Standalone summary of significant accounting policies and other explanatory information for the year ended 31 March 2020

1 Corporate information

Indraprastha Gas Limited (the 'Company') or 'IGL' is a company limited by shares domiciled in India and was incorporated on 23 December 1998 under the erstwhile Companies Act, 1956. The Company is listed on the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). The registered office is located at IGL Bhawan, Plot No.4, Community Centre, Sector 9, R.K. Puram, New Delhi -110022.

IGL is in the business of city gas distribution presently operating in the National Capital Territory of Delhi including adjoining areas of Noida, Greater Noida, Ghaziabad, Hapur, Gurugram, Meerut (except area already authorised), Shamli, Muzaffarnagar, Karnal and Rewari.

2 Application of new and revised Indian Accounting Standards (Ind AS)

All the Ind AS issued and notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the standalone financial statements are authorized have been considered in preparing these standalone financial statements.

2.1 Standards issued but not yet effective

Ministry of Corporate Affairs ('MCA') notifies new standards or amendments to the existing standards. However, there are no such notifications which have been issued but are not yet effective or applicable from 1 April 2020.

3 Significant accounting policies and other explanatory information

3.1 General information and statement of compliance with Indian Accounting Standards (Ind AS)

These standalone financial statements of the Company have been prepared in accordance with Ind AS notified by the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016, read with Section 133 of the Companies Act, 2013 (the 'Act') and other provisions of the Act.

The standalone financial statements of the Company for the year ended 31 March 2020 were approved and authorised for issue by the Board of Directors on 17 June 2020 (refer note 57).

3.2 Overall considerations

These standalone financial statements have been prepared on going concern basis using the significant accounting policies and measurement bases summarised below.

These accounting policies have been used throughout all periods presented in the standalone financial statements.

3.3 Historical cost convention

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

3.4 Revenue recognition

(i) Sale of natural gas

Revenue from the contracts with customers is recognized 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. Sales, as disclosed, are inclusive of excise but are net of trade allowances, rebates, VAT and amounts collected on behalf of third parties.

The Company earns revenues primarily from sale of natural gas. Revenue is recognized on supply of gas to customers by metered/assessed measurements. The Company has concluded that it is the principal in all its revenue arrangements since it is primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to credit risk.

The Company considers the terms of the contract and its customary business practices to determine the transaction price. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties (for example, indirect taxes). No element of financing is deemed present as the credit term is not more than one year.

The transaction price is allocated by the Company to each performance obligation (or distinct good or service) in an amount that depicts the amount of consideration to which it expects to be entitled in exchange for transferring the promised goods or services to the customer.

For each performance obligation identified, the Company determines at contract inception whether it satisfies the performance obligation over time or satisfies the performance obligation at a point in time. If an entity does not satisfy a performance obligation over time, the performance obligation is satisfied at a point in time. A receivable is recognized where the Company's right to consideration is unconditional (i.e. only the passage of time is required before payment of the consideration is due). When either party to a contract has performed, an entity shall present the contract in the balance sheet as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment.

(ii) Interest and dividend income

Interest income is reported on an accrual basis using the effective interest method. Dividends are recognised at the time the right to receive payment is established.

3.5 Inventories

(i) Inventory of stock-in-trade of natural gas

Inventory of stock-in-trade of natural gas in pipelines and cascades is valued at the lower of cost computed on First in First out (FIFO) basis and net realisable value. The cost of inventories comprises of all costs of purchase and other costs incurred in bringing the inventory to its present location and condition.

(ii) Inventory of stores and spares

Stores and spares are valued at lower of cost computed on weighted average basis and net realisable value.

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

3.6 Foreign currency transactions and translations

i. Initial recognition

The Company's standalone financial statements are presented in Indian Rupee ('INR'), which is also the Company's functional currency. Transactions in foreign currencies are recorded on initial recognition in the functional currency at the exchange rates prevailing on the date of the transaction.

ii. Measurement at the balance sheet date

Foreign currency monetary items of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

iii. Treatment of exchange difference

Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are recognised as income or expenses in the period in which they arise.

3.7 Leases

Accounting policy till 31 March 2019

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Company as the lessor

Finance leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item,

Standalone summary of significant accounting policies and other explanatory information for the year ended 31 March 2020

are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and a reduction in the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss.

Company as a lessee

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the statement of profit and loss on straight line basis unless the payments are structured to increase in line with expected general inflation to compensate for lessor's expected inflationary cost increases

Change in accounting policy

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company as a lessee

From 1 April 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in -substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable under residual value guarantees, if any
- the exercise price of a purchase option if any, if the Company is reasonably certain to exercise that option
- payment for penalties for terminating the lease, if the lease term reflects the Company exercising that option

The lease payments are discounted using the interest rate implicit in the lease. If the rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the statement of profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Variable lease payments that depends on sales are recognised in the statement of profit and loss in the period in which the condition that triggers those payments occurs.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs; and
- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying assets useful life.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in the statement of profit and loss. Short term leases are the leases with a lease term of 12 months or less. Further, rental payments for the land where lease period is considered to be indefinite or indeterminable, these are charged off to the statement of profit and loss.

3.8 Employee benefits

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

Defined contribution plans

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

Defined benefit plans

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 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 recognized immediately in the statement of profit and loss as past service cost.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The cost of such compensated absences is accounted as under:

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits

Compensated absences which are allowed to be carried forward over a period in excess of 12 months after the end of the 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 out of which the obligations are expected to be settled with actuarial valuations being carried out at each Balance Sheet date. Remeasurements, comprising of actuarial gains and losses are recognised immediately in the balance sheet with a corresponding debit or credit to statement of profit and loss in the period in which they occur. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.

3.9 Taxes on income

Tax expense comprises current tax and deferred tax. Current tax is the amount of the tax for the period determined in accordance with the Income-tax Act, 1961. Current tax is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted at the end of the reporting period. Current income-tax relating to items recognised outside the statement of profit and loss is recognised outside the statement of profit and loss (either in Other comprehensive income or in equity). Deferred tax is provided using the balance sheet approach on temporary differences at the reporting

Standalone summary of significant accounting policies and other explanatory information for the year ended 31 March 2020

date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Such assets are reviewed at each balance sheet date to reassess realisation. Deferred tax relating to items recognised outside the statement of profit and loss is recognised outside the statement of profit and loss, in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income-tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3.10 Operating cycle

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

3.11 Operating expenses

Operating expenses are recognised in statement of profit or loss upon utilisation of the service or as incurred.

3.12 (a) Property, plant and equipment

i. Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

ii. Property, plant and equipment are stated at their original cost including freight, duties, taxes and other incidental expenses relating to acquisition and installation.

iii. Gas distribution systems are commissioned when ready for commencement of supply of gas to consumers. In the case of commissioned assets where final payment to the contractors is pending, capitalisation is made on an estimated basis pending receipt of final bills from the contractors and subject to adjustment in cost and depreciation in the year of final settlement.

iv. The carrying amount of assets, including those assets that are not yet available for use, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, recoverable amount of asset is determined. An impairment loss is recognised in the statement of profit and loss whenever the carrying amount of an asset exceeds its recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of asset does not exceed the net book value that would have been determined if no impairment loss had been recognised.

v. Stores and spares which meet the definition of property, plant and equipment (whether as component or otherwise) and satisfy the recognition criteria, are capitalised as property, plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognised the new part with its own estimated useful life and it is depreciated accordingly. Likewise, when a major overhauling/ repair is performed, its cost is recognised in the carrying amount of respective assets if the recognition criteria are satisfied and depreciated over remaining useful life of asset or over the period of next overhauling due, whichever is earlier. All other repair and maintenance costs are recognised in the statement of profit and loss as and when incurred.

(b) Other intangible assets

Other intangible assets comprise of computer software/licenses. Such assets acquired by the Company are initially measured at cost. After initial recognition, an intangible asset is carried at cost less any accumulated amortisation and accumulated impairment loss. Subsequent expenditure is capitalised only if it is probable that the future economic benefits will flow to the Company.

(c) Capital work-in-progress

Expenditure incurred during the period of construction, including all direct and indirect expenses, incidental and related to construction, is carried forward and on completion, the costs are allocated to the respective property, plant and equipment. Capital work-in-progress also includes assets pending installation and not available for intended use.

3.13 Depreciation and amortisation

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

A	Asset class	Depreciation
	Property, plant and equipment	
	- Mother compressors, online compressors and Booster compressors (forming part of plant and equipment)	10 years
	- Pipeline (forming part of plant and equipment)	25 years
	- Signages (forming part of buildings)	10 years
	- Machinery spares	5 years

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

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

B. Other intangible assets

Intangible assets comprising software and licenses are amortised on straight line method (SLM) over the useful life of five years, which represents the management's assessment of economic useful life of the other intangible assets.

Amortisation method, useful lives and residual values of other intangible assets are reviewed at each financial year - end and adjusted, if appropriate.

3.14 Cash and cash equivalents

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

3.15 Cash flow statement

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

3.16 Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

3.17 Equity, reserves and dividend payment

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Retained earnings include current and prior period retained profits. All transactions with owners of the Company are recorded separately within equity.

Standalone summary of significant accounting policies and other explanatory information for the year ended 31 March 2020

3.18 Impairment of property, plant and equipment, other intangible assets and investments in associates

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable and impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or Company of assets (cash generating units). If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost and the same is accordingly reversed in the statement of profit and loss.

3.19 Provisions, contingent liabilities and contingent assets

Provisions are recognised only when there is a present obligation, as a result of past events, and when a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Provisions are discounted to their present values, where the time value of money is material. Contingent liability is disclosed for:

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

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

3.20 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Company operates in a single segment of natural gas business and relevant disclosure requirements as per Ind AS 108 "Operating Segments" have been disclosed by the Company under note no 52.

3.21 Fair value measurement

The Company measures financial instruments such as investments in mutual funds, 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 at the measurement date.

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

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

3.22 Financial instruments

I. Financial assets

a. Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset, which are not at fair value through profit and loss, are added to fair value on initial recognition. Transaction costs of financial assets carried at fair value through profit or loss are expensed in statement of profit and loss.

b. Subsequent measurement

(i) Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial assets at fair value through other comprehensive income (FVTOCI)

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(iii) Financial assets at fair value through profit or loss (FVTPL)

A financial asset which is not classified in any of the above categories are subsequently fair valued through the statement of profit and loss.

c. Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses (ECL) associated with its assets measured at amortised cost and assets measured at fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 47 details how the Company determines whether there has been a significant increase in credit risk.

d. Derecognition of financial assets

A financial asset is derecognised when:

- The Company has transferred the right to receive cash flows from the financial assets or
- Retains the contractual rights to receive the cash flows of the financial assets, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity transfers the financial asset, it evaluates the extent to which it retains the risk and rewards of the ownership of the financial assets. If the entity transfers substantially all the risks and rewards of ownership of the financial asset, the entity shall derecognise the financial asset and recognise separately as assets or liabilities any rights and obligations created or retained in the transfer. If the entity retains substantially all the risks and rewards of ownership of the financial asset, the entity shall continue to recognise the financial asset.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of the ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial assets, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

II. Financial liabilities

Initial recognition and subsequent measurement

All financial liabilities are recognized initially at fair value and in case of borrowings and payables, net of directly attributable cost. Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments. Changes in the amortised value of liability are recorded as finance cost.

Standalone summary of significant accounting policies and other explanatory information for the year ended 31 March 2020

III. Fair value of financial instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices. All methods of assessing fair value result in general approximation of value, and such value may vary from actual realization on future date.

IV. Offsetting of financial instruments

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

3.23 Significant accounting judgements, estimates and assumptions

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

Estimates and assumptions

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

(i) Estimation of defined benefit obligation

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

(ii) Estimation of current tax and deferred tax

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

(iii) Useful lives of depreciable/amortizable assets

Management reviews its estimate of the useful lives of depreciable/amortizable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain property, plant and equipment.

(iv) Impairment of trade receivables

Trade receivables do not carry any interest and are stated at their normal value as reduced by appropriate allowances for estimated irrecoverable amounts. Individual trade receivables are written off when management deems them not to be collectible. Impairment is recognised based on the expected credit losses, which are the present value of the cash shortfall over the expected life of the financial assets.

(v) Fair value measurement

Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date (refer note 46).

(vi) Evaluation of indicators for impairment of assets

The evaluation of applicability of indicators of impairment of assets is based on assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

Impact of Covid-19

The Ministry of Home Affairs vide order No.4-3/2020 dated 24 March 2020 notified natural gas supply among the essential services which continued to operate within the lockdown period in the crisis situation of COVID 19. However, owing to reduction in demand due to restrictions in vehicular movement, the management voluntarily decided to temporarily close down some of the CNG stations. Similarly, demand from industrial and commercial customers were also impacted due to the lockdown. The Company has evaluated the possible effects on the carrying amounts of the financial assets including receivables and unbilled revenue and expects to duly recover the same. The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions and impact thereof on its operations.

Standalone Summary of Significant Accounting Policies and Other Explanatory Information for the Year Ended 31 March 2020

4 Property, plant and equipment, capital work-in-progress and other intangible assets

(₹ in Crores)

Particulars	Property, plant and equipment								Other intangible assets	Capital work-in-progress (refer note 4.3 and 4.4)
	Freehold land	Land on perpetual lease (refer note 4.1)	Buildings (refer note 4.2)	Plant and equipment	Furniture and fixtures	Vehicles	Data processing equipment	Total	Computer software/ licenses	
Gross block										
Balance as at 1 April 2018	21.10	16.98	397.61	2,390.05	15.59	7.73	11.54	**2,860.60**	27.98	386.02
Additions	7.05	-	23.41	596.22	1.49	4.33	4.34	**636.84**	11.09	685.30
Disposals/ adjustments	-	-	1.67	15.53	0.09	0.01	0.80	**18.10**	-	593.24
Balance as at 31 March 2019	**28.15**	**16.98**	**419.35**	**2,970.74**	**16.99**	**12.05**	**15.08**	**3,479.34**	**39.07**	**478.08**
Additions	12.27	-	16.00	743.61	4.18	10.85	4.54	**791.45**	3.60	1,019.17
Disposals/ adjustments	-	-	9.30	29.82	0.71	0.09	0.97	**40.89**	-	720.56
Balance as at 31 March 2020	**40.42**	**16.98**	**426.05**	**3,684.53**	**20.46**	**22.81**	**18.65**	**4,229.90**	**42.67**	**776.69**
Accumulated depreciation and amortisation										
Balance as at 1 April 2018	-	-	47.42	387.71	4.19	2.47	3.26	**445.05**	11.50	-
Depreciation and amortisation charge for the year	-	-	19.13	169.57	1.80	1.16	3.39	**195.05**	6.02	-
Disposals	-	-	1.63	13.64	-	-	0.79	**16.06**	-	-
Balance as at 31 March 2019	**-**	**-**	**64.92**	**543.64**	**5.99**	**3.63**	**5.86**	**624.04**	**17.52**	**-**
Depreciation and amortisation charge for the year	-	-	19.26	197.22	1.99	2.55	4.51	**225.53**	6.98	-
Disposals	-	-	5.24	29.52	0.64	0.08	0.92	**36.40**	-	-
Balance as at 31 March 2020	**-**	**-**	**78.94**	**711.34**	**7.34**	**6.10**	**9.45**	**813.17**	**24.50**	**-**
Net block as at 31 March 2019	**28.15**	**16.98**	**354.43**	**2,427.10**	**11.00**	**8.42**	**9.22**	**2,855.30**	**21.55**	**478.08**
Net block as at 31 March 2020	**40.42**	**16.98**	**347.11**	**2,973.19**	**13.12**	**16.71**	**9.20**	**3,416.73**	**18.17**	**776.69**

Notes:

4.1 Gross block of land on perpetual lease includes land amounting to ₹ 16.98 crores (previous year: ₹ 16.98 crores) obtained on lease from local authorities under licensing arrangement and pending execution of the related lease agreements.

4.2 Buildings, inter-alia, include buildings which have been constructed on land acquired on lease from various Government Authorities. (refer note 38).

4.3 The expenditure incidental to setting up of project is included in capital work-in-progress (CWIP) which is apportioned to the property, plant and equipment on completion of project. The Company has capitalised salary, wages and bonus amounting to ₹ 9.52 crores (previous year ₹ 7.68 crores) to the cost of property, plant and equipment /capital work-in-progress.

4.4 Capital work-in-progress has been netted off by ₹ 2.03 crores towards provision for obsolete and slow moving capital work-in-progress (previous year ₹1.57 crores)

Standalone summary of significant accounting policies and other explanatory information for the year ended 31 March 2020

5 Non-current financial assets- investments

(₹ in Crores)

Particulars	As at 31 March 2020	As at 31 March 2019
Investments in equity instruments (measured at cost)		
Trade (unquoted)		
Investments in associates:		
(a) Central U.P. Gas Limited (incorporated in India, operating in cities of Kanpur and Bareilly)		
Proportion of Company's ownership	50%	50%
3,00,00,000 (31 March 2019: 3,00,00,000) equity shares of ₹ 10 each fully paid up in Central U.P. Gas Limited purchased at ₹ 22.65 per share	68.12	68.12
Incidental expenses amounting to ₹ 0.17 crores included in the cost of investments.		
(b) Maharashtra Natural Gas Limited (incorporated in India, operating in city of Pune and adjoining areas)		
Proportion of Company's ownership	50%	50%
5,00,00,000 (31 March 2019: 5,00,00,000) equity shares of ₹ 10 each fully paid up in Maharashtra Natural Gas Limited purchased at ₹ 38 per share	190.00	190.00
	258.12	**258.12**
Aggregate amount of unquoted investments	258.12	258.12

6 Loans - non-current

(₹ in Crores)

Particulars	As at 31 March 2020	As at 31 March 2019
Security deposits		
- Considered good - unsecured	13.38	11.47
	13.38	**11.47**

7 Other non-current financial assets

(₹ in Crores)

Particulars	As at 31 March 2020	As at 31 March 2019
Balance with banks in fixed deposits having remaining maturity of more than 12 months (under lien against bank guarantee)	0.06	0.30
Others	0.04	0.04
	0.10	**0.34**

Standalone summary of significant accounting policies and other explanatory information for the year ended 31 March 2020

8 Income-tax assets (net)

(₹ in Crores)

Particulars	As at 31 March 2020	As at 31 March 2019
Advance tax (net of provisions)	22.69	11.04
Income-tax demand paid under protest	0.21	3.99
	22.90	**15.03**

9 Other non-current assets

(₹ in Crores)

Particulars	As at 31 March 2020	As at 31 March 2019
Capital advances	6.25	20.65
Advances other than capital advances:		
Advance to related parties - GAIL (India) Limited (considered good, refer note 43)	12.88	11.48
Prepaid expenses	22.72	29.87
Others	4.67	5.08
	46.52	**67.08**

10 Inventories (valued at lower of cost and net realisable value)

(₹ in Crores)

Particulars	As at 31 March 2020	As at 31 March 2019
Stock-in-trade		
Natural gas	3.12	3.71
Stores and spares	51.37	50.88
Less: Provision for obsolete and slow moving stores and spares	(3.38)	(3.65)
	47.99	47.23
	51.11	**50.94**

11 Current financial assets - investments

(₹ in Crores)

Particulars	As at 31 March 2020	As at 31 March 2019
Investment in mutual funds (unquoted) - at fair value through profit and loss (refer 11.1 below)	-	1,285.87
	-	**1,285.87**
Aggregate amount of unquoted investments and market value thereof	**-**	**1,285.87**

Standalone summary of significant accounting policies and other explanatory information for the year ended 31 March 2020

11.1

(₹ in Crores)

	Particulars	As at 31 March 2020	As at 31 March 2019
(a)	Nil units (31 March 2019: 2,52,488.807) in SBI Magnum Ultra Short Duration Fund, Direct Growth	-	105.23
(b)	Nil units (31 March 2019: 2,50,85,667.555) in HDFC Low Duration Fund, Direct Growth	-	102.50
(c)	Nil units (31 March 2019: 5,06,076.717) in IDBI Liquid Fund, Direct Growth	-	101.37
(d)	Nil units (31 March 2019: 2,21,645.568) in Reliance Liquid Fund, Direct Growth	-	101.11
(e)	Nil units (31 March 2019: 2,57,867.07) in HDFC Money Market Fund, Direct Growth	-	101.07
(f)	Nil units (31 March 2019: 4,15,521.645) in SBI Magnum Low Duration Fund, Direct Growth	-	101.03
(g)	Nil units (31 March 2019: 1,96,56,614.166) in JM Liquid Fund, Direct Growth	-	100.62
(h)	Nil units (31 March 2019: 3,33,75,274.929) in Reliance Floating Rate Fund, Direct Growth	-	100.51
(i)	Nil units (31 March 2019: 3,07,05,080.77) in HDFC Floating Rate Debt Fund, WP Direct Growth	-	100.42
(j)	Nil units (31 March 2019: 3,58,700.377) in Franklin India Liquid Fund, Direct Growth	-	100.38
(k)	Nil units (31 March 2019: 36,24,187.29) in ICICI Prudential Liquid Fund, Direct Growth	-	100.18
(l)	Nil units (31 March 2019: 4,96,310.478) in Mirae Asset Cash Management Fund, Direct Growth	-	97.85
(m)	Nil units (31 March 2019: 12,55,147.14) in Aditya Birla Sun Life Liquid Fund, Direct Growth	-	37.71
(n)	Nil units (31 March 2019: 95,190.381) in Tata Liquid Fund, Direct Growth	-	28.03
(o)	Nil units (31 March 2019: 25,678.43) in UTI Liquid Cash Plan, Direct Growth	-	7.86
	Total	**-**	**1,285.87**

12 Trade receivables

(₹ in Crores)

Particulars	As at 31 March 2020	As at 31 March 2019
Trade receivables		
i. Trade receivables considered good - secured	88.01	83.66
ii. Trade receivables considered good - unsecured	82.38	137.82
iii Trade receivable - credit impaired	8.20	4.98
Less: Allowances for expected credit loss	(8.20)	(4.98)
	170.39	**221.48**
The above receivables include:		
Considered good - unsecured		
Receivables from related parties (refer note 43)	9.29	18.45

All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

Standalone summary of significant accounting policies and other explanatory information for the year ended 31 March 2020

13 Cash and cash equivalents

(₹ in Crores)

Particulars	As at 31 March 2020	As at 31 March 2019
Balances with banks in current accounts	129.68	25.88
Cash on hand	1.08	11.89
Balances with banks in fixed deposits with original maturity of less than three months	536.95	33.39
	667.71	**71.16**

There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior periods.

14 Bank balances other than cash and cash equivalents

(₹ in Crores)

Particulars	As at 31 March 2020	As at 31 March 2019
Balances with banks in fixed deposits with original maturity of more than three months and remaining maturity of less than twelve months (refer note (a) below)	1,500.94	528.36
Unpaid dividend account (refer note (b) below)	0.99	0.86
Earmarked balances with banks in current accounts- Escrow account	10.30	6.71
	1,512.23	**535.93**

Note:

a) Includes deposits under lien against bank gurantee of ₹ 0.95 crores (previous year ₹ nil).

b) Not due for deposit to the Investor Education and Protection Fund.

15 Loans - current

(₹ in Crores)

Particulars	As at 31 March 2020	As at 31 March 2019
Security deposits		
i. Considered good - secured	-	-
ii. Considered good - unsecured (refer note 15.1 below)	1.99	3.78
iii. Deposits - credit impaired	2.52	1.50
Less : Allowances for expected credit losses	(2.52)	(1.50)
	1.99	**3.78**

15.1 Security deposits, *inter-alia* comprise of deposits given to related parties as below :

(₹ in Crores)

Particulars	As at 31 March 2020	As at 31 March 2019
(a) GAIL (India) Limited	0.10	0.10
(b) Bharat Petroleum Corporation Limited	0.01	0.01
(Also, refer note 43)	**0.11**	**0.11**

Standalone summary of significant accounting policies and other explanatory information for the year ended 31 March 2020

16 Other current financial assets

(₹ in Crores)

Particulars	As at 31 March 2020	As at 31 March 2019
Unbilled revenue	35.20	32.94
Interest accrued on fixed deposits	26.15	11.46
	61.35	**44.40**

17 Other current assets

(₹ in Crores)

Particulars	As at 31 March 2020	As at 31 March 2019
Advances other than capital advances:		
CENVAT credit recoverable	2.98	0.62
Prepaid expenses	24.92	23.64
Employee advances	0.58	0.27
Advances to vendors*	1.35	1.33
Advances to others	2.07	1.94
Others	0.96	1.01
	32.86	**28.81**

The management assesses the fair value of these financial assets not to be materially different from the amounts recognised in the financial statements.

*Advances to vendors, *inter-alia*, includes advances given to related parties as below:

(₹ in Crores)

	As at 31 March 2020	As at 31 March 2019
(a) GAIL (India) Limited	0.68	-
(b) Bharat Petroleum Corporation Limited	-	0.05
(Also, refer note 43)	**0.68**	**0.05**

18 Equity share capital

Particulars	As at 31 March 2020		As at 31 March 2019	
	Number of shares	(₹ in crores)	Number of shares	(₹ in crores)
(a) Authorised				
Equity shares of ₹ 2 each (previous year ₹ 2 each)	**1,10,00,00,000**	**220.00**	**1,10,00,00,000**	**220.00**
(b) Issued, subscribed and fully paid up				
Equity shares of ₹ 2 each (previous year ₹ 2 each)	**70,00,00,800**	**140.00**	**70,00,00,800**	**140.00**

Standalone summary of significant accounting policies and other explanatory information for the year ended 31 March 2020

18.1 Terms and rights attached to equity shares:

The Company has one class of equity shares having a par value of ₹ 2 each (previous year ₹ 2 each). Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

18.2 Reconciliation of the number of equity shares outstanding as at the beginning and at the end of the year:

Particulars	As at 31 March 2020		As at 31 March 2019	
	Number of shares	(₹ in crores)	Number of shares	(₹ in crores)
Balance as at the beginning/end of the year	700,000,800	140.00	700,000,800	140.00

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

Particulars	As at 31 March 2020		As at 31 March 2019	
	Number of shares	% holding	Number of shares	% holding
Equity shares of ₹ 2 each				
(a) GAIL (India) Limited	157,500,000	22.50%	157,500,000	22.50%
(b) Bharat Petroleum Corporation Limited	157,500,400	22.50%	157,500,400	22.50%
(c) Life Insurance Corporation of India	59,003,813	8.43%	53,234,451	7.60%

18.4 The Company has not issued any shares pursuant to contract without payment being received in cash, or allotted as fully paid up by way of bonus shares or bought back any shares during the period of five years immediately preceding the date of balance sheet. Further, there are no shares which are reserved for issue under options and contracts or commitments for the sale of shares or disinvestment.

18.5 During the current year, the Company paid dividend of ₹ 2.40 per equity share for financial year 2018-19 amounting to ₹ 168.00 crores (excluding dividend distribution tax of ₹ 34.53 crores) [in the previous year, ₹ 2.00 per equity share for financial year 2017-18 amounting to ₹ 140 crores (excluding dividend distribution tax of ₹ 28.78 crores)].

19 Other equity

(₹ in Crores)

Particulars	As at 31 March 2020	As at 31 March 2019
(a) General reserve :		
Balance as at the beginning/ end of the year	303.50	303.50
(b) Retained earnings:		
Opening balance	3,686.35	3,069.40
Profit for the year	1,136.54	786.67
Dividends distributed to equity shareholders (refer note no: 18.5 above)	(168.00)	(140.00)
Dividend distribution tax on dividend paid on equity share capital (refer note 18.5 above)	(34.53)	(28.78)
	4,620.36	**3,687.29**
Items of other comprehensive income recognised directly in retained earnings		
- Remeasurement of post-employment benefit obligation, net of tax	(1.50)	(0.94)
Closing balance	**4,618.86**	**3,686.35**
	4,922.36	**3,989.85**

19 Other equity (Contd..)

Nature of reserves

General reserve

Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with Companies (Transfer of profits to Reserve) Rules,1975. Consequent to introduction of the Companies Act 2013, there is no such requirement to mandatorily transfer a specified percentage of the net profit to general reserve.

Retained earnings

Retained earnings are created from the profit / loss of the Company, as adjusted for distributions to owners, transfers to other reserves, etc.

20 Other non-current financial liabilities

(₹ in Crores)

Particulars	As at 31 March 2020	As at 31 March 2019
Security deposits	1.97	0.41
	1.97	**0.41**

21 Non-current provisions

(₹ in Crores)

Particulars	As at 31 March 2020	As at 31 March 2019
Provision for employee benefit obligations (refer note 42)	23.47	19.55
	23.47	**19.55**

22 Deferred tax liabilities (net)

(₹ in Crores)

	Particulars	As at 31 March 2020	As at 31 March 2019
(a)	Deferred tax liabilities on:		
	Difference between book balance and tax balance of property, plant and equipment.	236.21	275.98
	Financial assets at fair value through profit or loss	-	5.32
	Others	-	0.03
		236.21	281.33
(b)	Deferred tax assets on:		
	Provision for employee benefit obligations	6.22	7.70
	Provision for obsolete and slow moving stores and spares/ Capital work-in-progress	1.36	1.82
	Provision for expected credit loss on trade receivables and security deposits	2.70	2.26
	Lease liability	0.88	-
	Others	13.14	1.71
		24.30	**13.49**
Deferred tax liabilities (net)		**211.91**	**267.84**

Standalone summary of significant accounting policies and other explanatory information for the year ended 31 March 2020

Movements in deferred tax liabilities and deferred tax assets

(₹ in Crores)

Particulars	Property, plant and equipment	Gratuity and compensated absences	Other provisions
As at 1 April 2018	**234.03**	**(4.89)**	**(3.83)**
Charged/ (credited) to the statement of profit or loss	41.95	(2.31)	3.39
(Credited) to other comprehensive income	-	(0.50)	-
As at 31 March 2019	**275.98**	**(7.70)**	**(0.44)**
Charged/(credited) to the statement of profit or loss	(39.77)	1.99	(17.64)
(Credited) to other comprehensive income	-	(0.51)	-
As at 31 March 2020	**236.21**	**(6.22)**	**(18.08)**

23 Other non-current liabilities

(₹ in Crores)

Particulars	As at 31 March 2020	As at 31 March 2019
Others	0.87	0.97
	0.87	**0.97**

24 Current financial liabilities- Trade payables

(₹ in Crores)

Particulars	As at 31 March 2020	As at 31 March 2019
Trade payables		
(i) total outstanding dues of micro enterprises and small enterprises (refer note 41)	41.09	41.11
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		
Payable to others	138.29	134.05
Payable to related parties (refer note 43)	45.58	150.90
	224.96	**326.06**

25 Other current financial liabilities

(₹ in Crores)

Particulars	As at 31 March 2020	As at 31 March 2019
Security deposits from customers (refer note 39)	771.58	649.27
Unclaimed dividend#	0.99	0.86
Security deposits from vendors	3.87	3.54
Employee payable	32.99	28.29
Creditor for capital goods	412.30	295.80
	1,221.73	**977.76**

not due for deposit to the Investor Education and Protection fund.

26 Other current liabilities

(₹ in Crores)

Particulars	As at 31 March 2020	As at 31 March 2019
Excess payments received from customers	26.09	23.72
Advance from customers	10.39	6.31
Statutory dues payable	17.49	13.14
Advance received for shifting of pipeline	16.77	17.05
Others	0.76	1.44
	71.50	**61.66**

27 Current- provisions

(₹ in Crores)

Particulars	As at 31 March 2020	As at 31 March 2019
Provision for employee benefit obligations (refer note 42)	1.23	1.03
Provisions for lease rentals (refer note below)	256.06	162.42
	257.29	**163.45**
Movement of provisions for lease rentals as required under Ind AS 37		
Balance as at the beginning of the year	162.42	107.47
Add: Additonal provisions made during the year	93.64	54.95
Balance as at the end of the year	**256.06**	**162.42**

28 Current tax liabilities (net)

(₹ in Crores)

Particulars	As at 31 March 2020	As at 31 March 2019
Provision for tax (net of advance tax)	-	1.79
	-	**1.79**

29 Revenue from operations

(₹ in Crores)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Sale of natural gas (including excise duty)	7,131.29	6,336.66
Other operating revenues	34.20	25.21
	7,165.49	**6,361.87**

Standalone summary of significant accounting policies and other explanatory information for the year ended 31 March 2020

30 Other income

(₹ in Crores)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Interest income from banks	46.68	36.39
Dividend income from:		
- investments in associates	13.20	17.70
Profit on sale of mutual funds	87.38	73.57
Net gain arising on debt mutual funds designated as at fair value through profit or loss	-	15.22
Provision for obsolete and slow moving stores and spares, written back	0.27	0.02
Provision for obsolete and slow moving capital work-in-progress, written back	-	0.33
Liabilities/provisions no longer required, written back	3.21	0.10
Allowances for expected credit loss no longer required, written back	-	1.50
Net gain on foreign currency transaction and translation	-	0.05
Other non-operating income	5.64	1.27
	156.38	**146.15**

31 Purchases of stock-in-trade of natural gas

(₹ in Crores)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Natural gas	3,678.77	3,397.89
	3,678.77	**3,397.89**

32 Changes in inventories of stock-in-trade of natural gas

(₹ in Crores)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Closing stock of stock-in-trade of natural gas	3.12	3.71
Opening stock of stock-in-trade of natural gas	3.71	3.14
	0.59	**(0.57)**

33 Employee benefits expense

(₹ in Crores)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Salaries and wages	129.44	123.04
Contribution to provident fund and other funds	4.41	4.23
Staff welfare expenses	17.85	15.28
	151.70	**142.55**

Standalone summary of significant accounting policies and other explanatory information for the year ended 31 March 2020

34 Finance costs

(₹ in Crores)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Finance costs on defined benefit obligations	1.58	1.07
Interest on late deposit of advance tax	-	0.26
Interest on lease liabilities	6.52	-
Other finance costs	0.02	0.72
	8.12	**2.05**

35 Other expenses

(₹ in Crores)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Operating expenses at CNG stations	201.89	182.53
Stores and spares consumed	25.21	27.03
Power and fuel	231.87	209.58
Rent	145.42	105.17
Hire charges:		
- Vehicle	26.02	25.23
- Equipment	2.60	1.57
Rates and taxes	2.70	2.33
Repairs and maintenance:		
- Buildings	22.25	12.89
- Plant and equipment	278.69	227.22
Security expenses	52.08	49.44
Insurance	1.96	1.49
Cash/cheque collection charges	9.34	10.70
Legal and professional fees	23.21	18.34
Auditor's remuneration (refer note 35.1)	0.58	0.54
Travelling and conveyance	7.07	5.40
Office maintenance	8.28	6.84
Advertisement expenses	11.36	12.40
Loss on property, plant and equipment sold or discarded	4.49	2.04
Allowances for expected credit losses	4.24	2.59
Provision for obsolete and slow moving capital work-in-progress	0.46	-
Corporate social responsibility (CSR) activity expenses (refer note 40)	19.88	14.49
Miscellaneous expenses	54.97	50.17
	1,134.57	**967.99**

Standalone summary of significant accounting policies and other explanatory information for the year ended 31 March 2020

35 Other expenses (Contd..)

35.1 Payment to the statutory auditors as:

(₹ in Crores)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
(a) Auditor	0.55	0.51
(b) For reimbursement of expenses	0.03	0.03
	0.58	**0.54**

36 Contingent liabilities

1. Claims against the Company not acknowledged as debt:

(a) Demand raised by Excise authorities

The Company had received a show cause notice dated 5 June 2012 from the Directorate General of Central Excise Intelligence for not paying excise duty on the facility discount paid to Delhi Transport Corporation from December 2008 to August 2010 and raised a demand of ₹ 2.42 crores (previous year ₹ 2.42 crores) which the Company duly deposited and, however, filed an appeal on 20 August 2013 with the Commissioner of Central Excise. The demand was confirmed by the Commissioner of Excise in its order dated 30 September 2013 and a penalty of ₹ 2.42 crores (excluding interest) was imposed on the Company. The Company filed an appeal on 10 January 2014 against the demand including penalty with Central Excise and Service Tax Appellate Tribunal and the stay has been granted by the tribunal against the demand. The case has been remanded back to the assessing authority by Central Excise and Service Tax Appellate Tribunal to submit additional documents along with other evidence.

(b) Demand raised by income-tax authorities

In respect of assessment year 2013-14 and 2014-15, the assessing officer had disallowed additional depreciation claimed by the Company on addition of assets pertaining to the CNG business. The department has raised a demand of ₹2.51 crores and ₹2.01 crores for the assessment year 2013-14 and 2014-15 respectively including interest. Out of the said demand, ₹ 4.01 crores has been adjusted against the refund for the assessment year 2014-15 and demand order for the balance amount of ₹ 0.51 crores has been issued by the Department for assessment year 2013-14. The Company had filed an appeal with the Commissioner of Income-tax (Appeals) which was ruled in favour of the revenue. The Company has further challenged the Order of the Commissioner of Income-tax (Appeals) in the Income-tax Appellate Tribunal. Against the remaining demand of ₹0.51 crores for the assessment year 2013-14, Company has deposited ₹ 0.20 crores under protest, while amounts of ₹ 0.23 crores and ₹ 0.08 crores have been adjusted against the refund of assessment year 2015-16 and assessment year 2011-12 respectively.

In respect of assessment year 2011-12, 2012-13 and 2015-16, the assessing officer had disallowed additional depreciation claimed by the Company on addition of assets pertaining to the CNG business. The department has raised a demand of ₹ 8.23 crores, ₹ 10.68 crores and ₹ 1.26 crores (including additional demand of ₹ 0.17 crores raised in current year) for the assessment year 2011-12, 2012-13 and 2015-16 respectively. Out of the said demand, ₹1.65 crores and ₹ 2.14 crores has been deposited under protest for the assessment year 2011-12 and 2012-13 respectively and ₹1.09 crores has been adjusted against the refund of assessment year 2015-16. The Company had filed appeals with the Commissioner of Income Tax (Appeals) against the decision of the Income-tax department which was ruled in favour of Company. Subsequently, the Income- tax department has further filed an appeal against the order of Commissioner of Income-tax (Appeals) in Income-tax Appellate Tribunal. In the current year, in addition to the additional demand raised for assessment year 2015-16 of ₹0.17 crores, the Company has received refund of ₹1.40 crores, ₹2.14 crores and ₹1.09 crores for assessment year 2011-12, 2012-13 and 2015-16 respectively. For assessment year 2011-12, balance amount of ₹ 0.25 crores has been adjusted against the demand of assessment year 2013-14 (₹ 0.08 crores) and additional demand for assessment year 2015-16 (₹ 0.17 crores).

36 Contingent liabilities (Contd..)

In respect of assessment year 2016-17, the assessing officer had disallowed additional depreciation claimed by the Company on addition of assets pertaining to the CNG business. The department has raised a demand of 0.84 crores for the assessment year 2016-17 including interest. The Company has filed an appeal with Commissioner of Income Tax (Appeals) against the assessment order passed by income-tax department for AY 2016-17, which was ruled in favour of Company. The Income- tax department has further filed an appeal against the order of Commissioner of Income-tax (Appeals) in Income-tax Appellate Tribunal. The Company is of the view that such disallowance is not tenable and accordingly no provision has been made for the said demand.

In the current year, the assessing officer had disallowed additional depreciation claimed by the Company in respect of assessment year 2017-18, on addition of assets pertaining to the CNG business. The department has raised a demand of ₹ 2.48 crores for the assessment year 2017-18 including interest. Company has filed an appeal with Commissioner of Income Tax (Appeals) against the assessment order passed by income-tax department for AY 2017-18. The Company is of the view that such disallowance is not tenable and accordingly no provision has been made for the said demand.

(c) Demand raised by Delhi Development Authority (DDA)

Delhi Development Authority (DDA) has raised a total demand (excluding interest) of ₹ 155.64 crores during 2013-14 on account of increase in license fees in respect of sites taken by the Company on lease from DDA for setting up compressed natural gas (CNG) stations in Delhi. The increase in license fees was related to the period 1 April 2007 to 31 March 2014. The Company has filed a writ petition on 11 October 2013 before the Hon'ble Delhi High Court against the demand raised by DDA as the revised license fees has been increased manifold and made applicable retrospectively from financial year 2007-08. Further, DDA vide communication dated 29 August 2016 has revised the total demand (excluding interest) to ₹ 330.73 crores for the period upto 31 March 2016. The same was also reported in the previous year(s) as a contingent liability.

The matter is pending in the Hon'ble High Court of Delhi and the Company, based on the legal opinion taken, is of the view that such demand is not tenable and accordingly no provision has been made for this aforementioned demand raised by DDA in the books of accounts.

(d) During the previous year, the Company received a demand amounting to ₹ 0.04 crores from the Commercial Tax department, Uttar Pradesh which has been deposited by the Company under protest.

(e) Apart from those disclosed above, the Company has certain ongoing litigations involving customers, vendors and employees. Based on legal advice of in house legal team, the management believes that no material liability will devolve on the Company in respect of these litigations.

2 Demand raised by Goods and Service tax (GST) authorities

During the current year, the Company has received a demand cum show cause notice from the GST authorities for an amount of ₹19.55 crores in respect of financial year 2014-15, 2015-16, 2016-17 and from April 2017 to June 2017 wherein it has been alleged by the aforementioned authorities that the Company has incorrectly availed cenvat credit on the purchases made by the Company and has not paid service tax on certain other services. The Company is in process of filing the responses to the demand cum show cause notice and is of the view that such demand is not tenable. Accordingly, no provision has been made for the demand so raised.

3. There are numerous interpretive issues relating to the Hon'ble Supreme Court (SC) judgment dated 28 February 2019 on provident fund on which the Company is seeking legal advice specially on the retrospective applicability of the same. However, the Company for the current year is complying with the statutory requirements of the same and does not

Standalone summary of significant accounting policies and other explanatory information for the year ended 31 March 2020

36 Contingent liabilities (Contd..)

believes that any material liability would devolve on it.

4. During the previous year, GAIL (India) Limited has raised the following claims against the Company in relation to the allocation and actual utilisation of domestic gas amounting to :

- ₹ 40.70 crores which in the current year has been revised to ₹ 0.01 crores post reconciliation of the computation performed by the Company and GAIL (India) Limited; and

- ₹ 35.12 crores and ₹ 5.12 crores which have now been revised in the current year to ₹ 20.28 crores and ₹ 1.37 crores respectively for the gas supplied by the Company to Adani Gas Limited (AGL) and Haryana City Gas Distribution Limited (HCGDL). The Company has raised claims of the corresponding amount to AGL and HCGDL respectively. Both the aforementioned companies are in the process of reconciling the data with GAIL (India) Limited. Further, based on the agreements entered into by the Company with AGL and HCGDL respectively, and subsequent legal advice obtained on this matter, the management believes that the Company has the right to recover the said amount if charged by GAIL (India) Limited, from these companies. Accordingly, the management does not believes that any material liability would devolve on the Company.

37 Bank guarantees

The Company was in earlier years granted authorization for laying, building, operating and expanding CGD network in the geographical area of Karnal, Rewari, Meerut (except area already authorised) Shamli, Muzaffarnagar, Kaithal, Ajmer, Pali, Rajsamand, Kanpur (except area already authorised), Fatehpur and Hamirpur under the Petroleum and Natural Gas Regulatory Board (Authorizing entities to lay, build, operate or expand city or local Natural Gas Distribution Networks) Regulation 2008 against which the Company had submitted performance bank guarantees amounting to ₹ 2,446.36 crores (previous year ₹ 2,446.36 crores) to the Petroleum and Natural Gas Regulatory Board to cover the construction obligation for creation of infrastructure in the first 5 years. Further, during the year, the Company has been granted authorization for laying, building, operating and expanding City Gas Distribution (CGD) network in the geographical area of Hapur under the Petroleum and Natural Gas Regulatory Board (Authorizing entities to lay, build, operate or expand city or local Natural Gas Distribution Networks) Regulation 2008. The Company has further submitted a performance bank guarantee amounting to ₹ 33 crores to Petroleum and Natural Gas Regulatory Board to cover the construction obligation for creation of infrastructure in the first 5 years.

(ii) The Company's commitment towards unexpired bank guarantees other than above mentioned in point (i) is ₹ 334.57 crores (previous year ₹ 375.39 crores) given in the ordinary course of business.

38 The Company has installed various CNG Stations on land leased from various government authorities for periods ranging from one to five years. However, assets constructed/installed on such land are depreciated generally at the rates specified in Schedule II to the Companies Act, 2013, as the management does not foresee non-renewal of the above lease arrangements by the authorities. The net block of such assets amounts to ₹ 274.36 crores (previous year ₹ 278.99 crores).

39 Security deposits from customers of natural gas, refundable on termination/alteration of the gas sales agreements, are considered as current liabilities as every customer has a right to request for termination of supply and the Company does not have a contractual right to delay payment for more than 12 months.

40 As per Section 135 of the Companies Act, 2013, a company, meeting the eligibility criteria, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The Company's CSR programs/projects focuses on sectors and issues as mentioned in Schedule VII read with Section 135 of Companies Act, 2013. A CSR committee has been formed by the Company as per the Act.

a) Gross amount required to be spent by the Company during the year is ₹ 20.14 crores (previous year ₹ 16.58 crores)

b) Amount spent during the year on CSR

(₹ in Crores)

S.No	Particulars	In cash	Yet to be paid in cash	Total
(i)	Construction / acquisition of any asset	-	-	-
(ii)	On purposes other than (i) above:	19.88	-	19.88
	Empowerment of women and girl child	2.73	-	2.73
	Eradication of poverty	1.10	-	1.10
	Promotion of healthcare and sanitation	4.68	-	4.68
	Promotion of education	8.73	-	8.73
	Others	2.64	-	2.64

41 The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows:

(₹ in Crores)

Particulars		Year ended 31 March 2020	Year ended 31 March 2019
(a)	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
	- Principal amount due to any supplier*	285.26	197.27
	- Interest due on above	-	0.37
(b)	The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
(c)	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 MSMED Act 2006.	-	-
(d)	The amount of interest accrued and remaining unpaid at the end of each accounting year	0.48	0.48
(e)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	-	-

*includes amount of ₹ 244.65 crores (previous year ₹ 156.64 crores) towards creditors for capital goods.

42 Employee benefits:

The following tables summarizes the components of net benefit expense recognized in the statement of profit and loss and other comprehensive income and the amount recognized in the balance sheet for the respective plans.

(₹ in Crores)

Particulars	Non current		Current	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Provision for gratuity (refer note below)	1.63	2.16	0.54	0.31
Provision for leave encashment	21.84	17.39	0.69	0.72
	23.47	**19.55**	**1.23**	**1.03**

Standalone summary of significant accounting policies and other explanatory information for the year ended 31 March 2020

Gratuity (funded)

(₹ in Crores)

Particulars	Gratuity benefits Year ended 31 March 2020	Gratuity benefits Year ended 31 March 2019
Change in present value of the benefit obligations are as follows:		
Present value of obligations at the beginning of the year	14.19	10.89
Current service cost	1.69	1.31
Interest cost	1.09	0.81
Remeasurement (gains)/losses: Actuarial losses	2.21	1.44
Benefits paid	(0.05)	(0.26)
Present value of obligation at the year end	**19.13**	**14.19**
Change in plan assets		
Fair value of plan asset at the beginning of the year	11.72	8.79
Investment income	1.30	0.80
Employer contribution	4.31	2.49
Mortality charges	(0.12)	(0.10)
Remeasurement (gains)/losses - Return on plan assets	(0.20)	-
Benefits paid	(0.05)	(0.26)
Fair value of plan asset at the end of the year*	**16.96**	**11.72**

*The fund is managed by Life Insurance Corporation of India and category-wise composition of plan assets is not available with the Company.

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Net liability recognised in balance sheet		
Present value of the benefit obligations at the end of the year	19.13	14.19
Fair value of plan assets	16.96	11.72
Net liability recognised in balance sheet as provisions	**2.17**	**2.47**
Non-current portion of net liability	1.63	2.16
Current portion of net liability	0.54	0.31
	2.17	**2.47**
Expenses recognised in the statement of profit and loss:		
Current service cost	1.69	1.31
Past service cost including curtailment gains/losses	-	-
Interest cost in benefit obligation (net)	0.18	0.12
Total expense recognised in statement of profit and loss	**1.87**	**1.43**
Expense recognised in other comprehensive income		
Actuarial (gains)/losses arising from:		
- changes in demographic assumptions	-	-
- changes in financial assumptions	2.18	0.29
- experience adjustments	0.03	1.15
Return on plan assets (excluding amounts included in net interest expense)	(0.20)	-
Total expense recognised in other comprehensive income	**2.01**	**1.44**

Actuarial assumptions used

Particulars	Gratuity benefits Year ended 31 March 2020	Gratuity benefits Year ended 31 March 2019
Discount rate	6.76%	7.65%
Expected salary escalation rate	6.50%	6.50%

42 Employee benefits: (Contd..)

Notes:

1. The discount rate is based upon the market yields available on Government bonds at the accounting date relevant to currency of benefit payments for a term that matches the liability.

2. The estimates for future salary increase rate takes account of inflation, seniority, promotion, business plan, human resource policy and other relevant factors on long term basis.

Demographic assumptions used

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Mortality table	IALM(2012-14)	IALM(2006-08)
Retirement age	60 years	60 years
Withdrawal rates		
Upto 30 years	3	3
From 31 to 44 years	2	2
Above 44 years	1	1

Experience adjustment:

(₹ in Crores)

Particulars	2020	2019	2018	2017	2016
Present value of defined benefit obligation	19.13	14.19	10.89	8.89	6.19
Experience gain/(loss) on liability	(0.03)	(1.15)	(0.11)	(0.12)	0.96

Effect of plan on Company's future cash flows

(a) **Funding arrangements and funding Policy**

The Company has purchased an insurance policy to provide payment of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the Company. Any deficit in the assets arising as a result of such valuation is funded by the Company.

(b) **Maturity profile of defined benefit obligation**

Particulars	As at 31 March 2020	As at 31 March 2019
(i) Weighted average duration of the defined benefit obligation	18.73 years	18.91 years

Particulars	As at 31 March 2020	As at 31 March 2019
(ii) Duration of defined benefit obligation		
0 to 1 year	0.54	0.31
1 to 2 year	0.54	0.27
2 to 3 year	0.59	0.26
3 to 4 year	0.60	0.57
4 to 5 year	0.78	0.42
5 to 6 year	0.32	0.47
6 year onwards	15.76	11.87

(c) The contribution expected to be made by the Company during the financial year 2020-21 is ₹ 2.04 crores.

Standalone summary of significant accounting policies and other explanatory information for the year ended 31 March 2020

Sensitivity analysis

The significant actuarial assumptions for the determination of the defined benefit obligation are the discount rate, the salary growth rate and the average life expectancy. The calculation of the net defined benefit liability is sensitive to these assumptions. The following table summarises the effects of changes in these actuarial assumptions on the defined benefit liability:

(₹ in Crores)

Particulars	As at 31 March 2020		As at 31 March 2019	
	Increase by 0.5%	Decrease by 0.5%	Increase by 0.5%	Decrease by 0.5%
Discount rate				
(Decrease)/ increase in the defined benefit liability	(1.27)	1.40	(0.93)	1.02
Salary growth rate				
(Decrease)/ increase in the defined benefit liability	1.40	(1.28)	1.03	(0.95)

The present value of the defined benefit obligation calculated with the same method (project unit credit) as the defined benefit obligation recognised in the balance sheet. The sensitivity analysis are based on a change in one assumption while not changing all other assumptions. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in the assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Defined contribution plan

The Company makes Provident Fund contributions which are defined contribution plans, for qualifying employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹ 4.41 crores for provident fund contributions (previous year ₹ 4.23 crores) in the statement of profit and loss. The contributions payable to these plans by the Company are at rates specified in the rules of the scheme.

43 Information on related party transactions pursuant to Ind AS 24 - Related party Disclosures

List of related parties:

(a) Entities having significant influence over the Company (promoter venturers)

- i. GAIL (India) Limited
- ii. Bharat Petroleum Corporation Limited

(b) Entities over which the Company exercises significant influence

- i. Central UP Gas Limited
- ii. Maharashtra Natural Gas Limited

(c) Entities controlled by a major shareholder

- i. GAIL Gas Limited (controlled by GAIL (India) Limited)

Standalone summary of significant accounting policies and other explanatory information for the year ended 31 March 2020

(d) Entities which are joint ventures of GAIL (India) Limited

i. Petronet LNG Limited

ii Green Gas Limited

iii Rajasthan State Gas Limited

(e) Key managerial personnel (KMPs):

i	Mr. Gajendra Singh	Chairman (with effect from 14 January 2019)
ii	Mr. Arun Kumar Singh	Chairman (with effect from 1 October 2018 to 13 January 2019)
iii	Mr S. Ramesh	Chairman (with effect from 1 April 2018 to 23 September 2018)
iv	Mr. E.S. Ranganathan	Managing Director#
v	Mr. Amit Garg	Director Commercial (with effect from 25 July 2019)
vi	Mr. Rajiv Sikka	Director Commercial (with effect from 25 May 2018 to 1 July 2019)
vii	Mr. V. Nagarajan	Director Commercial (till 24 May 2018)
viii	Mr. Rajendra Natekar Pushparaj	Non- Executive Director (with effect from 14 January 2019)
ix	Mr. S. Bairagi	Non-Executive Director (with effect from 6 July 2018 to 13 January 2019)
x	Mr Manoj Jain	Non-Executive Director (with effect from 1 April 2018 to 5 July 2018)
xi	Mr. Rakesh Chawala	Chief Financial Officer (with effect from 1 August 2018)*
xii	Mr. Rajesh Agrawal	Chief Financial Officer (till 31 July 2018)*
xiii	Mr. S.K. Jain	Company Secretary*
xiv	Ms Varsha Joshi	Non- Executive Director (upto 22 May 2019)
xv	Ms Renu Sharma	Non- Executive Director (with effect from 1 December 2019)
xvi	Mr. Rajeev Verma	Non- Executive Director (with effect from 21 June 2019 till 30 November 2019)
xvii	Mr. Akhilesh Kumar Ambasht	Non - Executive, Independent Director (with effect from 11 February 2019)
xviii	Ms Saroj Bala	Non - Executive, Independent Director (with effect from 11 February 2019)
xix	Mr. R.S. Sahoo	Non - Executive, Independent Director (with effect from 11 February 2019)
xx	Mr Raghu Nayar	Non-Executive, Independent Director (till 19 March 2019)
xxi	Ms Sudha Sharma	Non-Executive, Independent Director (till 19 March 2019)
xxii	Mr Sadashiv Srinivas Rao	Non-Executive, Independent Director (till 15 October 2018)
xxiii	Mr Santosh Kumar Bajpai	Non-Executive, Independent Director (till 15 October 2018)
xxiv	Mr Ranganathan Venkataraman	Non-Executive, Independent Director (till 15 October 2018)
xxv	Mr. Ramesh Narain Misra	Non - Executive, Independent Director (with effect from 11 June 2019)
xxvi	Mr. Deepak Mishra	Non - Executive, Independent Director (with effect from 13 June 2019)

Post the year end, with effect from 16 June 2020, Mr. Asit Kumar Jana is the Managing Director of the Company.

* Pursuant only to Section 203 of the Companies Act, 2013

Standalone summary of significant accounting policies and other explanatory information for the year ended 31 March 2020

Transactions/balances outstanding with related parties in the ordinary course of business:

(₹ in Crores)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
GAIL (India) Limited		
Transactions during the year:		
Purchase of stock-in-trade of natural gas (including VAT)	3,113.84	2,800.96
Transportation charges	44.52	35.67
Refund of excess fixed transmission charges	18.36	-
Sale of natural gas	2.63	3.21
Salaries, allowances and other related payments	1.05	0.99
Road restoration charges	0.07	0.25
Bonus (profit sharing)	0.15	0.15
Advance paid for hooking up charges of shippers facilities	9.43	-
Refund of hooking up charges	8.01	-
Operational charges	0.19	0.16
Sponsorship of events	0.02	-
Net movement in standby letter of credit/ bank guarantee	2.47	(96.43)
Dividend paid	37.80	31.50
Balance outstanding as at the year end:		
Trade payables	34.70	123.98
Trade receivables	0.03	0.25
Security deposit paid	0.10	0.10
Bank guarantee/standby letter of credit outstanding (SBLC) at the year end	160.30	157.83
Advance paid for hooking up of shippers facilities	13.56	11.48
Bharat Petroleum Corporation Limited		
Transactions during the year:		
Sale of CNG (gross)	462.19	432.16
Salaries, allowances and other related payments	0.68	0.95
Reimbursement of electricity expenses	16.74	16.00
Facility charges	17.52	17.04
Purchases of stock-in-trade of natural gas	302.77	324.42
Purchases of lubricants	0.60	0.86
Purchase of petrol/diesel (including unutilised)	0.15	0.17
Security deposit paid	0.02	0.01
Security deposit refund	0.02	0.01
Bonus (profit sharing)	0.15	0.15
Earnest money deposit received/(repaid)	-	(0.04)
Net movement in standby letter of credit/ bank guarantee	0.40	(1.93)
Dividend paid	37.80	31.50
Balance outstanding as at the year end:		
Trade payables	7.70	11.50
Trade receivables	9.26	18.20
Security deposit	0.01	0.01
Bank guarantee outstanding at the year end	29.20	28.80
Other advances	-	0.05

Transactions/balances outstanding with related parties in the ordinary course of business: (Contd..)

(₹ in Crores)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Central UP Gas Limited		
Transactions during the year:		
Dividend received	-	4.50
Sitting fees received	0.04	0.04
Security deposit given	-	0.02
Security deposit refund	-	0.02
Maharashtra Natural Gas Limited		
Transactions during the year:		
Dividend received	13.20	13.20
Sitting fees received	0.03	0.01
GAIL Gas Limited		
Transactions during the year:		
Purchase of stock-in-trade of natural gas	135.56	132.77
Balance outstanding as at the year end:		
Trade payables	3.12	5.74
Bank guarantee outstanding at the year end	8.46	8.46
Petronet LNG Limited		
Transactions during the year:		
Purchase of stock-in-trade of natural gas	20.90	44.82
Net movement in standby letter of credit/ bank guarantee issued/renewed	(0.30)	11.58
Balance outstanding as at the year end:		
Trade payable	-	9.62
Bank guarantee outstanding at the year end	11.28	11.58
Green Gas Limited		
Transactions during the year:		
Purchase of stock-in-trade of natural gas	-	-
Balance outstanding as at the year end:		
Trade payable	0.06	0.06
Rajasthan State Gas Limited		
Transactions during the year:		
Sale of property, plant and equipment	-	0.01
Key managerial personnel:		
Transactions during the year:		
Mr. E.S. Ranganathan: direct reimbursements#	0.04	0.03
Mr. Rajiv Sikka: direct reimbursements#	0.02	0.05
Mr. Amit Garg: direct reimbursements#	0.06	-
Mr. Rakesh Chawala (managerial remuneration)	0.78	0.41

Standalone summary of significant accounting policies and other explanatory information for the year ended 31 March 2020

Transactions/balances outstanding with related parties in the ordinary course of business: (Contd..)

(₹ in Crores)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Mr. S.K. Jain (managerial remuneration)	0.79	0.72
Mr. Akhilesh Kumar Ambasht	0.14	0.02
Ms Saroj Bala	0.12	0.02
Mr. R.S. Sahoo	0.21	0.02
Ms Varsha Joshi	0.01	-
Mr. Rajeev Verma	0.03	-
Ms Renu Sharma	0.03	-
Mr. Ramesh Narain Misra	0.10	-
Mr. Deepak Mishra	0.09	-
Mr. V. Nagarajan: Direct reimbursements#	-	0.02
Mr. Rajesh Agrawal (managerial remuneration)	-	0.74
Mr Raghu Nayar	-	0.14
Ms Sudha Sharma	-	0.14
Mr Sadashiv Srinivas Rao	-	0.09
Mr Santosh Kumar Bajpai	-	0.08
Mr Ranganathan Venkataraman	-	0.07

Direct reimbursements made as per terms of employment/entitlements

44 Income-tax expense

(₹ in Crores)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
(a) Income-tax expense		
Current tax		
Current tax on profits for the year	334.53	370.31
Total current tax expense	**334.53**	**370.31**
Deferred tax		
(Increase)/ decrease in deferred tax assets	(10.30)	(4.27)
(Decrease)/ increase in deferred tax liabilities	(45.12)	47.30
Total deferred tax expense	**(55.42)**	**43.03**
Income tax expense reported in the statement of profit or loss	**279.11**	**413.34**
Deferred tax related to items recognised in OCI during the year		
Net loss/(gain) on remeasurements of defined benefit plans	(0.51)	(0.50)
Tax expense	**278.60**	**412.84**

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

(₹ in Crores)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Profit before income-tax expense	1,415.65	1,200.01
Tax at the Indian tax rate of 25.168% (2018-2019 : 34.944%)	356.29	419.33
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Effect of non deductible expenses	5.01	5.41
Effect of disallowances/ (allowances)	0.10	(6.62)
Income exempt from tax	(3.32)	(6.19)
Others	(1.54)	0.91
Change due to adoption of new tax rate (refer note below)	(77.94)	-
Income-tax expense	**278.60**	**412.84**

Note :

The Company has elected to exercise the option permitted under section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance 2019. Accordingly, the Company has recognised provision for income-tax basis the revised rates resulting in a reduction in current tax expense. The Company has also re-measured its deferred tax liability on the basis of reduced rate.

45 Financial instruments by category

(₹ in Crores)

Particulars	As at 31 March 2020		As at 31 March 2019	
	FVTPL	Amortised cost	FVTPL	Amortised cost
Non current financial assets				
Loans	-	13.38	-	11.47
Other financial assets	-	0.10	-	0.34
Current financial assets				
Investments	-	-	1,285.87	-
Trade receivables	-	170.39	-	221.48
Cash and cash equivalents	-	667.71	-	71.16
Bank balances other than cash and cash equivalents	-	1,512.23	-	535.93
Unbilled revenue	-	35.20	-	32.94
Interest accrued on fixed deposits	-	26.15	-	11.46
Security deposits with related parties and others	-	1.99	-	3.78
Total financial assets	**-**	**2,427.15**	**1,285.87**	**888.56**
Non current financial liabilities				
Security deposits	-	1.97	-	0.41
Lease liabilities	-	76.18	-	-
Current financial liabilities				
Trade payables	-	224.96	-	326.06
Security deposits from customers	-	771.58	-	649.27
Unclaimed dividends	-	0.99	-	0.86
Employee benefits payable	-	32.99	-	28.29

Standalone summary of significant accounting policies and other explanatory information for the year ended 31 March 2020

45 Financial instruments by category (Contd..)

(₹ in Crores)

Particulars	As at 31 March 2020		As at 31 March 2019	
	FVTPL	Amortised cost	FVTPL	Amortised cost
Creditors towards capital goods	-	412.30	-	295.80
Security deposits from vendors	-	3.87	-	3.54
Lease liabilities	-	20.01	-	-
Total financial liabilities	**-**	**1,544.85**	**-**	**1,304.23**

Note :

Investments in associates as at the close of the year ended 31 March 2020 and 31 March 2019 are carried at cost, per the exemption availed by the Company. Hence, the same has not been considered in the above table.

46 Financial instruments measured at fair value

The following tables present financial assets and liabilities measured at fair value in the statement of financial position in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

There are no financial liabilities measured at fair value as at 31 March 2020 and 31 March 2019.

The financial assets measured at fair value in the statement of financial position are grouped into the fair value hierarchy as on 31 March 2019 and 31 March 2020 as follows:

(₹ in Crores)

	Level 1	Level 2	Level 3	Total
As at 31 March 2019				
Investment in mutual funds	1,285.87	-	-	1,285.87
Total	**1,285.87**	**-**	**-**	**1,285.87**
As at 31 March 2020				
Investment in mutual funds	-	-	-	-
Total	**-**	**-**	**-**	**-**

During the previous year, the investment in mutual funds have been fair valued per net assets value [NAV] as at reporting date.

The carrying amounts of trade receivables, trade payables, capital creditors and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature.

Security deposits received have not been fair valued as the same are repayable on demand, so there is no fixed term available for the purpose of discounting. Further, security deposits given have not been fair valued as the impact of the fair valuation is not material.

Standalone summary of significant accounting policies and other explanatory information for the year ended 31 March 2020

47 Financial risk management

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of the same in the financial statements.

(i) Foreign currency risk

The Company is exposed to foreign exchange risk mainly through its purchases of capital items from overseas suppliers in various foreign currencies. The Company evaluates exchange rate exposure arising from foreign currency ('FC') transactions and follows established risk management policies to manage its risks.

The Company's foreign currency exposure on accounts payable that have not been hedged by a derivative instrument or otherwise are given below:

Currency	Year ended 31 March 2020		Year ended 31 March 2019	
	FC	(₹ in crores)	FC	(₹ in crores)
USD	7,69,094	5.80	3,24,230	2.24
EURO	1,04,514	0.87	1,26,771	0.99
		6.67		**3.23**

Foreign currency sensitivity

There shall be no material impact on profit before tax due to 1% increase/decrease in foreign exchange rates.

(ii) Credit risk

Credit risk is the risk that a customer or counterparty to a financial instrument will fail to perform or pay amounts due to the Company causing financial loss. It arises from cash and cash equivalents, derivative financial instruments, deposits from financial institutions and principally from credit exposures to customers relating to outstanding receivables. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognized at reporting date :

Financial assets for which loss allowance is measured using 12 months Expected Credit Losses

(₹ in Crores)

Exposure to credit risk	As at 31 March 2020	As at 31 March 2019
Security deposits (non-current)	13.38	11.47
Balance with banks in fixed deposits (under lien against bank guarantee)	0.06	0.30
Cash and cash equivalents (except cash on hand)	666.63	59.27
Other bank balances	1,512.23	535.93
Unbilled revenue	35.20	32.94
Interest accrued on fixed deposits	26.15	11.46
Security deposits with related parties and others	1.99	3.78
	2,255.64	**655.15**
Financial assets for which loss allowance is measured using Lifetime Expected Credit Losses		
Trade receivables	178.59	226.46

Standalone summary of significant accounting policies and other explanatory information for the year ended 31 March 2020

(ii) Credit risk (Contd..)

An analysis of age of trade receivables at each statement of financial position date is summarized as follows:

(₹ in Crores)

Particulars	As at 31 March 2020	As at 31 March 2019
upto 1 year	170.37	217.88
upto 2 years	2.95	3.29
upto 3 years	2.22	2.96
upto 4 years	0.84	1.04
upto 5 years	0.71	0.91
More than 5 years	1.50	0.38
	178.59	**226.46**

Expected credit loss

Particulars	As at 31 March 2020	As at 31 March 2019
upto 1 year	0%	0%
upto 2 years	84%	34%
upto 3 years	91%	43%
upto 4 years	100%	100%
upto 5 years	100%	100%
More than 5 years	100%	100%

Balances with banks is subject to low credit risks due to good credit ratings assigned to these banks. Further, security deposits paid includes payment made to government agencies which are considered low credit risk

(iii) Liquidity risk

Liquidity risk is the risk that suitable sources of funding for the Company's business activities may not be available. 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. Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. Short term liquidity requirements comprises mainly of trade payables and employee dues arising during normal course of business as on each statement of financial position date. Long term liquidity requirement is assessed by the management on periodical basis and is managed through internal accruals. As at each statement of financial position date, the Company's liabilities having contractual maturities (including interest payments where applicable) are summarized as follows:

(iii) Liquidity risk (Contd..)

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

As at 31 March 2020

(₹ in Crores)

Particulars	Less than 1 year	More than 1 year	Total
Trade payables	224.96	-	**224.96**
Security deposits from customers	771.58	-	**771.58**
Unclaimed dividends	0.99	-	**0.99**
Security deposits from vendors	3.87	-	**3.87**
Employee payable	32.99	-	**32.99**
Creditor for capital goods	412.30	-	**412.30**
Security deposits	-	1.97	**1.97**
Lease liabilities	20.01	76.18	**96.19**
	1,466.70	**78.15**	**1,544.85**

As at 31 March 2019

(₹ in Crores)

Particulars	Less than 1 year	More than 1 year	Total
Trade payables	326.06	-	**326.06**
Security deposits from customers	649.27	-	**649.27**
Unclaimed dividends	0.86	-	**0.86**
Security deposits from vendors	3.54	-	**3.54**
Employee payable	28.29	-	**28.29**
Creditor for capital goods	295.80	-	**295.80**
Security deposits	-	0.41	**0.41**
	1,303.82	**0.41**	**1,304.23**

(iv) Price risk

The Company is not exposed to sensitivity to price risk in regards to its financial assets and liabilities.

(v) Interest risk

The Company's policy is to minimise interest rate cash flow risk exposures. The Company is exposed to the interest rate risk on fixed deposit and on the investment done by the Company in mutual funds. The exposure to the interest rate for the Company's mutual fund and fixed deposit is considered immaterial.

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of +/-0.50% (2018-19: +/-0.50%). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

(₹ in Crores)

Particulars	Profit for the year		Equity	
	0.50%	**0.50%**	**0.50%**	**0.50%**
31 March 2020	10.19	(10.19)	7.63	(7.63)
31 March 2019	9.24	(9.24)	6.01	(6.01)

Standalone summary of significant accounting policies and other explanatory information for the year ended 31 March 2020

48 Capital management

The Company's capital management objectives are:

a) to ensure the Company's ability to continue as a going concern; and

b) to provide an adequate return to stakeholders

For the purpose of Company's capital management, capital includes issued equity capital. The Company manages its capital structure and makes adjustments in light of changes in economic condition and the requirements of the financial covenants, if any. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing borrowings, less cash and cash equivalents.

(₹ in Crores)

Particulars	As at 31 March 2020	As at 31 March 2019
Borrowings	-	-
Less: Cash and cash equivalents	(667.71)	(71.16)
Borrowings (net of cash and cash equivalents)	-	-
Capital employed	5,062.36	4,129.85
Total capital employed	**5,062.36**	**4,129.85**
Gearing ratio	0%	0%

49 Capital and other commitments

(a) Capital commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for is as under:

(₹ in Crores)

Particulars	As at 31 March 2020	As at 31 March 2019
Property, plant and equipment	2,013.94	1,469.80
	2,013.94	**1,469.80**

(b) Other commitments

The Company has entered into long-term agreements for purchase of natural gas upto maximum quantity of 0.58 million standard cubic meters (SCM)/ day (₹ 1.96 crores per day based on average rates prevailing on March 2020) till 2028 with different suppliers. These agreements have 'take or pay' clause which shall be applicable in case gas off take is less than the contractual quantity as defined in the agreement and the same can be adjusted against make up quantity to be taken in the subsequent years. As at the balance sheet date, the management does not foresee any liability on account of the said obligation.

50 Earnings per equity share

Particulars	Units	Year ended 31 March 2020	Year ended 31 March 2019
Net profit attributable to shareholders	₹ crores	1,136.54	786.67
Weighted average number of equity shares	No. in crores	70.00	70.00
Nominal value per share	₹	2.00	2.00
Basic earning per share of ₹ 2 each	₹	16.24	11.24

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

51 Leases

a) The Company has adopted Ind AS 116 'Leases' from 1 April 2019, which resulted in changes in accounting policies in the standalone financial statements.

b) Transition

Effective 1 April 2019, the Company adopted Ind AS 116 'Leases' and applied the standard to all lease contracts existing on 1 April 2019 using the modified retrospective method and recognised at the date of initial application:

a) Lease liability at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate for leases as on 31 March 2019; and

b) Right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application.

c) Practical expedients applied

In applying Ind AS 116 for the first time, the Company has used the practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases

d) The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 9% p.a. with maturity between 2020 - 2042.

e) Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet the asset to another party, the right-of-use asset can only be used by the Company. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. The Company is prohibited from selling or pledging the underlying leased assets as security. For leases over office buildings and factory premises the Company must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease.

f) The table below describes the nature of the Company's leasing activities by type of right-of-use asset recognised on balance sheet:

(₹ in Crores)

Right-of-use assets	No of right-of-use assets leased	Range of remaining term (years)	Average remaining lease term(years)
Land	21	2- 90	46.62
Building	35	1- 22	2.27
Data processing equipments	1	1- 1	1.00
Vehicles	19	4- 5	4.56

There are no leases entered by the Company which have any extension, termination or purchase options and the payment of lease rentals is not based on variable payments which are linked to an index.

Standalone summary of significant accounting policies and other explanatory information for the year ended 31 March 2020

g) (i) Amounts recognised in balance sheet and statement of profit and loss :

The balance sheet shows the following amounts relating to leases:

(₹ in Crores)

Particulars	Category of right-of-use assets				
	Land	Buildings	Data processing equipement	Vehicles	Total
Balance as at 1 April 2019 (on account of initial application of Ind AS 116)	31.11	14.33	0.18	28.21	**73.83**
Add: Additions	30.99	19.19	-	17.73	**67.91**
Less: Depreciation charged on the right-of-use assets	6.66	6.12	0.09	6.87	**19.74**
Balance as at 31 March 2020	**55.44**	**27.40**	**0.09**	**39.07**	**122.00**

h) Lease payments not recognised as lease liabilities:

(₹ in Crores)

Particulars	Year ended 31 March 2020
Expenses relating to short term leases (included in other expenses)	132.39
Expenses relating to variable lease payments not included in lease payments	20.66
Total	**153.05**

i) The total cash outflow for leases for the year ended 31 March 2020 was ₹ 40.93 crores.

j) Future minimum lease payments as on 31 March 2020 are as follows:

Minimum lease payments due	As at 31 March 2020		
	Lease payments	Finance charges	Net present values
Within 1 year	27.33	(7.32)	20.01
1 - 2 years	25.24	(5.55)	19.69
2 - 3 years	21.63	(4.01)	17.62
3 - 4 years	19.95	(2.48)	17.47
4 - 5 years	13.33	(1.08)	12.25
After 5 years	15.82	(6.67)	9.15
Total	**123.30**	**(27.11)**	**96.19**

k) Reconciliation of total lease commitments as on 31 March 2019 to the lease liabilities recognised at 1 April 2019:

Particulars	Amount in ₹
Total operating lease commitments as on 31 March 2019	83.58
Discounted using incremental borrowing rate	(20.89)
Operating lease liabilities	**62.69**
Reasonably certain extension options	-
Finance lease obligations	-
Total lease liabilities recognised live under Ind AS 116 at 1 April 2019	**62.69**

52 The Company is primarily engaged in the business of providing natural gas. Hence, as per the chief operating decision maker the sale of natural gas has been considered as a single operating segment per Ind AS 108 'Operating Segment' and accordingly disclosures have been limited to single operating segment.

In the current year, revenue from one external customer amounting to ₹ 795.15 crores individually accounted for more than ten percent of the revenue. In the previous year, none of the customer individually accounted for more than ten percent of the revenue.

53 Disclosures pursuant to Ind AS 115, Revenue from Contracts with customers, are as follows :

a) Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contract with customers:

(₹ in Crores)

Particulars	As at 31 March 2020	As at 31 March 2019
Contract assets		
Unbilled revenue	35.20	32.94
Total contract assets	**35.20**	**32.94**
Contract liabilities		
Excess payments received from customers	26.09	23.72
Advance from customers	10.39	6.31
Total contract liabilities	**36.48**	**30.03**
Receivables		
Trade receivables	170.39	221.48
Net receivables	**170.39**	**221.48**

Contract asset is the right to consideration in exchange for goods or services transferred to the customer. Contract liability is the entity's obligation to transfer goods or services to a customer for which the entity has received consideration from the customer in advance. Contract assets (unbilled receivables) are transferred to receivables when the rights become unconditional and contract liabilities are recognised as and when the performance obligation is satisfied.

b) Significant changes in contract assets and liabilities

There has been no significant changes in contract assets during the year

(₹ in Crores)

Particulars	As at 31 March 2020		As at 31 March 2019	
	Contract liabilities		Contract liabilities	
	Excess payments received from customers	Advance from customers	Excess payments received from customers	Advance from customers
Opening balance	**23.72**	**6.31**	**16.57**	**3.79**
Add: Addition during the year	14.22	10.39	16.11	6.31
Less: Revenue recognised during the year from opening liability	11.85	6.31	8.96	3.79
Closing balance	**26.09**	**10.39**	**23.72**	**6.31**

Standalone summary of significant accounting policies and other explanatory information for the year ended 31 March 2020

54 During the year ended 31 March 2020, the Company has reclassified / regrouped the outstanding liability pertaining to lease rentals amounting to ₹ 162.42 crores as at 31 March 2019 from Current financial liabilities- Trade payables to Current- provisions.

55 The agreements with the Oil Marketing Companies (OMCs) for the Delhi region and Uttar Pradesh region expired on 31 March 2018 and 31 March 2019 respectively. The Company is in active negotiations with them to renew the commercial terms of the contracts. However, for the Delhi region, an incremental amount of ₹ 10.83 crores pertaining to the current year (previous year ₹ 4.90 crores) and for the Uttar Pradesh region an incremental amount of ₹ 0.88 crores has been provided for towards the estimated increase in the amount of trade margin and facility charges payable to the OMCs.

56 Post reporting date events

No adjusting or significant non-adjusting events have occurred between 31 March 2020 and the date of authorisation of the Company's standalone financial statements. However, the Board of Directors have recommended a final dividend of 140% i.e. ₹ 2.80 (previous year ₹ 2.40) on equity shares of ₹ 2 (previous year ₹ 2) each for the year ended 31 March 2020, subject to approval of shareholders at the ensuing annual general meeting.

57 The standalone financial statements for the year ended 31 March 2020 were approved by the Board of Directors on 17 June 2020.

Significant accounting policies and other explanatory information forming part of the standalone financial statements (1-57)

In terms of our report attached

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No. 001076N/N500013

Sd/-
Rajni Mundra
Partner
Membership No. 058644

Place: New Delhi
Date: 17 June 2020

For and on behalf of board of directors

Sd/-
Asit Kumar Jana
Managing Director
(DIN 03452799)

Sd/-
Amit Garg
Director (Commercial)
(DIN 08515246)

Sd/-
Rakesh Chawla
Chief Financial Officer

Sd/-
S.K. Jain
Company Secretary