

*Expanding Horizon,
Transmitting
smiles*



Bhagyanagar Gas Ltd.

(A Joint Venture of Gail (India) Ltd. & HPCL)

Annual Report | 2018-19

Vision

To make BGL an unparalleled natural gas distribution company, providing economically cheaper, eco-friendly alternative fuels to transport, domestic, commercial and industrial sectors with the objective of safeguarding the environment by bringing down pollution levels in the State of Telangana and Andhra Pradesh, India.



Mission

- *CNG & City Gas Distribution in various cities of Telangana and Andhra Pradesh. To start with Hyderabad-Secunderabad, Vijayawada and Kakinada.*
- *To provide safe, convenient and reliable gas supply to our customers in transport, domestic, commercial and industrial sectors.*
- *To facilitate conversions of commercial and private vehicles to CNG through external agencies by:*
 1. *Making available the quality CNG kits and*
 2. *Creating a network of workshops to undertake reliable and speedy conversion to CNG.*
- *Assist in technology development and use of eco-friendly appliances to small scale industries which are presently on conventional fuels.*
- *Promoting new technologies in Energy Sector to improve environment and reduce pollution.*





Bhagyanagar Gas Limited

CORPORATE INFORMATION

PRESENT BOARD OF DIRECTORS



Shri Dilip Kumar Pattanaik
Chairman

Shri Rajeev Garg
Managing Director



Shri Rajesh Vedvyas
Independent Director



Shri A.K. Tripathi
Director



Shri Sanjiv Gujral
Director Commercial cum C.F.O



CORPORATE INFORMATION

PRESENT NOMINATION & REMUNERATION COMMITTEE MEMBERS

Shri Rajesh Vedvyas, Chairman
Shri Dilip Kumar Pattanaik, Member
Shri A.K.Tripathi, Member

PRESENT AUDIT COMMITTEE MEMBERS

Shri Rajesh Vedvyas, Chairman
Shri Rajeev Garg, Member
Shri Sanjiv Gujral, Member

PRESENT CSR COMMITTEE MEMBERS

Shri Rajesh Vedvyas, Chairman
Shri Rajeev Garg, Member
Shri Sanjiv Gujral, Member

COMPANY SECRETARY

Smt. Malleswari.G

STATUTORY AUDITORS

M/s S.DAGA & Co.,
Chartered Accountants

INTERNAL AUDITORS

M/s Lakshmi & Associates.,
Chartered Accountants

COST AUDITORS

M/s Nageswara Rao & Co.,
Cost Accountants

TAX AUDITORS

M/s S.DAGA & Co.,
Chartered Accountants

SECRETARIAL AUDITORS

M/s Nekkanti S.R.V.V.V.S.Narayana & Co.,
Company Secretaries

BANKERS

ICICI Bank Limited

REGISTERED OFFICE

Second Floor, Parisrama Bhawan, TSIDC
Building,

Basheer Bagh, Hyderabad - 500 004

Tel: 040 - 23245083/ Fax: 040 66565081

Website: www.bglgas.com

mail: corporatehqo@bglgas.com

REGISTRARS & SHARE TRANSFER AGENTS

KARVY COMPUTER SHARE PRIVATE LIMITED

Karvy Selenium Tower B, Plot no 31& 32

Gachibowli, Financial District, Nanakramguda
Serilingampally, Hyderabad-500 032

Registered Office: Karvy House 46, Avenue 4,
Street No.1, Banjara Hills, Hyderabad - 500 034.



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CHAIRMAN MESSAGE

Dear Shareholders,

It gives me immense pleasure to present the highlights of spectacular achievements witnessed by your company in the year 2018-19.

Government of India is giving thrust to natural gas and would like to make India as a gas-based economy. In this background, landscape of CGD industry is fast changing with coverage of a large number of geographical areas in various parts of the country. The changing CGD scenario would give a boost to our business. We are confident about maintaining business momentum and delivering a strong performance in the coming years, with continuous expansion of our business by increasing consumer base. As we move forward, we plan to increase number of CNG stations and pipeline infrastructure to capitalize the additional demand created by conversion of private cars and improvement of public transport. The Company has given thrust to PNG domestic segment and plans to penetrate in the existing areas as well as to tap left out areas.

Over the years, the Company has been delivering excellent results on all fronts and I am pleased to state that this year too, we have sustained that trend. BGL has recorded an all-time high profit after tax of ₹19.23 crores during the year 2018-19 and the overall Revenue of BGL is at ₹185.27 crore as against ₹156.59 Crores in the previous year, registering a growth of 18%.

Your company successfully scaled up its infrastructure during the year in its area of operations in the city of Hyderabad, Vijayawada and Kakinada despite encountering several challenges like, limited construction windows, requirement of statutory permissions from local authorities at every stage.

The project and marketing teams of your company achieved significant success in adding new Customers during the year.

Total 71 CNG station were operational as on 31st March 2019, of which 45 Stations in Hyderabad, 19 stations in Vijayawada and 6 stations in Kakinada. Your Company is taking initiatives to purchasing /taking on lease basis Land in Hyderabad for establishment of online CNG Stations.

Your Company will continue to aggressively add more PNG connections and CNG fueling stations in pursuit of significant overall growth in the Company's operations.

The steady growth of your Company has been the result of strong all round performance by the dedicated force of our employees, vendors & contractors along with the excellent support received from the Management.

HPCL and GAIL are the promoters of your company. I take this opportunity to thank both these companies for their continued support. I also thank the Ministry of Petroleum & Natural Gas, Petroleum & Natural Gas Regulatory Board, Government of India, Government of Telangana & Government of Andhra Pradesh for their co-operation and support in the growth of the Company.

I also express my gratitude and thanks to our esteemed customers and shareholders for their valuable and continued support, that helped BGL to continuously enhance its growth and forge ahead.

My sincere thanks to all my colleague Directors on the Board and I am confident that with the continued guidance and support from the promoters and the shareholders of BGL., the Company would continue to achieve greater heights in the times to come.

Sd/-

Dilip Kumar Pattanaik
Chairman

Bhagyanagar Gas Limited





Bhagyanagar Gas Limited



MESSAGE FROM MANAGING DIRECTOR



Dear Shareholders,

Natural gas is the cleanest of all fossil fuels and when used directly by energy consumers. To top it all, natural gas is affordable. Our mission is to provide safe, efficient and reliable gas supply as a green fuel to our customers in transport, domestic, commercial and industrial sector.

Our journey till date has been marked by several significant successes. We not only met each of our customers expectation but have also exceeded the same resulting in a notable improvement in new customer additions in 2018-19. The total 15,132 nos of new domestic customers, 45 nos of new commercial customers, 13 nos of industrials were added. The total 19 Nos. of CNG stations were commissioned during financial year 2018-19.

As on 31st March 2019, total PNG (D) are 36810 Nos. and CNG Stations 70 Nos. in all three Gas i.e., Hyderabad, Vijayawada and Kakinada.

BGL has successfully laid 03 km of steel pipe line in less than a month time and supplied natural gas which is ensuring to 30,000 SCMD ramping upto 1,00,000 SCMD.

Customer acquisition process, has been improved a lot by reducing the time required to serve domestic as well as commercial customers and also more quickly respond to customer needs.

We will continue our best efforts to become the most also trusted and reliable gas service provider available to our existing and prospective customers in all the three Geographical areas viz., Hyderabad, Vijayawada and Kakinada.

Shareholders shall be happy to know that the Comptroller & Auditor General of India has conveyed NIL Comment report for the year, which is a reflection of the accounting standards devoutly complied by your Company.

Moving forward, Bhagyanagar Gas Limited will continue to focus on its business objective of increasing the penetration in the geographical areas in which it operates thereby expanding our network to reach all our customer segments in these areas.

In the end, on behalf of the entire Board of Directors of the Company, entire management team and its employees, I would like to thank promoters, customers, vendors and shareholders for reposing faith on us.

My sincere thanks to Chairman of Board, Chairman of Audit and Nomination and Remuneration Committee and my colleague Directors on the Board for their guidance and support.

My humble gratitude to each and every employee of Bhagyanagar Gas Limited for their striving hard with dedication and sincerity to achieve the Company Goals and Objectives.

We look forward to achieve greater heights with your continuous support.

Sd/-

Rajeev Garg

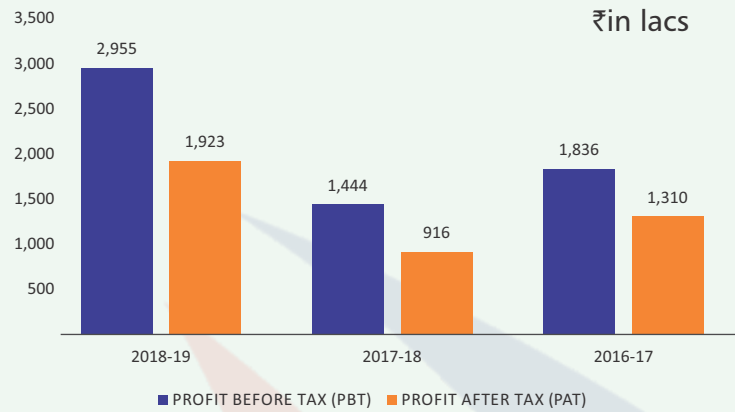
Managing Director

Bhagyanagar Gas Limited

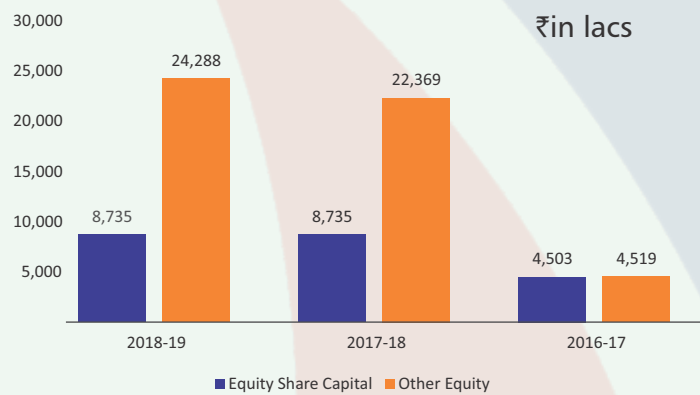


Financial Highlights

PROFITABILITY

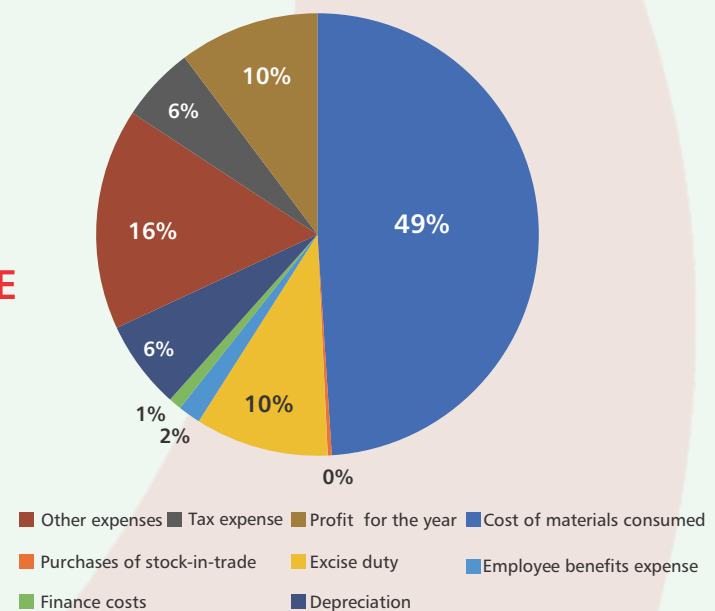


SHAREHOLDER'S FUND



COST & PROFIT AS % REVENUE

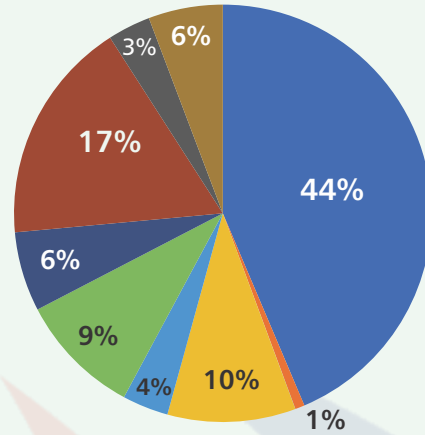
2017-18





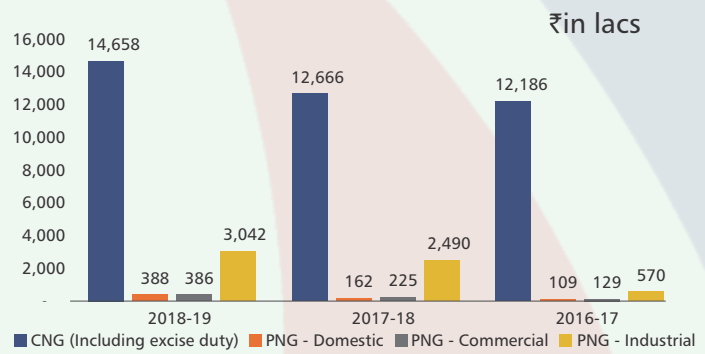
Financial Highlights

COST & PROFIT AS % REVENUE



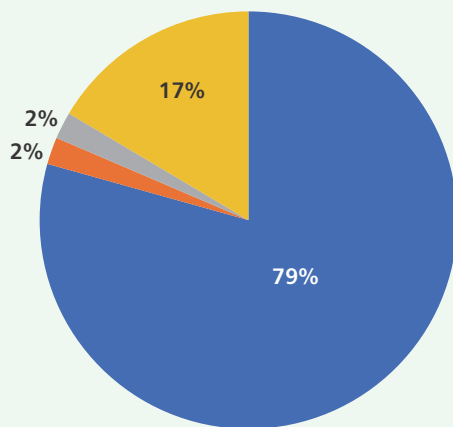
■ Other expenses ■ Tax expense ■ Profit for the year ■ Cost of materials consumed
 ■ Purchases of stock-in-trade ■ Excise duty ■ Employee benefits expense
 ■ Finance costs ■ Depreciation

REVENUE FROM OPERATIONS



REVENUE MIX

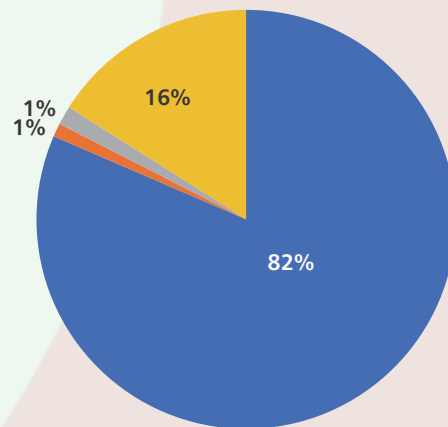
2018-19



■ CNG (Including excise duty) ■ PNG Industrial
 ■ PNG Commercial ■ PNG Domestic

REVENUE MIX

2017-18



■ CNG (Including excise duty) ■ PNG Industrial
 ■ PNG Commercial ■ PNG Domestic



NOTICE OF 16th ANNUAL GENERAL MEETING

Notice is hereby given that 16th Annual General Meeting of the Members of Bhagyanagar Gas Limited will be held on Thursday 26th September 2019 at 3.00 P.M. at the Regd. Office of the company situated at Second Floor, Parisrama Bhawan, TSIDC Building, Basheer Bagh, Hyderabad - 500 004 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Financial Statements for the financial year ended 31st March, 2019 and Report of Board of Directors' and Auditors' Report thereon.
2. To appoint a Director in place of Shri Sanjiv Gujral (DIN 07808552) who retires by rotation and being eligible, offers himself for re-appointment.
3. To authorize Board of Directors of the Company to fix the remuneration of Statutory Auditors of the Company to be appointed by Comptroller and Auditor General of India for the financial year 2019-20, in terms of the provisions of Section 142 of the Companies Act, 2013.

SPECIAL BUSINESS

4. Appointment of Shri Dilip Kumar Pattanaik (DIN 07540032) as Director on the Board.
To consider, and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT, Shri Dilip Kumar Pattanaik (DIN 07540032) who was appointed as an Additional Director of the Company by the Board of Directors w.e.f 18th April 2019 and in terms of section 161 of the Companies Act, 2013, and who holds office up to the date of this Annual General Meeting and is eligible for appointment in respect of whom the Company has received a notice in writing from a member signifying his intention to propose him as a candidate for the office of the Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."
5. Appointment of Shri Rajeev Garg (DIN 07674683) as Director on the Board.
To consider, and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:-
"RESOLVED THAT, Shri Rajeev Garg (DIN 07674683) who was appointed as an Additional Director of the Company by the Board of Directors w.e.f 9th May 2019 and in terms of section 161 of the Companies Act, 2013, and who holds office up to the date of this Annual General Meeting and is eligible for appointment in respect of whom the Company has received a notice in writing from a member signifying his intention to propose him as a candidate for the office of the Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."



6. Appointment of Shri Rajeev Garg (DIN 07674683) as Managing Director on the Board.

To consider, and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution: -

“RESOLVED THAT, pursuant to the provisions of Sections 196, 197, 198 and Schedule V and other applicable provisions if any of the Companies Act, 2013, consent of the Company be and is hereby accorded to the appointment of Shri Rajeev Garg (DIN 07674683) as Managing Director for a period of three years with effect from 9th May 2019 to 8th May 2022 on such terms and conditions as set out in the Explanatory Statement attached to this notice.

RESOLVED FURTHER THAT for the purpose of giving effect to the foregoing resolution, the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in the said regard.”

7. Appointment of Shri A.K.Tripathi (DIN 08531893) as Director on the Board: -

To consider, and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution: -

“RESOLVED THAT, Shri A.K.Tripathi (DIN 08531893) who was appointed as an Additional Director of the Company by the Board of Directors w.e.f 8th August 2019 and in terms of section 161 of the Companies Act, 2013, and who holds office up to the date of this Annual General Meeting and is eligible for appointment in respect of whom the Company has received a notice in writing from a member signifying his intention to propose him as a candidate for the office of the Director, be and is hereby appointed as a Director of the Company liable to retire by rotation.”

8. Issue of shares on Preferential Basis to APIIC/TSIIC :-

To consider, and if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution:-

“RESOLVED THAT pursuant to the provisions of Section 62 of the Companies Act, 2013 read with rule 13 of Companies (Share Capital and Debentures) Rules 2014 and applicable provisions if any and the Memorandum and Articles of Association of the Company and subject to all other applicable laws, rules, regulations, circulars and guidelines and subject to such approvals, permissions, sanctions and consents as may be necessary and required under the applicable laws, rules, regulations, circulars and guidelines and on such terms and conditions which may be accepted by the Board of Directors of the Company (herein referred to as “Board”) and subject to any other alterations, modifications, conditions, corrections, changes and variations that may be decided by the Board in its absolute discretion, consent of the Company be and is hereby accorded to the Board to issue from time to time, in one or more tranches, up to an aggregate of 50,00,000 equity shares at agreed price of face value of ₹10/- (Rupees ten only) per equity share to APIIC/TSIIC on a preferential basis.



RESOLVED FURTHER THAT the Shares to be offered, issued and allotted shall rank pari passu with the existing equity shares of the Company in all respects including the dividend;

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as the Board may, in its absolute discretion, deem necessary or desirable for such purpose, including without limitation to issue clarifications on the, issue and allotment of Shares, to execute all such writings and instruments and enter into arrangement/ agreements as the Board may in its absolute discretion deem necessary or desirable for purposes of this resolution, to settle all questions, difficulties or doubts that may arise in regard to the issue and allotment of the Shares, take all others steps which may be incidental, consequential, relevant or ancillary in this connection and to effect any modification to the foregoing in the best interests of the Company and its shareholders."

9. Remuneration to Cost Auditors for financial year 2019-20:-

To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

"RESOLVED THAT, the Board of Directors of the Company be and is hereby authorised to fix the remuneration to Cost Auditor (s) to be appointed by the BOD of the Company to conduct the audit of cost records of various units of the Company for the financial year 2019-20."

By order of the Board
(Bhagyanagar Gas Limited)

Sd/-
(MALLESWARI G)
Company Secretary

Place: Hyderabad
Date: 17.08.2019

Registered Office
Parisrama Bhavan,
TSIDC Building,
Basheer Bagh,
Hyderabad -500 004



NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT ANNUAL GENERAL MEETING (“THE MEETING”) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXY, IN ORDER TO BE EFFECTIVE SHOULD REACH THE REGISTERED OFFICE OF THE COMPANY AT LEAST 48 HOURS BEFORE THE SCHEDULED TIME OF THE MEETING (PROXY FORM IS ANNEXED HEREWITH).

Pursuant to the provisions of section 105 of the Companies Act, 2013, a person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or member.

A proxy form is sent herewith. Proxies submitted on behalf of the Companies must be supported by appropriate resolution.

2. Explanatory Statement pursuant to section 102 of the Companies Act, 2013 read with Secretarial Standards issued by the Institute of Company Secretaries of India in respect of the Special Business under Item No (s) 4 to 9 set out above is annexed hereto.
3. Corporate members intending to send their authorized representative(s) to attend the meeting are required to send a duly certified copy of the Board Resolution/Power of Attorney authorizing their representative to attend and vote on their behalf at the meeting.
4. Members holding shares in physical form are requested to consider converting their holding to dematerialized form to eliminate all risks associated with physical shares and for ease in portfolio management. Members can contact the company or KARVY for assistance in this regard.
5. Members/Proxies are requested to bring the attendance slips duly filled in to the meeting.

IMPORTANT COMMUNICATION TO MEMBERS

As per provisions of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, Company may give notice etc. through electronic mode i.e., by e-mail as a text or as an attachment to e-mail or as a notification providing electronic link. This year also, your Company has sent the email of notice of AGM members who are entitled to attend the same and also hosted on the website of the Company apart from posting the Annual Report.



EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO 4:-

Shri Dilip Kumar Pattanaik (DIN 07540032)was appointed as an additional Director by the Board of Directors w.e.f 18th April 2019 in accordance with the provisions of Section 161 of the Companies Act 2013 and the Articles of Association of the Company and he holds office up to the date of the ensuing Annual General Meeting.

In this regard, the Company has received request in writing from a shareholder of the company proposing his candidature for appointment as Director of the Company.

Shri Dilip Kumar Pattanaik, Executive Director- Natural Gas and Renewables, is an alumnus of NIT Durgapur from where he graduated in Mechanical Engineering in the year 1983 and thereafter joined in HPCL.

He has the distinction of having worked in Retail, Direct Sales, Aviation and presently in Gas & Renewables. While in Retail, Direct Sales and Aviation, he had handled critical functions in Retail Marketing and now currently heads the Gas & Renewables department as Executive Director based in Mumbai. During his tenure of 35 years he has handled 3 Regional Offices (Mangalore, Delhi and Secunderabad) and headed 2 Zones (North West and East Zone).

Earlier he was also in Board of MAFFFL, a Joint venture between Oil PSUs and Mumbai International Airport Private limited (MIAL). Presently he is in the Board of Godavari Gas Pvt Ltd & Hindustan OIL Gas Pvt Ltd.

In his present assignment, he has been successful in 8th Round and 9th Round of CGD bidding while getting authorization of Ambala- Kurukshetra GA and Kolhapur GA in consortium with OIL India Ltd and in the recently concluded 10th Round got authorization in Sonapat – Jind GA.

Shri Dilip Kumar Pattanaik (DIN 07540032) is interested in this Resolution mentioned at Item No. 4 of the Notice to the extent of his appointment as Director.

Other than Shri Dilip Kummar Pattanaik (DIN 07540032) no other Directors, Key Managerial Personnel or their relatives are concerned or interested in the Resolutions mentioned at Item No. 4 of the Notice.

Qualifications	Mechanical Engineering (B-Tech).
Experience	37 Years.
Date of First Appointment	18th April 2019 in BGL.
Relationship with Other Key Managerial Personnel (KMPs) and Directors	No relationship with other Key Managerial Personnel (KMPs) and Directors.
Shareholding in the Company	NIL.
Other Director ship in other Companies	Godavari Gas Pvt Ltd & Hindustan OIL Gas Pvt Ltd.
No.of meetings of the Board attended from 01-04-2018 to 31-03-2019after from the date of his appointment.	NIL, his appointment date is 18th April 2019.

Your Directors recommend the resolution for approval of shareholders as an Ordinary Resolution.



ITEM NO 5 & 6:

As per the recommendations of "Nomination and Remuneration Committee" Board of Directors have appointed Shri Rajeev Garg, nominee of GAIL, as Managing Director of Bhagyanagar Gas Limited for a period of three years with effect from 9th May 2019 to 8th May 2022 in pursuance of Article 31 of the Articles of Association of the Company and the provision of Section 196, 197, 198 and schedule V of the Companies Act, 2013.

In this regard, the Company has received request in writing from a shareholder of the company proposing his candidature for appointment as Director of the Company.

Shri Rajeev Garg is an Instrumentation Engineer, with master in Business Administrator in Marketing and possess 34 years of vast experience in Hydrocarbon sector. He has been in key positions while commissioning of Mega Petrochemicals Projects viz. IPCL Vadodara, GAIL Pata & Assam Cracker, Dibrugarh. He was associated in various Cross-country Pipeline Projects of GAIL viz: Dahej-Vijaipur Pipeline Phase-1, Vijaipur-Kota Pipeline, Kailaras – Malanpur Pipeline Projects etc. He has also commissioned GAIL Liquid Hydrocarbon and LPG Plant at Gandhar (Gujarat). He was also heading City Gas Distribution Projects for 29 Districts of GAIL Gas Ltd. (100% Subsidiary company of GAIL India Ltd.)

The terms and conditions of the appointment of Shri Rajeev Garg who is on deputation to BGL are as under:-

Period

Period of appointment is 3 years w.e.f 9th May 2019 to 8th May 2022.

Salary

Basic pay per month ₹2,13,650/- In addition he is entitled to variable D.A., Educational and Hostel Allowances, Professional Pursuit Allowances, deputation allowances and other allowances as per rules of GAIL and BGL.

Annual Increment as per rules of GAIL

In addition to salary, perquisites will be provided as per relevant applicable rules of GAIL and BGL

As per Section 197 (1) of the Companies Act, 2013 the total managerial remuneration payable by public company to its directors, including Managing Director and Whole Time Director and its manger in respect of any financial year shall not exceed 11% of net profits of the company.

However, as per section 197(3) of the Companies Act,2013 if any financial year, company has no profits or its profits are in adequate, Managerial Remuneration payable to Managing Director and Whole Time Director and its manager shall be as per the limits specified in Section II of Part II of Schedule V of the Companies Act, 2013.

Shri Rajeev Garg, is interested in this Resolutions mentioned at Item No. 5 & 6 of the Notice to the extent of his appointment as Director.

Other than Shri Rajeev Garg, no other Directors, Key Managerial Personnel or their relatives are concerned or interested in the Resolutions mentioned at Item No. 5 & 6 of the Notice.



Qualifications	BE (Instrumentation Engineer) and Post Graduate with Master in Business Administrator in Marketing.
Experience	34 Years .
Date of First Appointment in BGL	9th May 2019.
Relationship with Other Key Managerial Personnel (KMPs) and Directors	No relationship with other Key Managerial Personnel (KMPs) and Directors.
Shareholding in the Company	NIL
Other Director ship in other Companies	NIL
No.of meetings of the Board attended from 01-04-2018 to 31-03-2019 after from the date of his appointment.	NIL, his appointment date is 9th May 2019.

Your Directors recommend the resolution for approval of shareholders as a Special Resolution.

ITEM NO 7:-

Shri A.K.Tripathi (DIN 08531893) was appointed as an additional Director by the Board of Directors w.e.f 8th August 2019 in accordance with the provisions of Section 161 of the Companies Act 2013 and the Articles of Association of the Company and he holds office up to the date of the ensuing Annual General Meeting.

In this regard, the Company has received request in writing from a shareholder of the company proposing his candidature for appointment as Director of the Company.

He is an Electrical Engineering Graduate from Indian Institute of Technology Varanasi (Banaras Hindu University) and MBA in HR & Marketing from Sikkim Manipal University of Health, Medical and Technological Sciences possesses rich and diverse experience encompassing more than 28 years with GAIL (India) Limited in the areas of Projects, O&M of pipelines, Petrochemicals & GPUs has allowed him to gain insight knowledge across multiple business units and functional areas. He has in-depth experience of Operation & Maintenance of various Gas Turbines/Steam turbines of multiple manufacturers like Allison (now Siemens), BHEL, BGGTS, NP (now GE) and Solar. He was also members of the team associated with Bureau of Indian Standards for development of Natural Gas Flow Measurement Standards which was implemented first time in India.

Joined GAIL (India) Ltd in 1991 as Graduate Engineer Trainee. In the initial days in GAIL, he was given responsibility to look after instrumentation maintenance activities of Hazira O&M region.

From 1997 to 2002 looked after instrumentation activities of LPG plants at Vijaipur as well as Vijaipur Compressor Station. Later on he was associated with various units of Petrochemical plant Pata (upstream and downstream) in Auraiya District of Uttar Pradesh up to 2012.

From 2012 to 2014 he headed the O&M of Dibiyapur O&M Region which is spread in Uttar Pradesh from Jhansi to Phulpur and Babrala.

From 2014 to 2017 he headed the O&M of Hazira O&M Region which is the gate way of GAIL's HVJ Pipeline System.



Since 2017, he is working as Chief General Manager (O&M-HVJ) and responsible for smooth operations of all the compressor stations of GAIL's HVJ system along with associated pipelines of length approx. 5500 km.

Shri A.K.Tripathi (DIN 08531893), is interested in this Resolution mentioned at Item No. 7 of the Notice to the extent of his appointment as Director.

Shri A.K.Tripathi (DIN 08531893) no other Directors, Key Managerial Personnel or their relatives are concerned or interested in the Resolutions mentioned at Item No. 7 of the Notice.

Qualifications	He is an Electrical Engineering Graduate from Indian Institute of Technology Varanasi (Banaras Hindu University) and MBA in HR & Marketing from Sikkim Manipal University of Health, Medical and Technological Sciences .
Experience	28 Years
Date of First Appointment in BGL	8th August 2019
Relationship with Other Key Managerial Personnel (KMPs) and Directors	No relationship with other Key Managerial Personnel (KMPs) and Directors.
Shareholding in the Company	NIL
Other Director ship in other Companies	NIL
No.of meetings of the Board attended from 01-04-2018 to 31-03-2019 after from the date of his appointment.	NIL, his appointment date is 8th August 2019

Your Directors recommend the resolution for approval of shareholders as an Ordinary Resolution.



ITEM NO. 8

(I) The objects of the issue:-

At the Annual General Meeting of the Company consent of the shareholders was taken to issue 50,00,000 shares of Rs.10/- to Andhra Pradesh Industrial Infrastructure Corporation Limited (APIIC) and TSIIC. Allotment of shares to APIIC is pending for transfer of title to the parcels of land allotted by them to the Company.

As per Rule 13 (e) of Companies (Share capital and Debentures) Rules, 2014, the allotment of securities on a preferential basis made pursuant to Special resolution passed pursuant to sub rule (2) (b) shall be completed within a period of 12 months from the date of passing of the special resolution.

As per Rule 13 (f) of Companies (Share capital and Debentures) Rules, 2014, if the allotment of securities is not completed within 12 months from the date of passing of Special resolution another special resolution shall be passed for the company to complete such allotment thereafter.

Due to this reason a fresh proposal to issue 50,00,000 shares of Rs.10/- to Andhra Pradesh Industrial Infrastructure Corporation Limited (APIIC) and/or TSIIC, is being put up to the members for approval and is accordingly recommended.

(ii) The total number of equity shares to be issued:-

The total number of shares is as follows:

Sr. No.	Name of the allottee	No. of shares
1	APIIC and/or its successor in terms of the A.P. Reorganization Act, 2014.	50,00,000

(iii) The price or price band at/within which the allotment is proposed:-

The price for which the allotment is proposed is Rs.10/- per equity share, as per the understanding between APIIC and BGL and based on land allocation given to BGL.

(iv) Basis on which the price has been arrived at along with report of the registered Valuer:-

APIIC has given the parcel of lands to the company and the price is arrived as per the valuation done on that date.

(v) Relevant date with reference to which the price has been at:-

The relevant date to arrive the share price is the date the on which the parcel of lands were given to the Company.

(vi) The class or classes of persons to whom the allotment is proposed to be made:-

The allotment of equity shares referred to in resolution no:8 above is proposed to be issued to APIIC (and/or its successor in terms of the A.P. Reorganization Act, 2014).

(vii) Intention of promoters, directors or key managerial personnel to subscribe the offer:-

No promoters, directors or key managerial personnel interested to subscribe the offer.



(viii) The proposed time within which the allotment shall be completed:-

Allotment of equity shares shall be completed within statutory time from the date of passing of this resolution by the shareholders.

(ix) The change in control, if any, in the company that would occur consequent to the preferential allotment:-

No

(x) The number of persons to whom allotment on preferential basis have already been made during the year, in terms of number of securities as well as price:-

NIL

(x) The justification for the allotment proposed to be made for consideration other than cash together with valuation report of the registered valuer:-

APIIC has allotted parcels of land to the Company and Company has agreed to allot the shares to APIIC against that land base on the GO.

(xi) Pre-issue and post issue shareholding pattern of the company:

The pre-issue share holding pattern:-

Sr. No.	Name of the Shareholder	Number of Shares	Percentage of Shareholding
1	GAIL (India) Limited	4,36,49,997	49.97%
2	Hindustan Petroleum Corporation Limited	4,36,49,997	49.97%
3	Shri H.K. Garg jointly with GAIL	1	0.00%
4	Shri Kishore Kumar jointly with GAIL	1	0.00%
5	Shri Balasubramanian jointly with GAIL	1	0.00%
6	SHRI V Murali jointly with HPCL	1	0.00%
7	SHRI R. Sridhar jointly with HPCL	1	0.00%
8	SHRI C.K.Narasimha jointly with HPCL	1	0.00%
9	Kakinada Seaports Limited	48,500	0.06%
	TOTAL	8,73,48,500	100.00%



The post -issue share holding pattern:-

Sr. No.	Name of the Shareholder	Number of Shares	Percentage of Shareholding
1	GAIL (India) Limited	4,36,49,997	47.27%
2	Hindustan Petroleum Corporation Limited	4,36,49,997	47.27%
3	Shri H.K. Garg jointly with GAIL	1	0.00%
4	Shri Kishore Kumar jointly with GAIL	1	0.00%
5	Shri Balasubramanian jointly with GAIL	1	0.00%
6	SHRI V Murali jointly with HPCL	1	0.00%
7	SHRI R. Sridhar jointly with HPCL	1	0.00%
8	SHRI C.K.Narasimha jointly with HPCL	1	0.00%
9	Kakinada Seaports Limited	48,500	0.06%
10	APIIC/TSIIC	50,00,000	5.40%
	TOTAL	9,23,48,500	100.00%

Other than APIIC (and its successor in terms of the A.P. Reorganization Act, 2014), no Directors, Key Managerial Personnel or their relatives are concerned or interested in the Resolution mentioned at Item Nos.8 of the Notice.

The Directors recommend the resolution for approval by the shareholders as a Special Resolution.

ITEM NO. 9

In accordance with the provisions of section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, consent of the shareholders taken in the 15th Annual General Meeting, for authorizing the Board to approve the remuneration payable to the Cost Auditors for the financial year 2018-19.

The Board of Directors of the Company passed a resolution for appointment and remuneration payable to M/s Nageswara Rao & Co, Cost Accountants, Hyderabad [bearing Firm Registration Number 000332] to conduct the audit of the cost records of the Company for the financial year 2018-19.

Cost auditors for FY 2019-20 are to be appointed by the Board, therefore, consent is sought for authorizing the Board to approve the remuneration payable to the Cost Auditors for the financial year 2019-20.

No Directors, Key Managerial Personnel and/or their relatives, is/are interested or concerned, financially or otherwise in the item no 9.

Your Directors recommend the resolution for approval of shareholders an ordinary resolution.

By order of the Board
(Bhagyanagar Gas Limited)

Sd/-
(MALLESWARI G)
Company Secretary

Place: Hyderabad
Date: 17.08.2019



CSR Activity



Handing over of Vehicle to Akshaya Patra Foundation





Yoga Day





Bhagyanagar Gas Limited

Bhagyanagar Gas Limited
(CIN: U40200TG2003PLC041566)
Regd. Office: Parishram Bhavan, TSIDC Building, Basheer Bagh
Hyderabad – 500 004

DIRECTORS' REPORT

DEAR SHAREHOLDERS,

On behalf of the Board of Directors of your company, I am delighted to present the 16th Annual Report of your Company along with the audited financial statements for the financial year 2018-19.

PERFORMANCE DURING THE YEAR: -

A. During the year, segment wise sales turnover was:-

(₹ in Lakhs)

Product	For the year		% Growth (YoY)
	31-03-2019	31-03-2018	
Compressed Natural Gas (CNG)	14,657.78	12666.23	13.59%
Piped Natural Gas (PNG)	3816.13	2876.79	24.61%
Auto Liquefied Petroleum Gas (ALPG)	53.97	116.35	-115%
Total	18527.88	15659.37	18.32

B. The Company's financial is summarized below: -

(₹ in Lakhs)

Particulars	For the year 31.03.2019	For the year 31.03.2018
Revenue from Operations	18,527.88	15,659.37
Other Income	233.82	236.46
Total Revenue	18,761.70	15895.83
Cost of materials consumed/purchases/other expenses	14106.68	11388.72
Employee benefit expenses	309.11	567.68
Earnings Before Depreciation, Interest and Tax	4345.91	3939.43
Depreciation	1215.50	980.49
Finance Cost	175.37	1514.65
Profit before tax	2955.04	1444.29
Current Tax	633.19	268.59
Deferred Tax	399.33	259.70
Net Profit for the year after Tax	1922.52	916.00



ACHIEVEMENTS DURING THE YEAR:

- ✓ BGL has expanded its pipe network (steel and MDPE) from **708 kms** to **1133 kms** over the financial year's in the cities of its Operation with the aim to include more areas for domestic connections and supply clean fuel to vehicles in the geographical areas.

COMPRESSED NATURAL GAS:

- ✓ During the year, BGL expanded its CGD infrastructure and commissioned **19 CNG** stations, thereby enhancing its installed compression capacity to **7,51,890 kgs** per day till March 2019.
- ✓ BGL has laid the high pressure pipe line of **13 km** for conversion of offline stations to online stations which has increased the compression capacity of **21,600 Kgs** per day.
- ✓ BGL has made the efforts to reduce the power consumption of electric motor driven compressors by installing **variable frequency drives** to Delta make compressors and done the modification in **hydraulic pump and priority panel** in Sopan make compressors to reduce the energy consumption of motor driven compressors.

PIPED NATURAL GAS:

- ✓ PNG is gradually emerging as the key energy source for industrial and commercial users offering immense opportunities for growth and expansion. Natural gas is gaining strength as the preferred fuel when compared to the efficiency and eco sustainability of conventional fuels.
- ✓ During the year, under review BGL successfully launched various promotional schemes for enhancing PNG registrations from households.
- ✓ BGL successfully laid **03 km** of steel pipe line in less than **01 month time** to convert esteemed customer on natural gas, whose consumption is initially **30,000 SCMD** and ramping up to **1,00,000 SCMD**.
- ✓ BGL laid Medium pressure pipe line (MDPE) of **410 KM** for supply of piped natural gas to Domestic, commercial and Industrial consumers. BGL is supplying PNG to domestic customers progressively in its authorized cities. During the year under review, BGL provided approx. **15146** no. of PNG connections in authorized GA's and reached **approx. 36810** nos. as of March 2019.
- ✓ BGL has maintained focus on the PNG industrial and commercial segment as one of its potential growth area. concentrated efforts have resulted in the growth on the total no. of Industrial and commercial customers from **68 nos. to 125 Nos.** in the Financial Year 2018-19
- ✓ Continuous efforts were put for obtaining permissions from various govt. authorities in all geographical areas and reduction in ROU/ROW charges from KMC



(Kakinada Municipal Corporation) and different Panchayats resulting substantial reduction of restoration charges.

- ✓ Digitization has opened up new facilities for reaching consumers and delivering a convenient experience. BGL has under taken several IT measures to streamline its business process and further improvement in its consumer services viz. online registrations , payment, feedback system and mobile App etc.
- ✓ Further, BGL has installed smart meters for domestic customers in Hyderabad, Vijayawada and Kakinada. These Smart meters are intended to be the replacement for the traditional form of gas meters. They send automated meter readings directly to work station resulting substantial reduction of customer complaints with respect to meter reading etc.,
- ✓ Also, Implemented a mobile and web based application that includes a sequence of phases - New service connection, filed surveys, meter reading, bill generation ,distribution and payments on a single platform with the aim of ensuring the successful development and implementation of an user friendly app at a minimal cost.
- ✓ The main motto of this application is to promote, strengthen, and develop online registrations, payment gateway services in India. Thus, it maximizes the customers flexibility and ease of collecting the revenue of company.
- ✓ Digitalization of Payments to vendors and implementation of Customer/user friendly applications for CNG retail and D-PNG payments through various customised applications like Bharat bill payment, BHIM, UPI, PAYU. Etc . Our online payment gateway services allow customers to take and make transactions with utmost ease and flawlessness like never before.

BUSINESS & OPERATIONS: -

A) Project Highlights (As on 31st March 2019)

a) Hyderabad -

- Operating total 45 CNG Stations. (1Mother Station,1CoCo, 40 Retail Outlets and 3 TSRTC Depots).
- Approx. 25,000 vehicles are running on CNG. (Buses, Autos and Cars).
- Cumulative 252 KMs of MDPE pipeline laid.
- As on 31st March, 2019, 10579 no's PNG-Domestic connections are provided. (cumulative).
- Cumulative 46.6 KMs of Steel pipeline laid.



b) Vijayawada –

- Operating total 19 CNG Stations. (1 Mother Station, 3 APSTCS, 3 online and 12 Daughter Booster Stations).
- Cumulative 216 KMs of MDPE pipeline laid.
- Cumulative 39.9 KMs of Steel pipeline laid.
- Approx. 17300 vehicles are running on CNG (Buses, Autos and Cars).
- As on 31st March, 2019, 5658 no's PNG-Domestic connections are provided. (cumulative)

c) Kakinada –

- Operating total 6 CNG Stations. (1 Mother Station, 1 online station and 4 Daughter Booster Stations).
- Approx. 2025 vehicles are running on CNG. (Autos and Cars).
- Cumulative 537.80 KMs of MDPE pipeline laid.
- Cumulative 40.85 Kms of Steel pipeline laid (10" and 4") (cumulative)
- As on 31st March, 2019, 20573 no's PNG-Domestic are provided (cumulative).

B) Business Activities

During the year the Company has received 1,81,823 SCMD of APM Gas basis actual gas utilization. The size of operations was enhanced and nearly 39000 SCMD of industrial and commercial segment volume are supplied and is catered through RLNG.

Given below is the status of business line wise:

a) CNG

CNG as an alternate fuel concept has gained acceptance gradually with over 44,500 vehicles (autos, cars and buses) operating to CNG. The sales volumes of CNG during 2018-19 in Hyderabad, Vijayawada and Kakinada (including RTC –26251 Kgs/day) touched the highest of 82,500 kgs/day. The Average sale of CNG was 1,08,125 Kgs/day during 2018-19. In Vijayawada, Road transport Corporation (RTC) is operating 330 buses on CNG, whereas in Hyderabad 130 RTC buses are running on CNG.



Description	Numbers		Place	Numbers	
	2018-19	2017-18		2018- 19	2017- 18
CNG Stations	70	51	Hyderabad	45	33
			Vijayawada	19	13
			Kakinada	6	5

b) PNG

Status of Domestic, Commercial and Industrial PNG supplies in Hyderabad, Vijayawada and Kakinada are given below: -

Description	Numbers		Place	Numbers	
	2018-19	2017-18		2018- 19	2017- 18
PNG Connections- Domestic	36810	21678	Hyderabad	10579	7743
			Vijayawada	5658	2118
			Kakinada	20573	11817
PNG Connections- Commercial	107	62	Hyderabad	12	9
			Vijayawada	10	3
			Kakinada	85	50
PNG Connections- Industrial	18	5	Hyderabad	17	5
			Vijayawada	0	0
			Kakinada	1	0

C) Auto LPG

Our Company is operating 1 ALDS at Tirupati during the year 2018-19, with sales value of ₹ 53.97 Lacs.

Description	Numbers		Place
	2018-19	2017-18	
ALPG Station	1	1	Tirupati

SHARE CAPITAL: -

The Authorised Share Capital of the company as on 31st March 2019 is ₹100 Crores, consisting of ₹10 Crores equity share of face value of ₹10/- each and the paid-up capital of the Company is ₹87.35 crores.

BORROWING & DEBT SERVICING: -

Company has sanctioned Fund Based limits of INR 432 Crores and Non-Fund based limits of ₹65 Crores from ICICI Bank and closed all the existing term loan account with Consortium



bankers i.e., Canara Bank (Lead Banker) and Corporation Bank and filed the relevant forms with the Ministry of Corporate Affairs.

LEGAL ENTITY IDENTIFIER NUMBER: -

As per the instructions of RBI, it is mandatory for corporate borrowers having aggregate fund-based and non-fund-based exposure of 5 crore and above from any bank to obtain Legal Entity Identifier (LEI). Based on the instruction BHAGYANAGAR GAS LIMITED obtained the LEI number: 335800G4BLDD9GWGPW20.

REPORT ON PERFORMANCE OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES: -

During the year under review, your Company did not have any subsidiary, associate and joint venture companies.

DIVIDEND: -

The Company business is yet to expand to reach the various cities in Hyderabad, Vijayawada and Kakinada and the company requires fund for laying pipelines. Hence your Directors have thought it prudent not to recommend any dividend for the financial year ended on 31st March, 2019.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY: -

There have been no material changes and commitments which could affect the company financial position between the end of the financial year of the Company and date of this report. There has been no change in the business of the Company.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURT: -

During the year under review, there were no significant and/or material orders passed by any Regulator/ Court/ Tribunals which could impact the going concern status of your Company and its operations in future.

PARTICULAR OF CONTRACTS OR ARRANGEMENT WITH RELATED PARTIES: -

The details of transactions/contracts/arrangements entered by the Company with related party (ies) as defined under the provisions of Section 2(76) of the Companies Act, 2013, during the financial year under review, are furnished in **Annexure- I** and forms part of this Report.

PARTICULARS OF LOANS, GUARANTEES, INVESTMENTS AND SECURITIES: -

The Company has not provided any loans, not given any guarantees or not provided any security or not made any investment as per Section 186 of the Companies Act, 2013.

BOARD OF DIRECTORS: -

As per the provisions of Section 152 of the Companies Act, 2013, Shri Sanjiv Gujral (DIN:07808552) is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.



Shri Dilip Kumar Pattanaik (DIN: 07540032), was appointed as an additional director of the Company with effect from 18th April 2019 to hold office up to the date of ensuing Annual General Meeting.

Shri Rajeev Garg (DIN:07674683) was appointed as an additional director of the Company with effect from 9th May 2019 to hold office up to the date of ensuing Annual General Meeting.

Shri A.K.Tripathi (DIN 0008531893) was appointed as an additional director of the Company with effect from 8th August 2019 to hold office up to the date of ensuing Annual General Meeting.

Shri Sankavaram Venkateswara Prasad (DIN:02897631) ceased to be Director on the Board with effect from 8th May 2019 on account of repatriation to parent company i.e., GAIL.

Shri Satya Prakash Gupta (DIN: 07209092) ceased to be Director on the Board with effect from closing hours of 28th February 2019 on account of resignation due to superannuation to parent company i.e., HPCL.

Shri S. Bairagi (DIN:08167365) ceased to be Director on the Board with effect from 8th August 2019 on account of repatriation to parent company i.e., GAIL.

The Company has received notice as per section 160 of the Companies Act, 2013 from one of the shareholders proposing the candidature of Shri Dilip Kumar Pattanaik (DIN: 07540032) and Shri Rajeev Garg (DIN:07674683) for appointing them as Director at the ensuing Annual General Meeting.

Shri Rajesh Ved Vyas (DIN: 02283035) is appointed as an Independent Director for a period of three years w.e.f.12th June 2017 and he is not liable to retire by rotation.

BOARD MEETINGS: -

Pursuant to the provisions of Section 173 of the Companies Act, 2013 and rules made thereunder, every Company shall hold a minimum of four meetings 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 2018-19, the Board of Directors met Nine (9) times in accordance with the provisions of the Companies Act, 2013 and rules made thereunder.

S.No	Name of the Director	Executive/ Non-Executive/Independent	No.of Meetings Held in their period	No.of Meetings Attended
1	Shri S.P.Gupta	Chairman & Non Executive Director	9	9
2	Shri Rajesh Vedvyas	Independent Director	9	7





S.No	Name of the Director	Executive/ Non-Executive/Independent	No.of Meetings Held in their period	No.of Meetings Attended
3	Shri S.V.Prasad	Executive Director designated as Managing Director	9	9
4	Shri S.Bairagi	Non-Executive Director	7	7
5	Shri Narendra Kumar	Non-Executive Director	2	2
6	Shri Sanjiv Gujral	Executive Director designated as Director Commercial.	9	9

- ✓ Shri S.P.Gupta ceased to be director w.e.f. 28th February 2019
- ✓ Shri Dilip Kumar Pattanaik was appointed as director w.e.f 18th April 2019
- ✓ Shri Rajeev Garg appointed as Managing Director w.e.f 9th May 2019
- ✓ Shri S.V.Prasad ceased to be director with effect from 8th May 2019
- ✓ Shri Narendra Kumar ceased to be director w.e.f 20th June 2018
- ✓ Shri A.K.Tripathi appointed as Director w.e.f 8th August 2019
- ✓ Shri S.Bairagi ceased to be director w.e.f. 8th August 2019

DIRECTORS' RESPONSIBILITY STATEMENT: -

In terms of Section 134(5) of the Companies Act, 2013, in relation to the audited financial statements of the Company for the year ended 31st March, 2018, the Board of Directors hereby confirms that:

- a) In the preparation of the annual accounts, 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 the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- d) The directors had prepared the annual accounts 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.



AUDIT COMMITTEE:-

Audit Committee of the members of the Board of Directors met Four (4) times during the financial year from 01.04.2018 to 31.03.2019 in accordance with the provisions of the Companies Act, 2013 and rules made thereunder.

The Composition of Audit Committee from 01-04-2018 to 31-03-2019 is as follows:-

1. Shri Rajesh Vedvyas - Chairman
2. Shri S.V.Prasad - Member
3. Shri Sanjiv Gujral - Member

NOMINATION & REMUNERATION COMMITTEE:-

Nomination & Remuneration Committee of the members of the Board of Directors met Five (5) times during the financial year 2018-19 in accordance with the provisions of the Companies Act, 2013 and rules made thereunder.

The Composition of Nomination and Remuneration Committee from 01-04-2018 to 31-03-2019 is as follows:-

1. Shri Rajesh Vedvyas - Chairman
2. Shri S.P.Gupta - Member
3. Shri Sanjiv Gujral - Member

PAYMENT OF REMUNERATION / COMMISSION TO DIRECTORS FROM HOLDING OR SUBSIDIARY COMPANIES:-

None of the managerial personnel i.e. Managing Director and Whole time Director of the Company are in receipt of remuneration/commission from the Holding or Subsidiary Company of the Company.

AUDITORS: -

STATUTORY AUDITORS:-

The Statutory Auditors of your company appointed by Comptroller & Auditor General of India (CAG). M/s.S.DAGA & CO, Chartered Accountants, Hyderabad was appointed as Statutory Auditors of your Company for the financial year 2018-19.

The Audit Report of your Company's Annual Accounts for the financial year ending 31st March, 2019 and CAG Report forms part of the Annual Report. There has been no Qualifications, reservations, adverse remarks in the Audit Report & the points referred in the Audit Report are self-explanatory.

SECRETARIAL AUDITORS :-

The Board has appointed M/s Nekkanti Satyanarayana, Practicing Company Secretaries, Hyderabad, to conduct secretarial audit for financial year 2018-19. Report as required under Section 204 of Companies Act 2013 in form MR-3 is attached to this report as **Annexure - 2** and forms part of this report.



The Secretarial Auditor report for the financial year 2018-19, the Qualifications, reservations, adverse remarks & the points referred in the Audit Report are self-explanatory.

COST AUDITORS:-

Pursuant to the provisions of Section 148 of the Companies Act, 2013 read with Notifications/Circulars issued by the Ministry of Corporate Affairs from time to time, the Board of Directors appointed M/s Nageswara Rao & Co, Cost Accountants, Hyderabad, as the Cost Auditors of the Company for the financial year 2018-19.

COST RECORDS:-

The Company is required to maintain Cost records as specified under sub-section (1) of Section 148 of the Companies Act, 2013 and accordingly such accounts and records are made and maintained.

INTERNAL AUDITORS: -

Pursuant to the provisions of Section 138 of the Companies Act, 2013 read with Notifications/Circulars issued by the Ministry of Corporate Affairs from time to time, the Board of Directors appointed M/s. C. Lakshmi & Associates., Chartered Accountants, Hyderabad as the Internal Auditors of the Company for the financial year 2018-19.

INTERNAL FINANCIAL CONTROLS: -

Your Company has adequate Internal Financial Controls in place commensurate with the nature of the Company's business and size and complexity of its operations and has been operating satisfactorily.

As part of this exercise, the design of internal controls, and its operating effectiveness is tested by independent experts. Based on the review carried out, independent experts have confirmed that they are satisfied with the effectiveness and adequacy of Internal Controls over Financial Reporting.

PARTICULARS OF DEPOSITS:-

During the year under review, your company has not accepted any deposits covered under Chapter V of the Companies Act 2013 and as such, no amount of principal or interest was outstanding as of the Balance sheet Date.

OTHER DISCLOSURES:-

Other disclosures as per provisions of Section 134 of the Act read with Companies (Accounts) Rules, 2014 are furnished as under:

EXTRACT OF ANNUAL RETURN:-

Pursuant to the provisions of Section 134(3)(a) of the Companies Act, 2013, Extract of the Annual Return for the financial year ended 31st March 2019 made under the provisions of Section 92(3) of the Act is attached as Annexure –II which forms part of this Report.



CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO: -

The particulars as required under the provisions of Section 134(3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 in respect of conservation of energy, technology absorption, foreign exchange earnings and outgo etc., are furnished in **Annexure-III** which forms part of this Report.

RISK MANAGEMENT POLICY OF BGL:-

Bhagyanagar Gas Limited, a joint venture of GAIL (India) Limited, and HPCL, was incorporated as a City Gas Distribution company for distribution and marketing of Compressed Natural Gas (CNG) and distribution of Piped Natural Gas (PNG) to Domestic, Commercial and Industrial Sectors in the states of Telangana and Andhra Pradesh. BGL is authorized by the Central Government to Lay, build, operate and expand city gas distribution project in Hyderabad, Vijayawada and Kakinada. Risk is inherent to all businesses and the key to success is to anticipate, take and manage the right risks. In today's VUCA (Volatile, Uncertain, Complex and Ambiguous) world, the external and internal environment is changing at an ever increasing pace and which, in turn, requires businesses to not only manage the existing risks but anticipate emerging risks and deploy mitigating strategies on a continuous basis. It is imperative for businesses to design a robust enterprise risk management framework to identify all existing and emerging risks, minimize the impact and seize the opportunities created by these continuously evolving changes.

Recently your Company has formulated and approved the Risk Management Policy. Your Company has put in place mechanism to inform Board Members about the risk assessment and minimization procedures, and periodical review to ensure that executive management controls risks by means of a properly identified framework.

CORPORATE SOCIAL RESPONSIBILITY:-

Corporate Social Responsibility Committee of the members of the Board of Directors met once during the financial year from 01.04.2018 to 31.03.2019 in accordance with the provisions of the Companies Act, 2013 and rules made thereunder.

The Composition of CSR Committee from 01-04-2018 to 31-03-2019 is as follows:-

1. Shri. Rajesh Ved Vyas - Chairman
2. Shri S.V.Prasad - Member
3. Shri Sanjiv Gujral - Member

Your Company being a responsible corporate citizen has been continuously contributing in social developments. In the year 2017-18 ₹28 Lacs were spent under CSR. During the year 2018-19, no proper projects were identified and not spent any amount during that period and the Annual Report of CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES is attached as **annexure 5**

SEXUAL HARASSMENT OF WOMEN AT WORK PLACE: -

Your Company has in place a policy on Prevention, Prohibition and redressal of Sexual Harassment of Women at work place in line with the requirements of the Sexual Harassment of Woman at the workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Compliant Committee has been setup to redress complaints received regarding Sexual Harassment. During the Year 2018-19, no complaints were received.



HSE (HEALTH SAFETY AND ENVIRONMENT):-

Your Company HSE policy is to conduct the business with robust and integrated Health safety and Environment (HSE) management system focussed on improvement harmony with environment through sustainable development. And your company believes that safety of its workforce and all its stake holders is of critical importance to its functioning and success. It has incorporated all the necessary measures to promote the highest level of Safety, Health, And Environment (HSE) and loss control in all areas of implementation of the CGD projects distribution through CGD network and CNG systems installed within and outside the city boundary and the supply of PNG to various customers with clear emphasis on improving the environment for sustainable development. Various measures and best practices have been put in place to avoid injuries accidents or any other untoward incident. A number of initiatives have been taken to ensure the safety of both people and equipment.

PARTICULARS OF EMPLOYEES:-

During the period under review, there were no employees in receipt of remuneration exceeding the limits prescribed under Rule 5 (2) of (Companies Appointment & Remuneration of Managerial Personnel) Rules, 2014.

ACKNOWLEDGEMENTS AND APPRECIATION:-

Your Directors take this opportunity to thank the Government of India, Ministry of Petroleum and Natural Gas, State Govt. of Andhra Pradesh and Telangana, Petroleum Natural Gas Regulatory Board, customers, shareholders, suppliers, bankers, promoters, financial institutions, employees for their consistent support and encouragement to the Company.

On behalf of the Board of Director
Bhagyanagar Gas Limited

Sd/-
Dilip Kumar Pattanaik
Chairman

Date: 17-08-2019

Place: Hyderabad



ANNEXURE- I

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 arm's length transactions under third proviso thereto.

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

Name(s) of the related party and nature of relationship

Nature of contracts/arrangements/transactions

Duration of the contracts / arrangements/ transactions

Salient terms of the contracts or arrangements or transactions including the value, if any

NIL

Justification for entering into such contracts or arrangements or transactions

Date(s) of approval by the Board

Amount paid as advances, if any

Date on which the special resolution was passed in general meeting as required under first proviso to section 188

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

BGL is purchasing Auto LPG from HPCL and Natural Gas from GAIL and selling CNG to HPCL in the normal course of Business. However, BGL has entered an agreement for purchase of Natural Gas with GAIL and LPG with HPCL and sale of CNG to HPCL among the others at arm's length basis.

The following transactions were entered with related parties.

(₹in Lakhs)

Name of the Related Party	HPCL	GAIL
Nature of transaction:		
Purchases:		
-Auto LPG	63.45	NIL
-Natural Gas	NIL	8,220.32
Sales – CNG	6,812.53	78.26
Manpower Cost of Employees on deputation	271.43	319.79
LC with GAIL	NIL	2,579.45



Office/Outlet opening at Vijayawada





DRS inauguration at Kakinada



DRS was commissioned to supply PNG to 10,000 households





RO opening at Ramanthapur, Hyderabad





ANNEXURE- II

NEKKANTI S.R.V.V.S. NARAYANA & CO.
Company Secretaries

Flat No. 407 & 408, Malik Chambers,
Hyderguda, Hyderabad - 500 029,
Telangana, India.
Desk : +91-40-23 26 40 83
Fax : +91-40-23 26 40 83
Handheld : +91-94 40 14 13 68
E-mail : nekkanti@nekkanti.in

Form No. MR-3

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019
[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,
Bhagyanagar Gas Limited
Parishram Bhawan,
Basheerbagh, Hyderabad
Telangana – 500004

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. Bhagyanagar 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 M/s Bhagyanagar Gas Limited'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, 2019 ("Audit Period") 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 M/s. Bhagyanagar Gas Limited ("the Company") for the financial year ended on 31st March, 2019 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 during the Audit Period being an Unlisted Company)
- (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 there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (not applicable to the Company during the Audit Period as the Company had no Foreign Direct Investment and Overseas Direct Investment and has not raised External Commercial Borrowings).
- (v) The Securities and Exchange Board of India Act, 1992 ('SEBI Act') and the Regulations and Guidelines prescribed thereunder; (not applicable to the Company during the 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 the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following laws applicable specifically to the Company:
 - (a) The Petroleum and Natural Gas Regulatory Board Act, 2006 (hereinafter called the 'PNGRB Act').
 - (b) The Legal Metrology Act, 2009 and rules made thereunder
 - (c) The Explosives Act, 1884; and Rules 2008
 - (d) The Petroleum Act, 1934

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

- i) Secretarial Standards issued by the Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meetings
- ii) Listing Agreement entered into by the Company with Recognized Stock Exchange (Not applicable to the 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. except the following:

- (a) Transfer of one equity share in physical mode which is not in compliance with the Rule 9A of the Companies (Prospectus and Allotment of Securities) Rules, 2014
- (b) The Company has not spent required amount for the activities as per the Corporate Social Responsibility Policy of the company pursuant to Section 135 of the Companies Act, 2013

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. 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.





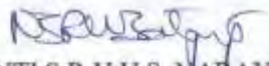
Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation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

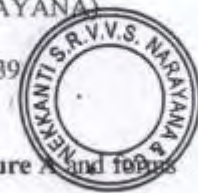
Decisions at the Board Meetings, as represented by the management, were taken unanimously. We further report that, as per the explanations given to us and the representations made by the Management and relied upon by us, there are adequate systems and processes in the company commensurate with the size 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 were no other specific events / actions in pursuance of the above referred laws, rules, regulations, guidelines etc. having major bearing on the Company's affairs.

For NEKKANTI S.R.V.V.S. NARAYANA & CO.
Company Secretaries

Date : 9th August, 2019
Place : Hyderabad


(NEKKANTI S.R.V.V.S. NARAYANA)
Proprietor
M.No.F7157, C.P.No.7839



Note:

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.



ANNEXURE - A

To
The Members,
Bhagyanagar Gas Limited
Parishram Bhawan,
Basheerbagh, Hyderabad
TG-500004

Our report of even date is to be read along with this letter:

1. Maintenance of secretarial records 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.
4. Wherever 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 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.

**For NEKKANTI S.R.V.V.S. NARAYANA & CO.
Company Secretaries**

(NEKKANTI S.R.V.V.S. NARAYANA)

Proprietor

M.No.F7157, C.P.No.7838

Date : 9th August, 2019
Place : Hyderabad





ANNEXURE- III

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31st March 2019

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

CIN	U40200TG2003PLC041566
Registration Date	22-08-2003
Name of the Company	BHAGYANAGAR GAS LIMITED
Company Category	COMPANY LIMITED BY SHARES
Company Sub- Category	INDIAN NON-GOVERNMENT COMPANY
Address of the Registered office and contact details	PARISHRAM BHAVAN, APIDC BUILDING, BASHEER BAGH, HYDERABAD-04
Whether listed company	No
Name, Address and Contact details of Registrar and Transfer Agent, if any:	KARVY COMPUTER SHARES PVT LTD. KARVY HOUSE,46,AVENUE 4, STREET NO 1,BANJARA HILLS, HYDERBAD,TELANGANA PIN:500 038, TEL:040-23312454, FAX:040-23311968

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing the 5% of total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products/services	NIC Code of the Product/ service	% to total turnover of the company
1	Income from CNG	40200	98.49%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr.No.	Name and address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of shares held	Applicable section
1	GAIL (INDIA) LIMITED	L40200DL1984 GOI018976	Associate Company	49.97%	Section 2(6)
2	HPCL	L23201MH1952 GOI008858	Associate Company	49.97%	Section 2(6)



III. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity):-

(i) Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year (01.04.2018)				No. of Shares held at the end of the year (31.03.2019)				%Change +/during the year
	De-mat	Physical	Total	% of Total Shares	De-mat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	0	0	0	0	0	0	0	0	0
b) Central Govt Companies									
GAIL (INDIA) LIMITED	4,36,49,997	0	4,36,49,997	49.97 %	4,36,49,997	0	4,36,49,997	49.97 %	0
HPCL	4,36,49,997	0	4,36,49,997	49.97 %	4,36,49,997	0	4,36,49,997	49.97 %	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp (Kakinada Sea Ports Limited)	0	48,500	48,500	0.06%	0	48,500	48,500	0.06%	0
f) Any other	0	6	6	0	0	6	6	0	0
Sub-total(A)(1):	8,72,99,994	48,506	8,73,48,500	100%	8,72,99,994	48,506	8,73,48,500	100%	-
(2) Foreign									
a) NRIs – Individuals	0	0	0	0	0	0	0	0	0
b) Other – Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks / FI	0	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0	0
Sub-total (A)(2):	0	0	0	0	0	0	0	0	0
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	8,72,99,994	48,506	8,73,48,500	100%	8,72,99,994	48,506	8,73,48,500	100%	0
B. Public									
Shareholding									
(1) Institutions	0	0	0	0	0	0	0	0	0
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks / FI	0	0	0	0	0	0	0	0	0
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIs	0	0	0	0	0	0	0	0	0
h) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(1):	0	0	0	0	0	0	0	0	0
(2) Non-Institutions	0	0	0	0	0	0	0	0	0
a) Bodies Corp.	0	0	0	0	0	0	0	0	0
i) Indian	0	0	0	0	0	0	0	0	0
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals	0	0	0	0	0	0	0	0	0



Category of Shareholders	No. of Shares held at the beginning of the year (01.04.2018)				No. of Shares held at the end of the year (31.03.2019)				%Change +/during the year
	De-mat	Physical	Total	% of Total Shares	De-mat	Physical	Total	% of Total Shares	
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	0	0	0	0	0	0	0	0	0
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	0	0	0	0	0	0	0	0	0
c) Others(specify)	0	0	0	0	0	0	0	0	0
Sub-total(B)(2):	0	0	0	0	0	0	0	0	0
Total Public Shareholding	0	0	0	0	0	0	0	0	0
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	8,72,99,994	48,506	8,73,48,500	100%	8,72,99,994	48,506	8,73,48,500	100%	0

ii. SHAREHOLDING OF PROMOTERS

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1	GAIL (INDIA) LIMITED	4,36,49,997	49.97%	0	4,36,49,997	49.97%	0	0
2	HPCL	4,36,49,997	49.97%	0	4,36,49,997	49.97%	0	0
	Total	8,72,99,994	99.94%	0	8,72,99,994	99.94%	0	0

CHANGE IN PROMOTERS' SHAREHOLDING (PLEASE SPECIFY, IF THERE IS NO CHANGE)

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year				
1	GAIL (INDIA) LIMITED	4,36,49,997	49.97%	4,36,49,997	49.97%
2	HPCL	4,36,49,997	49.97%	4,36,49,997	49.97%
	Total	8,72,99,994	99.94%	8,72,99,994	99.94%
	At the End of the year	8,72,99,994	99.94%	8,72,99,994	99.94%



iii. SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (OTHER THAN DIRECTORS, PROMOTERS AND HOLDERS OF GDRS AND ADRS)

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year				
	Kakinada Seaports Limited	48500	0.06%		0.06%
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.,)	0	0	0	
	At the End of the year (or on the date of separation, if separated during the year) Kakinada Seaports Limited			48500	0.06%

iv. SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year				
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.,)	Nil	Nil	Nil	Nil
	At the End of the year	Nil	Nil	Nil	Nil



III. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

	Secured Loans excluding deposits ₹	Unsecured Loans	Deposits	Total Indebtedness ₹
Indebtedness at the beginning of the financial year				
i) Principal Amount	69,11,30,147	NIL	NIL	69,11,30,147
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	69,11,30,147	NIL	NIL	69,11,30,147
Change in Indebtedness during the financial year				
• Addition	100,00,00,000	NIL	NIL	100,00,00,000
• Reduction	18,25,87,244	NIL	NIL	18,25,87,244
Net Change	81,74,12,756	NIL	NIL	81,74,12,756
Indebtedness at the end of the financial year				
i) Principal Amount	150,85,42,903	NIL	NIL	150,85,42,903
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	4,23,980	NIL	NIL	4,23,980
Total (i+ii+iii)	150,89,66,883	NIL	NIL	150,89,66,883

vi REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSON

Remuneration to Managing Director, Whole-time Directors and/or Manager:-

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount ₹
		Shri A.K.DAS	Shri S.V.Prasad	Shri R Shiv Dayal Akheramka	Shri Sanjiv Gujral	
		Managing Directors		Director Commercial		
1	Gross salary	(01-4-2018 to 31-03-2019)	(01-4-2018 to 31-03-2019)	(01-4-2018 to 31-03-2019)	(01-4-2018 to 31-03-2019)	(01-4-2018 to 31-03-2019)
	Salary and allowances	9,00,334	88,41,023	3,13,606	94,94,057	1,95,49,020
	Driver Salary & fuel charges & other Expenses	----	4,00,000	----	4,15,731	8,15,731
2	Stock Option	0	0	0		0
3	Sweat Equity		0	0	0	0
4	Commission		0	0	0	0
	- as % of profit		0	0	0	0
	- others, specify	0	0	0		0
5	Others, please specify	0	0	0		0
	Total	9,00,334	92,41,023	3,13,606	99,09,788	2,03,64,751



B. REMUNERATION TO OTHER DIRECTORS

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount ₹
		Shri S.P.Gupta (Non-executive Director)	Shri S.Bairagi (Non-executive Director)	Shri Rajesh Vedvyas (Independent Director)	
		01-04-2018 to 31-03-2019)	(01-04-2018 to 31-03-2019)	(01-04-2018 to 31-03-2019)	
1.	Independent Directors	0	0	0	0
	Fee for attending board / committee meetings	0	0	2,35,000	2,35,000
	Commission	0	0	0	0
	Others, please specify (Approximately)	0	0	5700	5700
	Total (1)	0	0	2,40,700	2,40,700
@ Excluding the arrangement of Flight Tickets for attending the Board /Committee Meetings / arrangement of Transport / Hotel accommodation.					
2.	Other Non-Executive Directors	0	0	0	00
	Fee for attending board/ committee meetings	0	0	0	00
	Commission	0	0	0	00
	Others, please specify	0	0	0	00
	Total (2)	0	0	0	00
	Total (B)=(1 +2)	0	0	0	00
	Total Managerial Remuneration	0	0	0	00

@ Excluding the arrangement of Flight Tickets for attending the Board /Committee Meetings.

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total ₹
		CEO	Company Secretary	CFO	
1	C.T.C	0	11,20,000/-	0	11,20,000/-
2	Stock Option	0	0	0	0
3	Sweat Equity	0	0	0	0
4	Commission	0	0	0	0
	- as % of profit	0	0	0	0
	- others, specify	0	0	0	0
5	Others, please Specify	0	0	0	0
	Total	0	11,20,000/-	0	11,20,000/-



(a) PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD /NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	0	0	0	0	0
Punishment	0	0	0	0	0
Compounding	0	0	0	0	0
B. DIRECTORS					
Penalty	0	0	0	0	0
Punishment	0	0	0	0	0
Compounding	0	0	0	0	0
C. OTHER OFFICERS IN DEFAULT					
Penalty	0	0	0	0	0
Punishment	0	0	0	0	0
Compounding	0	0	0	0	0



DISCLOSURE PURSUANT TO SECTION 134(3)(M) OF THE COMPANIES ACT 2013 READ WITH RULE 8 OF THE COMPANIES (ACCOUNTS), RULES 2014

(A) Conservation of energy:

All the energy conservation measures have been included in the plant design of CNG Mother Station as well the Daughter stations commissioned in Vijayawada, Kakinada and Hyderabad. The details relating to energy consumption in Mother Station and energy consumption per unit of production is given below:

Power & Fuel Consumption:

Particulars	2018-19	2017-18
i) Electricity purchased		
Units consumed (kVAh)	2,92,149	2,66,935
Total Amount in ₹	39,65,578	39,53,138
Rate / Unit (₹kVAh)	13.57	14.81
Demand load charges in ₹	17,86,080	17,87,885
ii) Natural gas as fuel (kg.) consumed	12,37,534	11,49,374

Consumption per MT of production:

Particulars	2018-19	2017-18
CNG Production (Total/MT)	29,952.08	29,852.40
Electric Driven Production (MT)	949.48	922.34
Gas Driven Production (MT)	29,002.60	28,930.06
Electricity Consumed (in kVAh)	307.69	289.41
Natural Gas as fuel (in kg.)	42.67	39.73



(B) Technology absorption:

Efforts made towards technology absorption	NIL
Benefits derived like product improvement, cost reduction, product development or import substitution	NIL
In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):	
Details of technology imported	NIL
Year of import	NIL
Whether the technology has been fully absorbed	NIL
If not fully absorbed, areas where absorption has not taken place, and the reasons thereof	NIL
Expenditure incurred on Research and Development	NIL

(C) Foreign exchange earnings and Outgo:

	2018-19	2017-18
	Amount in ₹	Amount in ₹
Actual Foreign Exchange earnings	NIL	NIL
Actual Foreign Exchange outgo		
	NIL	NIL



DISCLOSURE PURSUANT TO SECTION 134(3)(M) OF THE COMPANIES ACT 2013 READ WITH RULE 8 OF THE COMPANIES (ACCOUNTS), RULES 2014

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES :-

1. A brief outline of the company's CSR policy, including overview of projects or programmes proposed to be undertaken and reference to the weblink: www.bglgas.com to the CSR Policy and projects or Programmes:-

BGL Recognises its responsibility toward the Community and has contributed over the years towards the goal of achieving sustainable development. As per Companies Act, 2013 we have our CSR Policy and guidelines in place and the highlights of the same are as below:

- In every financial year, 2% of the Average net profits of the Company made during the immediately 3 financial years will be earmarked for undertaking CSR activities.
- We have CSR Committee of the Board headed by Independent Director and HR -Head monitors the CSR Proposals and spent amount periodically submit the reports to CSR Committee and Board.
- The company takes the CSR Projects only the areas specified in the Schedule VII of the Companies Act 2013 and which were covered in the Company CSR policy

2. Composition of CSR Committee: The CSR Committee of the Board Comprises:-

(from 01-4-2018 to 31-03-2019)

Shri Rajesh Vedvyas, Independent Director

Shri S.V.Prasad, Managing Director

Shri Sanjiv Gujral, Director Commercial

3. Avg. Net profit of the Company for the last 3 financial years : ₹1269.77Lacs
4. Prescribed CSR expenditure (2% of the amount as in item no 3 above) : ₹25.40 Lacs
5. Details of CSR spent during the financial year
 - a) Total amount spent for the financial year : NIL
 - b) Total amount unspent if any : ₹ 25.40 lacs
 - c) Manner in which the amount spent during the financial year : During the year we have unable to identify the proper Projects.



6. In case the company has failed to spend the 2% of the average net profits of the last 3 years or any part thereof, the company shall provide the reasons for not spending the amount in its Board Report :- During the year we have unable to identify the proper Projects.
7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR Objectives and policy of the Company:-
8. The Implementation and monitoring of CSR Policy is in compliance with CSR objectives and policy of the Company

Place : Hyderabad
17-08-2019

Sd/-

SANJIV GUJRAL
(DIRECTOR -COMMERCIAL cum CFO)

Sd/-

MOOKERJEE INDRAJIT
(HEAD -HR)



FLAG HOSTING AT MOTHER STATION LOCATED AT SHAMEERPET, HYDERABAD





S. Daga & Co., Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of
M/ s Bhagyanagar Gas Limited

Report on the Audit of the Financial Statements

Opinion

We have audited accompanying financial statements of M/s Bhagyanagar Gas Limited ('the Company'), which comprise of the balance sheet as at March 31, 2019, the statement of Profit and Loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year ended on that date, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereafter referred to as "the audited 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, 2019, 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 (SAs) specified under section 143(10) of the Companies Act, 2013. 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 together with the independent requirement that are relevant to our audit of the financial statements under the provisions of the Act and the rules made there under, 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 opinion on financial statements.

Responsibilities of Management for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("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 accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 statement 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 Responsibilities 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.

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 financial controls 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 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 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.

Other matters:

Without qualifying our report we refer to:

- (i) Trade receivables, Trade payables, PNG Customer Deposits, Sundry balances outstanding to the debit and credit of the parties are subject to confirmation and review thereof;

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable. 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, the statement of change in equity, and the Cash Flow Statement 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 Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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 over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- 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, in our opinion and to the best of our information and according to the explanations given to us:



- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- h) As required under section 143(5) of the Companies Act, 2013, being the directions issued by the Comptroller and Auditor General for the year ended March 31, 2019, we report that:
- a) The company is having existing system of accounting under Tally ERP through which all the accounting transactions are taken place. However, the material/Inventory management is separately tracked and accounted in tally. The Company has started the process for development of the system based on CGD Industry customization. Billing and collection software development has been taken up by the company for resolving issues to process all the accounting transactions through IT systems and the same will be integrated to SAP in future period.
 - b) there is no case of restructuring of existing loan, waiver/write-off of debts/loans/ interest etc.,
 - c) as per information, explanation and records produced for verification, there are no funds received/receivable for any specific schemes from central government/state agencies.
 - d) As per information, explanation and records and based on our verification, the company at the time of procurement of material based on requisition raised from O & M department classifies the material in stores or for capital project Inventory under CWIP. In financials the O&M Inventory is expensed based on the consumption report being sent by the respective locations and surplus Inventory is disclosed in the Inventory schedule. For Capital Inventory based on the report received from O & M department, the capital inventory is capitalized.

For S. Daga & Co.,
Chartered Accountants
(ICAI FRN000669S)

Sd/-

(Pavan Kumar Bihani)
Partner
M No.225603

Place: Hyderabad
Date: 02.05.2019



Annexure-A to the Independent Auditors' Report

Referred to in Report on Other Legal and Regulatory Requirements of the Independent Auditors' Report of even date to the members of Bhagyanagar Gas Limited on the financial statements as of and for the year ended March 31, 2019:

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) Fixed assets have been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
(c) The title deeds of immovable properties, as disclosed in Note 14 on fixed assets to the financial statements, are held in the name of the company, except for leasehold lands at APIIC Industrial Park, Kondapally, Vijayawada admeasuring 4457 Sq. Mtrs and 1200 Sq. Mtrs and freehold lands acquired bearing Survey No. 125/126, 1266 and 24B, which are under the possession of the company, pending documentation, having a carrying value of Rs. 439.24 lakhs (Pr. Year ₹439.24 lakhs) as at March 31, 2019.
2. (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
(b) On the basis of our examination of the inventory records, the company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records have been properly dealt with by the company.
3. The Company has not granted any loans secured or unsecured to companies, firms or other parties covered in the registers maintained under Section 189 of the Act. Thus, paragraph 3(iii) of the Order is not applicable.
4. The company has not granted any loan to directors or made investments, provided any guarantees and securities as applicable under the provisions of section 185 and 186 of the Act and therefore the provisions of clause 3(iv) of the Order are not applicable.
5. The Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 of Companies Act, 2013 and the rules framed there under and therefore, the provisions of the clause 3(v) of the Order are not applicable to the Company.
6. We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government for maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of its products and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out detailed examination of the records with a view to determine whether these are accurate or complete.
7. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, value added tax, wealth tax, service tax, custom duty, excise duty, cess, GST and other material statutory dues as applicable to it, with appropriate authorities. There are no undisputed statutory dues payable for a period of more than six months from the date they became payable as at 31st March, 2019.



- (b) According to the information and explanations given to us and the records of the company examined by us, there are no dues of income tax, wealth tax, service tax, customs duty, Excise Duty, GST and cess as at 31st March, 2019 which has not been deposited on account of a dispute except as under:

Sl. No.	Name of the Statute	Nature of Dues	Amount involved in ₹	Claim Period	Forum where the dispute is pending
(i)	Income Tax Act, 1961	Income tax assessment dues	96,85,624	FY 2007-08 (AY 2008-09)	Honourable High Court, Andhra Pradesh and Telangana, Hyderabad
(ii)	Income Tax Act, 1961	Income tax assessment dues	23,40,958	FY 2008-09 (AY 2009-10)	Honourable High Court, Andhra Pradesh and Telangana, Hyderabad
(iii)	Sales Tax Act	VAT	16,72,950	FY 2014-15	Sales Tax Appellate Tribunal of A.P, Vizag
(iv)	Central Excise and Service Tax	Excise Duty	43,78,922	FY 2005-06 to 2008-09	CESTAT , Hyderabad
(v)	Central Excise and Service Tax	Excise Duty	50,664	FY 2014-15	Commissioner of Customs, Excise and Service Tax (Appeals), Guntur
(vi)	Central Excise and Service Tax	Excise Duty	1,47,91,630	FY 2009-10 to 2018-19	CESTAT, Hyderabad
(vii)	Central Excise and Service Tax	Excise Duty	40,88,928	FY 2010-11 to 2014-15	Commissioner of Customs, Central Excise & Service Tax (Appeals), Guntur
(viii)	Central Excise and Service Tax	Excise Duty	17,13,264	FY 2015-16 and FY 2016-17	Commissioner of Customs, Central Excise & Service Tax, Amavarathi
(viii)	Central Excise and Service Tax	Excise Duty	29,22,891	FY 2014-15 to 2017-18	CESTAT, Hyderabad

8. According to the information and explanations given to us and records of the company examined by us, the company has not defaulted in repayment of dues to any financial institution or bank as at the Balance Sheet date. The Company has not issued any debentures.
9. On the basis of our review of utilization of funds pertaining to term loans on overall basis and related information and explanations as made available to us, the term loans taken by the company has been utilized for the purpose of which they were obtained.



10. 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 explanations given to us, we have neither come across any instance of material fraud by the company or on the company its officers or employees, noticed or reported during the year, nor have we been informed by any such case by the management.
11. The company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
12. As the company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, hence the provisions of Clause 3(xii) of the Order are not applicable to the company.
13. The company has entered into transactions with related parties in compliance with the provisions of Section 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standards (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
15. The Company has not entered into any non cash transactions with its directors or persons connected to its directors and hence provisions of section 192 of the Companies Act 2013 are not applicable to the Company. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
16. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For S. Daga & Co.
Chartered Accountants
(ICAI FRN: 000669S)

Sd/-

(Pavan Kumar Bihani)
Partner
M. No. 225603

Place: Hyderabad
Date: 02.05.2019



Annexure - B to the Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Bhagyanagar Gas Limited ("the Company") as of 31st March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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. 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 frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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 over financial reporting.



Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting 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 control over financial reporting 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 financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting 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 S Daga & Co.
Chartered Accountants
(ICAI FRN: 000669S)

Sd/-
(Pavan Kumar Bihani)
Partner
M. No. 225603

Place: Hyderabad
Date: 02.05.2019



BGL Annual Day Celebrations





BHAGYANAGAR GAS LIMITED

BALANCE SHEET AS AT 31st MARCH 2019

₹ in Lacs

Particulars	Note No.	AUDITED	AUDITED
		31st March 2019	31st March 2018
Assets			
(1) Non-current assets			
Property, plant and equipment	14	32,881.36	25,731.24
Capital work-in-progress	14	15,389.31	12,124.50
Financial assets			
Other financial assets	15	1,080.71	108.82
Other tax assets (Net)	16	36.82	105.98
Other non-current assets	17	711.23	1,014.45
Total non-current assets		50,099.42	39,084.99
(2) Current assets			
Inventories	18	209.05	148.89
Financial assets			
(i) Trade receivables	19	1,274.77	914.35
(ii) Cash and cash equivalents	20	1,594.28	173.54
(iii) Other bank balances	21	202.72	1,526.05
(iv) Other financial assets	22	43.82	61.31
Other current assets	23	908.38	372.99
Total current assets		4,233.03	3,197.12
Total assets		54,332.45	42,282.11
Equity and liabilities			
Equity			
Equity share capital	24	8,734.85	8,734.85
Other equity			
(i) Share application pending allotment	25	431.97	431.97
(ii) Retained earnings		6,927.02	5,007.50
(iii) Share Premium		16,929.40	16,929.40
Total equity		33,023.23	31,103.71
Liabilities			
(1) Non-current liabilities			
Financial liabilities			
Borrowings	26	14,500.00	5,085.43
Provisions	27	48.37	34.03



Bhagyanagar Gas Limited

BHAGYANAGAR GAS LIMITED

BALANCE SHEET AS AT 31st MARCH 2019

₹ in Lacs

Particulars	Note No.	AUDITED	AUDITED
		31st March 2019	31st March 2018
Deferred tax liabilities (Net)	28	1,483.94	1,085.84
Total non-current liabilities		16,032.31	6,205.30
(2) Current liabilities			
Financial liabilities			
(i) Borrowings	26		
(ii) Trade payables	29		
A. Total Outstanding dues of micro enterprises and small enterprises: and		88.41	136.89
B. Total Outstanding dues of creditors other than micro enterprises and small enterprises.		944.57	1,100.42
(iii) Other financial liabilities			
A. Total Outstanding dues of micro enterprises and small enterprises: and	30	424.18	182.58
B. Total Outstanding dues of creditors other than micro enterprises and small enterprises.		3,397.16	3,216.74
Other current liabilities	31	399.02	321.41
Provisions	32	23.57	15.06
Total current liabilities		5,276.91	4,973.10
Total liabilities		21,309.22	11,178.40
Total equity and liabilities		54,332.45	42,282.11

Accompanying notes form integral part of the financial statement.

As per our report on standalone financial statements of even date attached

For S.Daga & Co.,
Chartered Accountants
FR No: 000669S

For and on behalf of Bhagyanagar Gas Limited

Sd/-
Pavan Kumar Bihani
Partner
Membership No.: 225603

Sd/-
Sanjiv Gujral
Director - Commercial-cum-CFO
DIN No.: 07808552

Sd/-
G.Malleswari
Company Secretary
Membership No. F6574

Place: Hyderabad
Date: 2nd May 2019

Sd/-
S.V.Prasad
Managing Director
DIN No.: 02897631



BHAGYANAGAR GAS LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2019

₹ in Lacs

Particulars	Note No.	AUDITED	AUDITED
		31st March 2019	31st March 2018
I Revenue from operations	4	18,527.88	15,659.37
II Other income	5	233.82	236.46
III Total income		18,761.70	15,895.83
V Expenses			
Cost of materials consumed	6	9,189.44	6,934.41
Purchases of stock-in-trade	7	53.97	116.35
Changes in inventories	8	(2.55)	(1.98)
Excise duty		1,829.16	1,577.76
Employee benefits expense	9	309.11	567.68
Finance costs	10	175.37	1,514.65
Depreciation	11	1,215.50	980.49
Other expenses	12	3,036.66	2,762.18
Total expenses		15,806.66	14,451.55
V Profit before income tax		2,955.04	1,444.29
VI Tax expense			
Current tax		633.19	268.59
Deferred tax		399.33	259.70
Income tax expense	13	1,032.52	528.29
VII Profit for the year		1,922.52	916.00
VIII Other comprehensive income			
Items that will not be reclassified to profit or loss			
Measurements of defined benefit liability (asset)	33	4.23	(7.10)
Income tax relating to items that will not be reclassified to profit or loss		(1.23)	2.35



Bhagyanagar Gas Limited

BHAGYANAGAR GAS LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED
31st MARCH 2019

₹ in Lacs

Particulars	Note No.	AUDITED	AUDITED
		31st March 2019	31st March 2018
Other Comprehensive Income for the year, net of income tax		3.00	(4.75)
IX Total Comprehensive Income for the year		1,919.52	920.75
X Earnings Per Share			
(1) Basic		2.20	1.68
(2) Diluted		2.08	1.54

Accompanying notes form integral part of the financial statement.

As per our report on standalone financial statements of even date attached

For S.Daga & Co.,
Gas Limited
Chartered Accountants
FR No: 000669S

Sd/-
Pavan Kumar Bihani
Partner
Membership No.: 225603

Place: Hyderabad
Date: 2nd May 2019

Sd/-
Sanjiv Gujral
Director - Commercial-cum-CFO
DIN No.: 07808552

Sd/-
S.V.Prasad
Managing Director
DIN No.: 02897631

For and on behalf of Bhagyanagar

Sd/-
G.Malleswari
Company Secretary
Membership No. F6574



BHAGYANAGAR GAS LIMITED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31st MARCH 2019

₹ in Lacs

Particulars	31st March 2019	31st March 2018
Cash flow from operating activities		
Profit for the year	1,919.52	920.75
Adjustments for		
Depreciation of property, plant and equipment	1,215.50	980.49
Gain on sale of property, plant and equipment	-	-
Current year provision related to post-employment defined benefit plans	9.24	10.67
Current year provision related to compensated absences	11.09	7.45
Amortisation of processing fee relating to term loans	-	16.64
Net foreign exchange differences	14.59	1.19
Finance income	(138.59)	(176.80)
Finance costs	942.71	1,605.31
	3,974.05	3,365.69
Working capital adjustments		
Decrease / (increase) in inventories	(60.17)	(82.02)
Increase in trade receivables	(360.42)	527.80
Decrease / (increase) in other financial assets- non current	(971.89)	(43.81)
(Increase) / decrease in other financial assets- current	17.49	(4.38)
(Increase) / decrease in other current assets	(535.39)	(115.97)
Decrease in proceeds from other non-current assets	303.22	302.82
(Increase) / decrease in other bank balances	1,323.33	669.59
Increase in trade payables	(204.33)	631.65
Increase in other financial liabilities- current	422.01	(7,561.47)
Increase other current liabilities	77.62	43.77
Increase in other non-current liabilities	(14.59)	(1.19)
(Decrease)/ increase in provisions- non current	14.34	2.61



Bhagyanagar Gas Limited

BHAGYANAGAR GAS LIMITED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31st MARCH 2019

₹in Lacs

Particulars	31st March 2019	31st March 2018
Decrease in provisions- current	(11.82)	(16.84)
	(0.60)	(5,647.43)
Income tax paid	467.26	180.60
Net cash flows from operating activities	4,440.71	(2,101.13)
Cash flow from investing activities		
Payment for property, plant and equipment	(8,365.61)	(4,878.25)
Proceeds from capital work-in-progress	(3,264.81)	(1,698.59)
Interest received	138.59	176.80
Net cash flows from investing activities	(11,491.83)	(6,400.04)
Cash flow from financing activities		
Increase in share capital	-	21,161.75
Increase / (decrease) in borrowings	9,414.57	(15,325.81)
Finance charges paid	(942.71)	(1,605.31)
Net cash flows from financing activities	8,471.86	4,230.63
Net increase / (decrease) in cash and cash equivalents	1,420.74	(4,270.54)
Cash and cash equivalents at the beginning of the year	173.54	4,444.08
Cash and cash equivalents at the end of the year	1,594.28	173.54

Total comprehensive income for the year

As per our report on standalone financial statements of even date attached

For S.Daga & Co.,
Chartered Accountants
FR No: 000669S

Sd/-
Pavan Kumar Bihani
Partner
Membership No.: 225603

Sd/-
Sanjiv Gujral
Director - Commercial-cum-CFO
DIN No.: 07808552

For and on behalf of Bhagyanagar Gas Limited

Sd/-
G.Malleswari
Company Secretary
Membership No. F6574

Place: Hyderabad
Date: 2nd May 2019

Sd/-
S.V.Prasad
Managing Director
DIN No.: 02897631



BHAGYANAGAR GAS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st MARCH 2019

₹ in Lacs

A. Equity share capital

Particulars	Note	
Balance as at 1st April 2018		8,734.85
Changes in equity share capital during 2018-19	24	-
Balance as at 31st March 2019		8,734.85

B. Other equity

Particulars	Reserves and surplus		Share Premium	Total other equity
	Share application pending allotment	Retained earnings		
Balance at 1st April 2017	431.97	4,086.75	-	4,518.72
Total comprehensive income for the year				
Profit for the year		916.00	916.00	
Other Comprehensive Income for the year, net of income tax		4.75		4.75
Share premium on rights issue			16,929.40	16,929.40
Balance as at 31st March 2018	431.97	5,007.50	16,929.40	22,368.87
Balance at 1st April 2018	431.97	5,007.50	16,929.40	22,368.87
Total comprehensive income for the year				
Profit for the year		1,922.52		1,922.52
Other Comprehensive Income for the year, net of income tax		(3.00)		(3.00)
Balance as at 31st March 2019	431.97	6,927.02	16,929.40	24,288.38

Total comprehensive income for the year

As per our report on standalone financial statements of even date attached

For S.Daga & Co.,
Chartered Accountants
FR No: 000669S

Sd/-
Pavan Kumar Bihani
Partner
Membership No.: 225603

Place: Hyderabad
Date: 2nd May 2019

For and on behalf of Bhagyanagar Gas Limited

Sd/-
Sanjiv Gujral
Director - Commercial-cum-CFO
DIN No.: 07808552

Sd/-
G.Malleswari
Company Secretary
Membership No. F6574

Sd/-
S.V.Prasad
Managing Director
DIN No.: 02897631



BHAGYANAGAR GAS LIMITED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2019.

1. Reporting Entity

Bhagyanagar Gas Limited (the "Company") is a company domiciled in India with registered office, in Hyderabad, Telangana.

BGL was promoted as a joint venture company between Hindustan Petroleum Corporation Limited ('HPCL'), and GAIL (India) Limited ('GAIL') to carry on all or any business of storage, supply, sale, distribution and marketing of CNG and Auto LPG as fuels for vehicles, Piped Natural Gas for domestic/commercial/industrial purposes in the states of Telangana and Andhra Pradesh (erstwhile State of Andhra Pradesh).

2. Basis of preparation of financial statements

(a) Statement of compliance

- i) These financial statements have been prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under Section 133 of the Companies Act, 2013 (the Act) read with Companies (Indian Accounting Standards) Rules, 2015 and Amendments thereof and other relevant provisions of the Act.
- ii) 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 the accounting policy hitherto in use.
- iii) The Company is in the process of assessing the impact of Ind-AS 116 which will become effective from 1st April, 2019 by virtue of the Companies (Indian Accounting Standards) Amendment Rules, 2019.
- iv) The financial statements were authorised for issue by the Board of Directors on 2nd May 2019.

(b) Functional and presentation currency

- i) These financial statements are presented in INR, which is the Company's functional currency. All financial information presented in INR has been rounded to the nearest lakhs.

(c) Use of estimates and judgements

- i) The preparation of the financial statements in conformity with Ind ASs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.
- ii) Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.



- iii) Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the notes: Note 32 – Measurement of defined benefit obligations.

3. Significant accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing the opening Ind AS balance sheet as at 1st April 2015 for the purposes of the transition to Ind ASs, unless otherwise indicated.

(a) Inventories

- i) Inventories are measured at the lower of cost and net realisable value.
- ii) The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity.
- iii) Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(b) Income Tax

- i) Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the statement of profit and loss except relating to items recognised directly in equity or in other comprehensive income.
- ii) Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.
- iii) Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.
- iv) Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.
- v) Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.
- vi) A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.



(c) Property, Plant and Equipment

● Recognition and measurement

- i) Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The Company has elected to apply the optional exemption to use this previous GAAP value as deemed cost at 1 April 2015, the date of transition.
- ii) Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use and borrowing costs on qualifying assets.
- iii) When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.
- iv) Stores & Spares which meet the definition of property plant and equipment and satisfy the recognition criteria of Ind AS 16 are capitalized as property, plant and equipment.
- v) Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in the statement of profit and loss.
- vi) The capital work in progress includes material in transit / value of materials / equipment etc. received at site for use in the projects.
- vii) The related expenditure incurred during the year, which is attributable to acquisition / construction of fixed assets/projects, is capitalized at the time of commissioning of such assets.

● Subsequent Costs

- i) The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of profit and loss as incurred.

● Depreciation

- i) Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.
- ii) Depreciation is recognised in the statement of profit and loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Land is not depreciated.
- iii) The estimated useful lives for the current and comparative periods are determined with reference to Schedule II to the Companies Act, 2013. Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate



(d) Leased Assets

i) Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

ii) Other leases are operating leases and the leased assets are not recognised in the Company's balance sheet.

iii) The Company is in the process of assessing the impact of Ind-AS 116 which will become effective from 1st April, 2019 by virtue of the Companies (Indian Accounting Standards) Amendment Rules, 2019.

(e) Lease payments

i) Payments made under operating leases are recognised in the statement of profit and loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

ii) Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

iii) Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(f) Revenue

● **Goods Sold**

i) Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new and amendments to Ind ASs which the Company has applied as they are effective for annual periods beginning on or after April 1, 2018:

Ind AS 115 Revenue from Contracts with Customers

ii) Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard Ind AS 18 – Revenue, Ind AS 11 – Construction Contracts when it becomes effective.

The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligation in contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract



Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

- iii) The Company has completed its evaluation of the possible impact of Ind AS. The impact of the adoption of the new standard does not have a material impact on its retained earnings and to its net income.
- iv) Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates.
- v) Under Ind AS 18, revenue is recognised when risk and rewards of the underlying goods or services is transferred to the customer. Under Ind AS 115, revenue is recognised when control of the underlying goods or services is transferred to the customer. For the Company, the timing of the transfers of risks and rewards varies depending on the individual terms of the contract of sale, which generally coincides with the delivery of goods to the customers which result in transfer of control, there by the new standard does not have a material impact on its retained earnings and to its net income.

- **Others**

- i) Insurance claims are accounted for on the basis of claims admitted/settled by the insurers.

- (g) **Employee Benefits**

- **Defined contribution plans**

- i) A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the statement of profit and loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that is due more than 12 months after the end of the period in which the employees render the service are discounted to their present value

- **Defined Benefit Plans**

- i) A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on government bonds, in the absence of deep market for high quality corporate bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed annually by a qualified actuary using the projected unit credit method.



- ii) To the extent that the benefits vest immediately, the expense is recognised immediately in the statement of profit and loss. The Company recognises all actuarial gains and losses arising from defined benefit plans in other comprehensive income.

- **Other long-term employee benefits**

- i) The Company's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on government bonds, in the absence of deep market for high quality corporate bonds that have maturity dates approximating the terms of the Company's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains/ losses are recognised in the statement of profit and loss in the period in which they arise.

- **Short term employee benefits**

- i) Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(h) Foreign currency

- i) Transactions in foreign currencies are translated to functional currencies of Company at exchange rates at the dates of the transactions.
- ii) Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new and amendments to Ind ASs which the Company has applied as they are effective for annual periods beginning on or after April 1, 2018:
- iii) The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.
- iv) Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.
- v) Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.



- vi) Foreign currency differences arising on retranslation are recognised in the statement of profit and loss.
- vii) Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction

(l) Provisions

- i) A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(j) Impairment

● **Financial assets (including receivables)**

- i) A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.
- ii) Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security.
- iii) In accordance with Ind-AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss for trade receivables
- iv) The Company follows 'simplified approach' for recognition of impairment loss allowance on Trade receivables
- v) ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss. This amount is reflected in a separate line in the statement of profit and loss as an impairment gain or loss.

● **Non-Financial Assets**

- i) The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated each year at the same time.
- ii) The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").



- iii) The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.
- iv) An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.
- v) An impairment loss in respect of assets, impairment losses recognised in prior periods is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(k) Financial Instruments

● **Financial Assets**

- i) The Company initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.
- ii) The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability. Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.
- iii) They are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets. Financial assets are measured initially at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment loss.
- iv) The Company's financial assets include security deposits, cash and cash equivalents, trade receivables and eligible current and non-current assets. Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

● **Financial Liabilities**

- i) The Company initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.
- ii) The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.
- iii) Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts



and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

iv) The Company has the following financial liabilities:

Loans and borrowings and trade and other payables: Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

(l) Share Capital

- i) Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(m) Finance Income and Finance Costs

- i) Finance income comprises interest income on funds invested, dividend income. Interest income is recognised as it accrues in the statement of profit and loss, using the effective interest method.
- ii) Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, impairment losses recognised on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the statement of profit and loss using the effective interest method.

(n) Earnings per share

- i) The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares.
- ii) Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.
- iii) Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise of shares to be issued to APIIC as a consideration for land given to the Company.

(o) Non-Current Assets Held for Sale

- i) Non-current assets comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets are remeasured in accordance with the Company's accounting policies. Thereafter generally the assets are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on initial classification as held for sale and subsequent gains or losses on re measurement are recognised in the statement of profit and loss. Gains are not recognised in excess of any cumulative impairment loss.

(p) Government Grants

- i) Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new and amendments to Ind ASs which the Company has applied as they are effective for annual periods beginning on or after April 1, 2018:



- ii) By virtue of these amendments to Ind AS 20 - Government Grants - Option has been given to the companies to present the Government grant related to assets by deducting the grant from the carrying amount of the asset, prior to the amendment, Ind AS 20 requires the Government grant related to assets shall be presented by setting up the grant as deferred income and the said amendment is effective from 01.04.2018. There is no impact on the financials of the company.

(q) Recent accounting pronouncements applicable from 1st April 2019

- i) **Ind AS 116 Leases:** On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The standard permits two possible methods of transition:

Full retrospective – Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors

Modified retrospective – Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application.

Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:

Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or

An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application. Certain practical expedients are available under both the methods.

On completion of evaluation of the effect of adoption of Ind AS 116, the Company is proposing to use the 'Modified Retrospective Approach' for transitioning to Ind AS 116, and take the cumulative adjustment to retained earnings, on the date of initial application (April 1, 2019). Accordingly, comparatives for the year ended March 31, 2019 will not be retrospectively adjusted. The Company has elected certain available practical expedients on transition.

The Company is in the process of assessing the impact of Ind-AS 116 which will become effective from 1st April, 2019 by virtue of the Companies (Indian Accounting Standards) Amendment Rules, 2019.



- ii) **Amendment to Ind AS 19 – plan amendment, curtailment or settlement-** On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and

to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company does not have any impact on account of this amendment.

- iii) **Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments :** On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition - i) Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Company will adopt the standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives.

The effect on adoption of Ind AS 12 Appendix C would be insignificant in the standalone financial statements.

- iv) **Amendment to Ind AS 12 – Income taxes:** On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes.

The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company is currently evaluating the effect of this amendment on the standalone financial statements.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2019

(₹in Lakhs)

Particulars	31st March 2019	31st March 2018
4 Revenue from operations (including excise duty)		
Sale of CNG	14,657.78	12,666.23
Sale of ALPG	53.97	116.35
Sale of PNG	3,816.13	2,876.79
	18,527.88	15,659.37
5 Other income		
Interest on fixed deposits	129.11	116.09
Interest - others	9.48	60.71
Interest on income tax refund	-	1.31
Miscellaneous income	16.96	18.93
Service Income from Compression of NG to CNG	78.26	4.25
Gain on Sale of Assets	-	35.18
	233.82	236.46
6 Cost of materials consumed		
Opening stock (natural gas)	28.73	13.55
Add: Purchases*	8,202.57	6,112.02
Add: Product transshipment charge	991.75	837.57
	9,223.05	6,963.14
Less: Closing stock (natural gas)	(33.60)	(28.73)
	9,189.44	6,934.41
Note: Includes gas transportation, CST@ 2%, positive and negative imbalances charges.		
7 Purchases of stock-in-trade		
Purchases of ALPG**	53.97	116.35
	53.97	116.35
Note: Includes inter state sales tax paid on purchases of ALPG		
8 Changes in inventories		
Opening stock	12.53	10.55
Closing stock	(15.08)	(12.53)
	(2.55)	(1.98)
9 Employee benefits expense		
Salary, wages and bonus	267.74	532.22
Contribution to provident fund	14.56	9.94



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2019

(₹in Lakhs)

Particulars	31st March 2019	31st March 2018
Expenses related to post-employment defined benefit plans	9.24	10.67
Expenses related to compensated absences	11.09	7.45
Staff welfare expenses	6.48	7.40
	309.11	567.68
10 Finance costs		
Interest on borrowings		
- Banks	942.71	386.90
- Others	-	1,218.41
- Prepayment charges on term loan	-	57.63
Interest expense on financial liabilities (amortised)	-	16.64
	942.71	1,679.58
Interest apportioned to fixed assets and capital work-in-progress	(774.14)	(165.09)
Interest on Income Tax	6.80	
	175.37	1,514.65
11 Depreciation		
Depreciation on property, plant and equipment	1,215.50	980.49
	1,215.50	980.49
12 Other expenses		
Advertisement	4.32	31.25
Business promotion	23.31	26.64
Vehicle hire and running expenses	53.93	61.40
Power & fuel	440.95	400.77
Insurance	22.26	21.55
Technical assistances services	520.10	467.83
Postage & courier	3.03	3.20
Printing & stationery	13.49	11.45
Rent, rates & taxes	158.71	125.31
Repairs & maintenance - buildings	29.91	0.56
Repairs & maintenance - others	12.24	13.97
Repairs & maintenance - plant & machinery	967.47	727.86



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2019

(₹in Lakhs)

Particulars	31st March 2019	31st March 2018
Security services	88.65	69.16
Telephone charges	16.51	14.67
Travelling expenses	32.69	59.33
Professional charges	42.04	66.29
Training cum conference	4.78	6.99
Audit fees (refer note 12(a) below)	4.60	5.49
Bank charges	29.10	60.36
Foreign exchange fluctuation	14.59	1.19
Hook-up charges RGTIL - Hyderabad	260.31	260.31
Railway way leave charges	37.72	37.31
NHAI way leave charges	2.85	2.85
Corporate social responsibility expenses (refer note 12(b) below)	-	28.00
General expenses	4.03	1.73
Directors fees	3.45	2.66
PNG DMA Service charges	183.27	110.71
Miscellaneous expenses	51.42	39.81
Impairment loss on Inventory	-	18.74
Annual Custody Fee	0.89	-
Provision for Bad and doubtful debts	10.02	84.80
	3,036.66	2,762.18
12 (a) Audit fees		
As auditor		
Statutory audit	3.00	3.00
Tax audit (including transfer pricing audit and documentation)	0.90	0.90
Other Services - Limited Review Reporting	0.50	
Taxes	0.70	1.09
12 (b) Corporate social responsibility		
(a) Amount required to be spent by the company during the year	25.40	18.68



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2019

(₹ in Lakhs)

Particulars	31st March 2019	31st March 2018
(b) Amount spent during the year (in cash)		
(i) Construction/ acquisition of any asset		
(ii) On purposes other than (i) above	-	28.00
	-	28.00
13 Income tax expense		
A. Amounts recognised in profit and loss		
Current tax		
Current period (a)	630.25	304.63
Adjustments in respect of current income tax of previous year (b)	2.94	(36.04)
Deferred tax		
Attributable to Relating to origination and reversal of temporary differences (c)	399.33	259.70
Income tax expense (a+b+c)	1,032.52	528.29
B. Income tax recognised in other comprehensive income		
Net loss/ (gain) on re-measurement of defined benefit plans	-1.23	2.35
C. Reconciliation of effective tax rate		
Profit before tax	2,950.81	1,451.38
Effective tax rate	21.55%	21.34%
Computed effective tax expense (MAT)	635.86	309.75
Effect of Ind AS adjustments		
Effect of tax deductible expense	(5.61)	(5.12)
Effect of interest for short and deferment of advance tax		-
Changes in estimates related to prior periods	2.94	-36.04
Movement in deferred tax liability (including MAT credit entitlements)	398.10	262.05
Income tax expense charged to SoPL and OCI	1,031.29	530.63
Income tax expense charged to SoPL and OCI	34.95%	36.56%



14 Property, plant and equipment

A. Reconciliation of carrying amount

(₹ in Lakhs)

Particulars	Freehold land	Factory building	Buildings	Roads and culverts	Plant and machinery	Electrical equipment	Furniture and fixtures	Office equipment	Total (A)	Capital work-in-progress	(B) Total (A+B)
1. Cost or deemed cost (gross carrying amount)											
Balance at 1st April 2017	642.29	793.44	139.73	17.19	21,453.78	316.36	33.16	22.83	23,418.77	10,425.91	33,844.68
Additions					4,981.96	87.25			5,069.21	6,767.80	11,837.01
Disposals					(216.18)	(0.32)			(216.50)	(5,069.21)	(5,285.71)
Balance at 31 March 2018	642.29	793.44	139.73	17.19	26,219.55	403.29	33.16	22.83	28,271.48	12,124.50	40,395.98
Balance at 1st April 2018	642.29	793.44	139.73	17.19	26,219.55	403.29	33.16	22.83	28,271.48	12,124.50	40,395.98
Additions			56.65		8,136.44	21.72	85.82	65.73	8,366.36	11,631.17	19,997.54
Disposals / Capitalised							(0.76)		(0.76)	(8,366.36)	(8,367.13)
Balance at 31 March 2019	642.29	793.44	196.38	17.19	34,355.99	425.01	118.22	88.56	36,637.08	15,389.31	52,026.39
2. Accumulated depreciation											
Balance at 1 April 2017	-	60.46	6.96	11.86	1,403.72	86.36	9.15	6.77	1,585.28	-	1,585.28
Depreciation for the year		30.23	3.48	1.18	889.50	46.34	4.70	5.06	980.49		980.49
Disposals					(25.27)	(0.28)			(25.54)		(25.54)
Balance at 31 March 2018	-	90.70	10.44	13.04	2,267.96	132.42	13.85	11.83	2,540.24	-	2,540.24
Balance at 1 April 2018	-	90.70	10.44	13.04	2,267.96	132.42	13.85	11.83	2,540.24	-	2,540.24
Depreciation for the year		30.23	3.49	0.24	1,102.09	52.13	14.34	12.97	1,215.50		1,215.50
Disposals							(0.01)		(0.01)		(0.01)
Balance at 31 March 2019	-	120.93	13.93	13.27	3,370.05	184.55	28.18	24.81	3,755.72	-	3,755.72
3. Carrying amounts (net)											
At 31 March 2018	642.29	702.74	129.29	4.16	23,951.59	270.87	19.31	10.99	25,731.24	12,124.50	37,855.74
At 31 March 2019	642.29	672.51	182.45	3.92	30,985.94	240.46	90.04	63.75	32,881.36	15,389.31	48,270.67

B. Capital work-in-progress

The capital work in progress includes payments made to contractors for execution of projects, material in transit / value of materials / equipment / etc. received at site for use in the projects. Besides, it also includes borrowing cost allocated to qualifying assets/ projects.

C. Security

1 "As at 31st March 2017, the whole of the borrowers Property, Plant and Equipment are subject to first charge to secured bank loans from the consortium of lenders comprising of Canara and Corporation Bank.

Since the Term Loan has been cleared during FY18, to that affect the satisfaction of the charge on property was granted by the consortium banks to enable the charge to be created in favour of ICICI Bank towards fresh term loans granted."

D. Sale deed in respect of the following land has not yet been executed

- 1 Land at mother station, Shamirpet, Hyderabad admeasuring 2.18 acres allotted by APIIC INR 218 lakhs.
- 2 Land at Medhcal Village, R.R. Dist, Hyderabad admeasuring 180 Sq. Mtrs allotted by APIIC INR 10.80 lakhs.
- 3 Land at mother Station, Sarpavaram, Vaklapudi, Kakinada admeasuring 1.50 acres allotted by APIIC INR 145.68 lakhs.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2019

(₹in Lakhs)

Particulars	31st March 2019	31st March 2018
15 Other financial assets		
PIPL-Security deposit	11.10	11.10
Electricity deposits	35.48	35.48
Others	34.12	24.23
Deposits with banks maturity beyond 12 months	1,000.00	38.00
	1,080.71	108.82
PIPL: Pipeline Infrastructure Private Limited		
16 Other tax assets (Net)	945.92	392.19
TDS	31.39	17.23
Less: Provision for taxation	(940.50)	(303.45)
	36.82	105.98
17 Other non-current assets		
RGITL hook-up charges	530.73	791.03
Railway way leave charges	123.20	160.91
NHAI way leave charges	-	2.85
Leased land with APIIC	57.31	59.66
	711.23	1,014.45
NHAI: National Highway Authority of India		
APIIC: Andhra Pradesh Industrial Investment Corporation		
18 Inventories		
Raw material (natural gas in pipeline)	33.60	28.73
Finished goods	13.38	12.53
Stores and spares	162.07	107.63
	209.05	148.89
19 Trade receivables		
Unsecured, considered good		
(a) Trade Receivables considered good - Secured	970.58	858.77
(b) Trade Receivables considered good - Unsecured	304.19	55.58
(c) Trade Receivables which have significant increase in Credit Risk	94.82	84.80



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2019

(₹ in Lakhs)

Particulars	31st March 2019	31st March 2018
(d) Trade Receivables - credit impaired		
Less: Provision for Bad and Doubtful Debts	94.82	84.80
	1,274.77	914.35
20 Cash and cash equivalents		
(i) Bank balances		
Current accounts	594.38	163.78
Deposits with maturity less than 3 months	996.36	3.41
(ii) Cheques, drafts on hand	.03	0.00
(iii) Cash on hand	3.51	6.35
	1,594.28	173.54
21 Other bank balances		
Deposits with banks with maturity beyond 3 months but less than 12 months*	202.72	1526.05
	202.72	1526.05
<p>*The above deposits for FY2018 includes FD in Debt Service Reserve Account, but the same is received during FY2019 from consortium of banks i.e. Canara and Corporation Banks on clearing the outstanding Loan. Further, also includes other FDs with maturity more than 3 months and less than 12 months held as margin money against the guarantees and LC's issued by the company.</p>		
22 Other financial assets		
Interest accrued on deposits	43.82	61.31
	43.82	61.31
23 Other current assets		
(A) Advance other than capital advances		
(a) Advances to related parties GAIL (India) Limited		
(b) Advances to suppliers	3.90	-
(a) Pre-paid expenses	34.82	26.01
(b) Other advance	0.57	1.12



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2019

(₹ in Lakhs)

Particulars	31st March 2019	31st March 2018
(B) Others		
(a) VAT, CENVAT and others	869.09	345.85
	908.38	372.99
24 Equity share capital		
(i) Authorised capital		
100,000,000 Equity shares of INR 10/- each	10,000.00	10,000.00
Previous year 100,000,000 Equity shares of INR 10/- each		
(ii) Issued capital		
9,23,48,500 Equity shares of INR 10/- each	9,234.85	9,234.85
Previous year 5,00,25,000 Equity shares of INR 10/- each		
(iii) Subscribed and paid up		
8,73,48,500 Equity shares of INR 10/- each	8,734.85	8,734.85
Previous year 4,50,25,000 Equity shares of INR 10/- each		
(iv) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:		
Number of shares in lakhs		
Shares outstanding at the beginning of the year	873.49	450.25
Add: Issued and allotted during the year	423.24	
Shares outstanding at the end of the year	873.49	873.49

(v) Rights, preferences and restrictions attached to the equity shares:

- (a) The Company has only one class of equity shares having par value of INR 10 each. Each shareholder is eligible for one vote per share held.
- (b) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by equity shareholders.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2019

(c) Apart from the rights, restrictions and preferences prescribed by the Companies Act, 2013 and the Articles of Association of the company, the Shareholders' agreement also elaborately deal with the above. In brief the above referred documents provide for restrictions:

- On transfer of shares to outsiders
- On transfer of shares to the existing shareholders
- For issue of fresh equity or transfer of shares to outsiders
- Restriction on voting rights
- Appointment of directors, etc.

(vi) The details of shareholders holding more than 5% shares in the Company:

	31st March 2019	31st March 2018
(a) Equity Shares		
GAIL (India) Limited :		
Number of equity shares in lakhs	436.50	436.50
% of holding	49.97%	49.97%
Hindustan Petroleum Corporation Limited		
Number of equity shares in lakhs	436.50	436.50
% of holding	49.97%	49.97%

"(vii) At the 11th Annual General Meeting of the company held on August 20, 2014, consent of the Company was accorded to the Board to create, offer, issue and allot, from time to time, one or more tranches, up to an aggregate of 5 crores equity shares of face value of INR 10 each at a price of INR 10 per equity share aggregating to INR 50 crore on a preferential basis. Accordingly 2,24,87,500 shares each were issued and allotted to GAIL and HPCL. Allotment of shares to APIIC is pending for transfer of title to the parcels of land allotted by them to the company. Aggrieved by the above decision of the Company, Kakinada Seaports Ltd., one of the shareholders approached the Company Law Board (CLB), Chennai Bench, seeking various reliefs including stay of the aforesaid issue and allotment of shares which was dismissed by CLB the same on 14th September 2014 in favour of the company. Against this dismissal order, the aggrieved shareholder has filed an appeal in the High Court of Judicature in Hyderabad and also an application, inter alia, seeking stay of allotment of said shares. The High Court has admitted the Appeal, it has not granted any stay against the order of the CLB. The matter is sub-judice.

(viii) At the 88th Board Meeting of the company held on 4th December 2017, pursuant to the provisions of Section 62(1)(a) of the Companies Act, 2013 read with the Companies (Share Capital and Debentures) Rules, 2014, the consent of the Board of Directors is given for issue of 4,23,23,500 equity shares at Rs.50/- per share of an aggregate value of ₹211,61,75,000/-



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2019

on rights basis to the existing members of the company in proportion to their current shareholding as on 25th November 2017. Consequently during January 2018, the rights issue of equity shares has been completed.

25 Share based payments

(₹in Lakhs)

Particulars	31st March 2019	31st March 2018
Share application money (Other than cash consideration)	431.97	431.97
Share Premium	16,929.40	16,929.40

(Equity Settled share based payment arrangements)

In line with the Memorandum of understanding, APIIC would be contributing 5% to the equity in the form of cash or land. For this purpose, at the 13th Annual General Meeting of the company held on September 28th, 2016, consent of the Company was once again accorded to the Board to create, offer, issue and allot, from time to time, equity shares on a preferential basis to APIIC and/or its successor in terms of the A.P. Reorganisation Act, 2014. The company has reserved 50,00,000 shares of INR 10/- to be allotted to APIIC and/or its successor. In anticipation, APIIC has already allotted land at three places in the GAs of Hyderabad (Telangana), Vijayawada (Andhra Pradesh) and Kakinada (Andhra Pradesh) and the company has taken possession. The total consideration of land allotted from APIIC is INR 4,51,96,880. The Company has paid INR 20,00,000 upfront. Pending of procedural formalities of documentation and the bifurcation of assets and liabilities between Telangana and Andhra Pradesh state in terms of A.P. Reorganisation Act, 2014, the balance amount of INR 4,31,96,880 has been shown as Share Application (Other than Cash Consideration). The said amount would be adjusted against the subscription for shares.

26 Borrowings

(₹in Lakhs)

Particulars	31st March 2019	31st March 2018
A. Non-current borrowings		
Term loans from banks (secured)	14,500.00	5,085.43
Total Non Current borrowings	14,500.00	5,085.43
B. Current borrowings		
Term loans from banks (secured)*	585.43	1,825.87
Sub total	585.43	1,825.87
Amount included under other financial liabilities	(585.43)	(1,825.87)
Total current borrowings -	-	
* current portion of long term borrowings		



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2019

C. Terms and repayment schedule

(₹ in Lakhs)

Particulars	31st March 2019	31st March 2018
Terms and conditions of outstanding borrowings are as follows:		
1. Secured bank loan in INR		
ICICI BANK		
- Effective Interest rate 8.20 %	15,085.43	6,911.30
2. Un-secured bridge loan from related party		
(a) GAIL (India) Limited		
(i) Loan at simple interest		
- Interest rate @ 10% p.a		
- Interest rate @ 13% p.a		
(ii) Loan at compounding interest		
- Interest rate @ 10% p.a		
(a) HPCL		
(i) Loan at simple interest		
- Interest rate @ 10% p.a		
- Interest rate @ 13% p.a		
(ii) Loan at compounding interest		
- Interest rate @ 10% p.a		
Total borrowings	15,085.43	6,911.30

2. During the year FY18 apart from availing re-finance loan from ICICI Bank to repay the existing loans taken from consortium of banks i.e. Canara and Corporation Banks, new term loan for Rs. 400 Crores had also been sanctioned by ICICI Bank out of which around Rs. 45 Crores had been drawn at an MCLR rate of 8.2 % p.a as on March 2018. The initial Door-to-Door tenor of the facility shall be 12 years comprising of construction period of 2 years, Moratorium period of 2 years and repayment period of 8 years.

D. Security for bank loans

"The Rupee Term Loan facility and all amounts in respect thereof from ICICI Bank shall be secured by:

- a) first pari-passu charge on the fixed assets (movable and immovable) and current assets of the company, both present and future
- b) First pari-passu charge on the Trust and Retention Accounts.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2019

- c) First pari-passu charge on the intangible assets including Goodwill..by way of hypothecation on all the plant and machinery, machinery spares, tools, accessories, furniture, fixtures, vehicles, intangible assets including but not limited to the goodwill, uncalled capital and all other movable assets, both present and future, in relation to the project."

27 Provisions

(₹in Lakhs)

Particulars	31st March 2019	31st March 2018
(a) Provision related to post-employment defined benefit plans	41.72	28.23
(b) Provision related to compensated absences	6.65	5.79
	48.37	34.03
28 Deferred tax liabilities (Net)		
(i) Deferred tax assets		
Indexation of freehold land	41.52	37.50
Provision related to post-employment defined benefit plans	12.18	9.37
Provision related to compensated absences	8.77	6.86
Un absorbed depreciation	-	267.47
MAT credit entitlements	1,982.04	1,384.78
Others	33.07	36.87
Sub total (A)	2,077.58	1,742.86
(ii) Deferred tax liabilities		
Tangible assets	3,509.78	2,828.70
Term loans from banks	51.75	-
Others		
Sub total (B)	3,561.52	2,828.70
(iii) Deferred tax liabilities (Net) B-A	1,483.94	1,085.84



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2019

(₹ in Lakhs)

Particulars	31st March 2019	31st March 2018
29 Trade payables		
Trade payables to related parties	482.85	407.19
Other trade payables		
(A) Micro enterprises and small enterprises	88.41	136.89
(B) Creditors other than micro enterprises and small enterprises.	461.72	693.23
Total	1,032.98	1,237.31
30 Other financial liabilities		
(i) Current maturities of long-term debt		
(a) Term loans from banks, secured	85.43	1,825.87
(ii) Others -		
(a) Retention money	69.44	71.92
(b) EMD / security deposits	330.10	169.62
(c) Creditors for capital goods		
(A) Micro enterprises and small enterprises	424.18	182.58
(B) Creditors other than micro enterprises and small enterprises.	1,864.48	699.77
(d) PNG customer deposits	547.70	449.55
	3,821.34	3,399.32
31 Other current liabilities		
Statutory liabilities	251.46	246.36
Accruals	114.63	69.75
Other liabilities	32.93	5.30
	399.02	321.41
32 Provisions		
(a) Provision related to post-employment defined benefit plans	0.10	0.11
(b) Provision related to compensated absences	23.47	14.94
	23.57	15.06



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2019

(₹in Lakhs)

Particulars	31st March 2019	31st March 2018
33 Assets and Liabilities relating to employee benefits		
A. Gratuity		
1. Changes in Present Value of Obligations (PVO)		
PVO at beginning of period	28.34	25.46
Interest cost	2.19	1.68
Current service cost	7.04	5.43
Past Service Cost-(non vested benefits)	-	-
Past Service Cost-(vested benefits)	-	3.56
Benefits paid	-	(0.69)
Actuarial (gain)/loss on obligation	4.23	(7.10)
PVO at end of period	41.81	28.34
	-	-
2. Interest expenses	-	-
Interest cost	2.19	1.68
	-	-
3. Fair value of plan assets	-	-
Fair value of plan assets at the beginning	-	-
Interest income	-	-
	-	-
4. Net liability	-	-
PVO at beginning of period	28.34	25.46
Fair value of the assets at beginning report	-	-
Net liability	28.34	25.46
	-	-
5. Net interest	-	-
Interest expenses	2.19	1.68
Interest income	-	-
Net interest	2.19	1.68
	-	-



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2019

(₹ in Lakhs)

Particulars	31st March 2019	31st March 2018
6. Actual return on plan assets	-	-
Less Interest income included above	-	-
Return on plan assets excluding interest income	-	-
	-	-
7. Actuarial (gain)/loss on obligation	-	-
Due to demographic assumption	-	-
Due to financial assumption	0.75	-7.05
Due to experience	3.48	(0.05)
Total actuarial (gain)/loss	4.23	(7.10)
	0	-
8. Fair value of plan assets	0	-
Opening fair value of plan asset	-	-
Adjustment to opening fair value of plan asset	-	-
Return on plan assets excl. interest income	-	-
Interest income	-	-
Contributions by employer	-	0.69
Contributions by employee	-	-
Benefits paid	-	(0.69)
Fair value of plan assets at end	-	-
	-	-
9. Past service cost recognised	-	-
Past service cost- (non vested benefits)	-	-
Past service cost -(vested benefits)	-	3.56
Average remaining future service till vesting of the benefit	-	-
Recognised past service cost- non vested benefits	-	-
Recognised past service cost- vested benefits	-	3.56
Unrecognised past service cost- non vested benefits	-	-
	-	-



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2019

(₹ in Lakhs)

Particulars	31st March 2019	31st March 2018
10. Amounts to be recognized in the balance sheet and statement of Profit & loss account	-	-
PVO at end of period	41.81	28.34
Fair value of plan assets at end of period	-	-
Funded status	(41.81)	(28.34)
Net asset/(liability) recognized in the balance sheet	(41.81)	(28.34)
	-	-
11. Expense recognized in the statement of profit & loss account	-	-
Current service cost	7.04	5.43
Net interest	2.19	1.68
Past service cost- (non vested benefits)	-	-
Past service cost -(vested benefits)	-	3.56
Curtailment effect	-	-
Settlement effect	-	-
Expense recognized in the statement of profit & loss account	9.24	10.67
	-	-
12. Other Comprehensive Income (OCI)	-	-
Actuarial (gain)/loss recognized for the period	4.23	(7.10)
Asset limit effect	-	-
Return on plan assets excluding net interest	-	-
Unrecognized actuarial (gain)/loss from previous period	-	-
Total actuarial (gain)/loss recognized in (OCI)	4.23	(7.10)
	-	-
13. Movements in the liability recognized in balance Sheet	-	-
Opening net liability	28.34	25.46



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2019

(₹in Lakhs)

Particulars	31st March 2019	31st March 2018
Adjustment to opening balance	-	-
Expenses as above	9.24	10.67
Contribution paid	-	(0.69)
Other comprehensive income	4.23	(7.10)
Closing net liability	41.81	28.34
	-	-
14. Schedule III of The Companies Act 2013	-	-
Current liability	0.10	0.11
Non-current liability	41.72	28.23
	-	-
15. Projected service cost 31 March 2019	9.32	7.04
	Target Allocation %	
16. Asset Information		
Cash and cash equivalents		
Gratuity fund (LIC)		
Debt security - government bond		
Equity securities - corporate debt securities		
Other insurance contracts		
Property		
Total itemized assets	0%	
17. Assumptions as at reporting date	31-Mar-19	
Mortality	IALM (2006-08) Ult. Ult.	IALM (2006-08)
Interest / discount rate	7.65%	7.74%
Rate of increase in compensation	10.00%	10.00%
Annual increase in healthcare costs		
Future changes in maximum state healthcare benefits		
Expected average remaining service	23.31	23.26
Employee attrition rate(past service (PS))	PS: 1 to 5 : 4% PS: 5 to 42 : 0%	PS: 1 to 5 : 4% PS: 5 to 42 : 0%



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2019

18. Sensitivity analysis

(₹in Lakhs)

	DR: Discount		Rate	
	PVO DR +1%	PVO DR +1%	PVO ER -1%	PVO ER -1%
PVO	3,429,354	5,135,555	4,754,256	3,588,680

19. Expected Payout

Year	Expected Outgo First	Expected Outgo Second	Expected Outgo Third	Expected Outgo Fourth	Expected Outgo Fifth	Expected Outgo Six to Ten years
Payouts	9,810	14,745	12,713	13,907	15,283	108,268

20. Asset Liability Comparisons

Year	31-Mar-15	31-Mar-16	31-Mar-17	31-Mar-18	31-Mar-19
PVO at end of period	1,830,952	2,030,673	2,546,361	2,834,406	4,181,383
Plan Assets					
Surplus / (Deficit)	-1,830,952	-2,030,673	-2,546,361	-2,834,406	4,181,383
Experience adjustments on plan assets					



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2019

(₹in Lakhs)

Particulars	31st March 2019	31st March 2018
B. Leave Encashment		
1. Changes in present value of obligations		
PVO at beginning of period	5.86	6.12
Interest cost	0.39	0.19
Current service	11.15	13.12
Benefits paid	(1.71)	(6.44)
Actuarial (gain)/loss on obligation	(8.95)	(7.13)
PVO at end of period	6.74	5.86
2. Interest expenses	-	
Interest cost	0.39	0.19
3. Fair value of plan assets	-	
Fair value of plan assets at the beginning	-	
Interest income	-	
4. Net liability	-	
PVO at beginning of period	5.86	6.12
Fair value of the assets at beginning report	5.86	
Net liability	-	6.12
	-	
5. Net interest	-	
Interest expense	0.39	0.19
Interest income	-	
Net interest	0.39	0.19
	-	
6. Actual return on plan assets	-	
Less Interest income included above	-	
Return on plan assets excluding interest income	-	
	-	
7. Actuarial (gain)/loss on obligation	-	
Due to demographic assumption	-	
Due to financial assumption	0.11	-1.49
Due to experience	(9.06)	(5.64)
Total actuarial (gain)/loss	(8.95)	(7.13)



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2019

(₹ in Lakhs)

Particulars	31st March 2019	31st March 2018
8. Fair value of plan assets	-	
Opening fair value of plan asset	-	
Adjustment to opening fair value of plan asset	-	
Return on plan assets excl. interest income	-	
Interest income	-	
Contributions by employer	1.71	6.44
Contributions by employee	-	
Benefits paid	-1.71	(6.44)
Fair value of plan assets at end	-	
9. Past service cost recognised	-	
Past service cost- (non vested benefits)	-	
Past service cost -(vested benefits)	-	
Average remaining future service till vesting of the benefit	-	
Recognised past service cost- non vested benefits	-	
Recognised past service cost- vested benefits	-	
Unrecognised past service cost- non vested benefits	-	
10. Amounts to be recognized in the balance sheet and statement of profit & loss account	-	
Fair value of plan assets at end of period	6.74	5.86
Funded status	-	
Net asset/(liability) recognized in the balance sheet	(6.74)	(5.86)
	(6.74)	(5.86)
11. Expense recognized in the statement of profit & loss account	-	
Current service cost	11.15	13.12
Net interest	0.39	0.19
Past service cost- (non vested benefits)	-	
Past service cost -(vested benefits)	-	
Curtailment effect	-	
Settlement effect	-	



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2019

(₹ in Lakhs)

Particulars	31st March 2019	31st March 2018
Actuarial (gain)/loss recognized for the period	(8.95)	(7.13)
Expense recognized in the statement of profit & loss account	2.59	6.18
	-	-
12. Other Comprehensive Income (OCI)		
Actuarial (Gain) / Loss recognised for the period		
Asset limit effect		
Return on Plan Assets excluding net interest		
Unrecognised Actuarial (Gain) / Loss from previous period		
Total Actuarial (Gain) / Loss recognised in (OCI)		
13. Movements in the liability recognized		
in balance sheet	-	-
Opening net liability	5.86	6.12
Adjustment to opening balance	-	-
Expenses as above	2.59	6.18
Contribution paid	(1.71)	(6.44)
Closing net liability	6.74	5.86
	-	-
14. Schedule III of The Companies Act 2013		
Current liability	23.47	14.94
Non-current liability	6.65	5.79
	-	-
15. Short term compensated absence liability		
Valuation date.	00-Jan-00	31-Mar-18
	31-Mar-19	
No of days	1,325.00	1,097.00
Amount *	23.38	14.87
	-	-
16. Projected service cost 31 March 2019	18.97	11.15
17. Asset information		
Cash and cash equivalents		
Leave encashment scheme		
Debt security - government bond		
Equity securities - corporate debt securities		



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2019

Particulars	31st March 2019	31st March 2018
Other insurance contracts		
Property		
Total itemized assets		
18. Assumptions		
Mortality	IALM (2006-08) Ult.	IALM (2006-08) Ult.
Interest / discount rate	7.66%	7.74%
Rate of increase in compensation	10%	10.00%
Annual increase in healthcare costs		
Future changes in maximum state healthcare benefits		
Expected average remaining service	23.31	23.26
Employee attrition rate(past service (PS))	PS: 1 to 5 : 4% PS: 5 to 42 : %	PS: 1 to 5 : 4% PS: 5 to 42 : %

19. Sensitivity analysis

DR: Discount Rate				
	PVO DR +1%	PVO DR +1%	PVO ER +1%	PVO ER +1%
PVO	547.04	837.23	831.29	548.77

20. Expected Payout

Year	Expected Outgo First	Expected Outgo Second	Expected Outgo Third	Expected Outgo Fourth	Expected Outgo Fifth	Expected Outgo Six to Ten Years
Payouts	2,347,286.00	11,213.00	7,850.00	5,169.00	3,463.00	13,469.00

21. Asset Liability Comparisons

Year	31-Mar-15	31-Mar-16	31-Mar-17	31-Mar-18	31-Mar-19
PVO at end of period	1,753,651.00	636,990.00	612,368.00	586,371.00	674,409.00
Plan Assets					
Surplus / (Deficit)	-1,753,651.00	-636,990.00	-612,368.00	-586,371.00	-674,409.00

Experience adjustments on plan assets



34 Capital Management

1. The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as result from operating activities divided by total shareholders' equity.
2. The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position
3. The Company's adjusted net debt to equity ratio is as follows: (₹in Lakhs)

	31st March 2019	31st March 2018
Total Liabilities	21,309.22	11,178.40
Less: Cash and Cash Equivalents	1,594.28	173.54
Adjusted Net Debt	19,714.94	11,004.86
Total Equity	33,023.23	31,103.71
Adjusted Net Debt to Equity Ratio	0.60	0.35

35 Financial instruments

1. Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy:

31st March 2019

	Carrying Amount			Fair Value		
	Other financial asset	Other liabilities-amortised cost	Total carrying amount	Level 1	Level 2	Level 3
Financial assets measured at fair value	-	-	-	-	-	-
	-	-	-	-	-	-
Financial assets not measured at fair value						
Security deposits	1,080.71	-	1,080.71	-	-	-
Accrued interest	43.82	-	43.82	-	-	-
Trade receivables	1,274.77	-	1,274.77	-	-	-
Cash and cash equivalents	1,594.28	-	1,594.28	-	-	-
	3,993.58	-	3,993.58	-	-	-



(₹ in Lakhs)

	Carrying Amount			Fair Value		
	Other financial asset	Other liabilities-amortised cost	Total carrying amount	Level 1	Level 2	Level 3
Financial liabilities not measured at fair value						
Secured bank loans	-	15,085.43	15,085.43	-	15,085.43	-
Loans from related parties	-	-	-	-	-	-
Trade payables	-	1,032.98	1,032.98	-	-	-
Capital creditors	-	2,288.66	2,288.66	-	-	-
Security deposits received	-	877.81	877.81	-	-	-
Accrued interest	-	-	-	-	-	-
Retention money	-	69.44	69.44	-	-	-
	-	19,354.32	19,354.32	-	15,085.43	-
Financial assets not measured at fair value						
Security deposits	108.82	-	108.82	-	-	-
Accrued interest	61.31	-	61.31	-	-	-
Trade receivables	914.35	-	914.35	-	-	-
Cash and cash equivalents	173.54	-	173.54	-	-	-
	1,258.01	-	1,258.01	-	-	-
Financial liabilities not measured at fair value						
Secured bank loans	-	6,911.30	6,911.30	-	6,911.30	-
Loans from related parties	-	-	-	-	-	-
Trade payables	-	1,237.31	1,237.31	-	-	-
Capital creditors	-	882.35	882.35	-	-	-
Security deposits received	-	619.18	619.18	-	-	-
Accrued interest	-	-	-	-	-	-
Retention money	-	71.92	71.92	-	-	-
	-	9,722.06	9,722.06	-	6,911.30	-



36 Financial risk management

1. Overview

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

Risk management framework:

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

Credit risk

1. Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers. The carrying amounts of financial assets represents the maximum credit exposure.
2. Trade and other receivables: The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The management does not expect any significant credit risk out of exposure to trade and other receivables, as the major part of the revenue is contributed by either through cash sales or sales to government owned oil marketing companies like HPCL, IOCL and State transport corporation of A.P. and Telangana with a credit period ranging from 3 days to 25 days. Provision for expected losses towards receivables as per Expected Credit Loss Model were considered to the tune of INR 5.65 Lacs for the Financial Year 2018-19 towards receivables from APSRTC and other Debtors.
3. The Board has established Credit Policy under which each customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The summary of the company's product wise Credit Period is tabulated below:

Product Credit Period

1. Compressed Natural Gas (CNG)	
(a) Oil Marketing Companies like HPCL, IOCL Etc.,	15 Days from the Invoice Receipt date
(b) Road Transport Corporation like APSRTC, TSRTC Etc.,	Weekly Advance, followed by 25 Days for monthly Settlement upon receipt of Invoice
(c) Others	Cash and Carry Basis
2. Piped Natural Gas (Domestic)	21 Days form the Invoice date
3. Piped Natural Gas (Industrial)	3 Days form the Invoice Receipt date
4. Piped Natural Gas (Commercial)	7 Days form the Invoice Receipt date



4. Cash and cash equivalents: The company held cash and cash equivalents of INR 1594.36 as at 31 March 2019 and INR 173.53 lakhs as at 31 March 2018. The cash and cash equivalents are held with public sector banks and leading private sector Bank. There is no impairment on cash and cash equivalents as on the reporting date and the comparative period.

Liquidity risk

- Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.
- The company aims to maintain the level of its cash and cash equivalents and investments at an amount in excess of expected cash outflows on financial liabilities (other than trade payables) over the next six months. The company also monitors the level of level of expected cash inflows on trade receivables and loans together with expected cash outflows on trade payables and other financial liabilities. This excludes potential impact of extreme circumstances that cannot be reasonably predicted, such as natural disasters.
- Exposure to Liquidity risk
The following are the remaining contractual maturities of financial liabilities at the reporting date.

31st March 19

(₹in Lakhs)

	Carrying amount	6 month or less	6-12 months	1-2 years	2-5 years	More than 5 years
Borrowings- secured	15,085.43	585.43	-	-	5,437.50	9,062.50
Borrowings- un-secured	-	-	-	-	-	-
Trade payables	1,032.98	1,032.98	-	-	-	-
Other financial liabilities	3,235.91	399.55	2,836.36	-	-	-
	19,354.32	2,017.95	2,836.36	-	5,437.50	9,062.50

31st March 18

(₹in Lakhs)

	Carrying amount	6 month or less	6-12 months	1-2 years	2-5 years	More than 5 years
Borrowings- secured	6,911.30	912.94	912.94	585.43	562.50	3,937.50
Borrowings- un-secured	-	-	-	-	-	-
Trade payables	1,237.31	1,237.31	-	-	-	-
Other financial liabilities	1,573.45	241.54	1,331.91	-	-	-
	9,722.06	2,391.79	2,244.84	585.43	562.50	3,937.50



Market Risk

1. Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.
2. Currency Risk: The company does not have significant exposure in currency other than INR.
3. Interest rate Risk : The company manages its credit risk by entering into borrowing arrangements which are fixed/ floating and investing in fixed interest instruments.

Sensitivity analysis:

A reasonably possible change of 100 basis points in interest rate at the reporting date would have increased or decreased profit or loss by INR 93.88 Lakhs (31st March 2017: INR 57.23 Lakhs). This analysis assumes that all other variables remain constant

(₹in Lakhs)

	100 bp increase		100 bp decrease	
	31st March 2019	31st March 2018	31st March 2019	31st March 2018
Interest on Secured Bank Loan- Variable Interest rate- Effect on Profit/ Loss	93.88	57.23	-93.88	-57.23
Cash flow sensitivity	-93.88	-57.23	93.88	57.23

Operational Risk

1. Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations.
2. The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.
3. The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:
 - Requirements for appropriate segregation of duties, including the independent authorization of transactions
4. Compliance with Company's standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit Committee and Board of the Company.



37 Operating leases

Assets taken on lease primarily consist of leased land taken for the purpose of setting up retail outlets, Pressure Reduction Skid (PRS), warehouse, lease hold land allotted by APIIC in Vijayawada and properties for use by the Company. These lease arrangements are normally renewed on expiry of the term. Amount of lease rental expenses is recognized in the Statement of Profit & Loss and forms part of Rent, Rates and Taxes.

38 Contingent liabilities and commitments

1. Contingent liabilities not provided for–

(₹in Lakhs)

	31st March 2019	31st March 2018
A. In respect of the following disputed demands/claims which are under appeal/representation for which the company expects no liability		
i. A.P. Value Added Tax- Restriction of ITC	16.73	16.73
ii. Central Excise- Valuation of excisable goods (CNG) and restriction of CENVAT credit	279.46	258.61
iii. Andhra Pradesh State Road Transport Corporation- Claims against supply of CNG	72.22	72.22
iv. In respect of appeals filed against the company towards Income Tax- Disallowance of expenditure for Assessment Years 2008-09 and 2009-10	120.27	120.27
v. GAIL - Towards Excess usage of APM Gas	180.45	
B. Guarantees given		
i. PNGRB- VJA, HYD and KKD- BG's issued for operating CGD business.	1550.00	1,550.00
ii. Vijayawada Municipal Corporation- Performance BG for Pipe line laying in Vijayawada	5.23	121.95
iii. National Highways Authority of India	4.72	6.72
iv. Hyderabad Road Development Corporation Ltd. (HRDCL)	50.00	50.00
v. Others- Performance BG for Pipe line laying in Vijayawada.	3.00	5.05
C. Letter of Credit issue to		
Gas Authority of India Ltd.	2579.45	1,008.37
East West Pipeline Ltd	36.70	29.74
GSPCL	165.10	



2. Commitments

- i) The company is required to complete minimum residential connections for piped gas under the terms of contract awarded by PNGRB. Failing to complete the minimum number of connections would make the Company liable for penal consequences, against which the company has submitted bank guarantees to PNGRB. The company has received notices for delays in minimum installations. The charges for not completing minimum number of connections cannot be measured at this stage and also the Company has represented the matter to the concerned authorities as the delay is on account of various factors most of them being beyond the control of the company.
- ii) In respect of City Gas Distribution activities in Kakinada, PNGRB in May, 2013, invoked the PBG and claimed Rs.1,33,54,500/- for non-achievement of milestones as set out in the authorization. Challenging this, Writ Petition was filed immediately in the High Court of Andhra Pradesh, which has granted stay. The matter is sub judice.
- iii) BGL has suo moto filed writ petitions in November 2015 before the Hon'ble High Court of A.P. and Telangana against PNGRB to stay any invocation of PBGs amounting to Rs. 10,00,00,000 and Rs.4,00,00,000 issued to them for the GAs of Hyderabad and Vijayawada, respectively, on the grounds of force majeure conditions for non-performance. Interim stay has been granted and the matter is sub judice.
- iv) BGL has entered into agreements with APSRTC (Valid for the successor TSRTC) for supply of CNG of varying quantities to their buses operating out of Vidhyadharapuram, Governorpet-II and Ibrahimpatnam depots in Vijayawada as also to Medhcal, Hakimpet and Cantonment depots operating in Hyderabad.

3. Estimated amount of Contracts remaining to be executed on Capital Account not provided for

(₹in Lakhs)

	31st March 2019	31st March 2018
Estimated amount of Contracts remaining to be executed on Capital Account not provided for	17,643.32	12,381.56

39 Related parties

A. Parent and ultimate controlling party

Bhagyanagar Gas Limited ("BGL" for short) is promoted as a Joint Venture company of GAIL (India) Limited and Hindustan Petroleum Corporation Limited (HPCL). The promoters GAIL and HPCL each holds 49.97% of equity share capital in BGL as on reporting date. Hence, treated as Related Parties of BGL

B. Transactions with key management personnel

Managing Director and Director-Commercial are on deputation from GAIL/HPCL. The amount mentioned below represents remuneration paid by GAIL/HPCL and debited to the company. The salary includes salary, employer's contribution to PF, LTA, bonus, medical benefits, gratuity & leave encashment.. All amounts mentioned below are inclusive of service tax or GST. The MD, DC and Company Secretary are regarded as Key Management Personnel in terms of Companies Act, 2013.

(₹in Lakhs)

	31st March 2019	31st March 2018
1. Salary & Allowances	206.69	156.87
2. Transport cost (car)	8.16	8.40
	214.85	165.27



C. Transactions with related parties other than KMPs

1. Name of the Related Party	HPCL	GAIL	HPCL	GAIL
2. Nature of Relationship	Joint Venture	Joint Venture	Joint Venture	Joint Venture
3. Nature of transaction:				
	31st March 2019		31st March 2018	
(i) Purchases				
(a) Auto LPG	63.45	-	130.89	-
(b) Natural Gas	-	8,220.32	-	5,726.10
(ii) Sales – CNG	6,812.53		5,964.63	4.13
(iii) Inland Letter of Credit	-	2,579.45	-	1,008.37
(iv) Interest on Bridge Loan	580.44	637.97		
(vi) Manpower Cost- Deputation	271.43	319.79	188.73	274.49
(vii) NG Compression Service	78.26		8.71	

40 Earnings per share

A. Basic Earnings Per Share

The calculation of basic earnings per share at 31 March 2019 was based on the profit attributable to ordinary shareholders of INR 1922.52 Lakhs (2018: INR 916.00 lakhs), and a weighted average number of ordinary shares outstanding of 873.49 lakhs (2018: 544.17 lakhs). (₹in Lakhs)

	31st March 2019	31st March 2018
1. Profit attributable to ordinary shareholders	1,922.52	916.00
2. Weighted average number of ordinary shares for the year	873.49	544.17
3. Basic EPS	2.20	1.68

B. Diluted Earnings Per Share

"The calculation of diluted earnings per share at 31 March 2019 was based on profit attributable to ordinary shareholders of INR 1922.52 lakhs (2018: INR 916 lakhs), and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 923.49 lakhs (2018: 594.17 lakhs)

	1st March 2019	31st March 2018
1. Profit attributable to ordinary shareholders	1,922.52	916.00
2. Weighted average number of ordinary shares (diluted) for the year	923.49	594.17
3. Diluted EPS	2.08	1.54



C. Weighted average number of ordinary shares (diluted) (₹in Lakhs)

	31st March 2019	31st March 2018
Weighted average number of ordinary shares (basic)	873.49	544.17
Effect of shares to be issued to APIIC for purchase of land	50.00	50.00
	923.49	594.17

41 Long term contracts and derivatives contract in any financial years

The company has long term contracts for supply of gas. There are no foreseeable losses on such contracts. The company does not have any derivatives contract.

42 Subsequent events

They were no subsequent events post the year end.

43 Operating Segments

The company is engaged in the business of gaseous fuel. This being a single segment no separate figures are given

44 Previous year figures have been regrouped and / or rearranged wherever necessary to confirm with current year groupings

For S.Daga & Co.,
Chartered Accountants
FR No: 000669S

For and on behalf of Bhagyanagar Gas Limited

Sd/-
Pavan Kumar Bihani
Partner
Membership No.: 225603

Sd/-
Sanjiv Gujral
Director - Commercial-cum-CFO
DIN No.: 07808552

Sd/-
G.Malleswari
Company Secretary
Membership No. F6574

Place: Hyderabad
Date: 2nd May 2019

Sd/-
S.V.Prasad
Managing Director
DIN No.: 02897631



SAFETY DAY - SAFETY FIRST





SAFETY DAY - SAFETY FIRST





SAFETY DAY - SAFETY FIRST





COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF BHAGYANAGAR GAS LIMITED FOR THE YEAR ENDED 31 MARCH 2019

The preparation of financial statements of Bhagyanagar Gas Limited for the year ended 31 March 2019 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 Auditors appointed by the Comptroller and Auditor General of India under Section 139 (5) of the Act are 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 02 May 2019.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of Bhagyanagar Gas Limited for the year ended 31 March 2019 under Section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit, nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 143(6)(b) of the Act.

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

**(M. S. Subrahmanyam)
Director General of Commercial Audit &
Ex-Officio Member, Audit Board,
Hyderabad**

**Place: Hyderabad
Date: 14 August 2019**



Bhagyanagar Gas Limited

ATTENDANCE SLIP

Bhagyanagar Gas Limited
J.V of GAIL (INDIA) LIMITED & HPCL

Regd. Office: Parishram Bhavan, APIDC Building, Basheerbagh, Hyderabad – 500 004
CIN: U40200TG2003 PLC041566 Website:www.bglgas.com E-mail:corporatehq@bglgas.com
Phone :040-23245083;Fax:040-2323 5081

Folio No/ Client Id: DP ID :

Name of the Shareholder (s) :

Registered address :

E-mail Id :

I hereby record my presence at the 16th Annual General Meeting of Bhagyanagar Gas Limited at Parishram Bhavan, TSIDC Building, Basheerbagh, Hyderabad – 500 004 on Thursday, 26th September, 2019 at 3.00 P.M.

Signature of Shareholder/Proxy holder

NOTE:- Shareholders (s) present in person or through registered proxy shall only be entertained.



Bhagyanagar Gas Limited

PROXY FORM

Bhagyanagar Gas Limited

J.V of GAIL (INDIA) LIMITED & HPCL

Regd. Office: Parishram Bhavan, APIDC Building, Basheerbagh, Hyderabad – 500 004

CIN: U40200TG2003 PLC041566 website:www.bglgas.com E-mail:corporatehq@bglgas.com

Phone :040-23245083;Fax:040-2323 5081

Name of the Shareholder (s) :

Registered address :

E-mail Id :

Folio No/ Client Id: DP ID :

I/We, being the member (s) of shares of the above named company, hereby appoint

1. Name:
Address:
E-mail Id:
Signature:....., or failing him

2. Name:
Address:
E-mail Id:
Signature:....., or failing him

3. Name:
Address:
E-mail Id:
Signature:.....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 16th Annual General Meeting of the members of Bhagyanagar Gas Limited will be held on Thursday 26th of September, 2019 at 3.00 p.m. at registered office of the Company and at any adjournment thereof in respect of such resolutions as are indicated below:



Sl. No.	Matter of resolution	Vote	
		For	Against
	Ordinary Business		
1	To receive, consider and adopt the audited Financial Statements for the financial year ended 31st March, 2019 and Report of Board of Directors' and Auditors' Report thereon.		
2	To appoint a Director in place of Shri Sanjiv Gujral (DIN 07808552) who retires by rotation and being eligible, offers himself for re-appointment		
3	To authorize Board of Directors of the Company to fix the remuneration of Statutory Auditors of the Company appointed by Comptroller and Auditor General of India for the financial year 2019-20, in terms of the provisions of Section 142 of the Companies Act, 2013.		
	Special Business		
4	Appointment of Shri Dilip Kumar Pattanaik (DIN 07540032) as Director on the Board.		
5	Appointment of Shri Rajeev Garg (DIN 07674683) as Director on the Board.		
6	Appointment of Shri Rajeev Garg (DIN 07674683) as Managing Director on the Board.		
7	Appointment of Shri A.K.Tripathi (DIN 08531893) as Director on the Board.		
8	Issue of shares on Preferential Basis to APIIC/TSIIC		
9	Remuneration to Cost Auditors for financial year 2019-20		

Signed this.....day of.....2019

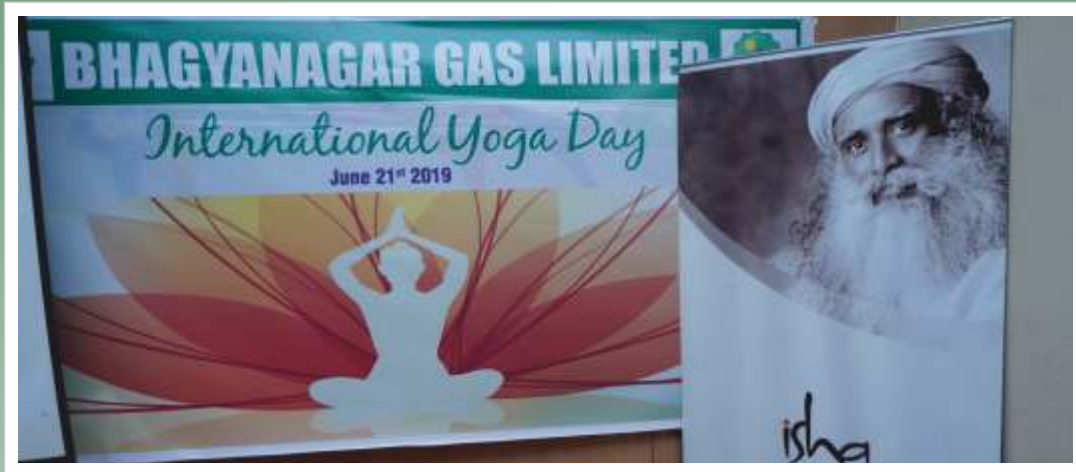
Signature of shareholder

Signature of Proxy holder(s)

Note:

1. This form of proxy in order to be effective should be duly completed and deposited at the registered office of the Company, not less than 48 hours before the commencement of the Meeting.
2. The proxy form should be signed across the stamp.
3. Appointing a proxy does not prevent a member from attending the meeting in person if so wishes.

Affix
revenue
stamp





Bhagyanagar Gas Ltd.

(A Joint Venture of Gail (India) Ltd. & HPCL)

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