

# DIRECTORS' REPORT

To,

**The Members,**

The Board of Directors takes pleasure in presenting their Report as part of the 18th Annual Report on the business and operations of the Company (Central U.P. Gas Limited or CUGL) along with the annual audited Financial Statements for the Financial Year (FY) commenced from April 01, 2022 and ended on March 31, 2023 (Reporting Period) and the Auditors' Report together with the Comments of the Comptroller and Auditor General of India (C&AG) thereon.

**1. FINANCIAL HIGHLIGHTS**

The financial highlights of the Company for the FY 2022-23 are as below:

(₹ in Lakhs)

| Particulars  | FY 2022-23       | FY 2021-22       |
|--|------------------|------------------|
| Revenue from Operations  | 74,691.35        | 50,949.40        |
| Other Income   | 1,024.99         | 787.16           |
| <b>Total Income</b>  | <b>75,716.34</b> | <b>51,736.56</b> |
| Cost of Sales (excluding finance cost and depreciation)          | 61563.03         | 33,418.99        |
| <b>Gross Margin</b>  | <b>14,153.31</b> | <b>18,317.57</b> |
| Finance Cost   | 23.93            | 37.13            |
| Depreciation & Amortisation Expense                              | 2671.28          | 2384.53          |
| <b>Profit Before Tax (PBT)</b>                                   | <b>11,458.10</b> | <b>15,895.91</b> |
| Tax Expense  | 2922.32          | 4013.34          |
| <b>Profit After Tax (PAT)</b>                                    | <b>8,535.78</b>  | <b>11,882.57</b> |
| Other Comprehensive Income for the Period, Net of Tax            | 9.82             | (4.06)           |
| <b>Total Comprehensive Income for the Period</b>                 | <b>8,545.60</b>  | <b>11,878.51</b> |
| Retained Earnings – opening balance                              | 46,562.89        | 36,364.38        |
| <b>Profit available for appropriations</b>                       | <b>55,108.49</b> | <b>48,242.89</b> |
| <b>Appropriations:</b>   |                  |                  |
| Final Dividend of Previous Year                                  | 1,800.00         | 1,080.00         |
| Interim Dividend of Current Year                                 | -                | 600.00           |
| <b>Net Surplus after Appropriations</b>                          | <b>53,308.49</b> | <b>46,562.89</b> |
| <b>Earnings Per Share (EPS)</b><br>(Face value of Rs. 10/- each) | <b>14.23</b>     | <b>19.80</b>     |

During FY 2022-23, your Company achieved a turnover of Rs. 74,691.35 Lakh, as against Rs. 50,949.40 Lakh in the previous financial year showcasing a growth of about 46.60% and marked highest ever revenue since inception.

The net worth of the Company has increased by 12.83% approx. from Rs. 52,562.89 Lakh as at March 31, 2022 to Rs. 59,308.49 Lakh as at March 31, 2023.

As against the PAT of Rs. 11,882.57 Lakh earned during FY 2021-22, your Company could earn PAT of Rs. 8,535.78 Lakh during FY 2022-23 whereby a fall of almost 28.17% has been experienced.

## 2. DIVIDEND

Your Directors are pleased to recommend final Dividend for FY 2022-23 to be paid out of the profits at the rate of 41% of the paid-up share capital of the Company (i.e., Rs. 4.10 per equity share of face value of Rs. 10/- each) and the same is the highest ever dividend paid during any financial year which would result in an outgo of Rs. 24.60 Crore.

The payment of the aforesaid proposed final dividend for the FY 2022-23 shall be made to the shareholders of the Company as on 24/05/2023 (i.e., Record Date being the date of recommendation by Board) whose names appear as the beneficial owners in the statement of beneficial ownership furnished by the Depository(ies) and whose names appear in the Register of Members of the Company, after approval of the same at the ensuing Annual General Meeting.



**Dividend Distribution Ceremony - 2022**

## 3. TRANSFER TO RESERVES

During FY 2022-23, no amount was proposed to be transferred to reserves.

## 4. DEPOSITS

Your Company has not accepted any deposits within the meaning of Section 73 and 74 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014, accordingly, no amount thereof pertaining to principal or interest payment is outstanding as on the Balance Sheet date.

## 5. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

The Company has not given any loans nor made any investments covered under Section 186 of the Companies Act, 2013, during the Financial Year ended March 31, 2023.

## 6. COMPANY'S PERFORMANCE

During FY 2022-23, the Company has achieved 5% growth in total sales volume as under:

**(Figures in Lakhs SCM)**

| Sl. No. | Segment                   | FY 2022-23      | FY 2021-22      | Growth    |
|---------|---------------------------|-----------------|-----------------|-----------|
| 1       | CNG                       | 873.68          | 764.55          | 14%       |
| 2       | PNG-Domestic              | 165.85          | 131.06          | 27%       |
| 3       | PNG-Industrial            | 178.27          | 271.17          | -34%      |
| 4       | PNG-Commercial            | 31.33           | 24.40           | 28%       |
|         | <b>Total Sales Volume</b> | <b>1,249.13</b> | <b>1,191.18</b> | <b>5%</b> |

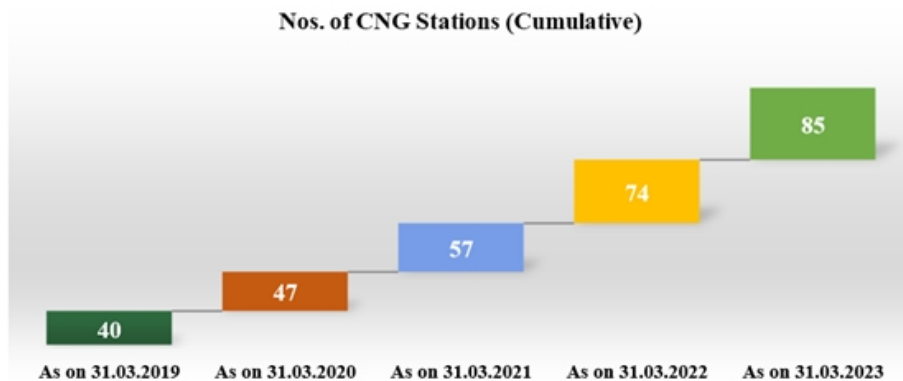
**a. Compressed Natural Gas (CNG) Business:**

CNG is derived from natural gas and is compressed and dispensed at high pressure of around 200 - 250 bars for efficient storage in CNG vehicles.

Your Company is continuously focusing to provide a clean and cost-effective alternate energy solution to traditional auto fuels such as petrol, diesel, and auto LPG.

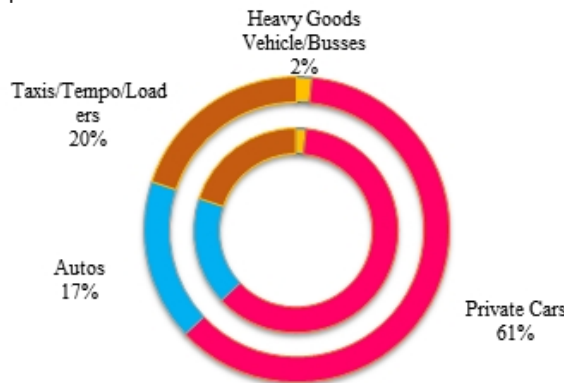
In spite of lot of challenges like unprecedented increase in gas prices coupled with gas allocation cut because of international geopolitical issues during the FY 2022-23, CNG business has performed well.

Your Company further augmented its CNG distribution infrastructure by enhancing the capacity of the existing 4 CNG stations and adding 11 new CNG stations, taking the total number of CNG Stations to 85 at the end of the reporting Financial Year.



During the year, your Company has increased the total compression capacity by 22% (2,12,205 Kg/Day) from 9,63,375 Kg/Day as on 31st March 2022 to 11,75,579 Kg/Day as on 31st March 2023.

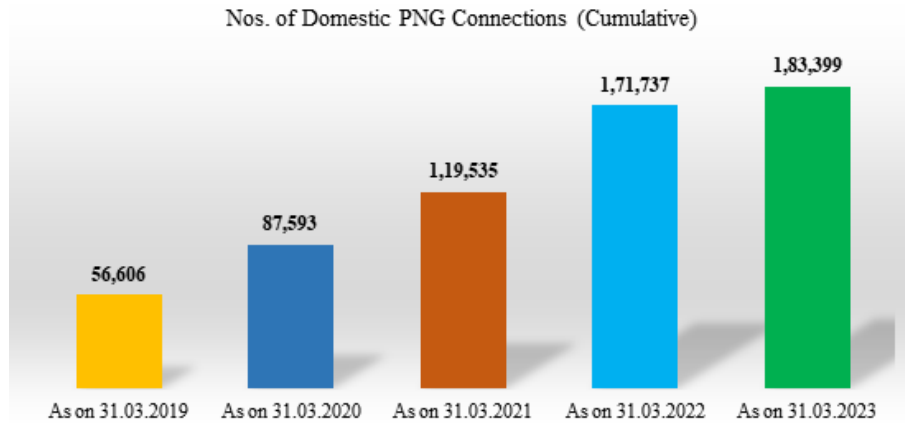
Your Company also witnessed an increase in number of floating CNG traffic on highways passing through its Geographical Areas (GAs). In addition to this, the estimated number of CNG vehicles registered in the GAs of Kanpur, Bareilly and Jhansi as on 31st March 2023 was around 89,788 vehicles with following breakup:



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

Your Company is acting as a leading natural gas provider in the State of Uttar Pradesh covering municipal areas of Kanpur, Unnao, Bareilly and Jhansi and continuously delivering value to customers through extensive pipeline network. The pipelines are made up of high-quality steel and polyethylene, enabling your Company to offer PNG to various Domestic PNG customers.

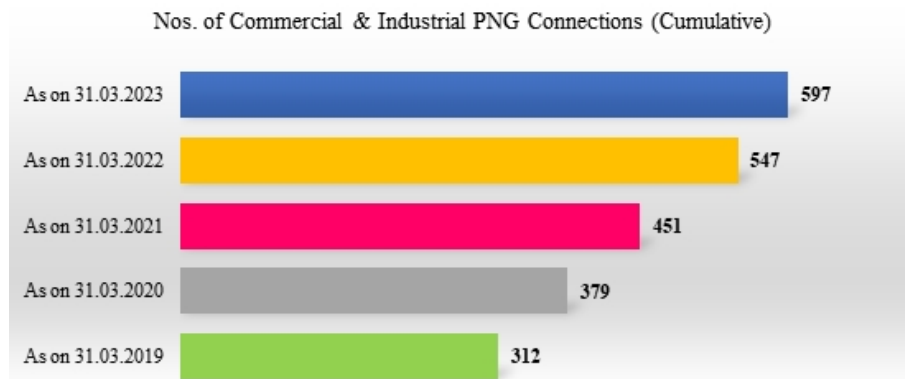
During the Reporting Period, your Company provided 11,660 new Domestic PNG connections and the total number of connections as on 31st March 2023 has reached to 1,83,399.



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

In spite of lot of challenges like unprecedented increase in RLNG prices coupled with allocation cut because of international geopolitical issues during FY 2022-23, your Company has maintained its focus on the Industrial & Commercial segments as one of the potential growth areas.

In spite of increase in RLNG prices, cut in gas allocations and stiff competition from alternate fuels prices, like LPG and LSHS, your Company added 50 new Industrial and Commercial Connections. With concentrated efforts, total number of commercial customers increased from 430 as on 31st March 2022 to 472 as on 31st March 2023 and the industrial customers from 117 to 125 during the same period.



**7. PROGRESS ON THE PROJECTS UNDERTAKEN**

Your Company has increased its pipeline network (Steel & MDPE) to connect more areas for increasing the supplies across all business areas as tabulated below:

| For Financial Year            | Steel in KM | MDPE in KM |
|-------------------------------|-------------|------------|
| FY 22-23                      | 21.41       | 240.32     |
| Cumulative till 31 March 2023 | 188.93      | 3,013.38   |

Your Company is currently servicing CNG vehicles through 37 Daughter Booster / Daughter Stations, 41 Online Stations and 7 Mother Stations in its authorized/ permitted Geographical Areas (GAs).

CUGL also took a significant step to further reduce its operating expenditure by converting 3 nos. of Daughter Booster (DB) Stations into Online Stations during FY 2022-23 and further plans to convert another 5 nos. of Daughter / DB Stations into Online Stations in FY 2023-24. Further, the CNG station at Lehargird, Jhansi is the only online filling station in Bundelkhand region which caters to an area within a range of 100 KM around Jhansi. Your Company is also supplying uninterrupted gas to M/s. Adani Total Gas Ltd.

**8. FUTURE OUTLOOK**

Primarily as a City Gas Distribution company, your Company is continuously making inroads to supply gas to all sections of consumers like vehicle, domestic, industrial, & commercial to reduce air pollution and make cities more cleaner and greener.

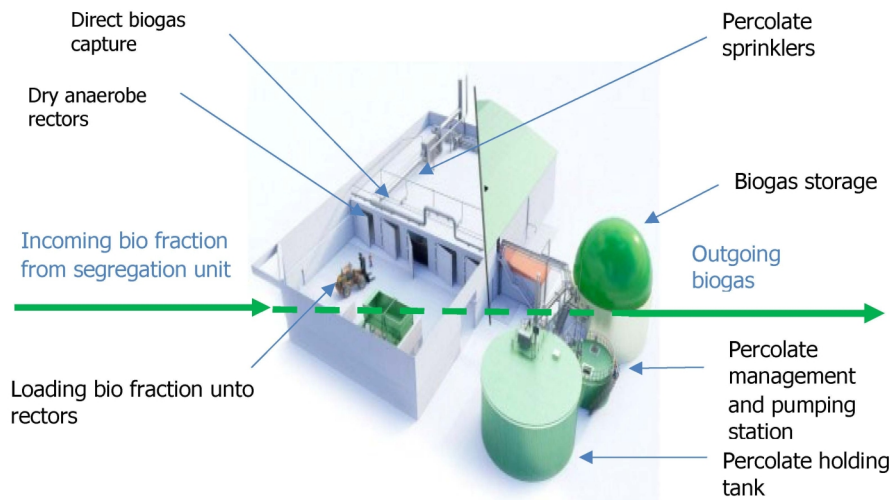
Your Company is continuously striving to develop a comprehensive marketing strategy to promote the use of natural gas and expand customer reach.

CUGL is continuously exploring the implementation of new digital technology to improve customer experience and streamline operations. Implementation of innovative solutions like digital billing and payment systems, mobile application, SAP S/4 HANA implementation, smart metering, and automation will reduce response time and increase customer convenience and satisfaction.

Your Company is also actively participating under SATAT (Sustainable Alternative Towards Affordable Transportation) scheme launched by the Ministry of Petroleum & Natural Gas and had issued Letter of Intent(s) to facilitate waste management and promote use of Biogas.

Your Company is also working meticulously to set up a Waste to Energy plant in Kanpur. This plant will convert 1200 MT per day of Municipal Solid Waste in Kanpur city to generate around 42,000 SCM of Biogas, 40,000 SCM of CO<sub>2</sub>, 300 MT of Compost per day along with some other useful products. In this reference, a Memorandum of Understanding (MoU) was signed by your Company with Kanpur Municipal Corporation (KMC) on 31st March 2023.

This project of Waste to Energy as depicted below is planned to be executed in Kanpur by the proposed joint venture in between your Company and SusBDe, which is a leading technology provider firm based in Netherland



Your Company also intends to expand its CNG customer base by setting up 20 more CNG Stations. Thus, the number of total CNG stations is expected to reach 105 by the end of FY 2023-24. Introduction of newer CNG variant models by different vehicle manufacturers & conversion of petrol driven vehicles into CNG mode will continue to add to CNG sales.

CUGL plans to make a significant investment in CGD infrastructure to expand its existing steel & PE pipeline network and purchase of land for its Head Office operations and/ or setting up of CNG Station(s) or for Warehouse purpose.

Your Company has also innovative plans to expand its PNG customer base as a part of mission of expanding PNG launched by the Ministry of Petroleum & Natural Gas, Government of India.

**9. CHANGE IN THE NATURE OF BUSINESS, IF ANY**

There was no change in the nature of the business of the Company during the financial year under review.

## **10. INFORMATION TECHNOLOGY (IT)**

CUGL is committed to build and maintain a customer friendly approach in its operation and systems. The Company has taken several IT initiatives to simplify process and to ensure better customer service experience and thus bring greater efficiency by way of following:

- Implementation of S/4 HANA: The Company has implemented the ERP solution of SAP S/4 HANA to optimize its business processes and operational efficiency. All the departments are very proactive in leveraging SAP and suggesting new ways to provide up-to-date, real-time detailed data for analysis.
- Implementation of CUGL App: Your Company has implemented CUGL APP 'CUGL Care' which is available on Android and IOS which provides all the support to customers starting from viewing their bills, making payments, online registration and raising a concern/complaint.
- CRM Module: Salesforce CRM module has been implemented for timely closure of complaints to enhance customer delight.
- Real Time On-the-Spot Billing and Payment: After implementation of SAP S/4 HANA, the bills of PNG domestic customers are being generated with a dynamic QR code on the spot through handheld devices. Customers can make payment through the QR code as well as by plastic money through handheld devices only.
- Geo tagging of all the PNG domestic customers.
- Prepaid meters for PNG domestic customers.
- Enhancement of data security.

## **11. HUMAN RESOURCES**

The Company believes that our human resources, i.e., employees, are most valuable asset for its success & growth and are backbone of the organisation. Therefore, the Company is always committed to hiring and retaining the best talent. The Company is continually working for the welfare of its employees and focusing on improving HR practices and processes aimed at employee satisfaction through participation and engagement. Attrition rate for the financial year under review was nominal.

In CUGL, welfare and well-being of the employees is one of our prime concerns. The Company is always working towards employee's work-life balance and organizing various interventions/ programs that help build a long-lasting and fruitful career and healthy employee relations and bonding with family members.

Building end-to-end skills is key to achieve sustainable and inclusive growth of the Company. Apart from that, career growth and technical knowledge enhancement is one major concerned area for the employees especially young generation employees, therefore CUGL is conducting / nominating its employees for various training programs/ conference/ seminars.

The Company has always believed in open and transparent communication. Employees are encouraged to share their concerns with their Line Managers, HODs, HR Department or the members of the Senior Leadership Team. The Company has always followed an open-door policy, wherein any employee irrespective of the hierarchy have access to the Leadership Team.

As part of digitalization of HR process, SAP-HR module has been implemented and payroll and certain reimbursement(s) are being processed through SAP.

In addition, new employees are sensitized on the Code of Conduct, Discipline and Appeal Rules (CDA Rules) applicable to the staff, during the employee induction programme.





**Training Session on Women Empowerment**

## 12. HEALTH, SAFETY AND ENVIRONMENT (HSE)

Your Company's topmost priority is fostering safe workplace and environment. Your Company's goal is Zero injuries because it is believed that injuries are preventable. The conduct of your business is in a responsible manner while adhering to internationally accepted practices. HSE performance is everyone's responsibility and each one of us has a duty to prevent unsafe actions and to reinforce safe behaviour through demonstrated HSE leadership.

In line with its commitment to environmental sustainability, CUGL undertakes various initiatives to reduce your carbon footprint and promote clean energy solutions. Your Company's initiative is environmental protection which aims to promote the national agenda of Swachh Bharat for a clean India.

Customer safety is one of the key aspects of focus & as a service-oriented Company, it is important for us to ensure that we gain the trust of our customers. CUGL conducts awareness sessions for its customers to promote awareness on the usage of CNG and PNG. To educate community and society at large, your Company also broadcasts the safety messages on time-to-time basis, through FM radio, print media, digital media, and social media.



**Fire fighting by UPFS during off-site Mock Drill**



At CUGL, our endeavour is to provide safe and healthy working conditions for all our employees and service providers. Additionally, we strive to minimise the impact of our operations on the environment and communities in which we operate. CUGL's strong emphasis on abiding by its Health, Safety, Environment, and Quality Policies enables us to maintain a zero-harm approach. Accordingly, we have developed incident prevention programmes, transport safety, and fire safety programmes, strictly adhering to our integrated SHEQ and risk management system.

CUGL is proud to be an ISO 45001:2018 certified organisation thus demonstrating its commitment in Safety, Quality and Environmental aspects. CUGL is also ISO 9001:2015 & ISO 14001:2015 certified organization.

### **Compliance and Standards**

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

Our HSE and Quality management system complies with the following standards and certified by third party inspection agencies:

- ISO 45001:2018 for Occupational Health & Safety Management system
- ISO 14001:2015 for Environment Management System
- ISO 9001:2015 for Quality Management System
- PNGRB ERDMP Regulation 2010 amendment 2020

### **HSE Highlights for FY 2022-23**

- A Major Mock drill involving UP Fire Brigade, Disaster Management Cell, UP Police, UP Pollution Control Board, Directorate of Factories, Mutual Aid Response Group (MARG) members was conducted to demonstrate our Emergency Response and Disaster Management Plan (ERDMP). The efforts were well appreciated by the statutory authorities.
- Celebrated National Safety Week, Fire Service Week, Road Safety Week and World Environment Day with zeal and enthusiasm.
- Collaboration with UP Fire Services and Disaster Management for training of employees engaged in emergency response.

HSE Training is a tool which helps us to achieve our organizational HSE goals by improving the skills, tackling skill gaps, improving performance, increasing productivity and knowledge enhancement of contractors of your Company. HSE Training at CUGL has gained importance due to large volume of contractors undergoing the training and its increasing operations and areas. Training allows the contractors to acquire new skills, improve existing ones, perform better, increase productivity, and improve HSE performance.

During the financial year under review, 10,075 Man Hours training was provided on various HSE aspects. More than 50 "Nukkad Naatak"/ "Dial before Dig" campaigns were imparted throughout the year to educate the third parties involved in digging activities as well as local public regarding the PNG line, its severe damages and impact due to high pressure gas pipeline damages.

Local shops near charged PNG Lines were also sensitized about gas pipelines and its impact due to line damages, so that any digging information to CUGL can be shared by them on as and when required.



**Off-site Mock Drill**



### 13. CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Company firmly believes that the commitment towards playing a defining role in the development of its stakeholders extends to uplifting lives of the marginalized segments of the society, living in and around its areas of operation. CUGL is committed to the communities around its business locations and far beyond, through its CSR initiatives.

Your Company has strategically aligned many of its CSR activities to create value for the society. Sustainability of the initiatives is at the core of CSR activities factoring in community needs and cultural sensitivities, in the thrust areas of Health & Sanitation, Education, Skill Development, Community Development and Environmental Sustainability.

As per the provisions of Section 135 of the Companies Act, 2013, the Company has formulated a CSR Policy which 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.



**Glimpse of CSR Activities during FY 2022-23**

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

As per the requirement of Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014, details of conservation of energy, technology absorption and foreign exchange earnings & outgo are part of the Board's Report and appended as **Annexure "B"**.

### 15. 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) and 5(3) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014.

### 16. DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 134(3)(c) read with Section 134(5) of Companies Act, 2013 ("Act"), the Directors of the Company, to the best of their knowledge and belief, state that:

- (a) in the preparation of the Annual Accounts for the Financial Year ended March 31, 2023, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;

- (c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the Directors had prepared the Annual Accounts for the Financial Year ended March 31, 2023 on a going concern basis; and
- (e) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## 17. CORPORATE GOVERNANCE

Corporate governance implies the way in which a company is managed to ensure that all of its stakeholders get their fair share in its earnings and assets and disclosure of all material information. Good corporate governance involves the commitment of a company to run its businesses in a legal, ethical and in transparent manner. Corporate Governance involves a set of relationships between a company's management, its Board, its shareholders and other stakeholders. Corporate Governance also provides the structure through which the objectives of the company are set and the means of attaining those objectives and monitoring.

Transparency, integrity and accountability are the three principles that guide corporate governance at CUGL. The governance system is intended to set high standards of ethical and responsible conduct of the Company's business to maximise value for all stakeholders, including shareholders, customers, employees, contractors, vendors, and society at large. It aims to strengthen the relationship of trust between the Company and its stakeholders and help the Company achieve its goals and objectives.

Through effective corporate governance, the Board seeks to embed and sustain a culture that will enable CUGL to fulfil its purpose and achieve its long-term strategic objectives, by building durable partnerships and upholding its core values of Integrity & Ethics, respect, safety, excellence and Technology & Innovation.

## 18. AUDITORS

### (A) Statutory Auditors and Audit Report

In exercise of powers conferred under Section 139 of the Companies Act, 2013, the Comptroller and Auditor General of India (C&AG) vide its letter dated 29/08/2022 has appointed M/s. P. L. Tandon & Co., Chartered Accountants (Firm Registration No. 000186C), as Statutory Auditors of the Company for the Financial Year 2022-23 who shall hold office as such till the conclusion of the ensuing Annual General Meeting of the Company.

The Statutory Auditors were paid a remuneration towards audit fee together with reporting on Internal Financial Control (IFC) amounting to Rs. 6,50,000/- exclusive of applicable taxes and reimbursement of reasonable travelling and out of pocket expenses actually incurred. Apart from the foregoing, charges of Rs. 1,00,000/- each for 3 quarters, i.e., quarter ending September 2022, December 2022 and March 2023 towards Limited Review and Certification of Unaudited Financial Statements and Rs. 1,00,000/- towards Tax Audit u/s 44AB of the Income Tax Act, 1961 for FY 2022-23, both exclusive of applicable taxes.

The Comments of the Comptroller and Auditor General of India (C&AG) under Section 143(6)(b) of the Companies Act, 2013 on the Financial Statements of the Company for the Financial Year ended on 31st March 2023 forms part of the Annual Report.

Notes to the Financial Statements, if any, referred to in the Auditors' Report are self-explanatory. The Auditors' Report does not contain any qualification, observation, adverse remark or disclaimer, accordingly, do not call for explanation(s)/ comment(s) thereon by the Board. Further, during the Financial Year 2022-23, the Statutory Auditors have not reported any fraud under Section 143(12) of the Companies Act, 2013 and rules made thereunder.

### **(B) Cost Auditors**

As per the requirement of Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014, the Cost Records are being maintained by your Company and M/s. R.M. Bansal & Co., Cost Accountants, were appointed as the Cost Auditors for the Financial Year ended on March 31, 2023 to conduct audit of the cost accounting records maintained by the Company. Further, the Cost Audit Report for the Financial Year ended on March 31, 2023 shall be filed within the prescribed time period under the Companies (Cost Records and Audit) Rules, 2014.

In accordance with the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit & Auditors) Rules, 2014, the Board of Directors appointed M/s. R.M. Bansal & Co., Cost Accountants, as Cost Auditors of the Company for the Financial Year 2023-24 at the remuneration of Rs. 60,000/- plus applicable taxes.

As required under the Companies Act, 2013, remuneration payable to the Cost Auditor is 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 Accountants, as Cost Auditors for FY 2023-24 is being included in the Notice convening the ensuing Annual General Meeting.

### **(C) Secretarial Auditors**

Pursuant to Section 204 of the Companies Act, 2013, your Company had appointed M/s. Garg & Associates, Practicing Company Secretaries, Kanpur, as Secretarial Auditors to conduct Secretarial Audit for the Financial Year 2022-23.

The Secretarial Audit Report for the Financial Year ended on March 31, 2023 is appended as **Annexure "C"** to this Report and, regarding the observation/ qualification therein for non-appointment of Woman Director on the Board of the Company, the Board is of the view that appointment of a Women Independent Director may be explored. All Directors on the Board of your Company are appointed as per their respective nomination, except Independent Director(s). The Company is exempted from the requirement of appointing Independent Director(s), however, as good corporate governance, an Independent Director has been appointed on the Board of your Company.

## **19. COMPLIANCE OF SECRETARIAL STANDARDS (SS)**

The Secretarial Standards SS-1 and SS-2 issued and notified by the Institute of Company Secretaries of India as amended / replaced from time to time have been complied with by the Company during the financial year under review. The same has also been reported by the Secretarial Auditors in their report referred to above.

## **20. ANNUAL RETURN**

As required under Section 92(3) of the Companies Act, 2013, the Annual Return shall be hosted on the website of the Company, i.e., [www.cugl.co.in](http://www.cugl.co.in).

## **21. RELATED PARTY TRANSACTIONS**

During the Financial Year 2022-23, the Company has entered into transactions with the Promoters, Shareholders, Directors and/ or the Management, but they do not have potential conflict with the interests of the Company at large. Further, the Company has formulated a Policy on Related Party Transactions and, though criteria of material transaction is not laid in the said Policy, the Related Party Transaction(s) exceeding 10% of turnover in value have been disclosed in Form No. AOC-2 which forms part of this Report and enclosed as **Annexure "D"**. All transactions with related parties are also disclosed separately as per the Indian Accounting Standard-24 and set out as Note No. 30 to the Financial Statements for the Financial Year ended on March 31, 2023 forming part of the Annual Report.

## **22. MANAGERIAL REMUNERATION AND SITTING FEES**

The Managing Director and Director (Commercial) are nominated by GAIL (India) Limited (GAIL) and Bharat Petroleum Corporation Limited (BPCL) respectively and the terms and conditions of their appointment including remuneration are advised by their parent organization(s).

The Non-Executive Directors nominated by BPCL and Indraprastha Gas Limited and Independent Director(s) are paid sitting fees of Rs.20,000/- per Board Meeting and Rs.10,000/- per Committee meeting for attending the respective meeting(s). Further, out of the above, the Sitting Fees entitlement of

Independent Directors is paid directly to the individual(s) and the same is paid to nominating parent organisation(s) named above for other Non-Executive Directors of the Company.

The Non-Executive Directors do not hold any shares in the Company.

### 23. COMMISSION TO DIRECTORS

During the Reporting Period, none of the Directors of the Company were in receipt of any commission from the Company or receipt of commission/ remuneration from its Holding or Subsidiary Company, if any.

### 24. RISK MANAGEMENT POLICY

Your Company had in place a Risk Management Policy in terms of the requirement of the Companies Act, 2013 with the objective that all the current and future material risk exposures of the Company are identified, assessed, quantified, appropriately mitigated, minimized & managed and to assure business growth with financial stability. The Company has adequate risk management process according to its size and strength to identify and notify the Board about the risks that could have an adverse impact on the Company's operations. Accordingly, your Directors are of the opinion that as of now there is no such element in the risks identified that may threaten the existence of the Company.

### 25. VIGIL MECHANISM/ WHISTLE BLOWER POLICY

The Company has established a Vigil Mechanism, which also incorporates a whistle blower mechanism in terms of the Companies Act, 2013, providing 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, i.e., [www.cugl.co.in](http://www.cugl.co.in).

### 26. DETAILS OF SUBSIDIARY/ JOINT VENTURES/ ASSOCIATE COMPANIES

Your Company does not have any Subsidiary or Joint Venture or Associate Company as on 31st March 2023. Further, no company has become/ ceased to be a Subsidiary, Joint Venture, or Associate during the Reporting Period.

### 27. HOLDING COMPANY

During the Reporting Period or as at 31st March 2023, there was no holding company of your Company.

### 28. DIRECTORS AND KEY MANAGERIAL PERSONNEL

#### (A) Composition of the Board of Directors

The composition of Board and category of Directors as at March 31, 2023 of your Company is as under:

| S. No. | Name of the Directors                  | Designation           | Category                               | DIN      |
|--------|--|-----------------------|--|----------|
| 1.     | Shri Mahesh Vishwanathan Iyer          | Chairman              | Non-Executive Director                 | 08198178 |
| 2.     | Shri Rathish Kumar Das                 | Managing Director     | Executive Director                     | 09586463 |
| 3.     | Shri Sunil Kumar Bains                 | Director (Commercial) | Wholetime Director/ Executive Director | 09053593 |
| 4.     | Shri Akshay Wadhwa                     | Director              | Non-Executive Director                 | 09599904 |
| 5.     | Shri Praveen Kumar Pandey <sup>#</sup> | Director              | Non-Executive Director                 | 08255446 |
| 6.     | Shri Ajay Tyagi <sup>##</sup>          | Director              | Non-Executive Director                 | 09451836 |
| 7.     | Shri Rajeev Kumar                      | Director              | Non-Executive Director                 | 09698796 |
| 8.     | Shri Sunil Kumar Agrawal               | Independent Director  | Non-Executive Director                 | 03029952 |

<sup>#</sup>Ceased to be Director of the Company w.e.f. 31/05/2023

<sup>##</sup>Ceased to be Director of the Company w.e.f. 01/06/2023



## **(B) Change in Directors and Key Managerial Personnel (KMP)**

The details of change in Directors of the Company is hereunder:

- (i). Shri Hirdesh Kumar ceased to be the Managing Director of the Company w.e.f. 02/05/2022 and thereafter, Shri Rathish Kumar Das was appointed as an Additional Director and Managing Director of the Company as nominated by GAIL (India) Limited w.e.f. 02/05/2022.
- (ii). Shri Manjeet Singh ceased to be Director w.e.f. 01/07/2022 and Shri Rajiv Dutta ceased to be an Additional Director w.e.f. 13/04/2022 from the Board of the Company. Further, Shri Ramesh Chandra Gupta ceased to be an Independent Director upon expiration of his term w.e.f. 01/07/2022.
- (iii). Shri Ajai Tyagi was appointed as an Additional Director of the Company on nomination by Indraprastha Gas Limited w.e.f. 29/12/2021. Subsequent to the closure of the Reporting Period, he resigned from directorship of CUGL w.e.f. 01/06/2023.
- (iv). Shri Akshay Wadhwa was appointed as an Additional Director of the Company w.e.f. 09/05/2022.
- (v). Shri Rajeev Kumar was appointed as an Additional Director (Nominee of Indraprastha Gas Limited) w.e.f. 18/08/2022.
- (vi). Shri Sunil Kumar Agrawal was appointed as Independent Director w.e.f. 02/07/2021 for one year term. He was further re-appointed as Director in an Independent category for three years, i.e., w.e.f. 18/08/2022 which was also approved by the Shareholders in the preceding Annual General Meeting (AGM).
- (vii). During FY 2022-23, in the 17th AGM of the Company, Shri Mahesh Vishwanathan Iyer (08198178), Shri Akshay Wadhwa (09599904), Shri Rajeev Kumar (09698796), Shri Rathish Kumar Das (09586463), Shri Ajai Tyagi (DIN: 09451836) and Shri Sunil Kumar Agrawal (03029952) were regularized by way of change in designation w.e.f. 19/09/2022.
- (viii). After the closure of the Financial Year, Shri Vinod Kumar Dhaaka and Shri Bhudev Singh have been appointed as Additional Director of the Company with effect from 07th August, 2023 and 09th August, 2023 respectively to hold the office upto the ensuing Annual General Meeting of the Company. The Board recommends appointment of Shri Vinod Kumar Dhaaka (10270463) and Shri Bhudev Singh (10273421) for regularization as Director of the Company at the forthcoming Annual General Meeting of the Company.

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:

- (i). Shri Rathish Kumar Das, Managing Director (MD) of the Company with effect from 02nd May, 2022.
- (ii). Shri Sunil Kumar Bains, Director (Commercial) continuing as Whole Time Director (WTD) with effect from 04th February, 2021.
- (iii). Shri Asheesh Agrawal, Chief Financial Officer of the Company with effect from 18th March, 2016.
- (iv). Shri Basant Bilash Bihani, Company Secretary of the Company effective from 22nd November, 2022.

**(C) Statutory Committee(s)**

The composition of the Statutory Committee(s) of the Board as at March 31, 2023 stood as under:

| S. No. | Name of the Committee                           | Composition               |                   |
|--------|---|---------------------------|-------------------|
| 1.     | Audit Committee                                 | Shri Sunil Kumar Agrawal  | Chairman & Member |
|        |   | Shri Akshay Wadhwa        | Member            |
|        |   | Shri Praveen Kumar Pandey | Member            |
| 2.     | Corporate Social Responsibility (CSR) Committee | Shri Sunil Kumar Agrawal  | Chairman & Member |
|        |   | Shri Rathish Kumar Das    | Member            |
|        |   | Shri Sunil Kumar Bains    | Member            |

Further, being a Joint Venture Company, the Company is exempted from applicability of provisions under Section 178 of the Companies Act, 2013 requiring to constitute a Nomination and Remuneration Committee and to formulate a Nomination & Remuneration Policy.

**(D) Rotation of Director(s)**

In accordance with the provisions of the Companies Act, 2013, Shri Mahesh Vishwanathan Iyer, Chairman and Director shall retire by rotation at the ensuing 18th Annual General Meeting of the Company and, being eligible, offers himself for re-appointment.

**(E) Independent Director(s)**

During the Financial Year ended on March 31, 2023, Shri Sunil Kumar Agrawal (DIN: 03029952) was re-appointed as Non-Executive Independent Director w.e.f. 18/08/2022 for another term of 3 years, upto 17/08/2025, which was approved by the Members by passing Special Resolution at the preceding Annual General Meeting held on 19/09/2022 in accordance with the provisions of Section 149 of the Companies Act, 2013.

Further, the Company has received necessary declaration from Independent Director(s) in accordance with Section 149(7) of the Companies Act, 2013 confirming that they meet the criteria of independence as laid out in Section 149(6) of the Companies Act, 2013.

**(F) Board Evaluation**

The Board of your Company comprises of Directors nominated by GAIL (India) Limited (GAIL), Bharat Petroleum Corporation Limited (BPCL) and Indraprastha Gas Limited (IGL) respectively.

Further, your Company is exempted from the requirement of appointing Independent Director(s), however, as good corporate governance, its Board has an Independent Director and all other Directors have been appointed as per their respective nominations received from GAIL, BPCL and IGL as their parent organisations. Therefore, annual performance evaluation of individual Directors may have been carried out by the parent organisation of respective Directors on the Board.

In the opinion of the Board of Directors, Independent Director(s) have the required integrity, expertise and experience.

As part of formal annual evaluation of the performance of the Board and its Committee(s), it is opined that both have duly met several times during the year and made recommendation(s) / taken well informed decision(s) contributing towards the success and in the interest of your Company.

**29. MEETINGS OF THE DIRECTORS**
**(A) Board of Directors**

During the Financial Year ended on March 31, 2023, 7 (seven) Board Meetings were held on 19/04/2022, 13/05/2022, 25/05/2022, 28/06/2022, 29/08/2022, 22/11/2022, and 22/02/2023 respectively.

**(B) Audit Committee**

During the Financial Year ended on March 31, 2023, 4 (four) meetings of the Audit Committee were held

on 25/05/2022, 29/08/2022, 22/11/2022, and 21/02/2023 respectively.

**(C) Corporate Social Responsibility (CSR) Committee**

During the Financial Year ended on March 31, 2023, 2 (two) meetings of the Corporate Social Responsibility (CSR) Committee were held on 30/06/2022 and 27/01/2023 respectively.

**(D) Summarized position of all the Board / Committee Meeting(s):**

The summarised position of all the Board / Committee Meeting(s), including last AGM, held during the Reporting Period, consisting of the status of Board Members and their attendance at the respective meeting(s), is tabulated below:

| Sl. No. | Director / Committee Member   | Board Meeting(s)                           |                                  | Audit Committee Meeting(s)                       |  | CSR Committee Meeting(s)                       |                                      | Attendance at last AGM |
|---------|-------------------------------|--|----------------------------------|--|--|--|--------------------------------------|------------------------|
|         |                               | No. of Board Meeting(s) entitled to attend | No. of Board Meeting(s) attended | No. of Audit Comm. Meeting(s) entitled to attend | No. of Audit Comm. Meeting(s) attended | No. of CSR Comm. Meeting(s) entitled to attend | No. of CSR Comm. Meeting(s) attended |                        |
| 1.      | Shri Mahesh Vishwanathan Iyer | 7  | 7                                | N.A.   | N.A.                                   | N.A.   | N.A.                                 | Yes                    |
| 2.      | Shri Hirdesh Kumar            | 1  | 1                                | N.A.   | N.A.                                   | N.A.   | N.A.                                 | N.A.                   |
| 3.      | Shri Rathish Kumar Das        | 6  | 6                                | N.A.   | N.A.                                   | 2  | 1                                    | Yes                    |
| 4.      | Shri Sunil Kumar Bains        | 7  | 7                                | N.A.   | N.A.                                   | 2  | 2                                    | Yes                    |
| 5.      | Shri Rajiv Dutta              | N.A.                                       | N.A.                             | N.A.   | N.A.                                   | N.A.   | N.A.                                 | N.A.                   |
| 6.      | Shri Akshay Wadhwa            | 6  | 6                                | 4  | 4                                      | N.A.   | N.A.                                 | Yes                    |
| 7.      | Shri Ramesh Chandra Gupta     | 4  | 4                                | 1  | 1                                      | 1  | 1                                    | N.A.                   |
| 8.      | Shri Sunil Kumar Agrawal      | 7  | 7                                | 4  | 4                                      | 2  | 2                                    | Yes                    |
| 9.      | Shri Manjeet Singh            | 4  | 4                                | 1  | 1                                      | N.A.   | N.A.                                 | N.A.                   |
| 10.     | Shri Praveen Kumar Pandey     | 7  | 5                                | 3  | 3                                      | N.A.   | N.A.                                 | Yes                    |
| 11.     | Shri Ajai Tyagi               | 7  | 6                                | N.A.   | N.A.                                   | N.A.   | N.A.                                 | Yes                    |
| 12.     | Shri Rajeev Kumar             | 3  | 3                                | N.A.   | N.A.                                   | N.A.   | N.A.                                 | Yes                    |

**30. PROMOTERS AND SHAREHOLDING PATTERN**

The Promoters and Shareholding Pattern of the Company as on 31st March 2023 is as follows:

| Sl. No.      | Name of Shareholder(s)  | Category     | No. of Equity Share(s) held @ Rs. 10/- each | % of Equity Shares held |
|--------------|---|--------------|---|-------------------------|
| 1.           | GAIL (India) Limited including shares held jointly with Individuals being it's employees. | Promoter     | 1,50,00,000                                 | 25%                     |
| 2.           | Bharat Petroleum Corporation Limited (BPCL)   | Promoter     | 1,49,99,600                                 | 25%                     |
| 3.           | Others (Individuals of BPCL)  | Promoter     | 400   | Negligible              |
| 4.           | Indraprastha Gas Limited  | Non-Promoter | 3,00,00,000                                 | 50%                     |
| <b>TOTAL</b> |   |              | <b>6,00,00,000</b>                          | <b>100%</b>             |

### **31. MANAGEMENT DISCUSSION AND ANALYSIS**

The Management Discussion and Analysis forms part of this Report at **Annexure "E"**.

### **32. INTERNAL FINANCIAL CONTROLS AND ADEQUACY**

The Company has an Internal Control System that commensurate with the present state of affairs of the Company.

The Company has adopted the policies and procedures 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 frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial disclosures.

Based on the framework of internal financial controls, compliance system established and maintained by the Company, work performed by the auditors, and the reviews performed by the management, the Board is of the opinion that the Company's internal financial controls with reference to financial statements were adequate and effective in all material respects during the Financial Year 2022-23.

### **33. MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY**

Except as reported herein, there are no material changes and commitments affecting the financial position of your Company which have occurred between the end of the Financial Year of the Company to which the Financial Statements relate and the date of this Report. However, the status of the affairs of the Company and management information has been updated as above.

### **34. TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND**

There were no funds which were required to be transferred to Investor Education and Protection Fund (IEPF).

### **35. DETAILS OF DIFFERENCE BETWEEN AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS ALONG WITH THE REASONS THEREOF**

During the reporting period, your Company has not made any one time settlement in respect any loan taken from Banks or Financial Institutions. In fact, no term loan has been taken by the Company.

### **36. DETAILS OF PROCEEDINGS UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016**

During the Financial Year 2022-23, neither any application is made nor is any proceeding pending under the Insolvency and Bankruptcy Code, 2016 concerning your Company.

### **37. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE**

There are no significant and material orders passed by any regulator or court or tribunal impacting the going concern status and your Company's operations.

### **38. DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

Your Company is committed to provide a working environment that is professional and mature, free from animosity and one that reinforces our value of integrity that includes respect for the individual to ensure the same. Further, the Company has taken necessary steps to ensure the safety of employees and compliance of the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

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 an Internal Complaints Committee. No complaint was pending as on beginning of the Reporting Period and also no complaint with allegation of sexual harassment was received during the year by the Company.





### Proceedings at 17th AGM

#### 39. ACKNOWLEDGEMENT

Your Directors express their gratitude for the help, guidance and support received from the Ministry of Petroleum and Natural Gas as well as the State Government of Uttar Pradesh, regulatory and statutory authorities including Petroleum and Natural Gas Regulatory Board, and Promoter Companies (GAIL & BPCL) for their continuous patronage & support throughout the year.

Your Directors acknowledge the constructive suggestions and support received from all Statutory & Local Authorities, Auditors, Bankers, Media, Station Operators & their employees, contractors, vendors and suppliers. Also remain grateful for their continued support and cooperation.

The Directors place on record their deep appreciation towards CUGL's valued customers and business partners for their continued co-operation & support for reposing their faith, trust and confidence in the Company.

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

All that we have achieved would not have been possible without the relentless and focused efforts of your Company's employees, we place our deep appreciation for their commitment.

Your Directors also express their gratitude for the help, guidance and support received from the outgoing Board Members.

Your Directors and employees look forward to the future with confidence and stand committed towards creating a mutually rewarding future for all stakeholders.

Sd/-

**(Rathish Kumar Das)**

Managing Director  
DIN: 09586463

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

Sd/-

**(Sunil Kumar Bains)**

Director Commercial  
DIN: 09053593

**Place:** Kanpur, U.P.

**Date:** 08.09.2023

#### Registered Office:

7th floor, UPSIDC Complex  
A 1/4 Lakhanpur, Kanpur-208 024  
**CIN:** U40200UP2005PLC029538,  
**Website:** www.cugl.co.in  
**Email:** secretarial@cugl.co.in  
**Tel No.:** 0512-2246000,  
**Fax No.:** 0512- 2582453

# ANNEXURE- "A"

## Annual Report on Corporate Social Responsibility (CSR) Activities/ Initiatives for the Financial Year ended on 31st March, 2023

(Pursuant to Section 135 of the Companies Act, 2013 and Rule 9 of the Companies (Accounts) Rules, 2014)

### 1. Brief outline on CSR Policy of the Company:-

Central U.P. Gas Limited (CUGL) recognizes that it's business activities have direct and indirect impact on the society. The Company strives to integrate it's business values and operations in an ethical and transparent manner to demonstrate it's 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.

The CSR Policy of the Company is in line with requirements of Companies Act, 2013 and it's contents are displayed on CUGL's website at [www.cugl.co.in](http://www.cugl.co.in).

### 2. Composition of CSR Committee:

Shri Sunil Kumar Agrawal – Chairman

Shri Ramesh Chandra Gupta – Member (ceased w.e.f. 01/07/2022)

Shri Rathish Kumar Das – Member

Shri Sunil Kumar Bains – Member

The Corporate Social Responsibility Committee of the Company earlier comprised of Four Directors, out of which Two Director were independent. After cessation of Shri Ramesh Chandra Gupta from the Board effective from 01/07/2022, the Composition of CSR Committee was re-constituted with 1 Independent Director and 2 Executive Director. Details of composition of the CSR Committee is as under:

| Sl. No. | Name of Director          | Designation/ Nature of Directorship            | Number of meetings of CSR Committee held during the year | Number of meetings of CSR Committee attended during the year |
|---------|---------------------------|--|--|--|
| 1.      | Shri Sunil Kumar Agrawal  | Independent Director, Chairman                 | 2  | 2  |
| 2.      | Shri Ramesh Chandra Gupta | Independent Director, Member (upto 01/07/2022) | 2  | 1  |
| 3.      | Shri Rathish Kumar Das    | Managing Director, Member                      | 2  | 1  |
| 4.      | Shri Sunil Kumar Bains    | Director (Commercial), Member                  | 2  | 2  |

3. **Web-link where Composition of CSR Committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company:** <https://www.cugl.co.in>

4. **Executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable:** Not Applicable

5. (a) **Average net profit of the company as per sub-section (5) of section 135:** Rs. 12080.12 Lakh

(b) **Two percent of average net profit of the company as per sub- section (5) of section 135:** Rs. 241.60 Lakh

(c) Surplus arising out of the CSR Projects or programmes or activities of the previous financial years: NIL

(d) Amount required to be set-off for the financial year, if any: NIL

(e) Total CSR obligation for the financial year [(b)+(c)-(d)]: NIL

6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): Rs. 198.51 Lakh

(b) Amount spent in Administrative Overheads: NIL

(c) Amount spent on Impact Assessment, if applicable: Not Applicable

(d) Total amount spent for the Financial Year [(a)+(b)+(c)]: Rs. 198.51 Lakh

(e) CSR amount spent or unspent for the Financial Year:

| Total Amount Spent for the Financial Year (in Rs./Lakhs) | Amount Unspent (In Rs/Lakhs)  |                  |   |                 |                  |
|--|---|------------------|---|-----------------|------------------|
|  | Total Amount transferred to Unspent CSR Account as per sub-section (6) of section 135 |                  | Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135 |                 |                  |
|  | Amount  | Date of transfer | Name of the Fund  | Amount          | Date of Transfer |
| Rs. 198.51 Lakh  | N.A.  | N.A.             | Clean Ganga Fund  | Rs. 21.545 Lakh | 05/09/2023       |
|  |   |                  | Prime Minister's National Relief Fund   | Rs. 21.545 Lakh | 05/09/2023       |

(e) Excess amount for set-off, if any: Not Applicable.

| Sl. No. | Particular  | Amount (in Rs.) |
|---------|---|-----------------|
| (1)     | (2)   | (3)             |
| (i)     | Two percent of average net profit of the company as per sub-section (5) of section 135                      | Rs. 241.60 Lakh |
| (ii)    | Total amount spent for the Financial Year   | Rs. 198.51 Lakh |
| (iii)   | Excess amount spent for the Financial Year [(ii)-(i)]   | N.A.            |
| (iv)    | Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any | N.A.            |
| (v)     | Amount available for set off in succeeding Financial Years [(iii)-(iv)]                                     | N.A.            |

7. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:

| 1       | 2                           | 3   | 4   | 5  | 6  |  | 7                  | 8    |
|---------|-----------------------------|---|---|--|--|--|--------------------|------|
|         |                             |   |   |  | Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any | Amount remaining to be spent in succeeding Financial Years (in Rs) |                    |      |
| Sl. No. | Preceding Financial Year(s) | Amount transferred to Unspent CSR Account under sub-section (6) of section 135 (in Rs.) | Balance Amount in Unspent CSR Account under sub-section (6) of section 135 (in Rs.) | Amount Spent in the Financial Year (in Rs) | Amount (in Rs)   | Date of Transfer   | Deficiency, if any |      |
| 1       | 2021-22                     | N.A.  | N.A.  | N.A.                                       | N.A.   | N.A.   | N.A.               | N.A. |
| 2       | 2020-21                     | NIL   | NIL   | 85,03,355                                  | 74,70,645  | 28/09/2021   | N.A.               | N.A. |
| 3       | 2019-20                     | N.A.  | N.A.  | N.A.                                       | N.A.   | N.A.   | N.A.               | N.A. |

**8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:** No, any capital asset has not been created or acquired through CSR amount spent during the Reporting Period for the Company.

If Yes, enter the number of Capital assets created/ acquired: N.A.

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

| Sl. No. | Short particulars of the property or asset(s) [including complete address and location of the property] | Pincode of the property or asset(s) | Date of creation | Amount of CSR amount spent | Details of entity/ Authority/ beneficiary of the registered owner |      |                    |
|---------|---|-------------------------------------|------------------|----------------------------|---|------|--------------------|
| 1       | 2   | 3                                   | 4                | 5                          | 6   |      |                    |
|         |   |                                     |                  |                            | CSR Registration Number, if applicable                            | Name | Registered address |

(All the fields should be captured as appearing in the revenue record, flat no, house no, Municipal Office/Municipal Corporation/ Gram panchayat are to be specified and also the area of the immovable property as well as boundaries)

**9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per subsection (5) of section 135:**

Out of the approved ones, few planned CSR activities could not be executed/ completed by 31/03/2023 due to certain external reasons of the implementing agencies and with focus to complete the CSR activities through Govt. Agencies during the FY 2022-23 to fulfill the compliance requirement.

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

**Sd/-  
(Rathish Kumar Das)**

Managing Director  
DIN: 09586463  
Place: Kanpur, U.P.  
Date: 08.09.2023

**Sd/-  
(Sunil Kumar Agrawal)**

CSR Committee Chairperson  
DIN: 03029952  
Place: Noida, U.P.  
Date: 08.09.2023

**Sd/-  
(Sunil Kumar Bains)**

Director (Commercial)  
DIN: 09053593  
Place: Kanpur, U.P.  
Date: 08.09.2023



# ANNEXURE- "B"

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

The details of conservation of energy, technology absorption, foreign exchange earnings and outgo for the reporting period are as follows:

### a) Conservation of Energy

|       |  |   |
|-------|--|---|
| (i)   | The steps taken or impact on conservation of energy                      | Conservation of energy is an ongoing process in the Company's activities. Few of them are as under:<br>a) Various measures are taken to minimize the gas loss and gas loss is controlled;<br>b) Close monitoring of engine fuel consumption (Natural Gas) of compressor packages is in place to maintain the fuel consumption below the prescribed limit.   |
| (ii)  | The steps taken by the company for utilizing alternate sources of energy | a) Conventional lights are replaced with LED lights at CNG stations.<br>b) Diesel based LCVs/ HCVs are replaced by CNG based LCVs/ HCVs.<br>c) Fleet management system being implemented for optimization of travel route, time & cost of LCV/ HCV movement for better utilization & enhancement of CNG sales.<br>d) LTE/ GSM based push to talk Walkie Talkies being procured to enhance better patrolling, improve/ reduce response time during emergencies & third party damages.<br>e) Options are being explored for installation of Solar Plant at various location(s) to meet the electricity demand required for operating. |
| (iii) | The capital investment on energy conservation equipment's                | NIL   |

### b) Technology Absorption

|       |   |  |
|-------|---|--|
| (i)   | The efforts made towards technology absorption  | a) CNG automation of COCO CNG stations<br>b) Implementation of SAP HANA<br>c) Installation of domestic AMR Meters<br>d) Procurement of laser-based methane gas detectors for leak survey   |
| (ii)  | The benefits derived like product improvement, cost reduction, product development or import substitution   | a) Cost reduction by in-house maintenance of CNG dispensers & CNG Cascades<br>b) Cost reduction by in-house maintenance of old DR & Delta compressors<br>c) Cost reduction by the development of alternate sources for dispenser spares<br>d) Cost reduction by optimization of manpower<br>e) Cost reduction by conversion of DB stations into Online stations. |
| (iii) | In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-<br>(a) the details of technology imported<br>(b) the year of import;<br>(c) whether the technology been fully absorbed<br>(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof | N.A.   |
| (iv)  | 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.

# ANNEXURE- "C"

**GARG & ASSOCIATES**  
Company Secretaries

S.K. GARG, F.C.S.

117/K/35, R. S. PURAM  
Opp. Kulwanti Hospital  
Kakadeo, Kanpur-25  
Mob:9415044521

## SECRETARIAL AUDIT REPORT

**For the Financial Year ended on 31st March, 2023**

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

To,  
The Members,  
**CENTRAL U.P. GAS LIMITED**  
(CIN:U40200UP2005PLC029538)  
7th Floor, UPSIDC Complex,  
A - 1/4, Lakhanpur,  
KANPUR- 208024

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s **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 our 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 31st March, 2023 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 31st March, 2023, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;  
**(Not applicable to the company during audit period being unlisted Company)**
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;  
**(Not applicable to the Company during audit period as the company has no Foreign Direct Investment, Overseas Direct Investment or External Commercial Borrowings)**
- (v) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')  
**(Not applicable to the company during audit period being an unlisted Company)**
- (vi) We further report that having regard to the Compliance system prevailing in the company and on examination of relevant records in pursuance thereof, on test check basis, the company has generally complied with the following Laws applicable specifically to the Company-
  - a. The Petroleum and Natural Gas Regulatory Board Act,2006 and the Rules and Regulations made

there under;

- b. The Explosives Act, 1804 and the Rules and Regulations made there under; and
- 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 the Stock Exchanges

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

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. **However, as required under section 149 (1) of the Companies Act, 2013 read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014, No Woman Director has been appointed on the Board.** The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent 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 in Board Meetings and Committee Meetings are generally carried out unanimously as recorded in the Minutes of the Meetings of the Board of Directors or Committees of the Board, as the case may be.

we further report that based on the information provided by the Company and its Officers during the conduct of Audit, 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 there was no specific event/action in pursuance to above referred laws/rules/ Regulations/ Guidelines having any major bearing on company's affairs.

**Place :** Kanpur  
**Date :** 03.08.2023

**For Garg & Associates**

Company Secretaries

Sd/-

**(S.K. GARG)**

Proprietor

FCS: 1345

CP: 2169

UDIN: F001345E000729688

**Note:** This Report to be read with our letter of even date which is marked as **Annexure** and forms an integral part of this Report.



# ANNEXURE TO SECRETARIAL AUDIT REPORT

**GARG & ASSOCIATES**  
Company Secretaries

**S.K. GARG, F.C.S.**

**117/K/35, R. S. PURAM**  
**Opp. Kulwanti Hospital**  
**Kakadeo, Kanpur-25**  
**Mob:9415044521**

To,  
The Members,  
**CENTRAL U.P. GAS LIMITED**  
(CIN:U40200UP2005PLC029538)  
7th Floor, UPSIDC Complex,  
A - 1/4, Lakhanpur,  
KANPUR- 208024

Our Secretarial Audit Report for the Financial year ended on 31st March,2023 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 processes 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 processes 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 as the same are subject of Statutory Audit.
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, Secretarial standards is the responsibility of management. Our examination was limited to the verification of procedures 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 :** 03.08.2023

For **Garg & Associates**  
Company Secretaries  
**Sd/-**  
**(S.K. GARG)**  
Proprietor  
FCS: 1345  
CP: 2169



# ANNEXURE- "D"

## FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

**Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto**

### 1. Details of contracts or arrangements or transactions not at arm's length basis:

|     |   |      |
|-----|---|------|
| (a) | Name(s) of the related party and nature of relationship   | N.A. |
| (b) | Nature of contracts/ arrangements/ transactions   | N.A. |
| (c) | Duration of the contracts/ arrangements/ transactions   | N.A. |
| (d) | Salient terms of the contracts or arrangements or transactions including the value, if any                        | N.A. |
| (e) | Justification for entering into such contracts or arrangements or transactions                                    | N.A. |
| (f) | Date(s) of approval by the Board  | N.A. |
| (g) | Amount paid as advances, if any   | N.A. |
| (h) | Date on which the special resolution was passed in general meeting as required under first proviso to Section 188 | N.A. |

### 2. Details of material contracts or arrangement or transactions at arm's length basis:

|     |  |   |  |
|-----|--|---|--|
| (a) | Name(s) of the related party and nature of relationship                                    | GAIL (India) Limited  | Bharat Petroleum Corporation Limited   |
| (b) | Nature of contracts/ arrangements/ transactions  | Purchase of Natural Gas of various types like APM, NAPM, Long/ Mid-term and SPOT RLNG, etc. | Sale of CNG                            |
| (c) | Duration of the contracts/ arrangements/ transactions                                      | Ongoing transactions during FY 2022-23  | Ongoing transactions during FY 2022-23 |
| (d) | Salient terms of the contracts or arrangements or transactions including the value, if any | Rs. 49,345.48 Lakh  | Rs. 12,219.87 Lakh                     |
| (e) | Date(s) of approval by the Board   | N.A.  | N.A.                                   |
| (f) | Amount paid as advances, if any  | N.A.  | N.A.                                   |

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

**Sd/-**  
**(Rathish Kumar Das)**  
Managing Director  
DIN: 09586463  
**Place:**Kanpur, U.P.  
**Date:**08/09/2023

**Sd/-**  
**(Sunil Kumar Bains)**  
Director (Commercial)  
DIN: 09053593

# ANNEXURE- "E"

## MANAGEMENT DISCUSSION AND ANALYSIS

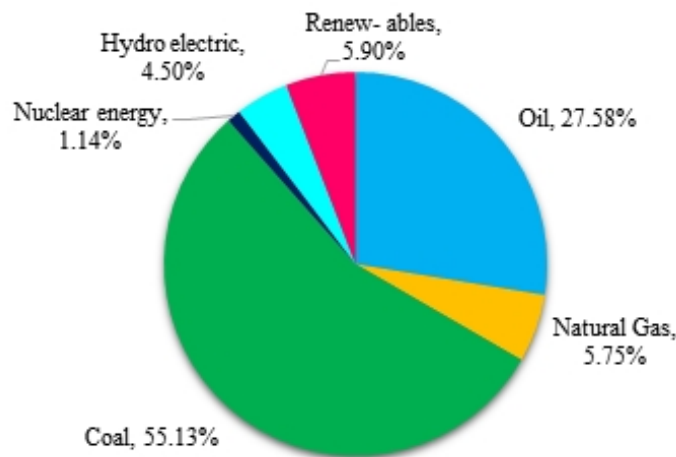
### NATURAL GAS SCENARIO IN INDIA

Natural gas is one of the cleanest, safest, and most useful among the available energy solutions. Natural gas is traditionally consumed in the CGD (residential, commercial, transport and in the industrial sector), Power, Fertilizer and LPG etc.

The Indian market for CNG and PNG presents significant growth potential for City Gas Distribution companies. Despite being one of the world's largest energy consumers, natural gas usage in India remains relatively low, i.e., 5.75%, indicating ample room for market penetration. With India's increasing energy consumption and a shift towards environmentally cleaner fuels, your Company is well-positioned to capitalize this market opportunity.

As per the BP statistical review of world energy, share of Natural Gas in India's energy basket in CY 2022 was 5.75% only, against 23.49% share worldwide.

**Energy consumption by fuel**



### CITY GAS DISTRIBUTION (CGD)

City Gas Distribution sector is growing at a very faster pace in comparison to other gas consuming sectors. The CGD sector is primarily focused on the supply and distribution of natural gas, which is an important source of energy for cooking, transportation, Industrial and commercial applications.

CGD sector in India is being regulated by the PNGRB (Petroleum and Natural Gas Regulatory Board), which is responsible for formulation of regulations, bidding, licensing and tariff finalization etc. for of the CGD sector.

With the launch of successful bidding rounds by the PNGRB, India's gas distribution system has undergone significant transformation in recent years, with a focus on increasing access to clean and affordable energy.

In addition to this, the Government has also implemented several initiatives, including the Pradhan Mantri Urja Ganga project, which aims to provide natural gas to industries and households in eastern part of India.

Additionally, the government has also modified domestic gas allocation guidelines for CNG and DPNG segments of City Gas Distribution (CGD), which has resulted in a very positive boost to promote the natural gas.

In addition to increasing the allocation of natural gas, the Government has also given priority allocation to

CGD of HPHT (High Pressure – High Temperature) gas.

Further, the government has set a target of increasing the share of natural gas in India's energy mix from 5.75% at present to 15% by 2030.

### **OUTLOOK ON STRENGTHS, WEAKNESS, OPPORTUNITIES AND THREAT**

#### **Strengths:**

- PSU promoters with continuous guidance and support.
- Excellent Technical Know How experience of more than 18 years.
- Sustainable growth over the years. Also, awarded as best established CGD Company of the year 2022 by the FIPI.
- Government support & vision to promote gas-based economy.
- Healthy financial position to invest in prospective opportunities for business diversification.

#### **Weaknesses:**

- Longer time period for receipt of various permissions for development of gas infrastructure.
- Limited land availability in municipal areas for opening of new CNG stations.

#### **Opportunities:**

- Increasing environmental concerns in society, which is resulting in to increase in Clean Energy Demand (YOY) as catalyst for increase in Natural Gas Sale.
- Excellent Product Mix Options that can meet needs of diverse customer segments.
- Government Vision and Support for Gas Based Economy.
- Supreme Court mandates for use of CNG in Public Transport in Kanpur.
- OEMs are coming up with more and more new variants of CNG vehicles.

#### **Threats:**

- Declining alternate fuel prices in comparison of gas prices.
- Emergence of Electric Vehicles.
- Gas pipeline damages by third parties.
- Cut in domestic gas allocation, which is to be meet by costly RLNG for CNG and DPNG segments.
- End of marketing exclusivity is a potential risk especially for CNG and Industrial segments.

### **VALUE CREATION TECHNOLOGICAL EXCELLENCE**

Your Company is working meticulously to create value for its customers and stakeholders. In order to take it further, your company is continuously upgrading itself by using the latest technologies to meet the changing business requirements. Your Company is also upgrading to SAP- S/4 HANA to further enhance its operational efficiency in the processes with cost optimization. In addition to this, your Company is also working for use of new technologies mentioned below:

1. Android and iOS based CUGL application.
2. Implementation of Sales Force.
3. CNG Station automation.

4. Use of the latest software, which combined data from Google Maps, SAP and CRM for route optimization, schedule planning, and lead generation.
5. Walkie talkie for Patrollers and manpower working at sensitive locations.

**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 marginally from those expressed or implied. Important developments that could affect the Company's operations include demand-supply conditions, changes in Government and international regulations, gas prices, tax regimes, economic developments within and outside India and other factors such as litigation and labour relations.