



# Mohan L. Jain & Co.

Chartered Accountants

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF BHAGAWATI GAS LIMITED

#### Report on the Financial Statements

We have audited the accompanying financial statements of Bhagawati Gas Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on these financial statements.

#### **Basis for Qualified Opinion**

- (i) Advances of Rs. 198.72 lacs are considered doubtful for recovery. The management is hopeful of recovering the amount in due course of time and therefore provisions there against are not considered necessary. Accordingly, we are unable to comment upon the consequential impact, if any, on the statement.
- (ii) The Company is yet to receive Bank Balance Confirmation from a Bank for Rs. 52,807/- included under cash and cash equivalents as on 31st Mar 2020. Accordingly, we are unable to comment upon the consequential impact, if any, on the statement.

#### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS specified under Section 133 of the Act, of the state of affairs (financial position) of the Company as at 31 March 2020, and its profit/loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

#### **Report on other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 (the 'Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The financial statements dealt with by this report are in agreement with the books of account.
  - d. In our opinion, the aforesaid financial statements comply with Ind AS specified under Section 133 of the Act.
  - e. On the basis of the written representations received from the directors of the Company as on March 31, 2020, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".



g. With respect to the other matters to be included in the Auditor's report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014(as amended), in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company did not have any pending litigations on its financial position.
- ii. The Company did not have any material foreseeable losses on long term contracts including derivative contracts.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **Mohan L Jain & Co**  
Chartered Accountants  
Firm Registration No. **005345N**



**Ankush Jain**  
Partner  
Membership No. 540194



Place: New Delhi  
Date: 30th June 2020  
UDIN: 20540194AAAAAE9843

**Annexure to the Independent Auditor's Report**

**To the Members of Bhagawati Gas Limited**

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31 March 2020.

On the basis of such checks as we considered appropriate and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

**(i) Fixed assets:**

- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
- (b) As explained to us, fixed assets have been physically verified by the management during the year in accordance with the phased programme of verification adopted by the management which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) As explained to us, title deeds of immovable properties are held in the name of the company.

**(ii) Inventories:**

- (a) The Company does not have any inventory at any time during the year. Accordingly, the provisions of clause 3 (ii) of the Order are not applicable to the Company.

**(iii) Granting of loans to certain parties:**

According to the information and explanation given to us, the Company has not granted any loan to a body corporate covered by Section 2(76) of the Companies Act, 2013. Accordingly, the provisions of clause 3 (iii) of the Order are not applicable to the Company.

**(iv) Loans and investments:**

- (a) According to the information and explanation given to us, the company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of the investments, guarantees and security, wherever applicable.

**(v) Acceptance of Deposits:**

- (a) In our opinion and according to the information and explanation given to us, the Company has not received any public deposits during the year.

**(vi) Maintenance of cost records:**

- (a) According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the Company.

**(vii) Deposit of statutory dues:**

- (a) According to the records of the company and information and explanations given to us, except for the table as mentioned below, the Company has been regular in depositing undisputed statutory dues, including Provident Fund, employees state insurance (ESI), Income-tax, Tax



deducted at sources, Tax collected at source, Professional Tax, Sales Tax, value added tax (VAT), Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues wherever applicable to it with the appropriate authorities.

Nature of the Statute	Nature of Dues	Amount	Period to which Amount relates	Due date	Date of Payment
Service Tax	Service Tax	1,96,853	Opening Balance, and April 2017 to June 2017	6 <sup>th</sup> of Succeeding month	Not paid

- (b) According to the information and explanations given to us, there are no dues in respect of Income-tax, Custom Duty, Excise Duty, sales tax, VAT, Cess and other material statutory dues that have not been deposited with the appropriate authorities on account of any dispute.
- (viii) *Default in repayment of dues:*
- (a) In our opinion and according to the information and explanations given to us, the Company has no dues to financial institutions, government and debenture holders.
- (ix) *Application of term loans/public issue/follow on offer:*
- (a) In our opinion and according to the information and explanations given to us, no money were raised by way of debt instruments and the term loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company
- (x) *Fraud reporting:*
- (a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- (xi) *Managerial remuneration:*
- (a) According to the information and explanation given to us, managerial remuneration complied with the minimum remuneration allowable as per provisions of Section 197 read with the Schedule V of the Act.
- (xii) *Nidhi Company:*
- (a) The Company is not Nidhi Company as per Companies Act 2013. Accordingly, the provision of clause 3(xii) of the Order is not applicable.
- (xiii) *Related party transactions:*
- (a) In our opinion and according to the information and explanations given to us, all transactions with related parties are in compliance with section 177 and 188 of Companies Act, 2013, where applicable in relation to the transactions with the related parties. The details in relation to the transactions with the related parties have been disclosed in the Financial Statements as required by the applicable accounting standards.



(xiv) *Preferential allotment/private placement:*

(a) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the order is not applicable.

(xv) *Non-cash transactions:*

(a) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provision of clause 3(xv) of the Order is not applicable.

(xvi) The Company is not required to be registered under section 45-1A of the Reserve Bank of India Act, 1934.

**For Mohan L Jain & Co.**

*Chartered Accountants*

(Firm Registration No: 005345N)

  
Ankush Jain

Partner

Membership No: 540194

Place: New Delhi

Date: 30th June 2020

UDIN: 20540194AAAAAE9843



**“ANNEXURE –A” TO THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENT OF BHAGAWATI GAS LIMITED**

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

We have audited the internal financial controls over financial reporting of Bhagawati Gas Limited (“the Company”) as of March 31, 2020 in conjunction with our audit of the financial statements, of the Company for the year ended on that date.

**Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors’ Responsibility**

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting**



Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Mohan L Jain & Co**  
Chartered Accountants  
Firm Registration No. **005345N**



**Ankush Jain**  
Partner  
Membership No. 540194



Place: New Delhi  
Date: 30<sup>th</sup> June 2020  
UDIN: 20540194AAAAAE9843

**BHAGAWATI GAS LIMITED**  
Standalone balance sheet as at 31 March 2020

	Notes	As at 31 March 2020	Amount in Rs. As at 31 March 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	1	26,460,083	27,981,043
Income tax assets (net)	2	9,555,937	8,731,845
<b>Total non-current assets</b>		<b>36,016,020</b>	<b>36,712,888</b>
<b>Current assets</b>			
<b>Financial assets</b>			
Investments	3	99,800	144,500
Trade receivables	4	849,876	635,588
Cash and cash equivalents	5	11,118,696	44,430,953
Other bank balances	6	106,675,090	86,675,090
Loans	7	4,708,361	5,837,061
Deferred tax Asset (Net)	8	6,026,062	5,874,755
Other current assets	9	35,035,737	21,892,101
<b>Total current assets</b>		<b>164,513,623</b>	<b>165,490,048</b>
<b>Total assets</b>		<b>200,529,643</b>	<b>202,202,936</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	10	167,424,590	167,424,590
Other equity	11	(18,935,423)	(8,750,158)
<b>Total equity</b>		<b>148,489,167</b>	<b>158,674,432</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Provisions	12 A	5,637,767	5,621,494
<b>Total non-current liabilities</b>		<b>5,637,767</b>	<b>5,621,494</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	13	2,700,000	2,800,000
Trade payables	14	-	800,000
Other financial liabilities	15	38,774,355	29,987,531
Other current liabilities	16	1,908,048	2,274,724
Provisions	12 B	3,020,307	2,044,755
<b>Total current liabilities</b>		<b>46,402,710</b>	<b>37,907,010</b>
<b>Total liabilities</b>		<b>200,529,643</b>	<b>202,202,936</b>

The accompanying notes are integral part of the standalone financial statements.

This is the standalone balance sheet referred to in our report of even date.

For Mohan L Jain & Co.  
Chartered Accountants  
Firm registration no. 005345N


  
Ankush Jain

Partner  
Membership No.: 540194


Place: New Delhi  
Date: 30th June 2020




For and on behalf of the Board of Directors

  
Rakesh S. Bhardwaj  
Chairman and Managing Director  
[DIN:00029757]

  
Gajendra S. Shekhawat  
Company Secretary

  
Shachi Bhardwaj  
Director  
[DIN: 07232850]

  
Dyuman S. Bhardwaj  
Chief Financial Officer

**BHAGAWATI GAS LIMITED**

Standalone statement of profit and loss for the year ended 31 March 2020

Amount in Rs.

	Note	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Income</b>			
Revenue from operations	17	2,140,000	-
Other income	18	9,199,481	33,737,487
		<b>11,339,481</b>	<b>33,737,487</b>
<b>Expenses</b>			
Employee benefits expense	19	7,918,300	6,169,045
Finance costs	20	602,912	1,273,036
Depreciation and amortisation expense	1	1,520,960	1,746,951
Other expenses	21	11,346,583	39,170,095
		<b>21,388,755</b>	<b>48,359,127</b>
<b>Profit before tax</b>		<b>(10,049,274)</b>	<b>(14,621,640)</b>
Tax expense	22	-	-
Current tax		-	-
Deferred tax		(151,307)	(12,812,493)
Tax on Earlier Years		-	-
<b>Profit after tax</b>		<b>(9,897,967)</b>	<b>(1,809,147)</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified to profit or loss		-	-
Re-measurement gains (losses) on defined benefit plans		(287,299)	(1,267,432)
<b>Total comprehensive income for the year</b>		<b>(10,185,266)</b>	<b>(3,076,579)</b>
<b>Earnings per equity share</b>			
	23		
Basic (in Rs.)		(0.61)	(0.18)
Diluted (in Rs.)		(0.61)	(0.18)

The accompanying notes are integral part of the standalone financial statements.

This is the standalone statement of profit or loss referred to in our report of even date

For **Mohan L Jain & Co.**  
Chartered Accountants  
Firm registration no. 005345N


  
**Ankush Jain**

Partner  
Membership No.: 540194


Place: New Delhi  
Date: 30th June 2020




For and on behalf of the Board of Directors

  
**Rakesh S. Bhardwaj**  
Chairman and Managing Director  
[DIN:00029757]

  
**Gajendra S. Shekhawat**  
Company Secretary

  
**Shachi Bhardwaj**  
Director  
[DIN: 07232850]

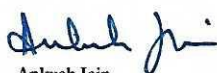
  
**Dyumah S. Bhardwaj**  
Chief Financial Officer

**BHAGAWATI GAS LIMITED**
**Standalone cash flow statement for the year ended 31 March 2020**

A CASH FLOWS FROM OPERATING ACTIVITIES	<i>Amount in Rs.</i>	<i>Amount in Rs.</i>
	For the year ended 31 March 2020	For the year ended 31 March 2019
Profit before tax	(10,049,274)	(14,621,640)
<b>Adjustments for:</b>		
Depreciation of property, plant and equipments	1,520,960	1,746,951
Loss on sale of property, plant and equipments (net)	-	17,715,742
Interest income on bank deposits and financial assets measured at amortised cost	(8,394,896)	(1,721,757)
Excess provision for expenses written back	(135,992)	-
Net (gain)/loss arising on financial instruments at FVTPL	44,700	165,500
Finance costs	602,912	1,273,036
Bad debts written off	-	11,934,800
<b>Operating profit before working capital changes</b>	<b>(16,411,590)</b>	<b>16,492,632</b>
<b>Movement in working capital</b>		
Other current financial assets	-	81,909,910
Other current assets	(13,143,636)	1,231,889
Increase/(decrease) in current assets	(151,307)	(5,874,755)
Trade receivables	(214,288)	57,095,645
Other non-current assets	(824,092)	(96,278)
Other current financial and non-financial liabilities	9,395,700	(28,794,585)
Other non-current liabilities	16,273	3,156,228
Trade payables	(800,000)	(544,456)
<b>Cash flow from operations</b>	<b>(22,132,941)</b>	<b>124,576,230</b>
Income tax paid (net of refunds)	-	-
<b>Net cash flow from operating activities (A)</b>	<b>(22,132,941)</b>	<b>124,576,230</b>
<b>B CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Current and non-current loans	1,128,700	8,252,255
Interest received	8,394,896	1,721,757
Proceeds from sale/disposal of property, plant and equipment	-	1,711,760
<b>Net cash used in investing activities (B)</b>	<b>9,523,596</b>	<b>11,685,772</b>
<b>C CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of borrowings	-	(3,067,681)
(Repayment)/proceeds from short-term borrowings (net)	(100,000)	(1,800,000)
Finance cost paid	(602,912)	(1,273,036)
<b>Net cash used in financing activities (C)</b>	<b>(702,912)</b>	<b>(6,140,717)</b>
Increase/(decrease) in cash and cash equivalents (A+B+C)	(13,312,257)	130,121,285
Cash and cash equivalents at the beginning of the year	131,106,043	984,757
<b>Cash and cash equivalents at the end of the year (refer note 6)</b>	<b>117,793,786</b>	<b>131,106,043</b>
<b>Reconciliation of cash and cash equivalents as per cash flow statement</b>		
Cash in hand	5,006,509	765,500
Balances with banks		
In current accounts	1,844,601	43,365,453
Cheques in hand	4,267,586	300,000
Bank deposits with original maturity	106,675,090	86,675,090
	<b>117,793,786</b>	<b>131,106,043</b>

The accompanying notes are integral part of the standalone financial statements.  
This is the standalone cash flow statement referred to in our report of even date.

For Mohan L Jain & Co.  
Chartered Accountants  
Firm registration no. 005345N


  
Ankush Jain

Partner  
Membership No.: 540194

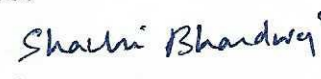
Place: New Delhi  
Date: 30th June 2020




For and on behalf of the Board of Directors

  
Rakesh S. Bhardwaj  
Chairman and Managing Director  
[DIN:00029757]

  
Gajendra S. Shekhawat  
Company Secretary

  
Shachi Bhardwaj  
Director  
[DIN: 07232850]

  
Dyuman S. Bhardwaj  
Chief Financial Officer

**BHAGAWATI GAS LIMITED**

Standalone statement of changes in equity for the year ended 31 March 2020

**A. Equity Share Capital**

<i>Amount in Rs.</i>					
Balance at the beginning of 1st April, 2018	Changes in equity share capital during the year 2018-19	Balance as at 31st March, 2019	Balance at the beginning of 1st April, 2019	Changes in equity share capital during the year 2019-20	Balance as at 31st March, 2020
16,74,24,590	-	16,74,24,590	16,74,24,590	-	16,74,24,590

**B. Other Equity**

Particulars	Reserves and Surplus			Remeasurements of the defined benefit plans	Total
	Securities Premium Account	General Reserve	Retained Earnings		

**As on 31st March 2019**

Balance at the beginning of 1st April 2018	6,67,00,165	1,25,11,248	(8,51,33,205)	2,10,706	(57,11,086)
Total Comprehensive Income for the year	-	-	(18,09,147)	(12,67,432)	(30,76,579)
Balance at the end of 31st March 2019	6,67,00,165	1,25,11,248	(8,69,04,845)	(10,56,726)	(87,50,158)

**As on 31st March 2020**

Balance at the beginning of the reporting period	6,67,00,165	1,25,11,248	(8,69,04,845)	(10,56,726)	(87,50,158)
Total Comprehensive Income for the year	-	-	(98,97,967)	(2,87,299)	(1,01,85,266)
Balance at the end of the reporting period	6,67,00,165	1,25,11,248	(9,68,02,812)	(13,44,025)	(1,89,35,424)

The accompanying notes are integral part of the standalone financial statement.

This is the standalone statement of changes in equity referred to in our report of even date.

For Mohan L Jain & Co.

Chartered Accountants

Firm registration no. 005345N

*Ankush Jain*

Ankush Jain

Partner

Membership No.: 540194

Place: New Delhi

Date: 30th June 2020



For and on behalf of the Board of Directors

*Rakesh S. Bhardwaj* *Shachi Bhardwaj*

Rakesh S. Bhardwaj  
Chairman and Managing Director  
[DIN:00029757]

Shachi Bhardwaj  
Director  
[DIN: 07232850]

*Gajendra S. Shekhawat*

Gajendra S. Shekhawat  
Company Secretary

*Dyuman S. Bhardwaj*

Dyuman S. Bhardwaj  
Chief Financial Officer

**BHAGAWATI GAS LIMITED**

Notes to the standalone financial statements for the year ended 31 March 2020

**Note 1**

**Property, plant and equipment**

PARTICULARS	Gross Block			Depreciation			Net Block		
	As at 31 March, 2019	Additions/Adjustment	Deductions/Adjustments	As at 31 March, 2020	Upto 31 March, 2019	For Current period	Deductions/Adjustments	As at 31 March, 2020	As at 31 March, 2019
Freehold Land	6,675,340	-	-	6,675,340	-	-	-	6,675,340	6,675,340
Building	53,287,099	-	-	53,287,099	33,100,517	1,487,827	34,588,344	18,698,755	20,186,582
Lease Hold Improvement	7,141,212	-	-	7,141,212	6,022,091	33,133	6,055,224	1,085,988	1,119,121
Plant & Machinery	464,876	-	-	464,876	464,876	-	-	-	-
Truck & Tankers	-	-	-	-	-	-	-	-	-
Furniture & Fixture	-	-	-	-	-	-	-	-	-
Office Equipment	-	-	-	-	-	-	-	-	-
Vehicles	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>67,568,527</b>	<b>-</b>	<b>-</b>	<b>67,568,527</b>	<b>39,587,484</b>	<b>1,520,960</b>	<b>40,643,568</b>	<b>26,460,083</b>	<b>27,981,043</b>

Amount in Rs.



**BHAGAWATI GAS LIMITED**

Notes to the standalone financial statements for the year ended 31 March 2020

	As at 31 March 2020	Amount in Rs. As at 31 March 2019
<b>Note 2</b>		
<b>Income tax assets (net)</b>		
Advance tax (net of provision)	5,367,668	4,543,576
MAT credit entitlement	4,087,933	4,087,933
Fringe benefit tax	100,336	100,336
	<u>9,555,937</u>	<u>8,731,845</u>
<b>Note 3</b>		
<b>Investments</b>		
<b>In equity shares - quoted</b>		
Bhagawati Oxygen Limited [10,000 equity shares (31 March 2018: 10,000 equity shares) of Rs 10 each]	99,800	144,500
	<u>99,800</u>	<u>144,500</u>
<b>Note 3.1</b>		
<b>Category wise current investments</b>		
Financial assets measured at fair value through profit & loss (FVTPL)	99,800	144,500
<b>Note 4</b>		
<b>Trade receivables</b>		
<b>(Unsecured, considered good, unless otherwise stated)</b>		
Considered good	849,876	635,588
Considered doubtful	-	-
	<u>849,876</u>	<u>635,588</u>
<b>Note 5</b>		
<b>Cash and cash equivalents</b>		
Cash in hand		765,500
Balances with banks	5,006,509	
In current accounts	1,844,601	43,365,453
Cheques in hand	4,267,586	300,000
	<u>11,118,696</u>	<u>44,430,953</u>
<b>Note 6</b>		
<b>Other bank balances</b>		
Bank deposits with maturity of more than three months and upto twelve months	106,675,090	86,675,090
	<u>106,675,090</u>	<u>86,675,090</u>
<b>Note 7</b>		
<b>Loans - current</b>		
<b>(Unsecured, considered good)</b>		
Loan*	4,296,000	3,972,000
Loan to related party	-	1,860,861
Security deposits	412,361	4,200
	<u>4,708,361</u>	<u>5,837,061</u>
*Loan is outstanding since 1994. Principal component is INR 30 lakhs and interest component is INR 12.96 lakhs.		
<b>Note 8</b>		
<b>Deferred tax assets (net)</b>		
Deferred tax assets (net)	6,026,062	5,874,755
	<u>6,026,062</u>	<u>5,874,755</u>

	As at 31st March, 2019 (a)	Recognised in statement of profit and loss (b)	Recognised in other comprehensive income (c)	As at 31st March, 2020 (a+b+c)
<b>Deferred tax assets/(liabilities) in relation to:</b>				
Employee benefits	2,070,362	203,855	74,698	2,348,915
Provision for doubtful debt	556,947	5,407	-	562,354
Provision for dimulation in Investments	167,375	1,625	-	169,000
Depreciation	3,080,071	(134,277)	-	2,945,794
	<u>5,874,755</u>	<u>76,610</u>	<u>74,698</u>	<u>6,026,062</u>

**Note 9**
**Other current assets**

Advance to material/service providers		19,872,045	11,427,741
Advance to employees		5,677,802	1,070,650
Advance for property*		7,890,351	7,074,206
Advance to related parties		-	904,540
Balances with government authorities		358,527	450,985
Others		1,237,012	963,979
		<u>35,035,737</u>	<u>21,892,101</u>

\*Advance for property contains the advance amount of INR 70,00,000/- to one party outstanding since 1995.



**BHAGAWATI GAS LIMITED**

Notes to the standalone financial statements for the year ended 31 March 2020

Note 10 Equity share capital	As at 31 March 2020		As at 31 March 2019	
	Number	Amount (in Rs.)	Number	Amount (in Rs.)
<b>i Authorised</b>				
Equity Shares of Rs. 10 each	25,000,000	250,000,000	25,000,000	250,000,000
		<u>250,000,000</u>		<u>250,000,000</u>
<b>ii Issued, subscribed and paid up</b>				
Equity Shares of Rs. 10 each	16,742,459	167,424,590	16,742,459	167,424,590
		<u>167,424,590</u>		<u>167,424,590</u>
<b>iii Reconciliation of number of equity shares outstanding at the beginning and at the end of the year</b>				
<b>Equity shares</b>				
Balance at the beginning of the year	16,742,459	167,424,590	16,742,459	167,424,590
Add: Call money received	-	-	-	-
<b>Balance at the end of the year</b>	<u>16,742,459</u>	<u>167,424,590</u>	<u>16,742,459</u>	<u>167,424,590</u>
<b>iv Details of shareholders holding more than 5% of equity share capital</b>				
<b>Name of the equity shareholder</b>	<b>Number</b>	<b>%</b>	<b>Number</b>	<b>%</b>
Rakesh Samrat Bhardwaj	2,347,610	14.02%	2,347,610	14.02%
Shachi Bhardwaj	977,600	5.84%	977,600	5.84%
Bhagawati Steels Private Limited	1,040,600	6.22%	1,040,600	6.22%



**BHAGAWATI GAS LIMITED**

Notes to the standalone financial statements for the year ended 31 March 2020

	As at 31 March 2020	Amount in Rs. As at 31 March 2019
<b>Note 11</b>		
<b>Other equity</b>		
Securities Premium Account	66,700,165	66,700,165
General Reserve	12,511,248	12,511,248
Retained Earnings	(98,146,836)	(87,961,571)
<b>Total</b>	<u>(18,935,423)</u>	<u>(8,750,158)</u>
<b>Note 12</b>		
<b>A Provisions - non-current</b>		
Provision for employee benefits:		
Gratuity	2,279,054	2,493,826
Compensated absences	3,358,713	3,127,668
	<u>5,637,767</u>	<u>5,621,494</u>
<b>B Provisions - current</b>		
Provision for employee benefits:		
Gratuity	2,763,029	1,852,897
Compensated absences	257,278	191,858
	<u>3,020,307</u>	<u>2,044,755</u>
<b>Note 13</b>		
<b>Borrowings - current</b>		
<b>Unsecured loans</b>		
Loan from others*	2,700,000	2,800,000
	<u>2,700,000</u>	<u>2,800,000</u>
*Loan is outstanding since 1994.		
<b>Note 14</b>		
<b>Trade payables</b>		
Due to micro and small enterprises*	-	-
Payable to related parties	-	-
Due to others	-	800,000
	<u>-</u>	<u>800,000</u>
*Based on the information available with the Company, none of its vendors are registered under the Micro, Small and Medium Enterprises Act, 2006. Accordingly no separate disclosure has been made under the Micro, Small and Medium Enterprises Act, 2006.		
<b>Note 15</b>		
<b>Other financial liabilities - current</b>		
Other payables*	27,369,120	28,609,299
Payable to related parties^^	894,299	914,142
Security deposit received	464,090	464,090
Bank Overdraft	10,046,846	-
	<u>38,774,355</u>	<u>29,987,531</u>
*Other payables contains amount of INR 235.23 lakhs, which is disputed against supply of plant and machinery since 1994.		
^^Payable to related parties		
Bhagawati Steel Private Limited	894,299	914,142
<b>Note 16</b>		
<b>Other current liabilities</b>		
Payable to statutory authorities	218,853	324,298
Employee payables	1,689,195	1,950,426
	<u>1,908,048</u>	<u>2,274,724</u>



**BHAGAWATI GAS LIMITED**

Notes to the standalone financial statements for the year ended 31 March 2020

Amount in Rs.

	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Note 17</b>		
<b>Revenue from operations</b>		
Water Treatment income	2,140,000	-
	<u>2,140,000</u>	<u>-</u>
<b>Note 18</b>		
<b>Other income</b>		
Interest income on bank deposits	8,027,413	1,721,757
Other interest income	367,483	32,015,730
Bad debt write back	804,585	-
	<u>9,199,481</u>	<u>33,737,487</u>
<b>Note 19</b>		
<b>Employee benefits expense</b>		
Salaries and wages	5,891,639	3,597,476
Other employee benefits	849,437	2,455,421
Staff welfare expenses	1,177,224	116,148
	<u>7,918,300</u>	<u>6,169,045</u>
<b>Note 20</b>		
<b>Finance costs</b>		
Interest on Over Draft	189,976	445,431
Interest others	412,936	827,605
	<u>602,912</u>	<u>1,273,036</u>
<b>Note 21</b>		
<b>Other expenses</b>		
Travelling and conveyance	1,659,243	1,686,650
Electricity charges	399,869	214,862
Balances/Bad debts written off	-	11,934,800
Auditor's remuneration	220,000	220,000
Security expenses	650,191	976,829
Legal and professional	1,014,388	1,509,200
Communication expenses	152,072	108,153
Repairs and maintenance	639,780	719,504
Insurance	26,697	3,437
Loss on sale of property, plant and equipment (net)	-	17,715,742
Net Loss FVIPL	44,700	165,500
Rates and taxes	319,720	1,257,817
Marketing and business promotions	1,410,026	25,384
Donations	520,182	409,500
Miscellaneous expenses	1,641,106	1,705,698
Office and administrative expenses	1,118,163	229,450
Printing and stationery	471,954	62,413
Vehicle running and maintenance	728,492	225,156
Water Treatment expenses	330,000	-
	<u>11,346,583</u>	<u>39,170,095</u>
<b>Note 22</b>		
<b>Tax Expenses</b>		
Current tax	-	-
Deferred tax credit	(151,307)	(12,812,493)
<b>Income tax expense recognised in the statement of profit and loss</b>	<u>(151,307)</u>	<u>(12,812,493)</u>
<b>The income tax expenses for the year can be reconciled to the accounting profit as follows:</b>		
Profit Before Tax	(10,049,274)	(14,621,640)
Applicable Tax Rate	26.00%	25.75%
Computed Tax Expense	-	-
<b>Current Tax Provisions (A)</b>	<u>-</u>	<u>-</u>
Incremental deferred tax liability/(asset) on account of financial asset and others	(151,307)	(12,812,493)
<b>Deferred Tax Provisions (B)</b>	<u>(151,307)</u>	<u>(12,812,493)</u>
Tax on earlier years (C)	-	-
<b>Tax expenses recognised in statement of profit and loss (A+B+C)</b>	<u>(151,307)</u>	<u>(12,812,493)</u>
<b>Note 23</b>		
<b>Earnings per share (EPS)</b>		
Earnings per share (EPS) is determined based on the net profit attributable to the shareholders. Basic earnings per share is computed using the weighted average number of shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the year, except where the result would be anti-dilutive.		
	As at 31 March 2020	As at 31 March 2019
Profit attributable to equity shareholders	(10,185,266)	(3,076,579)
Profit attributable to equity shareholders adjusted for the effect of dilution	(10,185,266)	(3,076,579)
Weighted average number of equity shares for basic EPS	16,742,459	16,742,459
Weighted average number of equity shares adjusted for the effect of dilution	16,742,458	16,742,458
<b>Earnings per equity share</b>		
Basic	(0.61)	(0.18)
Diluted	(0.61)	(0.18)



**BHAGAWATI GAS LIMITED**

Notes to the standalone financial statements for the year ended 31 March 2020

**Note 24**
**Related party transactions**

In accordance with the requirements of Ind AS 24 the names of the related party where control exists/able to exercise significant influence along with the transactions and year-end balances with them as identified and certified by the management are given below:

**i) Entities under common control**

 Lavino Portfolios Private Limited  
 Bhagwati Steel Private Limited  
 Bhagawati International Limited

**ii) Key management personnel (KMP)**

 Rakesh Samrat Bhardwaj                      Director  
 Ganga Charan                                      Director  
 Shachi Bhardwaj                                      Director

**iii) Relatives of KMP**

S No.	Name of Relatives	Relationship with KMP
1	Mr. Dyuman Samrat Bhardwaj (Chief Financial Officer)	Son of Mr. Rakesh S. Bhardwaj and Mrs. Shachi Bhardwaj

**(a) Transactions with related parties carried out in the ordinary course of business:**
*Amount in Rs.*

S No.	Particulars	Year	Related parties		Total
			Entities under common control	Key management personnel and their relatives	
1	<b>Salaries</b>				
	Rakesh Samrat Bhardwaj	31-Mar-20	-	1,845,000	1,845,000
		31-Mar-19	-	900,000	900,000
	Shachi Bhardwaj	31-Mar-20	-	600,000	600,000
		31-Mar-19	-	200,000	200,000
	Dyuman Samrat Bhardwaj	31-Mar-20	-	600,000	600,000
		31-Mar-19	-	400,000	400,000
2	<b>Expenses paid on behalf of</b>				
	Rakesh Samrat Bhardwaj	31-Mar-20	-	-	-
		31-Mar-19	-	913,005	913,005
	Bhagawati International Limited	31-Mar-20	286,725.00	-	286,725
		31-Mar-19	-	-	-
	Bhagawati Steel Pvt. Ltd.	31-Mar-20	19,843	-	19,843
		31-Mar-19	-	-	-
3	<b>Amount Repaid</b>				
	Dyuman Samrat Bhardwaj	31-Mar-20	-	-	-
		31-Mar-19	-	895,000	895,000
	Bhagawati International Limited	31-Mar-20	3,647,586.00	-	3,647,586
		31-Mar-19	-	-	-
	Lavino Portfolios Private Limited	31-Mar-20	9,540.00	-	9,540
		31-Mar-19	-	-	-
4	<b>Advance Given</b>				
	Bhagawati International Limited	31-Mar-20	1,500,000.00	-	1,500,000
		31-Mar-19	-	-	-

**(b) Closing balance with related parties in the ordinary course of business :**
*Amount in Rs.*

S No.	Particulars	Year	Related parties		Total
			Entities under common control	Key management personnel and their relatives	
1	<b>Loan to related party</b>				
	Bhagawati International Limited	31-Mar-20	-	-	-
		31-Mar-19	1,860,861	-	1,860,861
2	<b>Advance to related parties</b>				
	Lavino Portfolios Private Limited	31-Mar-20	-	-	-
		31-Mar-19	9,540	-	9,540
	Dyuman Samrat Bhardwaj	31-Mar-20	-	-	-
		31-Mar-19	-	895,000.00	895,000
3	<b>Other financial liabilities - current</b>				
	Bhagawati Steel Private Limited	31-Mar-20	894,299	-	894,299
		31-Mar-19	914,142	-	914,142



**BHAGAWATI GAS LIMITED**

Notes to the standalone financial statements for the year ended 31 March 2020

**Note 25****Capital management**

The Company's objectives when managing capital are to:

- To ensure Company's ability to continue as a going concern, and
- To maintain optimum capital structure and to reduce cost of capital

Management assesses the capital requirements in order to maintain an efficient overall financing structure. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The Company is not subject to externally imposed capital requirements. The Company has complied with debt covenants as per the terms of the borrowing facility arrangements. The Company manages its capital requirements by overseeing the gearing ratio:

Particulars	Amount in Rs.	
	As at 31 March 2020	As at 31 March 2019
Total borrowings	2,700,000	2,800,000
Total equity	148,489,167	158,674,432
Net debt to equity ratio	2%	2%

**Note 26****Contingent liabilities and commitments:**

Particulars	Amount in Rs.	
	As at 31 March 2020	As at 31 March 2019
Counter Guarantee given to bankers for guarantees issued by the banker (Net of margins) (Refer note 24)	86,675,090	86,675,090



**BHAGAWATI GAS LIMITED**

Notes to the standalone financial statements for the year ended 31 March 2020

**Note 27****Defined benefit plans**

The Company provides gratuity (which is unfunded) as employee benefit schemes to its employees. The following table sets out the status of the defined benefit scheme and the amount recognised in the financial statements.

**i) Reconciliation of opening and closing balances of Defined Benefit Obligation:***Amount in Rs.*

Particulars	Gratuity	
	Year ended 31.03.2020	Year ended 31.03.2019
Defined Benefit obligation at beginning of the year	4,346,723	3,124,361
Current Service Cost	215,068	170,005
Interest Cost	325,570	225,579
Actuarial (gain)/ loss	287,299	1,267,432
Benefits paid	(440,654)	(440,654)
Defined Benefit obligation at year end	4,734,006	4,346,723

**ii) Expenses recognised during the year:***Amount in Rs.*

Particulars	Gratuity	
	Year ended 31.03.2020	Year ended 31.03.2019
<b>In Income Statement</b>		
Current Service Cost	215,068	170,005
Interest Cost	325,570	225,579
<b>Net Cost</b>	<b>540,638</b>	<b>395,584</b>
<b>In Other Comprehensive Income</b>		
Actuarial (gain)/loss on defined benefit obligation	287,299	1,267,432
<b>Net (Income) /Expense recognized in OCI</b>	<b>287,299</b>	<b>1,267,432</b>

**iii) Actuarial assumptions:***Amount in Rs.*

Particulars	Gratuity	
	Year ended 31.03.2020	Year ended 31.03.2019
Mortality Table (IALM)	2006-08	2006-08
Discount rate (per annum)	7.49	7.49
Expected rate of return on plan assets (per annum)	-	-
Rate of escalation in salary (per annum)	5.50	5.50

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

**iv) Sensitivity Analysis**

Significant Actuarial Assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and employee turnover. The sensitivity analysis below, have been determined based on reasonably possible changes of the assumptions occurring at end of the reporting period, while holding all other assumptions constant. The result of Sensitivity analysis is given below:

*Amount in Rs.*

Particulars	Gratuity	
	As at 31st March	
	2020	2019
<b>a) Impact of the change in discount rate</b>		
Present value of obligation at the end of the period	4,346,723	4,346,723
i) Impact due to increase of 0.5%	(41,562)	(41,562)
ii) Impact due to decrease of 0.5%	42,892	42,892
<b>b) Impact of the change in salary increase</b>		
Present value of obligation at the end of the period	4,734,006	4,346,723
i) Impact due to increase of 0.5%	43,503	43,503
ii) Impact due to decrease of 0.5%	(42,530)	(42,530)

These plan typically expose the Company to actuarial risks such as : investment risk, interest risk, longevity risk and salary risk.



**a) Investment risk**

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

**b) Interest risk**

A decrease in the bond interest rate will increase the plan liability.

**c) Longevity risk**

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and other their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

**d) Salary risk**

The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

**Note 28**

The company is now engaged in work related to cleaning of water bodies, hence segment reporting is not applicable.

**Note 29**

The outbreak of Coronavirus (COVID-19) pandemic globally and in India is causing significant disturbance and slow down of economic activity. The company is evaluated impact of this pandemic on its business operations and based on this review and current indicators of future economic conditions, there is no significant impact on its financial results.

**Note 30**

Previous year figures have been regrouped, wherever considered necessary.

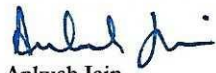
The accompanying notes are integral part of the standalone financial statements.

This is the summary of significant accounting policies and other explanatory information referred to in our report of even date.

For Mohan L Jain & Co.

Chartered Accountants

Firm registration no. 005345N



Ankush Jain

Partner

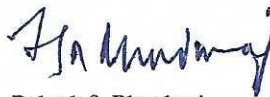
Membership No.: 540194

Place: New Delhi

Date: 30th June 2020




For and on behalf of the Board of Directors



Rakesh S. Bhardwaj

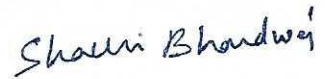
Chairman and Managing Director

[DIN:00029757]



Gajendra S. Shekhawat

Company Secretary



Shachi Bhardwaj

Director

[DIN: 07232850]



Dyuman S. Bhardwaj

Chief Financial Officer