

## Regulatory Story

[Go to market news section](#)



**Company** Indus Gas Limited  
**TIDM** INDI  
**Headline** Interim Results  
**Released** 07:00 06-Dec-2012  
**Number** 8596S07

RNS Number : 8596S

Indus Gas Limited

06 December 2012

For Immediate Release

6 December 2012

**Indus Gas Limited**  
 ("Indus" or "the Company")  
**Interim Results**

Indus Gas Limited (AIM:INDI.L), an oil & gas exploration and development company with assets in India, is pleased to report its interim results for the six month period ending 30 September 2012.

Indus is issuing a separate announcement covering the new Competent Persons Report (CPR) today.

**Highlights:**

- SGL Field Development
  - Phase II ramp up has been completed
  - Take or Pay gas sales contract now at 33.5 mmcf/d
  - First payments at higher contract value received
- Ongoing appraisal drilling and testing continues as detailed in earlier announcements
- Work on submitting a commerciality report/development plan for new discoveries commenced to enable the Company to commercialize additional gas resources.

**Production - SGL Field**

SGL field has stepped up to the phase II gas sales contract level of 33.5 mmcf/d with all required production facilities, including CO<sub>2</sub> extraction facilities and production wells fully operational. Ongoing production, sales and realization of revenues remained satisfactory. The sales gas price has moved up to US\$5 per mmbtu following the completion of phase II as above.

Discussions of new gas sales to GAIL has been continuing following potential volumes of up to 55 mmcf/d being requested by GAIL/RRUVNL, the existing buyers of gas from the Block.

It remains, however, an objective of the Company to diversify the offtakers of gas from the Block. Consideration of alternative commercial solutions is ongoing and closely follows exploration and appraisal success on the Block.

**Drilling, Seismic and Completion Operations**

Drilling activities over the last year or so has followed multiple objectives being a) the drilling and

completion of additional production wells for SGL as planned, b) further appraisal drilling in the Pariwar and B&B formations covering as large an area as possible and c) establishing tight gas recovery potential in addition to conventional gas discovered in the Pariwar and B&B formations. In order to establish a larger area as a development area, the focus has been largely on drilling new wells across the Block at the expense of testing to accommodate rig and other resources availability. Work has substantially been completed to support our case for retaining a significant area of the Block as the appraisal period for the Petroleum Mining Lease ends in 2013.

### **Financials**

Consolidated revenues, operating profits & profit before tax of respectively US\$2.95m, US\$1.27m and US\$0.60m for the six month period. A provision of notional deferred tax liability of US\$0.55m in accordance with IFRS requirements. Given the Company's carried forward capital depreciation allowances, the Company believes this tax is not likely to be payable for many years if at all.

From October 2012, we are now receiving revenues from the SGL Field based on 33.5 mmscf/d gas sales contract level. The first cash payments were received in November. We shall therefore have a significant uplift in revenues for the second half of the year.

Total net cash investment of US\$42.44m during the six month period in respect of appraisal and development work on the Block. This has been largely financed from drawdowns of debt of US\$40.0m under the new debt facility.

As of the 30 September 2012, we had outstanding bank debt of US\$127.82m. The outstanding loan from related parties, Gynia Holdings Ltd. & Focus Energy Ltd. has increased to US\$113.09m as of 30 September 2012.

Based on expected on-going gas sales and financial support commitment from Gynia Holdings Limited, the Company is expected to meet all its financial obligations for next 12 months.

### **Outlook**

Following the successful ramp up to 33.5 mmscf/d on the contracted sales level we are now considering additional gas sales and the opening up of a second gas monetisation route. We understand that RRVUNL, the State Electricity Company in Rajasthan, has sanctioned or has plans to install additional generation capacity beyond the next planned 160MW expansion.

We continue to focus on growing production and revenues, while also exploring the additional potential of the Block which we plan to exploit under the Petroleum Mining Lease.

In accordance with AIM rules, Paul Fink, Technical Consultant, a Geophysicist who holds an engineering degree from the Mining University of Leoben, Austria, and has 23 years of industry experience is the qualified person that has reviewed the technical information contained in this release.

### **For further information please contact:**

#### **Indus Gas Limited**

|            |     |                     |
|------------|-----|---------------------|
| John Scott | CFO | +44 (0)20 7877 0022 |
|------------|-----|---------------------|

#### **Arden Partners plc**

|             |  |                     |
|-------------|--|---------------------|
| Richard Day |  | +44 (0)20 7614 5917 |
|-------------|--|---------------------|

Adrian Trimmings

**Pelham Bell Pottinger PR**

Philip Dennis +44 (0)20 7861 3919

Elena Dobson +44 (0) 20 7861 3147

**Unaudited Condensed Consolidated Statement of Financial Position**

|  | Notes | As at<br>30 September 2012<br>US\$ | As at<br>30 September 2011<br>US\$ | As at<br>31 March 2012<br>US\$ |
|--|-------|------------------------------------|------------------------------------|--------------------------------|
|  |       | Unaudited                          | Unaudited                          | Audited                        |
| <b>ASSETS</b>  |       |                                    |                                    |                                |
| <b>Non-current assets</b>                            |       |                                    |                                    |                                |
| Intangible assets: exploration and evaluation assets | 7     | 57,673,552                         | 27,033,454                         | 40,997,873                     |
| Property, plant and equipment                        | 8     | 238,174,976                        | 183,164,227                        | 212,407,163                    |
| Deferred tax assets (net)                            |       | -                                  | 155,572                            | -                              |
| Other assets   |       | 885                                | 637                                | 885                            |
| <b>Total non-current assets</b>                      |       | <b>295,849,413</b>                 | <b>210,353,890</b>                 | <b>253,405,921</b>             |
| <b>Current assets</b>                                |       |                                    |                                    |                                |
| Inventories  |       | 8,829,439                          | 5,758,839                          | 7,949,584                      |
| Trade receivables                                    |       | 443,150                            | 550,544                            | 796,047                        |
| Current tax assets                                   |       | 150,850                            | 81,687                             | 114,322                        |
| Other current assets                                 |       | 115,124                            | 293,755                            | 126,546                        |
| Cash and cash equivalents                            |       | 168,024                            | 269,105                            | 248,246                        |
| <b>Total current assets</b>                          |       | <b>9,706,587</b>                   | <b>6,953,930</b>                   | <b>9,234,745</b>               |
| <b>Total assets</b>                                  |       | <b>305,556,000</b>                 | <b>217,307,820</b>                 | <b>262,640,666</b>             |
| <b>LIABILITIES AND EQUITY</b>                        |       |                                    |                                    |                                |
| <b>Shareholders' equity</b>                          |       |                                    |                                    |                                |
| Share capital  |       | 3,618,472                          | 3,618,472                          | 3,618,472                      |
| Additional paid-in capital                           |       | 46,501,666                         | 46,501,666                         | 46,501,666                     |
| Currency translation reserve                         |       | (9,313,781)                        | (9,313,781)                        | (9,313,781)                    |
| Merger reserve                                       |       | 19,570,288                         | 19,570,288                         | 19,570,288                     |
| Share option reserve                                 |       | 398,569                            | 398,569                            | 398,569                        |
| Accumulated losses                                   |       | (2,134,144)                        | (4,201,302)                        | (2,184,754)                    |
| <b>Total shareholders' equity</b>                    |       | <b>58,641,070</b>                  | <b>56,573,912</b>                  | <b>58,590,460</b>              |

*(All amounts in US \$, unless otherwise stated)***Unaudited Condensed Consolidated Statement of Financial Position (Contd.)**

|   | Notes | As at<br>30 September<br>2012<br>US\$ | As at<br>30 September 2011<br>US\$ | As at<br>31 March 2012<br>US\$ |
|---|-------|---------------------------------------|------------------------------------|--------------------------------|
|   |       | Unaudited                             | Unaudited                          | Audited                        |
| <b>LIABILITIES</b>                                    |       |                                       |                                    |                                |
| <b>Non-current liabilities</b>                        |       |                                       |                                    |                                |
| Long term debt from banks, excluding current portion  | 9     | 110,877,503                           | 69,700,701                         | 81,457,230                     |
| Provisions for decommissioning                        |       | 933,315                               | 625,337                            | 745,651                        |
| Finance lease obligations, excluding current portion  |       | 1,093                                 | 12,793                             | 3,100                          |
| Deferred tax liabilities( net)                        |       | 2,329,275                             | -                                  | 1,775,857                      |
| Payable to related parties, excluding current portion | 10    | 54,248,103                            | 46,843,493                         | 52,540,536                     |
| <b>Total non-current liabilities</b>                  |       | <b>168,389,289</b>                    | <b>117,182,324</b>                 | <b>136,522,374</b>             |
| <b>Current liabilities</b>                            |       |                                       |                                    |                                |
| Current portion of long term debt from banks          | 9     | 16,936,481                            | 15,374,146                         | 15,415,367                     |
| Current portion of finance lease obligations          |       | 11,680                                | 44,641                             | 23,014                         |
| Current portion payable to related parties            | 10    | 58,838,194                            | 25,903,971                         | 49,402,804                     |
| Accrued expenses and other liabilities                |       | 115,146                               | 114,154                            | 257,602                        |
| Deferred revenue                                      |       | 2,624,140                             | 2,114,672                          | 2,429,045                      |
| <b>Total current liabilities</b>                      |       | <b>78,525,641</b>                     | <b>43,551,584</b>                  | <b>67,527,832</b>              |
| <b>Total liabilities</b>                              |       | <b>246,914,930</b>                    | <b>160,733,908</b>                 | <b>204,050,206</b>             |
| <b>Total liabilities and equity</b>                   |       | <b>305,556,000</b>                    | <b>217,307,820</b>                 | <b>262,640,666</b>             |

(The accompanying notes are an integral part of these Unaudited Condensed Consolidated Interim Financial Statements)

## Unaudited Condensed Consolidated Statement of Comprehensive Income

|   | Notes | Six months ended<br>30 September 2012<br>US\$ | Six months ended<br>30 September 2011<br>US\$ | Year ended<br>31 March 2012<br>US\$ |
|---|-------|---|---|-------------------------------------|
|   |       | Unaudited                                     | Unaudited                                     | Audited                             |
| Revenue   |       | 2,948,806                                     | 3,583,851                                     | 6,762,763                           |
| Cost of sales   |       | (668,523)                                     | (590,750)                                     | (1,052,416)                         |
| <b>Gross profit</b>   |       | <b>2,280,283</b>                              | <b>2,993,101</b>                              | <b>5,710,347</b>                    |
| <b>Cost and expenses</b>  |       |   |   |                                     |
| Administrative expenses   |       | (1,008,642)                                   | (742,047)                                     | (1,732,573)                         |
| <b>Profit / (loss) from operations</b>  |       | <b>1,271,641</b>                              | <b>2,251,054</b>                              | <b>3,977,775</b>                    |
| Foreign exchange loss, net  |       | (192,667)                                     | (3,425)                                       | 101,414                             |
| Interest expense  |       | (474,961)                                     | (3,062,814)                                   | (946,284)                           |
| Interest income   |       | 15  | 163   | 50                                  |
| <b>Profit / (loss) before tax</b>   |       | <b>604,028</b>                                | <b>(815,022)</b>                              | <b>3,132,954</b>                    |
| Income taxes  |       |   |   |                                     |
| -Deferred tax (expense)/ credit   |       | (553,418)                                     | 154,954                                       | (1,776,474)                         |
| <b>Profit / (loss) for the period<br/>(attributable to the shareholders of the<br/>company)</b> |       | <b>50,610</b>                                 | <b>(660,068)</b>                              | <b>1,356,480</b>                    |

## Other comprehensive income

Total comprehensive income/ (loss)  
for the period*(All amounts in US \$, unless otherwise stated)*

|        |           |           |
|--------|-----------|-----------|
| 50,610 | (660,068) | 1,356,480 |
|--------|-----------|-----------|

## Earnings / (loss) per share

11

|                                |       |         |      |
|--------------------------------|-------|---------|------|
| Basic                          | 0.00* | (0.00)* | 0.01 |
| Diluted                        | 0.00* | (0.00)* | 0.01 |
| Par value of each share in GBP | 0.01  | 0.01    | 0.01 |

\*Rounded off to the nearest two decimal places.

*(The accompanying notes are an integral part of these Unaudited Condensed Consolidated Interim Financial Statements)*

## Unaudited Condensed Consolidated Statements of Changes in Equity

*(All amounts in US \$, unless otherwise stated)*

|  | Share capital |           | Additional<br>paid-in<br>capital | Currency<br>translation<br>reserve | Merger<br>reserve | Share<br>option<br>reserve | Accumulated<br>losses | Total<br>stockholders'<br>equity |
|--|---------------|-----------|----------------------------------|------------------------------------|-------------------|----------------------------|-----------------------|----------------------------------|
|  | Number        | Amount    |                                  |                                    |                   |                            |                       |                                  |
|  |               | US\$      | US\$                             | US\$                               | US\$              | US\$                       | US\$                  | US\$                             |
| Balance as at 1 April 2011                       | 182,913,924   | 3,618,472 | 46,501,666                       | (9,313,781)                        | 19,570,288        | 386,381                    | (3,541,234)           | 57,221,792                       |
| Share based payment transactions                 | -             | -         | -                                | -                                  | -                 | 12,188                     | -                     | 12,188                           |
| Transactions with owners                         | -             | -         | -                                | -                                  | -                 | 12,188                     | -                     | 12,188                           |
| Loss for the period                              | -             | -         | -                                | -                                  | -                 | -                          | (660,068)             | (660,068)                        |
| <i>Total comprehensive loss for the period</i>   | -             | -         | -                                | -                                  | -                 | -                          | (660,068)             | (660,068)                        |
| Balance as at 30 September 2011                  | 182,913,924   | 3,618,472 | 46,501,666                       | (9,313,781)                        | 19,570,288        | 398,569                    | (4,201,302)           | 56,573,912                       |
| Balance as at 1 October 2011                     | 182,913,924   | 3,618,472 | 46,501,666                       | (9,313,781)                        | 19,570,288        | 398,569                    | (4,201,302)           | 56,573,912                       |
| Share based payment transactions                 | -             | -         | -                                | -                                  | -                 | -                          | -                     | -                                |
| Transactions with owners                         | -             | -         | -                                | -                                  | -                 | -                          | -                     | -                                |
| Loss for the period                              | -             | -         | -                                | -                                  | -                 | -                          | 2,016,548             | 2,016,548                        |
| <i>Total comprehensive loss for the period</i>   | -             | -         | -                                | -                                  | -                 | -                          | 2,016,548             | 2,016,548                        |
| Balance as at 31 March 2012                      | 182,913,924   | 3,618,472 | 46,501,666                       | (9,313,781)                        | 19,570,288        | 398,569                    | (2,184,754)           | 58,590,460                       |
| Balance as at 1 April 2012                       | 182,913,924   | 3,618,472 | 46,501,666                       | (9,313,781)                        | 19,570,288        | 398,569                    | (2,184,754)           | 58,590,460                       |
| Transactions with owners                         | -             | -         | -                                | -                                  | -                 | -                          | -                     | -                                |
| Profit for the period                            | -             | -         | -                                | -                                  | -                 | -                          | 50,610                | 50,610                           |
| <i>Total comprehensive income for the period</i> | -             | -         | -                                | -                                  | -                 | -                          | 50,610                | 50,610                           |
| Balance as at 30 September 2012                  | 182,913,924   | 3,618,472 | 46,501,666                       | (9,313,781)                        | 19,570,288        | 398,569                    | (2,134,144)           | 58,641,070                       |

*(The accompanying notes are an integral part of these Unaudited Condensed Consolidated Interim Financial Statements)*

## Unaudited Condensed Consolidated Statements of Cash Flows

*(All amounts in US \$, unless otherwise stated)*

|   | Six months ended<br>30 September 2012<br>Unaudited | Six months ended<br>30 September 2011<br>Unaudited | Year ended<br>31 March 2012<br>Audited |
|---|--|--|--|
|   | US\$   | US\$   | US\$                                   |
| <b>(A) Cash flow from operating activities</b>              |  |  |  |
| <b>Profit/(loss) before tax</b>                             | <b>604,028</b>                                     | <b>(815,022)</b>                                   | <b>3,132,954</b>                       |
| <b>Adjustments</b>  |  |  |  |
| Unrealized exchange loss/ (gain)                            | -  | 5,358  | 3,268                                  |
| Interest income   | (15)   | (163)  | (50)                                   |
| Interest expense  | 474,961  | 3,062,814  | 946,284                                |
| Share based payments  | -  | 12,188   | 12,188                                 |
| Depreciation  | 217,955  | 248,125  | 484,055                                |
| <b>Changes in operating assets and liabilities</b>          |  |  |  |
| Inventories   | (879,855)  | (4,554)  | (1,509,965)                            |
| Trade receivables   | 352,898  | 621,508  | 1,892,333                              |
| Trade and other payables                                    | (142,454)  | (110,366)  | 376,005                                |
| Other current and non current assets                        | 11,422   | 61,588   | (8,260)                                |
| Deferred revenue  | 195,095  | -  | 314,372                                |
| Other liabilities   | -  | 21,104   | 158,506                                |
| <b>Cash generated from operations</b>                       | <b>834,035</b>                                     | <b>3,102,580</b>                                   | <b>5,801,690</b>                       |
| Income taxes paid   | (36,530)   | (46,048)   | (78,680)                               |
| <b>Net cash generated from operating activities</b>         | <b>797,505</b>                                     | <b>3,056,532</b>                                   | <b>5,723,010</b>                       |
| <b>(B) Cash flow from investing activities</b>              |  |  |  |
| Investment in exploration and evaluation assets             | (14,544,867)                                       | (10,736,756)                                       | (24,100,129)                           |
| Purchase of property, plant and equipment                   | (35,486,839)                                       | (24,908,363)                                       | (44,727,688)                           |
| Interest received   | 15   | 163  | 50                                     |
| <b>Net cash used in investing activities</b>                | <b>(50,031,691)</b>                                | <b>(35,644,956)</b>                                | <b>(68,827,750)</b>                    |
| <b>(C) Cash flow from financing activities</b>              |  |  |  |
| Proceeds from long term debt from banks                     | 39,538,999   | 32,568,698   | 52,385,604                             |
| Repayment of long term debt from banks                      | (8,660,000)  | (3,930,000)  | (11,790,000)                           |
| Proceeds from loans by related parties                      | 21,697,737   | 3,930,000  | 25,269,213                             |
| Payment of interest   | (3,422,772)  | (1,958,626)  | (4,767,424)                            |
| <b>Net cash generated from financing activities</b>         | <b>49,153,964</b>                                  | <b>30,610,072</b>                                  | <b>61,097,393</b>                      |
| <b>Net decrease in cash and cash equivalents</b>            | <b>(80,222)</b>                                    | <b>(1,978,352)</b>                                 | <b>(2,007,347)</b>                     |
| Cash and cash equivalents at the beginning of the period    | 248,246  | 2,252,815  | 2,252,815                              |
| Effect of exchange rate change on cash and cash equivalents | -  | (5,358)  | 2,778                                  |
| Cash and cash equivalents at the end of the period          | <b>168,024</b>                                     | <b>269,105</b>                                     | <b>248,246</b>                         |
| <b>Cash and cash equivalents comprise</b>                   |  |  |  |
| Balances with banks   | 168,024  | 269,105  | 248,246                                |

*(The accompanying notes are an integral part of these Unaudited Condensed Consolidated Interim Financial Statements)*

## Notes to Unaudited Condensed Consolidated Interim Financial Statements

*(All amounts in US \$, unless otherwise stated)*

### 1. INTRODUCTION

Indus Gas Limited ("Indus Gas" or "the Company") was incorporated in the Island of Guernsey on 4 March

2008 pursuant to an Act of Royal Court of the Island of Guernsey. The Company was set up to act as the holding company of iServices Investments Limited ("iServices") and Newbury Oil Company Limited ("Newbury"). iServices and Newbury are companies incorporated in Mauritius and Cyprus respectively. iServices was incorporated in the year 2003 and Newbury was incorporated in the year 2005. Subsequently, the Company was listed on the Alternative Investment Market (AIM) of the London Stock Exchange on 6 June 2008.

Indus Gas through its subsidiaries iServices and Newbury (hereinafter collectively referred to as "the Group") is engaged in the business of oil and gas exploration, development and production. The Group owned an aggregate of 90 per cent participating interest in a petroleum exploration and development concession in India known as RJ-ON/06 ("the Block"). The balance 10 per cent participating interest was owned by Focus Energy Limited ("Focus"). Focus entered into a Production Sharing Contract ("PSC") with the Government of India ("GOI") and Oil and Natural Gas Corporation Limited ("ONGC") on 30 June 1998 in respect of the Block. The participating interest explained above was subject to any option exercised by ONGC in respect of individual discoveries (already exercised for the SGL Field as further explained in Note 3).

## 2. BASIS OF PREPARATION

The condensed consolidated interim financial statements are for the six months ended 30 September 2012 and are presented in United States Dollar (US\$), which is the functional currency of the parent company and other entities in the Group. They have been prepared in accordance with *LAS 34 Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with IFRS, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 March 2012.

The condensed consolidated interim financial statements have been prepared on a going concern basis.

The condensed consolidated interim financial statements are for the six months ended 30 September 2012 have been approved for issue by the Board of Directors.

## 3. JOINTLY CONTROLLED ASSETS

The Group is jointly engaged in oil and gas exploration, development and production activities along with Focus. This venture is a jointly controlled asset as defined under *LAS 31: Interest in Joint Ventures*. All rights and obligations in respect of exploration, development and production of oil and gas resources under the 'Interest sharing agreement' are shared between Focus, iServices and Newbury in the ratio of 10 per cent, 65 per cent and 25 per cent respectively.

Under the PSC, the GOI, through ONGC had an option to acquire a 30 per cent participating interest in any discovered field, upon such successful discovery of oil or gas reserves, which has been declared as commercially feasible to develop.

Subsequent to the declaration of commercial discovery in SGL field on 21 January 2008, ONGC on 6 June 2008 had exercised the option to acquire a 30 per cent participating interest in the discovered fields.

On exercise of this option, ONGC is liable to pay its share of 30 per cent of the SGL field development costs and production costs incurred after 21 January 2008 and are entitled to a 30 per cent share in the production of gas subject to recovery of Contract Costs as explained below.

The allocation of the production from the field to each participant in any year is determined on the basis of the respective proportion of each such participant's cumulative unrecovered Contract Costs as at the end of the previous year or where there are no unrecovered contract cost at the end of previous year on the basis of participating interest of each such participant in the field.

Basis above, gas production of the period ended 30 September 2012 is shared between Focus, iServices and Newbury in the ratio of 10 percent, 65 percent and 25 percent, respectively.

The aggregate amounts relating to jointly controlled assets, liabilities, expenses and commitments related thereto that have been included in the consolidated financial statements are as follows:

|                         | Period ended<br>30 September 2012 | Period ended<br>30 September<br>2011 | Year ended<br>31 March 2012 |
|-------------------------|-----------------------------------|--------------------------------------|-----------------------------|
| Non-current assets      | 295,848,528                       | 210,197,681                          | 253,405,036                 |
| Current assets          | 8,829,439                         | 5,758,839                            | 7,949,584                   |
| Non current liabilities | 934,409                           | 47,481,623                           | 10,745,651                  |

|                                  |            |            |            |
|----------------------------------|------------|------------|------------|
| Current liabilities              | 45,869,251 | 5,608,865  | 49,425,818 |
| Expenses (net of finance income) | 1,125,307  | 830,332    | 1,537,740  |
| Commitments                      | -          | 15,792,836 | 15,660,379 |

The GOI, through ONGC, has option to acquire similar participating interest in any such future successful discovery of oil or gas reserves in the Block that has been declared as commercially feasible to develop.

#### 4. ESTIMATES

The preparation of interim financial statements require management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 March 2012.

#### 5. SEGMENT REPORTING

The Chief Operating Decision Maker reviews the business as one operating segment being the extraction and production of oil and gas. Hence, no separate segment information has been furnished herewith.

During the six month period to 30 September 2012, there have been no changes from prior periods in the measurement methods used to determine operating segments and reported segment profit or loss.

All of the non-current assets other than financial instruments and deferred tax assets (there are no employment benefit assets, and rights arising under insurance contracts) are located in India and amounted US\$ 295,848,528 (30 September 2011: US\$ 210,197,681, 31 March 2012: US\$ 253,405,036).

The Group has a single product, i.e. the sale of natural gas, which is supplied to a single customer, GAIL (India) Limited in a single geographical segment, being India.

#### 6. BASIS OF GOING CONCERN ASSUMPTION

As at 30 September 2012 the Group has current liabilities amounting to US\$ 78,525,643 majority of which is towards current portion of borrowings from banks and related parties, Gynia Holdings Ltd (Gynia) and Focus. As at 30 Sep 2012, the amounts due for repayment within the next 12 months to banks are US\$ 16,936,481 which the Group expects to meet from its internal generation of cash from operations. Gynia has also assured the Group to provide support for any cash requirement to meet its obligations towards banks not met through internal generation of cash. Further, in respect of the amounts due to Gynia and Focus which are repayable on demand, these companies have assured the Group that there loans will not be demanded till such time where internal funds are sufficient to meet such repayments after other obligations to banks are met. Based on this, the consolidated financial statements have been prepared on going concern basis.

#### 7. INTANGIBLE ASSETS: EXPLORATION AND EVALUATION ASSETS

Intangible assets comprise of exploration and evaluation assets. Movement in intangible assets was as under:

|  | <b>Intangible assets:<br/>exploration and<br/>evaluation assets<br/>US\$</b> |
|--|--|
| <b>Balance at 1 April 2011</b>         | <b>14,110,885</b>  |
| Additions                              | 26,886,988   |
| <b>Balance as at 31 March 2012</b>     | <b>40,997,873</b>  |
| Additions                              | 16,675,679   |
| <b>Balance as at 30 September 2012</b> | <b>57,673,552</b>  |

In accordance with the Group's accounting policy, no amortisation has been charged on the exploration and evaluation assets as the exploration and evaluation activities in the Block have not concluded during the reported period.

The Group has a valid appraisal license till January 2013 and accordingly it is continuing to carry on exploration, evaluation and appraisal activities along with the development and production activities on the commercially viable reserves within the same Block.



The above also includes borrowing costs capitalised of US\$ 1,387,965 (30 September 2011: US\$ 604,709, 31 March 2012: US\$ 1,584,671).

## 8. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment comprise of the following:

| Cost                            | Land   | Extended well test equipment | Development/Production assets | Bunk Houses | Vehicles* | Other assets | Capital work-in-progress | Total       |             |
|---------------------------------|--------|------------------------------|-------------------------------|-------------|-----------|--------------|--------------------------|-------------|-------------|
| Balance as at 1 April 2012      | 36,437 | 2,951,796                    | 203,083,017                   | 4,252,696   | 3,694,409 | 1,300,409    | 2,137,451                | 217,456,215 |             |
| Additions                       | -      | 39,476                       | 25,275,292                    | -           | 1,085,388 | 72,308       | 473,616                  | 26,945,810  |             |
| Balance as at 30 September 2012 | 36,437 | 2,991,272                    | 228,358,309                   | 4,252,696   | 4,779,797 | 1,372,447    | 2,611,067                | 244,402,025 |             |
| <b>Accumulated depreciation</b> |        |                              |                               |             |           |              |                          |             |             |
| Balance as at 1 April 2012      | -      | 460,382                      | 640,223                       | 2,188,364   | 1,030,020 | 730,063      | -                        | 5,049,052   |             |
| Depreciation for the period     | -      | 116,996                      | 217,955                       | 345,750     | 380,945   | 116,351      | -                        | 11,77,997   |             |
| Balance as at 30 September 2012 | -      | 577,378                      | 858,178                       | 2,534,114   | 1,410,965 | 846,414      | -                        | 6,227,049   |             |
| <b>Carrying value</b>           |        |                              |                               |             |           |              |                          |             |             |
| As at 31 March 2012             |        | 36,437                       | 2,491,414                     | 202,442,794 | 2,064,332 | 2,664,389    | 570,346                  | 2,137,451   | 212,407,163 |
| As at 30 September 2012         |        | 36,437                       | 2,413,894                     | 227,500,131 | 1,718,582 | 3,368,832    | 526,033                  | 2,611,067   | 238,174,976 |
| <b>Cost</b>                     |        |                              |                               |             |           |              |                          |             |             |
| Cost                            | Land   | Extended well test equipment | Development/Production assets | Bunk Houses | Vehicles* | Other assets | Capital work-in-progress | Total       |             |
| Balance as at 1 April 2011      | 36,437 | 1,920,338                    | 166,072,377                   | 3,860,383   | 1,862,208 | 1,061,793    | 1,673,006                | 176,486,542 |             |
| Additions                       | -      | 447,350                      | 9,318,264                     | -           | 15,990    | 941,015      | 10,722,619               | 10,722,619  |             |
| Balance as at 30 September 2011 | 36,437 | 2,367,688                    | 175,390,641                   | 3,860,383   | 1,862,208 | 1,077,783    | 2,614,021                | 187,209,161 |             |
| <b>Accumulated depreciation</b> |        |                              |                               |             |           |              |                          |             |             |
| Balance as at 1 April 2011      | -      | 262,442                      | 156,168                       | 1,522,192   | 610,882   | 578,067      | -                        | 3,129,751   |             |
| Depreciation for the period     | -      | 90,869                       | 248,125                       | 320,394     | 172,079   | 83,716       | -                        | 915,183     |             |
| Balance as at 30 September 2011 | -      | 353,311                      | 404,293                       | 1,842,586   | 782,961   | 661,783      | -                        | 4,044,934   |             |

|                         |        |           |             |            |           |         |           |             |  |
|-------------------------|--------|-----------|-------------|------------|-----------|---------|-----------|-------------|--|
| Carrying value          |        |           |             |            |           |         |           |             |  |
| As at 30 September 2011 | 36,437 | 2,014,377 | 174,986,348 | 2,017,7972 | 1,079,247 | 416,000 | 2,614,021 | 183,164,227 |  |

\*These vehicles have been secured against the finance leases as disclosed in the statements of financial position.

The above also includes borrowing costs capitalised of US\$ 4,586,015 (30 September 2011: 602,064; 31 March 2012: US\$ 7,416,354)

Depreciation of development and production assets has been charged in accordance with the Group's accounting policy upon commencement of production.

## 9. LONG TERM DEBT FROM BANKS

|  | Maturity | 30 September 2012 | 30 September 2011 | 31 March 2012     |
|--|----------|-------------------|-------------------|-------------------|
| Non-current portion of long term debt        | 2018     | 73,774,869        | 69,700,701        | 81,457,230        |
| Current portion of long term debt from banks |          | 15,372,460        | 15,374,146        | 15,415,367        |
| <b>Total</b>                                 |          | <b>89,147,329</b> | <b>85,074,847</b> | <b>96,872,597</b> |

In March 2010, Indus signed an agreement with a consortium of banks for a term loan of US\$ 110,000,000 repayable in quarterly instalments commencing on 31 August 2011. It bears interest of LIBOR plus 500 basis points. Indus Gas has further drawn US\$ 0 (drawn down till 31 March 2012: US\$ 109,904,073) against this loan during the six months period ended 30 September 2012.

The bank loan is secured over all the assets of subsidiaries of Indus i.e. iServices and Newbury in addition to the Group's participating interest in the Block RJ-ON/6 to the extent of SGL Field and certain future receivables from gas sales.

Interest capitalised on loans have been disclosed in note 7 and 8 above.

In addition to above loan, in March 2012, Indus Gas signed an agreement with a consortium of banks for a term loan of US\$ 40,000,000 repayable in quarterly instalments commencing on 30 June 2012. The loan bears interest of LIBOR plus margin which will be a minimum of 400 basis point. Indus Gas has further drawn US\$ 40,000,000 (31 March 2012: US\$ 0) against this loan during the six months period ended 30 September 2012.

|  | Maturity | 30 September 2012 | 30 September 2011 | 31 March 2012 |
|--|----------|-------------------|-------------------|---------------|
| Non-current portion of long term debt        | 2021     | 37,102,634        | -                 | -             |
| Current portion of long term debt from banks |          | 1,564,021         | -                 | -             |
| <b>Total</b>                                 |          | <b>38,666,655</b> | <b>-</b>          | <b>-</b>      |

The fair value of the above variable rate borrowings are considered to approximate their carrying amounts.

The term loans as above are secured by all the assets of subsidiaries of Indus i.e. iServices and Newbury in addition to the Group's participating interest in the Block RJ-ON/6 to the extent of SGL field and all future receivables from gas sales. These loans require the Company to satisfy certain financial ratios on continuing basis. Since the intended ramp up in production of gas from 7 mmcf/d to 33.5 mmcf/d was delayed, some of these financial ratios have not been met for the six period ending 30 September 2012. However, the Company is regular in payment of interest and principle and has kept all Lenders informed of the progress of ramp up in production on monthly basis with no adverse action from any of the Lenders so far. Also now that ramp up of the facilities has been completed and GAIL has confirmed that its "take or pay" obligation will commence from 1 Oct 2012 for enhanced quantities, the cash flows as envisaged are now expected to flow into the company and going forward, the Company will be able to meet all its repayment obligation, from internal cash flow generation. Accordingly, the Company has continued to classify the loan liability as long term liability.

## 10. PAYABLE TO RELATED PARTIES

Related parties payable comprise of the following:

|                             | 30 September 2012  | 30 September 2011 | 31 March 2012      |
|-----------------------------|--------------------|-------------------|--------------------|
| Liability payable to Focus  |                    |                   |                    |
| - <i>Current</i>            | 45,857,571         | 5,564,224         | 49,389,473         |
| - <i>Other than Current</i> | -                  | 46,843,493        | 10,000,000         |
| Liability payable to Gynia  |                    |                   |                    |
| - <i>Current</i>            | 12,980,623         | 19,526,938        | -                  |
| - <i>Other than Current</i> | 54,248,103         | -                 | 42,540,536         |
| Other payables              | 33,060             | 812,809           | 13,331             |
|                             | <b>113,119,357</b> | <b>72,747,764</b> | <b>101,943,340</b> |

#### Liability payable to Focus

Liability payable to Focus represents unpaid amount of the cost share of the Group in respect of its participating interest in Block RJ-ON/6 pursuant to the terms of Agreement for Assignment dated 13 January 2006 and its subsequent amendments from time to time.

#### Liability payable to Focus

Liability payable to Gynia represents loans from the parent company for financing the oil and gas operations and meeting other obligations.

Other payables to related parties comprise of outstanding balances to associate entities and directors, all the amounts are short term. The carrying value of the borrowings and other payables are considered to be a reasonable approximation of fair value.

### 11. EARNINGS / (LOSS) PER SHARE

The calculation of the earnings/loss per share is based on the profits/losses attributable to ordinary shareholders divided by the weighted average number of shares issued during the period.

Calculation of basic and diluted earnings per share for period ended 30 September 2012 and 30 September 2011 are as follows:

|   | 30 September 2012 | 30 September 2011 | 31 March 2012 |
|---|-------------------|-------------------|---------------|
| Profit/Loss attributable to shareholders of Indus Gas Limited, for basic and dilutive | 50,610            | (660,068)         | 1,356,480     |
| Weighted average number of shares (used for basic loss per share)                     | 182,913,924       | 182,913,924       | 182,913,924   |
| Diluted weighted average number of shares (used for diluted loss per share)           | 182,962,505       | 182,913,924       | 182,971,361   |
| Basic Profit/ (loss) per share (US\$)   | 0.00*             | (0.00)*           | <b>0.01</b>   |
| Diluted Profit/ (loss) per share (US\$)   | 0.00*             | (0.00)*           | <b>0.01</b>   |

\*Rounded off to the nearest two decimal places.

The Group has outstanding share options, however, for the period ended 30 September 2011, those are considered anti-dilutive as the Group has incurred loss during this reporting period.

### 12. COMMITMENTS AND CONTINGENCIES

At 30 September 2012, the Group had capital commitments of US\$ Nil (30 September 2011: US\$ 15,792,836; 31 March 2012: US\$ 15,660,379) in relation property, plant & equipment - development/producing assets, in the Block.

The Group has no contingencies as at 30 September 2012 (30 September 2011: Nil; 31 March 2011: Nil).

### 13. FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 March 2012

### 14. INCOME TAX CREDIT

Indus Gas profits are taxable as per the tax laws applicable in Guernsey where zero per cent tax rate has been prescribed for corporates. Accordingly, there is no tax liability for the Group in Guernsey. iServices and Newbury being participants in the PSC are covered under the Indian Income tax laws as well as tax laws for their respective countries. However, considering the existence of double tax avoidance arrangement between Cyprus and India and Mauritius and India, profits in Newbury and iServices are not likely to attract any additional tax in their local jurisdiction. Under Indian tax laws, Newbury and iServices are allowed to claim the entire expenditure in respect of the Oil Block incurred till the start of commercial production (whether included in the exploration and evaluation assets or development assets) as deductible expense in the first year of commercial production or over a period of 10 years. The Company have opted to claim the expenditure in the first year of commercial production. During the year ended 31 March 2011, as the Group has commenced commercial production and has generated profits in Newbury and iServices, the management believes there is reasonable certainty of utilisation of such losses in the future years and thus a deferred tax asset has been created in respect of these.

This information is provided by RNS  
The company news service from the London Stock Exchange

END

IR BKPDPFBDDBKBK

CLOSE

**London Stock Exchange plc is not responsible for and does not check content on this Website. Website users are responsible for checking content. Any news item (including any prospectus) which is addressed solely to the persons and countries specified therein should not be relied upon other than by such persons and/or outside the specified countries. Terms and conditions, including restrictions on use and distribution apply.**

©2009 London Stock Exchange plc. All rights reserved

Regulatory