>	<b>4.38</b>	<b>38.52</b>

**Shareholding of Directors in our Company**

None of our Directors hold any Equity Shares as of the date of filing this Red Herring Prospectus. Our Articles of Association do not require our Directors to hold any qualification shares.

**Securities purchased or sold by the Directors and/ or their relatives in the Company in the last six months**

None of our Directors and/ or their relatives have purchased or sold any securities of our Company in the last six months.

**Bonus or profit sharing plan for our Directors**

Our Company does not have a performance linked bonus or a profit sharing plan for our Directors.

**Interest of Directors**

All of our Directors may be deemed to be interested to the extent of fees payable to them for attending meetings of our Board or a Committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them under our Articles of Association, and to the extent of remuneration paid to them for services rendered as our officer or employee. Some of the directors may be deemed to be interested to the extent of transactions carried out with such related parties, consideration received / paid or any loan or advances provided to anybody corporate including companies and firms and trusts, in which they are interested as directors, members, partners or trustees.

None of our Directors are interested in any transaction of our Company in acquisition of land, construction of building and supply of machinery. Further, none of our Directors are related to an entity from whom our Company has acquired land or proposes to acquire land.

Our Directors may also be regarded as interested in the Equity Shares, if any, held by them or that may be subscribed by and allotted to the companies, firms, and trusts, if any, in which they are interested as directors, members, promoters, and/ or trustees pursuant to this Offer. All of our Directors may also be deemed to be interested to the extent of any dividends payable to them and other distributions in respect of the Equity Shares, if any.

No amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to any of our Directors except the normal remuneration for services rendered as Directors. Our Company has not entered into any service contracts with our Directors which provide for benefits upon termination of employment of our Directors. Dr. Ashutosh Karnatak, Mr. Rajeev Kumar Mathur, Ms. Susmita Sengupta and Mr. Akhil Mehrotra are nominees of our Promoters. Apart from being nominees of our Promoters, none of our Directors have any interest in the promotion of our Company.

Further, our Directors have no interest in any property acquired within two years from the date of this Red Herring Prospectus or proposed to be acquired by our Company.

Our Directors do not have an interest in the appointment of the BRLMs, Registrar and Banker to the Offer or any such intermediaries registered with SEBI.

As on date, no relatives of any of the Directors have been appointed to an office place or place of profit in our Company.

None of the sundry debtors of our Company is related to our Directors or our Promoters or us, in any way.

### Changes in our Board in the last three years

The following changes have occurred our Board in the last three years:

Name	Date of Appointment	Date of Cessation	Reason for change
Mr. Akhil Mehrotra	March 11, 2016	NA	Appointment
Dr. Ashutosh Karnatak	May 28, 2015	NA	Appointment
Mr. Nitin Banerjee	May 28, 2015	February 12, 2016	Appointment and Resignation
Mr. Raj Kishore Tewari	March 05, 2015	NA	Appointment
Dr. Basudeb Sen	March 05, 2015	NA	Appointment
Mr. Rajeev Kumar Mathur	September 29, 2014	NA	Appointment
Ms. Susmita Sengupta	February 15, 2014	NA	Appointment
Mr. M. Ravindran	June 01, 2013	May 28, 2015	Appointment and Retirement
Mr. P. K. Pal	May 28, 2013	March 26, 2015	Appointment and Resignation
Mr. Vipin Chandra Chittoda	April 22, 2013	September 29, 2014	Appointment and Resignation
Mr. Apurva Chandra	April 2, 2013	NA	Appointment
Mr. Shahram Jahanbai	October 25, 2012	March 26, 2015	Resignation
Mr. Shaleen Sharma	June 25, 2012	May 28, 2015	Retirement
Mr William Allan Perrin	December 6, 2010	February 14, 2014	Resignation

### Corporate Governance

The provisions of the SEBI Listing Regulations with respect to corporate governance will be applicable to our Company immediately upon the listing of the Equity Shares of our Company with the Stock Exchanges. Our Company is in compliance with the requirements of the applicable regulations in respect of corporate governance, as specified in the SEBI Listing Regulations and the Companies Act, particularly those relating to composition of our Board and constitution of committees such as Audit Committee and the Nomination and Remuneration Committee and adoption of the board diversity policy, nomination and remuneration policy, policy on related party transactions, vigilance mechanism for directors and employees, whistle blower policy, policy on preservation of documents and policy for determining materiality of an event/information for making adequate disclosure of such an event/information before the stock exchanges. Our Board functions either on its own or through various committees constituted to oversee specific operational areas.

Currently, our Board has 10 Directors, which comprises of two Executive Directors, three Non-Executive Non-Independent Directors and five Independent Directors.

The details of the Audit Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee and Corporate Social Responsibility (CSR) Committee are given below:

### Committees of our Board

#### A. Audit Committee

In compliance with the provisions of the Companies Act, 2013 and Regulation 18(3) of the SEBI Listing Regulations, the Audit Committee was reconstituted by a meeting of our Board held on March 26, 2015. The Audit Committee was re-constituted vide circular resolution which was adopted by our Board on June 30, 2015. To comply with the provisions of the SEBI Listing Regulations, the terms of reference of the Audit Committee was amended by our Board in its meeting held on December 16, 2015. The Audit Committee was further re-constituted vide circular resolution which was adopted by our Board on March 30, 2016. The present constitution of the Audit Committee is as follows:

Name of the Director	Designation in the committee
Mr. Jainendar Kumar Jain	Chairman
Mr. Arun Balakrishnan	Member
Mr. Santosh Kumar	Member

Name of the Director	Designation in the committee
Dr. Ashutosh Karnatak	Member
Mr. Akhil Mehrotra	Member
Mr. Raj Kishore Tewari	Member
Mr. Rajeev Kumar Mathur	Permanent Invitee
Ms. Susmita Sengupta	Permanent Invitee

Mr. Alok Mishra, Company Secretary, is the secretary of the Audit Committee.

*Terms of reference of the Audit Committee:*

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Review and recommend for approval to the Board - proposals on Borrowings and proposals on non-fund based facilities from banks
3. Review and recommend for approval to the Board - Business plan.
4. Review and recommend for approval to the Board - capital expenditure proposals exceeding authority limit of SMG but not exceeding ₹ 50.0 Crores.
5. Review and recommend for approval to the Board - treasury policies of MGL.
6. Review and recommend for approval to the Board - Corporate Annual Budget and Revised Estimates
7. To review PNG and CNG Pricing Policy at least on a quarterly basis and to recommend to the Board for approval, change required in it, if any
8. Recommending to the Board, the appointment, re-appointment, terms of appointment and, if required, the replacement or removal of the internal auditor, cost auditor and statutory auditors and the fixation of audit fees and remuneration;
9. Approval of payment to statutory internal and cost auditors for any other services rendered by them, as applicable;
10. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - (a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub section 3 of section 134 of the Companies Act, 2013;
  - (b) Changes, if any, in accounting policies and practices and reasons for the same;
  - (c) Major accounting entries involving estimates based on the exercise of judgment by management;
  - (d) Significant adjustments made in the financial statements arising out of audit findings;
  - (e) Compliance with listing and other legal requirements relating to financial statements;
  - (f) Disclosure of any related party transactions;
  - (g) Modified opinion(s) in the draft audit report.
  - (h) The going-concern assumption;
  - (i) Compliance with accounting standards;

- (j) Contingent liabilities;
  - (k) Claims against the Company and their effect on the financial statements; the term “financial statement” shall have the meaning ascribed to such term under Section 2(40) of the Companies Act, 2013.
11. Reviewing, with the management, the quarterly and annually financial statements and such other periodical statements before submission to the board for approval;
  12. Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/notice and the report submitted by the monitoring agency, monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in the matter;
  13. Review and monitor the auditor’s independence and performance, and effectiveness of audit process;
  14. Examination of the financial statement and the auditor’s report thereon;
  15. Approval or any subsequent modification of transactions of the company with related parties, provided that the audit committee may make omnibus approval for related party transactions proposed to be entered into by the Company subject to such conditions as may be prescribed;
  16. Lay down the criteria for granting omnibus approval in line with the Company’s policy on related party transactions and such approval shall be applicable in respect of transactions which are repetitive in nature;
  17. The audit committee to satisfy itself regarding the need for omnibus approval and that such approval is in the interest of the Company;
  18. Scrutiny of inter-corporate loans and investments
  19. Valuation of undertakings or assets of the company, wherever it is necessary;
  20. Evaluation of internal financial controls and risk management systems;
  21. Reviewing, with the management, performance of statutory, cost and internal auditors, adequacy of the internal control systems;
  22. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
  23. Discussion with internal auditors of any significant findings and follow up there on;
  24. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
  25. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
  26. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors;
  27. To formulate the scope, functioning, periodicity and methodology for conducting the internal audit in consultation with the internal auditor

28. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
29. To review the functioning of the whistle blower mechanism;
30. Establishing and monitoring of a vigil mechanism for enabling adequate safeguards and protection of interest of the director(s) or employees or any other person who may avail the mechanism and to provide for direct access to the chairperson of the Audit Committee in exceptional cases where deemed necessary;
31. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee as per the Companies Act, 2013, Rules framed there under, and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable Rules and Regulations.

*The powers of the Audit Committee include the following:*

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

*The Audit Committee shall mandatorily review the following information:*

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
3. It shall also define statement of significant related party transactions to be submitted by management;
4. Details of all material transactions with related parties to be disclosed every quarter along with the compliance report on corporate governance;
5. On a quarterly basis, the details of related party transactions entered into by the Company pursuant to each omnibus approvals given;
6. Audit Committee to monitor whether the policy dealing with related party transactions is placed on the website thereto to be presented in the annual report;
7. Management letters / letters of internal control weaknesses issued by the statutory auditors;
8. Internal audit reports relating to internal control weaknesses; and
9. The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee.
10. Statement of deviations:
  - (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1); and
  - (b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

The meetings of the Audit Committee are also attended by Mr. Sunil M. Ranade, the Chief Financial Officer of our Company, statutory auditors, and internal auditor as special invitees.

The Audit Committee met five times during Fiscal 2016.

## **B. Stakeholders' Relationship Committee**

The shareholders grievance redressal committee was constituted by a meeting of our Board held on December 19, 2005. The committee was reconstituted by our Board on March 26, 2015 as Stakeholders' Relationship Committee. To comply with the provisions of the SEBI Listing Regulations, the terms of reference of the Stakeholders' Relationship Committee was revised by our Board in its meeting held on December 16, 2015. The present constitution of the Stakeholders' Relationship Committee is as follows:

<b>Name of the Committee Member</b>	<b>Designation in the Committee</b>
Dr. Basudeb Sen	Chairman
Mr. Rajeev Kumar Mathur	Member
Ms. Susmita Sengupta	Member

Mr. Alok Mishra, Company Secretary, is the secretary of the Stakeholders Relationship Committee.

*Terms of reference of the Stakeholders Relationship Committee:*

The Stakeholders Relationship Committee deals with the following issues:

1. Collecting and analysing reports received periodically from Registrar and Share Transfer Agent (RTA) on the following:
  - (a) Requests regarding non-receipt of the shares, debentures, deposit receipt, declared dividend or interest;
  - (b) Requests regarding non-receipt of the notice of AGM, balance sheet and profit and loss account statement;
  - (c) Complaints of investors routed by SEBI or Stock Exchanges and others;
  - (d) Transfer, sub-division, consolidation, split, exchange, endorsement, transmission of share certificates, transposition of share certificates;
  - (e) Issue of share certificates, debenture certificate, duplicate share or debenture certificate in lieu of lost/ torn/ mutilated/ defaced certificates;
  - (f) Request relating to dematerialisation and rematerialisation of shares;
  - (g) Request relating to modes of paying the dividend i.e. through electronic clearing service, RTGS and issue of dividend warrant for dividend payment/ interest etc.
  - (h) Complaints related to transfer of shares, non-receipt of annual report and non-receipt of declared dividends.
2. Other matters related to or arising out of shareholders/ investors services including preparation and approval of periodical reports.

The Stakeholders Relationship Committee did not meet in Fiscal 2016.

## **C. Nomination and Remuneration Committee**

The Nomination and Remuneration Committee was constituted by a meeting of our Board held on March 26, 2015 and reconstituted vide circular resolution which was adopted by our Board in their meeting held on June



30, 2015. To comply with the provisions of the SEBI Listing Regulations, the terms of reference of the Nomination and Remuneration Committee was revised by our Board in its meeting held on December 16, 2015. The Nomination and Remuneration Committee was further re-constituted vide circular resolution which was adopted by our Board on March 30, 2016. The present constitution of the Nomination and Remuneration Committee is as follows:

<b>Name of the Director</b>	<b>Designation in the committee</b>
Mr. Arun Balakrishnan	Chairman
Dr. Basudeb Sen	Member
Dr. Ashutosh Karnatak	Member
Mr. Akhil Mehrotra	Member
Mr. Rajeev Kumar Mathur	Permanent Invitee
Ms. Susmita Sengupta	Permanent Invitee

Mr. Alok Mishra, Company Secretary, is the secretary of the Nomination and Remuneration Committee.

*Terms of reference of the Nomination and Remuneration committee*

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to our Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
2. Reviewing the terms and conditions of services including remuneration in respect of technical director and managing director and submit their recommendations to our Board.
3. Formulation of criteria for evaluation of independent directors and our Board;
4. Devising a policy on our Board diversity;
5. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to our Board their appointment and removal and shall carry out evaluation of every director's performance;
6. Determination of extension or continuation of the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
7. Evaluating the current composition, organization and governance of our Board and its committees, as well as determine future requirements and make recommendations to our Board for approval;
8. Determine on an annual basis, desired Board qualifications, expertise and characteristics and conduct searches for potential Board members with corresponding attributes. Evaluate and propose nominees for election to our Board. In performing these tasks, the committee shall have the sole authority to retain and terminate any search firm to be used to identify director candidates;
9. Evaluate and recommend termination of membership of individual directors in accordance with our Board's governance principles for cause or for other appropriate reasons;
10. To recommend to our Board regarding the appointment, promotion and removal of the senior management personnel at such level(s);
11. To review, amend, modify and approve all other human resources related policies of our Company from time to time;
12. To review and recommend to our Board manpower plan/ budget, sanction of new senior management positions from time to time in future;
13. To review and recommend to our Board matters relating to revision of compensation/ salary and long term wage settlements;

14. To review with the management, all human resource related issues from time to time so as to maintain harmonious employer-employee relations;
15. To periodically review and re-examine the terms of reference and make recommendations to our Board for any proposed changes;
16. In performing its responsibilities, the committee shall have authority to obtain advice, reports or opinions from internal or external counsel and expert advisors;
17. Ensuring proper induction program for new directors, KMP and senior management and reviewing its effectiveness; ensuring that on appointment receive a formal letter of appointment in accordance with guidelines provided under the Companies Act, 2013.
18. Developing a succession plan for our Board and senior management and regularly reviewing the plan;
19. Consider and determine the nomination and remuneration policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate; and
20. The Committee should ensure that it proactively maintains a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.

The Nomination and Remuneration met five times during Fiscal 2016.

#### **D. Corporate Social Responsibility Committee**

The Corporate Social Responsibility committee (“**CSR Committee**”) was constituted by a meeting of our Board held on March 25, 2014 and reconstituted by our Board in its meeting held on March 26, 2015. The present constitution of the CSR committee is as follows:

<b>Name of the Committee Member</b>	<b>Designation in the CSR Committee</b>
Mr. Santosh Kumar	Chairman
Mr. Rajeev Kumar Mathur	Member
Ms. Susmita Sengupta	Member

Mr. Alok Mishra, Company Secretary, is the secretary of the CSR committee

##### *Terms of reference of the CSR committee*

1. To formulate and recommend to our Board a corporate social responsibility policy and subsequent amendments as required from time to time.
2. To ensure that the corporate social responsibility policy shall include/ indicate the activities to be undertaken by the companies as specified in Schedule VII of the Companies Act and the rules made there under, from time to time excluding the activities undertaken in pursuance of its normal course of business.
3. To monitor the corporate social responsibility policy by instituting a transparent monitoring mechanism for implementation of the corporate social responsibility projects or programs or activities undertaken by the Company from time to time.
4. To recommend the annual budget for the corporate social responsibility activities of our Company in compliance with the relevant statutory provisions.
5. To assist our Board to ensure that our Company spends towards the corporate social responsibility activities, in every Fiscal, such percentage of average net profit/ amount as may be prescribed in the Companies Act and/ or rules made there under.
6. To explain to our Board, if our Company fails to spend the prescribed amount within the financial year.

7. To provide updates to our Board at regular interval of six months on the corporate social responsibility activities.
8. Subject to these terms of reference, the CSR committee shall have the power to regulate its own proceedings.
9. To review and recommend the corporate social responsibility plan for the ensuing Fiscal to our Board.
10. To approve any project that may come during the year and which is not covered in the corporate social responsibility plan up to such amount as may be prescribed by our Board from time to time.
11. Such other functions as may be prescribed.

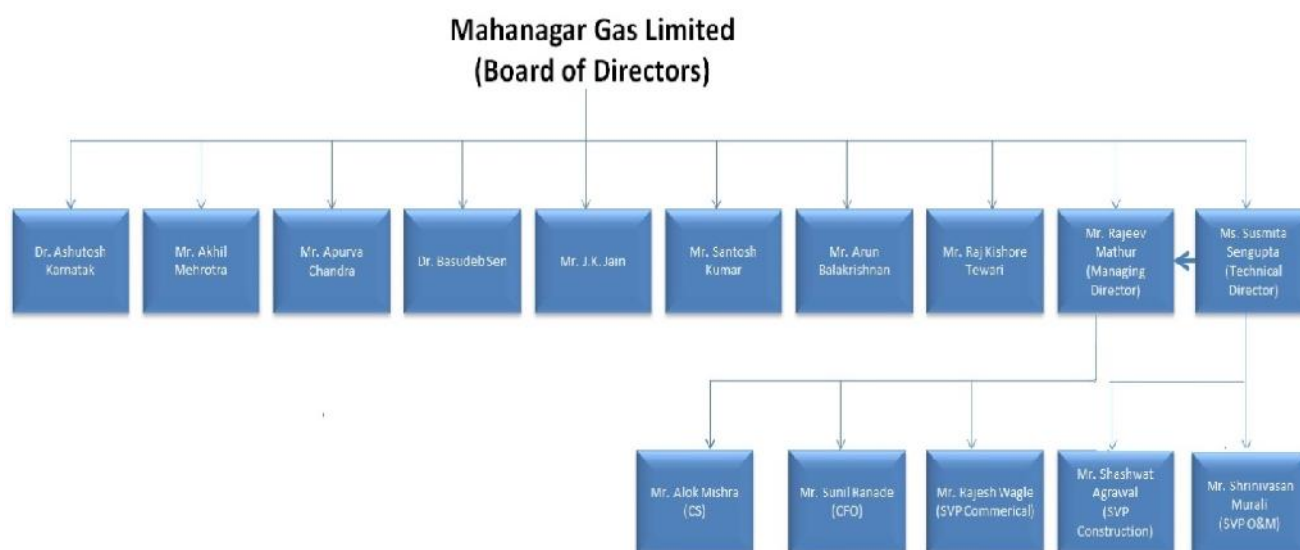
The CSR committee met two times during Fiscal 2016.

### Policy on prevention of insider trading

The SEBI (Prohibition of Insider Trading) Regulations, 2015 are applicable to listed companies as well as companies that are proposed to be listed. Since our Company is proposed to be listed, our Board has approved an Insider Trading Policy in the meeting of our Board held on June 30, 2015.

Mr. Alok Mishra, Company Secretary and Compliance Officer, is responsible for setting forth policies, procedures, monitoring and adhering to the rules for the prevention of dissemination of price sensitive information and the implementation of the code of conduct under the overall supervision of our Board.

### Management Organisational Structure



### Key Managerial Personnel

Provided below are the details of our key management personnel, except the Whole time Director and the Managing Director of our Company, as on the date of this Red Herring Prospectus:

**Mr. Sunil M Ranade**, aged 54, is the Chief Financial Officer of our Company. He joined our Company on March 1, 1996. He holds a Bachelor's degree in commerce from the University of Bombay. He is associate member of

the Institute of the Chartered Accountant of India and also a member of the Institute of the Company Secretaries of India. At our Company, he is the functional head of finance and accounts group and manages finance, accounting and forecasting in achieving financial and strategic objectives of our Company. Prior to joining our Company, he was the finance manager and company secretary with Wander Limited. He has also worked with Herdillia Polymers Limited, National Peroxide Limited, Goodlass Nerolac Paints Limited and Ashok Organic Industries Limited. His gross remuneration, as per form 16, for the last Fiscal was ₹ 6.76 million.

**Mr. Rajesh P Wagle**, aged 50 years, is the Head – Commercial of our Company. He joined our Company on July 22, 2002. He holds a Bachelor's degree in chemical engineering from the Indian Institute of Technology at Bombay. He also holds a Master's degree in computer science from the University of Illinois at Urbana Champaign. At our Company, he is the functional head of the commercial, business development and marketing groups. Prior to joining our Company, he has worked with Quantum Information Systems Limited, Enron India Private Limited and GAIL. His gross remuneration, as per form 16, for the last Fiscal was ₹ 6.37 million.

**Mr. Shashwat Agrawal**, aged 47, is Senior Vice President of our Company. He joined our Company on April 1, 2014. He holds a Bachelor's degree in technology in mechanical engineering from Kurukshetra University. At our Company, he is the functional head of the construction department and is responsible for providing leadership, management and direction for all construction and projects activities of our Company. Prior to joining us, he has worked with Engineers India Limited and GSPC Gas Company Limited. His gross remuneration, as per form 16, for the last Fiscal was ₹ 5.36 million.

**Mr. Srinivasan Murali**, aged 52, is the Head, Operations and Maintenance of our Company. He joined our Company on October 3, 2002. He holds a Bachelors degree in technology in mechanical engineering from Banaras Hindu University. He also holds a diploma and an advanced diploma in management, and a diploma in financial management from Indira Gandhi National Open University. At our Company, he is the functional head of operations and maintenance and metering departments and is responsible for providing leadership management and direction for all activities related to operating and maintaining our Company's assets safely and with maximum uptime. Prior to joining our Company, he has worked with Bilt Chemicals Limited, Cabot India Limited, Cement Corporation of India Limited and Indian Aluminium Company Limited. His gross remuneration, as per form 16, for the last Fiscal was ₹ 4.32 million.

**Mr. Alok Mishra**, aged 38, is the Company Secretary and Compliance Officer of our Company. He joined our Company on December 13, 2011. He holds a Bachelor's degree in Science and a Bachelor's degree in law from CSJM University, Kanpur. He is an associate member of the Institute of Company Secretaries of India and has also passed the intermediate examination held by the Institute of Cost and Works Accountants of India. He has also completed a diploma in business finance from the Institute of Chartered Financial Analysts of India. At our Company, he presently handles the corporate secretarial, risk management and stakeholders' management. He has over 14 years of experience in legal and corporate secretarial functions. Prior to joining us, he has worked with companies including ISS Integrated Facility Services Private Limited, Lafarge India Private Limited and Go Airlines (India) Private Limited. His gross remuneration, as per form 16, for the last Fiscal was ₹ 2.73 million.

Except Mr. Rajeev Kumar Mathur and Ms. Susmita Sengupta who are Executive Directors of our Company, all other key management personnel as disclosed above are permanent employees. None of our KMPs are related to each other.

#### **Family relationships of Directors with the KMPs**

None of our KMPs are related to the Directors of our Company.

#### **Shareholding of KMPs**

None of the KMPs hold any Equity Shares as on the date of this Red Herring Prospectus.

#### **Bonus or profit sharing plan of the KMPs**

Except statutory benefits upon termination of their employment in our Company, resignation or superannuation, as the case may be, and certain post-retirement benefits, the KMPs of our Company are not entitled to any bonus or profit sharing.

**Interest of KMPs**

The KMPs of our Company do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business.

**Arrangements and understanding with major shareholders**

Pursuant to the joint venture agreement between GAIL and BGAPH dated December 6, 1994, as amended, for so long as BGAPH and GAIL hold equal equity percentage in our Company, they shall have the right to nominate an equal number of Directors on our Board. Other than the Ms. Susmita Sengupta and Mr. Rajeev Kumar Mathur, none of our KMPs have been selected pursuant to any arrangement or understanding with any of our major shareholders, customers or suppliers.

**Changes in the KMPs**

The changes in the KMPs, otherwise than by way of retirement in the normal course during the last three years prior to the date of filing this Red Herring Prospectus are as follows:

Name of the KMPs	Date of Appointment	Date of change	Reason
Mr. Deepak Garnaik	September 25, 2013	July 31, 2015	Resignation
Mr. Sunil M. Ranade	March 1, 1996	June 18, 2014	Change in designation
Mr. Shashwat Agrawal	April 1, 2014	-	Appointment
Mr. Srinivasan Murali	October 3, 2002	October 01, 2015	Promotion

**Loans taken by Directors/ KMPs**

None of the Directors/ KMPs has taken loan from our Company.

**Employee Stock Option Plan**

Our Company does not have any scheme of employee stock option or employee stock purchase.

**Payment or Benefits to officers of our Company**

No non-salary related amount or benefit has been paid or given within two years from the date of this Red Herring Prospectus, or is intended to be paid or given, to any officer of our Company.

## OUR PROMOTERS, PROMOTER GROUP AND GROUP COMPANIES

### Our Promoters

The Promoters of our Company are:

1. GAIL (India) Limited; and
2. BG Asia Pacific Holdings Pte. Limited.

As on date of this Red Herring Prospectus, our Promoters hold, in aggregate, 88,899,920 Equity Shares, representing 99.50% of the issued and paid-up Equity Share capital of our Company.

### Details of our Promoters

#### A. *GAIL (India) Limited*

GAIL (India) Limited (“**GAIL**”) is our Promoter which currently holds 44,449,990 Equity Shares constituting 45.00% of the paid up Equity Share capital of our Company. GAIL was incorporated on August 16, 1984 as Gas Authority of India Limited and registered in India under the Companies Act, 1956. On November 22, 2002, its name was changed to ‘GAIL (India) Limited’, *vide* a fresh certificate of incorporation. There has been no change in the control or management of GAIL in the three years preceding the date of the Draft Red Herring Prospectus.

The promoter of GAIL is the President of India. The registered office of GAIL is situated at 16, Bhikaiji Cama Place, R.K. Puram, New Delhi – 110066. Our Company confirms that the permanent account number, bank account number, the company registration number of GAIL and the address of the registrar of companies where GAIL is registered, have been submitted to the Stock Exchanges at the time of filing the Draft Red Herring Prospectus.

The equity shares of GAIL are currently listed on BSE and NSE. The global depositary receipts (“**GDR**”) of GAIL are listed on London Stock Exchange.

GAIL is India’s largest natural gas company having a market share of over 80% in natural gas transmission. Apart from natural gas transmission, distribution and processing, GAIL has diversified business interests in LPG transmission, petrochemicals, city gas projects and exploration and production (“**E & P**”) activities. GAIL possesses about 11,000 km of natural gas pipeline transmission network with a capacity of 210 MMSCMD. GAIL has presence in Egypt and China through city gas projects and in Myanmar through E & P. GAIL has recently acquired its first shale gas assets in the USA through its wholly owned US subsidiary GAIL Global (USA) Incorporated.

## Shareholding Pattern

Set forth below is the shareholding pattern of GAIL as on March 31, 2016:

**Table I - Summary Statement holding of specified securities**

Category (I)	Category of shareholder (II)	Nos. Of shareholders (III)	No. of fully paid up equity shares held (IV)	No. Of Partly paid-up equity shares held (V)	No. Of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+(VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C 2)	Number of Voting Rights held in each class of securities (IX)				No. Of Shares Underlying Outstanding convertible securities (X)	No. Of Warrants (Xi)	No. Of Shares Underlying Outstanding convertible securities and No. Of Warrants (Xi) (a)	Shareholding , as a % assuming full conversion of convertible securities ( as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
								No of Voting (XIV) Rights			Total as a % of (A+B +C)					No. (a)As a % of total Shares held (b)		No. (a)As a % of total Shares held (b)		
(A)	Promoter & Promoter Group	1	711,695,832			711,695,832	56.64	711,695,832.00		711,695,832.00	56.11				56.64					711,695,832
(B)	Public	165,779	544,890,522			544,890,522	43.36	544,890,522.00		544,890,522.00	42.96				43.36					544,783,098
(C)	Non Promoter-Non Public	1	11,891,046			11,891,046	0.95	11,891,046		11,891,046	0.94				0.95					11,891,046
(C1)	Shares underlying DRs	1	11,891,046			11,891,046		11,891,046.00		1,1891,046.00	0.94									11,891,046
(C2)	Shares held by Employee Trusts																			
	Total	165,782	1,280,368,446			1,280,368,446		1,280,368,446		1,268,477,400	100									1,268,369,976



**Table II - Statement showing shareholding pattern of the Promoter and Promoter Group**

Sr.	Category & Name of the Shareholders (I)	Nos. Of shareholders (III)	No. of fully paid up equity shares held (IV)	Total nos. shares held (VII) = (IV)+(V)+ (VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)				Shareholding , as a % assuming full conversion of convertible securities ( as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Number of equity shares held in dematerialized form (XIV)
						No of Voting (XIV) Rights			Total as a % of Total Voting rights		
						Class eg: X	Class eg:y	Total			
A											
(1)	Indian										
(a)	Individuals/Hindu undivided Family										
(b)	Central Government/ State Government(s)	1	711,695,832	711,695,832	56.64	711,695,832.00		711,695,832	56.11	56.64	711,695,832
(c)	Financial Institutions/ Banks										
(d)	Any Other (specify)										
Sub-Total (A)(1)		1	711,695,832	711,695,832	56.64	711,695,832.00		711,695,832	56.11	56.64	711,695,832
(2)	Foreign										
(a)	Individuals (NonResident Individuals/ Foreign Individuals)										
(b)	Government										
(c)	Institutions										
(d)	Foreign Portfolio Investor										
(e)	Any Other (specify)										
Sub-Total (A)(2)											
Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)		1	711,695,832	711,695,832	56.64	711,695,832.00		711,695,832	56.11	56.64	711,695,832
	Details of Shares which remain unclaimed for Promoter & Promoter Group										

Sr.	Category & Name of the Shareholders (I)	Nos. Of shareholders (III)	No. of fully paid up equity shares held (IV)	Total nos. shares held (VII) = (IV)+(V)+ (VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)				Shareholding , as a % assuming full conversion of convertible securities ( as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Number of equity shares held in dematerialized form (XIV)
						No of Voting (XIV) Rights			Total as a % of Total Voting rights		
						Class eg: X	Class eg:y	Total			
B	Table III - Statement showing shareholding pattern of the Public shareholder										
(1)	Institutions										
(a)	Mutual Funds	111	19,380,122	19,380,122		19,380,122.00		19,380,122	1.53		19,365,772
(b)	Venture Capital Funds										
(c)	Alternate Investment Funds										
(d)	Foreign Venture Capital Investors										
(e)	Foreign Portfolio Investors	418	207,375,509	207,375,509		207,375,509.00		207,375,509	16.35		207,373,059
(f)	Financial Institutions/ Banks	50	36,264,915	36,264,915		36,264,915.00		36,264,915	2.86		36,263,865
(g)	Insurance Companies	19	157,433,644	157,433,644		157,433,644.00		157,433,644	12.41		157,433,644
(h)	Provident Funds/ Pension Funds										
(i)	Any Other (specify)										
Sub-Total (B)(1)		598	420,454,190	420,454,190	0	420,454,190	0	420,454,190	33.15		420,436,340
( 2 )	Central Government/ State Government(s)/ President of India	2	91,888,984	91,888,984		91,888,984.00		91,888,984	7.24		91,888,984
Sub-Total (B)(2)		2	91,888,984	91,888,984	0	91,888,984	0	91,888,984	7.24		91,888,984
( 3 )	Non-institutions										
(a(i))	Individuals - i.Individual shareholders holding nominal share capital up to Rs. 2 lakhs.	160,686	19,376,363	19,376,363		19,376,363.00		19,376,363	1.53		19,292,691
(a(ii))	Individuals - ii. Individual shareholders holding nominal share capital in excess of Rs. 2 lakhs.	13	545,032	545,032		545,032.00		545,032	0.04		545,032

Sr.	Category & Name of the Shareholders (I)	Nos. Of shareholders (III)	No. of fully paid up equity shares held (IV)	Total nos. shares held (VII) = (IV)+(V)+ (VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)			Shareholding , as a % assuming full conversion of convertible securities ( as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Number of equity shares held in dematerialized form (XIV)	
						No of Voting (XIV) Rights		Total as a % of Total Voting rights			
						Class eg: X	Class eg:y				Total
(b)	NBFCs registered with RBI										
(c)	Employee Trusts										
(d)	Overseas Depositories (holding DRs) (balancing figure)										
(e)	Any Other (specify)	4,480	12,625,953	12,625,953		12,625,953.00		12,625,953	1.00		12,620,051
Sub-Total (B)(3)		165,179	32,547,348	32,547,348	0	32,547,348	0	32,547,348	2.57		32,457,774
Total Public Shareholding (B)=(B)(1)+(B)(2)+(B)(3)		165,779	544,890,522	544,890,522		544,890,522.00		544,890,522	42.96		544,783,098
	Details of the shareholders acting as persons in Concert for Public										
	Details of Shares which remain unclaimed for Public										
C	Table IV - Statement showing shareholding pattern of the Non Promoter- Non Public shareholder										
( 1 )	Custodian/DR Holder - Name of DR Holders (If Available)	1	11,891,046	11,891,046		11,891,046.00		11,891,046	0.94		11,891,046
( 2 )	Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)										
Total Non Promoter- Non Public Shareholding (C)= (C)(1)+(C)(2)		1	11,891,046	11,891,046		11,891,046.00		11,891,046	0.94		11,891,046
Total ( A+B+C2 )		165,780	1,256,586,354	1,256,586,354		1,256,586,354.00		1,256,586,354	99.06		1,256,478,930
Total (A+B+C )		165,781	1,268,477,400	1,268,477,400		1,268,477,400.00		1,268,477,400	100.00		1,268,369,976

Sl. No.	Name of the Shareholders (I)	PAN (II)	No. of fully paid up equity shares held (IV)	Total nos. shares held (VII) = (IV)+(V)+ (VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)			Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Number of equity shares held in dematerialized form (XIV)
						No of Voting (XIV) Rights		Total as a % of Total Voting rights		
						Class eg: X	Total			
A1(b)	Central Government / State Government(s)									
1	PRESIDENT OF INDIA	-	711,695,832	711,695,832		711,695,832.00	711,695,832.00			711,695,832
		Total	711,695,832	711,695,832		711,695,832.00	711,695,832.00			711,695,832

Sl No.	Category	Bank Name	Name of the Shareholders (I)	PAN (II)	No. of the Share olders (I)	No. of fully paid up equity shares held (IV)	Total nos. shares held (VII) = (IV)+(V)+ (VI)	Shareholdin g as a % of total no. of shares (calculated as per SCRR, 1957) (VIII)  As a % of (A+B+C2)	Number of Voting Rights held in each class of securities			Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Number of equity shares held in dematerializ ed form (XIV)
									(IX)				
									No of Voting (XIV) Rights		Total as a % of Total Voting rights		
									Class eg: X	Total			
C1	Custodian/DR Holder - Name of DR Holders (If Available)												
1	GDR	DEUTSCHE BANK TRUST COMPANY AMERICAS	GDR HOLDERS	AACCD4898E	1	11,891,046	11,891,046		11,891,046.0 0	11,891,046.0 0			11,891,046
				Total	1	11,891,046	11,891,046		11,891,046.0 0	11,891,046.0 0			11,891,046

### **Board of Directors**

The board of directors of GAIL comprises nine directors out of which four are whole-time directors including the chairman and managing director and two are part-time (Government nominee) directors and three independent directors.

Name of Director	Designation
Mr. B.C. Tripathi	Chairman and Managing Director
Mr. M. Ravindran	Director (HR)
Dr. Ashutosh Karnatak	Director (Projects)
Mr. Subir Purkayastha	Director (Finance)
Mr. Ashutosh Jindal	Part-time Director (Government Nominee)
Mr. Anant Kumar Singh	Part-time Director (Government Nominee)
Shri S.K.Srivastava	Independent Director
Shri Anupam Kulshreshtha	Independent Director
Shri Sanjay Tandon	Independent Director

### **Financial Performance**

The summary audited consolidated financial results for the last three Fiscals are as follows:

(in millions except amounts per share which are ₹ per share)

Particulars	Fiscal 2016	Fiscal 2015	Fiscal 2014
Equity Share Capital (par value ₹ 10 per equity share)	12,685	12,685	12,685
Reserves and Surplus (excluding revaluation reserve if any)	341,277.6	278,510	258,039
Total Income*	548,876.6	576,028	584,065
Profit/ (Loss) after Tax	20,481.4	30,392	43,753
Earnings Per Share (EPS) (basic and diluted )	17.75	23.96	34.49
Net Asset Value (NAV) per share <sup>#</sup>	279.05	228	212

\* Total Revenue as per Statement of Profit & Loss for the Year

<sup>#</sup> Net Worth per Share

### **Share price information**

The details of highest and lowest price on NSE during the preceding six months are as follows:

(Amount in ₹)

Month, Year	Monthly High	Monthly Low
December, 2015	377.90	333.60
January, 2016	381.00	329.10
February, 2016	373.20	290.30
March, 2016	368.50	303.70
April, 2016	376.70	334.90
May, 2016	394.60	356.55

Source: [www.nseindia.com](http://www.nseindia.com)

The details of highest and lowest price on BSE during the preceding six months are as follows:

(Amount in ₹)

Month, Year	Monthly High	Monthly Low
December, 2015	377.90	332.50
January, 2016	380.90	329.45
February, 2016	373.00	290.65
March, 2016	367.90	304.80
April, 2016	376.40	335.25
May, 2016	394.40	356.90

Source: [www.bseindia.com](http://www.bseindia.com)

The closing share prices of GAIL as on June 1, 2016 on BSE and NSE were ₹ 371.50 and ₹ 372.00, respectively.

The market capitalization of GAIL as on June 1, 2016 as per the closing price on BSE and NSE was ₹ 471,239.4 million and ₹ 471,873.6 million, respectively.

#### ***Promise vis-à-vis Objects***

GAIL has not made any public or rights issue in 10 years preceding the date of the Draft Red Herring Prospectus.

#### ***Mechanism for redressal of investor grievance***

MCS Share Transfer Agent Limited (“MCS”) is the registrar and share transfer agent of GAIL. Further, the board of directors of GAIL have constituted a stakeholders’ relationship committee (erstwhile shareholders and investors grievance committee), *inter alia*, to look into the redressal of security holders of the company, to approve issuance of duplicate share certificate and other related miscellaneous matters. All the letters of shareholders received through SEBI/ Stock Exchanges/ MCA/ Depositories/ other statutory authorities are considered as ‘complaints’. The day to day requests received from the shareholders are taken up by MCS, directly and are not included in the complaints. Status of the complaints received and redressed during the respective quarters is informed to the audit committee and board of GAIL.

For Fiscal 2015, 19 investor complaints were received from the shareholders/ investors through SEBI/ Stock Exchanges and other statutory bodies, which pertained to matters like non-receipt of dividend, annual report, etc. and all the 19 complaints were resolved. For Fiscal 2016, 22 investor complaints were received from the shareholders/ investors through SEBI/ Stock Exchanges and other statutory bodies, which pertained to matters like non-receipt of dividend, annual report, etc. and all the 22 complaints were resolved.

#### ***Interests of GAIL in our Company***

GAIL is interested in our Company to the extent that it is one of the Promoters of our Company, its shareholding in our Company, dividend payable, other distributions in respect of their Equity Shares and to the extent of appointment/ deputation of directors and/ or key managerial personnel to our Company. In addition to this, our Company has also entered into Gas Sale Agreements for procuring natural gas from GAIL. For further details, please refer to the section “*Our Business*” on page 107.

Further, Dr. Ashutosh Karnatak (Director, GAIL) and Mr. Rajeev Kumar Mathur (Executive Director, Marketing at GAIL) are our Chairman and Managing Director respectively.

Except to the extent of fees payable to them for attending meetings of our Board or a committee thereof, or to the extent of other remuneration payable or reimbursement of expenses payable to them, if any, as per the terms of their appointment, the directors of GAIL do not have any pecuniary interest in our Company.

Except in the normal course of business and as stated in the “*Financial Statements*” on page 174, our Company has not entered into any contract, agreements or arrangements in which GAIL is directly or indirectly interested and no payments have been made to GAIL in respect of the contracts, agreements or arrangements which are proposed to be made with them including the properties purchased by our Company.

#### ***Payment or benefits to GAIL in the last two years***

Except in the ordinary course of business and as stated in “*Financial Statements*” on page 174, there has been no payment or benefits to GAIL during the two years preceding the filing of this Red Herring Prospectus nor is there any intention to pay or give any benefit to GAIL as on the date of this Red Herring Prospectus.

#### ***Companies with which GAIL has disassociated in the last three years***

GAIL has not disassociated with any company in the last three years preceding the Draft Red Herring Prospectus.

#### ***B. BG Asia Pacific Holdings Pte. Limited***

BG Asia Pacific Holdings Pte. Limited (“BGAPH”) is our Promoter which currently holds 44,449,960 Equity Shares constituting 45.00% of the paid up Equity Share capital of our Company. BGAPH was incorporated on



May 24, 1995 as British Gas Asia Pacific Holdings Pte. Limited and is registered under the Companies Act (Cap. 50), Singapore. With effect from May 31, 2005, its name was changed to 'BG Asia Pacific Holdings Pte. Limited'. There has been no change in the control or management of BGAPH in the three years preceding the date of the Draft Red Herring Prospectus. On February 15, 2016, Royal Dutch Shell plc ("Shell") completed the acquisition of BG Group plc (now known as BG Group Limited) and its subsidiaries, accordingly Shell has become the ultimate holding company of all the BG Group companies and as a result of this acquisition, there has been a change in control of BGAPH.

The principal activity of BGAPH is involved in the day to day management of its investments throughout India, Egypt, Mauritius and South East Asia. Through its subsidiaries and associated companies, it is engaged in the business of, amongst others, exploration and production of oil and natural gas, LNG importation and marketing, and transmission and distribution of natural gas.

BGAPH is the wholly owned subsidiary of BG North Sea Holdings Limited. The registered office of BGAPH is situated at 8 Marina View, #11-03, Asia Square Tower 1, Singapore, 018960. Our Company confirms that the permanent account number, bank account number, the company registration number of BGAPH and the address of the registrar of companies where BGAPH is registered, have been submitted to the Stock Exchanges at the time of filing the Draft Red Herring Prospectus.

### **Shareholding Pattern**

BG North Sea Holdings Limited holds 100% of the issued and paid-up equity share capital of BGAPH.

### **Board of Directors**

The board of directors of BGAPH comprises:

<b>Name of Director</b>	<b>Designation</b>
Mr. Joel Yu Daduya	Director
Mr. Roger Brian Bounds	Director
Mr. Arnaud Dubois-Denis	Director
Mr. Graham Hall	Director
Mr. Stephen James Hill	Director
Mr. Nakul Ashok Raheja	Director
Mr. Justin Peel	Director
Mr. Stephen Robert Unger	Alternate Director to Graham Hall

### **Financial Performance**

The summary audited consolidated financial results of BGAPH for the last three years are as follows:

*(in millions GBP except amounts per share which are GBP per share)*  
*(Fiscal ended December 31)*

<b>Particulars</b>	<b>Fiscal 2014</b>	<b>Fiscal 2013</b>	<b>Fiscal 2012</b>
Equity Share Capital	1,320.21	1,320.21	1,320.21
Reserves (excluding revaluation reserve)	3,248.55	1,298.96	1,071.11
Total Income	1,571.25	8.62	39.19
Profit after Tax	1,949.59	227.85	387.24
Earnings per share and diluted earnings per share (par value – nil)	2.43	0.28	0.48
Net Asset Value (NAV) per share	5.70	3.27	2.98

*Note: BGAPH is yet to published its financial statements for the year ended December 31, 2015.*

### **Interests of BGAPH in the Company**

BGAPH is interested in our Company to the extent that it is one of the Promoters of our Company, its shareholding in our Company, dividend payable, other distributions in respect of the Equity Shares and to the extent of appointment/ deputation of directors and/ or key managerial personnel to our Company.

Further, Mr. Akhil Mehrotra is a Non-Executive Director and nominee of BGAPH, on our Board. Except to the extent of fees payable to him for attending meetings of our Board or a committee thereof, or to the extent of other remuneration payable or reimbursement of expenses payable to him, if any, as per the terms of his appointment, he does not have any pecuniary interest in our Company.

Except in the normal course of business and as stated in the “*Financial Statements*” on page 174 of this Red Herring Prospectus, our Company has not entered into any contract, agreements or arrangements in which BGAPH is directly or indirectly interested and no payments have been made to BGAPH in respect of the contracts, agreements or arrangements which are proposed to be made with them including the properties purchased by our Company.

***Payment or benefits to BGAPH in the last two years***

Except as stated in “*Related Party Disclosures*” on page 172 of this Red Herring Prospectus, there has been no payment or benefits to BGAPH during the two years preceding the filing of this Red Herring Prospectus nor is there any intention to pay or give any benefit to BGAPH as on the date of this Red Herring Prospectus.

***Companies with which BGAPH has disassociated in the last three years***

BGAPH has disassociated with the following companies in the last three years:

Sr. No.	Name of Company	Reasons for Disassociation	Date
1.	Lisbon Star Management Limited	Strategic disposal	May 30, 2012
2.	Gujarat Gas Company Limited	Strategic disposal	June 12, 2013

**Promoter of BGAPH**

The promoter of BGAPH is Royal Dutch Shell plc (“**Shell**”).

BGAPH is the wholly owned subsidiary of BG North Sea Holdings Limited, which is 100% subsidiary of BG Energy Holdings Limited, which in turn is a 100% subsidiary of BG Group Limited, which in turn is a 100% subsidiary of Royal Dutch Shell plc. BG North Sea Holdings Limited, BG Energy Holdings, BG Group Limited and Royal Dutch Shell plc are companies incorporated and registered in England and Wales. Given the indirect holding of Royal Dutch Shell plc in our Company, Royal Dutch Shell plc has indirect control over our Company.

Shell is one of the world’s largest independent oil and gas companies in terms of market capitalisation, operating cash flow and production. For the year ended December 31, 2014, Shell had net cash flow from operations of \$30 billion and production of 2,954 kboepd.

Shell is a listed holding company with operational, trading and corporate companies within its group (the “Shell Group”). The companies in the Shell Group in which Shell has a direct or indirect interest are separate entities. The Shell Group explores for oil and gas worldwide, both from conventional fields and from sources such as tight rock, shale and coal formations. The Shell Group works to develop new crude oil and natural gas supplies from major fields. Shell cools natural gas to provide liquefied natural gas (LNG) that can be safely shipped to markets around the world, and we convert gas to liquids (GTL). The Shell Group’s portfolio of refineries and chemical plants enables it to capture value from the oil and gas that it produces, turning them into a range of refined and petrochemical products, which are moved and marketed around the world for domestic, industrial and transport use. The products it sells include gasoline, diesel, heating oil, aviation fuel, marine fuel, LNG for transport, lubricants, bitumen and sulphur. The Shell Group also produces and sells ethanol from sugar cane in Brazil, through its Raízen joint venture. The Shell Group’s reporting segments are Upstream, Downstream and Corporate. In 2016, the upstream segment, comprising Upstream International and Upstream Americas businesses were reorganised into Integrated Gas and Upstream. Upstream and downstream earnings include their respective elements of Projects and Technology and of trading activities. Corporate comprises the Shell Group’s holdings and treasury organisation, including its self-insurance activities as well as its headquarters and central functions.

The board of directors of Shell comprises of:

1. Charles O. Holliday;
2. Ben van Beurden;
3. Guy Elliott;

4. Euleen Goh;
5. Simon Henry;
6. Gerard Kleisterlee;
7. Sir Nigel Sheinwald;
8. Linda G. Stuntz;
9. Hans Wijers;
10. Patricia A. Woertz; and
11. Gerrit Zalm

#### ***Other Confirmations***

Neither our Promoters nor the directors of our Promoters, and/ or their relatives, have purchased or sold any Equity Shares during the period of six months immediately preceding the date of the Draft Red Herring Prospectus. However, 30 Equity Shares that were earlier held by Mr. Satyabrata Bairagi, Mr. R.C. Arora and Mr. M. Ravindran, jointly with GAIL, have been transferred to the sole ownership of GAIL on May 30, 2016. For further details, see “Capital Structure” on page 61.

There has been no financing arrangement whereby our Promoters, our Promoter group, the directors of our Promoters and their relatives have financed the purchase by any other person of securities of our Company other than in the normal course of business of the financing entity, during the period of six months immediately preceding the date of the Draft Red Herring Prospectus.

There has been no change in the control or management of our Promoters in the three years preceding the date of the Draft Red Herring Prospectus. On February 15, 2016, Royal Dutch Shell plc (“Shell”) completed the acquisition of BG Group plc (now known as BG Group Limited) and its subsidiaries, accordingly Shell has become the ultimate holding company of all the BG Group companies and as a result of this acquisition, there has been a change in control of BGAPH.

Our Promoters have no interest in any entity in the name of which the intellectual property rights of the Company are registered.

None of our Promoters or Group Companies are interested in completed transactions related to any property acquired by our Company in the two years immediately preceding the date of this Red Herring Prospectus, or proposed to be acquired by our Company, as a vendor of the property or otherwise.

None of our Group Companies are sick industrial companies within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 in India and/ or the net worth of any of our Group Companies has not been wiped out by accumulated losses resulting in a negative net worth.

None of our group Companies has received any winding up petition accepted by a court.

None of our Group Companies remains defunct and no application has been made to the registrar of companies (within India) for striking off the name of any Group Company during the five years preceding the date of filing of the Draft Red Herring Prospectus with SEBI.

None of our Group Companies made losses in the last Fiscal.

BGAPH and GAIL, the Promoters of our Company, which are our Group Companies, have an interest in the promotion of our Company.

Except in the ordinary course of business and as stated in “*Related Party Transactions*” on page 172, there has been no payment or benefits to our Group Companies during the two years preceding the filing of the Draft Red Herring Prospectus nor is there any intention to pay or give any benefit to our Group Companies as on the date of the Draft Red Herring Prospectus.

None of our Group Companies is interested in any transactions for the acquisition of land, construction of building or supply of machinery, in relation to our Company.

Other than BGAPH and GAIL, the Promoters of our Company, none of our Group Companies have any interest, including any business or other interest, in our Company.

None of our Promoters are interested in any transaction of our Company in acquisition of land, construction of building and supply of machinery. Further, none of our Promoters are related to an entity from whom our Company has acquired land or proposes to acquire land.

### ***Common Pursuits***

GAIL, as a promoter or through its associates/joint ventures, is involved with the following companies which are in the same line of activity or business as that of our Company: (i) Aavantika Gas Limited; (ii) Andhra Pradesh Gas Distribution Corporation Limited; (iii) Bhagyanagar Gas Limited; (iv) Central UP Gas Limited; (v) GAIL China Gas Global Energy Holdings Limited; (vi) GAIL Gas Limited; (vii) Green Gas Limited; (viii) Indraprastha Gas Limited; (ix) Kerala GAIL Gas Limited; (x) Maharashtra Natural Gas Limited; (xi) Rajasthan State Gas Limited; (xii) Tripura Natural Gas Co Limited; and (xiii) Vadodara Gas Limited. There are no common pursuits between our Company and BGAPH.

Other than as disclosed in “*Related Party Transactions*” on page 172, there are no sales or purchase between any of the Group Companies and our Company where such sales or purchases exceed in value in the aggregate 10% of the total sales or purchases of our Company.

### ***Loans granted or taken from our Company***

Our Promoters have neither granted nor availed of any secured or unsecured loan to or from our Company.

## **OUR PROMOTER GROUP**

In addition to our Promoters named above, the following entities form part of our Promoter Group:

1. Aavantika Gas Limited;
2. Andhra Pradesh Gas Distribution Corporation Limited;
3. BG Asia Pacific Pte. Limited;
4. BG Asia Pacific Services Pte. Limited;
5. BG Energy Holdings Limited;
6. BG Exploration and Production Myanmar Pte. Limited; and
7. BG Exploration and Production India Limited;
8. BG Group Limited;
9. BG India Energy Private Limited;
10. BG India Energy Services Private Limited;
11. BG India Energy Solutions Private Limited;
12. BG Insurance Company (Singapore) Pte. Limited;
13. BG Mumbai Holdings Limited;
14. BG Myanmar Pte. Limited;
15. BG North Sea Holdings Limited;
16. BG Oil Marketing Pte. Limited;
17. BG Singapore Gas Marketing Limited;
18. BG Singapore Gas Supply Pte. Limited;
19. BG South Asia LNG Limited.
20. BG Thailand Pte. Limited;
21. Bhagyanagar Gas Limited;
22. Brahmaputra Cracker & Polymer Limited;
23. Central UP Gas Limited;
24. Egypt LNG Shipping Limited;
25. El Behera Natural Gas Liquefaction Company SAE;
26. Fayum Gas Company, Egypt;
27. GAIL China Gas Global Energy Holdings Limited;
28. GAIL Gas Limited;
29. GAIL Global (Singapore) Pte. Limited;
30. GAIL Global (USA) Inc.;
31. GAIL Global (USA) LNG LLC;
32. Green Gas Limited;
33. IDKU Natural Gas Liquefaction Company SAE;

34. Indraprastha Gas Limited;
35. Kerala GAIL Gas Limited;
36. Maharashtra Natural Gas Limited;
37. National Gas Company SAE Egypt;
38. ONGC Petro-additions Limited;
39. Petronet LNG Limited;
40. Rajasthan State Gas Limited;
41. Ratnagiri Gas & Power Limited;
42. Royal Dutch Shell plc;
43. TAPI Pipeline Company Limited;
44. Talcher Fertilizer Limited;
45. Thai Energy Company Limited;
46. The Egyptian LNG Company SAE;
47. The Egyptian Operating Company for Natural Gas Liquefaction Projects SAE;
48. Tripura Natural Gas Co Limited; and
49. Vadodara Gas Limited.

## GROUP COMPANIES

The definition of 'group companies' was amended pursuant to the SEBI ICDR Regulations, to include companies covered under applicable accounting standards and such other companies as are considered material by our Board. Pursuant to a resolution dated November 2, 2015, our Board has formulated the Materiality Policy. Pursuant to the Materiality Policy, the following entities are identified as Group Companies of our Company: GAIL (India) Limited and BG Asia Pacific Holdings Pte. Limited, which are also the Promoters of our Company. There are no other material Group Companies.

Unless otherwise specifically stated, none of the Group Companies: (i) are listed on any stock exchange; (ii) have completed any public or rights issue since the date of its incorporation; (iii) have become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 in India; (iv) has received any winding up petition accepted by a court; (v) have become defunct; (vi) have made an application to the relevant registrar of companies (in India), for striking off its name; or (vii) had negative net worth as of the date of their last audited financial statements.

1. GAIL (India) Limited

See "*Details of our Promoters – GAIL (India) Limited*" on page 158.

2. BG Asia Pacific Holdings Pte. Limited

See "*Details of our Promoters – BG Asia Pacific Holdings Pte. Limited*" on page 166.

## RELATED PARTY TRANSACTIONS

Please note that as per 'Related Party Disclosures' in the restated audited financial statements of our Company as at and for the year ended March 31, 2016, 2015, 2014, 2013 and 2012, even though our Company has had transactions with GAIL and BG Energy Holdings Limited ("**BG Energy**"), BG Energy had undertaken transaction on behalf of BGAPH and therefore, under the list of 'related parties' GAIL and BGAPH (being the company which directly holds the Equity Shares of the Company) have been identified as related parties.

For details of related party transactions during the last five Fiscals, as per the requirements under Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, see "*Financial Statements*" on page 174.

## DIVIDEND POLICY

The declaration and payment of dividends, if any, will be recommended by our Board and approved by our shareholders, at their discretion, subject to the provisions of the Articles of Association and the Companies Act. The dividends, if any, will depend on a number of factors, including, but not limited to, our profits, our treasury surplus, capital requirements, contractual requirements, existing debt equity ratio, general trends in the industry and overall financial position of our Company. Our Company may also, from time to time, pay interim dividends.

The details of the dividend declared by our Company in the last three Fiscals are as follows:

For Fiscal	Face value per Equity Share (₹)	Dividend paid per Equity Share (₹)	Rate of dividend (%)			Total Dividend Paid (In ₹ million)
			Normal	Special	Total	
2015	10	17.5	100	75	175	1,563.48
2014	10	17.5	100	75	175	1,563.48
2013	10	17.5	100	75	175	1,563.48

*Note: Our Company is yet to declare dividend for the Fiscal 2016*



## SECTION V: FINANCIAL INFORMATION

### FINANCIAL STATEMENTS

#### **INDEPENDENT AUDITOR'S REPORT ON RESTATED FINANCIAL INFORMATION AS REQUIRED UNDER SECTION 26 OF PART I OF CHAPTER III OF COMPANIES ACT, 2013, READ WITH RULE 4 TO 6 OF COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014 AND SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED**

To,  
The Board of Directors,  
Mahanagar Gas Limited,  
MGL House, Block G-33,  
Bandra – Kurla Complex,  
Bandra (East),  
Mumbai – 400 051

Dear Sirs,

1. We have examined the attached Restated Financial Information of Mahanagar Gas Limited (“the Company”), which comprises of the Restated Summary Statement of Assets and Liabilities as at March 31, 2016, 2015, 2014, 2013 and 2012, the Restated Summary Statement of Profit and Loss and the Restated Summary Statement of Cash Flows for the years ended March 31, 2016, 2015, 2014, 2013 and 2012, the Summary of Significant Accounting Policies (the “**Restated Financial Information**”) as approved by the Board of Directors of the Company at their meeting held on 30<sup>th</sup> May, 2016 for the purpose of inclusion in the Red Herring Prospectus (“**RHP**”) prepared by the Company in connection with the proposed initial public offering (IPO) of its equity shares, prepared in terms of the requirements of:
  - a) Section 26 of Part I of Chapter III of the Companies Act, 2013 (“the Act”) read with Rule 4 to 6 of Companies (Prospectus and Allotment of Securities) Rules, 2014 (“the Rules”); and
  - b) the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time in pursuance of provisions of Securities and Exchange Board of India Act, 1992 (“SEBI-ICDR Regulations”).
2. We have examined the Restated Financial Information in accordance with:
  - a) The terms of reference received from the Company vide our engagement letter dated April 20, 2016 in connection with its proposed IPO; and
  - b) The Guidance Note on Reports in Company Prospectuses (Revised) issued by the Institute of Chartered Accountants of India (ICAI).
3. The Restated Financial Information has been compiled by the management from the audited financial statements of the Company as at and for the years ended March 31, 2016, 2015, 2014, 2013 and 2012, which have been approved by Board of Directors at their meetings held on 30<sup>th</sup> May, 2016, 30<sup>th</sup> June, 2015, 18<sup>th</sup> June, 2014, 22<sup>nd</sup> May, 2013 and 28<sup>th</sup> June, 2012 respectively and books of accounts underlying those financial statements and other records of the Company, to the extent considered necessary for the preparation of the Restated Summary Statements.
4. Based on our examination, we report that:
  - a) The Restated Summary Statement of Assets and Liabilities of the Company as at March 31, 2016, 2015, 2014, 2013 and 2012 as set out in Annexure - I to this report, have been arrived at after making adjustments and regrouping/ reclassifications as in our opinion were appropriate and more fully described in Annexure - V – Summary Statement of Adjustments to Audited Financial Statements.
  - b) The Restated Summary Statement of Profit and Loss of the Company for the years ended March 31, 2016, 2015, 2014, 2013 and 2012, as set out in Annexure - II to this report, have been arrived at after making

adjustments and regrouping/ reclassifications as in our opinion were appropriate and more fully described in Annexure V – Summary Statement of Adjustments to Audited Financial Statements.

- c) The Restated Summary Statement of Cash Flows of the Company for the years ended March 31, 2016, 2015, 2014, 2013 and 2012, as set out in Annexure-III to this report, have been arrived at after making adjustments and regrouping/reclassifications as in our opinion were appropriate and more fully described in Annexure V – Summary Statement of Adjustments to Audited Financial Statements.

Based on the above, and according to the information and explanations given to us, we are of the opinion that the Restated Financial Information have been made after incorporating adjustments for the material amounts in the respective financial years to which they relate.

Further, there are no changes in the Significant Accounting Policies adopted by the Company in the financial years covered by this report which would require adjustment in the Restated Financial Information.

There are no extra-ordinary items that need to be disclosed separately in the Restated Financial Information.

There were no qualifications in the Auditors' report for the relevant reporting periods which require any adjustments to the Restated Financial Statements.

5. We have also examined the following other financial information set out in Annexures prepared by the management and approved by the Board of Directors relating to the Company for the years ended March 31, 2016, 2015, 2014, 2013 and 2012.

- (a) Restated Statement of Share Capital included in Note 2 to Annexure IV;
- (b) Restated Statement of Reserves and Surplus included in Note 3 to Annexure IV;
- (c) Restated Statement of Long-term Borrowings included in Note 4 to Annexure IV;
- (d) Restated Statement of Deferred Tax Liabilities included in Note 5 to Annexure IV;
- (e) Restated Statement of Other Long-term Liabilities included in Note 6 to Annexure IV;
- (f) Restated Statement of Long term Provisions included in Note 7 to Annexure IV;
- (g) Restated Statement of Trade Payables included in Note 8 to Annexure IV;
- (h) Restated Statement of Other Current Liabilities included in Note 9 to Annexure IV;
- (i) Restated Statement of Short term Provisions included in Note 10 to Annexure IV;
- (j) Restated Statement of Fixed Assets included in Note 11 to Annexure IV;
- (k) Restated Statement of Long Term Loans and Advances included in Note 12 to Annexure IV;
- (l) Restated Statement of Other Non-Current Assets included in Note 13 to Annexure IV;
- (m) Restated Statement of Investments included in Note 14 to Annexure IV;
- (n) Restated Statement of Inventories included in Note 15 to Annexure IV;
- (o) Restated Statement of Trade Receivables included in Note 16 to Annexure IV;
- (p) Restated Statement of Cash and Cash Equivalents included in Note 17 to Annexure IV;
- (q) Restated Statement of Short-term Loans and Advances included in Note 18 to Annexure IV;
- (r) Restated Statement of Other Current Assets included in Note 19 to Annexure IV;
- (s) Restated Statement of Other Income included in Note 20 to Annexure IV;
- (t) Restated Statement of Cost of Natural Gas and Traded Items included in Note 21 to Annexure IV;
- (u) Restated Statement of Changes in inventories included in Note 22 to Annexure IV;
- (v) Restated Statement of Employee Benefits Expense included in Note 23 to Annexure IV;
- (w) Restated Statement of Finance Costs included in Note 24 to Annexure IV;
- (x) Restated Statement of Other Expenses included in Note 25 to Annexure IV;
- (y) Statement of Disclosures under Accounting Standards included in Note 26 to Annexure IV;
- (z) Statement of Additional Information to the Financial Statements in Note 27 to Annexure IV;
- (aa) Summary Statement of Adjustments to Audited Financial Statements included in Annexure V;
- (bb) Restated Statement of Accounting Ratios included in Annexure VI;
- (cc) Restated Statement of Capitalisation included in Annexure VII;
- (dd) Restated Statement of Tax Shelters included in Annexure VIII;
- (ee) Statement of Related Party Disclosures included in Note 26.4 to Annexure IV;
- (ff) Statement of Dividend details included in Note 27.5 to Annexure IV

In our opinion, the Restated Financial Information and the above Restated Financial Information contained in Annexures V to VIII accompanying this report, read with Summary of Significant Accounting Policies disclosed in Annexure IV, are prepared after making adjustments and regroupings/ reclassifications as considered

appropriate and have been prepared in accordance with Section 26 of Part I of Chapter III of the Companies Act, 2013 read with Rule 4 to 6 of Companies (Prospectus and Allotment of Securities) Rules, 2014, SEBI-ICDR Regulations and the Guidance Note issued in this regard by the ICAI, as amended from time to time, and in terms of our engagement as agreed with you.

6. This report should not be in any way construed as a reissuance or re-dating of any of the previous audit reports issued by us, nor should this report be construed as an opinion on any of the financial statements referred to herein.

We have not audited any financial statements of the Company as of any date or for any period subsequent to March 31, 2016. Accordingly, we express no opinion on the financial position, results of operations and cash flows of the Company as of any date or for any period subsequent to March 31, 2016. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

7. Our report is intended solely for use of the management for inclusion in the offer document to be filed with Securities and Exchange Board of India and relevant stock exchanges in connection with the proposed issue of equity shares of the Company. Our report should not be used, referred to or distributed for any other purpose except with our prior consent in writing.

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

**Rupen K. Bhatt**  
(Partner)

Place: Mumbai  
Date: May 30, 2016

(Membership No. 46930)

# ANNEXURE - I

## Restated Summary Statement of Assets and Liabilities

(₹ Million)

Particulars	Note No. of Annexure IV	As at 31st March 2016	As at 31st March 2015	As at 31st March 2014	As at 31st March 2013	As at 31st March 2012
<b>I - EQUITY AND LIABILITIES</b>						
<b>(1) Shareholders' Funds</b>						
(a) Share Capital	2	893.42	893.42	893.42	893.42	893.42
(b) Reserves and Surplus	3	14,386.33	13,181.23	12,076.16	10,932.86	9,777.00
		15,279.75	14,074.65	12,969.58	11,826.28	10,670.42
<b>(2) Non-current liabilities</b>						
(a) Long-term borrowings	4	43.76	155.88	79.83	98.33	104.71
(b) Deferred tax liabilities (Net)	5	1,181.20	1,027.09	887.09	796.76	650.67
(c) Other long-term liabilities	6	5.25	10.63	7.78	0.85	5.52
(d) Long term provisions	7	52.75	68.32	40.42	-	-
		1,282.96	1,261.92	1,015.12	895.94	760.90
<b>(3) Current Liabilities</b>						
(a) Trade payables	8					
(i) Total outstanding dues of Micro, Small and Medium Enterprises		17.85	26.61	13.02	10.11	7.31
(ii) Total outstanding dues of creditors other than Micro, Small and Medium Enterprises		1,101.47	1,092.94	1,050.69	853.82	358.08
(b) Other current liabilities	9	3,897.63	3,227.00	2,751.28	2,359.43	1,919.02
(c) Short-term provisions	10	1,983.30	1,972.73	1,943.32	1,884.12	1,746.99
		7,000.25	6,319.28	5,758.31	5,107.48	4,031.40
<b>TOTAL</b>		<b>23,562.96</b>	<b>21,655.85</b>	<b>19,743.01</b>	<b>17,829.70</b>	<b>15,462.72</b>
<b>II - ASSETS</b>						
<b>(1) Non-current assets</b>						
(a) Fixed assets	11					
(i) Tangible assets		11,549.24	10,594.36	9,871.18	9,210.81	7,582.09
(ii) Intangible assets		46.87	45.71	43.69	46.11	55.01
(iii) Capital work-in-progress		4,288.64	3,796.20	3,454.41	3,147.67	3,218.30
		15,884.75	14,436.27	13,369.28	12,404.59	10,855.40
(b) Long term loans and advances	12	429.90	296.34	236.07	253.54	266.98
(c) Other non-current assets	13	10.87	17.82	16.74	17.21	15.70
		16,325.52	14,750.43	13,622.09	12,675.34	11,138.08
<b>(2) Current assets</b>						
(a) Current investments	14	3,881.98	3,714.66	3,420.66	3,021.19	2,355.05
(b) Inventories	15	180.27	173.55	158.66	137.73	142.73
(c) Trade Receivables	16	892.55	962.31	1,092.63	901.87	824.54
(d) Cash and Cash Equivalents	17	1,720.87	1,449.17	888.06	660.23	510.30
(e) Short-term loans and advances	18	276.04	306.26	284.21	217.82	317.23
(f) Other current assets	19	285.73	299.47	276.70	215.52	174.79
		7,237.44	6,905.42	6,120.92	5,154.36	4,324.64
<b>TOTAL</b>		<b>23,562.96</b>	<b>21,655.85</b>	<b>19,743.01</b>	<b>17,829.70</b>	<b>15,462.72</b>
See accompanying notes forming part of the restated financial information	1 to 27					

In terms of our report attached

**For Deloitte Haskins & Sells**  
Chartered Accountants

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

**Rupen K. Bhatt**  
**Partner**

Place: Mumbai  
Date: May 30, 2016

**Rajeev Mathur**  
**Managing Director**

**S M Ranade**  
**Chief Financial Officer**

Place: Delhi  
Date: May 30, 2016

**Akhil Mehrotra**  
**Director**

**Alok Mishra**  
**Company Secretary**

**ANNEXURE II**  
**Restated Summary Statement of Profit and Loss**

(₹ Million)

Particulars		Note No. of Annexure IV	For the year ended				
			31st March 2016	31st March 2015	31st March 2014	31st March 2013	31st March 2012
I	Revenue from Operations :						
	Sale of Natural Gas (Gross)		22,721.62	22,745.64	20,352.31	16,342.66	14,198.03
	Less : Excise Duty		2,068.34	1,967.55	1,665.91	1,365.63	1,230.65
	Sale of Natural Gas (Net)		20,653.28	20,778.09	18,686.40	14,977.03	12,967.38
	Sale of pipes, fittings and other materials		14.88	4.68	12.43	8.30	22.52
	Other operating income		121.11	166.51	152.70	158.45	100.40
			20,789.27	20,949.28	18,851.53	15,143.78	13,090.30
II	Other Income	20	427.01	407.09	344.94	318.56	193.69
III	<b>Total Revenue (I + II)</b>		21,216.28	21,356.37	19,196.47	15,462.34	13,283.99
IV	Expenses:						
	Cost of Natural Gas and Traded Items	21	12,296.26	12,958.08	11,444.37	8,121.94	6,209.78
	Changes in Inventories	22	0.72	(0.85)	(1.09)	(0.31)	(0.54)
	Employee benefits expense	23	537.12	511.11	416.89	359.03	321.66
	Finance Costs	24	29.45	12.05	2.07	10.69	2.92
	Depreciation and amortization expense (Refer note 27.6)	11	840.57	799.09	807.16	711.08	638.39
	Other expenses	25	2,825.67	2,583.95	2,109.24	1,836.37	1,572.09
	<b>Total expenses</b>		16,529.79	16,863.43	14,778.64	11,038.80	8,744.30
V	<b>Profit before tax (III- IV)</b>		4,686.49	4,492.94	4,417.83	4,423.54	4,539.69
VI	Tax expense:						
	(1) Current tax		1,445.50	1,331.00	1,355.00	1,292.40	1,395.00
	(2) Deferred tax		154.12	151.93	90.34	146.08	67.26
	Total		1,599.62	1,482.93	1,445.34	1,438.48	1,462.26
	<b>Profit after tax for the year (V - VI)</b>		3,086.87	3,010.01	2,972.49	2,985.06	3,077.43
	<b>Adjustments</b>		-	-	-	-	-
	(Refer Annexure V)						
VII	<b>Net profit after tax for the year as restated</b>		<b>3,086.87</b>	<b>3,010.01</b>	<b>2,972.49</b>	<b>2,985.06</b>	<b>3,077.43</b>
VIII	Earnings per equity share (EPS) (face value of ₹ 10/- each)						
	Basic (₹)	26.6	34.55	33.69	33.27	33.41	34.45
	Diluted (₹)		31.36	30.54	30.15	30.28	31.21
	<b>See accompanying notes forming part of the restated financial information</b>	<b>1 to 27</b>					

**For Deloitte Haskins & Sells**  
Chartered Accountants

**Rupen K. Bhatt**  
Partner

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

**Rajeev Mathur**  
Managing Director

**Akhil Mehrotra**  
Director

**S M Ranade**  
Chief Financial Officer

**Alok Mishra**  
Company Secretary

Place: Mumbai  
Date: May 30, 2016

Place: Delhi  
Date: May 30, 2016



**ANNEXURE – III**  
**Restated Summary Statement of Cash Flows**

(₹ Million)

PARTICULARS	For the year ended				
	31st March 2016	31st March 2015	31st March 2014	31st March 2013	31st March 2012
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>					
<b>Profit before taxation (as restated)</b>	<b>4,686.49</b>	<b>4,492.94</b>	<b>4,417.83</b>	<b>4,423.54</b>	<b>4,539.69</b>
<b>Adjustments for</b>					
Depreciation and amortisation expense	840.57	799.09	807.16	711.08	638.39
Loss on Sale / Disposal of Assets (Net)	4.23	0.05	0.93	0.84	1.03
Loss on Sale of Current Investments - Non Trade (Net)	-	-	0.46	-	-
Profit on sale of current investments - Non trade (Net)	(40.34)	(15.88)	-	-	-
Fixed Assets Written Off	0.15	0.13	4.32	4.37	17.24
Provision for / (Reversal of) Doubtful Trade Receivables	3.36	(2.05)	3.62	(3.37)	2.30
Provision for / (Reversal of) Doubtful Security Deposits	(5.46)	7.73	(8.09)	(4.66)	18.26
Bad Trade Receivables written off	1.60	3.64	3.74	9.66	4.33
Exchange Fluctuation (Net)	1.95	(3.37)	9.83	3.54	5.91
Provision for Leave Encashment	15.83	19.22	2.26	15.13	9.95
Finance Costs	29.45	12.05	2.07	10.69	2.92
Dividend Income on Current Investments - Non trade	(150.20)	(241.15)	(223.84)	(200.07)	(130.52)
Interest on Bank Fixed Deposits	(103.66)	(75.64)	(59.58)	(47.60)	(31.88)
<b>Operating profit before working capital changes (as restated)</b>	<b>5,283.97</b>	<b>4,996.76</b>	<b>4,960.71</b>	<b>4,923.15</b>	<b>5,077.62</b>
<b>Movements in Working Capital</b>					
(Increase)/Decrease in Inventories	(6.72)	(14.89)	(20.93)	5.00	(6.77)
(Increase)/Decrease in Trade Receivables	64.80	128.73	(198.12)	(83.62)	227.00
(Increase)/Decrease in Long Term Loans and Advances	(74.99)	(40.99)	(1.15)	25.13	(1.35)
(Increase)/Decrease in Other Non Current Assets	6.95	(1.09)	0.47	(1.51)	(2.56)
(Increase)/Decrease in Short Term Loans and Advances	35.68	(29.78)	(58.30)	104.07	(66.90)
(Increase)/Decrease in Other Current Assets	(1.27)	(13.54)	(48.65)	(39.29)	(22.28)
Increase/(Decrease) in Other Long Term Liabilities	(5.38)	2.85	6.93	(4.67)	0.22
Increase/(Decrease) in Long Term Provisions	(15.57)	27.90	40.42	-	-
Increase/(Decrease) in Trade Payables	(2.19)	59.21	189.95	495.00	(194.05)
Increase/(Decrease) in Other Current Liabilities	467.10	540.37	387.85	428.26	417.12
Increase/(Decrease) in Short Term Provisions	2.63	1.32	2.90	2.01	1.78
	<b>471.04</b>	<b>660.09</b>	<b>301.37</b>	<b>930.38</b>	<b>352.21</b>
<b>Cash Generated from Operations</b>	<b>5,755.01</b>	<b>5,656.85</b>	<b>5,262.08</b>	<b>5,853.53</b>	<b>5,429.83</b>
Income taxes paid (net of refunds)	(1,500.71)	(1,389.71)	(1,285.60)	(1,464.68)	(1,150.27)
<b>Net Cash from Operating Activities</b>	<b>4,254.30</b>	<b>4,267.14</b>	<b>3,976.48</b>	<b>4,388.85</b>	<b>4,279.56</b>

# Restated Summary Statement of Cash Flows

(₹ Million)

PARTICULARS	For the year ended				
	31st March 2016	31st March 2015	31st March 2014	31st March 2013	31st March 2012
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>					
Purchase of fixed assets, including intangible assets, capital work in progress and capital advances	(2,211.25)	(1,975.94)	(1,768.44)	(2,265.81)	(2,135.32)
Proceeds from sale of fixed assets	1.09	1.29	0.44	16.63	0.38
Purchase of current investments	(23,494.66)	(24,398.62)	(20,837.50)	(17,033.62)	(14,489.72)
Sale of Current Investments	23,367.69	24,120.49	20,437.58	16,367.49	13,264.92
Bank balances not considered as Cash and Cash Equivalents	(217.99)	(662.01)	(101.59)	(184.58)	(55.52)
Interest Received	118.67	66.41	47.05	46.16	27.87
Dividend Received on Current Investments – Non Trade	150.20	241.15	223.84	200.07	130.52
<b>Net Cash (used in) Investing Activities</b>	<b>(2,286.25)</b>	<b>(2,607.23)</b>	<b>(1,998.62)</b>	<b>(2,853.66)</b>	<b>(3,256.87)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>					
Issue of 9% Unsecured Compulsorily Convertible Debentures	-	94.36	-	-	-
Repayment of Borrowings	(17.76)	(18.31)	(18.50)	(6.38)	(3.20)
Dividend paid	(1,563.48)	(1,563.48)	(1,563.48)	(1,340.13)	(777.28)
Corporate Dividend Tax	(318.29)	(265.71)	(265.71)	(217.40)	(126.09)
Interest Paid	(14.81)	(7.67)	(3.93)	(5.93)	(3.06)
<b>Net Cash (used in) Financing Activities</b>	<b>(1,914.34)</b>	<b>(1,760.81)</b>	<b>(1,851.62)</b>	<b>(1,569.84)</b>	<b>(909.63)</b>
<b>Net (Decrease)/Increase in Cash and Cash Equivalents (A+B+C)</b>	<b>53.71</b>	<b>(100.90)</b>	<b>126.24</b>	<b>(34.65)</b>	<b>113.06</b>
Cash and Cash Equivalents at the beginning of the year	157.39	258.29	132.05	166.70	53.64
<b>Cash and Cash Equivalents at the end of the year *</b>	<b>211.10</b>	<b>157.39</b>	<b>258.29</b>	<b>132.05</b>	<b>166.70</b>
* Cash and cash equivalents at the end of the year comprises (Refer note 17)					
i) Cash on Hand	0.02	0.01	0.01	0.04	0.08
ii) Cheques on Hand	-	0.10	-	10.79	-
iii) Balances with Banks					
In Current Accounts	211.08	157.28	258.28	121.22	166.62
	<b>211.10</b>	<b>157.39</b>	<b>258.29</b>	<b>132.05</b>	<b>166.70</b>
<b>See accompanying notes forming part of the restated financial statements</b>	<b>Notes 1 to 27</b>				

In terms of our report attached

**For Deloitte Haskins & Sells**  
Chartered Accountants

**Rupen K. Bhatt**  
Partner

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

**Rajeev Mathur**  
Managing Director

**Akhil Mehrotra**  
Director

**S M Ranade**

**Alok Mishra**

**Chief Financial Officer**

**Company Secretary**

Place: Mumbai  
Date: May 30, 2016

Place: Delhi  
Date: May 30, 2016

## ANNEXURE - IV

### Summary of Significant Accounting Policies and Notes to Accounts

#### NOTE - 1

##### A. Background :

- (a) Mahanagar Gas Limited was incorporated on May 8, 1995. The Company is engaged in the business of city gas distribution.
- (b) The Restated Summary Statement of Assets and Liabilities of the Company as at March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013, March 31, 2012 and March 31, 2011 and the related Restated Summary Statement of Profit and Loss and Restated Summary Statement of Cash Flows for year ended March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013, March 31, 2012 and March 31, 2011 (hereinafter collectively referred to as "Restated Summary Statements") have been prepared specifically for inclusion in the Offer Document to be filed by the Company with the Securities and Exchange Board of India ("SEBI") in connection with proposed Initial Public Offering of its equity shares.

These Restated Summary Statements have been prepared to comply in all material respects with the requirements of Part I of Chapter III to the Companies Act, 2013 and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("the SEBI regulations") as amended from time to time.

Significant Accounting Policies adopted for the period 1<sup>st</sup> April 2015 to 31<sup>st</sup> March 2016, consistent with which the Restated Summary Statements are made, are set out below.

##### B. Significant Accounting Policies

###### (a) Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent among the years reported.

###### (b) Use of Estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

###### (c) Fixed Assets

###### Cost

Fixed assets are carried at cost of acquisition or construction less accumulated depreciation and accumulated impairment losses if any. Cost includes financing cost relating to borrowed funds attributable to the construction or acquisition of fixed assets up to the date the assets are commissioned. In case of commissioned assets where final payment to the contractors is pending, capitalisation is made on provisional basis subject to necessary adjustment in cost and depreciation in the year of settlement.

**Commissioning**

Gas distribution systems are treated as commissioned when supply of gas commences to the individual points.

**Intangible Assets**

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

**Capital Work-in-Progress**

Capital Work-in-Progress includes, expenditure incurred on assets, which are yet to be commissioned. Capital Inventory included in Capital Work-in-Progress comprises stock of capital items / construction materials at stores and with contractors / processors.

**(d) Depreciation and Amortisation**

Depreciable amount for assets is the cost of an asset less its estimated residual value.

Depreciation on fixed assets is provided on straight line method.

Leasehold Land is amortised over the lease period.

Intangible Assets (Software / Licenses) are amortised over 6 years based on useful life.

The depreciation was provided at rates specified and in the manner prescribed by Schedule XIV to the Companies Act, 1956 upto 31st March, 2014 except for the following fixed assets and intangible assets which are depreciated / amortised over their useful life as determined by the management:

Roads and fences : 30 years

Bunk houses : 5 years

Online compressors and dispensers : 10 years

With effect from 1st April, 2014, depreciation on tangible fixed assets is provided on straight line method as per useful life and in the manner prescribed by Schedule II to the Companies Act, 2013, except in respect of the Online compressors and dispensers, where useful life considered is 10 years as per management estimate, based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, replacements generally required from the point of view of operational effectiveness (Refer note 27.6).

**(e) Investments**

Current investments are carried individually, valued at the lower of cost and fair value.

**(f) Inventories**

Inventories are valued at lower of cost and net realisable value after providing for obsolescence and other losses, where considered necessary. The cost is determined on weighted average basis.

**(g) Foreign Exchange Transactions**

Foreign currency transactions are recorded at the exchange rates prevailing on the date of such transactions. Monetary items are translated at the rates of exchange prevailing at the date of the Balance Sheet. Gain/loss arising on account of differences in foreign exchange rates on settlement/translation of monetary items is recognised in the Statement of Profit and Loss.

**(h) Revenue Recognition**

Sale is recognised on supply of natural gas to customers by metered/assessed measurements. Compensation receivable from customers with respect to shortfall in minimum guaranteed offtake of gas are recognised on contractual basis and delayed payment charges are recognised on receipt basis in view of uncertainty of collection.

(i) **Employee Benefits**

**Defined Contribution Plan**

Company's contribution to provident fund is recognised on accrual basis in the Statement of Profit and Loss.

**Defined Benefit Plan**

Employee Benefits under Defined Benefit Plans in respect of gratuity, compensated absence, post-retirement medical scheme and long service award are recognized based on the present value of defined benefit obligation, which is computed on the basis of actuarial valuation using the Projected Unit Credit method. Past services are recognised on a straight line basis over the average period until the benefits become vested. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss as Income or Expense. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to the market yields at the Balance Sheet date on Government Bonds where the currency and the terms of the Government Bonds are consistent with the currency and estimated terms of the defined benefit obligation.

**Short-term employee benefits**

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under:

- (i) in respect of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (ii) in case of non-accumulating compensated absences, when the absences occur.

**Long-term employee benefits**

Accumulated Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service and Long Service Awards are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date.

Provision for gratuity as per actuarial valuation is funded with 'Life Insurance Corporation of India'.

(j) **Taxes on Income**

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred Tax is measured using the tax rates and the Tax Laws enacted or substantially enacted as at the reporting date. Deferred tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originates in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets.

(k) **Borrowing Costs**

Borrowing costs attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. All other borrowing costs are charged to revenue.

(l) **Segment Reporting**

The company is in the business of distribution of Natural Gas. The Company earns revenue by selling natural gas and does not earn revenue by transporting gas of third parties. Natural gas business involves distribution of gas from sources of supply to centres of demand and to the end consumers. The company is operating in India, a single geographical segment. Considering the definition of reportable business segments and the reportable geographical segments, contained in Accounting Standard 17 on Segment Reporting, there is only one business and geographical segment.

**(m) Operating Leases**

Lease of assets under which all the risks and reward of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under operating leases are recognised as expense on accrual basis as per the lease agreements.

Operating lease arrangements for premises (residential, office, godowns etc), which are not non-cancellable, range between eleven months to three years generally, and are usually renewable by mutual consent on agreed terms. The aggregate lease rentals payable are charged as rent including lease rentals.

**(n) Impairment of assets**

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss.

**(o) Provisions, Contingent Liabilities and Contingent Assets**

A provision is recognised when the Company has a present legal obligation as a result of past events 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 (excluding retirement benefits) are not discounted 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 best estimates. Contingent Liabilities are not recognised in the financial statements. Contingent Assets are neither recognised nor disclosed in the financial statements.



**Notes on Restated Summary Statement of Assets and Liabilities and Statement of Profit and Loss**

(₹ Million)

Particulars	As at 31st March 2016	As at 31st March 2015	As at 31st March 2014	As at 31st March 2013	As at 31st March 2012
<b>NOTE – 2</b>					
<b>RESTATED STATEMENT OF SHARE CAPITAL</b>					
<b>Authorised</b>					
130,000,000 Equity Shares of ₹ 10/- each	1,300.00	1,300.00	1,300.00	1,300.00	1,300.00
<b>Issued, Subscribed and Fully Paid up</b>					
89,341,600 Equity Shares of ₹ 10/- each fully paid up.	893.42	893.42	893.42	893.42	893.42
<b>Details of Shareholders holding more than 5% shares</b>					
<b>GAIL (India) Limited</b>					
Number of Shares	4,44,49,960	4,44,49,960	4,44,49,960	4,44,49,960	4,44,49,960
Percentage	49.75%	49.75%	49.75%	49.75%	49.75%
<b>BG Asia Pacific Holding Pte. Ltd., Singapore</b>					
Number of Shares	4,44,49,960	4,44,49,960	4,44,49,960	4,44,49,960	4,44,49,960
Percentage	49.75%	49.75%	49.75%	49.75%	49.75%
a. The Company has only one class of shares having par value at ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.					
b. Of the above, 1,81,31,331 shares have been allotted on 06.11.1996 as fully paid-up pursuant to a contract without payments being received in cash.					
c. On conversion of Compulsorily Convertible Debentures (as referred in note 4, 9 and 27.8), 94,36,178 additional equity shares will be issued					
<b>NOTE – 3</b>					
<b>RESTATED STATEMENT OF RESERVES AND SURPLUS</b>					
<b>General Reserve</b>					
Opening Balance	2,118.38	2,118.38	1,820.38	1,520.38	1,212.38
Add : Transferred from surplus in Statement of Profit and Loss	-	-	298.00	300.00	308.00
Closing Balance A	2,118.38	2,118.38	2,118.38	1,820.38	1,520.38
<b>Surplus in Statement of Profit and Loss</b>					
Opening Balance	11,062.85	9,957.78	9,112.48	8,256.61	7,044.72
Less: Adjustment on account of depreciation [net of tax] (Refer Note No. 27.6)	-	23.17	-	-	-
Add : Net Profit transferred from Restated Summary Statement of Profit and Loss	3,086.87	3,010.01	2,972.49	2,985.06	3,077.43
	14,149.72	12,944.62	12,084.97	11,241.67	10,122.15
Less : Proposed Dividend	893.42	893.42	893.42	893.42	402.04

Particulars	As at 31st March 2016	As at 31st March 2015	As at 31st March 2014	As at 31st March 2013	As at 31st March 2012
Proposed Special Dividend	670.06	670.06	670.06	670.06	938.09
Corporate Dividend Tax	318.29	318.29	265.71	265.71	217.40
Transfer to General Reserve	-	-	298.00	300.00	308.00
	1,881.77	1,881.77	2,127.19	2,129.19	1,865.53
Closing Balance B	12,267.95	11,062.85	9,957.78	9,112.48	8,256.62
<b>A+B</b>	<b>14,386.33</b>	<b>13,181.23</b>	<b>12,076.16</b>	<b>10,932.86</b>	<b>9,777.00</b>

**Notes on Restated Summary Statement of Assets and Liabilities and Statement of Profit and Loss**

(₹ Million)

Particulars	As at 31st March 2016	As at 31st March 2015	As at 31st March 2014	As at 31st March 2013	As at 31st March 2012
<b>NOTE – 4</b>					
<b>RESTATED STATEMENT OF LONG TERM BORROWINGS</b>					
<b>Unsecured</b>					
Sales Tax Deferred Loan (Interest Free) #	43.76	61.52	79.83	98.33	104.71
9% Unsecured Compulsorily Convertible Debentures (UCCD) (Refer Note No. 27.8 and Note No.9 below)	-	94.36	-	-	-
	<b>43.76</b>	<b>155.88</b>	<b>79.83</b>	<b>98.33</b>	<b>104.71</b>
# Sales tax deferment is in respect of Sales Tax collected for the period 1996-97 to 2000-01. The same is being repaid in 6 equal annual instalments on 1st April every year starting from the 14th year from the year of availment of the Loan.					
<b>NOTE – 5</b>					
<b>RESTATED STATEMENT OF DEFERRED TAX LIABILITIES</b>					
Deferred tax liabilities	1,249.46	1,093.27	936.23	833.29	689.49
Deferred tax assets	68.26	66.18	49.14	36.53	38.82
Deferred tax liability (Net)	<b>1,181.20</b>	<b>1,027.09</b>	<b>887.09</b>	<b>796.76</b>	<b>650.67</b>
Note:					
Major components of deferred tax assets/liabilities arising on account of timing difference comprises of the following:					
<u>Tax effect of items constituting deferred tax liability</u>					
On difference between book balance and tax balance of fixed assets	1,249.46	1,093.27	936.23	833.29	689.49
Total Deferred Tax Liability A	1,249.46	1,093.27	936.23	833.29	689.49
<u>Tax effect of items constituting deferred tax assets</u>					
Provision for doubtful trade receivables / deposits	11.21	11.93	9.79	11.31	3.91
Disallowances under Section 43B of the Income Tax Act, 1961	56.81	54.05	38.42	24.35	24.42
Others	0.24	0.19	0.93	0.87	10.49
Total Deferred Tax Assets B	68.26	66.18	49.14	36.53	38.82
<b>Deferred Tax Liability (Net) (A – B)</b>	<b>1,181.20</b>	<b>1,027.09</b>	<b>887.09</b>	<b>796.76</b>	<b>650.67</b>

**Notes on Restated Summary Statement of Assets and Liabilities and Statement of Profit and Loss**

(₹ Million)

Particulars	As at 31st March 2016	As at 31st March 2015	As at 31st March 2014	As at 31st March 2013	As at 31st March 2012
<b>NOTE – 6</b>					
<b>RESTATED STATEMENT OF OTHER LONG TERM LIABILITIES</b>					
Trade Payables	0.62	0.47	0.02	0.04	1.34
Trade/Security Deposits Received	4.63	10.16	7.76	0.81	4.18
	<b>5.25</b>	<b>10.63</b>	<b>7.78</b>	<b>0.85</b>	<b>5.52</b>
<b>NOTE – 7</b>					
<b>RESTATED STATEMENT OF LONG TERM PROVISIONS</b>					
Provision for Employee benefits	52.75	68.32	40.42	-	-
	<b>52.75</b>	<b>68.32</b>	<b>40.42</b>	<b>-</b>	<b>-</b>
<b>NOTE – 8</b>					
<b>RESTATED STATEMENT OF TRADE PAYABLES</b>					
Total outstanding dues of Micro, Small and Medium Enterprises ( Refer Note 27.3)	17.85	26.61	13.02	10.11	7.31
Total outstanding dues of creditors other than Micro, Small and Medium Enterprises	1,101.47	1,092.94	1,050.69	853.82	358.08
	<b>1,119.32</b>	<b>1,119.55</b>	<b>1,063.71</b>	<b>863.93</b>	<b>365.39</b>
<b>NOTE – 9</b>					
<b>RESTATED STATEMENT OF OTHER CURRENT LIABILITIES</b>					
Capital Creditors					
(i) Total outstanding dues of Micro, Small and Medium Enterprises (Refer Note 27.3)	41.35	18.06	17.14	28.12	25.20
(ii) Total outstanding dues of capital creditors other than Micro, Small and Medium Enterprises	200.63	129.39	199.34	182.50	178.03
Security Deposit from Customers	3,092.63	2,663.73	2,160.34	1,841.20	1,443.10
Trade/Security Deposits Received	62.40	59.29	53.14	45.49	32.08
Advances received from Customers	183.20	159.03	158.14	116.56	96.52
Statutory Remittances (VAT, ESIC, TDS, PF etc.)	173.63	167.73	142.75	124.55	119.70
Current maturities of long term borrowings - 9% UCCD (Refer Note 4 above)	94.36	-	-	-	-
Interest accrued but not due	-	2.00	-	-	-
Other Payables (includes Earnest Money Deposits etc.)	49.43	27.77	20.43	21.01	24.39
	<b>3,897.63</b>	<b>3,227.00</b>	<b>2,751.28</b>	<b>2,359.43</b>	<b>1,919.02</b>
<b>NOTE – 10</b>					
<b>RESTATED STATEMENT OF SHORT TERM PROVISIONS</b>					
a. Provision for Employee Benefits					
Provision for Compensated Absences	90.58	73.04	51.82	47.83	30.69
Provision for Other employee benefits	1.41	0.49	1.17	-	-
b. Provision Others					
Provision for Tax (net of advance tax)	9.54	17.43	61.14	7.10	158.77
Provision for Proposed Dividend On Equity Shares	1,563.48	1,563.48	1,563.48	1,563.48	1,340.13
Corporate Dividend Tax on Proposed Dividend	318.29	318.29	265.71	265.71	217.40
	<b>1,983.30</b>	<b>1,972.73</b>	<b>1,943.32</b>	<b>1,884.12</b>	<b>1,746.99</b>

Notes on Restated Summary Statement of Assets and Liabilities and Statement of Profit and Loss

Note - 11

RESTATED STATEMENT OF FIXED ASSETS

(₹ Million)

Description of Assets	<u>TANGIBLE ASSETS</u>												<u>Intangible Assets</u>		Total Gross Block
Gross Block	Leasehold Land	Buildings, Bunk houses	Roads & Fences	Electrical Installations	Plant & Machinery - Gas Distribution System	Plant & Machinery - Others	Computers	Office Equipment	Communication Systems	Furniture and Fixtures	Motor Cars	Total - Tangible Assets	Software / Licences (Acquired)	Total - Intangible Assets	
<b>As at 31<sup>st</sup> March 2011</b>	<b>145.94</b>	<b>102.02</b>	<b>20.77</b>	<b>23.73</b>	<b>9,007.04</b>	<b>65.08</b>	<b>100.02</b>	<b>47.20</b>	<b>15.38</b>	<b>33.65</b>	<b>0.78</b>	<b>9,561.61</b>	<b>78.74</b>	<b>78.74</b>	<b>9,640.35</b>
Additions	181.22	45.87	4.79	16.13	1,589.19	5.84	9.11	17.61	0.18	10.28	-	<b>1,880.22</b>	5.96	<b>5.96</b>	<b>1,886.18</b>
Deductions/ Adjustments	-	(0.02)	0.02	-	(1.86)	2.00	0.41	1.95	-	-	0.78	<b>3.28</b>	-	-	<b>3.28</b>
<b>As at 31<sup>st</sup> March 2012</b>	<b>327.16</b>	<b>147.91</b>	<b>25.54</b>	<b>39.86</b>	<b>10,598.09</b>	<b>68.92</b>	<b>108.72</b>	<b>62.86</b>	<b>15.56</b>	<b>43.93</b>	<b>-</b>	<b>11,438.55</b>	<b>84.70</b>	<b>84.70</b>	<b>11,523.25</b>
Additions	2.58	66.87	18.61	41.70	2,126.25	37.79	9.04	32.84	2.69	5.43	-	<b>2,343.80</b>	4.79	<b>4.79</b>	<b>2,348.59</b>
Deductions/ Adjustments (Refer Note 1)	13.45	-	-	-	111.96	0.01	6.21	1.30	-	1.92	-	<b>134.85</b>	-	-	<b>134.85</b>
<b>As at 31<sup>st</sup> March 2013</b>	<b>316.29</b>	<b>214.78</b>	<b>44.15</b>	<b>81.56</b>	<b>12,612.38</b>	<b>106.70</b>	<b>111.55</b>	<b>94.40</b>	<b>18.25</b>	<b>47.44</b>	<b>-</b>	<b>13,647.50</b>	<b>89.49</b>	<b>89.49</b>	<b>13,736.99</b>
Additions	7.02	-	-	9.99	1,314.01	105.50	9.12	7.44	0.12	0.85	-	<b>1,454.05</b>	12.44	<b>12.44</b>	<b>1,466.49</b>
Deductions/ Adjustments	-	-	-	-	26.08	-	0.86	0.55	-	0.24	-	<b>27.73</b>	-	-	<b>27.73</b>
<b>As at 31<sup>st</sup> March 2014</b>	<b>323.31</b>	<b>214.78</b>	<b>44.15</b>	<b>91.55</b>	<b>13,900.31</b>	<b>212.20</b>	<b>119.81</b>	<b>101.29</b>	<b>18.37</b>	<b>48.05</b>	<b>-</b>	<b>15,073.82</b>	<b>101.93</b>	<b>101.93</b>	<b>15,175.75</b>
Additions	11.76	1.30	-	8.88	1,471.27	5.35	14.01	25.84	0.12	1.19	-	<b>1,539.72</b>	21.01	<b>21.01</b>	<b>1,560.73</b>
Deductions/ Adjustments	-	-	-	-	19.20	-	2.46	0.31	-	-	-	<b>21.97</b>	-	-	<b>21.97</b>

Description of Assets	<b>TANGIBLE ASSETS</b>												<b>Intangible Assets</b>		<b>Total Gross Block</b>
Gross Block	Leasehold Land	Buildings, Bunk houses	Roads & Fences	Electrical Installations	Plant & Machinery - Gas Distribution System	Plant & Machinery - Others	Computers	Office Equipment	Communication Systems	Furniture and Fixtures	Motor Cars	Total - Tangible Assets	Software / Licences (Acquired)	Total - Intangible Assets	
<b>As at 31<sup>st</sup> March 2015</b>	<b>335.07</b>	<b>216.08</b>	<b>44.15</b>	<b>100.43</b>	<b>15,352.38</b>	<b>217.55</b>	<b>131.36</b>	<b>126.82</b>	<b>18.49</b>	<b>49.24</b>	<b>-</b>	<b>16,591.57</b>	<b>122.94</b>	<b>122.94</b>	<b>16,714.51</b>
Additions	18.79	2.99	-	0.02	1,717.14	14.45	15.95	8.15	1.75	1.98	-	<b>1,781.22</b>	21.16	<b>21.16</b>	<b>1,802.38</b>
Deductions/ Adjustments	-	0.91	-	0.42	58.65	0.56	18.61	0.44	0.02	1.37	-	<b>80.98</b>	(13.93)	<b>(13.93)</b>	<b>67.05</b>
<b>As at 31<sup>st</sup> March 2016</b>	<b>353.86</b>	<b>218.16</b>	<b>44.15</b>	<b>100.03</b>	<b>17,010.87</b>	<b>231.44</b>	<b>128.70</b>	<b>134.53</b>	<b>20.22</b>	<b>49.85</b>	<b>-</b>	<b>18,291.81</b>	<b>158.03</b>	<b>158.03</b>	<b>18,449.84</b>

(₹Million)

Description of Assets	TANGIBLE ASSETS												Intangible Assets		Grand Total - Accumulated Depreciation	Less : Debited to Surplus in Statement of Profit and Loss (Refer note 4 below)	Grand Total
	Leasehold Land	Buildings, Bunk houses	Roads & Fences	Electrical Installations	Plant & Machinery - Gas Distribution System	Plant & Machinery - Others	Computers	Office Equipment	Communication Systems	Furniture and Fixtures	Motor Cars	Total - Tangible Assets	Software / Licences (Acquired)	Total - Intangible Assets			
<b>As at 31st March 2011</b>	<b>15.35</b>	<b>14.65</b>	<b>4.33</b>	<b>6.79</b>	<b>3,068.42</b>	<b>20.90</b>	<b>67.09</b>	<b>12.56</b>	<b>5.14</b>	<b>16.97</b>	<b>0.74</b>	<b>3,232.94</b>	<b>16.69</b>	<b>16.69</b>	<b>3,249.63</b>	<b>-</b>	<b>3,249.63</b>
Depreciation / Amortisation Expenses	4.36	1.72	0.70	1.36	598.25	2.88	10.06	2.39	0.66	3.01	-	<b>625.39</b>	13.00	<b>13.00</b>	<b>638.39</b>	-	<b>638.39</b>
Deductions / Adjustments	-	(0.12)	0.12	-	1.10	(1.07)	0.36	0.73	-	0.01	0.74	<b>1.87</b>	-	-	<b>1.87</b>	-	<b>1.87</b>
<b>As at 31st March 2012</b>	<b>19.71</b>	<b>16.49</b>	<b>4.91</b>	<b>8.15</b>	<b>3,665.57</b>	<b>24.85</b>	<b>76.79</b>	<b>14.22</b>	<b>5.80</b>	<b>19.97</b>	<b>-</b>	<b>3,856.46</b>	<b>29.69</b>	<b>29.69</b>	<b>3,886.15</b>	<b>-</b>	<b>3,886.15</b>
Depreciation / Amortisation Expenses	1.92	3.01	1.04	4.53	665.10	4.26	10.10	3.74	0.97	2.72	-	<b>697.39</b>	13.69	<b>13.69</b>	<b>711.08</b>	-	<b>711.08</b>
Deductions / Adjustments	-	0.23	(0.23)	-	107.61	2.20	5.80	0.59	-	0.96	-	<b>117.16</b>	-	-	<b>117.16</b>	-	<b>117.16</b>
<b>As at 31st March 2013</b>	<b>21.63</b>	<b>19.27</b>	<b>6.18</b>	<b>12.68</b>	<b>4,223.06</b>	<b>26.91</b>	<b>81.09</b>	<b>17.37</b>	<b>6.77</b>	<b>21.73</b>	<b>-</b>	<b>4,436.69</b>	<b>43.38</b>	<b>43.38</b>	<b>4,480.07</b>	<b>-</b>	<b>4,480.07</b>
Depreciation / Amortisation Expenses	4.54	28.94	1.47	4.63	728.90	5.43	8.72	5.53	0.80	3.34	-	<b>792.30</b>	14.86	<b>14.86</b>	<b>807.16</b>	-	<b>807.16</b>
Deductions / Adjustments	-	-	-	-	25.10	-	0.81	0.23	-	0.21	-	<b>26.35</b>	-	-	<b>26.35</b>	-	<b>26.35</b>
<b>As at 31st March 2014</b>	<b>26.17</b>	<b>48.21</b>	<b>7.65</b>	<b>17.31</b>	<b>4,926.86</b>	<b>32.34</b>	<b>89.00</b>	<b>22.67</b>	<b>7.57</b>	<b>24.86</b>	<b>-</b>	<b>5,202.64</b>	<b>58.24</b>	<b>58.24</b>	<b>5,260.88</b>	<b>-</b>	<b>5,260.88</b>



Depreciation / Amortisation Expenses	4.57	4.67	5.16	15.25	700.26	16.64	15.70	39.14	7.63	6.19	-	<b>815.21</b>	18.99	<b>18.99</b>	<b>834.20</b>	<b>35.11</b>	<b>799.09</b>
Deductions / Adjustments	-	-	-	-	18.27	-	2.26	0.11	-	-	-	<b>20.64</b>	-	-	<b>20.64</b>	-	<b>20.64</b>
<b>As at 31st March 2015</b>	<b>30.74</b>	<b>52.88</b>	<b>12.81</b>	<b>32.56</b>	<b>5,608.85</b>	<b>48.98</b>	<b>102.44</b>	<b>61.70</b>	<b>15.20</b>	<b>31.05</b>	-	<b>5,997.21</b>	<b>77.23</b>	<b>77.23</b>	<b>6,074.44</b>	-	<b>6,074.44</b>
Depreciation / Amortisation Expenses	14.48	3.99	2.29	10.03	735.35	15.09	13.05	21.23	1.43	3.47	-	<b>820.41</b>	20.16	<b>20.16</b>	<b>840.57</b>	-	<b>840.57</b>
Deductions / Adjustments	-	0.87	-	0.09	54.04	0.38	18.24	0.10	0.02	1.31	-	<b>75.05</b>	(13.77)	<b>(13.77)</b>	<b>61.28</b>	-	<b>61.28</b>
<b>As at 31st March 2016</b>	<b>45.22</b>	<b>56.00</b>	<b>15.10</b>	<b>42.50</b>	<b>6,290.16</b>	<b>63.69</b>	<b>97.25</b>	<b>82.83</b>	<b>16.61</b>	<b>33.21</b>	-	<b>6,742.57</b>	<b>111.16</b>	<b>111.16</b>	<b>6,853.73</b>	-	<b>6,853.73</b>

**Notes on Restated Summary Statement of Assets and Liabilities and Statement of Profit and Loss**  
**Note – 11**

**RESTATED STATEMENT OF FIXED ASSETS (Continued)**

																(₹ Million)		
Description of Assets		TANGIBLE ASSETS												Intangible Assets		Net Block	CWIP	Total
Net Block		Leasehold Land	Buildings, Bunk houses	Roads & Fences	Electrical Installations	Plant & Machinery - Gas Distribution System	Plant & Machinery - Others	Computers	Office Equipment	Communication Systems	Furniture and Fixtures	Motor Cars	Total - Tangible Assets	Software / Licences (Acquired)	Total - Intangible Assets			
As at 31st March 2012		307.45	131.42	20.63	31.71	6,932.52	44.07	31.93	48.64	9.76	23.96	-	7,582.09	55.01	55.01	7,637.10	3,218.30	10,855.40
As at 31st March 2013		294.66	195.51	37.97	68.88	8,389.32	79.79	30.46	77.03	11.48	25.71	-	9,210.81	46.11	46.11	9,256.92	3,147.67	12,404.59
As at 31st March 2014		297.14	166.57	36.50	74.24	8,973.45	179.86	30.81	78.62	10.80	23.19	-	9,871.18	43.69	43.69	9,914.87	3,454.41	13,369.28
As at 31st March 2015		304.33	163.20	31.34	67.87	9,743.53	168.57	28.92	65.12	3.29	18.19	-	10,594.36	45.71	45.71	10,640.07	3,796.20	14,436.27
As at 31st March 2016		308.64	162.16	29.05	57.53	10,720.71	167.75	31.45	51.70	3.61	16.64	-	11,549.24	46.87	46.87	11,596.11	4,288.64	15,884.75
<b>Notes</b>																		
1. Leasehold land at Belapur has been Returned back at book value ₹ 13.45 Million to GAIL (India) Ltd. in the year 2012-13 as the title deeds in respect of the leasehold land could not be transferred to Company in terms of agreement dated April 2, 1996 (Refer Note 26.4)																		

(₹ Million)

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015	As at 31 <sup>st</sup> March 2014	As at 31 <sup>st</sup> March 2013	As at 31 <sup>st</sup> March 2012
2. Capital Work in Progress includes Capital inventory	812.71	568.55	788.84	646.63	653.90
a) Capital inventory includes material with contractors/ processors	159.63	141.68	101.81	112.20	162.25
b) Capital inventory includes material in transit	15.42	-	15.28	-	6.01
3. Additions to Fixed Assets are net of recoveries from certain PNG customers towards the cost of installation of PNG pipeline network.	28.48	27.87	46.14	36.63	35.71
4. Depreciation / Amortisation Expenses includes debited to opening surplus of profit and loss [Refer note 27.6].	-	35.11	-	-	-

Notes on Restated Summary Statement of Assets and Liabilities and Statement of Profit and Loss

(₹Million)

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015	As at 31 <sup>st</sup> March 2014	As at 31 <sup>st</sup> March 2013	As at 31 <sup>st</sup> March 2012
<b>NOTE-12</b>					
<b>RESTATED STATEMENT OF LONG TERM LOANS AND ADVANCES</b>					
<b>Unsecured, Considered good #</b>					
a.Capital Advances	41.17	29.91	25.65	28.91	37.82
b.Security Deposits	171.02	98.61	82.05	116.11	148.14
c.Prepaid Expenses	109.07	106.38	81.83	46.51	39.50
d.Advance Income Tax (net of provision)	107.96	60.65	45.63	60.99	40.39
e.Employee/Vendor advances	0.68	0.79	0.91	1.02	1.13
	<b>429.90</b>	<b>296.34</b>	<b>236.07</b>	<b>253.54</b>	<b>266.98</b>
# Dues from Promoters/Directors included in above	-	-	-	-	-
<b>NOTE-13</b>					
<b>RESTATED STATEMENT OF OTHER NON CURRENT ASSETS</b>					
Receivables from customers, Unsecured Considered Good	10.83	15.28	16.70	17.16	15.65
Other Bank Balances-Non Current (Refer Note 17)	0.04	2.54	0.04	0.05	0.05
	<b>10.87</b>	<b>17.82</b>	<b>16.74</b>	<b>17.21</b>	<b>15.70</b>

**Notes on Restated Summary Statement of Assets and Liabilities and Statement of Profit and Loss**

Particulars	Face Value (₹) @	No. of Units					(₹ Million)				
		As at 31st Mar 2016	As at 31st Mar 2015	As at 31st Mar 2014	As at 31st Mar 2013	As at 31st Mar 2012	As at 31st Mar 2016	As at 31st Mar 2015	As at 31st Mar 2014	As at 31st Mar 2013	As at 31st Mar 2012
<b>Note - 14</b>											
<b>RESTATED STATEMENT OF INVESTMENTS (Non Trade)</b>											
<b>CURRENT INVESTMENTS – Unquoted</b>											
<b>(At lower of Cost and Fair Value)</b>											
<b>Name of Mutual Fund Scheme</b>											
Birla Sunlife Cash Plus - Daily Dividend – Reinvestment	100	-	-	-	49,98,833	-	-	-	-	500.86	-
Birla Sun Life Floating Rate Fund – STP - IP - Daily Dividend Reinvestment	100	18,26,490	-	-	-	21,01,409	182.69	-	-	-	210.18
Baroda Pioneer Liquid Fund - Plan A - Daily Dividend Reinvestment	1,000	3,87,960	-	1,64,876	-	-	388.39	-	164.98	-	-
Canara Robeco Liquid - Regular Plan - Daily Div Reinvest	1,000	-	-	-	3,56,837	-	-	-	-	358.80	-
DSP Black Rock Liquidity Fund - Daily Dividend	1,000	-	-	-	5,01,802	-	-	-	-	501.96	-
Franklin India TMA-	1,000	5,00,696	2,44,008	-	-	-	501.05	244.18	-	-	-

Particulars	Face Value (₹) @	No. of Units					(₹ Million)				
		As at 31st Mar 2016	As at 31st Mar 2015	As at 31st Mar 2014	As at 31st Mar 2013	As at 31st Mar 2012	As at 31st Mar 2016	As at 31st Mar 2015	As at 31st Mar 2014	As at 31st Mar 2013	As at 31st Mar 2012
Super IP - Daily Dividend Reinvestment											
HSBC Cash Fund - Daily Dividend - Reinvestment	1,000	-	-	-	95,019	-	-	-	-	95.07	-
HDFC Liquid Fund - Daily Dividend Reinvestment	10	-	3,93,27,589	-	-	-	-	401.07	-	-	-
ICICI Prudential Money Market Fund - Regular Plan - Daily Dividend	100	-	50,14,808	40,01,968	-	-	-	502.13	400.72	-	-
JP Morgan India Liquid Fund - Super Inst - Daily Dividend Reinvestment	10	-	-	5,05,33,000	5,20,76,270	-	-	-	506.74	521.17	-
JM High Liquidity Fund - Super Institutional Plan - Daily Dividend Reinvestment	10	51,35,938	-	-	-	2,13,40,768	53.57	-	-	-	213.76
Kotak Floater - Short Term - Daily Dividend (Regular Plan)	1,000	5,05,171	4,99,602	4,97,086	5,28,852	3,47,52,261	511.04	505.41	502.86	535.00	351.56
LIC Nomura MF Liquid Fund - Dividend Plan	1,000	-	4,59,748	4,56,952	-	-	-	504.80	501.73	-	-
Religare Invesco Liquid Fund - Daily Dividend	1,000	-	4,30,231	-	-	-	-	430.75	-	-	-
Reliance Liquid Fund - Treasury Plan -	1,000	-	-	-	-	3,69,29,089	-	-	-	-	564.55

Particulars	Face Value (₹) @	No. of Units					(₹ Million)				
		As at 31st Mar 2016	As at 31st Mar 2015	As at 31st Mar 2014	As at 31st Mar 2013	As at 31st Mar 2012	As at 31st Mar 2016	As at 31st Mar 2015	As at 31st Mar 2014	As at 31st Mar 2013	As at 31st Mar 2012
Institutional Option - Daily Dividend Option											
Reliance Liquid Fund - Treasury Plan - Daily Dividend Option	1,000	-	-	2,62,967	3,32,517	-	-	-	402.01	508.33	-
SBI Premier Liquid Fund Regular - Daily Dividend Reinvestment	1,000	-	-	93,279	-	-	-	-	93.58	-	-
Sundaram Money Fund - Regular Daily DR (Div Option Reinvestment)	10	-	1,64,54,782	-	-	-	-	166.12	-	-	-
Tata Money Market Fund - Plan A - Daily Dividend	1,000	2,44,864	3,59,663	4,34,877	-	-	245.24	360.21	435.54	-	-
Taurus Liquid Fund - Super IP	1,000	-	-	-	-	4,52,327	-	-	-	-	452.37
Templeton India Treasury Management Account Super Institutional Plan - Daily Dividend Reinvestment	1,000	-	-	-	-	42,604	-	-	-	-	42.63
Reliance Medium Term Fund - Growth Plan - Growth Option	10	1,63,03,852	-	-	-	-	500.00	-	-	-	-
Religare Invesco Credit Opportunities Fund - Growth	1,000	3,06,728	-	-	-	-	500.00	-	-	-	-
UTI Treasury	1,000	-	2,65,002	-	-	-	-	500.00	-	-	-



Particulars	Face Value (₹) @	No. of Units					(₹ Million)				
		As at 31st Mar 2016	As at 31st Mar 2015	As at 31st Mar 2014	As at 31st Mar 2013	As at 31st Mar 2012	As at 31st Mar 2016	As at 31st Mar 2015	As at 31st Mar 2014	As at 31st Mar 2013	As at 31st Mar 2012
Advantage Fund - Institutional Plan – Growth											
<b>Fixed Maturity Plans</b>											
ICICI Prudential Interval Fund II Quarterly Interval Plan C - Regular Plan – Growth	10	-	-	95,33,797	-	-	-	-	100.00	-	-
Reliance Quarterly Interval Fund - Series II - Growth Plan Growth Option	10	-	-	68,51,442	-	-	-	-	112.50	-	-
SBI DFS - 90 Days - 85 - Reg - Dividend	10	-	-	1,00,00,000	-	-	-	-	100.00	-	-
SBI DFS - 90 Days - 84 - Reg - Dividend	10	-	-	1,00,00,000	-	-	-	-	100.00	-	-
Birla Sun Life Quarterly Interval Fund – Series 4	10	-	-	-	-	80,00,000	-	-	-	-	80.00
HDFC FMP 92D March 2012 (3)	10	-	-	-	-	80,00,000	-	-	-	-	80.00
HDFC FMP 91D February 2015 (1) - Regular Growth - Series 33	10	-	1,00,00,000	-	-	-	-	100.00	-	-	-
HDFC FMP 92D March 2016(1) - Regular Normal Dividend - Series 35	10	5,00,00,000	-	-	-	-	500.00	-	-	-	-
ICICI Prudential FMP - Series 78 - 95 Days - Plan K –	10	5,00,00,000	-	-	-	-	500.00	-	-	-	-

Particulars	Face Value (₹) @	No. of Units					(₹ Million)				
		As at 31st Mar 2016	As at 31st Mar 2015	As at 31st Mar 2014	As at 31st Mar 2013	As at 31st Mar 2012	As at 31st Mar 2016	As at 31st Mar 2015	As at 31st Mar 2014	As at 31st Mar 2013	As at 31st Mar 2012
Dividend											
ICICI Interval Quarterly Interval Plan III	10	-	-	-	-	50,00,000	-	-	-	-	50.00
ICICI Prudential Interval Fund IV - Quarterly Interval Plan B	10	-	-	-	-	80,00,000	-	-	-	-	80.00
JPMorgan India Fixed Maturity Plan Series 7	10	-	-	-	-	50,00,000	-	-	-	-	50.00
JPMorgan India FMP Series 9	10	-	-	-	-	80,00,000	-	-	-	-	80.00
SBI SDFS - 90 Days - 42 Growth	10	-	-	-	-	-	-	-	-	-	-
Sundaram Fixed Income Interval Fund - Quarterly Series Plan A	10	-	-	-	-	49,97,202	-	-	-	-	50.00
UTI FIIF - Quarterly Interval Plan IV	10	-	-	-	-	49,98,700	-	-	-	-	50.00
							3,881.98	3,714.66	3,420.66	3,021.19	2,355.05
<b>Total NAV value as on March 31</b>							<b>3,934.01</b>	<b>3,718.34</b>	<b>3,430.58</b>	<b>3,022.41</b>	<b>2,356.69</b>
@ Face Value of each mutual fund scheme is as at 31st March, 2016.											

**Notes on Restated Summary Statement of Assets and Liabilities and Statement of Profit and Loss**

(₹Million)

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015	As at 31 <sup>st</sup> March 2014	As at 31 <sup>st</sup> March 2013	As at 31 <sup>st</sup> March 2012
<b>NOTE-15</b>					
<b>RESTATED STATEMENT OF INVENTORIES</b> (at lower of cost and Net Realisable Value)					
<b>Stock in Trade:</b>					
Stock of Natural Gas	3.80	4.52	3.67	2.58	2.27
Stores and spares	176.47	168.45	154.99	134.13	139.39
Stores and spares(in transit)	-	0.58	-	1.02	1.07
	<b>180.27</b>	<b>173.55</b>	<b>158.66</b>	<b>137.73</b>	<b>142.73</b>
<b>NOTE-16</b>					
<b>RESTATED STATEMENT OF TRADE RECEIVABLES #</b>					
a. Trade Receivables outstanding for a period exceeding six months from the date they were due for payment					
Secured, Considered Good	1.56	2.40	-	0.75	0.73
Unsecured, Considered Good	60.39	113.62	28.30	23.22	25.32
Doubtful	13.62	10.26	11.22	8.69	12.06
	75.57	126.28	39.52	32.66	38.11
Less: Provision for Doubtful Debts	13.62	10.26	11.22	8.69	12.06
	61.95	116.02	28.30	23.97	26.05
b. Other Trade Receivables					
Secured, Considered Good	90.01	88.36	89.60	73.70	71.89
Unsecured, Considered Good	740.59	757.93	974.73	804.20	726.60
Doubtful	-	-	1.09	-	-
	830.60	846.29	1,065.42	877.90	798.49
Less: Provision for doubtful debts	-	-	1.09	-	-
	830.60	846.29	1,064.33	877.90	798.49
	<b>892.55</b>	<b>962.31</b>	<b>1,092.63</b>	<b>901.87</b>	<b>824.54</b>
# Dues from Promoters/Directors included in above	-	-	-	-	-

**Notes on Restated Summary Statement of Assets and Liabilities and Statement of Profit and Loss**

(₹Million)

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015	As at 31 <sup>st</sup> March 2014	As at 31 <sup>st</sup> March 2013	As at 31 <sup>st</sup> March 2012
<b>NOTE-17</b>					
<b>RESTATED STATEMENT OF CASH AND CASH EQUIVALENTS</b>					
<u>A. Cash and cash equivalents(As per AS – 3 Cash Flow Statements)</u>					
i)Cash on Hand	0.02	0.01	0.01	0.04	0.08
ii) Cheques in Hand	-	0.10	-	10.79	-
iii)Balances with Banks					
In Current Accounts	211.08	157.28	258.28	121.22	166.62
Total - Cash and cash equivalents (as per AS-3 Cash Flow Statements) (A)	<b>211.10</b>	<b>157.39</b>	<b>258.29</b>	<b>132.05</b>	<b>166.70</b>
<u>B.Other Bank Balances</u>					
a. in Deposit Accounts with Original Maturity is more than 3 months but upto 12 months	750.00	25.00	320.00	340.00	320.00
b.in Deposit Accounts with Original Maturity is more than 12 months	750.00	1,260.00	300.00	180.00	-
c.Margin Money Deposit (Under Lien)	9.81	9.32	9.81	8.23	23.65
	<b>1,509.81</b>	<b>1,294.32</b>	<b>629.81</b>	<b>528.23</b>	<b>343.65</b>
Less: Transferred to Other Non- Current Assets					
Other Bank Balances non-current (Refer Note 13)	0.04	2.54	0.04	0.05	0.05
Total - Other bank balances (B)	<b>1,509.77</b>	<b>1,291.78</b>	<b>629.77</b>	<b>528.18</b>	<b>343.60</b>
Total Cash and cash equivalents (A+B)	<b>1,720.87</b>	<b>1,449.17</b>	<b>888.06</b>	<b>660.23</b>	<b>510.30</b>
<b>NOTE-18</b>					
<b>RESTATED STATEMENT OF SHORT-TERM LOANS AND ADVANCES</b>					
<b>Security Deposits</b>					
Unsecured, Considered Good	97.65	148.79	144.63	98.46	56.36
Considered Doubtful	18.76	24.22	16.49	24.58	29.24
	116.41	173.01	161.12	123.04	85.60
Less: Provision for Doubtful Deposits	18.76	24.22	16.49	24.58	29.24
	97.65	148.79	144.63	98.46	56.36
<b>Unsecured, Considered Good</b>					
Prepaid Expenses	64.95	58.45	49.39	39.13	37.02
Balance with Government Authorities (Central Excise, Service Tax, VAT, etc.)	103.19	94.95	86.95	68.24	73.16
Other Loans and Advances	10.25	4.07	3.24	11.99	150.69
	<b>276.04</b>	<b>306.26</b>	<b>284.21</b>	<b>217.82</b>	<b>317.23</b>
Dues from Promoters/Directors included in above (Refer Note No. 26.4)	-	-	-	-	<b>133.17</b>

**Notes on Restated Summary Statement of Assets and Liabilities and Statement of Profit and Loss**

**(₹Million)**

<b>Particulars</b>	<b>As at 31<sup>st</sup> March 2016</b>	<b>As at 31<sup>st</sup> March 2015</b>	<b>As at 31<sup>st</sup> March 2014</b>	<b>As at 31<sup>st</sup> March 2013</b>	<b>As at 31<sup>st</sup> March 2012</b>
<b>NOTE-19</b>					
<b>RESTATED STATEMENT OF OTHER CURRENT ASSETS</b>					
a. Unbilled Revenue, Unsecured Considered Good	260.06	258.91	245.46	196.75	160.34
b. Receivables from customers					
Unsecured, Considered Good	7.01	6.89	6.80	6.86	3.98
c. Interest Accrued on Fixed Deposits with banks	18.66	33.67	24.44	11.91	10.47
	<b>285.73</b>	<b>299.47</b>	<b>276.70</b>	<b>215.52</b>	<b>174.79</b>

**Notes on Restated Summary Statement of Assets and Liabilities and Statement of Profit and Loss**

(₹ Million)

Particulars	For the year ended				
	31st March 2016	31st March 2015	31st March 2014	31st March 2013	31st March 2012
<b>NOTE - 20</b>					
<b>RESTATED STATEMENT OF OTHER INCOME</b>					
Interest on Fixed Deposits with banks	103.66	75.64	59.58	47.60	31.88
Dividend on current investments - non trade	150.20	241.15	223.84	200.07	130.52
Profit on sale of current investments - non trade (Net)	40.34	15.88	-	-	-
Other miscellaneous income	132.81	69.00	61.52	67.52	31.29
Excess Provision for doubtful trade receivables - Written back (Net)	-	2.05	-	3.37	-
Foreign Exchange Fluctuation (Net)	-	3.37	-	-	-
	<b>427.01</b>	<b>407.09</b>	<b>344.94</b>	<b>318.56</b>	<b>193.69</b>
<b>NOTE - 21</b>					
<b>RESTATED STATEMENT OF COST OF NATURAL GAS AND TRADED ITEMS</b>					
Purchase Cost of Natural Gas and Other Charges @	12,306.70	12,983.94	11,453.45	8,124.74	6,193.06
Less: Captive Consumption (Including VAT)	24.05	29.94	19.49	10.02	3.08
	12,282.65	12,954.00	11,433.96	8,114.72	6,189.98
Purchase of pipes, fitting and other materials	13.61	4.08	10.41	7.22	19.80
	<b>12,296.26</b>	<b>12,958.08</b>	<b>11,444.37</b>	<b>8,121.94</b>	<b>6,209.78</b>
@ Purchase of Natural Gas and Other Charges on account of downward revision in Pipeline tariff, accounted in the year in which credit note is received.	-	-	-	10.33	384.54
<b>NOTE - 22</b>					
<b>RESTATED STATEMENT OF CHANGES IN INVENTORIES</b>					
Change in Stock of Natural Gas and Traded Items:					
Opening Stock	4.52	3.67	2.58	2.27	1.73
Closing Stock	3.80	4.52	3.67	2.58	2.27
(Increase) / Decrease in stock	<b>0.72</b>	<b>(0.85)</b>	<b>(1.09)</b>	<b>(0.31)</b>	<b>(0.54)</b>
<b>NOTE - 23</b>					
<b>RESTATED STATEMENT OF EMPLOYEE BENEFITS EXPENSE</b>					
Salaries, Wages and Allowances	632.32	562.29	476.83	444.03	388.61
Contribution to Provident Fund and Other Funds	29.16	25.25	22.66	21.31	16.53
Gratuity (Note 26.2)	14.96	21.47	1.62	17.24	11.46
Staff Welfare	4.59	43.83	59.44	11.35	12.59
Secondment Charges	44.15	38.53	37.35	28.24	27.08
	725.18	691.37	597.90	522.17	456.27
Less: Transfer to Capital Work-in-Progress	188.06	180.26	181.01	163.14	134.61
	<b>537.12</b>	<b>511.11</b>	<b>416.89</b>	<b>359.03</b>	<b>321.66</b>

**Notes on Restated Summary Statement of Assets and Liabilities and Statement of Profit and Loss**

**(₹ Million)**

Particulars	For the year ended				
	31st March 2016	31st March 2015	31st March 2014	31st March 2013	31st March 2012
<b>NOTE - 24</b>					
<b>RESTATED STATEMENT OF FINANCE COSTS</b>					
Interest on Borrowings	8.49	2.00	-	-	-
Interest - Others	20.96	10.05	2.07	10.69	2.92
	<b>29.45</b>	<b>12.05</b>	<b>2.07</b>	<b>10.69</b>	<b>2.92</b>
<b>NOTE - 25</b>					
<b>RESTATED STATEMENT OF OTHER EXPENSES</b>					
Power and Fuel	1,044.45	992.40	873.30	746.75	596.31
Stores and Spares consumed	237.08	180.96	143.75	143.42	121.53
Insurance	14.72	17.04	14.96	13.25	11.13
Rent	198.69	194.77	148.58	139.18	148.98
Rates and Taxes	18.96	25.08	15.60	13.68	13.74
Repairs to Buildings	1.17	2.98	0.21	0.27	0.83
Repairs to Plant and Machinery	344.56	265.32	197.78	170.69	172.38
Bad Trade Receivables written off	1.60	3.64	3.74	9.66	4.33
Provision for doubtful trade receivables (Net)	3.36	-	3.62	-	2.30
Loss on Sale / Disposal of Assets (Net)	4.23	0.05	0.93	0.84	1.03
Loss on Sale of Current Investments - Non Trade (Net)	-	-	0.46	-	-
Fixed Assets Written Off	0.15	0.13	4.32	4.37	17.24
Foreign Exchange Fluctuation (Net)	3.58	-	9.83	3.54	5.91
Corporate Social Responsibility Expenditure (Refer Note 27.4.v)	46.02	24.45	-	-	-
Miscellaneous Expenses	944.51	919.07	724.46	623.84	506.30
	<b>2,863.08</b>	<b>2,625.89</b>	<b>2,141.54</b>	<b>1,869.49</b>	<b>1,602.01</b>
Less: Transfer to Capital Work-in-Progress	37.41	41.94	32.30	33.12	29.92
	<b>2,825.67</b>	<b>2,583.95</b>	<b>2,109.24</b>	<b>1,836.37</b>	<b>1,572.09</b>



**NOTE - 26 Statement of Disclosures under Accounting Standards**

26.1. The annual accounting period of the Company ends on March 31 every year. The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention.

**26.2. Employee Benefit Plan****Defined Contribution Plan**

The Company makes Provident Fund contributions, which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised following amounts as an expense and included in Note – 23 as 'Contribution to Provident Fund and Other Funds' in the Restated Summary Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

(₹ Million)

Particulars	Year ended 31st March, 2016	Year ended 31st March, 2015	Year ended 31st March, 2014	Year ended 31st March, 2013	Year ended 31st March, 2012
Provident Fund Contribution	29.16	25.25	22.66	21.31	16.53

**Short-term employee benefits**

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the period when the employees render the service. These benefits include compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

**Long-term employee benefits**

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date. Long Service Awards are recognised as a liability based on actuarial valuation of the defined benefit obligation as at the balance sheet date.

**Defined Benefit Plan**

The Company offers the following employee benefit schemes to its employees:

- Gratuity (included as part of Note 23 Restated Statement of Employee benefits expense )
- Post-retirement medical benefit plan (included as part of Note 23 Restated Statement of Employee benefits expense)

The following tables set out the funded/unfunded status of the defined benefit schemes and the amount recognised in the financial statements:

**Components of employer's expenses****Gratuity (Funded)**

(₹ Million)

Particulars	Year ended 31st March, 2016	Year ended 31st March, 2015	Year ended 31st March, 2014	Year ended 31st March, 2013	Year ended 31st March, 2012
Current Service Cost	8.50	6.11	6.81	4.54	3.21
Interest Cost	6.49	5.12	4.29	3.00	1.87
Expected return on plan assets	(5.63)	(4.18)	(3.62)	(2.47)	(1.77)
Actuarial (gain)/loss	5.60	14.42	(5.86)	12.17	8.15

Particulars	Year ended 31st March, 2016	Year ended 31 <sup>st</sup> March, 2015	Year ended 31 <sup>st</sup> March, 2014	Year ended 31 <sup>st</sup> March, 2013	Year ended 31 <sup>st</sup> March, 2012
Total expense recognised in the Statement of Profit and Loss	14.96	21.47	1.62	17.24	11.46

**Post-Retirement Medical Benefit Plan (Unfunded)**

(₹ Million)

Particulars	Year ended 31st March, 2016	Year ended 31 <sup>st</sup> March, 2015	Year ended 31 <sup>st</sup> March, 2014	Year ended 31 <sup>st</sup> March, 2013	Year ended 31 <sup>st</sup> March, 2012
Current Service Cost	10.01	6.40	29.60	NA	NA
Interest Cost	4.46	2.76	-	NA	NA
Expected return on plan assets	-	NA	NA	NA	NA
Actuarial (gain)/loss	(31.52)	16.57	0.08	NA	NA
Total expense recognised in the Statement of Profit and Loss	(17.05)	25.73	29.68	NA	NA

**Actual contribution and benefit payments**

**Gratuity (Funded)**

(₹ Million)

Particulars	Year ended 31st March, 2016	Year ended 31 <sup>st</sup> March, 2015	Year ended 31 <sup>st</sup> March, 2014	Year ended 31 <sup>st</sup> March, 2013	Year ended 31 <sup>st</sup> March, 2012
Actual benefit payments	2.13	1.80	3.16	1.84	1.32
Actual contributions	7.55	20.89	-	15.00	6.41

**Post-Retirement Medical Benefit Plan (Unfunded)**

(₹ Million)

Particulars	Year ended 31st March, 2016	Year ended 31 <sup>st</sup> March, 2015	Year ended 31 <sup>st</sup> March, 2014	Year ended 31 <sup>st</sup> March, 2013	Year ended 31 <sup>st</sup> March, 2012
Actual benefit payments	0.09	0.11	0.08	NA	NA
Actual contributions	NA	NA	NA	NA	NA

**Net Asset/ (Liability) recognised in the Balance Sheet**

**Gratuity (Funded)**

(₹ Million)

Particulars	As at 31st March, 2016	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013	As at 31 <sup>st</sup> March, 2012
Present value of defined benefit obligation	(99.33)	(80.33)	(55.03)	(53.65)	(35.28)
Fair value of plan assets	81.25	69.66	44.94	45.18	29.05
Net Asset/ (Liability) recognised in the Balance Sheet	(18.08)	(10.67)	(10.09)	(8.47)	(6.23)

**Post-Retirement Medical Benefit Plan (Unfunded)**

(₹ Million)

Particulars	As at 31st March, 2016	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013	As at 31 <sup>st</sup> March, 2012
Present value of defined benefit obligation	(38.08)	(55.22)	(29.60)	NA	NA
Net Asset/ (Liability) recognised in the Balance Sheet	(38.08)	(55.22)	(29.60)	NA	NA

**Change in Defined Benefit Obligation (DBO) during the year****Gratuity (Funded)**

(₹ Million)

Particulars	As at 31st March, 2016	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013	As at 31 <sup>st</sup> March, 2012
Present value of DBO at beginning	80.33	55.03	53.65	35.28	22.61
Current Service Cost	8.50	6.11	6.81	4.54	3.21
Interest Cost	6.49	5.12	4.29	3.00	1.87
Actuarial (gain)/loss	6.14	15.87	(6.56)	12.67	8.91
Benefits paid	(2.13)	(1.80)	(3.16)	(1.84)	(1.32)
Present value of DBO at the end	99.33	80.33	55.03	53.65	35.28

**Post-Retirement Medical Benefit Plan (Unfunded)**

(₹ Million)

Particulars	As at 31st March, 2016	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013	As at 31 <sup>st</sup> March, 2012
Present value of DBO at beginning	55.22	29.60	-	NA	NA
Current Service Cost	10.01	6.40	29.60	NA	NA
Interest Cost	4.46	2.76	-	NA	NA
Actuarial (gain)/loss	(31.52)	16.57	0.08	NA	NA
Benefits paid	(0.09)	(0.11)	(0.08)	NA	NA
Present value of DBO at the end	38.08	55.22	29.60	NA	NA

**Change in the fair value of Asset during the year****Gratuity (Funded)**

(₹ Million)

Particulars	As at 31st March, 2016	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013	As at 31 <sup>st</sup> March, 2012
Plan assets at beginning	69.66	44.94	45.18	29.05	21.43
Expected return on plan assets	5.63	4.18	3.62	2.47	1.77
Actuarial gain/(loss)	0.54	1.45	(0.70)	0.50	0.76
Employer contribution	7.55	20.89	-	15.00	6.41
Benefits paid	(2.13)	(1.80)	(3.16)	(1.84)	(1.32)
Plan assets as at year end \$	81.25	69.66	44.94	45.18	29.05
Actual return on plan assets	6.17	5.63	2.92	2.97	2.53

\$ Category-wise composition of plan assets is not available with the company, since the fund is managed by LIC.

## Actuarial assumptions

### Gratuity (Funded)

Particulars	As at 31st March, 2016	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012
Discount rate (per annum)	8.07%	8.08%	9.31%	8.00%	8.50%
Expected rate of return on plan assets (per annum)	8.07%	8.08%	9.31%	8.00%	8.50%
Expected rate of escalation in salary (per annum)	7.50%	7.50%	7.50%	7.50%	6.50%
Attrition	2.00%	1.00%	1.00%	1.00%	Not Available
Mortality tables	Indian Assured Lives Mortality (2006-08) Ultimate				LIC (1994-1996) mortality tables
Estimate of amount of contribution in the immediate next year (₹ Million)	19.58	17.31	16.90	9.56	13.59

### Post-Retirement Medical Benefit Plan (Unfunded)

Particulars	As at 31st March, 2016	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012
Discount rate (per annum)	8.07%	8.08%	9.31%	NA	NA
Expected rate of return on plan assets (per annum)	NA	NA	NA	NA	NA
Expected rate of escalation in salary (per annum)	NA	NA	NA	NA	NA
Attrition	2.00%	1.00%	1.00%	NA	NA
Medical Cost inflation	3.00%	3.00%	3.00%	NA	NA
Mortality tables	Indian Assured Lives Mortality (2006-08) Ultimate			NA	NA
Estimate of amount of contribution in the immediate next year (₹ Million)	NA	NA	NA	NA	NA

The expected rate of return on plan assets is determined after considering several applicable factors such as the composition of the plan assets, investment strategy, market scenario, etc. In order to protect the capital and optimise returns within acceptable risk parameters, the plan assets are well diversified.

(₹ Million)

Effect of a 1% change in healthcare cost	As at 31st March, 2016		As at 31st March, 2015		As at 31st March, 2014		As at 31st March, 2013		As at 31st March, 2012	
	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
Closing balance of obligation	47.83	30.66	69.36	44.45	37.17	23.83	NA	NA	NA	NA

### Experience Adjustment

(₹ Million)

Gratuity (Funded)	As at 31st March, 2016	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012
Present value of DBO	99.33	80.33	55.03	53.65	35.28
Fair value of plan assets	81.25	69.66	44.94	45.18	29.05
Funded status [Surplus / (Deficit)]	(18.08)	(10.67)	(10.09)	(8.47)	(6.23)
Experience gain / (loss) adjustments on plan liabilities	(5.35)	(3.31)	(4.79)	2.36	3.14

<b>Gratuity (Funded)</b>	<b>As at 31st March, 2016</b>	<b>As at 31<sup>st</sup> March, 2015</b>	<b>As at 31<sup>st</sup> March, 2014</b>	<b>As at 31<sup>st</sup> March, 2013</b>	<b>As at 31<sup>st</sup> March, 2012</b>
Experience gain / (loss) adjustments on plan assets	0.54	1.45	(0.70)	0.50	0.23

(₹ Million)

<b>Post-Retirement Medical Benefit (Unfunded)</b>	<b>As at 31st March, 2016</b>	<b>As at 31<sup>st</sup> March, 2015</b>	<b>As at 31<sup>st</sup> March, 2014</b>	<b>As at 31<sup>st</sup> March, 2013</b>	<b>As at 31<sup>st</sup> March, 2012</b>
Present value of DBO	38.08	55.22	29.60	NA	NA
Fair value of plan assets	NA	NA	NA	NA	NA
Funded status [Surplus / (Deficit)]	NA	NA	NA	NA	NA
Experience gain / (loss) adjustments on plan liabilities	(2.95)	8.25	(0.08)	NA	NA
Experience gain / (loss) adjustments on plan assets	NA	NA	NA	NA	NA

(NA: Not Applicable)

<b>Actuarial assumptions for long-term compensated absences</b>	<b>Year ended 31st March, 2016</b>	<b>Year ended 31<sup>st</sup> March, 2015</b>	<b>Year ended 31<sup>st</sup> March, 2014</b>	<b>Year ended 31<sup>st</sup> March, 2013</b>	<b>Year ended 31<sup>st</sup> March, 2012</b>
Discount rate	8.07%	8.08%	9.31%	8.00%	8.50%
Salary escalation	7.50%	7.50%	7.50%	7.50%	6.50%
Attrition	2.00%	1.00%	1.00%	1.00%	Not Available

The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

The Company provides for compensated absences to employees which can be carried forward to future years. Consequently based on Guidance on implementation of Accounting Standard 15 “Employee Benefits” (AS-15), the Company has considered the benefits provided as other long term employee benefits.

Following amounts has been charged to the Statement of Profit and Loss

(₹ Million)

<b>Year ended 31st March, 2016</b>	<b>Year ended 31<sup>st</sup> March, 2015</b>	<b>Year ended 31<sup>st</sup> March, 2014</b>	<b>Year ended 31<sup>st</sup> March, 2013</b>	<b>Year ended 31<sup>st</sup> March, 2012</b>
23.71	26.52	8.93	19.24	13.69

The company has introduced post-retirement medical benefit plan during the year 2013-14.

### 26.3. Disclosure as per Accounting Standard 17 – “Segment Reporting”

The Company operates presently in the business of city gas distribution. The Company earns revenue by selling natural gas and does not earn revenue by transporting gas of third parties. There are no separate reportable segments, other than selling of natural gas.

### 26.4. Disclosures as per Accounting Standard 18 – “Related Party Disclosures” are as follows:

- A. GAIL (India) Ltd. – Joint Venturer
- B. BG Asia Pacific Holdings Pte. Ltd. (BGAPHPL) – Investing Company  
(BG Energy Holdings Limited is the Joint Venturer \$ ).  
\$ with effect from November 2, 2015 BG Energy Holdings Limited has assigned the existing Joint Venture Agreement between GAIL and BG Energy Holdings Limited, to BGAPHPL.
- C. Key Management Personnel

Particulars	Year ended 31st March, 2016	Year ended 31st March, 2015	Year ended 31st March, 2014	Year ended 31st March, 2013	Year ended 31st March, 2012
Managing Director	Mr. Rajeev Kumar Mathur	Mr. Rajeev Kumar Mathur (from 29 <sup>th</sup> September 2014) and Mr. V. C. Chittoda (upto 29 <sup>th</sup> September 2014)	Mr. V. C. Chittoda	Mr. V. C. Chittoda	Mr. V. C. Chittoda
Technical Director	Ms. Susmita Sengupta	Ms. Susmita Sengupta	Mr. Allan Perrin (upto 14 <sup>th</sup> Feb 2014) and Ms. Susmita Sengupta (from 15 <sup>th</sup> Feb 2014).	Mr. Allan Perrin	Mr. Allan Perrin

Details of transactions are as follows:

(₹ Million)

Particulars	Year ended 31st March, 2016	Year ended 31st March, 2015	Year ended 31st March, 2014	Year ended 31st March, 2013	Year ended 31st March, 2012
<b>A. GAIL (India) Ltd.</b>					
<b>Transactions</b>					
1. Purchase of Gas (Inclusive of taxes) # Refer Note No. 27.2(iv) and 27.2(v)	13,024.72#	12,276.14#	12,027.15#	9,114.91	6,162.48
2. Secondment charges	4.69	4.37	4.02	4.27	4.91
3. Expenses Reimbursement	-	0.14	0.35	0.39	0.38
4. Material given on Loan	-	-	-	0.02	-
5. Material purchased	-	-	1.56	-	-
6. Expense Recovery	22.79	4.87	0.09	0.04	-
7. Leasehold land at Belapur returned back to GAIL (Refer note no.11)	-	-	-	13.45	-
8. Refundable Security Deposit Given	0.60	-	-	-	-
9. Others	0.25	0.13	-	-	-
<b>Closing Balance</b>	<b>As at 31st March, 2016</b>	<b>As at 31st March, 2015</b>	<b>As at 31st March, 2014</b>	<b>As at 31st March, 2013</b>	<b>As at 31st March, 2012</b>
10. Payable to / (Receivable from) GAIL (India) Ltd. as at year end (Net)	450.00	530.72	569.95	437.03	(133.17)
<b>B. BG Energy Holdings Limited (BGEH)</b>					

Transactions	Year ended 31st March, 2016	Year ended 31st March, 2015	Year ended 31st March, 2014	Year ended 31st March, 2013	Year ended 31st March, 2012
1. Secondment charges (BGEPIIL) @	39.46	34.16	33.33	23.98	22.17
2. Expense Recovery (BGAPHPL)	22.79	4.87	-	-	-
3. Expense Recovery (BGEPIIL) @	-	0.91	-	-	-
4. Expense Reimbursement (BGEPIIL) @	-	0.01	-	-	-
<b>Closing Balance</b> (includes transactions on behalf of BGEH)	<b>As at 31st March, 2016</b>	<b>As at 31st March, 2015</b>	<b>As at 31st March, 2014</b>	<b>As at 31st March, 2013</b>	<b>As at 31st March, 2012</b>
5. Payable as at year end to:					
BGAPHPL	23.18	44.56	53.39	44.02	43.39
BGEPIIL	3.39	2.92	50.91	21.26	-
Total	26.57	47.48	104.30	65.28	43.39
@ Debit notes raised by BG Exploration and Production India Limited (BGEPIIL) on behalf of BGEH for obligation performed.					
<b>C. Managerial Remuneration</b>	<b>Year ended 31st March, 2016</b>	<b>Year ended 31st March, 2015</b>	<b>Year ended 31st March, 2014</b>	<b>Year ended 31st March, 2013</b>	<b>Year ended 31st March, 2012</b>
Managerial Remuneration*	45.62	40.26	38.40	29.26	28.44
* Secondment charges included in above Managerial Remuneration.	44.15	38.53	37.35	28.25	27.08
*Managerial Remuneration includes payable to Technical Director, pending for shareholders' approval (Subsequently approved).	-	-	12.68	8.72	7.13

Related party relationship is as identified by the Company and relied upon by the Auditors.

#### 26.5. Disclosure for leases under Accounting Standard 19 – “Leases”

- (a) Company has taken on lease few equipments / machines for some CNG Retail Outlets. Lease charges are dependent on sale of CNG at these outlets and hence there are no minimum lease payments. The term of the contract is one or two years, renewable at discretion of the Company. The contract does not impose any restrictions concerning dividend, additional debt and further leasing. Lease payments recognized in the Restated Summary Statement of Profit and Loss under “Miscellaneous Expenses” (Note 25 – Restated Statement of Other Expenses) are as follows:

(₹ Million)

Year ended 31st March, 2016	Year ended 31st March, 2015	Year ended 31st March, 2014	Year ended 31st March, 2013	Year ended 31st March, 2012
24.68	24.15	18.75	12.83	13.47

- (b) Company has taken certain vehicles under operating lease agreements. Lease payments recognized in the Restated Summary Statement of Profit and Loss under “Miscellaneous Expenses” (Note 25 – Restated Statement of Other Expenses) are as follows:

(₹ Million)

Year ended 31st March, 2016	Year ended 31st March, 2015	Year ended 31st March, 2014	Year ended 31st March, 2013	Year ended 31st March, 2012
132.01	109.83	84.60	51.48	45.06



- (c) Company has entered into agreements for taking on leave and license basis certain residential/office premises /godowns. All the agreements contain a provision for its renewal. Lease payments recognised in the Restated Summary Statement of Profit and Loss under Rent (Note 25 – Restated Statement of Other Expenses) are as follows:

(₹ Million)

Year ended 31st March, 2016	Year ended 31 <sup>st</sup> March, 2015	Year ended 31 <sup>st</sup> March, 2014	Year ended 31 <sup>st</sup> March, 2013	Year ended 31 <sup>st</sup> March, 2012
101.88	100.43	97.84	78.43	74.76

- (d) The future minimum lease payments of non-cancellable operating leases are as under:

(₹ Million)

Particulars	As at 31st March, 2016	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013	As at 31 <sup>st</sup> March, 2012
Not later than one year	48.06	34.82	0.49	5.05	-
Later than one year but not later than five years	35.72	-	-	-	-
Later than five years	-	-	-	-	-
Total	83.78	34.82	0.49	5.05	-

## 26.6. Earnings per Share (EPS)

Particulars	Year ended 31st March, 2016	Year ended 31 <sup>st</sup> March, 2015	Year ended 31 <sup>st</sup> March, 2014	Year ended 31 <sup>st</sup> March, 2013	Year ended 31 <sup>st</sup> March, 2012
a) Net profit after tax attributable to equity shareholders (₹ Million)	3,086.87	3,010.01	2,972.49	2,985.06	3,077.43
b) Add : Interest on Compulsorily Convertible Debentures (post tax) (₹ Million)	5.55	1.32	-	-	-
c) Adjusted Net profit after tax attributable to equity shareholders (a + b) (₹ Million)	3,092.42	3,011.33	2,972.49	2,985.06	3,077.43
d) Weighted Average Number of Equity Shares	8,93,41,600	8,93,41,600	8,93,41,600	8,93,41,600	8,93,41,600
e) Add : Effect of potential equity shares on conversion of CCD	92,65,819	92,52,738	92,52,738	92,52,738	92,52,738
f) Weighted Average number of Equity Shares for computing Diluted EPS (d + e)	9,86,07,419	9,85,94,338	9,85,94,338	9,85,94,338	9,85,94,338
g) EPS on profit for the year ended (₹)					
Basic (a/d)	34.55	33.69	33.27	33.41	34.45
Diluted (c/f) (Refer note 27.8)	31.36	30.54	30.15	30.28	31.21
(Face value per share ₹ 10)					

## 26.7. Unhedged Foreign Currency Exposure:

The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are as below:

Sr. No	Particulars	Currency	As at 31 <sup>st</sup> March, 2016		As at 31 <sup>st</sup> March, 2015		As at 31 <sup>st</sup> March, 2014		As at 31 <sup>st</sup> March, 2013		As at 31 <sup>st</sup> March, 2012	
			INR (₹ Million)	Forex	INR (₹ Million)	Forex	INR (₹ Million)	Forex	INR (₹ Million)	Forex	INR (₹ Million)	Forex
A	Capital Imports	USD	9.57	144,312	6.52	104,153	15.62	259,935	16.22	298,207	12.04	235,003
		NZD	-	-	-	-	6.82	131,635	-	-	-	-
		GBP	-	-	-	-	-	-	0.66	8,028	-	-
		EUR	-	-	-	-	-	-	0.58	8,386	0.34	4,950
B	Secondment Expenses	GBP	50.84	534,703	49.44	534,703	53.39	534,729	44.02	534,729	43.39	530,463
C	Import of Goods and Services	USD	2.04	30,791	5.79	92,543	7.19	119,673	7.98	146,711	6.79	132,809

## 27 Additional information to the financial statements

### 27.1. Capital and other commitments

- (i) Estimated amount of contracts to be executed on capital account and not provided for (net of advances) are as follows :

(₹ Million)				
As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013	As at 31 <sup>st</sup> March, 2012
2,111.51	1769.07	1,995.91	2,413.36	1,928.66

- (ii) All term contracts for purchase of natural gas with suppliers, has contractual obligation of “take or pay” for shortfall in contracted Minimum Guaranteed Quantity (MGQ) as specified in individual contracts. Estimation of these MGQ commitments is dependent on nomination of quantity by suppliers and actual purchase by the company. As both the factors “quantity nomination by supplier” and “quantity to be purchased by the company”, are not predictable, MGQ commitment is not quantifiable.

### 27.2. Contingent Liabilities (to the extent not provided for)

Claims against the Company not acknowledged as debts in respect of which the Company does not expect outflow of resources:

(₹ Million)				
As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013	As at 31 <sup>st</sup> March, 2012
2,819.55	2,532.24	2,160.04	1,067.05	1,586.34

These claims include:

- (i) Claims disputed by the Company relating to issues of applicability:

(₹ Million)					
Particulars	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013	As at 31 <sup>st</sup> March, 2012
a) Excise Duty	1,600.69	1,417.84	1,191.96	949.59	843.28
b) Service Tax	51.70	83.20	79.18	73.21	694.16
c) Sales Tax / Input VAT credits	44.89	33.34	12.44	-	-
d) Income Tax	5.49	7.49	12.18	11.66	6.87
<b>Total</b>	<b>1,702.77</b>	<b>1,541.87</b>	<b>1,295.76</b>	<b>1,034.46</b>	<b>1,544.31</b>

Future cash outflows in respect of above matters are determinable only on receipt of judgments / decisions pending at various forums / authorities.

- (ii) Central/State/Local Authority property taxes, lease rents, pipeline related re-instatement charges etc. claims disputed by the Company relating to issues of applicability and determination:

(₹ Million)

As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013	As at 31 <sup>st</sup> March, 2012
19.10	14.26	31.86	23.51	26.17

- (iii) Third party/other claims arising from disputes relating to contracts, aggregating to :

(₹ Million)

As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013	As at 31 <sup>st</sup> March, 2012
15.72	42.14	40.20	3.48	10.75

- (iv) Demand from GAIL (India) Limited in respect of additional transportation tariff for the period from November 2008 to year end are as follows:

(₹ Million)

As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013	As at 31 <sup>st</sup> March, 2012
1,073.56	927.75	787.11	-	-

In respect to this, the company had filed a petition with PNGRB. PNGRB has set aside the petition vide web hosted order dated October 15, 2015. The company then filed a petition on November 05, 2015 with the High Court of Delhi. High Court of Delhi vide order dated November 30, 2015 has advised the company to prefer an appeal before Appellate Tribunal for Electricity (APTEL) – Appellate Authority of PNGRB. Accordingly, the company has filed an appeal before APTEL on January 21, 2016. Based on the legal opinion, the Company contends that the same is not payable and the Company does not expect outflow of resources.

- (v) Claims raised by GAIL (India) Limited during the year ended 31st March, 2016 in respect of differential price for supplies over and above allocation ₹5.04 Million (Previous years ₹Nil).

- (vi) Claims from consumers not acknowledged as debts are as follows:

(₹ Million)

As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013	As at 31 <sup>st</sup> March, 2012
3.36	6.22	5.11	5.60	5.11

- (vii) Liability on account of revision of trade margin as per contract with Oil Marketing Companies with effect from 1<sup>st</sup> January 2015 is yet to be determined in view of undergoing negotiations.

- 27.3. Disclosure required under Micro, Small and Medium Enterprises Development Act, 2006 (“the Act”) are as follows :

(₹ Million)

Sr. No.	Particulars	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013	As at 31 <sup>st</sup> March, 2012
(i)	Principal amount remaining unpaid to any supplier as at the end of the accounting year					
	a) Trade Payables	17.85	26.61	13.02	10.11	7.31
	b) Capital Creditors	41.35	18.06	17.14	28.12	25.20
(ii)	Interest due thereon remaining unpaid to any	-	-	-	-	-

Sr. No.	Particulars	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013	As at 31 <sup>st</sup> March, 2012
	supplier as at the end of the accounting year					
(iii)	The amount of interest paid by the company in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the accounting year	-	-	-	-	-
(iv)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-	-	-	-
(v)	The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-	-	-	-
(vi)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-	-	-	-

The above information regarding Micro, Small and Medium Enterprises has been determined on the basis of information available with the Company. This has been relied upon by the Auditors.

27.4. Additional information pursuant to the Part II of Schedule III to the Companies Act, 2013.

(₹ Million)

Sr. no.	Particulars	Year ended 31st March, 2016	Year ended 31st March, 2015	Year ended 31st March, 2014	Year ended 31st March, 2013	Year ended 31st March, 2012
i.	<u>Payments to Auditors</u> <b>To Statutory Auditors</b> (included in Miscellaneous Expenses - Refer Note 25) excluding Taxes For Audit 3.25 2.50 2.30 2.30 2.00 For Other Services 0.20 0.23 0.15 0.30 0.10 [The above expenses excludes Professional fees in respect of Initial Public Offer (IPO) ₹6.60 Million for the year ended March 2016 (Year ended March 2015 ₹4.20 Million) excluding taxes, to be borne by promoters] Reimbursement of expenses - - - - - [The above expenses excludes Reimbursement of Expenses in respect of Initial Public Offer (IPO) ₹0.05 Million for the year ended March 2016 (Year ended March 2015 ₹0.02 Million) excluding taxes, to be borne by promoters]					
		-	0.02	0.03	0.03	0.03
ii.	<u>Value of Imports on CIF</u> Capital Goods 77.05 45.34 109.07 80.09 55.64 Stores and Spares - - 7.19 15.40 12.52					
iii.	<u>Expenditure in Foreign Currency</u> Secondment Expenses - - - 0.35 22.17 Travelling Expenses 1.01 - 0.04 0.66 0.85 Erection Charges - - 0.15 7.20 7.77 Legal and Professional Charges - - 1.21 0.75 1.12 Others 2.63 - - - 0.48					

iv. Remittance in foreign currency on account of dividend to a non-resident shareholder, BG Asia Pacific Holding Pte. Ltd., Singapore on 4,44,49,960 equity shares are as follows:

(₹ Million)

Year ended 31st March, 2016	Year ended 31st March, 2015	Year ended 31st March, 2014	Year ended 31st March, 2013	Year ended 31st March, 2012
777.87	777.87	777.87	666.75	386.72

v. CSR Expenditure:

(₹ Million)

Particulars	Year ended 31st March, 2016	Year ended 31st March, 2015	Year ended 31st March, 2014	Year ended 31st March, 2013	Year ended 31st March, 2012
a. Gross amount required to be spent by the Company	88.90	89.22	NA	NA	NA
b. Amount spent on :					
i. Construction/acquisition of asset	Nil	Nil	NA	NA	NA
ii. On purposes other than (i) above	46.02	24.45	NA	NA	NA

(NA : Note Applicable)

vi. Value of Stores and Spares Consumed

Particulars	Year ended 31st March, 2016		Year ended 31st March, 2015		Year ended 31st March, 2014		Year ended 31st March, 2013		Year ended 31st March, 2012	
	₹ Million	%	₹ Million	%	₹ Million	%	₹ Million	%	₹ Million	%
Imported	8.59	4	7.17	4	10.70	7	18.31	13	17.42	14
Indigenous	228.49	96	173.79	96	133.05	93	125.11	87	104.11	86
Total	237.08	100	180.96	100	143.75	100	143.42	100	121.53	100

vii. Information relating to Gas Distribution Activities

(₹ Million)

Particulars	Year ended 31st March, 2016	Year ended 31st March, 2015	Year ended 31st March, 2014	Year ended 31st March, 2013	Year ended 31st March, 2012
Opening Stock of Natural Gas	4.52	3.67	2.58	2.27	1.54
Purchase of Natural Gas	12,306.70	12,983.94	11,453.45	8,124.74	6,193.06
Sale of Natural/Compressed Gas (Net of VAT)	22,721.62	22,745.64	20,352.31	16,342.66	14,198.03
Captive Consumption (Including VAT)	24.05	29.94	19.49	10.02	3.08
Closing Stock of Natural Gas	3.80	4.52	3.67	2.58	2.27

viii. Information relating to Trading Items

(₹ Million)

Particulars	Year ended 31st March, 2016	Year ended 31st March, 2015	Year ended 31st March, 2014	Year ended 31st March, 2013	Year ended 31st March, 2012
Opening Stock	-	-	-	-	0.19
Purchase	13.61	4.08	10.41	7.22	19.80
Sale (Net of VAT)	14.89	4.68	12.43	8.30	22.52
Closing Stock	-	-	-	-	-

27.5. Dividend details:

Particulars	Year ended 31st March, 2016	Year ended 31st March, 2015	Year ended 31st March, 2014	Year ended 31st March, 2013	Year ended 31st March, 2012
Proposed Dividend (₹ Million)	1,563.48	1,563.48	1,563.48	1,563.48	1,340.12
Rate of Dividend (%)	175	175	175	175	150
Dividend per Equity Share (₹)	17.50	17.50	17.50	17.50	15.00
Special Dividend per share included above (₹)	7.50	7.50	7.50	7.50	10.50

27.6. During the year ended March 31, 2015, the Company has reassessed useful life of tangible fixed assets as per the useful life specified in the Companies Act, 2013. Based on current estimates, depreciation of ₹23.17 million in respect of assets whose useful life is Nil as on April 01, 2014 (net of tax of ₹11.94 million) have been adjusted against the opening surplus in the Statement of Profit and Loss. As a result of the change, the charge on account of the depreciation for the year ended March 31, 2015 was lower by ₹30.64 million as compared to the charge based on useful life estimated in earlier periods.

27.7. The Foreign Investment Promotion Board (FIPB) through its approval had allowed the Company to continue with the arrangements of foreign equity participation up to 50% in the paid up capital of the Company until December 2006. This approval was subject to the condition that the Company would be required to bring an Initial Public Offer (IPO) to divest the shareholding of the promoters to 35% each as per the Joint Venture Agreement. Further, FIPB vide its letter dated January 02, 2015 conveyed the approval of Government of India to the proposal of the Company regarding amendment of approval to record revised shareholding structure of the Company subject to compliance of certain conditions. FIPB has also conveyed that compounding would be needed by Reserve Bank of India (RBI) for non-compliance of divestment conditions during the period January, 2007 to 12.03.2008. RBI, vide order dated February 10, 2016, has approved the compounding application filed by the company for non-compliance of disinvestment condition. Compounding charges levied by RBI is ₹ 0.79 Million and the same is paid by the company on February 18, 2016. The proposed IPO and the shareholding post IPO will have to be in compliance with the aforesaid letter.

27.8. During the year ended 31<sup>st</sup> March, 2015, existing shareholders were offered 94,92,545 Unsecured Compulsorily Convertible Debentures (CCDs) (Face Value ₹10/- each), on a rights basis in the proportion of 17 (seventeen) Unsecured CCDs for every 160 (one hundred and sixty) equity shares of face value of ₹10 each held on following terms and conditions:

- Each Unsecured CCD issued under the Rights Issue shall be compulsorily and automatically convertible into one fully paid up Equity Share (i) on the expiry of 2 years from the date of allotment of the Unsecured CCDs; or (ii) during seven days prior to the date of the filing of the Red Herring Prospectus with [Registrar of Companies, Mumbai at Maharashtra (“RoC”)] whichever is earlier, in the event the Company proposes an initial public offering either by way of a fresh issue of Equity Shares by the Company or an offer for sale by the existing shareholders or both, without any application or any further act on the part of the holder of the Unsecured CCDs. There shall be no redemption of the Unsecured CCDs. The conversion price would be adjusted for any bonus or rights issue made by the Company prior to the conversion date.
- Interest at the rate of 9.0% per annum on the face value of the Unsecured CCDs will be payable annually on the Unsecured CCDs from the date of allotment of the Unsecured CCDs up to the date prior to the date of conversion of Unsecured CCDs into equity shares of the Company.

Application for Subscription for 94,36,178 Unsecured CCDs (Comprising of 46,920 Unsecured CCDs as their rights entitlement and 93,89,258 Unsecured CCDs were applied as additional Unsecured CCDs over and above their rights entitlement) was received from Government of Maharashtra (GOM), and



accordingly 94,36,178 Unsecured CCDs were allotted to GOM and the balance 56,367 Unsecured CCDs have been cancelled.

**27.9. Previous years' figures**

Previous years' figures have been regrouped / reclassified wherever necessary to correspond with the current period's classification / disclosure.

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

**Rajeev Mathur**  
**Managing Director**

**Akhil Mehrotra**  
**Director**

**S M Ranade**  
**Chief Financial Officer**

**Alok Mishra**  
**Company Secretary**

**Place: Mumbai**  
**Date: May 30, 2016**

**Place: Delhi**  
**Date: May 30, 2016**

## ANNEXURE – V

### Summary Statement of Adjustments to Audited Financial Statements

₹ Million

Summary Statement of Adjustments to Audited Financial Statements	For the year ended				
	31-03-2016	31-03-2015	31-03-2014	31-03-2013	31-03-2012
<b>Net Profit after taxation (as per audited accounts)</b>	3,086.87	3,010.01	2,972.49	2,985.06	3,077.43
Adjustments for restatement of Profit and Loss	-	-	-	-	-
<b>Adjusted Profits</b>	3,086.87	3,010.01	2,972.49	2,985.06	3,077.43

**For Deloitte Haskins & Sells**  
Chartered Accountants

**Rupen K. Bhatt**  
Partner

**Place: Mumbai**  
**Date: May 30, 2016**

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

**Rajeev Mathur**  
Managing Director

**Akhil Mehrotra**  
Director

**S M Ranade**  
Chief Financial Officer

**Alok Mishra**  
Company Secretary

**Place: Delhi**  
**Date: May 30, 2016**

**ANNEXURE - VI**  
**Restated Statement of Accounting Ratios**

Particulars	For the year ended				
	31-03-2016	31-03-2015	31-03-2014	31-03-2013	31-03-2012
Earnings Per Share (Equity Shares, Par Value of ₹10/- each) (Refer note 26.6)					
Basic (₹)	34.55	33.69	33.27	33.41	34.45
Diluted (₹)	31.36	30.54	30.15	30.28	31.21
Return on net worth %	20.20%	21.39%	22.92%	25.24%	28.84%
Net asset value per equity share (₹)	171.03	157.54	145.17	132.37	119.43
Weighted average number of equity shares outstanding during the year for calculation of Basic Earnings per Share	8,93,41,600	8,93,41,600	8,93,41,600	8,93,41,600	8,93,41,600
Weighted average number of equity shares outstanding during the year for calculation of Diluted Earnings per Share	9,86,07,419	9,85,94,338	9,85,94,338	9,85,94,338	9,85,94,338

Refer note 26.6 and 27.8

Particulars	For the year ended				
	31-03-2016	31-03-2015	31-03-2014	31-03-2013	31-03-2012
Net profit after tax as restated, attributable to equity shareholders	3,086.87	3,010.01	2,972.49	2,985.06	3,077.43
Add : Interest on Compulsorily Convertible Debentures (post tax)	5.55	1.32	-	-	-
Adjusted Net profit after tax as restated, attributable to equity shareholders for calculation of Diluted Earnings per Share	3,092.42	3,011.33	2,972.49	2,985.06	3,077.43
Share Capital at the end of the year	893.42	893.42	893.42	893.42	893.42
Reserves and Surplus, as restated at the end of the year	14,386.33	13,181.23	12,076.16	10,932.86	9,777.00

**1** The ratios on the basis of Restated financial information have been computed as below:

Basic Earnings per share (₹)	$\frac{\text{Net profit after tax as restated, attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the year}}$
Diluted Earnings per share (₹)	$\frac{\text{Adjusted Net profit after tax as restated, attributable to equity shareholders for calculation of Diluted Earnings per Share}}{\text{Weighted average number of dilutive equity shares outstanding during the year}}$
Return on net worth (%)	$\frac{\text{Net profit after tax as restated, attributable to equity shareholders}}{\text{Net worth* as restated, including Share Capital and Reserves and surplus, as restated at the end of the year}}$
Net Asset Value (NAV) per equity share (₹)	$\frac{\text{Net worth* as restated, including Share Capital and Reserves and surplus, as restated at the end of the year}}{\text{Weighted average number of equity shares outstanding during the year}}$

Number of equity shares outstanding at the end of the year

\*Net worth is defined under Section 2(57) of the Companies Act, 2013

- 2 Earnings per share calculations are done in accordance with Accounting Standard 20 “Earnings Per Share” issued by the Institute of Chartered Accountants of India.

**For Deloitte Haskins & Sells**  
Chartered Accountants

**Rupen K. Bhatt**  
Partner

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

**Rajeev Mathur**  
Managing Director

**Akhil Mehrotra**  
Director

**S M Ranade**  
Chief Financial Officer

**Alok Mishra**  
Company Secretary

**Place: Mumbai**  
**Date: May 30, 2016**

**Place: Delhi**  
**Date: May 30, 2016**

**ANNEXURE – VII**  
**RESTATED STATEMENT OF CAPITALISATION**

**₹ Million**

Particulars	As at				
	31-03-2016	31-03-2015	31-03-2014	31-03-2013	31-03-2012
Long-term borrowings (Including current maturities)	138.12	155.88	79.83	98.33	104.71
<b>Shareholders' funds</b>					
- Share Capital	893.42	893.42	893.42	893.42	893.42
- Reserves & Surplus	14,386.33	13,181.23	12,076.16	10,932.86	9,777.00
<b>Total Shareholder's funds</b>	<b>15,279.75</b>	<b>14,074.65</b>	<b>12,969.58</b>	<b>11,826.28</b>	<b>10,670.42</b>
<b>Debt/Equity before public offering</b>	<b>0.01</b>	<b>0.01</b>	<b>0.01</b>	<b>0.01</b>	<b>0.01</b>
<b>Debt/Equity after public offering</b>	*	*	*	*	*

\* The post issue details have not been provided as the issue price of the share is not known at the date of the report.

**For Deloitte Haskins & Sells**  
Chartered Accountants

**Rupen K. Bhatt**  
**Partner**

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

**Rajeev Mathur**  
**Managing Director**

**Akhil Mehrotra**  
**Director**

**S M Ranade**  
**Chief Financial Officer**

**Alok Mishra**  
**Company Secretary**

**Place: Mumbai**  
**Date: May 30, 2016**

**Place: Delhi**  
**Date: May 30, 2016**

# ANNEXURE – VIII

## **Mahanagar Gas Limited** **Restated Statement of Tax Shelters**

₹ Million

Particulars	For the year ended				
	31.03.2016	31.03.2015	31.03.2014	31.03.2013	31.03.2012
Profit Before Tax-As Restated (A)	4,686.49	4,492.94	4,417.83	4,423.54	4,539.69
Notional Tax Rate (B)	34.608%	33.990%	33.990%	32.445%	32.445%
Tax as per Notional rate on Profit (C)	<b>1,621.90</b>	<b>1,527.15</b>	<b>1,501.62</b>	<b>1,435.22</b>	<b>1,472.90</b>
<b>ADJUSTMENTS</b>					
<b>Tax Impact of Permanent Differences due to:</b>					
Investment Income	(51.98)	(81.97)	(76.09)	(64.91)	(42.35)
Expenses disallowed / (allowed)	23.58	32.44	7.56	5.65	8.43
<b>Total Tax impact on Permanent Difference (D)</b>	<b>(28.40)</b>	<b>(49.53)</b>	<b>(68.53)</b>	<b>(59.26)</b>	<b>(33.92)</b>
<b>Tax impact on Temporary Difference due to:</b>					
Difference between book balance and tax balance of fixed assets.	(152.27)	(143.86)	(106.28)	(105.80)	(81.39)
Disallowances under Section 43 B of the Income Tax Act, 1961	0.24	16.74	16.47	5.02	4.52
Income Taxable as per ICDS	5.29	-	-	-	-
Other (Provision for doubtful debts, Deposits, Inventory etc.)	(1.26)	2.99	(0.23)	(2.73)	6.88
<b>Total Tax impact of Timing Difference (E)</b>	<b>(148.00)</b>	<b>(124.13)</b>	<b>(90.04)</b>	<b>(103.51)</b>	<b>(69.99)</b>
<b>Net Adjustment F= (D+E)</b>	<b>(176.40)</b>	<b>(173.66)</b>	<b>(158.57)</b>	<b>(162.77)</b>	<b>(103.91)</b>
<b>Adjusted Tax Liability (C+F)</b>	<b>1,445.50</b>	<b>1,353.49</b>	<b>1,343.05</b>	<b>1,272.45</b>	<b>1,368.99</b>
<b>Total Tax as per Return of Income</b>	<b>*</b>	<b>1,353.49</b>	<b>1,343.05</b>	<b>1,272.45</b>	<b>1,368.99</b>

\*Return of income yet to be filed

**For Deloitte Haskins & Sells**  
Chartered Accountants

**Rupen K. Bhatt**  
Partner

Place: Mumbai  
Date: May 30, 2016

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

**Rajeev Mathur**  
Managing Director

**S M Ranade**  
Chief Financial Officer

Place: Delhi  
Date: May 30, 2016

**Akhil Mehrotra**  
Director

**Alok Mishra**  
Company Secretary

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION OF THE COMPANY

*You should read the following discussion of our financial condition and results of operations together with our restated financial information which is included in this Red Herring Prospectus. The following discussion and analysis of our financial condition is based on our restated financial statements for the years ended March 31, 2014, March 31, 2015 and March 31, 2016, including the related notes and reports, prepared in accordance with Indian GAAP and included in this Red Herring Prospectus. Our restated financial statements have been derived from our audited financial statements. Indian GAAP differs in certain material respects from IFRS, U.S. GAAP and GAAP in other countries. Accordingly, the degree to which our Restated Financial Statements beginning on page 174 of this Red Herring Prospectus will provide meaningful information to a prospective investor in countries other than India is entirely dependent on the reader's level of familiarity with Indian GAAP. Further, with effect from April 1, 2016, we are required to prepare our financial statements in accordance with Ind AS. Given that Ind AS is different in many respects from Indian GAAP under which our financial statements are currently prepared, our financial statements for the periods beginning on or after April 1, 2016 may not be fully comparable to our historical financial statements. See also "Risk Factor – Public companies in India, including us, are required to prepare financial statements under Ind AS with effect from April 1, 2016 which differ in material respects from present Indian GAAP which is applicable to the Company till March 31, 2016 and to compute Income Tax under the Income Computation and Disclosure Standards (the "ICDS") with effect from April 1, 2015. The transition to ICDS has impacted the income computation and tax liability of the company for the year ended March 31, 2016. The transition to Ind AS will have a material impact on the presentation of our financial statements for periods beginning on or after April 1, 2016 and may require us to restate our historical financial statements included in this Red Herring Prospectus, as a result of which we may be materially and adversely affected." beginning on page 32. This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those described under "Risk Factors" and "Forward Looking Statements" on pages 18 and 17, respectively, and elsewhere in this Red Herring Prospectus. We prepare our financial statements in accordance with Indian GAAP, which differs in material respects from IFRS and U.S. GAAP.*

We are one of the largest city gas distribution ("CGD") companies in India (*Source: CRISIL – CGD Report December 2014*). We have more than 20 years of experience in supplying natural gas in Mumbai and are presently the sole authorised distributor of compressed natural gas ("CNG") and piped natural gas ("PNG") in Mumbai, its Adjoining Areas and the Raigad district in the state of Maharashtra, India. We are promoted by GAIL and BGAPH, each of who holds 45.00% of our Equity Shares. GAIL is a Maharatna public sector undertaking and the largest natural gas transmission company in India (*Source: Ready Reckoner, Snapshot of India's Oil & Gas data, November, 2014, Petroleum Planning & Analysis Cell, MoPNG*). BGAPH is headquartered in Singapore and is a part of the Shell Group, an international exploration and production and LNG group of companies. On February 15, 2016, Royal Dutch Shell plc ("Shell") completed the acquisition of BG Group plc (now known as BG Group Limited) and its subsidiaries, and accordingly Shell has become the ultimate holding company of all the BG Group companies, including that of BGAPH.

We distribute CNG for use in motor vehicles and PNG for domestic household use as well as for commercial and industrial use. As at March 31, 2016, we supplied CNG to over 0.47 million vehicles through our network of 188 CNG filling stations, and provided PNG connection to approximately 0.86 million domestic households, over 2,866 commercial and 60 industrial consumers in Mumbai and its Adjoining Areas. For Fiscal 2016, our CNG and PNG businesses accounted for 74.21% and 25.79%, respectively, of the total volume of natural gas sold, and 71.05% and 28.95%, respectively, of our total gas sales revenue.

We operate in Mumbai, the second largest city in India and one of the most populous cities in the world (*Source: World Urbanisation Prospects, United Nations, Department of Economic and Social Affairs, Population Division (2014)*). As per the census carried out in 2011, Mumbai had a population of 12.44 million and comprised of 2.71 million households (*Source: Economic Survey of Maharashtra 2014-2015 dated March 17, 2015*) and as of July 2015, there were approximately 6.7 million motor vehicles in Mumbai, Thane region and Panvel region (*Source: Mumbai Transport Commissioner's office*). Additionally, the number of CNG operated motor vehicles has grown steadily at a CAGR of 13.75% from March 31, 2009 to March 31, 2016 in Mumbai and its Adjoining Areas (*Source: PNGRB submissions*). We believe that there is significant growth potential for our business in Mumbai and its Adjoining Areas due to the (i) anticipated growth in the number of CNG operated vehicles considering the current cost effectiveness of CNG as a fuel, (ii) potential growth in the number of households in our areas of operation and (iii) on commencement of gas supply to consumers in the Raigad district.

As per the MoPNG Guidelines, we have access to cost effective domestic natural gas equal to 110% of our CNG and domestic PNG requirements (such customers are classified under the “**Priority Sector**”). This domestic natural gas is currently sold to us at US\$ 3.06/ MMBTU (GCV), which is significantly lower than the current market price of imported natural gas, for supply exclusively to the Priority Sector. Our Priority Sector sales accounted for 84.14%, 85.03% and 85.58% of our total sales volume in Fiscal 2014, Fiscal 2015 and Fiscal 2016, respectively. For our industrial and commercial PNG consumers, we source regasified liquefied natural gas (“**RLNG**”) from a number of sources, both on term and spot basis. The price at which we sell natural gas to our customers is not regulated and we generally are able to pass on an increase in the cost of natural gas to our customers.

We distribute natural gas through an extensive CGD network of pipelines, for which we have the exclusive authorisation to lay, build, expand and operate the CGD network in accordance with the Petroleum and Natural Gas Regulatory Board (Exclusivity for City or Local Natural Gas Distribution Network) Regulations, 2008 (the “**PNGRB Regulations**”) in Mumbai until 2020, its Adjoining Areas until 2030 and the Raigad district until 2040 (the “**Infrastructure Exclusivity**”). As at March 31, 2016, we had a supply network of over 4,646 kms of pipelines, including approximately 4,231 kms of polyethylene pipeline (“**PE pipeline**”) and 415 kms of steel pipeline, and 188 CNG filling stations. Our network of 188 CNG filling stations includes stations owned and operated by us, oil manufacturing companies (“**OMCs**”), private parties or situated at bus depots of state transport undertakings. We believe that there are significant entry barriers for competitors to enter into our area of operation, such as our infrastructure exclusivity, the requirement of large investments to establish a natural gas distribution network, lead time in the allocation of domestic natural gas and obtaining the required regulatory approvals.

We have won several awards for our contribution to society and our commitment towards health and safety. Our awards include the Greentech CSR Award, Gold Category at the 2014 Greentech Environment and CSR Awards for outstanding achievement in Corporate Social Responsibility in the CGD sector and the Gold Award in the CGD Sector at the 5<sup>th</sup> Annual Greentech CSR Award in 2015 for outstanding achievement in CSR. Our commitment to health and safety has also been recognised by the National Safety Council for merit in industrial safety in 2012 and also at the Greentech Safety Awards for outstanding achievements in safety and environment management in 2013. We have also been awarded the Golden Peacock Award for CSR, 2015 and the Rashtra Vibhushan Award in 2015 for outstanding contribution for National Economic & Social Development.

### **Significant factors affecting our results of operations**

The following is a discussion of certain factors that have had, and continue to have, a significant effect on our financial results:

#### ***Availability, allocation and pricing of domestic natural gas***

The MoPNG, Government of India allocates natural gas to CGD entities through guidelines issued and updated periodically (the “**MoPNG Guidelines**”). The natural gas is first allocated to GAIL which then supplies the natural gas to the respective CGD entities. The MoPNG Guidelines, revised in February 2014, increased allocation of natural gas to GAIL for supplying to CGD entities for domestic use (PNG) and for use in motor vehicles (CNG). Such increased allocation is expected to meet the full requirement of all CDG entities. The MoPNG Guidelines were further revised in August 2014, authorising GAIL to supply natural gas 10% over and above the 100% requirement of domestic consumption of PNG and CNG of each CGD entity, calculated as per the last half yearly consumption by such CDG entity. We have also been allocated an additional tranche of natural gas from Panna Mukta and Tapti fields. With effect from June 1, 2016, we have been allocated 2.17 MMSCMD of natural gas, of which 0.50 MMSCMD is sourced pursuant to the PMT Agreement and 1.67 MMSCMD is sourced pursuant to the Domestic Natural Gas Agreement. We have also entered into the GS Agreement with GAIL for supply of 0.15 MMSCMD of RLNG on a firm basis and 0.15 MMSCMD of RLNG on a fallback basis. For further details of these agreements, see “*Our Business – Key Provisions of our Natural Gas Sourcing Agreements*” on page 115.

The price of domestic natural gas allocated by the MoPNG is determined as per the Pricing Guidelines, also known as the administered price mechanism (“**APM**”). The price of domestic natural gas is presently US\$ 3.06/MMBTU on GCV basis. This price is applicable till September 30, 2016. Natural gas from the Panna Mukta fields has been allocated at a price of US\$5.73/ MMBTU on NCV basis and from the Tapti fields has been allocated at a price of US\$5.57/ MMBTU on NCV basis. We believe the price of domestic natural gas is significantly lower than the market price of imported natural gas. In the event that supply of domestic natural gas is not available, we would be compelled to import natural gas, which could adversely affect our business and profitability.



The volumes of natural gas purchased under Domestic Natural Gas Agreement, the PMT Agreement and the GS Agreement for the last three Fiscals are:

(in MMSCMD)

Particulars	Fiscal 2016	Fiscal 2015	Fiscal 2014
Domestic Natural Gas Agreement	1.61	1.56	1.83
PMT Agreement	0.52	0.43	-
GS Agreement	0.15**	0.12*	-

\*Under previous term agreement.

\*\*Includes gas purchased under previous term agreement.

The purchase cost (including transportation charges) of gas under the Domestic Natural Gas Agreement and PMT Agreement during the last three Fiscals are as under:

Particulars	For Fiscal 2016	For Fiscal 2015	For Fiscal 2014
Purchase cost	9,129.63 <sup>1</sup>	8,038.83 <sup>2</sup>	5,935.23 <sup>3</sup>

<sup>1</sup> Net of VAT credit of ₹ 1,141.23 million, respectively

<sup>2</sup> Net of Service tax credit and VAT credit of ₹ 19.74 million and ₹ 1,007.34 million, respectively.

<sup>3</sup> Net of Service tax credit and VAT credit of ₹ 2.61 million and ₹ 742.23 million, respectively.

Changes in the allocation methodology, Pricing Guidelines or the variables used in the Pricing Guidelines are significant factors affecting our results of operations.

### ***Sale price of natural gas***

The price at which we sell CNG and domestic PNG is predominantly affected by fluctuations in the cost price of domestic natural gas and variation of the Indian Rupee against the United States Dollar. For instance, we had increased the sale price of CNG by ₹ 4.50/kg and of domestic PNG by Rs 2.49/ scm due to an increase in the domestic natural gas price from US\$ 3.78/ MMBTU on GCV basis to US\$ 5.05/MMBTU on GCV basis in November 2014. With effect from April 2016, the price of domestic natural gas has decreased to US\$ 3.06/MMBTU (GCV), which we believe is partly due to a decrease in global crude prices. As the price at which we sell natural gas to our customers is not regulated, we have been able to pass on any additional cost incurred by us in sourcing natural gas. However, there is usually a time lag between us incurring additional cost for gas procurement and passing such increase in costs on to our customers. Moreover, the price of domestic natural gas and RLNG that we purchase is denominated in United States Dollars but we sell natural gas in Indian Rupees. We adjust the sale price of natural gas to account for any change in the foreign exchange rate between the United States Dollar and the Indian Rupee; however, such revision has historically had a time lag as a result of the nature of our business. Consequently, any depreciation of the Indian Rupee against the United States Dollar would adversely affect our results of operations.

### ***Natural gas prices relative to price of alternate fuels***

A key driver for the demand for natural gas is its cost advantage compared to alternate fuels. The price at which we sell natural gas is benchmarked to the price of alternate fuels as petrol, diesel, other liquid fuel and LPG. Prices of alternate fuels are linked to the price of crude oil. In the past, international crude prices had increased significantly with brent crude reaching US\$ 128.14 per barrel as of March 13, 2012; however, the brent crude prices have recently decreased significantly to US\$ 36.75 per barrel as of March 31, 2016 (Source: U.S. Energy Information Administration). Any decrease in the prices of alternate fuels prices may adversely impact the demand for natural gas and correspondingly affect our results of operations.

Moreover, the price at which we sell gas to our customers is determined on the basis of certain factors such as the cost of procurement of natural gas, transmission cost and our business margin. Any increases in the price of procurement of natural gas would also have an adverse impact on the sale price of the gas to our customers, which could also impact our results of operations.

### ***Size, growth, demography and economy of area of our operations***

Presently, we are the sole authorised CGD entity for distribution of CNG and PNG in Mumbai and its Adjoining areas and the Raigad district. We operate in Mumbai, the sixth most populous cities in the world and the second largest metropolitan city of India, and its Adjoining Areas, with a population of 20.74 million and with three

million households (*Source: Economic Survey of Maharashtra 2013-2014*). We distribute natural gas to our customers through pipelines for which we have infrastructure exclusivity, which is valid till 2020 for Mumbai and till 2030 for its Adjoining Areas. Recently, we have won the bid for infrastructure exclusivity for 300 months in the Raigad District in Maharashtra, to lay, build, expand and operate a CGD network covering an area of about 6,800 sq. kms, with effect from April 01, 2015 to 2040.

We also seek to further expand our operations to new markets through the extension and expansion of our gas distribution network. We intend to increase our penetration in our existing area of operations by adding new customers for CNG, domestic PNG, commercial PNG and industrial PNG.

The following table sets forth the details of our sales attributable to CNG and PNG for the last three Fiscals:

Particulars	Fiscal 2016		Fiscal 2015		Fiscal 2014	
	(₹ in million)	Volume (MMSCMD)	(₹ in million)	Volume (MMSCMD)	(₹ in million)	Volume (MMSCMD)
CNG Sales	14,673.54	1.80	13,527.04	1.77	11,552.37	1.66
PNG Sales	5,979.74	0.63	7,251.05	0.61	7,134.03	0.60
<b>Total</b>	<b>20,653.28</b>	<b>2.43</b>	<b>20,778.09</b>	<b>2.38</b>	<b>18,686.40</b>	<b>2.26</b>

During the last three Fiscals, the volume of natural gas sold increased by 16.83%. This increase was primarily due to increase in customers from 0.93 million to 1.34 million during this period and the higher coverage of our areas through 188 gas filling stations as on March 31, 2016 compared to 160 gas filling stations as on April 1, 2013.

The present authorised network of distribution of natural gas also serves commercial and industrial consumers. Consequently, we expect that further industrialization of our operating areas may allow us to increase sales of natural gas, which would result in an increase in revenues.

### Significant Accounting Policies

#### (a) Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India ("Indian GAAP") to comply with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013/ Companies Act, 1956, as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent among the years reported.

#### (b) Use of Estimates

The preparation of the financial statements in conformity with Indian GAAP requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

#### (c) Fixed Assets

##### Cost

Fixed assets are carried at cost of acquisition or construction less accumulated depreciation and accumulated impairment losses, if any. Cost includes financing cost relating to borrowed funds attributable to the construction or acquisition of fixed assets up to the date the assets are commissioned. In case of commissioned assets where final payment to the contractors is pending, capitalisation is made on provisional basis subject to necessary adjustment in cost and depreciation in the year of settlement.

### **Commissioning**

Gas distribution systems are treated as commissioned when supply of gas commences to the individual points.

### **Intangible Assets**

Intangible assets like software / licenses which are expected to provide future enduring economic benefits are capitalised as intangible assets.

### **Capital Work-in-Progress**

Capital work-in-progress includes expenditure incurred on assets which are yet to be commissioned. Capital inventory included in capital work-in-progress comprises stock of capital items / construction materials at stores and with contractors / processors.

## **(d) Depreciation and Amortisation**

Depreciable amount for assets is the cost of an asset less its estimated residual value.

Depreciation on fixed assets is provided on straight line method.

Leasehold land is amortised over the lease period.

Intangible assets (software / licenses) are amortised over 6 years based on useful life.

The depreciation was provided at rates specified and in the manner prescribed by Schedule XIV to the Companies Act, 1956 up to March 31, 2014 except for the following fixed assets and intangible assets which are depreciated / amortised over their useful life as determined by the management:

Roads and fences: 30 years

Bunk houses: 5 years

Online compressors and dispensers: 10 years

With effect from April 1, 2014, depreciation on tangible fixed assets is provided on straight line method as per useful life and in the manner prescribed by Schedule II to the Companies Act, 2013, except in respect of the online compressors and dispensers, where useful life considered is 10 years as per management estimate, based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, replacements generally required from the point of view of operational effectiveness.

## **(e) Investments**

Current investments are carried individually, valued at the lower of cost and fair value.

## **(f) Inventories**

Inventories are valued at lower of cost and net realisable value after providing for obsolescence and other losses, where considered necessary. The cost is determined on weighted average basis.

## **(g) Foreign Exchange Transactions**

Foreign currency transactions are recorded at the exchange rates prevailing on the date of such transactions. Monetary items are translated at the rates of exchange prevailing at the date of the balance sheet. Gain/loss arising on account of differences in foreign exchange rates on settlement/translation of monetary items is recognised in the statement of profit and loss.

**(h) Revenue Recognition**

Sale is recognised on supply of natural gas to customers by metered/assessed measurements. Compensation receivable from customers with respect to shortfall in minimum guaranteed offtake of gas are recognised on contractual basis and delayed payment charges are recognised on receipt basis in view of uncertainty of collection.

**(i) Employee Benefits**

**Defined Contribution Plan**

The Company's contribution to provident fund is recognised on accrual basis in the statement of profit and loss.

**Defined Benefit Plan**

Employee benefits under defined benefit plans in respect of gratuity, compensated absence, post-retirement medical scheme and long service award are recognized based on the present value of defined benefit obligation, which is computed on the basis of actuarial valuation using the Projected Unit Credit method. Past services are recognised on a straight line basis over the average period until the benefits become vested. Actuarial gains and losses are recognised immediately in the statement of profit and loss as income or expense. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to the market yields at the balance sheet date on government bonds where the currency and the terms of the government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

**Short-term employee benefits**

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under:

- (a) in respect of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

**Long-term employee benefits**

Accumulated compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service and long service awards are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date.

Provision for gratuity as per actuarial valuation is funded with 'Life Insurance Corporation of India'.

**(j) Taxes on Income**

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred Tax is measured using the tax rates and the Tax Laws enacted or substantially enacted as at the reporting date. Deferred tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originates in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets.

**(k) Borrowing Costs**

Borrowing costs attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. All other borrowing costs are charged to revenue.

**(l) Segment Reporting**

The Company is in the business of distribution of natural gas. The Company earns revenue by selling natural gas and does not earn revenue by transporting gas of third parties. Natural gas business involves distribution of gas from sources of supply to centres of demand and to the end consumers. The Company is operating in India, a single geographical segment. Considering the definition of reportable business segments and the reportable geographical segments, contained in Accounting Standard 17 on segment reporting, there is only one business and geographical segment.

**(m) Operating Leases**

Lease of assets under which all the risks and reward of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under operating leases are recognised as expense on accrual basis as per the lease agreements.

Operating lease arrangements for premises (residential, office, godowns etc), which are not non-cancellable, range between eleven months to three years generally, and are usually renewable by mutual consent on agreed terms. The aggregate lease rentals payable are charged as rent including lease rentals.

**(n) Impairment of assets**

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the statement of profit and loss.

**(o) Provisions, Contingent Liabilities and Contingent Assets**

A provision is recognised when the Company has a present legal obligation as a result of past events 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 (excluding retirement benefits) are not discounted 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 best estimates. Contingent liabilities are not recognised in the financial statements. Contingent assets are neither recognised nor disclosed in the financial statements.

**Results of operations**

Particulars	For Fiscal 2016		For Fiscal 2015		For Fiscal 2014	
	₹ in million	% of total revenue	₹ in million	% of total revenue	₹ in million	% of total revenue
Revenue from Operations						
Sale of Natural Gas (Gross)	22,721.62	107.10	22,745.64	106.51	20,352.31	106.02
Less : Excise Duty	2,068.34	9.75	1,967.55	9.22	1,665.91	8.68
Sale of Natural Gas (Net)	20,653.28	97.35	20,778.09	97.29	18,686.40	97.34
Sale of Pipes, Fittings and Other Materials	14.88	0.07	4.68	0.02	12.43	0.06
Other Operating Income	121.11	0.57	166.51	0.78	152.70	0.80
Total Revenue from Operations	20,789.27	97.99	20,949.28	98.09	18,851.53	98.20
Other Income	427.01	2.01	407.09	1.91	344.94	1.80
<b>Total Revenue</b>	<b>21,216.28</b>	<b>100.00</b>	<b>21,356.37</b>	<b>100.00</b>	<b>19,196.47</b>	<b>100.00</b>

Particulars	For Fiscal 2016		For Fiscal 2015		For Fiscal 2014	
	₹ in million	% of total revenue	₹ in million	% of total revenue	₹ in million	% of total revenue
Expenses:						
Cost of Natural Gas and Traded Items	12,296.26	57.96	12,958.08	60.68	11,444.37	59.62
Changes in Inventories	0.72	-	(0.85)	-	(1.09)	-
Employee Benefits Expense	537.12	2.53	511.11	2.39	416.89	2.17
Finance Costs	29.45	0.14	12.05	0.06	2.07	0.01
Depreciation and Amortisation Expense	840.57	3.96	799.09	3.74	807.16	4.20
Other Expenses	2,825.67	13.32	2,583.95	12.10	2,109.24	10.99
<b>Total Expenses</b>	<b>16,529.79</b>	<b>77.91</b>	<b>16,863.43</b>	<b>78.97</b>	<b>14,778.64</b>	<b>76.99</b>
<b>Profit Before Tax</b>	<b>4,686.49</b>	<b>22.09</b>	<b>4,492.94</b>	<b>21.03</b>	<b>4,417.83</b>	<b>23.01</b>
Tax Expense:						
(1) Current Tax	1,445.50	6.81	1,331.00	6.23	1,355.00	7.06
(2) Deferred Tax	154.12	0.73	151.93	0.71	90.34	0.47
Total	1,599.62	7.54	1,482.93	6.94	1,445.34	7.53
<b>Profit After Tax for the Year/ Period</b>	<b>3,086.87</b>	<b>14.55</b>	<b>3,010.01</b>	<b>14.09</b>	<b>2,972.49</b>	<b>15.48</b>

The volumes of natural gas purchased and the average natural gas price for the last three Fiscals is:

Particulars	Fiscal 2016	Fiscal 2015	Fiscal 2014
<b>Volume of Natural Gas Purchased</b>			
GAIL (APM)(MMSCMD)	1.61	1.56	1.83
GAIL (PMT) (MMSCMD)	0.52	0.43	-
GAIL (Non - APM)(MMSCMD)	0.07	0.06	0.14
GAIL (Term RNLG)(MMSCMD)	0.15	0.12	-
SPOT Contracts(MMSCMD)	0.14	0.25	0.31
<b>Average Natural Gas Price</b>			
GAIL (APM) (in ₹)	10.67	10.31	8.86
GAIL (PMT) (in ₹)	14.91	14.05	-
GAIL (Non-APM)(in ₹)	10.70	11.57	10.83
GAIL (Term RNLG)(in ₹)	31.48	39.11	-
SPOT Contracts (in ₹)	22.19	31.77	43.02

## Revenue and Expenditure

Our revenue and expenditure is reported in the following manner:

**Total revenue:** Total revenue consists of revenue from operations and other income. Revenue from operations primarily comprises of revenue from sale of natural gas.

**Expenses:** Total expenses primarily consist of the purchase cost of natural gas and other expenses. Other expenses include the changes in inventories, employee benefit expenses, finance costs, depreciation and amortisation expenses, purchase price of pipes, fittings and other materials and other operating expenses.

## Discussion on the results of operations

### Fiscal 2016 compared to Fiscal 2015

#### Total Revenue

Our total revenue decreased marginally by 0.66% to ₹ 21,216.28 million in Fiscal 2016 from ₹ 21,356.37 million in Fiscal 2015, due to the reasons described below:

**Revenue from operations:** Our total revenue from operations (less excise duty) decreased marginally by 0.76% to ₹ 20,789.27 million in Fiscal 2016 from ₹ 20,949.28 million in Fiscal 2015. The price of domestic natural gas has reduced twice in Fiscal 2016, which we believe is due to a reduction in Brent crude prices. Consequently, we have decreased the price at which we sell natural gas to our domestic consumers. This has resulted in a marginal decrease in our revenue from operations for Fiscal 2016.

*Other Income:* Our other income increased by 4.89% to ₹ 427.01 million in Fiscal 2016 from ₹ 407.09 million in Fiscal 2015. This increase was primarily due to interest on bank fixed deposits, dividend received from current investments and other miscellaneous income. Our other income as a percentage of total income was 2.01% for Fiscal 2016 as compared to 1.91% for Fiscal 2015.

#### ***Total expenditure***

Our total expenditure decreased marginally by 1.98% to ₹ 16,529.79 million in Fiscal 2016 from ₹ 16,863.43 million in Fiscal 2015, due to the factors described below:

*Cost of Natural Gas and Traded Items:* The cost of natural gas and traded items decreased by 5.11% to ₹ 12,296.26 million in Fiscal 2016 from ₹ 12,958.08 million in Fiscal 2015. This decrease was primarily due to reduction in the price of natural gas purchased from GAIL.

*Changes in Inventories:* Our inventories decreased by ₹ 0.72 million during Fiscal 2016 from an increase of ₹ 0.85 million during Fiscal 2015.

*Employee benefits expense:* Our employee benefit expenses increased by 5.09% to ₹ 537.12 million in Fiscal 2016 from ₹ 511.11 million in Fiscal 2015. This increase was primarily due to increase in salaries and wages, wage and allowance costs.

*Finance Costs:* Finance costs increased to ₹ 29.45 million in Fiscal 2016 from ₹ 12.05 million in Fiscal 2015. This increase was primarily due to interest paid on the unsecured compulsorily convertible debentures, provisions made for the refund of interest on deposits received from customers for conversion beyond the regulatory prescribed period and interest paid to customers on the voluntary deposits scheme which would be adjusted against future gas bills.

*Depreciation and amortisation:* Depreciation during Fiscal 2016 was higher by ₹ 41.48 million as compared to Fiscal 2015. This was primarily due to addition of fixed assets such as pipelines and other machinery at CNG stations.

*Other expenses:* Our other expenses increased by 9.35% to ₹ 2,825.67 million in Fiscal 2016 from ₹ 2,583.95 million in Fiscal 2015. This increase was primarily due to an increase in the cost of power and fuel, rental expenses, expenses incurred for repairs of plant and machinery and other miscellaneous expenses.

*Tax expense:* Tax expenses increased by 7.87% to ₹ 1,599.62 million in Fiscal 2016 from ₹ 1,482.93 million in Fiscal 2015. This increase was primarily due to an increase in tax rates as well as an increase in profit from Fiscal 2015.

*Profit after tax for the year:* Due to the factors mentioned above, our profit after tax increased by 2.55% to ₹ 3,086.87 million in Fiscal 2016 from ₹ 3,010.01 million in Fiscal 2015.

#### **Fiscal 2015 compared to Fiscal 2014**

##### ***Total Revenue***

Our total revenue increased by 11.25% to ₹ 21,356.37 million in Fiscal 2015 from ₹ 19,196.47 million in Fiscal 2014, which was an increase by 11.25%, due to the reasons described below:

*Revenue from operations:* Our total revenue from operations (less excise duty) increased by 11.13% to ₹ 20,949.28 million in Fiscal 2015 from ₹ 18,851.53 million in Fiscal 2014. This increase was primarily due to (a) an increase in the volume of natural gas sold on account of 71,500 new domestic PNG customers in Fiscal 2015; (b) an increase in the average sales realisation from ₹ 27.49/Kg to ₹ 30.07/Kg (an increase of 9.39%); (c) an increase in sales volume from 1.15 mmkgd to 1.23 mmkgd (an increase of 6.96%) in the case of CNG; (d) an increase in average sales realization from ₹ 22.17/SCM to ₹ 23.16/SCM (an increase of 4.47%) in the case of domestic PNG; and an increase in sales volume from 0.24 MMSCMD to 0.26 MMSMCD (an increase of 8.33%) in the case of domestic PNG.



**Other Income:** Our other income also increased by 18.02% to ₹ 407.09 million in Fiscal 2015 from ₹ 344.94 million in Fiscal 2014. This increase was primarily due to income from mutual fund, increase in interest on bank fixed deposits and delayed payment charges received from customers. Our other income as a percentage of total income was 1.91% for Fiscal 2015 as compared to 1.80% for Fiscal 2014.

### **Total expenditure**

Our total expenditure increased by 14.11% to ₹ 16,863.43 million in Fiscal 2015 from ₹ 14,778.64 million in Fiscal 2014, due to the factors described below:

**Cost of Natural Gas and Traded Items:** The cost of natural gas and traded items increased by 13.23% to ₹ 12,958.08 million in Fiscal 2015 from ₹ 11,444.37 million in Fiscal 2014. This increase was primarily due to an increase in sales volume by 5.68% to 2.38 MMSCMD from 2.26 MMSCMD and an increase in the weighted average cost of natural gas by 7.23% to ₹ 14.69 per SCM from ₹ 13.70 per SCM.

**Changes in Inventories:** Our inventories increased by ₹ 0.85 million during Fiscal 2015 from an increase of ₹ 1.09 million during Fiscal 2014.

**Employee benefits expense:** Our employee benefit expenses increased by 22.60% to ₹ 511.11 million in Fiscal 2015 from ₹ 416.89 million in Fiscal 2014. This increase was primarily due to increase in salaries and wages, wage and allowance costs.

**Finance Costs:** Finance costs increased to ₹ 12.05 million in Fiscal 2015 from ₹ 2.07 million for Fiscal 2014. This increase was primarily due to interest paid on the unsecured compulsorily convertible debentures, voluntary deposits scheme and other interest on loans paid by our Company.

**Depreciation and amortisation:** During Fiscal 2015, our Company has reassessed the useful life of tangible assets in accordance with the provisions of the Companies Act, 2013. As a result of such reassessment, depreciation for Fiscal 2015 is lower by ₹ 30.64 million as compared to Fiscal 2014.

**Other expenses:** Our other expenses increased by 22.51% to ₹ 2,583.95 million in Fiscal 2015 from ₹ 2,109.24 million in Fiscal 2014. This increase was primarily due to an increase in the cost of power and fuel, rental expenses, expenses incurred for repairs of plant and machinery and other miscellaneous expenses.

**Tax expense:** Tax expenses increased by 2.6% to ₹ 1,482.93 million in Fiscal 2015 from ₹ 1,445.34 million in Fiscal 2014. This increase was primarily due to a marginal increase in profit before tax and deferred tax provision due to a change in the future tax rate to 34.608% from 33.99%.

**Profit after tax for the year:** Due to the factors mentioned above, our profit after tax increased by ₹ 37.52 million to ₹ 3,010.01 million in Fiscal 2015 from ₹ 2,972.49 million in Fiscal 2014.

### **Cash Flows**

The table below summarises our cash flows from our restated financial information of cash flows for Fiscal 2014, Fiscal 2015 and Fiscal 2016:

	(₹ in million)		
	Fiscal 2016	Fiscal 2015	Fiscal 2014
Net cash generated from operating activities	4,254.30	4,267.14	3,976.48
Net cash used in investing activities	(2,286.25)	(2,607.23)	(1,998.62)
Net cash used in financing activities	(1,914.34)	(1,760.81)	(1,851.62)
Net increase/ (decrease) in cash and cash equivalents	53.71	(100.90)	126.24
Cash and Cash Equivalents at the beginning of the period	157.39	258.29	132.05
Cash and Cash Equivalents at the end of the period	211.10	157.39	258.29
*			

\* Cash and cash equivalents at the end of the period comprises of (i) cash on hand, (ii) cheques in hand; and (iii) balances with banks in current accounts



### *Operating activities*

Our cash generated from operating activities was ₹ 4,254.30 million in Fiscal 2016. Our operating profit before working capital changes was ₹ 5,283.97 million in Fiscal 2016, which was primarily adjusted by (i) an increase in other current liabilities of ₹ 467.10 million, (ii) an increase in long term loans and advances of ₹ 74.99 million, (iii) decrease in trade receivables of ₹ 64.80 million, (iv) a decrease in short term loans and advances of ₹ 35.68 million, (v) an decrease in long term provisions of ₹ 15.57 million and (vi) an increase in inventories of ₹ 6.72 million. Other current liabilities increased primarily because of securities deposits received from new customers added during the period.

Our cash generated from operating activities was ₹ 4,267.14 million in Fiscal 2015. Our operating profit before working capital changes was ₹ 4,996.76 million in Fiscal 2015, which was primarily adjusted by (i) an increase in other current liabilities of ₹ 540.37 million, (ii) a decrease in trade receivables of ₹ 128.73 million, (iii) an increase in trade payables of ₹ 59.21 million, (iv) an increase in long term loans and advances of ₹ 40.99 million, (v) an increase in short term loans and advances of ₹ 29.78 million, (vi) an increase in long term provisions of ₹ 27.90 million, (vii) an increase in inventories of ₹ 14.89 million and (viii) increase in other current assets of ₹ 13.54 million. Other current liabilities increased primarily because of securities deposits received from new customers added during the period.

Our cash generated from operating activities was ₹ 3,976.48 million in Fiscal 2014. Our operating profit before working capital changes was ₹ 4,960.71 million for Fiscal 2014, which was primarily adjusted by (i) increase in other current liabilities of ₹ 387.85 million, (ii) an increase in trade receivables of ₹ 198.12 million, (iii) increase in trade payables of ₹ 189.95 million, (iv) an increase in short term loans and advances of ₹ 58.30 million, (v) an increase in other current assets of ₹ 48.65 million, (vi) increase in long term provisions of ₹ 40.42 million and (vii) an increase in inventories of ₹ 20.93 million. Other current liabilities increased primarily because of securities deposits received from new customers added during the period.

### *Investing Activities*

Net cash used in investing activities was ₹ 2,286.25 million in Fiscal 2016, primarily as a result of purchase of current investments in the form of debt mutual funds of ₹ 23,494.66 million, purchase of fixed assets of ₹ 2,211.25 million and fixed deposits placed with banks of ₹ 1,508.55 million. These were adjusted by money received from sale of current investments of ₹ 23,367.69 million, dividends received from investments of ₹ 150.20 million and interest received of ₹ 118.67 million.

Net cash used in investing activities was ₹ 2,607.23 million in Fiscal 2015, primarily as a result of the purchase of fixed assets of ₹ 1,975.94 million, purchase of current investments in the form of debt mutual funds of ₹ 24,398.62 million and bank balances not considered as cash and cash equivalents of ₹ 662.01 million. These were adjusted by money received from sale of investments of ₹ 24,120.49 million, dividends received from investments of ₹ 241.15 million and interest received of ₹ 66.41 million.

Net cash used in investing activities was ₹ 1,998.62 million in Fiscal 2014, primarily as a result of purchase of fixed assets of ₹ 1,768.44 million and purchase of investments in the form of debt mutual funds of ₹ 20,837.50 million. These were adjusted by money received from sale of investments of ₹ 20,437.58 million, dividend received of ₹ 223.84 million and interest received of ₹ 47.05 million. Net cash used in investment activities also included bank balances not considered as cash and cash equivalents of ₹ 101.59 million.

### *Financing Activities*

Net cash used in financing activities was ₹ 1,914.34 million in Fiscal 2016, comprising primarily of dividend paid of ₹ 1,563.48 million and payment of dividend distribution tax of ₹ 318.29 million.

Net cash used in financing activities was ₹ 1,760.81 million for Fiscal 2015 comprising of dividend paid of ₹ 1,563.48 million, payment of dividend distribution tax of ₹ 265.71 million, repayment of borrowings of ₹ 18.31 million and interest paid of ₹ 7.67 million. This is partially off-set by funds aggregating to ₹ 94.36 million received pursuant to the issuance of unsecured compulsorily convertible debentures.

Net cash used in financing activities was ₹ 1,851.62 million for Fiscal 2014 comprising of dividend paid of ₹1,563.48 million, payment of dividend distribution tax of ₹ 265.71 million, repayment of borrowings of ₹ 18.50 million and interest paid of ₹3.93 million.

### Related Party Transactions

Related party transactions with our Promoters, GAIL and BGAPH primarily relate to procurement of natural gas and secondment charges. For further details of such related parties under AS 18, see “*Financial Statements*” on page 174.

### Contingent liabilities

As of March 31, 2016, claims against the Company not acknowledged as debts aggregate to ₹ 2,819.55 million. These claims include:

(₹ in million)

Particulars	As of March 31, 2016
Excise Duty	1,600.69
Service Tax	51.70
Sales Tax / Input VAT credits	44.89
Income Tax	5.49
Central / state / local authority property taxes, lease rents, pipeline related re-instatement charges etc. – Claims disputed by the Company relating to issues of applicability and determination	19.10
Third party / other claims arising from disputes relating to contracts	15.72
Demand from GAIL with respect to additional transport tariff from November 2008 to March 31, 2016	1,073.56
Demand from GAIL with respect of differential price for supply over and above allocation	5.04
Claims from consumers not acknowledged as debts	3.36

Liability on account of revision of trade margin as per contract with oil marketing companies with effect from January 1, 2015 is yet to be determined in view of undergoing negotiations.

For details of our contingent liabilities, please see “*Financial Statements*” and “*Outstanding Litigations and Material Developments*” on pages 174 and 251, respectively.

### Off-balance sheet items

Except as disclosed below, we do not have any other off-balance sheet arrangements, derivative instruments or other relationships with any entities that have been established for the purposes of facilitating off-balance sheet arrangements.

As of March 31, 2016, the following table lists the limit, utilisation and balance of the letters of credit and bank guarantees provided by us:

(₹ in million)

Type	Limit	Utilisation	Balance
Letter of Credit	5,407.00	1,859.80	3,547.20
Bank Guarantees	1,820.00	1,286.28	533.72
<b>Total</b>	<b>7,227.00</b>	<b>3,146.08</b>	<b>4,080.92</b>

### Capital and other commitments

As of March 31, 2016, estimated amount of contracts to be executed on capital account and not provided for (net of advances) is ₹ 2,111.51 million. For further details, see “*Financial Statements*” on page 174.

All term contracts for the purchase of natural gas with suppliers have contractual obligation of “Take or Pay” for a shortfall in contracted minimum guaranteed quantity, as specified in each individual contract. The minimum guaranteed quantity commitment is dependent upon the nomination of quantity by the suppliers and actual

purchase by our Company for each contract. As both the factors, quantity nomination by the supplier and quantity to be purchased by our Company is not predictable at this point, minimum guaranteed quantity is not quantifiable.

As of March 31, 2016, we had other contractual obligations of the following amounts:

(₹ in million)

Other contractual obligations	Payments due by period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Debt Obligations	138.12	94.36	31.81	11.95	-
Capital Lease Obligations	-	-	-	-	-
Operating Lease Obligations	83.78	48.06	35.72	-	-
Other Long-Term Liabilities reflected on the Company's balance sheet	67.03	62.40	4.63	-	-
<b>Total</b>	<b>288.93</b>	<b>204.82</b>	<b>72.16</b>	<b>11.95</b>	<b>-</b>

### Capital Expenditure

Capital expenditures represent our fixed assets together with changes in capital work in progress (i.e., amount incurred in relation to work in progress but not capitalised) and advance payments on account of capital expenditures. Our historical capital expenditures have been principally used for the construction, development and replacement of our CGD infrastructure.

The following table sets out the total capital expenditure for the periods indicated:

(₹ in million)

Particulars	Fiscal 2016	Fiscal 2015	Fiscal 2014
Plant & Machinery - Gas Distribution System (additions)	1,717.14	1,471.27	1,314.01
Other fixed assets (additions)	85.24	89.46	152.48
CWIP increase / (decrease)	492.44	341.79	306.74
<b>Total</b>	<b>2,294.82</b>	<b>1,902.52</b>	<b>1,773.23</b>

### Secured and unsecured borrowings

As at March 31, 2016, the total outstanding long term borrowings of our Company aggregated to ₹ 138.12 million, which is comprised of an interest free sales tax deferred loan of ₹ 43.76 million (classified as long term borrowing) and 9% unsecured compulsorily convertible debentures of ₹ 94.36 million (classified as current liabilities being due for conversion into equity within one year from March 31, 2016). For further details, please see "Financial Indebtedness" on page 246.

### Qualitative Disclosure about Market Risk

Market risk is the risk of loss related to adverse changes in market prices, including credit risk, commodity risk, exchange rate risk and inflation risk. We believe that our principal market risks are commodity price risk, inflation risk, primarily on account of the cost of setting up and maintaining of CGD infrastructure and exchange rate risk.

### Credit Risk

For Fiscal 2016, our CNG and PNG businesses accounted for 74.21% and 25.79%, respectively, of the total volume of natural gas sold, and 73.68% and 26.32%, respectively, of our total gas sales revenue (including excise). Gas sales in industrial, commercial and domestic PNG customer category is ordinarily secured by way of bank guarantees/ cash deposits or standby letter of credits.

In Fiscal 2016, 23.14% of the total CNG sales were to retail customers through company owned and franchisee operated outlets where cash is deposited with company on daily basis and 76.86% of CNG sales were through Oil Marketing Companies (OMC) and to State Transport Units (STU) were without any security for payment. Consequently, credit risk from payment defaults for Fiscal 2016 was 56.63% of our total sales.

### ***Commodities Price and Exchange Rate Risk***

We are exposed to fuel price fluctuations with respect to natural gas. While the sale price of natural gas is denominated in Indian Rupees, the cost price for procuring natural gas is denominated in US Dollars. The value of the Indian Rupee against the US Dollar may fluctuate and is affected by, among other things, changes in India's political and economic conditions. Accordingly, any adverse movement of the Indian Rupee against the US Dollar will increase the cost at which we procure natural gas. If we are unable to recover the costs of foreign exchange variations, depreciation of the Indian Rupee against the US Dollar may adversely affect our results of operations and financial condition.

Moreover, the price at which we sell natural gas is benchmarked to the price of alternate fuels available to our customers such as petrol, diesel, other liquid fuel and LPG. Any decrease in the price of crude oil or other alternate fuels could shift our customers' preference to such alternative fuels, which could adversely affect our business, results of operations and cash flows. For further details, please see "*Risk Factors*" on page 18.

For details of variation in average natural gas prices in the last three Fiscals, please see "*Management Discussion and Analysis of Financial Condition and Results of Operations of the Company – The Volumes of Natural Gas Purchased and the Average Natural Gas Price for the last three fiscals*" on page 236.

### ***Inflation***

In recent years, India has experienced fluctuations in inflation rates. Inflation has had an impact on our business and results of operations, primarily on the cost of setting up and maintenance of the CGD infrastructure.

### **Reservations, qualifications and adverse remarks**

There are no reservations, qualifications and adverse remarks by our statutory auditor for the previous five Fiscals.

### **Details of default, if any, including therein the amount involved, duration of default and present status, in repayment of statutory dues or repayment of debentures or repayment of deposits or repayment of loans from any bank or financial institution during the last three Fiscals**

There have been no defaults in payment of statutory dues or repayment of debentures and interest thereon or repayment of deposits and interest thereon or repayment of loans from any bank or financial institution and interest thereon by the Company during the last three Fiscals.

### **Material Frauds**

There are no material frauds, as reported by our statutory auditor, committed against our Company, in the last five Fiscals.

### **Unusual or infrequent events or transactions**

To date, there have been no unusual or infrequent events or transactions including unusual trends on account of business activity, unusual items of income, change of accounting policies and discretionary reduction of expenses.

### **Significant economic changes that materially affected or are likely to affect income from continuing operations**

We operate in a highly regulated industry. Government policies governing the sector in which we operate as well as the overall growth of the Indian economy has a significant bearing on our operations. Major changes in these factors can significantly impact income from continuing operations.

There are no significant economic changes that materially affected our Company's operations or are likely to affect income from continuing operations except as described in the section titled "*Risk Factors*" on page 18.

### **Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations**

Our business has been affected and we expect that it will continue to be affected by the trends identified above in

*“Factors Affecting Our Results of Operations”* and the uncertainties described in the section titled *“Risk Factors”* on pages 230 and 18, respectively. To our knowledge, except as disclosed in this Red Herring Prospectus, there are no known factors which we expect to have a material adverse impact on sales, revenue or income from continuing operations.

**Future changes in relationship between costs and revenues, in case of events such as future increase in labour or material costs or prices that will cause a material change are known**

Other than as described in *“Risk Factors”* and this section, we believe there are no known factors that might affect the future relationship between cost and revenue.

**Extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices**

Changes in revenue in the last three Fiscals are as explained under *“Fiscal 2016 compared to Fiscal 2015”* and *“Fiscal 2015 compared to Fiscal 2014”* in this section.

**Competitive Conditions**

We expect competition in our industry from existing and potential competitors to intensify. For details, please refer to the discussions of our competition in *“Risk Factors”* on page 18.

**Increase in income**

Increases in our income are due to the factors described above in *“Factors Affecting Our Results of Operations”* and *“Risk Factors”* on pages 230 and 18, respectively.

**Status of any publicly announced new products or business segments**

We have not announced and do not expect to announce in the near future any new products or business segments.

**Significant dependence on a single or few suppliers or customers**

Apart from GAIL, we are not dependent on any particular supplier. We are not dependent on any particular customer.

**Seasonality of business**

While our revenues are not materially affected by seasonal trends, historically, our revenues in the first quarter have been lower than the other quarters due to summer vacations in India during the time. For further details, see *“Risk Factors - While our business is not materially affected seasonal trends, historically our revenues in the first quarter of a financial year has been marginally lesser compared to our revenues in other quarters”* on page 30.

**Significant developments after March 31, 2016 that may affect our future results of operations**

India has decided to adopt the "Convergence of its existing standards with IFRS" not IFRS. These "IFRS based/ synchronised Accounting Standards" are referred to in India as Ind AS. The Ministry of Corporate Affairs, Government of India, has through a notification dated February 16, 2015, set out the Ind AS and the timelines for their implementation. Accordingly, our Company is required to prepare its financial statements in accordance with Ind AS from April 1, 2016. Given that Ind AS is different in many respects from Indian GAAP under which our financial statements are currently prepared, our financial statements for the period commencing from April 1, 2016 may not be fully comparable to our historical financial statements.

See *"Risk Factor – Public companies in India, including us, are required to prepare financial statements under Ind AS with effect from April 1, 2016 which differ in material respects from present Indian GAAP which is applicable to the Company till March 31, 2016 and to compute Income Tax under the Income Computation and Disclosure Standards (the “ICDS”) with effect from April 1, 2015. The transition to ICDS has impacted the income computation and tax liability of the company for the year ended March 31, 2016. The transition to Ind AS will have a material impact on the presentation of our financial statements for periods beginning on or after April 1, 2016 and may require us to restate our historical financial statements included in this Red Herring Prospectus, as a result of which we may be materially and adversely affected.”* beginning on page 32. The Company has

conducted a preliminary analysis in relation to the transition to Ind AS, the key highlights of which are set out below. This is an indicative analysis of significant line items only and is provided for convenience only. It is not intended to be an exhaustive list. Investors should seek specific advice from their advisors in relation to the impact of transition to Ind AS.

*In relation to financial instruments:*

- Compulsorily Convertible Debentures presently classified as debt instruments under Indian GAAP are required to be classified as compound financial instrument under Ind AS pursuant to which the Company will re-classify them into debt and equity components. Please note the CCDs held by the Government of Maharashtra have converted into Equity Shares on June 7, 2016 and hence, preparation of our financial statements in accordance with Ind AS would not have any implication in this respect.
- Non-current trade deposits paid to various government authorities and under other long term contracts are, under Ind AS, required to be computed on a fair market value basis on initial recognition and are subsequently measured at amortised cost. This will result in an increase in the non-current trade deposits.
- Investments (primarily in mutual funds) made by the Company are recognised at fair market value under Ind AS thus unrealised gain or loss being credited / debited to Income statement, whereas under present Indian GAAP they were recognised at lower of cost or market value. Accordingly, only unrealised loss will be debited to Income Statement and unrealised gains will not be required to be recognised.
- Trade receivables are to be impaired as per expected credit loss model under Ind AS.

*In relation to revenue:*

- The Company will be required to net off discounts (e.g. on sale of CNG to BEST buses and to other customers paying through ECS). However, PAT is expected to remain unchanged, as it is only a classification change resulting in the discounts being reduced from revenue as an expense.

*In relation to property, plant and equipment:*

- Leasehold land classification under Ind AS differs from Indian GAAP. Operating leases will be classified as non-current assets rather than as fixed assets. Due to this change in classification, there will be a reduction in depreciation expense with corresponding increase in lease rent expense.
- Capital spares when put to use are required to be capitalised and depreciated over their useful life. Accordingly, charge to income statement will be in the form of depreciation expense rather than spares consumed. This will result in a decrease in the revenue.

*Other key changes include:*

- Proposed dividend approved by Board is not allowed to be accounted as liability unless approved by shareholders. This is expected to result in a re-classification of accounts only.
- Actuarial gains and losses with respect to employee benefits like gratuity will form part of 'other comprehensive income'. This is expected to result only in a re-classification of accounts only.
- In relation to long term leases agreements, Ind AS requires rent equalization only for escalations greater than the rate of inflation rather than using straight line amortisation over tenure of lease including all escalations as per present Indian GAAP. This may improve profits in initial years of lease period with corresponding decrease in profits in later years of the lease period.
- Additional disclosures may be necessary including in relation to fair value, risk factors, significant estimates, related party transactions and key customers.

In addition to the implementation of Ind AS and except as otherwise stated in the section titled “*Outstanding Litigation and Material Developments*” on page 251 and elsewhere in this Red Herring Prospectus, no circumstances have arisen since March 31, 2016, which is the date of the most recent financial statements included

in this Red Herring Prospectus, which materially and adversely affect, or which are likely to materially and adversely affect, our trading or profitability, or the value of our assets, or our ability to discharge our liabilities within the next 12 months.

## FINANCIAL INDEBTEDNESS

As on March 31, 2016, the total outstanding borrowings of our Company aggregated to ₹ 3,284.20 million of which ₹ 138.12 million (₹ 94.36 million CCDs issued to Government of Maharashtra and ₹ 43.76 million sales tax deferral loan from Government of Maharashtra) is fund based and ₹ 3,146.08 million is non-fund based. The details of the above borrowings are provided below:

Sr. no.	Lender	Term	Particulars of the documentation	Nature of facility	Amount sanctioned	Principal amount availed	Commission (per annum)	Security / margin	Purpose
1.	Axis Bank Limited	i. Up to September 23, 2016  ii. Bid bond guarantee : 6 months; and Performance bank guarantee: Up to 5 years.	i. Sanction letter no. AXISB.CO/C CG/SP/2014-15/182 dated July 7, 2014, renewed on September 23, 2015.  ii. Sanction letter no. AXISB.CO/C CG/DB/2014-15/1057 dated February 23, 2015	Non-fund based facilities	i. ₹1,000.00 million (standby letter of credit with letter of credit and performance bank guarantee sub-limits)  ii. ₹1,500.00 million (bid bond guarantee/ performance bank guarantee)	Letter of credit - ₹310.00 million  Performance bank guarantee - ₹1,063.95 million	0.35% for bid bond guarantee and 0.25% for performance bond guarantee	Unsecured facility	i. For procurement of natural gas from GAIL and other companies for trade purposes.  ii. For participating in bidding process for pipeline networks.
2.	HSBC Bank Limited	Upto September 30, 2016	i. Sanction letter no. BOM 092261 dated July 27, 2009  ii. Sanction letter no. BOM 093347 dated February 4, 2010;  iii. Sanction letter no. BOM 102914 dated December 6, 2010;  iv. Sanction letter no. BOM 120663 dated April 25, 2012;	Non-fund based facilities	i. Import documentary credits - ₹2,000.00 million (with following sub limits) a. Import deferred payment credits - ₹2,000.00 million b. Standby letter of credit - ₹2,000.00 million	Standby letter of credit - ₹ 982.80 million	As mutually agreed upon between the borrower and the bank at the time of issuance of facility	Unsecured facility	To be used for financing working capital requirements .



Sr. no.	Lender	Term	Particulars of the documentation	Nature of facility	Amount sanctioned	Principal amount availed	Commission (per annum)	Security / margin	Purpose
			v. Sanction letter no. BOM 130207 dated February 11, 2013;  vi. Sanction letter no. GBM BOM 132354 dated September 25, 2013;  vii. Sanction letter no. GBM BOM 132795 dated January 15, 2014;  viii. Sanction letter no. GBM BOM 140735 dated December 16, 2014;  ix. Sanction letter no. GBM BOM 150674 dated December 15, 2015						
3.	United Bank of India	One year	Sanction letter no. UBI/BDK/BG/12 dated January 6, 2012 and renewal letter no. BDK/MGL/BG/Review/865/2014-15 dated January 27, 2015 and BDK/MGL/BG/Review/36/2015-16 dated February 16, 2016	Non-fund based facilities	Bank guarantee limit - ₹20.00 million	Bank guarantee - ₹2.33 million	0.25%	Margin – 5% - 10%	Bank Guarantee in favour of local authorities for laying pipelines/ infrastructure
4.	Kotak Mahindra Bank	Valid till April 4, 2017.	i. Sanction letter no. CB/280910/10407 dated December 1, 2010;	Non-fund based facilities	Non fund based limit – ₹1,800.00 million  i. Letter of credit/	Letter of credit - ₹567.00 million  Bank guarantee -	(i) 0.5% for letter of credit and (ii) as per mutual agreeeme	Unsecured facility	To be used for financing working capital requirements /purchase of capital

Sr. no.	Lender	Term	Particulars of the documentation	Nature of facility	Amount sanctioned	Principal amount availed	Commission (per annum)	Security / margin	Purpose
			ii. Sanction letter no. CB/250611/1 2757 dated September 13, 2011;  iii. Sanction letter no. CB/160812/1 7594 dated August 16, 2012;  iv. Sanction letter no. CB/23122014 /34734/EM dated September 24, 2013;  v. Sanction letter no. CB/23122014 /34734/EM dated November 6, 2013;  vi. Sanction letter no. CB/08052014 /29035/EM dated May 28, 2014;  vii. Sanction letter no. CB/23122014 /34734/EM dated January 12, 2015;  viii. Sanction letter no. CB/05052016 /48936 dated May 17, 2016		Revolving stand-by letter of credit – ₹1600.00 million a. Buyers credit – ₹250.00 million – sublimit of (i) above b. Bank guarantee I – ₹400.00 million sublimit of (i) above  ii. Bank guarantee II – ₹200.00 million	₹120.00 million	nt between the Company and the bank at the time of issuance of the bank guarantee		goods.  Issuance of guarantee favouring statutory authorities / customers for Bid bonds/ retention money/advance payments/security deposit/earnest money deposit/contract performance/ performance guarantee.
5.	ICICI Bank Limited	Up to October 29, 2016	Credit arrangement letter no. 56/CBGMUM/90207 dated	Non-fund based	Standby letter of credit of ₹500.00 million and letter of credit of ₹100.00	Nil	0.20%	Unsecured facility	Working capital purposes (purchase of gas) and

Sr. no.	Lender	Term	Particulars of the documentation	Nature of facility	Amount sanctioned	Principal amount availed	Commission (per annum)	Security / margin	Purpose
			November 4, 2015 (approved and accepted by the Company on December 22, 2015) and amended by credit arrangement letter 56/CBGMUM/90814 dated November 24, 2015 (approved and accepted by the Company on December 22, 2015)		million (as sub limit of the above)				procurement of capital goods compressors, dispensers and other consumable spare and parts.
6.	HDFC Bank Limited	Up to April 30, 2017	i. Sanction letter dated May 12, 2007;  ii. Sanction letter dated January 5, 2009;  iii. Sanction Letter dated September 27, 2011	Non-fund based facilities	Stand-by letter of credit limit - ₹307.00 million  Bank guarantee limit - ₹100.00 million	Letter of credit - Nil  Bank guarantee - ₹100.00 million	As mutually agreed upon between the borrower and the bank at the time of issuance of facility	Unsecured facility	To be used for financing working capital requirements .

Our Board, at its meeting held on December 2, 2014, approved a rights issue of unsecured compulsory convertible debentures (“CCDs”) to the existing shareholders of our Company (“**Rights Issue**”). The shareholders of our Company, at its EGM held on December 5, 2014, approved the Rights Issue by way of a special resolution. Our Company, by way of a resolution passed by the IPO Sub-Committee at its meeting held on January 5, 2015, allotted 94,36,178 CCDs of face value of ₹ 10 per CCD to the Government of Maharashtra. The CCDs allotted in the Rights Issue have been converted into 9,436,178 Equity Shares of our Company at a price of ₹ 10 per Equity Share on June 7, 2016.

#### **Interest free deferral of sales tax and turnover tax**

The State Government of Maharashtra *vide* its letter dated September 19, 1990 granted interest free deferral of sales tax, additional sales tax and turnover tax (the “**Tax Deferral**”) to GAIL/ Greater Bombay gas distribution company (“**GBGDC**”) on its purchase/ sale of natural gas for its project for the distribution of natural gas in Bombay city and suburbs for a period of 13 years from the commencement of the project. The entire Tax Deferral would have to be repaid in equal annual instalments thereafter in six years subject to the condition that these concessions would be reviewed after the first five years from the commencement of commercial production of the project and then on triennial basis. GAIL would have to pay sales tax on purchase of raw materials and tax on the civil engineering works’ contract awarded while implementing the project to the State Government of Maharashtra.

Pursuant to letter dated June 5, 1996, the State Government of Maharashtra endorsed the benefit of the above Tax Deferral in favour of our Company.

On January 17, 2006 the scheme was reviewed and was suitably closed by the directives of the Department of Sales Tax.

The amount of sales tax allowed to be deferred was decided as hereunder:

*In ₹ million*

Year	Deferred tax quantum deferred
1996-97	3.27
1997-98	5.98
1998-99	10.24
1999-00	18.66
2000-01	71.88
<b>Total</b>	<b>110.03</b>

The entire amount so deferred would be repaid in instalments as given hereunder:

*Instalments (₹ in million) due on*

Year	Demand (In ₹)	April 1, 2010	April 1, 2011	April 1, 2012	April 1, 2013	April 1, 2014	April 1, 2015	April 1, 2016	April 1, 2017	April 1, 2018	April 1, 2019
1996-97	3.27	0.55	0.54	0.54	0.54	0.54	0.54	-	-	-	-
1997-98	5.98	-	1.00	1.00	1.00	1.00	1.00	1.00	-	-	-
1998-99	10.24	-	-	1.71	1.71	1.71	1.71	1.71	1.71	-	-
1999-00	18.66	-	-	-	3.13	3.13	3.10	3.10	3.10	3.10	-
2000-01	71.88	-	-	-	-	12.13	11.95	11.95	11.95	11.95	11.95
<b>Total</b>	<b>110.03</b>	<b>0.55</b>	<b>1.54</b>	<b>3.25</b>	<b>6.38</b>	<b>18.51</b>	<b>18.30</b>	<b>17.76</b>	<b>16.76</b>	<b>15.05</b>	<b>11.95</b>

As of March 31, 2016, the outstanding amount due on account of sales tax deferred loan is ₹43.76 million.

## SECTION VI: LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

*Except as stated in this section there are no outstanding: (i) criminal proceedings; (ii) actions by statutory/regulatory authorities; (iii) indirect and direct tax cases; and (iv) other material litigations; involving our Company, Directors, Promoters and Group Companies. Our Board, in its meeting held on November 2, 2015, has adopted a Policy on Identification of Group Companies, Material Creditors and Material Litigations (“Materiality Policy”).*

*As per the Materiality Policy, for the purposes of (iv) above, all the outstanding litigation involving the Company, Promoters and Group Companies: (a) where the amounts involved in such litigation exceed 1% of the net worth of the respective entity (as per the restated audited financial statements of our Company or the last available audited financial results of our Promoters, as the case may be) are to be considered as material pending litigation, (b) where the decision in one case is likely to affect the decision in similar cases, even though the amount involved in an individual litigation does not exceed 1% of the net worth of the respective entity (as per the restated audited financial statements of our Company or the last available audited financial results of our Promoters, as the case may be), and (c) all outstanding public interest litigations and writ petitions involving the respective entities; and other litigation which does not meet the criteria set out in (a) and (b) above and whose adverse outcome would materially and adversely affect the operations or financial position of our Company.*

*Additionally, as per the Materiality Policy, for the purposes of (iv) above, (a) all outstanding public interest litigations and writ petitions involving our Directors, and (ii) any outstanding litigation involving our Directors, an adverse outcome of which would materially and adversely affect the reputation, operations or financial position of our Company; has been considered as material litigation for our Directors.*

*Accordingly, the materiality threshold for (iv) above: (i) for our Company is ₹152.80 million (i.e. 1% of the net worth of our Company as at March 31, 2016, which is ₹15,279.75 million, as per the restated financial statements of our Company); (ii) for BGAPH is £45.68 million (i.e. 1% of the net worth of BGAPH as at December 31, 2014, which is £4568.76 million as per its last available audited financial statements (as per the accounting standards applicable to BGAPH); calculated at the exchange rate of £1 = ₹99.94 which was the exchange rate as on October 30, 2015 as per RBI website at <https://www.rbi.org.in/>), and (iii) for GAIL is ₹2,911.95 million (i.e. 1% of the net worth of GAIL as at March 31, 2015, which is ₹2,911,95.20 million, as per its last available audited consolidated financial statements).*

*Further, except as stated in this section, there are no: (i) litigation or legal actions, pending or taken, by any Ministry or Department of the Government or a statutory authority against our Promoters during the last 5 years; (ii) litigations involving our Company, Promoters, Directors, Group Companies or any other person, whose outcome could have material adverse effect on the position of our Company; (iii) pending proceedings initiated against our Company for economic offences; (iv) default and non - payment of statutory dues by our Company; (v) inquiries, inspections or investigations initiated or conducted under the Companies Act or any previous companies law in the last five years against our Company; (vi) material frauds committed against our Company in the last five years; (vii) overdues to banks or financial institutions by our Company; and (viii) defaults against banks or financial institutions by our Company.*

*As per the Materiality Policy, outstanding dues to creditors in excess of one per cent of the total trade payables as at the financial year ended March 31, 2016, as per the restated audited financial statements of our Company are to be considered as material outstanding dues. Accordingly, the threshold for material dues would be ₹11.19 million. For ease of disclosure, our Board has determined the outstanding dues in excess of ₹11.00 million to be material dues and the same has been accordingly disclosed in this chapter. Further, all outstanding dues have been disclosed in a consolidated manner in this chapter. Details of material outstanding dues to creditors and details of outstanding dues to small scale undertakings and other creditors are disclosed on our website at [www.mahanagargas.com/Common/Uploads/ContentTemplate/54\\_Down\\_Material%20creditors.pdf](http://www.mahanagargas.com/Common/Uploads/ContentTemplate/54_Down_Material%20creditors.pdf)*

## Litigations involving our Company

### I. Litigations against our Company

#### (a) Criminal Complaints

1. Bombay Gas Holdings and Investment Private Limited (the “**Complainant**”), has filed a criminal complaint dated September 2, 2015, against our Company, GAIL, BG Group Plc (now known as BG Group Limited), Mr. Ashutosh Karnatak, Mr. Rajeev Mathur, and other past directors of our Company and others (the “**Respondents**”) before the Additional Chief Metropolitan 37<sup>th</sup> Court, Esplanade, Mumbai alleging that the Respondents conspired and committed *inter alia* cheating, criminal breach of trust and trespass by making unauthorised use of 2936.6 metres of the Complainant’s gas pipelines located in the South Mumbai area (the “**Complaint**”). Our Company and the Complainant’s subsidiary, Bombay Gas Company Limited (“**BGCL**”), had entered into a trial arrangement in 2002 to use the pipeline network owned by the Complainant in order to expand our polyethylene gas distribution network. The trial period was valid for two months from January 1, 2004 to March 1, 2004. Post 2004-05, no further negotiations took place till the year 2010. Formal negotiations resumed in the year 2011 and despite multiple rounds of negotiations, both parties could not arrive at a conclusive commercial arrangement for the use of the Complainant’s pipelines by our Company. Consequently, the Complainant issued a legal notice dated June 8, 2013 to our Company to cease and desist from utilising any part of the Complainant’s gas distribution pipelines and pay damages for its unauthorised use (“**Notice**”). Our Company, *vide* letter dated July 9, 2013, responded to the Notice asserting that the use of the said pipelines was according to the understanding between the two parties and offered to pay one time compensation for its use. Consequently, the Complainant has filed the Complaint. The matter is currently pending.

#### (b) Actions by Statutory and Regulatory Authorities

1. Our Company received four notices dated May 13, 2015, June 19, 2015, June 25, 2015 and September 16, 2015 (the “**Notices**”) from the office of the Inspector of Legal Metrology, Mumbai (“**LMO**”) under the Legal Metrology Act, 2009, The Legal Metrology (General) Rules, 2011 and the Maharashtra Legal Metrology (Enforcement) Rules, 2011 (together the “**LM Act and Rules**”) after raids conducted by Inspectors of the LMO found PNG meters installed by our Company to be unstamped and without verification certificates. The Notices state that our Company was in *prima facie* violation of the LM Act and Rules for not stamping and verifying the PNG meters. Our Company, *vide* letter dated May 21, 2015 and letters dated October 7, 2015, filed a reply to the Notices stating that PNG meters do not feature in the list of measures regulated by the LM Act and Rules. Therefore, PNG meters do not require stamping and verification as mentioned in the Notices. Aggrieved by the Notices, our Company filed appeals before the Controller of Legal Metrology, Maharashtra State (“**Controller**”) on December 10, 2015, contending that PNG meters do not feature in the list of measures regulated by the LM Act, Rules and Schedules thereto and prayed that the Notices be squashed and set aside and the goods seized by the LMO be released immediately and necessary directions to that effect be given to LMO (“**Appeals**”). The Controller, *vide* a common order dated April 7, 2016, dismissed the Appeals and held that the LMO rightly contended in the Notices that the PNG meters used by our Company are non-standard (“**Order**”). Thereafter, the LMO, Bandra Division issued a notice dated April 22, 2016, stating that our Company has *prima facie* contravened Section 8(3) of the Legal Metrology Act, 2009 by not keeping a verified and stamped PNG meter and directed our Company to compound the said contravention within ten days of receipt of the said notice. The matters are currently pending.
2. Between December 13, 2014 and September 5, 2015, various inspectors of Legal Metrology Department (“**LM Department**”) visited different locations of our Company where CNG dispensers are installed (“**Inspections**”). Pursuant to the Inspections, the LM Department directed our Company to pay the stamping and verification fees (“**Fees**”) for all CNG dispensers located at various locations. Our Company paid the Fees as directed by the LM Department. The LM department issued different receipts against the Fees made and compounding was completed for all CNG dispensers. Thereafter, our Company filed an appeal before the Controller of Legal Metrology, Maharashtra State (“**Controller**”) contending that the receipts issued against the

Fees for various locations does not mention the period for which the Fees was levied. Further, our Company contended that the receipt issued against the Fees included penalty or late fee (“**Appeal**”). Our Company *inter alia* stated in the Appeal that the Maharashtra Legal Metrology (Enforcement) Rules, 2011 (“**Rules**”) came into force on April 28, 2011 and therefore the fees payable by our Company cannot be made mandatory for a period prior to the implementation of the Rules and that the LM Department ought to have issued appropriate receipts mentioning the clear bifurcation of the period and penalty charged. The matter is currently pending

3. Municipal corporations have imposed penalties on our Company in the past for the breach of conditions of permits issued by such municipal corporations. The permits were issued in relation to installation of pipeline by our Company. Such breaches included failure to comply with certain safety conditions specified in the permit, delays in completion of work, causing damage to surrounding property during laying of gas pipelines and illegal digging. Municipal corporations have also imposed penalties on our Company for failure to apply for such permits in certain cases. The aggregate penalty imposed by municipal corporations in the past is ₹ 12.85 million.

No disciplinary action has been taken by SEBI or recognised stock exchanges against our Company.

(c) *Tax Cases*

*Indirect Tax Cases (Consolidated)*

S. No.	Type of Indirect Tax	No. of Cases	Total Amount (In ₹ Million)
1.	Central Excise	59	1,649.16
2.	Sales Tax	4	45.66
3.	Service Tax	7	51.14
<b>Total</b>		<b>70</b>	<b>1,745.96</b>

*Direct Tax Cases (Consolidated)*

S. No.	Type of Direct Tax	No. of Cases	Amount in Dispute / Demanded (In ₹ Million)
1.	Income Tax	8	16.44
<b>Total</b>		<b>8</b>	<b>16.44</b>

(d) *Other material pending litigations*

1. Smoke Affected Residents Forum and Bombay Environmental Action Group (“**Petitioners**”) filed a public interest litigation bearing number WP 1762 of 1999 against the Municipal Corporation of Greater Mumbai (“**BMC**”) and others (together “**Defendants**”) before the Bombay High Court (“**High Court**”) seeking relief by way of directions/ orders and other remedies against excessive auto emissions in Mumbai city which are detrimental to the health of the citizens of Mumbai. The Petitioners alleged that owing to various emissions that result in causing harm to citizens’ health in the city, the High Court, through preventive and curative steps by way on interim and ad-interim orders: (i) ban on plying of motor vehicles without unleaded petrol; (ii) reduction of sulphur content in petrol; (iii) make issue of PUC certificates more rigorous, (iv) enforcement of Euro I and II norms; and (v) phase out aged motor vehicle, two wheelers and three wheelers. The High Court *suo motu* impleaded our Company as a party to the proceedings since it had the exclusive right to service the Greater Mumbai area with respect to supply of CNG. One of the directions passed by the High Court to tackle excessive auto emissions was to convert public transport buses operated by state road transport undertakings running on diesel to CNG. Consequently, our Company was directed to improve the CNG infrastructure within Mumbai by setting up CNG dispensing outlets across the city. The High Court has not passed a final order. The matter is currently pending.
2. The Forum of Natural Gas Industrial Consumers (“**Forum**”), a private forum which caters to interests of 15 small industrial consumers of natural gas in Mumbai served by our Company, filed a writ petition bearing number 1194 of 2013 against Union of India, GAIL and our Company (“**Respondents**”) before the Bombay High Court (“**High Court**”) for directing the Respondents



to resume the supply of 100% of the contracted quantity of the ONGC-GAIL natural gas to the members of the Forum. The Forum has sought that the High Court direct the Respondents to honour the commitment made by the MoPNG to our Company *vide* its letter bearing number L-11012/1/98-GP for supply of natural gas on firm basis (i.e. 100% of contracted quantity) to the industrial sector serviced by our Company and to increase the ceiling in the allocation of natural gas to the industrial sector. The matter is currently pending.

3. Bombay Gas Company Limited (“**BGCL**”) and another has filed a suit bearing lodging number 980 of 2015 against our Company before the Bombay High Court (“**High Court**”) alleging that our Company has committed trespass by making unauthorised use of 2936.6 metres of its gas pipelines located in the Greater Mumbai area. Consequently, *inter alia*, it sought the removal of our Company’s pipeline from BGCL’s pipeline and a permanent injunction barring further use of BGCL’s pipelines by our Company along with costs. Our Company and BGCL had entered into a trial arrangement in 2002 for the use of BGCL’s pipeline network by our Company for a period of two months from January 1, 2004 to March 1, 2004. Despite multiple rounds of negotiations, both parties could not arrive at a commercial arrangement for the use of BGCL’s pipelines by our Company. In March 2013, our Company had disclosed to BGCL that it had been using 2936.6 metres of BGCL’s pipeline pursuant to which BGCL filed the suit. In the civil suit, BGCL has sought the following reliefs: (1) That our pipelines be immediately removed from BGCL’s pipeline networks; (2) that our Company be restrained from using any part of BGCL’s pipeline hereafter; and (3) that our Company pay ₹ 46.95 million to BGCL towards reinstatement charges. Pursuant to the notice of motion bearing number 2697 of 2015 filed by BGCL (“**Notice of Motion**”), the High Court passed an ad-interim order dated October 23, 2015 pending the final disposal of the Civil Suit, restraining our Company, from further use of BGCL’s Pipeline with effect from January 25, 2016 (“**Injunction Order**”). Our Company has filed an appeal bearing lodging number 872 of 2015 on November 18, 2015 and notice of motion bearing number 3225 of 2015 on November 18, 2015 before the High Court challenging the Injunction Order. The High Court, in its order dated March 21, 2016 (“**Order**”), noted the submission of the parties that they have, in principle, arrived at a settlement. The Order adjourned the matter to April 11, 2016, which was thereafter adjourned to May 2, 2016 and subsequently adjourned to June 17, 2016. The matter is currently pending.

## II. Litigations by our Company

### (a) Criminal Complaints

1. There are 84 proceedings filed by our Company under section 138 of the Negotiable Instruments Act, 1881 relating to dishonour of cheques received from the clients and non-clients in various courts. The aggregate of claim amounts filed by our Company is approximately ₹ 0.82 million.

### (b) Other material pending litigations

1. Our Company filed a civil suit bearing number 576 of 2008 against Mahanagar Gas Stove Services Center and others (“**Defendants**”) before the Bombay High Court (“**High Court**”) alleging infringement of trademark registered by our Company. Our Company sought an injunction restraining the Defendants from using in any manner – ‘Mahanagar Gas’, wholly or partly as trading name in respect of business of producing and/ or generating or procuring and supplying CNG for automobiles and piped natural gas for domestic and industrial use. The High Court, *vide* order dated March 14, 2008 granted a temporary injunction in the matter (“**Order**”). Subsequently, upon continued use of ‘Mahanagar Gas’ name by the Defendants, our Company moved an application for search and seizure of materials from the Defendants premises. The matter is currently pending.
2. Our Company filed a complaint bearing case number Legal/124/2015 (“**Complaint**”) against the Petroleum and Natural Gas Regulatory Board (“**PNGRB**”), GAIL and ONGC (“**Respondents**”) before the PNGRB under the PNGRB Act challenging the tariff order dated December 30, 2013 issued by the PNGRB (the “**Tariff Order**”). The Tariff Order determined the provisional tariff for the Uran-Trombay Pipeline (the “**Pipeline**”) at ₹5.70/MMBTU and made it effective, retrospectively, from November 20, 2008. Consequently, the tariff liability of our Company to GAIL was revised and a demand of ₹ 754 million along with a debit note for its recovery was raised by GAIL *vide* letter dated March 31, 2014 to our Company. In the



Complaint, our Company has sought a declaration that the Tariff Order relating to the Pipeline was to be paid only by third parties (shippers/ marketers) who use the Pipeline as a 'common carrier'. Our Company has contended that it is not required to pay Tariff since ONGC has been transporting its own gas through the Pipeline and the bundled price of gas that was being sold by ONGC to GAIL at Trombay, was inclusive of the transportation charges. ONGC, therefore, cannot charge Tariff retrospectively or prospectively for the gas that it sells to GAIL at Trombay and thus the demand raised by GAIL against our Company is liable to be quashed. The PNGRB dismissed the Complaint in an order dated October 15, 2015 and held that such Tariff was applicable as ONGC was transporting GAIL's gas from Uran to Trombay for onward sale by GAIL to other entities including our Company ("**PNGRB Order**"). Aggrieved by the PNGRB Order, our Company filed a writ petition dated November 5, 2015 before the Delhi High Court *inter alia*, praying for quashing the PNGRB Order ("**Writ Petition**"). The Delhi High Court, *vide* its interim order dated November 30, 2015, dismissed the Writ Petition, directed our Company to file an appeal before the Appellate Tribunal for Electricity ("**APTEL**"), directed APTEL to hear the matter on merits once its functional, without going into the aspect of limitation and directed our Company to submit an undertaking from our Board to GAIL stating that the disputed amount, if found to be due, would be paid by our Company to GAIL. The High Court also held that his order shall continue to be in force until APTEL orders otherwise ("**HC Order**"). Pursuant to the HC Order, our Company has provided such an undertaking to GAIL and has filed an appeal before APTEL on January 21, 2016 ("**Appeal**"). The Respondents, ONGC and GAIL filed an interim application seeking two weeks time to file their reply. The APTEL, *vide* its interim orders dated April 22, 2016 and May 27, 2016, granted time to PNGRB to file their reply in the matter until May 6, 2016. The matter is currently pending.

### III. Outstanding dues to small scale undertakings and other creditors by our Company

As on March 31, 2016, our Company has eleven material creditors based on the Materiality Policy adopted by our Board. Details of the dues owed to material creditors are given below:

Sr. No.	Name of the creditor	Amount Outstanding (₹ in million)
1.	GAIL (India) Limited	456.62
2.	Reliance Infrastructure Limited	48.36
3.	Hazira LNG Private Limited	28.10
4.	Maharashtra Seamless Limited	24.33
5.	Municipal Corporation of Greater Mumbai	24.25
6.	Atlas Copco India Limited	23.97
7.	The BEST Undertaking	22.89
8.	M P Engineering Constructions (India) Private Limited	15.74
9.	British Gas Asia Pacific Holdings Pte Limited	13.48
10.	Maharashtra State Electricity Distribution Company Limited	13.42
11.	Team Associates	12.45
	<b>Total</b>	<b>683.63</b>

As on March 31, 2016, an amount aggregating to ₹ 1,090.13 million is outstanding (excluding debit balance) and due to 620 small scale undertakings and creditors by our Company. For details, see [www.mahanagargas.com/Common/Uploads/ContentTemplate/54\\_Down\\_Material%20creditors.pdf](http://www.mahanagargas.com/Common/Uploads/ContentTemplate/54_Down_Material%20creditors.pdf)

### IV. Details of default and non - payment of statutory dues by our Company.

*Nil*

### V. Details of pending litigation involving any other person whose outcome could have material adverse effect on the position of our Company

1. The Petroleum and Natural Gas Regulatory Board ("**PNGRB**"), *vide* its order dated April 9, 2012, issued under Section 22 of the Petroleum and Natural Gas Regulatory Board Act, 2008 ("**PNGRB Act**"), determined the network tariff and compression charges for compressed natural gas ("**CNG**") in respect of Delhi CGD network of Indraprastha Gas Limited ("**IGL**") to be ₹ 38.58 per MMBTU

and ₹ 2.75 per kg respectively with effect from April 1, 2008. Further, as per the provisions of the PNGRB (Authorizing Entities to Lay, Build Operate or Expand City or Local Natural Gas Distribution Networks) Regulations, 2008 (**“Gas Distribution Networks Regulations”**), the PNGRB directed IGL to recover from the customers, the said network tariff and compression charges for CNG through an invoice, without any premium or discount on a non-discriminatory basis and to appropriately reduce the selling price of CNG from the date of issuance of the order i.e. April 9, 2012 (**“PNGRB Order”**). Aggrieved by the PNGRB Order, IGL filed a writ petition bearing number 20134 of 2012 before the Delhi High Court *inter alia*, seeking before the Delhi High Court to declare (i) the Gas Distribution Networks Regulations ultra vires; and (b) the PNGRB can only regulate transportation tariff payable by other entities to a CGD entity and any other power assumed shall be void. Further, IGL contended that PNGRB does not have the power to direct IGL, to disclose to PNGRB, the network tariff and the compression charges and also to fix the said network tariff and compression charges (**“Writ Petition”**). The High Court, *vide* order dated June 1, 2012, allowed the Writ Petition and held that PNGRB is not empowered to fix or regulate the maximum retail price at which gas is to be sold by entities like IGL. The High Court also held that PNGRB is not empowered to fix any component of network tariff or compression charge for an entity such as IGL which has its own distribution network. Further, the High Court held that provisions of the Gas Distribution Networks Regulations in so far as construed by PNGRB to be so empowering it to fix the tariff as bad/illegal and that the PNGRB Order is not in consonance with the PNGRB Act. Accordingly, the High Court quashed the PNGRB Order to the extent of fixing the maximum retail price or requiring IGL to disclose the network tariff and compression charges to its consumers (**“HC Order”**). Aggrieved by the HC Order, the PNGRB filed a civil appeal bearing number 4910 of 2015 (arising out of special leave petition bearing number 22273 of 2012) before the Supreme Court (**“SC Appeal”**). The Supreme Court, *vide* order dated July 1, 2015, dismissed the SC Appeal and held that the PNGRB Act does not confer a power on the PNGRB to fix the tariff in dispute. Accordingly, the Supreme Court held that the PNGRB cannot frame a regulation for determination of network tariff for city or local gas distribution network and compression charge for CNG, declaring the PNGRB Regulations as ultra vires.

2. The Petroleum and Natural Gas Regulatory Board (**“PNGRB”**) issued public notices dated September 21, 2015 in which it declared its intention to end marketing exclusivity for several City Gas Distribution (**“CGD”**) networks in India in accordance with section 20(1) of the PNGRB Act (**“Notices”**). The Notices invited objections and suggestions from all stakeholders likely to be affected by the decision within 21 days. Indraprastha Gas Limited (**“IGL”**), a CGD entity which has marketing exclusivity over Delhi, has filed a writ petition bearing number 9374 of 2015 before the Delhi High Court (**“High Court”**) challenging the PNGRB (Exclusivity for City or Local Natural Gas Distribution Network) Regulations, 2008 (**“PNGRB Regulations”**). IGL was called for a hearing on exclusivity before the PNGRB where IGL contended that the procedure for declaration of common carrier and contract carrier was not being followed by the PNGRB. The PNGRB, in its order dated January 19, 2016, noted that it is in the process of declaring gas distribution networks in accordance with the PNGRB Act and hence dismissed this contention. The Delhi High Court passed an interim order dated September 30, 2015 giving notice that any order passed by the PNGRB shall be subject to further orders of the Delhi High Court. Consequently, any orders by the PNGRB declaring the end of marketing exclusivity are subject to review by the High Court. Our Company filed an application dated November 24, 2015 before the High Court to intervene and for our Company to be included as a party/co-petitioner along with IGL (**“Application”**). Our Company has also prayed that (i) an appropriate writ to quash the PNGRB Regulations be issued; (ii) it be declared as an exclusive authorised entity for a CGD network; (iii) it be declared as a common carrier; and (iv) the provisions of the PNGRB Act, 2006 be adhered to. The matter is currently pending.

**VI. Material fraud committed against our Company in the last five years and actions taken by our Company in this regard**

*Nil*

**VII. Pending proceedings initiated against our Company for economic offences**

*Nil*

**VIII. Inquiries, investigations etc. instituted under the Companies Act in the last five years against our Company**

*Nil*

**IX. Litigations involving our Directors**

**(i) Litigations against our Directors**

**(a) Criminal Complaints**

1. Bombay Gas Holdings and Investment Private Limited filed a criminal complaint dated September 2, 2015 against our Company, GAIL, Mr. Ashutosh Karnatak, Mr. Rajeev Mathur and others before the Additional Chief Metropolitan 37<sup>th</sup> Court, Esplanade, Mumbai. For further details, see “*Outstanding Litigation and Material Developments - Litigations against our Company - Criminal Complaints*”.
2. The Securities and Exchange Board of India (“SEBI”) filed a criminal complaint bearing number 5 of 2016 before the 5<sup>th</sup> Special Court at Calcutta (“Court”) against Gujarat NRE Coke Limited (“GNCL”), promoters, directors, key managerial personnel and other officers in charge for the business of GNCL including Dr. Basudeb Sen\* (who is currently a Director of our Company) on March 21, 2016 (“Accused”). The complaint was filed for prosecution under Section 200 of the Code of Criminal Procedure, 1973 read with Section 207, Section 55A, Section 621 of the Companies Act, 1956, Sections 11(1), 26A, 26B and 26E of the SEBI Act, 1992 and the relevant provisions of the Companies Act 2013 (“Complaint”). SEBI received complaints from various investors alleging non-receipt of dividend declared by GNCL for the year 2011-12. Based on its preliminary investigation, SEBI established that GNCL ought to have paid the said dividend within the stipulated time and thereby GNCL is in violation of Section 207 read with Section 55A read with Section 621 of the Companies Act, 1956 read with relevant provisions of the Companies Act 2013. It has *inter alia*, been alleged in the Complaint by SEBI that the Accused intentionally and with dishonest intentions, evaded payment of the declared dividend to the investors causing pecuniary damage to the general public. SEBI prayed before the Court to take cognisance of the matter and issue process against the Accused and to adjudge the offence triable under the Companies Act, 1956 read with relevant provisions of the Companies Act 2013. Summons have been issued in the matter including to Dr. Basudeb Sen and the Accused have been asked to appear before the Court on July 11, 2016. The matter is currently pending.

*\* Dr. Basudeb Sen had resigned from the board of Gujarat NRE Coke Limited on March 18, 2014.*

No disciplinary action has been taken by SEBI or recognised stock exchanges against our Directors.

**(ii) Litigations by our Directors**

*Nil*

**X. Litigations involving our Promoter – GAIL**

**(i) Litigations against GAIL**

**(a) Criminal Complaints**

Except a criminal complaint dated September 2, 2015 filed by Bombay Gas Holdings and Investment Private Limited against our Company, GAIL, Mr. Ashutosh Karnatak, Mr. Rajeev Mathur and others before the Additional Chief Metropolitan 37<sup>th</sup> Court, Esplanade, Mumbai (“Complaint”), there are no other criminal proceedings initiated against GAIL. For further details, see “*Outstanding Litigation and Material Developments - Litigations against our Company - Criminal Complaints*”.

(b) *Actions initiated by Statutory and Regulatory Authorities against GAIL*

The Petroleum and Natural Gas Regulatory Board (“PNGRB”), *vide* order dated July 15, 2015, citing various non-compliances, imposed a penalty of ₹ 2.00 million on GAIL under Section 28 of the PNGRB Act, 2006 with further penalty of ₹ 0.10 million per day upon continuation of the default upon GAIL. The said penalty was levied in relation to a fire accident at Tatipaka to Lanco natural gas pipeline near Nagaram village in the K.G. Basin, Andhra Pradesh. GAIL filed a review petition before PNGRB for waiving of the penalty. The said review petition has been dismissed.

No disciplinary action has been taken by SEBI or recognised stock exchanges against GAIL.

(c) *Tax proceedings*

*Indirect Tax Cases (Consolidated)*

S. No.	Type of Indirect Tax	No. of Cases	Total Amount (In ₹ Million)
1.	Central Excise/ CENVAT	38	31,353.85
2.	Sales Tax/ VAT	30	4,407.66
3.	Service Tax	64	12,730.60
4.	Entry Tax	35	2,251.22
5.	Customs Duty	2	5.92
<b>Total</b>		<b>169</b>	<b>50,749.25</b>

*Direct Tax Cases (Consolidated)*

S. No.	Type of Direct Tax	No. of Cases	Amount in Dispute / Demanded (In ₹ Million)
1.	Income Tax	38	16,079.0
<b>Total</b>		<b>38</b>	<b>16,079.0</b>

(d) *Other material pending litigations*

1. GAIL and Andhra Pradesh Gas Power Corporation Limited (“APGPCL”) entered into a gas supply contract dated November 21, 1990 for supply of gas (“GSC”). The GSC expired on December 31, 2010 and was renewed by way of executing a gas sales transmission agreement dated December 29, 2010 (“GSTA”). On account of the gas supplied, GAIL raised a debit note of ₹ 3089.10 million on APGPCL on January 3, 2013 levying non-APM charge for the years 2005 to 2012 (“Debit Note”). Aggrieved by the Debit Note, APGPCL protested payment of the same and filed a writ petition bearing number 175 of 2013 before the Delhi High Court seeking directions to declare the Debit Note as illegal and to direct GAIL not to levy non-APM prices on supply of gas. The Delhi High Court, *vide* order dated January 11, 2013, stayed the demand made by GAIL *vide* the Debit Note and directed the Comptroller and Auditor General of India (“CAG”) to conduct an audit of books and accounts of APGPCL. Further, the High Court directed APGPCL not to dispose of their assets without the permission of the High Court. The CAG has submitted their report in the High Court. The matter is currently pending.
2. The Gujarat State Petroleum Corporation Limited (“GSPCL”) filed a complaint against GAIL before the PNGRB alleging that GAIL was adopting restrictive trade practice while booking common carrier capacity. The PNGRB, while disposing of the complaint, directed GAIL to cease the restrictive trade practice and imposed a civil penalty of ₹ 0.10 million (“Order”). GAIL challenged the Order before the Appellate Tribunal for Electricity (the “APTEL”). The APTEL, *vide* order dated November 28, 2014, dismissed the appeal of GAIL (“APTEL Order”). Aggrieved by the APTEL Order, GAIL filed an appeal bearing number 11450 of 2014 before the Supreme Court. The Supreme Court, *vide* order dated January 13, 2016, set aside the Order and the APTEL order and remanded back the matter to PNGRB for afresh consideration. The matter is currently pending before the PNGRB.
3. Mr. Jatinder Mudgal (“Petitioner”) filed a public interest litigation bearing number WP 13490 of

2008 before the Punjab and Haryana High Court against the Union of India, GAIL and others (“**Respondents**”) for directions from the High Court to the Respondents to supply CNG in five districts of Punjab. GAIL filed its reply in the matter on July 4, 2013 stating that supplying CNG is not the primary business of GAIL but that of its subsidiary GAIL Gas Limited which is engaged in city gas distribution business. The matter is currently pending.

4. The Petroleum and Natural Gas Regulatory Board (“**PNGRB**”) fixed the tariff for transportation of natural gas in Zone-1 at ₹ 19.83 per MMBTU (“**PNGRB Tariff**”). GAIL demanded the tariff from Gujarat State Petroleum Corporation Limited (“**GSPCL**”) on the basis of the tariff laid down by PNGRB (“**GAIL Demand**”) and not ₹ 8.74 per MMBTU as agreed contractually with GSPCL. Aggrieved by the GAIL Demand, GSPCL filed a complaint before PNGRB. PNGRB, *vide* order dated September 13, 2011 passed by the chairman and order dated October 10, 2011 passed by the majority members, upheld the GAIL Demand (“**Order**”). Thereafter, IOCL, BPCL and GAIL filed appeals bearing numbers 1, 2 and 5 of 2012 before the Appellate Tribunal for Electricity (“**APTEL**”). The APTEL, *vide* order dated December 18, 2012, allowed the appeals filed by IOCL, BPCL and GAIL (“**APTEL Order**”). Aggrieved by the APTEL Order, GSPCL filed an appeal bearing number 2473-2476 of 2014 before the Supreme Court. The Supreme Court, *vide* interim order dated February 28, 2014, directed GSPCL to pay the tariff at the rate of ₹ 12 per MMBTU to GAIL till the disposal of the appeal. The matter is currently pending.
5. BG Exploration and Production India Limited and another filed special civil applications before the Gujarat High Court in which the State of Gujarat and GAIL were impleaded as parties along with others. The special civil applications were filed in relation to sales tax being charged by the State of Gujarat for sales outside the state of Gujarat. The Gujarat High Court, *vide* order dated May 8, 2015, held that the State of Gujarat cannot levy sales tax under the provisions of the Gujarat Sales Tax Act, 1969 read with the Central Sales Tax Act, 1956 since the place of sale is outside Gujarat (“**HC Order**”). Aggrieved by the HC Order, the State of Gujarat filed a special leave petition before the Supreme Court in which GAIL has also been impleaded as a party. The matter is currently pending.
6. Gujarat State Petroleum Corporation Limited (“**GSPCL**”) filed a special civil application bearing number 18868 of 2007 along with applications filed by 12 other customers before the Gujarat High Court against GAIL and others (“**Petitions**”), praying for stay of operation and execution of the communication dated March 6, 2007 and order dated July 24, 2007 passed by the Government of India dealing with regasified liquefied natural gas (“**RLNG**”) pool pricing (“**Government Directive**”). The Gujarat High Court, *vide* its order dated May 16, 2008, upheld the Government Directive for charging uniform pooled price for all RLNG term contracts on non-discriminatory basis (“**HC Order**”). Aggrieved by the HC Order, 3 out of the 12 petitioners’ viz., GSPCL, Essar Power Limited and Essar Steel Limited filed special leave petitions before the Supreme Court (“**SLPs**”). The Supreme Court, *vide* order dated April 19, 2016, dismissed the SLPs and *inter alia*, held that the consumers of RLNG are a class by themselves, for the purpose of Article 14 of the Constitution of India and that the Government Directive was to apply all the players within this class uniformly and across the board and further that the HC Order is also not violative of Article 14 of the Constitution of India.
7. The Forum of Natural Gas Industrial Consumers (“**Forum**”), a private forum which caters to interests of 15 small industrial consumers of natural gas in Mumbai served by our Company, filed a writ petition bearing number 1194 of 2013 against Union of India, GAIL and our Company (“**Respondents**”) before the Bombay High Court (“**High Court**”). For further details, see “*Outstanding Litigation and Material Developments - Litigations against our Company - Other material pending litigations*”.
8. 35 writ petitions have been filed by various petitioners against GAIL before the Madras High Court and Kerala High Court seeking a direction against GAIL to not lay the Kochi-Kootanad-Bangalore-Mangalore gas pipeline (“**KKB MPL**”). The petitioners have challenged the KKB MPL on several grounds, *inter alia*, that the rules under the Petroleum and Minerals Pipelines Act, 1962 have not been followed. The matters are currently pending.
9. GAIL had entered into an agreement with Sravanthi, Beta and Gama (“**Petitioners**”) in the year 2010. With effect from October 2014, GAIL initiated raising invoices towards ship or pay charges to the Petitioners. The Petitioners disputed the invoices raised by GAIL and filed a petition before



the Delhi High Court under Section 9 of the Arbitration and Conciliation Act, 1996 seeking relief from encashment of bank guarantees by GAIL (“**Petition**”). The Delhi High Court dismissed the Petition with a direction to the parties to settle the matter amicably (“**Order**”). Thereafter, the Petitioners approached PNGRB alleging restrictive trade practices against GAIL. PNGRB, vide order dated April 11, 2016 held that GAIL was engaged in restrictive trade practices and imposed civil penalty (“**PNGRB Order**”). Aggrieved by the PNGRB Order, GAIL filed an appeal before the Appellate Tribunal for Electricity (“**APTEL**”), which has been admitted by APTEL. Simultaneously, GAIL also filed an arbitration petition before the Delhi High Court and an arbitrator has been appointed by the court. The matter is currently pending.

(ii) *Litigations by GAIL*

(a) *Criminal Cases*

1. There are 13 proceedings filed by GAIL under Section 138 of the Negotiable Instruments Act, 1881 relating to dishonor of cheques received from its clients and others in various courts. The aggregate claim amounts filed by GAIL is approximately ₹ 11.88 million. The matters are currently pending.

(b) *Other material pending litigations*

1. GAIL has filed a writ petition bearing number 2445 of 2014 before the Delhi High Court against the Petroleum and Natural Gas Regulatory Board (“**PNGRB**”) and another challenging the Petroleum and Natural Gas Regulatory Board (Affiliate Code of Conduct for Entities Engaged in Marketing of Natural Gas and Laying, Building, Operating or Expanding Natural Gas Pipeline) Amendment Regulations, 2014 dated February 19, 2014 (the “**Unbundling Regulations**”). The Unbundling Regulations stipulate that an entity engaged in both marketing of natural gas and laying, building, operating, or expanding pipelines for transportation of natural gas on common carrier or contract carrier basis, shall, on or before March 31, 2017, create a separate legal entity so that the activity of transportation of natural gas is carried on by such separate legal entity and the right of first use shall be available to the affiliate of such separate legal entity. The matter is currently pending.
2. The Petroleum and Natural Gas Board (“**PNGRB**”) passed an order fixing provisional tariff for KG basin consumers (“**Order**”). Aggrieved by the Order, GAIL challenged the Order before the Appellate Tribunal for Electricity (“**APTEL**”). APTEL had remanded the case to the PNGRB. PNGRB published the finalized tariff for KG Basin pipeline on March 15, 2016. Aggrieved by the said order, GAIL preferred an appeal before APTEL and also challenged it before Delhi High Court vide writ petition bearing number 2956 of 2016. The matter is currently pending.
3. GAIL has filed a writ petition bearing number 1189 of 2016 challenging the PNGRB (Determination of Natural Gas Pipeline Tariff) Regulations, 2008, before the Delhi High Court. GAIL has contended that the PNGRB does not have any power to fix tariff to be charged by the operator/entity of pipeline for the sale of natural gas to its own customers or to fix any component of that tariff. Further, the PNGRB has jurisdiction to determine transportation rate only in respect of excess capacity of a pipeline (common or contract carrier). The matter is currently pending for judgement.
4. The Petroleum and Natural Gas Board (“**PNGRB**”) passed an order fixing provisional tariff for cauvery pipeline (“**Order**”). Aggrieved by the Order, GAIL challenged the Order before the Appellate Tribunal for Electricity (“**APTEL**”). APTEL has remanded the case to the PNGRB. The PNGRB has recently declared new tariff for cauvery basin consumers. The matter is currently pending before APTEL.
5. GAIL had entered into a Gas Sales Agreement dated December 30, 2008 (“**Gas Sales Agreement**”) with Deepak Nitrite Limited (“**DNL**”). GAIL issued a notice dated February 27, 2015 to DNL demanding a sum of ₹ 71.80 million as ‘annual take or pay deficiency’ for the contract year 2014, pursuant to the Gas Sales Agreement (“**Notice**”). DNL filed petition bearing number 346 of 2015 before the Delhi High Court (“**Court**”) against GAIL and others disputing the claim. DNL sought an interim injunction from the Court against the alleged wrongful invocation of letters of credit by GAIL which had been given as security by DNL pursuant to the Gas Sales Agreement. The Court granted a stay in the petition till July 29, 2015 pursuant to its order dated July 16, 2015, for the initiation of arbitration proceedings. On August 13, 2015, the Court passed an order noting that

Justice S.K. Katriar has been appointed as the arbitrator (“**Arbitrator**”) and that the matter in petition will be treated as application under Section 17 of the Arbitration and Conciliation Act, 1996 (“**Arbitration Act**”). The operation of the stay granted vide order of the Court dated July 16, 2015 was extended until the disposal of the application under Section 17 of the Arbitration Act. Since, GAIL may suffer losses due to premature termination and consequent non-offtake of RLNG during the balance period of the contract, a counter claim of ₹ 5,110.00 million has been filed by GAIL against DNL. The matter is currently pending.

**1. Litigations involving our Promoter – BGAPH**

*Nil*

**2. Litigations or legal actions, pending or taken, by any Ministry or Department of the Government or a statutory authority against any Promoter during the last five years and (b) directions issued by such by any Ministry or Department of the Government or a statutory authority upon conclusion of such litigation**

Except the penalty imposed by the PNGRB *vide* order dated July 15, 2015 on GAIL and the civil penalty imposed by the PNGRB on GAIL in relation to the complaint filed by GSPCL, there are no other litigations or legal actions, pending or taken, by any Ministry or Department of the Government or a statutory authority against any of our Promoters during the last 5 years. For further details, please see “*Litigations involving our Promoter – GAIL - Litigations against GAIL - Actions initiated by Statutory and Regulatory Authorities against GAIL*” and “*Litigations involving our Promoter – GAIL - Litigations against GAIL – Other material pending litigations*”.

**3. Litigations involving our Group Companies**

**(i) GAIL**

Please refer to the section titled “*Litigation involving our Promoter – GAIL*”.

**(ii) BGAPH**

*Nil*

## GOVERNMENT AND OTHER APPROVALS

*In view of the approvals listed below, our Company can undertake the Offer and our Company can undertake its current business activities, and no further major approvals from any governmental or regulatory authority are required to undertake the Offer or continue the business activities of our Company. Unless otherwise stated, these approvals are valid as of the date of this Red Herring Prospectus. For details in connection with the regulatory and legal framework within which we operate, see the section “Regulations and Policies” on page 123.*

### 1. Incorporation Details

- Certificate of Incorporation dated May 8, 1995 issued to our Company by the RoC.
- Certificate of commencement of business dated July 4, 1995 issued to our Company by the RoC.

#### *Investment Approvals*

The Department of Industrial Development, Secretariat for Industrial Approvals, Ministry of Industry, Government of India, *vide* letter dated February 28, 1994, granted approval to BG for setting up a joint venture company in India with GAIL, and subsequent correspondences thereto.

### 2. Approvals in relation to the Offer

#### *Corporate Approvals*

- (a) Our Board has, by way of resolution dated February 3, 2015, approved the Offer.
- (b) GAIL has approved the Offer for Sale through a resolution passed by its board of directors on March 20, 2014.
- (c) BGAPH has approved the Offer for Sale through a resolution passed by its board of directors on May 21, 2015.

### 3. In Principle Approvals from Stock Exchanges

Our Company received in-principle approvals from the BSE and the NSE for the listing of the Equity Shares pursuant to letters dated November 26, 2015 and December 2, 2015, respectively.

### 4. Approvals for our business and operations

We require various approvals and/or licenses under various rules and regulations to operate our business in India. Further, we need various approvals and/or licenses and/or No Objection Certificates for our CNG and PNG network. We have obtained the necessary permits, licenses and approvals from the appropriate regulatory and governing authorities required to operate our business.

#### *Infrastructure Exclusivity Authorisations*

The MoPNG, *vide* its letter dated May 29, 2008, clarified that our Company has been authorised by the Central Government to lay, build, operate or expand city gas distribution project in Mumbai and District Thane, including Navi Mumbai and Mira Bhayander. The MoPNG has further clarified that our Company is free to undertake new or incremental activities to spread the CNG/PNG network to greater number of customers in Mumbai and District Thane, including Navi Mumbai and Mira Bhayander, without need of a fresh authorization from the PNGRB in this regard.

#### *City Gate Station Approvals*

As on date, we have four City Gate Stations located at Mahape, Taloja, Ambernath and Sion, and 188 CNG gas stations located in different parts of Mumbai and Navi Mumbai.

The material approvals required by our Company to operate its City Gate Stations are set out below:



**I. Mahape**

Sr. no	Name/description of license/approval	Issuing authority	Date of issue/renewal	Date of expiry, if specified
1.	Occupancy certificate	Maharashtra Industrial Development Corporation	April 25, 2012	-
2.	Factory license	Directorate of Industrial Safety and Health, Mumbai	December 16, 2010	December 31, 2018
3.	License to dispense CNG in a CNG dispensing station as an automotive fuel subject to Explosives Act, 1884 and Gas Cylinder Rules, 2004	Controller of Explosives, Petroleum & Explosives Safety Organisation, Ministry of Commerce and Industry	October 16, 2014	September 30, 2024
4.	Consent to operate under the Water Act, 1974, Air Act, 1981 and Hazardous Wastes Rules, 2008 for distribution system of PNG	Maharashtra Pollution Control Board	February 24, 2012	July 31, 2016
5.	Sanction for allotment of land at TTC Industrial Area for setting up PNG/CNG connection plant	Maharashtra Industrial Development Corporation, Mahape	March 7, 2007	-

**II. Taloja**

Sr. no	Name/description of license/approval	Issuing authority	Date of issue/renewal	Date of expiry, if specified
1.	Occupancy certificate	Maharashtra Industrial Development Corporation	July 27, 2012	-
2.	Factory license	Directorate of Industrial Safety and Health, Mumbai	June 2, 2012	December 31, 2021
3.	License to dispense CNG in a CNG dispensing station as an automotive fuel subject to Explosives Act, 1884 and Gas Cylinder Rules, 2004	Controller of Explosives, Petroleum & Explosives Safety Organisation, Ministry of Commerce and Industry	September 26, 2013	September 30, 2023
4.	Consent to operate under the Water Act, 1974, Air Act, 1981 and Hazardous Wastes Rules, 2008 for distribution system of PNG	Maharashtra Pollution Control Board	August 22, 2012	February 28, 2017
5.	Sanction for allotment of land at Taloja Industrial Area for setting up City Gas Station	Maharashtra Industrial Development Corporation	April 29, 2011	-

**III. Ambernath**

Sr. no	Name/description of license/approval	Issuing authority	Date of issue/renewal	Date of expiry, if specified
1.	Occupancy certificate	Maharashtra Industrial Development Corporation	February 14, 2013	-
2.	Factory license	Directorate of Industrial Safety and Health, Mumbai	May 23, 2013	December 31, 2021
3.	License to dispense CNG in a CNG dispensing station as an automotive fuel subject to Explosives Act, 1884 and Gas Cylinder Rules, 2004	Controller of Explosives, Petroleum & Explosives Safety Organisation, Ministry of Commerce and Industry	September 16, 2013	September 30, 2023
4.	Consent to operate under the Water Act, 1974, Air Act, 1981 and	Maharashtra Pollution Control Board	October 11, 2012	February 28, 2017

Sr. no	Name/description of license/approval	Issuing authority	Date of issue/renewal	Date of expiry, if specified
	Hazardous Wastes Rules, 2008 for distribution system of PNG			
5.	Sanction for allotment of land at Ambernath Industrial Area for manufacturing of City Gate Station	Maharashtra Industrial Development Corporation, Thane	August 16, 2010	-

#### IV. Sion

Sr. no	Name/description of license/approval	Issuing authority	Date of issue/renewal	Date of expiry, if specified
1.	Factory license	Directorate of Industrial Safety and Health, Mumbai	January 27, 2010	December 31, 2019
2.	License to dispense CNG in a CNG dispensing station as an automotive fuel subject to Explosives Act, 1884 and Gas Cylinder Rules, 2004	Controller of Explosives, Petroleum & Explosives Safety Organisation, Ministry of Commerce and Industry	August 27, 2010	September 30, 2020
3.	Consent to operate under the Water Act, 1974, Air Act, 1981 and Hazardous Wastes Rules, 2008 for distribution system of PNG	Maharashtra Pollution Control Board	November 12, 2012	April 30, 2017
4.	Sanction for allotment of land at Salt Pan Division, Wadala for setting up City Gate Station	District Officer, Office of the Collector, Mumbai	April 22, 1999	-

#### *CNG filling station licenses*

As on date, our Company supplies CNG through 191 CNG filling stations out of which 13 stations are owned by the Company. Out of these 13 CNG filling stations, 9 stations are standalone CNG filling stations while 4 stations are operated out of the City Gate Stations. Out of the 178 other stations, 137 CNG filling stations are owned and operated by OMCs, 24 CNG filling stations are owned and operated by other private parties and 17 CNG filling stations are situated at the bus depots of state transport undertakings, such as NMMC, BEST and TMT and operated by them. The material approvals required to operate the CNG filling stations are factory licenses issued by the Directorate of Industrial Safety and Health, occupancy certificate issued by the Municipal Corporation of Greater Mumbai or the Maharashtra Industrial Development Corporation, as applicable, License to dispense CNG by the Controller of Explosives. The details of such licenses for the 9 standalone CNG filling stations owned by our Company are as follows:

#### I. Tardeo RTO, Tardeo (Mother station)

Sr. no	Name/description of license/approval	Issuing authority	Date of issue/renewal	Date of expiry, if specified
1.	Factory license	Directorate of Industrial Safety and Health, Mumbai	April 1, 2008	March 31, 2018
2.	License to dispense CNG in a CNG dispensing station as an automotive fuel subject to Explosives Act, 1884 and Gas Cylinder Rules, 2004	Controller of Explosives, Petroleum & Explosives Safety Organisation, Ministry of Commerce and Industry	August 19, 2012	September 30, 2020

#### II. Deonar BEST (Outside) (Online station)

Sr. no	Name/description of license/approval	Issuing authority	Date of issue/renewal	Date of expiry, if specified
1.	Factory license	Directorate of Industrial Safety and Health, Mumbai	August 8, 2011	October 1, 2020
2.	Occupancy certificate	Municipal Corporation of Greater Mumbai	July 11, 2011	-
3.	License to dispense CNG in a CNG dispensing station as an automotive fuel subject to Explosives Act, 1884 and Gas Cylinder Rules, 2004	Controller of Explosives, Petroleum & Explosives Safety Organisation, Ministry of Commerce and Industry	August 7, 2013	September 30, 2023

### III. BKC MGL, Bandra (East) (Mother station)

Sr. no	Name/description of license/approval	Issuing authority	Date of issue/renewal	Date of expiry, if specified
1.	Factory license	Directorate of Industrial Safety and Health, Mumbai	February 20, 2012	December 31, 2021
2.	License to dispense CNG in a CNG dispensing station as an automotive fuel subject to Explosives Act, 1884 and Gas Cylinder Rules, 2004	Controller of Explosives, Petroleum & Explosives Safety Organisation, Ministry of Commerce and Industry	August 19, 2010	September 30, 2020

### IV. Dindoshi (Outside), Goregaon (East) (Online station)

Sr. no	Name/description of license/approval	Issuing authority	Date of issue/renewal	Date of expiry, if specified
1.	Factory license	Directorate of Industrial Safety and Health, Mumbai	May 2, 2011	October 1, 2019
2.	License to dispense CNG in a CNG dispensing station as an automotive fuel subject to Explosives Act, 1884 and Gas Cylinder Rules, 2004	Controller of Explosives, Petroleum & Explosives Safety Organisation, Ministry of Commerce and Industry	May 11, 2012	September 30, 2022

### V. Magathane (Outside), Borivali (East) (Online station)

Sr. no	Name/description of license/approval	Issuing authority	Date of issue/renewal	Date of expiry, if specified
1.	Factory license	Directorate of Industrial Safety and Health, Mumbai	September 3, 2011	December 31, 2019
2.	License to dispense CNG in a CNG dispensing station as an automotive fuel subject to Explosives Act, 1884 and Gas Cylinder Rules, 2004	Controller of Explosives, Petroleum & Explosives Safety Organisation, Ministry of Commerce and Industry	May 11, 2012	September 30, 2022

### VI. Khopat (Outside), Thane (Mother station)

Sr. no	Name/description of license/approval	Issuing authority	Date of issue/renewal	Date of expiry, if specified
1.	Factory license	Directorate of Industrial Safety and Health, Mumbai	December 5, 2011	-
2.	Occupancy certificate	Municipal Corporation of Thane	July 6, 2012	-
3.	License to dispense CNG in a CNG dispensing station as an automotive	Controller of Explosives, Petroleum & Explosives	September 16, 2013	September 30, 2023

Sr. no	Name/description of license/approval	Issuing authority	Date of issue/renewal	Date of expiry, if specified
	fuel subject to Explosives Act, 1884 and Gas Cylinder Rules, 2004	Safety Organisation, Ministry of Commerce and Industry		

**VII. TMT Depot (Outside), Wagle Estate, Thane (West) (Online station)**

Sr. no	Name/description of license/approval	Issuing authority	Date of issue/renewal	Date of expiry, if specified
1.	Factory license	Directorate of Industrial Safety and Health, Mumbai	November 20, 2014	December 31, 2024
2.	License to dispense CNG in a CNG dispensing station as an automotive fuel subject to Explosives Act, 1884 and Gas Cylinder Rules, 2004	Controller of Explosives, Petroleum & Explosives Safety Organisation, Ministry of Commerce and Industry	September 28, 2012	September 30, 2022

**VIII. NMMT Turbhe (Outside), (Mother station)**

Sr. no	Name/description of license/approval	Issuing authority	Date of issue/renewal	Date of expiry, if specified
1.	Factory license	Directorate of Industrial Safety and Health, Mumbai	September 4, 2010	December 31, 2020
2.	License to dispense CNG in a CNG dispensing station as an automotive fuel subject to Explosives Act, 1884 and Gas Cylinder Rules, 2004	Controller of Explosives, Petroleum & Explosives Safety Organisation, Ministry of Commerce and Industry	May 18, 2012	September 30, 2022

**IX. Owala (Mother station)**

Sr. no	Name/description of license/approval	Issuing authority	Date of issue/renewal	Date of expiry, if specified
1.	Factory license	Directorate of Industrial Safety and Health, Mumbai	August 8, 2014	December 31, 2023
2.	Occupancy certificate	Municipal Corporation of Thane	May 28, 2014	-
3.	License to dispense CNG in a CNG dispensing station as an automotive fuel subject to Explosives Act, 1884 and Gas Cylinder Rules, 2004	Controller of Explosives, Petroleum & Explosives Safety Organisation, Ministry of Commerce and Industry	February 24, 2014	September 30, 2016

Our Company is also required to obtain permission from concerned authorities for excavation along various areas of land where the setting up of networks is proposed as well as for maintenance and repair of the pipelines in each area. The period for which permission for work is granted varies on a case to case basis depending on the length and type of the gas pipeline and proposed kind of work.

## 5. Tax Related Approvals

Sr. no	Name/description of license/approval	Issuing authority	Date of issue/renewal	Date of expiry, if specified
1.	PAN	Income Tax Department, Government of India	May 8, 1995	-
2.	Tax payer identification number under the Central Sales Tax (Registration and Turnover) Rules, 1957	Joint Commissioner of Sales Tax, Sales Tax Office, Mumbai	April 1, 2006	-
3.	Service tax registration number	Central Excise Officer, Mumbai	September 24, 2014	-
4.	Central excise registration certificate under Rule 9 of the Central Excise Rules, 2002	Assistant Commissioner, Central Excise, Andheri Division, Mumbai	September 29, 2009	-
5.	Central excise registration certificate under Rule 9 of the Central Excise Rules, 2002	Assistant Commissioner, Central Excise, Chembur Division, Mumbai	October 1, 2002	-
6.	Certificate of registration under sub-section (2) of section 7 of Contract Labour (Regulation and Abolition) Act, 1970.	Assistant Labour Commissioner, Bombay	April 10, 1996.	-
7.	Certificate of registration under section 16 of the Maharashtra Value Added Tax Act, 2002	Joint Commissioner of Sales Tax, Large Tax Payer's Unit, Mumbai	April 1, 2006	-
8.	Tax deduction account number	National Securities Depository limited	August 20, 2011	-
9.	Certificate of enrolment under the Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975	Profession Tax Officer (C-016), Registration Branch Mumbai	November 12, 2013	-
10.	Certificate of compliance with requirements of PNGRB Notification G.S.R. 39 (E)- Codes of Practices for Emergency Response and Disaster Management Plan Regulations	Director, International Certification Services	May 14, 2013	

## 6. Intellectual Property Registrations and Applications

Our trademarks are registered in India. All trademarks are valid for a period of 10 years from the date of registration.

### Registered trade marks

S. no.	Trademark	Class	Date of registration
1.	MGL Logo ( <i>Flame logo with 'indhan hariyali ki' below it</i> )	4, 6, 9, 11	September 3, 2010
2.	"Switch to MGL e CNG" Logo	4, 6, 9, 11, 12, and 17	September 3, 2010
3.	Mahagas with flame device (old)	11	
4.	Mahanagar Gas logo	1, 6, 8, 11 and 42	
5.	"indhan hariyali ka"	4, 6, 9, 11, 12, 17	

### Registered copyright

Our Company has copyright registration over the "Mahanagar Gas Logo".

## Pending licenses

### Trademarks

Our Company has applied for the following trademarks / service marks. Trademarks registration for the same is pending:

S. no.	Trademark	Class
1.	Mahanagar Gas logo	4, 9, 12 and 17
2.	Word mark “Mahanagar Gas”	42
3.	“Switch to MGL e CNG” logo	42
4.	“indhan hariyali ka”	42
5.	Mahagas with flame device (old)	9

## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the Offer

Our Board has approved the Offer pursuant to the resolution passed at its meeting held on February 3, 2015 and GAIL and BGAPH being the Selling Shareholders, have approved the Offer pursuant to a resolution passed at the meeting(s) of their respective board of directors held on March 20, 2014 and May 21, 2015, respectively.

The Selling Shareholders have confirmed that they have held the Equity Shares proposed to be offered and sold in the Offer for at least one year prior to the date of filing the Draft Red Herring Prospectus and the Equity Shares proposed to be offered and sold by them are free from any lien, charge, encumbrance or contractual transfer restrictions. The Selling Shareholders have also confirmed that they are the legal and beneficial owners of the Equity Shares being offered under the Offer and that such Equity Shares are eligible to be sold in the Offer in accordance with Regulation 26(6) of the SEBI ICDR Regulations.

Our Company has received in-principle approvals from BSE and NSE for the listing of the Equity Shares pursuant to letters dated November 26, 2015 and December 2, 2015, respectively.

### Prohibition by SEBI or Other Governmental Authorities

Our Company, our Directors, our Promoters, our Promoter Group, our Group Companies, natural persons in control of our Promoters, persons in control of our Company, have not been prohibited from accessing capital market for any reason by SEBI or any other authorities in India.

Our Promoters, our Directors, persons in control of our Company were not, or also are not, a promoter or a director or persons in control of any other company which is debarred from accessing the capital market under any order or directions made by SEBI.

Except Mr. Basudeb Sen who is on the board of directors of Sumedha Fiscal Services Limited, none of our Directors are associated in any manner with the securities market, including securities market related business, and there has been no action taken by SEBI against our Directors or any entity in which any of our Directors are involved as a promoter or director.

### Prohibition by RBI

Our Company, our Promoters, our Group Companies and Directors are not identified as wilful defaulters as per the guidelines on wilful defaulters issued by the Reserve Bank of India.

### Eligibility for the Offer

Our Company is eligible for the Offer in accordance with the Regulation 26(1) of the SEBI ICDR Regulations as explained under the eligibility criteria calculated in accordance with the restated financial statements prepared in accordance with sub clause (i) (ii) and (iii) of clause (b) of sub section (1) of section 26 of Chapter III of the Companies Act, 2013 read with Rule 4 of the Companies (Prospectus and Allotment Securities) Rules, 2014 and the SEBI ICDR Regulations:

- Our Company has net tangible assets of at least ₹ 30 million in each of the preceding three full years (of 12 months each), of which not more than 50.00% are held in monetary assets;
- Our Company has a minimum average pre-tax operating profit of ₹ 150 million, calculated on a restated basis, during the three most profitable years out of the immediately preceding five years;
- Our Company has a pre-Offer net worth of at least ₹ 10 million in each of the three preceding full years (of 12 months each);
- The aggregate of the proposed Offer and all previous issues made in the same Fiscal in terms of the Offer size is not expected to exceed five times the pre-Offer net worth of our Company as per the audited balance sheet of the preceding Fiscal; and
- Our Company has not changed its name in the last year.

Our Company's net tangible assets, pre-tax operating profit and net worth derived from our restated financial statements are set forth below:

(₹ in million)

Particulars	As at March 31,				
	2016	2015	2014	2013	2012
Net tangible assets	11,549.24	10,594.36	9,871.18	9,210.81	7,582.09
Pre-tax Operating Profit*	4,288.93	4,097.90	4,074.96	4,115.67	4,348.92
Net Worth	15,279.75	14,074.65	12,969.58	11,826.28	10,670.42

\* Pre-tax Operating Profit has been arrived at after deducting all expenses including depreciation but excluding finance cost and Other Income.

In accordance with Regulation 26(4) of the SEBI ICDR Regulations, our Company shall ensure that the number of prospective Allottees to whom the Equity Shares will be allotted under the Offer shall not be less than 1,000 otherwise the entire application money will be refunded. If such money is not repaid within 12 Working Days of the Bid/ Offer Closing Date or within 15 days of the Bid/ Offer Closing Date, whichever is earlier, then our Company shall, on and from expiry of eight days, be liable to repay the money with interest at the rate of 15% per annum on the application money, as prescribed by applicable law.

Our Company is in compliance with the following conditions specified under Regulation 4(2) of the SEBI ICDR Regulations:

1. Our Company has received in-principle approvals from BSE and NSE for the listing of the Equity Shares under the Offer, pursuant to letters dated November 26, 2015 and December 2, 2015, respectively.
2. Our Company has entered into tripartite agreement dated January 27, 2015 with NSDL and Link Intime India Private Limited, for dematerialisation of the Equity Shares;
3. Our Company has entered into tripartite agreement dated January 19, 2015 with CDSL and Link Intime India Private Limited, for dematerialisation of the Equity Shares; and
4. The Equity Shares are fully paid.

#### **Disclaimer Clause of SEBI**

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, BEING KOTAK MAHINDRA CAPITAL COMPANY LIMITED AND CITIGROUP GLOBAL MARKETS INDIA PRIVATE LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED NOVEMBER 12, 2015 WHICH READS AS FOLLOWS:**

**WE, THE BOOK RUNNING LEAD MANAGERS TO THE OFFER, STATE AND CONFIRM AS FOLLOWS:**



1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID OFFER.
2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE OFFER, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:
  - A. THE DRAFT RED HERRING PROSPECTUS FILED WITH SECURITIES AND EXCHANGE BOARD OF INDIA ("SEBI") IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE OFFER;
  - B. ALL THE LEGAL REQUIREMENTS RELATING TO THE OFFER AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED / ISSUED BY SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
  - C. THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED OFFER AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, TO THE EXTENT NOT REPLACED BY THE COMPANIES ACT, 2013, THE COMPANIES ACT, 2013, TO THE EXTENT IN FORCE, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.
3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID.
4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS - NOTED FOR COMPLIANCE.
5. WE CERTIFY THAT WRITTEN CONSENTS FROM THE PROMOTERS HAVE BEEN OBTAINED FOR INCLUSION OF THEIR EQUITY SHARES AS PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES PROPOSED TO FORM PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.
6. WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO EQUITY SHARES INELIGIBLE FOR COMPUTATION OF PROMOTERS' CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE

**IN THE DRAFT RED HERRING PROSPECTUS - COMPLIED WITH AND NOTED FOR COMPLIANCE.**

7. WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE OFFER. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE PUBLIC OFFER – NOT APPLICABLE.
8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT OFFER FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION – COMPLIED WITH TO THE EXTENT APPLICABLE.
9. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE OFFER ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SECTION 40 OF THE COMPANIES ACT, 2013 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE OFFER, THE COMPANY AND THE SELLING SHAREHOLDERS SPECIFICALLY CONTAINS THIS CONDITION – NOTED FOR COMPLIANCE.
10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE – NOT APPLICABLE. UNDER SECTION 29 OF THE COMPANIES ACT, 2013, THE EQUITY SHARES IN THE OFFER ARE TO BE ISSUED IN DEMATERIALIZED MODE ONLY.
11. WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.
12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:
  - A. AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY; AND

- B. AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI FROM TIME TO TIME.**
13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE OFFER - NOTED FOR COMPLIANCE.
14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE COMPANY, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS' EXPERIENCE, ETC.
15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.
16. WE ENCLOSE STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY MERCHANT BANKERS (WHO ARE RESPONSIBLE FOR PRICING THE ISSUE)', AS PER FORMAT SPECIFIED BY SEBI THROUGH CIRCULAR.
17. WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS - COMPLIED WITH TO THE EXTENT OF THE RELATED PARTY TRANSACTIONS OF THE COMPANY, IN ACCORDANCE WITH ACCOUNTING STANDARD 18 AND INCLUDED IN THE DRAFT RED HERRING PROSPECTUS
18. WE CERTIFY THAT THE ENTITY IS ELIGIBLE UNDER 106Y (1) (A) OR (B) (AS THE CASE MAY BE) TO LIST ON THE INSTITUTIONAL TRADING PLATFORM, UNDER CHAPTER XC OF THESE REGULATIONS. (IF APPLICABLE) - NOT APPLICABLE.

**THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE ANY PERSON WHO HAS AUTHORISED THE ISSUE OF THE DRAFT RED HERRING PROSPECTUS FROM ANY LIABILITIES UNDER SECTION 34 OR SECTION 36 OF COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH BRLMS, ANY IRREGULARITIES OR LAPSES IN THE DRAFT RED HERRING PROSPECTUS.**

All legal requirements pertaining to the Offer have been complied with at the time of filing of the Red Herring Prospectus with the RoC in terms of Section 32 of the Companies Act, 2013. All legal requirements pertaining to the Offer will be complied with at the time of registration of the Prospectus with the RoC in terms of Sections 26 and 30 of the Companies Act, 2013.

**Caution - Disclaimer from our Company and the BRLMs**

Our Company, our Directors and the BRLMs accept no responsibility for statements made otherwise than in this Red Herring Prospectus or in the advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information, including our Company's website <http://www.mahanagargas.com> would be doing so at his or her own risk.

The BRLMs accept no responsibility, save to the limited extent as provided in the Offer Agreement and the Underwriting Agreement.

All information shall be made available by our Company, the Selling Shareholders and the BRLMs to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at bidding centres or elsewhere.

None among our Company, the Selling Shareholders or any member of the Syndicate is liable for any failure in downloading the Bids due to faults in any software/ hardware system or otherwise.

Investors who Bid in the Offer will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholders, the Underwriters and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company and will not issue, sell, pledge, or transfer the Equity Shares of our Company to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company. Our Company, the Selling Shareholders, Underwriters and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of our Company.

The BRLMs and their respective associates and affiliates may engage in transactions with, and perform services for, our Company, the Selling Shareholders and their respective group companies, affiliates or associates or third parties in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with our Company and their respective group companies, affiliates or associates or third parties, for which they have received, and may in the future receive, compensation.

#### **Disclaimer in respect of Jurisdiction**

The Offer is being made in India to persons resident in India (including Indian nationals resident in India who are not competent to contract within the Indian Contract Act, 1872, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts registered under applicable trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies, permitted provident fund and pension funds, insurance funds set up and managed by the army and navy of the Union of India and insurance funds set up and managed by the Department of Posts, India) and to FPIs, FIIs, Eligible NRIs and other eligible foreign investors (viz. FVCIs, multilateral and bilateral development financial institutions). This Red Herring Prospectus does not, however, constitute an invitation to purchase shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of the Offer will be subject to the jurisdiction of appropriate court(s) in Mumbai only.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the Draft Red Herring Prospectus has been filed with SEBI for its observations and SEBI has given its observations through its letter bearing reference number CFD/DIL-II/NR/AEA/OW/1877/2016) dated January 15, 2016. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

**The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States, and, unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.**

**Accordingly, the Equity Shares are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.**

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

#### **Disclaimer Clause of BSE**

As required, a copy of the Draft Red Herring Prospectus has been submitted to BSE. The disclaimer clause as intimated by BSE to our Company, post scrutiny of the Draft Red Herring Prospectus, is as follows:

**“BSE Limited (the “Exchange”) has given, vide its letter dated November 26, 2015, permission to this Company to use the Exchange’s name in this offer document as one of the stock exchanges on which the Company’s securities are proposed to be listed. The Exchange has scrutinised this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:-**

- (a) warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or**
- (b) warrant that this Company’s securities will be listed or will continue to be listed on the Exchange; or**
- (c) take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;**

**and it should not for any reason be deemed or construed that this offer document has been cleared or approved by the Exchange. Every Person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.”**

#### **Disclaimer Clause of the NSE**

As required, a copy of the Draft Red Herring Prospectus has been submitted to NSE. The disclaimer clause as intimated by NSE to our Company, post scrutiny of the Draft Red Herring Prospectus, is as follows:

**“As required, a copy of this Offer Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter Ref.: NSE/LIST/52638 dated December 02, 2015 permission to the Issuer to use the Exchange’s name in this Offer Document as one of the stock exchanges on which this Issuer’s securities are proposed to be listed. The Exchange has scrutinized this draft offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the offer document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; nor does it warrant that this Issuer’s securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.**

**Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or inconnection with such subscription /acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.”**

#### **Filing**

A copy of the Draft Red Herring Prospectus had been filed with SEBI at Corporate Finance Department, Plot No.C4-A, 'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051, on November 13, 2015.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 32 of the Companies Act, 2013 would be delivered for registration to the RoC at Mumbai and a copy of the Prospectus to

be filed under Section 26 of the Companies Act, 2013 would be delivered for registration with RoC at the office of the Registrar of Companies, Everest, 100 Marine Drive, Mumbai 400 002, Maharashtra.

### **Listing**

Applications have been made to the Stock Exchanges for permission to deal in and for an official quotation of the Equity Shares. Our Company received in-principle approvals from the BSE and the NSE for the listing of the Equity Shares pursuant to letters dated November 26, 2015 and December 2, 2015, respectively. BSE will be the Designated Stock Exchange with which the Basis of Allotment will be finalised.

If the permissions to deal in, and for an official quotation of, the Equity Shares are not granted by any of the Stock Exchanges mentioned above, our Company will forthwith repay, without interest, all moneys received from the Bidders/Applicants in pursuance of this Red Herring Prospectus. If such money is not repaid within the prescribed time after our Company is liable to repay it, then our Company and every Director of our Company and every officer of our Company who is in default may, on and from expiry of such period, shall be liable to repay the money, with interest, as prescribed under applicable law.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges mentioned above are taken within six Working Days of the Bid/ Offer Closing Date. Further, the Selling Shareholders confirm that they shall provide assistance to our Company and the BRLMs, as may be reasonably required and necessary, for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within six Working Days of the Bid/ Offer Closing Date.

## Price information of past issues handled by the BRLMs

### 1. Kotak Mahindra Capital Company Limited

Table 1

Sr. No.	Issue Name	Issue Size (Rs. Cr.)	Issue Price (Rs.)	Listing Date	Opening Price on listing date (Rs.)	+/- % change in closing price, [+/- % change in closing benchmark]-30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]-90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]-180th calendar days from listing
1.	Parag Milk Foods Limited <sup>(1)</sup>	750.53	215	19-May-16	217.50	-	-	-
2.	Ujjivan Financial Services Limited	882.50	210	10-May-16	231.90	+72.38% [+4.88%]	-	-
3.	Healthcare Global Enterprises Limited	649.64	218	30-Mar-16	210.20	-15.32% [+1.45%]	-	-
4.	Dr. Lal PathLabs Limited <sup>(2)</sup>	631.91	550	23-Dec-15	720.00	+32.54% [-7.49%]	+66.95% [-2.06%]	-
5.	S H Kelkar and Company Limited	508.17	180	16-Nov-15	223.70	+21.69% [-1.35%]	+20.78% [-10.58%]	+24.97% [+0.11%]
6.	Interglobe Aviation Limited <sup>(3)</sup>	3,008.50	765	10-Nov-15	855.80	+32.39% [-2.20%]	+7.76% [-5.09%]	+40.59% [-0.64%]
7.	Coffee Day Enterprises Limited	1,150.00	328	2-Nov-15	317.00	-21.42% [-1.19%]	-19.73% [-6.05%]	-20.98% [-2.50%]
8.	Sadbhav Infrastructure Project Limited	491.66	103	16-Sep-15	111.00	-2.28% [+3.55%]	-5.63% [-3.15%]	-12.67% [-4.92%]
9.	Power Mech Projects Limited	273.22	640	26-Aug-15	600.00	-9.36% [+0.98%]	-4.63% [+0.74%]	-10.65% [-7.15%]
10.	Manpasand Beverages Limited	400.00	320	9-Jul-15	300.00	+23.20% [+2.83%]	+36.53% [-2.11%]	+58.34% [-6.45%]
11.	Adlabs Entertainment Limited <sup>(4)</sup>	374.59	180	6-Apr-15	162.20	-18.36% [-3.87%]	-12.08% [-2.02%]	-38.39% [-8.19%]
12.	Ortel Communications Limited	173.65	181	19-Mar-15	160.05	-3.67% [-0.33%]	-5.91% [-6.80%]	+12.21% [-8.83%]

Source: www.nseindia.com

**Notes:**

1. In Parag Milk Foods Limited, the issue price to retail individual investor and employees was ₹203 per equity share after a discount of ₹12 per equity share. The Anchor Investor Issue price was ₹227 per equity share.
2. In Dr. Lal PathLabs Limited, the issue price to retail individual investor was ₹535 per equity share after a discount of ₹15 per equity share. The Anchor Investor Issue price was ₹550 per equity share.
3. In Interglobe Aviation Limited, the issue price to employees was ₹688.50 per equity share after a discount of ₹76.5 per equity share. The Anchor Investor Issue price was ₹765 per equity share.
4. In Adlabs Entertainment Limited, the issue price to retail individual investor was ₹168 per equity share after a discount of ₹12 per equity share. The Anchor Investor Issue price was ₹221 per equity share.
5. In the event any day falls on a holiday, the price/index of the immediately preceding working day has been considered.
6. Nifty is considered as the benchmark index.

**Table 2: Summary statement of disclosure**

Financial Year	Total no. of IPOs	Total amount of funds raised (Rs. Cr.)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2016-2017*	2	1633.03	-	-	-	1	-	-	-	-	-	-	-	-
2015-2016	9	7487.69	-	-	5	-	2	2	-	1	3	1	1	1
2014-2015	1	173.65	-	-	1	-	-	-	-	-	-	-	-	1

*\*The information is as on the date of this Red Herring Prospectus*



2. Citigroup Global Markets India Private Limited

Sr. No.	Issue Name	Issue Size (₹ Cr.)	Issue Price (₹)	Listing Date	Opening Price on listing date	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1.	UFO Moviez India Ltd.	600.00	625.00	May 14, 2015	600.00	(-)11.68% [(-)2.93%]	(-) 5.54% [+1.52%]	(-) 18.27% [(-)3.76%]
2.	Coffee Day Enterprise Limited	1,150.00	328.00	November 2, 2015	317.00	(-) 21.42% [(-)1.19%]	-19.73% [(-)6.05%]	-20.98% [(-)2.50%]
3.	InterGlobe Aviation Limited	3,008.50	765.00	November 10, 2015	855.80	+32.39% [(-)2.20%]	+7.76% [(-)5.09%]	+40.84% [+1.06%]
4.	Dr. Lal Pathlabs Limited <sup>(3)</sup>	631.91	550.00	December 23, 2015	720.00	+32.54% [(-)7.49%]	+66.95% [(-)2.06%]	NA

Source: www.nseindia.com

**Notes:**

1. Nifty is considered as the benchmark index.
2. In case 30th/ 90th/180th day is not a trading day, closing price on the BSE of a trading day immediately prior to the 30th/ 90th/180th day, is considered
3. Since the listing date of Dr. Lal Pathlabs Ltd. was December 23, 2015, information relating to closing prices and benchmark index as on 180<sup>th</sup> calendar day from listing date is not available

**Summary statement of price information of past public issues handled by Citigroup Global Markets India Private Limited**

Financial Year	Total no. of IPOs	Total amount of funds raised (₹ Cr.)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2016-2017	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2015-2016 <sup>(1)</sup>	4	5,390.41	-	-	2	-	2	-	-	-	2	-	1	-
2014-2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Notes:

1. Since the listing date of Dr. Lal Pathlabs Limited was December 23, 2015, information relating to closing prices and benchmark index as on 30<sup>th</sup> calendar day and 180<sup>th</sup> calendar day from listing date is not available

### Track record of past issues handled by the BRLMs

For details regarding the track record of the BRLMs to the Offer as specified in Circular reference CIR/MIRSD/1/2012 dated January 10, 2012 issued by the SEBI, please refer to the websites of the BRLMs as set forth in the table below:

Sl. No	Name of the BRLMs	Website
1.	Kotak	<a href="http://investmentbank.kotak.com">http://investmentbank.kotak.com</a>
2.	Citi	<a href="http://www.online.citibank.co.in/rhtm/citigroupglobalscreen1.htm">http://www.online.citibank.co.in/rhtm/citigroupglobalscreen1.htm</a>

### Consents

Consents in writing of: (a) our Directors, our CFO, our Company Secretary and Compliance Officer, Statutory Auditors, legal advisors to our Company and Selling Shareholders, Bankers to our Company and (b) the BRLMs, the Syndicate Members, the Escrow Collection Banks, and the Registrar to the Offer to act in their respective capacities have been, will be obtained and filed along with a copy of the Red Herring Prospectus with the RoC as required under Sections 26 and 32 of the Companies Act, 2013 and such consents shall not be withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

In accordance with the Companies Act, 2013 and the SEBI ICDR Regulations, our the Statutory Auditors, M/s. Deloitte Haskins & Sells, Chartered Accountants, have given their written consent for inclusion of their reports dated May 30, 2016, on the audited restated financial statements of our Company and the statement of tax benefits dated June 1, 2016, in the form and context, included in this Red Herring Prospectus and such consent has not been withdrawn as on the date of this Red Herring Prospectus.

### Expert opinion

Except as stated below, our Company has not obtained any expert opinions:

Our Company has received written consent from the Statutory Auditors to include its name as required under Section 26(1)(a)(v) of the Companies Act, 2013 in this Red Herring Prospectus and as an “expert” as defined under section 2(38) of the Companies Act, 2013 in respect of the examination report dated May 30, 2016 of the Statutory Auditors on the restated audited financial statements of our Company as of and for Fiscals ended March 31, 2016, 2015, 2014, 2013 and 2012 and the statement of tax benefits dated June 1, 2016, included in this Red Herring Prospectus and such consents have not been withdrawn as on the date of this Red Herring Prospectus. The term “expert” and consent thereof does not represent an expert or consent within the meaning under the Securities Act.

### Offer Expenses

The total Offer related expenses are estimated to be approximately ₹ [ ] million. The Offer related expenses consist of listing fees, fees payable to the BRLMs, underwriting fees, selling commission, legal counsel, Registrar to the Offer, Public Offer Account Bank(s), Escrow Collection Bank, Refund Bank including processing fee to the SCSBs for processing Bid cum Application Forms submitted by ASBA Bidders procured by the Members of the Syndicate and submitted to SCSBs, brokerage and selling commission payable to Registered Brokers, RTAs and CDPs, printing and stationery expenses, advertising and marketing expenses and all other incidental expenses for listing the Equity Shares on the Stock Exchanges. All expenses with respect to the Offer, except for listing fees which shall be borne by our Company, will be borne by and shared between the Selling Shareholders equally. Payments, if any, made by our Company in relation to the Offer shall be on behalf of the Selling Shareholders and such payments will be reimbursed by the Selling Shareholders to our Company.

The break-up for the Offer expenses is as follows:

Activity	Estimated expenses <sup>(1)</sup> (in ₹ million)	As a % of the total estimated Issue expenses <sup>(1)</sup>	As a % of the total Issue size <sup>(1)</sup>
Fees payable to BRLMs	[•]	[•]	[•]

Activity	Estimated expenses <sup>(1)</sup> (in ₹ million)	As a % of the total estimated Issue expenses <sup>(1)</sup>	As a % of the total Issue size <sup>(1)</sup>
Selling commission and processing fees for SCSBs <sup>(4) (5)</sup>	[•]	[•]	[•]
Selling commission and processing/uploading charges for Members of the Syndicate, RTAs and CDPs <sup>(2)</sup>	[•]	[•]	[•]
Processing/uploading charges for Registered Brokers <sup>(3)</sup>	[•]	[•]	[•]
Fees payable to Registrar to the Offer	[•]	[•]	[•]
Printing and stationary expenses	[•]	[•]	[•]
Advertising and marketing expenses	[•]	[•]	[•]
Others			
• Listing fees	[•]	[•]	[•]
• SEBI, BSE and NSE processing fees	[•]	[•]	[•]
• Fees payable to Legal Counsels	[•]	[•]	[•]
• Miscellaneous	[•]	[•]	[•]
<b>Total estimated Offer expenses</b>	[•]	[•]	[•]

1) Amounts will be finalised at the time of filing the Prospectus and on determination of Offer Price and other details.

2) Selling commission on the portion for Eligible Employees, portion for Retail Individual Bidders and the portion for Non-Institutional Bidders which are procured by Members of the Syndicate (including their Sub-Syndicate Members) would be as follows:

Portion for Retail Individual Bidders	₹ [ ] per valid application (plus applicable service tax)
Portion for Non-Institutional Bidders	₹ [ ] per valid application (plus applicable service tax)
Portion for Eligible Employees	[ ] % of the Amount Allotted* (plus applicable service tax)

\* Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price.

In addition to the selling commission referred above, any additional amount(s) to be paid by the Company and Selling Shareholders shall be, as mutually agreed upon by the BRLMs, their affiliate Syndicate member, the Company and Selling Shareholders before the opening of the Offer.

Bidding Charges: ₹ [ ] per valid application bid by the Syndicate.

3) Selling commission payable to the Registered Brokers, RTAs and CDPs on the portion for Eligible Employees, Retail Individual Bidders and Non-Institutional Bidders which are directly procured by the Registered Broker or RTAs or CDPs or submitted to SCSB for processing, would be as follows:

Portion for Retail Individual Bidders	₹ [ ] per valid Bid cum Application Form* (plus applicable service tax)
Portion for Non-Institutional Bidders	₹ [ ] per valid Bid cum Application Form* (plus applicable service tax)
Portion for Eligible Employees	₹ [ ] per valid Bid cum Application Form* (plus applicable service tax)

\* Based on valid Bid cum Application Forms

**Note: The total E-IPO commission to Registered Brokers, RTAs and CDPs shall not be more than the Capped E-IPO Commission (defined below).**

#### **Capped E-IPO Commission**

A sum of ₹ [ ] plus service tax which shall be the maximum commission payable by the Company and the Selling Shareholders to Registered Brokers, RTAs and CDPs.

4) Selling commission payable to the SCSBs on the portion for Retail Individual Bidders, Non-Institutional Bidders and Eligible Employees, which are directly procured by them would be as follows:

Portion for Retail Individual Bidders*	₹ [ ] per valid application (plus applicable service tax)
Portion for Non-Institutional Bidders*	₹ [ ] per valid application (plus applicable service tax)
Portion for Eligible Employees	[ ] % of the Amount Allotted* (plus applicable service tax)

\* Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price.

No additional processing/uploading charges shall be payable by the Company and the Selling Shareholders to the SCSBs on the applications directly procured by them.

5) Processing fees payable to the SCSBs on the portion for Retail Individual Bidders, Non-Institutional Bidders and Eligible Employees which are procured by the members of the Syndicate /Sub-Syndicate /Registered Brokers and submitted to SCSBs for blocking would be as follows:

Portion for Retail Individual Bidders	₹ [ ] per valid Bid cum Application Form* (plus applicable service tax)
Portion for Non-Institutional Bidders	₹ [ ] per valid Bid cum Application Form* (plus applicable service tax)
Portion for Eligible Employees	₹ [ ] per valid Bid cum Application Form* (plus applicable service tax)

*\* Based on valid Bid cum Application Forms*

**Total ASBA Processing Fees**

*A sum of ₹ [ ] plus service tax which shall be the maximum ASBA processing fees payable by the Company and the Selling Shareholders.*

**Fees Payable to the Syndicate**

The total fees payable to the Syndicate (including underwriting commission and selling commission and reimbursement of their out-of-pocket expense) will be as per the engagement letters dated November 12, 2015/request for proposal dated October 15, 2013 read with the Offer Agreement and the Syndicate Agreement. The details of total fees payable to the Syndicate will be disclosed in the Prospectus in “*Objects of the Offer - Offer Expenses*”.

**Commission payable to the SCSBs, Registered Brokers, RTAs and CDPs**

For details of the commission payable to the SCSBs, Registered Brokers, RTAs and CDPs, see “*Objects of the Offer*” on page 78.

**Commission payable to the SCSBs**

For details of the commission payable to the SCSBs, see “*Objects of the Offer*” on page 78.

**Fees Payable to the Registrar to the Offer**

The fees payable to the Registrar to the Offer including fees for processing of Bid cum Application Forms, data entry, printing of Allotment Advice, refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the restated and amended registrar agreement dated June 2, 2016, signed among our Company, the Selling Shareholders and the Registrar to the Offer, a copy of which is available for inspection at our Registered Office and Corporate Office.

The Registrar to the Offer will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Offer to enable them to send refund orders or Allotment Advice by registered post/ speed post (subject to postal rules)/under certificate of posting.

**Particulars regarding public or rights issues by our Company during the last five years**

Except the rights issue of CCDs, our Company has not made any public or rights issues during the five years preceding the date of this Red Herring Prospectus.

**Previous issues of Equity Shares otherwise than for cash**

Except as disclosed in the section “*Capital Structure*” on page 61, our Company has not issued any Equity Shares for consideration other than for cash.

**Commission and Brokerage paid on previous issues of the Equity Shares**

Since this is the initial public issue of Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since our Company’s inception.

**Previous capital issue during the previous three years by listed Group Companies and associates of our Company**

None of our Group Companies have undertaken a capital issue in the last three years preceding the date of this Red Herring Prospectus.

**Performance vis-à-vis objects – public/ rights issue of our Company and/ or listed Group Companies and associates of our Company**

Except the rights issue of CCDs, our Company has not undertaken any previous public or rights issue. None of our Group Companies have undertaken any public or rights issue in the last ten years preceeding the date of the Draft Red Herring Prospectus.

#### **Outstanding Debentures or Bonds**

Our Company does not have any outstanding debentures or bonds as of the date of this Red Herring Prospectus.

#### **Outstanding Preference Shares**

Our Company does not have any outstanding preference shares as on date of this Red Herring Prospectus.

#### **Partly Paid-up Shares**

The Company does not have any partly paid-up Equity Shares as on the date of this Red Herring Prospectus.

#### **Stock Market Data of Equity Shares**

This being an initial public offer of our Company, the Equity Shares are not listed on any stock exchange.

#### **Mechanism for Redressal of Investor Grievances**

The agreement between the Registrar to the Offer and our Company and the Selling Shareholders will provide for retention of records with the Registrar to the Offer for a period of at least three years from the last date of despatch of the letters of allotment, demat credit and refund orders to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

All grievances may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary with whom the Bid cum Application Form was submitted. The Bidder should give full details such as name of the sole or first Bidder, Bid cum Application Form number, Bidder DP ID, Client ID, PAN, date of the Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for and the name and address of the Designated Intermediary where the Bid cum Application Form was submitted by the Bidder.

Further, the Bidder shall also enclose the Acknowledgement Slip from the Designated Intermediaries in addition to the documents/information mentioned hereinabove.

Further, with respect to the Bid cum Application Forms submitted with the Registered Brokers, the investor shall also enclose the acknowledgment from the Registered Broker in addition to the documents/ information mentioned hereinabove.

#### **Disposal of Investor Grievances by our Company**

Our Company estimates that the average time required by our Company or the Registrar to the Offer or the Designated Intermediaries, for the redressal of routine investor grievances shall be 10 Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company has appointed a Stakeholders' Relationship Committee. For details, see "*Our Management – Committees of our Board – Stakeholders' Relationship Committee*" on page 152.

Our Company has also appointed Alok Mishra, Company Secretary of our Company as the Compliance Officer for the Offer and he may be contacted in case of any pre-Offer or post-Offer related problems at the following address:

#### **MGL House**

G-33 Block, Bandra-Kurla Complex, Bandra (East)  
Mumbai - 400 051  
Tel: +91 (22) 6678 5000  
Fax: +91 (22) 2654 0092  
Email: mgl.ipo@mahanagargas.com

Our Company has not received any investor complaint during the three years preceding the date of filing of the Draft Red Herring Prospectus.

**Changes in Auditors**

There have been no changes in the auditors of our Company during the three years preceding the date of this Red Herring Prospectus.

**Capitalisation of Reserves or Profits**

Our Company has not capitalised its reserves or profits at any time during the last five years.

**Revaluation of Assets**

Our Company has not re-valued its assets in the last five years.

## SECTION VII – OFFER INFORMATION

### TERMS OF THE OFFER

The Equity Shares being offered pursuant to this Offer are subject to the provisions of the Companies Act, the SEBI ICDR Regulations, SCRA, SCRR, the Memorandum of Association and Articles of Association, the terms of this Red Herring Prospectus, the Prospectus, the abridged prospectus, Bid cum Application Form, the Revision Form, the CAN, the Allotment Advice and other terms and conditions as may be incorporated in the Allotment Advices and other documents/ certificates that may be executed in respect of the Offer. The Equity Shares shall also be subject to laws as applicable, guidelines, rules, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the RBI, RoC and/ or other authorities, as in force on the date of the Offer and to the extent applicable or such other conditions as may be prescribed by the SEBI, the RBI, the Government of India, the Stock Exchanges, the RoC and/ or any other authorities while granting its approval for the Offer.

SEBI has notified the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “**Listing Regulations**”) on September 2, 2015. The Listing Regulations have been made effective from December 1, 2015 and it governs the obligations which are currently prescribed under the Equity Listing Agreement.

#### Ranking of the Equity Shares

The Equity Shares being offered and transferred pursuant to the Offer shall be subject to the provisions of the Companies Act, 2013, the Listing Regulations, the Memorandum of Association and Articles of Association and rank *pari-passu* in all respects with the other existing Equity Shares including in respect of the rights to receive dividend. In respect of the Offer, all dividends, if any, declared by our Company after the date of Allotment, will be payable to the Bidders who have been issued and allotted Equity Shares in such Offer for the entire year. The Allottees upon Allotment of Equity Shares under the Offer, will be entitled to dividend and other corporate benefits, if any, declared by our Company after the date of Allotment. For further details, see “*Main Provisions of Articles of Association*” on page 341.

#### Mode of Payment of Dividend

Our Company shall pay dividends, if declared, to the shareholders of our Company in accordance with the provisions of the Companies Act, the Memorandum of Association and Articles of Association and provisions of the SEBI Listing Regulations. For further details in relation to dividends, see “*Dividend Policy*” and “*Main Provisions of the Articles of Association*” on pages 173 and 341, respectively.

#### Face Value and Offer Price

The face value of each Equity Share is ₹ 10 and the Offer Price is ₹ [ ] per Equity Share. The Anchor Investor Offer Price is ₹ [ ] per Equity Share.

The Price Band and the minimum Bid Lot for the Offer will be decided by our Company and the Selling Shareholders in consultation with the BRLMs and advertised in Mumbai edition of the English national newspaper Financial Express, Mumbai edition of the Hindi national newspaper Jansatta and the Marathi newspaper Navshakti, each with wide circulation, at least five Working Days prior to the Bid/ Offer Opening Date. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price, shall be made available to the Stock Exchanges for the purpose of uploading the same on their websites.

At any given point of time, there shall be only one denomination of Equity Shares.

#### Compliance with the SEBI ICDR Regulations

Our Company shall comply with all the disclosure and accounting norms as specified by SEBI from time to time.

#### Rights of the Equity Shareholders

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, our equity shareholders shall have the following rights:



- Right to receive dividends, if declared;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy, in accordance with the provisions of the Companies Act, 2013;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation, subject to any statutory and preferential claim being satisfied;
- Right of free transferability, subject to applicable laws including any RBI rules and regulations; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the Listing Regulations and the Memorandum of Association and Articles of Association of our Company.

For a detailed description of the main provisions of the Articles of Association of our Company relating to voting rights, dividend, forfeiture and lien, transfer, transmission and/ or consolidation/ splitting, see “*Main Provisions of Articles of Association*” on page 341.

### **Jurisdiction**

Exclusive jurisdiction for the purpose of this Offer is with the competent courts/ authorities in Mumbai.

### **Period of operation of subscription list**

See “*Offer Structure – Bid/ Offer Programme*” on page 293.

### **Market Lot and Trading Lot**

Pursuant to Section 29 of the Companies Act, 2013, the Equity Shares shall be Allotted only in dematerialised form. As per the SEBI ICDR Regulations, the trading of the Equity Shares shall only be in dematerialised form. In this context, two agreements have been signed among our Company, the respective Depositories and the Registrar to the Offer:

- Agreement dated January 27, 2015 between NSDL, our Company and the Registrar to the Offer;
- Agreement dated January 19, 2015 between CDSL, our Company and the Registrar to the Offer.

Since trading of the Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in this Offer will be only in electronic form in multiples of one Equity Share subject to a minimum Allotment of [●] Equity Shares.

### **Nomination facility to investors**

The sole Bidder, or the first Bidder along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest, in accordance with Section 72 of the Companies Act, 2013. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of Equity Share(s) by the person nominating. A nomination may be cancelled, or varied by nominating any other person in place of the present nominee, by the holder of the Equity Shares who has made the nomination, by giving a notice of such cancellation or variation to our Company in the prescribed form. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office or to the registrar and transfer agents of our Company.

Any person who becomes a nominee by virtue of the provisions of Section 72 of the Companies Act, 2013 shall upon the production of such evidence as may be required by the Board, elect either:

- (a) to register himself or herself as the holder of the Equity Shares; or
- (b) to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, our Board may, at any time, give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, our Board may thereafter withhold payment of all dividends, interests, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Offer will be made only in dematerialized form, there is no requirement to make a separate nomination with our Company. Nominations registered with respective depository participant of the Bidder would prevail. If the Bidder wants to change the nomination, they are requested to inform their respective depository participant.

### **Minimum Subscription**

In terms of the SEBI ICDR Regulations, the requirement for minimum subscription is not applicable to the Offer.

In the event our Company does not make Allotment as specified under Rule 19(2)(b) of the SCRR, as applicable, including through devolvement to the Underwriters, as applicable, within sixty (60) days from the date of Bid/Offer Closing Date, our Company shall forthwith refund the entire subscription amount received. If such money is not repaid within the prescribed time, our Company be liable to repay the money with interest at the rate of 15% per annum on the application money, as prescribed by applicable law.

Further, our Company and the Selling Shareholders shall ensure that the number of prospective Allottees to whom the Equity Shares will be Allotted shall not be less than 1,000.

### **Arrangements for Disposal of Odd Lots**

There are no arrangements for disposal of odd lots.

### **Restrictions on Transfer and Transmission of Equity Shares**

Except for the lock-in of the pre-Offer capital of our Company, Promoters' minimum contribution and the Anchor Investor lock-in as provided in "*Capital Structure*" on page 61 and except as provided in the Articles of Association and under applicable laws there are no restrictions on transfer of Equity Shares. Further, there are no restrictions on the transmission of the Equity Shares/ debentures of our Company and on their consolidation/ splitting, except as provided in the Articles of Association and under applicable laws. For details, see "*Main Provisions of the Articles of Association*" on page 341.

### **Option to receive Equity Shares in Dematerialised Form**

Allotment of Equity Shares to successful Bidders will only be in the dematerialized form. Bidders will not have the option of Allotment of the Equity Shares in physical form. The Equity Shares on Allotment will be traded only in the dematerialized segment of the Stock Exchanges.

### **New Financial Instruments**

As on the date of this Red Herring Prospectus, there are no outstanding warrants, new financial instruments or any rights, which would entitle the shareholders of our Company, including our Promoters, to acquire or receive any Equity Shares after the Offer.

## OFFER STRUCTURE

Offer of up to 24,694,500 Equity Shares for cash at price of ₹ [ ] per Equity Share (including a premium of ₹ [ ] per Equity Share) aggregating to ₹ [ ] million through an Offer for Sale of by the Selling Shareholders. The Offer comprises a Net Offer of 24,494,500 Equity Shares to the public and a reservation of up to 200,000 Equity Shares aggregating to ₹ [ ] million for Eligible Employees bidding in the Employee Reservation Portion. The Offer will constitute 25.00% of the post-Offer paid-up Equity Share capital of our Company and the Net Offer will constitute 24.80% of the post-Offer paid-up equity share capital of our Company.

The Offer is being made through the Book Building Process.

Particulars	Eligible Employees	QIBs <sup>(1)</sup>	Non-Institutional Investors	Retail Individual Investors
Number of Equity Shares available for allocation/ Allotment <sup>(2)</sup>	200,000 Equity Shares.	12,247,250 Equity Shares	Not less than 3,674,175 Equity Shares available for allocation or Net Offer less allocation to QIB Bidders and Retail Individual Investors.	Not less than 8,573,075 Equity Shares available for allocation or Net Offer less allocation to QIB Bidders and Non-Institutional Investors.
Percentage of the Offer Size available for allocation/ Allotment	0.81% of the Offer.  The Employee Reservation Portion comprises approximately [ ]% of our Company's post-Offer paid-up Equity Share capital.	50% of Net Offer shall be available for allocation to QIBs.  However, at least 5% of the Net QIB Portion shall be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the 5% reservation in the Net QIB Portion will also be eligible for allocation in the remaining QIB Portion. Unsubscribed portion in the Mutual Fund Portion will be added to the Net QIB Portion.  Up to 60% of the QIB Portion may be available for allocation to Anchor Investors and one-third of the Anchor Investor Portion shall be available for allocation to domestic Mutual Funds. <sup>(1)</sup>	Not less than 15% of the Net Offer or the Offer less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation.	Not less than 35% of the Net Offer or the Offer less allocation to QIB Bidders and Non-Individual Bidders shall be available for allocation.
Basis of allocation/ Allotment, if respective category is oversubscribed	Proportionate.	Proportionate as follows (excluding Anchor Investor):  (a) 244,945 Equity Shares, constituting 5% of the Net QIB	Proportionate.	Not less than the minimum Bid Lot (subject to availability of Equity Shares in the Retail Portion), and the

Particulars	Eligible Employees	QIBs <sup>(1)</sup>	Non-Institutional Investors	Retail Individual Investors
		<p>Portion, shall be available for allocation on a proportionate basis to Mutual Funds;</p> <p>(b) 4,653,955 Equity Shares shall be allotted on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.</p> <p>7,348,350 Equity Shares may be allocated on a discretionary basis to the Anchor Investor(s).</p>		remaining Equity Shares, if any, shall be allotted on a proportionate basis.
Minimum Bid	[ ] Equity Shares and in multiples of [●] Equity Shares thereafter.	Such number of Equity Shares that the Bid Amount exceeds ₹200,000 and in multiples of [ ] Equity Shares thereafter.	Such number of Equity Shares that the Bid Amount exceeds ₹200,000 and in multiples of [ ] Equity Shares thereafter.	[ ] Equity Shares and in multiples of [●] Equity Shares thereafter.
Maximum Bid	Such number of Equity Shares in multiples of [ ] so as to ensure that the Bid Amount does not exceed ₹200,000.	Such number of Equity Shares not exceeding the size of the Net Offer subject to regulations as applicable to the Bidder.	Such number of Equity Shares not exceeding the size of the Net Offer subject to regulations as applicable to the Bidder.	Such number of Equity Shares, whereby, the Bid Amount does not exceed ₹200,000.
Mode of bidding	Through ASBA only.	Through ASBA only (except Anchor Investors).	Through ASBA only.	Through ASBA only.
Mode of Allotment	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.
Bid Lot	[ ] Equity Shares and in multiples of [ ] Equity Shares thereafter.	[ ] Equity Shares and in multiples of [ ] Equity Shares thereafter.	[ ] Equity Shares and in multiples of [ ] Equity Shares thereafter.	[ ] Equity Shares and in multiples of [ ] Equity Shares thereafter.
Allotment Lot	[ ] Equity Shares and in multiples of one Equity Shares.	[ ] Equity Shares and in multiples of one Equity Shares thereafter.	[ ] Equity Shares and in multiples of one Equity Shares thereafter.	[ ] Equity Shares and in multiples of one Equity Shares.
Trading Lot	One Equity Share.	One Equity Share.	One Equity Share.	One Equity Share.
Who can Apply <sup>(3)</sup>	Eligible Employees.	Public financial institutions as specified in Section 2(72) of the Companies Act, 2013, scheduled commercial banks,	Resident Indian individuals, Eligible NRIs, HUF (applying through the Karta), companies, corporate bodies,	Resident Indian individuals, Eligible NRIs, HUF (applying through the Karta).

Particulars	Eligible Employees	QIBs <sup>(1)</sup>	Non-Institutional Investors	Retail Individual Investors
		multilateral and bilateral development financial institutions, mutual fund registered with SEBI, FPIs other than Category III Foreign Portfolio Investors, VCFs, AIFs, FVCIs, state industrial development corporation, insurance company registered with IRDA, provident fund with minimum corpus of ₹ 250 million, pension fund with minimum corpus of ₹ 250 million, in accordance with applicable law and National Investment Fund set up by the Government, insurance funds set up and managed by army, navy or air force of the Union of India and insurance funds set up and managed by the Department of Posts, India.	scientific institutions, societies and trusts, sub accounts of FIIs registered with SEBI, which are foreign corporate or foreign individuals and category III foreign portfolio investors.	
Terms of Payment	<p>Full Bid Amount less discounts, if any, shall be payable at the time of submission of the Bid cum Application Form to the members of Syndicate.</p> <p>In case of ASBA Bidders, SCSBs shall be authorised to block such funds in the bank accounts that are specified in the ASBA Bid cum Application Form.</p>	<p>Full Bid Amount shall be payable at the time of submission of the Bid cum Application Form to the members of Syndicate (other than for Anchor Investors).<sup>(4)(5)</sup></p> <p>In case of ASBA Bidders, SCSBs shall be authorised to block such funds in the bank accounts that are specified in the ASBA Bid cum Application Form.</p>	<p>Full Bid Amount shall be payable at the time of submission of the Bid cum Application Form to the members of Syndicate.<sup>(5)</sup></p> <p>In case of ASBA Bidders, SCSBs shall be authorised to block such funds in the bank accounts that are specified in the ASBA Bid cum Application Form.</p>	<p>Full Bid Amount shall be payable at the time of submission of the Bid cum Application Form to the members of Syndicate.<sup>(5)</sup></p> <p>In case of ASBA Bidders, SCSBs shall be authorised to block such funds in the bank accounts that are specified in the ASBA Bid cum Application Form.</p>

(1) *Our Company and the Selling Shareholders, in consultation with the BRLMs, may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR*

*Regulations. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being made to other Anchor Investors. For details, see “Offer Procedure” on page 295.*

- (2) *Subject to valid Bids being received at or above the Offer Price. Pursuant to Rule 19(2)(b) of the SCRR read with Regulation 41 of the SEBI ICDR Regulations, the Offer is being made for at least 10% of the post-Offer paid-up Equity Share capital of our Company. The Offer is being made through the Book Building Process wherein 50% of the Net Offer shall be available for allocation on a proportionate basis to QIBs, provided that our Company and the Selling Shareholders, in consultation with the Book Running Lead Managers, may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis, in accordance with the SEBI ICDR Regulations, of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from them at or above the price at which allocation is being made to other Anchor Investors. 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Net Offer shall be available for allocation on a proportionate basis to Non-Institutional Investors and not less than 35% of the Net Offer shall be available for allocation to Retail Individual Investors in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price.*
- (3) *In case of joint Bids, the Bid cum Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such first Bidder would be required in the Bid cum Application Form and such first Bidder would be deemed to have signed on behalf of the joint holders. Bidders will be required to confirm and will be deemed to have represented to our Company, the BRLMs, their respective directors, officers, agents, affiliates and representatives that they are eligible under applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares in this Offer.*
- (4) *Full Bid Amount shall be payable by the Anchor Investors at the time of submission of the Bid cum Application Forms. The balance, if any, shall be payable as per pay-in date mentioned in the revised CAN.*

In case of oversubscription in Retail Portion, maximum number of Retail Individual Investors who can be Allotted the minimum Bid Lot will be computed by dividing the total number of Equity Shares available for Allotment to Retail Individual Investors by the minimum Bid Lot (“**Retail – Bid Lot Allottees**”). The Allotment to Retail Individual Investors will then be made in the following manner:

- i. In the event the number of Retail Individual Investors who have submitted valid Bids in the Net Offer is equal to or less than Retail – Bid Lot Allottees, (i) all such Retail Individual Investors shall be Allotted the minimum Bid Lot; and (ii) the balance Equity Shares, if any, remaining in the Retail Portion shall be Allotted on a proportionate basis to those Retail Individual Investors who have applied for more than the minimum Bid Lot, for the balance demand of the Equity Shares Bid by them (i.e. the difference between the Equity Shares Bid and the minimum Bid Lot).
- ii. In the event number of Retail Individual Investors who have submitted valid Bids in the Net Offer is more than the Retail – Bid Lot Allottees, those Retail Individual Investors, who will be Allotted the minimum Bid Lot shall be determined the basis of draw of lots. In the event of a draw of lots, Allotment will only be made to such Retail Individual Investors who are successful pursuant to such draw of lots.

Under subscription, if any, in any category except in the QIB Portion, would be met with spill-over from the other categories at the discretion of our Company and the Selling Shareholders in consultation with the BRLMs and the Designated Stock Exchange.

200,000 Equity Shares shall be available for allocation on a proportionate basis to Eligible Employees, subject to valid Bids being received at or above the Offer Price. Under-subscription, if any, in the Employee Reservation Portion will be added back to the Net Offer Portion.

## Employee Discount

Employee Discount, if any, will be offered to Eligible Employees bidding in the Employee Reservation Portion, at the time of making the Bid. Eligible Employees bidding in the Employee Reservation Portion at a price within the Price Band can make payment at Bid Amount, i.e. Bid Amount net of Employee Discount, at the time of making a Bid. Eligible Employees bidding in the Employee Reservation Portion at the Cut-Off Price have to ensure payment at the Cap Price, less Employee Discount, at the time of making a Bid. Eligible Employees bidding in the Employee Reservation Portion must ensure that the Bid Amount i.e. Bid Amount less Employee Discount does not exceed ₹200,000.

## Withdrawal of the Offer

Our Company and the Selling Shareholders, in consultation with the BRLMs, reserve the right not to proceed with the Offer at any time after the Bid/ Offer Opening Date but before the Allotment. In such an event, our Company would issue a public notice in the newspapers in which the pre-Offer advertisements were published, within two days of the Bid/ Offer Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Offer. The BRLMs, through the Registrar to the Offer, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one day from the date of receipt of such notification. Our Company and the Selling Shareholders shall also inform the same to the Stock Exchanges on which Equity Shares are proposed to be listed.

If our Company and the Selling Shareholders withdraw the Offer after the Bid/ Offer Closing Date and thereafter determine that they will proceed with a fresh issue and/or offer for sale of the Equity Shares, our Company shall file a fresh draft red herring prospectus with SEBI.

Notwithstanding the foregoing, the Offer is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment, and (ii) the final RoC approval of the Prospectus after it is filed with the RoC.

## Bid/ Offer Programme

<b>OFFER OPENS ON:</b>	<b>JUNE 21, 2016*</b>
<b>OFFER CLOSES ON (FOR QIBS):</b>	<b>JUNE 23, 2016</b>
<b>OFFER CLOSES ON (FOR ALL BIDDERS, OTHER THAN QIBs)</b>	<b>JUNE 23, 2016</b>

*\*Our Company and the Selling Shareholders may, in consultation with the BRLMs, consider participation by Anchor Investors. The Anchor Investor shall bid in the Anchor Investor Bid/ Offer Period i.e. one Working Day prior to the Bid/ Offer Opening Date.*

An indicative timetable in respect of the Offer is set out below:

<b>Event</b>	<b>Indicative Date<sup>(1)</sup></b>
Bid/ Offer Closing Date (for all Bidders)	June 23, 2016
Finalisation of Basis of Allotment with the Designated Stock Exchange	On or about June 28, 2016
Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Account	On or about June 29, 2016
Credit of Equity Shares to demat accounts of Allottees	On or about June 30, 2016
Commencement of trading of the Equity Shares on the Stock Exchanges	On or about July 1, 2016

<sup>(1)</sup> Investors are requested to refer the SEBI Circular - CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 for the indicative time lines for the various post-Offer activities.

**The above timetable is indicative and does not constitute any obligation on our Company or the Selling Shareholders or the BRLMs.**

**While our Company and the Selling Shareholders shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchanges are taken within 6 Working Days of the Bid/ Offer Closing Date, the timetable may change due to various factors, such as extension of the Bid/ Offer Period by our Company and the Selling Shareholders, revision of the Price Band or any delay in receiving the final listing and trading approval from the Stock**



**Exchanges.** The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable laws. The Selling Shareholders confirm that they shall extend all reasonable co-operation required by our Company and the BRLMs for the completion of the necessary formalities for listing and commencement of trading of the Equity Shares (offered by each such Selling Shareholder in the Offer) at all Stock Exchanges within 6 Working Days from the Bid/ Offer Closing Date.

Except in relation to the Bids received from Anchor Investors, Bids and any revision in Bids shall be accepted **only between 10.00 a.m. and 5.00 p.m.** (Indian Standard Time, "IST") during the Bid/ Offer Period (except the Bid/ Offer Closing Date) as mentioned above at the bidding centres and the Designated Branches as mentioned on the Bid cum Application Form. On the Bid/ Offer Closing Date, the Bids and any revision in the Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (IST) and shall be uploaded until (i) 4.00 p.m. (IST) in case of Bids by QIBs and Non-Institutional Bidders, and (ii) until 5.00 p.m. (IST) or such extended time as permitted by the Stock Exchanges, in case of Bids by Retail Individual Bidders and Eligible Employees bidding in the Employee Reservation Portion after taking into account the total number of applications received up to the closure of timings and reported by the BRLMs to the Stock Exchanges. On the Bid/ Offer Closing Date, extension of time may be granted by the Stock Exchanges only for uploading the Bids received by Retail Individual Bidders after taking into account the total number of Bids received and as reported by the BRLMs to the Stock Exchanges.

**It is clarified that the Bids not uploaded on the electronic bidding system or in respect of which full Bid Amount is not blocked by the SCSB, would be rejected.**

Due to limitation of time available for uploading Bids on the Bid/ Offer Closing Date, Bidders are advised to submit their Bids one day prior to the Bid/ Offer Closing Date and no later than 1.00 p.m. (IST) on the Bid/ Offer Closing Date. Bidders are cautioned that in the event a large number of Bids are received on Bid/ Offer Closing Date, as is typically experienced in public offerings, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under the Offer. Bids will be accepted only on Business Days, *i.e.*, Monday to Friday (excluding any public/bank holiday). Our Company, the Selling Shareholders and the members of Syndicate are not liable for any failure in uploading Bids due to faults in any software/ hardware system or otherwise. Any time mentioned in this Red Herring Prospectus is Indian Standard Time.

In case of any discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical Bid cum Application Form, for a particular Bidder, the details as per the Bid file received from the Stock Exchanges may be taken as the final data for the purpose of Allotment. In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical or electronic Bid cum Application Form, for a particular ASBA Bidder, the Registrar to the Offer shall ask for rectified data.

On Bid/ Offer Closing Date, extension of time will be granted by Stock Exchanges only for uploading Bids received by Retail Individual Investors after taking into account the total number of Bids received and as reported by BRLMs to the Stock Exchanges.

Our Company and the Selling Shareholders in consultation with the BRLMs, reserve the right to revise the Price Band during the Bid/ Offer Period, provided that the Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The revision in the Price Band shall not exceed 20% on either side *i.e.* the Floor Price can move up or down to the extent of 20% of the Floor Price and the Cap Price will be revised accordingly.

**In case of revision in the Price Band, the Bid/ Offer Period shall be extended for at least three additional Working Days after such revision, subject to the Bid/ Offer Period not exceeding 10 Working Days. Any revision in Price Band, and the revised Bid/ Offer Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges, by issuing a press release and also by indicating the change on the websites of the BRLMs and at the terminals of the Syndicate Members.**



## OFFER PROCEDURE

*All Bidders should review the General Information Document for investing in public issues prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 notified by SEBI (the “General Information Document”) included below under “Offer Procedure- Part B – General Information Document”, which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957, the Listing Regulations and the SEBI ICDR Regulations. The General Information Document has been updated to include reference to the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014 and certain notified provisions of the Companies Act, 2013, and the amendments to the SEBI ICDR Regulations to the extent applicable to a public issue. The General Information Document is also available on the websites of the Stock Exchanges and the BRLMs. Please refer to the relevant provisions of the General Information Document which are applicable to the Offer.*

*Pursuant to the SEBI (Issue of Capital and Disclosure Requirements) (Fifth Amendment) Regulations, 2015, certain changes have been made applicable to the issue procedure for initial public offerings, including making the ASBA process mandatory for all investors (except for Anchor Investors) and allowing registrar, share transfer agents, depository participants and stock brokers to accept application forms. These changes have been made applicable for public issues which open on or after January 1, 2016.*

*Our Company, the Selling Shareholders and the BRLMs do not accept any responsibility for the completeness and accuracy of the information stated in this section, and are not liable for any amendment, modification or change in the applicable law which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of the Equity Shares that can be held by them under applicable law or as specified in this Red Herring Prospectus.*

## PART A

### ***Book Building Procedure***

The Offer is being made pursuant to Regulation 26(1) of the SEBI ICDR Regulations through the Book Building Process wherein 50% of the Net Offer shall be available for allocation on a proportionate basis to QIBs, provided that our Company and the Selling Shareholders, in consultation with the Book Running Lead Managers, may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis, in accordance with the SEBI ICDR Regulations, of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from them at or above the price at which allocation is being made to other Anchor Investors. 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Net Offer shall be available for allocation on a proportionate basis to Non-Institutional Investors and not less than 35% of the Net Offer shall be available for allocation to Retail Individual Investors in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. 200,000 Equity Shares aggregating up to ₹ [ ] million shall be made available for allocation on a proportionate basis to the Eligible Employees bidding in the Employee Reservation Portion, subject to valid Bids being received at or above the Offer Price. However, the value of Allotment to any Eligible Employee shall not exceed ₹ 200,000.

Any unsubscribed portion in Employee Reservation Portion shall be added to the Net Offer. In case of under subscription in the Net Offer category, spill-over to the extent of under-subscription shall be permitted from the reserved category to the Net Offer. Under-subscription, if any, in any category, except in the QIB Portion, would be allowed to be met with spill over from any other category or combination of categories (including the Employee Reservation Portion), at the discretion of our Company in consultation with the Selling Shareholders and the BRLMs and the Designated Stock Exchange.

The Equity Shares, on Allotment, shall be traded only in the dematerialized segment of the Stock Exchanges.

**Investors should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialised form. The Bid cum Application Forms which do not have the details of the Bidders’ depository account, including DP ID, Client ID and PAN, shall be treated as incomplete and will be rejected. Bidders will not**

**have the option of being Allotted Equity Shares in physical form.**

### **Bid cum Application Form**

Copies of the ASBA Form and the abridged prospectus will be available with Designated Intermediaries at Bidding Centres and the Registered Office of our Company. An electronic copy of the ASBA Form will also be available for download on the websites of the SCSBs, the NSE ([www.nseindia.com](http://www.nseindia.com)) and the BSE ([www.bseindia.com](http://www.bseindia.com)) at least one day prior to the Bid/Offer Opening Date.

All Bidders (other than Anchor Investors) shall mandatorily participate in the Offer only through the ASBA process. Anchor Investors are not permitted to participate in the Offer through the ASBA process.

ASBA Bidders must provide bank account details and authorisation to block funds in the relevant space provided in the ASBA Form and the ASBA Forms that do not contain such details will be rejected.

All Bidders (other than Anchor Investors) must provide bank account details and authorization to block funds in the relevant space provided in the ASBA Form and the ASBA Forms that do not contain such details will be rejected.

Anchor Investor Application Forms shall be made available at the offices of the BRLMs. ASBA Bidders must provide bank account details and authorization to block funds in the relevant space provided in the ASBA Form and the ASBA Forms that do not contain such details will be rejected. ASBA Bidders are also required to ensure that the ASBA Account has sufficient credit balance as an amount equivalent to the full Bid Amount can be blocked by the SCSB at the time of submitting the Bid.

ASBA Bidders shall ensure that the Bids are made on ASBA Forms bearing the stamp of the Designated Intermediary, submitted at the Bidding Centres only (except in case of electronic ASBA Forms) and the ASBA Forms not bearing such specified stamp are liable to be rejected.

For Anchor Investors, the Anchor Investor Application Form will be available at the offices of the BRLMs.

The prescribed colour of the Bid cum Application Form for the various categories is as follows:

<b>Category</b>	<b>Colour of Bid cum Application Form*</b>
Resident Indians and Eligible NRIs applying on a non-repatriation basis	White
Eligible NRIs, FIIs (other than sub-accounts which are foreign corporates or foreign individuals Bidding under the QIB Category), FPIs, QFIs or FVCIs, registered Multilateral and Bilateral Development Financial Institutions applying on a repatriation basis	Blue
Anchor Investors	White
Eligible Employees bidding in the Employee Reservation Portion	Pink

\* *Excluding electronic Bid cum Application Form*

Designated Intermediaries (other than SCSBs) shall submit/deliver the ASBA Forms to the respective SCSBs, where the Bidder has a bank account and shall not submit it to any non-SCSB bank or any Escrow Collection Bank.

### **Who can Bid?**

In addition to the categories of Bidders set forth under “*General Information Document for Investing in Public Issues – Category of Investors Eligible to participate in an Issue*”, the following persons are also eligible to invest in the Equity Shares under all applicable laws, regulations and guidelines, including:

- FPIs other than Category III foreign portfolio investor;
- Category III foreign portfolio investors, which are foreign corporates or foreign individuals only under the Non Institutional Investors (NIIs) category;
- Eligible Employees bidding in the Employee Reservation Portion;

- Scientific and/ or industrial research organisations authorised in India to invest in the Equity Shares; and
- Any other person eligible to Bid in the Offer under applicable laws.

#### **Participation by associates and affiliates of the BRLMs and the Syndicate Members**

The BRLMs and the Syndicate Members shall not be allowed to Bid in this Offer in any manner, except towards fulfilling their underwriting obligations. However, the associates and affiliates of the BRLMs and the Syndicate Members may Bid for the Equity Shares in the Offer, either in the QIB Portion or in the Non-Institutional Category as may be applicable to such Bidders, where the allocation is on a proportionate basis and such subscription may be on their own account or on behalf of their clients. All categories of investors, including associates or affiliates of the BRLMs and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

The BRLMs and any persons related to the BRLMs (other than Mutual Funds sponsored by entities related to the BRLMs) or our Promoters and the Promoter Group cannot apply in the Offer under the Anchor Investor Portion.

#### **Bids by Mutual Funds**

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged with the Bid cum Application Form. Failing this, the Company and the Selling Shareholders reserve the right to reject any Bid without assigning any reason thereof. Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made.

**No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in case of index funds or sector or industry specific schemes. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights. These limits would have to be adhered to by the Mutual Funds for investment in this Offer.**

**In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.**

#### **Bids by Eligible NRIs**

Eligible NRIs may obtain copies of Bid cum Application Form from the Designated Intermediaries. Eligible NRI Bidders bidding on a repatriation basis by using the Non-Resident Forms should authorise their SCSB to block their Non-Resident External ("NRE") accounts or Foreign Currency Non-Resident ("FCNR") Accounts, and eligible NRI Bidders bidding on a non-repatriation basis by using Resident Forms should authorise their SCSB to block their Non-Resident Ordinary ("NRO") accounts for the full Bid Amount, at the time of the submission of the Bid cum Application Form. Eligible NRIs Bidding on non-repatriation basis are advised to use the Bid cum Application Form for residents (white in colour).

Eligible NRIs Bidding on a repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents (blue in colour).

#### **Bids by FPIs (including FIIs)**

On January 7, 2014, SEBI notified the SEBI FPI Regulations pursuant to which the existing classes of portfolio investors namely 'foreign institutional investors' and 'qualified foreign investors' will be subsumed under a new category namely 'foreign portfolio investors' or 'FPIs'. RBI on March 13, 2014 amended the FEMA Regulations and laid down conditions and requirements with respect to investment by FPIs in Indian companies.

In terms of the SEBI FPI Regulations, an FII who holds a valid certificate of registration from SEBI shall be deemed to be a registered FPI until the expiry of the block of three years for which fees have been paid as per the SEBI FII Regulations. Existing FIIs and their sub accounts may continue to buy, sell or deal in securities till the expiry of their current registration. Such FIIs and their sub accounts shall be required to pay conversion fees on or before the expiry of their current registration. Accordingly, such FIIs can participate in this Offer in accordance

with Schedule 2 of the FEMA Regulations. An FII shall not be eligible to invest as an FII after registering as an FPI under the SEBI FPI Regulations.

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) must be below 10% of our post- Offer Equity Share capital. Further, in terms of the FEMA Regulations, the total holding by each FPI shall be below 10% of the total paid-up Equity Share capital of our Company and the total holdings of all FPIs put together shall not exceed 24% of the paid-up Equity Share capital of our Company. The aggregate limit of 24% may be increased up to the sectoral cap by way of a resolution passed by our Board followed by a special resolution passed by the Shareholders of our Company and subject to prior intimation to RBI. In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs as well as holding of FIIs (being deemed FPIs) shall be included.

The existing individual and aggregate investment limits for an FII or sub account in our Company is 10% and 24% of the total paid-up Equity Share capital of our Company, respectively.

FPIs are permitted to participate in the Offer subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 22 of the SEBI FPI Regulations and circulars issued in this regard, an FPI, other than Category III Foreign Portfolio Investors and unregulated broad based funds, which are classified as Category II Foreign Portfolio Investor by virtue of their investment manager being appropriately regulated, may issue, subscribe or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms. An FPI is also required to ensure that no further issue or transfer of any offshore derivative instrument is made by or on behalf of it to any persons that are not regulated by an appropriate foreign regulatory authority. In case of bids made by FPIs, a verified true copy of the certificate of registration issued by the designated depository participant under the FPI Regulations is required to be attached along with the Bid cum Application form, failing which our Company reserves the right to reject the Bid without assigning any reasons thereof.

Further, pursuant to SEBI circular bearing number CIR/IMD/FIIC/20/2014 dated November 24, 2014, FPIs are permitted to issue offshore derivative instruments only to such subscribers who (i) meet the eligibility conditions prescribed under the SEBI FPI Regulations; (ii) do not have opaque structures as defined under the SEBI FPI Regulations.

#### **Bids by SEBI registered VCFs, AIFs and FVCIs**

The SEBI VCF Regulations and the SEBI FVCI Regulations, *inter alia*, prescribe the investment restrictions on the VCFs and FVCIs registered with SEBI. Further, the SEBI AIF Regulations prescribe, among others, the investment restrictions on AIFs.

Accordingly, the holding by any individual VCF registered with SEBI in one venture capital undertaking should not exceed 25% of the corpus of the VCF. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds by way of subscription to an initial public offering.

The category I and II AIFs cannot invest more than 25% of the corpus in one investee company. A category III AIF cannot invest more than 10% of the corpus in one investee company. A venture capital fund registered as a category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than 1/3<sup>rd</sup> of its corpus by way of subscription to an initial public offering of a venture capital undertaking. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the SEBI VCF Regulations until an existing fund or scheme managed by the fund is wound up and such funds shall not launch any new scheme after notification of the SEBI AIF Regulations.

All non-resident investors should note that refunds (in case of Anchor Investors), dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission.

### **Bids by limited liability partnerships**

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholders reserves the right to reject any Bid by a limited liability partnership without assigning any reason thereof.

### **Bids by banking companies**

In case of Bids made by banking companies registered with the RBI, certified copies of: (i) the certificate of registration issued by the RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Bid cum Application Form, failing which our Company reserves the right to reject any Bid by a banking company, without assigning any reason therefor.

The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, 1949, as amended (the "Banking Regulation Act"), and the Master Circular dated July 1, 2015 – Para-banking Activities, is 10% of the paid-up share capital of the investee company or 10% of the banks' own paid-up share capital and reserves, whichever is less. Further, the investment in a non-financial services company by a banking company together with its subsidiaries, associates, joint ventures, entities directly or indirectly controlled by the bank and mutual funds managed by asset management companies controlled by the banking company cannot exceed 20% of the investee company's paid-up share capital. A banking company may hold up to 30% of the paid-up share capital of the investee company with the prior approval of the RBI provided that the investee company is engaged in non-financial activities in which banking companies are permitted to engage under the Banking Regulation Act.

### **Bids by Eligible Employees**

The Bid must be for a minimum of [ ] Equity Shares and in multiples of [ ] Equity Shares thereafter so as to ensure that the Bid Amount payable by the Eligible Employee does not exceed ₹ 200,000. The Allotment in the Employee Reservation Portion will be on a proportionate basis. Eligible Employees under the Employee Reservation Portion may Bid at Cut-off Price.

Bids under Employee Reservation Portion by Eligible Employees shall be:

- (a) Made only in the prescribed Bid cum Application Form or Revision Form (*i.e.* pink colour form).
- (b) The Bid must be for a minimum of [ ] Equity Shares and in multiples of [ ] Equity Shares thereafter so as to ensure that the Bid Amount payable by the Eligible Employee does not exceed ₹ 200,000. The maximum Bid in this category by an Eligible Employee cannot exceed ₹ 200,000.
- (c) Eligible Employees should mention their employee number at the relevant place in the Bid cum Application Form.
- (d) The Bidder should be an Eligible Employee as defined above. In case of joint bids, the first Bidder shall be an Eligible Employee.
- (e) Only Eligible Employees would be eligible to apply in this Offer under the Employee Reservation Portion.
- (f) Bids by Eligible Employees will have to Bid like any other Bidder. Only those Bids, which are received at or above the Offer Price, would be considered for Allotment under this category.
- (g) Eligible Employees can apply at Cut-off Price. The Bid must be for a minimum of [ ] Equity Shares and in multiples of [ ] Equity Shares thereafter subject to a maximum Bid Amount of ₹ 200,000.
- (h) Bid by Eligible Employees can be made also in the "Net Offer to the Public" and such Bids shall not be treated as multiple Bids.

- (i) If the aggregate demand in this category is less than or equal to 200,000 Equity Shares at or above the Offer Price, full allocation shall be made to the Eligible Employees to the extent of their demand.
- (j) Under-subscription, if any, in the Employee Reservation Portion will be added back to the Net Offer. In case of under-subscription in the Net Offer, spill over to the extent of under-subscription shall be permitted from the Employee Reservation Portion.
- (k) If the aggregate demand in this category is greater than 200,000 Equity Shares at or above the Offer Price, the allocation shall be made on a proportionate basis. For the method of proportionate basis of allocation, refer to “*Offer Procedure*” on page 295.

### **Bids under Power of Attorney**

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, Eligible FPIs (including FIIs), Mutual Funds, insurance companies, insurance funds set up by the army, navy or air force of the India, insurance funds set up by the Department of Posts, India or the National Investment Fund and provident funds with a minimum corpus of ₹ 250 million (subject to applicable law) and pension funds with a minimum corpus of ₹ 250 million, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Bid cum Application Form, as the case may be. Failing this, our Company and the Selling Shareholders reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Our Company and the Selling Shareholders in consultation with the BRLMs in their absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form.

### **Bids by insurance companies**

In case of Bids made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid without assigning any reason thereof.

The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, as amended, are broadly set forth below:

- (a) equity shares of a company: the lower of 10% of the outstanding Equity Shares (face value) or 10% of the respective fund in case of life insurer or 10% of investment assets in case of general insurer or reinsurer;
- (b) the entire group of the investee company: not more than 15% of the respective fund in case of a life insurer or 15% of investment assets in case of a general insurer or reinsurer or 15% of the investment assets in all companies belonging to the group, whichever is lower; and
- (c) the industry sector in which the investee company belong to: not more than 15% of the fund of a life insurer or a general insurer or a reinsurer or 15% of the investment asset, whichever is lower.

The maximum exposure limit, in the case of an investment in equity shares, cannot exceed the lower of an amount of 10% of the investment assets of a life insurer or general insurer and the amount calculated under points (a), (b) and (c) above, as the case may be.

Insurance companies participating in this Offer, shall comply with all applicable regulations, guidelines and circulars issued by IRDA from time to time.

### **Bids by SCSBs**

SCSBs participating in the Offer are required to comply with the terms of the SEBI circulars dated September 13, 2012 and January 2, 2013. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs.



Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications.

#### **Bids by provident funds/ pension funds**

In case of Bids made by provident funds/ pension funds, subject to applicable laws, with minimum corpus of ₹250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be attached to the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid, without assigning any reason thereof.

**The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholders and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable law or regulation or as specified in this Red Herring Prospectus.**

#### **General Instructions**

##### **Do's:**

1. Check if you are eligible to apply as per the terms of this Red Herring Prospectus and under applicable law and approvals;
2. Ensure that you have Bid within the Price Band;
3. Read all the instructions carefully and complete the Bid cum Application Form in the prescribed form;
4. Ensure that the details about the PAN, DP ID and Client ID are correct and the Bidders depository account is active, as Allotment of the Equity Shares will be in the dematerialised form only;
5. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the Bidding Center within the prescribed time.
6. If the first applicant is not the bank account holder, ensure that the Bid cum Application Form is signed by the account holder. Ensure that you have mentioned the correct bank account number in the Bid cum Application Form;
7. All Bidders (other than Anchor Investors) should submit their Bids through the ASBA process only;
8. With respect to Bids by SCSBs, ensure that you have a separate account in your own name with any other SCSB having clear demarcated funds for applying under the ASBA process and that such separate account (with any other SCSB) is used as the ASBA Account with respect to your Bid;
9. Ensure that you request for and receive a stamped acknowledgement of the Bid cum Application Form and an Acknowledgement Slip for all your Bid options;
10. Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB before submitting the Bid cum Application Form under the ASBA process to the respective member of the Syndicate (in the Specified Locations), the SCSBs, the Registered Broker (at the Broker Centres), the RTA (at the Designated RTA Locations) or CDP (at the Designated CDP Locations).
11. Anchor Investors to ensure that you have funds equal to the Bid Amount in your bank account before submitting the Bid cum Application Form;
12. With respect to ASBA Bids, ensure funds equivalent to the Bid Amount are blocked;
13. Instruct your respective banks to not release the funds blocked in the ASBA Account under the ASBA process;

14. Submit revised Bids to the same member of the same Designated Intermediary through whom the original Bid was placed and obtain a revised Acknowledgement Slip;
15. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of the SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, and (ii) Bids by persons resident in the state of Sikkim, who, in terms of the SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the IT Act. The exemption for the Central or the State Government and officials appointed by the courts and for Bidders residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in “active status”; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same. All other applications in which PAN is not mentioned will be rejected;
16. Ensure that the Demographic Details (as defined herein) are updated, true and correct in all respects;
17. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;
18. Ensure that the signature of the First Bidder in case of joint Bids, is included in the Bid cum Application Forms;
19. Ensure that the name(s) given in the Bid cum Application Form is/ are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names;
20. Ensure that the category and sub-category under which the Bid is being submitted is clearly specified in the Bid cum Application Form;
21. Ensure that in case of Bids under power of attorney or by limited companies, corporate, trust etc., relevant documents are submitted;
22. Ensure that Bids submitted by any person outside India should be in compliance with applicable foreign and Indian laws;
23. Ensure that the DP ID, the Client ID and the PAN mentioned in the Bid cum Application Form and entered into the online IPO system of the Stock Exchanges by the relevant Designated Intermediary, as the case may be, match with the DP ID, Client ID and PAN available in the Depository database;
24. Ensure that you tick the correct Bidder category, as applicable, in the Bid cum Application Form to ensure proper upload of your Bid in the online IPO system of the Stock Exchanges;
25. Ensure that the Bid cum Application Forms are delivered by the Bidders within the time prescribed as per the Bid cum Application Form and this Red Herring Prospectus;
26. Ensure that you have mentioned the correct ASBA Account number in the Bid cum Application Form;
27. Ensure that the entire Bid Amount is paid at the time of submission of the Bid or in relation to the ASBA Bids, ensure that you have correctly signed the authorization/ undertaking box in the Bid cum Application Form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form;
28. In relation to the ASBA Bids, ensure that you receive an acknowledgement from the Designated Intermediaries for the submission of your Bid cum Application Form; and
29. Ensure while Bidding through a Designated Intermediary that the Bid cum Application Form is submitted to a Designated Intermediary at the Bidding Centre and that the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has named at least one branch at that location for the



Designated Intermediary to deposit ASBA Forms (a list of such branches is available on the website of SEBI at [http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/ Recognized-Intermediaries](http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognized-Intermediaries)).

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

**Don'ts:**

1. Do not Bid for lower than the minimum Bid size;
2. Do not Bid/ revise Bid Amount to less than the Floor Price or higher than the Cap Price;
3. Do not Bid on another Bid cum Application Form after you have submitted a Bid to the Designated Intermediaries, as applicable;
4. Do not pay the Bid Amount in cheques, demand drafts or by cash, by money order or by postal order or by stockinvest;
5. Do not send Bid cum Application Forms by post; instead submit the same to the Designated Intermediary only;
6. Do not submit the Bid cum Application Forms to the Escrow Collection Bank(s) (assuming that such bank is not a SCSB), our Company, the Selling Shareholders or the Registrar to the Offer;
7. All Bidders, except Anchor Investors, should Bid through the ASBA process;
8. Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Bidders);
9. Do not Bid for a Bid Amount exceeding ₹200,000 (for Bids by Retail Individual Bidders and Eligible Employees bidding under the Employee Reservation Portion);
10. Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Offer size and/ or investment limit or maximum number of the Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations or under the terms of this Red Herring Prospectus;
11. Do not submit the GIR number instead of the PAN;
12. In case you are an Anchor Investor, do not submit the Bid without payment of the entire Bid Amount. In case of all other categories of Bidders, do not submit the Bid without ensuring that funds equivalent to the entire Bid Amount are blocked in the relevant ASBA Account;
13. For all Bidders other than Anchor Investors, do not instruct your respective banks to release the funds blocked in the ASBA Account;
14. Do not submit incorrect details of the DP ID, Client ID and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Offer;
15. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of Bidder;
16. If you are a QIB, do not submit your Bid after 3.00 pm on the Bid/ Offer Closing Date for QIBs;
17. If you are a Non-Institutional Bidder or Retail Individual Investor, do not submit your Bid after 3.00 pm on the Bid/ Offer Closing Date;
18. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872, as amended (other than minors having valid depository accounts as per Demographic Details provided by the Depositories);
19. Do not withdraw your Bid or lower the size of your Bid (in terms of quantity of the Equity Shares or the Bid Amount) at any stage, if you are a QIB or a Non-Institutional Bidder;
20. For non-Anchor Investors, do not submit more than five Bid cum Application Forms per ASBA Account;

21. Do not submit Bids to a Designated Intermediary at a location other than Specified Locations;
22. Do not submit Bids to a Designated Intermediary unless the SCSB where the ASBA Account is maintained, as specified in the Bid cum Application Form, has named at least one branch in that location for the Designated Intermediary to deposit the Bid cum Application Forms;
23. Do not instruct your respective banks to release the funds blocked in the ASBA Account under the ASBA process; and
24. Anchor Investors should not bid through the ASBA process.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

#### **Payment into Escrow Account for Anchor Investors**

Our Company and the Selling Shareholders in consultation with the BRLMs, in its absolute discretion, will decide the list of Anchor Investors to whom the Allotment Advice will be sent, pursuant to which the details of the Equity Shares allocated to them in their respective names will be notified to such Anchor Investors. For Anchor Investors, the payment instruments for payment into the Escrow Account should be drawn in favour of:

- (a) In case of resident Anchor Investors: “Mahanagar IPO – Escrow R”
- (b) In case of Non-Resident Anchor Investors: “Mahanagar IPO – Escrow NR”

#### **Pre-Offer Advertisement**

Subject to Section 30 of the Companies Act, 2013, our Company shall, after registering this Red Herring Prospectus with the RoC, publish a pre-Offer advertisement, in the form prescribed by the SEBI ICDR Regulations, in: (i) Mumbai edition of English national newspaper Financial Express; (ii) Mumbai edition of Hindi national newspaper Jansatta; and (iii) Mumbai edition of Marathi newspaper Navshakti, each with wide circulation.

#### **Signing of the Underwriting Agreement and the RoC Filing**

- (a) Our Company, the Selling Shareholders and the Syndicate intend to enter into an Underwriting Agreement after the finalisation of the Offer Price.
- (b) After signing the Underwriting Agreement, an updated Red Herring Prospectus will be filed with the RoC in accordance with the applicable law, which then would be termed as the ‘Prospectus’. The Prospectus will contain details of the Offer Price, the Anchor Investor Offer Price, Offer size and the underwriting arrangements and will be complete in all material respects.

#### **Undertakings by our Company**

Our Company undertakes the following that:

- If our Company or the Selling Shareholders do not proceed with the Offer after the Bid/ Offer Closing Date, the reason thereof shall be given as a public notice to be issued by our Company within two days of the Bid/ Offer Closing Date. The public notice shall be issued in the same newspapers where the pre-Offer advertisements were published. The stock exchanges on which the Equity Shares are proposed to be listed shall also be informed promptly;
- if the Company and the Selling Shareholders withdraw the Offer after the Bid/ Offer Closing Date, our Company shall be required to file a fresh offer document with SEBI, in the event our Company and/ or any Selling Shareholder subsequently decides to proceed with the Offer;
- the complaints received in respect of the Offer shall be attended to by our Company expeditiously and satisfactorily;

- all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within 6 Working Days of the Bid/ Offer Closing Date;
- Allotment letters shall be issued or application money shall be refunded within 15 days from the Bid/ Offer Closing Date or such lesser time specified by SEBI, else application money shall be refunded forthwith, failing which interest shall be due to the applicants at the rate of 15% per annum for the delayed period;
- the funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Offer by our Company;
- where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days from the Bid/ Offer Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- intimation of the securities/ refund orders to Eligible NRIs shall be despatched within specified time;
- no further issue of the Equity Shares shall be made till the Equity Shares offered through this Red Herring Prospectus are listed or until the Bid monies are refunded/unblocked in ASBA Account on account of non-listing, under-subscription, etc.; and
- adequate arrangements shall be made to collect all Bid cum Application Forms submitted by Bidders.

#### **Undertakings by the Selling Shareholders**

Each Selling Shareholder severally undertakes that:

- the Equity Shares being sold by it pursuant to the Offer, have been held by it for a period of at least one year prior to the date of filing the Draft Red Herring Prospectus with SEBI, are fully paid-up and are in dematerialised form;
- it is the legal and beneficial owner of, and has full title to, the Equity Shares being sold in the Offer;
- the Equity Shares being sold by it pursuant to the Offer are free and clear of any liens or encumbrances and shall be transferred to the investors within the time specified under applicable law;
- it shall provide all reasonable co-operation as requested by our Company in relation to the completion of Allotment and dispatch of the Allotment Advice and CAN, if required, and refund orders to the extent of the Equity Shares offered by it pursuant to the Offer;
- it shall provide such reasonable support and extend such reasonable cooperation as may be required by our Company and the BRLMs in redressal of such investor grievances that pertain to the Equity Shares held by it and being offered pursuant to the Offer. The Selling Shareholders have authorised the Compliance Officer and Registrar to the Offer to redress such investor grievances;
- funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed in this Red Herring Prospectus and the Prospectus shall be made available to the Registrar to the Offer by the Selling Shareholders;
- it shall provide such reasonable support and extend such reasonable co-operation as may be required by our Company in sending a suitable communication, where refunds are made through electronic transfer of funds, to the applicant within 15 days from the Bid/ Offer Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- it shall not have recourse to the proceeds of the Offer until final approval for trading of the Equity Shares from all Stock Exchanges where listing is sought has been received;

- if the Selling Shareholders do not proceed with the Offer after the Bid/ Offer Closing Date, the reason thereof shall be given by our Company as a public notice within two days of the Bid/ Offer Closing Date. The public notice shall be issued in the same newspapers where the pre- Offer advertisements were published. The stock exchanges on which the Equity Shares are proposed to be listed shall also be informed promptly. It shall extend all reasonable cooperation requested by our Company and the BRLMs in this regard;
- it shall not further transfer the Equity Shares offered in the Offer except in the Offer during the period commencing from submission of the Draft Red Herring Prospectus with SEBI until the final trading approvals from all the Stock Exchanges have been obtained for the Equity Shares Allotted/ to be Allotted pursuant to the Offer and shall not sell, dispose of in any manner or create any lien, charge or encumbrance on the Equity Shares offered by it in the Offer;
- it shall take all such steps as may be required to ensure that the Equity Shares being sold by it pursuant to the Offer are available for transfer in the Offer within the time specified under applicable law; and
- it shall comply with all applicable laws, in India, including the Companies Act, the SEBI ICDR Regulations, the FEMA and the applicable circulars, guidelines and regulations issued by SEBI and RBI, each in relation to the Equity Shares offered by it in the Offer.

#### **Utilisation of Offer proceeds**

The Selling Shareholders along with our Company declare that all monies received out of the Offer shall be credited/ transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013.

## PART B

### General Information Document for Investing in Public Issues

*This General Information Document highlights the key rules, processes and procedures applicable to public issues in accordance with the provisions of the Companies Act, 2013 (to the extent notified and in effect), the Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon the notification of the Companies Act, 2013), the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. Bidders/ Applicants should not construe the contents of this General Information Document as legal advice and should consult their own legal counsel and other advisors in relation to the legal matters concerning the Offer. For taking an investment decision, the Bidders/ Applicants should rely on their own examination of the Issuer and the Offer, and should carefully read this Red Herring Prospectus/ Prospectus before investing in the Offer.*

#### SECTION 1: PURPOSE OF THE GENERAL INFORMATION DOCUMENT (GID)

This document is applicable to the public issues undertaken through the Book-Building process as well as to the Fixed Price Issues. The purpose of the “General Information Document for Investing in Public Issues” is to provide general guidance to potential Bidders/ Applicants in IPOs and FPOs, on the processes and procedures governing IPOs and FPOs, undertaken in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (the “SEBI ICDR Regulations”).

Bidders/ Applicants should note that investment in equity and equity related securities involves risk and Bidder/ Applicant should not invest any funds in the Offer unless they can afford to take the risk of losing their investment. The specific terms relating to securities and/ or for subscribing to securities in an Offer and the relevant information about the Issuer undertaking the Offer are set out in this Red Herring Prospectus (“RHP”)/ Prospectus filed by the Issuer with the Registrar of Companies (“RoC”). Bidders/ Applicants should carefully read the entire RHP/ Prospectus and the Bid cum Application Form/ Application Form and the Abridged Prospectus of the Issuer in which they are proposing to invest through the Offer. In case of any difference in interpretation or conflict and/or overlap between the disclosure included in this document and the RHP/ Prospectus, the disclosures in the RHP/ Prospectus shall prevail. The RHP/ Prospectus of the Issuer is available on the websites of stock exchanges, on the website(s) of the BRLM(s) to the Offer and on the website of Securities and Exchange Board of India (“SEBI”) at [www.sebi.gov.in](http://www.sebi.gov.in).

For the definitions of capitalized terms and abbreviations used herein Bidders/ Applicants may refer to “Glossary and Abbreviations”.

#### SECTION 2: BRIEF INTRODUCTION TO IPOs/ FPOs

##### 2.1 Initial public offer (IPO)

An IPO means an offer of specified securities by an unlisted Issuer to the public for subscription and may include an Offer for Sale of specified securities to the public by any existing holder of such securities in an unlisted Issuer.

For undertaking an IPO, an Issuer is *inter alia* required to comply with the eligibility requirements in terms of either Regulation 26(1) or Regulation 26(2) of the SEBI ICDR Regulations. For details of compliance with the eligibility requirements by the Issuer Bidders/ Applicants may refer to the RHP/ Prospectus.

##### 2.2 Further public offer (FPO)

An FPO means an offer of specified securities by a listed Issuer to the public for subscription and may include an Offer for Sale of specified securities to the public by any existing holder of such securities in a listed Issuer.

For undertaking an FPO, the Issuer is *inter alia* required to comply with the eligibility requirements in terms of Regulation 26/ 27 of the SEBI ICDR Regulations. For details of compliance with the eligibility requirements by the Issuer Bidders/ Applicants may refer to the RHP/ Prospectus.

### **2.3 Other Eligibility Requirements:**

In addition to the eligibility requirements specified in paragraphs 2.1 and 2.2, an Issuer proposing to undertake an IPO or an FPO is required to comply with various other requirements as specified in the SEBI ICDR Regulations, the Companies Act, 2013 (to the extent notified and in effect), the Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon the notification of the Companies Act, 2013), the Securities Contracts (Regulation) Rules, 1957 (the “SCRR”), industry-specific regulations, if any, and other applicable laws for the time being in force.

For details in relation to the above Bidders/ Applicants may refer to the RHP/ Prospectus.

### **2.4 Types of Public Issues – Fixed Price Issues and Book Built Issues**

In accordance with the provisions of the SEBI ICDR Regulations, an Issuer can either determine the Issue Price through the Book Building Process (“Book Built Issue”) or undertake a Fixed Price Issue (“Fixed Price Issue”). An Issuer may mention Floor Price or Price Band in the RHP (in case of a Book Built Issue) and a Price or Price Band in the Draft Prospectus (in case of a Fixed Price Issue) and determine the price at a later date before registering the Prospectus with the RoC.

The cap on the Price Band should be less than or equal to 120% of the Floor Price. The Issuer shall announce the Price or the Floor Price or the Price Band through advertisement in all newspapers in which the pre-issue advertisement was given at least five Working Days before the Bid/ Offer Opening Date, in case of an IPO and at least one Working Day before the Bid/ Offer Opening Date, in case of an FPO.

The Floor Price or the Offer price cannot be lesser than the face value of the securities.

Bidders/ Applicants should refer to the RHP/ Prospectus or Issue advertisements to check whether the Issue is a Book Built Issue or a Fixed Price Issue.

### **2.5 OFFER PERIOD**

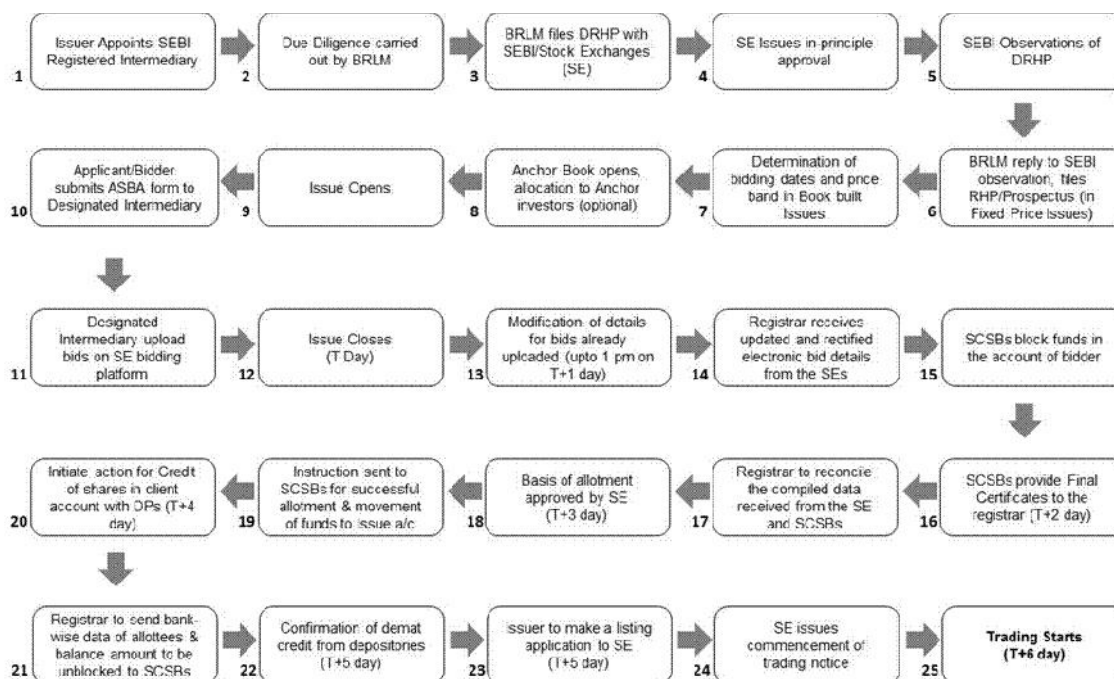
The Issue may be kept open for a minimum of three Working Days (for all category of Bidders/ Applicants) and not more than ten Working Days. Bidders/ Applicants are advised to refer to the Bid cum Application Form and Abridged Prospectus or RHP/ Prospectus for details of the Bid/ Issue Period. Details of Bid/ Issue Period are also available on the website of Stock Exchange(s).

In case of a Book Built Issue, the Issuer may close the Bid/ Issue Period for QIBs one Working Day prior to the Bid/ Issue Closing Date if disclosures to that effect are made in the RHP. In case of revision of the Floor Price or Price Band in Book Built Issues the Bid/ Issue Period may be extended by at least three Working Days, subject to the total Bid/ Issue Period not exceeding 10 Working Days. For details of any revision of the Floor Price or Price Band, Bidders/ Applicants may check the announcements made by the Issuer on the websites of the Stock Exchanges and the BRLM(s), and the advertisement in the newspaper(s) issued in this regard.

### **2.6 FLOWCHART OF TIMELINES**

A flow chart of process flow in Fixed Price and Book Built Issues is as follows. Bidders/ Applicants may note that this is not applicable for Fast Track FPOs.:

- In case of Issue other than Book Built Issue (Fixed Price Issue) the process at the following of the below mentioned steps shall be read as:
  - (i) Step 7 : Determination of date of the Issue and Issue Price
  - (ii) Step 10: Applicant submits ASBA Form with any of the Designated Intermediaries.



### SECTION 3: CATEGORY OF INVESTORS ELIGIBLE TO PARTICIPATE IN AN OFFER

**Each Bidder/ Applicant should check whether it is eligible to apply under applicable law.** Furthermore, certain categories of Bidders/ Applicants, such as NRIs, FII's, FPIs and FVCIs may not be allowed to Bid/ Apply in the Issue or to hold Equity Shares, in excess of certain limits specified under applicable law. Bidders/ Applicants are requested to refer to the RHP/ Prospectus for more details.

Subject to the above, an illustrative list of Bidders/ Applicants is as follows:

- Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, in single or joint names (not more than three);
- Bids/ Applications belonging to an account for the benefit of a minor (under guardianship);
- Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder/ Applicant should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form/ Application Form as follows: "Name of sole or first Bidder/ Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids/Applications by HUFs may be considered at par with Bids/ Applications from individuals;
- Companies, corporate bodies and societies registered under applicable law in India and authorised to invest in equity shares;
- Scientific and/or industrial research organisations authorised in India to invest in the Equity Shares;
- QIBs;
- NRIs on a repatriation basis or on a non-repatriation basis subject to applicable law;
- Indian financial institutions, regional rural banks, co-operative banks (subject to RBI regulations and the SEBI ICDR Regulations and other laws, as applicable);
- FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual, bidding under the QIBs category;
- Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals only under the Non Institutional Investors (NIIs) category;



- FPIs other than Category III foreign portfolio investors bidding under the QIBs category;
- FPIs which are Category III foreign portfolio investors, bidding under the NIIs category;
- Trusts/ societies registered under the Societies Registration Act, 1860, or under any other law relating to trusts/ societies and who are authorised under their respective constitutions to hold and invest in equity shares;
- Limited liability partnerships registered under the Limited Liability Partnership Act, 2008;
- Any other person eligible to Bid/ Apply in the Issue, under the laws, rules, regulations, guidelines and policies applicable to them and under Indian laws; and
- As per the existing regulations, OCBs are not allowed to participate in an Issue.

#### SECTION 4: APPLYING IN THE OFFER

**Book Built Issue:** Bidders/Applicants should only use the specified ASBA Form (or in case of Anchor Investors, the Anchor Investor Application Form) either bearing the stamp of any of the Designated Intermediary, as available or downloaded from the websites of the Stock Exchanges. Bid cum Application Forms are available with the Designated Intermediaries at the Bidding Centres and at the registered office of the Issuer. Electronic Bid cum Application Forms will be available on the websites of the Stock Exchanges atleast one day prior to the Bid/ Issue Opening Date. For further details, regarding availability of Bid cum Application Forms, Bidders/Applicants may refer to the RHP/ Prospectus.

**Fixed Price Issue:** Applicants should only use the specified Bid cum Application Form bearing the stamp of the relevant Designated Intermediaries, as available or downloaded from the websites of the Stock Exchanges. Application Forms are available with the Designated Branches of the SCSBs and at the Registered and Corporate Office of the Issuer. For further details, regarding availability of Application Forms, Applicants may refer to the Prospectus.

Bidders/ Applicants should ensure that they apply in the appropriate category. The prescribed colour of the Bid cum Application Form for various categories of Bidders/ Applicants is as follows:

Category	Colour of Bid cum Application Form*
Resident Indians and Eligible NRIs applying on a non-repatriation basis	White
Eligible NRIs, FIIs (other than sub-accounts which are foreign corporates or foreign individuals Bidding under the QIB Category), FPIs, QFIs or FVCIs, registered Multilateral and Bilateral Development Financial Institutions applying on a repatriation basis	Blue
Anchor Investors	White
Eligible Employees bidding in the Employee Reservation Portion	Pink

\* *Excluding electronic Bid cum Application Form*

Securities Issued in an IPO can only be in dematerialized form in compliance with Section 29 of the Companies Act, 2013. Bidders/ Applicants will not have the option of getting the allotment of specified securities in physical form. However, they may get the specified securities rematerialised subsequent to allotment.

#### 4.1 INSTRUCTIONS FOR FILLING THE BID CUM APPLICATION FORM/ APPLICATION FORM

Bidders/ Applicants may note that forms not filled completely or correctly as per instructions provided in this GID, the RHP and the Bid cum Application Form/ Application Form are liable to be rejected.

Instructions to fill each field of the Bid cum Application Form can be found on the reverse side of the Bid cum Application Form. Specific instructions for filling various fields of the Resident Bid cum Application Form and Non-Resident Bid cum Application Form and samples are provided below.

The samples of the Bid cum Application Form for resident Bidders and the Bid cum Application Form for non-resident Bidders are reproduced below:

### Application Form – For Residents

<b>COMMON BID CUM APPLICATION FORM</b> Address : _____ Contact Details: _____ CIN No. _____	<b>XYZ LIMITED - INITIAL PUBLIC ISSUE - R</b> Address : _____ Contact Details: _____ CIN No. _____	<b>FOR RESIDENT INDIANS, INCLUDING RESIDENT QIBs AND ELIGIBLE NRIs APPLYING ON A NON-REPATRIATION BASIS</b> Bid cum Application Form No. _____																											
TO, THE BOARD OF DIRECTORS XYZ LIMITED																													
BOOK BUILT ISSUE ISIN : _____																													
SYNDICATE MEMBER'S STAMP & CODE BROKER/SCSB/DP/RTA STAMP & CODE SUB-BROKER'S / SUB-AGENT'S STAMP & CODE ESCROW BANK/SCSB BRANCH STAMP & CODE BANK BRANCH SERIAL NO. SCSB SERIAL NO.																													
<b>1. NAME &amp; CONTACT DETAILS OF SOLE / FIRST BIDDER</b> Mr./Ms. _____ Address _____ Email _____ Tel. No (with STD code) / Mobile _____																													
<b>2. PAN OF SOLE / FIRST BIDDER</b> _____																													
<b>3. BIDDER'S DEPOSITORY ACCOUNT DETAILS</b> <input type="checkbox"/> NSDL <input type="checkbox"/> CDSL For NSDL, enter 8 digit LID followed by 3 digit Client ID For CDSL, enter 16 digit Client ID																													
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# Application Form – For Non – Residents

<b>COMMON BID CUM APPLICATION FORM</b>	<b>XYZ LIMITED - INITIAL PUBLIC ISSUE - NR</b> Address : _____ Contact Details : _____ CIN No _____	<b>FOR NON-RESIDENTS, INCLUDING ELIGIBLE NRIS, FPIs OR FVCIS, ETC APPLYING ON A REPATRIATION BASIS</b>
LOGO TO, THE BOARD OF DIRECTORS XYZ LIMITED	BOOK BUILT ISSUE ISIN : _____	Bid cum Application Form No. _____

<b>SYNDICATE MEMBER'S STAMP &amp; CODE</b>  <b>SUB-BROKER'S / SUB-AGENT'S STAMP &amp; CODE</b>  <b>BANK BRANCH SERIAL NO.</b>	<b>BROKER/SCSB/DP/RTA STAMP &amp; CODE</b>  <b>DISCROW BANK/SCSB BRANCH STAMP &amp; CODE</b>  <b>SCSB SERIAL NO.</b>	<b>1. NAME &amp; CONTACT DETAILS OF SOLE / FIRST BIDDER</b> Mr. / Ms. _____ Address _____ Email _____ Tel. No (with STD code) / Mobile _____ <b>2. PAN OF SOLE / FIRST BIDDER</b> _____
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<b>3. BIDDER'S DEPOSITORY ACCOUNT DETAILS</b> <input type="checkbox"/> NSDL <input type="checkbox"/> CDSL For NSDL, enter 8 digit DP ID followed by 8 digit Client ID / For CDSL, enter 16 digit Client ID	<b>6. INVESTOR STATUS</b> <input type="checkbox"/> NRI Non-Resident Indian(s) (Repatriation basis) <input type="checkbox"/> FII FII or Sub-account not a Corporate/Foreign Individual <input type="checkbox"/> FISA FII Sub-account Corporate/Individual <input type="checkbox"/> FVCI Foreign Venture Capital Investor <input type="checkbox"/> FPI Foreign Portfolio Investors <input type="checkbox"/> OTH Others (Please Specify) _____																							
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<b>8A. SIGNATURE OF SOLE / FIRST BIDDER</b>  Date : _____	<b>8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS)</b> I/We authorize the SCSB to do all acts as are necessary to make the Application in the line 1) _____ 2) _____ 3) _____	<b>BROKER / SCSB / DP / RTA STAMP (Acknowledging receipt of Bid in Stock Exchange system)</b>
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LOGO	<b>XYZ LIMITED</b> <b>INITIAL PUBLIC ISSUE - NR</b>	<b>Acknowledgement Slip for Broker/SCSB/DP/RTA</b>	Bid cum Application Form No. _____ PAN of Sole / First Bidder _____
DPID / CLID _____	Amount paid (₹ in figures) _____ Bank & Branch _____ ASBA Bank A/c No. _____ Received from Mr./Ms. _____ Telephone / Mobile _____ Email _____		

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#### 4.1.1 **FIELD NUMBER 1: NAME AND CONTACT DETAILS OF THE SOLE/ FIRST BIDDER/ APPLICANT**

- (a) Bidders/Applicants should ensure that the name provided in this field is exactly the same as the name in which the Depository Account is held.
- (b) **Mandatory Fields:** Bidders/ Applicants should note that the name and address fields are compulsory and e-mail and/ or telephone number/mobile number fields are optional. Bidders/ Applicants should note that the contact details mentioned in the Bid-cum Application Form/ Application Form may be used to dispatch communications in case the communication sent to the address available with the Depositories are returned undelivered or are not available. The contact details provided in the Bid cum Application Form may be used by the Issuer, the Designated Intermediaries and the Registrar only for correspondence(s) related to an Issue and for no other purposes.
- (c) **Joint Bids/ Applications:** In the case of joint Bids/ applications, the Bids/ applications should be made in the name of the Bidder/ Applicant whose name appears first in the Depository account. The name so entered should be the same as it appears in the Depository records. The signature of only such first Bidder/ Applicant would be required in the Bid cum Application Form/ Application Form and such first Bidder/ Applicant would be deemed to have signed on behalf of the joint holders.
- (d) **Impersonation:** Attention of the Bidders/ Applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

***“Any person who:***

- (a) ***makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or***
- (b) ***makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or***
- (c) ***otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,***

***shall be liable for action under Section 447.”***

The liability prescribed under Section 447 of the Companies Act, 2013 includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

- (e) **Nomination Facility to Bidder/ Applicant:** Nomination facility is available in accordance with the provisions of Section 72 of the Companies Act, 2013. In case of allotment of the Equity Shares in dematerialized form, there is no need to make a separate nomination as the nomination registered with the Depository may prevail. For changing nominations, the Bidders/ Applicants should inform their respective CDP.

#### 4.1.2 **FIELD NUMBER 2: PAN OF SOLE/FIRST BIDDER/APPLICANT**

- (a) PAN (of the sole/ first Bidder/ Applicant) provided in the Bid cum Application Form/ Application Form should be exactly the same as the PAN of the person(s) in whose sole or first name the relevant beneficiary account is held as per the Depositories' records.
- (b) PAN is the sole identification number for participants transacting in the securities market irrespective of the amount of transaction except for Bids/ Applications on behalf of the Central or State Government, Bids/ Applications by officials appointed by the courts and Bids/

Applications by Bidders/ Applicants residing in Sikkim (“PAN Exempted Bidders/ Applicants”). Consequently, all Bidders/ Applicants, other than the PAN Exempted Bidders/ Applicants, are required to disclose their PAN in the Bid cum Application Form/ Application Form, irrespective of the Bid/ Application Amount. A Bid cum Application Form/ Application Form without PAN, except in case of Exempted Bidders/ Applicants, is liable to be rejected. Bids/ Applications by the Bidders/ Applicants whose PAN is not available as per the Demographic Details available in their Depository records, are liable to be rejected.

- (c) The exemption for the PAN Exempted Bidders/ Applicants is subject to (a) the Demographic Details received from the respective Depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in “active status”; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same.
- (d) Bid cum Application Forms/ Application Forms which provide the General Index Registration (GIR) Number instead of PAN may be rejected.
- (e) Bids/ Applications by Bidders whose demat accounts have been ‘suspended for credit’ are liable to be rejected pursuant to the circular issued by SEBI on July 29, 2010, bearing number CIR/MRD/DP/22/2010. Such accounts are classified as “Inactive demat accounts” and demographic details are not provided by depositories.

#### 4.1.3 **FIELD NUMBER 3: BIDDERS/ APPLICANTS DEPOSITORY ACCOUNT DETAILS**

- (a) Bidders/ Applicants should ensure that DP ID and the Client ID are correctly filled in the Bid cum Application Form. The DP ID and Client ID provided in the Bid cum Application Form should match with the DP ID and Client ID available in the Depository database, **otherwise, the Bid cum Application Form/Application Form is liable to be rejected.**
- (b) Bidders/ Applicants should ensure that the beneficiary account provided in the Bid cum Application Form/Application Form is active.
- (c) Bidders/ Applicants should note that on the basis of DP ID and Client ID as provided in the Bid cum Application Form/ Application Form, the Bidder/ Applicant may be deemed to have authorized the Depositories to provide to the Registrar to the Issue, any requested Demographic Details of the Bidder/ Applicant as available on the records of the depositories. These Demographic Details may be used, among other things, for unblocking of ASBA Account or for other correspondence(s) related to an Issue.
- (d) Bidders/ Applicants are, advised to update any changes to their Demographic Details as available in the records of the Depository Participant to ensure accuracy of records. Any delay resulting from failure to update the Demographic Details would be at the Bidders/Applicants’ sole risk.

#### 4.1.4 **FIELD NUMBER 4: BID OPTIONS**

- (a) Price or Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) may be disclosed in the Prospectus/ RHP by the Issuer. The Issuer is required to announce the Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) by way of an advertisement in at least one English, one Hindi and one regional newspaper, with wide circulation, at least five Working Days before Bid/ Issue Opening Date in case of an IPO, and at least one Working Day before Bid/ Issue Opening Date in case of an FPO.
- (b) The Bidders may Bid at or above Floor Price or within the Price Band for IPOs/ FPOs undertaken through the Book Building Process. In the case of Alternate Book Building Process for an FPO, the Bidders may Bid at Floor Price or any price above the Floor Price (For further details bidders may refer to (Section 5.6 (e) of this GID).
- (c) **Cut-Off Price:** Retail Individual Investors or Employees or Retail Individual Shareholders can Bid at the Cut-off Price indicating their agreement to Bid for and purchase the Equity Shares at



the Issue Price as determined at the end of the Book Building Process. Bidding at the Cut-off Price is prohibited for QIBs and NIIs and such Bids from QIBs and NIIs may be rejected.

- (d) **Minimum Application Value and Bid Lot:** The Issuer in consultation with the BRLMs may decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹ 10,000 to ₹15,000. The minimum Bid Lot is accordingly determined by an Issuer on basis of such minimum application value.
- (e) **Allotment:** The allotment of specified securities to each RII shall not be less than the minimum Bid Lot, subject to availability of shares in the RII category, and the remaining available shares, if any, shall be allotted on a proportionate basis. For details of the Bid Lot, bidders may refer to the RHP/ Prospectus or the advertisement regarding the Price Band published by the Issuer.

#### 4.1.4.1 Maximum and Minimum Bid Size

- (a) The Bidder may Bid for the desired number of Equity Shares at a specific price. Bids by Retail Individual Investors, Employees and Retail Individual Shareholders must be for such number of shares so as to ensure that the Bid Amount less Discount (as applicable), payable by the Bidder does not exceed ₹ 200,000.

In case the Bid Amount exceeds ₹ 200,000 due to revision of the Bid or any other reason, the Bid may be considered for allocation under the Non-Institutional Category, with it not being eligible for Discount then such Bid may be rejected if it is at the Cut-off Price.

- (b) For NRIs, a Bid Amount of up to ₹ 200,000 may be considered under the Retail Portion for the purposes of allocation and a Bid Amount exceeding ₹ 200,000 may be considered under the Non-Institutional Category for the purposes of allocation.
- (c) Bids by QIBs and NIIs must be for such minimum number of shares such that the Bid Amount exceeds ₹ 200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the Bid cum Application Form and the RHP/ Prospectus, or as advertised by the Issuer, as the case may be. Non-Institutional Bidders and QIBs are not allowed to Bid at 'Cut-off Price'.
- (d) In case the Bid Amount reduces to ₹ 200,000 or less due to a revision of the Price Band, Bids by the Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion.
- (e) For Anchor Investors, if applicable, the Bid Amount shall be least ₹ 10 crores. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors. Bids by various schemes of a Mutual Fund shall be aggregated to determine the Bid Amount. A Bid cannot be submitted for more than 60% of the QIB Portion under the Anchor Investor Portion. Anchor Investors cannot withdraw their Bids or lower the size of their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after the Anchor Investor Bid/ Issue Period and are required to pay the Bid Amount at the time of submission of the Bid. In case the Anchor Investor Issue Price is lower than the Issue Price, the balance amount shall be payable as per the pay-in-date mentioned in the revised CAN. In case the Issue Price is lower than the Anchor Investor Issue Price, the amount in excess of the Issue Price paid by the Anchor Investors shall not be refunded to them.
- (f) A Bid cannot be submitted for more than the Issue size.
- (g) The maximum Bid by any Bidder including QIB Bidder should not exceed the investment limits prescribed for them under the applicable laws.
- (h) The price and quantity options submitted by the Bidder in the Bid cum Application Form may be treated as optional bids from the Bidder and may not be cumulated. After determination of the Issue Price, the highest number of Equity Shares Bid for by a Bidder at or above the Issue Price may be considered for allotment and the rest of the Bid(s), irrespective of the Bid Amount

may automatically become invalid. This is not applicable in case of FPOs undertaken through Alternate Book Building Process (For details of bidders may refer to (Section 5.6 (e) of this GID)

#### 4.1.4.2 Multiple Bids

- (a) Bidder should submit only one Bid cum Application Form. Bidder shall have the option to make a maximum of three Bids at different price levels in the Bid cum Application Form and such options are not considered as multiple Bids.

Submission of a second Bid cum Application Form to either the same or to another Designated Intermediaries and duplicate copies of the Bid cum Application Form bearing the same application number shall be treated as multiple Bids and are liable to be rejected.

- (b) Bidders are requested to note the following procedures may be followed by the Registrar to the Issue to detect multiple Bids:

- (i) All Bids may be checked for common PAN as per the records of the Depository. For Bidders other than Mutual Funds and FII sub-accounts, Bids bearing the same PAN may be treated as multiple Bids by a Bidder and may be rejected.
- (ii) For Bids from Mutual Funds and FII sub-accounts, submitted under the same PAN, as well as Bids on behalf of the PAN Exempted Bidders, the Bid cum Application Forms may be checked for common DP ID and Client ID. Such Bids which have the same DP ID and Client ID may be treated as multiple Bids and are liable to be rejected.

- (c) The following Bids may not be treated as multiple Bids:

- (i) Bids by Reserved Categories Bidding in their respective Reservation Portion as well as bids made by them in the Net Issue portion in public category.
- (ii) Separate Bids by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Bids clearly indicate the scheme for which the Bid has been made.
- (iii) Bids by Mutual Funds, and sub-accounts of FIIs (or FIIs and its sub-accounts) submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.
- (iv) Bids by Anchor Investors under the Anchor Investor Portion and the QIB Portion.

#### 4.1.5 FIELD NUMBER 5 : CATEGORY OF BIDDERS

- (a) The categories of Bidders identified as per the SEBI ICDR Regulations for the purpose of Bidding, allocation and Allotment in the Issue are RIIs, NIIs and QIBs.
- (b) Up to 60% of the QIB Portion can be allocated by the Issuer, on a discretionary basis subject to the criteria of minimum and maximum number of anchor investors based on allocation size, to the Anchor Investors, in accordance with the SEBI ICDR Regulations, with one-third of the Anchor Investor Portion reserved for domestic Mutual Funds subject to valid Bids being received at or above the Issue Price. For details regarding allocation to Anchor Investors, bidders may refer to the RHP/ Prospectus.
- (c) An Issuer can make reservation for certain categories of Bidders/ Applicants as permitted under the SEBI ICDR Regulations. For details of any reservations made in the Issue, Bidders/ Applicants may refer to the RHP/ Prospectus.
- (d) The SEBI ICDR Regulations, specify the allocation or Allotment that may be made to various categories of Bidders in an Issue depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Issue specific details in relation to allocation Bidder/ Applicant may refer to the RHP/ Prospectus.



#### 4.1.6 **FIELD NUMBER 6: INVESTOR STATUS**

- (a) Each Bidder/ Applicant should check whether it is eligible to apply under applicable law and ensure that any prospective allotment to it in the Issue is in compliance with the investment restrictions under applicable law.
- (b) Certain categories of Bidders/ Applicants, such as NRIs, FIIs, FPIs and FVCIs may not be allowed to Bid/ Apply in the Issue or hold Equity Shares exceeding certain limits specified under applicable law. Bidders/Applicants are requested to refer to the RHP/Prospectus for more details.
- (c) Bidders/ Applicants should check whether they are eligible to apply on non-repatriation basis or repatriation basis and should accordingly provide the investor status. Details regarding investor status are different in the resident Bid cum Application Form and Non-Resident Bid cum Application Form.
- (d) Bidders/ Applicants should ensure that their investor status is updated in the Depository records.

#### 4.1.7 **FIELD NUMBER 7: PAYMENT DETAILS**

- (a) The full Bid Amount (net of any Discount, as applicable), shall be blocked in the ASBA Account based on authorisation provided in the ASBA Form. If the Discount is applicable in the Issue, the RIIs should indicate the full Bid Amount in the Bid cum Application Form and the payment shall be made for Bid Amount net of Discount. Only in cases where the RHP/ Prospectus indicates that part payment may be blocked, such an option can be exercised by the Bidder. In case of Bidders specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, *i.e.* Bid price less Discount offered, if any.
- (b) Bidders who Bid at Cut-off Price shall arrange to block the Bid Amount based on the Cap Price.
- (c) All Bidders (except Anchor Investors) have to participate in the Offer only through the ASBA mechanism.
- (d) Bid Amount cannot be paid in cash, through money order or through postal order.

##### 4.1.7.1 **Instructions for Anchor Investors:**

- 1. Anchor Investors may submit their Bids with a Book Running Lead Manager.
- 2. Payments should be made either by direct credit, RTGS, NECS or NEFT.
- (c) The Escrow Collection Banks shall maintain the monies in the Escrow Account for and on behalf of the Anchor Investors until the Designated Date.

##### 4.1.7.2 **Payment instructions for ASBA Bidders**

- (a) Bidders may submit the Bid cum Application Form either
  - (i) in physical mode to any Designated Intermediary, or
  - (ii) in electronic mode through the internet banking facility offered by an SCSB authorizing blocking of funds that are available in the ASBA account specified in the Bid cum Application Form, or
- (b) Bidders must specify the bank account number in the Bid cum Application Form. The Bid cum Application Form submitted by a Bidder and which is accompanied by cash, demand draft, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account maintained with an SCSB, will not be accepted.

- (c) Bidders should ensure that the Bid cum Application Form is also signed by the ASBA Account holder(s) if the Bidder is not the ASBA Account holder;
- (d) Bidders shall note that for the purpose of blocking funds under ASBA facility clearly demarcated funds shall be available in the account.
- (e) From one ASBA Account, a maximum of five Bid cum Application Forms can be submitted.
- (f) Bidders/Applicants should submit the Bid cum Application Form only at the Bidding Centers, i.e. to the respective Member of the Syndicate at the Specified Locations, the SCSBs, the Registered Broker at the Broker Centres, the RTA at the Designated RTA Locations or CDP at the Designated CDP Locations.
- (g) Bidders bidding through a Designated Intermediary, other than a SCSB, should note that ASBA Forms submitted to such Designated Intermediary may not be accepted if the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has not named at least one branch at that location for such Designated Intermediary, to deposit ASBA Forms.
- (h) ASBA Bidders bidding directly through the SCSBs should ensure that the Bid cum Application Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.
- (i) Upon receipt of the ASBA Form, the Designated Branch of the SCSB may verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the ASBA Form.
- (j) If sufficient funds are available in the ASBA Account, the SCSB may block an amount equivalent to the Bid Amount mentioned in the ASBA Form and for application directly submitted to SCSB by investor, may enter each Bid option into the electronic bidding system as a separate Bid.
- (k) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB may not accept such Bids and such Bids are liable to be rejected.
- (l) Upon submission of a completed Bid cum Application Form each ASBA Bidder may be deemed to have agreed to block the entire Bid Amount and authorized the Designated Branch of the SCSB to block the Bid Amount specified in the Bid cum Application Form in the ASBA Account maintained with the SCSBs.
- (m) The Bid Amount may remain blocked in the aforesaid ASBA Account until finalisation of the Basis of allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Offer Account, or until withdrawal or failure of the Issue, or until withdrawal or rejection of the Bid, as the case may be.
- (n) SCSBs bidding in the Issue must apply through an account maintained with any other SCSB; else their Bids are liable to be rejected.

#### **4.1.7.2.1 Unblocking of ASBA Account**

- (a) Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Issue may provide the following details to the controlling branches of each SCSB, along with instructions to unblock the relevant bank accounts and for successful applications transfer the requisite money to the Public Offer Account designated for this purpose, within the specified timelines: (i) the number of Equity Shares to be Allotted against each Bid, (ii) the amount to be transferred from the relevant bank account to the Public Offer Account, for each Bid, (iii) the date by which funds referred to in (ii) above may be transferred to the Public Offer Account, and (iv) details of rejected Bids, if any, to enable the SCSBs to unblock the respective bank accounts.

- (b) On the basis of instructions from the Registrar to the Issue, the SCSBs may transfer the requisite amount against each successful ASBA Bidder to the Public Offer Account and may unblock the excess amount, if any, in the ASBA Account.
- (c) In the event of withdrawal or rejection of the ASBA Form and for unsuccessful Bids, the Registrar to the Issue may give instructions to the SCSB to unblock the Bid Amount in the relevant ASBA Account within 6 Working Days of the Bid/ Issue Closing Date.

#### 4.1.7.3 **Discount** (if applicable)

- (a) The Discount is stated in absolute rupee terms.
- (b) Bidders/Applicants applying under RII category, Retail Individual Shareholder and employees are only eligible for discount. For Discounts offered in the Offer, Bidders may refer to the RHP/ Prospectus.
- (c) The Bidders entitled to the applicable Discount in the Offer may block the Bid Amount less Discount (if applicable).

Bidder may note that in case the net amount blocked (post Discount) is more than ₹ 200,000, the bidding system automatically considers such applications for allocation under Non-Institutional Category. These applications are neither eligible for Discount nor fall under RII category.

#### 4.1.8 **FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS**

- (a) Only the First Bidder/ Applicant is required to sign the Bid cum Application Form. Bidders/ Applicants should ensure that signatures are in one of the languages specified in the Eighth Schedule to the Constitution of India.
- (b) If the ASBA Account is held by a person or persons other than the ASBA Bidder/ Applicant, then the Signature of the ASBA Account holder(s) is also required.
- (c) The signature has to be correctly affixed in the authorization/ undertaking box in the ASBA Form, or an authorisation has to be provided to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the ASBA Form.
- (d) Bidders/ Applicants must note that Bid cum Application Form/ Application Form without signature of Bidder/ Applicant and/ or ASBA Account holder is liable to be rejected.

#### 4.1.9 **ACKNOWLEDGEMENT AND FUTURE COMMUNICATION**

- (a) Bidders should ensure that they receive the Acknowledgment Slip duly signed and stamped by a Designated Intermediary, for submission of the Bid cum Application Form.
- (b) All communications in connection with Bids made in the Issue may be addressed to the Registrar to the Issue with a copy to the relevant Designated Intermediary to whom the Bid cum Application Form was submitted. The Bidder should give full details such as name of the sole or first Bidder/Applicant, Bid cum Application Form number, Bidders'/Applicants' DP ID, Client ID, PAN, date of the submission of Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for and the name and address of the Designated Intermediary where the Bid cum Application Form was submitted by the Bidder. Further, the investor shall also enclose a copy of the Acknowledgment Slip duly received from the Designated Intermediaries in addition to the information mentioned hereinabove.

For further details, Bidder/Applicant may refer to the RHP/Prospectus and the Bid cum Application Form.

## 4.2 INSTRUCTIONS FOR FILLING THE REVISION FORM

- During the Bid/ Issue Period, any Bidder/ Applicant (other than QIBs and NIIs, who can only revise their bid upwards) who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the Revision Form, which is a part of the Bid cum Application Form.
- RII may revise their Bids during the Bid/Offer Period and withdraw their Bids until the Bid/Offer Closing Date. QIB Bidders and Non-Institutional Bidders are not allowed to lower or withdraw their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage.
- Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form.
- The Bidder/ Applicant can make this revision any number of times during the Bid/ Issue Period. However, for any revision(s) in the Bid, the Bidders/ Applicants will have to use the services of the same Designated Intermediaries through which such Bidder/ Applicant had placed the original Bid. Bidders/ Applicants are advised to retain copies of the blank Revision Form and the Bid(s) must be made only in such Revision Form or copies thereof.

A sample Revision form is reproduced below:

<b>COMMON BID REVISION FORM</b>		<b>XYZ LIMITED - INITIAL PUBLIC ISSUE - R</b>		<b>FOR RESIDENT INDIANS, INCLUDING RESIDENT QIBs, AND FOREIGN NRIs APPLYING ON A NON-REPATRIATION BASIS</b>	
Address : _____		Contact Details : _____		CIN No. : _____	
LOGO		TO, THE BOARD OF DIRECTORS XYZ LIMITED		BOOK BUILT ISSUE ISIN : _____	
				Bid cum Application Form No. : _____	
SYNDICATE MEMBER'S STAMP & CODE		BROKER/SCSB/DP/RTA STAMP & CODE		1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER	
				Mr./Ms./Mx. : _____ Address : _____ Tel. No. (with STD code) / Mobile : _____ E-mail : _____	
SUB-BROKER'S / SUB-AGENT'S STAMP & CODE		ESCROW BANK/SCSB BRANCH STAMP & CODE		2. PAN OF SOLE / FIRST BIDDER	
				_____	
BANK BRANCH SERIAL NO.		SCSB SERIAL NO.		3. BIDDER'S DEPOSITORY ACCOUNT DETAILS	
				NEAL <input type="checkbox"/> CDSL <input type="checkbox"/>	
				4. For NEAL, name & Sign. Of DP/RTA entered by Bidder/SCSB/DP/RTA for ASBA: Name : _____ Sign : _____	
<b>PLEASE CHANGE MY BID</b>					
<b>A. FROM (AS PER LAST BID OR REVISION)</b>					
Bid Options:		No. of Equity Shares Bid (Bid must be in multiples of Bid Lot as advertised)		Price per Equity Share (₹) "Cut-off" (Price in multiples of ₹ 1/- only)	
		(In Figures)		(In Figures)	
Option 1		_____		Bid Price _____ Retail Discount _____ Net Price _____ "Cut-off" (Please tick) <input type="checkbox"/>	
(OR) Option 2		_____		_____	
(OR) Option 3		_____		_____	
<b>B. TO (Revised Bid) (Only Retail Individual Bidders can bid as "Cut-off")</b>					
Bid Options:		No. of Equity Shares Bid (Bid must be in multiples of Bid Lot as advertised)		Price per Equity Share (₹) "Cut-off" (Price in multiples of ₹ 1/- only)	
		(In Figures)		(In Figures)	
Option 1		_____		Bid Price _____ Retail Discount _____ Net Price _____ "Cut-off" (Please tick) <input type="checkbox"/>	
(OR) Option 2		_____		_____	
(OR) Option 3		_____		_____	
<b>C. PAYMENT DETAILS</b>					
Additional Amount Paid (₹ in figures) _____ (₹ in words) _____					
ASBA Bank A/c No. _____					
Bank Name & Branch _____					
PAYMENT OPTION : FULL PAYMENT <input type="checkbox"/> PART PAYMENT <input type="checkbox"/>					
I, _____ (Name of Bidder/First Bidder) do hereby confirm that I am a resident Indian, including resident QIBs, and foreign NRIs, and I am applying for the Bid/Issue of Equity Shares of XYZ Limited on a non-repatriation basis. I have read and understood the terms and conditions of the Bid/Issue of Equity Shares of XYZ Limited and I agree to abide by the same. I have also read and understood the terms and conditions of the ASBA Scheme and I agree to abide by the same. I have also read and understood the terms and conditions of the Bid/Issue of Equity Shares of XYZ Limited and I agree to abide by the same. I have also read and understood the terms and conditions of the ASBA Scheme and I agree to abide by the same. I have also read and understood the terms and conditions of the Bid/Issue of Equity Shares of XYZ Limited and I agree to abide by the same. I have also read and understood the terms and conditions of the ASBA Scheme and I agree to abide by the same.					
2A. SIGNATURE OF SOLE / FIRST BIDDER		2B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS)		BROKER / SCSB / DP / RTA STAMP/Acknowledgement slip of Bid (in Stock Exchange system)	
Date : _____		Date : _____		Date : _____	
<b>TEAR HERE</b>					
LOGO		XYZ LIMITED		Acknowledgement Slip for Broker's/SCSB/DP/RTA	
		BID REVISION FORM - INITIAL PUBLIC ISSUE - R		Bid cum Application Form No. : _____	
DP/RTA CLID		Bank & Branch		PAN of Sole / First Bidder	
				_____	
Additional Amount Paid (₹)		Stamp & Signature of SCSB Branch			
ASBA Bank A/c No.					
Received from Mr./Ms.					
Telephone / Mobile		Email			
<b>TEAR HERE</b>					
ALL INDIA INITIAL PUBLIC ISSUE - R		Option 1		Option 2	
		Option 3		Stamp & Signature of Broker / SCSB / DP / RTA	
		Name of Sole / First Bidder			
		Acknowledgement Slip for Bidder			
No. of Equity Shares		Bid Price		Additional Amount Paid (₹)	
_____		_____		_____	
ASBA Bank A/c No.		Bank & Branch		Bid cum Application Form No.	
_____		_____		_____	

Instructions to fill each field of the Revision Form can be found on the reverse side of the Revision Form. Other than instructions already highlighted at section 4.1 above, point wise instructions regarding filling up various fields of the Revision Form are provided below:

**4.2.1 FIELDS 1, 2 AND 3: NAME AND CONTACT DETAILS OF SOLE/ FIRST BIDDER/ APPLICANT, PAN OF SOLE/ FIRST BIDDER/ APPLICANT & DEPOSITORY ACCOUNT DETAILS OF THE BIDDER/ APPLICANT**

Bidders/ Applicants should refer to instructions contained in sections 4.1.1, 4.1.2 and 4.1.3.

**4.2.2 FIELD 4 & 5: BID OPTIONS REVISION 'FROM' AND 'TO'**

- (a) Apart from mentioning the revised options in the Revision Form, the Bidder/ Applicant must also mention the details of all the bid options given in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder/ Applicant has Bid for three options in the Bid cum Application Form and such Bidder/ Applicant is changing only one of the options in the Revision Form, the Bidder/ Applicant must still fill the details of the other two options that are not being revised, in the Revision Form. The Designated Intermediaries may not accept incomplete or inaccurate Revision Forms.
- (b) In case of revision, Bid options should be provided by Bidders/ Applicants in the same order as provided in the Bid cum Application Form.
- (c) In case of revision of Bids by RIIs, Employees and Retail Individual Shareholders, such Bidders/ Applicants should ensure that the Bid Amount, subsequent to revision, does not exceed ₹ 200,000. In case the Bid Amount exceeds ₹ 200,000 due to revision of the Bid or for any other reason, the Bid may be considered, subject to eligibility, for allocation under the Non-Institutional Category, not being eligible for Discount (if applicable) and such Bid may be rejected if it is at the Cut-off Price. The Cut-off Price option is given only to the RIIs, Employees and Retail Individual Shareholders indicating their agreement to Bid for and purchase the Equity Shares at the Issue Price as determined at the end of the Book Building Process.
- (d) In case the total amount (*i.e.*, original Bid Amount plus additional payment) exceeds ₹ 200,000, the Bid will be considered for allocation under the Non-Institutional Portion in terms of the RHP/ Prospectus. If, however, the RII does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the RII and the RII is deemed to have approved such revised Bid at Cut-off Price.
- (e) In case of a downward revision in the Price Band, RIIs and Bids by Employees under the Reservation Portion, who have bid at the Cut-off Price could either revise their Bid or the excess amount paid at the time of Bidding may be unblocked after the Allotment is finalised.

**4.2.3 FIELD 6: PAYMENT DETAILS**

- (a) All Bidders/Applicants are required to authorise blocking of the full Bid Amount (less Discount (if applicable) along with the Bid Revision Form. In case of Bidders specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less discount offered, if any.
- (b) Bidder may issue instructions to block the revised amount based on cap of the revised Price Band (adjusted for the Discount (if applicable) in the ASBA Account, to the same Designated Intermediary through whom such Bidder had placed the original Bid to enable the relevant SCSB to block the additional Bid Amount, if any.

- (c) In case the total amount (i.e., original Bid Amount less discount (if applicable) plus additional payment) exceeds ₹ 200,000, the Bid may be considered for allocation under the Non-Institutional Category in terms of the RHP/Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for may be adjusted downwards for the purpose of Allotment, such that additional amount is required blocked and the Bidder is deemed to have approved such revised Bid at the Cut-off Price.
- (d) In case of a downward revision in the Price Band, RIIs, Employees and Retail Individual Shareholders, who have bid at the Cut-off Price, could either revise their Bid or the excess amount paid at the time of Bidding may be unblocked after finalisation of Basis of Allotment.

#### 4.2.4 **FIELDS 7 : SIGNATURES AND ACKNOWLEDGEMENTS**

Bidders/ Applicants may refer to instructions contained at paragraphs 4.1.8 and 4.1.9 for this purpose.

### 4.3 **INSTRUCTIONS FOR FILING APPLICATION FORM IN ISSUES MADE OTHER THAN THROUGH THE BOOK BUILDING PROCESS (FIXED PRICE ISSUE)**

#### 4.3.1 **FIELDS 1, 2, 3 NAME AND CONTACT DETAILS OF SOLE/FIRST BIDDER/APPLICANT, PAN OF SOLE/FIRST BIDDER/APPLICANT & DEPOSITORY ACCOUNT DETAILS OF THE BIDDER/APPLICANT**

Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

#### 4.3.2 **FIELD 4: PRICE, APPLICATION QUANTITY & AMOUNT**

- (a) The Issuer may mention Offer Price or Price Band in the draft Prospectus. However a prospectus registered with RoC contains one price or coupon rate (as applicable).
- (b) **Minimum Application Value and Bid Lot:** The Issuer in consultation with the Lead Manager to the Issue (LM) may decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹ 10,000 to ₹15,000. The minimum Lot size is accordingly determined by an Issuer on basis of such minimum application value.
- (c) Applications by RIIs, Employees and Retail Individual Shareholders, must be for such number of shares so as to ensure that the application amount payable does not exceed ₹ 200,000.
- (d) Applications by other investors must be for such minimum number of shares such that the application amount exceeds ₹ 200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the application form and the Prospectus, or as advertised by the Issuer, as the case may be.
- (e) An application cannot be submitted for more than the Issue size.
- (f) The maximum application by any Applicant should not exceed the investment limits prescribed for them under the applicable laws.
- (g) **Multiple Applications:** An Applicant should submit only one Application Form. Submission of a second Application Form to either the same or to Escrow Collection Bank(s) or SCSBs and duplicate copies of Application Forms bearing the same application number shall be treated as multiple applications and are liable to be rejected.
- (h) Applicants are requested to note the following procedures may be followed by the Registrar to the Issue to detect multiple applications:
  - (i) All applications may be checked for common PAN as per the records of the Depository. For Applicants other than Mutual Funds and FII sub-accounts, Bids bearing the same PAN may be treated as multiple applications by a Bidder/Applicant and may be rejected.



- (ii) For applications from Mutual Funds and FII sub-accounts, submitted under the same PAN, as well as Bids on behalf of the PAN Exempted Applicants, the Application Forms may be checked for common DP ID and Client ID. In any such applications which have the same DP ID and Client ID, these may be treated as multiple applications and may be rejected.
- (i) The following applications may not be treated as multiple Bids:
  - (i) Applications by Reserved Categories in their respective Reservation Portion as well as that made by them in the Net Issue portion in public category.
  - (ii) Separate applications by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Applications clearly indicate the scheme for which the Bid has been made.
  - (iii) Applications by Mutual Funds, and sub-accounts of FIIs (or FIIs and its sub-accounts) submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.

#### 4.3.3 **FIELD NUMBER 5 : CATEGORY OF APPLICANTS**

- (a) The categories of applicants identified as per the SEBI ICDR Regulations for the purpose of Bidding, allocation and Allotment in the Issue are RIIs, individual applicants other than RII's and other investors (including corporate bodies or institutions, irrespective of the number of specified securities applied for).
- (b) An Issuer can make reservation for certain categories of Applicants permitted under the SEBI ICDR Regulations. For details of any reservations made in the Issue, applicants may refer to the Prospectus.
- (c) The SEBI ICDR Regulations specify the allocation or Allotment that may be made to various categories of applicants in an Issue depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Issue specific details in relation to allocation applicant may refer to the Prospectus.

#### 4.3.4 **FIELD NUMBER 6: INVESTOR STATUS**

Applicants should refer to instructions contained in paragraphs 4.1.6.

#### 4.3.5 **FIELD 7: PAYMENT DETAILS**

- (a) All Applicants (other than Anchor Investors) are required to make use of ASBA for applying in the Offer.
- (b) Application Amount cannot be paid in cash, through money order, cheque, demand draft or through postal order or through stock invest.

##### 4.3.5.1 **Payment instructions for Applicants:**

Applicants should refer to instructions contained in paragraphs 4.1.7.2.

##### 4.3.5.2 **Unblocking of ASBA Account**

Applicants should refer to instructions contained in paragraphs 4.1.7.2.1.

##### 4.3.5.3 **Discount (if applicable)**

Applicants should refer to instructions contained in paragraphs 4.1.7.4.



#### 4.3.6 **FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS & ACKNOWLEDGEMENT AND FUTURE COMMUNICATION**

Applicants should refer to instructions contained in paragraphs 4.1.8 and 4.1.9.

#### 4.4 **SUBMISSION OF BID CUM APPLICATION FORM/ REVISION FORM/ APPLICATION FORM**

##### 4.4.1 **Bidders/ Applicants may submit completed Bid-cum-application form/ Revision Form in the following manner:-**

<b>Mode of Application</b>	<b>Submission of Bid cum Application Form</b>
Anchor Investors Application Form	To the Book Running Lead Managers at the locations mentioned in the Anchor Investors Application Form
ASBA Application	(a) To Members of the Syndicate in the Specified Locations or Registered Brokers at the Broker Centres or the RTA at the Designated RTA Location or the CDP at the Designated CDP Location. (b) To the Designated Branches of the SCSBs.

- (a) Bidders/ Applicants should submit the Revision Form to the same Designated Intermediary through which such Bidder/ Applicant had placed the original Bid.
- (b) Upon submission of the Bid-cum-Application Form, the Bidder/ Applicant will be deemed to have authorized the Issuer to make the necessary changes in the RHP and the Bid cum Application Form as would be required for filing Prospectus with the Registrar of Companies (RoC) and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the relevant Bidder/ Applicant.
- (c) Upon determination of the Issue Price and filing of the Prospectus with the RoC, the Bid-cum-Application Form will be considered as the application form.

### **SECTION 5: ISSUE PROCEDURE IN BOOK BUILT ISSUE**

Book Building, in the context of the Issue, refers to the process of collection of Bids within the Price Band or above the Floor Price and determining the Issue Price based on the Bids received as detailed in Schedule XI of the SEBI ICDR Regulations. The Issue Price is finalised after the Bid/ Issue Closing Date. Valid Bids received at or above the Issue Price are considered for allocation in the Issue, subject to applicable regulations and other terms and conditions.

#### **5.1 SUBMISSION OF BIDS**

- (a) During the Bid/Issue Period, Bidders/Applicants may approach any of the Designated Intermediaries to register their Bids. Anchor Investors who are interested in subscribing for the Equity Shares should approach the Book Running Lead Manager, to register their Bid.
- (b) In case of Bidders/Applicants (excluding NIIs and QIBs) Bidding at Cut-off Price, the Bidders may instruct the SCSBs to block Bid Amount based on the Cap Price less Discount (if applicable).
- (c) For details of the timing on acceptance and upload of Bids in the Stock Exchanges Platform Bidders/ Applicants are requested to refer to the RHP.

#### **5.2 ELECTRONIC REGISTRATION OF BIDS**

- (a) Designated Intermediaries may register the Bids using the on-line facilities of the Stock Exchanges. Designated Intermediaries can also set up facilities for off-line electronic registration of Bids, subject to the condition that they may subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis before the closure of the issue.

- (b) On the Bid/ Issue Closing Date, the Designated Intermediaries may upload the Bids till such time as may be permitted by the Stock Exchanges.
- (c) Only Bids that are uploaded on the Stock Exchanges Platform are considered for allocation/ Allotment. The Designated Intermediaries are given till 1 p.m on next Working Day following Bid/ Issue Closing Date to modify select fields uploaded in the Stock Exchange Platform during the Bid/ Issue Period after which the Stock Exchange(s) send the bid information to the Registrar to the Offer for further processing.

### **5.3 BUILD UP OF THE BOOK**

- (a) Bids received from various Bidders/ Applicants through the Designated Intermediaries may be electronically uploaded on the Bidding Platform of the Stock Exchanges' on a regular basis. The book gets built up at various price levels. This information may be available with the BRLMs at the end of the Bid/ Issue Period.
- (b) Based on the aggregate demand and price for Bids registered on the Stock Exchanges Platform, a graphical representation of consolidated demand and price as available on the websites of the Stock Exchanges may be made available at the bidding centres during the Bid/Issue Period.

### **5.4 WITHDRAWAL OF BIDS**

- (a) RIIs can withdraw their Bids until Bid / Offer Closing Date. In case a RII wishes to withdraw the Bid during the Bid/ Issue Period, the same can be done by submitting a request for the same to the concerned Designated Intermediary, who shall do the requisite, including unblocking of the funds by the SCSB in the ASBA Account.
- (b) The Registrar to the Issue shall give instruction to the SCSB for unblocking the ASBA Account upon or after the finalisation of basis of allotment. QIBs and NIIs can neither withdraw nor lower the size of their Bids at any stage.

### **5.5 REJECTION & RESPONSIBILITY FOR UPLOAD OF BIDS**

- (a) The Designated Intermediaries are individually responsible for the acts, mistakes or errors or omission in relation to:
  - i. the Bids accepted by the Designated Intermediary,
  - ii. the Bids uploaded by the Designated Intermediary, and
  - iii. the Bid cum application forms accepted but not uploaded by the Designated Intermediary.
- (b) The BRLMs and their affiliate Syndicate Members, as the case may be, may reject Bids if all the information required is not provided and the Bid cum Application Form is incomplete in any respect.
- (c) The SCSBs shall have no right to reject Bids, except in case of unavailability of adequate funds in the ASBA account or on technical grounds.
- (d) In case of QIB Bidders, only the (i) SCSBs (for Bids other than the Bids by Anchor Investors); and (ii) the BRLMs and their affiliate Syndicate Members (only in the specified locations) have the right to reject Bids. However, such rejection shall be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing.
- (e) All bids by QIBs, NIIs & RIIs Bids can be rejected on technical grounds listed herein.

#### **5.5.1 GROUNDS FOR TECHNICAL REJECTIONS**

Bid cum Application Forms/Application Forms can be rejected on the below mentioned technical grounds either at the time of their submission to any of the Designated Intermediaries, or at the time of finalisation of the Basis of Allotment. Bidders/Applicants are advised to note that the Bids/Applications

are liable to be rejected, inter alia, on the following grounds, which have been detailed at various places in this GID:-

- (a) Bids/ Applications accompanied by cash, demand draft, cheque, money order, postal order, or any other mode of payment other than blocked amounts in the ASBA Account maintained with an SCSB;
- (b) Bid/ Application by persons not competent to contract under the Indian Contract Act, 1872, as amended, (other than minors having valid Depository Account supported by guardian as per Demographic Details provided by Depositories);
- (c) Bids/ Applications by OCBs;
- (d) In case of partnership firms, Bid/ Application for Equity Shares made in the name of the firm. However, a limited liability partnership can apply in its own name;
- (e) In case of Bids/ Applications under power of attorney or by limited companies, corporate, trust etc., relevant documents are not being submitted along with the Bid cum application form/Application Form;
- (f) Bids/ Applications by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
- (g) Bids/ Applications by any person outside India if not in compliance with applicable foreign and Indian laws;
- (h) PAN not mentioned in the Bid cum Application Form/ Application Form except for Bids/Applications by or on behalf of the Central or State Government and officials appointed by the court and by the investors residing in the State of Sikkim, provided such claims have been verified by the Depository Participant;
- (i) In case no corresponding record is available with the Depositories that matches the DP ID, the Client ID and the PAN;
- (j) Bids/ Applications for lower number of Equity Shares than the minimum specified for that category of investors;
- (k) Bids/ Applications at a price less than the Floor Price & Bids/ Applications at a price more than the Cap Price;
- (l) Bids/ Applications at Cut-off Price by NIIs and QIBs;
- (m) The amounts mentioned in the Bid cum Application Form do not tally with the amount payable for the value of the Equity Shares Bid for;
- (n) Bids/ Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;
- (o) Submission of more than five ASBA Form from a single ASBA Account;
- (p) Bids/ Applications for number of Equity Shares which are not in multiples of Equity Shares which are not in multiples as specified in the RHP;
- (q) Multiple Bids as defined in this GID and the RHP/Prospectus;
- (r) Bid cum Application Forms/ Application Forms are not delivered by the Bidders/ Applicants within the time prescribed as per the Bid cum Application Forms, Bid/ Issue Opening Date advertisement and as per the instructions in the RHP and the Bid cum Application Forms;
- (s) Inadequate funds in the bank account to block the Bid Amount specified in the Bid cum Application Form at the time of blocking such Bid Amount in the bank account;
- (t) Where no confirmation is received from SCSB for blocking of funds;

- (u) Bids/ Applications by Bidders (other than Anchor Investors) not submitted through ASBA process;
- (v) ASBA Bids/ Applications submitted to a Designated Intermediary at locations other than the Bidding Centres or Escrow Collection Banks (assuming that such bank is not a SCSB where the ASBA Account is maintained), to the issuer or the Registrar to the Issue;
- (w) Bids/ Applications not uploaded on the terminals of the Stock Exchanges;
- (x) Bids/ Applications by SCSBs wherein a separate account in its own name held with any other SCSB is not mentioned as the ASBA Account in the Bid cum Application Form and
- (y) Bid not uploaded in the Stock Exchanges Bidding system

## 5.6 BASIS OF ALLOCATION

- (a) The SEBI ICDR Regulations specify the allocation or Allotment that may be made to various categories of Bidders/ Applicants in an Issue depending on compliance with the eligibility conditions. Certain details pertaining to the percentage of Issue size available for allocation to each category is disclosed overleaf of the Bid cum Application Form and in the RHP/ Prospectus. For details in relation to allocation, the Bidder/Applicant may refer to the RHP/ Prospectus.
- (b) Under-subscription in any category (except QIB category) is allowed to be met with spill-over from any other category or combination of categories at the discretion of the Issuer and in consultation with the BRLMs and the Designated Stock Exchange and in accordance with the SEBI ICDR Regulations. Unsubscribed portion in QIB Category is not available for subscription to other categories.
- (c) In case of under subscription in the Net Issue, spill-over to the extent of such under-subscription may be permitted from the Reserved Portion to the Net Issue. For allocation in the event of an under-subscription applicable to the Issuer, Bidders/ Applicants may refer to the RHP.
- (d) **Illustration of the Book Building and Price Discovery Process**

*Bidders should note that this example is solely for illustrative purposes and is not specific to the Issue; it also excludes bidding by Anchor Investors.*

Bidders can bid at any price within the Price Band. For instance, assume a Price Band of ₹ 20 to ₹ 24 per share, Issue size of 3,000 Equity Shares and receipt of five Bids from Bidders, details of which are shown in the table below. The illustrative book given below shows the demand for the Equity Shares of the Issuer at various prices and is collated from Bids received from various investors.

Bid Quantity	Bid Amount (₹)	Cumulative Quantity	Subscription
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the Issuer is able to Issue the desired number of Equity Shares is the price at which the book cuts off, *i.e.*, ₹ 22.00 in the above example. The Issuer, in consultation with the BRLMs, may finalise the Issue Price at or below such Cut-Off Price, *i.e.*, at or below ₹ 22.00. All Bids at or above this Issue Price and cut-off Bids are valid Bids and are considered for allocation in the respective categories.

(e) **Alternate Method of Book Building**

In case of FPOs, Issuers may opt for an alternate method of Book Building in which only the Floor Price is specified for the purposes of bidding (“Alternate Book Building Process”).

The Issuer may specify the Floor Price in the RHP or advertise the Floor Price at least one Working Day prior to the Bid/ Issue Opening Date. QIBs may Bid at a price higher than the Floor Price and the Allotment to the QIBs is made on a priority basis. The Bidder with the highest Bid Amount is allotted the number of Equity Shares Bid for and then the second highest Bidder is Allotted Equity Shares and this process continues until all the Equity Shares have been Allotted. RIIs, NIIs and Employees are Allotted Equity Shares at the Floor Price and Allotment to these categories of Bidders is made proportionately. If the number of Equity Shares Bid for at a price is more than available quantity then the Allotment may be done on a proportionate basis. Further, the issuer may place a cap either in terms of number of specified securities or percentage of issued capital of the Issuer that may be allotted to a single Bidder, decide whether a Bidder be allowed to revise the bid upwards or downwards in terms of price and/ or quantity and also decide whether a Bidder be allowed single or multiple Bids.

## **SECTION 6: ISSUE PROCEDURE IN FIXED PRICE ISSUE**

Applicants may note that there is no Bid cum Application Form in a Fixed Price Issue. As the Issue Price is mentioned in the Fixed Price Issue therefore on filing of the Prospectus with the RoC, the Application so submitted is considered as the application form.

Applicants may only use the specified Application Form for the purpose of making an Application in terms of the Prospectus which may be submitted through the Designated Intermediary.

Applicants may submit an Application Form either in physical form to any of the Designated Intermediaries or in the electronic form to the SCSB or the Designated Branches of the SCSBs authorising blocking of funds that are available in the bank account specified in the Application Form only (ASBA Account). The Application Form is also made available on the websites of the Stock Exchanges at least one day prior to the Bid/Issue Opening Date.

In a fixed price Issue, allocation in the net offer to the public category is made as follows: minimum fifty per cent to Retail Individual Bidders; and remaining to (i) individual investors other than Retail Individual Bidders; and (ii) other Applicants including corporate bodies or institutions, irrespective of the number of specified securities applied for. The unsubscribed portion in either of the categories specified above may be allocated to the Applicants in the other category.

For details of instructions in relation to the Application Form, Bidders/Applicants may refer to the relevant section of the GID.

## **SECTION 7: ALLOTMENT PROCEDURE AND BASIS OF ALLOTMENT**

The Allotment of Equity Shares to Bidders/ Applicants other than Retail Individual Investors and Anchor Investors may be on proportionate basis. For Basis of Allotment to Anchor Investors, Bidders/ Applicants may refer to RHP/ Prospectus. No Retail Individual Investor is will be allotted less than the minimum Bid Lot subject to availability of equity shares in Retail Individual Investor Category and the remaining available shares, if any will be Allotted on a proportionate basis. The Issuer is required to receive a minimum subscription of 90% of the Issue (excluding any Offer for Sale of specified securities). However, in case the Issue is in the nature of Offer for Sale only, then minimum subscription may not be applicable.

### **7.1 ALLOTMENT TO RIIs**

Bids received from the RIIs at or above the Issue Price may be grouped together to determine the total demand under this category. If the aggregate demand in this category is less than or equal to the Retail Portion at or above the Issue Price, full Allotment may be made to the RIIs to the extent of the valid Bids. If the aggregate demand in this category is greater than the allocation to in the Retail Portion at or above the Issue Price, then the maximum number of RIIs who can be Allotted the minimum Bid Lot will be computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Bid Lot (“Maximum RII Allottees”). The Allotment to the RIIs will then be made in the following manner:

- (a) In the event the number of RIIs who have submitted valid Bids in the Issue is equal to or less than Maximum RII Allottees, (i) all such RIIs shall be Allotted the minimum Bid Lot; and (ii) the balance available Equity Shares, if any, remaining in the Retail Portion shall be Allotted on a proportionate basis to the RIIs who have received Allotment as per (i) above for the balance demand of the Equity Shares Bid by them (*i.e.* who have Bid for more than the minimum Bid Lot).
- (b) In the event the number of RIIs who have submitted valid Bids in the Issue is more than Maximum RII Allottees, the RIIs (in that category) who will then be allotted minimum Bid Lot shall be determined on the basis of draw of lots.

## **7.2 ALLOTMENT TO NIIs**

Bids received from NIIs at or above the Issue Price may be grouped together to determine the total demand under this category. The allotment to all successful NIIs may be made at or above the Issue Price. If the aggregate demand in this category is less than or equal to the Non-Institutional Category at or above the Issue Price, full allotment may be made to NIIs to the extent of their demand. In case the aggregate demand in this category is greater than the Non-Institutional Category at or above the Issue Price, allotment may be made on a proportionate basis up to a minimum of the Non-Institutional Category.

## **7.3 ALLOTMENT TO QIBs**

For the Basis of Allotment to Anchor Investors, Bidders/ Applicants may refer to the SEBI ICDR Regulations or RHP/ Prospectus. Bids received from QIBs bidding in the QIB Portion (net of Anchor Portion) at or above the Issue Price may be grouped together to determine the total demand under this category. The QIB Portion may be available for allotment to QIBs who have Bid at a price that is equal to or greater than the Issue Price. Allotment may be undertaken in the following manner:

- (a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Portion may be determined as follows: (i) In the event that Bids by Mutual Fund exceeds 5% of the QIB Portion, allocation to Mutual Funds may be done on a proportionate basis for up to 5% of the QIB Portion; (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion then all Mutual Funds may get full allotment to the extent of valid Bids received above the Issue Price; and (iii) Equity Shares remaining unsubscribed, if any and not allocated to Mutual Funds may be available for allotment to all QIBs as set out at paragraph 7.4(b) below;
- (b) In the second instance, allotment to all QIBs may be determined as follows: (i) In the event of oversubscription in the QIB Portion, all QIBs who have submitted Bids above the Issue Price may be Allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion; (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIBs; and (iii) Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, may be included for allocation to the remaining QIBs on a proportionate basis.

## **7.4 ALLOTMENT TO EMPLOYEE RESERVATION PORTION**

- (a) The Bid must be for a minimum of [ ] Equity Shares and in multiples of [ ] Equity Shares thereafter, so as to ensure that the Bid Amount payable by the Eligible Employees does not exceed ₹ 200,000. The Allotment in the Employee Reservation Portion will be on a proportionate basis. Bidders under the Employee Reservation Portion may Bid at Cut-off Price.
- (b) Bids received from the Eligible Employees at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all the successful Eligible Employees will be made at the Issue Price.
- (c) If the aggregate demand in this category is less than or equal to 200,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Employees to the extent of their demand. Under-subscription, if any, in the Employee Reservation Portion will be added back to the Net Issue.

- (d) If the aggregate demand in this category is greater than 200,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of [ ] Equity Shares and in multiple of one Equity Share thereafter. For the method of proportionate basis of allocation, refer below.
- (e) Only Eligible Employees can apply under Employee Reservation Portion.

## 7.5 ALLOTMENT TO ANCHOR INVESTOR (IF APPLICABLE)

- (a) Allocation of Equity Shares to Anchor Investors at the Anchor Investor Issue Price will be at the discretion of the issuer, in consultation with the Selling Shareholders and the BRLMs, subject to compliance with the following requirements:
  - (i) not more than 60% of the QIB Portion will be allocated to Anchor Investors;
  - (ii) one-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors; and
  - (iii) allocation to Anchor Investors shall be on a discretionary basis and subject to:
    - a maximum number of two Anchor Investors for allocation up to ₹ 10 crores;
    - a minimum number of two Anchor Investors and maximum number of 15 Anchor Investors for allocation of more than ₹ 10 crores and up to ₹ 250 crores subject to minimum allotment of ₹ 5 crores per such Anchor Investor; and
    - In case of allocation above ₹ 250 crores, a minimum of five Anchor Investors and a maximum of 15 Anchor Investors for allocation upto ₹ 250 crores and an additional ten Anchor Investors for every additional ₹ 250 crores or part thereof, subject to a minimum allotment of ₹ 5 crores to each Anchor Investor.
- (b) An Anchor Investor shall make an application of a value of atleast ₹ 100 million in the Issue.
- (c) A physical book is prepared by the Registrar on the basis of the Bid cum Application Forms received from Anchor Investors. Based on the physical book and at the discretion of the issuer in consultation with the BRLMs, selected Anchor Investors will be sent a CAN and if required, a revised CAN.
- (d) **In the event that the Issue Price is higher than the Anchor Investor Issue Price:** Anchor Investors will be sent a revised CAN within one day of the Pricing Date indicating the number of Equity Shares allocated to such Anchor Investor and the pay-in date for payment of the balance amount. Anchor Investors are then required to pay any additional amounts, being the difference between the Issue Price and the Anchor Investor Issue Price, as indicated in the revised CAN within the pay-in date referred to in the revised CAN. Thereafter, the Allotment Advice will be issued to such Anchor Investors.
- (e) **In the event the Issue Price is lower than the Anchor Investor Issue Price:** Anchor Investors who have been Allotted Equity Shares will directly receive Allotment Advice.

## 7.6 BASIS OF ALLOTMENT FOR QIBs (OTHER THAN ANCHOR INVESTORS), NIIs AND RESERVED CATEGORY IN CASE OF OVER-SUBSCRIBED ISSUE

In the event of the Issue being over-subscribed, the Issuer may finalise the Basis of Allotment in consultation with the Designated Stock Exchange in accordance with the SEBI ICDR Regulations.

The allocation may be made in marketable lots, on a proportionate basis as explained below:

- (a) Bidders may be categorized according to the number of Equity Shares applied for;



- (b) The total number of Equity Shares to be Allotted to each category as a whole may be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio;
- (c) The number of Equity Shares to be Allotted to the successful Bidders may be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio;
- (d) In all Bids where the proportionate Allotment is less than the minimum bid lot decided per Bidder, the Allotment may be made as follows: the successful Bidders out of the total Bidders for a category may be determined by a draw of lots in a manner such that the total number of Equity Shares Allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above; and each successful Bidder may be Allotted a minimum of such Equity Shares equal to the minimum Bid Lot finalised by the Issuer;
- (e) If the proportionate Allotment to a Bidder is a number that is more than the minimum Bid lot but is not a multiple of one (which is the marketable lot), the decimal may be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5 it may be rounded off to the lower whole number. Allotment to all bidders in such categories may be arrived at after such rounding off; and
- (f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares Allotted to the Bidders in that category, the remaining Equity Shares available for allotment may be first adjusted against any other category, where the Allotted Equity Shares are not sufficient for proportionate allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment may be added to the category comprising Bidders applying for minimum number of Equity Shares.

## 7.7 DESIGNATED DATE AND ALLOTMENT OF EQUITY SHARES

- (a) **Designated Date:** On the Designated Date, the Escrow Collection Banks shall transfer the funds represented by allocation of Equity Shares (other than ASBA funds with the SCSBs) from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Offer Account with the Bankers to the Issue. The balance amount after transfer to the Public Offer Account shall be transferred to the Refund Account. Payments of refund to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and the RHP.
- (b) **Issuance of Allotment Advice:** Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall upload the same on its website. On the basis of the approved Basis of Allotment, the Issuer shall pass necessary corporate action to facilitate the Allotment and credit of Equity Shares. Bidders/ Applicants **are advised to instruct their Depository Participant to accept the Equity Shares that may be allotted to them pursuant to the Issue.**  
  
Pursuant to confirmation of such corporate actions, the Registrar will dispatch Allotment Advice to the Bidders/ Applicants who have been Allotted Equity Shares in the Issue.
- (c) The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract.
- (d) Issuer will ensure that: (i) the Allotment of Equity Shares; and (ii) credit of shares to the successful Bidders/ Applicants Depository Account will be completed within 6 Working Days of the Bid/ Issue Closing Date. The Issuer also ensures the credit of shares to the successful Applicant's Depository Account is completed within two Working Days from the date of Allotment, after the funds are transferred from the Escrow Account to the Public Offer Account on the Designated Date.

## **SECTION 8: INTEREST AND REFUNDS**

### **8.1 COMPLETION OF FORMALITIES FOR LISTING & COMMENCEMENT OF TRADING**

The Issuer may ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges are taken within 6 Working Days of the Bid/ Issue Closing Date. The Registrar to the Issue may give instructions for credit Equity Shares to the beneficiary account with DPs, and dispatch the Allotment Advice within 6 Working Days of the Bid/ Issue Closing Date.

### **8.2 GROUNDS FOR REFUND**

#### **8.2.1 NON RECEIPT OF LISTING PERMISSION**

An Issuer makes an application to the Stock Exchange(s) for permission to deal in/ list and for an official quotation of the Equity Shares. All the Stock Exchanges from where such permission is sought are disclosed in RHP/ Prospectus. The Designated Stock Exchange may be as disclosed in the RHP/ Prospectus with which the Basis of Allotment may be finalised.

If the Issuer fails to make application to the Stock Exchange(s) and obtain permission for listing of the Equity Shares, in accordance with the provisions of Section 40 of the Companies Act, 2013, the Issuer shall be punishable with a fine which shall not be less than ₹ 5 lakhs but which may extend to ₹ 50 lakhs and every officer of the Issuer who is in default shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than ₹ 50,000 but which may extend to ₹ 3 lakhs, or with both.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchange(s), the Issuer may take steps to refund, without interest, all moneys received from the Bidders/ Applicants in pursuance of the RHP/ Prospectus.

If such money is not refunded to the Bidders/Applicants within the prescribed time after the Issuer becomes liable to repay it, then the Issuer and every director of the Issuer who is an officer in default may, on and from such expiry of such period, be liable to repay the money, with interest at such rate, as disclosed in the RHP/ Prospectus.

#### **8.2.2 NON RECEIPT OF MINIMUM SUBSCRIPTION**

If the Issuer does not receive a minimum subscription of 90% of the Net Issue (excluding any offer for sale of specified securities), including devolvement to the Underwriters, the Issuer may forthwith, take steps to unblock the entire subscription amount received within six Working Days of the Bid/Issue Closing Date and repay, without interest, all moneys received from Anchor Investors. In case the Issue is in the nature of Offer for Sale only, then minimum subscription may not be applicable. In case of under-subscription in the Issue involving a Fresh Issue and the Offer for Sale, the Equity Shares in the Fresh Issue will be issued prior to the sale of Equity Shares in the Offer for Sale.

If there is a delay beyond the prescribed time after the Issuer becomes liable to pay the amount received from Bidders/Applicants, then the Issuer and every director of the Issuer who is an officer in default may on and from expiry of 15 Working Days, be jointly and severally liable to repay the money, with interest at the rate of 15% per annum in accordance with the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended

#### **8.2.3 MINIMUM NUMBER OF ALLOTTEES**

The Issuer may ensure that the number of prospective Allottees to whom Equity Shares may be allotted may not be less than 1,000 failing which the entire application monies may be refunded forthwith.

#### **8.2.4 IN CASE OF ISSUES MADE UNDER COMPULSORY BOOK BUILDING**

In case an Issuer not eligible under Regulation 26(1) of the SEBI ICDR Regulations comes for an Issue under Regulation 26(2) of SEBI ICDR Regulations but fails to allot at least 75% of the Net Issue to QIBs, full subscription money is to be refunded.

### 8.3 MODE OF REFUND

- (a) **In case of ASBA Bids:** Within six Working Days of the Bid/Issue Closing Date, the Registrar to the Issue may give instructions to SCSBs for unblocking the amount in ASBA Account on unsuccessful Bid and also for any excess amount blocked on Bidding.
- (b) **In case of Anchor Investors:** Within six Working Days of the Bid/Issue Closing Date, the Registrar to the Issue may dispatch the refund orders for all amounts payable to unsuccessful Anchor Investors.
- (c) In case of Anchor Investors, the Registrar to the Issue may obtain from the depositories, the Bidders'/Applicants' bank account details, including the MICR code, on the basis of the DP ID, Client ID and PAN provided by the Anchor Investors in their Anchor Investor Application Forms for refunds. Accordingly, Anchor Investors are advised to immediately update their details as appearing on the records of their depositories. Failure to do so may result in delays in dispatch of refund orders or refunds through electronic transfer of funds, as applicable, and any such delay may be at the Anchor Investors' sole risk and neither the Issuer, the Registrar to the Issue, the Escrow Collection Banks, or the Syndicate, may be liable to compensate the Anchor Investors for any losses caused to them due to any such delay, or liable to pay any interest for such delay. Please note that refunds shall be credited only to the bank account from which the Bid Amount was remitted to the Escrow Collection Bank.

#### 8.3.1 Mode of making refunds for Bidders/ Applicants other than ASBA Bidders/Applicants

The payment of refund, if any, may be done through various electronic modes as mentioned below:

- (a) **NEFT**—Payment of refund may be undertaken through NEFT wherever the branch of the Anchor Investors' bank is NEFT enabled and has been assigned the Indian Financial System Code ("IFSC"), which can be linked to the MICR of that particular branch. The IFSC Code may be obtained from the website of RBI as at a date prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Anchor Investors have registered their nine-digit MICR number and their bank account number while opening and operating the demat account, the same may be duly mapped with the IFSC Code of that particular bank branch and the payment of refund may be made to the Anchor Investors through this method. In the event NEFT is not operationally feasible, the payment of refunds may be made through any one of the other modes as discussed in this section;
- (b) **Direct Credit**—Anchor Investors having their bank account with the Refund Banker may be eligible to receive refunds, if any, through direct credit to such bank account;
- (c) **RTGS**—Anchor Investors having a bank account at any of the centres notified by SEBI where **clearing houses are managed by the RBI, may have the option to receive refunds, if any,** through RTGS; and

Please note that refunds through the abovementioned modes shall be credited only to the bank account from which the Bid Amount was remitted to the Escrow Collection Bank.

For details of levy of charges, if any, for any of the above methods, Anchor Investors may refer to RHP/Prospectus.

### 8.4 INTEREST IN CASE OF DELAY IN ALLOTMENT OR REFUND

The Issuer may pay interest at the rate of 15% per annum, if the Allotment is not made and refund instructions have not been given to the clearing system in the disclosed manner. Instructions for unblocking of funds in the ASBA Account are not dispatched within the 15 days of the Bid/Issue Closing Date.

The Issuer may pay interest at 15% per annum for any delay beyond 15 days from the Bid/Issue Closing Date, if Allotment is not made.

## SECTION 9: GLOSSARY AND ABBREVIATIONS

*Unless the context otherwise indicates or implies, certain definitions and abbreviations used in this document may have the meaning as provided below. References to any legislation, act or regulation may be to such legislation, act or regulation as amended from time to time.*

Term	Description
Allotment/Allot/Allotted	The allotment of Equity Shares pursuant to the Issue to successful Bidders/Applicants
Allotment Advice	Note or advice or intimation of Allotment sent to the Bidders/Applicants who have been Allotted Equity Shares after the Basis of Allotment has been approved by the designated Stock Exchanges
Allottee	An Bidder/Applicant to whom the Equity Shares are Allotted
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with the requirements specified in SEBI ICDR Regulations and the Red Herring Prospectus.
Anchor Investor Application Form	The form used by an Anchor Investor to make a Bid in the Anchor Investor Portion and which will be considered as an application for Allotment in terms of the Red Herring Prospectus and Prospectus
Anchor Investor Portion	Up to 60% of the QIB Category which may be allocated by the Issuer in consultation with the BRLMs, to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion is reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors
Application Supported by Blocked Amount /ASBA	An application, whether physical or electronic, used by Bidders/Applicants, other than Anchor Investors, to make a Bid and authorising an SCSB to block the Bid Amount in the specified bank account maintained with such SCSB
ASBA Form	Application form, whether physical or electronic, used by ASBA Bidders/Applicants, which will be considered as the application for Allotment in terms of the Red Herring Prospectus and the Prospectus
ASBA Account	Account maintained with an SCSB which may be blocked by such SCSB to the extent of the Bid Amount of the Bidder/Applicant
ASBA Bidder/Applicant	All Bidders/Applicants except Anchor Investors
Banker(s) to the Issue/Escrow Collection Bank(s)/Collecting Banker	Banks which are clearing members and registered with SEBI as Banker to the Issue with whom the Escrow Account(s) for Anchor Investors may be opened, and as disclosed in the RHP/Prospectus and Bid cum Application Form of the Issuer
Basis of Allotment	Basis on which the Equity Shares may be Allotted to successful Bidders/Applicants under the Issue
Bid	An indication to make an offer during the Bid/Issue Period by a prospective Bidder/Applicants pursuant to submission of Bid cum Application Form or during the Anchor Investor Bid/Issue Period by the Anchor Investors, to subscribe for or purchase the Equity Shares of the Issuer at a price within the Price Band, including all revisions and modifications thereto. In case of issues undertaken through the fixed price process, all references to a Bid should be construed to mean an Application
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder/Applicants upon submission of the Bid (except for Anchor Investors), less discounts (if applicable). In case of issues undertaken through the fixed price process, all references to the Bid Amount should be construed to mean the Application Amount
Bid	Anchor Investor Application Form or the ASBA Form, as the context requires
Bid/Issue Closing Date	Except in the case of Anchor Investors (if applicable), the date after which the Designated Intermediaries may not accept any Bids for the Issue, which may be notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Bidders/Applicants may refer to the RHP/Prospectus for the Bid/Issue Closing Date

<b>Term</b>	<b>Description</b>
Bid/Issue Opening Date	The date on which the Designated Intermediaries may start accepting Bids for the Issue, which may be the date notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Bidders/Applicants may refer to the RHP/Prospectus for the Bid/Issue Opening Date
Bid/Issue Period	Except in the case of Anchor Investors (if applicable), the period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective ASBA Bidders/Applicants can submit their Bids, inclusive of any revisions thereof. The Issuer may consider closing the Bid/Issue Period for QIBs one working day prior to the Bid/Issue Closing Date in accordance with the SEBI ICDR Regulations. Bidders/Applicants may refer to the RHP/Prospectus for the Bid/Issue Period
Bidder/Applicant	Any prospective investor who makes a Bid pursuant to the terms of the RHP/Prospectus and the Bid cum Application Form. In case of issues undertaken through the fixed price process, all references to a Bidder/Applicant should be construed to mean an Applicant
Book Built Process/Book Building Process/Book Building Method	The book building process as provided under SEBI ICDR Regulations, in terms of which the Issue is being made
Broker Centres/	Broker centres notified by the Stock Exchanges, where Bidders/Applicants can submit the ASBA Forms to a Registered Broker. The details of such broker centres, along with the names and contact details of the Registered Brokers are available on the websites of the Stock Exchanges.
BRLM(s)/Book Running Lead Manager(s)/Lead Manager/LM	The Book Running Lead Manager to the Issue as disclosed in the RHP/Prospectus and the Bid cum Application Form of the Issuer. In case of issues undertaken through the fixed price process, all references to the Book Running Lead Manager should be construed to mean the Lead Manager or LM
Business Day	Monday to Saturday (except 2 <sup>nd</sup> and 4 <sup>th</sup> Saturday of a month and public holidays)
CAN/ Confirmation of Allocation Note	Notice or intimation of allocation of Equity Shares sent to Anchor Investors, who have been allocated Equity Shares, after the Anchor Investor Bid/ Issue Period
Cap Price	The higher end of the Price Band, above which the Issue Price and the Anchor Investor Issue Price may not be finalised and above which no Bids may be accepted
Client ID	Client Identification Number maintained with one of the Depositories in relation to demat account
Collecting Depository Participant or CDPs	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Cut-off Price	Issue Price, finalised by the Issuer in consultation with the Book Running Lead Manager(s), which can be any price within the Price Band. Only RIIs, Retail Individual Shareholders and employees are entitled to Bid at the Cut-off Price. No other category of Bidders/Applicants are entitled to Bid at the Cut-off Price
DP	Depository Participant
DP ID	Depository Participant's Identification Number
Depositories	National Securities Depository Limited and Central Depository Services (India) Limited
Demographic Details	Details of the Bidders/Applicants including the Bidders'/Applicants' address, name of the Applicant's father/husband, investor status, occupation and bank account details
Designated Branches	Such branches of the SCSBs which may collect the Bid cum Application Forms used by Bidders/Applicants (excluding Anchor Investors) and a list of which is available on <a href="http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html">http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html</a>

<b>Term</b>	<b>Description</b>
Designated CDP Locations	Such locations of the CDPs where Bidders/Applicants can submit the ASBA Forms to Collecting Depository Participants. The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept ASBA Forms are available on the websites of the respective Stock Exchanges (www.bseindia.com and www.nseindia.com)
Designated Date	The date on which funds are transferred by the Escrow Collection Bank(s) from the Escrow Account and the amounts blocked by the SCSBs are transferred from the ASBA Accounts, as the case may be, to the Public Offer Account or the Refund Account, as appropriate, after the Prospectus is filed with the RoC, following which the board of directors may Allot Equity Shares to successful Bidders/Applicants in the Fresh Issue may give delivery instructions for the transfer of the Equity Shares constituting the Offer for Sale
Designated Intermediaries	Members of the Syndicate, Sub-Syndicate/Agents, SCSBs, Registered Brokers, Brokers, the CDPs and RTAs, who are authorised to collect Bid cum Application Forms from the Bidders/Applicants, in relation to the Issue
Designated RTA Locations	Such locations of the RTAs where Bidders/Applicants can submit the ASBA Forms to RTAs. The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the websites of the respective Stock Exchanges (www.bseindia.com and www.nseindia.com)
Designated Stock Exchange	The designated stock exchange as disclosed in the RHP/Prospectus of the Issuer
Discount	Discount to the Issue Price that may be provided to Bidders/Applicants in accordance with the SEBI ICDR Regulations.
Draft Prospectus	The draft prospectus filed with SEBI in case of Fixed Price Issues and which may mention a price or a Price Band
Employees	Employees of an Issuer as defined under SEBI ICDR Regulations and including, in case of a new company, persons in the permanent and full time employment of the promoting companies excluding the promoters and immediate relatives of the promoters. For further details, Bidder/Applicant may refer to the RHP/Prospectus
Equity Shares	Equity Shares of the Issuer
Escrow Account	Account opened with the Escrow Collection Bank(s) and in whose favour the Anchor Investors may transfer money through NEFT, direct credit or RTGS in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement to be entered into among the Issuer, the Registrar to the Issue, the Book Running Lead Manager(s), the Syndicate Member(s), the Escrow Collection Bank(s) and the Refund Bank(s) for collection of the Bid Amounts from Anchor Investors and where applicable, remitting refunds of the amounts collected to the Anchor Investors on the terms and conditions thereof
Escrow Collection Bank(s)	Refer to definition of Banker(s) to the Issue
FCNR Account	Foreign Currency Non-Resident Account
First Bidder/Applicant	The Bidder/Applicant whose name appears first in the Bid cum Application Form or Revision Form
FII(s)	Foreign Institutional Investors as defined under the SEBI (Foreign Institutional Investors) Regulations, 1995 and registered with SEBI under applicable laws in India
Fixed Price Issue/Fixed Price Process/Fixed Price Method	The Fixed Price process as provided under SEBI ICDR Regulations, in terms of which the Issue is being made
Floor Price	The lower end of the Price Band, at or above which the Issue Price and the Anchor Investor Issue Price may be finalised and below which no Bids may be accepted, subject to any revision thereto
FPIs	Foreign Portfolio Investors as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014



<b>Term</b>	<b>Description</b>
FPO	Further public offering
Foreign Venture Capital Investors or FVCIs	Foreign Venture Capital Investors as defined and registered with SEBI under the SEBI (Foreign Venture Capital Investors) Regulations, 2000
IPO	Initial public offering
Issue	Public issue of Equity Shares of the Issuer including the Offer for Sale if applicable
Issuer/Company	The Issuer proposing the initial public offering/further public offering as applicable
Locations	Bidding centres where the syndicate shall accept ASBA Forms from Bidders/Applicants
Maximum RII Allottees	The maximum number of RIIs who can be Allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Bid Lot.
MICR	Magnetic Ink Character Recognition - nine-digit code as appearing on a cheque leaf
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
Mutual Funds Portion	5% of the QIB Category (excluding the Anchor Investor Portion) available for allocation to Mutual Funds only, being such number of equity shares as disclosed in the RHP/Prospectus and Bid cum Application Form
NEFT	National Electronic Fund Transfer
NRE Account	Non-Resident External Account
NRI	NRIs from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the RHP/Prospectus constitutes an invitation to subscribe to or purchase the Equity Shares
NRO Account	Non-Resident Ordinary Account
Net Issue	The Issue less reservation portion
Non-Institutional Investors or NIIs	All Bidders/Applicants, including sub accounts of FIIs registered with SEBI which are foreign corporates or foreign individuals and FPIs which are Category III foreign portfolio investors, that are not QIBs or RIBs and who have Bid for Equity Shares for an amount of more than ₹ 200,000 (but not including NRIs other than Eligible NRIs)
Non-Institutional Category	The portion of the Issue being such number of Equity Shares available for allocation to NIIs on a proportionate basis and as disclosed in the RHP/Prospectus and the Bid cum Application Form
Non-Resident	A person resident outside India, as defined under FEMA and includes Eligible NRIs, FPIs and FVCIs registered with SEBI
OCB/Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of atleast 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA
Offer for Sale	Public offer of such number of Equity Shares as disclosed in the RHP/Prospectus through an offer for sale by the Selling Shareholders
Other Investors	Investors other than Retail Individual Investors in a Fixed Price Issue. These include individual applicants other than retail individual investors and other investors including corporate bodies or institutions irrespective of the number of specified securities applied for
Issue Price	The final price, less discount (if applicable) at which the Equity Shares may be Allotted to Bidders/Applicants other than Anchor Investors, in terms of the Prospectus. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Issue Price The Issue Price may be decided by the Issuer in consultation with the Book Running Lead Manager(s)
PAN	Permanent Account Number allotted under the Income Tax Act, 1961



<b>Term</b>	<b>Description</b>
Price Band	Price Band with a minimum price, being the Floor Price and the maximum price, being the Cap Price and includes revisions thereof. The Price Band and the minimum Bid lot size for the Issue may be decided by the Issuer in consultation with the Book Running Lead Manager(s) and advertised, atleast five working days in case of an IPO and one working day in case of FPO, prior to the Bid/Issue Opening Date, in English national daily, Hindi national daily and regional language at the place where the registered office of the Issuer is situated, newspaper each with wide circulation
Pricing Date	Date on which the Issuer in consultation with the Book Running Lead Manager(s), finalise the Issue Price
Prospectus	Prospectus to be filed with the RoC in accordance with Section 26 of the Companies Act, 2013 after the Pricing Date, containing the Issue Price, the size of the Issue and certain other information
Public Offer Account	Bank account opened with the Banker to the Issue to receive monies from the Escrow Account and from the ASBA Accounts on the Designated Date
QIB Category	The portion of the Issue being such number of Equity Shares to be Allotted to QIBs on a proportionate basis
Qualified Institutional Buyers or QIBs	As defined under SEBI ICDR Regulations
RTGS	Real Time Gross Settlement
Red Herring Prospectus/RHP	The red herring prospectus issued in accordance with Section 32 of the Companies Act, 2013, which does not have complete particulars of the price at which the Equity Shares are offered and the size of the Issue. The RHP may be filed with the RoC atleast three days before the Bid/Issue Opening Date and may become a Prospectus upon filing with the RoC after the Pricing Date. In case of issues undertaken through the fixed price process, all references to the RHP should be construed to mean the Prospectus
Refund Account(s)	The account opened with Refund Bank(s), from which refunds to Anchor Investors, if any, of the whole or part of the Bid Amount may be made
Refund Bank(s)	Refund bank(s) as disclosed in the RHP/Prospectus and Bid cum Application Form of the Issuer
Registrar and Share Transfer Agents or RTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Registered Broker	Stock Brokers registered with the Stock Exchanges having nationwide terminals, other than the members of the Syndicate
Registrar to the Issue/RTO	The Registrar to the Issue as disclosed in the RHP/Prospectus and Bid cum Application Form
Reserved Category/Categories	Categories of persons eligible for making application/Bidding under reservation portion
Reservation Portion	The portion of the Issue reserved for such category of eligible Bidders/Applicants as provided under the SEBI ICDR Regulations
Retail Individual Investors/RIIs	Investors who applies or bids for a value of not more than ₹ 200,000
Retail Individual Shareholders	Shareholders of a listed Issuer who applies or bids for a value of not more than ₹ 200,000.
Retail Category	The portion of the Issue being such number of Equity Shares available for allocation to RIIs which shall not be less than the minimum Bid Lot, subject to availability in RII category and the remaining shares to be Allotted on proportionate basis.
Revision Form	The form used by the Bidders/Applicants in an issue through Book Building Process to modify the quantity of Equity Shares and/or bid price indicated therein in any of their Bid cum Application Forms or any previous Revision Form(s)
RoC	The Registrar of Companies
SEBI	The Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992

<b>Term</b>	<b>Description</b>
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
Self Certified Syndicate Bank(s) or SCSB(s)	A bank registered with SEBI, which offers the facility of ASBA and a list of which is available on <a href="http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html">http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html</a>
Stock Exchanges/SE	The stock exchanges as disclosed in the RHP/Prospectus of the Issuer where the Equity Shares Allotted pursuant to the Issue are proposed to be listed
Specified Locations	Bidding centres where the Syndicate shall accept Bid cum Application Forms
Syndicate	The Book Running Lead Manager(s) and the Syndicate Member
Syndicate Agreement	The agreement to be entered into among the Issuer, and the Syndicate in relation to collection of ASBA Forms by Syndicate Members
Syndicate Member(s)/SM	The Syndicate Member(s) as disclosed in the RHP/Prospectus
Underwriters	The Book Running Lead Manager(s) and the Syndicate Member(s)
Underwriting Agreement	The agreement amongst the Issuer, and the Underwriters to be entered into on or after the Pricing Date
Working Day	All days other than second and fourth Saturday of the month, Sunday or a public holiday, on which commercial banks in Mumbai are open for business; provided however, with reference to (a) announcement of Price Band; and (b) Bid/Issue Period, shall mean all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business; and (c) the time period between the Bid/Issue Closing Date and the listing of the Equity Shares on the Stock Exchanges, shall mean all trading days of Stock Exchanges, excluding Sundays and bank holidays, as per the SEBI Circular SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016

## **RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES**

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The government bodies responsible for granting foreign investment approvals are FIPB and the RBI.

The Government has from time to time made policy pronouncements on FDI through press notes and press releases. The Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India (“DIPP”), issued the Consolidated FDI Policy, which with effect from June 7, 2016, consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DIPP that were in force and effect as on June 7, 2016. The Government proposes to update the consolidated circular on FDI Policy once every year and therefore, the Consolidated FDI Policy will be valid until the DIPP issues an updated circular.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the Consolidated FDI Policy and transfer does not attract the provisions of the SEBI Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the Consolidated FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/ RBI.

As per the existing policy of the GoI, OCBs cannot participate in the Offer.

**The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States, and, unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.**

**Accordingly, the Equity Shares are being offered and only outside the United States in offshore transactions in reliance on Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.**

**The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

**The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholders and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.**

## SECTION VIII: MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

*Capitalized terms used in this section have the meaning that has been given to such terms in the Articles of Association of our Company. Pursuant to Schedule I of the Companies Act, 2013 and the SEBI Regulations, the main provisions of the Articles of Association of our Company are detailed below.*

*Notwithstanding anything contained in these Articles, Parts B and C of these Articles shall become inapplicable from the date of, and only upon, listing of the Equity Shares of the Company on the stock exchanges in India. In the event the Company is unable to list its Equity Shares on the stock exchanges in India, the provisions of Parts B and C of these Articles shall not become inapplicable and Parts A, B and C shall together constitute the Articles of the Company, and provisions of Part B shall prevail over Part A in case of any inconsistency between the two parts and the provisions of Part C shall prevail over Part A in case of any inconsistency between the two parts.*

*Notwithstanding anything contained in these Articles and hereinabove, these Articles (consisting of Parts A and C) shall be placed before the Shareholders for their approval at the first general meeting post listing of the Equity Shares on the Stock Exchanges. In the event the Shareholders approve the Articles, Part C of the Articles would come into force and become valid, applicable and effective along with Part A post conclusion of such general meeting and the provisions of Part C shall prevail over Part A in case of any inconsistency between the two parts.*

### PART – A+

#### I. PRELIMINARY

<b>“Table ‘A’ and Table ‘F’ to apply except modified herein”</b>	1.+	Subject as hereinafter provided, the Regulations in Table ‘A’ in Schedule I to the Companies Act, 1956 (hereinafter referred to as Table A) and Table ‘F’ in Schedule I to the Companies Act, 2013 (hereinafter referred to as Table F) shall apply to the Company in so far as they are applicable to a public limited company and constitute its regulations, except in so far as they are hereinafter expressly or impliedly, excluded, modified or varied. For avoidance of doubt, (i) the regulations contained in Table A which correspond to provision under the Companies Act, 1956, shall only be applicable to the extent the relevant provisions of the Companies Act, 1956 are still in force and (ii) the regulations contained in Table F which correspond to provision under the Companies Act, 2013, shall only be applicable to the extent the relevant provisions of the Companies Act, 2013 have been notified.
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#### II. DEFINITIONS AND INTERPRETATIONS

<b>“Interpretation”</b>	2.	In the construction of these Articles unless inconsistent with the context the singular shall include the plural and the masculine shall include the feminine and vice versa, and persons shall include bodies corporate, and the following words and expression shall have the following meanings:
<b>“Act”</b>	a+	“Act” shall mean the Companies Act, 2013 and the Rules framed thereunder and any statutory modification or re-enactment thereof for the time being in force.
<b>“Annual General Meeting”</b>	b	“Annual General Meeting” shall mean the annual general meeting of the Members of the Company held each year in accordance with the provisions of the Act.
<b>“Articles”</b>	c	“Articles” shall mean these Articles of Association as amended from time to time
<b>“Auditors”</b>	d	“Auditors” shall mean the entity appointed as statutory auditors of the Company in accordance with provisions of the Act.
<b>“Board”</b>	e	“Board” or “Board of Directors” shall mean the Directors of the Company for the time being.

<b>“BGAPH”</b>	f+	“BGAPH” shall mean British Gas Asia Pacific Holdings Pte Limited, a company incorporated under the laws of Singapore having its registered office at 8 Marina View, Asia Square Tower 1, #11-03, Singapore 018960, including its successors and permitted assigns.
<b>“Company”</b>	g	“Company” shall mean Mahanagar Gas Limited, a company incorporated under the laws of India.
<b>“Dividend”</b>	h	<b>“Dividend”</b> shall include dividend, interim dividend and bonus.
<b>“Extraordinary General Meeting”</b>	i+	“Extraordinary General Meeting” shall mean an extraordinary general meeting of the Company called by the Board under Section 100 of the Act.
<b>“General Meeting”</b>	j	“General Meeting” means meeting of the Members of the Company whether an Annual General Meeting or an Extraordinary General Meeting.
<b>“GAIL”</b>	k	“GAIL” shall mean GAIL (India) Limited (formerly Gas Authority of India Limited), a company incorporated under the Indian Companies Act, 1956 (No.1 of 1956), having its registered office at 16, Bhikaiji Cama Place, R.K. Puram, New Delhi 110 066, India, including its successors and permitted assigns
<b>“Member ” or “Members”</b>	l	<p>“Member” or “Members” in relation to the Company shall mean:</p> <ul style="list-style-type: none"> <li>(a) the subscriber to the Memorandum of the Company who shall be deemed to have agreed to become member of the Company, and on its registration, shall be entered as member in its Register of Members;</li> <li>(b) every other person who agrees in writing to become a member of the Company and whose name is entered in the Register of Members of the Company;</li> <li>(c) every person holding Shares of the Company and whose name is entered as a beneficial owner in the records of a depository.</li> </ul>
<b>“Memorandum of Association” or “Memorandum”</b>	m+	“Memorandum of Association” or “Memorandum” shall mean Memorandum of Association of the Company as originally framed or as altered from time to time in pursuance of any previous company law or of the Act.
<b>“Person”</b>	n	“Person” shall include individuals, firms, bodies of individuals, companies and other bodies corporate.
<b>“Register” or “Register of Members”</b>	o	“Register” or “Register of Members” shall mean the register of Members to be kept pursuant to the provisions of the Act.
<b>“Seal”</b>	p	“Seal” shall mean the common seal of the Company.
<b>“Shares”</b>	q+	“Shares” shall mean the shares in the share capital of the company and includes stock.
<b>“Words and expressions derived in the Companies Act, 2013”+</b>		And subject as aforesaid and unless the context otherwise requires words or expressions contained in these Articles shall bear the same meanings as in the Act or any statutory modification thereof in force at the date at which these Articles become binding on the Company.
<b>III. CAPITAL</b>		
<b>“Capital”</b>	3+	The authorised share capital of the Company is ₹1,300,000,000/- (Rupees One Billion Three Hundred Million) divided into 130,000,000

(One Hundred Thirty Million) Shares of ₹10/- (Rupees Ten) each payable in the manner as may be determined by the Board, from time to time, with power to increase, reduce, subdivide or to repay the same or divide the same into several classes and to attach thereto any rights and to consolidate or subdivide or re-organise the Shares, subject to the provisions of the Act, to vary such rights as may be determined in accordance with the Articles.

#### IV. ISSUE OF SHARES

<b>“Preference Shares”</b>	4.a*+	The Company shall have power to issue preference shares carrying a right of redemption out of profits or out of the proceeds of a fresh issue of shares and the Board of Directors may subject to the provisions of Section 55 of the Act and Rule 9 of the Companies (Share Capital and Debentures) Rules, 2014 and proviso to Section 80A(1) and Section 80A(2) of Companies Act, 1956 (until the time these provisions remain in force) (including any statutory modification(s) or re-enactment thereof) exercise such power in any manner as they may think fit.
<b>“Sweat Equity Shares”</b>	4.b*+	The Company shall have power to issue sweat equity shares subject to the provisions of Section 54 of the Act and other applicable laws at a discount or for consideration other than cash for providing know-how or making available rights in the nature of intellectual property rights or value additions by whatever name called.
<b>“Equity Shares”</b>	4.c*+	Subject to the provisions of the Act and any Rules framed there under, the Board of Directors may issue equity shares upon such terms and conditions and with such rights and privileges annexed thereto, including differential rights as to dividend, voting or otherwise as the Board of Directors may deem fit.
<b>“Issue of Shares to employees / Directors ranking pari passu with the ordinary Shares”</b>	4.d*+	In accordance with the provisions of the Act (including any statutory modification(s) or re-enactment thereof) and other applicable laws, and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be considered necessary by the Board of Directors of the Company or any committee thereof for the time being exercising the powers conferred on the Board or as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to or accepted by the Board, the Board may, if and when thought fit, create, offer, issue, allocate or allot in one or more tranches, to such persons who are, in the sole discretion of the Board, in the permanent employment of the Company, and to the Executive/Managing/Whole time Directors of the Company, such number of ordinary shares of the Company of the face value of any denomination, including ordinary shares in the form of fully or partly convertible debentures, bonds, warrants or other securities as may be permitted by the law, from time to time not exceeding such percentage of the capital of the Company as may be permitted by the law, as the Board may deem fit, for subscription for cash or allocated as an option to subscribe, on such terms and at such price as may be fixed and determined by the Board prior to the issue and offer thereof in accordance with the applicable guidelines, regulations and provisions of law and otherwise ranking pari passu with the ordinary shares of the Company as then issued and in existence and on such other terms and conditions and at such time or times as the Board may, in its absolute discretion deem fit
<b>“Bonus Shares”</b>	4.e*+	The Company may subject to the provisions of Section 63 of the Act and other applicable law, capitalize its profits or reserves for the purpose of issuing fully paid-up bonus shares.

## V. REDUCTION OF CAPITAL

<b>“Reduction of Capital”</b>	5.a*+	The Company may, from time to time, by special resolution and subject to the provisions of Sections 100 to 104 of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof) and further subject to the provisions of Section 66 of the Act, (upon such provision of the Act coming into force) reduce its share capital, Capital Redemption Reserve Account or Share Premium Account in any way and in particular, without prejudice to the generality of the foregoing power, by:
	5.a.(i)*	extinguishing or reducing the liability on any of its shares in respect of share capital not paid-up; or
	5.a.(ii)*	cancelling, either with or without extinguishing or reducing liability on any of its shares, any paid-up capital which is lost or unrepresented by available assets; or
<b>“Capital may be paid off”</b>	5.a.(iii)*	paying off, either with or without extinguishing or reducing liability, on any paid-up share capital which is in excess of the wants of the Company, and capital may be paid off upon the footing that it may be called up again or otherwise and paid-up capital may be cancelled as aforesaid without reducing the nominal amount of the shares by the like amount to the intent that the unpaid and callable capital shall be increased by the like amount.
<b>“Reduction of Capital and buy back of securities”</b>	5.b*+	Notwithstanding anything contained in these Articles, subject to all applicable provisions of the Act, (including any statutory modification(s) or re-enactment thereof and any Ordinance promulgated in this regard for the time being in force and as may be enacted/promulgated from time to time), including Sections 66 (upon such provision of the Act coming into force), 68, 69 and 70 of the Act, and subject to such other approvals, permissions and sanctions, and in accordance with regulations made by authorities or bodies as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to, the Board of Directors may, if and when thought fit, buy back from the existing holders of shares and/or other securities giving right to subscribe for shares of the Company, and/or from the open market and/or from the lots smaller than market lots of the securities (odd lots) and/or by purchasing the securities issued to the employees pursuant to a scheme of stock option, the shares or such other securities or securities having such underlying voting rights as may hereafter be notified by the Central Government or any other regulatory authority, from time to time (herein for brevity's sake referred to as “the Securities”) of the Company, from out of its free reserves or out of the securities premium account of the Company or out of the proceeds of issuance of any shares or other securities or from such other sources as may be permitted by law, on such terms and conditions and in such manner as may be prescribed or permitted by law from time to time.

## VI. DEMATERIALISATION OF SHARES

<b>“Beneficial Owner”</b>	6.a*	For the purpose of this Article:
	6.a.(i)*	“Beneficial Owner” means a person or persons whose name is recorded as such with a depository;
<b>“SEBI”</b>	6.a.(ii)*	“SEBI” means the Securities and Exchange Board of India;
<b>“Depository”</b>	6.a.(iii)*+	“Depository” means a company formed and registered under the Act or the Companies Act, 1956 and which has been granted a certificate of



		registration to act as a depository under the Securities and Exchange Board of India Act, 1992; and
<b>“Securities”</b>	6.a.(iv)*	“Security” means such security as may be specified by SEBI from time to time.
<b>“Dematerialization of Securities ”</b>	6.b*	Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996.
<b>“Option to Subscribers to receive Security Certificates or to have Securities in demat form”</b>	6.c+	Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by the law, in respect of any security in the manner provided by the Depositories Act, 1996 and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificate of securities.
<b>“Intimation to Depository of securities allotted in demat form”</b>	6.d+	If a person opts to hold his security with a depository, the Company shall intimate to such depository the details of allotment of the security and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.
<b>“Depository deemed to be registered owner “</b>	6.e(i)*	Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.
<b>“Depository not to have voting rights”</b>	6.e(ii)*	Save as otherwise provided in (i) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
<b>“Beneficial owner deemed to be Member</b>	6.e(iii)*	Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.
<b>“Depository to supply list of beneficial owners”</b>	6.f*	Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.
<b>“Provision of Section 56 not to apply”</b>	6.g*+	Nothing contained in Section 56 of the Act, except sub sections 3, 4, 5 of that Section or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository
<b>“The Company to intimate Depository the allotment of Securities in demat form”</b>	6.h*	Notwithstanding anything in the Act or these Articles, where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.
	6.i*	Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository.
<b>“Register &amp; Index of Members &amp; Security Holders”</b>	6.j*	The Register and Index of beneficial owners maintained by a depository under the Depositories Act, 1996, shall be deemed to be the Register and Index of Members and Security holders for the purposes of these Articles. “Register & Index of Members & Security Holders”

## VII. SHARES AND SHAREHOLDERS

### “Further issue of Shares”

7.a+

Where at any time, the Company proposes to increase its subscribed capital by the issue of further Shares, such Shares shall be offered:

- (b) to persons who, at the date of the offer, are holders of equity Shares of the Company in proportion, as nearly as circumstances admit, to the paid-up share capital on those Shares by sending a letter of offer subject to the following conditions, namely:
  - (i) the offer shall be made by notice specifying the number of Shares offered and limiting a time not being less than fifteen days and not exceeding thirty days from the date of the offer within which the offer, if not accepted, shall be deemed to have been declined
  - (ii) the offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the Shares offered to him or any of them in favour of any other person; and the notice referred to in clause (i) above shall contain a statement of this right;
  - (iii) after the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the Shares offered, the Board of Directors may dispose of them in such manner which is not disadvantageous to the shareholders and the Company;
- (c) to employees under a scheme of employees’ stock option, subject to special resolution passed by Company and subject to such conditions as may be prescribed by the rules framed under the Act; or
- (d) to any persons, if it is authorised by a special resolution, whether or not those persons include the persons referred to in clause (a) or clause (b) of this Article, either for cash or for a consideration other than cash, if the price of such Shares is determined by the valuation report of a registered valuer subject to such conditions as may be prescribed by the rules framed under the Act.

7.b+

The notice referred to in sub-clause (i) of clause (a) of Article 7.a above shall be dispatched through registered post or speed post or through electronic mode to all the existing shareholders of the Company at least three days before the opening of the issue.

7.c +

Nothing in Articles 7.a, 7.b and 7.c shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option as a term attached to the debentures issued or loan raised by the Company to convert such debentures or loans into shares in the Company:

Provided that the terms of issue of such debentures or loan containing such an option have been approved before the issue of such debentures or the raising of loan by a special resolution passed by the Company in General Meeting.

### “Shares at the disposal of the Directors”

7.d\*+

Subject to the provisions of Section 62 of the Act and sub-sections (4) to (7) of section 81 of the Companies Act, 1956 (until such times that these provisions are in force) or any other applicable rules and/or regulations and these Articles, the shares in the capital of the Company for the time being (including any shares forming part of any increased capital of the Company) shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any one of them to

such persons in such proportion and on such terms and conditions and either at a premium or at par or (subject to compliance with the provisions of Section 53 of the Act) at a discount and at such time as they may, from time to time, think fit and proper and with the sanction of the Company in General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may allot and issue Shares in the capital of the Company on payment in full or part of any property sold and transferred for any services rendered to the Company in the conduct of its business and any Shares which may be so allotted may be issued as fully paid-up Shares and if so issued, shall be deemed to be fully paid-up Shares. Provided that the option or right to call of Shares shall not be given to any person or persons except with the sanction of the Company in General Meeting.

**“Registered Holders to be absolute owner”**

7.e\*

Save as herein or by law otherwise expressly provided, the Company shall be entitled to treat the registered holder of any share as the absolute owner thereof, and accordingly shall not, except as ordered by a Court of competent jurisdiction, or as by statute required, be bound to recognise any benami trusts whatsoever or equitable, contingent, future, partial or other claim to or interest in such share, on the part of any other person whether or not it shall have express or implied notice thereof. The provisions of the Act shall apply and save as aforesaid, no notice of any trust expressed, implied or constructive, shall be entered in the Register; the Directors shall, however, be at liberty, at their sole discretion to register any share in the joint names of any two or more persons, and the survivor or survivors of them

**“Company’s Lien on Shares/Debentures”**

7.f\*+

The Company shall have a first and paramount lien upon all the Shares/debentures (other than fully paid-up Shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such Shares/debentures and no equitable interest in any Share shall be created except upon the footing and condition that this Article will have full effect and such lien shall extend to all dividends and bonuses from time to time declared in respect of such Shares/debentures. Unless otherwise agreed the registration of a transfer of Shares/debentures shall operate as a waiver of the Company's lien if any, on such Shares/debentures. The Directors may at any time declare any Shares/debentures wholly or in part to be exempt from the provisions of this Article.

## VIII. JOINT HOLDERS

**“Joint Holders”**

8.\*

Where two or more persons are registered as the holders of any shares they shall be deemed (so far as the Company is concerned) to hold the same as joint-holders with benefits of survivorship subject to the following and other provisions contained in these Articles:

**“Two persons as Joint Holders”**

8.a\*

The Company shall be entitled to decline to register more than two persons as the joint-holders of any shares.

**“Liabilities for all payment in respect of shares”**

8.b\*

The joint-holders of any shares shall be liable, severally as well as jointly, for and in respect of all calls or installments and other payments which ought to be made in respect of such shares

**“Title of survivors”**

8.c\*

On the death of any one or more of such joint-holders the survivor or survivors shall be the only person or persons recognised by the Company as having any title to the share but the Directors may require such evidence of death as they may deem fit and nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any other person.

<b>“Joint Holders of Shares to give receipt for payments in respect thereof”</b>	8.d*	Any one of such joint - holders may give effectual receipts for any dividends or other moneys payable in respect of such shares.
<b>“Delivery of Certificate and giving of Notices to first named Holders”</b>	8.e*+	Only the person whose name stands first in the Register of Members as one of the joint-holders of any shares shall be entitled to delivery of the certificate relating to such share or to receive notices from the Company and any notice given to such person shall be deemed notice to all the joint-holders.
<b>“Voting Rights of Joint Holders”</b>	8.f*	Any one of two or more joint-holders may vote at any meeting either personally or by any agent duly authorised under a power of attorney or by proxy in respect of such shares as if he were solely entitled thereto and if more than one of such joint-holders be present at any meeting personally or by proxy or by attorney then one of such persons so present whose name stands first or higher (as the case may be) on the Register in respect of such share shall alone be entitled to vote in respect thereof. Provided, always, that a person present at any meeting personally shall be entitled to vote in preference to a person, present by an agent, duly authorised under power of attorney or by proxy although the name of such person present by an agent or proxy stands first in the Register in respect of such shares. Several executors of a deceased member in whose (deceased member) sole name any share stands shall for the purpose of this sub-clause be deemed joint-holders.
<b>“Limitation of Time for Issue of Certificates”</b>	8.g*+	Every member shall be entitled, without payment to one or more certificates in marketable lots, for all the Shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as the Directors may so determine) to several certificates, each for one or more of such Shares and the Company shall complete and have ready for delivery such certificates within two months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its Shares as the case may be. Every certificate of Shares shall be under the seal of the Company and shall specify the number and distinctive numbers of Shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the Directors may prescribe and approve, provided that in respect of a Share or Shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate of Shares to one or several joint holders shall be a sufficient delivery to all such holder.
<b>“Issue of new certificate in place of one defaced, lost or destroyed”</b>	8.h*+	If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity, affidavit as the Company may deem adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every certificate under the Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding ₹ 50/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer

Provided that notwithstanding what is stated above the Directors shall comply with such rules or regulation or requirements of any Stock

Exchange or the rules made under the Act or rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable thereof in this behalf.

The provision of this Article shall mutatis mutandis apply to debentures of the Company.

#### **IX. UNDERWRITING AND BROKERAGE**

<b>“Commission and Brokerage”</b>	9.*+	The Company may, subject to the provisions of Sub-section (6) of Section 40 of the Act and Rule 13 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 and other applicable provisions (if any) of the Act, at any time pay a commission to any person in consideration of his subscribing or his procuring, subscriptions, whether absolutely or conditionally, for any shares in or debentures of the Company and commission in case of shares and debentures shall be paid in accordance with the applicable law and regulations. The commission may be paid out of the proceeds of the issue or the profit of the company or both. The Company may also on any issue of shares or debentures pay such brokerage as may be lawful.
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#### **X. NOMINATION OF SHARES**

<b>“Nomination”</b>	10.a*	Every shareholder or debenture holder of the Company, may at any time nominate, in the prescribed manner, a person to whom his shares in, or debentures of, the Company shall vest in the event of his death
<b>“Joint Holders may nominate only one person jointly as their Nominee”</b>	10.b*	Where the shares in, or debentures of, the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the shares or debentures of the Company as the case may be, shall vest in the event of death of all the joint holders.
<b>“Nominee’s right in case of death of Joint Holders”</b>	10.c*	Notwithstanding anything to the contrary contained in any other law or these Articles for the time being in force or in any disposition, whether testamentary or otherwise, in respect of such shares in or debentures of the Company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares in or the debentures of the Company, the nominee shall, on death of the shareholder or debenture holder, or, as the case may be on the death of the joint holders, become entitled to all the rights in such shares or debentures or as the case may be, all the joint holders, in relation to such shares or debentures, to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner.
<b>“Minor Nominee to Appoint another person as his Nominee”</b>	10.d*	Where the nominee is a minor, it shall be lawful for the holder of the shares or debentures, to make the nomination to appoint, in the prescribed manner, any person to become entitled to shares in or debentures of the Company, in the event of his death, during the minority of such nominee.

#### **XI. CALLS**

<b>“Calls”</b>	11.a*	The Board of Directors may, from time to time, subject to the terms on which any shares may have been issued, make such calls as they think fit upon the members in respect of all moneys unpaid on the shares held by them respectively and not by the conditions of allotment thereof made payable at fixed times, and each member shall pay the amount of every call so made on him to the persons and at the times and places appointed by the Board of Directors. A call may be made payable by installments. A call or any installment of a call may be revoked or postponed by the Board of Directors.
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<b>“Notice of Call”</b>	11.b*	Not less than fourteen days or such period as may be provided by the Act, applicable rules and regulations, notice in writing of any call shall be given by the Company specifying the time and place of payment, and the person or persons to whom such call shall be paid.
<b>“Call deemed to be made on the date of Board Resolution”</b>	11.c*	A call shall be deemed to have been made at the time when the resolution authorizing such call was passed at meeting of the Board of Directors and may be made payable by the Members on such date, or at the discretion of the Directors on such subsequent date, as shall be fixed by the Board of Directors.
<b>“Board may extend the Call time at its discretion”</b>	11.d*	The Board of Directors may, from time to time at its discretion, extend the time fixed for the payment of any call and may extend such time to all or any of the Members of the Board of Directors may deem fairly entitled to such extension, but no Member shall be entitled to such extension as of right except as a matter of grace and favour.
<b>“Amount payable at fixed time or by installments payable as Calls”</b>	11.e*+	<p>If by the terms of issue of any Share or otherwise any amount is made payable at any fixed time or by installments at fixed time (whether on account of the amount of the share or by way of premium) every such amount or installment shall be payable as if it were a call duly made by the Board of Directors and of which due notice has been given and all the provisions herein contained in respect of calls shall apply to such amount or installment accordingly.</p> <p>In case of non-payment of such sum, all the relevant provisions of these regulations as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.</p>
<b>“Interest on Call payable”</b>	11.f*	If the sum payable in respect of any call or installment be not paid for the time being or allottee of the Share in respect of which the call shall have been made or the installment shall be due, shall pay interest on the same at such rate as the Board of Directors shall fix from the day appointed for the payment thereof until the time of actual payment, but the Board of Directors may waive payment of such interest wholly or in part.
<b>“Evidence in action for Call”</b>	11.g*	On the trial or hearing of any action or suit brought by the Company against any Member or his legal representatives for the recovery of any moneys claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the Member in respect of whose shares the money is sought to be recovered is entered on the Register of Members as the holder or as one of the holders at or subsequent to the date at which the money sought to be recovered is alleged to have become due on the shares, that the resolution making the call is duly recorded in the minute book, and that notice of such call was duly given to the Member or his legal representatives sued in pursuance of these Articles and it shall not be necessary to prove the appointment of the directors who made such call, nor that a quorum of directors was present at the Board at which any call was made nor that the meeting at which any call was made was duly convened or constituted nor any other matter whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.
<b>“Payment of Calls in advance”</b>	11.h*+	The Board of Directors may, subject to the provisions of Section 50 of the Act, if it thinks fit, agree to and receive from any Member willing to advance the same, all or any part of the amount due upon the Shares held by him beyond the sums actually called for and upon the money so paid up in advance or so much thereof, from time to time and at any time thereafter as exceeds the amount of the calls then made upon and due in respect of its Shares on account of such advances are made, the



Company may pay interest, at such rate not exceeding unless the Company in a General Meeting otherwise directs, six percent to the Member paying the sum in advance and the Board of Directors agree upon. The Board of Directors may agree to repay at any time any amount so advanced or may at any time repay the same upon giving to such Members by giving suitable written notice as may be decided by the Board of Directors of the Company. Money so paid in advance of the amount of calls shall not confer a right to participate in profit or dividend.

No Member paying any sum in advance shall be entitled to voting rights in respect of the moneys so paid by him until the same would but for such payment become presently payable.

The provisions of this Article shall mutatis mutandis apply to calls on debentures of the Company.

<b>“Calls to be uniform”</b>	11.i*+	Where any calls are made on shares they shall be on uniform basis for all shares of the same class in accordance with Section 49 of the Act.
	11.j*	If by the conditions of allotment of any share, the whole or part of the amount or issue price thereof shall be payable by installments, every such installment shall, when due, be paid to the Company by the person who for the time being shall be the registered holder of the share.
<b>“Joint Holders liability in respect of Calls, Joint &amp; Several”</b>	11.k*	The joint-holders of a share shall be severally as well as jointly liable for the payment of all installments and calls due in respect of such share.

## **XII. TRANSFER AND TRANSMISSION OF SHARES**

<b>“Execution of Transfer Deed etc”</b>	12.*+	The instrument of transfer shall be in writing and all provisions of Section 56 of the Act and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.
<b>“No fee on Transfer or Transmission”</b>	13. +	No fee shall be charged for registration of transfer, transmission, probate, succession certificate and Letters of administration, Certificate of Death or Marriage, Power of Attorney or similar other document.
<b>“Directors may decline to register transfer”</b>	14.*+	Subject to the provisions of Section 59 of the Act, these Articles and other applicable provisions of the Act or any other law for the time being in force, the Board may refuse whether in pursuance of any power of the Company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to, any shares or interest of a Member in or debentures of the Company. The Company shall within one month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to the Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal.

Provided that the registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever, except where the Company has a lien on Shares.

<b>“Transmission of Shares”</b>	15.a*+	Any share of a deceased member may be transferred by his or her executors, administrators (after furnishing to the Board of Directors such documentary evidence as the Board of Directors may in their absolute discretion require including an appropriate indemnity) to the widow or widower or any such relative as aforesaid of such deceased
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		member but only where such widow, widower or relative is a legatee under a will of the deceased or an heir(s), where the deceased has died intestate.
<b>“No transfer to minor or insolvent or person of unsound mind”</b>	15.b*	No share shall in any circumstances be transferred to a minor, insolvent or a person of unsound mind.
<b>“Transfer of Shares”</b>	15.c*+	Save as provided in Article 15.b of these Articles and subject to the provisions of Section 59 of the Act, the shares or debentures of the Company and any interest therein shall be freely transferable.
<b>“Title of survivors”</b>	15.d*+	In the case of death of any one or more of the persons named in the Register of Members as the joint holders of any shares, the survivor or survivors shall be the only persons recognised by the Company as having any title to or interest in such share, but nothing herein contained, shall be taken to release the estate of a deceased joint holder from any liability on shares held by him jointly with any other persons.
<b>“Company not bound to recognize executors or Administrators or holders of a Succession Certificate”</b>	16.*	The executors or administrators or holders of Succession Certificate or the legal representatives of a deceased member (not being one or two or more joint holders) shall be the only persons recognised by the Company as having any title to the shares registered in the name of such member and the Company shall not be bound to recognise such executors or administrators or holders of a succession certificate or the legal representatives unless such executors or administrators or the legal representatives shall have first obtained probate or letters of administration or succession certificate as the case may be, from a duly constituted Court in India PROVIDED THAT in any case where the Board in its absolute discretion thinks fit, the Board may dispense with production of probate or letters of administration or succession certificate and under Article 17 register the name of any person who claims to be absolutely entitled to the shares standing in the name of a deceased member, as a member.
<b>“Transfer of Shares in favour of purchaser nominated by Board”</b>	17.*+	Subject to the provisions of Articles 15.d and 16 any person becoming entitled to shares in consequence of the death, lunacy, bankruptcy, insolvency or liquidation of any Member, by any lawful means other than by a transfer in accordance with these Articles may, with the consent of the Board, (which it shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or such title, as the Board thinks sufficient, either be registered itself / himself as the holder of the shares or elect to have some person nominated by it/him and approved by the Board, registered as such holder, provided, nevertheless, that if such person shall elect to have its/his nominee registered, it/he shall testify the election by execution in favour of its/his nominee an instrument of transfer in accordance with the provisions herein contained, and, until it/he does so, it/he shall not be freed from any liability in respect of the shares. If the Board refuses to register the transmission or transfer by the person becoming entitled to shares as aforesaid the Company shall comply with the provisions of Section 59 of the Act.

### **XIII. MODIFICATION OF RIGHTS**

**“Power to vary Share-holders’ rights”** 18.\*+

Whenever the capital (by reason of the issue of Preference Shares or otherwise) is divided into different classes of shares, all or any of the rights and privileges attached to each class may, subject to the provision of Section 106 of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof), be modified, commuted, affected, abrogated or otherwise varied subject to (a) the consent in writing by the holders of at least three-fourths in nominal value of the issued shares of the class concerned or (b) the sanction of a special resolution passed at a separate General Meeting of the holders of the issued shares of that class and all the provisions hereinafter contained as to General Meetings, shall mutatis mutandis apply to every such meeting, except that the quorum thereof shall, subject to the provisions of the Act and any applicable provisions of the Companies Act, 1956, be the members holding or representing by proxy one-fifth of the nominal amount of the issued shares of the class. This Article is not by implication to curtail the power of modification which the Company would have if this Article were omitted.

### **XIV. BORROWING POWERS**

**“Powers to borrow”** 19.\*\*+

Subject to the provisions of these Articles and the Act and the Companies (Acceptance of Deposits) Rules, 2014 or any statutory modifications thereof for the time being in force, the Board may from time to time at its discretion, by a resolution passed at a meeting of the Board and with the consent of the Company by passing a resolution in the General Meeting accept deposits from Members either in advance of calls or otherwise subject, however, that such deposits together with the amount of other deposits outstanding of the Company as on the date of acceptance or renewal of such deposits shall not exceed 25% of the aggregate of the paid-up share capital and free reserves of the Company.

20.+

Subject to the provisions of Section 180 and other applicable provisions of the Act and any Rules framed there under, the Board of Directors of the Company may from time to time at its discretion, borrow money, by a resolution passed at a meeting of the Board. In the event, the money to be borrowed, together with the money already borrowed by the Company, exceeds the aggregate of its paid-up share capital and free reserves, apart from temporary loans obtained from the Company’s bankers in the ordinary course of business, the Board shall exercise the powers to borrow such amount only with the consent of the Company by a special resolution in a General Meeting.

**“Securities to be Subject to control of Directors”** 21.\*\*+

The Board may, subject to the provisions of the Act and other applicable law, raise or secure the repayment of such sum or sums including interest and other charges, if applicable, in such manner and upon such terms and conditions in all respects as they think fit and in particular by the issue of bonds, redeemable debentures or debenture stock, or any mortgage, charge or other security on the undertaking or the whole or any part of the property of the Company (both present and future), including its uncalled capital for the time being. Debentures with the right to conversion into Shares or linked to allotment of Shares shall be issued in accordance with the provisions of the Act and only with the consent of the Company in General Meeting by way of a special resolution.

**“Register of Charges”** 22.\*\*

The Board shall cause a proper Register to be kept in accordance with the Act of all mortgages, debentures and charges specifically affecting the property of the Company and shall cause the requirements of the Act in that behalf to be duly complied with.

<b>“Securities may be assignable</b>	23.*+	Subject to the provisions of the Act, any such debenture, debenture stock and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.
<b>“Terms of issue of debentures”</b>	24.*+	Subject to the provisions of the Act and other applicable provisions of the Companies Act, 1956 which continue to be in force (and until the time they so remain in force), any Debenture, debenture stock, bonds or other securities may be issued at discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination, and with any special privileges as to redemption, surrender, drawings, allotment of shares, attending (but not voting) at General Meetings of the Company, appointment of Directors and otherwise PROVIDED HOWEVER that no Debentures with right to conversion into or allotment of shares shall be issued except with the sanction of the Company in General Meeting.
<b>XV. GENERAL MEETINGS</b>		
<b>“Power to Board to convene an Extra-Ordinary General meeting”</b>	25.**+	The Board may, whenever it thinks fit, call an Extraordinary General Meeting, by giving not less than twenty-one days’ notice in writing.
<b>“Business at General Meeting”</b>	26.**	No General Meeting shall be competent to enter, discuss or transact any business which has not been mentioned in the notice or notices upon which it was convened.
<b>XVI. PROCEEDINGS AT GENERAL MEETINGS</b>		
<b>Quorum for General Meeting”</b>	27.**+	No business shall be transacted at any General Meeting unless a requisite quorum under the provisions of Section 103 of the Act be present at the commencement of the meeting.
<b>“Chairman of General Meeting”</b>	28.**+	The Chairman of the Board of Directors shall be entitled to take the Chair at every General Meeting. If there be no Chairman, or if at any meeting he shall not be present within fifteen minutes after the time appointed for holding such meeting, or is not willing to act as the Chairman, the Members present at such meeting shall choose a Chairman of the meeting.
<b>“Casting Vote”</b>	29.**	In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall not be entitled to a second or casting vote
<b>XVII. BOARD OF DIRECTORS</b>		
<b>“Management of the Company”</b>	30.**	The management of the Company shall vest in the Board of Directors.
<b>“Constitution of Board”</b>	31.**+	The Company shall have a Board of Directors comprising of not more than fifteen Directors and not less than three Directors.
<b>“Nominee Director of Financial Institutions”</b>	32.**+	In the event of the Company borrowing any money from any financial corporation or institution or Government or any Government body, bank, person or persons or from any other source, while any money remains due to them or any of them, the lender concerned may have and may exercise the right and power to appoint, from time to time, any person or persons to be Director or Directors of the Company and the Directors so appointed, shall not be liable to retire by rotation, subject, however, to the limits prescribed by the Act. Any person so appointed may at any time be removed from office by the appointing authority who may from time of the death or resignation of such person, appoint any other in his place. Any such appointment or removal shall be in writing,

		signed by the appointer and served on the Company. Such Director need not hold any qualification Shares.
<b>“Sitting Fees”</b>	34.**+	<p>Directors shall be entitled to receive the sitting fees as prescribed under the Act.</p> <p>The Directors shall also be paid traveling and other expenses for attending and returning from meetings of the Board (and its committees) (including hotel expenses) and any other expenses properly incurred by them in connection with the business of the Company. Subject to the provisions of the Act and other applicable law, in addition to or in substitution of the sitting fees, Directors may also be paid commission not exceeding the maximum permissible limit.</p>
<b>“Responsibilities and Authorities of Technical Director”</b>		<p>Subject to the superintendence, control and direction of the Board and the Managing Director, the Technical Director shall have the responsibility and authority primarily in following matters.</p> <p>(a) Engineering Planning (b) Safety (c) Operations Support (d) Pipelines (Steel and Polyethylene) (e) Training (f) Standards and specifications (g) Research and Development</p>
<b>“First Directors”</b>	39.**	<p>The first Directors of the Company shall be :</p> <p>(1) Mr. C.N.H. Barker (2) Mr. S.E.A. Bensley (3) Mr. J.B. Stokes (4) Mr. P.S. Deodhar (5) Mr. B.S. Negi (6) Mr. C.R. Prasad</p>
<b>“Appointment of Alternate Director”</b>	40.**+	<p>Subject to the provisions of Sub section (2) of Section 161 of the Act, in the event that any Director (hereinafter referred to as the “Original Director”) is away for a continuous period of not less than three (3) months from India, the Board of Directors may appoint an Alternate Director for him.</p>
<b>“Appointment of Additional Directors”</b>	41.*+	<p>Subject to the provisions of Sub section (1) of Section 161 of the Act, the Board shall have the power at any time and from time to time to appoint a person as an additional director, provided the number of the directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by these Articles.</p>
<b>“Qualification Shares”</b>	42.**	<p>A Director shall not be required to hold any qualification Shares.</p>
<b>XVIII. PROCEEDINGS OF THE BOARD</b>		
<b>“Meeting of Directors”</b>	43.**+	<p>The Directors may meet as a Board for the dispatch of business from time to time, and at least four (4) such meetings shall be held in every year with a gap of not more than 120 days between two consecutive meetings of the Board. The Directors may adjourn and otherwise regulate their meetings as they think fit. Meetings of the Board may be held in or outside India.</p>
<b>“Notice of Board Meeting and form of Notice”</b>	44.**+	<p>At least seven (07) days notice of every meeting of the Board shall be given in writing to every Director present for the time being in India and at his usual address in India, and to every other Director, provided, however, that in the case of Directors residing outside India notice of every meeting of the Board shall also be given to such Directors at their addresses outside India and to their alternates, if any, in India at their usual addresses in India. So far as practical such notice shall be accompanied by the agenda setting out the business proposed to be</p>

transacted at the meeting of the Board, provided, however, that subject to the provisions of the Act and with the consent of all the Directors (including the alternate Directors, if any) present in India a meeting of the Board may be convened by a shorter notice in the case of an emergency or if special circumstances so warrant. Notice of Board Meetings to Directors resident outside India shall be given in writing by fax, email or other electronic means.

<b>“Quorum”</b>	45.**+	The quorum for the Board of Directors shall be one-third (1/3) of the total strength of the Board for the time being or two (2) Directors whichever is more. All decisions of the Board shall be taken, to the extent possible on the unanimous basis. In the event such unanimity is not available on a particular issue after due deliberation and effort, the matter shall be decided by simple majority.
<b>“Power to summon a Meeting”</b>	46.**	A Director may, and the Secretary on the requisition of a Director shall, summon a meeting of the Board.
<b>“Language of Meeting and Minutes”</b>	47.**	Meetings of the Board shall be conducted in the English language and the Minutes of the Board of Directors meetings shall be recorded in writing in English.
<b>“Casting Vote”</b>	48.**	The Chairman of the Board of Directors meeting shall not be entitled to a second or casting vote.
<b>“Delegation of Powers to Committee or sub-committee”</b>	49.**+	The Board may subject to the provisions of the Act, and these Articles, delegate any of its powers to committees or sub-committees consisting of such Member or Members of their body as they think fit provided that every such committee or sub-committee shall, in the exercise of the powers so delegated conform to any regulations that may, from time to time, be imposed by the Board. All acts done by any such committee or sub-committee in conformity with such regulations and in fulfilment of the purposes of their appointment, but not otherwise, shall have like force and effect as if done by the Board.
<b>“Regulation for Committee Meeting”</b>	50.**	The meetings and proceedings of any such committee shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Board as far as the same are applicable thereto and are not superseded by any regulations made by the Board in accordance with these Articles.
<b>“Circular Resolution”</b>	51.**+	Save as otherwise expressly provided in the Act, and subject to Section 175 of the Act, no resolution by circulation shall be deemed to have been duly passed by the Board or by a Committee thereof unless the resolution has been circulated in draft, together with the necessary papers, if any, to all the members of the Board including the Alternate Directors, or to all the members of the Committee, then in India (not being less in number than the quorum fixed for a meeting of the Board or Committee, as the case may be) and to all other Directors or members of the Committee, at their usual address in India and has been approved by the affirmative vote of a majority of the Directors. In the event of the signature of any one or more of the directors to any such resolution shall be deemed to be passed on the date of signature of the Director signing last.
<b>“Postal Ballot”</b>	52.**+	The Board may, subject to the provisions of Section 110 of the Act, in case of resolutions relating to such business as declared by the Central Government by notification, or any other regulatory authority including the SEBI, to be conducted by postal ballot, shall, get any resolution passed by means of a postal ballot.
<b>“Interested Directors not to participate”</b>	53.**+	No Director shall, as a Director, take part in the discussion of, or vote on any contract or arrangement entered into by or on behalf of the

Company, if he is in any way, whether directly or indirectly, connected with or interested in such contract or arrangement

## **XIX. POWERS OF THE BOARD**

<b>“Delegation of Powers”</b>	54.**+	Subject to Section 179 of the Act, the Board shall have the right to delegate any of their powers to such Directors, managers, agents or other persons as they may deem fit and may at their own discretion revoke such powers.
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<b>“General Powers of the Board”</b>	55.**	The Board shall have powers for the engagement and dismissal of managers, engineers, clerks and assistants and shall have power of general direction, management and superintendence of the business of the Company with full powers to do all such acts, matters and things deemed necessary, proper or expedient for carrying on the business of the Company, and to make and sign all such contracts and to draw and accept on behalf of the Company all such bills of exchange hundies, cheques, drafts and other Government papers and instruments that shall be necessary, proper or expedient for the authority and direction of the Company except only such of them as by the Act or by these presents are expressly directed to be exercised by Members in the General Meeting.
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## **XX. DIVIDENDS**

<b>“Interest on Calls in advance but no right to dividend”</b>	56.**	Where capital is paid up in advance of calls, such capital may carry interest but shall not in respect thereof confer a right to dividend or to participate in profits.
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<b>“Right to receive Dividend”</b>	58.*+	Subject to the rights of members entitled to shares (if any) with preferential or special rights attached thereto in accordance with the provisions of the Act the profits of the Company which it shall from time to time be determined to divide in respect of any year or other period shall be applied in the payment of a dividend on the Shares of the Company but so that a partly paid-up share shall only entitle the holders with respect thereto to such a proportion of the distribution upon a fully paid-up share as the amount paid thereon bears to the nominal amount of such share and so that where capital is paid up in advance of calls upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest confer a right to participate in profits.
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<b>“Dividend to Registered Member”</b>	59.**	A transfer of Shares shall not pass the right to any dividend declared thereon before the registration of the transfer.
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<b>“Unpaid or Unclaimed Dividend”</b>	60.+	Where the Company has declared a dividend but which has not been paid or claimed within 30 days from the date of declaration, the Company shall transfer the total amount of dividend which remains unpaid or unclaimed within seven days of the expiry of the said period of 30 days, to a special account to be opened by the Company in that behalf in any scheduled bank, to be called “Unpaid Dividend Account”.
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The Company shall transfer any money transferred to the unpaid dividend account of the Company that remains unpaid or unclaimed for a period of seven years from the date of such transfer, to the Fund known as Investor Education and Protection Fund established under Section 124 of the Act.

The Board shall forfeit no unclaimed or unpaid dividend.

## **XXI. ACCOUNTS**

<b>“Books of Accounts”</b>	61.**+	The Company will maintain separate satisfactory financial accounts and records in accordance with generally accepted accounting principles,
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standards and practices as required by Indian law and in accordance with section 128 of the Act

**“Audit of Books of Accounts and Safety Audit”**

62.a\*\*+

An audit of the books of accounts, records and affairs of the Company at the Company’s expense shall be made each year immediately following the close of the fiscal year and within requirements of the Act by an international firm of chartered accountants recommended by the Board and appointed by the Company. A signed English copy of the report of the annual audit shall be submitted to each member of the Board of Directors.

**XXII. SECRECY**

**“Secrecy Clause”**

63.\*\*+

Every manager, auditor, trustee, member of a committee, officer, servant, agent, accountant or other person employed in the business of the Company shall, if so required by the Board of Directors, before entering upon the duties, sign a declaration pledging himself to observe strict secrecy respecting all bona fide transactions of the Company with its customers and the state of accounts with individuals and in matter relating thereto and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required to do so by the Directors or by any General Meeting or by the law of the country and except so far as may be necessary in order to comply with any of the provisions in these presents and the provisions of the Act.

**XXIII. SEAL**

**“The Seal, its custody and use”**

64.\*\*+

The Board shall provide for the safe custody of the Seal which shall only be used by the authority of the Board or of a Committee of the Board authorised by the Board in that behalf, and every instrument to which the seal shall be affixed shall be in the presence of and shall be signed by a Director and countersigned by the Secretary or by a second Director or by some other person appointed by the Board for the purpose, provided the certificates of Shares or Debentures (if any) of the Company shall be sealed and signed in the manner provided for by the Companies (Share Capital and Debenture) Rules, 2014 or any statutory amendment thereof for the time being in force. Subject to provisions of the Act, the Company may have a facsimile copy of the common seal for use as its official seal outside India.

**XXIV. INDEMNITY**

**“Indemnity to Directors and others”**

65.\*+

Subject to the provisions of the Act, every Director, Managing Director, Manager or Officer of the Company shall be indemnified out of the assets of the Company against all liabilities incurred by him as such director, manager, managing director, officer of which judgement is given in his favour or in which he is acquitted or in connection with any application under Section 463 of the Act in which relief is granted to him by the Court. Nothing herein contained shall apply to the constituted attorney of the Company unless such attorney is or is deemed to be an Officer of the Company.

**“Responsibility of Directors and other Officers”**

66.\*

Subject to the provisions of the Act, no Director or other officer of the Company shall be liable for the acts, receipts, neglects, or defaults of any other directors or officers or for joining in any receipt or other act for conformity or for any loss or expenses incurred by the Company through the insufficiency or deficiency in title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upto which any of the moneys of the Company shall be invested, or for any loss or damages arising from the insolvency or tortuous act of any person, firm or



company to or with whom any moneys, securities or effects of the Company shall be entrusted or deposited or for any loss occasioned by any error or judgment, omission, default or oversight on his part or for any other loss, damage or misfortune whatever which shall happen in relation to the execution of the duties of his office or in relation thereto unless the same shall happen through his own dishonesty.

## **PART – B+**

### **“Definitions”**

67.+

In the interpretation of these Articles, the following expressions shall have the following meaning, unless repugnant to the subject of the context:

“Auditors” shall mean the entity appointed as statutory auditors of the Company in accordance with provisions of the Act.

“Gas Purchase Agreement” shall mean the agreement for initial supply of natural gas by GAIL to the Company to be entered into between GAIL and the Company.

“Secondment Agreement” shall mean the Secondment Agreement to be entered into between the Company and each of GAIL and BGAPH.

“Technology Transfer Agreement” shall mean the Technology Transfer Agreement to be entered into between BGAPH and the Company for the transfer of technology.

“Wholly Owned Subsidiary” shall mean any corporation or other entity having one hundred per cent (100%) of its issued and paid up capital stock, equity capital or quotas owned by the entity concerned either directly or through another corporation or entity having one hundred percent (100%) of its issued and paid up capital, stock, equity capital or quotas owned by the entity concerned.

### **“Transfer of Shares”**

68.\*\*+

Neither BGAPH nor GAIL shall without the express written approval of the other be entitled to sell, transfer or otherwise assign any of its Shares for a period of five (5) years from the date upon which all of the following conditions have been satisfied:

68.a.\*\*

Incorporation of the Company

68.b.\*\*

Execution of the following documents:

- i. Secondment Agreement
- ii. Gas Purchase Agreement
- iii. iii. Asset Transfer Agreement
- iv. iv. Technology Transfer Agreement

### **“Consent to create charge, lien or other encumbrance”**

68.c.\*\*

Obtaining of the primary Approvals required to enable the Company to undertake the distribution of natural gas in the city of Bombay.

Neither BGAPH nor GAIL shall without the express written consent of the other be entitled at any time to create any charge, lien or other encumbrance over any of its Shares.

### **“Lock- in period”**

69.\*\*+

Following the expiry of the period of five years mentioned above BGAPH or GAIL, as the case may be, shall be entitled to transfer its Shares in accordance with Article 69.a to 69.d.

### **“Notice in writing for transfer of Shares”**

69.a.\*\*

Subject to Article 68 above, if either BGAPH or GAIL, as the case may be, (the “Selling Party”) wishes to transfer its Shares it shall give to the other (the “Continuing Party”) notice in writing (“Transfer Notice”) of its wish to transfer.

	69.b.**	Following the receipt of a Transfer Notice, the Continuing Party shall  (i) purchase such Shares; or (ii) nominate a third party to whom such Shares shall be sold. Provided that in the event the Continuing Party declines to purchase such Shares or to nominate a third party to whom such Shares shall be sold the Selling Party shall be free to sell to a third party purchaser of its choice.
<b>“Nomination of third party to buy Shares of Selling Party”</b>		
<b>“Share price to be fair market value”</b>	69.c.**	The Purchase price payable under paragraph (b)(i) and (ii) above shall be the fair market value, as determined by three independent experts, one each to be nominated by BGAPH and GAIL and the third to be nominated by the first two.
<b>“Right of pre-emption”</b>	69.d.**	The right of pre-emption in paragraph (b)(i) and (ii) above shall be exercised within ninety (90) days of the determination of fair market value.
<b>“Shares may be transferred to wholly owned subsidiary”</b>	70.**+	Notwithstanding the restriction on transfer of Shares as contained above, each of BGAPH and GAIL shall have a right, after due intimation to the other, to transfer its Shares to any of its Wholly Owned Subsidiaries who shall be bound by the same terms and conditions as the transferor.
<b>“Article 14 not to apply”</b>	71.+	The provisions of Article 14 of these Articles shall not apply where a transfer is made pursuant to Articles 69, 69.a to 69.d or Article 70.
<b>“Notice of General Meeting”</b>	72.**+	A General Meeting of the Company may be called by giving not less than twenty-one days notice in writing, provided that, in the case of BGAPH or its Wholly Owned Subsidiary(ies), if any, holding Shares in the Company in addition to the Notice of the General Meeting, cable or telex or facsimile intimation of the date of the General Meeting shall be sent at their address outside India for the time being registered with the Company, at least twenty-one days before the date of the said General Meeting of the Company.
<b>“Quorum for General Meeting”</b>	73.+	Notwithstanding the quorum requirement specified in Article 27, no quorum of a General Meeting shall exist and no business shall be transacted at any General Meeting unless duly authorised representative(s) of each Member holding not less than 32.5% of the Shares is present at the meeting.
<b>“Alternate Director considered for reserved issues”</b>	74.+	The Alternate Director appointed by BGAPH or GAIL under provisions of Article 40 of these Articles shall be considered for settling any reserved issues as set forth in Article 76 hereunder.
<b>“Shorter notice not to apply to issues under Article 76”</b>	75.+	The emergency of the circumstance for which a meeting of the Board may be convened by a shorter notice shall not permit the Board to take decisions in respect of issues set forth in Article 76 except in the manner provided for therein.
<b>“Affirmative Voting Rights”</b>	76.**+	Notwithstanding anything contained herein the Board of Directors of the Company shall not take any action in any of the following matters except upon the affirmative vote of a majority of the Directors, which shall include the affirmative vote of at least one Director nominated by each Member holding not less than 32.5% of the issued Shares:
<b>“Amendment in Memorandum and Articles of Association”</b>	76.a.**	Any amendment to the Memorandum and Articles of Association, including but not limited to, any alteration of share capital (authorised, issued, subscribed or paid up in excess of any contribution committed to be made in terms of an Approval granted by Government of India) and any issuance of any Shares including determination of terms for payments and subscription;
<b>“Borrowings</b>	76.b.**	Any resolution for borrowing in excess of 25% of the paid up share

<b>Exceeding 25% of the paid up Capital”</b>		capital from time to time;
<b>“Sale, Amalgamation, reconstruction etc”</b>	76.c.**	Any sale, amalgamation, reconstruction, dissolution, merger, consolidation or liquidation of the Company or disposition in any other manner of the whole or a substantial part of capital assets of the Company;
<b>“Alteration in the Constitution of the Board”</b>	76.d.**	Any alteration in the number of Directors or in the manner in which the Board is constituted;
<b>“Appointment of Auditors”</b>	76.e.**	Recommendations concerning the appointment of Auditors, approval of the Accounts and Reports to be paid before the Members in General Meeting and any changes in accounting practices;
<b>“Licence or grant of technology, technical know how etc”</b>	76.f.**	Any license or other grant of technology or related information by the Company and any and all material decisions involving any sale or transfer of know-how, to the extent of such technology, related information or know-how is received directly from BGAPH or received indirectly from BGAPH in contravention of a third party license in circumstances where the Company knows of the existence of such license;
<b>“Management of Subsidiary Company purchase of shares, stock or debentures etc”</b>	76.g.**	Organisation of any subsidiary of the Company and/or purchase by the Company of Shares, stocks or debentures in any other corporation or participation in joint ventures or similar arrangements;
<b>“Modification of business including supply of gas outside Greater Mumbai”</b>	76.h.**	Any change in or modification to the business activity of the Company including delivery of gas outside the Greater Mumbai area;
<b>“Initiation, compromise or settlement of litigation etc”</b>	76.i.**	Initiation, compromise or settlement of any dispute, litigation, arbitration or other proceeding to which the Company is a party and which involves sums in excess of 10% of the paid up share capital of the Company at the relevant time;
<b>“Loans or Guarantee”</b>	76.j.**	Giving any loan or standing guarantee or extending credit to any person, firm or company except in the ordinary course of business;
<b>“Distribution of profits”</b>	76.k.**	Any recommendation relating the distribution of profits;
<b>“Approval and modifications of Corporate Strategic Plans etc”</b>	76.l.**	Approval and modification of corporate strategic plans, business plans (to include the annual budgets for revenue and capital expenditure) and any unbudgeted item of capital or revenue expenditure of more than 5% of the total annual capital or revenue budget (as appropriate) for the then current year, save that this paragraph 76.l shall not apply to day-to-day operational matters in the ordinary course of business
<b>“Purchase of Gas”</b>	76.m.**	Any agreement/arrangement relating to the purchase of gas by the Company;
<b>“Supply of gas to Industrial , consumers etc”</b>	76.n.**	Commencement of supplies to industrial consumers or of any substantial variations in the quantity of gas to such consumers, as set forth in the terms of the natural gas allocation.
<b>“Affirmative Vote for Circular Resolution”</b>	77.+	Notwithstanding anything contained in Article 51, no resolution by circulation shall be deemed to be passed by the Board or a Committee thereof unless approved by the affirmative vote of at least one Director nominated by each Member holding not less than 32.5% of the issued Shares of the Company.

<b>“Books of Accounts requested by BGAPH”</b>	78.+	Notwithstanding anything contained in Article 61, the Company will maintain separate satisfactory financial accounts and records such as may reasonably be specifically requested by BGAPH from time to time in respect of its business operations.
<b>“Submission of Accounts”</b>	79.+	Promptly after the end of each calendar month the Company shall submit to GAIL and BGAPH management accounts and supporting information as necessary to allow sound commercial decision making by each of them in relation to the Company. Promptly after close of each quarterly period during its financial year the Company shall submit to each of GAIL and BGAPH the unaudited balance sheet and profit and loss account in respect of such quarterly period
<b>“Special Audit”</b>	80.**+	BGAPH and GAIL will have the right at any time to have special audit of the books of accounts, records and affairs of the Company. Any such special audit shall be at the expense of the Member requesting the same.
<b>“Non-Applicability of this Part B”</b>	82.+	Notwithstanding anything contained in these Articles, Part B of these Articles shall become inapplicable from the date of, and only upon, listing of the Shares of the Company on the stock exchanges in India. In the event the Company is unable to list its Shares on a recognised stock exchange in India, the provisions of Part B of these Articles shall not become inapplicable and Parts A, B and C shall together constitute the Articles of the Company, and provisions of Part B shall prevail over Part A in case of any inconsistency between the two parts.

## **PART – C**

### **PROCEEDINGS AT GENERAL MEETINGS**

<b>“Chairman of General Meeting”</b>	83#	The Chairman of the Board of Directors shall be entitled to take the Chair at every General Meeting. If there be no Chairman at a General Meeting, or if at any meeting he shall not be present within fifteen minutes after the time appointed for holding such meeting, or is not willing to act as the Chairman, the Directors nominated by the Member, who has the right to nominate the Chairman at such point of time, may choose a Director from amongst them to act as Chairman failing which the Members present at such meeting shall choose a Chairman of the meeting.
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### **BOARD OF DIRECTORS**

<b>“Constitution of Board”</b>	84#	For so long as BGAPH and GAIL hold equal equity percentages, they shall have the right to nominate an equal number of Directors each. For so long as the Government of Maharashtra holds not less than 10% shareholding in the Company, it shall have the right to nominate one Director on the Board of the Company. Notwithstanding the above, the total number of Directors to be nominated by BGAPH and GAIL shall not exceed half of the strength of the Board.
<b>“Appointment of Nominee Director not to affect the rights of BGAPH and GAIL”</b>	84a	Any appointment of Directors to the Board at the request of financial institutions advancing loans to the Company shall not affect the rights of BGAPH and GAIL under Article 84 above.
<b>“Equal representation on any Committee or sub-Committee”</b>	85#	The representation of the Members of the Company on any committee or sub-committee of the Board shall be to the same extent and be computed in the same manner as their representation on the Board.
<b>“Power to nominate Managing and</b>	86#	GAIL shall nominate the Managing Director of the Company and BGAPH shall nominate the Technical Director of the Company, all of

<b>Technical Director”</b>		whom shall serve on a non-retiring basis. The Managing Director shall have the substantial powers and responsibilities for the management of the Company as laid out in the Act, and shall function under the superintendence, control and direction of the Board
<b>“Retirement of Directors by rotation”</b>	87#	The number of Directors of the Company to be retired under the provisions of Section 152 of the Act shall be so computed so as to ensure that the nominee directors of BGAPH and GAIL are equally represented in such number.
<b>“Nomination of Chairman”</b>	88#	The Chairman shall be nominated by GAIL or BGAPH on a two (2) year rotational basis, the first Chairman being nominated by GAIL.
<b>“Power to remove and nominate Directors”</b>	89#	The nominees of BGAPH and GAIL shall hold office of Director in the Company at the pleasure of BGAPH and GAIL respectively. BGAPH and GAIL shall have the power to remove their respective nominees on the Board and to nominate another person in the vacancy thereby caused or caused in any other manner.
<b>“Appointment of Alternate Director”</b>	90#	The person to be appointed as Alternate Director shall be selected by BGAPH or GAIL as the case may be for whose representation the Original Director was appointed and the said Alternate Director shall be considered for purposes of ascertaining the quorum under these Articles and shall have all powers and responsibilities exercised by a Director of the Company.

#### **XVIII. PROCEEDINGS OF THE BOARD**

<b>“Quorum”</b>	91#	There shall be no quorum unless at least one (1) Director nominated by each Member holding not less than 32.5% of the issued Shares in the Company is present, provided that if the meeting is not quorate due to absence of at least one Director nominated by each of the Members holding not less than 32.5% of the issued Shares in the Company, the meeting shall stand adjourned and a fresh notice would be issued for the adjourned meeting.
<b>“Delegation of Powers to Committee or sub-committee”</b>	92#	The representation of BGAPH and GAIL on any committee(s) or sub-committee(s) shall be computed in the same manner as their representation on the Board.
<b>“Audit of Books of Accounts and Safety Audit”</b>	93#	Either of BGAPH and GAIL will have the right at any time to carry out a safety audit to ensure compliance with the highest standards of safety and quality, as prescribed by international engineering societies of the U.K., Europe, the U.S.A., or equivalent societies, with due consideration for local geographical and environmental factors. Such inspections shall be carried out by BGAPH or GAIL as the case may be, or its nominee and shall be at the expense of BGAPH or GAIL. Findings of such inspections shall be immediately passed to the Technical Director, the Managing Director and the Board.
<b>“Applicability and Non-Applicability of this Part C”</b>	94#	<i>Notwithstanding anything contained in these Articles, Part C of these Articles shall become inapplicable from the date of, and only upon, listing of the Equity Shares of the Company on the stock exchanges. The Articles (consisting of Parts A and C) shall be placed before the Shareholders for their approval at the first general meeting post listing of the Equity Shares on the Stock Exchanges. In the event the Shareholders approve the Articles, Part C of these Articles would come into force and become valid, applicable and effective along with Part A post conclusion of such general meeting and the provisions of Part C shall prevail over Part A in case of any inconsistency between the two parts.</i>

**NOTES :**

- 1 (\*) Insertion of new Article approved and adopted by the Members in the Eighth Annual General Meeting of the Company held on September 23, 2003 and (\*\*) consequent upon the insertion of new Articles and deletion of the existing Articles 7, 8, 9 and 10 from the pre-amended Articles of Association, the serial number of Articles have been appropriately amended as approved by the Members in the Eighth Annual General Meeting of the Company held on September 23, 2003.
- 2.(\*\*\*) Insertion of an additional sentence at the end of Article No. 34 pursuant to the Special Resolution passed at the Annual General Meeting of the Shareholders of the Company held on August 08, 2012.
- Consequently Article 34 has been altered and modified appropriately.
- 3.(+) Alteration of existing Articles, including insertion, deletion and modification of the Articles, approved and adopted by the Members in the extraordinary general meeting of the Company held on November 6, 2015.
- 4.(#) Alteration of existing Articles, including insertion, deletion and modification of the Articles, approved and adopted by the Members in the extraordinary general meeting of the Company held on March 30, 2016.

## SECTION IX: OTHER INFORMATION

### MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Red Herring Prospectus) which are or may be deemed material have been entered or will be entered into by our Company. These contracts, copies of which are attached to the copy of this Red Herring Prospectus, to be delivered to the RoC for registration and copies of the documents referred to hereunder, are available for inspection at our Registered Office and Corporate Office from 10:00 a.m. to 4:00 p.m. on Working Days during the Bid/ Offer Period.

#### *Material Contracts for the Offer*

1. Offer Agreement dated November 12, 2015, entered into among our Company, the Selling Shareholders and the BRLMs.
2. Restated and Amended Registrar Agreement dated June 2, 2016, entered into among our Company, the Selling Shareholders and Registrar to the Offer
3. Escrow Agreement dated [ ] among our Company, the Selling Shareholders, the BRLMs, the Registrar and the Escrow Collection Banks.
4. Syndicate Agreement dated [ ] among our Company, the Selling Shareholders, the BRLMs, the Registrar and the Syndicate Members.
5. Share Escrow Agreement dated June 10, 2016 between the Selling Shareholders, our Company, the BRLMs and the escrow agent, as amended by an amendment agreement dated June 10, 2016.
6. Underwriting Agreement dated [ ] among our Company, the Selling Shareholders and the Underwriters.

#### *Material Documents in relation to the Offer*

1. Certified copies of the Memorandum of Association and Articles of Association.
2. Certificate of incorporation dated May 8, 1995.
3. Certificate of commencement of business dated July 4, 1995.
4. Resolutions of the Board of Directors dated February 3, 2015, in relation to the Offer and other related matters.
5. Board resolution dated November 6, 2015 approving the Draft Red Herring Prospectus.
6. Examination reports of the auditor dated May 30, 2016, of our Company's restated financial statements, included in this Red Herring Prospectus.
7. Copies of annual reports of our Company for Fiscals 2016, 2015, 2014, 2013 and 2012.
8. The statement of tax benefit dated June 1, 2016, issued by the Statutory Auditors as included in this Red Herring Prospectus.
9. Consent of the Statutory Auditors, to include its name as an expert in relation to the report on restated financial statements and the statement of tax benefit included in this Red Herring Prospectus.
10. Resolution dated March 20, 2014, passed by the board of directors of GAIL, approving the Offer for Sale.
11. Resolution dated May 21, 2015, passed by the board of directors of BGAPH, approving the Offer for Sale.
12. Letters from Selling Shareholders i.e. GAIL and BGAPH, approving the Offer and consenting to include up to 12,347,250 Equity Shares each, held by them, as part of the Offer.
13. Consent of the Directors, the Selling Shareholders, the BRLMs, the Syndicate Members\*, Domestic Legal Counsel to our Company and the Selling Shareholders, Domestic Legal Counsel to the BRLMs, International



Legal Counsel to the Company and the Selling Shareholders, International Legal Counsel to the BRLMs, Registrar to the Offer, Escrow Collection Bank(s), Bankers to our Company, Refund Banker(s), Company Secretary and Compliance Officer, and Chief Financial Officer as referred to in their specific capacities.

14. In-principle listing approvals dated December 2, 2015 and November 26, 2015, respectively received from the NSE and the BSE, respectively.
15. Tripartite agreement dated January 27, 2015 among our Company, NSDL and the Registrar to the Offer.
16. Tripartite agreement dated January 19, 2015 among our Company, CDSL and the Registrar to the Offer.
17. Due diligence certificate dated November 12, 2015 addressed to SEBI from the BRLMs.
18. Joint venture agreement between GAIL and British Gas plc dated December 6, 1994, as amended by the assignment and amendment agreement dated August 22, 2000 and between GAIL, BG Transco Plc (formerly British Gas Plc) and BG Energy Holdings Limited and the assignment and amendment agreement dated November 2, 2015 between GAIL, BG Energy Holdings Limited and BGAPH.
19. Secondment Agreement dated August 22, 2000, entered into between our Company and BG Exploration and Production India Limited, including the amendments.
20. Secondment Agreement dated June 10, 1997, entered into between GAIL and our Company, including the amendments.
21. Technology Transfer Agreement dated December 6, 1994 entered into between our Company and BG Energy Holdings Limited as amended by assignment and amendment dated August 22, 2000.
22. SEBI observation letter bearing number CFD/DIL-II /NR/AEA/OW/1877/2016 dated January 15, 2016, SEBI letter bearing number CFD/DIL-II /NR/AEA/OW/35733/2015 dated December 29, 2015 and SEBI letter bearing number CFD/DIL-III/NR/AEA/OW/2016/16827 dated June 10, 2016.

Any of the contracts or documents mentioned in this Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

## DECLARATION

We hereby declare that all relevant provisions of the Companies Act and the guidelines issued by the Government or the regulations or guidelines issued by SEBI have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, the provisions of the Companies Act, 1956 (as applicable), the SCRA, the SEBI Act or rules or regulations made thereunder or guidelines issued, as the case may be. We further certify that all the statements in this Red Herring Prospectus are true and correct.

### SIGNED BY THE DIRECTORS OF OUR COMPANY

Name and Designation	Signature
<b>Dr. Ashutosh Karnatak</b> (Chairman)	
<b>Mr. Rajeev Kumar Mathur</b> (Managing Director)	
<b>Ms. Susmita Sengupta</b> (Wholetime Director)	
<b>Mr. Akhil Mehrotra</b> (Non-Executive Director)	
<b>Mr. Apurva Chandra</b> (Non-Executive Director)	
<b>Dr. Basudeb Sen</b> (Independent Director)	
<b>Mr. Jainendar Kumar Jain</b> (Independent Director)	
<b>Mr. Santosh Kumar</b> (Independent Director)	
<b>Mr. Arun Balakrishnan</b> (Independent Director)	
<b>Ms. Raj Kishore Tewari</b> (Independent Director)	

### SIGNED BY THE CHIEF FINANCIAL OFFICER

(Mr. Sunil M. Ranade)

**Date:** June 10, 2016

**Place:** Mumbai

## **DECLARATION BY GAIL (INDIA) LIMITED, AS THE SELLING SHAREHOLDER**

GAIL (India) Limited, as a Selling Shareholder, hereby certifies that all statements made by it in this Red Herring Prospectus specifically in relation to itself as a Selling Shareholder and the Equity Shares offered by it in the Offer for Sale, is true and correct. GAIL (India) Limited, as a Selling Shareholder, assumes no responsibility for any other statement, including any and all of the statements made by, or relating to, the Company or its business, in this Red Herring Prospectus.

**For GAIL (India) Limited**

**(Authorised Signatory)**

**Date:** June 10, 2016

**Place:** Mumbai

**DECLARATION BY BG ASIA PACIFIC HOLDINGS PTE. LTD, AS THE SELLING  
SHAREHOLDER**

BG Asia Pacific Holdings Pte. Ltd, as a Selling Shareholder, hereby certifies that all statements made by it in this Red Herring Prospectus specifically in relation to itself as a Selling Shareholder, and the Equity Shares offered by it in the Offer for Sale, is true and correct. BG Asia Pacific Holdings Pte. Ltd, as a Selling Shareholder, assumes no responsibility for any other statement, including any and all of the statements made by, or relating to, the Company or its business, in this Red Herring Prospectus.

**For BG Asia Pacific Holdings Pte. Ltd**

**(Authorised Signatory)**

**Date:** June 10, 2016

**Place:** Singapore