Friday 20 December 2013

For Immediate Release
20 December 2013

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 2013.

Highlights
Activities on site are progressing well with major drilling and testing programmes underway. The results of these activities will be included in future releases and incorporated in our yearly programme of Competent Person Reports.

The Company has signed an underwriting letter for US $120mm, of the new term debt facility of US $180mm, and syndication of the balance is progressing very well.

Commenting, Peter Cockburn, Chairman of Indus, said:

"Indus continues to make excellent operational progress with the previously announced Declaration of Commerciality marking another significant milestone in the Company's history. The new debt facility further bolsters the Groups strong financial position and provides the platform from which to accelerate production growth.

We are delighted with the progress of the current appraisal and well testing programme. 2014 will be another exciting year for the Company".

Financials
Our consolidated revenues, operating profit and profit before tax have grown significantly in the six months to reflect higher contracted gas sales volumes of 33.5 mmscf/d at US $9.6mm, US $6.95mm, and US $4.99mm respectively. This compares to US $2.95mm, US $1.27mm and US $0.60 in the six months to September 2012.

As explained in previous financial statements, IFRS requires us to treat "Take or Pay" monies received as deferred revenue which, for this period amounts to US $9.80mm. We have the cash flow benefit of these monies and they are fully available for debt service and corporate purposes but cannot be taken as revenue consistent with best practice accounting policy.

We have continued to make prudent provision for a notional deferred tax liability of US $2.36mm in accordance with IFRS requirements. In consideration of the Company's carried forward capital depreciation allowances, the Company believes this tax is not likely to crystallize for many years, if at all.

As of 30 September 2013, Indus had outstanding bank debt of US $110.74mm, which has reduced from US $127.82mm, in line with agreed amortisation schedule.
Based on expected on-going gas sales, completing drawdown on new term debt facilities and contingent financial support (if required) from Gynia Holdings Ltd, the Company is expected to meet all its financial obligations for the next 12 months.

Outlook
We expect to see the conclusion to contract negotiations for the further ramp up in contracted sales levels to approximately 110 mmscf/d by 2016. This is expected to be met by a further contract to GAIL and a tender to supply a land based LNG scheme. The Rangarajan Committee gas price formula indicates a gas price of US $8.42 per mmbtu from April 2014 and we expect to see this price increase reflected in our sales value over the next 18 months.

We continue to grow the sales gas potential of the Block and expect to increase significantly our Mining Lease area next year following our recent Declaration of Commerciality.

We are very encouraged by decisions of the Government of India to stimulate the additional exploration, appraisal and development of domestic oil and gas resources and we shall seek to benefit from these on our Block.

-ENDS-

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Unaudited Condensed Consolidated Interim Financial Statements prepared in accordance with IFRS

Indus Gas Limited and its subsidiaries

Six months ended 30 September 2013

Contents

Unaudited Condensed Consolidated Statement of Financial Position

	Notes	As at 30 September 2013 US$ Unaudited	As at 30 September 2012 US$ Unaudited	As at 31 March 2013 US$ Audited
ASSETS				
Non-current assets				
Intangible assets: exploration and evaluation assets	7	53,164,502	57,673,552	18,427,390
Property, plant and equipment	8	322,273,746	238,174,976	317,593,083
Income tax recoverable		468,316	150,850	230,856
Other assets		885	885	885
Total non-current assets		**375,907,449**	**296,000,263**	**336,252,214**
Current assets				
Inventories		4,607,746	8,829,439	5,974,616
Trade receivables		6,863,677	443,150	9,926,029
Other current assets		41,028	115,124	43,125
Cash and cash equivalents		1,312,701	168,024	7,546,024
Total current assets		**12,825,152**	**9,555,737**	**23,489,794**
Total assets		**388,732,601**	**305,556,000**	**359,742,008**
LIABILITIES AND EQUITY				
Shareholders' equity				
Share capital		3,619,443	3,618,472	3,619,443
Additional paid-in capital		46,733,689	46,501,666	46,733,689
Currency translation reserve		(9,313,782)	(9,313,781)	(9,313,781)
Merger reserve		19,570,288	19,570,288	19,570,288
Share option reserve		324,865	398,569	324,865
Accumulated Retained earnings/ (accumulated losses)		1,837,326	(2,134,144)	(790,587)
Total shareholders' equity		**62,771,829**	**58,641,070**	**60,143,917**

Unaudited Condensed Consolidated Statement of Financial Position (Contd.)

	Notes	As at 30 September 2013 US$ Unaudited	As at 30 September 2012 US$ Unaudited	As at 31 March 2013 US$ Audited
LIABILITIES				
Non-current liabilities				
Long term debt from banks, excluding current portion	**9**	93,749,439	110,877,503	102,213,678
Provisions for decommissioning		972,552	933,315	909,515
Finance lease obligations, excluding current portion		-	1,093	-
Deferred tax liabilities(net)		5,816,151	2,329,275	3,454,482
Payable to related parties, excluding current portion	**10**	109,500,515	54,248,103	106,053,767
Deferred revenue		18,815,921	-	9,018,610
Total non-current liabilities		**228,854,578**	**168,389,289**	**221,650,052**
Current liabilities				
Current portion of long term debt from banks	**9**	16,991,944	16,936,481	16,962,446
Current portion of finance lease obligations		482	11,680	2,692
Current portion payable to related parties	**10**	75,029,844	58,838,194	55,845,886
Accrued expenses and other liabilities		6,838	115,146	59,929
Deferred revenue		5,077,086	2,624,140	5,077,086
Total current liabilities		**97,106,194**	**78,525,641**	**77,948,039**
Total liabilities		**325,960,722**	**246,914,930**	**299,598,091**
Total liabilities and equity		**388,732,601**	**305,556,000**	**359,742,008**

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

The condensed consolidated interim financial statements are for the six months ended 30 September 2013 have been approved for issue by the Board of Directors on 19 December 2013.

Director

Unaudited Condensed Consolidated Statement of Comprehensive Income

	Notes	Six months ended 30 September 2013 US$ Unaudited	Six months ended 30 September 2012 US$ Unaudited	Year ended 31 March 2013 US$ Audited
Revenue		9,647,267	2,948,806	8,063,811
Cost of sales		(1,768,475)	(668,523)	(2,234,451)
Gross profit		**7,878,792**	**2,280,283**	**5,829,360**
Cost and expenses				
Administrative expenses		(926,157)	(1,008,642)	(1,293,823)
Profit / (loss) from operations		**6,952,635**	**1,271,641**	**4,535,537**
Foreign exchange loss, net		79,795	(192,667)	30,895
Interest expense		(2,042,857)	(474,961)	(1,493,675)
Interest income		8	15	35
Profit /(loss) before tax		**4,989,581**	**604,028**	**3,072,792**
Income taxes				
-Deferred tax (expense)/ credit		(2,361,699)	(553,418)	(1,678,625)
Total Comprehensive income/(loss) for the period (attributable to the shareholders of the company)		**2,627,912**	**50,610**	**1,394,167**
Earnings / (loss) per share	11			
Basic		*0.01*	*0.00**	*0.01*
Diluted		*0.01*	*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 paid-in capital	Currency translation reserve	Merger reserve	Share option reserve	Retained earnings/ (Accumulated losses)	Total stockholders' equity
	Number	Amount US$	US$	US$	US$	US$	US$	US$
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**
Share based payment transactions	-	-	-	-	-	-	-	-
Transactions with owners	-	-	-	-	-	-	-	-
Profit for the period	-	-	-	-	-	-	50,610	**50,610**
Total comprehensive profit for the period	-	-	-	-	-	-	*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**
Balance as at 1 April 2013	**182,973924**	**3,619,443**	**46,733,689**	**(9,313,781)**	**19,570,288**	**324,865**	**(790,587)**	**60,143,917**
Transactions with owners	-	-	-	-	-	-	-	-
Profit for the period	-	-	-	-	-	-	2,627,912	2,627,912
Total comprehensive income for the period	-	-	-	-	-	-	2,627,912	2,627,912
Balance as at 30 September 2013	**182,973924**	**3,619,443**	**46,733,689**	**(9,313,781)**	**19,570,288**	**324,865**	**1,837,325**	**62,771,829**

(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 30 September 2013 Unaudited	Six months ended 30 September 2012 Unaudited	Year ended 31 March 2013 Audited
	US$	**US$**	**US$**
(A) Cash flow from operating activities			
Profit/(loss) before tax	**4,989,581**	**604,028**	**3,072,792**
Adjustments			
Unrealized exchange loss/ (gain)	2,521	-	85,555
Interest income	(8)	(15)	(35)
Interest expense	2,042,857	474,961	1,493,675
Depreciation	1,418,216	217,955	1,509,277
Changes in operating assets and liabilities			
Inventories	1,366,870	(879,855)	1,974,970
Trade receivables	3,062,352	352,898	(9,129,982)
Trade and other payables	1,948,579	(142,454)	2,578,428
Other current and non-current assets	2,097	11,422	83,422
Deferred revenue	9,797,311	195,095	11,666,651
Other liabilities	60,887	-	(197,445)
Cash generated from operations	**24,691,263**	**834,035**	13,137,308
Income taxes paid	(237,460)	(36,530)	(116,538)
Net cash generated from operating activities	**24,453,803**	**797,505**	**13,020,770**
(B) Cash flow from investing activities			
Investment in exploration and evaluation assets	(32,863,480)	(14,544,867)	24,255,804
Purchase of property, plant and equipment	(7,984,009)	(35,486,839)	(104,511,999)
Interest received	8	15	35
Net cash used in investing activities	**(40,847,481)**	**(50,031,691)**	**(80,256,160)**
(C) Cash flow from financing activities			
Proceeds from long term debt from banks	-	39,538,999	39,400,000
Repayment of long term debt from banks	(8,660,000)	(8,660,000)	(17,320,000)
Net proceeds from loans by related parties	21,822,597	21,697,737	59,038,374
Payment of interest	(3,003,338)	(3,422,772)	(6,658,711)
Proceeds from issue of equity shares	-	-	159,290
Net cash generated from financing activities	**10,159,259**	**49,153,964**	**74,618,954**
Net decrease in cash and cash equivalents	**(6,234,421)**	**(80,222)**	**7,383,563**
Cash and cash equivalents at the beginning	7,546,024	248,246	248,246

	Six months ended 30 September 2013 Unaudited	**Six months ended 30 September 2012 Unaudited**	**Year ended 31 March 2013 Audited**
	US$	**US$**	**US$**
of the period			
Effect of exchange rate change on cash and cash equivalents	1,098	-	(85,785)
Cash and cash equivalents at the end of the period	**1,312,701**	**168,024**	**7,546,023**
Cash and cash equivalents comprise			
Balances with banks	1,312,701	168,024	168,024

(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 2013 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 *IAS 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 and related notes of the Group for the year ended 31 March 2013.

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

The accounting policies applied are consistent with the policies that were applied for the preparation of the condensed interim consolidated financial statements for the year ended March 31, 2013, except for the adoption of new standards and amendments effective for the Company with effect from April 1, 2013.

New standards/amendments adopted

The condensed interim consolidated financial statements have been prepared by applying the following new standards and amendments. The nature and impact of each new standard/amendment is described below:

i. ***IFRS 10 "Consolidated Financial Statements"***

IFRS 10 replaces the parts of previously existing IAS 27 Consolidated and Separate Financial Statements that dealt with consolidated financial statements and SIC-12 Consolidation – Special Purpose Entities. IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in IFRS 10, all three criteria must be met, including: (a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns.

IFRS 10 does not have any impact on Company's condensed interim consolidated financial statements.

ii. **IFRS 11** ***"Joint Arrangements"***

IFRS 11 supersedes IAS 31 *Interests in Joint Ventures*. It replaces IAS 31's three categories of 'jointly controlled entities', 'jointly controlled operations' and 'jointly controlled assets' with two new categories - 'joint operations' and 'joint ventures'. The option of using proportionate consolidation for jointly controlled entities that was previously included in IAS 31 has been eliminated (equity accounting is now required for all joint ventures.

IFRS 11 does not have any impact on Company's condensed interim consolidated financial statements.

iii. ***IFRS 12 "Disclosure of Interest in Other Entities"***

"Disclosure of Interest in Other Entities" is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off -balance sheet vehicles. The standard includes disclosure requirements for entities covered under IFRS 10 and IFRS 11.

Further, in June 2012, IASB published "Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance" as amendments to IFRS 10, IFRS 11 and IFRS 12. These amendments are intended to provide additional transition relief by limiting the requirement to provide adjusted comparative information to only the preceding comparative period.

The foregoing amendment does not have any impact on Company's condensed interim consolidated financial statements as none of these disclosures are applicable. Accordingly, the Company is not required to make such disclosures in its condensed interim consolidated financial statements.

iv. **IAS 1** ***"Presentation of Financial Statements"*** **("IAS 1 (Amended)")**

The IASB published amendments to IAS 1 "Presentation of Financial Statements" ("IAS 1(Amended)") in June 2011. Amendments to IAS 1 require companies preparing financial statements in accordance with IFRS to group items within other comprehensive income that may be reclassified to the profit or loss separately from those items which would not be recyclable in the profit or loss section of the statement of income. It also requires the tax associated with items presented before tax to be shown separately for each of the two groups of comprehensive income items (without changing the option to present items of other comprehensive income either before tax or net of tax).

The Company has evaluated that the above amendment does not have any impact on the Company's condensed interim consolidated financial statements.

v. ***IAS 32 "Financial Instruments: Presentation"&* IFRS 7 *"Financial Instruments: Disclosures"***

In December 2011, the IASB amended the accounting requirements and disclosures related to offsetting of financial assets and financial liabilities by issuing an amendment to IAS 32 "Financial Instruments: Presentation" ("IAS 32") and IFRS 7 "Financial Instruments: Disclosure" ("IFRS 7").

The amendment to IFRS 7 requires companies to disclose information about rights of offset and related arrangements for financial instruments under an enforceable master netting agreement or similar arrangement. The new disclosure requirements are effective for interim or annual periods beginning on or after January 1, 2013. It requires retrospective application for comparative periods.

The Company has evaluated that the above amendment will not have any impact on the Company's condensed interim consolidated financial statements.

vi. **IFRS 13 "*Fair Value Measurement*"**

On April 1, 2013, the Company adopted, IFRS 13, "Fair Value Measurement" which establishes a single source of guidance for fair value measurement under IFRS. IFRS 13 provides a revised definition of fair value and guidance on how it should be applied where its use is already required or permitted by other standards within IFRS and introduces more comprehensive disclosure requirements on fair value measurement.

The application of IFRS 13 has not impacted the fair value measurements carried out by the Company's in its condensed interim consolidated financial statements.

The Company has evaluated that the above amendment will not have any impact on the Company's condensed interim consolidated financial statements.

vii. **Amendments to IAS 19 "*Employee Benefits*"**

IAS 19 includes amendments to the accounting for defined benefit plans, including actuarial gains and losses that are now recognized in other comprehensive income ("OCI") and permanently excluded from profit and loss; expected returns on plan assets that are no longer recognized in profit or loss, instead, there is a requirement to recognize interest on the net defined benefit liability (asset) in profit or loss, calculated using the discount rate used to measure the defined benefit obligation, and; unvested past service costs are now recognized in profit or loss at the earlier of when the amendment occurs or when the related restructuring or termination costs are recognized.

The Company has evaluated that the above amendment does not have any impact on the Company's condensed interim consolidated financial statements.

New accounting pronouncements not yet applicable to the Company:

Certain new standards, interpretations and amendments to existing standards have been published that are mandatory for the Company's accounting periods beginning on or after January 1, 2014 or later periods which have not been adopted for the preparation of financial statements. Those which are considered to be relevant to the Company's operations are set out below.

i. In November 2009, the IASB issued IFRS 9 "Financial Instruments: Classification and Measurement" ("IFRS 9"). This standard introduces certain new requirements for classifying and measuring financial assets and liabilities and divides all financial assets that are currently in the scope of IAS 39 into two classifications, those measured at amortized cost and those measured at fair value. In October 2010, the IASB issued a revised version of IFRS 9, "Financial Instruments" ("IFRS 9 R"). The revised standard adds guidance on the classification and measurement of financial liabilities. IFRS 9 R requires entities with financial liabilities designated at fair value through profit or loss to recognize changes in the fair value due to changes in the liability's credit risk in other comprehensive income. However, if recognizing these changes in other comprehensive income creates an accounting mismatch, an entity would present the entire change in fair value within profit or loss. There is no subsequent recycling of the amounts recorded in other comprehensive income to profit or loss, but accumulated gains or losses may be transferred within equity.

   IFRS 9R is effective for fiscal years beginning on or after January 1, 2015. Earlier application is permitted. The Company is currently evaluating the impact that this new standard will have on its consolidated financial statements.

ii. The IASB amended IAS 32 to clarify the meaning of "currently has a legally enforceable right of set off" and "simultaneous realization and settlement". The amendment clarifies that in order to result in an offset of a financial asset and financial liability, a right to set off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy. The amendments also clarify that the determination of whether the rights meet the legally enforceable criteria will depend on both the contractual terms entered into between the counterparties as well as the law governing the contract and the bankruptcy process in the event of bankruptcy or insolvency. The amendments are effective for annual periods beginning on or after January 1, 2014 and are required to be applied retrospectively for comparative periods.

   The Company is currently evaluating the requirements of the above amendment to IAS 32 and do not believe that the adoption of these changes will have a material effect on its consolidated financial statements.

iii. In May 2013, the IASB issued an amendment to IAS 36 "Impairment of Assets" to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. This Amendment is effective for annual period on or after January 1, 2014.

The Company is currently evaluating the requirements of the above amendment and does not believe that the adoption of this amendment will have a material effect on its consolidated financial statements.

iv. In May 2013, the IASB issued an Interpretation IFRIC 21 Levies. This Interpretation addresses the accounting for liability to pay a levy if that liability is within the scope of IAS 37. It also addresses the accounting for a liability to pay a levy whose timing and amount is certain. This interpretation is effective from January 1, 2014.

The Company is currently evaluating the requirements of the above interpretation and does not believe that the adoption of this interpretation will have a material effect on its condensed interim consolidated financial statements.

v. In June 2013, the IASB issued an amendment to IAS 39 "Financial Instruments: Recognition and Measurement", which clarifies that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met. A novation indicates an event where the original parties to a derivative agreement agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties. In order to apply the amendments and continue hedge accounting, novation to a central counterparty (CCP) must happen as a consequence of laws or regulations or the introduction of laws or regulations. This Amendment is effective for annual period on or after January 1, 2014.

The Company is currently evaluating the requirements of the above amendment and does not believe that the adoption of this amendment will have a material effect on its condensed interim consolidated financial statements.

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 *IAS 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 2013 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 30 September 2013	**Period ended 30 September 2012**	**Year ended 31 March 2013**
Non-current assets	375,438,248	295,848,528	336,020,473
Current assets	4,607,746	8,829,439	5,974,614
Non-current liabilities	972,552	934,409	909,515
Current liabilities	52,699,593	45,869,251	55,848,578
Expenses (net of finance income)	1,948,578	1,125,307	2,543,964
Commitments	13,070,442	NIL	NIL

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 2013.

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 2013, 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$ 375,409,971 (30 September 2012: US$ 295,848,528, 31 March 2013: US$ 336,020,473).

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 2013 the Group has current liabilities amounting to US$ 97,106,194 majority of which is towards current portion of borrowings from banks and related parties, Gynia Holdings Ltd (Gynia) and Focus. As at 30 September 2013, the amounts due for repayment within the next 12 months to banks are US$ 16,991,944 which the Group expects to meet from its internal generation of cash from operations.

Also during the previous year ended March 31, 2013, as a result of the commencement of the additional production facilities, the inflows from the take and pay as per the contract with the key customer shall be increased significantly in the coming year. 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 Focus and Gynia which are repayable on demand, Focus and Gynia have assured the Group that these loans will not be demanded till such time where internal funds are sufficient to meet such repayments after other obligations to banks are met. Subsequent to the balance sheet date, on 19 November 2013, the management has filed a declaration of commerciality by way of an integrated development plan for all identified and commercially feasible gas reserves with Director General of Hydrocarbons and these are pending approval from the management committee. Once they are approved, the Company's ability to raise borrowings to fund development expenditure will be further enhanced. Based on this, the condensed interim consolidated financial statements have been prepared on a going concern basis.

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7. INTANGIBLE ASSETS: EXPLORATION AND EVALUATION ASSETS

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

	Intangible assets: exploration and evaluation assets US$
Balance at 1 April 2012	**40,997,873**
Additions	53,569,365
Transfer to development assets	(76,139,848)
Balance as at 31 March 2013	**18,427,390**
Additions	34,737,112
Balance as at 30 September 2013	**53,164,502**

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 2014 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. Refer note 6 above in respect of the submissions made to Director General of Hydrocarbons pending approval of the Management Committee.

The above also includes borrowing costs capitalised of US$ 1,049,174 (30 September 2012: US$ 1,387,965, 31 March 2013: US$ 3,769,364).

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 2013	36,437	**3,577,517**	**309,075,831**	**5,233,802**	**4,780,493**	**1,423,900**	**2,004,272**	**326,132,252**
Additions	-	20,295	6,916,815	-	-	43,580	212,982	**7,193,672**
Balance as at 30 September 2013	**36,437**	**3,597,812**	**315,992,646**	**5,233,802**	**4,780,493**	**1,426,480**	**2,217,254**	**333,325,924**
Accumulated depreciation								
Balance as at 1 April 2013	-	**709,656**	**2,149,504**	**2,943,680**	**1,778,168**	**958,165**	**-**	**8,539,175**
Depreciation for the period	-	163,908	1,418,216	420,800	386,533	123,553	-	**2,513,010**
Balance as at 30 September 2013	**-**	**873,564**	**3,567,720**	**3,364,480**	**2,164,701**	**1,081,718**	**-**	**11,052,185**

Cost	Land	Extended well test equipment	Development /Production assets	Bunk Houses	Vehicles*	Other assets	Capital work-in-progress	Total

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		625,721	105,992,814	981,106	1,123,483	123,491	1,022,958	109,869,573
Deletions		-		-	37,399	-	1,156,137	1,193,536
Balance as at 31 March 2013	**36,437**	**3,577,517**	**309,075,831**	**5,233,802**	**4,780,493**	**1,423,900**	**2,004,272**	**326,132,252**
Accumulated Depreciation								
Balance as at 1 April 2012	**-**	**460,382**	**640,223**	**2,188,364**	**1,030,020**	**730,063**	**-**	**5,049,052**
Depreciation for the year	-	249,274	1,509,277	755,316	748,148	228,102	-	3,490,117
Balance as at 31 March 2013	**-**	**709,656**	**2,149,500**	**2,943,680**	**1,778,168**	**958,165**	**-**	**8,539,169**
Carrying value								
As at 31 March 2013	36,437	2,867,861	306,926,331	2,290,122	3,002,325	465,735	2,004,272	**317,593,083**
As at 30 September 2013	36,437	2,724,248	312,424,930	1,869,322	2,615,792	385,762	2,217,254	**322,273,746**

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**	**1,372,717**	**2,611,067**	**244,402,295**
Accumulated depreciation								
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**
Carrying value								
As at 30 September 2012	36,437	2,413,894	227,500,131	1,718,582	3,368,832	526,303	2,611,067	**238,175,246**

*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$ 5,523,354 (30 September 2012: US$ 4,586,015; 31 March 2012: US$ 8,699,988)

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 2013	30 September 2012	31 March 2013
Non-current portion of long term debt	2018/2021	93,749,439	110,877,503	102,213,678
Current portion of long term debt from banks		16,991,944	16,936,481	16,962,446
Total		**110,741,383**	**127,813,984**	**119,176,124**

The Group obtained two term loan facilities from a consortium of banks in the amount of $110,000,000 and $40,000,000. Against the loan of $110,000,000, Indus Gas has drawn US$ 109,904,073 (30 September 2012: US$ 109,904,073; 31 March 2012: US$ 109,904,073) and the balance has lapsed and cannot be utilised. The other loan facility of $ 40,000,000 has been fully utilised as at year end.

Above debt includes a balance US$ 73,836,937 repayable in quarterly instalments of the loan is US$3,939,000 with last instalment falling due in May 2018. This loan bears interest of LIBOR plus 500 basis points payable along with each quarterly instalment.

Balance of US$ 36,904,445 is repayable through quarterly instalments of US$ 400,000 with last instalment falling due in May 2021. This loan bears interest of LIBOR plus 400 basis points payable along with each quarterly instalment.

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

The term loans 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 from the SGL field.

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

Agreement for above referred term loans require the Company to satisfy certain financial ratios on continuing basis including a ratio of Earning before Interest, Depreciation, Taxes and Appropriations (EBIDTA) to the scheduled repayment of bank loan and interest thereon. The primary objective of testing this ratio is to ensure that the Company has sufficient cash flows from operations to satisfy its loan repayment obligations.

Since the gas buyer could not offtake the contracted quantity of gas, an amount of US$ 9.79 million is receivable/received by the Company in respect of "take of pay" minimum guaranteed amount during six month period ending 30 September 2013. In accordance with IFRS, this payment is reflected as "Deferred Revenues" in thes Condensed Consolidated Statement of Financial Position and is not part of current EBIDTA definition, though for all practical purposes, this amount is part of the operational cash flows used for repayment of bank loan obligations. As a result and as a mere technicality, the ratio of EBIDTA to scheduled repayments for the six month period ending 30

September 2013 could not be met.

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 periodical basis with no adverse action from any of the Lenders so far. The Company has requested the lenders to modify the definition of EBIDTA to include all operational cash flows including receipt of "take or pay" amount such that in future this ratio will be met. The lenders are considering the request and Company is hopeful for modification of the Facility Agreement soon. It may also be noted that each of the existing lenders are considering the Company request of an additional US$180 million term loan financing and one of the existing lender has already approved underwritten commitment of US$ 120 million. The Company expects to draw down on this facility soon. The Company had received a waiver on this ratio point from Lenders as of 31 March 2013 and a repeat waiver has been requested as additional mitigation of the issue and is expected to be granted in good time for full year figures should the amendment to the ratio definition by Lenders be delayed in any way.

Since the Company has been able to meet all its repayment obligation, from internal operational cash flow generation as envisaged, has not received any adverse notification from any of the lenders and expects to get the facility agreement suitably amended whereby the ratio would have been satisfied, the loan liability continues to be classified as long term liability.

10. RELATED PARTY TRANSACTIONS

The related parties for each of the entities in the Group have been summarised in the table below:

Nature of the relationship	Related Party's Name
I. Holding Company	Gynia Holdings Ltd.
II. Ultimate Holding Company	Multi Asset Holdings Ltd. *(Holding Company of Gynia Holdings Ltd.)*
III. Enterprise over which Key Management Personnel (KMP) exercise control *(with whom there are transactions)*	Focus Energy Limited

Disclosure of transactions between the Group and related parties and the outstanding balances as of 30 September 2013, 30 September 2012 and 31 March 2013 is as under:

Transactions with parent company

Particulars	30 September 2013	30 September 2012	31 March 2013
Transactions during the year with the holding company			
Loan taken	21,822,596	22,815,048	59,086,130
Interest	3,837,288	1,740,576	4,427,101
Balances at the end of the year			
Total payables*	**131,713,652**	**67,228,726**	**106,053,767**

Transactions with KMP and entity over which KMP exercise control

Particulars	30 September 2013	30 September 2012	31 March 2013
Transactions during the year			
Remuneration to KMP			
• *Short term employee benefits*	168,253	250,337	447,344
• *Share based payments*	-	-	-
Total	**168,253**	**250,337**	**447,344**
Entity over which KMP exercise control			
Share of cost incurred by the Focus in respect of the Block	33,366,128	38,159,094	70,466,095
Expenses reimbursed	215,684	399,387	71,310
Interest on loan	1,549,501	1,259,443	2,549,593
Balances at the end of the year			
Total payables*	**52,699,111**	**45,857,571**	**55,845,886**

**including interest*

Directors' remuneration

Directors' remuneration is allocated on a systematic and rational manner and included under administrative expenses, evaluation and exploration assets or development assets in the interim condensed consolidated financial statements.

11. PAYABLE TO RELATED PARTIES

Related parties payable comprise of the following:

	30 September 2013	30 September 2012	31 March 2013
Liability payable to Focus			
- *Current*	52,699,111	45,857,571	55,845,886
Liability payable to Gynia			
- *Current*	22,213,137	12,980,623	-
- *Other than Current*	109,500,515	54,248,103	106,053,767
Payable to directors	117,596	33,060	**-**
	184,530,359	**113,119,357**	**161,899,653**

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. Such loan is repayable on demand and carries an interest of 6.5% per annum.

Liability payable to Gynia

Liability payable to Gynia represents loans from the parent company for financing the oil and gas operations and meeting other obligations. The loan carries an interest of 6.5% per annum.

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.

12. 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 2013, 30 September 2012 and 31 March 2013 are as follows:

	30 September 2013	30 September 2012	31 March 2013
Profit/Loss attributable to shareholders of Indus Gas Limited, for basic and dilutive	2,627,912	50,610	1,394,167
Weighted average number of shares (used for basic loss per share)	182,973,924	182,913,924	182,931,020
No. of dilutive shares in respect of outstanding options	46,252	48,581	43,097
Diluted weighted average number of shares (used for diluted loss per share	183,020,176	182,962,505	182,974,117
Basic Profit/(loss) per share (US$)	0.01	0.00*	0.01
Diluted Profit/(loss) per share (US$)	0.01	0.00*	0.01

**Rounded off to the nearest two decimal places.*

13. COMMITMENTS AND CONTINGENCIES

At 30 September 2013, the Group had capital commitments of US$ 13,070,442 (30 September 2012: US$ NIL; 31 March 2013: US$ NIL) in relation property, plant & equipment – development/producing assets, in the Block.

The Group has no contingencies as at 30 September 2013 (30 September 2012: Nil; 31 March 2013: Nil).

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.

15. FINANCIAL INSTRUMENTS

A summary of the Group's financial assets and liabilities by category are mentioned in the table below.

The carrying amounts of the Group's financial assets and liabilities as recognised at the date of the statement of financial position of the reporting periods under review may also be categorised as follows:

	30 September 2013	30 September 2012	31 March 2013
Loans and receivables			
Non-current assets			
- Security deposits	885	885	885
Current assets			
- Trade receivables	6,863,677	443,150	9,926,029
- Cash and cash equivalents	1,312,701	168,024	7,546,024
Total financial assets under loans and receivables	**8,177,263**	**612,059**	**17,472,938**
Financial liabilities measured at amortised cost:			
Non-current liabilities			
- Long term debt from banks	93,749,439	110,877,503	102,213,678
- Payable to related parties	109,500,515	54,248,103	106,053,767
Current liabilities			
- Current portion of long term debt from banks	16,991,944	16,936,481	16,962,446
- Current portion of payable to related parties	75,029,844	58,838,194	55,845,886
- Accrued expenses and other liabilities	6,838	115,146	59,929

	30 September 2013	30 September 2012	31 March 2013
Total financial liabilities measured at amortised cost	**184,537,197**	**241,015,427**	**281,135,706**

The fair value of the financial assets and liabilities described above closely approximates their carrying value on the statement of financial position date.