

## DIRECTORS' REPORT

To,

**The Members,**

Your Directors take pleasure in presenting the Fifteenth Annual Report along with the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2020 together with the Auditors' Report and Comments on the accounts by the Comptroller and Auditor General of India (C&AG).

### 1. FINANCIAL REVIEW

Your Company has achieved better performance in terms of all parameters of financial performance during the FY 2019-20.

The Financial results for the year ended March 31, 2020 are summarized below

(Figures in Lacs)

Items	2019-2020	2018-2019
Net Sales and Other Income	32,073.76	30,608.00
Profit Before Depreciation & Tax	11,103.31	9,119.35
Depreciation	1,981.02	1231.62
PBT	9,122.29	7887.73
Provision for Tax	1,758.45	2677.16
PAT	7,363.84	5210.57
Other Comprehensive Income for the Period, Net of Tax	2.00	0.85
Total comprehensive Income for the Period	7,365.84	5,211.42
Profit/(loss) brought forward from previous year	21,761.41	17,633.21
Profit/ (loss) available for appropriation	29,127.25	22,844.63
<b>Appropriations:</b>		
Dividend	-	900.00
Corporate Dividend Tax	-	183.22
Transfer to General Reserve	-	-
Profit carried forward	29,127.25	21,761.41
<b>Earnings Per Share (Face value of Rs. 10/- each)</b>	<b>12.27</b>	<b>8.68</b>

## 2. APPROPRIATIONS

### DIVIDEND

Your Directors are pleased to recommend dividend of 18% i.e. Rs. 1.80 per equity share of face value of Rs. 10.00 each for the financial year 2019-20, subject to approval of the shareholders in the ensuing Annual General Meeting.

### 3. FIXED DEPOSITS

We have not accepted any Deposits within the meaning and in excess of limits prescribed under Companies Act, 2013 read with Companies Acceptance of Deposits Rules, 2014. As such, no amount of principal or interest payment is outstanding as on the Balance Sheet date.

## 4. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The company has not given any loans or guarantees covered under the provisions of section 186 of the Companies Act, 2013.

## 5. COMPANY PERFORMANCE

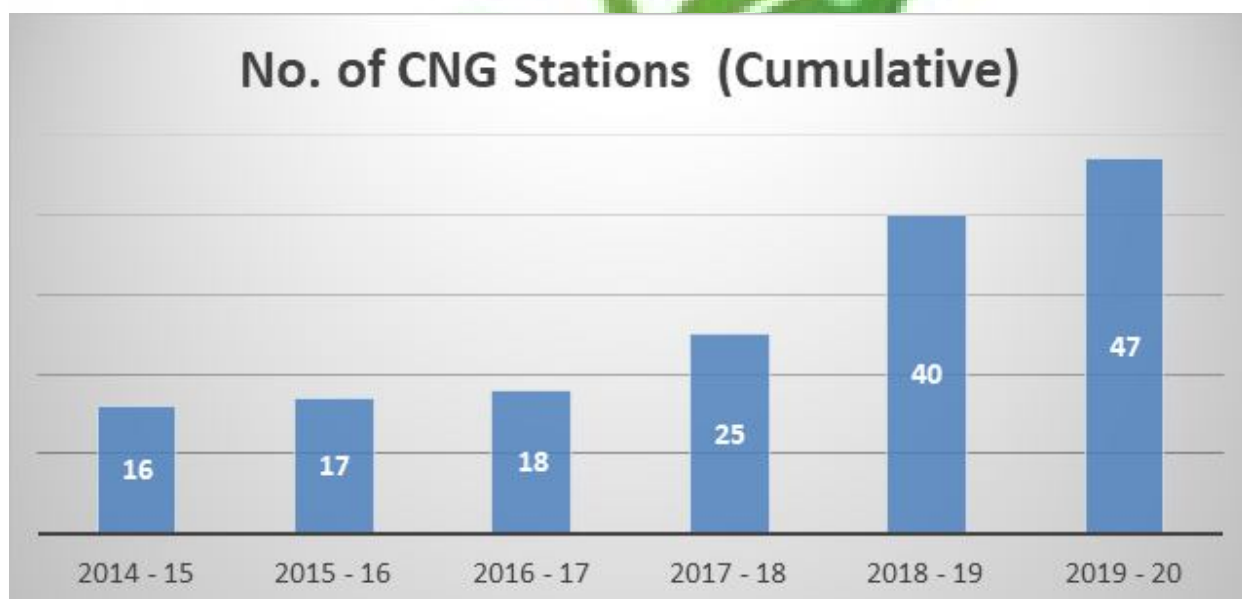
During the year, the Company recorded sales as under:

(Figures in MMSCM)

Sr. No.	Segment	FY 2019-20	FY 2018-19	Growth
1	CNG	684.64	665.37	3.00%
2	PNG- Industrial	137.81	146.06	-6.00%
3	PNG- Commercial	23.04	19.78	16.00%
4	PNG- Domestic	74.10	50.36	47.00%
5	Total PNG	234.95	216.2	9.00%

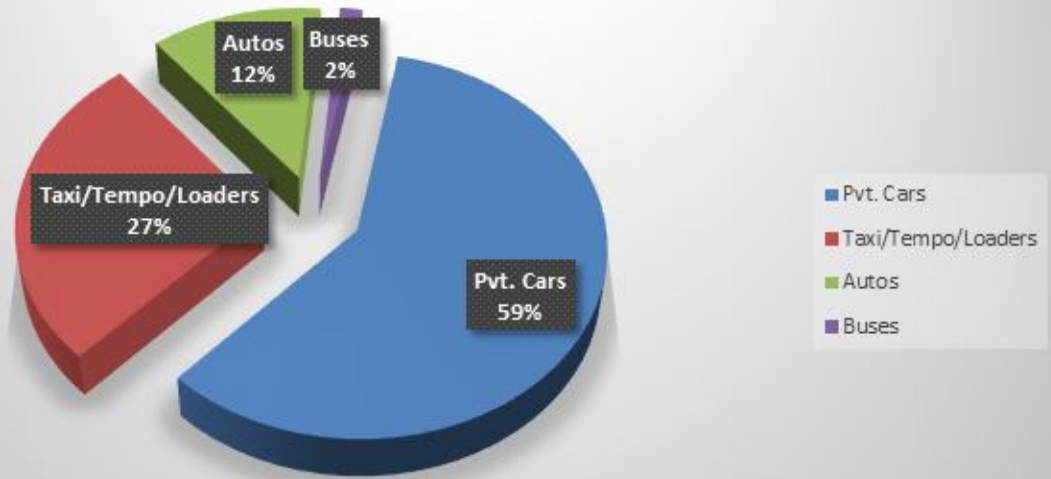
**a. Compressed Natural Gas Business (CNG)**

During the year 2019-20, CNG business has performed well. Your Company further augmented its CNG distribution infrastructure by enhancing capacity of existing stations and adding ten new CNG station taking the total number of CNG Stations to 47 at the end of the Financial Year. Three Daughter Booster CNG stations falling in the GA of other CGD company have been handed over to them. The cumulative compression capacity has increased to 734155 Kg/day during 2019-20 from previous year's cumulative compression capacity of 565065 Kg/day (30% increase).



The estimated number of vehicles running on CNG in Kanpur, Bareilly and Jhansi as on March 31, 2020 was around 68600 vehicles.

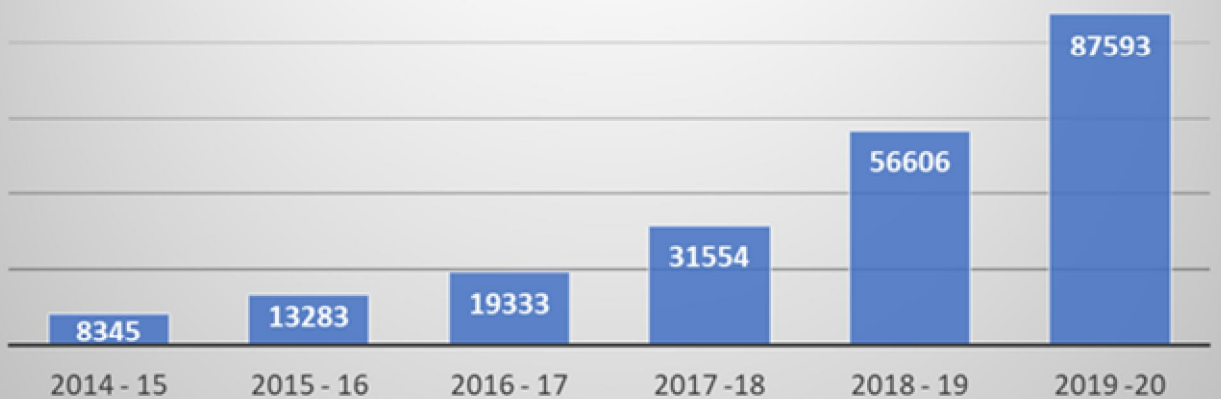
### Category wise Breakup of CNG Vehicles



**b. Piped Natural Gas (PNG) – Domestic Connections:**

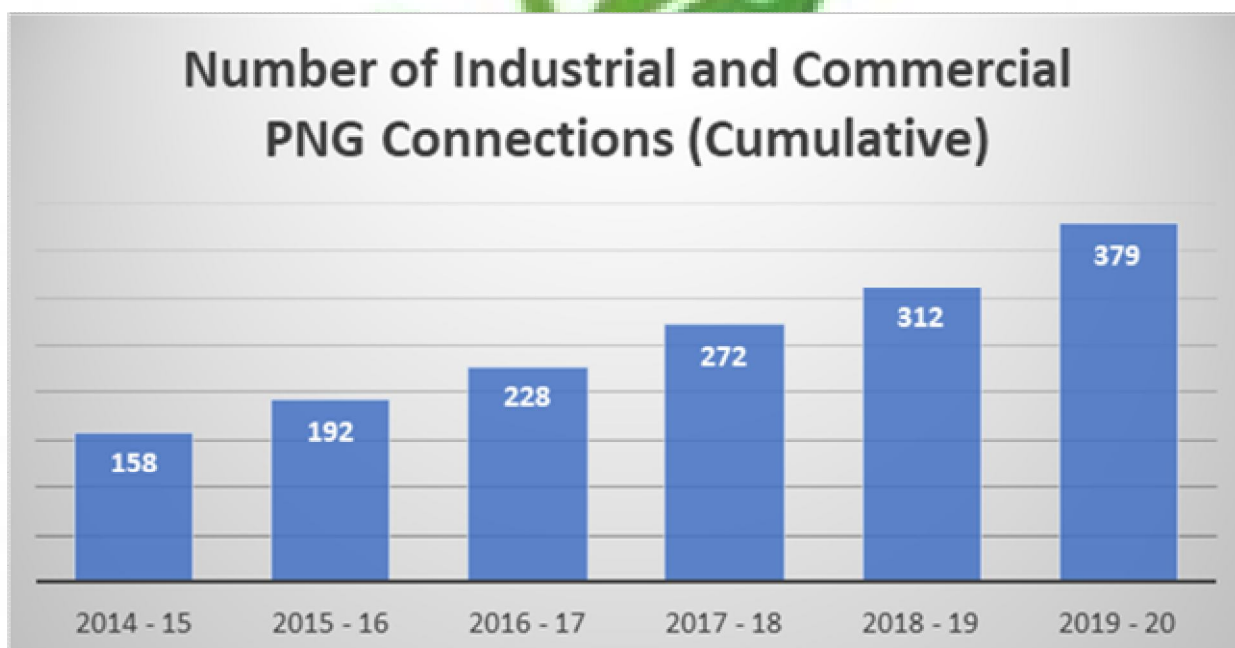
During the year, your Company provided 30987 PNG connections and the total number of connections scaled up to 87593 as on 31st March 2020.

### No. of PNG Domestic Connections (Cumulative)



### c. PNG – Industrial & Commercial Connection:

Your Company has maintained its focus on the Industrial & Commercial segment as one of the potential growth areas in the forthcoming years. In spite of stiff competition from alternate fuels prices, like LPG/Diesel, the prices of which have come down drastically due to lower crude prices, there was some marginal growth in sales in Commercial & Industrial segments in the financial year 2019-20. With concentrated efforts, however the total number of commercial customers increased from 242 in March 2019 to 298 in March 2020 and the industrial customers from 70 in March 2019 to 81 in March 2020.



## 7. PROGRESS ON THE PROJECTS UNDERTAKEN

During the year, Your Company has laid a network of 358.47 Kms MDPE pipeline and 2.74 Kms of Steel Pipeline. As on date, your Company has laid a network of 1786.19 Kms MDPE pipeline and 126.02 Kms of Steel Pipeline to cater to Vehicular, Industrial, Commercial and Domestic Customers in the allocated Geographical areas.

Your Company is currently servicing CNG vehicles through 15 Daughter Booster Stations, 28 Online Stations and 4 Mother Stations in our authorized / permitted Geographical Areas.

## **8. INFORMATION TECHNOLOGY**

The Company is in process of upgrading current SAP version to streamline its operations. This will provide new and improved processes and functionalities. All the departments are very pro-active in leveraging SAP and suggesting new ways to provide up-to-date, real time and detailed data for analysis.

## **9. HUMAN RESOURCES**

Your Company has been continuously working to improve human resources skills, competencies and capabilities in CUGL, which is essential to achieve desired results in line with our strategic business ambitions. During the year the focus of your Company was to ensure that young talent is nurtured and mentored consistently. Reward and recognitions are commensurate with performances and that employees have the opportunity to develop and grow.

Your Company has established an organization structure that is agile and focused on delivering business results. With regular communication and sustained efforts, it is ensuring that employees are aligned on common objective.

The Human Resource (HR) department at CUGL is driven by the mission:

- To build the right culture and capabilities to enable us delight our customers
- To make CUGL the best place to work for passionate innovative people who want to make a difference

Your Company believes in maintaining employees work life balance and ensures timely interventions that help build a long-lasting and fruitful career. Also, we believe in healthy employee relations and bonding with the family members also. In pursuance with it, CUGL has organized couple of family get-togethers, Women's Day celebration, Sports tournament, Annual Day celebration with family members.

Currently, one of the key challenge which CUGL is facing is the retention of experienced manpower. The platform available in the market has created numerous opportunities creating a tough competition in retaining/ sourcing right candidates. While attrition is a reality in the current scenario, CUGL is focusing on improving HR Policies and matching compensation benefits as per the market standards.

## **10. HEALTH, SAFETY AND ENVIRONMENT (HSE)**

Your Company is in the business of supplying Piped and Compressed Natural Gas that is environment friendly and safe. To facilitate this, your Company lay, build and operates pipelines in the city of Kanpur, Unnao, Bareilly and its adjoining areas. Whilst doing this, your Company adheres to high standards of

Health, Safety & Environment and as the Company believes that 'Outstanding Business Performance requires Outstanding HSE Performance'. Your Company complies with all legal and statutory requirements applicable to its operations.

In 2019, Your Company is accredited to revised Integrity Management Systems like ISO 45001: 2018 for Occupational Health & Safety Management System, ISO 14001:2015 for Environment Management System and ISO 9001:2015 for Quality Management System and the same will be audited regularly at par with international requirements.

Your company was also accredited to ERDMP (Emergency Response and Disaster Management Plan)- Codes of Practices : 2010 and the same is being audited regularly at par with regulatory requirements.

Your Company is committed to the Health and Safety of all its employees, the employees of our contractors and other stakeholders who may be affected by the Company's operations. Your Company considers its contractors as business partners and expects them to adhere to the Company's HSE standards. Regular Training and assistance is provided to the business partners as and when required.

Your Company also expects all of its employees and contractors to report Near Miss, Hazards and Incidents which are then investigated, and lessons learnt are shared with all concerned. Your Company also takes cognizance from other Oil & Gas companies including CGD industries across the world.

In line with Company's HSE policy, site inspections by concerned departments, regular External Safety Audits / PNGRB's T4S Audits and other statutory compliances are carried out to ensure safety in all facets of CUGL's operations.

Regular HSE & Fire Safety training is imparted to employees, contract staff and consumers of CNG and PNG. Frequently safety awareness training is provided at site. During the year 10,375 Man Hours training was provided on various HSE aspects. Apart from that, "Nukkad Naatak"/ "Dial before DIG" campaigns were imparted throughout the year to educate the third parties including all digging parties as well as local public regarding the PNG line, its severe damages and impact due to High pressure Gas pipeline damages.

The Environment is both a brand image as well as a core area of focus for your Company. In addition to the processes and procedures, your Company has in place, to meet the requirements of ISO 14001:2015 accreditation, every year your Company celebrates World Environment Day wherein the employees rededicate themselves to protect the environment and promote the benefits of Natural Gas to improve the environment through public awareness campaigns.

In this year, CUGL assisted GAIL (India) Limited for successfully organising SAKSHAM-WLAKATHON in Kanpur to motivate community for conserving fuel and safeguard our Environment.

## **11. CORPORATE SOCIAL RESPONSIBILITY (CSR)**

Your Company is fully conscious of its Corporate Social Responsibility (CSR). In addition to carrying forward various CSR projects started in the earlier year, many new ones were also initiated in FY 2019-20.

Your Company has strategically aligned many of its CSR activities to create value for the society. Your Company has identified health, education, empowerment of underprivileged and skill development as its major focus areas, on which most of the CSR programs are targeted.

Following a Project-based approach towards all CSR interventions, as detailed in the CSR Policy, your Company has implemented CSR programmes primarily in the areas which are in close proximity to the major work centers/installations of your Company, as identified under Schedule VII of the Companies Act, 2013.

The policy covers matters in the field of promoting gender equality, education, skill development, sanitation etc. The policy intends to strive for economic development that positively impacts society at large by way of optimum utilization of resources.

The Annual Report on CSR activities in accordance with the companies (Corporate Social Responsibility) Rules, 2014, is appended as **Annexure "A"** to this report.

## **12. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

The information in accordance with the provisions of Section 134(3)(m) of the Companies Act, 2013 read with Rule (8)(3) of the Companies (Accounts) Rules, 2014 is appended as **Annexure "B"**

## **13. PARTICULARS OF EMPLOYEES**

No employee was in receipt of remuneration exceeding the limits set out under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014.



#### **14. DIRECTORS RESPONSIBILITY STATEMENT**

As required under clause (c) of sub-section (3) of section 134 of Companies Act, 2013, the Directors, to the best of their knowledge and belief state that:

A. In the preparation of Annual Accounts for the financial year ended March 31, 2020, the applicable accounting standards have been followed;

B. Accounting policies were selected and applied consistently except where otherwise stated in the Notes to Accounts and judgments and estimates made were reasonable and prudent so as to give a true and fair view of state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review.

C. Proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities was ensured; and

D. Annual Accounts for the Financial Year ended 31<sup>st</sup> March, 2020 were prepared on a going concern basis.

E. The Company has laid down an established internal financial control framework including internal controls over financial reporting, operating controls and for the prevention and detection of fraud and errors. The framework is reviewed periodically by Management and tested by the internal auditors and statutory auditors. Based on the periodical testing the framework is strengthened from time to time to ensure the adequacy and effectiveness of internal financial controls.

F. The Directors has devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **15. DIRECTORS**

Shri Amarendra Kumar, served his tenure as Managing Director of the Company till 08/5/2019 thereafter Shri Ranjan Dwivedi was appointed as an Additional Director and Managing Director of the Company by GAIL w.e.f. 13/05/2019.

Shri E S Ranganathan, served his tenure as Nominee Director appointed by Indraprastha Gas Limited on the Board of the Company till 16/6/2020 thereafter Shri Ashim Batra was appointed as an Additional Director and Nominee Director appointed by Indraprastha Gas Limited on the Board of the Company w.e.f. 01/9/2020.

## 16. CORPORATE GOVERNANCE

Corporate governance is creation and enhancing long term sustainable value for the stakeholders through ethically driven business process. It is imperative that Company's affairs are managed in a fair and transparent manner. Therefore, at CUGL we follow the best practices of Corporate Governance. The Board of Directors is at the core of our Corporate Governance and oversees how the Management serves and protects the long-term interest of the Stakeholders.

## 17. AUDITORS:

- **Statutory Auditors & Audit Report**

In exercise of powers conferred by Section 139 of the Companies Act, 2013, the Comptroller and Auditor General of India (CAG) vide its letter dated 06/08/2019 has appointed M/s Mittal Gupta & Co. (Firm Registration No. 01874C), Chartered Accountants as Statutory Auditors of the Company for the financial year 2019-20.

The Statutory Auditors were paid a remuneration of Rs. 6.00 Lacs towards audit fee. The above fees are exclusive of applicable taxes and reimbursement of reasonable travelling and out of pocket expenses actually incurred.

Notes on Accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further comments.

The Comptroller & Auditor General of India (C&AG) have conducted a supplementary audit of Financial Statement of the Company for the year ending 31st March, 2020 as per the provisions of Companies Act, 2013.

There has been no qualification, reservation, adverse remark, or disclaimer given by the Auditors in their Report.

The Report given by the Statutory Auditors on the financial statements for FY 2019-20 and the Comments of Comptroller & Auditor General of India (C&AG) forms part of the Annual Report.

- **Cost Auditors**

During the year 2019-20, M/s. R M Bansal & Co. Cost Accountants were appointed as the Cost Auditors to conduct Audit of cost accounting records maintained by the Company.

As per Section 148 read with Companies (Audit & Auditors) Rules, 2014 and other applicable provisions, if any, of the Companies Act, 2013. The Board of Directors appointed M/s. R M Bansal & Co., as Cost Auditors for the financial year 2020-21 at the remuneration of Rs. 60000/- plus applicable taxes.

As required under the Companies Act, 2013, remuneration payable to the cost auditor is required to be placed before the members in a general meeting for their ratification. Accordingly, a resolution seeking member's ratification for the remuneration payable to M/s. R M Bansal & Co., Cost Auditors is included in the Notice convening the Annual General Meeting.

- **Secretarial Auditors**

Pursuant to Section 204 of the Companies Act, 2013, Your Company had appointed M/s Sameer Shukla & Associates., Practicing Company Secretaries, Kanpur to conduct Secretarial Audit for the financial year 2019-20. The Secretarial Audit Report confirming compliance by Practicing Company Secretary to applicable provisions of the Companies Act 2013 and other applicable laws forms part of this report as "**Annexure C**" to this Report.

Remarks referred to in the Secretarial Auditors' Report for FY 2019-20 of M/s Sameer Shukla & Associates., Practicing Company Secretaries, Kanpur are self-explanatory and do not call for any further comments.

## **19. EXTRACTS OF ANNUAL RETURN**

The details forming part of the extract of the Annual Return is available on the Company's website i.e. [www.cugl.co.in](http://www.cugl.co.in)

## **18. RELATED PARTY TRANSACTIONS:**

The Company has formulated a Policy on materiality of Related Party Transactions and on dealing with Related Party Transactions.

There are no material related party transactions made by the company which may have potential conflict with interest of the company at large.

## **19. MANAGERIAL REMUNERATION:**

The Executive and Whole-time Directors of the company are paid remuneration as per their respective contracts which are approved by the Board.

The Independent Directors and Non- Executive Directors are paid sitting fees of Rs. 20,000/- per Board Meeting and Rs. 10,000/- per committee meeting for attending the meetings.

## **20. RISK MANAGEMENT POLICY**

Your Company has a Risk Management System including the Risk Policy & identification of the Risks which are reviewed periodically.

Your Company has laid down a set of standards, processes and structure which enables it to implement internal financial control across the organization.

Your company has put in place a critical risk management framework across the company. Your company keeps on reviewing various risks in the sphere of regulation, business, compliances etc. in a continuously changing business environment.

In the management of Risk, the probability of risk assumption is estimated on the basis of available data and information and accordingly appropriate risk treatments have been worked out. Your company is making efforts to ensure strict adherence to policies, procedures, rules and regulations.

The contents of Risk Management Policy are available on the website of the Company [www.cugl.co.in](http://www.cugl.co.in).

## **21. VIGIL MECHANISM:**

The Company has a Whistle Blower Policy as part of the vigil mechanism, which provides a platform to the employees, directors, vendors and suppliers of the Company to come forward and raise their genuine concerns without any fear of retaliation and victimization. The Whistle Blower Policy is available on the website of the Company [www.cugl.co.in](http://www.cugl.co.in).

## **22. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES COMPANIES**

Your Company does not have any subsidiaries, Joint venture and Associate companies as on 31st March, 2020.

## 23. CREDIT RATING

Your Company has gained the domestic credit rating of "A1+" from CARE, which indicates strong degree of safety regarding timely payment of financial obligations.

## 24. DISCLOSURES:

### a. Board of Directors and compositions:

The Company has Eight Directors on its Board comprising two Executive Directors namely Managing Director and Director (Commercial), five Non-Executive Directors and One Non-Executive Independent Director. The composition and category of Directors along with other Directorships as at March 31, 2020 is as under:

Sl. No.	Name of Directors	Category	Directorships in other Public Limited Companies
1	Shri A K Shrivastava	Non-Executive	NIL
2	Shri Amarendra Kumar*	Executive	NIL
3	Shri Ranjan Dwivedi*	Executive	Nil
4	Shri Pardeep Goyal	Executive	NIL
5	Shri Surjeet Mahalik	Non-Executive	NIL
6	Shri Manjeet Singh	Non-Executive	NIL
7	Shri E S Ranganathan**	Non-Executive	1
8	Shri R C Gupta	Non-Executive	NIL

### b. Board Meetings:

Pursuant to the provisions of Section 173 of the Companies Act, 2013 and rules made there under, every Company shall hold a minimum of four meeting of its Board of Directors every year in such manner that not more than one hundred and twenty days shall intervene between two consecutive meetings of the Board.

During the Financial Year ended March 31, 2020, Eight Board meetings were held on May 03, 2019, June 28, 2019, August 14, 2019, September 09, 2019, September 26, 2019, November 06, 2019, November 29, 2019 and February 19, 2020. The last Annual General Meeting was held on September 26, 2019.

During the year Directors' attendance in the Board Meetings and AGM are given below:

Sl. No.	Name of Directors	Meetings Held During Tenure	Meetings Attended	Attendance at Last AGM
1	Shri A K Shrivastava	8	7	Yes
2	Shri Amarendra Kumar*	1	1	N/A
3	Shri Ranjan Dwivedi*	7	7	Yes
4	Shri Pardeep Goyal	8	7	Yes
5	Shri Surjeet Mahalik	8	7	Yes
6	Shri Manjeet Singh	8	7	Yes
7	Shri E S Ranganathan	8	3	No
8	Shri R C Gupta	8	8	Yes

\* Shri Amarendra Kumar, served his tenure as Managing Director of the Company till 08/5/2019 thereafter Shri Ranjan Dwivedi was appointed as an Additional Director and Managing Director of the Company by GAIL w.e.f. 13/05/2019.

\*\*Shri E S Ranganathan, served his tenure as Nominee Director appointed by Indraprastha Gas Limited on the Board of the Company till 16/6/2020

### c. General Meeting

Details of Last three Annual General Meetings held are as follows:

Sl. No.	No. of Meeting	Date of Meeting	Place of Meeting
1	12 <sup>th</sup> AGM	19-09-2017	Hotel Landmark, The Mall Road , Kanpur
2	13 <sup>th</sup> AGM	28-09-2018	Hotel Landmark, The Mall Road , Kanpur
3	14 <sup>th</sup> AGM	26-09-2019	Hotel Landmark, The Mall Road , Kanpur

No Extraordinary General Meeting (EGM) was held during Financial Year 2018-19.

### d. Key Managerial Personnel

Pursuant to Section 203 of Companies Act, 2013 read with Rule 8 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 following persons act as Key Managerial Personnel (KMP) of the Company:

Shri Pardeep Goyal Director (Commercial) (DC), of the Company was appointed as Whole Time Director (WTD) as part of KMP with effect from 26<sup>th</sup> December, 2018.

Shri Ranjan Dwivedi , Managing Director (MD) was appointed as KMP of the Company with effect from 13<sup>th</sup> May, 2019.

Shri Deepak Bhasin, Company Secretary was appointed as part of KMP with effect from 16<sup>th</sup> June, 2014.

Shri Asheesh Agrawal, Chief Manager (Finance & Accounts) of the Company was appointed as part of KMP with effect from 18<sup>th</sup> March, 2016.

#### **f. Constitutions of Audit Committee and Corporate Social Responsibility Committee.**

##### **1) AUDIT COMMITTEE**

The Audit Committee is headed by Shri R C Gupta, Non-Executive Independent Director. Composition of the Committee as on 31.03.2020 is given below:

Sl.No.	Members of Committee	Executive/Non-Executive/Independent	Position in the Committee
1	Shri R C Gupta	Independent & Non-Executive Director	Chairman
2	Shri Surjeet Mahalik	Non- Executive Director	Member
3	Shri Manjeet Singh	Non-Executive Director	Member

During the year 2020-21, five meetings of the Audit Committee were held.

##### **2) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

The CSR Committee is headed by Shri A K Shrivastava, Non-Executive Director. Composition of the Committee as on 31.03.2020 is given below:

Sl.No.	Members of Committee	Executive/Non-Executive/Independent	Position in the Committee
1	Shri A K Shrivastava	Non-Executive Director	Chairman
2	Shri R C Gupta	Independent & Non-Executive Director	Member
3	Shri E S Ranganathan	Non- Executive Director	Member
3	Shri Ranjan Dwivedi	Executive Director	Member
5	Shri Pardeep Goyal	Executive Director	Member

During the year 2020-21, three meetings of the Corporate and Social Responsibility Committee were held.

## 25. MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and analysis forms part of this report at **Annexure 'F'**.

## 26. GENERAL:

### SIGNIFICANT AND MATERIAL ORDER

There are no significant and material orders passed by the regulators or courts or tribunal impacting the going concern status and Company's operations in future.

## 27. PREVENTION OF SEXUAL HARASSMENT AT WORK PLACE

As per the requirement of The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 and Rules made there under, your Company has constituted a Internal Complaints Committee. During the year, no complaint with allegation of sexual harassment was received by the Company.

## 28. SHAREHODING PATTERN AS ON 31ST MARCH, 2020

Shareholding Pattern of the Company as on 31st March, 2020 is as follows:

SI. No.	Name of Shareholders	No of Equity Shares held @ Rs. 10/- each	% of Shares held
1	GAIL (India) Limited including shares held jointly with its employees.	1,50,00,000	25.00 %
2	Bharat Petroleum Corporation Limited	1,49,99,600	25.00%
3	Others (Individuals of BPCL)	400	Negligible
4	Indraprastha Gas Limited	3,00,00,000	50.00%
<b>Total</b>		<b>6,00,00,000</b>	<b>100%</b>

## 29. ACKNOWLEDGEMENT

Your Directors express their gratitude to the Ministry of Petroleum & Natural Gas, State Governments of Uttar Pradesh, Petroleum and Natural Gas Regulatory Board, and Promoter Companies (GAIL & BPCL) for their continuous patronage & support throughout the year.

The Directors also acknowledge the support of all Statutory & Local Authorities, Bankers, Media, Station Operators & their employees, contractors, vendors and suppliers.



The Directors place on record their deep appreciation towards CUGL's valued customers for their continued co-operation & support and look forward to the continuance of this relationship in future also.

The Directors wish to express their gratitude to CUGL's major stakeholder Indraprastha Gas Limited for their continued trust and support.

The Directors also sincerely acknowledge the contributions made by all the employees of CUGL for their dedicated services to the Company.

**On behalf of the Board of Directors  
For Central U.P. Gas Limited**

**(Ranjan Dwivedi )  
Managing Director**

**( Pardeep Goyal )  
Director Commercial**

**Place:**

**Date:**

**Registered Office:**

7<sup>th</sup> floor, UPSIDC Complex  
A 1/4 Lakhanpur, Kanpur-208 024  
CIN: U40200UP2005PLC029538,  
Website: [www.cugl.co.in](http://www.cugl.co.in)  
Email: [dbhasin@cugl.co.in](mailto:dbhasin@cugl.co.in),  
Tel No.: 0512-2585001,  
Fax No.: 0512- 258245



## ANNEXURE- "A"

### ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR 2019-20

#### Corporate Social Responsibility (CSR)

[Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

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

Central U.P Gas Limited (CUGL) recognizes that its business activities have direct and indirect impact on the society. The Company strives to integrate its business values and operations in an ethical and transparent manner to demonstrate its commitment to sustainable development and to meet the interest of its stakeholders.

A responsible business is expected to not only take care of its stakeholders but also to engage and contribute meaningfully towards improving the quality of life of the communities and environment in which it operates. CUGL follows the Board approved CSR Policy which is in line with requirements of Companies Act, 2013.

The contents of CSR Policy of CUGL are displayed on CUGL's website at [www.cugl.co.in](http://www.cugl.co.in)

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

Shri A K Shrivastava -Chairman  
Shri R C Gupta - Member  
Shri E S Ranganathan - Member  
Shri Ranjan Dwivedi - Member  
Shri Pardeep Goyal - Member

**3. Average profit (PBT) of the company for last three financial years under Sec 198 of Companies Act, 2013:- Rs. 7441.01 Lacs.**

**(a) Prescribed CSR Expenditure (two per cent of the amount as in item 3 above):- Rs.148.82 Lacs**

**4. Details of CSR spent during the financial year:-**

**(b) Total amount to be spent for the financial year- Rs.148.82 Lacs**

**(c) Amount unspent, if any- NIL.**

(d) Manner in which the amount spent during the financial year is detailed below:

1	2	3	4	5	6	7	8
Sl.No.	CSR project or activity identified	Sector in which project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise (in Lacs)	Amount spent on the projects or programs Sub - heads: (1) Direct expenditure on projects or programs (2) Overheads (in Lacs)	Cumulative expenditure upto to the reporting period (in Lacs)	Amount spent : Direct or through implementing agency *
1	Distribution of Educational Material/ Infrastructure facilities etc. at School for differently abled children	Vidya, Vidyarathi & Vidyalaya Utthan" Promotion of Education and school upgradation	Kanpur	10	14.74	14.74	Direct
2	Vocational training program - Tailoring, Beauty & Hair Dressing, General Plumbing, Computer Concepts etc	""""CUGL - Kaushal Vikash"" Skill Development Programs for Women & Youth"	Kanpur, Bareilly, Jhansi & Unnao	17.5	21.71	21.71	Implementing Agency
3	Procurement of Fusion Welding Machine for Vocational training Programme		Kanpur, Bareilly		2.24	2.24	Direct
4	Construction of Public Toilets at Panki, Kanpur		Kanpur		8.97	8.97	Implementing Agency
5	Construction of Public Toilets (5-Seater) at ZOO Kanpur	""""Svachchhata & Paryavaran Vikash"" Programs for Sanitation & Environment Sustainability"	Kanpur	55	0.98	0.98	Implementing Agency
6	Construction of Public Toilets (2- seater) at Zoo, Kanpur		Kanpur		8.25	8.25	Implementing Agency

7	Construction of Public Toilets (3- Seater) near safari area at ZOO,Kanpur		Kanpur		12.37	12.37	Implementing Agency
8	Construction of Public Toilets Near Daelapeer Mandi, Bareilly		Bareilly		10.52	10.52	Implementing Agency
9	Construction of Public Toilets near Gov. Hospital, Unnao		Unnao		12.25	12.25	Implementing Agency
10	Plantation with Tree Guards at public place of Kanpur		Kanpur		2.48	2.48	Direct
11	Adoption of endangered animals (Lion & Lioness)	Animal welfare	Kanpur	-	1.08	1.08	Direct
12	Organized Health Checkup camp at our CNG Stations at Kanpur, Bareilly	""Swaastha & Suraksha for All"" Health & Safety for Sr. Citizen & School children "	Kanpur, Bareilly, Jhansi & Unnao	20	43.37	43.37	Implementing Agency
13	Dental/Eye/ENT/Checkuo Camp for Government School children		Kanpur		2.68	2.68	Implementing Agency
14	Establishment of Krishi Gurukulam at two villages of Bareilly District	Rural Development-maintaining quality of soil	Bareilly	4.77	2.21	2.21	Implementing Agency
15	Operation & Maintenance cost of chauraha , Kanpur	Art & Culture	Kanpur	6	1.73	1.73	Direct
16	Activities planned with Administration	-	-	35.57	-	-	-
17	Contribution to PM Cares fund				41.83	41.83	Direct
<b>Total</b>					<b>148.84</b>	<b>187.41</b>	<b>187.41</b>

5. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report:

N/A

**6. CSR Committee Responsibility Statement**

The CSR Committee confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company

**On behalf of the Board of Directors  
For Central U.P. Gas Limited**

**(Ranjan Dwivedi )  
Managing Director**

**( Pardeep Goyal )  
Director Commercial**

**Place:**

**Date:**

**Registered Office:**

7<sup>th</sup> floor, UPSIDC Complex  
A 1/4 Lakhanpur, Kanpur-208 024  
CIN: U40200UP2005PLC029538,  
Website: [www.cugl.co.in](http://www.cugl.co.in)  
Email: [dbhasin@cugl.co.in](mailto:dbhasin@cugl.co.in),  
Tel No.: 0512-2585001,  
Fax No.: 0512- 258245



## ANNEXURE- "B"

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

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

#### A. CONSERVATION OF ENERGY

(i) Conservation of energy is an ongoing process in the Company's activities. Steps have been taken on proper tuning of pressure regulating valves to ensure smooth transfer of natural gas from the blow down vessel to the suction of CNG compressor without any venting of Gas to atmosphere.

(ii) The steps taken by the company for utilizing alternate sources of energy:

PV Solar Panels and LED Lights are installed as a pilot project in this financial year to reduce electrical power consumption from power distribution

(iii) The capital investment on energy conservation equipments: Nil

#### B. TECHNOLOGY ABSORPTION

1. The efforts made towards technology absorption-	Continued indigenous development of various dispenser spares.
2. The benefits derived like product improvement, cost reduction, product development or import substitution -	Overall reduction of cost of dispenser spares.
3. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)- (a) the details of technology imported; (b) the year of import; (c) whether the technology has been fully absorbed; (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof -	NIL
4. The expenditure incurred on Research and Development -	NIL

#### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

There was no foreign exchange earnings and outgo during the year under review.

**FORM No. MR-3**

**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31.03.2020

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

**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31.03.2020

To,  
The Members,  
**CENTRAL U.P. GAS LIMITED**  
**CIN:U40200UP2005PLC029538**  
A-1/4 LAKHANPUR UPSIDCOMPLEX  
KANPUR UP 208024

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by CENTRAL U.P. GAS LIMITED.(hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon. Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31.03.2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

we have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31.03.2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

**(Not applicable to the Company being an Unlisted Company during the audit period)**

- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws Framed there under
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial borrowings

**(Not applicable as the Company neither have foreign Direct Investment nor overseas direct investment and external commercial borrowings during the audit period)**

- (v) The Securities and Exchange Board of India Act, 1992 ('SEBI Act') and regulations and guidelines prescribed thereunder:

**(Not applicable to the Company being an Unlisted Company during the audit period)**

- (vi) We further report that apart from compliances reported above the other prevailing compliances on the Company and on the examination of the relevant records in connection with such compliances, on test check basis, the Company has complied with following laws applicable specifically to the company.

- (a) The Petroleum and Natural Gas Regulatory Board Act, 2006
- (b) The Explosives Act, 1884
- (c) Gas Cylinders Rules, 2016.

**We have also examined compliance with the applicable clauses of the following:**

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with Stock Exchange(s)

**(Not applicable to the Company being an unlisted Company during the audit period)**

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



**We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. No changes in the composition of the Board of Directors that took place during the period under review.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board meetings and committee meetings are carried out unanimously as recorded in the minutes of the respective meetings.

**We further report that**

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

**We further report that**

During the audit period the company has no specific events/actions in pursuance of above referred law, rules, regulations, guidelines etc. having major bearing on Company's affair

Place: **Kanpur**  
Date: 20/08/2020

For: **Sameer Shukla & Associate**  
**Company Secretaries**

**CS SAMEER SHUKLA**  
**FCS: 10510**  
**CP No.: 12078**

**NOTE:** this report is to be read with the letter of even date marked as **Annexure** and forms an integral part of this report

To,  
The Members,  
**CENTRAL U.P. GAS LIMITED**  
**CIN:U40200UP2005PLC029538**  
A-1/4 LAKHANPUR UPSIDCOMPLEX  
KANPUR UP 208024

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: **Kanpur**  
Date: 20/08/2020

For: **Sameer Shukla & Associate**  
**Company Secretaries**  
**CS SAMEER SHUKLA**  
**FCS: 10510**  
**CP No.: 12078**

**MANAGEMENT DISCUSSION AND ANALYSIS****MANAGEMENT DISCUSSION AND ANALYSIS****NATURAL GAS SCENARIO IN INDIA**

Natural gas is one of the cleanest, safest, and most useful among all energy sources. Natural gas is traditionally consumed in the residential, commercial, transport and in the industrial sector. Share of Natural Gas in India's energy basket is 6.2% as against 23.4% worldwide. Gujarat is leading in the use of Natural gas with 25% share in its energy basket. Government's aim is to increase this share of natural gas in India's energy basket from 6.2% to 15% by 2030.

The domestic gas in the country is being supplied and distributed in accordance with the guidelines related to pricing and utilization policies issued by the Government from time to time. In India, it is currently supplied mainly from the oil & gas fields located at western and south eastern areas viz. Hazira basin, Mumbai offshore & KG basin as well as North East Region (Assam & Tripura) and other nominated blocks which are being operated by the ONGC, OIL, private and joint venture. However, natural gas production in India has been significantly lower, as compared to its demand, hence there is a need to enhance the domestic natural gas production by developing new potential natural gas fields. This gap of natural gas production and consumption is fulfilled by imported RLNG.

**CITY GAS DISTRIBUTION (CGD)**

CGD is transportation and distribution of natural gas in the form of PNG (Piped Natural Gas) and CNG (Compressed Natural Gas) to consumers in domestic, commercial, industrial and transport sectors through a network of steel and MDPE pipelines.

Compressed Natural Gas (CNG) has emerged as a 'fuel of future' across the world over the years. CNG vehicles have been introduced in a wide variety of commercial applications, from light-duty Trucks and Sedans-like taxi cabs, to medium-duty vehicles - like delivery vans and postal vehicles, to heavy-duty vehicles like travel buses and school buses.

CNG is an efficient fuel, emits lesser carbon dioxide, NOx, CO, PM than coal and oil, and is available in abundance worldwide. Natural Gas can replace traditional fossil fuels due to its environment friendliness and economic benefits. With rising concern over pollution in various Cities due to use of traditional fossil fuels, CNG gives remarkable advantage over the traditional fossil fuels like Petrol and Diesel.

Your Company has been taking up proposals with State Government Authorities for ensuring availability of land on a long-term lease for construction of CNG stations. Proposals of Private Individuals/Institutions are also considered for construction of CNG stations subject to meeting PESO (Petroleum and Explosive Safety Organization) prerequisites and permissions of all concerned statutory authorities.

More CNG stations will boost CNG consumption across Kanpur, Bareilly and Jhansi and help cities to become cleaner and greener. Both CNG and PNG business have performed well during the year 2019-20. On an overall basis the sales volume (CNG & PNG) has shown a growth of 4.31% over the previous year. CNG sales volume has increased from 665.37 lakhs SCM in FY 2018-19 to 684.64 lakhs SCM in FY 2019-20 and PNG sales volume has increased from 216.20 lakhs SCM in FY 2018-19 to 234.95 lakh SCM in FY 2019-20 showing a growth of 2.90% and 8.67% respectively.

The Company has created a network of 47 CNG Stations as on 31 March 2020 for supplying CNG to the customers. The total nos. of vehicles using CNG was around 68,600 as on 31<sup>st</sup> March 2020. The Company has created wide pipeline network and is providing PNG connection to 87,593 Domestic Customers, 298 Commercial Customers and 81 Industrial Customers as on 31<sup>st</sup> March 2020.

### **OUTLOOK ON OPPORTUNITIES**

Increase of factory fitted CNG engines by leading car manufacturers & considerable increase in number of CNG stations has given a big boost to the CNG sector in the cities.

The convenience associated with PNG has already established it as the preferred fuel with its demand growing exponentially in domestic, commercial as well as industrial segments. Due to strict enforcement of the norms by various statutory authorities deterring use of polluting fuels by industries due to environmental concerns, the usage of Natural Gas while utilizing the existing City Gas Distribution network is bound to grow.

The Company has established itself strongly in Kanpur, Bareilly and Jhansi and surrounding areas, which have good potential for Natural gas in the coming years. Your Company has increased the infrastructure of CNG stations and Pipeline network to ensure easy availability of CNG and PNG to its customers.

Your Company is definitely looking forward to expand its Geographical Area to other feasible Cities through the bidding process being conducted by PNGRB.

## **OUTLOOK ON THREATS, RISKS & CONCERNS AND MITIGATIONS**

### **Regulatory Regime**

The City Gas Distribution business is under Regulatory regime wherein the Petroleum and Natural Gas Regulatory Board (PNGRB) has framed various Regulations, which have ramifications on the day to day business and operations of a CGD entity.

The Company has the infrastructure exclusivity in Kanpur, Bareilly and Jhansi geographical areas (GA). Your Company has already established CGD infrastructure across these cities.

The Petroleum and Natural Gas Regulatory Board (PNGRB) has been inviting bids from time to time for setting up CGD network in new geographical areas. Total 10 rounds of CGD bidding has been conducted by the PNGRB and 53% of India's area and 70% of its population spread over 402 districts in 27 states/UTs would have access to CGD Networks for supply of natural gas. Your Company intends to participate in the bidding for expanding its areas of operations.

### **Gas Sourcing**

In the changing gas scenario, the assured supply of gas at competitive price will play an important role for future growth of your Company. MoP&NG, Government of India under its guidelines has directed GAIL to allocate supply of domestic gas i.e. APM and NAPM at a formula price linked with international factors to your Company based on gas consumption in CNG and Domestic PNG segments along with a provision to draw 10% over and above the gas allocation.

In order to cater to the growing gas demand of industrial & commercial consumers, the Company is procuring R-LNG, both on term & spot basis. Your company is constantly on the lookout for sourcing cheapest R-LNG supplies for its customers by signing agreements with more suppliers. This helps in enrolling new customers and retaining old ones as the price of gas remains competitive in comparison to price of alternate fuels. In line with this, besides having gas supply tie ups with GAIL, BPCL and GSPCL, to strengthen CUGL's gas sourcing portfolio, CUGL has also signed a framework gas supply agreement with other major R-LNG supplier viz. Indian Oil Corporation Limited (IOCL). The Company is actively looking at a variety of options to meet the expected gas demand in future.

Additionally, establishment of gas trading exchange and recent initiatives by the Ministry of Petroleum and Natural Gas and PNGRB for regulating the establishment and operation of these exchange will also provide your company a better platform for gas sourcing as it will secure equitable distribution and increase in availability of natural gas by creating a free gas market.

## **Gas Prices**

The availability of APM and NAPM gases for CNG and Domestic PNG by Govt. of India, has helped your Company in maintaining gas selling prices both in CNG and PNG-domestic segment competitive over alternate fuels. With the availability of R-LNG at a competitive price on term and spot basis from various suppliers, your Company had accordingly corrected the selling price for its industrial and commercial customers and transparently passed the benefit to the end users.

## **COVID-19 pandemic**

Because of COVID-19 pandemic, the entire Gas industry is facing unprecedented drop in gas demand. CGD sector is among the worst impacted sector due to lack of transportation, economic and industrial activities. Apart from drop in gas demand, this pandemic will also hamper the project activities because of various lockdowns and shortage of manpower.

COVID-19 will adversely impact City Gas Distribution sector and the next 1–2 years are expected to be the most challenging. Lockdowns may have had a significant impact. Gas supply may also be tightened from international market in the coming years due to slowdown in exploration and production related activities.

## **VALUE CREATION THROUGH OPERATIONAL EXCELLENCE**

The endeavour of your Company is to create value for its customers and stakeholders. Your company has effectively utilized the tools like SAP in enhancing the operational efficiency in the processes with cost optimization.

## **ENVIRONMENT CONSCIOUSNESS**

Natural gas is fossil fuel and though the global warming emissions from its combustion are much lower than those from solid and liquid fuels. It emits 50 to 60 percent less carbon dioxide. The increased reliance on natural gas can potentially reduce the emission of many of harmful pollutants. The Company is promoting use of natural gas among Vehicle owners, domestic consumers as well as commercial & industrial consumers through sustained campaigns whereby all the users are made aware of the economic and environmental advantages of natural gas compared to other fuels, apart from assurance of timely and uninterrupted supply of natural gas.

The Company is continuing its efforts to reduce pollution in its authorised and surrounding areas.

## **CAUTIONARY STATEMENT**

The Statement in this Management Discussion and Analysis Report describing the Company's objectives, projections, estimates, expectations or predictions may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations

include demand-supply conditions, changes in Government and international regulations, tax regimes, economic developments within and outside India and other factors such as litigation and labour relations.

