



MAHANAGAR  
GAS



# Fostering a Future of Green Energy

# Entering the 25<sup>th</sup> year of fuelling lives

MAHANAGAR GAS LIMITED

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# Fostering a Future of Green Energy

As we enter the 25<sup>th</sup> year, we are reinforcing our position as one of India's leading city gas distribution entity. With size, scale and experience that spans a quarter of a century, we are known for our customer connect, while fostering productivity, employee safety, environment protection, social emancipation and serving the interest of all our stakeholders.

Living in an era of new-age energy, natural gas has gained importance as the most preferred environmentally friendly fuel, compared to the efficiency and eco-sustainability of conventional fuels. With the growing demand for natural gas, the need for alternative fuel options is evident in Mumbai and its adjacent regions, our key operating market.

With focus on expanding our infrastructure well-primed with operational efficiency, Mahanagar Gas Limited (MGL) is bringing the benefits of natural gas to large sections of the population in our licensed areas.

As we continue to focus on the new opportunities, we remain committed to all our stakeholders. We remain committed to our environment and ecology. We remain committed to our society and community.

We remain committed to **Fostering a Future of Green Energy**.

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## At a Glance

### OUR VISION

To be a World Class,  
Consumer & Environment  
Friendly, Employer of Choice;  
committed to provide Safe,  
Efficient and Reliable energy;  
while creating Value for  
all our Stakeholders.

Mahanagar Gas Limited (MGL) is one of the largest City Gas Distribution (CGD) companies in India. With over 24 years of experience in supplying natural gas in Mumbai and adjoining areas, MGL is the sole authorised distributor of Compressed Natural Gas (CNG) and Piped Natural Gas (PNG) in Mumbai, Thane Urban and adjoining municipalities and the Raigad district in the state of Maharashtra, India. The Company distributes CNG for use in motor vehicles and PNG for domestic household as well as for commercial and industrial use.





MGL distributes natural gas through an extensive CGD network of pipelines. It has the exclusive authorisation to lay, build, expand and operate in accordance with the Petroleum and Natural Gas Regulatory Board Regulations 2008 in Mumbai until 2020, in Thane Urban and adjoining Municipalities until 2030 and the Raigad district until 2040.

The company believes in providing safe and uninterrupted supply of gas to the customers and the CNG is supplied through its wide distribution network.

As of March 31, 2019, it had a supply network of over 436.65 kms of steel pipelines, over 4,873.223 kms of polyethylene pipeline and over 236 CNG filling stations having more than 1,382 dispensing points.

**5,310** km  
Pipeline Network

**2.95** MMSCMD  
Volume of Natural Gas Supplied in FY 2019

**0.69** million  
CNG Customer Base

**70**  
Industrial Consumers

**1.14** million  
Domestic Households  
with Pipe Gas Connection

**236**  
CNG Filling Stations

**3,754**  
Commercial Customers

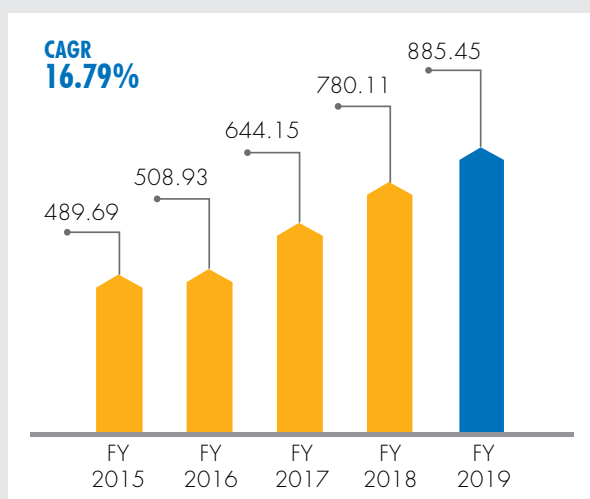
**+1,382**  
Dispensing Points



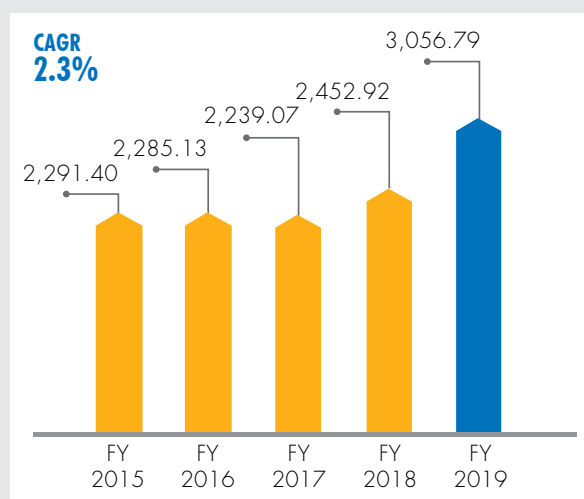
## Our Financial Highlights

During FY 2018-19, we witnessed strong growth in our revenue, profits and profitability margins, mainly driven by increase in customer base and coverage area.

EBITDA (₹ in Crore)

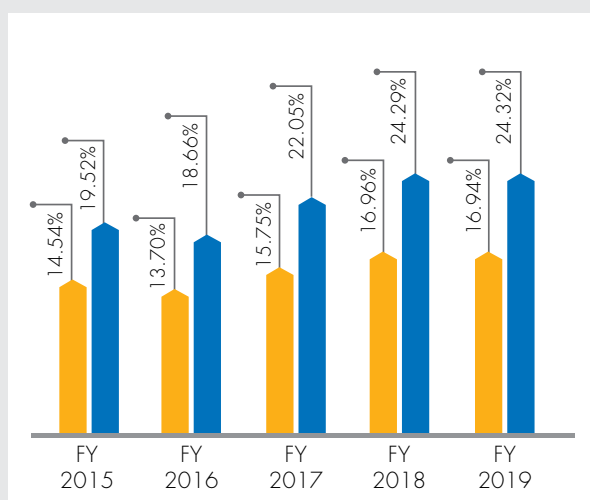


REVENUE (₹ in Crore)

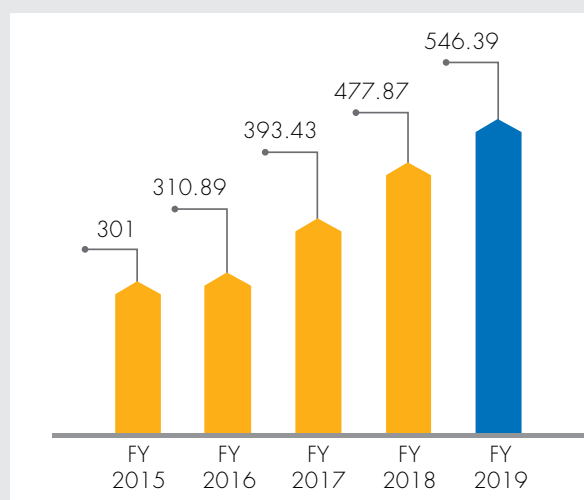


ROA AND ROE (%)

■ ROA% ■ ROE%



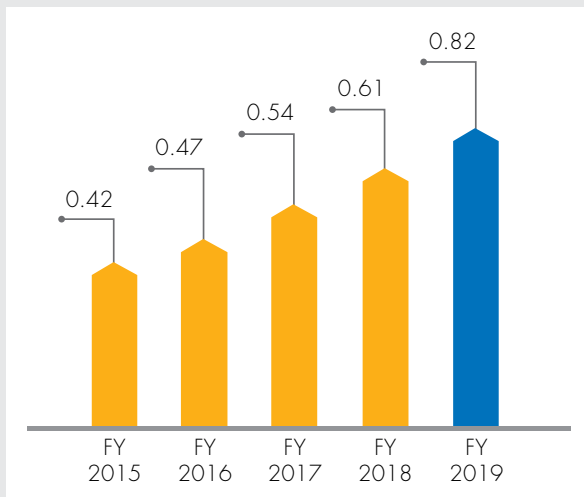
PAT (₹ in Crore)



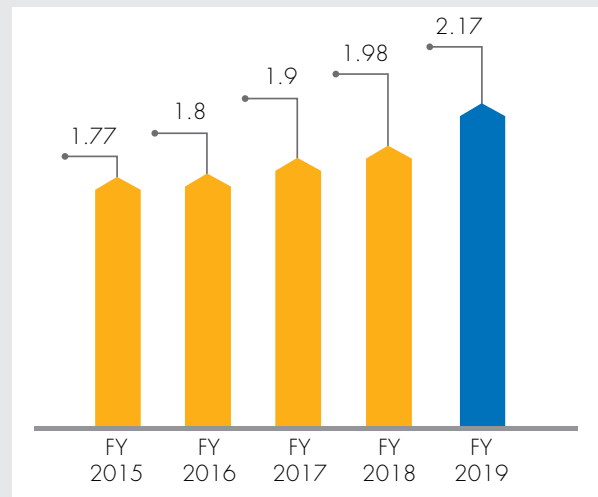
## Our Performance Highlights

- Added 9.25 km of steel and 258.43 km of PE Pipeline network, leading to 5,310 km of gas pipeline spread across Mumbai and its adjoining areas, and Raigad.
- Added 1,11,511 customers using PNG and 82,549 customers using CNG.
- During the year, 0.0825 mn vehicles were added for CNG supply and 0.111 mn domestic households were connected for PNG. In addition, 217 commercial and 3 industrial customers were added.
- Added 18 CNG Filling Stations for small and medium vehicles. CNG filling facility at 17 depots is operational for over 3,342 public transport buses run by BEST, MSRTC, TMT and NMMT to provide pollution-free travel to the citizens.

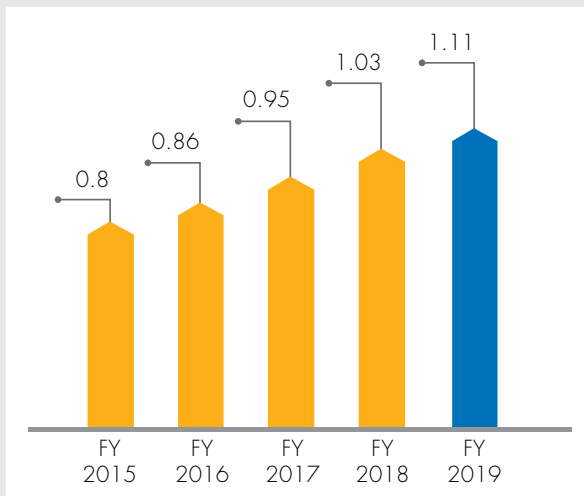
### CNG CUSTOMERS (Millions)



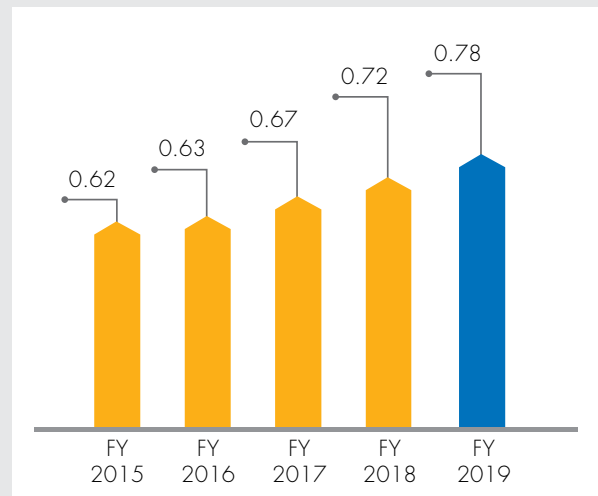
### CNG VOLUME (MMSCMD)



### PNG CUSTOMERS (Millions)



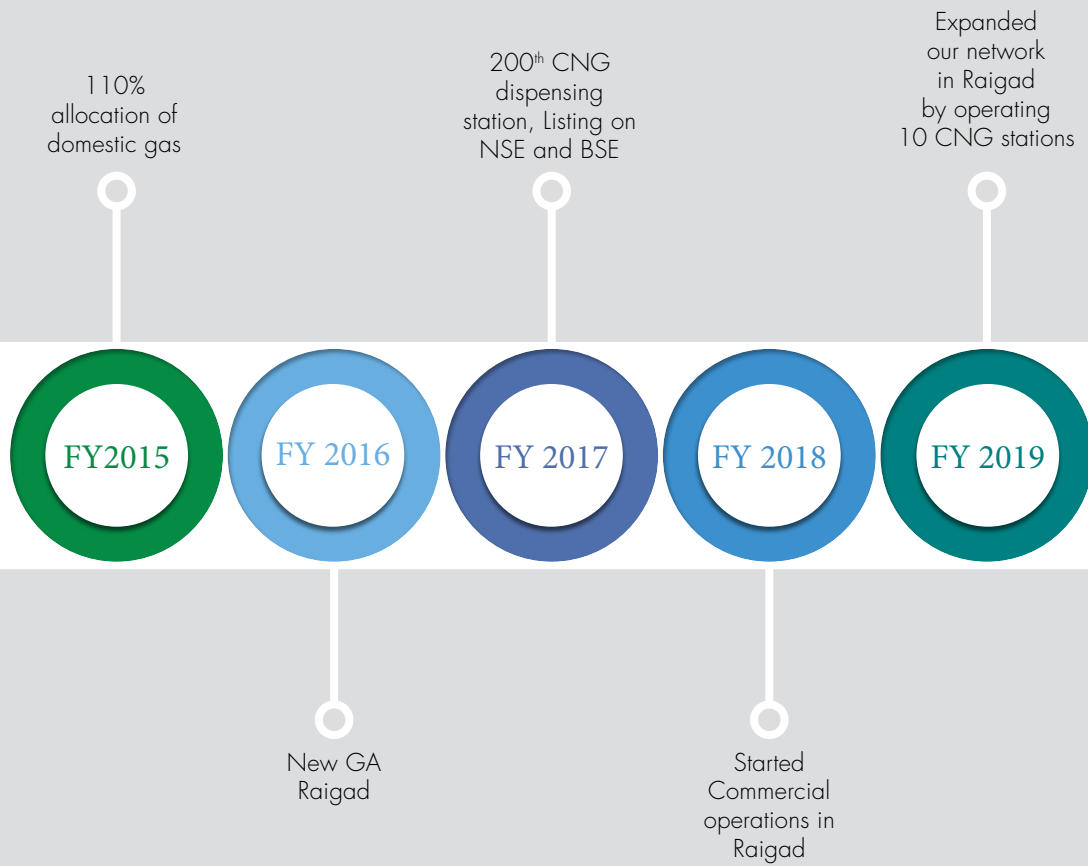
### PNG VOLUME (MMSCMD)



## Our Journey of Growth and Excellence







## Message from the Chairman



Dear Shareowners,

As we enter the 25<sup>th</sup> year, I am pleased to present your Company's yearly performance review for the year 2018-19.

FY 2018-19 was a strong year, as we maintained our position as one of the leading natural gas distribution companies of India. The trust that customers and stakeholders have shown in our abilities, has continued to enthuse us to achieve consistent results and significant milestones during the year.

Reflecting on the fiscal period under review, FY 2018-19 was filled with external vulnerabilities arising out of volatile oil prices, trade wars between major global trading partners and US monetary tightening. The global economic indicators remain largely favourable though growth is moderating. This offers a great opportunity for economies to boost human capital,

increase opportunities for investments, and promote trade integration.

Despite the slowdown in growth, India stood out as one of the world's fastest growing large economies, majorly led by a robust consumption story. However, the GDP growth moderated primarily due to subdued rural demand towards the second half of the year coupled with liquidity issues. While customer sentiments were moderated, the long term consumption story remains intact.

### OPERATIONAL REVIEW

Any progressive organisation is largely known by the measure of 3 parameters **Performance, Health and Perception (PHP)**.

**Performance** is non-negotiable for growth and success of the organisation and it is the measure of its Physical & Financial performance.

# 9.26%

Overall Growth in  
Sales Volume

# 18

New CNG Stations  
added during FY 2019

We are pursuing all our initiatives towards saturating the market with piped gas and reach every customer requiring gas in our licensed areas.

**Health** is the environment of your company, organisation culture, employee motivation etc.

**Perception** is the value of your company to its internal and external stakeholders and measure of future goodwill and growth avenues.

MGL is committed to achieve PHP parameters for sustainable development and growth of the company. Your company has been a pioneer and a trend-setter in this industry to achieve PHP for over two and a half decades, we have built an extensive supply network in Mumbai and its adjoining areas. Your Company also enjoys an Infrastructure Exclusivity to lay, build, expand and operate CGD networks in Mumbai and its adjoining areas for a period of 25 years. This Infrastructure Exclusivity is valid until 2020 for Mumbai, until 2030 for the adjoining areas, and until 2040 for the Raigad district. Moreover, the Company is hopeful of getting an extension for another 10 years in its block rights, as per the regulations laid by Petroleum & Natural Gas Regulatory Board (PNGRB).

During FY 2018-19, we improved our operational efficiencies while growing in financial terms. MGL achieved an overall growth in sales volume of 9.26% in FY 2018-19 in comparison to previous fiscal. We successfully added 18 new CNG stations and upgraded 33 existing stations, which led to an increase in our compression capacity by around 3.176 lakhs kg per day. As on date, our total compression capacity stands at 33.378 lakhs kg per day. In FY 2018-19, we were able to supply

gas to 1,11,511 no. of additional households and 306 new industrial and commercial customers.

The Company also expanded its CNG operations in Raigad by operating 10 CNG stations and is planning to add 2 more stations in the coming financial year. We are also planning to extend supply services across still underpenetrated 5-6 towns such as Pen, Ulwe, Roha, and Karjat amongst others, initially with the help of virtual pipeline network to serve domestic PNG customers.

## RE-EMERGENCE OF CITY GAS DISTRIBUTION (CGD) IN INDIA

India's aim to evolve as a gas-based economy has seen the Government taking initiatives to push upon multiple facets to increase both the production and consumption of gas in the country. One such step is conducting bidding rounds for CGD. Among the bidding rounds completed till date, the magnitude, size and scale for 9<sup>th</sup> round was biggest with 78 Geographical Areas (GA) being allocated to successful bidders.

Encouraged with the enthusiastic participation by the industry in the 9<sup>th</sup> CGD Bidding Round and recognising the need of the country to create infrastructure for distribution of natural gas in various parts of India, PNGRB also completed the 10<sup>th</sup> CGD Bidding Round. The 10<sup>th</sup> round covered 50 GAs spread over 14 states and 124 districts (112 full and 12 part), covering 24% of India's population and 18% of its area.

With smart cities coming into the fore at a faster rate, the business case for CGD networks will certainly get embellished and pave way for new opportunities for CGD companies, like us.

## OUR LONG TERM VISION

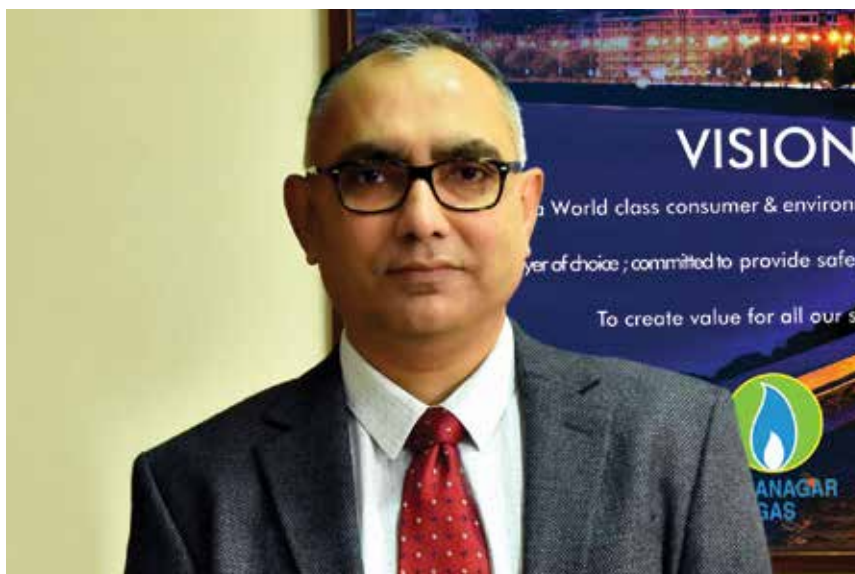
The long-term vision for our Company is to be a socially responsible, world class, customer friendly gas Company committed to provide safe, efficient and reliable energy. We aim to create standards and become a benchmark for the industry. A benchmark in terms of safety, operating efficiency, strong financial performance and value creation for stakeholders in line with philosophy of **Performance, Health and Perception (PHP)**. We are pursuing all our initiatives towards capturing the market for piped gas and reach every customer requiring gas in our licensed areas. Further, we are exploring new avenues and opportunities for further growth.

## IN CLOSING

On behalf of the Board of Directors and the entire management team, I would like to thank you for your trust as we continue our journey to be amongst top-performing CGD Companies. We remain committed and focused on creating long-term shareholder value, while demonstrating leadership in safety and environmental stewardship in all aspects of our business.

**Dr. Ashutosh Karnatak**  
Chairman

## Message from the Managing Director



Dear Shareowners,

During FY 2018-19, City Gas Distribution (CGD) networks arrived on the centre stage as the next big downstream expansion story in India, after fuel retailing, with high quantum of investments expected over the next decade. In terms of opportunities, abundant new doors are opening up for the ecosystem. Demand for undertaking engineering, procurement and contracting services will multiply. Besides, demand for trained and skilled manpower will increase exponentially within the industry. Manufacturing of components that go into the CGD ecosystem is also expected to grow manifold.

With this positive backdrop for the industry, I am pleased to inform you that we had a solid and sustained financial performance during the financial year 2018-19. Aligning our growth with the industry, we were able to connect more

than 1,11,500 domestic households to PNG, thereby having a cumulative customer base of more than 1.06 million households till date.

### OUR FINANCIAL PERFORMANCE DURING FY 2019

The financial year 2018-19 marked another year of excellent growth for us. We achieved a growth rate of 24.6% in revenue from operations as compared to previous year. The year witnessed a boost in CNG sales volume of 9.2%, domestic sales by 10.7%, commercial sector by 4.97% and Industrial sector by 10.2%. Overall PNG sales volume also grew by 9.2% during the fiscal year 2019.

We experienced a growth of 13.51% in EBITDA from ₹ 780.11 Crores in FY 2017-18 to ₹ 885.45 Crores in FY 2018-19. Our PAT increased from

# 24.6%

Growth in Revenue from Operation (YoY)

# 13.51%

Growth in EBITDA (YoY)

Going forward, we are preparing to seize the growing opportunity by significantly investing towards developing the infrastructure in the city of Mumbai and adjoining authorised areas.

₹ 477.87 crore in FY 2017-18 to ₹ 546.39 crore in FY 2018-19.

I am glad to inform that the in backdrop of strong operational and financial performance, the Board has recommended final dividend of 10.50%, in addition to interim dividend of 9.50% already paid for the FY 2018-19.

## OPPORTUNITIES TO CAPITALISE ON

In view of the favourable regulatory environment and the Government's efforts to improve the economic viability of natural gas in India, we aim to capitalise on the opportunities within the City Gas Distribution business, which looks positive in the long term.

Going forward, with an aim to bolster gas consumption, the Government is taking various initiatives through downstream sector reforms. The government is also supporting promotion of the use of efficient gas-based appliances, for PNG connected homes and CNG corridors. These will spur gas demand, which will bring more opportunities for us.

## WAY FORWARD

Apart from being one of the oldest and most experienced CGD player in the Indian market, we are serving one of the most economically developed regions of India. We also have access to some of the best experienced resources and skill sets. We shall be leveraging our competitive strengths to increase our customer base by expanding the natural gas distribution network to cater to the increasing demand. Furthermore, our foray in Raigad district provides significant additional opportunities for the expansion of its CNG and PNG networks. Having said that, we believe that in this capex intensive industry, it makes sense to be selective and understand the potential and economics of the region. At present, we are actively looking to enhance our network in the adjoining areas of our presence, as opposed to creating a totally new grid in a new area altogether.

During FY 2019-20, we plan to add and upgrade about 35 CNG stations and convert 150,000 households, while expanding our existing network with more than 33.14 kms of steel pipeline and about 262.14 kms of polyethylene (PE) pipeline.

Along with the organic growth opportunities in our own territories, we are continuously looking to expand our area of operations through direct bidding, forming strategic alliance and joint ventures with existing bid winners, and/or taking inorganic routes for geographic expansion.

I would like to express my sincere thanks to all our customers, employees and share owners for their continued contribution and support.

**Sanjib Datta**  
Managing Director

# EMPOWERING OUR PEOPLE FOR RESPONSIBLE GROWTH



People are an integral part of our organisation. We believe that empowering our people contributes in driving responsible growth, making it one of the key differentiators in this competitive and evolving landscape.

The commitment of our 495 employees towards our purpose enables us to efficiently deliver to our stakeholders. To support them in their efforts, we are maintaining a congenial working environment by providing stable employment, safe working conditions and job satisfaction, which encourages our people to contribute their best.

### LEARNING AND DEVELOPMENT

Focusing on the overall development of our people, we have designed various structural training initiatives to nurture a culture of learning. Moreover, keeping in mind the safety of our people, we have initiated Safety and Technical Competency Training (STC) to ensure incident free and injury free work of employees at site.

Career advancement is one of the most important elements for employee satisfaction and retention at a company. We provide equal opportunity in recruitment, career development, promotion, training and rewards for all employees.

Our aim is to sustain a diverse workforce and an inclusive environment that respects and shows care for all our people and helps improve our business performance.

Our commitment towards our people is demonstrated by our continued investment in making Mahanagar Gas an excellent place to work.

**495**

Employees as on  
March 31, 2019

**13,815**

Training Hours in  
FY 2018-19

# GROWING IN INDIA'S MOST LUCRATIVE TERRITORIES





MGL is strategically positioned to capture the thriving demand emanating from India's most lucrative license area. The ever-expanding customer base in our operating territories provides us with a continuing organic growth opportunity.

India's City Gas Distribution sector plays a vital role in catering to the growing demand for natural gas. We believe that we are advantageously placed to capture the benefits of the growing demand for CNG and PNG in our areas of operation. With the added benefit of cost, the demand is increasing towards environment friendly fuels, such as, CNG compared to alternative fuels. There also exists significant additional opportunity for expansion with the reduction/phasing out of LPG subsidies over a period of time. The convenience of using PNG will also help in increasing the penetration of PNG in the domestic market.

We continue with our expansion plans in Mumbai and Thane Urban and adjoining Municipalities, by reaching out to new neighbourhood clusters, building societies and customers. In the coming years, MGL plans to focus on increasing its penetration within its current authorised geographical areas by expanding its domestic connections, and by setting up a greater number of CNG fuelling stations.

We believe that we are strategically positioned to capture the benefits of the growing demand for CNG and PNG in our areas of operation.



**AN UNCOMPROMISING**  
CULTURE FOR MAINTAINING THE  
HIGHEST SAFETY STANDARDS



Maintaining safety is a prerequisite for the natural gas and oil industry. MGL has a longstanding culture and ethos for complying with the highest standards for Health, Safety & Environment (HS&E). We believe that to deliver outstanding business performance, we are also required to deliver outstanding HS&E performance.

One of the core visions of our Company is to make our organisation an incident and injury free enterprise. We go beyond adherence to all legal and statutory requirements applicable to our operations, for attaining track record of the highest order.

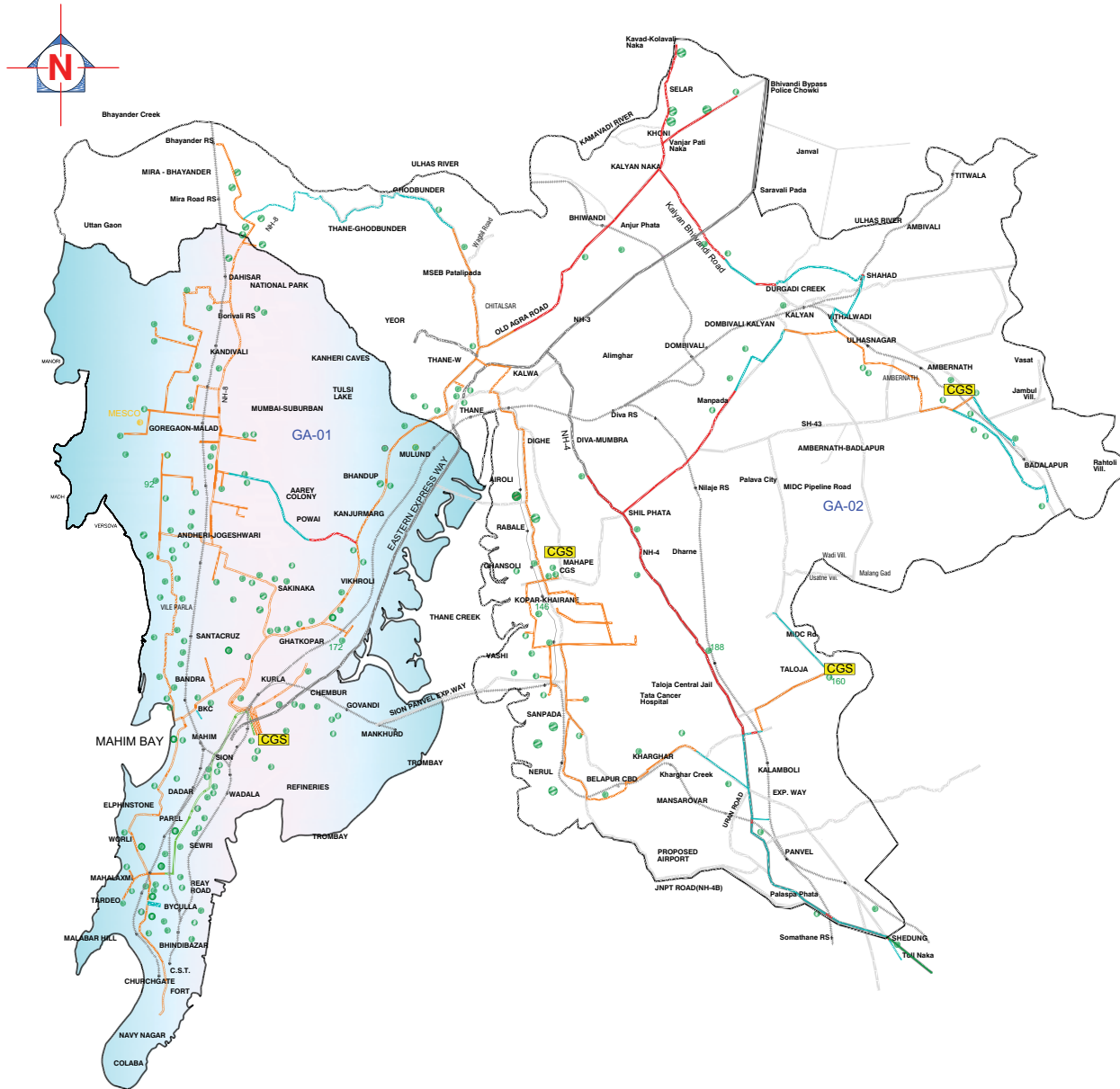
We are working continuously to improve safety practices through ongoing research, standards development, training, information sharing, and advocacy. For preventing the hazardous incidents, we have undertaken continuous improvement in compliance to MGL Life Saving Rules and implementation of Safety Technical Competency (STC) training policy - 'No STC No Work' and CNG filling policy - 'No Metal Plate No Gas'.

At MGL, safety is seen as a responsibility of the Company not only towards the employees but also towards the customer and society. For this, we have initiated various campaigns for raising the general awareness in the relevant community and operating environment.

A safe, reliable delivery system remains the backbone of our business, and a vital contributor to our overall success. Testimony of our focus towards safety is our strong track record.

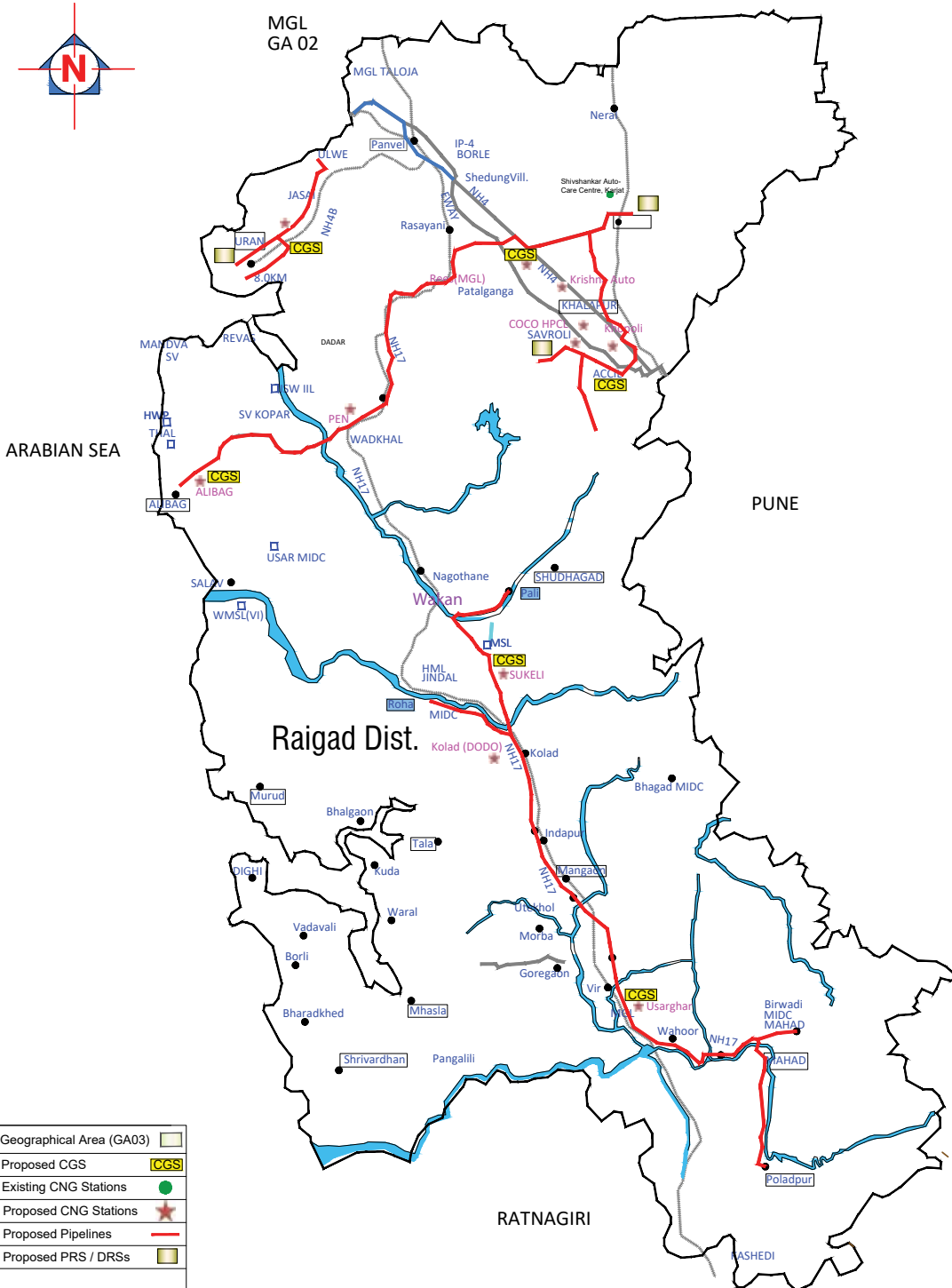
**+19.40** million  
'Lost Time Incident Free'  
Man Hours

# Gas Distribution Network Geographical area (GA-1 and GA-2)



Geographical Area (GA01)	
Geographical Area (GA02)	
Citygate Stations	
Existing CNG Stations	
Existing Pipelines	
Proposed Pipelines	
Not Commissioned P/L	

# New Authorised area for Gas Distribution Network (GA-3)



## Board of Directors (As on August 08, 2019)



**Dr. Ashutosh Karnatak**  
Non-Executive Chairman  
(Nominee of GAIL)



**Mr. Trivikram Arun R.**  
Non-Executive Director  
(Nominee of BGAPH)



**Mr. Sanjib Datta**  
Managing Director  
(Nominee of GAIL)



**Mr. Deepak Sawant**  
Deputy Managing Director  
(Nominee of GAIL)



**Mr. Arun Balakrishnan**  
Independent Director



**Mrs. Radhika Haribhakti**  
Independent Director



**Mr. Santosh Kumar**  
Independent Director



**Mr. Raj Kishore Tewari**  
Independent Director



**Mr. Premesh Kumar Jain**  
Independent Director

## Directors associated during the year



**Mr. Rajeev Mathur**  
Managing Director  
(upto May 30, 2018)



**Mr. Sunil Porwal**  
Director  
(upto July 06, 2018)



**Mr. Virendra Nath Datt**  
Director  
(upto October 25, 2018)



**Mr. Ashu Shinghal**  
Director  
(from November 02, 2018  
to November 28, 2018)



**Mr. Satish Gavai**  
Director  
(from July 31, 2018  
to July 31, 2019)



**Mr. Akhil Mehrotra**  
Chairman  
(upto May 09, 2019)



**Mr. B. C. Tripathi**  
Chairman  
(from November 29, 2018  
to August 01, 2019)

**Dr. Ashutosh Karnatak**

Non-Executive Chairman  
(Nominee of GAIL)

- On the Board since August 01, 2019.
- Over 37 years of rich experience in the hydro-carbon sector, including serving as Director on GAIL Gas Board from July 2010 to May 2017. He has experience of implementing City Gas Distribution Projects in 6 cities alongwith JHBDPL. Dr. Karnatak has also developed an innovative Project Monitoring and Controlling technique called 'Arjuna - (MC4E2)e and also a capability building model named 'BeDoPe'
- Dr. Ashutosh Karnatak is an M. Tech (Energy Studies) from IIT Delhi, an MBA (Finance) from IGNoU, a Ph.D. from University of Petroleum & Energy Studies, Dehradun and B. Tech (Electrical Engineering) from HBTI, Kanpur.

**Mr. Trivikram Arun R.**

Non-Executive Director  
(Nominee of BGAPH)

- On the Board since May 10, 2019.
- In his current assignment into which he was appointed in 2018, Mr. Trivikram serves as a General Manager of Shell's upstream business in India and as Managing Director of BG Exploration and Production India Limited (a 100% subsidiary of Royal Dutch Shell)
- Mr. Trivikram has an undergraduate engineering degree with First Class Honours from the Nanyang Technological University, Singapore, as a Nanyang Scholar and an MBA in General Management with Distinction from Harvard Business School, USA.

**Mr. Sanjib Datta**

Managing Director  
(Nominee of GAIL)

- Heading the Business Development functions in GAIL (India) Limited as an Executive Director.
- Holds a Bachelor's degree in Electrical Engineering from Jadavpur University, Kolkata.
- Over 32 years of experience in handling multifarious assignments in the natural gas sector.

**Mr. Deepak Sawant**

Deputy Managing Director  
(Nominee of GAIL)

- On the Board since May 09, 2019 having about 28 years of experience in gas business which includes overseas assignment in Myanmar for exploration and production of Natural Gas.
- Before taking over his current role in MGL, Mr. Sawant was with GAIL Gas Limited and handling 6 Geographical areas directly including Bengaluru and 6 Geographical areas with JV partners.
- Mr. Deepak Sawant is a Mechanical Engineer having experience with in-depth knowledge in chemical and hydrocarbon sector.

**Mr. Arun Balakrishnan**

Independent Director

- On the Board since July 2011.
- Over 37 years of experience and previously served as Chairman and Managing Director of HPCL.
- PGDM from IIM, Bangalore and Bachelor's degree in Chemical Engineering from the University of Calicut.

**Mrs. Radhika Haribhakti**

Independent Director

- Over 31 years of experience in Commercial and Investment banking with Bank of America, JM Morgan Stanley and DSP Merrill Lynch.
- Serves as an Independent Director on the Boards of Adani Ports & SEZ, EIH Associated Hotels, Ltd., ICRA Ltd., Navin Flourine International Ltd., Rain Industries Ltd and as Designated Partner in Koss Medical Devices LLP.
- PGDM, Finance specialization, IIM Ahmedabad and Commerce graduate from Gujarat University.

**Mr. Santosh Kumar**

Independent Director

- On the board since July 2011 and served 3 years as Director (Projects) at GAIL.
- Previously held positions such as Chairman, Green Gas Ltd., Director on the Boards of Maharashtra Natural Gas and Central UP Gas Ltd., and Advisor with GSPL.
- Bachelor's degree in Electronic Engineering from the University of Allahabad.

**Mr. Raj Kishore Tewari**

Independent Director

- On the board since March 2015.
- Previously served as the Chairman of the Central Board of Direct Taxes in the Ministry of Finance, Govt. of India.
- M.Sc. (Fiscal Studies) from the University of Bath, UK, M.Sc. (Physics) from the University of Lucknow and Bachelor's degree in Law from the University of Mumbai.

**Mr. Premesh Kumar Jain**

Independent Director

- On the Board since April 09, 2018 and has over 6 years Board level experience as Director (Finance) in GAIL.
- Over 35 years of experience in Oil and Gas sector.
- A Chartered Accountant and MBA (University of Hull, UK).

## Corporate Information

### BOARD OF DIRECTORS

**Dr. Ashutosh Karnatak**

Chairman  
(w.e.f. August 01, 2019)

**Mr. Bhuwan Chandra Tripathi**

Chairman  
(From November 29, 2018  
to August 01, 2019)

**Mr. Akhil Mehrotra**

Director  
(upto May 09, 2019)  
(upto November 28, 2018 as  
Chairman)

**Mr. Ashu Shinghal**

Director  
(from November 02, 2018 to  
November 28, 2018)

**Mr. Virendra Nath Datt**

Director  
(upto October 25, 2018)

**Mr. Satish Gavai**

Director  
(from July 31, 2018 to July 31, 2019)

**Mr. Sunil Porwal**

Director  
(upto July 06, 2018)

**Mr. Raj Kishore Tewari**

Director

**Mr. Arun Balakrishnan**

Director

**Mr. Santosh Kumar**

Director

**Mrs. Radhika Haribhakti**

Director

**Mr. Premesh Kumar Jain**

Director  
(w.e.f. April 09, 2018)

**Mr. Sanjib Datta**

Managing Director  
(w.e.f. May 30, 2018)

**Mr. Rajeev Mathur**

Managing Director  
(upto May 30, 2018)

**Mr. Deepak Sawant**

Deputy Managing Director  
(w.e.f. May 09, 2019)

**Mr. Trivikram Arun Ramanathan**

Director  
(w.e.f. May 10, 2019)

**Mr. Goutam Ghosh**

Technical Director  
(upto November 28, 2018)

### CHIEF FINANCIAL OFFICER

Mr. S. M. Ranade

### COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Anand Upadhyay

### BANKERS

The Hongkong & Shanghai Banking Corporation Limited

United Bank of India

ICICI Bank

AXIS Bank

Standard Chartered Bank

Yes Bank Limited

BNP PARIBAS

Kotak Mahindra Bank Limited

IDBI Bank Limited

Oriental Bank of Commerce

HDFC Bank

Indian Bank

Punjab National Bank

The Dhanlaxmi Bank Limited

The Development Bank of Singapore Limited

CITI Bank NA

Development Credit Bank Limited

State Bank of India

IndusInd Bank Limited

### STATUTORY AUDITORS

M/s. S R B C & CO LLP  
Chartered Accountants,  
14th Floor, The Ruby,  
29 Senapati Bapat Marg,  
Dadar (West), Mumbai - 400 028

### COST AUDITORS

M/s. Dhananjay V. Joshi & Associates,  
Cost Accountants,  
"CMA Pride" Ground Floor,  
Plot No. 6, S. No. 16/6,  
Erandawana Co.op. Hsg. Soc.,  
Erandawana,  
Pune - 411 004

### SECRETARIAL AUDITORS

M/s. Mehta & Mehta,  
Company Secretaries,  
201-206, Shiv Smriti, 2nd Floor,  
49/A, Dr. Annie Besant Road, Worli,  
Mumbai - 400 018

### REGISTERED OFFICE

MGL House, Block No : G-33,  
Bandra-Kurla Complex,  
Bandra (East),  
Mumbai - 400 051.

### REGISTRARS & TRANSFER AGENTS

Link Intime India Private Limited,  
C-101, 247, Lal Bahadur Shastri Marg,  
Gandhi Nagar, Vikhroli (West),  
Mumbai - 400 083



## MGL at a Glance



23<sup>rd</sup> Annual General Meeting



Foundation Day Celebrations



Promoting the message for eco-friendly environment, MGL conducted Cycle Rally



Promoting the message of eco-friendly environment through Cyclothon



For CNG Customer convenience, MGL launched Fuel Card



For a seamless Supply Chain Management, MGL launched Stores & Inventory Management manual



The oil and gas sector is among the eight core industries in India and plays a major role in influencing the decision making for all the other important sections of the economy.

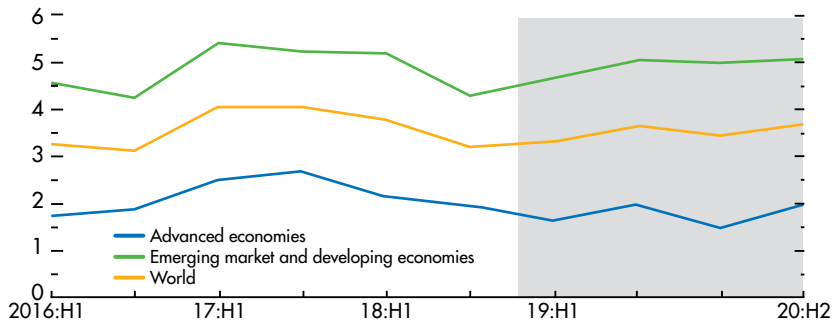
### Global Economic Overview

As per the International Monetary Fund's World Economic Outlook report for 2019, the global economy witnessed a strong growth in 2017 and early 2018, however, in the second half of 2018 major economies showed a weakening growth momentum. The business confidence took a toll due to the trade tensions, which worsened the financial market sentiments.

The EU economy lost more momentum than expected as customer and business confidence weakened and car production in Germany was disrupted by the introduction of new emission standards; investment dropped in Italy as sovereign spreads widened; and external demand, especially from emerging Asia, softened.

As a result of all these developments, global growth is now projected to slow from 3.6% in 2018 to 3.3% in 2019, before returning to 3.6% in 2020.

Global growth is expected to level off in the first half of 2019 and firm up after that.



Source: IMF staff estimates.

## Indian Economic Overview

India has been among the fastest growing economies in the world over the past few years and the Indian economy is poised to pick up in 2019, benefiting from moderate oil prices and a slower pace of monetary tightening than previously expected, as inflation pressures ease.

India's overall economic outlook remains positive, driven by factors like pick-up in domestic consumption, low inflation and rate cuts by the RBI. As per IMF estimates, India's GDP grew by 7.1% in 2018 and is expected to grow by 7.3% in 2019, and by 7.5% in 2020. The business confidence and investment remain strong, and business activity should benefit from easing financial conditions, lower oil prices, accommodative fiscal policy and recent structural reforms.

## Indian Industry Overview

Disclaimer: The data for the industry overview has been taken from the following sources: Media Reports, Press Releases, Press Information Bureau, IBEF, Ministry of Petroleum and Natural Gas, Petroleum Planning and Analysis Cell, News Articles, International Energy Agency, BP Energy Outlook 2019.

The oil and gas sector is among the eight core industries in India and plays a major role in influencing the decision making for all the other important sections of the economy. India's economic growth is closely related to energy demand; therefore, to support the projected economic growth, need for oil and gas is also poised to grow, thereby making the sector quite conducive for investment. The Government of India has adopted several policies to fulfil the increasing demand. The government has allowed 100% Foreign Direct Investment (FDI) in many segments of the sector, including natural gas, petroleum products, and refineries, among others. According to the data released by the Department of Industrial Policy and Promotion (DIPP), the petroleum and natural gas sector attracted FDI worth US\$ 7.00 billion as on December 2018.<sup>1</sup>

According to IBEF, India is expected to be one of the largest contributors to non-OECD petroleum consumption growth globally. India was the fourth-largest Liquefied Natural Gas (LNG) importer in 2017 after Japan, South Korea and China. India's imports for the liquefied natural gas (LNG) increased 9.7% year-on-year and 13.4% month-on-month to 83 million metric standard cubic metres per day (MMSCMD). Gas pipeline infrastructure in the country stood at 16,226 km at the beginning of February 2019.

Source: IBEF - Oil & Gas Industry in India April, 2018

## a. Industry Developments

Some of the major recent initiatives taken by the Government of India to promote oil and gas sector are:

- Development of the CNG corridor across major highways.
- Auto Fuel Vision and policy 2025.
- The Plan to set up around 5,000 compressed bio gas (CBG) plants by 2023.
- The Plan to invest ₹ 70,000 crore (US\$ 9.97 billion) to expand the gas pipeline network across the country.
- In September 2018, Government of India approved fiscal incentives to attract investments and technology to improve recovery from oil fields, which is expected to lead to hydrocarbon production worth ₹ 50 lakh crore (US\$ 745.82 billion) in the next twenty years.

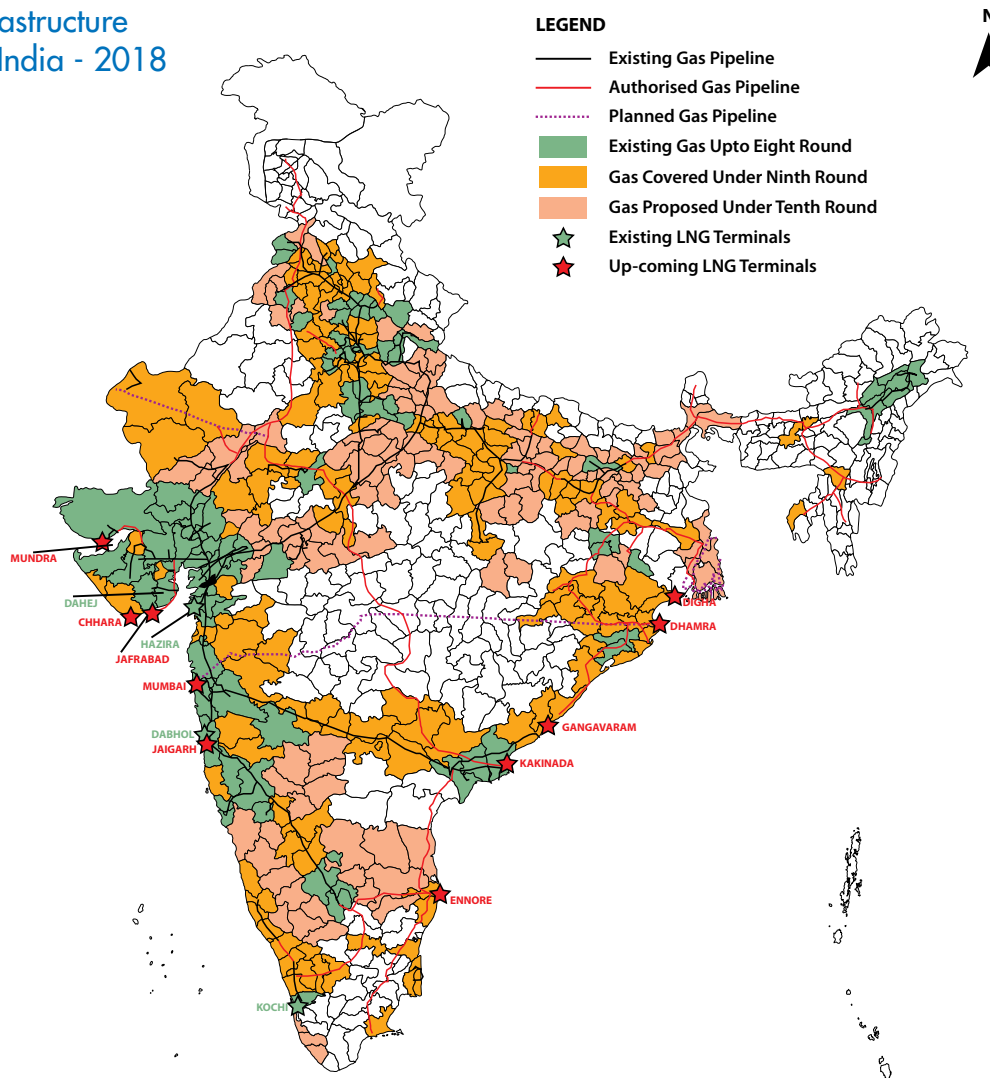
# 16,226 kms

Gas pipeline infrastructure in India as on Feb 2019

# 9.7%

Growth in India's Imports for the Liquefied Natural Gas (LNG) (YoY)

## Gas Infrastructure Map of India - 2018



- A gas exchange is planned in order to bring market-driven pricing in the energy market of India.
- The Oil Ministry plans to set up (compressed bio gas) plants and allied infrastructure at a cost of ₹ 7,000 crore (US\$ 1.10 billion) to promote the use of clean fuel.

The key achievements of the Government of India during the period 2018-19 include the following:

- Commencement of the construction of gas pipeline of about 13,500 km length across the country;

- Under City Gas Distribution (CGD) network, total of 136 GAs (Geographical areas) awarded - 86 GAs - constituting 174 districts in CGD bidding round 9 and 50 GAs constituting 124 districts in CGD bid round 10;
- As on December 2018, more than 58.3 million connections were made under Pradhan Mantri Ujjwala Yojana (PMUY).

### b. City Gas Distribution

FY 2018-19 was a watershed, for the re-emergence of city gas distribution (CGD) in India. While it took the country

**13,500** kms

Commenced construction of gas pipeline in India during FY 2019

**+58.3** million

Connections made under Pradhan Mantri Ujjwala Yojana (PMUY) as of December 2018

The government recently unveiled a Natural Gas Infrastructure Development Plan to set up 10,000 CNG stations over the next 10 years.



● City Gate Station- Mahape

several decades to create distribution opportunities in 92 GAs, the 9<sup>th</sup> round of CGD bidding concluded in 2018 alone saw bidding of 86 GAs comprising 174 districts covering 26% of India's population. Under the 10<sup>th</sup> CGD Bidding Round in FY 2018-19, the Petroleum and Natural Gas Regulatory Board (PNGRB), awarded Letter of Intents for 50 GAs to 12 successful entities. The total area includes over 14 states and 124 districts, covering 24% of India's population and 18% of its area. As per the commitment made by the various entities in the 50 GAs, 2,02,92,760 domestic PNG (piped natural gas) connections and 3,578 CNG (compressed natural gas) stations for the transport sector would be installed largely during a period of 8 years up to March 31, 2029, in addition to 58,177 inch-km of steel pipeline. Further, the entities would be authorised to supply natural gas to industrial and commercial units in their respective GAs.

Another turning point for the sector came with the amendment to the bidding criteria for setting up CGD networks. The amended regulation has addressed most of the sector's concerns. The market exclusivity period has been increased to eight years (as compared to five years earlier), more focus has been given

to infrastructure creation with a higher weightage of 80%, tariff floors have been set to discourage unviable bids, the additional bid bond requirement has been removed, and pre-determined penalties have been imposed for under achievement of Minimum Work Programmes.

The dynamism in the Government's resolve to extend the benefits of piped gas and compressed natural gas (CNG) to the large masses and maintain India's desire to adopt a healthier energy mix is indeed commendable. Over the last few years, PNGRB has made significant progress in rolling out both CGD rights and national infrastructure to facilitate pan India consumption of PNG and CNG. The 10<sup>th</sup> round of bidding during FY 2018-19 culminates into a commendable position of progress, on the back of multiple rounds of previous successful rollouts. With the aim of bringing half the country on the City Gas Distribution map, this heralds new era of conveniently available, environment-friendly and cheaper natural gas, to more than 70% of the country's population, spread across 27 States and Union Territories.

In conjunction with expanding CGD coverage, the Ministry of Petroleum and Natural Gas (MOP&NG) recognises the need for expanding the Natural Gas Grid across India to maximise the reach of PNG and CNG. Under the Pradhan Mantri Urja Ganga project, the MOP&NG has initiated the execution of about 5000 kms of gas pipeline network in eastern part of the country, that will connect all states of the region with the National Gas Grid and ensure availability of cleaner fuel to the region.

### c. Auto Fuel Trends

If the required infrastructure is put in place over the next decade, natural gas vehicles could account for one out of every two vehicles sold in the country by 2030. The government recently unveiled a Natural Gas Infrastructure Development Plan to set up 10,000 CNG stations over the next 10 years. CNG vehicles are predominantly sold in Delhi NCR and across select cities in Gujarat, Maharashtra, Andhra Pradesh, Telangana, Odisha, Uttar Pradesh and Punjab. As of March 31, 2019, there were 1,730 CNG stations spread across the country.



According to most estimates, three-wheelers and light commercial vehicle drivers, who switch to CNG, could see monthly income increase by ₹ 5,000 - 8,000. Given that particulate matter emissions (PM 2.5 and PM 10) are negligible in CNG vehicles, higher penetration of CNG vehicles will also help curb air pollution in Indian cities.

CNG is an economically viable and cleaner alternate fuel for automobiles.

To accelerate CNG adoption in India, the government has looked and taken measures to promote investments in CNG infrastructure creation; forged ahead the momentum in CGD infrastructure projects; explored doling out incentives to invite wider participation in pipeline infrastructure building.

#### d. Industry Outlook

According to the BP Energy Outlook 2019, Global energy demand will increase by around a third by 2040, driven by improvements in living standards, particularly in India, China and across Asia. Energy consumed by industry and buildings would account for around 75% of this increase in overall energy demand, while growth in energy demand from transport slows sharply

relative to the past as gains in vehicle efficiency accelerate. About 85% of the growth in energy supply is expected to be generated through renewable energy and natural gas, with renewables becoming the largest source of global power generation by 2040. Specific to India, energy demand is anticipated to grow faster than the energy demand of all major economies, on the back of continuous robust economic growth. Consequently, India's energy demand as a percentage of global energy demand is expected to rise to 11% in 2040 from 5.58% in 2017. Crude oil consumption is expected to grow at a CAGR of 3.60% to 500 million tonnes by 2040 from 221.76 million tonnes in 2017. Natural Gas consumption is forecasted to increase at a CAGR of 4.31% to 143.08 million tonnes by 2040 from 54.20 million tonnes in 2017.

In India, more energy will be needed to support growth and enable tens of millions of people to move from low to middle incomes. Today, around 80% of the world's population live in countries where average energy consumption is less than 100 Gigajoules (GJ) per head. More than 25% of India's population could be consuming well below these levels. There is a strong

link between human progress and energy consumption: the UN Human Development Index suggests that increases in energy consumption of up to around 100 GJ per head are associated with substantial increases in human development and well-being.

Together with the need for more energy for basic human development, there is also a compelling need for further action to reduce carbon emissions. This is the dual challenge for the world – to provide more energy with fewer emissions. In order to meet the Paris climate goals, in the second half of the century these remaining emissions would need to be greatly reduced and offset with negative emissions. This calls for a near-complete decarbonisation of the power sector – requiring greater use of renewables and Carbon, Capture Utilisation and Storage (CCUS) in conjunction with natural gas – together with greater electrification of end-use activities, including transport.

Nearly seven out of 10 people in India would directly or indirectly experience the benefit from the combined impact of development of CGD networks in their homes, businesses or vehicles. It is expected to deliver PNG connection to 5 crore homes, setting up 10,000

**+43** kms Steel Pipeline

Of MGL's Supply Network as on March 31, 2019

**+1,382**

Dispensing points

For over 236 CNG filling stations

We believe in providing safe and uninterrupted supply of natural gas to the customers through our wide distribution network.

CNG stations; and laying 25,000 km to 30,000 km of steel pipelines by CGD entities alone in the next few years bringing an investment of about \$20 billion to \$25 billion. These are impressive numbers capable of taking India to a new level of development.

The CGD business is capital intensive in nature. Financing plays a crucial role in CGD projects, which generally have a debt-equity ratio of 2:1. Primary factors influencing financing of a CGD project are its cost structure, ownership structure and focus areas (PNG/CNG). A typical CGD project's costs depend on the extent of the geographical area, demand composition and penetration in terms of domestic connections. Operational and financial risk assessment is integral to and crucial for success in the CGD business.

Despite good intentions and pro-active policy intervention, players within this young and evolving sector could still face several challenges. These include high execution risks associated with massive capital expenditure, the unrushed pace of pipeline build-up, sluggish sales and customer penetration, and the high cost of providing last mile connectivity. As the industry grows and evolves, there will be natural winners and losers, and ample opportunity of consolidation through JVs, mergers and acquisitions.

## Company Overview

MGL is one of the India's leading Natural Gas Distribution Companies and

is also one of the first CGD companies in India. With an experience of over 2 decades, MGL connects with over 1 million households, over 3,600 small commercial establishments and 72 industrial establishments. MGL supplies CNG to more than 0.65 million vehicles in Mumbai, Thane, Mira-Bhayander, Navi Mumbai and adjoining areas.

The company believes in providing safe and uninterrupted supply of gas to the customers and the CNG is supplied through its wide distribution network. As of March 31, 2019, it had a supply network of over 436.65 kms of steel pipelines, over 4,873.223 kms of polyethylene pipeline and over 236 CNG filling stations having more than 1,382 dispensing points.

### a. Core Competencies

**Established Infrastructure:** Being in this industry for over 2 decades, MGL has built an extensive supply network in Mumbai and its adjoining areas and also has an infrastructure exclusivity to lay, build, expand and operate CGD networks in Mumbai and its adjoining areas for a period of 25 years. This Infrastructure Exclusivity is valid until 2020 for Mumbai, until 2030 for the adjoining areas and until 2040 for the Raigad district. Moreover, the Company can get an extension in the block of 10 years, as per the regulations laid by Petroleum & Natural Gas Regulatory Board (PNGRB).

### Advantage against Third Party

**Competition:** Having a domain expertise and capacity to access the most cost competitive price of gas, any new competition in the industry will have to pay MGL an additional transportation tariff for using the MGL's distribution network, which will in turn increase its price as compared to that supplied by MGL.

**Sustained Growth in Volumes:** The growth in sales volume of MGL was at 5.5% CAGR for PNG and 5.5% CAGR for CNG between FY 2014 to FY 2019. The Company's attempt is to improve upon past achievements.

**Robust Management:** By leveraging the expertise of its promoters and the experience in the business, MGL has created a strong senior management team with experience in the natural gas and petroleum industry.

### b. Key Business Highlights

In the financial year 2018-19, the Company has registered a growth of 9.2% YoY basis in terms of overall sales volume, as compared to the previous year. The growth can be attributed to an increase in sales volume of CNG by 9.2% domestic PNG grew by 10.7%, Industrial and commercial PNG grew by 7.8 %

During the year, the Company was able to connect 1,11,511 domestic households to PNG, thereby having a

Beyond having ample organic growth headroom within its own territories, MGL is continuously looking to expand its area of operations through direct bidding, forming strategic alliance and joint ventures with existing bid winners, and/or taking inorganic routes to geographic expansion.

cumulative customer base of more than 1.06 million households. Additionally, the Company has added 306 industrial and commercial customers, totalling to a customer base of 3,824 industrial and commercial units. The Company was also successful in supplementing its current CNG network of 236 stations and upgraded the capacity of 28 stations, serving an estimated 0.69 million vehicles. The Company propelled its current compression capacity to about 33.37 lakhs kg/day, an increase in the capacity by 3.17 lakhs kgs/ day. The Company also expanded its network in Raigad by operating 10 CNG stations and is planning to add 2 more stations in the coming financial year. It is also planning to extend its supply services across 5-6 towns like Pen, Ulwe, Roha, and Karjat amongst others, which are still under-penetrated, initially with the help of virtual pipeline network to serve domestic PNG customers.

### c. Financial Overview

#### Revenue from Operations

During the financial year 2019, the revenue from operations grew by 24.6% to ₹ 3,056.79 crore from ₹ 2,452.92 crore in the previous year. The growth in revenue was supported by a strong volume growth in overall sales volume by 9.2% over previous year.

#### EBITDA and EBITDA Margin

During the financial year 2019, the operating EBITDA increased by 13.5% to ₹ 885.45 crore in comparison to ₹ 780 crore in FY 2018. However, the EBITDA margin decreased by 322 bps to 31.7% from 34% in the previous year.

#### PAT and PAT Margin

The Company registered a robust growth in PAT by 14.3% to ₹ 546.39 crore in FY 2018-19 from ₹ 477.87 crore during FY 2018. The PAT margin down to 19.6% in FY 2018-19 from 21.4% in FY 2017-18.

#### PBT

The Company registered a rise in profit before tax by 15.2% to ₹ 836.91 crore in FY 2018-19 from ₹ 726.51 crore in FY 2017-18 owing to a growth in sales volume and profit margins.

#### EPS

The Company recorded earnings per share of ₹ 55.31 per share in FY 2018-19 as compared to ₹ 48.38 per share in FY 2017-18.

### Company Outlook

While our energy basket remains primarily fossil fuel-based, led by coal, demand growth for fossil fuels is projected to be easily outstripped by that of renewables over the longer term. The pace of growth for renewables

is estimated at over 13% annually – compare that with the 3% demand growth for both oil and coal. Gas, however, is seen playing a stronger role in the future domestic economy because of its cleaner carbon profile and increasing integration into the mainstream on the back of Government prioritisation, faster buildup of the necessary infrastructure and access to cheaper and diverse supply sources. The Government has set a clear goal of increasing the share of gas from around 6% currently to 15% by 2030. Expansion of the gas sector caters effectively to multiple national priorities – of limiting carbon intensity of our economy, generating huge employment opportunities, facilitating industrial activity and rejuvenating domestic E&P activity.

As one of the oldest most experienced CGB player in the Indian market, serving one of the most economically developed regions of India, the Company is preparing to seize this opportunity by significantly investing in the infrastructure in the city of Mumbai and adjoining authorised areas. MGL is ideally suited to capture the benefits of this large and growing market, given the low penetration in its areas of operation. Further, the Company's foray in Raigad district provides significant additional opportunities for the expansion of its CNG and PNG networks. The Company will be able to leverage its competitive strengths to increase its customer base by expanding its natural gas distribution network to cater to the increasing demand. During FY 2019-20, MGL plans to add about 46 CNG stations

**14.3%**

Growth in PAT (YoY)

**₹ 3,057** crore

Revenue from Operations during FY 2019



and connect 2,25,000 households, while expanding its existing network with more than 33.14 kms of steel pipeline and about 262.14 kms of polyethylene (PE) pipeline.

Beyond having ample organic growth headroom within its own territories, MGL is continuously looking to expand its area of operations through direct bidding, forming strategic alliance and joint ventures with existing bid winners, and/or taking inorganic routes to geographic expansion. However, with vast experience on knowing what it takes to be successful in such a highly regulated and safety sensitive industry, the Company is careful in selecting new expansion projects that make good business sense and enhance shareholder value.

## Technology

MGL continues to invest in and keep pace with latest technological developments, as these are changing the face of trade and the way the Company interacts with its customers. The investment in technology has been spread in multiple areas of the Company's operations.

In the field of information technology, the Company has witnessed smooth operation of SAP R/3 ERP system as well as IT systems during the year. With the company's data centre collocated at a Tier-IV certified facility maximum uptime of IT Infrastructure, systems and services could be achieved without any loss-time of operation. Major functional upgrades of SAP in finance and procurement were carried out entirely by in-house resources of the organisation. Specifically, for finance, accrual engine was implemented for automatic deferral of prepaid expenses.

In an endeavour for a paperless office, SAP File Lifecycle Management has been rolled out for various departments and for these department all the approval notes are routed using the application. Continuing with the journey of mobility, your Company developed innovative



• Meter-reading

application for e-Token for the CNG station where CNG customers can pre-book their slots in CNG stations and avoid queues. To monitor project progress and report the site situation as per plan, the mobile app of Work Plan & Work Progress has been rolled out successfully.

Cybersecurity is one of the top most priority of your organisation and accordingly significant initiatives have been taken in this area along with protection against the concerns related to data privacy.

Your Company is also providing expert services to other City Gas Distribution entities to achieve their digitisation goals.

In operational front, the Company has successfully sustained and enhanced its SCADA system across all the four City Gate Stations, 224 CNG stations, 2 Sectionalising Valves (SV) and 45 Cathodic Protection Transformer Rectifier Units. The Company has its plans in place and is further working towards taking all CNG stations and additional SVs under the ambit of SCADA.

To strengthen the safety of operations and provide improved services to customers in a more efficient manner, the Company is in process of implementing LoRA-based Automated Meter Reading (AMR) system for 5,000 domestic customers in our operational areas, on a trial basis. 1.52 industrial and commercial customers (with regulating skid) have been provided with remote reading system (AMR). Further diaphragm meters at commercial customers are planned for replacement with SMART meters (remote acquisition of meter reading). Installation of 5 Internal Corrosion Monitoring system in network is completed and installation of 4 more is underway.

To automate the process of daily CNG progress report preparation at daughter booster stations, an in-house CNG mobile app has been developed. On the customer front, to enhance awareness on various voluntary modes of providing meter reading, new initiatives were undertaken.

Efforts were continued to further enhance domestic meter reading accuracy and efficiency. Various improvements to domestic meter reading, using android software are under implementation, which would help meter readers capture



details with greater ease and accuracy as well as provide value-added inputs. Software is also continuously upgraded to send SMSs to customers on meter readings, information on access to meter reading etc.

Going forward, your Company is in the process of undertaking trials for the implementation of pre-paid metering system for domestic customers. These initiatives shall render the capability for remote acquisition of meter readings, detecting instances of meter tampering and delivering an enhanced user experience thereby raising safety as well as revenue realisation.

Users' specific tools are also being developed in 'myWorld' application, which is a type of GIS (Geographical Information System) solution focused on "on the move" usage. The pipeline network laid are being mapped in GIS on an ongoing basis, contributing to monitoring and maintaining the pipeline network more proficiently.

Data enhancement activities such as completeness of network mapping, land base updation, incorporating addresses of buildings, accuracy enhancements

based on surveys etc. are being undertaken as continuous endeavours.

User specific functions such as hyperlinking drawings/documents to features, layers visibility control, functionality to indicate on-going third-party activities and outage manager have been introduced in the GIS. Enhancement of login page and display styles of network features has also been carried out in GIS. The GIS also continues to provide useful information of pipeline network for regular monitoring, repair and maintenance as well as emergency handling.

Your Company has purchased Gas detection Camera (FLIR) for gas leak surveys. This camera has been certified as Intrinsically Safe. It is specifically tuned to visualise emissions that are impossible to see with the human eye.

Fatigue sensor is installed in all CNG cascade transport vehicles after successful trial. It has illuminated camera, which is equipped with intelligent video software. The inbuilt video analytics are self-configuring. They are able to track the driver's eyelids and pupil dilation and will give real time alarm when driver fatigue is detected.

MGL has completed process of leasing 2 Type-3 cascades for CNG transportation. These cascades have resulted in transporting more CNG per trip thereby reducing number of trips. Further, process of taking 2 more cascades on lease is near completion and 6 more for upcoming CNG stations is underway.

Setting up Solar Power and Wind Turbine at CGS, Taloja is underway. This is a green initiative leading to reduce in the power taken from the grid. Installation of natural gas Microturbine is in progress at MGL office exhaust heat from which it will be utilised for centralised Air Conditioning system.

### Project Monitoring

Corporate Project Monitoring Cell (CPMC) is always makes earnest endeavour to improve upon project monitoring. Web based modules designed for capturing and display of performance of key milestones of all ongoing projects are further advanced to assist execution departments in figuring out the areas of concern. The system has also benefitted the Company in terms of improvement in accuracy and timely submission of requisite information to stakeholders and regulator.

# 3,824

Industrial and Commercial Units during FY2019

# 1.06 million

Cumulative Customer Base as on March 31, 2019

Further to improve efficiency of existing project operations, certain new applications like Last Mile Connectivity, Working at Height, Plumber Tracking and Work Plan and Work Progress (WPWP) were also developed with the help of BIS department.

Salient features of these developments are listed below for ready reference:

**Work Plan and Work Progress:** This system is developed to plan daily activities with resources and monitor the daily progress directly from site. The system also helps in tracking the resources with the contractor and in turn allows execution planning at site (Resources Monitoring). This application also helps in identifying the gaps between the plan and the actual achievements at site.

**Last Mile Connectivity (LMC):** LMC is the final activity of acquisition of a domestic customer, which takes place at the kitchen of the customer. This system is developed to capture the converted customers information with all required images (Meter, Meter Location, etc.) directly from customer premise. This results in immediate reporting of conversion date in the system, which in turn results in faster domestic billing.

**Work at Height (WAH) – Permit to Work:** This system has helped in reducing time delay in the issue of work at height permit and in turn

helped in early start of work at site. This has increased productivity, enabled centralised record of all WAH permits and safety at site. The system also helps in tracking exact number of plumbing resources with contractor and in turn allows execution planning at site (Resources Monitoring).

#### VIP Grievances resolution Module:

The system enables to keep track of all the grievances referred to by the VIP's, logged at MD and DMD office. Log of communication and latest feedback on status of grievances can be viewed through the system. This has helped in quick resolution of grievances.

## Health, Safety and Environment (HS&E)

### a. Health and Safety

By taking several initiatives towards 'Occupational Safety' excellence, MGL has achieved more than 19.40 million 'Lost Time Incident free' man hours.

Being in the business of supplying piped and compressed natural gas, the company complies with high standards of Health, Safety & Environment and believes that outstanding business performance requires outstanding HS&E performance. Moreover, the company also adheres to all legal and statutory requirements applicable to its operations. and aspires to attain recognised world-class performance.

For Occupational Health & Safety Management system, MGL is accredited to OHSAS 18001:2007, for Environment Management System it is ISO 14001:2015 and for Quality Management it is ISO 9001:2015. The Company has been audited by certified third party agencies and is par with international requirements.

Regular safety audits are being conducted by the Company's Senior Management. This helps in keeping the Health and Safety measures relating to the personnel and the assets of the Company as per national and international standards and working practices. The Company is committed to the Health and Safety of not only its employees but also the employees of its contractor and any other stakeholder who may be affected by the Company's operations. The contractors are considered business partners of the Company and are expected to comply with the Company's HSE standards. For this, the Company provides coaching and assistance to the business partners as and when required.

The Company also takes various initiatives for raising the general awareness in the relevant community and operating environment as a part of its continuous improvement in Safety measures.

To improve efficiency of existing project operations, certain new applications like Last Mile Connectivity, Working at Height, Plumber Tracking and Work Plan and Work Progress (WPWP) were also developed with the help of BIS department.

## Management Discussion and Analysis

The initiatives include PNG Awareness Campaigns in residential societies and for commercial customers; MGL Emergency Management Systems awareness for local Fire Brigade office; District Disaster Management Cells; CNG Awareness Campaigns at various auto stands and B.E.S.T. depots. The Company has initiated Site Specific Hazard Identification and Risk Assessment Methodology. Your Company has developed MGL Life Saving Rules animation video in Hindi and English Language to spread an awareness of Company's 16 Life Saving Rules to employees, contractor employees and stake holders.

Continuous improvement in compliance of MGL Life Saving Rules and implementation of Safety Technical Competency (STC) training policy - 'No STC No Work' and CNG filling policy - 'No Metal Plate No Gas' have been initiated. MGL has introduced HSE Reward Program to identify front line workforce who contribute significantly to achieve HSE excellence at site.

For reporting safety incidents, monitoring the recommendations and closing the recommendations with evidences related to the incident in a methodical way,

the Company has implemented Online Action Tracking System. It also has an Emergency Control Room with toll Free number 1800 22 99 44 which is available 24x7 and also the Company has a tie up with Emergency Ambulance Services across GA1, GA2 and GA3 areas for medical emergencies. Moreover, for contributing to safe working environment, the Company also has 'Dial-before-Dig' continuous pipeline surveillance and the mapping of pipeline network on Geographical Information Systems (GIS).

For preventing the hazardous incidents and continual improvement of HSE performance at the Company installations and sites, MGL expects all its employees and contractors to report hazards, near miss and provide safety suggestions. After this, the reports are then investigated, and lessons learnt from these incidents are shared with all concerned people. The Company also takes note of the lessons learnt from other Oil and Gas companies across the world.

The Company has successfully installed In-Vehicle Monitoring System (IVMS) / VTS (Vehicle Tracking Systems) in all CNG transport Vehicles and Emergency

Vehicles, to inculcate safe driving behaviours and for tracking vehicles. The data generated from IVMS/VTS monitoring system is analysed by the Company and tracks the behaviour of driver and violations of vehicles for continual improvement in the Road Transport Safety performance. Additionally, it conducts Defensive Driving Training (DDT) for all drivers and helpers of vehicles plying within the organisation namely Light Commercial Vehicles (LCV) carrying CNG, pool vehicles, and Master Control Centre (MCC) / Emergency vehicles.

Your Company has conducted Road Transport Assessment audit by Cross Functional Team from SHELL for Road safety improvement.

A well-built Fire Management System is kept in place by the Company, which is in compliance with national standards. A competent firefighting workforce has been deployed at all City Gate Stations (CGS) and important MGL offices to combat any potential fire emergency. The Fire Management System has been scrutinised by an external third party agency of international repute, validating the effectiveness of the system.

Complete Monitoring of City Gas Stations is carried out by trained and competent employees.



MGL Emergency Response and Disaster Management Plan (ERDMP) has been successfully re-certified as per PNGRB ERDMP Regulations 2010 (GSR39). The Company has conducted series of mock drills at all installation like City Gate Stations, Project sites, CNG stations and offices as per the recommendations of PNGRB guidelines. A Major Mock drill with the involvement of Fire Brigade, Disaster Management Cell, Directorate of Industrial Safety and Health (DISH), Mutual Aid Response Group (MARG) members and Traffic police officials has been conducted to demonstrate MGL Emergency Response and Disaster Management Plan (ERDMP) and learn from the inputs of the participants for continual improvement.

## b. Environment

The focus on environment is core area of emphasis for the Company. In addition to the processes and procedures, the Company adheres to the requirements of ISO 14001:2015 accreditation. In addition, every year, MGL celebrates World Environment Day, wherein the employees work towards protecting the environment and promote the benefits of natural gas to improve the environment through public awareness campaigns. As per this year's theme of World Environment Day - 'Beat Plastic Pollution', the Company has conducted awareness sessions by officials of MCGM and India Centre for Plastics in the Environment (ICPE).

The Company successfully implemented EMS standard of ISO 14001:2015. The Company has developed animated videos on Energy Conservation Tips and are available on the Company website and social media webpage like Facebook. Furthermore, the Company has initiated many more online applications like Online Permit System, Life Saving Rules Audit Module for the processes to conserve the environment by minimising paper use.



● Emergency Van

## Security

Security management in the Company evolved as an independent support process to provide physical security assurance. The ever-changing business dynamics, continual manoeuvring in socio-economic scenario and the swift business expansion of the Company has led the security team to carry out thorough re-assessment to further reinforce & strengthen the Company's Security Management Processes. This was achieved through security risk assessment focusing on protection of company assets with enhanced focus on pipeline network. The Company has responded positively to changing security challenges by evolving and adopting effective security mechanisms and programs into its overall business operations.

Security process of the Company is continuously put to test through feedback from various stakeholders followed by review of security processes. These reviews include risk and vulnerability assessments, threat appreciation, access control mechanism, security awareness training, and incident management drills and exercises.

Security surveillance assurance process was augmented during the year by upgrading the existing CCTV network of the company from Analog to IP based system. The state-of-the-art Security Control Room, was further augmented through incorporation of D3D two-way communication camera system and centralised display of people count at various locations. It is planned to further expand the present security control room facility by enhancing the surveillance capability with upgraded software and integrating other security devices like Intruder Alarm System & Centralised Fire Alarm system. It has also been planned to establish Incident Control Room inside the Security Control Room for better incident management during crisis. During the year, complete security manpower was resourced through Security Guard Board, thereby enhancing the efficiency of the guarding force.

The department went out of the way to provide security support to other departments during the construction of Metro rail to safeguard gas pipelines. Support was also provided to the Traffic Police & CNG retail-outlet by deploying mobile CTRT (CNG Traffic Response Teams).



The goal of the Department is to achieve effective and optimum security performance. The key emphasis of the Security Management System has been to provide security support to all the stakeholders through standardised security processes across the Company and to make MGL a secure place to work.

## Human Resource

### Our HR Policy and developments during the year:

The HR team made good strides during the year and at the closure of financial year, MGL's head count was 495. MGL maintains a congenial working environment by providing stable employment, safe working conditions and job satisfaction, which encourages the employees to contribute their best. Our responsible approach to structured working conditions includes fair treatment at work, equitable compensation system and flexible working arrangements. HR Policies are revisited in a time bound manner to keep abreast with the industry practices.

## Learning and Development

MGL believes in continual learning for its employees and competency development is a key focus area for us. Our L&D team is committed to nurture a culture of learning and structured training initiatives, which are taken in the interest of overall employee development. Alongside professional trainings, awareness sessions are also arranged for conveying Corporate Values.

## Career Growth

Career advancement is one of the most important elements for employee satisfaction and retention at a company. Regular development dialogues between employees and supervisors provide an opportunity to discuss career development perspectives.

## Rewards and Recognitions

MGL has various rewards and recognition programs to promote a sense of belongingness and motivation among employees by recognising and rewarding exemplary behaviour, thus improving employee morale and satisfaction, which brings in positive changes in the working environment.

## Life at MGL

We focus on attracting and retaining talent in the emerging competitive scenario and our impetus is on selecting fresh Engineering Graduates and sourcing of quality talent through multiple channels. Transparent and effective communication is given due priority for ensuring team spirit and promoting a culture based on trust and confidence.

## Risk Management and Internal Control System

MGL continues to have adequate Internal Financial controls covering both, operational controls as well as controls on financial reporting, commensurate with its size and nature of business, in conformance with Companies Act and other applicable requirements. The Internal Controls are periodically reviewed and tested by an external expert agency, including providing needful recommendations and advice, to have a continued assurance on adequacy and operating effectiveness.

Awareness sessions are also conducted through external experts from time to time across the Company to develop knowledge and understanding of relevant Internal Controls.

Similarly, the Internal Audit activity is performed by a competent external professional firm, covering important business processes, which ensures the effectiveness of existing processes, controls and compliances. The findings drawn from the audits are fully perused and corrective measures are implemented, as applicable.

Summarised findings on Internal controls & Internal Audits are presented to the Top Management and the Audit Committee on a periodic basis. This ensures that the findings, recommendations & action plans are effectively acted upon, thereby providing overall reasonable assurance and adding value to the system. The functioning of the external expert firm engaged for internal auditing and Internal controls is overseen and facilitated by in-house dedicated personnel.

Risk Management and managing risk forms an essential part of the overall management of MGL. An assessment is made by Business Risk Review Committee of the potential risk factors. Thereafter, the risk is categorised and then assessment of consequence is scored with the one having the highest impact and likelihood. The Risk is identified as inherent risk and evaluated/scored without any mitigation plan and again assessment is made taking into account the mitigation plan and controls and based on final assessment, the risk assessed is identified as Residual risks. These risks are reviewed by the Business Risk Review Committee and then report is placed before the Audit Committee and Board of Directors of the Company.

The key emphasis of the Security Management System has been to provide security support to all the stakeholders through standardised security processes across the Company and to make MGL a secure place to work.

### Corporate Social Responsibility

For having a sustainable growth, at MGL, we believe Corporate Social Responsibility (CSR) is a strategic tool. MGL, being a responsible corporate citizen, MGL's CSR initiatives will supplement its contribution to environment protection, development of healthy and enlightened citizens, social upliftment and sustainable community development through its service, conduct and social initiatives.

During the year, we undertook various initiatives such as MGL Unnati, MGL Aarogya, MGL Vidya, MGL Poshan, Family Strengthening Program, MGL Disha, Nal Paani Yojana, MGL Hunar and MGL Saksham (for more information refer to Annexure A of Director's Report).

### Cautionary Statement

This document contains statements about expected future events, financial, and operating results of Mahanagar Gas Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the actual results may differ from the forward-looking statements mentioned in the Annual Report. Readers are cautioned not to place undue reliance on forward-looking statements.



• Touching lives of auto drivers through regular health camps

## Director's Report

Dear Members,

Your Company's Directors hereby present the Twenty-Fourth Annual Report of the Company together with the Audited Financial Statements of the Company for the Financial Year ended March 31, 2019.

### 1. FINANCIAL RESULTS:

Your Company registered a turnover of ₹ 3,057 Crores during the financial year 2018-19. The Profit after Tax is ₹ 546.39 Crores for the financial year 2018-19 as compared to ₹ 477.87 Crores for the financial year 2017-18. The Company's financial performance for the financial year ended March 31, 2019 as compared to the previous financial year ended is summarised below:

		(₹ in Crores)	
Sr. No.	Particulars	As on March 31, 2019	As on March 31, 2018
a.	Revenue from operations	3,057	2,453
b.	Other Income	78	58
c.	Profit before Depreciation and Finance cost	963	838
d.	Depreciation and Amortisation Expenses	126	111
e.	Finance cost	-	-
f.	Profit before Tax (PBT) [c-d-e]	837	727
g.	Income Tax	291	249
h.	Profit after Tax (PAT) [f-g]	546	478
i.	Other Comprehensive Income	1	1
j.	Total Comprehensive Income [h+i]	548	479
k.	Balance of Profit for earlier years	1,996	1,741
l.	Balance Available for appropriation (j+k)	2,544	2,220
Appropriations:			
m.	Dividend Paid		
	Final - FY 2016-17	-	107
	Interim - FY 2017-18	-	79
	Final - FY 2017-18	108	-
	Interim - FY 2018-19	94	-
n.	Tax on Dividend	42	38
o.	Total Appropriations (n+o)	244	224
p.	Balance of profit carried in Balance Sheet [m-p]	2,300	1,996
	Earning Per Share (Face Value of ₹ 10.00 each) – Basic and Diluted (₹)	55.31	48.38

### 2. DIVIDEND:

Based on the Company's performance, the Directors are pleased to recommend for the approval of the Shareholders a final dividend of ₹ 10.50 per share on the equity share capital of the Company for the year ended March 31, 2019.

The Board of Directors, in its meeting held on January 29, 2019, declared an interim dividend of ₹ 9.50 per equity share for the financial year 2018-19 and the same has been paid to all the eligible shareholders as on record date i.e. February 08, 2019.

The total dividend for the financial year ended March 31, 2019, would accordingly be ₹ 20.00 per equity share of face value of ₹ 10.00 each.



Presentation of dividend cheque to Government of Maharashtra



## Director's Report

### 3. STATE OF COMPANY'S AFFAIRS:

The financial year 2018-19 was one of the significant years in terms of growth and operations. Further information on the Business overview and outlook of the Company is discussed in detail in the Management Discussion & Analysis forming part of the Annual Report.

Return on Capital Employed has increased from 24.31% in FY 2017-18 to 24.36% in FY 2018-19 signifying sound return on investment.

### 4. SHARE CAPITAL:

There is no change in Authorised and Paid-up Share Capital of the Company during the year under review. The paid-up Equity Share Capital of your Company as at the end of the year under review stood at ₹ 98.78 Crore.

### 5. FIXED DEPOSITS:

The Company has not accepted any public deposits under the provisions of the Companies Act, 2013 ("Act").

### 6. CHANGE IN PROMOTER SHAREHOLDING:

During the year under review, BG Asia Pacific Holdings Pte. Limited, one of the Promoter of the Company sold its partial stake in the Company in two tranches viz. 8.50% on April 11, 2018 and 14% on August 23, 2018 and thereby reduced its stake from 32.50% to 10% as at the end of Financial Year 2018-19.

### 7. BOARD & COMMITTEE MEETINGS:

During the year under review, Eight Board Meetings and Five Audit Committee Meetings were held. The details of the composition of the Board and its Committees and of the Meetings held and attendance of the Directors at such Meetings, are provided in the Corporate Governance Report, which forms part of this Annual Report.

### 8. DIRECTORS' RESPONSIBILITY STATEMENT:

As required by Sections 134(3)(c) and 134(5) of the Act, the Directors to the best of their knowledge and belief state and confirm:

- a) that in preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- b) that they had selected such accounting policies and applied them consistently and reasonable & prudent judgments and estimates were made, so as to give a true and fair view of the state of affairs of your Company as at the end of the year and of the profit & loss of your Company for that period;

- c) that they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- d) that the annual accounts of your Company have been prepared on a 'going concern' basis;
- e) that proper systems have been devised by your Company to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively; and,
- f) that adequate internal financial controls were laid down & followed by your Company and such internal financial controls were operating effectively.

Further, your Directors confirm that during the year, the Company has been in compliance with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

### 9. RISK MANAGEMENT:

Your Company has constituted Risk Management Committee pursuant to recommendation of Kotak Committee on Corporate Governance, at the Board Meeting held on January 29, 2019 with an objective to evaluate significant risk exposures of your Company and assesses management's actions to mitigate the exposures in a timely manner. The details pertaining to the composition and Terms of Reference of the Risk Management Committee are disclosed in the Corporate Governance Report, which forms part of this Annual Report.

Mr. T. L. Sharnagat, Vice President - C & P of the Company, is also designated as Chief Risk Officer of your Company with effect from April 01, 2019.

### 10. INTERNAL FINANCIAL CONTROLS AND ITS ADEQUACY:

The Company maintains appropriate systems of internal controls, including monitoring procedures, to ensure that all assets and investments are safeguarded against loss from unauthorized use or disposition. Company policies, guidelines and procedures provide for adequate checks and balances and are meant to ensure that all transactions are authorized, recorded and reported correctly.

The Internal Auditors review the efficiency and effectiveness of these systems and procedures. The Internal Auditors submit their Report periodically which is placed before and reviewed by the Audit Committee.

## 11. VIGIL MECHANISM AND WHISTLE BLOWER POLICY:

The Company has adopted a Whistle Blower Policy to provide a formal mechanism to the employees to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The Vigil Mechanism and Whistle Blower Policy are also at the web link <https://www.mahanagargas.com/investors/Policies.aspx>

## 12. CORPORATE SOCIAL RESPONSIBILITY ("CSR"):

Your Company has a duly constituted CSR Committee, with its composition, quorum, powers, role and scope in line with the Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014. The details regarding the CSR Committee along with the dates of Meeting and the Terms of Reference are disclosed in the Corporate Governance Report forming part of this Annual Report.

The Annual Report on CSR activities is attached as "Annexure A" to this report.

The CSR Policy is uploaded on the website of the Company at [https://www.mahanagargas.com/UploadAssets/UploadedFiles/\\_MGL-CSR\\_Policy\\_952a5a4889.pdf](https://www.mahanagargas.com/UploadAssets/UploadedFiles/_MGL-CSR_Policy_952a5a4889.pdf)

## 13. DISCLOSURES PURSUANT TO THE SEXUAL HARASSMENT OF WOMEN AT THE WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:

Your Company has a Policy on Prevention of Sexual Harassment at Workplace which is in line with requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("POSH Act"). The objective of this policy is to provide an effective complaint redressal mechanism if there is an occurrence of sexual harassment.

Your Company has also set up an Internal Complaints Committee which is duly constituted in compliance with the provisions of the POSH Act. Further, the Company also conducts interactive sessions for employees, to build awareness about the policy and the provisions of POSH Act. The details related to complaints filed and disposed off under POSH Act are provided in the Corporate Governance Report forming part of this Annual Report.

## 14. DIVIDEND DISTRIBUTION POLICY:

In terms of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "SEBI Listing Regulations"), your Company has formulated a Dividend Distribution Policy with an objective to provide the dividend distribution framework to the Stakeholders of the Company. The policy sets out various internal and external factors, which shall be considered by the Board in determining the dividend payout. The policy is attached as "Annexure B" to this Report and is also available on the website of the Company i.e. [www.mahanagargas.com](http://www.mahanagargas.com).

## 15. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS:

There are no significant and material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.

## 16. DIRECTORS AND KEY MANAGERIAL PERSONNEL:

### A. APPOINTMENTS AND CESSATION OF DIRECTORS:

During the year under review, Mr. Premesh Kumar Jain was appointed as an Additional Director (Independent Category) for a period commencing from April 09, 2018 till March 31, 2021 and his appointment was regularized by shareholders in the Twenty - Third Annual General Meeting of the Company held on September 17, 2018.

Further, Mr. Sanjib Datta was nominated by GAIL (India) Limited as a Managing Director on the Board of the Company in place of Mr. Rajiv Mathur. Accordingly, Mr. Rajeev Mathur relinquished the position of Managing Director of the Company with effect from May 30, 2018, owing to withdrawal of his nomination by GAIL and repatriation to GAIL Head Office. Subsequently, Mr. Sanjib Datta was appointed as an Additional Director and Managing Director of the Company on non-retiring basis in line with Articles of Association of the Company and pursuant with the provisions of the Nomination Policy of the Company with effect from May 30, 2018. Mr. Sanjib Datta was also appointed as one of the KMP of the Company. Further, the appointment of Mr. Sanjib Datta was approved by shareholders as Managing Director of the Company in the Twenty - Third Annual General Meeting of the Company held on September 17, 2018.

## Director's Report

Further, Mr. Sunil Porwal, Non-Executive Director of the Company had resigned from the position of Non-Executive Director with effect from July 31, 2018 owing to his transfer to Home Department by Government of Maharashtra.

Accordingly, Mr. Satish Gavai, Additional Chief Secretary (Industries) has been nominated by Government of Maharashtra as its Nominee on the Board of your Company in place of Mr. Sunil Porwal. Accordingly, the Board of Directors in its meeting held on July 31, 2018 appointed Mr. Satish Gavai as an Additional Director (Non - Executive Category) and the appointment of Mr. Satish Gavai was approved by shareholders in the Twenty - Third Annual General Meeting of the Company held on September 17, 2018.

However, he was not able to attend any of the Board Meetings during the period of twelve months commencing from July 31, 2018. Consequently, Mr. Satish Gavai vacated from his office.

The re-appointment of Mr. Raj Kishore Tewari as an Independent Director which was approved by the Board of Directors in its meeting held on February, 08, 2018, for second term commencing from March 05, 2018 up to March 31, 2021 has been duly approved by the shareholders in the Twenty-Third Annual General Meeting of the Company.

Further, Mr. Virendra Nath Datt, Non-Executive Director of the Company had resigned from the position of Non-Executive Director with effect from October 25, 2018 consequent to his appointment as Director (Marketing) in National Fertilizers Limited.

Further, Mr. Goutam Ghosh resigned from the position of Whole-time Director designated as Technical Director of the Company with effect from close of business hours of November 28, 2018 consequent to withdrawal of his nomination by BG Asia Pacific Holdings Pte. Limited.

Subsequently, GAIL (India) Limited had nominated Mr. Ashu Shinghal as Non-Executive Director on the Board of the Company in place of Mr. Virendra Nath Datt. Accordingly, the Board of Directors through Circular Resolution appointed Mr. Ashu Shinghal as an Additional Director (Non-Executive Category) with effect from November 02, 2018. However, due to official exigencies, Mr. Shinghal resigned as Non-Executive Director of the Company with effect from November 28, 2018.

Consequently, pursuant to the revised Articles of Association of the Company approved by shareholders through Postal Ballot on November 24, 2018, Mr. B.C. Tripathi, nominated by GAIL (India) Limited, has been appointed as Chairman and Non-Executive Director on the Board of the Company with effect from November 29, 2018, subject to the approval of shareholders. The appointment was made in compliance with the provision of Regulation 17 of Listing Regulations which states that Chairman of the Company shall be Non-Executive Director and not be related to the Managing Director or the Chief Executive Officer as per the definition of the term "relative" defined under the Act. Further, Mr. B. C. Tripathi resigned from the position of Chairman and Non-Executive Director of the Company with effect from August 01, 2019 on completion of his tenure as Chairman and Managing Director of GAIL (India) Limited. Subsequently, Dr. Ashutosh Karnatak, nominated by GAIL (India) Limited has been appointed as Chairman and Non-Executive Director of the Company with effect from August 01, 2019. Business with respect to his appointment is one of the agenda of the ensuing Twenty-Fourth Annual General Meeting of the Company.

Pursuant to the revised Articles of Association of the Company, GAIL has nominated Mr. Deepak Sawant for the position of Deputy Managing Director of the Company. The Board of Directors in its meeting held on May 09, 2019 appointed Mr. Deepak Sawant as an Additional Director and Whole Time Director designated as Deputy Managing Director with effect from May 09, 2019 until further orders from GAIL, for a period not exceeding five years at a time, subject to the approval of shareholders. Business with respect to his appointment is one of the agenda of the ensuing Twenty-Fourth Annual General Meeting of the Company.

Further, Mr. Akhil Mehrotra, Non-Executive Director of the Company has resigned from the position of Non-Executive Director with effect from May 09, 2019 consequent to withdrawal of his nomination by BG Asia Pacific Holdings Pte. Limited.

Subsequently, BG Asia Pacific Holdings Pte. Limited had nominated Mr. Trivikram Arun Ramanathan as Non-Executive Director on the Board of the Company in place of Mr. Akhil Mehrotra. Accordingly, the Board of Directors in its meeting held on May 09, 2019 appointed Mr. Trivikram Arun Ramanathan as an Additional Director (Non-Executive Category) with effect from May 10, 2019, subject to the

## Director's Report

approval of shareholders. Business with respect to his appointment is one of the agenda of the ensuing Twenty-Fourth Annual General Meeting of the Company.

Mr. Arun Balakrishnan, Mr. Santosh Kumar, Mr. Raj Kishore Tewari, Mrs. Radhika Haribhakti and Mr. Premesh Kumar Jain are Independent Directors of the Company and pursuant to the provisions of Section 149 of the Act and Regulation 25 of Listing Regulations, they have submitted the Declaration of independence to the Company, as and when there is change in circumstances which may affect their independence.

Brief profiles of the Directors proposed to be appointed/re-appointed are annexed to the Notice convening Twenty-Fourth Annual General Meeting of the Company. The aforesaid appointments were based on the recommendation of the Nomination and Remuneration Committee of the Board.

### B. KEY MANAGERIAL PERSONNEL :

Pursuant to Section 203 of the Act, the Key Managerial Personnel of the Company are Mr. Sanjib Datta, Managing Director, Mr. Sunil Ranade, Chief Financial Officer and Mr. Anand Upadhyay, Company Secretary and Compliance Officer.

## 17. BOARD EVALUATION:

The Board has carried out an annual evaluation of its own Performance, its Committees and Individual Directors in terms of the provisions of the Act, SEBI Listing Regulations and Nomination Policy of the Company. The process of performance evaluation is disclosed in the Corporate Governance Report forming part of this Annual Report.

## 18. AUDIT COMMITTEE:

Your Company has a duly constituted Audit Committee, with its composition, quorum, role and powers in line with the applicable provisions of the Act and SEBI Listing Regulations. The details regarding the composition of the Audit Committee along with the dates of Meeting and the Terms of Reference are disclosed in the Corporate Governance Report forming part of this Annual Report.

The recommendations made by the Audit Committee to the Board, from time to time during the year under review, have been accepted by the Board.

## 19. NOMINATION AND REMUNERATION COMMITTEE ("NRC"):

The Nomination and Remuneration Policy of the Company provides that the Nomination and Remuneration Committee shall formulate the criteria for appointment of Directors on the Board of the Company and persons holding Senior Management positions in the Company including their remuneration and other matters as provided under Section 178 of the Act and Listing Regulations.

Details regarding the composition of the NRC along with the dates of Meeting and the Terms of Reference are disclosed in the Corporate Governance Report forming part of this Annual Report.

The NRC policy is available on the website of the Company at [https://www.mahanagargas.com/UploadAssets/UploadedFiles/\\_MGL-Nomination\\_and\\_Remuneration\\_Policy\\_329e2e5b7e.pdf](https://www.mahanagargas.com/UploadAssets/UploadedFiles/_MGL-Nomination_and_Remuneration_Policy_329e2e5b7e.pdf)

## 20. OTHER COMMITTEES:

Details of all the other Committees viz. Stakeholders Relationship Committee and Performance Review Board Committee of the Board are provided in the Corporate Governance Report forming part of this Annual Report.

## 21. AUDITORS:

### STATUTORY AUDITORS:

At the Twenty-Third Annual General Meeting of the Company held on September 17, 2018, the Members had approved appointment of M/s. S R B C & Co. LLP, Chartered Accountants (Firm Reg. No. 324982E/E-300003) as Statutory Auditors of the Company to hold office from the conclusion of the Twenty-Second Annual General Meeting held on September 25, 2017 till the conclusion of the Twenty-Seventh Annual General Meeting to be held in the year 2022, subject to ratification of their appointment by Members at every Annual General Meeting, if so required under the Act. As the requirement of ratification by members for appointment of auditors at every AGM is no longer required under the Act with effect from May 07, 2018, resolution for the same is not included in the Notice for this AGM. M/s. S R B C & Co. LLP have submitted a certificate confirming that their appointment will be in accordance with Section 139 read with Section 141 of the Act.

Further, the Auditors' Report "with an unmodified opinion", given by the Statutory Auditors on the Financial Statements of the Company for FY 2018-19, is disclosed in the Financial Statements forming part of this Annual Report. There has been no qualification, reservation, adverse remark or disclaimer given by the Statutory Auditor in their Report for the year under review.

## Director's Report

The Notes to the Financial Statements are self-explanatory and do not call for any further comments.

### REPORTING OF FRAUDS BY AUDITORS:

The Statutory Auditors have not reported any incident of fraud to the Audit Committee or the Board of Directors under Section 143(12) of the Act during the financial year under review.

### SECRETARIAL AUDITORS:

Pursuant to provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Mehta & Mehta, Company Secretaries, to undertake the Secretarial Audit of the Company.

The Secretarial Audit Report in Form MR-3 given by the Secretarial Auditor is attached as "Annexure C" to this report. The Secretarial Audit Report confirms that the Company had complied with the statutory provisions listed under Form MR-3 and the Company also has proper board process and compliance mechanism. There has been no qualification, reservation, adverse remark or disclaimer given by the Secretarial Auditor in this Report for the year under review.

### COST AUDITORS:

In terms of Section 148 of the Act, the Company is required to audit cost accounting records conducted by a Cost Accountant. M/s. Dhananjay V. Joshi & Associates, a firm of Cost Accountants, conducted this audit for the Company's financial year ended March 31, 2018 and submitted their report to the Central Government in form CRA 4 on August 23, 2018. In accordance with the provisions of Section 148(3) of the Act read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors as recommended by the Audit Committee and approved by the Board has to be ratified by the Members of the Company and appropriate resolution in this regard form part of the Notice convening the Twenty-Fourth Annual General Meeting of the Company.

## 22. RELATED PARTY TRANSACTIONS:

All Related Party Transactions entered during the year were in ordinary course of business and on arm's length basis and same have been disclosed in the Notes to the Financial Statements. All Related Party Transactions are placed before the Audit Committee for approval. Prior omnibus approval of the Audit Committee is obtained for the transactions which are repetitive in nature. A statement of all Related Party Transactions is placed before the Audit Committee for its review on a quarterly basis.

All Material Related Party Transactions arising from contracts/arrangements with related parties referred to in the Section 188(1) of the Act are as required under Section 134(3)(h) of the Act in Form AOC-2 has been attached as "Annexure D" to this Report.

The Company has adopted a Related Party Transactions Policy. The Policy, as approved by the Board, is uploaded on the Company's website at the web link [www.mahanagargas.com/investors/Policies.aspx](http://www.mahanagargas.com/investors/Policies.aspx).

## 23. REMUNERATION OF DIRECTORS AND EMPLOYEES:

Disclosure comprising of particulars with respect to the remuneration of directors and employees, as required to be disclosed in terms of the provisions of Section 197(12) of the Act and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is attached as "Annexure E" to this Report.

Further, there are no employees drawing remuneration in terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

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

Your Company consciously makes all efforts to conserve energy across all its operations. A report containing details with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo, required to be disclosed in terms of Section 134(3)(m) of the Act read with the Companies (Accounts) Rules, 2014, is attached as "Annexure F" to this Report.

## 25. MANAGEMENT DISCUSSION AND ANALYSIS:

Management Discussion and Analysis as stipulated under the Listing Regulations is presented in a separate section forming part of this Annual Report. It provides details about the overall industry structure, global and domestic economic scenarios and developments in business operations / performance of the Company.

## 26. BUSINESS RESPONSIBILITY REPORT:

Your Company's sustainability initiatives are aligned with the principles laid down by Securities and Exchange Board of India for business responsibility reporting by the top 500 listed entities in India based on market capitalisation. In accordance with the Regulation 34(2)(f) of the SEBI Listing Regulations, a Business Responsibility Report forming a part of this Annual Report for the year 2019.

## 27. CORPORATE GOVERNANCE:

Your Company attaches great importance to sound principles management and good corporate governance. Corporate Governance principles form an integral part of the core values of the Company.

In compliance with Regulation 34 of the Listing Regulations, a separate report on Corporate Governance along with a certificate from the Practicing Company Secretary on its compliance forms an integral part of this Annual Report.

## 28. EXTRACT OF ANNUAL RETURN:

Pursuant to the provisions of Sections 92(3) and 134(3(a)) of the Act and the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return for FY 2018-19 in Form No. MGT-9 is given in "Annexure G" to this Report. The same is available on the website of the Company i.e. [www.mahanagar gas.com](http://www.mahanagar gas.com).

## 29. OTHER DISCLOSURES:

In terms of the applicable provisions of the Act and SEBI Listing Regulations, your Company additionally discloses that, during the year under review:

- There was no change in the nature of business of your Company;
- Your Company has not issued any shares with differential voting rights;
- Your Company has not issued any Sweat Equity Shares; and,

It is further disclosed that:

- There is no plan to revise the Financial Statements or Directors' Report in respect of any previous financial year;
- No Material changes and commitments have occurred between the end of the Financial Year of the Company to which the Financial Statements relate and the date of the report affecting the financial position of the Company;
- Particulars of the loans, guarantees and investments as required under Section 186 of the Act are disclosed in the Financial Statements of your Company for the year under review; and
- Your Company does not engage in Commodity hedging activities.

## 30. AWARDS AND RECOGNITIONS:

Your Company has been proud recipient of many Awards and Recognitions and significant ones amongst them are as under:

- I. Conferred with Yes Bank-Business World Best CFO Award 2018;
- II. Won the Golden Bird Excellence Award for outstanding contribution in CSR initiatives for Skill Development;
- III. Won the FAME Excellence Award, 2018 for excellence in initiatives under Skill enhancement;
- IV. Conferred with Association of Business Communicators of India's Silver Award in Annual Report Category for the Financial Year 2016-17; and
- V. Won the Grow Care India Award, 2018 for outstanding achievement in CSR management.

## 31. ACKNOWLEDGEMENT:

We take this opportunity to place on record our appreciation to the Ministry of Petroleum & Natural Gas, Government of India, Petroleum & Natural Gas Regulatory Board, Government of Maharashtra (GOM), Municipal Corporations of Greater Mumbai, Navi Mumbai, Thane, Mira-Bhayander, Kalyan-Dombivali, Raigad, other State and Central Government Authorities, Mumbai Metropolitan Regional Development Authority (MMRDA), Maharashtra Industrial Development Corporation (MIDC), Police and Fire Brigade Authorities and also thank all the customers, members, investors, vendors, suppliers, business associates, bankers and financial institutions for their continuous support.

We acknowledge the patronage of GAIL (INDIA) Limited, Shell Group and GOM for their support and above all, we place on record our sincere appreciation for the hard-work, solidarity and contribution of each and every employee of the Company in driving the growth of the Company.

For and on behalf of the Board of Directors

Place : Mumbai  
Date : August 08, 2019

**Dr. Ashutosh Karnatak**  
Chairman

## Director's Report

### Annexure A

Mahanagar Gas Limited (MGL) is conscious of its social responsibility and has been continuously contributing towards the national and global developmental agenda. In accordance with the vision of the Company, MGL's CSR initiatives will supplement its contribution to environment protection, development of healthy and enlightened citizens, social upliftment and sustainable community development through its service, conduct and social initiatives.

### Education:

#### 1. MGL Unnati

It is an intervention designed with the objective to promote vertical socio-economic mobility through education. The project envisages coaching and mentoring of meritorious children from economically fragile background; who have the talent but not the means to compete for admission in premier technical and medical institutes. With the aim to remove barriers, hindering access to higher education, the project seeks to bring about a radical change in the lives of individuals. The project in the current batch is mentoring 50 students out of which 12 are females. Out of the 30 students trained in the 2017 – 18 batch, 29 had qualified in JEE Mains and 10 qualified in JEE Advance. The biggest success of the project was placement of the son of a Taxi Driver in Mumbai into IIT Mumbai.



Touching lives in Bhiwandi through CSR activities

#### 2. MGL Aarogya

With an objective of facilitating mainstream education for kids of sex workers, MGL is operating 8 balwadis. The balwadis offer a learning environment for cognitive development of child and also addresses the issue of malnutrition through mid-day meal intervention. The initiative is benefitting more than 400 children. These kids represent one of the most vulnerable group as they face exclusions, which deprives them from having a normal growth trajectory. These children particularly at early

stage starts developing a tough exterior for the lack of inclusion and grooming thereby killing the innocence of kids. Through balwadi intervention, MGL seeks to groom the children at an early age for their further development.



Upgradation of Neurological and Neurosurgical Department of Holy Family Hospital

#### 3. MGL Vidya

It is an intervention designed to enhance the learning level outcomes. The ASER 2016 report shows that the proportion of children in Std. III who were able to read Std. I level text is only 42.5% and those who could do 2-digit subtraction was only 27.7%. Among Std. V Children, only 26% are able to solve simple division problem as per their grade. Under MGL Vidya, Mahanagar Gas Limited is supporting 7,000 children spread across 80 communities across 2 major slum pockets of Mankhurd and Bandra with remedial education. Under a similar intervention, 50 villages of Pen and Uran Taluka of Raigad are being covered with interventions like learning camps, gram shiksha kendra, support of reading materials and active stakeholder engagement. Mahanagar Gas Limited has also supported operations of 4 primary sections in Kherwadi Municipal School to benefit 160 students.

#### 4. Mahanagar Gas Limited has also supported technical education of 50 youths enrolled in ITI with scholarships.

### Child Welfare, Nutrition and Health:

#### 1. MGL Poshan

Mahanagar Gas Limited under its initiative, MGL Poshan, supported mid-day meal for 25,000 children. India is one of the highest-ranking countries in the world for the number of children suffering from malnutrition. In fact, more than one third of the world's malnourished children live in India. The prevalence of underweight children in India is among the highest in the world and is nearly double that of Sub-Saharan

## Director's Report

Africa. Deficiencies in nutrition inflict long-term damage to both individual and society. Thus, the initiative MGL Poshan is designed as a strategic initiative to address simultaneously the issues of malnourishment and education. Every day hot and nutritious meal is served to the students spread across more than 160 schools in and around Mumbai.



### 2. MGL Aarogya

Mahanagar Gas Limited has facilitated health check-up of more than 2,000 auto rickshaw drivers, taxi drivers and general public.

3. Mahanagar Gas Limited is also supporting up-gradation of medical facilities in Holy Family Hospital, Bandra. MGL is also facilitating installation of water purifiers cum coolers in various institutions like schools, hospitals, etc. to make available safe drinking water to the public.

### 4. Family Strengthening Program

It is designed as a community-based intervention to prevent children from losing parental care or from being abandoned. The activities include age appropriate tuition support, support of education material, promoting good parenting habits, promotion of SHGs and income generation activities, providing knowledge and capital support for income generation activities, facilitating market linkage, promoting habit of savings, etc. The centrifuge of the intervention is the child and his well-being and is benefitting nearly 450 such vulnerable children.

## Social Upliftment and Sustainable Community Development:

### 1. MGL Disha

It is MGL's intervention for empowerment of slum communities. The urban slums are the manifestation of wide inequality that exists in our society. Slums are the unorganised habitation of

people often lacking in basic amenities of water, electricity, sanitation and housing. The basic lack of facilities and poor access to these basic services reduces their capacity to act and it goes against the basic freedom as a citizen. The key feature of employment of the slum dwellers in general and women in particular is that the job is highly insecure, low income, untimely and irregular. With low income and for the want of financial literacy, savings is either nil or unproductive triggering a debt trap. Given the constraints that the slum communities face, this project is designed as an empowerment initiative to enable the communities to fight many of these constraints that limits their capacity to enjoy their rights and a dignified life. The project is being implemented across various slums of Mumbai and seeks to benefit more than 11,000 individuals with interventions like support classes, formation and strengthening of SHGs, entrepreneurship training, advance skills training, anti – tobacco campaign, health camp, awareness on environment protection, distribution of sewing machines and beauty care materials for enterprise promotion and financial literacy. The focus of the intervention is to create and strengthen community institution and develop their capabilities to ensure sustainability.

### 2. Nal Paani Yojana

MGL is facilitating access to safe drinking water to 5 tribal villages in Karjat Taluka of Raigad District. The women folks in these villages face severe hardship as they have to fetch water from source located at a distance of 2 to 4 Kms downhill. It is estimated that some of these women have to travel almost 6,000 Kms in a year – just to fetch water for their household. Through the initiative, MGL will be touching more than 2,000 lives. Under the initiative, water from the source is pumped into a tank (installed under the project) in the village. Water is dispensed through outlet twice daily for one hour each. The villagers constitute a committee to oversee operations and maintenance of the infrastructure and each household make a monthly contribution, which is utilised for salary of operator and maintenance of the infrastructure. MGL has also facilitated strengthening of source to ensure availability of water during the lean seasons also.

## Employment and Youth Empowerment:

### 1. MGL Hunar

It is an initiative of Mahanagar Gas Limited for enhancing employability of unemployed and underemployed youth. Under the intervention, Mahanagar Gas Limited had in past supported upgradation of facilities in a Vocational Training Centre in Karjat. MGL has supported skills training to 303 youth across various trades like Refrigeration and Air Conditioning, Welding, Electrician and Gas Plumbing. MGL has also facilitated skills augmentation training to 30 trainees in the trade of Gas Plumbing. These trainees were also provided handholding support through On Job



## Director's Report

Training. The project achieved 100% placement. Under a similar intervention, MGL is facilitating skills augmentation of 100 women in Banking Financial Services and Insurance domain.

### 2. MGL Saksham

MGL supported an initiative for empowerment of 10,000 youths through remedial education and counselling under project 'MGL Saksham'. The project was implemented in 30 schools in suburbs of Mumbai. The project includes component for improved learning level outcomes in STEM subjects, infrastructural support to schools, scholarships, group counselling and individual counselling to vulnerable and disturbed students. The project was designed to enable students to cope up with various social, psychological and physical challenges that they face.



Encouraging creativity in students through outreach programs

### Awards & Recognitions:

Various CSR initiatives of Mahanagar Gas Limited received accolades and recognitions during the year. MGL was conferred with The Golden Bird Excellence Award, 2018 and the FAME Excellence Award, 2018 towards excellence in project on Skill Development. Mahanagar Gas Limited was also conferred with Grow Care India Award, 2018 for outstanding achievement in CSR management.

The Company adopted a revised CSR Policy during the year 2014 aligned with the Companies (Corporate Social Responsibility Policy) Rules, 2014. The CSR policy was approved by the Board of Directors and is uploaded on MGL website. The Company's Policy on Corporate Social Responsibility can be accessed at our website at the link:

<https://www.mahanagargas.com/investors/Policies.aspx>

The implementation, monitoring and evaluation of CSR projects will be as per the guidelines in the Companies (Corporate Social Responsibility Policy) Rules 2014.

### • The Composition of the CSR Committee.

The Committee is constituted of the Managing Director, Whole Time Director (Technical Director) and two Independent Directors.

The following are the members of the CSR committee:

1. Mrs. Radhika Haribhakti, Independent Director (Chairperson)
2. Mr. Raj Kishore Tewari, Independent Director
3. Mr. Rajeev Mathur, Managing Director (upto May 30, 2018)
4. Mr. Sanjib Datta, Managing Director (with effect from May 30, 2018)
5. Mr. Goutam Ghosh, Whole Time Director (upto close of business hours of November 28, 2018)

The Committee had 4 (Four) meetings during the year 2018-19.

- Average net profit of the Company for last three financial years under Section 198 of Companies Act, 2013 is ₹ 589.84 Crores.

- Prescribed CSR Expenditure (two per cent of the average profit mentioned above)

The prescribed CSR expenditure of the company for the financial year 2018-19 was ₹ 11.80 Crores.

- Details of amount spent on CSR activities during the financial year.

Of the budget of ₹ 11.80 Crores for CSR activities for financial year 2018-19, ₹ 5.77 Crores was utilized in the financial year.

**Amount unspent: ₹ 6.03 Crores.**

MGL has adopted a robust process for management and effective implementation of CSR project. Funding against many projects are linked to achievement of milestones. Since milestone against some of the funding was not achieved, the payment could not be released. These funds will roll over to the next financial year and released subject to achievement of milestones. A few CSR interventions sanctioned by MGL's management could not be implemented owing to difference with third party organization on the milestones or other terms of agreement. However, MGL has achieved significant improvement in its CSR spending during the year and will continue to strive to complement its commitment towards social responsibility with greater zeal.

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

- Manner in which the amount spent during the financial year is detailed below.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs were undertaken	Amount outlay (budget) project or program wise (₹ in lakhs)	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure upto the reporting period (₹ in lakhs)	Amount spent : direct or through implementing agency*
1	Installation of HVAC in Bai Jerbai Wadia Hospital for Children – a grade II B Heritage Structure.	Health and Sanitation	Local Area	200.00	0.00	180.00	Bai Jerbai Wadia Hospital for Children
2	Pandit Deen Dayal Upadhyay Swasth Saarthi Abhiyaan		Local Area	118.55	0.00	104.21	Vansampada Bahuudeshiya Mandal
3	Health Camps (MGL Aarogya 2016 - 17)		Local Area	13.32	5.76	11.52	Sri Chaitanya Seva Trust
4	Health Camps (MGL Aarogya 2018 -19)		Local Area	12.29	11.06	11.06	Sri Chaitanya Seva Trust
5	MGL Poshan (Mid Day Meal – 2018-19)		Local Area	65.63	52.50	52.50	Annamrita Foundation
6	Balwadis for Children of Sex Workers (2018-19)	Health and Sanitation	Parbhani and Jalna Districts	16.32	5.71	5.71	SETU Charitable Trust
7	Water Purifiers in schools and institutions		Local Area	25.49	4.03	4.03	Direct
8	Upgradation of medical facility		Local Area	125.00	87.40	87.40	The Bandra Holy Family Hospital Society
9	Naal Pani Yojana		Palghar District	17.69	15.98	15.98	Savali Charitable Trust
10	Naal Pani Yojana		Local Area	33.28	14.98	14.98	Savali Charitable Trust
11	Road safety through first aid kit distribution		Local Area	4.54	4.54	4.54	Direct
12	Swachh Bharat Abhiyan		Local Area	37.79	13.98	32.92	Direct expense

## Director's Report

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs were undertaken	Amount outlay (budget) project or program wise (₹ in lakhs)	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure upto the reporting period (₹ in lakhs)	Amount spent : direct or through implementing agency*
13	Equipping primary and pre-primary sections	Education and employment enhancing vocational Skills	Local Area	11.72	0.00	9.77	Aseema Charitable Trust
14	MGL Unnati (2016-17)		Local Area	75.00	2.34	69.84	CSRL
15	MGL Unnati (2017-18)		Local Area	84.57	16.91	76.11	CSRL
16	Balwadis for children of sex workers (2017 – 18)		Parbhani and Jalna Districts	18.32	12.41	16.49	Setu Charitable Trust
17	MGL Saksham		Local Area	43.65	26.19	39.29	Urivi Vikram Charitable Trust
18	Mini Science Center		Local Area	7.24	3.62	7.24	Direct Expense
19	Computer Instructor (2017-18)		Local Area	1.80	1.20	1.80	Shelter Don Bosco
20	Computer Instructor (2018-19)		Local Area	1.80	0.75	0.75	Shelter Don Bosco
21	Safe drinking water in schools	Education and employment enhancing vocational Skills	Local Area	6.35	5.65	5.65	Direct
22	Model School Project (including toilet block)		Local Area	91.52	5.89	82.45	Direct Expense
23	MGL Unnati (2018-19)		Local Area	150.71	120.57	120.57	CSRL
24	MGL Udaan (Scholarships)		Local Area	11.50	5.75	5.75	St. Joseph Technical School
25	Family Strengthening Program		Local Area	37.23	14.89	14.89	SoS Childrens Village of India
26	Operation of 4 primary sections in Kherwadi Municipal School		Local Area	21.67	19.50	19.50	Aseema Charitable Trust
27	MGL Vidya		Local Area	85.33	42.66	42.66	Pratham Mumbai Education Initiative
28	MGL Vidya		Local Area	40.27	6.04	6.04	Pratham Education Foundation

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs were undertaken	Amount outlay (budget) project or program wise (₹ in lakhs)	Amount spent on the projects or programs Sub-heads: (₹ in lakhs) (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure upto the reporting period (₹ in lakhs)	Amount spent : direct or through implementing agency*
29	MGL Hunar (2016-17)	Education and employment enhancing vocational Skills	Local Area	9.21	2.17	9.07	Don Bosco Yuva Sanstha
30	MGL Hunar (2016-17)		Local Area	32.68	0.00	26.84	Hirwal Education Trust
31	MGL Hunar (2017-18)		Local Area	36.00	16.69	25.69	Don Bosco Yuva Sansthan
32	MGL Hunar (2018-19)		Local Area	23.31	13.71	13.71	Dev Loka Educational Trust
33	MGL Hunar (2018-19)		Local Area	14.12	4.94	4.94	Udyogini
34	MGL Hunar (2015-16)		Local Area	30.15	-1.17	17.28	National Yuva Cooperative Society
35	MGL Disha (2017-18)	Gender Equality and Empowerment	Local Area	15.76	14.18	14.18	Don Bosco Development Society
36	MGL Disha (2018-19)		Local Area	77.04	15.41	15.41	Don Bosco Development Society
37	Plantation Initiative (2016-17)		Local Area	2.42	0.36	2.42	Don Bosco Yuva Sansthan
38	Purchase and installation of solar street lights		Beed District	3.52	3.52	3.52	Direct Expense
39	MGL Hariyali		Local Area	5.31	5.31	5.31	Direct Expense
40	Program Expenses 'Monitoring and Evaluation'	Monitoring and Evaluation	Local Area	20.70	0.00	10.35	Tata Institute of Social Science
41.	Administrative Expenses	Training and capacity building of CSR personnel and Administrative Expenses	Local Area	59.00	1.04	1.04	Direct Expenses
<b>Total</b>				<b>1687.80</b>	<b>576.47</b>	<b>1193.41</b>	

(Managing Director)

(Chairperson - CSR Committee)

## Director's Report

### Annexure B

#### DIVIDEND DISTRIBUTION POLICY

##### Preamble

The Securities Exchange Board of India (SEBI) on July 08, 2016 has notified the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016 (Regulations).

Vide these Regulations, SEBI has inserted Regulation 43A after Regulation 43 of SEBI (LODR) Regulations, 2015, which requires the Company to frame and adopt a Dividend Distribution Policy, which shall be disclosed in its Annual Report and on its website.

Accordingly, this Dividend Distribution Policy has been approved and adopted by the Board of Directors of the Company at its meeting held on February 11, 2017.

##### Circumstances under which the shareholders may expect dividend

The Equity Shareholders of the Company may expect an annual dividend if the Company is having surplus funds after providing all expenses, depreciation etc and after complying with related requirements of the Companies Act, 2013 and under other statutes. Company's sustainability of business, position of Reserves to handle unforeseen financial impact and immediate expansion plans shall also be important factors to be considered for taking the dividend decision.

##### The financial parameters that shall be considered while declaring dividend:

The factors considered while arriving at the quantum of dividend will include:

- Reasonable consistency to be maintained in dividend pay-out ratio, except in cases of abnormal change in profit for the year.
- Current year profits and outlook in line with the development of internal and external environment.
- Operating cash flows and treasury position keeping in view the debt to equity ratio.
- Any cash reserves to be created either mandatory or voluntary.
- Possibilities of alternate usage of cash, e.g. capital expenditure, M&A opportunities with potential to create greater value for shareholders.
- Providing for unforeseen events and contingencies with financial implications.
- Contingent liabilities.

The Board may declare interim dividend(s) as and when considered fit, and recommend final dividend to the shareholders for their approval in the general meeting of the Company. The Board may additionally recommend special dividend in special circumstances.

##### Internal and external factors that shall be considered for declaration of dividend

The decision regarding dividend pay-out is a crucial decision as it determines the amount of profit to be distributed among shareholders and amount of profit to be retained in business. The Board of Directors will endeavour to take a decision with an objective to enhance shareholders wealth and market value of the shares. However, the decision regarding pay-out is subject to several factors and hence, any optimal policy in this regard may be far from obvious.

The Dividend pay-out decision will depend upon certain external and internal factors as follows:

##### External Factors:

**State of Economy** - in case of uncertain or recessionary economic and business conditions, Board will endeavour to retain larger part of profits to build up reserves to absorb future shocks.

**Government policies & Regulation** - when Policies and Regulations are favourable to the business, dividend pay-out can be liberal. However, in case of unfavourable Policies & Regulations, Board may resort to a conservative dividend pay-out in order to conserve cash outflows.

**Statutory & other Restrictions** - The Board will keep in mind the restrictions imposed by the Companies Act, other applicable Statutes, Lenders with regard to declaration of dividend.

##### Internal Factors:

Apart from the external factors aforementioned, the Board will take into account various internal factors while declaring Dividend, which inter alia will include :

- (i) Profits earned during the year;
- (ii) Present & future Capital requirements of the existing businesses;
- (iii) Plan for Business Acquisitions;
- (iv) Expansion / Modernization of existing businesses / assets;
- (v) Contingent Liabilities
- (vi) Any other factor as deemed fit by the Board.

##### Utilisation of retained earnings:

The profits retained in business may be used for corporate actions in accordance with applicable laws and for investments towards growth of the business. The Company may choose to retain a part of its profits and distribute the balance among its shareholders as dividend. The Board of Directors will aim to balance between all these needs.

##### Parameters that shall be adopted with regard to various classes of share

The Company does not have different classes of shares. In case, the Company issues Preference shares, equity dividend shall stand second in priority.

The Board shall assess the policy, as and when need arises.

## Annexure C

### Form MR-3

#### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2019

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
**The Members,**  
**Mahanagar Gas Limited,**  
 MGL House, Block No. G-33,  
 Bandra Kurla Complex, Bandra (East),  
 Mumbai – 400051

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Mahanagar Gas Limited (hereinafter called "the Company"). Secretarial audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minutes 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 March 31, 2019, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2019 according to the provisions of:

- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li>(i) The Companies Act, 2013 ('the Act') and the rules made thereunder;</li> <li>(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;</li> <li>(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;</li> <li>(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment;</li> </ul> | <ul style="list-style-type: none"> <li>(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-               <ul style="list-style-type: none"> <li>(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;</li> <li>(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;</li> <li>(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (during the period under review not applicable to the Company);</li> <li>(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (during the period under review not applicable to the Company);</li> <li>(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (during the period under review not applicable to the Company);</li> <li>(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;</li> <li>(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (during the period under review not applicable to the Company); and</li> <li>(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (during the period under review not applicable to the Company);</li> </ul> </li> <li>(vi) Petroleum and Natural Gas Regulatory Board Act, 2006;</li> <li>(vii) Gas Cylinder Rules, 2004;</li> </ul> |
|---|--|

## Director's Report

- (viii) The Electricity Act and rules and regulations made thereunder;
- (ix) Maharashtra Fire Prevention & Life Safety Measure Act, 2006;
- (x) The Environment Protection Act, 1986;
- (xi) Air (Prevention and Control of Pollution) Act, 1981;
- (xii) Water (Prevention and Control of Pollution) Act, 1974;
- (xiii) Hazardous Wastes (Management Handling and Trans boundary Movement) Rules, 2008;
- (xiv) The Legal Metrology Act, 2009.

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

- a) Secretarial Standards issued by the Institute of Company Secretaries of India.
- b) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

The Company has complied with the provisions of Act, Rules, Regulations, Guidelines etc. mentioned above.

### We further report that:

The Board of Directors of the Company is duly constituted with proper balance of the 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.

Majority decision is carried through while the dissenting views of the Directors/ Members', if any, are captured and recorded as part of the Minutes.

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

We further report that during the audit period, the Company had the following specific events / actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

- The shareholders on November 26, 2018 approved adoption of new set of articles of Association via postal ballot. The Articles of Association was amended to incorporate various provisions and amended clauses which are in line with the Joint Venture Agreement dated September 12, 2018 executed between the Promoters of the Company namely GAIL (India) Limited and BG Asia Pacific Holdings Pte. Limited.
- Members at the Annual General Meeting dated September 17, 2018 approved the final dividend of ₹ 11 per equity share of face value of ₹ 10 each out of the profits of the Company for Financial Year 2017-18.
- The Board of Directors of the Company at its meeting dated January 29, 2019, declared the interim dividend of ₹ 9.5 per equity share of face value of ₹ 10 each out of the profits of Financial year 2018-19.

### For Mehta & Mehta,

Company Secretaries  
(ICSI Unique Code P1996MH007500)

### Ashwini Inamdar

Partner

FCS No: 9409

CP No.: 11226

Place : Mumbai

Date : May 09, 2019

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.



## Director's Report

## Annexure A

To,  
**The Members,**  
**Mahanagar Gas Limited,**  
MGL House, Block No. G-33,  
Bandra Kurla Complex, Bandra (East),  
Mumbai – 400051

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and 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. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6. Under the regulations referred to in points vi and xiv, the adherence and compliance to the requirements of the said regulations is the responsibility of management. Our examination was limited to checking the execution and timeliness of the filing of various forms, reports, returns and documents that need to be filed by the Company with various authorities under the said regulations. We have not verified the correctness and coverage of the contents of such forms, reports, returns and documents.
7. 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 Mehta & Mehta,**  
Company Secretaries  
(ICSI Unique Code P1996MH007500)

**Ashwini Inamdar**  
Partner

FCS No: 9409  
CP No.: 11226

Place : Mumbai  
Date : May 09, 2019



## Director's Report

## Annexure D

## Form No. AOC-2

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

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

1. Details of contracts or arrangements or transactions not at arm's length basis: Mahanagar Gas Limited (the Company) has not entered into any contract/arrangement/transaction with its related parties which are not in ordinary course of business or at arm's length during FY 2018-19.

- (a) Name(s) of the related party and nature of relationship: Not Applicable
- (b) Nature of contracts/arrangements/transactions: Not Applicable
- (c) Duration of the contracts/arrangements/transactions: Not Applicable
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any: Not Applicable
- (e) Justification for entering into such contracts or arrangements or transactions: Not Applicable
- (f) Date(s) of approval by the Board: Not Applicable
- (g) Amount paid as advances, if any: Not Applicable
- (h) Date on which the special resolution was passed in general meeting as required under first proviso to Section 188: Not Applicable

2. Details of material contracts or arrangement or transactions at arm's length basis: Mahanagar Gas Limited (the Company) has entered into material contract/arrangement/transaction with its related parties which are in ordinary course of business or at arm's length during FY 2018-19. The Company has laid down policies and processes/procedures so as to ensure compliance to the subject section in the Companies Act, 2013 (Act) and the corresponding Rules. In addition, the process goes through internal and external checking, followed by quarterly reporting to the Audit Committee.

- (a) Name(s) of the related party and nature of relationship:
  - I. GAIL (India) Limited, (GAIL), Promoter\*
  - II. BG India Energy Solutions Private Limited, (BGIESPL), Promoter Group Entity
  - III. Hazira LNG Private Limited, (HLPL), (now known as Shell Energy India Private Limited), (SEIPL), Promoter Group Entity

- IV. Shell India Markets Private Limited, (SIMPL), Promoter Group Entity
- V. Shell Energy Marketing and Trading India Private Limited, (SEMTIPL), Promoter Group Entity

\* During the year, the Company has purchased Natural Gas from GAIL amounting to ₹ 1,25,625.67 Lakhs.

- (b) Nature of contracts/arrangements/transactions:
  - I. APM Agreement (Administered Price Mechanism) Nature: Long Term Gas Sales and Transportation Contract
  - II. PMT Agreement (Panna Mukta Tapti Fields) Nature: Long Term Gas Sales and Transportation Contract
  - III. Non-APM (for CNG Transport & PNG Domestic Segment) Term Sheet Nature: Term Sheet
  - IV. SPOT RING Contracts (Spot Gas Sale Agreement) Nature: Short Term Spot Gas Sales Agreement
  - V. Gas Transmission Agreement Nature: GTA dated January 02, 2008
  - VI. HLPL (Now SEIPL): Nature: Framework Gas Sale Agreement on RE basis
  - VII. BG India Energy Solutions Private Limited: Nature: Supply Framework Agreement on RE basis
  - VIII. SEMTIPL: Nature: Framework Gas Sale Agreement (FGSA) on RE basis
- (c) Duration of the contracts/arrangements/transactions
  - I. Duration: June 05, 2009 - March 31, 2021
  - II. Duration: March 28, 2014 - Full Term
  - III. Duration: August 14, 2017 - July 06, 2021
  - IV. Duration: November 29, 2010 - July 31, 2021
  - V. Duration: January 02, 2008 - January 01, 2033
  - VI. Duration: September 13, 2013 - May 09, 2022
  - VII. Duration: November 13, 2009 Validity: Shall remain in effect unless terminated by either party.
  - VIII. Duration: December 18, 2017 - December 17, 2022
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any:
  - I. Purchase of Domestic Gas from GAIL is through Domestic GAS allocation by MoPNG.
  - II. Purchase of SPOT RING is through a Board approved process of competitive bidding in the ordinary course of business and at arm's length basis.
  - III. Purchase of Gas from GAIL, HLPL, BGIESPL and SEMTIPL is as per the terms of the agreement/term sheet.
- (e) Date(s) of approval by the Board, if any: August 09, 2017
- (f) Amount paid as advances, if any: NA

## Annexure E

### Particulars of Employees

The information required under Section 197 of the Companies Act, 2013 (the Act) read with Rule 5(1) of the (Companies Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2018-19:

Sr. No	Name of Director (Executive/Non-Executive Independent Director)	Directors' Remuneration (₹ in Lakhs)	Employee Median Remuneration (₹ in Lakhs)	Ratio
1.	Mr. Rajeev Mathur <sup>1</sup> , Managing Director	12.69	12.60	1.0071:1
2.	Mr. Sanjib Datta <sup>2</sup> , Managing Director	71.45	12.60	5.6706:1
3.	Mr. Goutam Ghosh <sup>3</sup> , Whole Time Director	120.38	12.60	9.5540:1
4.	Mr. Jainendar Kumar Jain <sup>4</sup>	2.20	12.60	0.1746:1
5.	Mr. Arun Balakrishnan	11.45	12.60	0.9087:1
6.	Mr. Santosh Kumar	11.475	12.60	0.9107:1
7.	Mr. Raj Kishore Tewari	9.775	12.60	0.7758:1
8.	Mrs. Radhika Haribhakti	9.50	12.60	0.7540:1
9.	Mr. P.K. Jain <sup>5</sup>	4.50	12.60	0.3571:1

**Note: –**

- 1) Mr. Rajeev Mathur resigned from the Board with effect from May 30, 2018.
- 2) Mr. Sanjib Datta was appointed as Director with effect from May 30, 2018.
- 3) Mr. Goutam Ghosh resigned from the Board with effect from November 28, 2018.
- 4) Mr. Jainendar Kumar Jain resigned from the Board with effect from March 04, 2018.
- 5) Mr. P. K. Jain was appointed as Director with effect from April 09, 2018.

	Employee No.	Employee Name	Designation	% increase on CTC in 2018-19
The percentage increase in remuneration of each Director, Chief Financial Officer, Company Secretary & Compliance Officer, if any, in the financial year.	1003	Sunil Ranade	CFO	9.50%
	1732	Alok Mishra	Company Secretary & Compliance Officer	9.50%
The percentage increase in the median remuneration of employees (including S level) in the financial year. Median Remuneration Increase for eligible employees during the Financial Year is 9%				

## Director's Report

The number of permanent employees on the rolls of company	As on March 31, 2019	Permanent Employees	Fixed Term Contract (FTC)	Total
		486	9	495
Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year.	Eligible employees percentage increase in 2018-19 excluding SMG and KMP			7.91% (Average increment actual paid)
And its comparison with the Percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	Percentage increase in 2018-19 for SMG and KMP [including CFO, SVP (Comm), SVP (O & M), SVP (Constrn), VP (C&P) and Company Secretary & Compliance Officer]			9.42%

It is affirmed that the remuneration paid is as per the Remuneration Policy of the Company.

**Employee Median Remuneration (in Lakhs) for the Financial Year 2018-19 (including FTC) - ₹ 12.60 lakhs**

## Annexure F

### CONSERVATION OF ENERGY:

#### A) Steps taken for conservation and utilizing alternate sources of energy :

Your Company has implemented a number of energy conservation measures at various operating installations and CNG stations. It includes successful implementation of cascades of water capacity of 3000 litres to reduce the frequency of start-stop of the compressor, thereby improving efficiency and also implementation of cascades of water capacity of 4500 litres, for transportation from mother station to daughter booster station through cascade carrying vehicles, to reduce the frequency of movements of cascade carrying vehicles.

Use of 2 numbers of Type III composite cylinder cascades of 8800 liters water capacity is implemented. Further 8 more Type III cascades is being planned for upcoming stations.

This has resulted in considerable savings and contributions to environmental improvements.

Solar Power Plants of 77kw in total are installed at MGL Offices and CGSs - CGS, Sion (17kw), MGL Office, Mahape (20kw), CGS Taloja (20kw), CGS, Ambernath (10kw), MSRTC, Khopat (5kw) and NMMT, Turbhe (5kw). This has been commissioned and successfully catering to the electrical lighting load of the office building.

Similarly installation of Solar Power Plant of 30kw and Wind Turbine of 5kw is in progress at CGS, Taloja.

At Mahape office, a natural gas-based fuelled generator set has been commissioned generating sufficient power as the primary source (of power) for the office building wherein the grid power is now consumed only as the secondary or backup source. The exhaust heat emission of this Gas Genset contributes to the air-conditioning of the same building by being utilized for the newly installed Vapor absorption chiller in-built with a heat recovery feature. This is a showcase of clean and green initiative.

Gas Gensets are installed at gas receiving stations (Mahape, Taloja and Ambernath) and MGL owned CNG station at Owala, Thane to provide electrical power back up.

Installation of Gas Genset at MGL CNG station at Thane and one more station to power CNG compressor (as primary electrical power source) is being planned.

An Energy Conservation unit has been installed at MGL House, Bandra-Kurla Complex, which has brought about 14-15% reduction in energy consumption on account of lighting load.

Continuous efforts are put to maintain electrical power factor at CNG stations at desired level to achieve efficient use of electric energy.

Your Company has also taken various initiatives like development of compact DRS, improvement in the technical specification of flexible hose used for domestic connections in high rise buildings, standardization in usage of materials (to facilitate effective management of inventory) like GI pipes, Service Regulators and RCC tiles.

Use of Integrated CNG package is planned at one of the upcoming CNG station in Mumbai which has CNG compressor, CNG dispenser and CNG cascade in a single enclosure.

#### B) Capital investment on energy conservation equipment's:

Installation of Solar Power Plant and Wind Turbine is in progress at CGS, Taloja (₹ 27.60 Lakhs)

Installation of Natural Gas based Microturbine for power generation is in progress at MGL Office, Mahape. The exhaust heat emission of this Microturbine will be utilized for the Vapor absorption chiller in-built with a heat recovery feature (₹ 81.48 Lakhs)

## Director's Report

## TECHNOLOGY ABSORPTION:

Sr. No.	Particulars	Current Year 2018-19	Previous Year 2017-18
1	Research and Development (R&D)		
A	Specific areas in which R&D carried out by the Company	<p><b>(a) Continuity with development of:</b></p> <ul style="list-style-type: none"> <li>LoRa-based AMR system for Domestic customers.</li> <li>GSM/GPRS based AMR system for Commercial Customers.</li> <li>Compact underground DRS with butterfly valves.</li> <li>Usage of multi-layered composite pipes as a replacement of copper pipes.</li> <li>Usage of PE pipes (embedded with copper wire) for better traceability.</li> <li>CNG HPRS for supply of PNG to remote areas.</li> <li>Practical and cost-effective data logger in DRS.</li> <li>Upgradation of Design of Canopy Fascia of CNG station.</li> <li>Replacement of higher sizes of diaphragm gas meters with RPD meters (which has better accuracy)</li> <li>Usage of ultrasonic meters and thermal mass meters for Commercial customers.</li> <li>Full review of technical specifications and Codes of Practice in process.</li> <li>Design of PNG riser and lateral system in high-rise building with height more than 120 metres.</li> <li>Design of PNG riser and lateral system for buildings having glass facades.</li> <li>Upgradation of Design of ancillary equipments in CNG station, Canopy Columns and Bay Indicators, Totem, Dispenser, Flag Post, Sales building, Bus Shelter, etc.</li> <li>Usage of SS canopy for commercial customer.</li> </ul>	<p><b>(b) Continuity with development of:</b></p> <ul style="list-style-type: none"> <li>LoRa-based AMR system for Domestic customers.</li> <li>GSM/GPRS based AMR system for Commercial Customers.</li> <li>DRS with metering system (prior to pressure regulation)</li> <li>Compact underground DRS with butterfly valves.</li> <li>Usage of multi-layered composite pipes as a replacement of copper pipes.</li> <li>Usage of PE pipes (embedded with copper wire) for better traceability.</li> <li>CNG HPRS for supply of PNG to remote areas.</li> <li>Seismic survey in GA III areas.</li> <li>Practical and cost-effective data logger in DRS.</li> <li>Upgradation of Design of Canopy Fascia of CNG station.</li> <li>Replacement of higher sizes of diaphragm gas meters with RPD meters (which has better accuracy)</li> <li>Usage of ultrasonic meters and thermal mass meters for Commercial customers.</li> <li>Full review of technical specifications and Codes of Practice in process.</li> <li>Design of PNG riser and lateral system in high-rise building with height more than 120 metres.</li> <li>Design of PNG riser and lateral system for buildings having glass facades.</li> </ul>

Sr. No.	Particulars	Current Year 2018-19	Previous Year 2017-18
		<ul style="list-style-type: none"> <li>Indigenous development of fittings for PE riser system as an alternative to GI riser system.</li> </ul>	<ul style="list-style-type: none"> <li>Upgradation of Design of ancillary equipments in CNG station, Canopy Columns and Bay Indicators, Totem, Dispenser, Flag Post, Sales building, Bus Shelter, etc.</li> <li>Usage of SS canopy for commercial customer.</li> <li>Indigenous development of fittings for PE riser system as an alternative to GI riser system.</li> </ul>
<b>B</b>	<b>Benefits derived as a result of the above R&amp;D</b>	<ul style="list-style-type: none"> <li>Improvement in the existing business processes and working standards of a City Gas Distribution Project.</li> <li>Facilitating better gas balancing of network.</li> <li>Development of Natural Gas Market.</li> <li>Safe and effective operation of Gas Supply Network.</li> <li>Cost saving and energy saving.</li> <li>Effective inventory management.</li> <li>Supply of PNG to areas n GA-III.</li> </ul>	<ul style="list-style-type: none"> <li>Improvement in the existing business processes and working standards of a City Gas Distribution Project.</li> <li>Facilitating better gas balancing of network.</li> <li>Development of Natural Gas Market.</li> <li>Safe and effective operation of Gas Supply Network.</li> <li>Cost saving and energy saving.</li> <li>Effective inventory management.</li> <li>Supply of PNG to remote areas. Enhancement of branding of MGL at CNG outlets.</li> </ul>
<b>C</b>	<b>Future plan of action</b>	<ul style="list-style-type: none"> <li>Continuing vendor development (Regulators, Gas Meters, etc.)</li> <li>Review feasibility of providing PNG/ CNG to remote locations through LNG / LCNG facilities.</li> <li>Supply of PNG to areas of Pen, Karjat and other parts of GA III by using CNG HPRS system.</li> </ul>	<ul style="list-style-type: none"> <li>Continuing vendor development (Regulators, Gas Meters, etc.)</li> <li>Review feasibility of providing PNG/ CNG to remote locations through LCNG facilities.</li> <li>Supply of PNG to areas of Pen and other parts of GA III by using CNG HPRS system.</li> </ul>

## Director's Report

Sr. No.	Particulars	Current Year 2018-19	Previous Year 2017-18
D	Expenditure on R&D:		
	a) Capital		
	b) Recurring		
	c) Total	NIL	NIL
	d) Total R&D expenditure as a percentage of total turnover		
2	Technology absorption, adaptation and innovation		
A	Efforts, in brief, made towards technology adaptation and innovation	Further development of Standards, Specifications and Operating Procedures adapted for local implementation.	Further development of Standards, Specifications and Operating Procedures (from Shell Group) adapted for local implementation.
B	Benefits derived as a result of the above efforts e.g. Product Improvement, Cost Reduction, Product Development, Import Substitution, etc.	<ul style="list-style-type: none"> <li>• Safe operation of Gas Supply Network.</li> <li>• Import substitution by development of indigenous vendor for supply of Diaphragm Gas Meters, Service Regulators and AMR systems.</li> <li>• Growth strategy.</li> </ul>	<ul style="list-style-type: none"> <li>• Safe operation of Gas Supply Network.</li> <li>• Import substitution by development of indigenous vendor for supply of Diaphragm Gas Meters, Service Regulators and AMR systems.</li> <li>• Growth strategy.</li> </ul>
C	In case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year), following information may be furnished :		
(a)	Technology imported	NA	NA
(b)	Year of import	NA	NA
(c)	Has technology been fully absorbed?	NA	NA
(d)	If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action	NA	NA
3	Foreign Exchange Earning and Outgo		
		Current Year (₹ in Crores)	Previous Year (₹ in Crores)
	Total Foreign Exchange Earned	NIL	NIL
	Total Foreign Exchange Outgo	37.01	63.65

## Annexure G

### Form No. MGT-9

#### EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 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

1	CIN	L40200MH1995PLC088133
2	Registration Date	May 08, 1995
3	Name of the Company	Mahanagar Gas Limited
4	Category	Company limited by Shares
5	Sub Category of the Company	Indian Non – Government Company
6	Whether listed Company (Yes/No)	Yes
7	Address of the Registered Office and contact details	MGL House, Block No.G-33, Bandra-Kurla Complex, Bandra (E), Mumbai – 400051 Tel. No. +9122- 6678 5000 Fax. No. +9122- 2652 8925
8	Name, address and contact details of Registrar and Transfer Agents, if any	M/s. Link Intime India Private Limited, C 101, 247 Park, LBS Marg, Vikhroli (West), Mumbai – 400 083, Maharashtra, India Tel. No. +9122 – 4918 6000 Fax. No. +9122 - 4918 6060

### II. PRINCIPAL BUSINESS ACTIVITY OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

Sr. No.	Name and Description of Main Product / Services	NIC of the Product	% of total turnover of the Company
1	The Company operates presently in the business of City Gas Distribution. The Company earns revenue by selling Natural Gas.	3520	99.17%

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GIN	Holding/Subsidiary of the Company	% of shares held	Applicable Section
			NOT APPLICABLE		



## Director's Report

## IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

## (i) Category wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. PROMOTERS</b>									
1. Indian									
a. Individual	-	-	-	-	-	-	-	-	-
b. Central Govt.	-	-	-	-	-	-	-	-	-
c. State Govt.	-	-	-	-	-	-	-	-	-
d. Bodies Corporate	32102750	-	32102750	32.50	32102750	-	32102750	32.50	0.00
e. Bank / FI	-	-	-	-	-	-	-	-	-
f. Any Other	-	-	-	-	-	-	-	-	-
<b>Sub Total – A (1)</b>	<b>32102750</b>	<b>-</b>	<b>32102750</b>	<b>32.50</b>	<b>32102750</b>	<b>-</b>	<b>32102750</b>	<b>32.50</b>	<b>0.00</b>
<b>2 Foreign</b>									
a. NRI – Individuals	-	-	-	-	-	-	-	-	-
b. Other Individuals	-	-	-	-	-	-	-	-	-
c. Body Corporate	32102710	-	32102710	32.50	9877780	-	9877780	10.00	-22.50
d. Bank / FI	-	-	-	-	-	-	-	-	-
e. Any Others	-	-	-	-	-	-	-	-	-
<b>Sub Total – A(2)</b>	<b>32102710</b>	<b>-</b>	<b>32102710</b>	<b>32.50</b>	<b>9877780</b>	<b>-</b>	<b>9877780</b>	<b>10.00</b>	<b>-22.50</b>
<b>Total Share Holding of Promoters (1+2)</b>	<b>64205460</b>	<b>-</b>	<b>64205460</b>	<b>65.00</b>	<b>41980530</b>	<b>-</b>	<b>41980530</b>	<b>42.50</b>	<b>-22.50</b>
<b>A. Public Shareholding</b>									
<b>1. Institution</b>									
a. Mutual Funds	3862927	-	3862927	3.9107	5897687	-	5897687	5.9707	2.0600
b. Banks/FI	399507	-	399507	0.4045	487183	-	487183	0.4932	0.0887
c. Central Govt	-	-	-	-	-	-	-	-	-
d. State Govt	9877778	-	9877778	10.00	9877778	-	9877778	10.00	0.0000
e. Venture Capital	-	-	-	-	-	-	-	-	-
f. Insurance Co.	1230509	-	1230509	1.2457	5893750	-	5893750	5.9667	4.7210
g. FIs	-	-	-	-	-	-	-	-	-
h. Foreign Portfolio Corporate	9559725	-	9559725	9.6780	24064677	-	24064677	24.3624	14.6844
i. Foreign Venture Capital Fund	-	-	-	-	-	-	-	-	-

## Director's Report

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
j. Alternate Investment Fund	-	-	-	-	424000	-	424000	0.4292	0.4292	
k. Others	-	-	-	-	-	-	-	-	-	
<b>Sub – Total B (1)</b>	<b>24930446</b>	<b>0</b>	<b>24930446</b>	<b>25.2389</b>	<b>46645075</b>	<b>-</b>	<b>46645075</b>	<b>47.2222</b>	<b>21.9833</b>	
1. Non – Institution										
a. Body Corporate	716148	-	716148	0.7250	703880	-	703880	0.7126	-0.0124	
b. Individual										
i. Individual Shareholders holding nominal share capital upto ₹ 1,00,000	7468349	341	7468690	7.5611	8088544	331	8088875	8.1890	0.6279	
ii. Individual shareholders holding nominal share capital in excess of ₹ 1,00,000	183576	0	183576	0.1858	207557	-	207557	0.2101	0.0243	
c. NBFC registered with RBI	-	-	-	-	8050	-	8050	0.0081	0.0081	
d. Others										
i. NRI (Rep)	302281	-	302281	0.3060	413608	-	413608	0.4187	0.1127	
ii. NRI (Non – Rep)	77120	-	77120	0.0781	108179	-	108179	0.1095	0.0314	
iii. Trust	404077	-	404077	0.4091	5420	-	5420	0.0055	-0.4036	
iv. In Transit	-	-	-	-	-	-	-	-	-	
v. Hindu Undivided Family	312642	-	312642	0.3165	367597	-	367597	0.3721	0.0556	
vi. Foreign Portfolio Investor (Individual)	40	-	40	0.0000	40	-	40	0.0000	0.0000	
vii. Clearing Member	177298	-	177298	0.1795	248967	-	248967	0.2520	0.0725	
<b>Sub - Total B (2)</b>	<b>9641531</b>	<b>341</b>	<b>9641872</b>	<b>9.7611</b>	<b>10151842</b>	<b>331</b>	<b>10152173</b>	<b>10.2778</b>	<b>0.5167</b>	
<b>Net Total (1+2)</b>	<b>34571977</b>	<b>341</b>	<b>34572318</b>	<b>35.0001</b>	<b>56796917</b>	<b>331</b>	<b>56797248</b>	<b>57.50</b>	<b>22.50</b>	
<b>Shares held by Custodian for GDRs &amp; ADRs</b>										
Promoter and Promoter Group	-	-	-	-	-	-	-	-	-	
<b>Grand total (A+B+C)</b>	<b>98777437</b>	<b>341</b>	<b>98777778</b>	<b>100.00</b>	<b>98777447</b>	<b>331</b>	<b>98777778</b>	<b>100.00</b>	<b>-</b>	

## Director's Report

## (ii) Shareholding of Promoters:

Sr. No	Shareholder's Name	Shareholdings at the beginning of the year			Shareholdings at the end of the year			% change in Shareholding 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	32102750	32.50	-	32102750	32.50	-	0
2	BG Asia Pacific Holdings Pte. Limited	32102710	32.50	-	9877780	10.00	-	-22.50

## (iii) Change in Promoters' Shareholding (please specify, if there is no change):

Sr. No.	Name of the Shareholder & Type of Transaction	Shareholding at the beginning of the year - 2018		Transactions during the year		Cumulative Shareholding at the end of the year - 2019	
		No. of Shares Held	% of total Shares of the Company	Date of transaction	No. of Shares	No. of Shares held	% of total Shares of the Company
1	GAIL (India) Limited	32102750	32.50	-	-	32102750	32.50
	AT THE END OF THE YEAR					32102750	32.50
2	BG Asia Pacific Holdings Pte. Limited	32102710	32.50	-	-	32102710	32.50
	MARKET SELL			13 Apr 2018	-8396075	23706635	24.00
	MARKET SELL			24 Aug 2018	-13828855	9877780	10.00
	AT THE END OF THE YEAR					9877780	10.00

## (iv) Shareholding pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Name of the Shareholder & Type of Transaction	Shareholding at the beginning of the year - 2018		Transactions during the year		Cumulative Shareholding at the end of the year - 2019	
		No. of Shares Held	% of total Shares of the Company	Date of transaction	No. of Shares	No. of Shares held	% of total Shares of the Company
1	Governor of Maharashtra	9877778	10.0000			9877778	10.0000
	AT THE END OF THE YEAR					9877778	10.0000
2	Schroder International Selection Fund Emerging Asia	2364765	2.3940			2364765	2.3940
	Market Buy			Apr 27, 2018	334000	2698765	2.7322
	Market Buy			May 11, 2018	72653	2771418	2.8057
	Market Buy			May 18, 2018	296667	3068085	3.1060
	Market Buy			Aug 31, 2018	691428	3759513	3.8060
	Market Buy			Sep 07, 2018	675572	4435085	4.4900
	AT THE END OF THE YEAR					4435085	4.4900

Sr. No.	Name of the Shareholder & Type of Transaction	Shareholding at the beginning of the year - 2018		Transactions during the year		Cumulative Shareholding at the end of the year - 2019	
		No. of Shares Held	% of total Shares of the Company	Date of transaction	No. of Shares	No. of Shares held	% of total Shares of the Company
3	Sbi Life Insurance CSo. Ltd	214572	0.2172			214572	0.2172
	Market Buy			Apr 06, 2018	3823	218395	0.2211
	Market Buy			Apr 13, 2018	30000	248395	0.2515
	Market Sell			May 04, 2018	-15000	233395	0.2363
	Market Sell			May 25, 2018	-93508	139887	0.1416
	Market Buy			Jun 30, 2018	2812	142699	0.1445
	Market Buy			Jul 13, 2018	58200	200899	0.2034
	Market Buy			Jul 20, 2018	40000	240899	0.2439
	Market Buy			Jul 27, 2018	25000	265899	0.2692
	Market Sell			Aug 03, 2018	-40000	225899	0.2287
	Market Sell			Aug 24, 2018	-40000	185899	0.1882
	Market Buy			Aug 31, 2018	1551793	1737692	1.7592
	Market Buy			Sep 07, 2018	215000	1952692	1.9769
	Market Buy			Sep 14, 2018	80000	2032692	2.0578
	Market Buy			Sep 29, 2018	92061	2124753	2.1510
	Market Buy			Oct 05, 2018	25000	2149753	2.1764
	Market Sell			Oct 19, 2018	-10000	2139753	2.1662
	Market Buy			Oct 26, 2018	979	2140732	2.1672
	Market Sell			Nov 02, 2018	-2100	2138632	2.1651
	Market Sell			Nov 16, 2018	-5128	2133504	2.1599
	Market Buy			Nov 30, 2018	403	2133907	2.1603
	Market Sell			Dec 07, 2018	-10000	2123907	2.1502
	Market Buy			Dec 14, 2018	38600	2162507	2.1893
	Market Buy			Dec 31, 2018	16369	2178876	2.2058
	Market Buy			Jan 04, 2019	316831	2495707	2.5266
	Market Sell			Feb 08, 2019	-19642	2476065	2.5067
	Market Buy			Feb 15, 2019	10000	2486065	2.5168
	Market Sell			Feb 22, 2019	-14000	2472065	2.5027
	Market Buy			Mar 15, 2019	263912	2735977	2.7698
	Market Buy			Mar 22, 2019	278449	3014426	3.0517
	Market Buy			Mar 29, 2019	495833	3510259	3.5537
	AT THE END OF THE YEAR					3510259	3.5537
4	L&T Mutual Fund Trustee Limited-L&T Emerging Businesses Fund	15000	0.0152			15000	0.0152
	Market Buy			Apr 13, 2018	37800	52800	0.0535
	Market Sell			May 25, 2018	-48000	4800	0.0049
	Market Sell			Jun 10, 2018	-3600	1200	0.0012
	Market Sell			Jun 22, 2018	-1200	0	0.0000
	Market Buy			Aug 31, 2018	1578600	1578600	1.5981
	Market Buy			Sep 07, 2018	45000	1623600	1.6437

## Director's Report

Sr. No.	Name of the Shareholder & Type of Transaction	Shareholding at the beginning of the year - 2018		Transactions during the year		Cumulative Shareholding at the end of the year - 2019	
		No. of Shares Held	% of total Shares of the Company	Date of transaction	No. of Shares	No. of Shares held	% of total Shares of the Company
	Market Sell			Sep 14, 2018	-114600	1509000	1.5277
	Market Buy			Sep 29, 2018	56083	1565083	1.5844
	Market Sell			Oct 05, 2018	-100483	1464600	1.4827
	Market Sell			Oct 12, 2018	-53400	1411200	1.4287
	Market Buy			Oct 19, 2018	33753	1444953	1.4628
	Market Buy			Oct 26, 2018	28847	1473800	1.4920
	Market Buy			Nov 09, 2018	96980	1570780	1.5902
	Market Buy			Nov 16, 2018	15020	1585800	1.6054
	Market Buy			Nov 30, 2018	68600	1654400	1.6749
	Market Buy			Dec 07, 2018	1941	1656341	1.6768
	Market Buy			Dec 14, 2018	10000	1666341	1.6870
	Market Buy			Dec 28, 2018	63000	1729341	1.7507
	Market Buy			Dec 31, 2018	5530	1734871	1.7563
	Market Buy			Jan 04, 2019	46098	1780969	1.8030
	Market Buy			Jan 11, 2019	79231	1860200	1.8832
	Market Buy			Jan 18, 2019	12919	1873119	1.8963
	Market Buy			Jan 25, 2019	6210	1879329	1.9026
	Market Buy			Feb 01, 2019	32223	1911552	1.9352
	Market Buy			Feb 15, 2019	19248	1930800	1.9547
	Market Buy			Feb 22, 2019	10000	1940800	1.9648
	Market Buy			Mar 29, 2019	349312	2290112	2.3184
	AT THE END OF THE YEAR					2290112	2.3184
5	Lazard Emerging Markets Small Cap Equity Trust	0	0			0	0.0000
	Market Buy			Oct 05, 2018	209915	209915	0.2125
	Market Buy			Oct 12, 2018	593059	802974	0.8129
	Market Buy			Nov 30, 2018	110440	913414	0.9247
	Market Buy			Mar 01, 2019	190112	1103526	1.1172
	Market Buy			Mar 08, 2019	5613	1109139	1.1229
	Market Buy			Mar 15, 2019	33387	1142526	1.1567
	AT THE END OF THE YEAR					1142526	1.1567
6	Eastspring Investments India Equity Open Limited	999684	1.0121			999684	1.0121
	Market Buy			Aug 03, 2018	24134	1023818	1.0365
	Market Buy			Mar 08, 2019	57884	1081702	1.0951
	AT THE END OF THE YEAR					1081702	1.0951

Sr. No.	Name of the Shareholder & Type of Transaction	Shareholding at the beginning of the year - 2018		Transactions during the year		Cumulative Shareholding at the end of the year - 2019	
		No. of Shares Held	% of total Shares of the Company	Date of transaction	No. of Shares	No. of Shares held	% of total Shares of the Company
7	Bajaj Allianz Life Insurance Company Ltd.	297938	0.3016			297938	0.3016
	Market Buy			Apr 06, 2018	10000	307938	0.3117
	Market Sell			May 11, 2018	-100000	207938	0.2105
	Market Buy			Aug 03, 2018	100000	307938	0.3117
	Market Buy			Aug 10, 2018	50000	357938	0.3624
	Market Buy			Aug 24, 2018	200000	557938	0.5648
	Market Buy			Aug 31, 2018	350000	907938	0.9192
	Market Buy			Oct 12, 2018	36200	944138	0.9558
	Market Buy			Oct 19, 2018	4251	948389	0.9601
	Market Buy			Nov 02, 2018	14700	963089	0.9750
	Market Buy			Nov 16, 2018	15103	978192	0.9903
	Market Buy			Nov 30, 2018	8229	986421	0.9986
	Market Buy			Dec 07, 2018	10000	996421	1.0088
	Market Buy			Jan 04, 2019	20000	1016421	1.0290
	Market Sell			Jan 25, 2019	-100000	916421	0.9278
	Market Sell			Feb 01, 2019	-115000	801421	0.8113
	Market Sell			Feb 08, 2019	-30	801391	0.8113
	Market Buy			Mar 01, 2019	149000	950391	0.9622
	Market Buy			Mar 15, 2019	13600	963991	0.9759
	Market Buy			Mar 22, 2019	10000	973991	0.9860
	Market Buy			Mar 29, 2019	19995	993986	1.0063
	AT THE END OF THE YEAR					993986	1.0063
8	ITPL - Invesco India Contra Fund	58952	0.0597			58952	0.0597
	Market Sell			Apr 13, 2018	-291	58661	0.0594
	Market Buy			Apr 20, 2018	36498	95159	0.0963
	Market Buy			May 25, 2018	31118	126277	0.1278
	Market Sell			Jun 22, 2018	-3000	123277	0.1248
	Market Buy			Jul 27, 2018	156302	279579	0.2830
	Market Buy			Aug 03, 2018	219060	498639	0.5048
	Market Buy			Aug 17, 2018	28492	527131	0.5337
	Market Buy			Aug 31, 2018	245112	772243	0.7818
	Market Buy			Sep 21, 2018	36474	808717	0.8187
	Market Sell			Oct 05, 2018	-30000	778717	0.7884
	Market Sell			Oct 12, 2018	-1800	776917	0.7865
	Market Buy			Oct 19, 2018	595	777512	0.7871

## Director's Report

Sr. No.	Name of the Shareholder & Type of Transaction	Shareholding at the beginning of the year - 2018		Transactions during the year		Cumulative Shareholding at the end of the year - 2019	
		No. of Shares Held	% of total Shares of the Company	Date of transaction	No. of Shares	No. of Shares held	% of total Shares of the Company
	Market Buy			Nov 02, 2018	45466	822978	0.8332
	Market Buy			Nov 09, 2018	15373	838351	0.8487
	Market Sell			Nov 16, 2018	-36600	801751	0.8117
	Market Sell			Nov 23, 2018	-3600	798151	0.8080
	Market Buy			Nov 30, 2018	3763	801914	0.8118
	Market Buy			Dec 07, 2018	171996	973910	0.9860
	Market Buy			Dec 14, 2018	30892	1004802	1.0172
	Market Buy			Dec 28, 2018	11756	1016558	1.0291
	Market Buy			Dec 31, 2018	4055	1020613	1.0332
	Market Buy			Feb 01, 2019	3842	1024455	1.0371
	Market Buy			Feb 08, 2019	16800	1041255	1.0541
	Market Sell			Feb 15, 2019	-16800	1024455	1.0371
	Market Sell			Mar 01, 2019	-70793	953662	0.9655
	Market Buy			Mar 08, 2019	7271	960933	0.9728
	Market Buy			Mar 15, 2019	8805	969738	0.9817
	Market Buy			Mar 22, 2019	6055	975793	0.9879
	Market Buy			Mar 29, 2019	286	976079	0.9882
	AT THE END OF THE YEAR					976079	0.9882
9	Schroder International Selection Fund Indian Equity	387260	0.3921			387260	0.3921
	Market Buy			Aug 24, 2018	58429	445689	0.4512
	Market Buy			Aug 31, 2018	413302	858991	0.8696
	Market Buy			Sep 07, 2018	63411	922402	0.9338
	Market Buy			Sep 14, 2018	64502	986904	0.9991
	Market Sell			Feb 15, 2019	-62682	924222	0.9357
	AT THE END OF THE YEAR					924222	0.9357
10	Aditya Birla Sun Life Trustee Private Limited A/C Aditya Birla Sun Life Equity Fund	1386685	1.4038			1386685	1.4038
	Market Sell			Jul 27, 2018	-3000	1383685	1.4008
	Market Sell			Aug 03, 2018	-37200	1346485	1.3631
	Market Sell			Aug 24, 2018	-3600	1342885	1.3595
	Market Buy			Aug 31, 2018	135000	1477885	1.4962
	Market Sell			Oct 05, 2018	-44700	1433185	1.4509
	Market Sell			Oct 12, 2018	-54600	1378585	1.3956
	Market Sell			Nov 16, 2018	-69600	1308985	1.3252

Sr. No.	Name of the Shareholder & Type of Transaction	Shareholding at the beginning of the year - 2018		Transactions during the year		Cumulative Shareholding at the end of the year - 2019	
		No. of Shares Held	% of total Shares of the Company	Date of transaction	No. of Shares	No. of Shares held	% of total Shares of the Company
	Market Sell			Mar 08, 2019	-55000	1253985	1.2695
	Market Sell			Mar 22, 2019	-2500	1251485	1.2670
	Market Sell			Mar 29, 2019	-377900	873585	0.8844
	AT THE END OF THE YEAR					873585	0.8844

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For each of the Directors and KMP Name of the Director / KMP	Shareholdings at the beginning of the year		Shareholdings at the end of the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	Alok Mishra Company Secretary & Compliance Officer	484	Negligible	484	Negligible
2	Sunil M. Ranade CFO	449	Negligible	449	Negligible

## V. INDEBTEDNESS

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

(₹ in lakhs)

Particulars	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the year				
Principal Amount	-	119.51	-	119.51
Interest due but not paid	-	-	-	-
Interest accrued but not paid	-	-	-	-
Total of (1+2+3)	-	119.51	-	119.51
Change in the Indebtedness during the year				
+ Additions (including interest)	-	-	-	-
Reduction	-	(119.51)	-	(119.51)
Net Change	-	(119.51)	-	(119.51)
Indebtedness at the end of the year				
Principal Amount	-	-	-	-
Interest due but not paid	-	-	-	-
Interest accrued but not due	-	-	-	-
Total of (1+2+3)	-	-	-	-



## Director's Report

## VI. REMUNERATION TO DIRECTORS AND KEY MANAGERIAL PERSONNEL

## A) Remuneration to Managing Director and Whole Time Director (Technical Director)

Sr. No.	Particulars of Remuneration	Name of the Managing Director and Whole Time Director		
		Mr. Rajeev Mathur Managing Director (till May 30, 2018)	Mr. Sanjib Datta Managing Director (From May 30, 2018)	Mr. Goutam Ghosh Whole Time Director (till November 28, 2018)
1.	<b>Gross Salary</b> *Secondment charges paid to promoters & Expenses of MD paid by MGL.	₹ 12,68,533	₹ 71,44,670	₹ 120,37,695
	(a) Salary as per provisions contained in Section 17(1) of the Income tax Act, 1961	-	-	-
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-	-
	(c) Profits in lieu of Salary under Section 17(3) of the Income Tax Act, 1961	-	-	-
2	<b>Stock Options</b>	N.A.	N.A.	N.A.
3	<b>Sweat Equity</b>	N.A.	N.A.	N.A.
4	<b>Commission As % of Profit Others, specify</b>	N.A.	N.A.	N.A.
5	<b>Others, please specify Provident Fund &amp; other Funds.</b>	-	-	-
<b>Total (A)</b>		₹ 12,68,533	₹ 71,44,670	₹ 120,37,695
Ceilings as per Act		5% of the net profits of the Company		

## \* Note:-

- i) Mr. Rajeev Mathur, Mr. Sanjib Datta and Mr. Goutam Ghosh are getting remuneration / salary from their respective employer's i.e GAIL and BGAPH. Your Company has paid the amount of ₹ 84,13,204 and ₹ 1,20,37,695 to the promoters, i.e. GAIL and BGAPH respectively as secondment charges as these Directors are not the employees of the Company.
- ii) Secondment charges paid to GAIL above does not include expenditure incurred by MGL on bachelor accommodation provided to the Managing Director, Telephone Expenses, Electricity Expenses, Gas Expenses and club facility used for the entertainment of guests.

## B) Remuneration to Non-Executive (Non Independent Directors):

The Company has not paid any remuneration or made any reimbursement to any Non-Executive (Non-Independent Director) for attending meetings during the Financial Year 2018 -19.

## C) Commission to Non-Executive Independent Directors:

The Board of Directors and Shareholders of the Company in their respective meetings have approved the payment of commission to Non-Executive Independent Directors, in addition to the payment of Sitting Fees and reimbursement of expenses for attending meetings of the Board and / or Committees, at a rate not exceeding one percent (1%) of the net profits of the Company and calculated and allocated amongst them in such manner as the Board may from time to time, determine, for a period of five years commencing from the Financial Year 2016-17.

The details of Commission paid to the Independent Directors for the financial year 2018- 2019 are mentioned below:

		Chairmanship held for Committee meetings										Total Amount					
		(₹ in Lakhs)															
Sr. No	Name of the Director	Number of Board meetings attended	Amount payable	Audit Committee	Amount Payable	IPO Committee	Amount Payable	Nomination & Remuneration Committee	Amount Payable	Corporate Social Responsibility Committee	Amount Payable	Stakeholders Relationship Committee	Amount Payable	PRBC	Amount Payable	Total Amount	
1	Mr. Arun Balakrishnan	8	4.00	-	-	-	8	0.8	-	-	-	-	-	-	-	4.80	
2	Mr. Santosh Kumar	7	4.00	-	-	-	-	-	-	-	-	-	-	-	3	0.3	4.30
3	Mr. Raj Kishore Tewari	8	4.00	5	0.5	-	-	-	-	-	-	1	0.1	-	-	4.60	
4	Mrs. Radhika Haribhakti	6	3.00	-	-	-	-	-	4	0.4	-	-	-	-	-	3.40	
5	Mr. P. K. Jain	8	4.00	-	-	-	-	-	-	-	-	-	-	-	-	4.00	
			19.00	-	0.5	-	-	0.8	-	0.4	-	0.1	-	-	0.3	21.10	

The Commission for the financial year 2018:19 was approved in the Board Meeting held on May 09, 2019 and was paid on June 11, 2019

## Director's Report

## D) Remuneration Paid to Key Managerial Personnel (other than MD and WTD)

(₹ in Lakhs)

Sr. No.	Particulars of Remuneration	Name of Key Managerial Personnel		Total
		Mr. S. M Ranade CFO	Mr. Alok Mishra Company Secretary & Compliance Officer	
1.	Gross Salary			
	(a) Salary as per provisions contained in Section 17 (1) of the Income tax Act, 1961	84.65	39.22	123.87
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	0.33	0.15	0.48
	(c) Profits in lieu of Salary under Section 17(3) of the Income Tax Act, 1961	-	-	-
2.	Stock Options	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission	-	-	-
	- As % of Profit	-	-	-
	- Others, specify	-	-	-
5.	Others, please specify Provident Fund & other Funds	4.01	1.78	5.79
	<b>Total</b>	<b>88.99</b>	<b>41.15</b>	<b>130.14</b>

## Business Responsibility Report for FY 2018-19

### Section A: General Information about the Company

1	Corporate Identity Number (CIN)	L40200MH1995PLC088133
2	Name of the Company	Mahanagar Gas Limited
3	Registered address	MGL House, Block G-33, Bandra- Kurla Complex, Bandra (E), Mumbai-400051
4	Website	www.mahanagargas.com
5	E-mail id	info@mahanagargas.com
6	Financial Year reported	2018-19
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	The Company operates presently in the business of City Gas Distribution. National Industrial Classification code of the Product is 3520.
8	List three key products/services that the Company manufactures/provides (as in balance sheet)	Supply and Distribution of Natural Gas in the city of Mumbai, Thane Urban and adjoining municipalities and the Raigad district.
9	Total number of locations where business activity is undertaken by the Company	
	(a) Number of International Locations (Provide details of major 5)	-
	(b) Number of National Locations	i. Corporate Office in BKC, Mumbai and ii. City Gas Stations (CGS) at:- a) Wadala, Mumbai b) Mahape, Navi Mumbai c) Ambernath, Thane d) Taloja, Raigad
10	Markets served by the Company – Local / State / Local National / International	Local / State / Local

### Section B: Financial details of the Company

1	Paid up Capital (INR)	₹ 9,877.78 lakhs
2	Total Turnover (INR)	₹ 30,567.93 lakhs
3	Total profit after taxes (INR)	₹ 5,463.89 lakhs
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	The Company has spent ₹ 576.48 lakhs, which is 0.98% of average net profit of the last 3 years, calculated in the manner specified in section 135 of the Companies Act, 2013 and rules made there under.
5	List of activities in which expenditure in 4 above has been incurred:-	<ul style="list-style-type: none"> <li>• Health Care and Sanitation</li> <li>• Education and employment enhancing vocational Skills</li> <li>• Environment / Flora / Fauna Sustainability</li> <li>• Empowerment</li> <li>• Training &amp; Capacity Building of CSR personnel &amp; Administrative Expenses</li> </ul>

## Business Responsibility Report for FY 2018-19

### Section C: Other Details

1. **Does the Company have any Subsidiary Company/ Companies?**  
Mahanagar Gas Limited (MGL) does not have any subsidiary company.
2. **Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s).**  
Not Applicable.
3. **Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]**  
No, none of the entity / entities with whom Company does business participates in the BR initiatives of the Company. However, such entities may be having BR initiatives of their own which they may be following.

### Section D: BR Information

#### 1. Details of Director/Directors responsible for BR:

a.	Details of the Director/Directors responsible for implementation of the BR policy/policies.	Sanjib Datta, Managing Director <sup>§</sup> DIN: 07008785
		Rajeev Mathur, Managing Director* DIN: 03308185
b.	Details of the BR head	Sanjib Datta, Managing Director <sup>§</sup> DIN: 07008785
		Rajeev Mathur, Managing Director* DIN: 03308185
		Telephone Number: 022 6678 5000 Email ID: info@mahanagargas.com

<sup>§</sup>Appointed w.e.f May 30, 2018

\*ceased w.e.f May 30, 2018

#### 2. Principle-wise (as per NVGs) BR Policy / policies:

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These briefly are as under:

- P-1 Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
- P-2 Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
- P-3 Businesses should promote the wellbeing of all employees.
- P-4 Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
- P-5 Businesses should respect and promote human rights.
- P-6 Businesses should respect, protect, and make efforts to restore the environment.
- P-7 Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
- P-8 Businesses should support inclusive growth and equitable development.
- P-9 Businesses should engage with and provide value to their customers and consumers in a responsible manner.

## Business Responsibility Report for FY 2018-19

S r. No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/ policies for...	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Yes, all the Policies have been framed as per the applicable legal framework.								
4	Has the policy being approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	Ref \$	Ref &	Ref &	Ref \$	Ref &	Ref &	Ref \$	Ref &	Ref &
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the company have in-house structure to implement the policy/ policies.	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

\$: <https://www.mahanagargas.com/investors/Policies.aspx>

&: Policy is available on the Company's intranet portal, which is accessible to all employees.

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why:  
(Tick up to 2 options)

S r. No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The company has not understood the Principles									
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3	The company does not have financial or manpower resources available for the task						Not Applicable			
4	It is planned to be done within next 6 months									
5	It is planned to be done within the next 1 year									
6	Any other reason (please specify)									

## Business Responsibility Report for FY 2018-19

### 3. Governance related to BR:

- (a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.

MGL is committed to becoming a strong and sustainable organization. The Board of Directors constitute of representatives from our promoter i.e. GAIL (India) Limited and BG Asia Pacific Holdings Pte. Limited and representative of Government of Maharashtra, which all put sustainability high on the Board agenda. Apart from overall review, the Board of Directors also review the BR performance and is an inherent part of corporate function.

- (b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The Company got listed on July 01, 2016 and as mandated by SEBI, the Company released its first Business Responsibility Report for the Financial Year 2016-17 and for the Financial Year 2017-18. The Business Responsibility Report for the Financial Year 2018-19 forms part of this Annual Report. The same is available on the website of the Company and can be accessed at <https://www.mahanagargas.com/investors/annual-reports.aspx>.

## Section E: Principle-wise Performance

### Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

1. Does the policy relating to ethics, bribery and corruption cover only the Company? Does it extend to the Group / Joint Ventures/ Suppliers / Contractors / NGOs / Others?

The Company has adopted a Code of Conduct for Board Members and Senior Management as per applicable regulatory standards. A culture of integrity and ethics is fostered throughout the Company by strong set of values. The Company has been voluntarily adopting the Corporate Governance practice much before the listing of its shares on the Stock Exchanges. Annual affirmation for compliance of the Code of Conduct is obtained from each of the Board Members and Senior Management. A separate Code of Conduct for all employees formulated. The values and the commitment to ethical business practice are also binding to all Suppliers, Contractors, and other external agencies of the Company. MGL do not have any Joint Venture, Subsidiary or Associate Company. We have a robust and effective Whistle Blower Policy which aims to deter and detect actual or suspected misconduct. Under this policy, employees can forward their concern under Whistle Blower Policy in writing directly addressed to the Chairman, Audit Committee. The Company also has in place a Vigilance Mechanism policy and the same may be accessed on the website of the Company at <https://www.mahanagargas.com/investors/Policies.aspx>

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?

Stakeholders	Complaints Received during FY 2018-19	Complaints Resolved during FY 2018-19	Complaints Resolved (%)
Investor's Complaints	6	6	100%
Vendor/Contractor's Complaints	Nil	NA	NA
Employees	Nil	NA	NA
Public (received through CPGRAM)	70	68*	94.44%

\*2 complaints received in March 2018 were closed in April 2018 and 4 Complaints received in March 2019 were closed in April 2019.

## Business Responsibility Report for FY 2018-19

### Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

1. List up to three of your products or services whose designs have incorporated social or environmental concerns, risks and/ or opportunities.

Supply and Distribution of Natural Gas.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

- (a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?

The primary business of MGL is supplying and distribution of Natural Gas to its customers through pipeline and CNG stations that is environment friendly, reliable, economical and safe. The Ministry of Petroleum and Natural Gas (MoPNG) allocates natural gas, an environmentally benign fuel for the entire requirement of CNG and domestic PNG under Administered Price Mechanism (APM) and Panna Mukta Tapti Agreements. The requirements of Industrial and Commercial customers are catered to through supply of Regasified Liquefied Natural Gas (RLNG). During the entire distribution process, it is our constant endeavor to minimize gas loss.

- (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

MGL is supplying Natural Gas, which is a cleaner fuel thereby leading to a transition to the low carbon growth. MGL always encourages the community to use PNG and CNG over conventional energy resources which generate high emissions. Use of CNG today in MGL's supply areas is reducing vehicular emissions/pollutants by about 1600 tons per day, making a significant improvement in the environment. As Natural Gas is a benign fossil fuel, this has led to reduction of emissions at customers end.

Solar Power Plants of 17kw installed at CGS, Wadala, and 20KW each at MGL Office, Mahape and CGS, Taloja have been commissioned and one is successfully catering to the electrical lighting load of the office building. Similarly, such Solar Power Plants are installed at MGL office at Ambernath (10kw) and MSRTC, Khopat, Thane (5kw) and NMMT, Turbhe (5kw) have been taken into operation. Augmentation of Solar Plant capacity of CGS, Taloja (by 30kw) and CGS, Ambernath (5kw) is planned. Further, wind turbines of 5kw each are planned at CGS, Taloja and CGS, Ambernath.

3. Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

The Ministry of Petroleum and Natural Gas (MoPNG) through Petroleum Planning & Analysis Cell (PPAC) and GAIL (India) Limited (GAIL) allocates Domestic Natural Gas, an environmentally benign fuel, for the entire requirement of CNG (transport) and PNG (domestic) segments of CGD entities.

As per the MoPNG domestic gas allocation guidelines dated August 20, 2014, the Company has access to Domestic Natural Gas equal to 110% of our CNG (transport) and PNG (domestic) requirements.

For our industrial and commercial PNG consumers, the Company procures Regasified Liquefied Natural Gas (RLNG) on competitive basis from credible suppliers available in the market.

The Company has entered into framework agreements with the suppliers to source spot RLNG in a competitive manner. The Company also constantly endeavors to expand its portfolio of RLNG suppliers to foster competition. Spot RLNG provides flexibility to the Company to address the daily and seasonal fluctuations in gas demand. In accordance with approved gas pricing policy, the Company successfully maintained its margins, despite considerable fluctuations in Spot RLNG prices during the year. The Company has multiple gas sources along with trunk pipeline connectivity across its operational areas and strategically located gas receiving stations (City Gate Stations) which ensures sustainable gas supply for the Company, thereby minimizing the chances of interruption of gas supply in case of any adversities.



## Business Responsibility Report for FY 2018-19

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

The Company sources natural gas from GAIL and other suppliers as mentioned above. We follow a transparent least cost tendering approach for procurement. MGL selects its vendors based on carefully designed evaluation criteria for all goods and services to be procured. In this procurement process, an equal opportunity is given to the local established vendors as well as to any other small vendors, and as applicable they are invited for the tendering process. The Company has a detailed Contract and Procurement manual and the contracts are made as per the rules and criteria laid down in the manual. For MSME Vendors and service providers, MGL gives exemption for submission of EMD which increases participation of such vendors and service providers in our Tenders.

5. Does the company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

The nature of business being supply and distribution of natural gas, our operations consume minimal raw material and resources and generate minimal waste. The Company has a documented procedure for generation, handling, storage and disposal of various types of hazardous waste as per the consent to operate, granted to City Gate Stations at Sion, Mahape, Ambernath and Taloja by Maharashtra Pollution Control Board, Mumbai. Assets like Desktops, Laptops, Printers and Storage are given back under buyback to the vendor (desktop / laptops to employees at times), who supplies new assets. HP original cartridges are given back to HP under their HP Planet Partner MVC benefits which ensure recycling of these cartridges. Additionally, we have also been certified by HP for e-Waste management.

### Principle 3: Businesses should promote employee well-being

1. Please indicate the total number of employees.

486 Permanent Employees and 9 Fixed Term Contract (as on March 31, 2019)

2. Please indicate the Total number of employees hired on temporary/contractual/casual basis.

The total numbers of employees hired on temporary/contractual/casual basis: 1902 (as on March 31, 2019)

3. Please indicate the Number of permanent women employees.

Number of permanent women employees: 47

4. Please indicate the Number of permanent employees with disabilities.

Number of permanent employees with disabilities: Nil

5. Do you have an employee association that is recognized by management?

Yes, Company has one recognized employee association i.e. Petroleum Employee Union.

6. What percentage of your permanent employees is members of this recognized employee association?

19.75% of the permanent employees are members of recognized employee association (as on March 31, 2019).

7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

Sr. No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1	Child labour/forced labour/ involuntary labour	Nil	NA
2	Sexual harassment*	1	Nil
3	Discriminatory employment	Nil	NA

\* 1 (One) complaint was received during the year under review, which was disposed of by conciliation.

**8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?**

Category	Safety (No. of employees)	Skill Upgradation (No. of employees)
Permanent Employees	510	437
Permanent Women Employees	26	46
Casual/Temporary/Contractual Employees#	12,756	-
Employees with Disabilities	NA	NA

# MGL has conducted the “Safety and Technical Competency Training” to 12,756 persons during the year 2018-19. The training has been imparted to various manpower including Site Supervisors, Project Managers, Technicians, Labourers and Helpers, Site Engineers, Safety Officers, electrician, carpenter, plumber etc. deployed by contractors for MGL work.

**Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.**

**1. Has the company mapped its internal and external stakeholders? Yes/No**

Yes, the Company has mapped its various key internal and external stakeholders which include investors, customers, potential customers, employees, suppliers, vendors, Government Bodies, Media, Civil Society, Facilitators, Regulating Authorities, Communities and public at large and employs various mechanisms and practices for engaging with them for fruitful dialogue and continued relationship. MGL regularly engages with its community stakeholder group, including those falling under disadvantaged, vulnerable and marginalized category in our areas of operations in Mumbai, Thane Urban, the adjoining municipalities and the Raigad district to understand and respond to community needs in an effective manner. The Company organizes various interactive sessions with its suppliers, vendors and customers for their feedback and to offer better services. The Company has also registered an active presence in social media for interaction with external stakeholders. The Company also publishes Newsletters on monthly and quarterly basis for communication with internal stakeholders.

**2. Out of the above, has the Company identified the disadvantaged, vulnerable and marginalised Stakeholders?**

The Company has mapped disadvantaged, vulnerable and marginalized stakeholders, and is actively working with them towards inclusive growth. As part of MGL’s CSR initiatives, the Company has initiated projects for enhancing education (through support classes, study classes, remedial education, running balwadis, installation of mini science centers, installing and running computer laboratories, counseling, support towards operations of primary classes, removal of barriers towards access to higher education, constructing of classroom blocks, toilet blocks, family strengthening program, scholarships, etc.), skills augmentation, environment initiative, empowerment initiatives for women and children from urban slums, community based drinking water projects, health camps, support towards mid-day meal scheme, facilities for safe drinking water in schools and community places, upgradation of facilities in hospitals, etc. for the marginalized communities. All the activities rolled out by the Company under its CSR initiative target vulnerable groups like slum dwellers, kids of sex workers, students of non-aided schools / government schools, unemployed youth, tribal hamlets, economically weaker sections etc., rural and semi urban areas.

**3. Are there any special initiatives undertaken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders? If so, provide details thereof, in about 50 words or so.**

At MGL, we have catalyzed reforms and identified role of 3 E’s in shaping the community around. MGL through its community outreach programs and initiatives continues to contribute and focus on Education, Environment, Empowerment and Health, thereby fostering the philosophy of taking care of the community for a sustainable tomorrow.

Under the initiative MGL Poshan, MGL has supported mid-day meal scheme for 25000 children in various government schools. Family Strengthening Program is MGL’s endeavor to empower nearly 450 vulnerable children and their families with focus on education. MGL Vidya is MGL’s initiative for enhancing educational outcomes and is benefitting 7000 students in Mumbai. A similar intervention is being implemented in 50 villages in Raigad District. MGL Saksham is an initiative designed for educational empowerment of 10000 students – mostly first-generation learners from slums of Mumbai. The initiative includes support class, counseling to address negative behavior, scholarships to meritorious students, infrastructure support to schools, etc. MGL Disha is an initiative for empowerment of women and children from slum communities. The project components include support classes for students, promotion and strengthening of Self-Help Groups for women, employability training to

## Business Responsibility Report for FY 2018-19

women, health awareness and check-up camps, financial literacy, anti-tobacco awareness, linkages, etc. The project seeks to benefit 11000 individuals.

MGL has facilitated health check-up of more than 2000 auto rickshaw drivers, taxi drivers and general public under its initiative MGL Aarogya. MGL is supporting an initiative for community-based drinking water solutions for 5 tribal hamlets in Karjat Taluka of Raigad District. Under the initiative MGL Hunar, employment-oriented skills training is being imparted to unemployed and underemployed youth in trades like Welding, Gas Plumbing, RAC, Electricians, Banking Financial Services and Insurance, etc. With an objective of facilitating mainstream education for kids of sex workers, MGL is operating 8 balwadis. The balwadis offer a learning environment for cognitive development of child and also addresses the issue of malnutrition through mid-day meal intervention. 50 meritorious youth undergoing ITI courses were extended financial support through scholarships scheme by MGL. Additionally, 50 meritorious students from economically deprived sections are being mentored under the initiative MGL Unnati for entrance examination for higher technical and medical courses.

### Principle 5: Businesses should respect and promote human rights.

#### 1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

We respect human rights of all concerned and provide equal opportunities to all without any discrimination on the basis of gender, caste or religion. The Company had constituted an Internal Complaints Committee in compliance with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The members of this committee include representatives from the Company and external experts/NGOs. MGL does not have any Group / Joint Ventures / Subsidiary / Associate Companies.

#### 2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

1 (One) complaint was received during the year under review, which was disposed of by conciliation.

### Principle 6: Businesses should respect, protect, and make efforts to restore the environment.

#### 1. Do the policies related to Principle 6 cover only the Company or extends to the Group / Joint Ventures /Suppliers / Contractors / NGOs / Others?

As a responsible organization, we are committed to take necessary steps for the protection of the environment. MGL believes that outstanding business performance requires outstanding HSE performance in the protection of the health and safety of our people, those affected by our operations, our physical assets, our reputation and the environment. MGL is accredited to ISO 14001:2015 for Environment Management System at city gate stations at Sion, Mahape, Ambarnath and Taloja which is being audited regularly at par with international requirements by independent certification agency. Environmental policies and procedures to protect environment are in place. MGL does not have any Group / Joint Ventures / Subsidiary / Associate Companies.

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

#### 2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc.

MGL understands its role and responsibility of mitigating the effects of climate change and is committed to the environmental protection. The Company is in the business of distribution of the Natural Gas, which is the cleaner form of fuel compared to the other fuels. The objectives and goals of the Company include its contribution towards reduction of pollution in and around Mumbai and beyond by expanding its operation and bringing of natural gas to more number of people. In order to address the global environmental issues, Mahanagar Gas Limited, under its CSR initiative, had tied up with Don Bosco Yuva Sansthan for taking up tree plantation. 660 saplings were planted under the initiative. The Company, as a part of contribution to energy conservation, has installed Solar Power Plants at CGS offices situated at Wadala, Mahape and Taloja and they are commissioned and successfully catering to the electrical lighting load of the office building.

## Business Responsibility Report for FY 2018-19

Similarly, such Solar Power Plants installed at MGL offices at Ambernath, Thane and NMMT, Turbhe have been taken into operation.

MGL along with MPCB officials conducts interactive sessions with industries who are using coal and FO/LDO to switch-over to Natural Gas to reduce environmental pollution.

### 3. Does the company identify and assess potential environmental risks? Y/N

Yes, the Company identifies and assesses potential environmental risk. MGL has identified all environmental aspects within the defined scope of the Environmental Management System i. e. at CGS - Sion, Ambernath, Mahape and Taloja for its activities, products and services that it can control and those that it can influence, and their associated impacts, considering life cycle perspective.

### 4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?

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

This year on World Environment Day, Company conducted Saksham Cycle Rally 2019 in Thane and Navi Mumbai on January 20, 2019. This was initiative of Petroleum Conservation Research Association (PCRA) under the aegis of Ministry of Petroleum and Natural Gas, Government of India. Propagating the message of 'Cycle for Health, Environment & Conservation', PCRA organized Cycle Rally in 200 cities across the country on the same day.

The 5-km Green Ride was organized to inspire people to lead a healthier lifestyle, while contributing for a better environment and spreading awareness on fuel conservation by promoting the use of cycles for short distances.

### 5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

The Company has successfully implemented EMS standard of ISO 14001:2015. The Company has developed several online modules for various Management Systems like Online training Module, Audit Module, Action Tracking Module, Permit Issue Module, PPE Issue Module etc. for reducing the consumption of paper.

### 6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Yes, the emissions/waste generated by the Company for the Financial Year 2018-19 are within the regulatory defined limits.

### 7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

During the year 2018-19, there were no Show Cause / Legal Notices from CPCB / SPCB received at any of the MGL sites.

**Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.**

### 1. Is your Company a member of any trade and chambers or association? If yes, name only those major ones that your business deals with.

Yes, MGL is Member of:

1. Natural Gas Society
2. Bombay Chamber of Commerce and Industry
3. The Employers Federation of India

## Business Responsibility Report for FY 2018-19

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

The Company's Senior Management put forth our views through various forums on various ongoing issues concerning the CGD sector. They understand their responsibility while representing MGL in such associations/forums and engage in constructive dialogues and discussions and refrain from influencing public policy with vested interests.

### Principle 8: Businesses should support inclusive growth and equitable development.

1. Does the Company have specified programmes / initiatives / projects in pursuit of the policy related to Principle 8? If yes, provide details thereof.

The Company has put in place a policy on Corporate Social Responsibility to guide its efforts on CSR initiatives. MGL being a responsible corporate has been contributing in social investments primarily in the areas of Education, Empowerment, Environment and Health Care. Some of the major CSR initiatives of the organization are detailed below: -

#### Education

- **Family Strengthening Program:** - MGL is supporting integrated development of families of 450 vulnerable children to ensure their continuing education and general wellbeing.
- **MGL Saksham:** - The initiative is being implemented in 30 schools of Mumbai and is planned as an education centric empowerment initiative for 10000 students (targeting mostly adolescent) with focus on various social, psychological and physical challenges that adolescent face. The activity revolved around remedial education and counseling of adolescent to enable them to reorient and realize their potential.
- **MGL Unnati:** - Flagship CSR initiative of the Company mentors youth from socio-economically underprivileged communities and prepares them to appear for competitive engineering and medical entrance examination. 50 students are being provided free of cost residential training to hone up their skills and prepare for engineering and medical entrance examination.
- **Drinking Water Facility:** - MGL has supported installation of Drinking water facilities in 8 schools in Mira Bhayandar Municipal Region.
- **MGL Vidya:** - MGL Vidya is an intervention designed to enhance the education outcomes through remedial education. The initiative is being implemented by MGL in slums of Mankhurd and Bandra and will benefit nearly 7000 children spread across 80 communities.
- **MGL Vidya:** - The project is being implemented in 50 villages of Pen and Uran taluka of Raigad District. The project seeks to address the learning gaps through intervention like learning camps, gram shiksha kendra, community report card, support of reading material and active stakeholder engagement.
- **MGL Vidya:** - The project is to support operations of Kherwadi Municipal School. Mahanagar Gas Limited has supported operations of 4 primary sections in the school to benefit 160 students.
- **Mini Science Centers:** - Science centers comprising of 66 table top models relating to various theories of science were installed in 2 schools. This is in addition to centers installed in 7 schools earlier. These are expected to supplement the classroom inputs and enable better understanding of theories.
- **Computer Laboratory:** - MGL had installed computer laboratories in 2 MCGM Schools. Apart from the infrastructure support, MGL has also been extending support of a computer instructor in 2 schools.
- **Scholarships:** - 50 youths undergoing technical education in ITIs were extended financial support in the form of scholarships.

#### Empowerment

- **MGL Hunar:** - MGL Hunar is an employability initiative being implemented by MGL. Being implemented with various vocational training providers, the project provides training to youth on various trades like Gas Plumbing, Welding, Electrician and RAC. 303 youth were imparted skills augmentation training under the initiative.
- **MGL Hunar:** - Under MGL Hunar, MGL has facilitated skills augmentation training to 30 youths in the trade of Gas Plumbing. The youth were also provided handholding support through On Job Training. The project achieved 100% placement.

## Business Responsibility Report for FY 2018-19

- **MGL Hunar:** - An intervention for skills augmentation of 100 women in Banking Financial Services and Insurance is being implemented by MGL.
- **MGL Disha:** - MGL Disha is MGL's intervention for empowerment of slum communities. The project is being implemented in various slums of Mumbai (Kurla-Ghatkopar, Sion-Koliwada, Antop Hill, Reay Road, Cotton Green, Mahim, Andheri, Bandra, Matunga, Wadala, Sewri and Dockyard Road). The project seeks to benefit more than 11000 individuals with interventions like support classes, formation and strengthening of SHGs, entrepreneurship training, advance skills training, anti – tobacco campaign, health camp, awareness on environment protection, distribution of sewing machines and beauty care materials for enterprise promotion and financial literacy.

### Environment

- **Plantation:** - MGL has facilitated plantation of 150 saplings as a part of its green initiative.
- **Solar Street Lights:** - MGL has facilitated installation of 15 solar operated street lights in Beed District of Maharashtra.

### Health

- MGL has initiated community-based drinking water project in 5 tribal hamlets of Karjat Taluka of Raigad District. Under the initiative water from foothills is pumped in to a community tank created under the project. The water is filtered and is then dispensed through various dispensing outlets installed around the village. This ensures access to safe drinking water to the villagers at their doorsteps.
- **Up-gradation of Holy Family Hospital:** - MGL has extended financial support to Holy Family Hospital for upgradation of Neurosurgical Department.
- **Balwadis:** - Balwadis for children of sex workers is an intervention of MGL to facilitate mainstream education as well as address the severe level of malnourishment amongst the children of sex workers. MGL is operating balwadis for early educational inputs to more than 400 such kids in Parbhani and Jalna Districts of Maharashtra. The intervention primarily includes provision for mid-day meal, routine health camps and play way method for early education.
- **Installation of Water Filters:** - MGL is facilitating installation of water filters cum coolers in schools, hospitals and various other public places to ensure availability of safe drinking water.
- **Mid-Day Meal:** - Mid Day Meal is a strategic intervention targeting both the high dropout rates in the schools and the challenge of malnutrition that the nation faces. 25000 children in government and government aided schools are getting hot and nutritious meal with support from MGL.
- **MGL Aarogya:** - MGL Aarogya is MGL's intervention for health. More than 2000 individuals were benefitted from 30 health camps organized under the initiative.
- **Swachh Bharat Abhiyaan:** - MGL has facilitated construction of toilet blocks in ZP Chowk, ZP Nagaon and Children's Aid Society, Mankhurd as a part of its contribution towards Swachh Bharat Abhiyaan.

### 2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/ any other organization?

To effectively manage, monitor and implement CSR initiatives of the Company and in terms of provisions of Companies Act, 2013, the Company has constituted a Corporate Social Responsibility Committee. Most of the programs are undertaken through external NGO's. However, MGL has a dedicated CSR department which continuously monitors the progress of CSR activities. The projects are also regularly reviewed by Senior Management including the Corporate Social Responsibility (CSR) Committee and the Board of Directors. A detailed report on CSR initiatives forms part of Director's Report to the Annual Report and may be accessed on the website of the Company at <https://www.mahanagargas.com/investors/annual-reports.aspx>.

### 3. Have you done any impact assessment of your initiative?

The Company regularly monitors and conducts assessment of impact of the CSR initiatives undertaken on an ongoing basis, with the help of third-party agency. MGL's CSR team also regularly visits the project for assessment of progress and to find the efficacy of the programme. All the partners also submit monthly and quarterly progress and financial reports, which assists us in

## Business Responsibility Report for FY 2018-19

monitoring of the interventions. A third-party agency (Tata Institute of Social Sciences - TISS) has been appointed by Mahanagar Gas Limited for monitoring and evaluation of CSR projects of the Company. TISS has done a similar study in the past also.

### 4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.

₹ 576.48 Lakhs were spent during the financial year 2018-19. Details of some of the key projects undertaken are as under: -

Sl. No.	Initiative(s)	Amount Spent (₹ in Lakhs)
1	Health and Sanitation Initiatives including expenses towards 'Swachh Bharat Abhiyaan'	215.95
2	Education initiatives	284.37
3	Employability / Skill Enhancement interventions and Empowerment	65.93
4	Environment initiative including animal welfare	9.19
5.	Others	1.04
	<b>Total</b>	<b>576.48</b>

### 5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

MGL employs Result Based Management approach towards CSR. The entire approach is process driven wherein focus is laid on need assessment at the inception. MGL focuses to invest in need-based projects.

MGL has instituted a robust framework for selection of project. A mandatory part of the framework is visit by MGL's official to the proposed community / site to gauge the needs of the community, their enthusiasm and acceptance towards the proposed intervention. MGL has implemented various new interventions on a pilot basis (e.g. MGL Dishya, MGL Hunar, etc.) and then scaled it up, based on review of the project. Further, MGL has also adopted a robust in-house monitoring strategy. Regular monitoring visits are carried out to ensure that project is implemented in lines with the expectations of the stakeholders.

## Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.

### 1. What percentage of customer complaints / consumer cases is pending, as at the end of the financial year?

The details of complaints are given in Principle 1 of this report.

### 2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes / No / N.A. / Remarks (additional information).

MGL does not deal with any physical product, however, the Company displays the natural gas information prominently at all its CNG Stations and also on the light commercial vehicles and the heavy commercial vehicles carrying the CNG cascades from CGS to various CNG Stations. Adherence to all laws pertaining to product handling, branding, distribution is of utmost significance to the Company, and MGL ensures full compliance to these. The PNG Bill issued to consumers contains information regarding safety and other information related to PNG.

### 3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

No case has been filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last financial year.

### 4. Did your company carry out any consumer survey/ consumer satisfaction trends?

We continuously interact with our stakeholders and engage with our customers across various platforms. We carry Customer Satisfaction Surveys on a yearly basis across CNG and PNG Customers by engaging a third party agency as empaneled by PNGRB.

## Corporate Governance Report

### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

Mahanagar Gas Limited ("Company"/ "MGL") is committed to continuously adhere to and adopt the best governance practices, to achieve the ultimate goal of making the Company a value driven organization. Your Company's vision is to be a World Class, Consumer & Environment friendly entity, employer of Choice; committed to provide Safe, efficient and reliable energy; while creating value for its Stakeholders.

The Corporate Governance framework of your Company is based on an effective and independent Board, separation of the Board's supervisory role from the Senior Management team and constitution of the Board Committees, as required under applicable laws.

The Board functions either as a full Board or through various Committees constituted to oversee specific functions. The Strategic Management Group comprising of HODs/ HOFs led by the Managing Director discharges multifarious functional responsibilities and steers Company's performance in line with directions set by the Board.

Your Company is in compliance with the Corporate Governance requirements as enshrined in the Companies Act, 2013 read with the Rules made thereunder ("Act"), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and other applicable laws.

Further, your Company ensures that its governance framework incorporates the amendments introduced by Securities and Exchange Board of India ("SEBI") in the SEBI Listing Regulations, pursuant to the recommendations made by the Kotak Committee on Corporate Governance and the same are complied with, on or before their effective date.

Your Company presents this report, prepared in terms of the SEBI Listing Regulations (including the amendments to the extent applicable), enumerating the current Corporate Governance systems and processes at the Company.

### 2. BOARD OF DIRECTORS:

The Board of Directors of your Company ("Board") is at the core of the Corporate Governance system of the Company. The Board is responsible for and committed to sound principles of Corporate Governance in the Company and plays a crucial role in overseeing how the Management serves the short-term & long-term interests of Members and other Stakeholders.

Apart from Board, Committees of Board handles specific responsibilities mentioned under the applicable laws viz. Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee, Performance Review Board Committee empower and support the Board by accomplishing expedient resolution of varied matters. In addition to these Committees, the Risk Management Committee has been constituted recently by the Board pursuant to the recommendation of the Kotak Committee.

Also, while performing its fiduciary duties and in ensuring effective functioning of your Company, the Board is duly supported by the Managing Director, Key Managerial Personnel ("KMP") and the Senior Management.

#### a) Composition and Category of Board of Directors:

In compliance with the requirements under the relevant provisions of the Act & SEBI Listing Regulations and with strong belief that the Board needs to have an appropriate blend of Directors to maintain its diversity and independence, the Board of your Company has an optimum combination of such number of Executive, Non-Executive and Independent Directors, including a Woman Director.

The Board of Directors of your Company ("the Board") as on March 31, 2019, comprises of 9 (Nine) Directors, which includes 5 (Five) Independent Directors (including one Women Director), 1 (one) Executive Director and 3 (Three) Non-Executive Non-Independent Directors. The Chairperson of the Board is a Non-Executive Director.

The profiles of the Directors of your Company are available on the website of the Company i.e. [www.mahangargas.com](http://www.mahangargas.com).

The details of composition of Board, category of directorship and other Directorships, Chairmanships and the Committee positions as on March 31, 2019 are provided hereinbelow:



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Sr. No.	Name of the Director and DIN	Category	*Other Directorships		**No. of other Companies Board Committees	
			Chairperson	Member	Chairperson	Member
1.	Mr. B. C. Tripathi 01657366	Chairman	3	1	-	-
2.	Mr. Sanjib Datta 07008785	Managing Director	-	2	-	2
3.	Mr. Akhil Mehrotra 07197901	Non-Executive (Non- Independent Director)	-	3	-	1
4.	Mr. Satish Gavai 01559484	Non-Executive (Non- Independent Director)	-	8	-	-
5.	Mr. Arun Balakrishnan 00130241	Non-Executive (Independent Director)	-	5	3	5
6.	Mr. Santosh Kumar 00239324	Non-Executive (Independent Director)	-	-	-	1
7.	Mr. Raj Kishore Tewari 07056080	Non-Executive (Independent Director)	-	1	3	3
8.	Mrs. Radhika Haribhakti 02409519	Non-Executive (Independent Director)	-	5	-	7
9.	Mr. Premesh Kumar Jain 02145534	Non-Executive (Independent Director)	-	-	-	2

**Note:**

\*Excluding Directorship held in MGL, Private Limited Companies, Foreign Companies and Section 8 Companies.

\*\*In accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Memberships/Chairmanships of only Audit Committees and Stakeholders Relationship Committees in all Public Limited Companies have been considered.

**b) Other Directorships:**

In terms of the provisions of Section 184 of the Act and Regulation 26 of the SEBI Listing Regulations, the Directors present necessary disclosures regarding the positions held by them on the Board and/or Committees of other public and/or private companies, from time to time. On basis of such disclosures, it is confirmed that none of the Directors of your Company:-

- hold directorships in more than 8 (eight) listed Companies;
- is a member of more than 10 (ten) Committees or Chairperson of more than 5 (five) Committees across all the public companies (listed or unlisted) in which he/ she is a Director; and
- serves as an independent director on more than 7 (seven) listed companies.
- are related to each other.

The details of other listed entities in which director of the Company is a Director and category of directorship is provided herein below:

Sr. No.	Name of Director	Name of other listed entities in which Director of the Company is a Director	Category of directorship in other listed entities
1.	Mr. B. C. Tripathi	GAIL (India) Limited Petronet LNG Limited	Chairman and Managing Director Non-Executive Director
2.	Mr. Akhil Mehrotra	-	-
3.	Mr. Satish Gavai	MOIL Limited	Non-Executive Director
4.	Mr. Sanjib Datta	-	-
5.	Mr. Arun Balakrishnan	Linde India Limited	Independent Director
6.	Mr. Santosh Kumar	-	-
7.	Mr. Raj Kishore Tewari	Shipping Corporation of India Limited	Independent Director
8.	Mrs. Radhika Haribhakti	Navin Fluorine International Limited Rain Industries Limited Adani Ports And Special Economic Zone Limited ICRA Limited EIH Associated Hotels Limited	Independent Director Independent Director Independent Director Independent Director Independent Director
9.	Mr. Premesh Kumar Jain	-	-

**c) Board's Functioning and Process:**

Your Company's Board plays a pivotal role in ensuring good governance and functioning of your Company. The Board's role, functions, responsibilities and accountabilities are well defined. All relevant information is regularly placed before the Board. The Members of the Board have complete freedom to express their opinion and decisions are taken after detailed discussions.

The Board meets at least once in every quarter to review the quarterly results and other items on the agenda and additional Meetings are held to address specific needs and business requirements of your Company. In case of business exigencies, the Board's approval is taken through circular resolutions and the same are noted at the subsequent meeting of the Board and/or Committees

The Directors on the Board are professionals, having expertise in their respective functional areas and bring an extensive range of skills and experience to the Board.

The Board has an unfettered and complete access to any information within your Company. Members of the Board have complete freedom to express their views on agenda items and can discuss any matter at the Meeting with the permission of the Chairperson.

The notice and detailed agenda along with the relevant notes and other material information are sent in advance separately to each Director and in exceptional cases tabled at the Meeting with the approval of the Board. This ensures timely and informed decisions by the Board.

Video-conferencing facilities are made available to facilitate Directors travelling abroad or present at other locations, in case they wish to participate in the meetings. The same is conducted in compliance with the applicable laws.

**d) Number of Board Meetings:**

Eight (8) Meetings of Board were held during the financial year 2018-2019 under review. The maximum gap between any two consecutive Board Meetings was 61 days. The details of the Board Meetings held during the financial year under review, dates on which held and number of Directors present are as follows:

## Corporate Governance Report

Date of Board Meeting	Board Strength	No. of Directors present
May 21, 2018	10	09
July 06, 2018	10	09
July 31, 2018	10	09
September 17, 2018	10	09
November 13, 2018	10	08
November 28, 2018	10	09
January 29, 2019	09	08
February 25, 2019	09	07

## e) Appointment &amp; Tenure:

The Directors of the Company are appointed/ re-appointed by the Board on the recommendations of the Nomination and Remuneration Committee and approval of the Members at the Annual General Meeting ("AGM"). In accordance with the Articles of Association of the Company, all Directors, except the Managing Director and Independent Directors of the Company, are liable to retire by rotation at the AGM each year and, if eligible, offer themselves for re-election. The Executive Director on the Board have been appointed as per the provisions of the Act and serve in accordance with the terms of their contract of service with the Company.

f) The Details of attendance of Directors at each such meeting of the Board and at the 23<sup>rd</sup> Annual General Meeting of the Company held on September 17, 2018, are provided hereinbelow:

Name of the Director	Board Meeting								AGM held on
	May 21, 2018	July 06, 2018	July 31, 2018	September 17, 2018	November 13, 2018	November 28, 2018	January 29, 2019	February 25, 2019	September 17, 2018
Mr. B. C. Tripathi <sup>1</sup>	NA	NA	NA	NA	NA	NA	Y	Y	NA
Mr. Akhil Mehrotra <sup>2</sup>	Y	Y	Y	Y	Y	Y	Y	Y	Y
Mr. Sunil Porwal <sup>3</sup>	Y	N	NA	NA	NA	NA	NA	NA	NA
Mr. V. N. Datt <sup>4</sup>	Y	Y	Y	Y	NA	NA	NA	NA	Y
Mr. Ashu Shinghal <sup>5</sup>	NA	NA	NA	NA	Y	Y	NA	NA	NA
Mr. Satish Gavai <sup>6</sup>	NA	NA	NA	N	N	N	N	N	N
Mr. Rajeev Mathur <sup>7</sup>	Y	NA	NA	NA	NA	NA	NA	NA	NA
Mr. Sanjib Datta <sup>8</sup>	NA	Y	Y	Y	Y	Y	Y	Y	Y
Mr. Goutam Ghosh <sup>9</sup>	Y	Y	Y	Y	Y	Y	NA	NA	Y
Mr. Arun Balakrishnan	Y	Y	Y	Y	Y	Y	Y	Y	Y
Mr. Santosh Kumar	N	Y	Y	Y	Y	Y	Y	Y	Y
Mr. Raj Kishore Tewari	Y	Y	Y	Y	Y	Y	Y	Y	Y
Mrs. Radhika Haribhakti	Y	Y	Y	Y	N	Y	Y	N	Y
Mr. Premesh Kumar Jain <sup>10</sup>	Y	Y	Y	Y	Y	Y	Y	Y	Y

In the report, the abbreviations below, wherever they appear, denote the following:

Y	: Present for the meeting
N	: Absent for the meeting
NA	: Not Applicable being not a director at the time of meeting /
	Not Applicable being not a member of the Committee at the time of meeting

**Note:**

- 1) Mr. B. C. Tripathi was appointed as Director and Chairman of the Board with effect from November 29, 2018.
- 2) Mr. Akhil Mehrotra relinquished the position of Chairman of the Board with effect from November 28, 2018.
- 3) Mr. Sunil Porwal resigned from the Board with effect from July 31, 2018.
- 4) Mr. V. N. Datt resigned from the Board with effect from October 25, 2018.
- 5) Mr. Ashu Shinghal was appointed as a Director with effect from November 02, 2018 and subsequently resigned from the Board with effect from November 28, 2018.
- 6) Mr. Satish Gavai was appointed as Director with effect from July 31, 2018.
- 7) Mr. Rajeev Mathur resigned from the Board with effect from May 30, 2018.
- 8) Mr. Sanjib Datta was appointed as Director with effect from May 30, 2018.
- 9) Mr. Goutam Ghosh resigned from the Board with effect from November 28, 2018.
- 10) Mr. Premesh Kumar Jain was appointed as Director with effect from April 09, 2018.

**g) Independent Directors:**

All Independent Directors on the Board are Non-Executive Directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations. The maximum tenure of the Independent Directors is in compliance with the Act. All the Independent Directors of the Company have given their respective declarations stating that they meet the criteria of Independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations. In the opinion of the Board, the Independent Directors fulfill the conditions specified in Regulation 16(1)(b) & 25(8) of the SEBI Listing Regulations and are independent of the management.

The Independent Directors on the Board of your Company are experienced, competent and highly respected individuals in their respective fields, which

brings an ideal mixture of expertise, professionalism, knowledge and experience to the table.

**Separate meeting of Independent Directors:**

In accordance with the provisions of Schedule IV (Code for Independent Directors) of the Companies Act, 2013 and Regulation 25 (3) of Listing Regulations, a meeting of the Independent Directors without the presence of Executive Directors or Management representatives was held on January 29, 2019, inter alia;

- a) to review the performance of non-independent directors and the board of directors as a whole;
- b) to review the performance of the chairperson of the listed entity, taking into account the views of executive directors and non-executive directors;
- c) to assess the quality, quantity and timeliness of flow of information between the management of the listed entity and the board of directors that is necessary for the board of directors to effectively and reasonably perform their duties.

**h) Relationship between the Directors:**

There is no relationship amongst any of the Directors of the Company.

**i) Shareholding of Non-Executive Directors:**

None of the Non-Executive Directors holds any equity shares / convertible instruments in the Company.

**j) Board Induction and Familiarisation:**

In terms of the provisions of Regulation 25 of the SEBI Listing Regulations, your Company has framed a Familiarisation Programme for Independent Directors of the Company, structured into two parts i.e. 'Induction' and 'Ongoing Interaction'. This Programme aims to provide insights into the business of the Company, to enable the Independent Directors to understand their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, its business in depth and contribute significantly to the Company.

At the time of appointing an Independent Director, a formal letter of appointment is given to him/ her, which inter alia explains the role, function, duties and responsibilities expected from him/ her as an Independent Director of the Company. The Directors are also provided with necessary documents, reports

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and internal policies of the Company, to enable them to familiarise with the Company's procedures and practices.

Further, in line with the familiarisation programme of the Company, during the year under review, Functional presentations covering methods of operation of specific functions of the Company are made to the Directors as a part of the Board Process.

The detailed Familiarization Programme is available on the website of the Company and can be accessed at [https://www.mahanagargas.com/UploadAssets/UploadedFiles/\\_Familiarisation\\_Program\\_8edfa8520b.pdf](https://www.mahanagargas.com/UploadAssets/UploadedFiles/_Familiarisation_Program_8edfa8520b.pdf)

**k) A chart or a matrix setting out the skills/expertise/competence of the Board of Directors specifying the following:**

The Board has identified the following skills/expertise/competencies fundamental for the effective functioning of the Company which are currently available with the Board:

All the Directors on the Board of the Company have requisite skills/expertise and experience in context with the City Gas Distribution business. The Directors on the Board of your Company are competent and highly respected individuals in their respective fields viz, Taxation, Finance, Technical expertise in handling natural gas midstream and downstream business.

### 3. COMMITTEES OF THE BOARD:

The Committees of the Board play a vital role in the governance structure of the Company. They have been constituted under the formal approval of the Board to carry out clearly defined roles. The Committees meet at regular intervals and take necessary steps to perform its duties entrusted by the Board. There is continuous flow of information between the Board and its Committees, as the Committees report their recommendations and opinions to the Board, which in turn supervises the execution of respective responsibilities by the Committees. The minutes of the meetings of all the Committees are placed before the Board for its review.

As on March 31, 2019, the Board of directors has constituted the below mentioned committees:

- a) Audit Committee;
- b) Nomination and Remuneration Committee;
- c) Stakeholders Relationship Committee;

- d) Corporate Social Responsibility Committee;
- e) Performance Review Board committee; and
- f) Risk Management Committee.

Company Secretary & Compliance Officer acts as Secretary of all the aforesaid Committees.

#### A. Audit Committee:

Your Company has a qualified and independent Audit Committee, which acts as a link between the management, the statutory and internal auditors and the Board. Its composition, quorum, powers, role and scope are in accordance with the provisions of Section 177 of the Act and Regulation 18 of the SEBI Listing Regulations. All the members of the Audit Committee are financially literate.

#### Composition and attendance during the financial year:

##### Composition:

As on March 31, 2019, Audit Committee comprises of the following Directors:

Name of the Member	Category/Designation(s)
Mr. Raj Kishore Tewari	Independent & Non-Executive Director (Chairman)
Mr. Arun Balakrishnan	Independent & Non-Executive Director (Member)
Mr. Santosh Kumar	Independent & Non-Executive Director (Member)
Mrs. Radhika Haribhakti	Independent & Non-Executive Director (Member)
Mr. Premesh Kumar Jain	Independent & Non-Executive Director (Member)
Mr. Akhil Mehrotra	Non Independent & Non-Executive Director (Member)
Mr. Sanjib Datta	Managing Director (Member)

##### Note :

1. Mr. Premesh Kumar Jain was appointed as member of Audit Committee with effect from July 31, 2018.
2. Mr. Virendra Nath Datt resigned from the Board with effect from October 25, 2018 was member of Audit Committee.
3. Mr. Ashu Shinghal resigned from the Board with effect from November 28, 2018 was member of Audit Committee.
4. Mr. Sanjib Datta was appointed as member of Audit Committee with effect from November 29, 2018.

**Number of meetings held and attendance records:**

The Audit Committee of the Company met 5 (five) times during the financial year 2018-19 to deliberate on various matters. The required quorum was present in all the meetings.

The details of attendance of the Members of the Committee at each meeting, are provided hereinbelow :

Name of the Member	Audit Committee Meeting				
	May 21, 2018	July 31, 2018	September 17, 2018	November 13, 2018	January 29, 2019
Mr. Raj Kishore Tewari	Y	Y	Y	Y	Y
Mr. Arun Balakrishnan	Y	Y	Y	Y	Y
Mr. Santosh Kumar	N	Y	Y	Y	Y
Mrs. Radhika Haribhakti	Y	Y	Y	N	Y
Mr. Premesh Kumar Jain	NA	NA	Y	Y	Y
Mr. Akhil Mehrotra	Y	Y	Y	Y	Y
Mr. Sanjib Datta	NA	NA	NA	NA	Y
Mr. Virendra Nath Datt	Y	Y	Y	NA	NA
Mr. Ashu Shinghal	NA	NA	NA	Y	NA

Chief Financial Officer, representatives of the Statutory Auditors and Internal Auditors of your Company are also invited to the Audit Committee Meetings. In addition, other Senior Management Personnel are also invited to the Committee meeting from time to time, for providing such information as may be necessary.

**Role and Terms of Reference of Audit Committee:**

The role of the Audit Committee shall include the following:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Review and recommend for approval to the Board - proposals on Borrowings and proposals on non-fund based facilities from banks;
3. Review and recommend for approval to the Board - Business plan;
4. Review and recommend for approval to the Board - capital expenditure proposals exceeding authority limit of SMG but not exceeding ₹50.0 Crores;
5. Review and recommend for approval to the Board - treasury policies of MGL;
6. Review and recommend for approval to the Board - Corporate Annual Budget and Revised Estimates;

7. To review PNG and CNG Pricing Policy at least on a quarterly basis and to recommend to the Board for approval, change required in it, if any;
8. Recommending to the Board, the appointment, re-appointment, terms of appointment and, if required, the replacement or removal of the internal auditor, cost auditor and statutory auditors and the fixation of audit fees and remuneration;
9. Approval of payment to statutory, internal and cost auditors for any other services rendered by them, as applicable;
10. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - (a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub section 3 of section 134 of the Companies Act, 2013;
  - (b) Changes, if any, in accounting policies and practices and reasons for the same;
  - (c) Major accounting entries involving estimates based on the exercise of judgment by management;

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- (d) Significant adjustments made in the financial statements arising out of audit findings;
  - (e) Compliance with listing and other legal requirements relating to financial statements;
  - (f) Disclosure of any related party transactions;
  - (g) Modified opinion(s) in the draft audit report;
  - (h) The going-concern assumption;
  - (i) Compliance with accounting standards;
  - (j) Contingent liabilities;
  - (k) Claims against the Company and their effect on the financial statements; the term "financial statement" shall have the meaning ascribed to such term under Section 2(40) of the Companies Act, 2013.
11. Reviewing, with the management, the quarterly and annually financial statements and such other periodical statements before submission to the board for approval;
  12. Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency, monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in the matter;
  13. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
  14. Examination of the financial statement and the auditor's report thereon;
  15. Approval or any subsequent modification of transactions of the company with related parties, provided that the Audit Committee may make omnibus approval for related party transactions proposed to be entered into by the Company subject to such conditions as may be prescribed;
  16. Lay down the criteria for granting omnibus approval in line with the Company's policy on related party transactions and such approval shall be applicable in respect of transactions which are repetitive in nature;
  17. The Audit Committee to satisfy itself regarding the need for omnibus approval and that such approval is in the interest of the Company;
  18. Scrutiny of inter-corporate loans and investments;
  19. Valuation of undertakings or assets of the company, wherever it is necessary;
  20. Evaluation of internal financial controls and risk management systems;
  21. Reviewing, with the management, performance of statutory, cost and internal auditors, adequacy of the internal control systems;
  22. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
  23. Discussion with internal auditors of any significant findings and follow up there on;
  24. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
  25. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
  26. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
  27. To formulate the scope, functioning, periodicity and methodology for conducting the internal audit in consultation with the internal auditor;
  28. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;

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29. To review the functioning of the Whistle Blower mechanism;
  30. Reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding Rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.
  31. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee as per the Companies Act, 2013, Rules framed there under, and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable Rules and Regulations.
- vi. Audit Committee to monitor whether the policy dealing with Related Party transactions is placed on the website thereto to be presented in the Annual Report;
  - vii. Management letters / letters of internal control weaknesses issued by the statutory auditors;
  - viii. Internal audit reports relating to internal control weaknesses; and,
  - ix. The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee.
  - x. statement of deviations:
    - a. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
    - b. annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

### Explanation:

- i) The term "related party transactions" shall have the same meaning as provided in Section 188 of the Companies Act, 2013 and Regulation 2 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Further, the Terms of Reference of Audit Committee are revised incorporating the amendments introduced by SEBI in the SEBI Listing Regulations, pursuant to the recommendations made by the Kotak Committee on Corporate Governance.

### Review of information by Audit Committee:

The Audit Committee shall mandatorily review the following information:

- i. Management discussion and analysis of financial condition and results of operations;
- ii. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
- iii. It shall also define Statement of significant related party transactions to be submitted by management.
- iv. Details of all material transactions with related parties to be disclosed every quarter along with the compliance report on Corporate Governance;
- v. On a quarterly basis, the details of related party transactions entered into by the Company pursuant to each omnibus approvals given;

### B. Nomination and Remuneration Committee ("NRC"):

The Board of your Company has constituted a Nomination and Remuneration Committee ("NRC") in terms of the provisions of Section 178 of the Act. Its Composition, quorum, powers, role and scope are in accordance with the provisions of Section 178 of the Act and Regulation 19 of the SEBI Listing Regulations. It also specifies the methodology for effective evaluation of performance of the Board, its Committees and individual Directors.

#### Composition and attendance during the financial year :

##### Composition :

As on March 31, 2019, Nomination and Remuneration Committee comprises of the following Directors:

Name of the Member	Category/Designation(s)
Mr. Arun Balakrishnan	Independent & Non-Executive Director (Chairman)
Mr. Santosh Kumar	Independent & Non-Executive Director (Member)
Mr. B. C. Tripathi	Non Independent & Non-Executive Director (Member)
Mr. Akhil Mehrotra	Non Independent & Non-Executive Director (Member)



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### Note :

- 1) Mr. V. N. Datt resigned from the Board with effect from October 25, 2018 was member of Nomination and Remuneration Committee.
- 2) Mr. Ashu Shinghal resigned from the Board with effect from November 28, 2018 was member of Nomination and Remuneration Committee.
- 3) Mr. B. C. Tripathi was appointed as member of Nomination and Remuneration Committee with effect from November 29, 2018.

### Number of meetings held and attendance records :

The Nomination and Remuneration Committee of the Company met eight (8) times during the financial year 2018-19 to deliberate on various matters. The required quorum was present in all the meetings.

The details of attendance of the Members of the Committee at each meeting, are provided hereinbelow:

Name of the Member	Nomination and Remuneration Committee Meeting							
	May 21, 2018	July 30, 2018	November 12, 2018	November 28, 2018	January 03, 2019	January 17, 2019	January 28, 2019	February 25, 2019
Mr. Arun Balakrishnan	Y	Y	Y	Y	Y	Y	Y	Y
Mr. Santosh Kumar	N	Y	Y	Y	Y	Y	Y	Y
Mr. Akhil Mehrotra	Y	Y	Y	Y	Y	Y	Y	Y
Mr. Virendra Nath Datt	Y	Y	NA	NA	NA	NA	NA	NA
Mr. Ashu Shinghal	NA	NA	Y	Y	NA	NA	NA	NA
Mr. B. C. Tripathi	NA	NA	NA	NA	Y	Y	Y	Y

### Terms of Reference of the Nomination and Remuneration Committee:

The role of the Nomination and Remuneration Committee shall inter-alia include:

- 1) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- 2) The Nomination and Remuneration Committee would be reviewing the Terms and Conditions of services including remuneration in respect of Managing Director and Deputy Managing Director and submit their recommendations to the Board;
- 3) Formulation of criteria for evaluation of performance of Independent Directors and the Board;
- 4) Devising a policy on Board diversity;
- 5) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal and shall specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance;
- 6) Determination of extension or continuation of the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
- 7) Evaluating the current composition, organization and governance of the Board and its Committees, as well as determine future requirements and make recommendations to the Board for approval;

- 8) Determine on an annual basis, desired Board qualifications, expertise and characteristics and conducting searches for potential Board Members with corresponding attributes. Evaluate and propose Nominees for election to the Board. In performing these tasks, the Committee shall have the sole authority to retain and terminate any Search Firm to be used to identify Director candidates;
- 9) Evaluate and recommend termination of membership of individual Directors in accordance with the Board's governance principles for cause or for other appropriate reasons;
- 10) To recommend to the Board regarding the appointment, promotion and removal of the senior management personnel at such level/s;
- 11) To recommend to the Board, all remuneration, in whatever form, payable to Senior Management;
- 12) To review, amend, modify and approve all other Human Resources related Policies of the Company from time to time;
- 13) To review and recommend to the Board Manpower Plan / budget, sanction of new senior management positions from time to time in future;
- 14) To review and recommend to the Board matters relating to revision of compensation / salary and long term wage settlements;
- 15) To review with the Management, all HR related issues from time to time so as to maintain harmonious employer-employee relations;
- 16) To periodically review and re-examine the Terms of Reference and make recommendations to the Board for any proposed changes;
- 17) In performing its responsibilities, the Committee shall have authority to obtain advice, reports or opinions from internal or external counsel and expert advisors;
- 18) Ensuring proper induction program for new Directors, KMP and Senior Management and reviewing its effectiveness; ensuring that on appointment receive a formal letter of appointment in accordance with guidelines provided under the Companies Act, 2013;
- 19) Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
- 20) Consider and determine the Nomination and Remuneration policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract, retain and motivate members of the Board and such other factors as the Committee shall deem appropriate; and
- 21) The Committee should ensure that it proactively maintains a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.

Further, the Terms of Reference of Nomination and Remuneration Committee are revised incorporating the amendments introduced by SEBI in the SEBI Listing Regulations, pursuant to the recommendations made by the Kotak Committee on Corporate Governance.

### Board Evaluation:

In terms of the provisions of the Act, Listing Regulations and Nomination Policy of the Company, NRC and the Board have approved a framework, which lays down a structured methodology, procedure and processes to be adopted for carrying out an evaluation of the performance of the Board, its Committees and individual Directors.

During the year under review, the Board carried out the evaluation of its own performance and that of its Committees and the individual Directors.

The evaluation process focused on various aspects of the functioning of the Board and its Committees, such as composition and performance of the Board and Committees, experience and competencies, time devoted, attendance etc. The Board also carried out the evaluation of the performance of individual directors based on criteria such as contribution of the director at the meetings, strategic perspective or inputs regarding the growth and performance of the Company etc.

### Outcome of evaluation:

The Board of your Company was completely satisfied with the functioning of the Board and its Committees. The Committees are functioning fittingly and besides the Committee's terms of reference, as required by law, and other important issues are brought to the notice and discussed in the Committee's Meetings. The Board was also satisfied with the contribution of Directors in their respective capacities.

## Corporate Governance Report

## 4. Remuneration of Directors:

## Sitting fees:

a) There was no pecuniary relationship or transactions between the non-executive Directors and the Company during the Financial Year 2018-19. The Company has not Paid any remuneration to non-executive non-independent Directors during the FY 2018-19;

## b) Criteria for making payment to Non-Executive Directors:

The Independent Directors may receive remuneration by way of fees for attending meetings of Board or Committees thereof. The sitting fees as decided by the Board is reasonable and sufficient to attract, retain and motivate Independent Directors aligned to the requirement of the Company (taking in to consideration the challenges faced by the Company and its future growth imperatives). However, it is ensured that amount of such fees does not exceed the amount prescribed by the Central Government from time to time; and

## c) Details of Remuneration to Directors:

In addition to the payment of Sitting Fees and reimbursement of expenses for attending meetings of the Board and / or Committees, the Independent Directors are also eligible for commission at a rate not exceeding one percent (1%) of the net profits of the Company and calculated and allocated amongst them in such manner as the Board may from time to time, determine, for a period of five years commencing from the Financial Year 2016-17 as approved by the shareholders.

The details of sitting fees for the FY 2018-19 and the Commission paid to the Independent Directors for the FY 2017-18 in chronologically are mentioned below:

(₹ in Lakhs)

Sr. No.	Name of the Director	Number of Meetings Attended							Total Amount Paid
		Board	Audit Committee	Nomination and Remuneration Committee	Corporate Social Responsibility Committee	Stakeholders Relationship Committee	Independent Directors Meeting	Performance Review Board Committee	
	Total Meetings	8	5	8	4	1	1	3	-
1	Mr. Arun Balakrishnan	8	5	8	NA	NA	1	NA	7.75
2	Mr. Santosh Kumar	7	4	7	NA	NA	1	3	7.675
3	Mr. Raj Kishore Tewari	8	5	NA	4	1	1	NA	6.775
4	Mrs. Radhika Haribhakti	6	4	NA	4	NA	1	3	6.30
5	Mr. Premesh Kumar Jain	8	3	NA	NA	NA	1	NA	4.50
	<b>Total</b>								<b>33</b>

(₹ in Lakhs)

Sr. No	Name of the Director	Number of Board meetings attended	Chairmanship held for Committee meeting											Total Amount payable
			Amount payable	Audit	Amount payable	NRC	Amount payable	CSR	Amount payable	PRBC	Amount payable	SRC	Amount payable	
1	Mr. Arun Balakrishnan	6	3.00	2	0.2	5	0.5	-	-	-	-	-	-	3.70
2	Mr. Santosh Kumar	6	3.00	-	-	-	-	-	-	8	0.8	-	-	3.80
3	Mr. Raj Kishore Tewari	6	3.00	-	-	-	-	-	-	-	-	-	-	3.00
4	Mrs. Radhika Haribhakti	6	3.00	-	-	-	-	2	0.2	-	-	-	-	3.20
5	Mr. J. K. Jain	4	2.00	2	0.2	-	-	-	-	-	-	-	-	2.20
	<b>Total</b>		<b>14.00</b>	<b>-</b>	<b>0.4</b>	<b>-</b>	<b>0.5</b>	<b>-</b>	<b>0.2</b>	<b>-</b>	<b>0.8</b>	<b>-</b>	<b>0.0</b>	<b>15.90</b>

**Notes:**

1. Total Six (6) Board Meetings were held during the financial year 2017-18.
2. The above calculations have been made, as per the method detailed below:
  - (i) If the attendance in the Board Meeting is 80% or more - No. of Meetings HELD X ₹ 50,000/-
  - (ii) If the attendance in the Board Meeting is less than 80% - No. of meetings ATTENDED X ₹ 50,000/-
3. Additional payment of ₹ 10,000/- is paid to the chairman for chairing Committee meetings.
4. The total amount payable to each Non-executive Independent Director is subject to the maximum limit of ₹ 5 lakhs.

The Commission to be paid to Non-Executive Independent Directors for the financial year 2018-19 shall be approved in the financial year 2019-20 and shall be disclosed in the Report on Corporate Governance pertaining to FY 2019-20.

**Remuneration to Executive Directors:**

The appointment and remuneration of Executive Directors i.e. Managing Director & Whole-Time Director approved by the Board and Members of the Company, on recommendation of the NRC. The details of remuneration paid to Executive Directors are disclosed in the Directors' Report of the Company.

The Company does not have any stock options plan or performance linked incentive for the Directors. The Chairman, the Managing Director and Deputy Managing Director are nominated by GAIL (India) Limited, Promoter of the Company. Therefore, the Company binds with service rule of the Promoter applicable to the aforesaid person.

**C. Stakeholders Relationship Committee ("SRC"):**

The Stakeholders Relationship Committee was constituted pursuant to provisions of Section 178 of the Act and Regulation 20 (1) of the SEBI Listing Regulations for considering and resolving the grievances of the security holders of the Company including complaint related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividend and shall specifically look into various aspects of interest of shareholders, debenture holders and other security holders.

The composition of Stakeholders Relationship Committee is in accordance with Regulation 20 of the Listing Regulations.

**Composition and attendance during the financial year:**

**Composition:**

As on March 31, 2019, Stakeholders Relationship Committee comprises of the following Directors:

Name of the Member	Category/Designation(s)
Mr. Raj Kishore Tewari	Non-Executive Independent Director (Chairman)
Mr. Premesh Kumar Jain	Non-Executive Independent Director (Member)
Mr. Sanjib Datta	Managing Director (Member)

**Note:**

- 1) Mr. Rajeev Mathur who ceased to be Director with effect from May 30, 2018 was member of Stakeholders Relationship Committee.
- 2) Mr. Sanjib Datta was appointed as member of Stakeholders Relationship Committee with effect from May 30, 2018.
- 3) Mr. Goutam Ghosh who ceased to be Director with effect from November 28, 2018 was member of Stakeholders Relationship Committee.
- 4) Mr. Premesh Kumar Jain was appointed as member of Stakeholders Relationship Committee with effect from November 29, 2018.

Company Secretary, being the Compliance Officer of the Company, is responsible for redressal of Shareholder Grievances.

**Meetings and attendance:**

The Stakeholders Relationship Committee met once during the financial year 2018-19. The required quorum was present in the meeting.

The details of attendance of the Members of the Committee at each meeting, are provided hereinbelow:

Name of the Member	Stakeholders Relationship Committee Meeting
	July 30, 2019
Mr. Raj Kishore Tewari	Y
Mr. Premesh Kumar Jain	NA
Mr. Sanjib Datta	Y
Mr. Rajeev Mathur	NA
Mr. Goutam Ghosh	Y

## Corporate Governance Report

### Terms of Reference of the Stakeholder Relationship Committee:

The Stakeholder Relationship Committee shall be responsible to resolve the grievances and complaints of all the Security Holders and shall specifically look into the various aspects of interest of shareholders, debenture holders and other security holders. The functions of the Stakeholder Relationship Committee include the following:

- a) Collecting and analysing reports received periodically from Registrar and Share Transfer Agent (RTA) on the following :
  - I. Requests regarding Non-receipt of the Shares, Debentures, Deposit receipt, declared Dividend or interest;
  - II. Requests regarding Non-receipt of the notice of Annual General Meeting , Balance Sheet and Profit & Loss Account Statement;
  - III. Complaints of investors routed by SEBI or Stock Exchanges and others;
  - IV. Transfer, Sub-division, consolidation, split, exchange, endorsement, transmission of share certificates, transposition of share certificates;
  - V. Issue of Share Certificate, Debenture Certificate, Duplicate Share or Debenture Certificate in lieu of lost/torn/mutilated / defaced certificates;
  - VI. Request relating to dematerialisation and rematerialisation of shares;
  - VII. Request relating to modes of paying the Dividend i.e. through Electronic clearing service, RTGS and issue of Dividend Warrant for dividend payment/Interest etc: and
  - VIII. Complaints related to transfer of shares, non-receipt of annual report and non-receipt of declared dividends.
- b) Other matters related to or arising out of shareholders/ investors services including preparation and approval of periodical reports.

Further, the Terms of Reference of Stakeholder Relationship Committee are revised incorporating the amendments introduced by SEBI in the SEBI Listing Regulations, pursuant to the recommendations made by the Kotak Committee on Corporate Governance.

### Details of complaint registered by shareholders during the year:

During the financial year 2018-19, total 7(seven) complaints were registered by the shareholders and other stakeholders with the Company Secretary. Details on the status of such complaints are mentioned below:

Complaints outstanding as on April 01, 2018	Nil
Complaints received during the year ended March 31, 2019	07
Complaints resolved during the year ended March 31, 2019	07
Complaints pending as on March 31, 2019	Nil

All the complaints received during the year were resolved to the satisfaction of the corresponding Shareholders.

### D. Corporate Social Responsibility Committee ("CSR"):

The composition, powers, role and terms of reference of CSR Committee are in accordance with the requirements mandated under Section 135 of the Act.

#### Composition and attendance during the financial year:

##### Composition:

As on March 31, 2019, Corporate Social Responsibility Committee comprises of the following Directors:

Name of the Member	Category/Designation(s)
Mrs. Radhika Haribhakti	Non-Executive Independent Director (Chairperson)
Mr. Raj Kishore Tewari	Non-Executive Independent Director (Member)
Mr. Sanjib Datta	Managing Director (Member)

##### Note:

- 1) Mr. Rajeev Mathur resigned from the Board with effect from May 30, 2018 was member of Corporate Social Responsibility Committee.
- 2) Mr. Sanjib Datta was appointed as member of Corporate Social Responsibility Committee with effect from May 30, 2018.
- 3) Mr. Goutam Ghosh who ceased to be Director with effect from November 28, 2018 was member of Corporate Social Responsibility Committee.

**Number of meetings held and attendance records:**

The Corporate and Social Responsibility Committee met 4 (four) times during the financial year 2018-19 to deliberate on various matters. The required quorum was present in all the meetings.

The details of attendance of the Members of the Corporate Social Responsibility Committee at each meeting, are provided hereinbelow:

Name of the Member	CSR Committee Meeting			
	May 07, 2018	July 30, 2018	September 17, 2018	November 28, 2018
Mrs. Radhika Haribhakti	Y	Y	Y	Y
Mr. Raj Kishore Tewari	Y	Y	Y	Y
Mr. Sanjib Datta	NA	Y	Y	Y
Mr. Rajeev Mathur	Y	NA	NA	NA
Mr. Goutam Ghosh	Y	Y	Y	Y

**Terms of Reference of the CSR Committee:**

Following are the functions and powers of CSR Committee including those as enumerated in the Companies Act, 2013 and Rules made there under;

- To formulate and recommend to the Board a Corporate Social Responsibility Policy and subsequent amendments as required from time to time;
- To ensure that the Corporate Social Responsibility Policy shall include / indicate the activities to be undertaken by the Companies as specified in Schedule VII of the Companies Act, 2013 and the rules made there under, from time to time excluding the activities undertaken in pursuance of its normal course of business;
- To monitor the Corporate Social Responsibility Policy by instituting a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the Company from time to time;
- To recommend the annual budget for the Corporate Social Responsibility activities of the Company in compliance with the relevant statutory provisions;
- To assist the Board to ensure that the Company spends towards the Corporate Social Responsibility activities, in every Financial Year, such percentage of average net profit /amount as may be prescribed in the Companies Act, 2013 and/or Rules made there under;
- To explain to the Board of Directors of the Company, if the Company fails to spend the prescribed amount within the financial year;

- To provide updates to the Board at regular interval of six months on the Corporate Social Responsibility activities;
- Subject to these terms of reference, the Corporate Social Responsibility Committee shall have the power to regulate its own proceedings;
- To review and recommend the CSR plan for the ensuing financial year to the Board of Directors;
- To approve any project that may come during the year and which is not covered in the CSR Plan up to such amount as may be prescribed by the Board of Directors from time to time;
- Such other functions as may be prescribed.

**E. Performance Review Board Committee ("PRBC"):**

**Composition and attendance during the financial year:**

**Composition:**

As on March 31, 2019, Performance Review Board Committee comprises of the following Directors:

Name of the Member	Category/Designation(s)
Mr. Santosh Kumar	Non-Executive Independent Director (Chairman)
Mrs. Radhika Haribhakti	Non-Executive Independent Director (Member)
Mr. Akhil Mehrotra	Non-Executive Non Independent Director (Member)
Mr. Sanjib Datta	Managing Director (Member)

## Corporate Governance Report

### Note :

- 1) Mr. Rajeev Mathur resigned from the Board with effect from May 30, 2018 was member of Performance Review Board Committee.
- 2) Mr. Sanjib Datta was appointed as member of Performance Review Board Committee with effect from May 30, 2018.
- 3) Mr. Virendra Nath Datt resigned from the Board with effect from October 25, 2018 was member of Performance Review Board Committee.
- 4) Mr. Ashu Shinghal resigned from the Board with effect from November 28, 2018 was member of Performance Review Board Committee.
- 5) Mr. Goutam Ghosh resigned from the Board with effect from November 28, 2018 was member of Performance Review Board Committee.

### Number of meetings held and attendance records:

The Performance Review Board Committee met 3 (three) times during the financial year 2018-19 to deliberate on various matters. The required quorum was present in all the meetings.

The details of attendance of the Members of the Performance Review Board Committee at each meeting, are provided hereinbelow:

Name of the Member	PRBC Meeting		
	July 30, 2018	November 12, 2018	January 28, 2019
Mrs. Santosh Kumar	Y	Y	Y
Mrs. Radhika Haribhakti	Y	Y	Y
Mr. Akhil Mehrotra	Y	Y	Y
Mr. Sanjib Datta	Y	Y	Y
Mr. Rajeev Mathur	NA	NA	NA
Mr. Goutam Ghosh	Y	Y	NA
Mr. Virendra Nath Datt	Y	NA	NA
Mr. Ashu Shinghal	NA	N	NA

### Terms of Reference and Role of the Performance Review Board Committee:

The terms of reference and role of the Performance Review Board Committee in relation to the information / activity(ies) as mentioned in above para shall include the following:

- |  |  |
|--|--|
| <ol style="list-style-type: none"> <li>i) The Performance Review Board Committee may invite such number of the executives/officers of the company, as it considers appropriate to be present at the meetings of the committee, but on occasions it may also meet without the presence of any executives / officers of the Company;</li> <li>ii) Meetings of the Performance Review Board Committee shall be conducted in English and the Minutes thereof shall be recorded in writing in English;</li> </ol> | <ol style="list-style-type: none"> <li>iii) The minutes of meetings of the Performance Review Board Committee shall be produced before the MGL Board on a regular interval;</li> <li>iv) The Performance Review Board Committee shall submit its report to the MGL Board periodically;</li> <li>v) The Committee shall review actual achievement versus budgeted targets;</li> <li>vi) The Committee shall review and note the variances, if any, in the actual versus budgeted;</li> <li>vii) The Committee shall review the comments and also ascertain or find out the reasons of variances, if any;</li> <li>viii) In case of variances or under achievement of physical targets, the Committee shall discuss the necessary remedial actions and provide advice and guidance on remedial actions;</li> </ol> |
|--|--|

## Corporate Governance Report

- ix) The Committee shall review the physical performance report of the company on regular intervals;
- x) The Committee shall review the Customer Care management activities;
- xi) The Committee shall review the Asset Integrity management on regular intervals;
- xii) The Committee shall review the Key Performance Area (KPA) of concerned departments;
- xiii) Carrying out any other functions as mentioned herewith or as the MGL Board may advise the committee from time to time.

### F. Risk Management Committee ("RMC"):

#### Composition and attendance during the financial year:

#### Composition:

Risk Management Committee comprises of the following Directors:

Name of the Member	Category/Designation(s)
Mr. Premesh Kumar Jain	Non-Executive Independent Director (Chairman)
Mr. Arun Balakrishnan	Non-Executive Independent Director (Member)
Mr. Akhil Mehrotra	Non-Executive Non Independent Director (Member)
Mr. Sanjib Datta	Managing Director (Member)

#### Number of meetings held and attendance records :

The amended provisions relating to Risk Management Committee under the Listing Regulations are applicable to the Company with effect from April 01, 2019. Hence, there was no requirement for holding the meeting of Risk Management

Committee during the financial year 2018-19.

#### Roles and Responsibilities of the RMC:

- i) Recommend to Board the Risk Management Policy.
- ii) Overseeing implementation of Risk Management Policy.
- iii) Monitoring of Risk Management Policy.
- iv) Monitoring and advising internal Business Risk Review Committee.
- v) Periodically reviewing and evaluating the Risk Management Policy and practices with respect to risk assessment and risk management processes.
- vi) Monitoring and reviewing the risk pertaining to Cyber Security.
- vii) The Committee shall make regular reports to Audit Committee and Board, including with respect to risk management and minimization procedures as per the Risk Management Policy.
- viii) The Committee may form and delegate authority to sub committees when appropriate.
- ix) Performing such other functions as may be necessary or appropriate for the performance of its oversight function.
- x) The role and responsibilities of the Risk Management Committee shall include such other items as may be prescribed by applicable law or the Board in compliance with applicable law, from time to time.

## 5. GENERAL BODY MEETINGS:

### a) Annual General Meetings ("AGM"):

Details of venue, date, time and special resolutions passed in previous three Annual General Meetings of the Company, are tabled hereinbelow:



## Corporate Governance Report

Financial Year	Date & Time	Venue	Special Resolution(s) passed
2017-18	September 17, 2018 at 1100 Hours	IES Manik Sabhagriha, Bandra Reclamation, Bandra (West), Mumbai	1) To re-appoint Mr. Raj Kishore Tewari as an Independent Director of the Company. 2) To enhance in aggregate Foreign Investment limit for Investment by FII's/ FPIs from 24% to 40% of paid up equity share capital.
2016-17	September 25, 2017 at 1100 Hours	IES Manik Sabhagriha, Bandra Reclamation, Bandra (West), Mumbai	1) To re-appoint Mr. J.K. Jain as an Independent Director of the Company.
2015-16	September 26, 2016 at 1030 Hours	IES Manik Sabhagriha, Bandra Reclamation, Bandra (West), Mumbai	1) To adopt new set of Articles of Association of the Company. 2) To re-appoint Mr. Santosh Kumar as an Independent Director of the Company. 3) To re-appoint Mr. Arun Balakrishnan as an Independent Director of the Company. 4) To pay Commission to Non-Executive Independent Directors.

**b) Extra-Ordinary General Meeting:**

No Extra-Ordinary General meeting of the members was held during the financial year 2018-19.

**c) Postal Ballot:**

The Company had sought the approval of the shareholders by way of a Special Resolution through Postal Ballot Notice dated October 23, 2018 in order to adopt new set of Articles of Association of the Company. The voting period for abovementioned Postal Ballot was commenced on October 26, 2018 & concluded on November 24, 2018 and the resolution stated in Postal Ballot Notice was duly approved by the Shareholders on November 24, 2018. Mr. Lalit K. Jain (Membership No. FCS 1903), Practicing Company Secretaries, was appointed as the Scrutinizer to scrutinize the postal ballot process and remote e-voting process in a fair and transparent manner. The voting results were announced on November 26, 2018. The details of the voting pattern are given below:

Resolution passed through Postal Ballot	Votes in favour of the resolution (%)	Votes against the resolution (%)
To adopt new set of Articles of Association of the Company	98.00	2.00

**Procedure for postal ballot:**

The Postal ballot was carried out as per the provisions of Section 108 and 110 and other applicable provisions of the Act, read with the Rules framed thereunder.

There is no immediate proposal for passing any resolution through Postal Ballot.

## 6. MEANS OF COMMUNICATION:

### a) Quarterly Results :

The quarterly/half yearly/annual results, along with the Limited Review/Auditor's Report thereon, are filed with the BSE Limited, the National Stock Exchange of India Limited (collectively referred to as "Stock Exchanges") at their respective electronic platforms i.e. BSE Corporate Compliance & Listing Centre and NSE Electronic Application Processing System (NEAPS), so as to enable them to display the same on their respective websites. The said results are simultaneously uploaded on the website of the Company i.e. [www.mahanagargas.com](http://www.mahanagargas.com) for the ease of reference of the Members of the Company. The aforesaid results are also published in 'Financial Express' and 'Loksatta' (a regional daily newspapers published from Mumbai), within the stipulated timelines.

### b) Annual Report:

Annual Report containing inter alia, the Director's Report, the Management Discussion and Analysis, the Business Responsibility Report, the report on Corporate Governance, Audited Annual Accounts and other important information's, is another channel of communication with the Shareholders.

### c) Corporate Filing:

Announcements, Quarterly Results, Shareholding Pattern etc. of the Company are regularly filed with the Stock Exchanges and are available on the website of BSE Limited at [www.bseindia.com](http://www.bseindia.com), National Stock Exchange of India Limited at [www.nseindia.com](http://www.nseindia.com) and are also available on the website of the Company at [www.mahanagargas.com](http://www.mahanagargas.com).

### d) Website:

In compliance with Regulation 46 of the Listing Regulations, Company's website ([www.mahanagargas.com](http://www.mahanagargas.com)) contains a separate dedicated section 'INVESTOR' which acts as the primary source of information to the shareholders and enables the Investors to take informed decision. The full Annual Report is also available on the website in a user friendly and downloadable form.

### e) Official news/ press releases of the Company, if any, issued from time to time, are filed with the Stock Exchanges and are simultaneously uploaded on the website of the Company.

### f) The Schedule of Institutional Investors/ Analysts Meetings and the presentation made to the institutional investors or to the analysts are also uploaded on the website of the Company.

## 7. GENERAL SHAREHOLDER INFORMATION:

### a) Twenty Fourth Annual General Meeting :

Day & Date	Monday, September 09, 2019
Time	11:00 a.m
Venue	Rangsharda Auditorium, Krishna Chandra Marg, Near Lilavati Hospital, Bandra Reclamation, Bandra (West), Mumbai - 400 050
Book Closure date for Final Dividend	Tuesday, September 03, 2019 to Monday, September 09, 2019 (both days inclusive)
Last date for submission of proxy	Saturday, September 07, 2019

As required under Regulation 36(3) of the SEBI Listing Regulations, particulars of Directors seeking appointment/ re-appointment at Annual General Meeting ("AGM") are given in the Annexure to the Notice of this AGM.

### b) Financial Year:

Your Company follows April-March as the Financial Year.

### c) Dividend Payment:

The Board of Directors at their meeting held on January 29, 2019, declared Interim Dividend for the financial year 2018-19 of ₹ 9.50/- per equity share of face value of ₹ 10/- each and was paid to those members whose name appeared in the Register of Members/ List of Beneficial Owners as on the record date i.e. February 08, 2019.

The Board has recommended final dividend of ₹ 10.50/- per equity share for Financial Year 2018-19. If approved by the members, final dividend will be paid to those members of the Company whose names would appear in the Register of Members on September 02, 2019.

### d) Listing on Stock Exchanges and Stock Codes:

Your Company's Shares are listed on the following stock exchanges:

## Corporate Governance Report

Name	Address	Stock Code
BSE Limited	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400001	539957
National Stock Exchange of India Limited	Exchange Plaza, Bandra - Kurla Complex, Bandra (East), Mumbai - 400051	MGL

**e) Payment of Annual Listing / Custody Fees:**

Annual Listing Fees for the financial year 2019-2020 have been paid to the both the stock exchanges.

Annual Custody Fees to National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL") have been paid for the financial year 2019-2020.

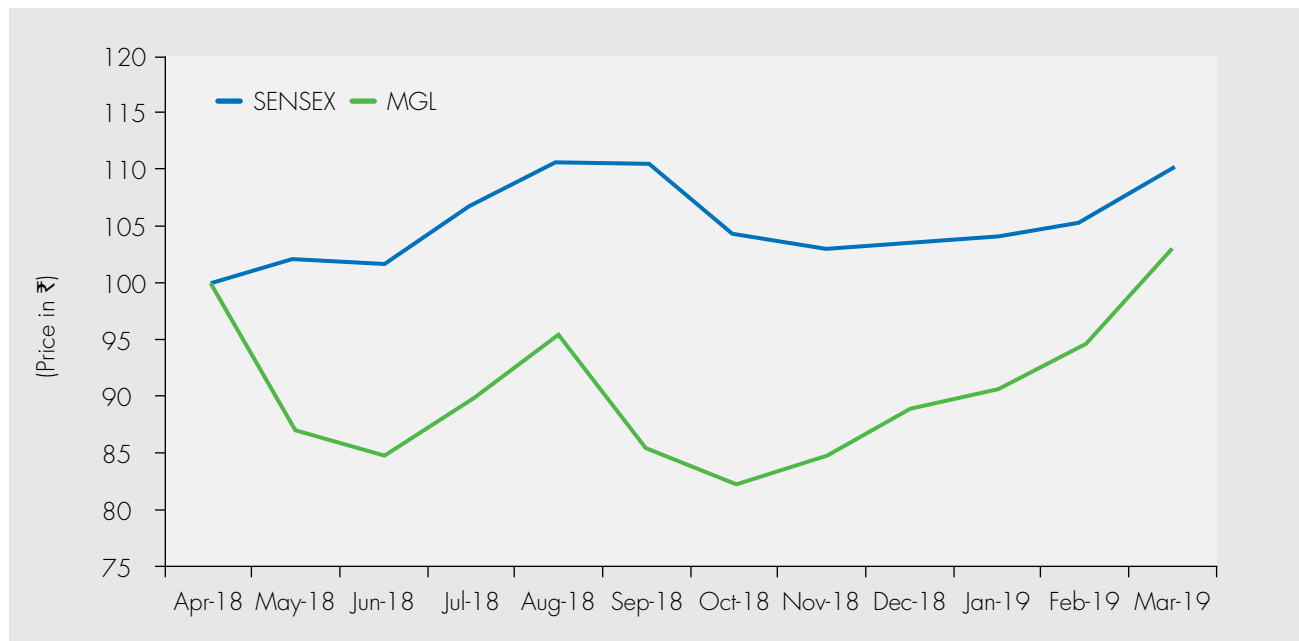
**f) Market Price Data:**

The market price data (High, low based on daily closing prices) of your Company's share traded during each month in the year 2018-19 on BSE and NSE are as under:

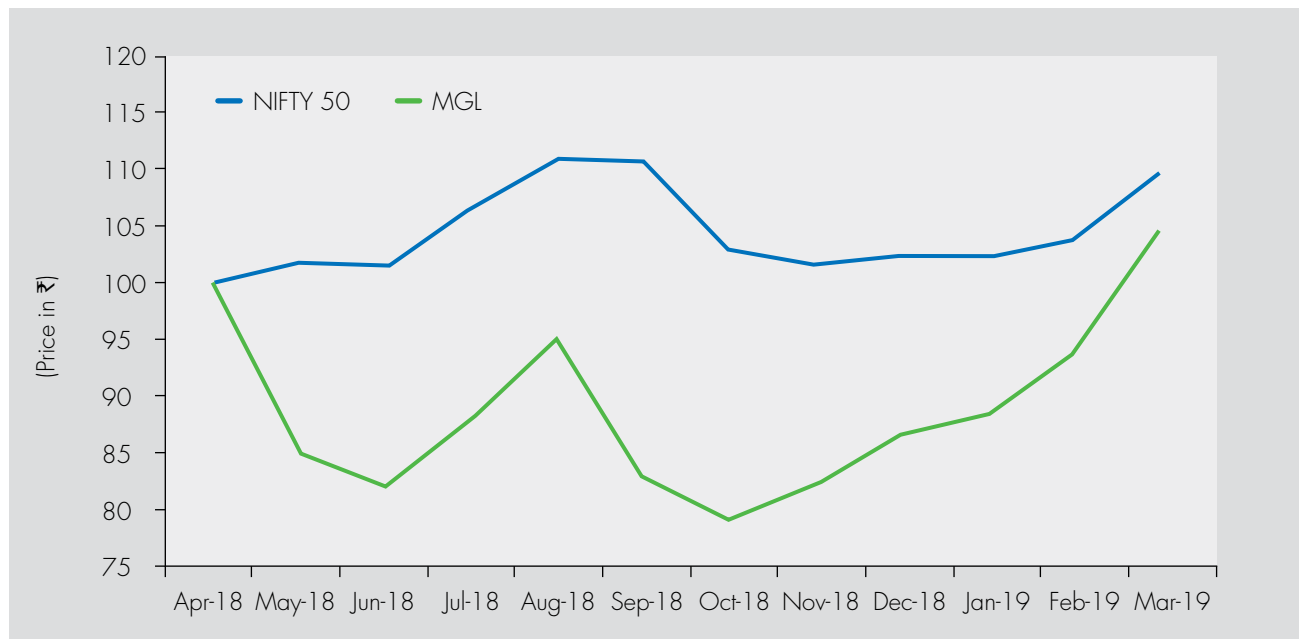
(Amount in ₹)

Month - Year	BSE		NSE	
	High Price	Low Price	High Price	Low Price
April-2018	1029.00	875.00	1028.80	886.50
May-2018	897.55	774.00	897.30	772.15
June-2018	873.30	795.00	873.50	796.00
July-2018	923.55	795.00	923.90	793.70
August-2018	984.40	830.50	986.80	829.50
September-2018	880.95	762.15	881.00	760.55
October-2018	846.10	757.00	847.90	756.00
November-2018	871.45	807.00	874.95	805.20
December-2018	915.00	837.00	912.90	836.55
January-2019	931.35	882.40	928.95	882.10
February-2019	974.40	856.45	973.95	856.10
March-2019	1057.20	872.75	1067.25	872.00

Performance of the share price of the Company in comparison to the BSE SENSEX:



Performance of the share price of the Company in comparison to the NIFTY:



## Corporate Governance Report

## g) Dematerialization of Shares:

As on March 31, 2019, 99.99% of the total Equity Share Capital of the Company was held in dematerialized form with NSDL and CDSL under International Securities Identification Number ("ISIN") – INE002S01010.

SEBI vide notification dated June 08, 2018 and press release dated December 03, 2018 provided that except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form with effect from April 01, 2019. Hence, Physical Shareholders are requested to dematerialize their shares before depositing transfer deed with the Company or its RTA.

Further, shareholders are also requested to update their bank accounts details and email id with their respective depository participants to enable the Company to provide better service.

For any clarification, assistance or information relating to dematerialization of shares, the Company's RTA may be contacted.

## h) Share Transfer System:

Your Company has an appropriate Share Transfer system. The shares of the Company are traded in dematerialized form since share transactions are simpler and faster in electronic form. A summary of transfer, transmission, split, remat and demat of physical securities of the Company so approved by the Managing Director / Company Secretary is placed at Stakeholders' Relationship Committee Meeting.

In compliance with SEBI Circulars, the request for physical transfer of shares shall be not processed by the Company or RTA, except in case of transmission and transposition, with effect from April 01, 2019. RTA of your Company ensures compliance with all the procedural requirements with respect to transmission and transposition of shares and formalities with respect to name deletion, sub-division, consolidation, renewal, exchange and endorsement of share certificates. Further, as stipulated under Regulation 40(9) of the SEBI Listing Regulations, the RTA also obtains a half yearly certificate in that regard from Practicing Company Secretaries and the same is filed with stock exchanges.

## i) Distribution of Shareholding as on March 31, 2019:

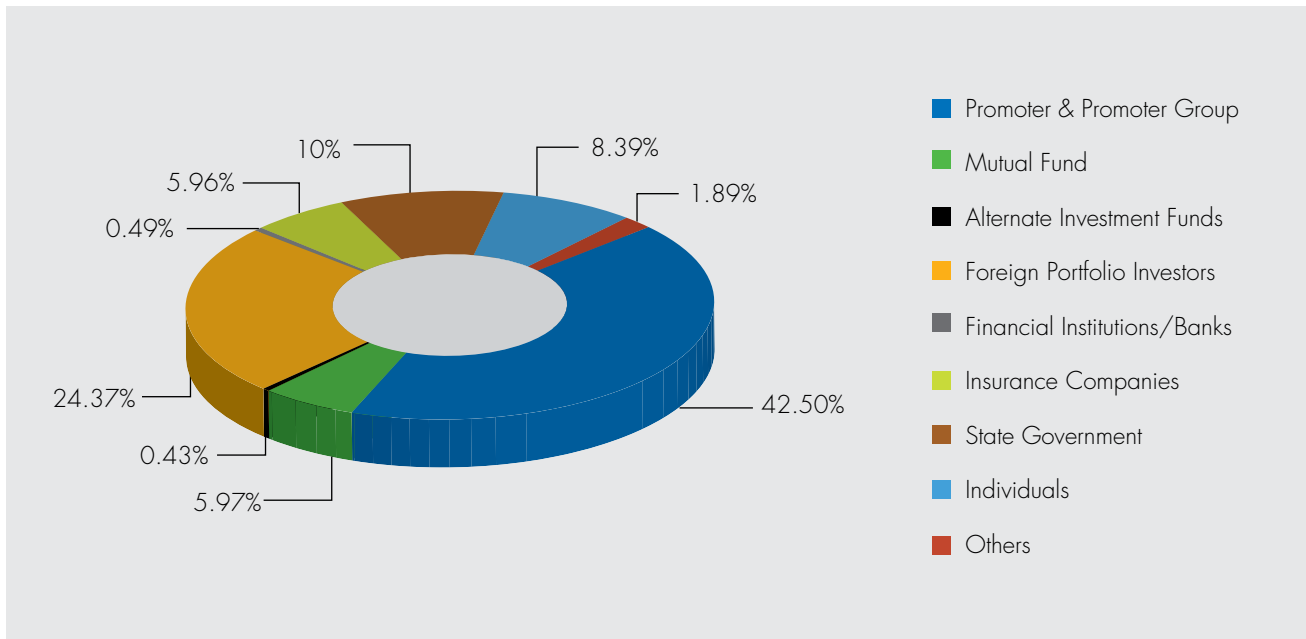
Shareholding of nominal value	Shareholders	Percentage	Nominal Value of Equity Shares	Percentage holding
1 – 1000	100344	83.5615	33302450	3.3715
1001 – 2000	12314	10.2545	17724840	1.7944
2001 – 5000	5096	4.2437	16353800	1.6556
5001 – 10000	1319	1.0984	9699020	0.9819
10001 – 20000	491	0.4089	7123650	0.7212
20001 – 30000	132	0.1099	3333460	0.3375
30001 – 40000	50	0.0416	1762820	0.1785
40001 – 50000	44	0.0366	2034210	0.2059
50001 – 100000	74	0.0616	5300600	0.5366
100001 – *****	220	0.1832	891142930	90.2169
<b>Total</b>	<b>120084</b>	<b>100</b>	<b>987777780</b>	<b>100</b>

j) Categories of equity shareholding as on March 31, 2019:

Sr. No.	Category of Shareholders	No. of Shareholders	No. of Equity Shares	Nominal Value of Equity Shares	Percentage Holding
1.	Promoters & Promoters Group	2	41,980,530	419,805,300	2.50
2.	Institutions				
	a) Mutual Fund	19	5,897,687	58,976,870	5.97
	b) Venture Capital Funds	-	-	-	-
	c) Alternate Investment Funds	3	424,000	4,240,000	0.43
	d) Foreign Venture Capital Investors	-	-	-	-
	e) Foreign Portfolio Investor	184	24,064,677	240,646,770	24.37
	f) Financial Institutions / Banks	5	487,183	4,871,830	0.49
	g) Insurance Companies	10	5,893,750	58,937,500	5.97
	h) Provident Funds / Pension Funds	-	-	-	-
3.	Central Government / State Government(s)/ President of India				
	i) Governor of Maharashtra	1	9,877,778	98,777,780	10.00
4.	Non-Institutions				
	a) Individuals				
	Individual shareholders holding nominal share capital upto ₹ 2 lakh.	110061	8,088,875	80,888,750	8.19
	Individual shareholders holding nominal share capital in excess of ₹ 2 lakh	3	207,557	2,075,570	0.21
	b) NBFCs registered with RBI	3	8050	8050	0.00
	c) Employee Trusts	-	-	-	-
	d) Overseas Depositories (holding DRs (balancing figure)	-	-	-	-
	e) Any Other (Specify)	-	-	-	-
	i) Trusts	9	5420	54200	0.00
	ii) Hindu Undivided Family	4031	367,597	3,675,970	0.38
	iii) Non Resident Indians (Non Repat)	698	108,179	1,081,790	0.11
	iv) Non Resident Indians (Repat)	1880	413,608	4,136,080	0.42
	v) Foreign Portfolio Investor (Individual)	1	40	400	0.00
	vi) Clearing Member	251	248,967	2,489,670	0.25
	vii) Bodies Corporate	719	703,880	7,038,800	0.71
	<b>Total</b>	<b>117880</b>	<b>98,777,778</b>	<b>987,777,780</b>	<b>100</b>

## Corporate Governance Report

## k) Shareholding Pattern as on March 31, 2019:



## l) Top ten equity shareholders of the Company as on March 31, 2019:

Sr. No	Name of the Shareholder	No. of Shares held	Percentage (%)
1	GAIL (India) Ltd	32102750	32.50
2	BG Asia Pacific Holdings Pte. Limited	9877780	10.00
3	Governor of Maharashtra	9877778	10.00
4	Schroder International Selection Fund Emerging Asia	4435085	4.49
5	SBI Life Insurance Co. Ltd	3510259	3.55
6	L&T Mutual Fund Trustee Limited-L&T Emerging Businesses Fund	2290112	2.32
7	lazard Emerging Markets Small Cap Equity Trust	1142526	1.16
8	Eastspring Investments India Equity Open Limited	1081702	1.10
9	Bajaj Allianz Life Insurance Company Ltd.	993986	1.01
10	ITPL - Invesco India Contra Fund	976079	0.99

## m) Plant Locations:

- City Gate Station, Opposite Anik Bus Depot, Sion, Mumbai - 400 022.
- City Gate Station, MIDC Mahape, Post-Koper Khairane, Navi Mumbai - 400 709.
- City Gate Station, Plot No : TAK-A, Ambernath Industrial Area, Ambernath - Badlapur Road, Village - Chikhaloli, Tal-Ambernath, District - Thane - 421 506.

- City Gate Station, Plot No: J-93/2, Taloja MIDC Area, Taloja, District - Raigad - 410 208.

- List of all credit ratings obtained by the entity along with any revisions thereto during the relevant financial year, for all debt instruments of such entity or any fixed deposit programme or any scheme or proposal of the listed entity involving mobilization of funds, whether in India or abroad:

- I. Letter dated June 04, 2018 – ₹ 600 Crore Line of Credit (Non-fund based limit)
  - a. Long-term rating ₹ 200 Crore - [ICRA] AAA (Stable) and
  - b. Short term rating ₹ 400 Crore [ICRA] A1+

Outlook on long term rating is stable.

- II. Letter dated June 04, 2018 – ₹ 100 Crore Long-term debt - [ICRA]AAA. The outlook on long term rating is stable.

**o) Outstanding GDRs/ADRs/ Warrants or any Convertible instruments, conversions details and likely impact on equity:**

The Company has not issued any GDR/ADRs in the past and hence not applicable as on March 31, 2019. The Company does not have any outstanding GDRs/ ADRs/ Warrant or any convertible instruments.

**p) Commodities Price Risk/Foreign Exchange Risk and Hedging activities:**

The details of foreign currency exposure and hedging (unhedged however managed partially through natural hedge) are disclosed in Note no. 31.4 (c) (iii) to the Financial Statements.

## 9. DISCLOSURES:

**a. Disclosure on material significant related party transactions :**

All the Related party transactions ("RPTs") entered into by your Company, during the Financial year 2018-19 were at arm's length and in the ordinary course of business of the Company.

All such transactions had prior approval of Audit Committee and the Board and in case of material related party transactions; approval of shareholders is also obtained in compliance with the applicable provisions of Listing Regulations.

**b. Details of non-compliance :**

Your Company has complied with all applicable provisions of the Listing Regulations and all other applicable regulations and guidelines issued by SEBI and Stock Exchanges. Consequently, there has

been no instance of non compliance with any legal requirements and hence, no penalties or strictures are imposed on your Company by SEBI or the Stock Exchanges or any statutory authority on any matter related to the capital markets during the last 3 years. The shares of the Company were listed on the BSE Limited and National Stock Exchange Limited on July 01, 2016.

**c. Whistle Blower Policy / Vigil Mechanism :**

Your Company has in place Whistle Blower Policy / Vigil Mechanism which facilitate direct access to the Management and the Audit Committee of the Board for all Stakeholders to report concerns about any unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct. It is hereby affirmed that no personnel had been denied access to the Audit Committee under Whistle Blower Policy. The said policy has been uploaded on the website of the Company ([www.mahanagargas.com](http://www.mahanagargas.com)).

Also, the Company has in place the "Policy for Prevention of Sexual Harassment at Workplace". This ensures a work environment that is professional and mature, free from animosity and which includes respect for the individuals.

**d. Other Policies, Programmes and Codes of the Company:**

**i. Corporate Social Responsibility Policy:**

In terms of the provisions of Section 135 of the Act and the Companies (Corporate Social Responsibility Policy) Rules, 2014, your Company has adopted Corporate Social Responsibility policy having the following scope:

- Planning project or programmes which a Company plans to undertake falling within the purview of Schedule VII of the Act; and
- Monitoring process of such project or programmes.

**ii. Risk Management Policy :**

For assessment and minimisation of risks in terms of Regulation 17 of Listing Regulations, your Company has framed a Risk Management Policy. The policy covers inherent business risks and appropriate measures to be taken by the Company.



## Corporate Governance Report

- iii. Policy on Related Party Transactions:  
In terms of Regulation 23 of Listing Regulations, your Company has framed a Policy on RPTs to regulate transactions of the Company with its related parties (as defined and identified under the Act, SEBI Listing Regulations), to ensure high standards of Corporate Governance while dealing with related parties and also to ensure optimum compliance with applicable laws prescribed for RPTs. The policy is also available on the website of the Company i.e. [www.mahanagargas.com](http://www.mahanagargas.com).
- iv. Code of internal procedure and conduct to monitor and report trading by Designated Persons in listed Securities of Mahanagar Gas Limited:  
  
Your Company had adopted Insider Trading Code to be observed by all the insiders as defined under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as may be amended from time to time ("SEBI Insider Trading Regulations").  
  
Further, the SEBI Insider Trading Regulations have been amended and pursuant to such amendment, your Company has adopted a revised Code i.e. "Code of internal procedures and Conduct to regulate, monitor and report trading by Designated Persons in listed Securities of Mahanagar Gas Limited" w.e.f. April 01, 2019, which states your Company's policy and code to be followed by Designated Persons for dealing in securities of the Company.
- v. Policy for Determination of Materiality of Information or Event:  
In terms of Regulation 30 of Listing Regulations, your Company has adopted this policy for determination of materiality of information or event for facilitating prompt disclosure of material price sensitive information to the Stock Exchange(s) in compliance with the provisions of the SEBI Listing Regulation.
- vi. Policy on Preservation of Documents:  
In terms of Regulation 9 of Listing Regulations, your Company has adopted a policy for preservation of documents.
- vii. Code of Practice and Procedures for Fair Disclosure of Unpublished Price Sensitive Information:  
The SEBI Insider Trading Regulations, as amended, mandates every listed company to formulate a code of practices and procedures for fair disclosure of Unpublished Price Sensitive Information that it would follow in order to adhere to each of the principles set out in Schedule A to the SEBI Insider Trading Regulations.  
  
The aforementioned code is also available on the website of the Company i.e. [www.mahanagargas.com](http://www.mahanagargas.com).
- e. Details of compliance with mandatory requirements and adoption of non-mandatory requirements:**
- I. Your Company complies with corporate governance requirements as specified under Listing Regulations.
- II. The Company has maintained an office for its Non-Executive Chairman.
- III. The Company publishes its results on its website at [www.mahanagargas.com](http://www.mahanagargas.com) which is accessible to the public at large. A half-year declaration of financial performance including summary of the significant events is presently not being sent separately to each household of each shareholder. Your Company's results for each quarter are published in the newspapers having a wide circulation.
- IV. During the period under review, there is no audit qualification in the Company's financial statements. Your Company continues to adopt best practices to ensure regime of unqualified financial statements.
- V. The Company has separate position for Chairman and Managing Director.
- VI. The Internal Auditor reports their findings to the Audit Committee of the Company.
- f) Subsidiary companies:  
  
As on March 31, 2019, your Company did not have any subsidiary.

**g) Code of Conduct:**

In compliance with Regulation 26(3) of the Listing Regulations and the Act, the Company has in place comprehensive Code of Conduct applicable to the Board and Senior Management Personnel. The Code of Conduct is formulated with a purpose to ensure good corporate governance and ethical and transparent process in managing the affairs of the Company. A copy of the Code of Conduct has been uploaded on the Company's website (www.mahanagargas.com). All members of the Board and Senior Management Personnel have affirmed compliance with the Code of Conduct for the financial year 2018-19.

**h) Disclosure of Accounting Treatment:**

The Company has followed all applicable and relevant Accounting Standards while preparing the Financial Statements.

**i) Certification from Company Secretary in Practice :**

A certificate has been received from M/s. Santosh Singh & Associates, Practicing Company Secretary, certifying that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Board/Ministry of Corporate Affairs or any such statutory authority which forms part of this Report.

**j) Details of recommendation of any committee of the Board not accepted by the Board and reasons thereof : Not Applicable**

**k) S R B C & Co. LLP, Chartered Accountants (Firm Registration No. 324982E/E300003) have been appointed as the Statutory Auditors of the Company. The particulars of payment of Statutory Auditor's fees, on consolidated basis is given below:**

(₹ in lakh)	
Particulars	Amount
Audit Fees	57.82
Out-of-pocket expense	1.07
<b>Total</b>	<b>58.89</b>

**l) Disclosures in relation to the Sexual Harassment of Woman at Workplace (Prevention, Prohibition and Redressal) Act, 2013 :**

In compliance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 and Rules made thereunder, the Company has constituted Internal Complaint Committee (ICC). While maintaining the highest governance norms, the members of this committee comprises of representatives from the Company and external expert/NGO who have worked in this area and have the requisite experience in handling such matters. The Company has zero tolerance on Sexual Harassment at workplace.

The details of complaint received, resolved and pending under Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 are mentioned below:

Sr. No	Particulars	No. of Complaints
1	Number of complaints filed during the FY 2018-19	1
2	Number of complaints disposed of during the FY 2018-19	1
3	Number of complaints pending as on end of the FY 2018-19	0

**m) Unclaimed Dividend :**

Pursuant to Sections 124 and 125 of the Act, read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), including amendment thereto, dividend, if not claimed within seven years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ("IEPF").

The following table provides information relating to various outstanding dividends and the dates by which they can be claimed by the shareholders from the Company's Registrar and Transfer Agent and if not claimed within the period of 7 years, then, the same would become eligible to be transferred to the IEPF on the dates mentioned below:

## Corporate Governance Report

Financial Year	Date of declaration of dividend and type of dividend	Total Dividend (in ₹)	Unclaimed Dividend as on March 31, 2019	Due Date for transfer of unclaimed dividend to IEPF	Percentage of unclaimed dividend over Total Dividend
2018-19	January 29, 2019 – Interim Dividend	938,388,891.00	9,42,78,019.00	February 28, 2026	10.05
2017-18	September 17, 2018 – Final Dividend	1,086,555,558.00	10,93,06,153.01	October 17, 2025	10.06
2017-18	February 09, 2018 – Interim Dividend	790,222,224.00	2,93,776.00	March 10, 2025	0.03
2016-17	September 25, 2017 – Final	1,067,494,478.44	389,906.35	October 25, 2024	0.03
2016-17	February 11, 2017 – Interim Dividend	1,563,478,000.00	311,168.00	March 13, 2024	0.02
2015-16	September 26, 2016 – Final	776,351,042.00	633,535.00	October 26, 2023	0.08

**n) Corporate Identity Number (CIN):**

The Company is registered with Registrar of Companies (ROC) in State of Maharashtra, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L40200MH1995PLC088133.

**o) Registered Office :**

MGL House, Block No: G-33, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051.

**p) Company Secretary and Compliance Officer of the Company :**

Company Secretary and Compliance Officer  
MGL House, G-33 Block  
Bandra-Kurla Complex, Bandra (East)  
Mumbai - 400 051  
Tel: +91 (22) 2652 8924  
Fax: +91 (22) 2652 8925  
Email: investorrelations@mahanagargas.com

The members may communicate their complaints, relating to the securities issued by the Company, to the Company Secretary on the above mentioned co-ordinates.

**q) Registrar and Transfer Agents ("RTA"):**

Link Intime India Pvt Ltd  
C 101, 247 Park,  
L B S Marg, Vikhroli West,  
Mumbai - 400 083  
Telephone No: +91 22 49186000  
Fax: +91 22 49186060  
Website : www.linkintime.co.in

**r) Reconciliation of Share Capital Audit:**

As stipulated by SEBI, a qualified Practicing Company Secretary carries out the Reconciliation of Share Capital Audit to reconcile the total admitted capital with NSDL and CDSL and the total issued and paid-up capital. This audit is carried out every quarter and the report there on is submitted to the Stock Exchanges and is placed before the Stakeholders' Relationship Committee and the Board of Directors of the Company. The audit, inter alia, confirms that the total listed and paid-up capital of the Company is in agreement with the aggregate of the total number of shares in dematerialized form held with NSDL and CDSL and total number of shares in physical form.

**s) Equity Shares in the Suspense Account:**

As per Schedule V read with Schedule VI, Regulation 34(3), 53(f) and 39(4) of Listing Regulations, the details in respect of equity shares lying in the suspense / escrow account are as under:

Particulars	Number of share holders	Number of equity shares held
Aggregate number of shareholders and the outstanding shares in the suspense / escrow account (maintained with CDSL & NSDL) lying as on April 01, 2018	0	0
Number of shareholders who approached the Company for transfer of shares from suspense / escrow account (maintained with NSDL) during the year	0	0
Number of shareholders to whom shares were transferred from the suspense / escrow account (maintained with NSDL) during the year	0	0
Aggregate Number of shareholders and the outstanding shares in the suspense account (maintained with CDSL & NSDL) lying as on March 31, 2019	0	0

**t) Feedback:**

Your feedback is valuable to us to help us serve you better. Members are requested to give us their valuable suggestions, if any, for enhancement of our Investor Services by writing to us / RTA at the address provided hereinabove.

**u) CEO and CFO Certification:**

As required under the provisions of Regulation 33 of Listing Regulations, Mr. Sanjib Datta, Managing Director and Mr. Sunil Ranade, Chief Financial Officer have reviewed the Audited Financial Results and Cash Flow Statements for the Financial Year ended March 31, 2019 and accordingly have provided a certificate, which forms part of this Report.

**v) Report on Corporate Governance**

As required under Regulation 27 of Listing Regulations, your Company has been duly submitting the quarterly compliance report in the prescribed format and within the required timelines to the Stock Exchanges and the same are available on their websites. The said reports are also available on the website of the Company i.e. [www.mahanagargas.com](http://www.mahanagargas.com)

The Compliance Certificate received from the Practicing Company Secretary i.e. M/s. Santosh Singh & Associates regarding compliance of Corporate Governance requirements is forming part of to this report.

Further, your Company has complied with the Corporate Governance requirements specified in Regulations 17 to 27 and clauses (b) to (i) of Sub-regulation (2) of Regulation 46 and the same has been disclosed in this Report.

## Corporate Governance Report

### CERTIFICATE

(Pursuant to clause 10 of Part C of schedule V of LODR)

To  
The Members,  
**Mahanagar Gas Limited**

In pursuance of sub clause (i) of clause 10 of Part C of Schedule V of The Securities Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015; (LODR) in respect of Mahanagar Gas Limited (CIN: L40200MH1995PLC088133), I hereby certify that:

On the basis of the written representation/declaration received from the directors and taken on record by the Board of Directors, as on March 31, 2019 none of the directors on the board of Company have been debarred or disqualified from being appointed or continuing as directors of companies by the SEBI / Ministry of Corporate Affairs or any such statutory authority.

**For Santosh Singh & Associates,**  
Company Secretaries  
(ICSI Unique Code S2002UP057500)

**Santosh Kumar Singh**  
Proprietor  
ACS No.: 15964  
CP No.: 17638

Place: Mumbai  
Date: April 30, 2019



## CEO - CFO CERTIFICATION

To  
The Board of Directors  
**Mahanagar Gas Limited**

- A. We have reviewed the Audited Financial Statements and the Cash Flow Statement of Mahanagar Gas Limited (the "Company") for the Financial Year ended on March 31, 2019 and to the best of our knowledge and belief:
- I. These statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading;
  - II. These statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the Financial Year ended on March 31, 2019 which are fraudulent, illegal or violative of the Code of Conduct of the Company.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. We have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps that we have taken or proposed to be taken to rectify the deficiencies.
- D. We have indicated to the Auditors and the Audit Committee:
- I. Significant changes in the Company's internal control over financial reporting during the Financial Year ended on March 31, 2019;
  - II. Significant changes in accounting policies, if any, during the Financial Year ended March 31, 2019 have been disclosed in the notes to the Financial Statements; and
  - III. Instances of significant fraud of which we have become aware and involvement therein, if any, of the management or other employees having a significant role in the Company's internal control system over financial reporting.

Place: Mumbai  
Date: April 23, 2019

**Sunil M. Ranade**  
Chief Financial Officer

**Sanjib Datta**  
Managing Director

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## DECLARATION

As provided under the provisions of Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, I hereby declare that all the Board of Directors and Senior Management Personnel of the Company have affirmed the compliance with the Code of Conduct for the year ended March 31, 2019.

Place: Mumbai  
Date: April 23, 2019

**Sanjib Datta**  
Managing Director

## Corporate Governance Report

### CERTIFICATE ON CORPORATE GOVERNANCE

To,  
The Members,  
**Mahanagar Gas Limited,**  
MGL House, Block No. G-33,  
Bandra Kurla Complex,  
Bandra (East),  
Mumbai - 400 051

We have examined the compliance of conditions of Corporate Governance by Mahanagar Gas Limited (hereinafter referred as "Company") for the year ended March 31, 2019 as prescribed in Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of regulation 46 and paras C, D and E of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as "Listing Regulations").

We state that compliance of conditions of Corporate Governance is the responsibility of the management and our examination was limited to procedures and implementation thereof adopted by the Company for ensuring compliance with conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion, and to the best of our information and according to our examination of the relevant records and the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as prescribed under Listing Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

This certificate is issued solely for the purposes of complying with Listing Regulations and may not be suitable for any other purpose.

#### For Santosh Singh & Associates,

Company Secretaries  
(ICSI Unique Code S2002UP057500)

#### Santosh Kumar Singh

Proprietor  
ACS No.: 15964  
CP No.: 17638

Place: Mumbai  
Date: April 30, 2019



# Independent Auditor's Report

for the year ended March 31, 2019

To  
The Members of  
**Mahanagar Gas Limited**

## Report on the Audit of the Ind AS Financial Statements

### OPINION

1. We have audited the accompanying Ind AS financial statements of Mahanagar Gas Limited ("the Company"), which comprise the Balance sheet as at March 31, 2019, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its profit including other comprehensive income its cash flows and the changes in equity for the year ended on that date.

### BASIS FOR OPINION

2. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those Standards are further described in the 'Auditor's

Responsibilities for the Audit of the Ind AS 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 ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

### KEY AUDIT MATTERS

3. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.
4. We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matters	How our audit addressed the key audit matter
<b>Contingencies: Raigarh Minimum Work Programme Commitment (MWP)</b>	
(as described in notes 31.8 containing details of contingencies in the financial statements)	
The Company has a commitment to achieve MWP for its Raigarh Geographical Area (GA) as per the PNGRB authorization letter dated April 01, 2015 under the PNGRB (Authorizing Entities to Lay, Operate or Expand City or Local Natural Gas Distribution Networks ((GSR 196 (E)) Regulations, 2008. The commitment was to be achieved by March 2020 with yearly rest as stated in the authorization letter. The Company has provided a performance bank guarantee amounting to ₹ 10,520 lakhs against this commitment to PNGRB.	<ul style="list-style-type: none"> <li>We read the copies of communication exchanged between PNGRB and the Company during the year. We have compared the said communication with the appropriateness of disclosure in the financial statements.</li> </ul>



## Independent Auditor's Report

for the year ended March 31, 2019

### Key audit matters

Till March 31, 2018, the Company was unable to achieve the cumulative MWP target and basis the meeting with PNGRB representatives dated 12th March 2018 and the Show Cause Notice received by PNGRB dated July 23, 2018 the Company submitted the remedial action plan on August 2, 2018 to achieve the target by March 31, 2020 with revised yearly rest.

The Company has achieved the cumulative target as specified in the remedial action plan for the year ended March 31, 2019 for domestic connections, however it has not achieved the cumulative target for laying steel inch km of pipelines.

This area is significant to our audit, since the encashment of bank guarantee is dependent on the Company achieving the targets as committed to the PNGRB as be the revised remedial plan and any further extension thereof including PNGRB's view of such default.

The Company has part achieved its cumulative target in the current year, there exist uncertainty of whether PNGRB would levy the penalty and encash the bank guarantees which can have a material impact on the financial statements. Considering this uncertainty, the Company has disclosed the matter as a contingent liability as at March 31, 2019 as there has been no further communication received from PNGRB in this matter.

### How our audit addressed the key audit matter

- We performed inquiries with the in house legal counsel and the commercial team on the legal evaluation of the PNGRB show cause letter including the legal advice obtained by the Company and understood their interpretation of the implications on the Company and obtained a specific representation on the management's interpretation and implication.
- We obtained and discussed with the management and those charged with governance on its ability to achieve the commitment as per the remedial action plan and its view on encashment of bank guarantee.
- We evaluated the disclosures in the financial statements with the representations given by the management.

### Impairment of slow moving/non-moving projects lying in Capital Work-in-Progress

(as described in note 2.2(b) of the significant accounting policies, and note 3 for details and movement in capital work-in-progress in the financial statements)

As at March 31, 2019, the Company has ₹ 36,968.66 lakhs of Capital Work-in-Progress.

The Company's spending on Capital Work-in-progress is material as indicated by the total value as at date. The assessment and the timing of put to use of the asset as set out in Ind AS 16, 'Property, Plant and Equipment', requires judgement and is dependent on the completion of projects after obtaining all necessary approvals.

The Company has long outstanding capital work-in-progress relating to old slow/non-moving projects which have been delayed because several internal and external factors.

As a result, this was noted as a key audit matter, with focus on certain slow moving/non-moving projects, where the risk of assessment of impairment of such items was deemed higher because of the complexity of the specific projects and the delays involved.

Our audit procedures among others included the following:

- Assessed the design and implementation and tested the operating effectiveness of key controls over the management review of capital work in progress.
- We obtained the list of delayed projects from the management and on a sample basis obtained reasons of the delay and the expected capitalization dates from the management.
- For assets capitalized during the year, we considered the planned vs actual capitalization dates to test the management's assessment of expected capitalization dates.
- We tested management's assessment of indicators of impairment of old projects as may be required.
- For old projects capitalized during the year, we tested on sample basis to determine that the useful life of the asset was adjusted to reflect the wear and tear of such assets.

## Independent Auditor's Report

for the year ended March 31, 2019

Key audit matters	How our audit addressed the key audit matter
<b>Contingencies: Uran Trombay Transportation Tariff Matter</b>	
(as described in notes 31.9 containing details of contingencies of the financial statements)	
<p>The Company has entered into an agreement with GAIL (India) Limited for supply of Natural Gas, which is being supplied by ONGC to GAIL at ONGC Trombay. ONGC is transporting its own gas from ONGC Uran to Trombay through its Uran Trombay Natural Gas Pipeline (UTNGPL).</p> <p>The Company has certain disputes with GAIL with respect to applicability of transportation tariff of UTNGPL as levied retrospectively from 20<sup>th</sup> November 2008 till date of ₹ 15,277 lacs which has not been provided in the books of accounts or paid to GAIL till date. The dispute is currently at Appellate Tribunal for Electricity (APTEL).</p> <p>The claims made by the Company involves complex estimation and the Company is required to assess the need to make provision or disclose a contingency considering the underlying facts of the litigation and its probability of winning the case at the APTEL.</p> <p>This area is significant to our audit, since the accounting and disclosure for contingent legal liabilities is complex and involves judgment in assessment of the outcome of the matter and estimating the potential impact if the outcome is unfavorable, and the amounts involved are, or can be, material to the financial statements.</p>	<p>Our audit procedures among others included the following:</p> <ul style="list-style-type: none"> <li>● We evaluated the design and tested the operating effectiveness of controls in respect of the identification and evaluation of claims, proceedings and investigations at different levels, and the recording and continuous re-assessment of the related contingent liabilities and disclosures.</li> <li>● We performed inquiries with the in house legal counsel on the legal evaluation of the litigation.</li> <li>● We have tested the underlying computation of the management in relation to the measurement of the contingency.</li> <li>● We have obtained written legal confirmation of litigation claims and have relied on the written legal opinion obtained by the Company from the Company's internal and external legal counsel for the matter relating to their expectations of the company's prospects in this case.</li> <li>● We evaluated the disclosures in the financial statements</li> </ul>

We have determined that there are no other key audit matters to communicate in our report.

## OTHER INFORMATION

5. The Company's Board of Directors is responsible for the other information. The other information comprises the directors report, business responsibility report and the corporate governance report but does not include the Ind AS financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the message from chairman, financial snapshot, management discussion and analysis, which is expected to be made available to us after that date.

Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether such other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information

that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the remaining report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

## Responsibilities of Management for the Ind AS Financial Statements

6. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Second Amendment Rules, 2018, as amended. This responsibility also includes maintenance

## Independent Auditor's Report

for the year ended March 31, 2019

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 the 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

7. 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. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

8. 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 Ind AS financial statements.
9. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, 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 Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

10. 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.
11. 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.
12. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Independent Auditor's Report

for the year ended March 31, 2019

### Report on Other Legal and Regulatory Requirements

13. 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 Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
14. 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 the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Second Amendment Rules, 2018, as amended;
  - (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 with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
  - (g) In our opinion, the managerial remuneration for the year ended March 31, 2019 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 31.9 to the Ind AS financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

**per Vikram Mehta**

Partner

Membership Number: 105938

Place of Signature: Mumbai

Date: May 9, 2019

**Independent Auditor's Report**  
for the year ended March 31, 2019

**ANNEXURE 1 REFERRED TO IN PARAGRAPH  
13 OF OUR REPORT OF EVEN DATE**

Re: Mahanagar Gas Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification of all assets except for underground assets in relation to the gas distribution network which cannot be physically verified. The programme for physical verification in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties, included in property, plant and equipment are held in the name of the Company.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to Companies, Firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Companies Act, 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013 related to the sale of natural gas and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess, GST and other statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax, excise duty on account of any dispute, are as follows:

## Independent Auditor's Report

for the year ended March 31, 2019

Name of the Statute	Nature of Dues	Amount ₹ in lacs (unpaid)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise Duty	305.14	March 2001 - December 2004	High Court
		3,241.10	July 2005 - April 2016	CESTAT/CESTAT (Appeal)
		1,674.71	April 2014 - April 2016	Commissioner/Commissioner (Appeal)
		226.12	March 2010 - July 2017	Joint Commissioner/Joint Commissioner (Appeals)
		153.38	October 2014 - April 2017	Assistant Commissioner
		273.80	April 2014 - April 2016	Additional Commissioner
Central Excise Act, 1944	Service Tax	7.74	Jan 2016 - April 2017	Superintendent of Central Goods and Service Tax
		451.31	May 2005 - September 2015	CESTAT/CESTAT (Appeal)
		64.74	April 2006 - September 2015	Commissioner/Commissioner (Appeal)
		3.99	April 2014 - January 2016	Assistant Commissioner
Maharashtra Value Added Tax Act, 2002	Sales Tax	13.88	October 2015- March 2017	Deputy Commissioner
		299.03	April 2006 - March 2011	Joint Commissioner/Joint Commissioner (Appeals)
Income Tax Act, 1961	Income Tax	157.42	AY 2002-2003 to AY 2016-2017	Commissioner of Income Tax / Commissioner of Income Tax (Appeals)
		13.05	Assessment Year 2005-2006	Income Tax Assessing Officer

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans to government. The Company did not have any outstanding loans or borrowing dues in respect of a financial institution or bank or dues to debenture holders during the year.
- (ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer / further public offer / debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

**Independent Auditor's Report**

for the year ended March 31, 2019'

- (xiv) According to the information and explanations given to us and on an overall examination of the Balance Sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act. According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

**per Vikram Mehta**

Partner

Membership Number: 105938

Place of Signature: Mumbai

Date: May 09, 2019

## ANNEXURE II 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 Mahanagar Gas Limited ("the Company") as of March 31, 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 the 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.

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent 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 with reference to these financial statements 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 over financial reporting with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the 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 internal financial controls over financial reporting with reference to these financial statements.

### Meaning of Internal Financial Controls Over Financial Reporting with Reference to these Financial Statements

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



## Independent Auditor's Report

for the year ended March 31, 2019'

### Inherent Limitations of Internal Financial Controls Over Financial Reporting with Reference to these Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these financial statements 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, adequate internal financial controls over financial reporting with reference to these financial statements and such internal financial controls over financial reporting with reference to these financial statements 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 R B C & CO LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 324982E/E300003

**per Vikram Mehta**  
Partner  
Membership Number: 105938

Place of Signature: Mumbai  
Date: May 9, 2019

# Balance Sheet

as at March 31, 2019

(₹ in Lakh)

Particular	Notes	As at 31st March 2019	As at 31st March 2018
<b>ASSETS</b>			
<b>I. Non-current Assets</b>			
(a) Property, Plant and Equipment	3	175,875.27	152,805.91
(b) Capital Work-in-Progress	3	36,968.66	35,662.28
(c) Intangible Assets	3	466.14	389.08
(d) Financial Assets			
(i) Trade Receivables	4	6.32	20.47
(ii) Security Deposits	5	1,921.37	1,774.95
(iii) Other Financial Assets	6	35.75	2,516.52
(e) Income Tax Assets (net)		3,361.37	2,399.35
(f) Other Non-current Assets	7	7,880.74	7,905.11
<b>Total Non-current Assets (I)</b>		<b>226,515.62</b>	<b>203,473.67</b>
<b>II. Current assets</b>			
(a) Inventories	8	1,911.79	2,399.86
(b) Financial Assets			
(i) Investments	9	65,401.65	68,768.42
(ii) Trade Receivables	4	9,953.11	8,846.90
(iii) Cash and Cash Equivalents	10	2,653.12	1,501.54
(iv) Bank balances other than (iii) above	11	27,230.90	7,686.29
(v) Security Deposits	5	859.63	1,552.24
(vi) Other Financial Assets	12	7,749.32	5,079.89
(c) Other current assets	13	1,827.30	1,714.78
<b>Total Current Assets (II)</b>		<b>117,586.82</b>	<b>97,549.92</b>
<b>TOTAL (I+II)</b>		<b>344,102.44</b>	<b>301,023.59</b>
<b>EQUITY AND LIABILITIES</b>			
<b>I. Equity</b>			
(a) Equity Share Capital	14	9,877.78	9,877.78
(b) Other Equity	15	230,009.23	199,656.85
<b>Total Equity (I)</b>		<b>239,887.01</b>	<b>209,534.63</b>
<b>II. Liabilities</b>			
<b>A. Non-current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	16	-	119.51
(ii) Security Deposits	17	180.88	85.94
(b) Provisions	18	1,431.12	1,475.19
(c) Deferred Tax Liabilities (net)	19	20,483.87	17,482.94
<b>Total Non-current Liabilities (A)</b>		<b>22,095.87</b>	<b>19,163.58</b>
<b>B. Current Liabilities</b>			
(a) Current Financial Liabilities			
(i) Trade Payables	20		
- outstanding dues of micro and small enterprises		647.47	347.88
- outstanding dues of creditors other than micro and small enterprises		14,597.40	10,654.81
(ii) Security Deposits		51,791.67	44,315.39
(iii) Other Financial Liabilities	21	9,944.61	12,568.55
(b) Provisions	18	688.36	514.34
(c) Income Tax Liabilities (net)		80.77	80.77
(d) Other Current Liabilities	22	4,369.28	3,843.64
<b>Total Current Liabilities (B)</b>		<b>82,119.56</b>	<b>72,325.38</b>
<b>Total Liabilities (II = A+B)</b>		<b>104,215.43</b>	<b>91,488.96</b>
<b>TOTAL (I+II)</b>		<b>344,102.44</b>	<b>301,023.59</b>
See accompanying notes to the financial statements	1-31		

In terms of our report attached

For and on behalf of the Board of Directors of Mahanagar Gas Limited

For **S R B C & CO LLP**

Chartered Accountants

FRN 324982E/E300003

**Per Vikram Mehta**

Partner

Membership No: 105938

Place: Mumbai

Date: May 9, 2019

**Sanjib Datta**

Managing Director

DIN: 07008785

Place: Mumbai

Date: May 9, 2019

**S M Ranade**

Chief Financial Officer

ACA No: 39230

Place: Mumbai

Date: May 9, 2019

**Alok Mishra**

CS & Compliance Officer

ACS No: A-15967

Place: Mumbai

Date: May 9, 2019

## Statement of Profit and Loss

for the year ended March 31, 2019

(₹ in Lakh)

Particular	Notes	For the year ended 31st March 2019	For the year ended 31st March 2018
I Revenue from Contracts with Customers	23	305,679.34	245,291.74
II Other Income	24	7,771.25	5,768.06
<b>III Total Income (I + II)</b>		<b>313,450.59</b>	<b>251,059.80</b>
IV Expenses :			
Cost of Natural Gas and Traded Items	25	139,926.42	102,916.24
Changes in Inventories	26	(10.42)	(4.69)
Excise Duty on Sale of Compressed Natural Gas		26,572.00	21,991.04
Employee Benefits Expense	27	7,087.90	6,701.67
Finance Costs	28	32.28	9.04
Depreciation and Amortisation Expenses	3	12,593.07	11,118.46
Other Expenses	29	43,558.12	35,676.71
<b>Total Expenses</b>		<b>229,759.37</b>	<b>178,408.47</b>
<b>V Profit Before Tax for the year (III- IV)</b>		<b>83,691.22</b>	<b>72,651.33</b>
VI Income Tax Expense :			
(i) Current Tax		26,139.71	21,175.81
(ii) Deferred Tax		2,912.60	3,688.29
<b>Total Income Tax Expense (i+ii)</b>		<b>29,052.31</b>	<b>24,864.10</b>
<b>VII Profit After Tax for the year (V - VI)</b>		<b>54,638.91</b>	<b>47,787.23</b>
VIII Other Comprehensive Income			
Items that will not be reclassified to profit or loss :	30		
Gains/(Losses) on Remeasurements of the Defined Benefit Plans		192.51	159.01
Income tax relating to items that will not be reclassified to profit or loss		(67.27)	(56.31)
<b>Total Other Comprehensive Income</b>		<b>125.24</b>	<b>102.70</b>
<b>IX Total Comprehensive Income for the year (VII + VIII)</b>		<b>54,764.15</b>	<b>47,889.93</b>
X Earnings per equity share (EPS) (Face value of ₹ 10/- each)	31.7		
Basic (₹)		55.31	48.38
Diluted (₹)		55.31	48.38
<b>See accompanying notes to the financial statements</b>	1-31		

There were no exceptional item(s) and discontinued operation(s) during the years presented.

In terms of our report attached

For and on behalf of the Board of Directors of Mahanagar Gas Limited

For **S R B C & CO LLP**  
Chartered Accountants  
FRN 324982E/E300003

**Per Vikram Mehta**  
Partner  
Membership No: 105938

**Sanjib Datta**  
Managing Director  
DIN: 07008785

**S M Ranade**  
Chief Financial Officer  
ACA No: 39230

**Alok Mishra**  
CS & Compliance Officer  
ACS No: A-15967

Place: Mumbai  
Date: May 9, 2019

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Date: May 9, 2019

## Statement of Cash Flows

for the year ended March 31, 2019

(₹ in Lakh)

Particular	For the year ended 31st March 2019	For the year ended 31st March 2018
<b>I. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit before tax as per Statement of Profit and Loss</b>	<b>83,691.22</b>	72,651.33
Adjustments for:		
Depreciation and Amortisation Expense	12,593.07	11,118.46
Writeoff and loss on Disposal of Property, Plant and Equipment	421.66	249.21
Net unrealised foreign exchange (gain)/ loss	(74.47)	59.94
Gain on sale of Investments	(281.60)	(441.86)
Unrealised Gain on Investments	(1,178.92)	(629.19)
Allowance for Doubtful Trade Receivables (Net)	(2.83)	18.09
Expected credit loss allowance for Security Deposits (Net)	559.04	92.70
Bad Trade Receivables written off	62.81	10.07
Sundry Deposits written off	140.82	31.93
Finance Costs	32.28	9.04
Dividend Income on Investments	(1,952.64)	(1,889.84)
Interest Income	(2,674.94)	(1,449.32)
<b>Operating Profit Before Working Capital Changes</b>	<b>91,335.50</b>	<b>79,830.56</b>
Movements in working capital :		
(Increase)/Decrease in Inventories	488.07	(23.52)
(Increase)/Decrease in Trade Receivables	(1,152.04)	500.09
(Increase)/Decrease in Security Deposits	(65.96)	(60.74)
(Increase)/Decrease in Other Financial Assets	(2,756.46)	(915.34)
(Increase)/Decrease in Other Non Current Assets	(8.18)	354.58
(Increase)/Decrease in Other Current Assets	(112.52)	348.65
Increase/(Decrease) in Other Financial Liabilities	(4,854.95)	3,446.11
Increase/(Decrease) in Provisions	322.46	82.73
Increase/(Decrease) in Trade Payables	4,316.65	(1,066.23)
Increase/(Decrease) in Security Deposits (Liability)	7,478.40	5,599.27
Increase/(Decrease) in Other Current Liabilities	525.64	(47.16)
	<b>4,181.11</b>	<b>8,218.44</b>
<b>Cash Generated from Operations</b>	<b>95,516.61</b>	<b>88,049.00</b>
Income Taxes Paid	(27,080.68)	(22,835.82)
<b>Net Cash from Operating Activities</b>	<b>68,435.93</b>	<b>65,213.18</b>

**Statement of Profit and Loss**

for the year ended March 31, 2019

(₹ in Lakh)

Particular	For the year ended 31st March 2019	For the year ended 31st March 2018
<b>II. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Payments for Property, Plant and Equipment	(36,245.02)	(26,902.89)
Proceeds from sale of Property, Plant and Equipment	26.64	16.58
Payments for purchase of Investments	(404,961.68)	(324,204.84)
Proceeds from sale of Investments	409,696.61	303,781.94
Movements in Bank Deposits not considered as Cash and Cash Equivalents	(16,119.52)	2,484.39
Interest Received	1,822.30	1,068.50
Dividend Received on Investments	1,952.64	1,889.84
Net Cash (used in) Investing Activities	<b>(43,828.03)</b>	<b>(41,866.48)</b>
<b>III. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of Borrowings	(119.51)	(150.52)
Dividend Paid (Includes Dividend Distribution Tax)	(23,302.41)	(22,359.04)
Interest Paid	(34.40)	(74.50)
Net Cash used in Financing Activities	<b>(23,456.32)</b>	<b>(22,584.06)</b>
Net Increase in Cash and Cash Equivalents (I+II+III)	<b>1,151.58</b>	<b>762.64</b>
Cash and Cash Equivalents at the beginning of the year (refer note 10)	1,501.54	738.90
Cash and Cash Equivalents at the end of the year (refer note 10)	<b>2,653.12</b>	<b>1,501.54</b>
See accompanying notes forming part of the financial statements		

In terms of our report attached

For and on behalf of the Board of Directors of Mahanagar Gas Limited

For **S R B C & CO LLP**

Chartered Accountants

FRN 324982E/E300003

**Per Vikram Mehta**

Partner

Membership No: 105938

Place: Mumbai

Date: May 9, 2019

**Sanjib Datta**

Managing Director

DIN: 07008785

Place: Mumbai

Date: May 9, 2019

**S M Ranade**

Chief Financial Officer

ACA No: 39230

Place: Mumbai

Date: May 9, 2019

**Alok Mishra**

CS &amp; Compliance Officer

ACS No: A-15967

Place: Mumbai

Date: May 9, 2019

## Statement of Changes in Equity

for the year ended 31st March, 2019

(₹ in Lakh)

Particulars	Equity Share Capital		Reserves and Surplus		
	Number of shares	Equity share capital [a] (note 14)	General Reserve [b] (note 15)	Retained earnings [c] (note 15)	Total [a+b+c]
<b>Balance as at 1st April 2017</b>	<b>98,777,778</b>	<b>9,877.78</b>	<b>21,183.81</b>	<b>1,52,942.15</b>	<b>1,84,003.74</b>
Add: Profit for the Year	-	-	-	47,787.23	47,787.23
Other Comprehensive Income (Net of Tax) (refer note 30)	-	-	-	102.70	102.70
Final Dividend Paid for FY 2016-17 **	-	-	-	(10,674.95)	(10,674.95)
Interim Dividend Paid for FY 2017-18 #	-	-	-	(7,902.22)	(7,902.22)
Tax on Dividend Paid	-	-	-	(3,781.87)	(3,781.87)
<b>Balance as at 31st March 2018</b>	<b>98,777,778</b>	<b>9,877.78</b>	<b>21,183.81</b>	<b>1,78,473.04</b>	<b>2,09,534.63</b>
Add: Profit for the Year	-	-	-	54,638.91	54,638.91
Other Comprehensive Income (Net of Tax) (refer note 30)	-	-	-	125.24	125.24
Final Dividend Paid for FY 2017-18 #	-	-	-	(10,865.55)	(10,865.55)
Interim Dividend Paid for FY 2018-19	-	-	-	(9,383.89)	(9,383.89)
Tax on Dividend Paid	-	-	-	(4,162.33)	(4,162.33)
<b>Balance as at 31st March 2019</b>	<b>98,777,778</b>	<b>9,877.78</b>	<b>21,183.81</b>	<b>2,08,825.42</b>	<b>2,39,887.01</b>

\*\* Total dividend paid for the FY 2016-17 is ₹18,438.46 lakh which includes special dividend of ₹6,307.79 lakh.

# Total dividend paid for the FY 2017-18 is ₹18,767.77 lakh which includes special dividend of ₹6,420.56 lakh.

In terms of our report attached

For and on behalf of the Board of Directors of Mahanagar Gas Limited

For **S R B C & CO LLP**  
Chartered Accountants  
FRN 324982E/E300003

**Per Vikram Mehta**  
Partner  
Membership No: 105938

**Sanjib Datta**  
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Place: Mumbai  
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# Notes to the Financial Statements

for the year ended March 31, 2019

## 1. GENERAL INFORMATION

Mahanagar Gas Limited ("MGL" or "the company") is a limited company domiciled in India and was incorporated on May 8, 1995. Equity shares of the Company are listed in India on the Bombay Stock Exchange and The National Stock Exchange. The registered office of the Company is located at MGL House, G-33 Block, Bandra-Kurla Complex, Bandra (East), Mumbai 400051.

MGL is in the business of City Gas Distribution ("CGD"), presently supplying Natural Gas in the city of Mumbai including its adjoining areas and the Raigad district, in the State of Maharashtra, India.

The financial statements are presented in Indian Rupee (INR) which is also Functional Currency of the Company. The financial statements were authorised for issue by the directors on 9th May, 2019.

All values are rounded off to the nearest ₹ lakh except when stated otherwise.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 2.1 Basis of preparation

#### a. Statement of Compliance :

The financial statements have been prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

#### b. Historical cost convention

The financial statements have been prepared on a historical cost convention and on an accrual basis, except for certain items that are measured at fair value as required by relevant Ind AS:

- Financial assets and financial liabilities measured initially at fair value (refer accounting policy on financial Instruments);
- Defined benefit and other long-term employee benefits.

#### c. Current vs Non-Current Classification:

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is treated as current when

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

### 2.2 Property, plant and equipment

All items of property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition or construction of the items. Subsequent costs are added to existing item's carrying amount or recognised as a separate item, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other subsequent costs related to an item are charged to the statement of profit and loss during the reporting period in which they are incurred. In case of commissioned assets where final payment to the contractors is pending, capitalisation is made on provisional basis subject to necessary adjustment in cost and depreciation in the year of settlement.

## Notes to the Financial Statements for the year ended March 31, 2019

### a. Commissioning

Gas distribution systems are treated as commissioned when supply of gas reaches to the individual points and ready for intended use.

### b. Capital work-in-progress

Capital Work-in-Progress includes, material, labour and other directly attributable costs incurred on assets, which are yet to be commissioned. Capital Inventory is included in Capital work-in-progress and comprises stock of capital items and construction materials at stores and with contractors.

### c. Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate cost, net of estimated residual value, over estimated useful lives.

The useful lives and residual values are as prescribed under schedule II to Companies Act, 2013, except in respect of, following category of property plant and equipment where useful life estimated as per management estimate is based on technical advice, taking into account the nature of the asset, replacements generally required from the point of view of operational effectiveness:

CNG Compressors and Dispensers - 10 years

CNG Cascades - 20 years

Underground pipeline network - 25 years

Intangible assets (Softwares/Licenses) are amortised over 6 years based on useful life.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Depreciation on the property, plant and equipment added / disposed off / discarded during the year is provided on pro-rata basis with reference to the time of addition/disposal/discarding.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit and loss under Other Expenses.

### d. Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial

statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 - Intangible Assets.

Accordingly, the Company had elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

## 2.3 Impairment of assets

The carrying values of assets/cash generating units at each balance sheet date are reviewed for impairment. The cash generating unit is the group of asset that generates identified independent cashflows. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the fair value less costs of disposal and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss.

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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

## 2.4 Investments and other financial assets

### a. Classification

The company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.



## Notes to the Financial Statements

for the year ended March 31, 2019

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held.

The company reclassifies debt investments when and only when its business model for managing those assets changes.

Assets that are held for collection of contractual cash flows where those cash flows represent sole payment of principal and interest are measured at amortised cost.

Investments in mutual funds are primarily held for the Company's cash requirements and can be readily convertible in cash. These investments are initially recognised at fair value and carried at fair value through profit or loss (FVTPL).

### b. Initial recognition and measurement

All financial assets are recognised initially at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial asset (other than financial asset at fair value through Profit or Loss) are added to or deducted from the fair value of the financial assets, as appropriate on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through the Statement of Profit and Loss are recognised immediately in Statement of Profit and Loss.

### c. Subsequent measurement

All recognised financial assets are subsequently measured in their entirety at either amortized cost or 'fair value through profit or loss' or 'fair value through other comprehensive income', depending on the classification of the financial asset.

### d. Impairment of financial assets

The company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, except for specifically identified cases, Company follow a simplified approach where provision is made as per the ageing buckets which are designed based on historical facts and patterns. For security deposits placed with government authorities, the company recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the company expects to receive (i.e., all cash shortfalls), discounted at the original EIR.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

### e. Derecognition of financial assets

A financial asset is derecognised only when

- The Company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the company has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the company has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the

## Notes to the Financial Statements

for the year ended March 31, 2019

financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

### 2.4.1 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, Cash and cash equivalents includes cash on hand, cash in transit and short term deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### 2.5 Financial Liabilities

#### a. Classification as debt or equity

Debt and equity instruments issued by Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

#### b. Measurement

Financial liabilities are initially recorded at fair value and are subsequently measured at amortised cost using effective interest method or at FVTPL

#### c. Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the gross carrying amount on initial recognition.

#### d. Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

#### e. Trade and other payables

These amounts represent liabilities for goods and services received by the Company prior to the end of reporting period which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost.

### 2.6 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

### 2.7 Inventories

Stock of gas is valued at lower of cost computed on First In First Out (FIFO) basis and estimated net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Inventories other than stock of gas are valued at cost, which is determined on weighted average net off provision for cost of obsolescence / slow moving inventory and other anticipated losses, wherever considered necessary.

Cost of inventories includes all other costs incurred in bringing the inventories to their present location and condition.

## Notes to the Financial Statements

for the year ended March 31, 2019

### 2.8 Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 2.18

The Company earns revenues primarily from sale of natural gas. Revenue is recognised on supply of gas to customers by metered/assessed measurements. The Company has concluded that it is the principal in all its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has the pricing latitude and is also exposed to credit risk.

Based on the Educational Material issued by the ICAI, the company has assumed that recovery of excise duty flows to the company on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the company on its own account, revenue includes excise duty.

However, sales tax/ value added tax (VAT) / Goods and Service Tax (GST) is not received by the company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

Revenue is measured at the fair value of the consideration received or receivable, inclusive of excise duty. Amounts disclosed as revenue are net of trade allowances, rebates, value added taxes and amounts collected on behalf of third parties.

Compensation receivable from customers with respect to shortfall in minimum guaranteed offtake of gas is recognised on contractual basis. Delayed payment charges are recognised on receipt basis in view of uncertainty of collection.

### 2.9 Interest and Dividend income

Interest income from a financial asset is recognised when it is probable that the economic benefit will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income from investments is recognised when the right to receive dividend has been established.

### 2.10 Foreign currencies

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in the statement of profit and loss. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates prevailing at the reporting date.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other gains/(losses).

### 2.11 Income tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before tax" as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. Income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities.

#### Current Tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

#### Deferred Tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

## Notes to the Financial Statements for the year ended March 31, 2019

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the company has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in statement of profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

### 2.12 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of profit and loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

### 2.13 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are expensed in the period in which they are incurred.

### 2.14 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be

required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

### 2.15 Employee benefits

#### a. Short-term obligations

Liabilities for wages and salaries, including other monetary and non-monetary benefits that are expected to be settled wholly within 12 months after the end of the reporting period are recognised and measured at the undiscounted amounts expected to be paid when the liabilities are settled.

#### b. Post-employment obligations (Defined Benefit Obligations)

The Company operates the following post-employment schemes:

- defined benefit plans - gratuity and post-retirement medical benefit scheme
- defined contribution plans such as provident fund.

Defined Benefit Plans - Gratuity obligations and post-retirement medical benefit obligations

The liability or asset recognised in the balance sheet in respect of gratuity is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss. Remeasurement gains

## Notes to the Financial Statements

for the year ended March 31, 2019

and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the statement of profit and loss as past service cost.

### Compensated absences

The Company's liabilities under for long term compensated absences is determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method except for short term compensated absences which are provided for based on estimates. The benefits are discounted using the market yields at the end of the reporting period that gave terms approximating to the terms of the related obligation. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

### Defined contribution plans

Company pays provident fund contributions to publicly administered provident funds and National Pension Scheme(NPS) as per local regulations. Company's contribution to provident fund and NPS is recognised on accrual basis in the Statement of Profit and Loss. Company has no further payment obligations once the contributions have been paid.

#### c. Other long-term employee benefit obligations

The liabilities for long service awards and compensated absences which are not expected to be settled wholly within 12 months after the end of the reporting period are measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period, using the projected unit credit method. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the statement of profit and loss.

## 2.16 Segment reporting

The board of directors assesses performance of the Company as Chief Operating Decision Maker.

The Company has a single operating segment that is "Sale of Natural Gas". Accordingly, the segment revenue, segment results, segment assets and segment liabilities are reflected in the financial statements themselves as at and for the financial year ended March 31, 2019.

## 2.17 Earnings per share

Basic earnings per share is computed by dividing the profit after tax before other comprehensive income by the weighted average number of equity shares outstanding during the financial year. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity and dilutive equity equivalent shares outstanding during the year, except where the results would be anti dilutive.

## 2.18 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the management of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the following areas the management of the Company has made critical judgements and estimates

### Useful lives of property, plant and equipment

The Company reviews the useful lives and carrying amount of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

### Estimation of defined benefit obligation

The company has defined benefit plans for its employees which are actuarially valued. Such valuation is based on many estimates and other factors, which may have a scope of causing a material adjustment to the carrying amounts of assets and liabilities.

### Recognition of deferred tax assets

Deferred tax asset is recognised for all the deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. The management assumes that taxable profits will be available while recognising deferred tax assets.

## Notes to the Financial Statements for the year ended March 31, 2019

### Provision on receivables

The Company has a defined policy for provision of receivables which is based on the ageing of receivables. The Company reviews the policy at regular intervals.

### Recognition and measurement of other provisions

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources and on past experience and circumstances known at the balance sheet date. The actual outflow of resources at a future date may therefore vary from the figure so provided and included as liability.

### Recognition and measurement of unbilled gas sales revenue

In case of customers where meter reading dates for billing is not matching with reporting date, the gas sales between last meter reading date and reporting date has been accrued by the company based on past average sales. The actual sales revenue may vary compared to accrued unbilled revenue so included in Sale of natural gas and classified under current financial assets.

## 2.19 Fair Value Measurements

The Company measures financial instruments such as derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (a) In the principal market for the asset or liability, or
- (b) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the

use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the company can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3- Level 3 inputs are unobservable inputs for the asset or liability.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the company determines whether transfer have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level of input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair value for measurement and/or disclosure purposes in these financial information is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

## 2.20 Changes in accounting policies and disclosures - New and amended standards

Ind AS 115 Revenue from Contracts with Customers, mandatory for reporting periods beginning on or after April 1, 2018, replaces earlier revenue recognition requirements. Under the modified retrospective approach there were no adjustments required to the retained earnings at April 1, 2018. Also, the application of Ind AS 115 does not have any significant impact on recognition and measurement of revenue and related items in the financial results.

Several other amendments and interpretations apply for the first time in March 2019, but do not have an impact on the financial statements of the Company. The Company has not early adopted any standards or amendments that have been issued but are not yet effective.

## 2.21 Recent accounting pronouncements - Standards issued but not yet effective:

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2019 amending the following standard.

## Notes to the Financial Statements

for the year ended March 31, 2019

### Ind AS 116 Leases

Ind AS 116 Leases was notified by MCA on 30 March 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of ‘low-value’ assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less).

At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under Ind AS 116 is substantially unchanged from today’s accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases.

The Company will implement Ind AS 116 from 1 April 2019 by applying the modified retrospective approach, meaning that the comparative figures in the financial statements for the year ending 31st March 2019 will not be restated to show the impact of Ind AS 116.

The operating leases which will be recorded on the balance sheet following implementation of Ind AS 116 are principally in respect of office premises, leasehold land, warehouses, plant and machinery, vehicles and other identified assets representing right to use as per contracts excluding low value assets and short term leases of 12 months or less.

The anticipated impact of the standard on the company is not yet known though is not expected to be material on the income statement or net assets though assets and liabilities will be grossed up for the net present value of the outstanding operating lease liabilities as at 1 April 2019. See note 31.5 for information on operating lease commitments.

### Amendments to Ind AS 19 : Plan Amendment, Curtailment or Settlement

The amendments to Ind AS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event
- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss.

An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 April 2019. These amendments will apply only to any future plan amendments, curtailments, or settlements of the Company.

### Amendments to Ind AS 12: Income Taxes

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises 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.

An entity applies those amendments for annual reporting periods beginning on or after 1 April 2019. Since the Company’s current practice is in line with these amendments, the Company does not expect any effect on its financial statements.

Notes to the Financial Statements  
for the year ended March 31, 2019

### 3. PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS

Description of Assets	Gross Carrying Amount			Accumulated Depreciation/Amortisation			Net Carrying Amount	
	As at 1st April 2018	Additions	Disposals	As at 1st April 2018	Depreciation/Amortisation	Disposals	As at 31st March 2019	As at 31st March 2018
<b>i. Property, Plant and Equipment</b>								
Buildings and Bunk Houses	1,676.81	995.28	-	113.73	39.17	-	152.90	1,563.08
	1,667.69	9.12	-	73.96	39.77	-	113.73	1,593.73
Roads and Fences	314.75	112.22	-	68.73	26.37	-	95.10	246.02
	314.60	0.15	-	45.84	22.88	-	68.72	246.03
Plant and Equipment - Gas Distribution System	1,73,779.48	33,711.20	-414.01	26,014.95	11,791.63	-198.96	37,607.62	1,47,764.53
	1,41,000.12	33,059.65	-280.29	15,860.41	10,288.84	-134.29	26,014.96	1,25,139.71
Plant and Equipment - Others	2,388.98	195.41	-	488.34	174.00	-	662.34	1,900.64
	1,881.29	507.69	-	306.93	181.41	-	488.34	1,574.36
Computers	828.18	153.63	-8.30	448.92	156.97	-5.63	600.26	379.26
	653.02	184.57	-9.41	277.69	175.24	-4.01	448.92	375.33
Electrical Installations	675.62	176.59	-	274.11	89.12	-	363.23	401.51
	675.59	0.03	-	187.50	86.61	-	274.11	488.09
Office Equipments	827.85	249.09	-3.26	566.57	97.64	-0.88	663.33	261.28
	778.62	49.46	-0.23	423.52	143.19	-0.14	566.57	355.10
Communication Systems	108.47	0.99	-13.06	43.09	13.74	-6.64	50.19	65.38
	73.95	34.52	-	24.91	18.18	-	43.09	49.04
Furniture and Fixtures	328.55	132.12	-	104.34	42.01	-	146.35	224.21
	257.92	71.52	-0.89	71.11	33.72	-0.49	104.34	186.81
<b>Total - Property, Plant and Equipment (i)</b>	<b>1,80,928.69</b>	<b>35,726.53</b>	<b>-438.63</b>	<b>28,122.78</b>	<b>12,430.65</b>	<b>-212.11</b>	<b>40,341.32</b>	<b>1,52,805.91</b>
	1,47,302.80	33,916.71	-290.82	17,271.87	10,989.84	-138.93	28,122.78	1,30,030.93
<b>ii. Intangible Assets</b>								
Computer Softwares / Licences (Acquired)	944.42	239.48	-	555.34	162.42	-	717.76	389.08
	871.02	73.40	-	426.72	128.62	-	555.34	444.30
<b>Total - Intangible Assets (ii)</b>	<b>944.42</b>	<b>239.48</b>	<b>-</b>	<b>555.34</b>	<b>162.42</b>	<b>-</b>	<b>717.76</b>	<b>389.08</b>
	871.02	73.40	-	426.72	128.62	-	555.34	444.30
<b>Total - Property, Plant and Equipment &amp; Intangible Assets (i+ii)</b>	<b>1,81,873.11</b>	<b>35,966.01</b>	<b>-438.63</b>	<b>28,678.12</b>	<b>12,593.07</b>	<b>-212.11</b>	<b>41,059.08</b>	<b>1,53,194.99</b>
	1,48,173.82	33,990.11	-290.82	17,698.59	11,118.46	-138.93	28,678.12	1,30,475.23
<b>iii. Capital work-in-progress (refer note 27 and 29)</b>								
<b>Grand Total (i+ii+iii)</b>								

**NOTES:**

- Capital Work-in-Progress includes Capital inventory of ₹8,253.66 Lakh (as at 31st March, 2018 ₹6,874.72 Lakh)
  - Capital inventory includes material with contractors ₹2,229.24 Lakh (as at 31st March, 2018 ₹1,980.09 Lakh)
  - Capital inventory includes material in transit ₹130.74 Lakh (as at 31st March, 2018 ₹67.48 Lakh)
- Figures in italics represent previous year's figures.



**Notes to the Financial Statements**  
for the year ended March 31, 2019

#### 4. TRADE RECEIVABLES

(₹ in Lakh)

Particulars	As at 31st March 2019	As at 31st March 2018
<b>(a) Current</b>		
Secured, Considered Good (secured against security deposits)	2,621.72	1,704.14
Unsecured, Considered Good #	7,331.39	7,142.76
With significant increase in credit risk	-	-
Unsecured, Considered doubtful	243.04	245.87
	<b>10,196.15</b>	<b>9,092.77</b>
less : Allowance for Doubtful Trade Receivables	243.04	245.87
	<b>9,953.11</b>	<b>8,846.90</b>
<b>(b) Non-current</b>		
Unsecured Considered Good	6.32	20.47
<b>Total - Trade Receivables (a+b)</b>	<b>9,959.43</b>	<b>8,867.37</b>

# Includes ₹0.88 Lakh (Previous year ₹3.54 Lakh) receivable from related parties (refer note 31.3)

#### 5. SECURITY DEPOSITS

(₹ in Lakh)

Particulars	As at 31st March 2019	As at 31st March 2018
<b>(a) Current</b>		
Unsecured, Considered Good #	859.63	1,552.24
Unsecured, Considered doubtful	363.18	148.20
	<b>1,222.81</b>	<b>1,700.44</b>
less: Expected credit loss allowance for Security Deposits	363.18	148.20
Subtotal (a)	<b>859.63</b>	<b>1,552.24</b>
<b>(b) Non-current</b>		
Unsecured, Considered Good	1,921.37	1,774.95
Unsecured, Considered doubtful	344.07	-
	<b>2,265.44</b>	<b>1,774.95</b>
less: Expected credit loss allowance for Security Deposits	344.07	-
Subtotal (b)	<b>1,921.37</b>	<b>1,774.95</b>
<b>Total - Security Deposits (a+b)</b>	<b>2,781.00</b>	<b>3,327.19</b>

# Includes ₹6.00 Lakh (Previous year ₹6.00 Lakh) receivable from related parties (refer note 31.3)

## 6. OTHER NON-CURRENT FINANCIAL ASSETS

(₹ in Lakh)

Particulars	As at	
	31st March 2019	31st March 2018
Other Bank Balances #	26.58	2,506.67
Other Loans and Advances	9.17	9.85
	<b>35.75</b>	<b>2,516.52</b>

# includes margin money deposit ₹26.58 Lakh (previous year ₹4.29 Lakh)

## 7. OTHER NON-CURRENT ASSETS

(₹ in Lakh)

Particulars	As at	
	31st March 2019	31st March 2018
Capital Advances	19.19	51.74
Prepaid Rent on Leasehold Land	6,493.14	6,732.37
Prepaid Expenses	1,368.41	1,121.00
	<b>7,880.74</b>	<b>7,905.11</b>

## 8. INVENTORIES (AT LOWER OF COST AND NET REALISABLE VALUE)

(₹ in Lakh)

Particulars	As at	
	31st March 2019	31st March 2018
<b>Stock in Trade:</b>		
Stock of Natural Gas	49.03	38.61
Stores and Spares	1,862.76	2,361.25
	<b>1,911.79</b>	<b>2,399.86</b>

Stores and Spares in Transit is ₹Nil

**Notes to the Financial Statements**  
for the year ended March 31, 2019

## 9. INVESTMENTS

### a. Carried at Fair Value through Profit or Loss

Name of Mutual Fund Scheme (Unquoted)	Face Value (₹)	Number of Units		Amount (₹ in Lakh)	
		31.03.2019	31.03.2018	31.03.2019	31.03.2018
Aditya Birla Sun Life Liquid Fund - Direct Plan - Daily Dividend	100	1,672,437	10,006,127	1,676.47	10,033.35
Axis Banking & PSU Debt Fund - Growth	1,000	141,738	-	2,508.19	-
Axis Liquid Fund - Direct Plan - Dly Dividend	1,000	2,500	706,271	25.02	7,072.59
DSP Liquidity Fund - Direct Plan - Daily Dividend	1,000	1,005,799	-	10,067.37	-
ICICI Prudential Savings Fund-Growth - DIRECT PLAN	100	1,845,040	1,855,199	6,663.71	6,183.70
IDBI Liquid Fund - Direct Plan - Daily Dividend - Reinvestment	10	-	868,916	-	8,734.94
KOTAK EQUITY ARBITRAGE FUND - DIRECT PLAN- MONTHLY DIVIDEND	10	11,375,115	-	1,252.13	-
Kotak Low Duration Fund - Standard Growth (Regular Plan)	1,000	308,948	308,948	7,063.85	6,559.35
Kotak Money Market Scheme - Daily Dividend - Direct Plan	1,000	-	28,304	-	286.33
L&T Liquid Fund - Direct Plan - Daily Dividend Reinvestment	1,000	-	759,601	-	7,689.97
Reliance Arbitrage Fund - Direct Monthly Dividend Plan	10	20,928,899	-	2,301.51	-
Reliance Liquid Fund - Direct Plan - Daily Dividend	1,000	278,661	-	4,261.71	-
Reliance Prime Debt Fund - Growth Plan -Growth Option	10	16,748,485	18,112,581	6,554.74	6,600.32
TATA Liquid Fund -Direct Plan- Daily Dividend	1,000	999,625	-	10,011.44	-
<b>Total Investment in Mutual Funds (Unquoted)</b>				<b>52,386.14</b>	<b>53,160.55</b>

### b. Carried at Amortised Cost

Particulars	(₹ in Lakh)	
	31.03.2019	31.03.2018
Fixed Deposit with LIC Housing Finance Ltd.	5,408.00	7,750.66
Fixed Deposit with HDFC Ltd.	7,607.51	7,857.21
<b>Total of Corporate FDs</b>	<b>13,015.51</b>	<b>15,607.87</b>
<b>Grand Total (a+b) (Unquoted Investments)</b>	<b>65,401.65</b>	<b>68,768.42</b>

## 10. CASH AND CASH EQUIVALENTS

Particulars	(₹ in Lakh)	
	As at 31st March 2019	As at 31st March 2018
Cash on Hand	1.48	1.27
Cash in Transit	431.04	388.90
Balances with Banks		
- in Current Accounts	2,220.60	1,111.37
<b>Total - Cash and Cash Equivalents (refer Cash Flow Statement)</b>	<b>2,653.12</b>	<b>1,501.54</b>

## 11. OTHER BANK BALANCES

(₹ in Lakh)

Particulars	As at 31st March 2019	As at 31st March 2018
In Deposit Accounts	26,004.08	7,555.45
Margin Money Deposits	117.46	130.84
In Dividend Accounts	1,109.36	-
	<b>27,230.90</b>	<b>7,686.29</b>

## 12. OTHER CURRENT FINANCIAL ASSETS

(₹ in Lakh)

Particulars	As at 31st March 2019	As at 31st March 2018
Unbilled Revenue	3,854.29	3,144.16
Current Accounts (earmarked against expenses payable towards IPO)	-	1,200.03
Others #	3,895.03	735.70
	<b>7,749.32</b>	<b>5,079.89</b>

# Includes ₹0.08 Lakh (Previous year ₹0.14 Lakh) receivable from related parties (refer note 31.3)

## 13. OTHER CURRENT ASSETS

(₹ in Lakh)

Particulars	As at 31st March 2019	As at 31st March 2018
Prepaid Expenses	760.11	964.64
Balances with Government Authorities (Central Excise, GST, VAT, etc.)	987.80	680.21
Advances to Employees / Vendors	79.39	69.93
	<b>1,827.30</b>	<b>1,714.78</b>

## 14. EQUITY SHARE CAPITAL

(₹ in Lakh)

Particulars	As at 31st March 2019	As at 31st March 2018
<b>Authorised Equity Share Capital</b>		
13,00,00,000 (previous year 13,00,00,000) Equity Shares of ₹10/- each	<b>13,000.00</b>	<b>13,000.00</b>
<b>Issued, Subscribed and Fully Paid Equity Shares</b>		
9,87,77,778 (previous year 9,87,77,778) Equity Shares of ₹10/- each	<b>9,877.78</b>	<b>9,877.78</b>

## Notes to the Financial Statements

for the year ended March 31, 2019

### Terms/rights attached to equity shares :

The Company has only one class of equity shares having par value at ₹10 per share, each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The final dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation 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 the shareholders.

Particulars	(₹ in Lakh)	
	As at 31st March 2019	As at 31st March 2018
<b>Details of Shareholders holding more than 5% Shares</b>		
<b>GAIL (India) Limited</b>		
Number of Shares	3,21,02,750	3,21,02,750
Percentage	32.50	32.50
<b>BG Asia Pacific Holding Pte. Ltd., Singapore</b>		
Number of Shares	98,77,778	3,21,02,710
Percentage	10.00	32.50
<b>Government of Maharashtra</b>		
Number of Shares	98,77,778	98,77,778
Percentage	10.00	10.00

## 15. OTHER EQUITY

Particulars	(₹ in Lakh)	
	As at 31st March 2019	As at 31st March 2018
General Reserve	21,183.81	21,183.81
Retained Earnings	2,08,825.42	1,78,473.04
	<b>2,30,009.23</b>	<b>1,99,656.85</b>

## 16. BORROWINGS (UNSECURED - AT AMORTISED COST)

Particulars	(₹ in Lakh)	
	As at 31st March 2019	As at 31st March 2018
Deferred Payment Liabilities :		
Interest Free Sales Tax Deferred Loan #	-	119.51
	-	<b>119.51</b>

# Sales tax deferral is in respect of Sales Tax collected for the period 1996-97 to 2000-01. The same is being repaid in 6 equal annual instalments on 1st April every year starting from the 14th year from the year of availment of the Loan.

## 17. NON-CURRENT FINANCIAL LIABILITIES - OTHERS

(₹ in Lakh)

Particulars	As at 31st March 2019	As at 31st March 2018
Security Deposits	180.88	85.94
	<b>180.88</b>	<b>85.94</b>

## 18. PROVISIONS

(₹ in Lakh)

Particulars	As at 31st March 2019	As at 31st March 2018
<b>a. Current (refer note 31.1)</b>		
Leave Encashment	487.89	410.98
Post Retirement Medical Benefit	2.03	2.31
Gratuity	180.45	82.64
Other Employee Benefits Obligations	17.99	18.41
<b>Total (a)</b>	<b>688.36</b>	<b>514.34</b>
<b>b. Non-current (refer note 31.1)</b>		
Leave Encashment	928.44	797.53
Post Retirement Medical Benefit	378.58	515.98
Other Employee Benefits Obligations	124.10	161.68
<b>Total (b)</b>	<b>1,431.12</b>	<b>1,475.19</b>
<b>Total Provisions (a+b)</b>	<b>2,119.48</b>	<b>1,989.53</b>

## 19. DEFERRED TAX LIABILITIES (NET) (REFER NOTE 31.6)

(₹ in Lakh)

Particulars	As at 31st March 2019	As at 31st March 2018
Deferred Tax Liabilities	21,463.86	18,463.24
Less : Deferred Tax Assets	979.99	980.30
	<b>20,483.87</b>	<b>17,482.94</b>

**Notes to the Financial Statements**  
for the year ended March 31, 2019

## 20. TRADE PAYABLES

(₹ in Lakh)

Particulars	As at 31st March 2019	As at 31st March 2018
Micro, Small and Medium Enterprises (refer note 31.10)	647.47	347.88
Other Trade Payables	7,643.02	7,242.26
	8,290.49	7,590.14
To Related Parties (Refer note 31.3)	6,954.38	3,412.55
	<b>15,244.87</b>	<b>11,002.69</b>

## 21. CURRENT FINANCIAL LIABILITIES - OTHERS

(₹ in Lakh)

Particulars	As at 31st March 2019	As at 31st March 2018
Unpaid Dividends	1,109.36	-
Payables in relation to IPO to related parties (Refer note 31.3)	-	1,327.80
Payables for purchase of property, plant and equipment	5,606.16	4,389.57
Others	3,229.09	6,851.18
	<b>9,944.61</b>	<b>12,568.55</b>

## 22. OTHER CURRENT LIABILITIES

(₹ in Lakh)

Particulars	As at 31st March 2019	As at 31st March 2018
Statutory Payables	2,555.73	2,276.62
Advances from Customers	1,813.55	1,567.02
	<b>4,369.28</b>	<b>3,843.64</b>

## 23. REVENUE FROM CONTRACTS WITH CUSTOMERS (REFER NOTE 31.13)

(₹ in Lakh)

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
Sale of Natural Gas (Including Excise Duty)	3,03,126.77	2,43,309.15
Sale of Pipes, Fittings and Other Materials	524.28	450.75
Other Operating Income	2,028.29	1,531.84
	<b>3,05,679.34</b>	<b>2,45,291.74</b>

## 24. OTHER INCOME

(₹ in Lakh)

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
<b>a. Interest Income</b>		
From Bank Deposits	1,667.57	684.94
From Other Financials Assets	1,007.37	764.38
	<u>2,674.94</u>	<u>1,449.32</u>
<b>b. Dividend Income</b>		
From Mutual Funds designated at FVTPL	1,952.64	1,889.84
<b>c. Other Gains and Losses</b>		
Gain/(Loss) on Debt Instruments designated at FVTPL *	1,460.52	1,071.05
	<u>1,460.52</u>	<u>1,071.05</u>
<b>d. Other Non-operating Income</b>	1,683.15	1,357.85
<b>Total Other Income (a+b+c+d)</b>	<u>7,771.25</u>	<u>5,768.06</u>

\* Includes unrealised increase in fair value of ₹1,444.28 lakh (previous year - ₹1,045.81 lakh)

## 25. COST OF NATURAL GAS AND TRADED ITEMS

(₹ in Lakh)

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
Purchase Cost of Natural Gas and Other Charges	1,39,754.09	1,02,708.85
Less: Captive Consumption (Including VAT)	279.43	170.14
	<u>1,39,474.66</u>	<u>1,02,538.71</u>
Purchase of Pipes, Fittings and Other Materials	451.76	377.53
	<u>1,39,926.42</u>	<u>1,02,916.24</u>

## 26. CHANGES IN INVENTORIES

(₹ in Lakh)

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
Changes in Stock of Natural Gas:		
Opening Stock	38.61	33.92
Closing Stock	49.03	38.61
(Increase) / Decrease in Stock	<u>(10.42)</u>	<u>(4.69)</u>



**Notes to the Financial Statements**  
for the year ended March 31, 2019

## 27. EMPLOYEE BENEFITS EXPENSE

(₹ in Lakh)

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
Salaries, Wages and Allowances	8,062.84	7,492.14
Contribution to Provident Fund and Other Funds (Refer note 31.1)	391.13	357.46
Gratuity (Refer note 31.1)	121.59	180.52
Staff Welfare	406.67	346.12
Secondment Charges	204.51	349.07
	<u>9,186.74</u>	<u>8,725.31</u>
Less: Transfer to Capital Work-in-Progress	2,098.84	2,023.64
	<u>7,087.90</u>	<u>6,701.67</u>

## 28. FINANCE COSTS

(₹ in Lakh)

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
Other Interest Expense	32.28	9.04
	<u>32.28</u>	<u>9.04</u>

## 29. OTHER EXPENSES

(₹ in Lakh)

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
Power and Fuel	11,622.39	10,491.46
CNG Dispensing Charges	5,648.44	3,189.45
Consumption of Stores and Spares	3,388.24	2,685.97
Insurance	246.85	203.84
Rent Expense (refer note 31.5)	2,859.90	2,479.28
Rates and Taxes	276.51	249.22
Repairs to Buildings	2.54	7.85
Repairs to Plant and Machinery	6,459.76	5,697.69
Write off and Loss on Disposal of Property, Plant and Equipment	421.66	249.21
Bad Trade Receivables Written Off	62.81	10.07
Allowance for Doubtful Trade Receivables (Net)	-	18.09
Security Deposits Written off	53.11	31.93
Expected credit loss allowance for Security Deposits (Net)	559.04	92.70
Corporate Social Responsibility Expenditure (Refer Note 31.12)	576.48	294.27
Miscellaneous Expenses	12,050.02	10,662.45
	<u>44,227.75</u>	<u>36,363.48</u>
Less: Transfer to Capital Work-in-Progress	669.63	686.77
	<u>43,558.12</u>	<u>35,676.71</u>

### 30. OCI - ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS

Particulars	(₹ in Lakh)	
	For the year ended 31st March 2019	For the year ended 31st March 2018
Gains/(Losses) on Remeasurements of the Defined Benefit Plans	192.51	159.01
Less : Income Tax on Remeasurements of the Defined Benefit Plans	67.27	56.31
<b>OCI - Items that will not be reclassified to profit or loss (Net of Income Tax)</b>	<b>125.24</b>	<b>102.70</b>

### 31 DISCLOSURES UNDER INDIAN ACCOUNTING STANDARDS:

#### 31.1 EMPLOYEE BENEFIT OBLIGATIONS

##### a. Short-term Employee Benefits

These benefits include wages and salaries, including other monetary and non-monetary benefits, compensated absences which are either non-accumulating or accumulated and expected to be availed within twelve months after the end of the reporting period.

##### b. Long-term Employee Benefits

###### i) Defined Contribution Plans

The Company makes Provident Fund and National Pension Scheme (NPS) contributions, which are defined contribution plans, for qualifying employees. Company has no further payment obligations once the contributions have been paid. Under the Provident Fund Schemes and NPS, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions payable to these plans by the Company are in compliance with the rates specified in the rules of the schemes. The Company recognised **₹391.13 Lakh** (previous year ₹357.46 Lakh) as an expense and included in Note 27 – Employee Benefit Expenses ‘Contribution to Provident Fund and Other Funds’ in the Statement of Profit and Loss for the year ended March 31, 2019.

###### ii) Defined Benefit Plans

The Company offers the following defined benefit schemes to its employees:

- Gratuity (refer note 27): The Company's gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, Employee who has completed five years of service is entitled to specific benefit, the plan is funded.
- Post-Retirement Medical Benefit Plan (PRMB) (refer note 27)

The following table sets out the funded/unfunded status of the defined benefit schemes and the amount recognised in the financial statements:

#### Amount recognised in Statement of Profit and Loss

Particulars	(₹ in Lakh)			
	For the year ended March 31, 2019		For the year ended March 31, 2018	
	Gratuity (Funded)	PRMB (Unfunded)	Gratuity (Funded)	PRMB (Unfunded)
Current Service Cost	115.09	76.36	108.14	75.75
Interest Cost (Net)	6.50	40.74	19.26	37.31
Past Service Cost	-	-	53.12	-
<b>Total Expense recognised in the Statement of Profit and Loss</b>	<b>121.59</b>	<b>117.10</b>	<b>180.52</b>	<b>113.06</b>

## Notes to the Financial Statements

for the year ended March 31, 2019

### Amount recognised in Other Comprehensive Income

(₹ in Lakh)

Particulars	For the year ended March 31, 2019		For the year ended March 31, 2018	
	Gratuity (Funded)	PRMB (Unfunded)	Gratuity (Funded)	PRMB (Unfunded)
Due to change in Demographic Assumptions	60.01	(182.62)	-	-
Due to change in Financial Assumptions	38.49	15.50	(1.39)	(12.80)
Due to Experience	(40.82)	(85.63)	(51.87)	(75.81)
Return on Plan Assets (excluding amounts included in net interest expense)	2.56	-	(17.14)	-
<b>Total Remeasurement (gains)/losses recognised in OCI</b>	<b>60.24</b>	<b>(252.75)</b>	<b>(70.40)</b>	<b>(88.61)</b>

### Net Asset/ (Liability) recognised in the Balance Sheet

(₹ in Lakh)

Particulars	As at March 31, 2019		As at March 31, 2018	
	Gratuity (Funded)	PRMB (Unfunded)	Gratuity (Funded)	PRMB (Unfunded)
Present value of Defined Benefit Obligation	(1,562.54)	(380.61)	(1,357.62)	(518.29)
Fair value of Plan Assets	1,382.09	-	1,274.98	-
<b>Net Asset/ (Liability) recognised in the Balance Sheet</b>	<b>(180.45)</b>	<b>(380.61)</b>	<b>(82.64)</b>	<b>(518.29)</b>

### Change in defined obligation (DBO) during the year

(₹ in Lakh)

Particulars	As at March 31, 2019		As at March 31, 2018	
	Gratuity (Funded)	PRMB (Unfunded)	Gratuity (Funded)	PRMB (Unfunded)
Present value of DBO at beginning	1,357.62	518.29	1,235.58	496.13
Current Service Cost	115.09	76.36	108.14	75.75
Past Service Cost	-	-	53.12	-
Interest Cost	106.71	40.74	92.92	37.31
Remeasurement (gain)/loss	57.68	(252.75)	(53.26)	(88.61)
Benefits paid	(74.56)	(2.03)	(78.88)	(2.29)
Present value of DBO at the end	1,562.54	380.61	1,357.62	518.29

**Notes to the Financial Statements**  
for the year ended March 31, 2019

**Change in the fair value of Asset during the year – Gratuity (Funded)**

(₹ in Lakh)

Particulars	As at	As at
	March 31, 2019	March 31, 2018
Plan Assets at beginning	1,274.98	979.49
Interest Income	100.21	73.66
Return on Plan Assets (excluding amounts included in net interest expense)	(2.56)	17.14
Employer contribution	84.02	283.57
Benefits paid	(74.56)	(78.88)
Plan Assets as at the end \$	1,382.09	1,274.98
Actual return on Plan Assets	97.65	90.80

\$ Category-wise composition of the plan assets is not available with the Company, since the fund is managed by LIC.

**Principal Actuarial assumptions**

(₹ in Lakh)

Particulars	As at March 31, 2019		As at March 31, 2018	
	Gratuity (Funded)	PRMB (Unfunded)	Gratuity (Funded)	PRMB (Unfunded)
Discount rate	7.54%	7.54%	7.86%	7.86%
Expected rate of escalation in salary	7.50%	NA	7.50%	NA
Attrition	6.00%	6.00%	2.00%	2.00%
Medical Cost Inflation	NA	3.00%	NA	3.00%
Mortality tables	Indian Assured Lives Mortality (2006-08) Ultimate			
Estimate of amount of contribution in the immediate next year (₹ Lakh)	241.30	NA	197.74	NA

**Maturity analysis of Projected Benefit Obligation**

(₹ in Lakh)

Particulars	As at March 31, 2019	
	Gratuity (Funded)	PRMB (Unfunded)
1st Following Year	111.72	2.21
2nd Following Year	104.60	2.21
3rd Following Year	130.63	10.73
4th Following Year	149.68	21.16
5th Following Year	127.42	12.36
Sum of Years 6 To 10	760.46	96.25

These plans typically expose the Company to actuarial risks such as:

Investment risk - The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to market yields at the end of the reporting period on government bond yields; if the return on plan asset is below this rate, it will create a plan deficit.

## Notes to the Financial Statements

for the year ended March 31, 2019

Interest rate risk - A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

Demographic risk - This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, medical cost inflation, discount rate and vesting criteria.

Salary risk - The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability. The expected rate of return on plan assets is determined after considering several applicable factors such as the composition of the plan assets, investment strategy, market scenario, etc.

In order to protect the capital and optimise returns within acceptable risk parameters, the plan assets are well diversified. The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

### Sensitivity

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

Particulars	Change in Assumption	(₹ in Lakh)			
		As at March 31, 2019		As at March 31, 2018	
		Increased by	Decreased by	Increased by	Decreased by
Discount rate	+/- 1%	223.93	184.89	298.95	241.65
Expected rate of escalation in salary	+/- 1%	92.05	93.11	172.47	148.12
Attrition rate	+/- 1%	201.10	200.39	281.27	279.47
Medical Cost Inflation	+/- 1%	97.48	74.27	132.77	101.15

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

### iii) Other Long-term Employee Benefits

Compensated absences which are accumulated and not expected to be availed within twelve months after the end of the reporting period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date. Long Service Awards are recognised as a liability based on actuarial valuation of the defined benefit obligation as at the balance sheet date.

An amount of **₹323.01 Lakh** (previous year ₹209.26 Lakh) and **₹(14.63) Lakh** (previous year ₹12.55 Lakh) has been charged to the Statement of Profit and Loss towards Compensated absences and Long service awards respectively.

**Notes to the Financial Statements**  
for the year ended March 31, 2019

**Actuarial assumptions for long-term compensated absences**

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Discount rate	7.54%	7.86%
Salary escalation	7.50%	7.50%
Attrition	6.00%	2.00%

The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.

NA : Not Applicable

**31.2 SEGMENT INFORMATION**

**a. Description of segments and principal activities**

The Company has a single operating segment that is "Sale of Natural Gas". Accordingly, the segment revenue, segment results, segment assets and segment liabilities are reflected by the financial statements themselves as at and for the financial year ended March 31, 2019.

**b. Entity wide disclosures**

**Information about products and services:**

The Company is in a single line of business of "Sale of Natural Gas".

**Geographical Information:**

The company operates presently in the business of city gas distribution in India. Accordingly, revenue from customers earned and non-current asset are located, in India.

**Information about major customers:**

Three customers during the year ended March 31, 2019 and three customers during the year ended March 31, 2018 contributed to more than 10% of the revenue individually. Revenue from these customers is ₹1,30,425.10 Lakh (previous year ₹1,11,488.44 Lakh).

**31.3 RELATED PARTY TRANSACTIONS**

GAIL (India) Limited (GAIL) has a significant influence on the Company. BG Asia Pacific Holdings Pte. Limited (BGAPHPL) had a significant holding till 23<sup>rd</sup> August 2018 on which date its shareholding reduced to 10%.

Details of transactions with related entities (including entities transacting on behalf of related entities), in ordinary course of business:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Purchase of Natural Gas (from GAIL)	1,25,625.68	1,02,230.45
Secondment Charges (also included in KMPs' remuneration, refer table below)	204.51	359.75
Expense incurred and recovered / recoverable (relates to IPO)	18.34	14.12
Refundable Security Deposit given/received	-	4.00
Other Expense	37.24	5.71
Capital Expense	94.61	-
Other Income (subsidiary/Joint Ventures of GAIL)	0.88	14.65
Remittance of IPO proceeds to promoters	649.16	-

(₹ in Lakh)

## Notes to the Financial Statements

for the year ended March 31, 2019

Following is the list of Key Managerial Personnel (KMPs') as per Ind AS 24:

- a. Mr. Rajeev Mathur, Managing Director (upto 30th May 2018)
- b. Mr. Sanjib Datta, Managing Director (from 30th May 2018)
- c. Mr. Goutam Ghosh, Whole Time Director (from 20th November 2017 to 28th November 2018)
- d. Ms. Susmita Sengupta, Whole Time Director (upto 6th November 2017)
- e. Mr. Jainendar Kumar Jain, Independent Director (upto 4th March 2018)
- f. Mr. Arun Balakrishnan, Independent Director
- g. Mr. Santosh Kumar, Independent Director
- h. Mr. Raj Kishore Tewari, Independent Director
- i. Mrs. Radhika Haribhakti, Independent Director
- j. Mr. Premesh Kumar Jain, Independent Director (from 9th April 2018)
- k. Mr. Akhil Mehrotra (Non-Executive Chairman from 28th May 2017) - BGAPHPL Nominee #
- l. Dr. Ashutosh Karnatak (Non-Executive Chairman upto 27th May, 2017) - GAIL Nominee #
- m. Mr. Virendra Nath Dutt (Non-Executive Director from 28th May 2017 to 25th October 2018) - GAIL Nominee #
- n. Mr. Ashu Shinghal (Non-Executive Director from 2nd November 2018 to 28th November 2018) - GAIL Nominee #

# No remuneration paid to nominee directors.

### Details of KMPs' remuneration including directors sitting fee:

Particulars	(₹ in Lakh)	
	For the year ended March 31, 2019	For the year ended March 31, 2018
Short Term Employee Benefits (including secondment charges paid to related entities)	272.55	427.97

### Outstanding balance with related entities having significant influence on the Company:

Particulars	(₹ in Lakh)	
	As at March 31, 2019	As at March 31, 2018
Trade Payables #	6,954.38	3,412.55
Trade Receivables	0.88	3.54
IPO related Payables	-	1,327.80
Other Financial Assets	0.08	0.14
Security Deposits (Receivable)	6.00	6.00

# Mainly on account of gas purchases (secured by Stand by Letter of Credit) to be settled as per contract within 4 days, from receipt of invoices, being general terms of payment for such transactions.

### 31.4 FINANCIAL INSTRUMENTS (FAIR VALUE MEASUREMENTS):

The Company has various financial assets and liabilities. The disclosures regarding the classification, fair value hierarchy, capital management, markets risk, credit risks and liquidity risks are as follows:

#### Classification of Financial Assets and Liabilities

Particulars	Note	(₹ in Lakh)	
		As at March 31, 2019	As at March 31, 2018
<b>A. Financial Assets</b>			
<b>I. Measured at Fair Value Through Profit or Loss (FVTPL)</b>			
(i) Investments	9	52,386.14	53,160.55
<b>II. Measured at Amortised Cost</b>			
(i) Corporate Fixed Deposits	9	13,015.51	15,607.87
(ii) Trade Receivables	4	9,959.43	8,867.37
(iii) Security Deposits	5	2,781.00	3,327.19
(iv) Cash and Cash Equivalents	10	2,653.12	1,501.54
(v) Bank balances other than (iv) above	11	27,230.90	7,686.29
(vi) Other Financial Assets	6,12	7,785.07	7,596.41
<b>Total (A)</b>		<b>1,15,811.17</b>	<b>97,747.22</b>
<b>B. Financial Liabilities</b>			
<b>I. Measured at Amortised Cost</b>			
(i) Borrowings	16	-	119.51
(ii) Trade Payables	20	15,244.87	11,002.69
(iii) Security Deposits		51,972.55	44,401.33
(iv) Other Financial Liabilities	17,21	9,944.61	12,568.55
<b>Total (B)</b>		<b>77,162.03</b>	<b>68,092.08</b>

#### a. Fair Value Hierarchy of Financial Assets and Liabilities

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (i) recognised and measured at fair value and (ii) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, Company has classified its financial instruments into three levels prescribed under the accounting standards below:

**Level 1:** Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the company can access at the measurement date.

**Level 2:** Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

**Level 3:** Level 3 inputs are unobservable inputs for the asset or liability.

Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.



## Notes to the Financial Statements

for the year ended March 31, 2019

### (i) Measured at Fair Value Through Profit or Loss (FVTPL)

The company has investments in debt mutual funds which are not quoted in the active market. These debt mutual funds are subsequently measured at FVTPL as per the closing NAV statement provided by the mutual fund house. The corresponding unrealized gain or loss on fair valuation is recorded in profit and loss account under other income. Accordingly, such debt mutual funds fall under fair value hierarchy level 2. The fair value of these mutual funds as at March 31, 2019 is ₹ 52,386.14 Lakh (previous year ₹ 53,160.55 Lakh).

### (ii) Measured at Amortised Cost for which Fair Value is disclosed

The fair values of all current financial assets and liabilities including trade receivables and unbilled revenue, cash and cash equivalents, bank balances, bank fixed deposits, corporate fixed deposits, security deposits, trade payables, Payables for purchase of property, plant and equipment and other current financial assets and liabilities are considered to be the same as their carrying values, due to their short term nature. The fair values of all non-current financial assets and liabilities including security deposits, trade receivables and borrowings and other non-current financial assets and liabilities are considered to be the same as their carrying values, as the impact of fair valuation is not material.

## b. Capital Management

Total equity as shown in the balance sheet includes equity share capital, general reserves and retained earnings.

The Company aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to its shareholders.

The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure. The management monitors the return on capital as well as the level of dividends to shareholders.

The Company does not have any borrowing, sales tax deferred loan has been paid off during the year.

## c. Financial risk management

Company's activities expose it to credit risk, liquidity risk and market risk. This note explains the sources of risk which the company is exposed to and how the company manages the risk and its impact on the financial statements.

### (i) Credit Risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Company. The credit risk arises from trade receivables, security deposits, cash and cash equivalents and deposits with banks and corporates.

#### Trade receivables

The company supplies natural gas to customers.

Concentrations of credit risk with respect to trade receivables are limited as majority credit sales are made to high credit worthy entities and balance credit sales are against securities in the form of customer security deposits, bank guarantees and letter of credit. All trade receivables are reviewed and assessed for default on regular basis. Our historical experience of collecting receivables, supported by the level of default, is that credit risk is low.

For trade receivables, except for specifically identified cases, Company follows a simplified approach where provision is made as per the ageing buckets which are designed based on historical facts and patterns.

**Notes to the Financial Statements**  
for the year ended March 31, 2019

**Age of receivables as on March 31, 2019**

(₹ in Lakh)					
Ageing	Within the Credit Period	Upto 6 months	6 months to 1 year	Above 1 year	Total
Gross Amount	8,513.64	1,347.82	78.45	262.56	10,202.47
Allowance for bad receivables	-	(0.53)	-	(242.51)	(243.04)
Net Trade receivables	<b>8,513.64</b>	<b>1,347.29</b>	<b>78.45</b>	<b>20.05</b>	<b>9,959.43</b>

**Age of receivables as on March 31, 2018**

(₹ in Lakh)					
Ageing	Within the Credit Period	Upto 6 months	6 months to 1 year	Above 1 year	Total
Gross Amount	6,326.54	2,163.21	366.71	256.78	9,113.24
Allowance for bad receivables	-	-	(2.52)	(243.35)	(245.87)
Net Trade receivables	<b>6,326.54</b>	<b>2,163.21</b>	<b>364.19</b>	<b>13.43</b>	<b>8,867.37</b>

**Reconciliation of loss allowance**

(₹ in Lakh)	
Particulars	Amount
Loss allowance as at March 31, 2018	245.87
Changes in loss allowance	(2.83)
Loss allowance as at March 31, 2019	243.04

**Other financial assets**

The Company maintains exposure in security deposits, cash and cash equivalents and term deposits with banks and corporates.

In case of security deposits, majority of which are given to Municipal authorities (which are government controlled entities) towards pipeline laying activity, the credit risk is low. However, historically the company has experienced a delay/ non receipt of these amounts and hence allowances have been taken into account for the expected credit losses of these security deposits.

In case of bank /corporate fixed deposits regular quotations for interest rates are invited and based on best offered rate the bank deposits are placed with banks/corporates having reasonably high net worth. Exposures of deposit placed are restricted to limits per bank/corporate as per policy and limits are actively monitored by the Company. We understand that the credit risk is very low to moderate for such deposits.

The Company's maximum exposure to credit risk is the carrying value of each class of financial assets as disclosed in note 4,5,6,9,10,11 and 12.

## Notes to the Financial Statements

for the year ended March 31, 2019

### (ii) Liquidity Risk

Liquidity risk is the risk that the Company will find it difficult in meeting its obligations associated with its financial liabilities on time.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying business, Company's treasury maintains flexibility in funding by maintaining availability under cash and cash equivalents, bank fixed deposits, corporate fixed deposits and mutual funds.

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows.

The tables below analyses the Company's financial liabilities into relevant maturity groupings based on their contractual maturities.

#### As at March 31, 2019

(₹ in Lakh)			
Particulars	Upto 1 year	More than 1 year	Total
Borrowings	-	-	-
Trade Payables	15,244.87	-	15,244.87
Security Deposits	51,791.67	180.88	51,972.55
Others	9,944.61	-	9,944.61
<b>Total</b>	<b>76,981.15</b>	<b>180.88</b>	<b>77,162.03</b>

#### As at March 31, 2018

(₹ in Lakh)			
Particulars	Upto 1 year	More than 1 year	Total
Borrowings	-	119.51	119.51
Trade Payables	11,002.69	-	11,002.69
Security Deposits	44,315.39	85.94	44,401.33
Others	12,568.55	-	12,568.55
<b>Total</b>	<b>67,886.63</b>	<b>205.45</b>	<b>68,092.08</b>

### (iii) Market Risk

#### Foreign Exchange Risk

Company is exposed to foreign exchange risk arising from direct transactions in foreign currency and also indirectly through transactions denominated in foreign currency though settled in functional currency (INR), primarily with respect to the US Dollar (USD). Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR).

The risk is measured through a forecast of highly probable foreign currency cash flows. As per the risk management policy, the foreign currency exposure is unhedged however managed partially through natural hedge under gas sales contracts and balance through adjustment in sales prices.

**Notes to the Financial Statements**  
for the year ended March 31, 2019

The table below shows the unhedged currency exposure of financial liabilities:

Particulars	Currency	As on March 31, 2019		As on March 31, 2018	
		Forex	₹ in Lakh	Forex	₹ in Lakh
Secondment Expenses	GBP	-	-	5,34,703.00	493.45
Capital Imports	USD	2,00,936.78	138.99	2,11,755.83	137.73
Capital Imports	EUR	29,450.00	22.88	39,805.00	32.09
Import of Goods & Services	USD	30,791.00	21.30	30,791.00	20.03

The sensitivity of profit or loss and equity to changes in the exchange rates that arise from foreign currency denominated financial instruments mentioned above is as below:

Particulars	As at	
	March 31, 2019	March 31, 2018
(₹ in Lakh)		
<b>USD Sensitivity :</b>		
Increase by 5%	8.01	7.89
Decrease by 5%	8.01	7.89
<b>GBP Sensitivity :</b>		
Increase by 5%	-	24.67
Decrease by 5%	-	24.67
<b>EUR Sensitivity :</b>		
Increase by 5%	1.14	1.60
Decrease by 5%	1.14	1.60

**Interest Rate Risk:**

There are no interest bearing borrowings and hence company is not exposed to interest rate risk presently.

The Company's investments in fixed deposits with banks/corporates and liquid debt mutual funds are for short durations, and therefore do not expose the Company to significant interest rates risk.

### 31.5 OPERATING LEASES

The company has entered into various operating lease arrangements for hiring of vehicles, equipments and premises (land, residential, office and godown).

**a. Rental Expenses relating to Operating Leases (refer note 29)**

Particulars	As at	
	For the year ended March 31, 2019	For the year ended March 31, 2018
(₹ in Lakh)		
Minimum Lease Payments	661.15	592.86
Others	2,198.75	1,886.42
<b>Total Rent Expense</b>	<b>2,859.90</b>	<b>2,479.28</b>

## Notes to the Financial Statements

for the year ended March 31, 2019

### b. The future minimum lease payments of non-cancellable operating leases are as under:

(₹ in Lakh)

Particulars	As at March 31, 2019	As at March 31, 2018
Not later than one year	605.96	422.30
Later than one year but not later than five years	1,201.41	658.23
<b>Total</b>	<b>1,807.37</b>	<b>1,080.53</b>

Operating leases relate to land with lease term of 17 to 116 years. The Company does not have an option to purchase at the end of the lease term.

## 31.6 INCOME TAX

### a. Components and movements of Deferred Tax Liability (Net):

(₹ in Lakh)

Particulars	As at 31st March 2017 (a)	Recognised to Statement of Profit and Loss (b)	Recognised in Statement of Other Comprehensive Income (c)	As at 31st March 2018 (d=a+b+c)	Recognised to Statement of Profit and Loss (e)	Recognised in Statement of Other Comprehensive Income (f)	As at 31st March 2019 (g=d+e+f)
<b>i. Items of Deferred Tax Liabilities :</b>							
Property, Plant and Equipment and Intangible Assets	(14,272.60)	(3,582.29)	-	(17,854.89)	(2,587.34)	-	(20,442.23)
Financial Assets Fair Value through profit or loss	(384.75)	(223.60)	-	(608.35)	(413.28)	-	(1,021.63)
<b>Total Deferred Tax Liability (i)</b>	<b>(14,657.35)</b>	<b>(3,805.89)</b>	<b>-</b>	<b>(18,463.24)</b>	<b>(3,000.62)</b>	<b>-</b>	<b>(21,463.86)</b>
<b>ii. Items of Deferred Tax Assets :</b>							
Allowance for doubtful trade receivables and deposits	98.04	39.67	-	137.71	(52.70)	-	85.01
Disallowances under Section 43B of the Income Tax Act, 1961	747.08	77.46	(31.94)	792.60	140.72	(88.33)	844.99
Others	49.52	0.47	-	49.99	-	-	49.99
<b>Total Deferred Tax Assets (ii)</b>	<b>894.64</b>	<b>117.60</b>	<b>(31.94)</b>	<b>980.30</b>	<b>88.02</b>	<b>(88.33)</b>	<b>979.99</b>
<b>Net Deferred Tax Liability (i-ii)</b>	<b>(13,762.71)</b>	<b>(3,688.29)</b>	<b>(31.94)</b>	<b>(17,482.94)</b>	<b>(2,912.60)</b>	<b>(88.33)</b>	<b>(20,483.87)</b>

### b. Components of Income Tax Expense

(₹ in Lakh)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Income Tax Expense</b>		
<b>i. Current Tax</b>		
Current Tax on Profits for the year	26,139.71	21,175.81
<b>Total Current Tax (i)</b>	<b>26,139.71</b>	<b>21,175.81</b>
<b>ii. Deferred Tax</b>		
Decrease / (Increase) in Deferred Tax Assets	(88.02)	(117.60)
Increase / (Decrease) in Deferred Tax Liability	3,000.62	3,805.89
<b>Total Deferred Tax (ii)</b>	<b>2,912.60</b>	<b>3,688.29</b>
<b>Total Income Tax Expense (i+ii)</b>	<b>29,052.31</b>	<b>24,864.10</b>

**Notes to the Financial Statements**  
for the year ended March 31, 2019

**b. Reconciliation of Income Tax Expense with Accounting Profit:**

(₹ in Lakh)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
i. Profit Before Tax	83,691.22	72,651.33
ii. Tax at Indian Tax Rate	29,245.05	25,143.17
iii. Tax effect of Permanent Differences:		
a. Due to impact of change in tax rates	-	166.83
b. Effect of exempt income	(682.33)	(654.04)
c. Effect of tax relating to prior periods	(29.29)	(9.29)
d. Effect of expenses not deductible for tax purposes	518.88	217.43
<b>Total Tax effect of Permanent Differences (a+b+c)</b>	<b>(192.74)</b>	<b>(279.07)</b>
<b>iv. Income Tax Expense as per Statement of Profit and Loss (ii+iii)</b>	<b>29,052.31</b>	<b>24,864.10</b>

### 31.7 EARNINGS PER SHARE (EPS)

Basic EPS amounts are calculated by dividing the profits for the year by the weighted average number of equity shares outstanding during the year. There are no dilutive potential equity shares as at the respective dates. The following data has been used for calculating basic and diluted EPS.

(₹ in Lakh)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
a) Net profit after tax attributable to equity shareholders (₹ Lakh)	54,638.91	47,787.23
b) Weighted Average Number of Equity Shares for basic and diluted EPS	9,87,77,778	9,87,77,778
c) EPS (₹) [Basic and Diluted (a/b)] (Face value per share ₹ 10)	55.31	48.38

### 31.8 CAPITAL AND OTHER COMMITMENTS

- Estimated amount of contracts to be executed for project execution including labour and purchase of material relating to construction of pipeline network and CNG outlets not provided for (net of advances) ₹ **24,863.75 Lakh** (previous year ₹21,125.34 Lakh).
- All term contracts for purchase of natural gas with suppliers, has contractual obligation of "take or pay" for shortfall in contracted Minimum Guaranteed Quantity (MGQ) as specified in individual contracts. Estimation of these MGQ commitments is dependent on nomination of quantity by suppliers and actual purchase by the company. As both the factors "quantity nomination by supplier" and "quantity to be purchased by the company", are not predictable, MGQ commitment is not quantifiable.

## Notes to the Financial Statements

for the year ended March 31, 2019

- c. For lease commitments refer note 31.5
- d. As per authorisation terms and conditions of the PNGRB for Raigad Geographical Area, the Company is required to meet Minimum Work Programme (MWP) targets by March 2020 (with reference to connections and pipeline inch Kilo Meters) and the Company had submitted Performance Bank Guarantee of ₹105.20 Crore dated March 19, 2015 to the PNGRB. Show cause notice dated July 23, 2018 was given by the PNGRB for shortfall in periodic MWP, asking the Company to explain why penalty should not be levied for the interim MWP target shortfall. The Company submitted catch up plan vide letter dated August 2, 2018 for meeting MWP target by March 2020 and reiterated host of factors beyond control of the Company causing a shortfall. No further written communication is received from PNGRB. The Company has achieved connection targets as per catch up plan up to 31st March 2019 and the progress on pipeline inch Kilo Meters is being expedited. The Company has received critical permissions from various authorities for laying pipelines as of April 2019. The management is of the view that it will be able to make substantial progress on the required work by March 31, 2020 and that the penalty can be avoided. Accordingly, no provision is deemed necessary in relation to the bank guarantee issued to the PNGRB at this stage.

### 31.9 CONTINGENT LIABILITIES (TO THE EXTENT NOT PROVIDED FOR)

Claims against the Company not acknowledged as debts in respect of which the Company does not expect outflow of resources **₹19,725.83 Lakh** (previous year ₹16,978.03 Lakh), includes:

- i) Claims disputed by the Company relating to issues of applicability aggregating to **₹2,518.52 Lakh** (previous year ₹ 2,439.48 Lakh) as detailed below:

Particulars	(₹ in Lakh)	
	As at March 31, 2019	As at March 31, 2018
a) Excise Duty	1,480.74	1,298.66
b) Service Tax	537.28	509.53
c) Sales Tax / Input VAT credits	330.03	529.20
d) Income Tax	170.47	102.09
<b>Total</b>	<b>2,518.52</b>	<b>2,439.48</b>

Future cash outflows in respect of above matters are determinable only on receipt of judgments / decisions pending at various forums / authorities.

- ii) Central/State/Local Authority property taxes, lease rents, pipeline related re-instatement charges etc. claims disputed by the Company relating to issues of applicability and determination aggregating to **₹328.46 Lakh** (previous year ₹714.78 Lakh).
- iii) Third party/other claims arising from disputes relating to contracts aggregating to **₹14.21 Lakh** (previous year ₹63.33 Lakh).
- iv) Demand from GAIL (India) Limited in respect of additional transportation tariff for the period from November 2008 to March 2019 **₹16,764.78 Lakh** (previous year ₹13,721.60 Lakh). The company has filed an appeal before Appellate Tribunal for Electricity (APTEL). The case is being heard at APTEL. Based on the legal opinion, the Company contends that the same is not payable and the Company does not expect outflow of resources.
- v) Claims from consumers not acknowledged as debts **₹99.86 Lakh** (previous year ₹38.84 Lakh).
- vi) Liability on account of revision of trade margin as per contracts with Oil Marketing Companies with effect from April 1, 2018 is yet to be determined in view of undergoing negotiations.
- vii) There are numerous interpretative issues relating to the Supreme Court (SC) judgement on PF dated 28th February, 2019. The company will provide liability if any prospectively and on receiving further clarity on the subject.

### 31.10 DISCLOSURE REQUIRED UNDER MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006 (THE ACT) ARE AS FOLLOWS:

		(₹ in Lakh)	
Sr. No.	Particulars	As at March 31, 2019	As at March 31, 2018
(i)	Principal amount remaining unpaid to any supplier as at the end of the accounting year		
	a) Trade Payables	647.47	347.88
	b) Payables for purchase of property, plant and equipment	904.96	274.76
(ii)	Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii)	The amount of interest paid by the company in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the accounting year	-	-
(iv)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-
(v)	The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-

The above information regarding Micro enterprises and Small enterprises has been determined based on information available with the company. This has been relied upon by the auditors.

### 31.11 PAYMENTS TO AUDITOR (INCLUDED IN MISCELLANEOUS EXPENSES UNDER NOTE 29).

		(₹ in Lakh)	
Particulars		For the year ended March 31, 2019	For the year ended March 31, 2018
a.	For Audit (Net of service tax input credit, where applicable) (amount for 2017-18 includes ₹5.15 lakh paid to previous auditor)	46.02	44.08
b.	For Company Law matters	-	-
c.	For Other Services	-	-
d.	Reimbursement of expenses	1.07	0.96



## Notes to the Financial Statements

for the year ended March 31, 2019

### 31.12 CSR EXPENDITURE:

- (a) Gross amount required to be spent by company for the year is **₹1,179.68 Lakh** (previous year ₹999.89 Lakh)
- (b) Amount spent during the period:
- Construction/acquisition of asset **₹ Nil** (previous year ₹ Nil)
  - On purposes other than (i) above **₹576.48 Lakh** (previous year ₹294.27 Lakh) (Refer Note 29)

### 31.13 REVENUE FROM CONTRACTS WITH CUSTOMERS:

#### Disaggregated revenue information

Set out below is the disaggregation of the Company's revenue from contracts with customers (refer note 23):

Type of goods or service	(₹ in Lakh)	
	For the year ended March 31, 2019	For the year ended March 31, 2018
Sale of Natural Gas (Including Excise Duty)	3,03,126.77	2,43,309.15
Sale of Pipes, Fittings and Other Materials	524.28	450.75
Other Operating Income	2,028.29	1,531.84
<b>Total revenue from Contract with Customers</b>	<b>3,05,679.34</b>	<b>2,45,291.74</b>

Sale of Natural gas is the main activity of city gas distribution business and other operating income is incidental to sale of natural gas. Other Operating Income includes significantly the compensation towards minimum contracted quantity for the respective billing period and application fee collected from customers. Sale of pipes, fittings and other material is revenue incidental to the activity of construction of pipeline network for own use for the purpose of sale and distribution of natural gas to customers. The company sells and distributes natural gas in India.

Sale of natural gas includes excise duty but excludes VAT collected from the customers on behalf of the Government.

All the revenue mentioned above are earned by transfer of goods or services at a point of time.

#### Contract Balances

Particulars	(₹ in Lakh)		
	For the year ended March 31, 2019	For the year ended March 31, 2018	As at 1st April 2017
Trade Receivables (refer note 4)	9,959.43	8,867.37	9,395.62
Unbilled Revenue (refer note 12)	3,854.29	3,144.16	2,787.65
Contract Liabilities (refer note 22)	1,813.55	1,567.02	1,566.72

Trade receivables are non-interest bearing and are generally on terms of 7 to 60 days. Contract liabilities are the advances paid by the customers against which supply of natural gas is to happen after the reporting date.

Revenue recognised out of amounts included in contract liabilities at the beginning of the year is **₹742.14 Lakh** (previous year ₹817.86 Lakh). No amount recognised as revenue out of performance obligations satisfied fully or partially in previous year.

Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price.



**Notes to the Financial Statements**  
for the year ended March 31, 2019

(₹ in Lakh)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Revenue as per Contracted Price	3,05,693.38	2,45,304.87
ECS Discount	14.04	13.13
Revenue from Contract with Customers (refer note 23)	3,05,679.34	2,45,291.74

**Performance obligations**

The Company earns revenues primarily from sale of natural gas. Revenue is recognised on supply of gas to customers by metered/assessed measurements. There are not any return rights attached to the sale, hence no right of return liability or asset exists.

There are not any performance obligations remaining to be satisfied as at reporting date for which transaction price has been allocated.

**31.14** The board of directors, at its meeting held on 9<sup>th</sup> May 2019, has proposed a final dividend of ₹10.50/- per equity share of face value ₹10/- each for the Financial Year Ended March 31, 2019. This is in addition to the interim dividend of ₹9.50/- per equity share paid during the year. With this, the total dividend for the year is ₹20/- per equity share of face value ₹10/- each. The proposal is subject to the approval of shareholders at the Annual General Meeting to be held and if approved would result in a cash outflow of approximately ₹12,504/- Lakh, including corporate dividend tax.

**31.15** The previous year numbers have been reclassified wherever necessary.

In terms of our report attached

For **S R B C & CO LLP**  
Chartered Accountants  
FRN 324982E/E300003

**Per Vikram Mehta**  
Partner  
Membership No: 105938

Place : Mumbai  
Date : May 9, 2019

For and on behalf of the Board of Directors of Mahanagar Gas Limited

**Sanjib Datta**  
Managing Director  
DIN: 07008785

Place: Mumbai  
Date: May 9, 2019

**S M Ranade**  
Chief Financial Officer  
ACA No: 39230

Place: Mumbai  
Date: May 9, 2019

**Alok Mishra**  
CS & Compliance Officer  
ACS No: A-15967

Place: Mumbai  
Date: May 9, 2019





## MGL at Glance



Inauguration of Taloja Store



MGL signed an (MoU) with Tata Power to foray into emerging e-mobility business



Business Partner Meet



Foundation Day



Tripod Beta Training



MGL & Maruti join hands to continue their endeavour for 'Go Green'



Painting competition for employees' kids



BSE - 539957  
NSE - MGL  
CIN - L40200MH1995PLC088133

### Registered Office

MGL House, Block G-33, Bandra-Kurla Complex,  
Bandra (East), Mumbai - 400 051

**Tel:** +91 22 6678 5000

**Fax:** + 91 22 2652 8925

**Email:** [info@mahanagargas.com](mailto:info@mahanagargas.com)

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