

# Directors' Report

Dear Shareholders,

Your Directors are pleased to present the 15<sup>th</sup> Annual Report along with the Audited Financial Statements of your Company for the financial year ended on 31<sup>st</sup> March, 2020.

## Financial Performance

The summarised financial highlight is depicted below:

(₹ in Crores)

Particulars	Consolidated Results		Standalone Results	
	2019-20	2018-19	2019-20	2018-19
<b>Revenue from Operations</b>	<b>1,990.90</b>	<b>1,823.49</b>	<b>1,990.90</b>	<b>1,823.49</b>
Operating Expenses	1,176.32	1,197.18	1,176.32	1,197.18
Administrative & Other Expenses	219.82	171.67	219.82	171.67
Total Expenditure	1,396.14	1,368.85	1,396.14	1,368.85
<b>Operating EBITDA</b>	<b>594.76</b>	<b>454.64</b>	<b>594.76</b>	<b>454.64</b>
Other Income	44.39	86.68	44.39	86.68
<b>EBITDA</b>	<b>639.15</b>	<b>541.32</b>	<b>639.15</b>	<b>541.32</b>
Finance Costs	41.05	89.85	41.05	89.85
Depreciation and Amortization Expenses	50.70	67.31	50.70	67.31
Profit for the year before Exceptional Items & Tax	547.40	384.16	547.40	384.16
Less: Exceptional items	0.00	27.64	0.00	27.64
<b>Profit before tax</b>	<b>547.40</b>	<b>356.52</b>	<b>547.40</b>	<b>356.52</b>
Tax Expense:	111.16	127.81	111.16	127.81
Profit for the year before share of profit / (loss) from joint venture	436.24	228.71	436.24	228.71
Share of profit / (loss) from joint venture	0.08	-0.01	-	-
<b>Net Profit / (Loss) after Joint Venture</b>	<b>436.32</b>	<b>228.70</b>	<b>436.24</b>	<b>228.71</b>

### Note:

1. There are no material changes and commitments affecting the financial position of the Company between the end of the financial year and the date of this report.
2. Previous year figures have been regrouped / re-arranged wherever necessary.

## Performance Highlights

### Consolidated Financial Results:

The audited consolidated financial statements of your Company as on 31<sup>st</sup> March, 2020, prepared in accordance with the relevant applicable IND AS and Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and provisions of the Companies Act, 2013, forms part of this Annual Report.

The key aspects of your Company's consolidated performance during the financial year 2019-20 are as follows:

### Operational Highlights:

- Your Company has registered a growth of 8% Y-o-Y basis in terms of overall sales volume as compared to previous year.
- Growth in Sales Volume of PNG by 10% and CNG by 5% on Y-o-Y basis
- Along with its JV, the Company is now operational in 22 Geographical Areas.

**Financial Highlights:**

- FY 20 Revenue from Operations increased by 9% Y-o-Y to ₹ 1,991 Crores vs. ₹ 1,823 Crores.
- FY 20 Operating EBITDA also increased 31% Y-o-Y to ₹ 595 Crores vs. ₹ 455 Crores.

**Standalone Financial Results:**

On standalone basis, your Company registered revenue from operations of ₹ 1,991 Crore and PAT of ₹ 436 Crore.

The detailed operational performance of your Company has been comprehensively discussed in the Management Discussion and Analysis Report which forms part of this Report.

**Dividend**

Your Company has already paid interim dividend @ 25% (₹ 0.25 per share of ₹ 1 fully paid-up) on the fully paid up Equity Share Capital of the Company as recommended by the Board of Directors of the Company in its meeting held on 19<sup>th</sup> March, 2020 for the year 2019-20 resulting into an outflow of ₹ 33.15 Crore including tax thereon.

Your Directors wish to conserve resources for future expansion and growth of the Company. Hence, your Directors have decided not to declare any further final dividend for the year under review.

Your Directors also recommended a dividend of 10% (₹ 1/- per Preference Share of ₹ 10 each) on the 10% Cumulative Redeemable Preference Shares out of the profits of the Company for the financial year 2019-20. The said dividend, if approved by the shareholders, would involve a cash outflow of ₹ 0.60 Lakhs including tax thereon.

**Covid-19 Pandemic**

Due to outbreak of Covid-19 globally and in India, the Company's management has made initial assessment of likely adverse impact on business and financial risks on account of Covid-19, and that the management does not see any medium to long term risks in the Company's ability to continue as a going concern and meeting its liabilities and compliance with the debt covenants, as applicable.

**Open Offer and Change in Promoter & Promoter Group Shareholding Pattern**

Pursuant to the Shareholders' Agreement dated 14<sup>th</sup> October, 2019 executed amongst Total Holdings SAS ("THS"), certain existing members of the promoter group of the Company and the Company ("SHA"), and the Share Purchase Agreement dated 14<sup>th</sup> October, 2019, executed

amongst THS and certain identified sellers forming a part of the promoters / promoter group of the Company ("SPA"), an Open Offer to the public shareholders of the Company ("Open Offer") was triggered under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ("SEBI Takeover Regulations"), pursuant to which THS has acquired 595 Equity Shares representing 0.0000541% of the paid-up share capital of the Company on 14<sup>th</sup> January, 2020, in accordance with the SEBI Takeover Regulations.

Upon the completion of the Open Offer, THS has acquired certain rights in respect of the Company under the SHA, pursuant to which it has acquired control over the Company and has consequently become a 'promoter' of the Company, as defined under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018.

Further pursuant to SPA, THS has acquired 41,13,31,145 Equity Shares of the Company, representing 37.40% of its total paid up share capital on 28<sup>th</sup> February, 2020 from certain existing members of the promoter group of the Company.

Subsequently, your Company become a joint venture company of Adani Group and TOTAL Group which representing 37.40% each and remaining 25.20% by public shareholders.

**Fixed Deposits**

During the year under review, your Company has not accepted any fixed deposits within the meaning of Section 73 of the Companies Act, 2013 and the rules made there under.

**Particulars of Loans, Guarantees or Investments**

The provisions of Section 186 of the Companies Act, 2013, with respect to a loan, guarantee or security are not applicable to the Company as the Company is engaged in providing infrastructural facilities which is exempted under Section 186 of the Companies Act, 2013. The details of investment made during the year under review are disclosed in the financial statements.

**Subsidiaries, Joint Ventures and Associate Companies**

Pursuant to the provisions of Section 129, 134 and 136 of the Companies Act, 2013 read with rules framed there under and Regulation 33 of the SEBI Listing Regulations, the Company has prepared consolidated financial statements of the Company and its joint venture and a separate statement containing the salient features of financial statement of subsidiaries, joint ventures and associates in Form AOC-1 which forms part of this Annual Report.

The annual financial statements and related detailed information of the joint venture company shall be made available to the shareholders of the holding and joint venture seeking such information on all working days during business hours. The financial statements of the joint venture shall also be kept for inspection by any shareholder/s during working hours at the Company's registered office and that of the respective joint venture concerned. In accordance with Section 136 of the Companies Act, 2013, the audited financial statements, including consolidated financial statements and related information of the Company and audited accounts of each of its joint venture, are available on our website, [www.adanigas.com](http://www.adanigas.com).

Pursuant to Section 134 of the Act read with Rule 8(1) of the Companies (Accounts) Rules, 2014 the details of development of joint venture of the Company is covered in the Management Discussion and Analysis Report which forms part of this Annual Report.

## Directors and Key Managerial Personnel

Mr. Alexis Thelemaque (DIN: 08563003) was appointed as an Additional Director (Non-Executive, Non-Independent) by the Board by way of circular resolution passed on 14<sup>th</sup> January, 2020.

As an Additional Director Mr. Alexis Thelemaque holds office upto the ensuing Annual General Meeting. The Company has received a notice from a member under Section 160 of the Companies Act, 2013 proposing his appointment as Director of the Company.

During the year under review, Mr. Suresh P Manglani (DIN: 00165062) vacated the office as Director and Executive Director of the Company and prioritize his responsibilities as Chief Executive Officer of the Company w.e.f. 5<sup>th</sup> February, 2020.

The Board places on record its deep appreciation of the valuable services rendered as well as advice and guidance provided by Mr. Suresh P Manglani during his tenure as Director of the Company.

The terms and conditions of appointment of Independent Directors are as per Schedule IV of the Act. The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and the SEBI Listing Regulations and there has been no change in the circumstances which may affect their status as independent director during the year.

Mr. Parag Parikh was appointed as Chief Financial Officer of the Company w.e.f. 25<sup>th</sup> September, 2019.

Pursuant to the requirements of the Companies Act, 2013 and Articles of Association of the Company,

Mr. Gautam S. Adani (DIN: 00006273) is liable to retire by rotation and being eligible offers himself for re-appointment.

The Board recommends the appointment/re-appointment of above directors for your approval.

Brief details of Directors proposed to be appointed/re-appointed as required under Regulation 36 of the SEBI Listing Regulations are provided in the Annexure to the Notice of Annual General Meeting.

## Directors' Responsibility Statement

Pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability, state the following:

- a. that in the preparation of the annual financial statements, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b. that such accounting policies have been selected and applied consistently and judgement and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2020 and of the profit of the Company for the year ended on that date;
- c. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. that the annual financial statements have been prepared on a going concern basis;
- e. that proper internal financial controls were in place and that the financial control were adequate and were operating effectively;
- f. that proper systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

## Policies

During the year under review, the Board of Directors of the Company has adopted / amended / approved changes in Nomination and Remuneration Policy of Directors, Key Managerial Personnel and other Employees; Related Party Transaction Policy; Policy for determining Material Subsidiaries; and Code of internal procedures and conduct for regulating, monitoring and reporting of Trading by Insiders to comply with the recent amendments in the Companies Act, 2013 and SEBI Listing Regulations. Accordingly, the updated policies are uploaded on website of the Company at <https://www.adanigas.com>.

## Number of Board Meetings

The Board of Directors met 8 (eight) times during the year under review. The details of board meetings and the attendance of the Directors are provided in the Corporate Governance Report which forms part of this report.

## Independent Directors' Meeting

The Independent Directors met on 5<sup>th</sup> February, 2020, without the attendance of Non-Independent Directors and members of the Management. The Independent Directors reviewed the performance of non-independent directors and the Board as a whole; the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors and assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

## Board Evaluation

The Board adopted a formal mechanism for evaluating its performance and as well as that of its Committees and individual Directors, including the Chairman of the Board. The exercise was carried out through a structured evaluation process covering various aspects of the Boards functioning such as composition of the Board & committees, experience & competencies, performance of specific duties & obligations, contribution at the meetings and otherwise, independent judgment, governance issues etc.

## Policy on Directors' Appointment & Remuneration

The Company's policy on directors' appointment and remuneration and other matters provided in Section 178(3) of the Companies Act, 2013 is made available on the Company's website at <http://www.adanigas.com>.

## Internal Financial Control System and their Adequacy

The details in respect of internal financial control and their adequacy are included in Management and Discussion & Analysis, which forms part of this report.

## Risk Management

The Board of the Company has formed a risk management committee to frame, implement and monitor the risk management plan for the Company. The committee is responsible for reviewing the risk management plan and ensuring its effectiveness. The audit committee has additional oversight in the area of financial risks and controls.

## Committees of the Board

Details of various committees constituted by the Board of Directors as per the provisions of the SEBI Listing Regulations and the Companies Act, 2013 are given in the Corporate Governance Report which forms part of this report.

## Corporate Social Responsibility

The Company has constituted a Corporate Social Responsibility (CSR) Committee and has framed a CSR Policy. The brief details of CSR Committee are provided in the Corporate Governance Report. The Annual Report on CSR activities is annexed to this Report. The CSR Policy is available on the website of the Company at <http://www.adanigas.com>.

## Corporate Governance and Management Discussion and Analysis Report

Separate reports on Corporate Governance compliance and Management Discussion and Analysis as stipulated by the SEBI Listing Regulations forms part of this Annual Report along with the required Certificate from Practicing Company Secretaries regarding compliance of the conditions of Corporate Governance as stipulated.

In compliance with Corporate Governance requirements as per the SEBI Listing Regulations, your Company has formulated and implemented a Code of Business Conduct and Ethics for all Board members and senior management personnel of the Company, who have affirmed the compliance thereto.

## Business Responsibility Report

The Business Responsibility Report for the year ended 31<sup>st</sup> March, 2020 as stipulated under Regulation 34 of the SEBI Listing Regulations is annexed which forms part of this Annual Report.

## Prevention of Sexual Harassment at Workplace

As per the requirements of The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 and rules made thereunder, your Company has constituted Internal Complaints Committee (ICC) which is responsible for redressal of complaints related to sexual harassment. During the year under review, there were no complaints pertaining to sexual harassment.

## Extract of Annual Return

The details forming part of the extract of the Annual Return in Form MGT-9 are annexed to this Report as Annexure-A.

## Related Party Transactions

All related party transactions entered into during the financial year were on an arm's length basis and were in the ordinary course of business. Your Company had not entered into any transactions with related parties which could be considered material in terms of Section 188 of the Companies Act, 2013. Accordingly, the disclosure of related party transactions as required under Section 134(3)(h) of the Companies Act, 2013 in Form AOC - 2 is not applicable. Suitable disclosure as required by the Indian Accounting Standard (Ind AS 24) has been made in the notes to the Financial Statements.

## Significant and Material Orders Passed by the Regulators or Courts or Tribunals Impacting the Going Concern Status of the Company

There are no significant and material orders passed by the Regulators or Courts or Tribunals which would impact the going concern status and the Company's future operations.

## Insurance

Your Company has taken appropriate insurance for all assets against foreseeable perils.

## Auditors & Auditors' Report

Pursuant to the provisions of Section 139 of the Companies Act, 2013 read with rules made thereunder, M/s. Shah Dhandharia & Co., Chartered Accountants (Firm Registration No. 118707W), were appointed as Statutory Auditors of the Company to hold office till conclusion of the 17<sup>th</sup> Annual General Meeting (AGM) of the Company to be held in the calendar year 2022.

The Notes to the financial statements referred in the Auditors Report are self-explanatory and therefore do not call for any comments under Section 134 of the Companies Act, 2013. The Auditors' Report is enclosed with the financial statements in this Annual Report. There were no qualifications, reservations, adverse remark or disclaimers given by Statutory Auditors of the Company.

## Secretarial Audit Report

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the rules made thereunder, the Company has re-appointed Mr. Ashwin Shah, Practicing Company Secretary to undertake the Secretarial Audit of the Company. The Secretarial Audit Report for FY 2019-20 is annexed, which forms part of this report as Annexure-B. There were no qualifications, reservation or adverse remarks or disclaimers given by Secretarial Auditors of the Company.

## Cost Audit Report

Your Company has re-appointed M/s. N. D. Birla & Co., Practicing Cost Accountants to conduct audit of cost

records maintained for Petroleum Products of the Company for the year ended 31<sup>st</sup> March, 2021. The Cost Audit Report for the year 2018-19 was filed before the due date with the Ministry of Corporate Affairs.

The Company has maintained the cost accounts and records in accordance with Section 148 of the Companies Act, 2013 and Rule 8 of the Companies (Accounts) Rules, 2014.

## Particulars of Employees

The information required under Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in separate annexure forming part of this Report as Annexure-C.

The statement containing particulars of employees as required under Section 197 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 will be provided upon request. In terms of Section 136 of the Companies Act, 2013, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the members at the Registered Office of the Company during business hours on working days of the Company. If any member is interested in obtaining a copy thereof, such Member may write to the Company Secretary in this regard.

## Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3) (m) of the Companies Act, 2013 read with Rule 8 of The Companies (Accounts) Rules, 2014, as amended from time to time is annexed to this Report as Annexure-D.

## Acknowledgment

Your Directors are highly grateful for all the guidance, support and assistance received from the Government of India, respective State Government, Financial Institutions and Banks. Your Directors thank all shareholders, esteemed customers, suppliers and business associates for their faith, trust and confidence reposed in the Company. Your Directors also wish to place on record their sincere appreciation for the dedicated efforts and consistent contribution made by the employees at all levels, to ensure that the Company continues to grow and excel

For and on behalf of the Board of Directors

**Gautam S. Adani**  
Chairman  
(DIN: 00006273)

Date: 08.05.2020  
Place: Ahmedabad