

ANNUAL REPORT 2002-2003



INDRAPRASTHA GAS LIMITED
CNG for a Clean 'N' Green Delhi

BOARD OF DIRECTORS**Shri Proshanto Banerjee** Chairman
(w.e.f. 14/01/2003)**Shri Sadashiv S. Rao** Director**Shri S. Behuria** Chairman
(Chairman up to 14/01/2003)
(Director up to 17/02/2003)**Shri S.S. Dalal** Director**Shri A.K. De** Managing Director**Shri Gautam Saigal** Director**Shri P.S. Bhargava** Director (Commercial)**Shri Krishan Sehgal** Director**Shri J.K. Jain** Director
(Up to 14/01/2003)**Smt Sindhushree Khullar** Director**Shri S. Radhakrishnan** Director
(w.e.f. 17/02/2003)**Shri Amit Gupta** Company Secretary**Board of Directors****Bankers**Bank of Baroda
Ansal Chambers No. 1
Bhikaiji Cama Place
New Delhi-110 066Canara Bank
Jeevan Bharti Building
Tower II, Parliament Street
New Delhi-110 001Bank of Punjab Ltd
L-40, Connaught Circus
New Delhi-110 001State Bank of India
Corporate Accounts Group Branch
10th Floor, Vijaya Building
17, Barakhamba Road
New Delhi-110 001**Auditors**M/s Price Waterhouse
Chartered Accountants
New Delhi**Registered Office**Jeevan Bharti Building
Tower-II, 10th Floor
Connaught Circus
New Delhi-110 001

To

THE MEMBERS

Your Directors have the pleasure in presenting the 4th Annual Report together with the Audited Accounts of the Company for the year ended March 31, 2003

PHYSICAL PERFORMANCE

During the year, your Company recorded sales as under:

(Figures in SCM)

For the year

Product	2002-2003	2001-2002
Piped Natural Gas	7,288,988	5,779,976
Compressed Natural Gas	265,617,658	121,223,912
Total	272,906,646	127,003,888

FINANCIAL RESULTS

(Rs. in Million)

For the Year

ITEMS	2002-2003	2001-2002
Net Sales & Other Income	3093.18	1209.80
Cost of Gas Purchased	1268.39	592.28
Profit Before Depreciation & Tax	1122.69	280.02
Depreciation	262.29	155.68
Profit Before Tax	860.40	124.34
Provision for Tax	320.57	58.98
Profit After Tax	539.83	65.36
Proposed Dividend	70.00	Nil
Corporate Dividend Tax	8.97	Nil
Profit Carried Forward	460.86	65.36
Earnings Per Share (in Rs.)	3.86	0.47



Comfortable fuelling environment and no more queues: A night view of IGL's Mother Station.



ANNUAL REPORT

■ CONVENIENT ■ EFFICIENT ■ COST-EFFECTIVE ■ CLEAN



IGL Launches CNG+ Debit Card for Fleet Operators: Dr. Sahib Singh, Hon'ble Minister for Labour, seen presenting the first Card.

FINANCIAL REVIEW

During the period under review, your Company achieved an impressive turnover and an increase in the profit margin. The turnover increased from Rs. 1286.57 million to Rs. 3543.49 million and the Profit after Tax from Rs. 65.36 million to Rs. 539.83 million.

DIVIDEND

Your Directors have recommended a maiden dividend of 5% on 140,000,160 Equity Shares of Rs. 10/- each for the financial year ended on 31st March, 2003.

If approved in the forthcoming Annual General Meeting, the dividend shall be paid out of the profits of the Company to the Shareholders of the Company whose names appear in the Register of Members as on the date of Annual General Meeting, subject however to the provisions of Section 206A of the Companies Act, 1956.

PERFORMANCE HIGHLIGHTS

CNG PROJECT:

Your Company performed exceedingly well during the previous year. The total number of CNG stations increased from 94 in March

2002 to 107 in March 2003, which included 47 mother stations, 20 online stations, 29 daughter booster stations and 11 daughter stations. With the commissioning of the above, the compression capacity went up from 5.82 lakh kg/day in March 2002 to 11.99 lakh kg/day in March 2003. CNG facilities have also been installed at 9 more DTC depots during this period as part of our commitment to give priority to public transport system. During this period, 31 mother compressors and 6 online compressors had been made operational.

The population of vehicles in Delhi, running on CNG, has increased from 58,127 in March 2002 to 79,100 in March 2003.

As on 30th June 2003, the Company had commissioned 112 stations with a total compression capacity of 14.86 lakh kg/day catering to around 81,200 vehicles.

PNG PROJECT:

The Company extended the piped natural gas distribution infrastructure to the areas of R.K. Puram, Mohamadpur, Sarojini Nagar, Naroji Nagar, Neeti Bagh, Gulmohar Park, Mayfair Garden, Panchsheel Park, Chanakyapuri, Soami Nagar, Vasant Vihar, Diplomatic Enclave and Connaught Place in addition to the existing areas of Kaka Nagar, Bapa Nagar, Pandara Road, Pandara Park, Sunder Nagar, Golf Links, Sujan Singh Park, Nizamuddin (East



Inauguration of Rohini Mega CNG Station: Chairman Shri Proshanto Banerjee addressing the gathering.

and West), Maharani Bagh, Kalindi Colony, Jangpura, Lodhi Road / Colony, Pant Nagar, New Friends Colony, Friends Colony, Sukhdev Vihar, Iswar Nagar, Zakir Bagh, Bharat Nagar, Sarita Vihar, Jor Bagh and Asian Games Village.

As part of the aggressive marketing plan, your Company engaged services of Direct Marketing Agencies for registration activities in domestic colonies during the year. Marketing has been successfully launched in highly potential areas of Patparganj, Mayur Vihar-I, Rohini and Vasant Kunj/Vihar. Some of your Company's prestigious customers include major five star hotels such as ITC Maurya Sheraton Hotel, Taj Palace Hotel and Embassies of United States of America and China.

As on 30th June 2003, the Company has provided PNG connections to about 8800 domestic, 79 small commercial and 12 large commercial customers.

STEEL PIPELINE:

During the Financial year your Company laid and commissioned 23 Kms of 12" Dia. Steel Pipeline from Dhaula Kuan to GT Karnal by pass and has made 19 CNG stations online in West Delhi which has ensured easy and adequate supply of CNG to automobiles in West Delhi. With this pipeline in place a loop has been created around Delhi which has not only enabled online supply of natural gas to CNG Stations but has also boosted the prospects of PNG network across Delhi.

In addition to the above, your Company has also laid 35 Kms. of 4"/6"/8" Dia. Steel Spur Pipelines in Delhi to make various station online.

FUTURE OUTLOOK

Your Company has drawn out impressive plans to invest Rs. 1473 million during the financial year 2003-04 for CNG expansion in the city of Delhi.

Your Company has also planned a capital expenditure of Rs. 360 million during the financial year 2003-04 to provide PNG connections to over 19,500 domestic households, 80 small commercial and 19 large commercial customers.

Further, your Company has initiated the process of assessing the feasibility of expanding its business in areas adjoining NCT of Delhi viz. Noida including Greater Noida, Gurgaon and Faridabad. The plans once put in action would see an upsurge in the retail gas distribution network in neighbouring towns of Delhi.



Inauguration of Rohini Mega CNG Station: Shri Ram Naik, Hon'ble Minister for Petroleum and Natural Gas, Dr. Sahib Singh, Hon'ble Minister for Labour, Shri Vijay Kapoor, His Excellency Lt. Governor of Delhi, Smt. Sheela Dikshit, Hon'ble Chief Minister, Delhi, Shri Proshanto Banerjee, Chairman, IGL, gracing the occasion.

DEPOSITS

The Company has not accepted any public deposits during the year. Hence no information is required to be appended to this section.

month and above. The particulars, as required by Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, have accordingly not been furnished.

HUMAN RESOURCES

During the year your Company enjoyed cordial human relations amongst all its employees. In the pursuit of creating its own management cadre your Company recruited 29 executives at various levels including senior management positions during the year.

Your Directors have pleasure in informing that the Company has adopted a policy of in-house maintenance of major equipments. To give effect to this, 68 technicians were recruited, to form its own maintenance team. This assumes significance as apart from low-cost maintenance this would bring reliability and self-sufficiency in maintaining its gas distribution facilities, and reduce its dependence on the vendors and other outside agencies.

There was no employee in the Company, who if employed throughout the year, was in receipt of remuneration of Rs. 24,00,000/- per annum and above and if employed for a part of the year, was in receipt of remuneration of Rs. 2,00,000/- per

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956, your Directors hereby confirm that:

- In the preparation of Annual Accounts for the Financial year ended 31st March, 2003 the applicable accounting standards have been followed along with proper explanations relating to material departures.
- They have selected 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 at the end of the financial year and the profit and loss of the Company for the year under review.
- They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities



Inauguration of IGL's 23 km Natural Gas Steel Pipeline: Shri Ram Naik, Hon'ble Minister for Petroleum and Natural Gas, Dr. Sahib Singh, Hon'ble Minister for Labour, Shri Vijay Kapoor, His Excellency Lt. Governor of Delhi, Shri Santosh Gangwar, Hon'ble Minister of State for Petroleum and Natural Gas, Shri S. Behuria, then Chairman, IGL, gracing the occasion.

- They have prepared the Annual Accounts for the Financial Year ended 31st March, 2003 on a going concern basis.

SOCIAL RESPONSIBILITY

Your Company is committed to the supply of the eco – friendly fuel in pursuit of a conscious effort at delivering its social responsibility. The effort would go a long way in reducing vehicle related pollution in NCT Delhi and replace conventional fuels through uninterrupted supply of natural gas to the transport sector, commercial establishment and domestic consumers.

Delhi has been awarded the "Clean Cities International Partner of the Year Award 2003" by the Department of Energy, Government of United States of America for converting the public transport to CNG. As supplier of CNG in Delhi your Company shares this proud achievement with citizens of the City.

BOARD OF DIRECTORS

Sh. Proshanto Banerjee, Chairman & Managing Director (GAIL) was appointed as an Additional Director and Chairman w.e.f 14th

January 2003 in place of Sh. S. Behuria, who resigned from the office of Chairman & Director of the Company w.e.f 17th February, 2003. According to Section 260 of the Companies Act, 1956, Sh. Banerjee holds office until the ensuing Annual General Meeting. Notice under Section 257 of the Companies Act, 1956 has been received proposing his name for appointment as Director at the Annual General Meeting.

Sh. J. K. Jain, a nominee of GAIL and First Director of the Company resigned from the Directorship of the Company w.e.f 14th January 2003.

Sh. S. Radhakrishnan, a nominee of BPCL was appointed as an Additional Director on the Board of the Company w.e.f 17th February, 2003. In terms of Section 260 of the Companies Act, 1956, Sh. Radhakrishnan holds office till the ensuing Annual General Meeting. Notice under Section 257 of the Companies Act, 1956 has been received proposing his name for appointment as Director at the Annual General Meeting.

Sh. S. S. Dalal and Sh. S.S. Rao retire by rotation at the ensuing Annual General Meeting, and being eligible, offer themselves for



re-appointment.

Your Board takes this opportunity to place on record its appreciation for the leadership and support rendered by Sh. S. Behuria and Sh. J. K. Jain during their association with the Company.

AUDITORS

M/s Price Waterhouse, Chartered Accountants, Auditors of the Company retire at the ensuing Annual General Meeting. Necessary notice u/s 224(1B) confirming their eligibility for reappointment as Auditors of the Company has been received from them. A proposal for the same will be placed before the Shareholders at the ensuing Annual General Meeting.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

Your Company implemented a number of energy conservation measures at various operating installations with a view to make considerable savings both for itself as well as for the society. Energy conservation has been given utmost priority at the design stage of the project itself.

Some of the energy conservation schemes being implemented by the Company are as follows:

1. In one compressor of Galileo make, the starter of the Gas Engine, which operated on natural gas, was modified to operate on compressed air, thus saving substantial amount of Natural Gas.
2. The CNG Compressors used in IGL installation are equipped with 'auto start' and 'auto stop' control systems, so that the compressors stop automatically once the desired set pressure is achieved. This system has eliminated unnecessary wastage of gaseous fuel of the prime movers of the CNG Compressors.
3. In all CNG Compressors used in IGL installations, Blow down Recovery System is used for maximum utilization of natural gas. In this system, pressurized gas of inter stage separator is directed to blow down vessel, from where it is brought back into the suction line, which brings the pressure of natural gas of blow down vessel to the pressure of suction line. This process enables the system to avoid any loss of gas and maximum conservation of energy.

FOREIGN EXCHANGE EARNING AND OUTGO

During the year under review, the foreign exchange earning

and outgo are detailed below:

	(Rs. in Million)
Foreign Exchange Earnings	1.56
Foreign Exchange Outgo	191.23

CORPORATE GOVERNANCE

A separate report on compliance of Corporate Governance requirements is annexed and forms part of this report.

ACKNOWLEDGEMENTS

IGL has continued to work closely with GAIL, BPCL, Government of NCT of Delhi, Ministry of Petroleum & Natural Gas and Oil Industry Development Board. The Board wishes to gratefully acknowledge the assistance and guidance received from all of them.

The Directors also sincerely acknowledge the kind support and patronage received by IGL from its valued customers without which IGL would not have successfully carried out its business.

The Directors wish to place on record their appreciation and acknowledge with gratitude the support and co-operation extended by the judiciary, other Statutory Authorities, Bankers, Media, Station Operators and local citizens and look forward to their continued support.

The Directors express their heartfelt gratitude to the employees for their dedication and support at all levels without which IGL would not have performed so well.

For and on behalf of Board of Directors

sd/
P.S. Bhargava
Director (Commercial)

sd/-
A.K. De
Managing Director

Date: July 14, 2003
Place: New Delhi

REPLIES OF THE MANAGEMENT TO THE COMMENTS IN THE AUDITORS' REPORT

Reference to Auditors' Report

Management Replies

Para no.

4(e).

The Management does not expect the price increase to be with retrospective effect. Additional liability, if any, arising out of the aforesaid revision will be recognized when prices are finalized.

For and on behalf of Board of Directors

Sd/-

P.S. Bhargava

Director (Commercial)

Sd/-

A.K. De

Managing Director

Date : July 14, 2003

Place : New Delhi

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**FORM A**

Form for disclosure of particulars with respect to conservation of energy

	Current year	Previous year
Power and Fuel Consumption		
1. Electricity		
a) Purchased Units (KWH)	6,534,203	3,902,945
Total Amount (Rs. In Million)	34.30	19.51
Rate / Unit (Rs.)	5.25	5.00
b) Own Generation		
Through Diesel Generator (KWH)	1,484,979	493,297
Units (KWH) Per Liter of Diesel Oil	3.87	3.96
Cost per Unit (Rs.)	5.16	4.18
2. Coal	Nil	Nil
3. Furnace Oil / Liquid Fuel (LSHS)	Nil	Nil
Qty (MT)		
Total Amount (Rs.)		
Avg. Rate (Rs. / MT)		
4. Other / Internal Generation	Nil	Nil
Gas Quantity		
Total Cost (Rs.)		
Rate / Unit		