



**CENTRAL U.P. GAS LIMITED
ANNUAL REPORT 2019-20**



**Registered Office: 7th floor, UPSIDC Complex, A 1/4 Lakhanpur, Kanpur-208 024
CIN: U40200UP2005PLC029538, Website: www.cugl.co.in, Email: dbhasin@cugl.co.in**

CENTRAL U.P. GAS LIMITED
(A Joint Venture of GAIL (India) Limited & BPCL)
Registered Office: 7th Floor, UPSIDC Complex, A 1/4 Lakhanpur, Kanpur -
208024, Uttar Pradesh

CIN: U40200UP2005PLC029538, Website: www.cugl.co.in
Email: dbhasin@cugl.co.in, Tel No.: 0512-2585001, Fax No.: 0512- 2582453

NOTICE TO THE MEMBERS

Notice is hereby given that the 15th Annual General Meeting (AGM) of the members of Central U.P. Gas Limited will be held on Tuesday, the 29th of September, 2020 at 11:00 a.m. through Video Conferencing / Other Audio Visual Means to transact the following business (es):

A. ORDINARY BUSINESS:

- 1) To receive, consider and adopt the Audited Financial Statement of the Company for the financial year ended 31st March 2020 and the Report of the Board of Directors and the Statutory Auditors and the Comments of the Comptroller & Auditor General of India thereon and to pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT Audited Financial Statement of the Company for the financial year ended 31st March 2020 and the Report of the Board of Directors and the Statutory Auditors and the Comments of the Comptroller & Auditor General of India thereon be and are hereby received, considered and adopted."

- 2) To declare dividend @ 18 % (Rs. 1.80 per Equity Share) for the Financial Year ended 31st March 2020.
- 3) To appoint a Director in place of Shri Manjeet Singh (DIN: 02283890), who retires by rotation and being eligible, offers himself for re-appointment and to pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT Shri Manjeet Singh (DIN: 02283890), be and is hereby re-appointed as Director of the Company liable to retire by rotation."

- 4) To authorize Board of Directors of the Company to fix remuneration of the Statutory Auditors of the Company in terms of provisions of Section 142 of the Companies Act, 2013 and other applicable provisions, if any, and to pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to decide and fix the remuneration of the Statutory Auditors of the Company appointed by Comptroller & Auditor General of India for the Financial Year 2020 - 21."

B. SPECIAL BUSINESS:

- 5) Ratification of remuneration payable to the cost auditors for Financial Year 2020-21 and to pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of section 148, other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the remuneration payable to Cost Auditor(s) appointed by the Board of Directors of the Company to conduct the audit of cost records of the Company for the Financial Year 2020-21, amounting to Rs. 60,000/- plus applicable taxes be and is hereby ratified and confirmed."

- 6) Appointment of Shri Ashim Batra (DIN: 07173368), as a Director and to pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT Shri Ashim Batra (DIN: 07173368) who was appointed as an Additional Director by the Board of Directors and who holds office up to the date of this Annual General Meeting and in respect of whom, the Company has received a notice in writing from a member pursuant to the provisions of Section 160 of the Companies Act, 2013, be and is hereby, appointed as a Director of the Company, liable to retire by rotation."

By Order of the Board of Directors

(Deepak Bhasin)
Company Secretary

Place: Kanpur

Date: 08.09.2020

Registered Office:

7th floor, UPSIDC Complex

A 1/4 Lakhapur, Kanpur-208 024

CIN: U40200UP2005PLC029538,

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Tel No.: 0512-2585001

Fax No.: 0512-2582453

NOTES:

1. In view of COVID-19 pandemic outbreak, Ministry of Corporate Affairs allowed conducting Annual General Meeting through Video Conferencing (VC) or Other Audio-Visual Means (OAVM) and dispensed with the requirement of personal presence of the members at the meeting. Accordingly, 15th Annual General Meeting (AGM) of the members will be held through VC/OAVM as allowed by the Ministry of Corporate Affairs through various circulars viz Circular No. 14/2020 dated April 08, 2020, Circular No. 17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020 prescribing the procedures and manner of conducting the Annual General Meeting through VC/OAVM. Hence, members can attend and participate in the AGM through VC/ OAVM only. The detailed procedure for participation in the meeting through VC/OAVM is available at the Company's website i.e. www.cugl.co.in.
2. Pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM.
3. Corporate Members are entitled to appoint authorized representatives to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-voting.
4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
5. Pursuant to the circulars issued by Ministry of Corporate Affairs (MCA), the Notice of AGM along with Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Please take note that Notice and Annual Report 2019-20 has been uploaded on the website of the Company at i.e. www.cugl.co.in.
6. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, relating to Special Businesses to be transacted at the meeting is annexed hereto.
7. In case of any concern related to the meeting, the members may contact Shri. Deepak Bhasin, Company Secretary of the Company at the following address:

Central U.P. Gas Limited,
7th floor, UPSIDC Complex
A 1/4 Lakhapur, Kanpur-208 024
Website: www.cugl.co.in
Email: dbhasin@cugl.co.in
Tel No.: 0512-2585001
Fax No.: 0512-2582453

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013

Item no 5:

The Board on the recommendation of the Audit Committee has approved the appointment of M/s. R M Bansal & Co., Cost Accountants, Kanpur as the Cost Auditors of the Company for the Financial Year 2020– 21.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules 2014, ratification for the remuneration payable to the Cost Auditors for the Financial Year 2020-21 by way of Ordinary Resolution is being sought from the members as set out at item no. 5 of the notice.

The Board accordingly recommends the passing of the proposed Ordinary Resolution for approval by the Members.

None of the Directors and Key Managerial personnel or relatives of them are interested in the above resolution.

Item no 6:

Shri Ashim Batra (DIN: 07173368) was nominated by Indraprastha Gas Limited as a Director of the Company. The Board of Directors appointed Shri Ashim Batra, as an Additional Director w.e.f. 01.09.2020.

Shri Ashim Batra is presently working as Sr. V.P. (Marketing) in Indraprastha Gas Limited.

Shri Ashim Batra, is a Mechanical Engineering from Delhi College of Engineering, Delhi University & MBA from Faculty of Management Studies, Delhi University, possesses over 33 years of rich and diverse experience in Industrial and Commercial segments. Before joining Indraprastha Gas Limited, he has worked in reputed Private Sector Industries in the field of marketing of high value capital engineering goods.

Your Directors recommend the resolution for approval by members.

None of the Directors and Key Managerial personnel or relatives of them except Shri Ashim Batra himself is concerned or interested in the resolution.

By Order of the Board of Directors

(Deepak Bhasin)
Company Secretary

Place: Kanpur

Date: 08.09.2020

Registered Office:

7th floor, UPSIDC Complex

A 1/4 Lakhapur, Kanpur-208 024

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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 31st 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
Appropriations:		
Dividend	-	900.00
Corporate Dividend Tax	-	183.22
Transfer to General Reserve	-	-
Profit carried forward	29,127.25	21,761.41
Earnings Per Share (Face value of Rs. 10/- each)	12.27	8.68

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

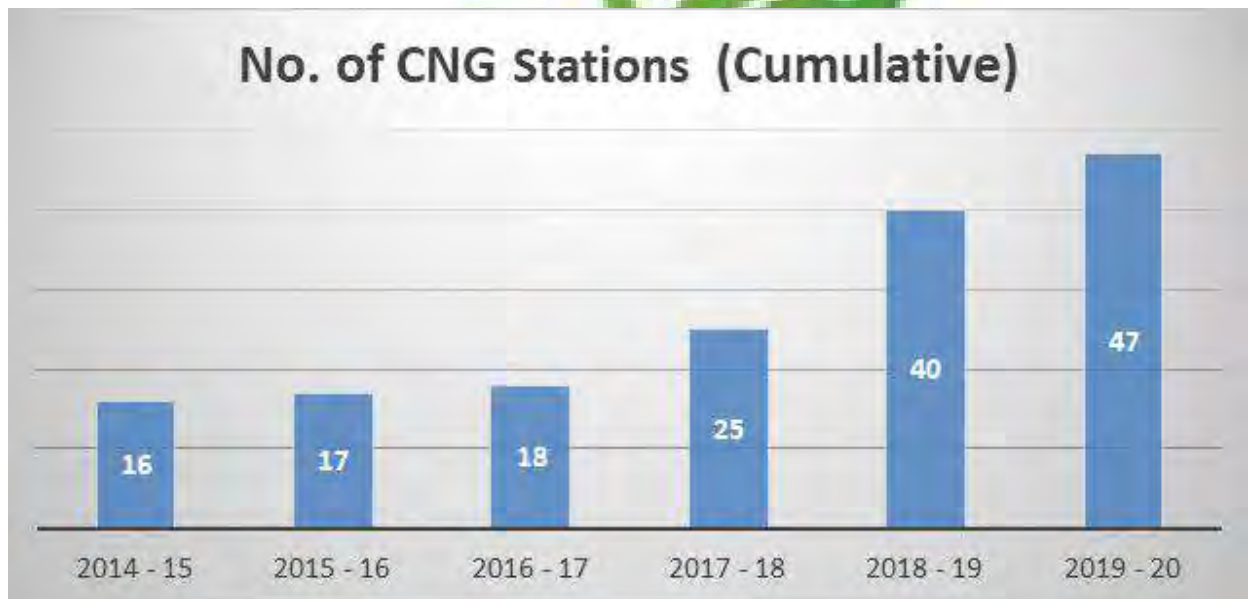
During the year, the Company recorded sales as under:

(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%

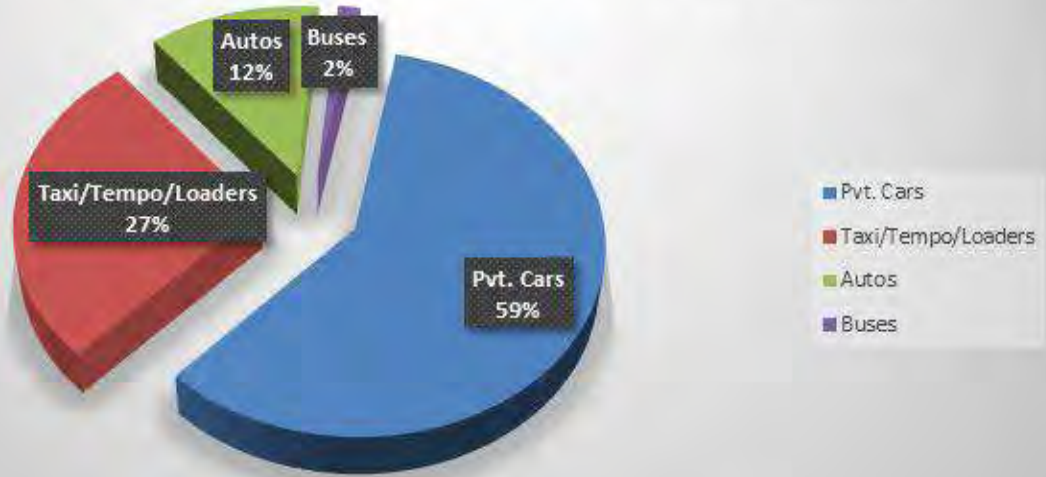
a. Compressed Natural Gas Business (CNG)

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:

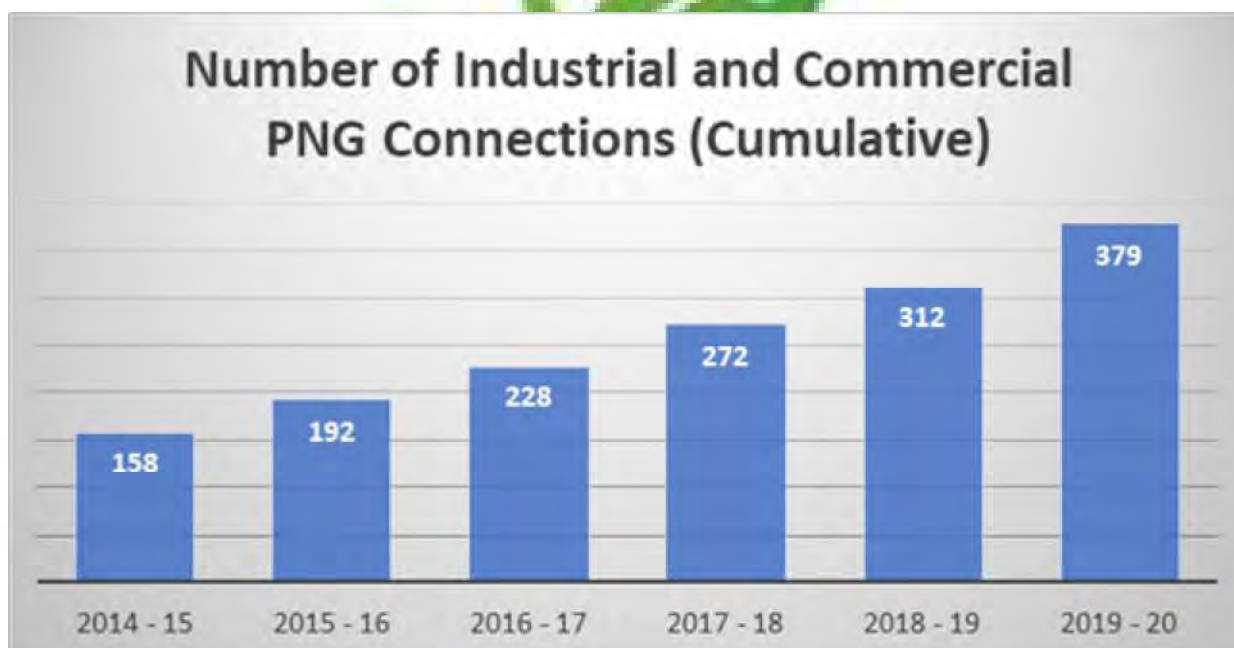
During the year, your Company provided 30987 PNG connections and the total number of connections scaled up to 87593 as on 31st March 2020.

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 31st 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

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.

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.

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 th AGM	19-09-2017	Hotel Landmark, The Mall Road , Kanpur
2	13 th AGM	28-09-2018	Hotel Landmark, The Mall Road , Kanpur
3	14 th 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 26th December, 2018.

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

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

Shri Asheesh Agrawal, Chief Manager (Finance & Accounts) of the Company was appointed as part of KMP with effect from 18th 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%
Total		6,00,00,000	100%

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:

7th floor, UPSIDC Complex
A 1/4 Lakhanpur, Kanpur-208 024
CIN: U40200UP2005PLC029538,
Website: www.cugl.co.in
Email: 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

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
Total					148.84	187.41	187.41

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:

7th floor, UPSIDC Complex
A 1/4 Lakhanpur, Kanpur-208 024
CIN: U40200UP2005PLC029538,
Website: www.cugl.co.in
Email: 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 31st 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 31st 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.



MITTAL GUPTA & CO.

Chartered Accountants

Regd. Off : 14-Ratan Mahal, 15/197-Civil Lines, Kanpur-208001.
Fax : 0512-2303235, Phone : 2303234 # E-mail : mgco@mgco.ca.com

INDEPENDENT AUDITOR'S REPORT

To
The Members of
CENTRAL U.P. GAS LIMITED
Kanpur.

Opinion

We have audited the accompanying financial statements of **CENTRAL U.P. GAS LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.



MITTAL GUPTA & CO.

Chartered Accountants

Regd. Off : 14-Ratan Mahal, 15/197-Civil Lines, Kanpur-208001.
Fax : 0512-2303235, Phone : 2303234 # E-mail : mgco@mgco.ca.com

Management's Responsibility for the Financial Statement

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of financial statements is included in Annexure "A" of this Auditors report of CENTRAL U.P. GAS LIMITED for the financial year ending March 31, 2020.



MITTAL GUPTA & CO.

Chartered Accountants

Regd. Off : 14-Ratan Mahal, 15/197-Civil Lines, Kanpur-208001.

Fax : 0512-2303235, Phone : 2303234 # E –mail : mgco@mgco.ca.com

Report on Other Legal and Regulatory Requirements

1. As required by Section 197(16) of the Act, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under Section 197 read with Schedule V to the Act.
2. As required under section 143(5) of the Companies Act 2013, we give in the Annexure 'B' a statement on directions issued by the Comptroller & Auditor General of India after complying the suggested methodology of audit, action taken thereon and its impact on the accounts and financial statements of the company.
3. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure – 'C' a statement on the matters specified in paragraphs 3 and 4 of the Order;
4. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 as amended.
 - e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure D". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to financial statements.



MITTAL GUPTA & CO.

Chartered Accountants

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- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company, as detailed in note no.24 to the financial statements, has disclosed the impact of pending litigations on its financial position in its financial statements.
 - ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses as at March 31, 2020.
 - iii. There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. The reporting of disclosure relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2020.

FOR MITTAL GUPTA & CO.

Chartered Accountants

FRN 01874C

B. L. Gupta



(B. L. GUPTA)

Partner

Membership No. 073794

Place: Kanpur

Date:

16 JUN 2020

UDIN: 20073794AAAAA26905

MITTAL GUPTA & CO.

Chartered Accountants

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ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

The annexure referred to in the auditor's report of CENTRAL U.P. GAS LIMITED for the year ended March 31, 2020.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in



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internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

FOR MITTAL GUPTA & CO.

Chartered Accountants

FRN 01874C

Bilari



(B. L. GUPTA)

Partner

Membership No. 073794

Place: Kanpur

Date: 16 JUN 2020



MITTAL GUPTA & CO.

Chartered Accountants

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ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

CENTRAL U. P. GAS LIMITED

(As referred to in paragraph 2 of Report on Legal and Regulatory Requirements of our report on the statement of Directions under section 143(5) of the Companies Act, 2013 issued by the Comptroller and Auditor General of India for the year 2019-20)

Sr. No.	Directions	Action Taken	Impact on Financial Statements
1.	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transaction outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	The company has system in place to process all accounting transactions through IT system. Further as per information and explanations given to us by the management, there are no accounting transactions that are processed outside the IT system of the Company which impact the integrity of the accounts.	Not Applicable
2.	Whether there is any restructuring of an existing loan or cases of waiver/ write off of debts/loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated.	As per information and explanations given to us and based on the examination of the records, the company did not have any debts/loans payable to any lender as at and during the year ended March, 31 2020 and hence reporting under this direction is not applicable.	Not Applicable
3.	Whether funds received/receivable for specific schemes from Central/State agencies were properly accounted for/utilized as per its term and conditions? List the cases of deviation.	As per information and explanations given to us and based on the examination of the records, no funds have been received during the year ended March 31, 2020 or receivable as at March 31, 2020 for specific schemes from Central/State Agencies. Therefore, reporting under this direction is not applicable.	Not Applicable

FOR MITTAL GUPTA & CO.

Chartered Accountants

FRN 01874C

(B. L. GUPTA)

Partner

Membership No. 073794

Place: Kanpur

Date: 16 JUN 2020



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Chartered Accountants

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ANNEXURE 'C' TO THE INDEPENDENT AUDITOR'S REPORT

The Annexure – 'C' referred to in our Independent Auditors' Report of even date to the members of the Company on the financial statements for the year ended March 31, 2020:

- i) In respect of its Property, Plant & Equipment:
 - a) The company has generally maintained proper records showing full particulars including quantitative details and situation of Property, Plant & Equipment.
 - b) According to the information and explanation given to us, there is a regular programme of physical verification of Property, Plant & Equipment by the management, which in our opinion is reasonable having regard to the size of the company and the nature of its assets. As per the physical verification report, no material discrepancies were noticed by the management on such physical verification made during the year.
 - c) All the title deeds of the immovable properties are held in the name of the company except for lease deed of land for CNG station at Fazalganj of Rs. 48.07 lacs (Previous year Rs. 48.07 lacs) which is yet to be executed in the name of the Company.
- ii) In respect of its Inventory:
 - a) Inventory comprises gas, stores and spares. According to the information and explanation given to us, inventory of stores has been physically verified at reasonable intervals by the management. In our opinion, the frequency of verification of stores and spares is reasonable. According to information and explanation given to us, the stock of gas in pipeline cannot be physically verified and is estimated on volumetric basis.
 - b) In our opinion and according to the information and explanation given to us, the procedure of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
 - c) According to the information and explanation given to us, no material discrepancies have been noticed on physical verification of inventories.
- iii) According to the information and explanations given to us and based on our examinations of the records, in our opinion, the Company has not granted any loans to companies, firms, LLP or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a), 3(iii) (b) and 3(iii) (c) of the Order are not applicable to the company.
- iv) According to the information and explanations given to us and based on our examinations of the records, in our opinion, the Company has not granted any loans or made any investments, or provided any guarantee or security to the parties covered under section 185 and 186 of the Companies Act 2013. Accordingly, the provisions of clause 3(iv) of the said order are not applicable to the Company.
- v) According to the information and explanations given to us, in our opinion, the Company has not accepted any deposits from the public within the meaning of section 73, 74, 75 and 76 of the Act read with the Companies (Acceptance & Deposit) Rules 2014 and other relevant provisions of the

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Act, to the extent notified. Accordingly, the provisions of clause 3(v) of the said order are not applicable to the Company.

vi) We have broadly reviewed the books of account maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act, in respect of Company's products and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

vii) In respect of statutory dues:

- a) According to the records of the company and information and explanations given to us, the Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, employees state insurance (ESI), Income-tax, Tax deducted at sources, Tax collected at source, Sales Tax, value added tax (VAT), Goods and Service Tax (GST), Custom Duty, Excise Duty, Cess and any other statutory dues applicable to it, with the appropriate authorities though there has been slight delay in few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.
- b) According to the information and explanations given to us, the particulars of Income tax, Service-tax, Sales-tax, Custom Duty, Excise Duty, Entry tax, Value Added Tax, Goods and Service Tax, which have not been deposited on account of any dispute as on 31.03.2020 are as under:

Name of statute	Nature	Amounts unpaid* (Rs.)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Disallowance of claims made by the Company	653,200	Assessment Year 2014-2015	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Disallowance of claims made by the Company	729,308	Assessment Year 2015-2016	Commissioner of Income Tax (Appeals)
Central Excise Act	Excise duty On discounts	3,074,603	Financial year 2008-09 to 2011-12	CESTAT, Delhi
Central Excise Act	Excise duty On value of exempted services	82,301,521	Financial year 2009-10 to 2013-14	CESTAT, Delhi

viii) According to the information and explanations given to us, the Company has not taken any loans or borrowings from any financial institutions or banks or government or debenture holders as at the balance sheet date. Accordingly, the provision of paragraphs 3(viii) of the said order are not applicable to the company.



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- ix) The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of paragraph 3(ix) of the Order are not applicable to the company.
- x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanation given to us, we have neither come across any instance of material fraud by the Company or on the company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi) According to the information and explanations given to us and based on our examinations of the records, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii) As the Company is not a Nidhi company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) are not applicable to the Company.
- xiii) According to the information and explanations given to us and based on our examinations of the records, in our opinion, the transactions with related parties are in compliance with the provisions of sections 177 and 188 of the Act, where applicable. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly Convertible Debenture during the year under review. Accordingly, the provision of Clause 3(xiv) of the Order is not applicable to the company.
- xv) The Company has not entered into any non- cash transactions with its directors or persons connected with him. Accordingly, the provision of Clause (xv) of the Order is not applicable to the company.
- xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provision of Clause (xvi) of the Order is not applicable to the company.

FOR MITTAL GUPTA & CO.

Chartered Accountants

FRN 01874C

B. L. Gupta

(B. L. GUPTA)

Partner

Membership No. 073794



Place: Kanpur

Date: 16 JUN 2020

MITTAL GUPTA & CO.

Chartered Accountants

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ANNEXURE 'D' TO THE INDEPENDENT AUDITOR'S REPORT

(The Annexure – 'D' referred to in our Independent Auditors' Report to the members of the Company on the financial statements for the year ended March 31, 2020)

Report on the Internal Financial Controls with reference to financial statement under Clause (i) of Sub-Section 3 of Section 143 of the Act.

1. We have audited the internal financial controls with reference to financial statements of Central U.P. Gas Limited ("the Company") as of March 31st, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial control with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the standards on auditing deemed to be prescribed under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls with reference to financial statements, both applicable to an audit of internal financial controls with reference to financial statements and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate Internal Financial Controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.



MITTAL GUPTA & CO.

Chartered Accountants

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Meaning of Internal Financial Controls with reference to financial statements

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

Inherent Limitations of Internal Financial Controls with reference to financial statements

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

Opinion

8. In our opinion, the company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

FOR MITTAL GUPTA & CO.

Chartered Accountants

FRN 01874C

Bilari W
(B. L. GUPTA)

Partner

Membership No. 073794

Place: Kanpur

Date: 16 JUN 2020



Central U.P. Gas Limited
Balance Sheet As At 31st MARCH, 2020

Sr. No	Particulars	Note No.	March 31, 2020 (₹ in Lakhs)	March 31, 2019 (₹ in Lakhs)
A	Assets			
1	Non-current assets			
	a) Property, plant and equipment	4	26,854.70	22,715.64
	b) Capital work in progress	5	5,697.71	4,052.43
	c) Other intangible assets	6 (a)	40.07	84.08
	d) Right of Use assets	6 (b)	787.06	-
	e) Financial assets			
	(i) Loans	7(c)	-	-
	(ii) Other non-current Financial Assets	7(b)	758.54	772.38
	f) Income-tax Assets	9(b)	274.31	328.47
	g) Other non current assets	9(c)	706.69	66.00
	Total non-current assets		35,119.08	28,019.00
2	Current assets			
	a) Inventories	8	15.36	16.52
	b) Financial assets			
	(i) Trade receivables	7(a)	2,238.20	1,710.51
	(ii) Cash and cash equivalents	7(d)	441.18	224.39
	(iii) Bank balances other than above	7(e)	6,473.70	5,788.99
	(iv) Loans	7(c)	-	0.65
	(v) Other current Financial Assets	7(b)	321.15	154.99
	c) Current tax Assets (Net)	15	43.48	-
	d) Other current assets	9(a)	64.70	108.76
	Total current assets		9,597.77	8,004.81
	Total Assets		44,716.85	36,023.81
B	Equity and liabilities			
1	Equity			
	a) Equity share capital	10	6,000.00	6,000.00
	b) Other equity Reserves and surplus	11	29,567.24	22,201.40
	Total equity		35,567.24	28,201.40
2	Liabilities			
	Non-current liabilities			
	a) Financial liabilities			
	(i) Lease liabilities		336.67	-
	b) Deferred tax liabilities	12(a)	1,555.38	1,821.33
	Total non-current liabilities		1,892.05	1,821.33
3	Current liabilities			
	a) Financial liabilities			
	(i) Trade payables	13(a)		
	(a) Dues of MSME		45.39	253.95
	(b) Dues of Creditors other than MSME		1,162.51	1,033.90
	(ii) Others Current Financial liabilities	13(b)	5,434.23	4,471.98
	(iii) Lease liabilities		362.53	-
	b) Provisions	14	24.39	19.76
	c) Other current liabilities	16	228.51	149.75
	d) Current tax liabilities (Net)	15	-	71.74
	Total current liabilities		7,257.56	6,001.08
	Total liabilities		9,149.61	7,822.41
	Total equity and liabilities		44,716.85	36,023.81

See accompanying notes forming part of the financial statements

1 to 35

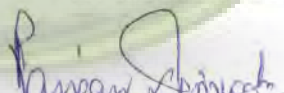
For Mittal Gupta and Co.
Chartered Accountants
Firm Registration No:001874C

Bihari Lal Gupta
Partner


Membership No:073794
Place: Kanpur
Date:



For and on behalf of Board of Directors


Ranjan Dwivedi
Managing Director


Asheesh Agarwal
Chief Financial Officer


Pardeep Goyal
Director (Commercial)


Deepak Bhasin
Company Secretary

16 JUN 2020

Central U.P. Gas Limited
Statement Of Profit And Loss For The Period Ended 31st March, 2020

Particulars	Notes	March 31, 2020 (₹ in Lakhs)	March 31, 2019 (₹ in Lakhs)
Income			
Revenue from operations	17	34,533.18	32,802.88
Other income	18	770.59	762.60
Total income		35,303.77	33,565.48
Expenses			
Purchases	19	15,977.18	17,354.13
Changes in inventories of finished goods	20	1.16	(3.35)
Excise duty		3,230.01	2,957.48
Employee benefit expenses	21	1,074.19	842.09
Depreciation and amortisation expense	22	1,981.02	1,231.62
Finance Cost	23	51.99	-
CSR Expenses		187.41	91.72
Other expenses	24	3,678.52	3,204.06
Total Expenses		26,181.48	25,677.75
Profit Before Tax		9,122.29	7,887.73
Income Tax Expense			
Current tax		2,025.07	2,312.00
Deferred tax		(266.62)	365.16
Profit for the Period		7,363.84	5,210.57
Other Comprehensive Income			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurement of post employment benefit obligations		2.67	1.31
Income tax relating to these items		(0.67)	(0.46)
Other Comprehensive Income for the Period, Net of Tax		2.00	0.85
Total comprehensive Income for the Period		7,365.84	5,211.43
Earnings per equity share			
Basic and Diluted earnings per share		12.27	8.68
See accompanying notes forming part of the financial statements		1 to 35	

For Mittal Gupta and Co.

Chartered Accountants

Firm Registration No:001874C

Bihari Lal Gupta

Bihari Lal Gupta

Partner

Membership No:073794

Place: Kanpur

Date:

16 JUN 2020



For and on behalf of Board of Directors

Ranjan Dwivedi
Ranjan Dwivedi
 Managing Director

Pardeep Goyal
Pardeep Goyal
 Director (Commercial)

Asheesh Agarwal
Asheesh Agarwal
 Chief Financial Officer

Deepak Bhasin
Deepak Bhasin
 Company Secretary

Central U.P. Gas Limited
Statement of Changes in Equity

I) Equity Share Capital

	Notes	Amounts (₹ in Lakhs)
Balance as at March 31, 2018	10.2	6,000.00
Changes in equity share capital during the year		-
Balance as at March 31, 2019	10.2	6,000.00
Changes in equity share capital during the year		-
Balance as at March 31, 2020		6,000.00

II) Other equity

Notes	Reserves and surplus		Other Comprehensive Income	Total	
	General Reserve	Retained earnings	Remeasurement of Defined Benefit Plan		
	(₹ in Lakhs)	(₹ in Lakhs)	(₹ in Lakhs)	(₹ in Lakhs)	
Balance as at March 31, 2018	11	439.99	17,633.21	-	18,073.20
Profit for the Year		-	5,210.57		5,210.57
Other Comprehensive Income /(loss) for the Year		-	-	0.85	0.85
Transfer to Retained Earning		-	0.85	(0.85)	-
Transfer to General Reserve from Profit & Loss during the year		-	-	-	-
Dividends including Dividend Distribution Tax		-	(1,083.22)		(1,083.22)
Balance as at March 31, 2019	11	439.99	21,761.41	-	22,201.40
Profit for the Year		-	7,363.84		7,363.84
Other Comprehensive Income /(loss) for the Year		-	-	2.00	2.00
Transfer to Retained Earning		-	2.00	(2.00)	-
Dividends including Dividend Distribution Tax		-	-	-	-
Balance as at March 31, 2020		439.99	29,127.25	-	29,567.24

See accompanying notes forming part of the financial statements

1 to 35

In terms of our report attached

For Mittal Gupta and Co.
Chartered Accountants
Firm Registration No:001874C

Bihari

Bihari Lal Gupta
Partner
Membership No:073794
Place: Kanpur
Date:



16 JUN 2020

For and on behalf of Board of Directors

Ranjan Dwivedi
Ranjan Dwivedi
Managing Director

Aneesh Agarwal
Aneesh Agarwal
Chief Financial Officer

Pardeep Goyal
Pardeep Goyal
Director (Commercial)

Deepak Bhasin
Deepak Bhasin
Company Secretary

Central U.P. Gas Limited

Cash Flow Statement For the Year ended 31st March, 2020

Particulars	Year ended 31 March, 2020 (₹ in Lakhs)	Year ended 31 March, 2019 (₹ in Lakhs)
CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before tax	9,122.29	7,887.73
Adjustments for:		
Depreciation and amortisation expense	1,981.02	1,231.62
Loss on sale of Property Plant and Equipments	0.27	0.05
Property Plant and Equipments written off during the year	0.14	0.19
Depreciation written back during the year.	-	(99.64)
Finance costs	51.32	-
Bad Debts Written Off	42.58	-
Allowances for expected credit loss	34.57	-
Interest income	(483.34)	(482.01)
Operating profit before working capital changes	10,748.85	8,537.95
Adjustments for movement in working capital:		
(Increase)/decrease in inventories	1.16	(3.36)
(Increase)/decrease in trade receivables	(604.84)	(740.79)
(Increase)/decrease in non current and other current financial Assets	(35.14)	(59.86)
(Increase)/decrease in non current and other current assets	(17.87)	6.86
Increase/(decrease) in trade payables	(3.40)	(125.75)
Increase/(decrease) in other financial current liabilities	640.15	587.15
Increase/(decrease) in other current liabilities	78.76	(77.61)
Increase/(decrease) in provisions	4.63	1.30
Cash generated from/(used in) operations	10,812.30	8,125.89
Net income taxes (paid)/refund	(2,086.13)	(2,240.27)
Net cash flow from/(used in) operating activities	8,726.17	5,885.62
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to Property Plant and Equipments & ROU	(7,957.66)	(7,352.77)
Sale of Property Plant and Equipments	1.38	2.38
Interest received from financial Assets	333.27	488.68
Changes in Fixed deposit with banks	(651.17)	1,871.32
Net cash flow from/(used in) investing activities	(8,274.18)	(4,990.39)
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	-	(900.00)
Dividend distribution tax paid	-	(183.22)
Payment of Long term Lease Liabilities	(235.20)	-
Net cash flow from/(used in) financing activities	(235.20)	(1,083.22)
Net increase/(decrease) in Cash and cash equivalents	216.79	(188.00)
Cash and cash equivalents as at the beginning of the year	224.39	412.39
Cash and cash equivalents as at end of the period	441.18	224.39
Reconciliation of Cash and cash equivalents with the Balance Sheet:		
Cash and bank balances as per Balance Sheet (refer note 07)	441.18	224.39
Cash and cash equivalents as per Cash Flow Statement	441.18	224.39
Cash and cash equivalents at the end of the period		
(a) Cash on hand	3.52	60.99
(b) Balances with banks in current accounts	437.66	163.40
	441.18	224.39

Note: Disclosure requirement as per Ind AS 7(amended), Statement of Cash Flow, related to changes in liabilities arising from financing and investing activity is not applicable to the Company.

See accompanying notes forming part of the financial statements
In terms of our report attached

1 to 35

For and on behalf of Board of Directors

For Mittal Gupta and Co.

Chartered Accountants

Firm Registration No: 001874C

Bihari Lal Gupta
Bihari Lal Gupta

Ranjan Dwivedi
Managing Director

Pardeep Goyal
Director (Commercial)

CENTRAL U.P. GAS LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1 COMPANY OVERVIEW

Central U.P. Gas Limited (the 'Company') is a company limited by shares, domiciled in India and was incorporated on 25 February 2005 under erstwhile Companies Act, 1956. The equity shares of the company are not listed on any stock exchange. The registered office is located at 7th Floor, UPSIDC Complex, A 1/4 Lakhanpur, Kanpur -208024.

The Company is a joint venture between GAIL (India) Limited and Bharat Petroleum Corporation Limited. The Company's business comprises manufacturing of Compressed Natural Gas (CNG) and sale of Piped Natural Gas (PNG) and Compressed Natural Gas (CNG) and its distribution in the city area. The company is presently operating in Kanpur, Jhansi, Bareilly cities including adjoining areas in the state of Uttar Pradesh.

These financial statements of the Company for the year ended 31st March, 2020 are approved and authorized for issue by the Company's Board of Directors on 16.06.2020.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 i) Basis of accounting and preparation of financial statements

These Financial Statements of the Company are prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013, read with Companies (Indian Accounting Standards) Rules, 2015 (as amended); and the other relevant provisions of the Act and rules there under. All the Ind AS issued and notified by the Ministry of Corporate Affairs under Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the financial statements are authorized have been considered for preparing these financial statements.

These financial statements have been prepared on going concern basis using the significant accounting policies and measurement bases summarized below. Accounting Policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in accounting policy hitherto in use. In those cases the new accounting policy is adopted in accordance with the transitional provisions stipulated in that Ind AS and in absence of such specific transitional provision, the same is adopted retrospectively for all the periods presented in these financial statements.

The financial statements have been prepared on a historical cost convention except where certain financial assets and liabilities have been measured at fair value.

The COVID-19, a pandemic, outbreak has developed rapidly in 2020, with a significant number of infections recorded globally and in India. To control the spread of outbreak of COVID- 19, Government imposed national lock down which caused disruption of supply chain across businesses and industries in India. Most visible impact of COVID-19 crisis is on the distribution of CNG which has been adversely affected due to complete national lock down. However, the distribution of PNG, which is mainly consumed by food processing industries and households has not been so adversely affected.

The management has assessed the recoverability of carrying amount of assets based on the current indicators of future economic condition considering the probable impact of COVID 19. Based on the aforesaid, the management concludes that the Company expects to recover the carrying amount of the assets. The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

The financial statements are presented in Indian Rupees ('₹') and all values are rounded to the nearest lakhs, except otherwise indicated.

ii) Operating Cycle

Based on the nature of products/activities of the Company and the normal time between purchase of natural gas and their realization in cash or cash equivalents, the company has determined its operation cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.



CENTRAL U.P. GAS LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

2.2 Revenue recognition

(i) Sale of Natural Gas and related activities

Revenue from the contracts with customers is recognized when control of goods and services are transferred to the customers at an amount that reflects the consideration to which the company is expected to be entitled in exchange for those goods or services. The company considers the terms of the contract and its customary business practices to determine the transaction price. The transaction price is the amount of consideration to which company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties (for example indirect taxes). No element of financing is deemed to be present as the credit term is not more than one year.

The company earns revenues primarily from sale of natural gas. Revenue is recognized on supply of gas to customers by metered/assessed measurements. The company has concluded that it is the principal in all its revenue arrangements since it is primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to credit risk. Revenue from other related activities i.e. in respect of extra pipeline charged from the customers is recognized in the periods in which related cost is recognized as expense.

The transaction price is allocated by the company to each performance obligation (or distinct good or service) in an amount that depicts the amount of considerations to which it expects to be entitled in exchange for transferring the promised goods or services to the customer. For each obligation identified, the company determines at contract inception whether it satisfies the performance obligation over time or satisfies performance obligation at point in time. If an entity does not satisfy the performance obligation over time, performance obligation is satisfied at point in time. A receivable is recognized where the company's right to consideration is unconditional (i.e. only the passage of time is required before the payment of consideration is due).

When either of the parties to a contract has performed, the contract is presented in balance sheet as a contract asset as unbilled revenue or contract liability as advance from customers and income received in advance, depending on the relationship between the company's performance and the customer's payment.

(ii) Interest and dividend income

Interest income is reported on accrual basis using effective interest method. Interest from customer on account of delayed payment is recognized on accrual basis. Dividends are recognized at the time the right to receive payment is established.

2.3 LEASES

The Company as a lessee

The Company's lease asset classes primarily consist of leases for Vehicles and Premises. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- (i) the contract involves the use of an identified asset
- (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and
- (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial

CENTRAL U.P. GAS LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

The Company as a lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. When the Company is an intermediate lessor, it accounts for its interest in the head lease and the sub lease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

Transition

Effective April 1, 2019, the company adopted Ind AS 116- "Leases" and applied the standard to all its existing lease contracts existing as on April 1, 2019 using modified retrospective method and has taken cumulative adjustment to the retained earnings, on the date of initial application. The company also elected to apply practical expedient provided in the standard which permits the Company to not reassess the existing contracts and to apply new standard only on those contracts which were classified as operating leases under Ind AS 17, excluding leases of low value assets and leases expiring within twelve months from the date of initial application. The Company recorded the lease liability at the present value of the remaining lease payments discounted at incremental borrowing rate at the date of initial application and right of use asset has been measured at an amount equal to lease liability adjusted for previously recognized prepaid or accrued lease payments. Details of impact of transition are given at note no. 35.

2.4 Taxes on income

Income tax expense comprises current tax and deferred tax. Current Tax is amount of tax for the period determined in accordance with the Income-tax Act, 1961. Deferred tax is provided using the balance sheet approach on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax assets are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Such assets are reviewed at each balance sheet date to reassess realization. Deferred tax relating to items recognized outside the statement of profit and loss is recognized outside the statement of profit and loss in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority. Income tax expense comprises current tax and deferred tax. Current Tax is amount of tax for the period determined in accordance with the Income-tax Act, 1961. Current or deferred tax asset or liability is measured after considering the impact of uncertainty, if any, on the tax treatment of the transaction.



CENTRAL U.P. GAS LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

2.5 (a) Property, Plant and Equipment

- i. Property, Plant and Equipment are stated at cost less accumulated depreciation and impairment losses, if any.
- ii. Property, Plant and Equipment are stated at their original cost including freight, duties, taxes and other incidental expenses relating to acquisition and installation.
- iii. Gas distribution systems are commissioned when ready for commencement of supply of gas to consumer. In the case of commissioned assets where final payment to the contractors is pending, capitalization is made on an estimated basis pending receipt of final bills from the contractors and subject to adjustment in cost and depreciation in the year of final settlement.
- iv. The carrying amount of assets, including those assets that are not yet available for use, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, recoverable amount of asset is determined. An impairment loss is recognized in the statement of profit and loss whenever the carrying amount of an asset exceeds its recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of asset does not exceed the net book value that would have been determined if no impairment loss had been recognized.
- v. Spares which meet the definition of Property, Plant & Equipment (Whether as component or otherwise) and satisfy the recognition criteria, are capitalized with the cost of property, plant and equipment and depreciated over the useful life of the principal item of the relevant Property, Plant and Equipment. When significant parts of property, plant and equipment are required to be replaced on intervals, the company recognize the new parts with own estimated useful life and it is depreciated accordingly. Likewise, when a major overhauling/repair is performed, its cost is recognized in the carrying amount of respective assets, if the recognition criteria are satisfied and depreciated over the remaining life of the asset or over the period of next overhauling due, whichever is earlier. Any remaining carrying amount of the cost of the previous overhaul is derecognized at the time of the overhauling. All other repairs and maintenance cost is recognized in the statement of profit and loss as and when incurred.

(b) Intangible Assets

Intangible assets like computer software/licenses which are expected to provide future enduring economic benefits are capitalized and are stated at their cost of acquisition less accumulated amortization and any accumulated impairment loss.

(c) Capital Work in Progress

Expenditure incurred during the period of construction, including all direct and indirect expenses, incidental and related to construction, is carried forward and on completion, the costs are allocated to the respective Property, Plant and Equipment. Capital Work in Progress also includes assets pending installation and not available for intended use.

2.6 Depreciation and amortization

Depreciation is charged on a pro-rata basis on the straight line method at rates prescribed in Schedule II to the Companies Act, 2013, except for the following assets where depreciation is charged on pro-rata basis over the estimated useful life of the assets based on technical advice taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support etc.:

A. Asset class	Depreciation
Tangible Property, Plant and Equipment	
- Mother Compressors, Online Compressors and Booster Compressors (Forming part of plant and equipment)	10 years
- Other Plant and Machinery (Dispenser, Cascade, Meter & Regulator, DRS, MRS and Fittings)	15 years
- Pipeline (Forming part of plant and equipment)	25 Years
- Desktops, Laptops	3 years



CENTRAL U.P. GAS LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Overhauling cost is depreciated over the remaining life of the respective asset or over the period till the next overhauling date, whichever is earlier.

The residual values, useful lives and method of depreciation of property, plant and equipment reviewed at each financial year end and adjusted prospectively, if appropriate.

B. Intangible Assets

Intangible assets comprising software and licenses are amortized on straight line method (SLM) over the useful life of five years. The residual values, useful lives and method of amortization of tangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

C. Right of Use Assets

Rights of use assets are depreciated on straight line method (SLM) over the period of life of right of use assets or lease terms whichever expire earlier except in case of right of use assets, the ownership of which is proposed to be transferred to the company or the cost of such assets reflects that the company will exercise a purchase option, the same is depreciated on straight line method (SLM) over the useful life of the assets.

2.7 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Financial assets are classified, at initial recognition, as financial assets measured at fair value (either through other comprehensive income or through profit or loss) or as financial assets measured at amortized cost. The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in case of financial assets not recorded at fair value through profit or loss, the transaction cost attributable to the acquisition of the financial asset. Transaction costs of the financial assets carried at fair value through profit or loss are expenses in profit or loss.

For all subsequent measurements financial assets are classified in following categories:

Debt instruments

There are three measurement categories into which the company classifies its debt instruments:

- **Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is recognized using the effective interest rate (EIR) method.
- **Fair Value through other comprehensive income (FVTOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the asset's cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in profit and loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.
- **Fair Value through profit or loss (FVTPL):** A financial assets that do not meet the criteria for amortized cost or FVTOCI are measured at fair value through the statement of profit and loss with all changes recognized in statement of profit and loss. Interest income from these financial assets is included in other income.

CENTRAL U.P. GAS LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Equity instruments

The company subsequently measures all equity investments at fair value, except for equity investments in subsidiary and associates where the Company has the option to either measure it at cost or fair value. Equity instruments held for trading are classified as at FVTPL. For all other equity instruments, the company decides to classify the same either as at FVTOCI or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividend, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the company may transfer the cumulative gain or loss within equity.

Equity Instruments included within the FVTL category are measured at fair value with all changes recognized in the P&L.

Impairment of financial assets

The company assesses on forward looking basis the expected credit losses associated with its assets carried at amortized cost and FVTOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note-31 details how company determines whether there has been significant increase in credit risk.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset) is primarily derecognized when:

- The right to receive cash flows from the assets have expired or
- The company has transferred substantially all the risks and rewards of the assets, or
- The company has neither transferred nor retained substantially all the risks and rewards of the assets, but has transferred control of the assets
- The company has transferred its rights to receive cash flows from the assets or has assumed an obligation to pay the received cash flows in full without material delay to a third party.

When the company has transferred its rights to receive cash flow from an assets or has assumed an obligation to pay the received cash flows to a third party, it evaluates if and to what extent it has retained the risk and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the assets nor transferred control of the asset, the company continues to recognize the transferred asset to the extent of the Company's continued involvement. In that case, the company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

Financial liabilities

All financial liabilities are initially recognized at fair value and in case of loans and borrowings and payables, net of directly attributable transaction cost. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdraft.

Subsequent measurement of financial liabilities depends on their classification at fair value through Profit and loss (FVTPL) or at amortized cost. All changes in fair value of financial liabilities classified as FVTPL is recognized in the Statement of Profit and Loss. The Company has not designated any financial liability as at fair value through profit and loss.

Amortized cost category is applicable to loans and borrowings, trade and other payables. After initial recognition the financial liabilities are measured at amortized cost using the EIR method. Gains and losses are recognized in profit and loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or cost that are integral part on EIR. The EIR amortization is included as finance cost in the Statement of Profit and Loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de recognition of the original liability and the recognition of the new liability. The difference in the respective carrying amounts is recognized in the Statement of profit or loss.



CENTRAL U.P. GAS LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.8 Inventories

- i. Stocks of CNG in cascades, Natural Gas in pipeline and Mak Lubes are valued at lower of cost or net realizable value. Cost is ascertained on First in First out (FIFO) basis and comprises of all cost of purchase, including taxes (other than those subsequently recoverable from the taxing authorities) and other cost incurred in bringing the inventory to its present location and condition. Closing stock of Natural Gas in pipelines and cascades is estimated on a volumetric basis.
- ii. Stores and Spares are valued at lower of cost computed on weighted average basis and net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business less applicable selling expenses.

2.9 Employee benefits

Employee benefits include provident fund, employee state insurance, pension fund, gratuity fund and compensated absences.

Defined contribution plans

The Company's contribution to provident fund and pension fund is considered as defined contribution plan and is charged as an expense as they fall due based on the amount of contribution required to be made and when services are rendered by the employees. The Company has no legal or constructive obligation to pay contribution in additions to its fixed contribution.

Defined benefit plans

The net liability or asset recognized in the balance sheet in respect of gratuity, a defined benefit plan, is the present value of defined benefit obligation at the end of the reporting period less the fair value of the plan assets. The defined benefit obligation is determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the projected unit credit method. The Company contributes funds towards such liability and funds are invested in a scheme with Life Insurance Corporation of India as permitted by Indian Law. The present value of defined benefit obligations is determined by discounting of estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of related obligations. Service Cost and net interest on the net defined benefit liability (asset) is recognized in the statement of the profit and loss account. Remeasurement gains or losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Except in case of plan amendment, curtailment or settlement, the current service cost and net interest cost is calculated using actuarial assumptions and discount rate, respectively, determined at the start of the annual reporting period. In case of any plan amendment, curtailment or settlement during the period, the current service cost and net interest cost for the remainder of reporting period after such amendment, curtailment or settlement is determined using the actuarial assumptions and discount rate, respectively used to remeasure the net defined benefit liability (asset). The interest cost for the remainder of reporting period in such a case is determined on such remeasured net defined benefit liability (asset). Changes in the present value of defined benefit obligation resulting from plan amendment, curtailment or settlement, excluding the effect of differences due to actual and previous assumed salary increase and certain other effects as mentioned in Ind AS, are recognized immediately in the statement of profit and loss as past service cost.

Short-term employee benefits-

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized during the periods when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. As per



CENTRAL U.P. GAS LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

compensation earned compensated absence policy of the Company, the entitled unused compensated absences earned during a calendar year can be accumulated only for next calendar year and the maximum numbers of carried forward compensated absences at the end of each calendar year cannot exceed the number of entitled compensated absence. The company recognized the obligation in respect of accumulated paid absences at each balance sheet date at the amount of the additional payment that are expected to arise due to accumulated absences.

2.10 Provisions and contingencies

A provision is recognized in the financial statements where there exists a present obligation as a result of a past event, the amount of which can be reliably estimated, and it is probable that an outflow of resources would be necessitated in order to settle the obligation. Provisions are determined based on best estimate required to settle the obligations at the balance sheet date. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Provisions are discounted to their present value, where the time value of money is material. Contingent liabilities are not recognized but are disclosed for

- Possible obligations which will be confirmed only by future events not wholly within the control of the Company or
- Present obligation arising out of past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are not recognized. However, when inflow of economic benefit is probable, related asset disclosed.

2.11 Earnings per share

Basic earnings per share is computed by dividing the profit for the year (before other comprehensive income), adjusted for the item of income or expenses which required to be recognised in statement of profit and loss account as per Ind AS but recognised in security premium or other reserves and other effects relating to preference shares, attributable to the equity shareholders by weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year and for all periods presented is adjusted for events such as bonus issue, bonus element in a right issue, share split, and reverse share split that have changed the number of equity shares outstanding, without a corresponding source in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year (before other comprehensive income) adjusted as aforesaid, attributable to the equity shareholders and weighted average number of equity shares outstanding during the year are adjusted for effect of all dilutive potential equity shares.

2.12 Impairment of non - financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates that asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Units (CGU's) fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or a group of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and its written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if no such transactions can be identified, an appropriate valuation model is used.

2.13 Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term (with original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value.

2.14 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The company operates in a single segment of natural gas business and relevant disclosure requirements as per Ind AS 108 "Operating Segments", as applicable on the Company has been disclosed in the notes.

CENTRAL U.P. GAS LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

2.15 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.16 Dividend Payable

Final dividend on shares is recorded as a liability on the date of approval by the shareholders and interim dividend are recorded as a liability on the date of declaration by the Company's board of directors. A corresponding amount is recognized directly in equity.

2.17 Fair Value Measurement

The Company measures financial instruments at fair value at each balance sheet date. Fair value is the price that would be received sell an asset or paid to transfer a liability at the measurement date. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:-

- Level 1- Quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of the fair value disclosures, the company has determined the classes of assets and liabilities on the basis of nature, characteristics and risks of the asset or liability and the value of fair value hierarchy as explained above.

3.1 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

i) Fair Value measurements and valuation process

Some of the Company's assets and liabilities are measured or disclosed at fair value for financial reporting purposes. When the fair values of these assets and liabilities cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques by engaging third party qualified external valuers or internal valuation team to perform the valuation. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

ii) Estimation of defined benefit obligation

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities



CENTRAL U.P. GAS LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

iii) Impairment of trade receivables

The Company has a policy of ascertaining impairment, if any, as result of detailed scrutiny of major cases and through determining expected credit losses. Despite best estimates and periodic credit appraisals of customers, the Company's receivables are exposed to delinquency risks due to material adverse changes in business, financial or economic conditions that are expected to cause a significant change to the party's ability to meet its obligations. All such parameters relating to impairment or potential impairment are reviewed at each reporting date.

iv) Estimation of current tax and deferred tax

Management judgment is required for the calculation of provision for income taxes and deferred tax assets and liabilities. The Company reviews at each balance sheet date the carrying amount of deferred tax assets. The factors used in estimates may differ from actual outcome which could lead to adjustment to the amounts reported in the financial statements.

v) Useful life of depreciable/ amortizable assets

The useful life of depreciable/amortizable assets is determined based on technical evaluation made by the management of the expected usage of the asset, the physical wear and tear and technical or commercial obsolescence of the asset. Due to the judgments involved in such estimations, the useful life is sensitive to the actual usage in future period.

vi) Provision for litigations and contingencies

The provision for litigations and contingencies are determined based on evaluation made by the management of the present obligation arising from past events, the settlement of which is expected to result in outflow of resources embodying economic benefits, which involves judgments around estimating the ultimate outcome of such past events and measurement of the obligation amount.



U.P. GAS LIMITED
FORMING PART OF THE FINANCIAL STATEMENTS

PROPERTY, PLANT AND EQUIPMENT
Notes 2.3 2.5 and 2.6)

11 March 2020

Particulars	As at		Gross Carrying Amount		Accumulated Depreciation		Net Carrying Amount	
	01.04.2019	31.03.2020	As at	As at	For the period	As at	As at	As at
	1,094.23	1,094.23	As at	As at	On sales/ adjustments	31.03.2020	31.03.2019	31.03.2019
land	48.07	48.07	-	-	-	-	-	1,094.23
old land*	763.23	-	763.23	763.23	29.33	135.31	-	48.07
es	24,456.62	30,322.83	5,866.21	3,614.13	1,670.57	5,284.70	627.92	657.25
nd equipment	74.00	76.54	6.52	45.34	10.29	52.29	24.25	20,842.49
quipment	50.34	65.66	15.32	28.52	5.06	33.58	32.08	28.66
re and fixtures	56.64	68.37	27.00	33.52	11.02	30.28	38.09	21.82
ers	26,543.13	32,390.86	5,915.05	3,827.49	17.60	5,536.16	26,854.70	22,715.64
s Year Total	18,739.30	26,543.13	7,889.37	2,789.75	1,220.31	3,827.49	22,715.64	15,949.55
ified as Right Of Use Assets								

WORK IN PROGRESS

11 March 2020

Particulars	As at		Transfers during the period	
	01.04.2019	31.03.2020	As at	As at
	4,052.43	5,697.71	7,511.49	5,866.21
	4,052.43	5,697.71	7,511.49	5,866.21
s Year Total	4,503.41	7,800.44	7,349.46	4,052.43

OTHER INTANGIBLE ASSETS

11 March 2020

Particulars	As at		Gross Carrying Amount		Accumulated Depreciation		Net Carrying Amount	
	01.04.2019	31.03.2020	As at	As at	For the period	As at	As at	As at
	81.12	81.12	As at	As at	On sales/ adjustments	31.03.2020	31.03.2019	31.03.2019
ter software/license	33.06	-	33.06	28.62	12.43	41.05	40.07	52.50
use*	114.18	81.12	33.06	1.48	1.48	-	-	31.58
s Year Total	56.27	114.18	66.12	21.03	11.31	30.10	84.08	35.24
ified as Right Of Use Assets								

RIGHT OF USE ASSETS (ROU)

11 March 2020

Particulars	As at		Gross Carrying Amount		Accumulated Depreciation		Net Carrying Amount	
	01.04.2019	31.03.2020	As at	As at	For the period	As at	As at	As at
	81.13	81.13	As at	As at	On sales/ adjustments	31.03.2020	31.03.2019	31.03.2019
old-Land	-	-	-	1.48	1.01	2.49	78.64	79.65
Up Facility	129.11	143.20	143.20	-	17.90	17.90	125.30	-
es	372.20	140.45	140.45	-	27.91	27.91	112.54	-
s	582.44	666.08	666.08	1.48	195.50	195.50	470.58	-
s Year Total	-	1,030.86	1,030.86	1.48	242.32	243.80	787.06	79.65
eds of land for CNG station at Fazalganz amounting to Rs. 48.07 Lakhs (previous Year Rs. 48.07 Lakhs) have not been executed till date.								



Central U.P. Gas Limited
Statement of Financial Position - Balance Sheet - Financial assets

Financial assets

Trade receivables

	March 31, 2020 (₹ in Lakhs)	March 31, 2019 (₹ in Lakhs)
Trade receivables	-	-
from related party (Refer note no. 29)	148.53	281.42
from others	2,124.24	1,430.78
Provision for expected credit impairment	(34.57)	-
Total receivables	2,238.20	1,712.20
Current portion	2,238.20	1,712.20
Non-current portion	-	-

Break-up of security details

	March 31, 2020 (₹ in Lakhs)	March 31, 2019 (₹ in Lakhs)
Secured receivables	1,274.20	1,087.86
Unsecured receivables	964.00	622.65
Significant Increase in Credit Risk receivables	34.57	-
Total	2,272.77	1,710.51
Provision for expected credit impairment	(34.57)	-

Total trade receivables

2,238.20 **1,710.51**

Other financial assets

	March 31, 2020 (₹ in Lakhs)	March 31, 2019 (₹ in Lakhs)
Current	12.38	10.38
Non-current	0.73	-
Total	13.11	10.38
Current	8.10	8.10
Non-current	5.01	2.28
Total	13.11	10.38

Security deposits
 related parties (Refer note no. 29)
 others
 Deposits with banks in fixed deposits with maturity of more
 than twelve months



Central U.P. Gas Limited

Assets to balance sheet - Financial assets

Deposit held as security or margin against guarantees
 Interest accrued
 Related parties (Refer note no. 29)
 Others
 Insurance Claim Receivable
 Unbilled Revenue

	6.56	-	-	308.36
	3.52			3.18
	30.96		90.60	10.72
	-		54.01	-
	-		154.99	-
	758.54	321.15	154.99	772.38

Other financial assets



Central U.P. Gas Limited
 Statement of Financial Assets
 Balance Sheet - Financial Assets
 Loans

	March 31, 2020 (₹ in Lakhs)		March 31, 2019 (₹ in Lakhs)	
	Current	Non-current	Current	Non-current
Other Loans	-	-	-	0.65
Secured, considered good	-	-	-	-
Total loans	-	-	-	0.65

Cash and cash equivalents

	March 31, 2020 (₹ in Lakhs)	March 31, 2019 (₹ in Lakhs)
Cash and cash equivalents		
Bank Balance in current accounts	437.66	163.40
Cash on hand	3.52	60.99
Total cash and cash equivalents	441.18	224.39

Bank Balances Other than cash and cash equivalents

	March 31, 2020 (₹ in Lakhs)	March 31, 2019 (₹ in Lakhs)
(i) Balances with banks in fixed deposits with maturity of less than twelve months	6,363.75	5,490.20
(ii) In Deposit held as security or margin against guarantees	109.95	298.79
Total Other Bank balances	6,473.70	5,788.99



Central U.P. Gas Limited
Notes to Balance Sheet

8 Inventories

	March 31, 2020 (₹ in Lakhs)	March 31, 2019 (₹ in Lakhs)
Finished goods	15.36	16.52
Total inventories	15.36	16.52

9 (a) Other Current Assets

	March 31, 2020 (₹ in Lakhs)	March 31, 2019 (₹ in Lakhs)
Excise duty under protest	-	63.78
Prepaid expenses	20.05	31.65
Balances with government authorities	9.00	13.33
Others		
Advance to others	35.56	-
Advance to Related Parties (Refer Note no. 29)	0.09	-
	-	-
Total other current assets	64.70	108.76

9 (b) Income-tax Assets

	March 31, 2020 (₹ in Lakhs)	March 31, 2019 (₹ in Lakhs)
Advance tax	255.92	311.47
Income Tax under Protest	18.39	17.00
Total Income-tax Assets	274.31	328.47

9 (c) Other Non Current Assets

	March 31, 2020 (₹ in Lakhs)	March 31, 2019 (₹ in Lakhs)
Excise duty under protest	61.93	-
<u>Capital Advance :</u>		
-To related Party	410.47	-
-To Others	234.29	66.00
Total other non current assets	706.69	66.00



Central U.P. Gas Limited
Notes to Balance Sheet

10 SHARE CAPITAL

	As at 31.03.2020		As at 31.03.2019	
	Number of shares	(₹ in lakhs)	Number of shares	(₹ in lakhs)
(a) Authorised Equity Shares of ₹ 10/- each	6,00,00,000.00	6,000	6,00,00,000.00	6,000
(b) Issued, Subscribed and Fully Paid up Equity Shares of ₹ 10/- each	6,00,00,000.00	6,000	6,00,00,000.00	6,000

10.1 The Company has one class of equity shares having a par value of ₹ 10 each. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

10.2 Reconciliation of the number of shares outstanding at the beginning and at the end of the year:

	For the year ended 31.03.2020		For the year ended 31.03.2019	
	Number of shares	(₹ in lakhs)	Number of shares	(₹ in lakhs)
<i>Equity shares:</i>				
Shares outstanding at the beginning of the year	6,00,00,000	6,000	6,00,00,000	6,000
Shares outstanding at the end of the year	6,00,00,000	6,000	6,00,00,000	6,000

10.3 Details of shares held by each shareholder holding more than 5% shares:

	March 31, 2020		March 31, 2019	
	Number of shares	% holding	Number of shares	% holding
Indraprastha Gas Limited	3,00,00,000	50.00%	3,00,00,000	50.00%
Bharat Petroleum Corporation Limited	1,49,99,600	24.99%	1,49,99,600	24.99%
GAIL (India) Limited*	1,50,00,000	25.00%	1,50,00,000	25.00%

* Including joint holder with GAIL (India) Limited



Central U.P. Gas Limited
Notes to Balance Sheet

11 Reserves and surplus

	March 31, 2020 (₹ in Lakhs)	March 31, 2019 (₹ in Lakhs)
(a) General reserve:		
Opening balance	439.99	439.99
Add: Transferred from surplus in Statement of Profit and Loss	-	-
Closing balance	439.99	439.99
(b) Surplus in Statement of Profit and Loss:		
Opening balance	21,761.41	17,633.21
Add:		
Profit for the year	7,363.84	5,210.57
Transfer from Other comprehensive income	2.00	0.85
Less:		
- Dividends distributed to equity shareholders (₹ 1.50 per share (Previous year ₹ 1.70 per share))	-	900.00
- Corporate dividend tax	-	183.22
- Transfer to General reserve	-	-
Closing balance	29,127.25	21,761.41
Other Comprehensive Income		
Opening balance		
Add: Other Comprehensive Income /(loss) for the Year	2.00	0.85
Less: Transfer to Retained Earning	(2.00)	(0.85)
Closing balance	-	-
Total reserves and surplus	29,567.24	22,201.40

Note:

- (i) The general reserve represents amount kept by the Company out of its profits for future purposes
(ii) Retained earnings represents the undistributed profit / amount of accumulated earnings of the Company.
(iii) Other comprehensive income (OCI) represents the balance in equity relating to re-measurement gain / (loss) of defined benefit obligation. This would not be re-classified to Statement of Profit and Loss.



Central U.P. Gas Limited
Notes to Balance Sheet

12 (a) DEFERRED TAX LIABILITIES (NET)

The balance comprises temporary differences attributable to:

	March 31, 2020 (₹ in Lakhs)	March 31, 2019 (₹ in Lakhs)
Deferred tax liabilities On:		
Difference between book balance and tax balance of Property plant & equipment	1,585.14	1,830.32
Other	-	21.64
	1,585.14	1,851.96
Deferred tax Assets		
Other	3.07	
Provision for Employee Benefit	26.69	30.63
	29.76	30.63
Deferred Tax Liabilities (Net)	1,555.38	1,821.33

Movement in Deferred Tax Liabilities

	Difference between book balance and tax balance of Property Plant and (₹ in Lakhs)	Provision for Employee Benefit (₹ in Lakhs)	Other	Total (₹ in Lakhs)
At March 31, 2019	1,830.32	(30.63)	21.64	1,821.33
(Charged)/credited:				
- to profit or loss	(245.18)	3.27	(24.71)	(266.62)
- to other comprehensive income		0.67		0.67
At March 31, 2020	1,585.14	(26.69)	(3.07)	1,555.38

	Difference between book balance and tax balance of Property Plant and Equipments (₹ in Lakhs)	Provision for Employee Benefit (₹ in Lakhs)	Other	Total (₹ in Lakhs)
At March 31, 2018	1,462.10	(6.39)	-	1,455.71
(Charged)/credited:				
- to profit or loss	368.22	(24.70)	21.64	365.16
- to other comprehensive income		0.46		0.46
At March 31, 2019	1,830.32	(30.63)	21.64	1,821.33



Central U.P. Gas Limited
Notes to Balance Sheet

13 (a) Trade Payables

	March 31, 2020 (₹ in Lakhs)	March 31, 2019 (₹ in Lakhs)
Current		
(i) Total outstanding dues of micro enterprises and small enterprises (refer note 27)	45.39	253.95
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		
- Payable to related parties (refer note 29)	240.48	558.57
- Payable to others	922.03	475.33
Total trade payables	1,207.90	1,287.85

13 (b) Other financial liabilities

	March 31, 2020 (₹ in Lakhs)	March 31, 2019 (₹ in Lakhs)
(i) Payables on purchase of Property Plant and Equipments	1,725.33	1,400.56
(ii) Trade/security deposits received	3,535.44	2,945.72
(iii) Accrued Employees Benefits	93.55	63.55
(iv) Net Gratuity Liabilities	79.91	62.15
Total other current liabilities	5,434.23	4,471.98

14 Provisions

	March 31, 2020 (₹ in Lakhs)		March 31, 2019 (₹ in Lakhs)	
	Current	Non-current	Current	Non-current
Provision for employee benefits				
For compensated absences	24.39	-	19.76	-
Total	24.39	-	19.76	-

15 Current tax liabilities

	March 31, 2020 (₹ in Lakhs)	March 31, 2019 (₹ in Lakhs)
Current tax payable	2,027.68	2,312.00
Less: Advance Taxes paid	2,071.16	2,240.26
Closing balance	(43.48)	71.74

16 Other current liabilities

	March 31, 2020 (₹ in Lakhs)	March 31, 2019 (₹ in Lakhs)
(a) Other payables		
(a) Statutory dues	125.83	126.23
(b) Income received in advance	49.24	23.52
(c) Advance received from customers	53.44	-
Total other current liabilities	228.51	149.75



Central U.P. Gas Limited
Notes to Profit and Loss

17 Revenue from operations

	March 31, 2020	March 31, 2019
	(₹ in Lakhs)	(₹ in Lakhs)
Sale of products (including excise duty)	34,261.67	32,672.54
Other operating revenue	271.51	130.34
Total revenue	34,533.18	32,802.88

Note:

Sale of products comprises

Compressed Natural Gas (CNG)	25,961.14	23,706.45
Piped Natural Gas (PNG)	8,300.49	8,964.44
Mak Lubes	0.04	1.65
Total	34,261.67	32,672.54

18 Other income

	March 31, 2020	March 31, 2019
	(₹ in Lakhs)	(₹ in Lakhs)
Interest income from financial assets	483.34	482.01
Interest from customers	143.39	114.41
Interest from others	0.93	0.11
Other Non Operating Income	142.93	166.07
Total other income	770.59	762.60

19 Purchases

	March 31, 2020	March 31, 2019
	(₹ in Lakhs)	(₹ in Lakhs)
Natural Gas	15,977.15	17,353.16
Mak Lubes	0.03	0.97
Total Purchases	15,977.18	17,354.13

20 Changes in inventories of finished goods

	March 31, 2020	March 31, 2019
	(₹ in Lakhs)	(₹ in Lakhs)
Opening balance		
Finished goods	16.52	13.17
Total opening balance	16.52	13.17
Closing balance		
Finished goods	15.36	16.52
Total closing balance	15.36	16.52
Total changes in inventories of finished goods, Stock-in -Trade and work-in-progress	1.16	(3.35)

21 Employee Benefit Expense

	March 31, 2020	March 31, 2019
	(₹ in Lakhs)	(₹ in Lakhs)
Salaries and wages	812.38	616.36
Contribution to provident fund and other fund	46.31	37.12
Contribution to gratuity fund	21.08	17.78
Secondment Expense	166.20	137.07
Staff welfare expenses	28.22	33.76
Total employee benefit expense	1,074.19	842.09



Central U.P. Gas Limited
Notes to Profit and Loss

22 Depreciation and Amortisation Expense	March 31, 2020 (₹ in Lakhs)	March 31, 2019 (₹ in Lakhs)
Depreciation of property, plant and equipment	1,726.27	1,220.31
Amortisation of intangible assets	12.43	11.31
Amortisation of Right of use assets	242.32	-
Total depreciation and amortisation expense	1,981.02	1,231.62
23 Finance Cost	March 31, 2020 (₹ in Lakhs)	March 31, 2019 (₹ in Lakhs)
Interest on Lease liability	51.32	-
Other Interest	0.67	-
Total Interest Cost on lease liability	51.99	-
24 Other Expenses	March 31, 2020 (₹ in Lakhs)	March 31, 2019 (₹ in Lakhs)
Operation and maintenance of CNG Stations	1,512.42	1,548.87
Power, fuel and water charges	659.19	719.19
Advertisement and publicity	102.31	74.07
Rent	0.00	66.71
Short term lease /low value item lease expenses	231.90	-
Repair and maintenance		
(i) Building	22.78	13.32
(ii) Computers	7.19	4.98
(iii) Plant and machinery	301.98	128.95
(iv) Others	11.43	7.88
Vehicle hiring and running expenses	61.64	55.88
Rates and taxes	22.49	15.70
Bank charges	29.63	18.78
Communication expenses	25.69	16.48
Insurance expenses	50.04	45.31
Legal and professional charges	46.39	113.01
Loss on sale of Property Plant and Equipments	0.27	0.05
Meeting, seminar and training expenses	22.87	19.99
Office Administration Charges	106.99	80.44
Printing and stationery	15.61	16.10
Recruitment expenses	7.04	1.85
Security expenses	149.60	116.90
Director's sitting fee	8.10	6.40
Travelling expenses	37.65	45.91
Public Relation	43.40	12.98
Property Plant and Equipments Written Off	0.14	0.19
Bad Debts Written Off	42.58	-
Provision for expected credit impairment	34.57	-
Miscellaneous expenses	124.62	74.12
Other Expenses	3,678.52	3,204.06
	March 31, 2020 (₹ in Lakhs)	March 31, 2019 (₹ in Lakhs)
Note:		
Legal and Professional charges includes auditor's remuneration Under:		
Statutory audit fees	6.00	5.00
Tax audit fees	1.00	1.00
Quarterly Financial Review	3.00	2.00
Reimbursement of expenses	1.00	0.80
GST on above	1.98	1.58
Total	12.98	10.38



CENTRAL U.P. GAS LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

24 CONTINGENT LIABILITIES:

S.No.	Particulars	31.03.2020 (Rs. in Lakhs)	31.03.2019 (Rs. in Lakhs)
	i. Demand Being Disputed by the Company		
	a) Excise Duty Demands	853.77	878.52
	b) Income Tax Demand	13.83	164.28
	ii. Claims against the Company not acknowledged as Debt		
	a) Other Liabilities	752.00	438.75
	iii. Outstanding Bank Guarantee	2945.60	3669.65
iv.	Income tax demands have been raised by department on account of disallowance of claim of additional depreciation U/s 32 (1) (ii a) of the income tax act since A. Y. 2008-09. The company claim of additional depreciation has been upheld by Honorable Allahabad High court for A. Y. 2008-09. The department has preferred appeal before Supreme court against the decision of the High court. However Supreme Court has dismissed the Appeal on the basis of monetary limits.		
v.	The department of custom and Excise has raised demands of Rs. 30.75 lakhs (PY Rs.55.50 lakhs) for certain period on account of levy of excise duty on bulk discount given to retails outlet on sale of CNG and of Rs. 823.02 Lakhs for certain period on account of levy of duty on the value of exempted services under Rule 6 (3) (i) of cenvat credit rule,2004. The company has preferred appeal against the aforesaid demands.		
vi.	During the financial year 2010-11, the Company had received a demand of Rs. 241.61 Lakhs from Gail India Limited (GAIL) towards revision in spur line transmission tariff on purchase of natural gas for the period 1 April, 2007 to 19 November, 2008. The Company had disputed the demand made by GAIL as these were not in accordance with the Supplementary Agreement dated. December, 17, 2008 entered into with the Party. Further, as per new tariff regulations promulgated by PNG Regulatory Board (PNGRB) no such spur line transmission tariff was payable w.e.f. November 20, 2008. However, GAIL had continued to raise invoices in respect of aforesaid tariff even after November 20, 2008 and the Company had paid certain invoices by charging it as expenses in earlier years. The Company had also paid Rs. 84.11 Lakhs under Protest towards spur line charges for the period April, 2010 to June, 2010 and shown the above said amount as recoverable from GAIL. The company had paid a sum aggregating to Rs. 398.30 Lakhs till June 30, 2010 to GAIL on account of spur line transmission tariff as against the estimated liability of Rs. 88.05 Lakhs for the periods. The Company had filed the claims for refund of the excess amount paid by it amounting to Rs. 310.24 Lakhs along with the interest. Since the matter has not been yet settled no adjustments has been for the aforesaid disputes in account and a sum of Rs. 84.11 Lakhs has been shown as recoverable from GAIL.		
vii.	Performance Bank Guarantee to PNGRB		
	Petroleum and Natural Gas Regulatory Board (PNGRB) has issued license/ authorization for operating and expanding City Gas Distribution (CGD) network in the geographical area of Kanpur, Bareilly and Jhansi cities of Uttar Pradesh with a stipulation of Minimum Work Program (MWP) for creation of infrastructure development to be achieved over the periods. The failure to achieve the committed MWP may result in imposition of penalties by PNGRB. The Company has submitted performance bank guarantees aggregating to Rs. 1350 Lakhs as security for the same. The details of committed MWP to PNGRB by the Company and its achievement as on March 31, 2020 are as under: -		

CENTRAL U.P. GAS LIMITED
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GA Name	MWP Parameters	PNGRB MWP Targets	Achievement as on 31/03/2020	
Kanpur	Compression Capacity (Kg/Day)	3,20,000	4,15,030	130%
	Inch-Km of Steel P/L	788.52	579.94	74%
	Domestic PNG Connections (Nos.)	70,035	61,566	88%
Bareilly	Compression Capacity (Kg/Day)	1,12,000	1,23,873	111%
	Inch-Km of Steel P/L	356	165.84	47%
	Domestic PNG Connections (Nos.)	27,500	26,027	95%
Jhansi	Inch-Km of Steel P/L	71.92	0	0%
	Domestic PNG Connections (Nos.)	23,706	0	0%

The company has been representing with PNGRB with required details in terms of GA allocation & status of progress. The Company has been able to achieve most of the MWP parameters however few are in process and required steps are being taken for 100% accomplishment. The company has also been regularly appraising PNGRB about the reasons for non-achievement of committed MWP within the stipulated times and the same has been duly considered by them and no adverse action against the Company has been initiated, so far. Based on above and considering the fact that most of the MWP parameters have been achieved, the management estimates that there is remote chance of devolvement of any material liability on the Company on account of non-fulfilment of committed MWP.

viii) GAIL Claims

The company has received claim letters from GAIL (India) Limited raising demand of Rs. 510.39 Lakhs as "Pay for If not taken" liability claim in respect of shortfall in the purchased quantity of RLNG gas as compared to the contracted quantity for the CY 2019. The company has made representation before the GAIL disputing the liability and the same is under negotiation. Based on the past experience and ongoing negotiation with the party, the management estimates that there is a remote chance of imposition of aforesaid penalty and consequent outflow of Company' resources and accordingly no provision for the same is required at present.

The amount shown above represents the best possible estimates arrived on the basis of available information. The uncertainties and timing of the cash flows are dependent on the outcome of the different legal process which have been invoked by the Company or the claimants as the case may be, therefore it cannot be estimated accurately. The Company does not expect any reimbursement in respect of above contingent liabilities.

In the opinion of the management, no provision is considered necessary for the disputes mentioned above on the grounds that there are fair chances of successful outcome.

25 Capital commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for is Rs. 5,608.18 Lakhs (Previous year Rs. 4673.87 Lakhs).

26 Disclosure relating to Corporate Social Responsibility (CSR)

The disclosure in respect of CSR expenditure for the FY 2019-20 is as under:

S.No.	Particulars	31.03.2020 (Rs. in Lakhs)	31.03.2019 (Rs. in Lakhs)
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- As per section 135 of the Companies Act, 2013 read with Schedule VII thereof Gross amount required to be spent by the Company

148.97

130.14



CENTRAL U.P. GAS LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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Amount spent during the year

a) Construction/Acquisition of any Asset		
-In Cash	33.03	27.02
-Yet to be paid in Cash	11.35	17.65
b) On purpose other than (i) above		
-In Cash	63.78	45.83
-Yet to be paid in Cash	79.25	1.22

Various heads which the CSR expenditure were incurred in cash is detailed as follows:-

Particulars	Relevant clause of Schedule VII to the Companies Act, 2013	2019-2020 (Rs. in Lakhs)	2018-2019 (Rs. in Lakhs)
(i) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation and making available safe drinking water	Clause (i)	91.54	50.44
(ii) Promoting education, including special education and employment enhancing vocational training and livelihood enhancement project	Clause (ii)	37.62	13.87
(iii) promoting gender equality and empowering women	Clause (iii)	-	6.40
(vi) protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional art and handicrafts;	Clause (v)	3.09	7.83
(v) contribution to the prime minister's national relief fund or any other fund set up by the central govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women;	Clause (viii)	41.83	10.00
(vi) rural development projects]	Clause (x)	-	3.18
(vii) Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water 4[including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga].	Clause (iv)	13.33	-
(viii) Training to promote rural sports, nationally recognized sports, Paralympic sports and olympic sports	Clause (vii)	-	-
Total		187.41	91.72

27 Following are the relevant disclosure as required under Micro, Small and Medium Enterprises Development Act,2006('MSMED Act')

S.No.	Description	31.03.2020 (Rs. in Lakhs)	31.03.2019 (Rs. in Lakhs)
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CENTRAL U.P. GAS LIMITED
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(1)	The principal amount remaining unpaid to suppliers as at the end of accounting year	45.39	253.95
(2)	The interest due thereon remaining unpaid to suppliers as at the end of accounting year	-	-
(3)	The amount of interest paid by the Company in terms of Section 16, along with the amount of payments made to the micro and small enterprise beyond the appointed date during the period	-	-
(4)	The amount of interest due and payable for the period of delay in making payment which have been paid but beyond the appointed day during the period but without adding the interest specified under this Act.	-	-
(5)	The amount of interest accrued during the year and remaining unpaid at the end of the accounting year.	-	-
(6)	The amount of further interest remaining due and payable even in succeeding years	-	-

28 Employee benefit obligations

(i) Defined contribution plans

The Company makes Provident Fund contribution, which is defined contribution plans for qualifying employees. The contributions are made to registered provident fund administered by the government. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognized during the period towards defined contribution plan is Rs. 46.31 lakhs (31 March 2019: Rs. 37.12 lakhs)

(ii) Compensated absences

The Company recognized expenses amounting to Rs. 26.20 Lakhs (31 March 2019: Rs 18.82 Lakhs) towards its obligations for the accumulated paid absences outstanding at the end of the year.

(iii) Gratuity

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The Company has purchased an insurance policy to provide for payment of gratuity of employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the Company. Any deficit in the assets arising as a result of such valuation is funded by the Company.

	Present value of obligation (₹ Lakhs)	Fair value of plan assets (₹ Lakhs)	Net amount (₹ Lakhs)
1 April, 2018	93.11	46.87	46.24
Current service cost	14.18	-	14.18
Interest expense/(income)	7.25	3.65	3.60



CENTRAL U.P. GAS LIMITED
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Employer Contribution	-	0.56	-
Past Service Cost	-	-	-
Total amount recognized in profit or loss	21.43	4.21	17.78
<i>Remeasurements</i>			
Return on plan assets, excluding amounts included in interest expense/(income)	-	(0.96)	0.96
(Gain)/loss from change in demographic assumptions	-	-	-
(Gain)/loss from change in financial assumptions	0.91	-	0.91
Experience (gains)/losses	(3.18)	-	(3.18)
Total amount recognized in other comprehensive income	(2.27)	(0.96)	(1.31)
Employer contributions	-	-	-
Benefit payments	(4.56)	(4.56)	-
31 March, 2019	107.71	45.56	62.15
April 1, 2019	107.71	45.56	62.15
Current service cost	16.25	-	16.25
Interest expense/(income)	8.36	3.53	4.83
Employer Contribution	-	0.64	-
Past Service Cost	-	-	-
Total amount recognized in profit or loss	24.61	4.17	21.08
<i>Remeasurements</i>			
Return on plan assets, excluding amounts included in interest expense/(income)	-	(1.37)	1.37
(Gain)/loss from change in demographic assumptions	0.03	-	0.03
(Gain)/loss from change in financial assumptions	(10.79)	-	(10.79)
Experience (gains)/losses	6.71	-	6.71
Total amount recognized in other comprehensive income	(4.05)	(1.37)	(2.68)
Employer contributions	-	-	-
Benefit payments	(13.29)	(13.29)	-
March 31, 2020	114.98	35.07	79.91

	31 March, 2020	31 March, 2019
	(₹ Lakhs)	(₹ Lakhs)
Present value of funded obligations	114.98	107.71
Fair value of plan assets	(35.07)	(45.56)
(Surplus)/Deficit of funded plan	79.91	62.15
Unfunded plans	-	-
(Surplus)/Deficit before asset ceiling	79.91	62.15



CENTRAL U.P. GAS LIMITED
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Effect of asset ceiling

Based on Company's gratuity trust's arrangement with LIC of India, the benefit relating to net defined benefit asset shall be available to the Company in full in form of reduction in future contributions.

(v) Post-Employment benefits and other long-term employee benefits

Significant estimates: actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

	Gratuity	
	31 March, 2020	31 March, 2019
Discount rate	6.85%	7.75%
Salary growth rate	6.00%	10.00%
Remaining working life	24.90	24.45
Withdrawal rate based on age: (per annum)		
Up to 30 years	3.00%	3.00%
31 – 44 years	2.00%	2.00%
Above 44 years	1.00%	1.00%
Mortality Table	standard table – Indian Assured Lives Mortality (2012-14)	standard table – Indian Assured Lives Mortality (2006-08)

(vi) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Impact on defined benefit obligation					
	Change in assumption		Increase in assumption		Decrease in assumption	
	31 March, 2020	31 March, 2019	31 March, 2020	31 March, 2019	31 March, 2020	31 March, 2019
Gratuity						
Discount rate	(- / + 1%)	(- / + 1%)	-14.80%	-15.40%	18.10%	19.00%
Salary growth rate	(- / + 1%)	(- / + 1%)	11.00%	9.30%	-12.60%	-9.60%
Attrition Rate	50% of the Attrition assumption	50% of the Attrition assumption	-1.10%	-1.50%	1.20%	1.70%
Mortality	10% of the Mortality assumption	10% of the Mortality assumption	0.00%	0.00%	0.00%	0.00%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognized in the balance sheet.



CENTRAL U.P. GAS LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

The method and types of assumption used in preparing the sensitivity analysis did not changed compared to prior period.

(vii) The major categories of plans assets are as follows:

	31 March, 2020		31 March, 2019	
	Amount (₹ Lakhs)	in %	Amount (₹ Lakhs)	in %
Fund managed by insurer	35.07	100%	45.56	100%
Total	35.07	100%	45.56	100%

(viii) Risk exposure

Through its defined benefit plans, the company is exposed to a number of risks, the most significant of which are detailed below:

Interest rate risk: The plan exposes the Company to the risk off all in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability (as shown in financial statements).

Salary escalation risk: The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

Demographic risk: The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption. Expected contributions to post-employment benefit plans for the next financial Year is INR 97.25 lakhs

The weighted average duration of the defined benefit obligation is 17 years. The expected maturity analysis of gratuity and other long-term employment benefits (Leave obligation) is as follows:

	1 year	2-5 years	6-10 years	More than 10 years	(₹ Lakhs) Total
31 March, 2020					
Defined benefit obligation (Gratuity)	1.98	9.07	22.05	380.12	413.22
Total	1.98	9.07	22.05	380.12	413.22
31 March, 2019					
Defined benefit obligation (Gratuity)	1.64	8.47	20.96	462.73	493.80
Total	1.64	8.47	20.96	462.73	493.80

(IX) The history of funded post retirement plans are as follows :

Particulars As at	31 st March, 2020	31 st March, 2019	31 st March, 2018	31 st March, 2017	31 st March, 2016
	Amount (₹ Lakhs)				



CENTRAL U.P. GAS LIMITED
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Present value of defined benefit obligation	114.98	107.71	93.11	37.14	17.21
Fair value of plan assets	35.07	45.56	46.87	43.32	42.81

	31 March, 2020			31 March, 2019		
	Current	Non-current	Total	Current	Non-current	Total
	(₹ Lakhs)			(₹ Lakhs)		
Gratuity (Net Assets)/ Liability	79.91	-	79.91	62.15	-	62.15
Total employee benefit obligations	79.91	-	79.91	62.15	-	62.15

29. Related party transactions

a. List of related parties

Entities having significant influence over the Company (promoter venturers)

- Indraprastha Gas Limited
- GAIL (India) Limited
- Bharat Petroleum Corporation Limited

Key Management Personnel (KMP)

- | | | |
|--|---|-------------------------------------|
| ▪ Mr. Amarendra Kumar | - | Managing Director (Upto 09.05.2019) |
| ▪ Mr. Ranjan Dwivedi | - | Managing Director (From 13.05.2019) |
| ▪ Mr. Pardeep Goyal | - | Director Commercial |
| ▪ Mr. Arun Kumar Srivastav | - | Director |
| ▪ Mr. Surjeet Mahalik | - | Director |
| ▪ Mr. Praveen Kumar Pandey | - | Director |
| ▪ Mr. Ranganathan Elavathur Subramania | - | Director |
| ▪ Mr. Manjeet Singh | - | Director |
| ▪ Mr. Ramesh Chandra Gupta | - | Director |
| ▪ Mr. Asheesh Agarwal | - | Chief Financial Officer |
| ▪ Mr. Deepak Bhasin | - | Company Secretary |

b. Transactions with related parties:

Transactions during the Year	31.03.2020	31.03.2019
	(Rs. In Lakhs)	(Rs. In Lakhs)

Transactions during the year

Gail (India) Limited
Secondment charges##



94.12

85.46

CENTRAL U.P. GAS LIMITED
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Purchase of Natural Gas	14987.30	14781.98
Genset Expenses Charged	3.62	3.08
Reimbursement of Expenses	0.65	-
Dividend Paid	-	225.00
Interest Income	0.38	0.45
Hook-up Operational Charges	278.48	42.4
Capitalization of Hook-up Facilities as ROU	143.20	-
Operational charges of Hooking up facility	3.29	-
Bharat Petroleum Corporation Limited		
Secondment charges##	72.07	51.61
Purchase of RLNG	375.52	1350.82
Sale of CNG (Including Excise Duty & VAT)	8127.69	6255.72
Sitting Fees paid	1.80	1.40
Bad debts written off	35.64	-
Dividend Paid	-	225.00
Facility Charges Paid	157.66	118.23
Indraprastha Gas Limited		
Sitting Fees paid	3.90	4.40
Dividend Paid	-	450.00
Mr. Ramesh Chandra Gupta		
Sitting Fees paid	2.40	0.60
Remuneration paid/payable to KMP		
Mr. Asheesh Agarwal	29.12	23.47
Mr. Deepak Bhasin	15.68	14.42
Details of Secondment Expenses Paid		
Mr. Amarendra Kumar#	11.83	85.46
Mr. Ranjan Dwivedi#	82.29	-
Mr. Rajiv Sikka#	-	29.43
Mr. Pardeep Goyal#	72.07	22.18

Details of Remuneration paid/payable to KMP

(Figures in Lakhs)

Particulars	Mr. Asheesh Agarwal	Mr. Deepak Bhasin
Year ended March 31, 2020		



CENTRAL U.P. GAS LIMITED
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Short term employee benefits		
Salary	27.41	14.68
Post-employment benefits		
Contribution to Provident Fund, Gratuity and other Funds*	1.71	1.00
	29.12	15.68
Year ended March 31, 2019		
Short term employee benefits		
Salary	22.29	13.73
Post-employment benefits		
Contribution to Provident Fund, Gratuity and other Funds*	1.18	0.69
	23.47	14.42

* The said amount does not include amount in respect of gratuity and leaves as the same are not ascertainable.

Direct reimbursements made as per terms of employment/entitlements-Post employment benefit

##Including GST.

c. Balance (Outstanding)/Receivable-

Balance (Outstanding)/Receivable at the end of the Year	31.03.2020 (Rs. In Lakhs)	31.03.2019 (Rs. In Lakhs)
Gail (India) Limited		
-Trades Payable(Net of Spur Lines Charges paid Rs 84.11 Lakhs paid under protest)	(205.63)	(534.14)
-Security Deposits	8.10	8.10
-Trades receivable	3.30	1.69
-Capital Advance	410.47	-
-Interest Accrued on Security	3.52	3.18
Bharat Petroleum Corporation Limited		
-Trades Payable	(34.84)	(24.35)
-Advances	0.09	-
-Trades receivable	145.23	279.73

Direct reimbursements made as per terms of employment/entitlements-Post employment benefit

##Including GST.

30. Financial Instrumets by Category

(Figures in Lakhs)

	31.03.2020			31.03.2019		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Financial assets						
Trade receivable	-	-	2,238.20	-	-	1,710.51
Cash and cash equivalents	-	-	441.18	-	-	224.39
Bank Balance Other than Above	-	-	7,177.22	-	-	6,525.32



CENTRAL U.P. GAS LIMITED
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Unbilled revenue	-	-	87.95	-	-	54.01
Interest accrued	-	-	254.57	-	-	104.50
Security deposits	-	-	33.65	-	-	32.53
Employee Loans	-	-	-	-	-	0.65
Total financial assets	-	-	10,232.77	-	-	8,651.91
Financial liabilities						
Trade payables	-	-	1,207.90	-	-	1,287.85
Payable on purchase of PPE	-	-	1,725.33	-	-	1,400.56
Security deposits from customers	-	-	3,535.44	-	-	2,945.72
Accrued Employees Benefits	-	-	93.55	-	-	63.55
Net Gratuity Liabilities	-	-	79.91	-	-	62.15
Lease Liability	-	-	699.20	-	-	-
Total financial liabilities	-	-	7,341.33	-	-	5,759.83

There are no financial assets and liabilities measured at fair value as at 31 March 2020 and 31 March 2019. The carrying amount of cash and cash equivalents, deposits with banks, trade and other short term receivables, other current assets, trade payables, capital creditors and other current liabilities carries at amortized cost is not materially different from its fair value, largely due to the short-term maturities of these financial assets and liabilities.

Security deposits received from customers have not been fair valued as the same are repayable on demand, so there is no fixed terms available for its discounting.

31. Financial risk management

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's financial risk management policy is governed by Financial Guidelines which are approved by the Board of Directors and ensure compliances jointly through Managing Director and Director Commercial.

The company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

(i) Credit risk

Credit risk arises from the possibility that counter party may not be able to settle their obligations as agreed causing financial loss. The Company is exposed to credit risk mainly from trade receivables and deposits with banks. To manage this, the Company obtains security deposits from various types of PNG credit customers including domestic, Industrial and Commercial. Further, in case of Industrial Customers, the company secures the credit risk by getting Bank Guarantee/LC equivalent to the value of 47 days of average sales. Apart from this, company periodically assesses the reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivable. In case of CNG sales, the company operates in retail sales on cash & carry basis and credit sales to retail outlets operated by Public Sector Oil Marketing Companies namely, BPCL, HPCL and IOCL with agreement to pay within 7 days of receipt of invoices.

The company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. The ageing of trade receivables is given below:-

CENTRAL U.P. GAS LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Ageing analysis	As at 31.03.2020	As at 31.03.2019
	INR in lakhs	INR in lakhs
Upto 6 months	1917.86	1538.44
More than 6 months	354.91	172.07

The impairment analysis is performed at each balance sheet date on individual basis for major clients. In additions a large number of minor receivables are grouped into homogenous group and assessed for impairment collectively. The company makes specific provisions/ write offs in respect of major customers based on its previous experiences and increase in credit risks after considering the amount of deposits obtained from the customers. The company makes general provisions for lifetime expected credit loss in respect of domestic PNG receivables @ 10% on the amount of receivables (after adjusting the security deposits and unidentified outstanding credits) overdue for more than 180 days.

The change in loss allowances for trade receivables is as under:-

	As at 31.03.2020	As at 31.03.2019
	INR in lakhs	INR in lakhs
Balance outstanding at the beginning of the year	-	-
Provision made during the year	34.57	-
Amount Written off	-	-
Provision reversed	-	-
Balance at the end of the year	34.57	-

(ii) Liquidity risk

Liquidity risk is defined as the risk that the company will not be able to settle or meet its obligations on time or at a reasonable basis. Company has sufficient liquidity and expected cash flow to meet such obligations at present; however processes and policies related to such risks are overseen by senior management at regular interval. Company management monitors the company's net liquidity position through daily funds position and rolling forecasts on the basis of expected cash flows.

Maturity profile of financial liabilities

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments:

As at 31.03.2020	Less than 1 year	More than 1 year	Total
	INR in lakhs	INR in lakhs	INR in lakhs
Trade payables	1,207.90	-	1,207.90
Payable on purchase of PPE	1,725.33	-	1,725.33
Security deposits from customers	3,535.44	-	3,535.44
Accrued Employees Benefits	93.55	-	93.55
Net Gratuity Liabilities	79.91	-	79.91
Lease Liabilities	362.53	336.67	699.20
	7004.66	336.67	7,341.33

As at 31.03.2019	Less than 1 year	More than 1 year	Total
	INR in lakhs	INR in lakhs	INR in lakhs
Trade payables	1,287.85	-	1,287.85

CENTRAL U.P. GAS LIMITED
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Payable on purchase of PPE	1,400.56	-	1,400.56
Security deposits from customers	2,945.72	-	2,945.72
Accrued Employees Benefits	63.55	-	63.55
Net Gratuity Liabilities	62.15	-	62.15
	5,759.83	-	5,759.83

Capital management

(a) Risk management

The company's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(b) Dividends

	Recognised in the Year Ending	
	31.03.2020	31.03.2019
	₹ in lakhs	₹ in lakhs
(i) Dividend Recognised		
Final dividend for the year ended 31 March 2019 of ₹ Nil (31 March 2018 – ₹1.50) per fully paid share	-	900.00
(ii) Dividend proposed but not recognized in the books of accounts		
In addition to the above dividends, for the year ended 31 March, 2020 the directors have recommended the payment of a final dividend of ₹ 1.80 per equity share (31 March 2019 ₹ NIL per equity share)	1080.00	-

32. Earnings per share

Particulars	Units	Year ended	Year ended
		31.03.2020	31.03.2019
Net profit attributable to Shareholders	₹ Crores	73.64	52.10
Weighted average number of equity shares	No.	6.00	6.00
Nominal value per share	₹	10	10
Basic earnings per share of ₹ 10 each	₹	12.27	8.68

The Company does not have any outstanding dilutive potential equity shares. Consequently, the basic and diluted earnings per share of the Company remain the same.

33. Tax expense

(a) Income Tax Expenses

₹ in lakhs



CENTRAL U.P. GAS LIMITED
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Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Current Tax	2,025.07	2,312.00
Deferred tax	(265.95)	365.62
Total Income Tax Expenses	1759.12	2,677.62

(b) Reconciliation of tax expense and accounting profit multiplied by India's tax rate:

Particulars	₹ in lakhs	
	Year ended March 31, 2020	Year ended March 31, 2019
Profit for the year (before income tax expense)	9,122.29	7,887.73
Applicable tax rate	25.17%	34.94%
Computed tax expenses	2,296.08	2,756.29
Expenses not allowed for tax purposes	36.81	28.63
Effect of change in tax rates as compared to previous years	(576.38)	13.99
Deferred Tax on non-depreciable property, plant and equipment recognised		(121.29)
Income tax Adjustment	2.61	-
Total	1,759.12	2,677.62

34. a) The Company has elected to exercise the option permitted under Section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Law (Amendment) Ordinance, 2019 which specify tax rate of 22% plus applicable surcharge and cess without certain deductions and exemption. Accordingly, deferred tax assets and liabilities have been re-measured during the year at revised lower rate resulting in reversal of deferred tax liability of Rs. 576.38 Lakhs during the year.

b) The Income Tax Department has been disputing the allowance of deduction of additional depreciation in computing the taxable income of the Company since AY 2008-09. However, Supreme Court has dismissed the appeal filed by the department against the order of High Court which had upheld its allowance in the case of the Company on the ground of monetary limit. The demands raised by the department for the earlier years have been disclosed in the note no.24. Since the company has elected to opt lower tax regime as provided in the Section 115BAA of the Income Tax Act, 1961 from the current year, no such deduction has been claimed by the Company for determining its tax liability for the year in accordance with the provision of the aforesaid section.

35 LEASES

The company had taken head office premises and warehouse premises on lease for long period in earlier year. However, after the expiry of respective lease agreements, new lease agreements for longer period have not



CENTRAL U.P. GAS LIMITED
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been executed but the premises are continued to be used on mutual arrangements. In the absence of execution of long term agreements, these leases have been classified as short term leases and accordingly accounted for as per Ind-As 116.

As stated in note no. 2.3- "leases", effective from April 1,2019 , the company adopted Ind-As 116 'leases' and applied the standard to all its existing lease contracts using modified retrospective method. Incremental borrowing rate of 8.75 % has been used for measurement of present value of remaining lease payments and right of use assets.

Following are the changes in the carrying value of right of use assets for the year ended March 31, 2020:

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the statement of Profit and Loss.

(Rs. In lakhs)

Particulars	Category of ROU asset				Total
	Vehicles	Premises	Hooking Up Facility	Land	
Transition effect as on April 01, 2019	372.20	129.11	-	-	501.31
Reclassified on account of adoption of Ind AS 116 as on April 01, 2019	-	-	-	81.13	81.13
Additions during the year	293.88	11.34	143.20	-	448.42
Deletion during the year	-	-	-	-	-
Depreciation reclassified on account of adoption of Ind AS 116 as on April 01, 2019	-	-	-	1.48	1.48
Depreciation during the year	195.50	27.91	17.90	1.01	242.32
Balance as at March 31, 2020	470.58	112.54	125.30	78.64	787.06

Following is the break-up of current and non-current lease liabilities as at March 31, 2020

(Rs. In lakhs)

Particulars	As at March 31, 2020
Current Lease Liabilities in respect of short-term lease	76.54
Current Lease Liabilities in respect of long-term lease	285.99
Non-Current Lease Liabilities	336.67
Total	699.20

Following is the movement in long term lease liabilities during the year ended March 31, 2020:

(Rs. In lakhs)

Particulars	As at March 31, 2020
Balance at the Beginning	501.31
Additions during the year	305.22



CENTRAL U.P. GAS LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Finance Cost Accrued during the year	51.32
Deletions during the year	-
Payment of Lease Liabilities during the year	(235.20)
Translation Difference	-
Balance at the end	622.65

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2020 on an undiscounted basis:

(Rs. In lakhs)

Particulars	As at March 31, 2020
Less than One Year	307.32
One to Five Year	306.62
More than Five Year	100.01
Total	713.95

Rental exp recorded for short term lease is Rs. 231.90 Lakhs for the year ended 31st March, 2020.

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

For Mittal Gupta & Co.,
 Chartered Accountants
 FRN 01874C

Bihari Lal Gupta

Bihari Lal Gupta

Partner

Membership No: 073794

Place: Kanpur

Date:

16 JUN 2020



For and on behalf of Board of Directors

Ranjan Dwivedi
Ranjan Dwivedi
 Managing Director

Asheesh Agarwal
Asheesh Agarwal
 Chief Financial Officer

Pardeep Goyal
Pardeep Goyal
 Director (Commercial)

Deepak Bhasin
Deepak Bhasin
 Company Secretary



गोपनीय

संख्या.:PDA(Energy)/REP/Acs/CUGL/2020-21/172



सत्यमेव जयते

INDIAN AUDIT & ACCOUNTS DEPARTMENT
OFFICE OF THE
PRINCIPAL DIRECTOR OF AUDIT (ENERGY)
DELHI

Dated: 27.08.2020

सेवा में,

प्रबंध निदेशक
सेंट्रल यूपी गैस लिमिटेड
कानपुर

विषय: 31 मार्च 2020 को समाप्त वर्ष के लिए सेंट्रल यूपी गैस लिमिटेड, कानपुर के वार्षिक लेखाओं पर कम्पनी अधिनियम, 2013 की धारा 143(6)(b) के अन्तर्गत भारत के नियंत्रक-महालेखापरीक्षक की टिप्पणियाँ।

महोदय,

मैं, सेंट्रल यूपी गैस लिमिटेड, कानपुर के 31 मार्च 2020 को समाप्त वर्ष के लेखाओं पर कम्पनी अधिनियम, 2013 की धारा 143(6)(b) के अन्तर्गत भारत के नियंत्रक-महालेखापरीक्षक की टिप्पणियाँ अग्रोषित कर रही हूँ।

कृपया इस पत्र की संलग्नकों सहित प्राप्ति की पावती भेजी जाए।

संलग्नक:- यथोपरि।

भवदीय,

(रिना अकोइजम)
प्रधान निदेशक

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 143(6)(B) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL
STATEMENTS OF CENTRAL U.P. GAS LIMITED FOR THE YEAR ENDED 31
MARCH 2020**

The preparation of financial statements of Central U.P. Gas Limited for the year ended 31 March 2020 in accordance with the financial reporting framework prescribed under the Companies Act, 2013(Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 16 June 2020.

I, on behalf of the Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the financial statements of Central U.P. Gas Limited for the year ended 31 March 2020 under Section 143(6)(a) of the Act.

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



(Rina Akoijam)

**Principal Director of Audit (Energy),
Delhi**

**Place: New Delhi
Dated: 27 August 2020**

