



MAHANAGAR GAS LIMITED

Ref: MGL/CS/SE/2021/412

Date: October 26, 2021

To,

Head, Listing Compliance Department BSE Limited P. J. Towers, Dalal Street, Mumbai - 400 001 Script Code/Symbol: <u>539957; MGL</u>	Head, Listing Compliance Department National Stock Exchange of India Ltd Exchange Plaza, Bandra –Kurla Complex, Bandra (East), Mumbai - 400051 Script Symbol: <u>MGL</u>
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Sub: Outcome of Board Meeting

Dear Sir/Madam,

In continuation to our letter dated October 14, 2021 and pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform you that the Board of Directors of the Company at its meeting held today i.e. Tuesday, October 26, 2021 has *inter-alia* approved the following:

1. Unaudited Financial Results for the quarter and half year ended September 30, 2021 along with the Limited Review Report thereon as reviewed by the Audit Committee pursuant to Regulation 33 of the Listing Regulations. The Performance Indicators being shared with the analyst/ Institutional Investors for the said period are also enclosed.
2. Appointment of Mr. Rajesh Patel as the Chief Financial Officer of the Company, with effect from November 01, 2021. The brief profile of Mr. Rajesh Patel pursuant to SEBI Circular No. CIR/CFD/CMD/4/2015 dated September 09, 2015 is as below:

Sr. No.	Particulars	Details
1	Reason of change	Mr. Rajesh Patel is currently Head of Financial Reporting and Treasury and manages finance, accounting, costing, budgeting and financial information for strategic decisions by the Management. Appointment of Mr. Rajesh Patel as the Chief Financial Officer of the Company consequent upon superannuation of current CFO Mr. Sunil M. Ranade.



Regd. Office: MGL House, Block G-33, Bandra - Kurla Complex, Bandra (East), Mumbai - 400 051
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An ISO 9001, 14001 & OHSAS 18001 Certified Company



**MAHANAGAR
GAS**

MAHANAGAR GAS LIMITED

2	Date and Terms of appointment	With effect from November 01, 2021. Mr. Rajesh Patel will be responsible to perform the duties as the Board may assign from time to time.
3	Brief Profile	<p>Mr. Rajesh D. Patel is the Fellow member of the Institute of Chartered Accountants of India (FCA), Associate member of the Chartered Institute of Management Accountants of United Kingdom (ACMA, CGMA) and Graduate member of the Institute of Cost Accountants of India. He also holds a bachelor's degree in commerce from the University of Mumbai.</p> <p>He is currently the Vice President (Finance) of the Company. He joined MGL on April 09, 2009. At MGL he is currently Head of Financial Reporting and Treasury and manages finance, accounting, costing, budgeting and financial information for strategic decisions by the Management.</p> <p>Prior to joining MGL he was General Manager Finance with Adani Infrastructure and Developers Private Limited. He has over all experience of 27 years in the areas of finance, accounting, costing, management information systems, taxation and internal audit. He has also worked with Crompton Greaves Limited, Philips India Limited and Adlabs Films Limited. Apart from this he has taught at St. Xavier's College (Commerce Section) Mumbai.</p>

The Board Meeting commenced at 1530 hours and concluded at 1930 hours.

You are requested to take the above information on your records and disseminate the same on your website.

Thanking you,
Yours faithfully,
For **Mahanagar Gas Limited**

Atul Prabhu
Company Secretary & Compliance Officer



Encl.: a/a



MAHANAGAR GAS LIMITED

CIN : L40200MH1995PLC088133

Regd Office : MGL House, G-33 Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400051

Part - I : Statement of Unaudited Financial Results for the quarter and half year ended September 30, 2021

Sr. No.	Particulars	For three months ended			For six months ended		(₹ in Crore)
		30.09.2021	30.06.2021	30.09.2020	30.09.2021	30.09.2020	For the year ended 31.03.2021
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
I	Revenue from Operations	907.57	666.85	548.95	1,574.42	826.42	2,337.79
II	Other Income	22.59	18.62	18.43	41.21	42.95	80.51
III	Total Income (I + II)	930.16	685.47	567.38	1,615.63	869.37	2,418.30
IV	Expenses :						
	Cost of Natural Gas and Traded Items	382.18	191.04	177.13	573.22	275.85	747.21
	Changes in Inventories	(0.27)	(0.02)	(0.07)	(0.29)	0.04	0.10
	Excise Duty	77.43	51.36	42.22	128.79	57.94	185.26
	Employee Benefits Expense	22.54	20.03	24.81	42.57	49.45	87.53
	Finance Costs	2.02	1.70	2.03	3.72	3.56	7.19
	Depreciation and Amortisation Expenses	47.28	45.27	42.46	92.55	84.72	173.67
	Other Expenses	123.93	100.45	83.77	224.38	142.06	383.74
	Total Expenses	655.11	409.83	372.35	1,064.94	613.62	1,584.70
V	Profit Before Tax for the period(III- IV)	275.05	275.64	195.03	550.69	255.75	833.60
VI	Income Tax Expense :						
	(i) Current Tax	62.92	67.22	48.54	130.14	63.07	197.75
	(ii) Deferred Tax	7.84	4.34	2.15	12.18	3.09	16.28
	Total Income Tax Expense (i+ii)	70.76	71.56	50.69	142.32	66.16	214.03
VII	Profit After Tax for the period(V - VI)	204.29	204.08	144.34	408.37	189.59	619.57
VIII	Other Comprehensive Income						
	Items that will not be reclassified to profit or loss :						
	Gains/(Losses) on Remeasurements of the Defined Benefit Plans	(2.00)	0.30	(0.42)	(1.70)	(1.14)	1.21
	Income tax relating to items that will not be reclassified to profit or loss	0.51	(0.08)	0.11	0.43	0.29	(0.31)
	Total Other Comprehensive Income / (Loss)	(1.49)	0.22	(0.31)	(1.27)	(0.85)	0.90
IX	Total Comprehensive Income for the period (VII + VIII)	202.80	204.30	144.03	407.10	188.74	620.47
X	Paid up Equity Share Capital (Equity Shares of ₹10 each fully paid up) Other Equity Excluding Revaluation Reserve	98.78	98.78	98.78	98.78	98.78	98.78 3,133.59
XI	Earnings per equity share (EPS) (Face value of ₹ 10/- each)						
	Basic (₹)*	20.68	20.66	14.61	41.34	19.19	62.72
	Diluted (₹)*	20.68	20.66	14.61	41.34	19.19	62.72
	* Not annualised for the interim periods						

There were no exceptional item(s) and discontinued operation(s) during the periods presented.



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Part - II : Statement of Assets and Liabilities as at September 30, 2021

(₹ in Crore)

Particulars	As at 30th September, 2021 (Unaudited)	As at 31st March, 2021 (Audited)
ASSETS		
I. Non-current Assets		
(a) Property, Plant and Equipment	2,095.60	2,040.91
(b) Capital Work-in-Progress	596.15	560.32
(c) Intangible Assets	5.26	5.65
(d) Right of Use Assets	122.16	122.75
(e) Financial Assets		
(i) Trade receivables	0.01	0.01
(ii) Other Financial Assets	128.58	33.25
(f) Income Tax Assets (net)	50.46	49.73
(g) Other Non-current Assets	34.36	34.22
Total Non-current Assets (I)	3,032.58	2,846.84
II. Current assets		
(a) Inventories	24.52	22.16
(b) Financial Assets		
(i) Investments	1,428.98	1,024.98
(ii) Trade Receivables	136.30	127.52
(iii) Cash and Cash Equivalents	35.46	28.19
(iv) Bank balances other than (iii) above	357.64	483.67
(v) Other Financial Assets	58.24	55.08
(c) Other current assets	24.02	12.70
Total Current assets (II)	2,065.16	1,754.30
Total Assets (I+II)	5,097.74	4,601.14
EQUITY AND LIABILITIES		
I. Equity		
(a) Equity Share Capital	98.78	98.78
(b) Other Equity	3,402.39	3,133.59
Total Equity (I)	3,501.17	3,232.37
II. Liabilities		
A. Non-current Liabilities		
(a) Financial Liabilities		
(i) Lease Liabilities	58.52	57.31
(ii) Security Deposits	1.03	0.81
(b) Provisions	26.37	22.45
(c) Deferred Tax Liabilities (net)	189.01	177.25
Total Non-current Liabilities (A)	274.93	257.82
B. Current Liabilities		
(a) Current Financial Liabilities		
(i) Trade Payables		
- outstanding dues of micro and small enterprises	3.36	17.97
- outstanding dues other than micro and small enterprises	199.23	137.89
(ii) Security Deposits	668.29	635.51
(iii) Lease Liabilities	15.95	16.79
(iv) Other Financial Liabilities	312.16	231.66
(b) Provisions	10.12	7.63
(c) Income Tax Liabilities (net)	9.18	2.97
(d) Other Current Liabilities	103.35	60.53
Total Current Liabilities (B)	1,321.64	1,110.95
Total Liabilities (II = A+B)	1,596.57	1,368.77
Total - Equity and Liabilities (I+II)	5,097.74	4,601.14



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Part - III : Statement of Cash Flows for the period ended September 30, 2021

(₹ in Crore)

PARTICULARS	For the period ended 30th September 2021 (Unaudited)	For the period ended 30th September 2020 (Unaudited)
I. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax as per Statement of Profit and Loss	550.69	255.75
Adjustments for:		
Depreciation and Amortisation Expense	92.55	84.72
Finance Costs	3.72	3.56
Dividend Income on Investments	-	(0.98)
Interest Income	(20.78)	(17.32)
Gain on sale of Investments	(9.89)	(41.94)
Unrealised Gain/(Loss) on Investments	(5.06)	22.72
Write-off, Allowance and Loss on Disposal of CWIP and Property, Plant and Equipment (Net)	7.82	3.55
Allowance for inventory obsolescence	(0.02)	0.14
Expected credit loss allowance and write off on Financial Assets	1.35	0.75
Net unrealised foreign exchange (gain)/ loss	0.01	(0.02)
Operating Profit Before Working Capital Changes	620.39	310.93
Movements in working capital :		
(Increase)/Decrease in Inventories	(2.35)	(2.79)
(Increase)/Decrease in Trade Receivables	(8.93)	(74.60)
(Increase)/Decrease in Other Financial Assets	(3.25)	1.22
(Increase)/Decrease in Other Non Current Assets	2.25	1.07
(Increase)/Decrease in Other Current Assets	(11.31)	3.18
Increase/(Decrease) in Other Financial Liabilities	29.10	6.43
Increase/(Decrease) in Provisions	4.72	6.48
Increase/(Decrease) in Trade Payables	46.72	7.81
Increase/(Decrease) in Security Deposits (Liability)	33.11	13.77
Increase/(Decrease) in Other Current Liabilities	42.83	38.87
	132.89	1.44
Cash Generated from Operations	753.28	312.37
Income Taxes Paid (Net of refund)	(124.67)	(80.62)
Net Cash from Operating Activities	628.61	231.75
II. CASH FLOW FROM INVESTING ACTIVITIES		
Payments for Property, Plant and Equipment/ Intangibles/ Right to Use Assets	(208.34)	(84.81)
Sale of Property, Plant and Equipment/ Intangibles/ Right to Use Assets	1.53	0.01
Payments for purchase of Investments	(2,080.81)	(1,219.98)
Proceeds from sale of Investments	1,689.16	1,495.49
Movements in Bank Deposits not considered as Cash and Cash Equivalents	27.92	(421.36)
Interest Received	25.31	19.99
Dividend Received on Investments	-	0.98
Net Cash (used in) Investing Activities	(545.23)	(209.68)
III. CASH FLOW FROM FINANCING ACTIVITIES		
Payment of Lease Liability	(13.08)	(12.45)
Dividend Paid	(62.55)	(12.35)
Interest Paid	(0.48)	(0.17)
Net Cash used in Financing Activities	(76.11)	(24.97)
Net Increase in Cash and Cash Equivalents (I+II+III)	7.27	(2.90)
Cash and Cash Equivalents at the beginning of the period	28.19	15.38
Cash and Cash Equivalents at the end of the period	35.46	12.48



Notes:

1. The above financial results are submitted by the company pursuant to Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. Financial results were reviewed and recommended by the Audit Committee and approved by the Board of Directors at their meetings held on October 26, 2021.
2. Financial results have been prepared in accordance with the Indian Accounting Standards (Ind AS) prescribed under the section 133 of the Companies Act, 2013 read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Indian Accounting Standards) Rules, 2016.
3. The Company is in the business of selling and distribution of natural gas. There are no separate reportable segments, other than selling of natural gas, as per IND AS 108 - Operating Segments.
4. As per authorisation terms and conditions of the PNGRB for Raigad Geographical Area, the Company is required to meet Minimum Work Programme (MWP) targets by March 2020 (with reference to connections and pipeline inch Kilo Meters) and the Company had submitted Performance Bank Guarantee of ₹105.20 Crore dated March 19, 2015 to the PNGRB. Show cause notice dated July 23, 2018 was given by the PNGRB for shortfall in periodic MWP, asking the Company to explain why penalty should not be levied for the interim MWP target shortfall. The Company submitted catch up plan vide letter dated August 2, 2018 for meeting MWP target by March 2020 and reiterated host of factors beyond control of the Company causing a shortfall. Further, PNGRB called a Joint Progress Review Meeting on August 27, 2019 and post review revised catch up plan was submitted to PNGRB on November 15, 2019. As of 31st March 2020, the Company has achieved cumulative number of Domestic connections as per PNGRB MWP target. Post outbreak of COVID-19 the company had requested PNGRB in April 2020 to extend the timeline for achieving the MWP of Inch-Kms by six months up to March 31, 2022. The PNGRB, sought information on COVID-19 lockdown in July 2020 from the City Gas Distribution companies and has issued public notice dated November 5, 2020, extending MWP timeline due to COVID-19 lockdown for various Geographical areas, where extension of 251 days for Raigad was granted. The company has appraised PNGRB vide letter dated February 9, 2021 with ground level challenges faced in Raigad and has requested for extension up to March 2022. The management is of the view that it will be able to achieve the inch km targets as per timelines submitted and that the penalty can be avoided. Accordingly, no provision is deemed necessary in relation to the bank guarantee issued to the PNGRB at this stage.
5. GAIL (India) Limited (GAIL) raised demand in April 2014 for additional transportation tariff pursuant to demand on them by Oil and Natural Gas Corporation Limited (ONGC), based on the Petroleum and Natural Gas Regulatory Board (PNGRB) order dated 30.12.2013, determining tariff for ONGC's Uran Trombay pipeline (UTPL) as a common carrier. The Company disputed the demand with GAIL based on contractual provisions and since the transportation charges are to be paid by a third-party user for utilisation of UTPL to ONGC as common carrier and not for transportation of its own gas by ONGC.

Complaint was filed with the PNGRB in February 2015. It was dismissed in October 2015. The writ petition was filed in November 2015 with the High Court of Delhi. The Court advised to appeal before Appellate Tribunal for Electricity (APTEL) being Appellate Authority of the PNGRB in November 2016. The matter was heard by APTEL and remanded back to the PNGRB on technical grounds in September 2019. PNGRB on 18 March 2020 had passed an Order through which it directed MGL and GAIL to pay to ONGC. MGL filed its Appeal before APTEL on 20th April 2020 during lockdown. The matter was heard by APTEL on 9th October 2020. APTEL has recently passed judgement on 16 July 2021. The matter stands remanded back to PNGRB for proper adjudication.



Total demand from November 2008 till July 2021 is ₹331.80 Crores (including ₹223.32 Crores covered in the case filed with APTEL and ₹108.48 Crores demand received subsequently). Based on the legal opinion, the Company believes that it has a strong case and does not expect any outflow of resources. Hence, no provision has been made.

6. The last settlement on trade discount with the Oil Marketing Companies (OMCs) was done in June 2018. Thereafter, there was no written response from OMCs till July 2020 in spite of follow up by the Company. OMCs vide letters dated August 27, 2020 and October 05, 2020, have communicated that trade discount revision was not undertaken by OMC pending De Novo study, which OMC had entrusted to a third party. Post completion of such study, OMCs have communicated the revised trade discount they wish to make applicable to various geographies (Metro and other class of cities) as per the recommendation of the aforesaid study.

As per letter No. L-16019/2/2019-GP-I dated July 31, 2019 issued by Ministry of Petroleum & Natural Gas (MOPNG) addressed to OMCs and GAIL, a consultative process was to be undertaken with City Gas Distribution (CGD) companies to finalize trade discount after completing de novo study. However, no consultation was held with the Company during or after De Novo Study.

The Company had replied to OMC vide letters dated September 04, 2020 and October 26, 2020, that any unilaterally determined high trade discount is not acceptable. In January 2021, Ministry of Petroleum & Natural Gas was appraised by many CGD companies in a joint virtual meeting. On 29th June 2021, MOPNG called for virtual meeting with few CGD entities, including MGL and has sought further inputs from the CGDs. Pending consultation / negotiation, any additional liability cannot be quantified and continues to be considered as contingent liability.

7. Previous period/year figures have been regrouped/reclassified wherever necessary.

For and on behalf of the Board of Directors of Mahanagar Gas Limited


Sanjib Datta
Managing Director

Place: Mumbai
Date: October 26, 2021



MAHANAGAR GAS LIMITED
PERFORMANCE FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2021 V/S SEPTEMBER 30, 2020

Particulars	UOM	For the six months ended September 30, 2021	For the six months ended September 30, 2020	% Increase / (Decrease)
SALES VOLUMES:				
CNG	SCM Million	346.63	161.10	115.16%
PNG - Domestic	SCM Million	84.08	81.60	3.04%
PNG – Industry / Commercial	SCM Million	74.95	49.33	51.94%
PNG - TOTAL	SCM Million	159.03	130.93	21.46%
TOTAL VOLUMES	SCM Million	505.66	292.03	73.15%
TOTAL VOLUMES	MMSCMD	2.763	1.596	73.15%
NET REVENUE FROM OPERATIONS :				
Net Sales				
CNG (Net of Excise Duty)	Rs. Crores	887.56	406.93	118.11%
PNG	Rs. Crores	545.10	354.93	53.58%
Traded Items	Rs. Crores	2.03	1.49	
Total Sales	Rs. Crores	1,434.69	763.35	87.95%
Other Operating Income	Rs. Crores	10.94	5.13	113.26%
TOTAL NET REVENUE FROM OPERATIONS	Rs. Crores	1,445.63	768.48	88.12%
REVENUE FROM OPERATIONS (Gross)	Rs. Crores	1,574.42	826.42	90.51%
Less: Excise Duty	Rs. Crores	128.79	57.94	122.28%
REVENUE FROM OPERATIONS (Net)	Rs. Crores	1,445.63	768.48	88.12%
EBIDTA	Rs. Crores	605.75	301.08	101.19%
% of EBIDTA to Net Revenue from Operation	%	41.90%	39.18%	
NET PROFIT (after tax)	Rs. Crores	408.37	189.59	115.40%
% of PAT to Net Revenue from Operation	%	28.25%	24.67%	
EARNINGS PER SHARE	Rs.	41.34	19.19	115.40%

Note: Current Year six months operations were impacted mainly in the month of April 2021 and May 2021 due to lockdown, whereas in corresponding six months of previous year operations were impacted almost for full six months.



PERFORMANCE CURRENT QUARTER V/S PREVIOUS QUARTER

Particulars	UOM	For the quarter ended September 30, 2021	For the quarter ended June 30, 2021	% Increase / (Decrease)
SALES VOLUMES:				
CNG	SCM Million	205.52	141.11	45.65%
PNG - Domestic	SCM Million	41.52	42.57	-2.46%
PNG – Industry / Commercial	SCM Million	40.37	34.57	16.78%
PNG - TOTAL	SCM Million	81.89	77.14	6.15%
TOTAL VOLUMES	SCM Million	287.41	218.25	31.69%
TOTAL VOLUMES	MMSCMD	3.124	2.398	30.26%
NET REVENUE FROM OPERATIONS :				
Net Sales				
CNG (Net of Excise Duty)	Rs. Crores	533.86	353.70	50.93%
PNG	Rs. Crores	290.36	254.74	13.98%
Traded Items	Rs. Crores	0.70	1.33	
Total Sales	Rs. Crores	824.92	609.77	35.28%
Other Operating Income	Rs. Crores	5.22	5.72	-8.62%
TOTAL NET REVENUE FROM OPERATIONS	Rs. Crores	830.14	615.49	34.88%
REVENUE FROM OPERATIONS (Gross)	Rs. Crores	907.57	666.85	36.10%
Less: Excise Duty	Rs. Crores	77.43	51.36	50.74%
REVENUE FROM OPERATIONS (Net)	Rs. Crores	830.14	615.49	34.88%
EBIDTA	Rs. Crores	301.76	303.99	-0.73%
% of EBIDTA to Net Revenue from Operation	%	36.35%	49.39%	
NET PROFIT (after tax)	Rs. Crores	204.29	204.08	0.10%
% of PAT to Net Revenue from Operation	%	24.61%	33.16%	
EARNINGS PER SHARE	Rs.	20.68	20.66	0.10%

Note: The Company's operations were adversely impacted due to second wave of Covid-19 during the quarter ended June 2021.

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