

ANNUAL REPORT

2018-19



DNP LIMITED

(A Government of Assam Undertaking)

CIN: U51410AS2007SGC008410

BOARD OF DIRECTORS



Rupam Goswami
Chairman



AK Sharma
Director & CEO (up to 11.09.2019)



Ashwini Pait
Director & Vice-Chairman



Bhaskar Jyoti Phukan
Director



Dr. Roshan Ara Begum, IAS
Director



Susanta Kumar Sarmah
Director



Gokul Chandra Swargiyari
Addl. Director (w.e.f 11.09.2019)

CONTENTS



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• Notice to the Shareholders	1
• Directors` Report	6
• Management's Discussion and Analysis	13
• Annexures to Directors' Report	15
• Independent Auditor's Report	37
• Comments of the C&AG	45
• Balance Sheet	49
• Statement of Profit & Loss	50
• Cash flow Statement	53
• Statement of Significant Accounting Policies & note to the Financial Statement	55

Bankers

- State Bank of India, Duliajan Branch, P.O. Duliajan, Dist: Dibrugarh-786602
- Allahabad Bank, AGCL Branch, P.O. Duliajan, Dist: Dibrugarh-786602

Statutory Auditors

M/s Rajendra C. Sharma & Co.
Chartered Accountants
BNP Path, New Market
Dibrugarh- 786001
Assam

Secretarial Auditors

M/s Biman Debnath & Associates
Secretarial Auditors
Flat No. 402, Block-C
Prakash Choudhury Housing Complex
Tarun Nagar, Guwahati-781005
Assam

Cost Auditors

M/s Subhadra Dutta & Associates
Cost Accountants
House No. 29, Krishnagar
Chandmari, Ghy- 781005

Registered Office

DNP Limited
Flat No.-4, House No.2,
“Dinesh Mansion”, 2nd Floor, Dr. R.P. Road,
Dispur, Guwahati-781006

Head Office

Assam Gas Company Ltd. Campus
P. O. Duliajan, Dist.- Dibrugarh
PIN: 786602, Assam

Site Office

Madhuban
P. O. Kendriya Vidyalaya
Borpathar No. 1
Duliajan
Dist: Dibrugarh
Pin: 786602

Notice to the Shareholders

Notice is hereby given that the 12th Annual General Meeting of the Shareholders of DNP Limited will be held in the Registered Office of the Company at Flat No.-4, House No.2 “Dinesh Mansion”, 2nd Floor, Dr. R.P. Road, Dispur, Guwahati-781006 on **Monday, the 23rd day of September, 2019 at 05.00 PM** to transact the following Ordinary and Special Businesses:

A. Ordinary Business

1. To receive, consider and adopt the Directors’ Report and the Report on Corporate Governance, the Audited Balance Sheet as at 31st March, 2019 and Statement of Profit & Loss for the year ended 31st March, 2019 along with the Reports of the Statutory Auditors and the Comments of the Comptroller & Auditor General of India.
2. To declare Dividend for the financial year ended 31st March, 2019.

B. Special Business

3. Approval of Remuneration of the Cost Auditor for the financial year 2019-20:

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

“RESOLVED THAT pursuant to Section 148(3) of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 read with Companies (Audit & Auditors) Rules, 2014, appointment of M/s Subhadra Dutta & Associates, Cost Accountants, Guwahati as the Cost Auditor of the Company for the financial year 2019-20 for carrying out the audit of cost records maintained by the Company at a remuneration of Rs 40,000/- (Rupees Forty Thousand Only) plus out of pocket expenses, reimbursement of travel and boarding expenses and payment of GST at applicable rates etc. be and is hereby ratified and approved.”

4. Approval for adoption of new set of Articles of Association of the Company:

To consider and, if thought fit, to pass the following Resolution, with or without modifications, as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 14 and other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s), enactment(s) or re-enactment(s) thereof for the time being in force), the new set of Articles of Association as submitted to this meeting (duly initialed by the Company Secretary for the purpose of identification), be and are hereby approved and adopted in substitution, and to the entire exclusion of the existing Articles of Association of the Company.

RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorized to take all such steps and actions for the purpose of making all such filings and registrations as may

be required in relation to the aforesaid amendment to the Articles of Association and further to do all such acts and deeds, matters and things as may be deemed necessary to give effect to this resolution.”

By Order of the Board of Directors

Sd/-

(Samujjal Borah)

Company Secretary, DNPL

Date:13/08/2019

Registered Office:

Flat No.-4, House No.2,
“Dinesh Mansion”, 2nd Floor, Dr. R.P. Road,
Dispur, Guwahati-781006

- a. Explanatory statements under Section 102 of the Companies Act, 2013 in respect of the business under Item 4, 5 and 6 as set out above are annexed hereto.
- b. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies, in the alternative, to attend and vote instead of himself and such proxy need not be a member. Proxies, in order to be effective, should be duly completed & affixed with the revenue stamp and be deposited at the Registered Office of the Company not less than forty eight hours before commencement of the Meeting.

Explanatory Statements for the Special Business pursuant to Section 102 of the Companies Act, 2013

The following are the Explanatory Statements in respect of item No. 3 and 4 of the Special Business indicated in the Notice dated 13th, August, 2019.

Item No. 3: Approval of Remuneration of the Cost Auditor for the financial year 2019-20:

M/s Subhadra Dutta & Associates was appointed by the Board as the Cost Auditor of the Company for the financial year 2019-20 in terms of section 148(3) of the Companies Act, 2013 at a remuneration of Rs. 40,000/- (Rupees Forty Thousand Only) plus out of pocket expenses, reimbursement of travel and boarding expenses, and payment of GST at applicable rates.

Pursuant to Rule 14 of the Companies (Audit & Auditors) Rules, 2014, remuneration of Cost Auditor approved by the Board under section 148(3) of the Companies Act, 2013 is required to be ratified by the shareholders.

Accordingly, approval is sought from the shareholders for ratification of remuneration payable to M/s Subhadra Dutta & Associates, Cost Auditor of the Company for the year 2019-20.

None of Directors/Key Managerial Personnel or their relatives are in a way interested or concerned in the resolution

Item No. 4: Approval for adoption of new set of Articles of Association of the Company:

Upon enactment of the Companies Act, 2013, various provisions of the Companies Act, 1956 have been changed/modified or repealed and in view of the same the Articles of Association of your Company requires to be re-aligned as per the provisions of the new Act.

As per provisions of Section 14 of Companies Act, 2013, amendment of Articles of Association requires approval of Shareholders by way of Special Resolution. The Board in its meeting held on 13th August, 2019 recommended to adopt a new set of Articles of Association in place of existing Articles of Association of the Company and to place the proposal before the shareholders for consideration and to be passed as a Special Resolution.

The draft of the new set of Articles proposed for approval is available for inspection by the shareholders of the Company during normal business hours at the Registered office of the Company and copies thereof shall also be made available for inspection at the place of the meeting on the day of the meeting.

Accordingly, this matter has been placed before the Shareholders for approval.

The Board therefore, submits the resolution for your consideration and recommends approval of the Special Resolution.

None of Directors/Key Managerial Personnel or their relatives are in a way interested or concerned in the resolution.

By Order of the Board of Directors

Sd/-

(Samujjal Borah)

Company Secretary, DNPL

Date: 13/08/2019

Registered Office:

Flat No.-4, House No.2

“Dinesh Mansion”, 2nd Floor, Dr. R.P. Road,

Dispur, Guwahati-781006

Addendum Notice to the Members

Dear Member,

In continuation to our notice to member dated 13th August, 2019, Notice is hereby given to transact Item No. 5 under SPECIAL BUSINESS at the 12th Annual General Meeting of DNP Limited to be held on Monday, the 23rd day of September, 2019 at 05.00 PM at the Registered Office of the Company at House No.2, Flat no. 4, Dinesh Mansion, Dr.R.P Road, Guwahati-781006, Assam.

Special Business:

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

“RESOLVED THAT pursuant to the provisions of Section 149, 152 and other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder as amended from time to time, Shri Gokul Chandra Swargiyari (DIN: 08545385), who was appointed by the Board as an Additional Director w.e.f. 11th September, 2019 and who holds office upto the date of this Annual General Meeting and in respect of whom, the Company has received a Notice in writing from a Member under Section 160 of the Companies Act, 2013, be and is hereby appointed as a Director, liable to retire by rotation.”

By Order of the Board of Directors

Sd/-

Date: 17/09/2019

(Samujjal Borah)

Company Secretary, DNPL

Registered Office:

Flat No.-4, House No.2,
“Dinesh Mansion”, 2nd Floor, Dr. R.P. Road,
Dispur, Guwahati-781006

- a. Explanatory statements under Section 102 of the Companies Act, 2013 in respect of the business under Item 4, 5 and 6 as set out above are annexed hereto.
- b. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies, in the alternative, to attend and vote instead of himself and such proxy need not be a member. Proxies, in order to be effective, should be duly completed & affixed with the revenue stamp and be deposited at the Registered Office of the Company not less than forty eight hours before commencement of the Meeting

Explanatory Statements for the Special Business pursuant to Section 102 of the Companies Act, 2013

The following are the Explanatory Statements in respect of item No. 5 of the Special Business indicated in the Notice dated 17th, September, 2019.

Item no. 5: Appointment of Shri Gokul Chandra Swargiyari (DIN: 08545385)

Shri Gokul Chandra Swargiyari Managing Director of Assam Gas Company Limited was appointed as Additional Director on the Board of the Company w.e.f. 11th of September, 2019 pursuant to Article 119(i) of the Articles of Association of the Company read with Section 161 of the Companies Act, 2013 in accordance to the nomination of Assam Gas Company Limited.

Shri Gokul Chandra Swargiyari being appointed as Additional Director will hold office up to the date of the ensuing Annual General Meeting. The Company has received a notice from a member under Section 160 of the Companies Act, 2013 proposing the candidature of Shri Gokul Chandra Swargiyari as a Director of the Company. A brief profile of Shri Gokul Chandra Swargiyari is also attached for information of the members.

Shri Gokul Chandra Swargiyari, is interested in the Resolution to the extent as it concern his appointment. None of the Directors or Key Managerial Personnel or their relatives is, in any way, are interested or concerned in the Resolution.

By Order of the Board of Directors

Date: 17/09/2019

Sd/-

(Samujjal Borah)

Company Secretary, DNPL

Registered Office:

Flat No.-4, House No.2,
"Dinesh Mansion", 2nd Floor, Dr. R.P. Road,
Dispur, Guwahati-781006

Directors` Report

Dear Members,

Your Directors are pleased to present the Twelfth Annual Report on the performance of your Company together with audited financial statement for the year ended 31st March, 2019.

FINANCIAL RESULTS

The Company`s financial performance for the year ended 31st March, 2019 as compared to those of the previous year are summarized below:-

Particulars	2018-19 (₹ In thousands)	2017-18 (₹ In thousands)
Gross Revenue from Operations	8,64,764	8,00,618
Other Income	61,063	14,277
Total Revenue	9,25,827	8,14,895
Profit before Depreciation & Amortization, Interest and Tax	6,56,951	6,47,038
Profit before prior period adjustments, extraordinary items and Tax	5,28,196	4,90,096
Extraordinary Items	-	-
Profit before Tax	5,28,196	4,90,096
Provision for Taxation	1,18,752	1,04,522
Provision for Taxation- Deferred	(50,266)	62,508
Profit (Loss) after tax	4,59,710	3,23,066
Earnings per Share in Rupees (Face value ₹ 10/- each)		
1. Basic	2.75	1.93
2. Diluted	2.75	1.93

Directors propose to appropriate this amount as under:

Appropriations:	2018-19 (₹ In thousands)	2017-2018 (₹ in thousands)
Towards Dividend	1,96,519	1,62,232
Corporate Dividend Tax	40,395	33,027
Transfer to General Reserve	2,22,296	1,27,307
Balance at Profit& Loss Account	500	500
Total Profit (after tax)	4,59,710	3,23,066

Summarized Cash Flow Statement:

Cash Flows :	2018-19 (₹ In thousands)	2017-2018 (₹ in thousands)
Inflow/(Outflow) from operations	3,18,731	3,19,170
Inflow/(Outflow) from investing activities	(1,38,925)	7,009
Inflow/(Outflow) from financing activities	(1,96,468)	(1,84,326)
Net Increase/(decrease) in cash & cash equivalent	(16,662)	1,41,852

PERFORMANCE HIGHLIGHTS

Physical Performance:

During the year 2018-19, your Company transported 281.01 MMSCM of natural gas to NRL as against 267.92 MMSCM transported in the previous year. Utilization of the pipeline was higher by 04.89% compared to the 2017-18 primarily due to improved gas availability from OIL during the period.

In terms of the gas supply agreement between DNPL and NRL, transportation charges for the year was last revised to ₹ 2980.36 per thousand standard cubic meters (TSCM) with effect from 01.04.2016.

Your company continued its focused attention towards various control measures as well as optimum utilization of available resources to ensure reasonable level of operating surplus.

Financial Performance:

DNPL's gross revenue from operations for the year 2018-19 was ₹ 86.48 crores, 08.02% higher than the previous year's revenue of ₹ 80.06 crores. The profit before tax for the year was ₹ 52.81 crores, which is 07.75% higher compared to ₹ 49.01 crores in 2017-18. The profit after tax for the year stood at ₹ 45.97 crores as against ₹ 32.31 crores recorded in 2017-18. The earnings per share achieved in 2018-19 was ₹ 2.75 compared to ₹ 1.93 in the previous year.

The total amount of Capital Expenditure incurred during the year was ₹ 0.31 crores as compared to ₹ 0.56 Crores in 2017-18. Value of total fixed assets as on 31st March, 2019 stood at ₹ 234.99 Crores.

Net Worth:

The net worth of the Company stood at the end of financial year 31st March, 2019 is ₹256.09 Crores as against ₹ 229.68 crore as on 31st March, 2018.

Dividend:

Your Directors, after taking into account financial results of the Company during the year and keeping in view the need to maintain strategic investments for a secure future, are pleased to recommend for your approval, a dividend of ₹ 1.175 (i.e. 11.75%) per equity share of ₹ 10.00 each for the financial year ended March 31, 2019 on the paid up share capital of ₹167.25 Crores, which would absorb a sum of ₹ 23.08 Crores (inclusive of Corporate Dividend Tax) out of Company's PAT. After retaining an amount of ₹ 0.05 Crores in the statement of Profit & Loss for the year, your Directors proposed to transfer the remaining amount of ₹ 22.23 Crores to the General Reserve Account. The dividend payout is subject to approval of members at the ensuing Annual General Meeting.

Treasury Operations

In order to reduce cost on borrowed fund, term loan amounting to ₹ 10.80 Crores was repaid to AGCL during the year. Total borrowings of your Company as on 31st March, 2019 stood at nil as compared to ₹ 10.80 Crores in the previous year.

During the year, interest cost has been reduced from ₹ 2.82 Crores in the previous year to ₹ 0.33 Crores. Debt equity ratio at the close of the financial year stood at nil due to repayment of term loans.

Contribution to Exchequer

Your Company has contributed a total of ₹ 24.38 crores to the Central Exchequer and ₹ 12.19 crores to the State Exchequers in the form of taxes, duties and dividends compared to ₹ 24.23 Crores and ₹ 5.15 Crore respectively in the previous year.

Govt. Audit Review

Comments of the Comptroller and Auditor General of India (C&AG) under section 143 (6)(b) of the Companies Act 2013 on accounts of the Company for the year ended 31st March, 2019 together with managements reply as an addendum thereto are placed before the shareholders for consideration.

Particulars of Contracts or Arrangements with Related Parties:

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business on an arm's length basis and are intended to further the Company's interests. Relevant information in Form AOC-2 has been provided as **Annexure B** to Directors' Report.

During the year, the Company has not entered into any contract / arrangement/ transaction with related parties which were in conflict with the Company's interest.

Post balance sheet events

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which these financial statements relate on the date of this report.

Business Risk Management:

Although the company doesn't have any specific risk management policy as on date, the Board of Directors of the company deliberates on threats, risks and concerns which in the opinion of the Board may threaten the continuation of its business or pose threat in its existence. The Board reviews the means adopted by the company to mitigate the risk from time to time. The details of risk and concerns of the company are discussed in the Management Discussion and Analysis forming part of this Report.

Internal financial controls

The Company has put in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weaknesses in the design or operation were observed.

Particulars of Loan, Guarantees and Investments under Section 186

The Company has not given any loans or guarantees covered under the provisions of section 186 of the Companies Act, 2013.

Conservation of Energy, Technology Absorption

The Company is taking effective steps at every level of its activities for conservation of energy.

Foreign Exchange Earnings

There were no foreign exchange earnings during 2018-19 or in the previous year 2017-18.

Particulars of Employees and related disclosures

As there is no employee drawing the specified remuneration, particulars of employees under Section 134 of the Companies Act, 2013, read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the year ended 31st March, 2019 are not furnished.

Remuneration

As per MCA Notification No. GSR 463(E) dated 5th June, 2015, Section 197 does not apply to a Government company. Therefore, the requirement of disclosure to be made in the Directors' report in terms of Rule 5(2) & (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to the Company.

Corporate Governance

Corporate Governance is about maintaining a trusted relationship with all stakeholders and is an integral part of our value creation in the Company. Your Company has been maintaining integrity, transparency and accountability in all its spheres of business.

In accordance with the guidelines on Corporate Governance issued by the Department of Public Enterprises (DPE) in May 2013, a report on Corporate Governance together with a Certificate from a practicing Company Secretary on compliance with guidelines on Corporate Governance is annexed at **Annexure A** to the Directors' Report. The forward looking statements made in the 'Management Discussion and Analysis' are based on certain assumptions and expectations of future events. The Directors do not guarantee that such expectations will eventually materialise.

Statutory Auditors

M/s Rajendra C Sharma, (SPA057) Chartered Accountants, BNP Path, New Market, Dibrugarh-786001 were appointed as Statutory Auditors of the Company for the financial year 2018-19 by the Comptroller & Auditor General of India (C&AG) under the provisions of Section 139 of the Companies Act, 2013. They will hold office till the ensuing Annual General Meeting.

Cost Auditors:

Pursuant to the Companies (Cost Records and Audit) Rules, 2014, M/s Subhadra Dutta & Associates, Cost Accountants, Guwahati a firm of Practicing Cost Accountants was appointed as Cost Auditors of the Company for the financial year 2017-18. Cost Audit Report for the year 2017-18 was filed with the Ministry of Corporate Affairs within the due date.

M/s. Subhadra Dutta & Associates, Cost Accountant, Guwahati were appointed as Cost Auditors of the Company for the year 2018-19 in accordance with the provision of Section 148(3) of the Companies Act, 2013. The Cost Auditor, shall within a period of 180 days from the closure of the financial year, forward the Cost Audit Report and the Company is required to file the Cost Audit Report within 30

days of receipt of the same. Necessary action will be initiated to file the Cost Audit Report 2018-19 within stipulated time.

Secretarial Auditors:

In accordance with the provisions of Section 204 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, M/s Biman Debnath & Associates, Practicing Company Secretaries, Guwahati were appointed by the Board as Secretarial Auditors for conducting the Secretarial Audit of the Company for the financial year 2018-19.

The Secretarial Audit Report for the financial year 2018-19 together with Managements' reply on the comments of the Secretarial auditors are annexed as part of **Annexure –A** to this report.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors state that:

- a) in the preparation of the annual accounts for the year ended March 31, 2019, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- b) the Directors have considered such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2019 and of the profit of the Company for the year ended on that date;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors have prepared the annual accounts on a 'going concern' basis;
- e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Board Evaluation

As per MCA Notification No. GSR 463(E) dated 5th June, 2015, provisions of section 134(3)(p) shall not apply, in case the Directors are evaluated by the Ministry, which is administratively in charge of the Company as per its own evaluation methodology. As DNPL is a Government Company, disclosure requirement in respect of board evaluation process is not applicable to the Company.

Extract of Annual Return

In accordance with Section 134(3)(a) and Section 92(3) of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules 2014, the extract of the Annual Return as at 31st March, 2019 in the prescribed form MGT-9, has been uploaded in the website of the Company at www.dnpl.co.in.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Since the date of last Annual General Meeting held on 26th September, 2018, no changes have been made in the Board of Directors or the Key Managerial Personnel.

Declaration by Independent Directors:

As there are no Independent Directors on the Board of the Company, the declarations that they meet the criteria of independence as laid down under section 149(6) of the Companies Act, 2013 does not arise.

CSR Committee

The Corporate Social Responsibility Committee as on 31st March, 2019 comprised of Directors, viz., Shri Ashwini Pait as Chairman, Shri Susanta Kumar Sarmah, Shri Bhaskar Jyoti Phukan and Shri A.K Sharma as members.

Audit Committee

The details of the composition of the Audit Committee are provided in the Corporate Governance Report which forms part of this Report.

Nomination & Remuneration Committee Policy:

The details of the composition of the Committee as on 31st March, 2019 is as follows:

- (i) Shri Susanta Kumar Sarmah, as Chairman;
- (ii) Shri Ashwini Pait, Director, DNPL as member
- (iii) Dr. Roshan Ara Begum, IAS, Director, DNPL as member

Disclosure on Establishment of a Vigil Mechanism

The Company does not have any Vigil Mechanism.

Disclosures under Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013:

There were no cases filed for Sexual Harassment of Women at Workplace during the Financial Year 2018-19. Since, the Company has adopted the Sexual Harassment prevention policy of Assam Gas Company Limited, the Internal Complaint Committee of Assam Gas Company is also applicable to DNP Limited.

Disclosure of maintenance of Cost Records:

The Company has maintained cost records as specified by the Central Govt. under sub-section (1) of section 148 of the Companies Act, 2013.

GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Details relating to deposits covered under Chapter V of the Act.
2. Issue of equity shares with differential rights as to dividend, voting or otherwise.
3. Issue of shares (including sweat equity shares) to employees of the Company under any scheme.
4. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

ACKNOWLEDGEMENT

Your Directors take this opportunity to express their deep gratitude for the untiring efforts put in by the employees including those who are on deputation from AGCL as well as other outsourced personnel, without whom it would not have been possible for the Company to operate this gas transportation system smoothly and safely.

Your Directors acknowledge the role played by all other agencies, contractors and suppliers including their employees in its success.

The Directors are grateful for all the assistance, guidance and support received from various Government Departments, particularly, from Industries and Commerce Dept. Govt. of Assam, Public Enterprises Deptt. Govt of Assam, Offices of Commissioner of Income Tax, Commissioner of Central Goods and Service Tax, Assam, Superintendent of Taxes, Naharkatia as well as other Central and State Government agencies.

Your Directors are also grateful to State Bank of India and Allahabad Bank for providing their banking services to the Company.

Your Directors express their sincere thanks to all the shareholders of the Company, namely, AGCL, NRL, and OIL for reposing their confidence and continued support to DNPL management.

For and on behalf of Board of Directors

Date:13/08/2019

Place: Guwahati

Sd/-
Rupam Goswami
Chairman

Management's Discussion and Analysis

Optimum utilization of gas transportation infrastructure plays an important role in the gas industry for efficient delivery of gas to end consumers. In spite of various constraints experienced by the company, it has been successfully operating the dedicated state-of-the-art Duliajan Numaligarh Gas Transportation System.

Directors perception of the future of the Company from the point of view of Market competition, production/service constraints and Government Policies etc.

To grow, the company has to expand its operations. As per the Hydrocarbon Vision 2030 for North Eastern Region of the Govt of India, the company is likely to be part of the consortium engaged in the development of the trunk gas pipeline connecting the Duliajan Numaligarh Gas Transportation System to the proposed Barauni – Guwahati Numaligarh Pipeline system.

Strengths, Weaknesses, Opportunities and Threats

DNPL's primary strength emanates from the fact that the three promoters represent three vertices of the gas value chain – gas producer OIL, gas transporter AGCL and gas consumer, NRL. The professional strengths and unstinted support of the three promoter organizations are always available to your company in all its endeavors and in overcoming various challenges.

DNPL owns and operates a single dedicated gas transportation system delivering gas from a single source to a single customer. The major weakness of the company is that any variation in supply of gas by the producer and / or variation of drawal of gas by the consumer may adversely affect your company's revenue.

Risks and associated concerns for 2018-19 mainly pertain to possible reduced availability of contracted quantity of natural gas from the producer due to changing field conditions.

Human Resource

Your Company is committed to operational excellence and increased productivity through optimum utilization of human resources. The company recognizes the need for strategic and customer centric HR initiatives through development of HR strategy aligned to the overall organizational goal. It has continued to enable its employees to work in a conducive environment, leveraging technology to ease its operations.

As on 31st March, 2019, there were total 29 employees on the roll of the Company of which 14 are executive cadre and remaining 15 are non executive cadre.

During the year, some of the key technical and managerial personnel drawn from AGCL during project execution stage continue to be engaged in your company's operations on full time as well as on part time basis. They were being supported by technical and non technical manpower of the Company togetherwith manpower outsourced to manpower supply agencies.

Safety

During the year 2018-19, there was no loss time accident (LTA). Regular Mock drills and Safety

meetings awareness programmes were organized during the year. The Safety Policy may be accessed at the Company's website at www.dnpl.co.in.

Industrial Relations

Industrial relations were cordial and harmonious throughout the year. Issues with various groups and agencies were amicably resolved facilitating smooth conduct of business during the year.

Corporate Social Responsibility and Sustainability

DNPL's initiatives towards CSR and Sustainability were pursued with increased emphasis during 2018-19. The CSR Policy is uploaded in the Company's website at www.dnpl.co.in

Some of the highlights of CSR and Sustainability activities undertaken by your Company during the year are:

- (i) Health Care and Sanitation
- (ii) Environmental Sustainability and Ecological Balance and
- (iii) Promotion of education.

Based on the average net profits of the Company for the last three financial years, total amount to be spent on CSR for the year 2018-19 was ₹ 68.27 lakhs. However, after considering the unspent amount of ₹ 8.58 lakhs earmarked for the year previous years, total mandatory expenditure for the year 2018-19 was ₹ 76.85 lakhs.

As against above, total amount spent on CSR activities during the financial year 2018-2019 was ₹ 51.04 Lakhs and the balance committed and unspent amount of ₹ 25.81 Lakhs has been carried forward to the financial year 2019-20.

A detailed report on DNPL's CSR and Sustainability activities is enclosed at **Annexure - C**.

Members of the CSR & Sustainability Committee confirmed that implementation and monitoring of CSR Policy is in compliance with CSR Objectives and Policy of the Company.

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Corporate Governance is a set of system and practices adopted by a Company to ensure that it is managed in a way to ensure accountability, transparency, fairness in all its transactions and also to meet the aspiration of the stake holders and expectation of the Society. Corporate Governance is crucial to integrate all components by carefully balancing the complex relationship amongst the Board of Directors, Audit Committee & other subcommittees. DNPL is adopting best governance practices, which are critical to ensure optimization of returns and satisfaction to all the shareholders. The Company has been sharing relevant information with the various shareholders from time to time through Annual Reports, Minutes etc. Being a non-listed entity it is not mandatory to disclose as per Regulation 27 of the SEBI (LODR) Regulations, 2015 & Companies Act, 2013. However, as good corporate governance practice and as per Guidelines on Corporate Governance for State Level Public Enterprises issued by Department of Public Enterprises (DPE), Govt. of Assam in May, 2013, the Company has been complying with the stipulations contained therein to the extent applicable. Relevant information on areas covered under Corporate Governance disclosures during the financial year 2018-2019 are furnished below:-

2. BOARD OF DIRECTORS

DNPL is a Government Company under Section 2(45) of the Companies Act, 2013 by virtue of being a subsidiary of Assam Gas Company Limited (AGCL), which is a Government Company. The Board of Directors is the Apex Body constituted by the Shareholders for overall functioning of the Company. In terms of the Articles of Association of the Company, the number of Directors shall not be less than three (3) and not more than nine (9).

As on 31st March, 2019, the Board of DNPL comprised of 5 (five) Part time (Ex-Officio) Directors from the promoters organizations, namely, Assam Gas Company Limited, Numaligarh Refinery Limited and Oil India Limited and 1 (one) Part time (Ex-Officio) Director from Government of Assam. The Composition of the Board of Directors as on 31st March, 2019 are as follows:

Sl. No.	Name of the Directors	Designation
1.	Shri Rupam Goswami	Chairman
2.	Shri Aswini Pait	Director & Vice-Chairman
3.	Shri A.K Sharma	Director & CEO
4.	Dr. Roshan Ara Begum, IAS	Director
5.	Shri. Bhaskar Jyoti Phukan	Director
6.	Shri. Susanta Kr. Sarmah	Director

****None of the Director is related to any other Director on the Board.**

As per Section 165 of the Companies Act, 2013, a Director should not hold directorship in more than 20 Companies at the same time and directorship in Public Companies should not exceed 10 nos. During the year, there was no violation of Section 165 pertaining to number of directorship held by the directors.

MEETINGS OF THE BOARD OF DIRECTORS:

The Board's actions and decisions are aligned with the Company's best interests. The Board has an effective mechanism to facilitate Post Meeting, follow ups, Review and Reporting process for the decision taken by the Board or Sub-Committee of the Board.

During the financial year 2018-2019, the Company convened 10 (ten) meetings of the Board of Directors, the gap between two meetings never exceeded 120 (One Hundred and Twenty) days.

The details of the meetings of the Board of Directors held during the Financial Year 2018-19 are as follows:

Sl. No.	Date of Board Meeting	Board Strength	No. of Directors Present
1.	12-Apr-2018	6	5
2.	30-June-2018	6	4
3.	06-Aug-2018	6	5
4.	11-Sept-2018	6	5
5.	26-Sept-2018	6	3
6.	05-Nov-2018	6	6
7.	21-Dec-2018	6	3
8.	13-Jan-2019	6	5
9.	22-Feb-2019	6	6
10.	28-Mar-2019	6	5

Particulars of Directors including those who ceased to be director in the company during the financial year and their attendance at meetings of Board of Directors and the Shareholders held during the Financial Year 2018-19:

Sl. No	Name of Directors and their Category	Date of joining as Director of the Company	Attendance of the meeting of Board held during the year and percentage thereof			Attended in the last Annual General Meeting (Yes/No/NA)	No. of Membership/ Chairmanship of Board Committees in Other Companies	Name of the Companies/ firms/ association of individuals in which interested
			Nos. of Meetings Attended	Total Meetings held during the tenure of the director.	% of Attendance			
1	Shri Rupam Goswami Chairman, DNPL	17 th March, 2017	9	10	90	Y	NIL	DNPL
2	Shri Aswini Pait Vice-Chairman, DNPL	17 th March, 2017	10	10	100	Y	NIL	DNPL

3	Shri Achintya Kumar Nath, Director, DNPL and GM(Central Assets), Oil India Limited	12 th February, 2015 (ceased as director w.e.f 30 th June, 2018)	1	2	50	NA	NIL	DNPL
4	Shri Aditya Kumar Sharma, Director & CEO, DNPL, and Managing Director, AGCL	11 th September, 2015	8	10	80	Y	NIL	DNPL AGCL
5	Dr. Roshan Ara Begum, IAS, Director, DNPL and Commissioner & Secretary, Public Enterprise Deptt. Govt. of Assam	28 th September, 2015	5	10	50	Y	NIL	DNPL; AIDCL; AEGCL; APDCL; APL; AFCSCL; ASWC; AMDCL.
6	Shri Bhaskar Jyoti Phukan Director, DNPL, Director (Tech.), NRL and Chairman, ABRPL	01 st February, 2018	7	10	70	N	Member of Audit Committ-ee, NRL, Chairman, ABRPL	DNPL; ABRPL NRL.
7	Shri. Susanta Kumar Sarmah GM(GMS & Field OPS),OIL	27 th July, 2018	7	8	87.5	Y	-	DNPL

- **AGCL:** Assam Gas Company Limited; **ABRPL:** Assam Bio-Refinery Private Limited, **DNPL:** DNP Limited; **NRL:** Numaligarh Refinery Limited; **APDCL:** Assam Power Distribution Company Limited; **APL:** Assam Petro-Chemicals Limited; **AEGCL:** Assam Electricity Grid Corporation Limited; **AFCSCL:** Assam Food and Civil Supplies Corporation Limited; **ASWC:** Assam State Warehousing Corporation; **AMDCL:** Assam Mineral Development Corporation Limited. **AIDCL:** Assam Industrial Development Corporation Limited.

1. Audit Committee

DNPL took the initiative to introduce Corporate Governance in the organization during the year 2012 itself, by constituting an Audit Committee. The Audit Committee assist the Board in its responsibility for overseeing the integrity of the accounting, auditing and reporting practices of the Company and its compliances of the legal and regulatory requirement. The Committee assists the Board in discharging its responsibility for overseeing the quality and integrity of the accounting, remuneration of Statutory Auditors, appointment and remuneration of Cost Auditors, performance of Internal Auditor and its compliance with the legal and regulatory requirements, etc.

The role, powers and functions of the Audit Committee were specified and approved by the Board. The quorum for the meetings of the Committee is two members or 1/3rd of the members of the Audit Committee, whichever is higher.

During the financial year 2018-19, the Company convened 6 (Six) meetings of the Audit Committee.

12/04/2018	19/05/2018	26/09/2018	05/11/2018	22/02/2019	28/03/2019
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The attendance record of the members of the committee as on 31st March, 2019 are as follows:-

Sl. No.	Name of the Director	Status	No. of Meetings attended/ Out of	Attended in the last AGM (Y/N)
1.	Shri Bhaskar Jyoti Phukan (Director, DNPL)	Chairman	4/6	N
2.	Shri Susanta Kumar Sarmah (Director, DNPL)	Member	4/4	Y
3.	Shri Aswini Pait (Director, DNPL)	Member	5/6	Y

There are no Independent Directors on the Board of the Company. The members possess the requisite knowledge of Finance and Accounts for effective functioning of the Audit Committee. The Company Secretary, DNPL acts as the Secretary of the Committee.

The role and responsibilities of the Audit Committee as approved by the Board broadly includes the following:-

- ◆ Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- ◆ Recommending the appointment and removal of external auditor, fixation of audit fee, and also approval for payment for any other services.
- ◆ Reviewing with management the quarterly/ half yearly /annual financial statements before submission to the Board, focusing primarily on :
 - Reviewing any Related party transactions i.e. transactions of the Company of material nature with promoters or the management, their subsidiaries, relatives etc. that may have potential conflict of the interest with the Company at large.
 - Reviewing with management, external and internal auditors, the adequacy of internal control systems and any significant findings and follow up thereon
 - Reviewing the Company's financial and risk management policies.

2. Corporate Social Responsibility & Sustainability Committee:

DNPL took the initiative to contribute towards society in a transparent, responsible, accountable and fair manner. DNPL's CSR policy was approved by the Board on 12th February, 2015.

As on 31st March, 2019, the CSR and Sustainability Committee of the Board were comprised of following members: -

- i. Shri Aswini Pait, as the Chairman; and
- ii. Shri Bhaskar Jyoti Phukan
- iii. Shri A.K. Sharma
- iv. Shri Susanta Kr. Sarmah, as members.

During the financial year 2018-19, three meeting of the CSR Committee were held on 23rd May, 2018, 11th September, 2018 and 13th January, 2019.

Attendance at the CSR Committee meeting during the financial year 2018-19:

Name of the members	No. of meetings attended/Out of	Attended the last Annual General Meeting held on 26/09/2018 (Y/N)
Shri Aswini Pait	3/3	Y
Shri Bhaskar Jyoti Phukan	2/3	N
Shri A.K. Sharma	3/3	Y
Shri Susanta Kr. Sarmah	2/3	Y

3. Nomination and Remuneration Committee:

The Details of the Committee has been provided in the Directors Report.

4. Investors Grievance Committee:

DNPL being a non-listed Company with only ten shareholders, no such Committee has been formed.

Annual/Extra Ordinary General Meetings:

a) Details of location, time and date of last three AGMs/EGM are given below:-

No. of AGM	Date and Time of the Meetings	Venue
9 th Annual General Meeting	29 th August, 2016 2.00 P.M.	1 st Floor, "Adams Plaza" Christian Basti, G. S. Road, Guwahati-781005
10 th Annual General Meeting	18 th September, 2017 5.00 P.M.	Flat No. 4, House No. 2 "Dinesh Mansion", Dr. R.P Road, Dispur, Guwahati-781006
11 th Annual General Meeting	26 th September, 2018 5.00 P.M.	Flat No. 4, House No. 2 "Dinesh Mansion", Dr. R.P Road, Dispur, Guwahati-781006

b) Details of Special Resolution passed during the last three years: NIL

c) Postal Ballot:

The number of Members being below 200, the Company is not required to transact any business by way of Postal ballot pursuant to Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014.

d) Brief resumes of Directors seeking appointment / reappointment:

Profile of Shri. Gokul Chandra Swargiyari (DIN: 08545385)

Shri Gokul Chandra Swargiyari, Managing Director of Assam Gas Company Limited was appointed in the Company pursuant to the letter ABM/290/2019-20/03 dated 11/09/2019 received from Assam Gas Company Limited w.e.f 11th September, 2019 as an Additional Director who will hold office till the date of the 12th Annual General Meeting.

Shri Gokul Chandra Swargiyari did his graduation (BE Production) from Lukhdhirjee Engineering College, Morvi, Gujarat and Post Graduate diploma in Offshore Oil Business from Aberdeen Business School, Scotland, UK. He has **21 years of professional experiences** in Indian Oil Corporation Limited (IOCL) and Reliance Industries Limited **and Reliance Petro-Marketing Ltd.** Prior to his appointment as MD, AGCL he was last serving in the Reliance Industries Ltd as **Vice President and State Head (North East) and in Reliance Industries Limited** and lead the Assam and North East Petroleum Business Team.

During this tenure in RIL; he had been instrumental in driving the petroleum RO Network Development, Operational & implementing strategies of Petroleum Retail Business, ATF business and Lubricants business across Assam & NE aligning to the environment of the region. This 21 years of bountiful exposure in petroleum business have enriched downstream business domain knowledge and experience while addressing the challenges & solutions to the critical issues pertaining to cross functional roles like Marketing, Sales & Business Development, Supply Chain & Logistics, Operations, Project Planning and Execution, Maintenance & Safety, Statutory Coordination, Employee and Union Relations, Channel Partner Management and challenging boundary management.

With his vast experience in different fields, Shri Swargiyari's association with the Company will definitely yield rich benefits to the Organisation.

5. Disclosures and compliance

- a. There was no transaction of material nature with Directors or the Management or their relatives having potential conflict with the interest of the Company at large.
- b. There was no instances of non-compliance of any provisions of Law, guidelines issued by any regulatory authorities as well as no penalties was imposed on the Company during the last three years.
- c. During the year, no expenses was incurred which are personal in nature and incurred for the Board of Directors and Top Management.
- d. There were no qualifications in the Auditors' Report on the financial statements to the shareholders of the Company.
- e. The Company has spent an amount of Rs. 51.04 lakhs towards CSR and Sustainability activities during the financial year 2018-19 out of Rs. 76.85 Lakhs (accumulated mandatory 2% on average previous three years profit and unspent amount of the previous year) and balance committed and unspent amount of Rs. 25.81 lakhs has been carried forward to the next financial year i.e. 2019-20.
- f. During the year under review, no case was filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Means of communication of financial performance

DNPL, being a non listed company, publishing of quarterly/half yearly and annual financial statements are not mandatory. However, as a good corporate practice, the Company has been sharing relevant information with its shareholders as well as other stakeholders from time to time through its web site (www.dnpl.co.in), Annual Report, etc.

Management Discussion & Analysis Report:

A detailed chapter on Management Discussion & Analysis is incorporated in the Directors' Report.

General information to shareholders:-

Number of AGM	12 th Annual General Meeting
Date and Time	23 rd September, 2019 at 05.00 PM
Venue	Registered Office:- Flat No.-4, House No.2, "Dinesh Mansion", 2 nd Floor, Dr. R.P. Road, Dispur, Guwahati-781006
Dividend payment	The Board has recommended Dividend of @ Rs. 1.175 per share (i.e., 11.75 % of the paid-up share capital) for consideration of the shareholders at the ensuing Annual General Meeting. If approved by the shareholders, the same will be paid within 30 days from the date of declaration.

Financial year- DNPL follows the financial year from 1st April to 31st March.

Since the Company's shares are not listed, market price of share is not available.

Share Transfer system and Shareholding Pattern as on 31-03-2019:

The Board of Directors considers the request for transfer/transmission of shares etc.

Shareholding Pattern as on 31-03-2019 is given below:

Sl. No.	Name of shareholder	Capital contribution in(Rs.)	Nos. of shares held	Percentage of holding (%)
1.	Assam Gas Company Limited along with nominees	85,30,00,000/-	8,53,00,000	51%
2.	Numaligarh Refinery Limited along with nominees	43,49,00,000/-	4,34,90,000	26%
3.	Oil India Limited	38,46,00,000/-	3,84,60,000	23%
	Total	167,25,00,000/-	16,72,50,000	100%

Registered Office:

DNP Limited
Flat No.-4, House No.2
"Dinesh Mansion", 2nd Floor, Dr. R.P. Road,
Dispur, Guwahati-781006

Head Office:

Assam Gas Company Limited Campus
P.O. Duliajan, Dist: Dibrugarh
Pin-786602

Site Office (Plant Office)

Madhuban
P.O. Kendriya Vidyalaya
Borpathar No 1
Duliajan
Dist: Dibrugarh
Pin-786602

BIMAN DEBNATH & ASSOCIATES
Company Secretaries

BIMAN DEBNATH
B.Com., LLB, DTL. FCS.
Flat No- C-402, Prasanti Pride,
Prakash Choudhury Housing Complex,
Tarun Nagar, Main Lane, ABC,
Guwahati-781005, Assam, India
Tele: 9365313716 (O) 9864028145(M), 8472815679(M)
Email: csbiman@gmail.com, csbimandebnath@gmail.com

To,
The Members,
M/s DNP Limited,
Flat No. 04, House No. 2, "Dinesh Mansion"
2nd Floor, Dr. R.P. Road,
Dispur, Guwahati-781006, Assam

COMPLIANCE OF CORPORATE GOVERNANCE CONDITIONS

We have examined the compliance of conditions of Corporate Governance by **M/s DNP Limited** (a Non-Listed PSU) for the year ended **31st March, 2019** as stipulated in the Guidelines on Corporate Governance for State Level Public Sector Enterprises issued by the Department of Public Enterprises (DPE), Government of Assam, 2012-13.

The compliance of Conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the requirements of Corporate Governance as stipulated in the Guidelines except:

- a. Clause 3.1.1 relating to the Board of Directors /Board of Management / Managing Committee shall have an optimum combination of Functional, Nominee and Independent directors.
- b. Clause 3.1.4 relating to the number of Independent Directors on the Board of the Company which states that at least 1/3rd of the Board members should be independent Directors.
- c. Clause 4.1.1, relating to the composition of Audit Committee which states that two-thirds of the members of the Audit Committee shall be Independent Directors.
- d. Clause 4.1.2 relating to the chairman of the Audit Committee shall be an Independent Director.

It has been apprised and informed by the Company that, it being a State Level PSU, the appointment of Directors are made by the State Government and the State Government has not appointed any Independent Director on its Board till date.

BIMAN DEBNATH & ASSOCIATES
Company Secretaries

BIMAN DEBNATH
B.Com., LLB, DTL. FCS.
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Tarun Nagar, Main Lane, ABC,
Guwahati-781005, Assam, India
Tele: 9365313716 (O) 9864028145(M),8472815679(M)
Email:csbiman@gmail.com, csbimandebnath@gmail.com

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the Affairs of the Company.

For Biman Debnath & Associates
Company Secretaries

Date: 07-08-2019
Place: Guwahati

Sd/-
(Biman Debnath)
Proprietor
C.P. No. 5857
FCS No. 6717

BIMAN DEBNATH & ASSOCIATES
Company Secretaries

BIMAN DEBNATH
B.Com., LLB, DTL. FCS.
Flat No- C-402, Prasanti Pride,
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Email: csbiman@gmail.com, csbimandebnath@gmail.com

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST March, 2019
[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies
(Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
M/s DNP LIMITED,
CIN: U51410AS2007SGC008410
Flat No. 04, House No. 2, "Dinesh Mansion"
2nd Floor, Dr. R.P. Road, Dispur,
Guwahati-781006, Assam

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s DNP LIMITED** (hereinafter called "**the Company**"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the Corporate Conducts and Statutory Compliances and expressing my opinion thereon.

Based on my verification of Company's books, papers, minute books, forms and returns filed and other records maintained placed before me by the Company and also the information provided by the Company, its officers and authorized representatives during the conduct of secretarial audit and visit to the workstation, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on **31st March, 2019** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Memorandum and Articles of Association of the Company;
- (iii) The Secretarial Standards issued by the Institute of Company Secretaries of India.

I further report that, having regard to the compliance system prevailing in the Company and on the examination of the relevant documents and records in pursuance thereof on test-check basis, the Company has complied with the following laws applicable specifically to the Company:

BIMAN DEBNATH & ASSOCIATES
 Company Secretaries

BIMAN DEBNATH

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Email: csbiman@gmail.com, csbimandebnath@gmail.com

- a. Factories Acts and Rules ;
- b. The Manufacture, Storage and Import of Hazardous Chemicals Rules, 1989;
- c. The Environment (Protection) Act, 1986;
- d. Air (Prevention and Control of Pollution) Act, 1981;
- e. Petroleum and Natural Gas Regularity Board Act, 2006;

The Acts which are not applicable to the Company though forming part of the prescribed Secretarial Audit Report have not been considered while preparing this Secretarial Audit Report.

Further, I have also examined compliance with the applicable clauses of the following:

- (i) Other Order, Laws and Instructions of the Government of Assam.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. except the following:-

1. *The Company has not complied with the provisions of Section 149 of the Companies Act, 2013 read with Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014 with relation to the appointment of Independent Director during the financial year under review.*

As informed and apprised by the Company, it being a State Government Company, the appointment of Directors are done by the State Government and the Government has not yet appointed or nominated any Independent Director on the Board of the Company.

2. *Pursuant to the Provisions of Section 203 of the Companies Act, 2013 the Board has not appointed a Chief Financial Officer for the Company during the year under review.*
3. *Although a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting for meaningful participation at the meeting but the agenda and detailed notes were not given to the Directors before seven days in advance.*
4. *The Company has formed Board committees but the Composition of Committee is not as per the requirement of Section 135, 177 and 178 of the Companies Act, 2013.*
5. *The Company has not complied with the Information and Technology Act, 2000 as amended by Information Technology Amendment Act, 2008 with respect to safety and storage of data.*
6. *There are no route map marked for safe means of escape for persons engaged in the Despatch Station in an event of fire, in the Factory Unit of the Company as required under section 38 of the Factories Act.*

BIMAN DEBNATH & ASSOCIATES
Company Secretaries**BIMAN DEBNATH**

B.Com., LLB, DTL. FCS.

Flat No- C-402, Prasanti Pride,
Prakash Choudhury Housing Complex,
Tarun Nagar, Main Lane, ABC,
Guwahati-781005, Assam, India**Tele:** 9365313716 (O) 9864028145(M), 8472815679(M)**Email:** csbiman@gmail.com, csbimandebnath@gmail.com**I further report that:**

The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

All the decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the Meetings of the Board of Directors of Committee of the Board, as the case may be.

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

For Biman Debnath & Associates
Company Secretaries

Place: Guwahati
Date: 07th August, 2019

Sd/-
(CS Biman Debnath)
Proprietor
C.P. No.5857/ FCS No. 6717

*This Report is to be read with our letter of even date which is **ANNEXURE-A**, and forms and integral part of this Report.*

BIMAN DEBNATH & ASSOCIATES
Company Secretaries

BIMAN DEBNATH
B.Com., LLB, DTL. FCS.
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Email: csbiman@gmail.com, csbimandebnath@gmail.com

ANNEXURE-A

To,
The Members
DNP Limited
CIN: U51410AS2007SGC008410
Flat No. 04, House No. 2, "Dinesh Mansion"
2nd Floor, Dr. R.P. Road, Dispur, Guwahati-781006, Assam

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

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For Biman Debnath & Associates
Company Secretaries

Place: Guwahati
Date: 07th August, 2019

Sd/-
(CS Biman Debnath)
Proprietor
C.P. No.5857/ FCS No. 6717

**Management Reply to Secretarial Auditors Observations of DNPL for the year 2018-19
Addendum to the Directors' Report**

Sl. No	Secretarial Auditors Observations	Management Reply
1.	<p>The Company has not complied with the provisions of Section 149 of the Companies Act, 2013 read with Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014 with relation to the appointment of Independent Director during the financial year under review.</p> <p>As informed and apprised by the Company, it being a State Government Company, the appointment of Directors are done by the State Government and the Government has not yet appointed or nominated any Independent Director on the Board of the Company.</p>	The Comment of the Auditor is self explanatory
2.	Pursuant to the Provisions of Section 203 of the Companies Act, 2013 the Board has not appointed a Chief Financial Officer for the Company during the year under review.	Appropriate steps are being taken.
3.	Although a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting for meaningful participation at the meeting but the agenda and detailed notes were not given to the Directors before seven days in advance.	Many a times, meetings are to be called at a shorter notice depending upon the availability and convenience of majority directors.
4.	The Company has formed Board committees but the Composition of Committee is not as per the requirement of Section 135, 177 and 178 of the Companies Act, 2013.	On appointment of independent directors by the Government, Board-committees shall be reconstituted in compliance with section 177 and 178 of the Act.
5.	The Company has not complied with the Information and Technology Act, 2000 as amended by Information Technology Amendment Act, 2008 with respect to safety and storage of data.	Noted for compliance.
6.	There are no route map marked for safe means of escape for persons engaged in the Despatch Station in an event of fire, in the Factory Unit of the Company as required under section 38 of the Factories Act.	Noted for review and compliance.

Management Reply to the comments of the C&AG for the year 2018-19
Addendum to the Directors' Report

Sl no	POS No.	Observations	Management's reply
1	1	<p>General</p> <p>As per the significant accounting policies no C (b) of the Company, property plant and equipment are valued in accordance with Ind AS- 16. Scrutiny of accounting entries relating to Compressors revealed that the Company has capitalised cost of Overhauling of the plant as well as inventory utilised.</p> <p>As per the para 13 and 14 of the Ind AS- 16 read with para 67 to 72 the carrying amount of those parts that are replaced is derecognised in accordance with the de-recognition provisions of this standard. Further the carrying amount previous inspection cost of the assets is also required to be de-recognised.</p> <p>The accounting policy and practice of the Company is inconsistent with the Provisions of the Ind AS- 16.</p>	<p>During the course of overhauling, only those parts are replaced which are worn out over period due to continuous running of the machine and cannot be put to use. Value of these components cannot be classified and hence cannot be de recognized. Further, value of capitalized component is not added to original equipments for depreciation separately.</p>
2	2	<p>General</p> <p>The Company falls under the payment of Gratuity Act 1970 and has taken a group Gratuity Scheme from the Life Insurance Corporation of India. The premium so paid was based on the maximum gratuity limit of 10 lakh per employee. With the issue of notification by the GoI on 29 March 2018 the limit to gratuity payable to each employee has been increased to 20 lakh. However, the company has been maintaining the fund based on the previous limit of 10 lakh only. The Company has at present 29 employees on its pay roll. However, the Company has neither calculated the enhanced amount of liability nor provided any disclosure in the Notes to Accounts.</p>	<p>LICI, being the fund manager, indicate the amount required based on salary details submitted by the company at beginning of each year. The Company will inform the LICI regarding enhancement of gratuity liability under the payment of gratuity Act and make payment of additional contribution as determined by the LICI after due approval from the Board.</p>

FORM NO. AOC -2

[Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.]

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

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

Names of the related party and nature of relationship	Nature of Contracts/ arrangement/ transactions	Duration of Contracts/ arrangement/ transactions	Salient terms of contracts or arrangements or transactions including the value, if any	Date of approval by the Board	Amount paid as advance, if any
Assam Gas Company Limited (AGCL)	Reimbursement of salary and other expenses incurred by AGCL for the persons deputed in DNPL and other expenses related to DNPL.	Ongoing transactions	DNPL will reimburse AGCL the manpower cost on Cost to the Company basis which comes to approximately 100% of the actual salary paid. (₹ 138.35 Lakhs)	2009	Nil
Assam Gas Company Limited (AGCL)	Payment of rental and electricity charges for office accommodation to AGCL	Ongoing transactions	₹ 4.68 Lakhs	Not applicable	Nil
Assam Gas Company Limited (AGCL)	Payment of Interest on Loan to AGCL	Ongoing transaction	₹ 8.76 Lakhs	February, 2016	Nil
Numaligarh Refinery Limited (NRL)	Reimbursement of expenses incurred by NRL in respect of DNPL.	Ongoing transactions	NIL	Not applicable	Nil
Numaligarh Refinery Limited (NRL)	Transportation charges from NRL.	Ongoing transactions	₹ 8647.64 Lakhs	Not applicable	Nil
Numaligarh Refinery Limited (NRL)	Project Management Consultancy Charges	Ongoing transactions	₹ 19.84 Lakhs	Not applicable	Nil
Oil India Limited (OIL)	Cost of gas purchased from OIL.	Ongoing transactions	₹ 768.64 lakhs	Not applicable	Nil
Oil India Limited (OIL)	Reimbursement of expenses if any incurred by OIL for DNPL.	Ongoing transactions	Nil	Not applicable	Nil
Oil India Limited (OIL)	Payment of ROW rental and supervision charges to OIL.	Ongoing transactions	₹ 46.68 Lakhs	Not applicable	Nil

CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY OF DNP LIMITED

1.0 INTRODUCTION :

DNP Limited is a Government of Assam Undertaking and a joint venture company of Assam Gas Company Limited (AGCL), Numaligarh Refinery Limited (NRL) & Oil India Limited (OIL). The Company is presently engaged in the transportation of natural gas to Numaligarh Refinery Limited from OIL's source at Duliajan through an underground pipeline. The Company started its commercial operation from 1st April, 2011. Since commissioning the company has been performing well and started making profit from the 2nd year of its operation.

Being a responsible Corporate Citizen, DNP Limited equally concentrates on its business policy as well as its socio-economic welfare policy so that it can create a positive impact on society. With the enactment of new Companies Act, 2013, and the formulation of CSR Rules 2014, DNPL has now adopted its CSR (Corporate Social Responsibility) Policy.

2.0 The "POLICY":

DNPL's "CSR Policy" will incorporate the following salient points –

3.0 VISION :

To enhance the socio-economic development of the society in the vicinity of the DNPL's operational area with a special attention to protect the ecology and environment.

4.0 MISSION:

To identify areas where there are genuine needs and quantify the actual requirements based on baseline survey and in house assessment, in consultation with district authorities, stakeholders and to gauge the effectiveness of the implemented schemes through periodic evaluation.

5.0 OBJECTIVE:

- (i) To bring tangible socio-economic development in and around DNPL's operational area in particular and in the state of Assam as a whole.
- (ii) To ensure effective utilization of allocated resources.

6.0 STRATEGY:

- (i) DNPL will work independently or with other organizations for mobilization of resources.
- (ii) To utilize NGOs, self help groups, registered trust or society in promoting CSR activities of the Company.

7.0 FOCUS AREA:

Schedule VII of the Companies Act, 2013, has given a wide list of CSR activities. While recognizing these, for CSR to maximize the benefit our Company will focus on the following areas –

- (i) Health Care and Sanitation.

- (ii) Environmental Sustainability and Ecological Balance.
- (iii) Promotion of Education.

Our Company shall give preference on these projects in the local area and areas around it specific to the area of operation.

8.0 BUDGET:

Annual budget allocation for CSR and Sustainability activities for a given year shall be based on minimum 2% of the average profit before tax of the three preceding financial years, as per stipulations in the Companies Act, 2013.

Unspent amount from the CSR and Sustainability budget shall not lapse and shall be carried forward to the next year for utilization against the purpose for which it was allocated. Adequate justification for unspent amount shall be recorded.

9.0 EXECUTION:

- (i) DNPL will conceive the project including the execution methodology and each such project along with estimated cost shall be approved by Director & CEO, DNPL.
- (ii) All broad projects proposal will be put up to the CSR Committee in every quarterly meeting for information.

10.0 EVALUATION, MONITORING & REPORTING:

The CSR Committee will evaluate and monitor the CSR Projects for which, Director & CEO, DNPL will prepare and submit quarterly report on the effectiveness of the CSR project to the CSR Committee.

11.0 LOCAL AREA :

Focus on DNPL's CSR activities shall be in the area (i) within 10.00KM radius of the Despatch Station of DNPL at Madhuban and 5 KM of other stations of DNPL. (ii) 1.00 KM in either side of the RoW. These area shall be deemed as "Local Areas" in the parlance of pursuing CSR initiatives.

12.0 CONFORMITY TO STATUTORY REQUIREMENTS:

The Policy shall conform to stipulations under Section 135 of the Companies Act, 2013, the CSR Rules issued by the Ministry of Corporate Affairs and applicable Guidelines on CSR issued by the Government from time to time. In case of conflict between Guideline and the Rules on CSR, the Rules shall prevail.

13.0 REVIEW:

CSR policy will be reviewed in every 3 (Three) years. A suitable mechanism shall be set up for monitoring the progress and effectiveness of the projects and activities undertaken by the company as per the provisions of the Act and the rules framed thereunder.

Appendix to Annexure-‘C’
Annual Report on Corporate Social Responsibility (CSR) activities for the financial year 2018-19

1. A brief outline of the Company’s CSR Policy including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs and the composition of CSR Committee.	Refer Sections: (a) Corporate Social Responsibility and (b) Disclosures: CSR Committee in this Report
2. Average net profit of the Company for last three financial years	₹ 3413.32 Lakhs
3. Prescribed CSR expenditure (Two percent of the amount mentioned in item 2 above)	₹ 68.27 lakhs
4. Details of CSR spent during the financial year:	₹ 51.04 Lakh
5. Total amount to be spent for the financial year	₹ 76.85 Lakhs
6. Amount unspent, if any	₹ 25.81 Lakhs

7. MANNER IN WHICH THE AMOUNT SPENT DURING THE FINANCIAL YEAR FINANCIAL YEAR 2018-19

Sr. No.	CSR project or Activity Identified	Sector in which the project is Covered (clause no. of Schedule VII to the Companies Act, 2013, as amended)	Project of Program (1) Local Area or Other (2) Specify the State and district where projects or programs was undertaken	Amount Outlay (Budget) Project or Program wise (₹ in Lakhs)	Amount spent on the Projects or Programs Sub Heads: (1) Direct Expenditure on Projects or Programs (2) Overheads (₹ in Lakhs)	Cumulative Expenditure upto the reporting period i.e. FY 2018- 2019 (₹ in Lakhs)	Amount Spent Direct or through Implementing Agency
1.	Promoting Health care & Sanitation	(i) Of Schedule-VII	Within 10.00 k.m. radius of the Despatch station of DNPL at Madhuban and 5.00 km of other stations of DNPL Assam		34.94	Implementing Agency
2.	Promotion of Education	(ii) of Schedule-VII	Within 10.00 k.m. radius of the Despatch station of DNPL at Madhuban and 5.00 km of other stations of DNPL Assam		06.50	Implementing Agency
3.	Environmental Sustainability. (Plantation of trees, installation of Solar powered street lights, Swaccha Bharat Abhiyan)	(iv) of Schedule-VII	Within 10.00 k.m. radius of the Despatch station of DNPL at Madhuban and 5.00 km of other stations and registered office of DNPL, Assam		9.60	Implementing Agency & Direct

RESPONSIBILITY STATEMENT

Our major CSR project relates to providing of Hygiene and Sanitation facilities by constructing toilets for the poor and underprivileged families of the villages in the Companies operational area.

During the FY 2018-19 Rs. 51.04 lakhs has been spent till the closing of the 31st March, 2019, out of the total earmarked amount of CSR for the financial year including the unspent amount for the previous year totaling to Rs. 76.85 Lakhs. However, due to longer monsoon period and high water table in the area and also due to enforcement of Code of Conduct during Panchayat Elections in the State, a very limited working period remained available for construction works therefore Rs. 25.81 Lakhs has remained unspent as on 31st March, 2019.

The implementation and monitoring of the Company's CSR Policy is in compliance with CSR objectives and Policy of the Company.

Sd/-
(A.K Sharma)

Chief Executive Officer/
Member of CSR Committee

Sd/-
(Aswini Pait)

Chairman, CSR Committee



INDEPENDENT AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF DNP LIMITED: DULIAJAN

REPORT ON THE AUDIT OF STANDALONE FINANCIAL STATEMENTS

OPINION

We have audited the standalone financial statements of **DNP Limited**, which comprise the Balance Sheet as at 31st March, 2019, and the Statement of Profit and Loss, Statement of changes in the equity, Statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the company as at March 31, 2019 and profit/loss, changes in equity and its cash flows for the year ended on that date.

BASIS FOR OPINION

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Financial Statements under the provision of Companies Act, 2013 and the rules made there under, and we have fulfilled our ethical responsibilities in accordance with these requirements and the Code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

RESPONSIBILITY OF MANAGEMENT FOR STANDARD FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act 2013 with respect to the preparation of these standalone financial statements that give a true and fair view of financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgements 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

financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the order, to the extent applicable.

As required by Section 143(3) of the Act, we report that:

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of audit.

- (a) In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books.
- (b) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
- (c) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014
- (d) Provisions of Section 164(2) of the Act regarding director's disqualification is not applicable vide notification G.S.R. 463(E) dated 5th June, 2015 of Ministry of Corporate Affairs. On the basis on written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of section 164 of the Act; and
 - (i) The Company has not complied with the provisions of Section 149 of the Companies Act,

2013 read with Rule 4 of Companies (Appointment and Qualification of Directors) Rules, 2014 with relation to the appointment of Independent Director during the financial year under review regarding appointment of Independent Director to its board.

- (ii) Non-appointment of Independent Director has resulted in failure to comply with the provision of Section 135 of the Companies Act, 2013 which require that formation of Corporate Social Responsibility Committee of the Board to consist of three or more directors, out of which at least one director shall be an Independent Director.
- (e) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The Company does not have any pending litigations which would impact its financial position;
 - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - (iii) There were no amounts which were required to be transferred to the Investors Education and Protection Fund by the company

Sd/-

For RAJENDRA C. SHARMA & CO.

Date :- 08/07/2019

Place :- Dibrugarh

CHARTERED ACCOUNTANTS, FRN – 315011E

(CA. R. C. SHARMA, FCA) Prop. M. No. -052029

THE ANNEXURE- A REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENT” OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF DNP LIMITED, DULIAJAN FOR THE YEAR ENDED ON 31ST MARCH, 2019. WE REPORT THAT:

- (i) (a) The company has maintained its Assets Register recording particulars, including quantitative details and situation of fixed assets which requires modification and further incorporation of DATA to be CARO compliant.
- (b) The major items of fixed assets have been physically verified by the management at periodic intervals which in our opinion is reasonable having regard to the size of the company and the nature of its fixed assets. No material discrepancies have been noticed on such verification.
- (c) Free hold land owned by the company as on 31.03.19 stands at 54B-4K-15.43L (including 7B-3K-6.56L allotted by Govt. Of Assam) out of which mutation is pending for 16B-4K-16.43L.
- (d) The Company has entered into agreements with proposed sellers of land for procuring land for industrial purpose for its Duliajan Establishment. Incongruous classification of land type in the legal process observed during the course of the audit is being taken up for correction at appropriate level of authority by the company as has been explained to us.
- (ii) As explained to us, physical verification of inventory has been conducted at reasonable intervals by the management and no material discrepancies were noticed.
- (iii) The company has not granted any loans, secured or unsecured to companies, Firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, sub-clauses (a), (b) & (c) of clause (iii) of the Order are not applicable to the company.
- (iv) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 & 186 of the companies Act, 2013 in respect of Loans, Investment, Guarantees and securities.
- (v) The company has not accepted any deposits from the public, therefore the provisions of Sections 73 to 76 of the Companies Act, 2013 are not applicable to the Company.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the central Government for the maintenance of cost records under section 148 (1) of the Companies Act, 2013, related to the manufacture of product/providing of service, to which the said rules are applicable and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

- (vii) (a) According to the information and explanations given to us and the records examined by us, the Company has generally been regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income- tax, sales- tax, Wealth-tax, Service tax, Customs duty, Excise duty, Value Added Tax, Cess and other statutory dues wherever applicable and no undisputed amounts payable in respect of above referred statutory dues were outstanding at the year end for a period of more than six months from the date they became payable.
- (viii) According to the information and explanations given to us and the records examined by us, there are no dues outstanding in respect of income-tax, wealth-tax, sales-tax, service tax, customs duty, excise duty, value added tax on account of any dispute other than a Service Tax demand of Rs. 11.14 lacs (excluding penalty and interest) received from the office of the Commissioner Central Excise & Service Tax, Dibrugarh vide their Order dated 31/03/2015 which has been disclosed under Note No. 31. Of Financial Statement as Contingent Liability.
- (ix) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to bank. The Company did not have any outstanding dues in respect of a financial institution or debenture holders during the year.
- (x) According to the information and explanations given to us and the records examined by us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loan were applied for the purpose for which the loans were applied for the purpose for which the were obtained.
- (xi) Based on the audit procedures performed and the representation obtained from the management, we report that no case of fraud on or by the company by its officers or employees has been noticed or reported during the year.
- (xii) According to the information and explanations given to us and the records examined by us the company's managerial remuneration has been paid and provide in accordance with the requisite approvals mandated by the provision of section 197 read with Schedule V to the Companies Act.
- (xiii) The Company is not a Nidhi Company as specified in the Nidhi Rules 2014 as such this clause is not applicable to the company.
- (xiv) According to the information and explanations given to us and the records examined by us, the Company's transaction's with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc. as required by the applicable accounting standards;
- (xv) According to the information and explanations given to us and the records examined by us, the company did not make any preferential allotment or private placement of shares or fully or

partly convertible debentures during the year under review as such this clause is not applicable to the company.

- (xvi) According to the information and explanations given to us and the records examined by us, the company has not entered into any non-cash transactions with directors or persons connected with him.
- (xvii) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 as such this clause is not applicable to the company.

Sd/-

For RAJENDRA C. SHARMA & CO.

CHARTERED ACCOUNTANTS, FRN – 315011E

(CA. R. C. SHARMA, FCA) Prop. M. No. -052029

Date :- 08/07/2019

Place :- Dibrugarh

ANNEXURE-B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF DNP LIMITED, DULIAJAN

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 DNP Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

AUDITORS' RESPONSIBILITY

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedure selected depend on the auditor's judgment, including the assessment of the of the risks of material misstatement of the financial statements, whether due to fraud of 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 authorisations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Sd/-

For RAJENDRA C. SHARMA & CO.

CHARTERED ACCOUNTANTS, FRN – 315011E

(CA. R. C. SHARMA, FCA) Prop. M. No. -052029

Date :- 08/07/2019

Place :- Dibrugarh

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

The preparation of financial statements of **DNP Limited** for the year ended 31 March 2019 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act are responsible for expressing an opinion on the financial statements under Section 143 of the Act based on an independent audit in accordance with the auditing standards prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated **8 July 2019**.

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

Based on my supplementary audit, I would like to highlight the following significant matters under Section 143(6)(b) of the Act which have come to my attention, and which, in my view, are necessary for enabling a better understanding of the financial statements and the related audit report:

A. COMMENTS ON DISCLOSURE

1. As per the significant accounting policies no C(b) of the Company, Property Plant and Equipment are valued in accordance with Ind AS-16. Scrutiny of accounting entries relating to compressors revealed that the Company has capitalised cost of overhauling of the plant as well as inventory utilised.

As per the para 13 and 14 of the Ind AS -16 read with para 67 to 72 the carrying amount of those parts that are replaced is derecognised in accordance with the derecognition provisions of this Standard. Further the carrying amount of previous inspection cost of the assets is also required to be de-recognised. However, the Company had neither de-recognised the carrying amount of the parts replaced nor made any disclosures in this regard in the Notes to the Accounts.

2. The Company falls under the payment of Gratuity Act 1970 and has taken a Group Gratuity Scheme from the Life Insurance Corporation of India. With the issue of notification by the Gol

on 29 March 2018 the limit to gratuity payable to each employee has been increased to ₹20 lakh from the previous limit of ₹10 lakh. However, the company has been maintaining the fund based on the previous limit of ₹10 lakh only. The Company has at present 27 employees on its pay roll. However, the Company has neither calculated the enhanced amount of liability nor provided any disclosure in the Notes to Accounts.

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

Place: Guwahati

Date:16/09/2019

Sd/-

Accountant General (Audit), Assam



ANNUAL ACCOUNTS



Conducting "Swachh Bharat Abhiyan" on the occasion of Republic Day, 26th January 2019



Celebration of 13th Foundation Day on 15th June 2019 at Despatch Station, Madhuban



Inauguration of workshop at Despatch Station, Madhuban



Laying Foundation Stone for 1st floor of office building construction at DS, Madhuban by MD, AGCL & Addl. Director, DNPL.

DNP LIMITED

BALANCE SHEET

₹ in thousands

Particulars		Note No	As at 31-Mar-2019	As at 31-Mar-2018
I. ASSETS				
1 Non-current Assets				
a. Property, Plant and Equipment		3 (i)	23,49,945	24,47,836
b. Capital work-in-progress		3 (ii)	302	302
c. Other Intangible assets		3 (iii)	213	-
d. Intangible assets under development		4	-	90
e. Other non-current assets		5	874	874
			<u>23,51,334</u>	<u>24,49,102</u>
2 Current Assets				
a. Inventories		6	64,328	69,432
b. Financial Assets				
(i) Trade Receivables		7	1,64,500	1,19,313
(ii) Cash and Cash Equivalents		8	2,43,707	2,60,369
(iii) Bank Balances other than (ii) above		9	1,40,000	14,247
c. Current Tax Assets (Net)		10	8,815	9,803
d. Other current assets		11	53,928	12,873
			<u>6,75,278</u>	<u>4,86,037</u>
TOTAL ASSETS			30,26,611	29,35,139
II. EQUITY AND LIABILITIES				
1 Equity				
a. Equity Share Capital		12	16,72,500	16,72,500
b. Other Equity		13	8,88,422	6,24,292
			<u>25,60,922</u>	<u>22,96,792</u>
LIABILITIES				
2 Non-current Liabilities				
a. Financial Liabilities				
(i) Borrowings		14	-	-
(ii) Other financial liabilities		15	5,686	16,066
b. Deferred Tax Liabilities (Net)		16	3,86,640	4,36,905
			<u>3,92,326</u>	<u>4,52,971</u>
3 Current Liabilities				
a. Financial Liabilities				
(i) Trade payables		17	26,090	23,702
(ii) Other financial liabilities		15	31,335	1,59,094
b. Other Current Liabilities		18	15,935	2,577
c. Provisions		19	3	3
			<u>73,363</u>	<u>1,85,376</u>
TOTAL EQUITY AND LIABILITIES			30,26,611	29,35,139

Corporate Information & Significant Accounting Policies **1 & 2**

Notes to Financial Statement **3 - 35**

The accompanying notes are an integral part of these financial statements.

In terms of our Report of even date attached

For and on behalf of Rajendra C. Sharma & Co.
Chartered Accountants
Firm Reg. No. 315011E

For and on behalf of the Board of Directors

Sd/-
(CA. Rajendra Chandra Sharma)
Membership No. 052029

Place: Dibrugarh
Date : 08-07-2019

Sd/-
A. K. Sharma
Director & Chief Executive Officer
DIN- 07285877
Place: Guwahati
Date : 06/06/2019

Sd/-
Samujjal Borah
Company Secretary
Place: Guwahati
Date : 06/06/2019

Sd/-
B.J. Phukan
Director
DIN- 07721895
Place: Guwahati
Date : 06/06/2019

DNP LIMITED

STATEMENT OF PROFIT & LOSS

₹ in thousands

Particulars	Note No	As at 31-Mar-2019	As at 31-Mar-2018
I Revenues from Operations	20	8,64,764	8,00,618
II Other Income	21	61,063	14,277
III Total Revenue (I+II)		9,25,827	8,14,895
IV Expenses :			
Employee Benefits Expense	22	33,833	28,656
Finance Costs	23	3,310	28,203
Depreciation and Amortisation	3 (i)	1,28,755	1,28,739
Other Expenses	24	2,31,733	1,39,201
Total Expenses		3,97,631	3,24,799
V Profit before exceptional items and tax (III-IV)		5,28,196	4,90,096
VI Exceptional items		-	-
VII Profit before tax (V - VI)		5,28,196	4,90,096
VIII Tax Expense:			
1 Current tax	10	1,18,752	1,04,522
2 Deferred tax	16	(50,266)	62,508
IX Profit (Loss) for the period from continuing operations (VII - VIII)		4,59,710	3,23,066
X Profit/(loss) from discontinued operations		-	-
XI Tax expense of discontinued operations		-	-
XII Profit/(loss) from Discontinued operations (after tax) (X-XI)		-	-
XIII Profit/(loss) for the period (IX+XII)		4,59,710	3,23,066
XIV Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
B (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
Total Comprehensive Income for the period (XIII+XIV)		4,59,710	3,23,066
XV (Comprising Profit (Loss) and Other Comprehensive Income for the period)		4,59,710	3,23,066
XVI Earnings per equity share (for continuing operations)	27		
[Equity Shares of Rs. 10/- each]			
1 Basic		2.75	1.93
2 Diluted		2.75	1.93

Corporate Information & Significant Accounting Policies **1 & 2**

Notes to Financial Statement **3 - 35**

The accompanying notes are an integral part of these financial statements.

In terms of our Report of even date attached

For and on behalf of Rajendra C. Sharma & Co.
Chartered Accountants
Firm Reg. No. 315011E

For and on behalf of the Board of Directors

Sd/-
(CA. Rajendra Chandra Sharma)
Membership No. 052029

Place: Dibrugarh
Date : 08-07-2019

Sd/-
A. K. Sharma
Director & Chief Executive Officer
DIN- 07285877
Place: Guwahati
Date : 06/06/2019

Sd/-
Samujjal Borah
Company Secretary
Place: Guwahati
Date : 06/06/2019

Sd/-
B.J. Phukan
Director
DIN- 07721895
Place: Guwahati
Date : 06/06/2019

DNP LIMITED
STATEMENT OF CHANGES IN EQUITY

₹ in thousands

Particulars	Equity Share Capital	Other Equity														
		Share application money pending allotment	Equity component of compound financial instruments	Reserves and Surplus				Debt instruments through Other Comprehensive Income	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Revaluation Surplus	Exchange differences on translating the financial statements of a foreign operation	Other items of Other Comprehensive Income (specify nature)	Money received against share warrants	Total	
Balance at 01-April-2017	16,72,500							3,51,051	500							3,51,551
Changes in accounting policy or prior period errors	-															-
Restated balance at the beginning of the reporting period	16,72,500	-	-		-	3,51,051	500		-	-	-	-	-	-	-	3,51,551
Total Comprehensive Income for the year							3,23,066									3,23,066
Dividends						(41,813)	-									(41,813)
Transfer to/from retained earnings						-	-									-
Tax on Distribution Profits						(8,512)	-									(8,512)
Balance at 31-Mar-18	16,72,500	-	-	-	-	3,00,726	3,23,566		-	-	-	-	-	-	-	6,24,292

₹ in thousands

Particulars	Equity Share Capital	Other Equity										Total				
		Share application money pending allotment	Equity component of compound financial instruments	Reserves and Surplus				Debt instruments through Other Comprehensive Income	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Revaluation Surplus		Exchange differences on translating the financial statements of a foreign operation	Other items of Other Comprehensive Income (specify nature)	Money received against share warrants	
Balance at 01-April-2018	16,72,500					3,00,726	3,23,566									6,24,292
"Changes in accounting policy or prior period errors"																-
"Restated balance at the beginning of the reporting period"	16,72,500	-	-	-	-	3,00,726	3,23,566	-	-	-	-	-	-	-	-	6,24,292
Total Comprehensive Income for the year							4,59,710									4,59,710
Dividends							(1,62,233)									(1,62,233)
Transfer to/from retained earnings						1,27,486	(1,27,486)									-
Tax on Distribution Profits						-	(33,347)									(33,347)
Balance at 31-Mar-19	16,72,500	-	-	-	-	4,28,212	4,60,210	-	-	-	-	-	-	-	-	8,88,422

DNP LIMITED
CASH FLOW STATEMENT FOR THE PERIOD ENDED

	₹ in thousands 31-Mar-19	₹ in thousands 31-Mar-18
A. CASH FLOW FROM OPERATING ACTIVITIES		
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX	5,28,196	4,90,096
ADD ADJUSTMENTS FOR		
Impact on Fair Valuation of Financial Instruments	303	83
Provision for Project Surplus Material/ Inventory	-	-
Depreciation and Amortisation	1,28,755	1,28,739
Interest paid	888	1,54,823
	6,58,142	6,44,919
LESS ADJUSTMENTS FOR		
Interest / Dividend / Brokerage Income	19,388	13,562
Other Non Cash Items	-	-
Operating profit before working capital changes	6,38,754	6,31,357
ADJUSTMENTS FOR		
Trade and other receivables	(84,668)	(3,914)
Inventories	5,104	(19,258)
Trade and other payables	(1,22,696)	(1,77,962)
Cash generated from operations (Before Exceptional Items)	(2,02,260)	(2,01,134)
Exceptional Items (Loss on account of Fire)	-	-
Direct taxes paid	(1,17,764)	(1,11,053)
NET CASH FROM OPERATING ACTIVITIES (AFTER TAX)	3,18,731	3,19,170
B. CASH FLOW FROM INVESTING ACTIVITIES		
a) INVESTMENT IN PROPERTY PLANT & EQUIPMENTS	(30,987)	(6,678)
b) INVESTMENT IN FIXED DEPOSITS	(1,25,753)	828
c) INTEREST ON FIXED DEPOSITS	17,815	12,861
d) LONG TERM SECURITY DEPOSIT	0	(2)
NET CASH FROM INVESTING ACTIVITIES	(1,38,925)	7,009
C. CASH FLOW FROM FINANCING ACTIVITIES		
a) INTEREST PAID	(888)	(26,001)
b) ISSUE OF SHARE CAPITAL	-	-
c) SECURED LOAN	-	-
d) UNSECURED LOAN	-	(1,08,000)
e) PAYMENT OF DIVIDEND AND DIVIDEND TAX	(1,95,580)	(50,325)
NET CASH FROM FINANCING ACTIVITIES	(1,96,468)	(1,84,326)

D. <u>NET INCREASE IN CASH AND CASH EQUIVALENT</u>	(16,662)	1,41,852
E. <u>CASH AND CASH EQUIVALENT CONSISTS OF :</u>		
a) CLOSING CASH AND CASH EQUIVALENT		
i) Cash and Bank Balance	9,362	2,501
ii) Short Term Deposit with Banks	2,34,345	2,57,868
b) LESS : OPENING CASH AND CASH EQUIVALENT		
i) Cash and Bank Balance	2,501	870
ii) Short Term Deposit with Banks	2,57,868	1,17,647
F. <u>INCREASE IN CASH AND CASH EQUIVALENT</u>	(16,662)	1,41,852

In terms of our Report of even date attached

For and on behalf of Rajendra C. Sharma & Co.
Chartered Accountants
Firm Reg. No. 315011E

For and on behalf of the Board of Directors

Sd/-
(CA. Rajendra Chandra Sharma)
Membership No. 052029

Place: Dibrugarh
Date : 08-07-2019

Sd/-
A. K. Sharma
Director & Chief Executive Officer
DIN- 07285877
Place: Guwahati
Date : 06/06/2019

Sd/-
B.J. Phukan
Director
DIN- 07721895
Place: Guwahati
Date : 06/06/2019

Sd/-
Samujjal Borah
Company Secretary
Place: Guwahati
Date : 06/06/2019

DNP LIMITED

CORPORATE INFORMATION & SIGNIFICANT ACCOUNTING POLICIES

1. CORPORATE INFORMATION

DNP Limited (the company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. At present the Registered Office of the Company is situated at Flat No. 04, House No. 2, “Dinesh Mansion” 2nd Floor, Dr. R.P. Road, Dispur, Guwahati, Kamrup and the Operational Office is situated at AGCL Campus, Duliajan, Assam. The company is engaged in transportation of natural gas from Oil India Limited’s installation in Duliajan to Numaligarh.

2. SIGNIFICANT ACCOUNTING POLICIES

A. Basis for preparation

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

B. Use of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements, the disclosures of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

C. Property, Plant and Equipment

a) Land

Land acquired on outright purchase / perpetual lease basis are treated as free hold Land at cost plus incurred incidental expenses.

b) Property, Plant & Equipment other than Land

Property, Plant & Equipment are valued in accordance with Ind AS-16- Property, Plant and Equipment at cost on consistent basis inclusive of incidental expenses related thereto. Spare parts, stand-by equipment and servicing equipment being tangible items which are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and are expected to be used during more than one year are capitalized to the item of Property, Plant & Equipment to which

it is related. The Company considers spare parts, stand-by equipment and servicing equipment costing ₹1,000 thousand or more as such tangible items to be capitalized.

c) **Intangible Assets:**

Intangible assets are recognized on the basis of recognition criteria as set out in Indian Accounting Standard Ind AS 38- Intangible Assets.

Expenditure incurred for creating / acquiring intangible assets from which future economic benefits will flow over a period of time, are amortised over the estimated useful life of the asset if such useful life is finite. Intangible asset with an indefinite useful life is not amortised, when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity. Intangible Assets with indefinite useful life is tested for impairment as per Ind AS 36-Impairment of Assets. Amortization methods and useful lives are reviewed periodically at each financial year end. On reviewing, if the useful life changes, the same is accounted for as changes in accounting estimates and if such a change has the effect of change of indefinite useful life to a finite useful life the same is treated in accordance with Ind AS 38.

d) **Expenditure during construction period:**

Direct expenses incurred during construction period on capital projects are capitalised. Indirect expenses including related pre-production expenses are allocated to projects and are also capitalised.

e) **Pre-operative Expenditure**

Pre-operative expenditure incurred during construction period are allocated on completion of the project after setting off the income earned, if any.

D. Depreciation

Depreciation on Property, Plant & Equipment, other than those mentioned below is provided on Straight Line Method, at rates prescribed under schedule II to the Companies Act, 2013. When any part of an item of property, plant and equipment, has different useful life and cost is significant in relation to the total cost of the asset, they are accounted for and depreciated separately. Additions to Property, Plant & Equipment during the year are being depreciated from the date such Assets are capitalized.

- (a) Assets costing upto ₹ 5 thousand are depreciated fully in the year of capitalization.
- (b) Cost of the leasehold land not exceeding 99 years is amortized over the lease period.
- (c) The typical useful lives of other major property, plant and equipment are as follows:

Buildings	30 to 60 yrs
Plant & Machinery	8 to 30 yrs
Computers & Data Processing Units	3 to 6 yrs
Furniture & Fixtures	10 yrs
Electrical Installation and Equipment	10 yrs
Roads & Drains	5 yrs

E. Inventories

Inventories/Stores are valued at weighted average cost. Project materials identified as surplus are provided for 95% of the value.

F. Revenue Recognition

- i) Revenue is recognized to the extent that it is probable that the economic benefit will flow to the company and the revenue can be reliably measured. Revenue from services rendered is recognized net of Service Tax/ Goods and Services Tax on performance of service based on agreements/arrangements with the concerned parties.
- ii) Other claims are booked when there is a reasonable certainty of recovery. Claims are reviewed on a periodical basis and if recovery is uncertain, provision is made in the accounts.
- iii) Income from sale of scrap is accounted for on realisation.
- iv) Dividend income is recognised when the company's right to receive the dividend is established which can be reliably measured and it is probable that the economic benefits associated with the dividend will flow to the entity.
- v) Interest income is recognised using the effective interest method.
- vi) Liquidated damages, if any, are accounted for as and when recovery is effected and the matter is considered settled by the Management. Liquidated damages, if settled after capitalisation of the assets and less than ₹ 500 thousand in each case are charged to revenue, otherwise adjusted against the cost of the relevant assets.
- vii) Insurance claim is accounted for on the basis of claims admitted by the insurers.

G. Classification of Income/Expenses

Expenses are accounted for on accrual basis and provision is made for all known liabilities.

Income/expenditure up to ₹ 100 thousand in each case pertaining to prior years is charged to the current year.

Prepaid expenses up to ₹ 100 thousand in each case are charged to revenue as and when incurred.

H. Borrowing Costs

Borrowing cost of the funds that are attributable to the acquisition or construction of qualifying assets are capitalized as a part of the cost of such assets. The same is capitalized up to the date when the asset is ready for intended use or sale, after netting off any income earned on temporary investment of such funds.

I. Foreign Currency Transaction

- (a) Foreign currency transactions are recorded at the rate of exchange prevailing on the date of transaction.
- (b) All exchange differences are dealt with as per Ind AS 21.
- (c) Monetary items carried at historical cost denominated in foreign currency are converted at exchange rates prevailing at the year end. Any gain/loss arising out of such conversion is recognized in the Profit & Loss Account.

J. Capital Grants

Government grants in the nature of promoters' contribution are credited to Capital Reserve and treated as part of shareholders' fund.

K. Provisions, Contingent Liabilities and Capital Commitments

- (a) Provisions are recognized when there is present legal or constructive obligation as a result of past event and it is probable that an outflow of economic benefits will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.
- (b) Contingent assets are neither recognized nor disclosed in the financial statements. Contingent liabilities exceeding ₹ 100 thousand in each case are disclosed by way of notes to accounts.
- (c) Estimated amount of contracts remaining to be executed on capital accounts are disclosed in each case above ₹ 100 thousand.

L. Taxes on Income

The tax expense comprises of current tax & deferred tax charged or credited to the statement of profit and loss for the year. Provision for Current tax is calculated in accordance with the provisions of the Income Tax Act, 1961 and rules thereunder applicable for the current financial year. Adjustments of Taxes/ Provisions are made on receipt of Intimation/ Deemed Intimation.

Minimum Alternate Tax (MAT) paid in a year is charged to the Statement of Profit & Loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward.

Deferred tax expenses or benefit is recognized using the tax rates and tax laws that have been enacted by the balance sheet date. In the event of unabsorbed depreciation or carry forward losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized. Other deferred tax assets are recognized only to the extent there is a reasonable certainty of realization in future.

M. Impairment of Assets

The values of Property, Plant & Equipment in respect of Cash Generating Units are reviewed by the Management for impairment at each Balance Sheet date if events or circumstances indicate that the carrying values may not be recoverable. If the carrying value is more than the net selling price of the Asset or present value, the difference is recognized as an impairment loss.

N. Cenvat / GST Input Credit

Cenvat credit of Excise Duty/ Input GST Credit on eligible material is recognized on receipt of such materials and Cenvat credit of Service Tax is recognized on payment of Service Tax to the Service Provider. Input GST Credit on Services is recognized on receipt of invoices from service providers and approval thereof.

O. Financial Instruments

(a) Initial Recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to

the contractual provisions of the instrument. All financial assets are recognized at fair value on initial recognition, except for trade receivables. All financial liabilities except for Deposits from Customer which are maturing within one year from the Balance Sheet date are initially measured at transaction price as the carrying amounts approximate fair value due to the short maturity of these instruments.

(b) Subsequent Recognition

Financial assets and liabilities are subsequently carried at amortized cost except for Deposits from Customer which is measured at fair value through profit or loss.

(c) Fair Value of Financial instruments

Fair value measurements of financial assets and liabilities are made using variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The income approach has been adopted wherever valuation techniques are required to be applied on financial assets and liabilities.

Notes Forming Part of Financial Statements

3 (i) Property, Plant and Equipment

₹ in thousands

Particulars	Gross Block/Cost				Depreciation				
	As at 01-Apr-17	Addition	Deductions on account of Retirement/ Ad- justments	As at 31-Mar-18	As at 01-Apr-17	Addition	Deductions on account of Retirement/ Adjustments	As at 31-Mar-18	As at 31-Mar-17
	(1)	(2)	(3)	(4) = (1 + 2 - 3)	(5)	(6)	(7)	(8) = (5 + 6 - 7)	(10) = (1 - 5)
Land	20,865	-	-	20,865	-	-	-	-	20,865
Buildings									
1) Building (Other than Factory Building)	38,663	-	-	38,663	1,306	653	-	1,959	37,357
RCC Frame Structure									
2) Factory Building	82,637	-	-	82,637	5,968	2,984	-	8,952	76,669
Roads & Drains									
1) Carpeted Roads - Other than RCC	22,678	-	-	22,678	20,068	443	-	20,511	2,610
Plant & Machinery									
1) Continuous Process Plant (Compressors)	3,63,769	1,144	-	3,64,913	32,288	16,199	-	48,487	3,31,481
2) Pipeline	20,05,548	-	-	20,05,548	1,41,454	72,418	-	2,13,872	18,64,094
3) Other Plant & Machinery	1,72,034	2,563	-	1,74,597	28,994	14,673	-	43,667	1,43,040
Furniture & Fixtures									
1) Furniture General	594	1,012	-	1,606	205	161	-	366	389
Computers & Data Processing Units									
1) Servers & Networks	32,101	-	-	32,101	23,303	2,388	-	25,691	8,798
2) End use devices - Desktops, Laptops etc.	590	568	5	1,153	125	218	0	343	464
Electrical Installation and Equipment	1,22,148	331	-	1,22,479	36,975	18,581	-	55,556	85,173
Small Value Assets	73	22	1	94	73	22	1	94	-
Total	28,61,700	5,640	7	28,67,334	2,90,759	1,28,740	1	4,19,498	25,70,941

1. Free hold land owned by the company as on 31.03.2018 stands at 54B-4K-15.43L (including 7B-3K-6.56L allotted by Govt. of Assam) out of which mutation is pending for 16B-4K-16.43L.

2. Deductions in PPE are on account of reversal of excess capitalisation done owing to excess liability taken in FY 2016-17 related to certain Computer items

3 (ii) Capital work-in-progress

	As at 01-Apr-17	Addition	Deductions	As at 31-Mar-18	As at 31-Mar-17
Building (Other than Factory Building) RCC Frame Structure - Office Building	-	302	-	302	-
Total	-	302	-	302	-

3 (ii) Property, Plant and Equipment

₹ in thousands

Particulars	Gross Block/Cost			Depreciation		
	Deductions on account of Retirement/ Adjustments		As at	Deductions on account of Retirement/ Adjustments		As at
	As at	Addition		As at	Addition	
	01-Apr-18	31-Mar-19	01-Apr-18	31-Mar-19	31-Mar-19	31-Mar-18
	(1)	(2)	(3)	(4) = (1 + 2 - 3)	(5)	(6)
Land	20,865	-	-	20,865	-	20,865
Buildings						
1) Building (Other than Factory Building) RCC Frame Structure	38,663	-	-	38,663	1,959	653
2) Factory Building	82,637	987	-	83,624	8,952	2,989
Roads & Drains						
1) Carpeted Roads - Other than RCC	22,678	-	-	22,678	20,511	-
Plant & Machinery						
1) Continuous Process Plant (Compressors)	3,64,913	24,494	-	3,89,407	48,487	16,896
2) Pipeline	20,05,548	-	-	20,05,548	2,13,872	72,419
3) Other Plant & Machinery	1,74,597	3,043	-	1,77,640	43,667	14,943
Furniture & Fixtures						
1) Furniture General	1,606	572	-	2,178	366	222
Computers & Data Processing Units						
1) Servers & Networks	32,101	-	-	32,101	25,691	1,417
2) End use devices - Desktops, Laptops etc.	1,153	201	-	1,354	343	332
Electrical Installation and Equipment	1,22,479	1,340	-	1,23,819	55,556	18,657
Small Value Assets	94	15	-	109	94	15
Total	28,67,334	30,652	-	28,97,986	4,19,498	1,28,543

Total 28,67,334 30,652 - 28,97,986 4,19,498 1,28,543

1. Free hold land owned by the company as on 31.03.2019 stands at 54B-4K-15.43L (including 7B-3K-6.56L allotted by Govt. of Assam) out of which mutation is pending for 16B-4K-16.43L.

₹ in thousands

3 (ii) Capital work-in-progress

	As at 01-Apr-18	Addition	Deductions	As at 31-Mar-19	As at 31-Mar-18
Building (Other than Factory Building) RCC Frame Structure - Office Building	302	-	-	302	302
Total	302	-	-	302	302

3 (iii) Other Intangible assets

Particulars	Gross Block/Cost		Depreciation			
	Deductions on account of Retirement/ Adjustments		Deductions on account of Retirement/ Adjustments			
	As at 01-Apr-18	As at 31-Mar-19	As at 01-Apr-18	As at 31-Mar-19	As at 31-Mar-19	As at 31-Mar-18
	(1)	(2)	(3)	(4) = (1 + 2 - 3)	(5)	(6)
Way Leave Rights	-	335	-	335	-	-
Total	-	335	-	335	122	213

Notes Forming Part of Financial Statements

4 Intangible assets under development ₹ in thousands

	31-Mar-19	31-Mar-18
SOFTWARE		
a) Inventory Management Software	-	90
	-	90

Inventory Management software was not found to be useful. Therefore, the same has been written off during the year.

5 Other non-current assets ₹ in thousands

	31-Mar-19	31-Mar-18
Security Deposits		
(Unsecured, considered good)	874	874
	874	874

6 Inventories ₹ in thousands

	31-Mar-19	31-Mar-18
Stores and spares valued at Weighted Average Cost	1,10,712	1,15,816
Less : Provision for Losses for Project surplus material	(46,384)	(46,384)
	64,328	69,432

7 Trade Receivables ₹ in thousands

	31-Mar-19	31-Mar-18
Unsecured		
<u>Outstanding for a period exceeding six months from the date they are due for payment :</u>		
Considered good	-	-
Considered doubtful	8,567	-
	8,567	-
Less: Provision for doubtful receivable	8,567	-
	(A) -	-

Not Exceeding Six Months :

Other receivables	-	-
Considered good.	1,64,500	1,19,313
Considered doubtful.	14,490	-
	1,78,990	1,19,313
Less: Provision for doubtful receivable.	14,490	-
	(B) 1,64,500	1,19,313
	(A+B) 1,64,500	1,19,313

Notes Forming Part of Financial Statements

8 Cash and Cash Equivalents

₹ in thousands

	31-Mar-19	31-Mar-18
Cash in Hand	-	-
Balances with bank		
In current account	9,362	2,501
Deposits with original maturity of less than three months	2,34,345	2,57,868
	2,43,707	2,60,369

9 Other Bank Balances

₹ in thousands

	31-Mar-19	31-Mar-18
Deposits with original maturity for more than three months	1,40,000	14,247
	1,40,000	14,247

10 Current Tax Assets (Net)

₹ in thousands

	31-Mar-19	31-Mar-18
Advance Income Tax	2,97,302	1,79,538
Provision for Income Tax	(2,88,487)	(1,69,735)
	8,815	9,803

Reconciliation of effective tax rate

	For the year ended March 31, 2018	For the year ended March 31, 2017
Profit before tax	5,28,196	4,90,096
Tax using the Company's domestic tax rate at MAT (Current year 21.34% and 21.34 % Previous Year)	1,13,820	1,04,594
Increase in tax rate		
Tax effect of:		
Amount withdrawn from reserves or provisions	(37)	(36)
Provisions for uncertain liabilities	4,969	-
Tax-exempt income		
Interest expense not deductible for tax purposes		-
Others (Prior Years)	-	(36)
Current Tax (A)	1,18,752	1,04,522
Amount of deferred tax expense (income) relating to the origination and reversal of temporary differences (B)	(50,266)	62,508
Tax expense as per Statement of Profit & Loss (A+B)	68,486	1,67,030

The applicable normal Indian statutory tax rate for fiscal 2019 is 29.12% and fiscal 2018 is 34.61%. However the company is provisioning taxes (MAT) as per section 115JB of the IT Act, 1961. MAT Credit has been recognised to the extent there is certainty of recovery of same within the specified period.

11 Other current assets
₹ in thousands

	31-Mar-19	31-Mar-18
Security Deposits		
(Unsecured, considered good.)	466	130
Loans and advances to related parties		
(Secured, considered good)	-	-
Other Loans and advances		
To Employees		
(Secured, considered good.)	89	49
To Others		
(Unsecured, considered good)	44,258	3,317
(Unsecured, considered doubtful)	-	-
Less : Provision for doubtful advances	-	-
 Prepaid Expenses	 1,227	 1,473
 Deposit with Statutory Authorities	 3,138	 5,807
Claimable GST Tax credit	1,843	879
Interest accrued but not due on Fixed Deposits	2,759	1,186
Other Income Accrued but not due	115	-
Other Receivables	32	32
	53,928	12,873

- (i) Loans and advances to others include ₹43,199 thousand (₹NIL previous year) on account of advance for acquisition of land for the purposes of construction of residential colony for employees.
- (ii) Deposits with Statutory Authorities include deposit in Electronic Cash Ledger ₹3,138 thousand (previous year IGST Input Credit ₹5,807 thousand).
- (iii) Other Incomes accrued but not due includes GST of ₹12 thousand (previous year ₹NIL) and will be recognised as per the provisions of section 13(6) of the CGST Act, 2017.

Notes Forming Part of Financial Statements

12 Equity Share Capital

₹ in thousands

	31-Mar-19	31-Mar-18
Equity Shares		
Authorised		
17,00,00,000 (31 March 2018 : 17,00,00,000) Equity Shares of ₹ 10 each	17,00,000	17,00,000
	17,00,000	17,00,000
Issued, Subscribed and Paid up		
16,72,50,000 (31 March 2018 : 16,72,50,000) Equity Shares of ₹ 10/- each	16,72,500	16,72,500
	16,72,500	16,72,500

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	31-Mar-19		31-Mar-18	
	₹ in thousands		₹ in thousands	
Equity Shares	Number	Amount	Number	Amount
Shares outstanding at the beginnig of the year	16,72,50,000	16,72,500	16,72,50,000	16,72,500
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	16,72,50,000	16,72,500	16,72,50,000	16,72,500

b. Terms/right attached to equity shares

The company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shares held by holding company

Out of equity shares issued by the Company, shares held by Holding Company is as below :

	₹ in thousands	
	31-Mar-19	31-Mar-18
Assam Gas Company Limited (with nominees)		
8,53,00,000 (31 st March 2018 : 8,53,00,000) equity shares of ₹ 10/- each fully paid	8,53,000	8,53,000

d. Details of shareholders holding more than 5% shares in the company

	31-Mar-19		31-Mar-18	
Name of Shareholders	Number	% of Holding	Number	% of Holding
Assam Gas Company Limited (with nominees)	8,53,00,000	51%	8,53,00,000	51%
Numaligarh Refinery Limited	4,34,90,000	26%	4,34,90,000	26%
Oil India Limited.	3,84,60,000	23%	3,84,60,000	23%

Notes Forming Part of Financial Statements

13 Other Equity

₹ in thousands

	General Reserve	Profit & Loss Account	Total
As at 01-April- 2017	3,51,051	500	3,51,551
Profit/(Loss) for the year	-	3,23,066	3,23,066
Dividend to Equity shareholders for the year ended 31-Mar-17	(41,813)	-	(41,813)
Tax on Distribution of Profits for the year ended 31-Mar-17	(8,512)	-	(8,512)
Transfer (to)/from	-	-	-
As at 31-Mar-18	3,00,726	3,23,566	6,24,292
As at 01-April- 2018	3,00,726	3,23,566	6,24,292
Profit/(Loss) for the year		4,59,710	4,59,710
Dividend to Equity shareholders for the year ended 31-Mar-18	-	(1,62,233)	(1,62,233)
Tax on Distribution of Profits for the year ended 31-Mar-18	-	(33,347)	(33,347)
Transfer (to)/from	1,27,486	(1,27,486)	-
As at 31-Mar-19	4,28,212	4,60,210	8,88,422

Proposed Dividend (including Dividend Distribution Tax on Proposed Dividend) on Equity Shares is accounted for on payment basis.

Notes Forming Part of Financial Statements

14	Borrowings	₹ in thousands			
		Non-current portion		Current Maturities	
		31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
-	-				
	Term Loans				
	From Assam Gas Company Limited				
	Secured	-	-	-	-
	Unsecured	-	-	-	1,08,000
	Amount disclosed under the head "Other Financial Liabilities".		-	-	(1,08,000)
		-	-	-	-

Additional Information to Secured/Unsecured Long Term Borrowings:

The long term portion of term loans are shown under long term borrowings and the current maturities of the long term borrowings are shown under the current liabilities as per the disclosure requirements of the Schedule III.

Detail of Securities and Terms of repayment

Assam Gas Company Limited :-

The loan of ₹ 6,68,000 thousand bearing interest at the rate of 10.00% is repayable in 30 (thirty) monthly installments, consisting of 1 (one) installment of ₹ 20,000 thousand, 28 (twenty-eight) equal monthly installments of ₹ 22,500 thousand each and Last 1 (one) installment of ₹ 18,000 thousand only.

Notes Forming Part of Financial Statements

15 Other financial liabilities

₹ in thousands

	31-Mar-19	31-Mar-18
Non-Current:		
Deposits from Customer (Non Current)	5,164	13,425
Advance for Transportation Charge (Non Current)	522	2,641
(A)	5,686	16,066
Current:		
Current maturities of long term debt	-	1,08,000
EMD from Contractors & Suppliers	1,543	1,109
Security Deposits from Contractors	5,912	2,029
Retentions from Contractors	286	249
Advance against Project	-	45,511
Less: Stores and spares (in hand for Project Work)	-	10,715
Advance for transportation Charge (Current)	2,118	2,118
Deposits from Customer (Current)	21,476	10,793
(B)	31,335	1,59,094
Total (A+B)	37,021	1,75,160

(i) Advance against Project comprises of amount received from NHIDCL against expenses to be incurred by the Company for shifting of pipelines due to the ongoing work of four laning of NH-37. The said work is completed and the amount was amortised against expenses incurred for the same in current financial year.

(ii) Deposits from Customer (Current/ Non-Current) pertains to the fair value of Security Deposit received from Numaligarh Refinery Limited.

16 Deferred Tax Liabilities (Net)

₹ in thousands

	31-Mar-19	31-Mar-18
Deferred Tax Liability		
Deposits from Customer	210	354
Property, Plant and Equipment	3,86,430	4,36,551
Total	3,86,640	4,36,905
Deferred Tax Assets		
Total	-	-
Net Deferred Tax Liability	3,86,640	4,36,905

Notes Forming Part of Financial Statements

17 Trade payables ₹ in thousands

	31-Mar-19	31-Mar-18
Creditors for Capital Expenditure	564	564
Other Trade Payables	25,526	23,138
	26,090	23,702

The disclosing in respect of the amounts payable to Micro, Small and Medium Enterprises as at 31st March, 2019 has been made in the financial statements based on information received and available with the company. Accordingly disclosure has been made below:-

	31-Mar-19	31-Mar-18
Principal and interest amount remaining unpaid-		
Principal	-	-
Interest	-	-

The amount of interest paid by the company in terms of section 16 of the MSMED Act, 2006 alongwith the amount of the payment made to the supplier beyond the appointed date during the year

- -

The amount of the payments made to Micro and small suppliers beyond the appointed day during each accounting year.

- -

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 MSMED Act, 2006

- -

The amount of interest accrued and remaining unpaid at the end of each accounting year

- -

18 Other Current Liabilities ₹ in thousands

	31-Mar-19	31-Mar-18
Statutory Liabilities	13,945	1,534
Other Payables	1,990	1,043
	15,935	2,577

19 Provisions ₹ in thousands

	31-Mar-19	31-Mar-18
Other Provisions		
Provision for Professional Tax	3	3
	3	3

Notes Forming Part of Financial Statements

20 Revenues from Operations ₹ in thousands

	April - Mar 19	April - Mar 18
Sale of Services		
Transportation of Gas	8,64,764	8,00,618
	8,64,764	8,00,618

(i) Transportation of Gas includes ₹ 2,118 thousand for the period Apr- Mar 19 and ₹ 2,118 thousand for the period Apr- Mar 18 on account of adjustment towards fair valuation of Security Deposit from Numaligh Refinery Limited.

(ii) During the year an amount of ₹ 13,016 thousand (previous year ₹ (-) 7,030 thousand) owing to fuel price adjustment to transportation charges of gas has not been accounted for owing to confirmation being awaited from Numaligarh Refinery Limited

21 Other Income ₹ in thousands

	April - Mar 19	April - Mar 18
Interest Income		
On Bank Deposits	19,388	13,562
Contract Income	38,569	-
Other non-operating income	3,106	715
	61,063	14,277

22 Employee Benefits Expense ₹ in thousands

	April - Mar 19	April - Mar 18
Salaries and wages		
Employees	17,034	12,545
Deputed Employees (AGCL)	13,835	13,771
Stipend to Trainees	245	40
Contribution to Provident Fund	1,633	1,275
Contribution to Gratuity Fund	432	368
Welfare & Training Expenses	654	657
	33,833	28,656

23 Finance Costs
₹ in thousands

		<i>April - Mar 19</i>	<i>April - Mar 18</i>
Interest expenses on loans			
	OIDB Loan	-	542
	Assam Gas Company Limited	888	25,459
Interest on Fair Valuation		2,422	2,202
		<u>3,310</u>	<u>28,203</u>

Interest on Fair Valuation pertains to the adjustments made to restate the carrying amount of Security Deposit from Numaligarh Refinery Limited at Fair Value.

Notes Forming Part of Financial Statements

24 Other Expenses

₹ in thousands

	April - Mar 19	April - Mar 18
Power & Fuel	84,921	58,448
Operation & Maintenance		
- Compressor	20,075	19,456
- Others	2,914	1,730
ROW Expenses		
- ROW Rental Charges	4,244	4,161
- ROW Supervision Charges	424	416
Rent	838	808
Repair & Maintenance		
Plant & Machinery	21,654	13,599
Building	1,798	698
Others	826	857
Insurance	6,485	6,439
Rates and Taxes-excluding taxes on income	804	630
Auditors' Remuneration		
Statutory Audit Fees	40	40
Cost Audit Fee	40	30
Tax Audit Fee	18	18
Secretarial Audit Fee	35	40
For Other Matters (Statutory Auditor)	20	40
For Other Matters (Cost Auditor)	50	15
Reimbursement of Out of Pocket Expenses (Statutory Auditor)	2	10
Reimbursement of Out of Pocket Expenses (Cost Auditor)	2	1
Reimbursement of Out of Pocket Expenses (Secretarial Auditor)	-	9
Travelling and Conveyance	5,263	5,274
Stationery, Postage, Telephone & Advertisement	2,808	3,918
Security Expenses	9,989	7,767
Accounting Service Charges	-	285
CSR Expenses	5,104	8,931
Professional Charges	853	2,474
Sub-Contract Expenses	36,909	-
Fire & Safety Expenses	-	11
Provision for Bad and Doubtful Debts	23,057	-
Honorarium to Directors	793	240
Donation & Subscription	8	1,504
Bank Charges & Other Misc. Expenses	1,759	1,352
	2,31,733	1,39,201

Notes Forming Part of Financial Statements

25 Financial instruments – Fair values and risk management

A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount		Fair value				₹ in thousands	
March 31, 2019	Mandatorily at FVTPL	FVTOCI - designated as such	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Cash and cash equivalents			2,43,707	2,43,707				
Other Bank Balances			1,40,000	1,40,000				
Trade receivables			1,64,500	1,64,500				-
	-	-	5,48,207	5,48,207	-	-	-	-
Financial liabilities								
Deposit from Customer	29,280			29,280		29,280		29,280
Term loans			-	-				-
Trade and other payables			26,090	26,090				-
Other current financial liabilities			7,741	7,741				-
	29,280	-	33,832	63,111	-	29,280	-	29,280

March 31, 2018	Carrying amount		Fair value					
	Mandatorily at FVTPL	FVTOCI - designated as such	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Cash and cash equivalents			2,60,369	2,60,369				-
Other Bank Balances			14,247	14,247				-
Trade receivables			1,19,313	1,19,313				-
	-	-	3,93,929	3,93,929	-	-	-	-
Financial liabilities								
Deposit from Customer	28,976			28,976		28,976		28,976
Term Loans			1,08,000	1,08,000				-
Trade and other payables			23,702	23,702				-
Other current financial liabilities			38,183	38,183				-
	28,976	-	1,69,885	1,98,861	-	28,976	-	28,976

B. Measurement of fair values

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, for financial instruments measured at fair value in the statement of financial position, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant
Deposit from Customer	Present Value techniques using appropriate discounting rates.	Not applicable	Not Applicable

C. Financial risk management

i. Risk management framework

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

Baring Market risk the Company has exposure to the following risks arising from financial instruments:

- Credit risk ;
- Liquidity risk

i. Market risk

Market risk is the risk of changes in market prices – such as foreign exchange rates, interest rates and equity prices – that will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. Though the Company expects circumstances relating of transactions in foreign currency, but the Company is currently not carrying any foreign exchange bearing financial instruments in the stated reporting periods.

Notes Forming Part of Financial Statements

ii. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers. The maximum exposure to credit risk in case of all the financial instruments covered below is restricted to their respective carrying amount.

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of the customer. The Company assumes low credit risk on Trade Receivables which comprise of only one customer amounting to ₹ 1,87,557 thousand as at 31st March 2019 and ₹ 1,19,313 thousand as at 31st March 2018 ; as it does not expect its customer to fail in meeting its contractual obligations as the Company understands that the customer has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. However, since 1st April 2018 the customer has not been honouring the annual 3% increment in the dues amounting to ₹ 23,057 thousand, citing review of the tariff rate for transportation of gas.

₹ in thousands			
31-Mar-19	Gross carrying amount	Weighed average loss rate - range	Loss allowance
Neither past due not impaired	83,596	0%	-
Past due 1-90 days	88,718	9%	7,814
More than 90 days	15,243	100%	15,243
	1,87,557	12.29%	23,057

₹ in thousands			
31-Mar-18	Gross carrying amount	Weighed average loss rate - range	Loss allowance
Neither past due not impaired	58,495	-	-
Past due 1-90 days	60,098	-	-
More than 90 days	720	-	-
	1,19,313	-	-

Cash and cash equivalents

The Company held cash and cash equivalents of ₹ 2,43,707 thousand as at March 31, 2019 and ₹ 2,60,368 thousand as at March 31, 2018. The cash and cash equivalents are held with bank with good credit ratings. The Company also invests its short term surplus funds in bank fixed deposit, which carry no/low mark to market risks for short duration therefore does not expose the company to credit risk.

Other than trade and other receivables, the Company has no other material financial assets that are past due but not impaired.

Notes Forming Part of Financial Statements

iii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due in a cost effective manner, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Exposure to liquidity risk

		₹ in thousands				
		Contractual cash flows				
March 31, 2019	Carrying amount	Total	Upto 1 year	1-3 years	3-5 years	More than 5 years
Financial liabilities						
Deposit from Customer	29,280	30,000		30,000		
Trade and other payables	26,090	26,090	26,090			
Other current liabilities	7,741	7,741	7,741			
		₹ in thousands				
		Contractual cash flows				
March 31, 2018	Carrying amount	Total	Upto 1 year	1-3 years	3-5 years	More than 5 years
Financial liabilities						
Deposit from Customer	28,976	30,000	-	-	30,000	-
Term loans	1,08,000	1,08,000	1,08,000		-	-
Trade and other payables	23,702	23,702	23,702			
Other current liabilities	38,183	38,183	38,183			

The Company has not carried any derivative financial liabilities as on 31st March 2019 and 31st March 2018.

Notes Forming Part of Financial Statements

- 26 Provision for taxation for the financial year 2018-19 amounting to ₹ 1,18,752 thousand (Previous Year ₹ 1,04,521 thousand) has been arrived at after availing MAT Credit of ₹ 24,176 thousand u/s 115JAA of the Income Tax,1961 in the FY 2018-19 (Previous Year ₹ 6,056 thousand) due to certainty of recovery of the same.

27 Earnings per equity share	₹ in thousands	
	31-Mar-19	31-Mar-18
Face value ₹ 10/- each		
Net profit as per Profit and Loss account available to Equity Shareholders	4,59,710	3,23,066
Weighted average number of Equity Shares outstanding during the year	16,72,50,000	16,72,50,000
Basic earnings per share (₹)	2.75	1.93
Diluted earnings per share (₹)	2.75	1.93

- 28 The company is operating under a single segment. As such there is no other reportable segment as defined by the Ind AS-108 Operating Segments notified by the Ministry of Corporate Affairs.

- 29 Trade Receivables and Trade Payables including Creditors for Capital Expenditure are subject to Confirmation.

- 30 As per guidelines Ind AS 36 "Impairment of Assets", the company has assessed the recoverable amount of the relevant assets and found that no impairment exists in relation to its assets as on 31st March 2018 and 31st March 2017.

31 Contingent Liabilities	₹ in thousands	
	31-Mar-19	31-Mar-18
Contingent Liabilities :		
<u>Claims against the Company not acknowledged as debts :</u>		-
<u>In respect of Taxation matters</u>		
Service Tax	2,229	2,229
<u>Guarantees :</u>		-
<u>Other Money for which the company is contingently liable :</u>		
Rental and Supervision Charges for ROW to Oil India Limited (Arisen because of the difference in land value calculation between the concerned parties)	13,702	11,868
	15,931	14,097
Commitments :		
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net off Advance)	75,129	39,481
	75,129	39,481

32 Related Party Transactions

The Company has adopted the exemption under para 25 of Ind AS-24 related to disclosure pertaining to related parties under the control of the same Govt.

List of Related Parties

Particulars	Nature of Relationship
1 Assam Gas Company Limited (AGCL)	Parent Company and under the control of the same Govt. Viz. Government of Assam
2 Numaligarh Refinery Limited (NRL)	Being Associate of NRL
3 Oil India Limited (OIL)	Being Associate of OIL
4 Shri Rupam Goswami	Being Director of the Company
5 Shri Ashwini Pait	Being Director of the Company

The details of amounts (due to) or due from related parties as at 31st March 2019 and 31st March 2018 are as follows:

	₹ in thousands	
Particulars	31-Mar-19	31-Mar-18
Numaligarh Refinery Limited (NRL)	1,35,221	91,732
Oil India Limited (OIL)	(15,278)	(14,634)

Terms and Conditions and nature of consideration for settlement:

- The balance of NRL includes amount trade receivables and amount of security deposit received under the terms and conditions of Gas Transportation Agreement and other advances for purchase of materials.
- The balance of OIL includes other trade payables against supply of Natural Gas at market rates, ROW rental and supervision charges and maintenance of cathodic protection system as per terms and conditions of respective agreements.

The details of the related parties transactions entered into by the Company for the year ended 31st March 2019 and 31st March 2018 are as follows:

		₹ in thousands	
Particulars	Nature of Transactions	31-Mar-19	31-Mar-18
Revenue Transactions:			
1 Assam Gas Company Limited (AGCL) :	Key Management Personnel on Deputation	2,173	1,813
2 Numaligarh Refinery Limited (NRL) :	Transportation of Natural Gas	8,64,764	8,00,618
	Project Management Consultancy Fees	1,984	611
3 Oil India Limited (OIL) :	Consumption of Natural Gas	76,865	50,980
	ROW rental & Supervision charges	4,668	4,577
	Maintenance of CPS	-	1,542
	Water Testing Charges	116	-
4 Shri Rupam Goswami	Honorarium	436	120
5 Shri Ashwini Pait	Honorarium	357	120

₹ in thousands
Key management personnel compensation

	31-Mar-19	31-Mar-18
1 Nagen Chandra Adhikary, Company Secretary (upto 27th December, 2017)		
(a) Short-term employee benefits	-	433
(b) Post-employment benefits	-	-
(c) Other long-term benefits	-	-
(d) Termination benefits	-	-
(e) Share-based payments	-	-
2 Samujjal Borah, , Company Secretary (appointed w.e.f. 12th February, 2018)		
(a) Short-term employee benefits	724	92
(b) Post-employment benefits	-	-
(c) Other long-term benefits	-	-
(d) Termination benefits	-	-
(e) Share-based payments	-	-

33 Reconciliation of Expenditure on Corporate Social Responsibility (CSR) Activities are as follows:

	2018-19	2017-18
Amount unspent (for earlier years) at the beginning of the year	858	4,930
Amount earmarked during the financial year for CSR activities	6,826	4,859
Amount actually spent for CSR activities	5,104	8,931
Amount remaining unspent at the end of the year	2,580	858

34 Dividend

The Board of Directors of the Company has proposed to declare a dividend @ 13.80% (inclusive DDT) of Paid up Share Capital for the FY 2018-19 (previous year @ 9.7% of Paid up Share Capital)

35 Previous year figures

Previous year figures have been regrouped / reclassified wherever necessary for comparison and conforms to current year's classification.

DNP Limited**CIN: U51410SD2007SGC008410****Registered Office: Flat No. 4, House No. 2, “Dinesh Mansion”, 2nd Floor, Dr. R.P.
Road, Dipsur, Guwahati – 781 006****Email id : ceo@dnpl.co.in; samujjalborah@gmail.com****Form No. MGT-11****Proxy Form**

*[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies
(Management and Administration) Rules, 2014]*

Name of the member(s):

Registered address:

E-mail Id:

Folio No. /Client Id:

DP ID:

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

1. Name.....

Address:

E-mail Id:

Signature:..... Or failing him

2. Name.....

Address:

E-mail Id:

Signature:..... Or failing him

3. Name.....

Address:

E-mail Id:

Signature:.....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 12th Annual General Meeting of the company, to be held on Monday, the 23rd Day of September, 2019 at 05.00 PM at “Flat No. 4, House No. 2, “Dinesh Mansion”, 2nd Floor, Dr. R. P. Road, Dipsur, Guwahati - 781006 in respect of such resolutions as are indicated below:-

Ordinary Business

1. To receive, consider and adopt the Directors' Report and the Report on Corporate Governance, the Audited Balance Sheet as at 31st March, 2019 and Statement of Profit & Loss for the year ended 31st March, 2019 along with the Reports of the Statutory Auditors and the Comments of the Comptroller & Auditor General of India.

For	Against

2. To declare Dividend for the financial year ended 31st March, 2019.

For	Against

Special Business

3. Remuneration of Cost Auditor:

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

"RESOLVED THAT pursuant to Section 148(3) of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 read with Companies (Audit & Auditors) Rules, 2014, appointment of M/s Subhadra Dutta & Associates, Cost Accountants, Guwahati as the Cost Auditor of the Company for the financial year 2019-20 for carrying out the audit of cost records maintained by the Company at a remuneration of Rs 40,000/- (Rupees Forty Thousand Only) plus out of pocket expenses, reimbursement of travel and boarding expenses and payment of GST at applicable rates etc. be and is hereby ratified and approved."

For	Against

4. Approval for adoption of new set of Articles of Association of the Company:

To consider and, if thought fit, to pass the following Resolution, with or without modifications, as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 14 and other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s), enactment(s) or re-enactment(s) thereof for the time being in force), the new set of Articles of Association as submitted to this meeting (duly initialed by the Company Secretary for the purpose of identification), be and are hereby approved and adopted in substitution, and to the entire exclusion of the existing Articles of Association of the Company.

RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorized to take all such steps and actions for the purpose of making all such filings and registrations as may be required in relation to the aforesaid amendment to the Articles of Association and further to do all such acts and deeds, matters and things as may be deemed necessary to give effect to this resolution."

For	Against

5. Appointment of Shri Gokul Chandra Swargiyari (DIN: 08545385)

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

“RESOLVED THAT pursuant to Section 148(3) of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 read with Companies (Audit & Auditors) Rules, 2014, appointment of M/s Subhadra Dutta & Associates, Cost Accountants, Guwahati as the Cost Auditor of the Company for the financial year 2017-18 for carrying out the audit of cost records maintained by the Company at a remuneration of Rs 40,000/- (Rupees Forty Thousand Only) plus out of pocket expenses, reimbursement of travel and boarding expenses and payment of GST at applicable rates etc. be and is hereby ratified and approved.”

Signed this day of September, 2019

Signature of Shareholder

.....

Signature of Proxy holder(s)

.....

**Affix
Revenue
Stamp**

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.

DNP LIMITED**CIN: U51410SD2007SGC008410****Flat No. 4, House No. 2, "Dinesh Mansion"****2nd Floor, Dr. R.P. Road, Dispur, Guwahati - 781006****ATTENDANCE SLIP****12TH ANNUAL GENERAL MEETING****Reg. Folio/DP & Client No.:**.....**No. of Shares Held:**

I certify that I am a registered Shareholder/Proxy for the registered Shareholder of the Company. I hereby record my presence at the 12th Annual General Meeting of the Company at the Registered Office at "Flat No. 4, House No. 2, "Dinesh Mansion", 2nd Floor, Dr. R.P. Road, Dispur, Guwahati - 781006 at 05.00 PM on Monday, the 23rd day of September, 2019.

Member's Name:

Proxy's Name/ Authorised Representative Name:

Member's /Proxy's / Authorised Representative Signature:

Note:

1. Please fill this attendance slip and hand it over at the entrance of the Hall.
2. Members/Proxy Holders/Authorised Representatives are requested to show their Photo ID Proof for attending the Meeting.
3. Authorised Representatives of Corporate Members shall produce proper authorization issued in their favour.

REGISTERED OFFICE
DNP LIMITED
FLAT NO.-4, HOUSE NO.2,
"DINESH MANSION", 2ND FLOOR, DR. R.P. ROAD,
DISPUR, GUWAHATI-781006



