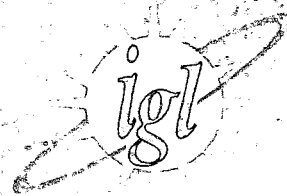


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INDRAPRASTHA GAS LIMITED



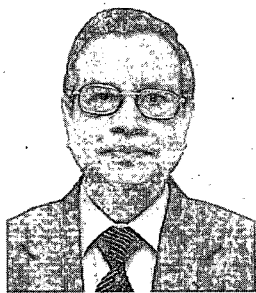
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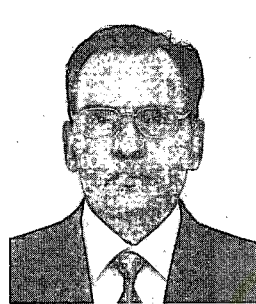


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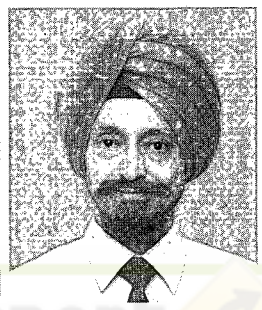
BOARD OF DIRECTORS



Dr. U. D. Choubey
Chairman



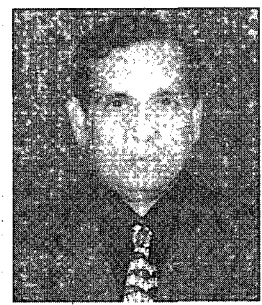
Shri Om Narayan
Managing Director



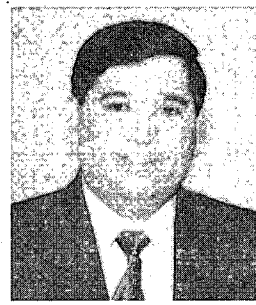
Shri Manmohan Singh
Director (Commercial)



Shri S. Radhakrishnan
Director



Shri R. Chandramohan
Director



Shri S. S. Dalal
Director



Shri S. S. Rao
Director

Bankers

ICICI Bank Limited
IDBI Bank Limited
The Hongkong and Shanghai
Banking Corporation Limited
Canara Bank
State Bank of India
Kotak Mahindra Bank Ltd.
Syndicate Bank

Auditors

M/s BSR & Co.
Chartered Accountants
Gurgaon

Registered Office

IGL Bhawan
Plot No. 4, Community Centre,
Sector-9, R K Puram,
New Delhi-110 022

Company Secretary

Shri S.K. Jain



DIRECTORS' REPORT

To,

THE MEMBERS

Your Directors have pleasure in presenting the Eighth Annual Report alongwith Audited Accounts of the Company for the year ended March 31, 2007.

PHYSICAL PERFORMANCE

During the year, the Company recorded sales as under:

(Figures in SCM)

Product	For the year	
	2006-2007	2005-2006
Compressed Natural Gas (CNG)	452,646,979	419,103,533
Piped Natural Gas (PNG)	36,571,849	26,264,749
Total	489,218,828	445,368,282

FINANCIAL RESULTS

(Rs. in Million)

ITEMS	For the year	
	2006-2007	2005-2006
Net Sales & Other Income	6243.00	5261.60
Profit before Depreciation & Tax	2653.81	2166.37
Depreciation	598.19	565.24
Profit before tax	2055.62	1601.13
Provision for tax	676.00	539.76
Profit after tax	1379.62	1061.37
Profit brought forward from previous year	2170.22	1614.07
Profit available for appropriations	3549.84	2675.44
Appropriations: -		
Proposed dividend	420.00	350.00
Corporate dividend tax	71.38	49.08
Transferred to general reserve	137.96	106.14
Profit carried forward	2920.50	2170.22
	3549.84	2675.44



Smt. Sheila Dikshit, Hon'ble Chief Minister of Delhi, lights a burner to mark inauguration of PNG facility in NDMC Flats, New Delhi.



Shri Murli Deora, Hon'ble Union Minister of Petroleum & Natural Gas unveils a plaque to mark inauguration of IGL Bhawan - The new Corporate and Registered Office of the Company, at R.K. Puram, New Delhi.

FINANCIAL REVIEW

The Company has been showing consistently good financial performance both in terms of turnover and profitability. Gross turnover increased by 17% from Rs. 6096.26 million in year 2005-06 to Rs. 7137.86 million in year 2006-07. Profit After Tax also went up by 30% from Rs. 1061.37 million in 2005-06 to Rs. 1379.62 million in 2006-07.

DIVIDEND

Your Directors are pleased to recommend higher dividend of 30% (Rs. 3 per share) as against 25% (Rs. 2.50 per share) in the last year. The proposed dividend including corporate dividend tax would absorb Rs. 491.38 million.

PERFORMANCE HIGHLIGHTS

CNG BUSINESS:

Your Company further augmented its CNG distribution infrastructure during the year. The total number of CNG stations increased from 146 in March 2006 to 153 in March 2007, which included 67 mother stations, 42

online stations, 38 daughter booster stations and 6 daughter stations. The installed compression capacity went up from 19.08 Lakh Kg/day in March 2006 to 20.18 Lakh Kg/day in March 2007.

As a part of CNG expansion program, an approx. 6 kms of steel pipeline was laid and commissioned in Delhi with an objective of increasing dispensing capacity of the existing stations. Besides addition of 7 new stations, 3 existing CNG daughter booster stations were converted to on-line for providing better fuelling facilities to the vehicles.

The estimated number of vehicles running on CNG in Delhi as on 31st March 2007 was more than 1,50,000 including 12,000 buses and 60,000 private vehicles.

PNG BUSINESS:

The Company has extended the piped natural gas distribution infrastructure to the new areas in Delhi which include Paschim Vihar, Vikaspuri, Munirka (DDA), Munirka Vihar, Munirka Enclave, Pitampura (DDA), Rohini (Sectors 15 & 18), Moti Bagh (North West & South West), Sadiq Nagar and R. K. Puram (Sector 9).



Shri Murli Deora, Hon'ble Union Minister of Petroleum & Natural Gas and Smt. Sheila Dikshit, Hon'ble Chief Minister of Delhi at the inauguration of IGL Bhawan along with Shri Ashok Sinha, Chairman & Managing Director, BPCL, Dr. U.D. Choubey, present Chairman, IGL, Shri Om Narayan, Managing Director, IGL and Shri Manmohan Singh, Director (Commercial), IGL.

During 2007-08, the Company plans to extend its PNG distribution network to Dwarka, Janakpuri, Dilshad Garden, Sarita Vihar and CPWD areas of Pushp Vihar, Aram Bagh, Bharati Nagar besides providing connections to new customers in the existing network areas.

As on 31st March 2007, the Company has provided PNG connections to over 75,000 domestic and 300 commercial customers.

R-LNG BUSINESS:

In 2005-06, the Company had made a beginning in the industrial segment by starting supply of Re-gasified Liquid Natural Gas (R-LNG) to industrial consumers.

During the year 2006-07, your Company entered into an agreement with GAIL (India) Ltd. to buy gas on spot basis and discussions are at advanced stages with many potential customers to market this gas on retail basis.

FUTURE OUTLOOK

NCT OF DELHI

Your Company has drawn out plans to consolidate its presence in the NCT of Delhi by investing Rs. 617 million during the financial year 2007-08 for CNG expansion.

CNG being an eco-friendly and economical fuel, a large number of private car manufacturers are introducing their CNG variants. In the coming years, your Company expects a large-scale conversion of private cars into CNG mode, which will give impetus to its CNG business.

In view of forthcoming Commonwealth Games in 2010, a large number of high capacity buses and Radio Taxis running on CNG are expected to be added to the public transport fleet in the Capital for the convenience of visitors.

The commercial runs of DEMU's on mix of diesel and CNG have been successful and Northern Railway has



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already approved the project to run 100 DEMU's on a mix of diesel and CNG.

Government of NCT of Delhi had issued a notification stating that except those LGVs (Light Goods Vehicles) running on national permit, only the LGVs running on clean fuel will be registered and permitted to ply in NCT of Delhi from July 1, 2006. LGV manufacturers have introduced CNG variants and are pushing the same through finance schemes.

Your Company has planned a large-scale expansion in PNG segment. A capital expenditure of Rs. 702 million has been earmarked for PNG expansion in Delhi during the Financial Year 2007-08 to provide additional PNG connections to over 70,000 domestic households.

EXPANSION PROJECTS IN NATIONAL CAPITAL REGION (NCR)

Your Company has already commenced project work for executing city gas distribution project in the NCR town of Greater Noida. Five sites have been allotted for setting up CNG stations and two CNG stations are

expected to be operational by end of 2007-08. Besides this, your Company plans to make a beginning in PNG segment by providing PNG connections to 1,500 households in the current financial year.

In Ghaziabad, your Company has initiated various steps to implement the city gas distribution project. The Company has been following-up for allotment of land from concerned authorities for commencing project execution activities. Your Company has also plans to supply CNG through retail outlets of Oil Marketing Companies (OMC's) in 2007-08.

In Haryana, your Company is planning to initiate steps to identify potential sites to commence the project activities in Sonapat by end of 2007-08 to provide green fuel in the city.

DIRECTORS RESPONSIBILITY STATEMENT

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



Dr U.D. Choubey, Chairman, IGL, breaks a coconut to mark the beginning of City Gas distribution project activities in Greater Noida.



Shri M.S. Srinivasan, Secretary, Ministry of Petroleum & Natural Gas inaugurating IGL Stall in Petrotech 2007 at Pragati Maidan.

- i) in the preparation of Annual Accounts for the financial year ended March 31st, 2007, the applicable accounting standards have been followed;
- ii) they have selected such accounting policies and applied them consistently except where otherwise stated in the Notes to Accounts 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 of the profit of the Company for the year under review;
- iii) 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; and
- iv) they have prepared the Annual Accounts for the Financial Year ended 31 March, 2007 on a going concern basis.

BOARD OF DIRECTORS

Shri Om Narayan, nominee of GAIL (India) Ltd. (GAIL) was appointed as Managing Director in place of

Shri A.K. De w.e.f. September 28, 2006.

Shri Manmohan Singh, nominee of Bharat Petroleum Corporation Ltd. (BPCL) was appointed as Director (Commercial) in place of Shri R. M. Gupta w.e.f. December 01, 2006.

Shri M. R. Hingnikar, nominee of GAIL was appointed as Additional Director and Chairman of the Board w.e.f. January 14, 2007. He ceased to be a Director and Chairman w.e.f. February 1, 2007.

Dr. U. D. Choubey, nominee of GAIL was appointed as Additional Director and Chairman of the Board w.e.f. February 1, 2007 in place of Shri M.R. Hingnikar.

Shri A. K. Purwaha, nominee of GAIL was appointed as Additional Director in place of Shri R. Suresh w.e.f. November 14, 2006. Shri A. K. Purwaha ceased to be a Director w.e.f. January 14, 2007.

Shri Ashok Sinha, nominee of BPCL ceased to be a Director and Chairman of the Board w.e.f. January 14, 2007.

Shri S. Radhakrishnan, nominee of BPCL was appointed as Additional Director w.e.f. January 14, 2007 in place of Shri Ashok Sinha.



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Shri R. Chandramohan, nominee of Government of NCT of Delhi was appointed as Additional Director in place of Shri V.S. Madan w.e.f. November 24, 2006.

Shri S. S. Dalal retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment.

The Board takes this opportunity to place on record its appreciation for valuable contribution made by Shri Ashok Sinha, Shri M. R. Hingnikar, Shri A. K. De, Shri R. M. Gupta, Shri R. Suresh, Shri A. K. Purwaha and Shri V. S. Madan during their tenure as Board Members.

AUDITORS

M/s BSR & Co., Chartered Accountants, Auditors of the Company retire at the ensuing Annual General Meeting. The Company has received a special notice under Section 225(1) of the Companies Act, 1956 from a member proposing M/s Deloitte Haskins & Sells, Chartered Accountants as the new Auditors of the Company. Necessary confirmation regarding their eligibility under Section 224(1B) has been received from M/s Deloitte Haskins & Sells. A proposal for the same shall be placed before the members at the ensuing Annual General Meeting.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed hereto.

CORPORATE GOVERNANCE

As per the requirements of the Clause 49 of the Listing Agreement with the Stock Exchanges a detailed Report on Corporate Governance is annexed as part of the Annual Report.

HUMAN RESOURCES

During the year your Company enjoyed harmonious and cordial human relations amongst all its employees. Your Company continued its HR efforts of providing developmental inputs to employees through training programmes to develop their knowledge, skills and attitudes.

There was no employee in the Company drawing remuneration more than the limits prescribed under



Shri Ashok Sinha, Chairman & Managing Director, BPCL, inaugurating IGL Stall at Special Track on 'The Challenges in Retail' organised by FICCI concurrently with Petrotech 2007.



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Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

CORPORATE AND REGISTERED OFFICE

Your Company has shifted its Corporate and Registered office to its newly constructed building at IGL Bhawan, Plot No. 4, Community Centre, Sector-9, R. K. Puram, New Delhi-110022 w.e.f. Dec. 27, 2006. The building was inaugurated by Hon'ble Minister of Petroleum & Natural Gas, Government of India and the function was presided over by Hon'ble Chief Minister of NCT of Delhi alongwith other distinguished guests.

IT INITIATIVES

The Company has implemented SAP software during the year 2006-2007 and running the same successfully. ERP has facilitated optimization of business processes and consolidation of information at the corporate level. Availability of real time data has enhanced managerial control and responsiveness to the customers.

Your Company is also in process of implementation of GIS (Geographical Information System) and Supervisory Control and Data Acquisition (SCADA) System, which will further enhance our operational efficiency.

FIRE AND SAFETY

Fire & Safety related issues are accorded top-most priority in your Company. Practical fire fighting training are imparted on a regular basis to the employees, DSM's, Station Operators, DTC Drivers and consumers of CNG and PNG at Rohini training centre having facilities for live CNG and PNG gas fire modules. Mock drills at CNG stations are also carried out to prepare for any eventualities.

Beside this, first time your Company has arranged to impart two days certified external training to all contract personnel working at CNG stations from a recognized training institute. Consumers of CNG & PNG are regularly educated about safety aspects through trainings, safety clinics, display banners and press advertisements.

Random inspections are made to check compliances of safety standards, statutory provisions & also to detect unsafe conditions arising out of gas leakage from the CNG kits in order to ascertain safety of the vehicles & the occupants.

External Safety Audit of CNG Stations and commercial customers are carried out by internationally accredited third party agencies for better compliances.

SOCIAL RESPONSIBILITY

Your Company has been continuously working towards the environment clean-up through reduction in vehicular pollution by providing eco-friendly fuel to the public transport system as well as to the private vehicles in the National Capital Territory of Delhi. The contribution made by the Company has been recognized at various national & international forums.

The Company is also providing cheaper environment friendly fuel to household consumers in the form of Piped Natural Gas (PNG) through pipelines and has constantly aimed for achieving improved customer services by supplying uninterrupted, economic and environment friendly fuel to its valued customers.

ACKNOWLEDGEMENTS

Your Directors express their gratitude to the Ministry of Petroleum & Natural Gas, Government of NCT of Delhi and Promoter Companies (GAIL & BPCL) for their continuous patronage & support throughout the year.

The Directors also acknowledge the support of all the Local bodies & Statutory Authorities like Greater Noida Authorities, DDA, MCD, NDMC, L&DO etc., Bankers, Media, Station Operators & their employees, contractors, vendors and suppliers during the year for IGL to achieve its better performance.

The Directors place on record their deep appreciation towards IGL's valued customers for their continued cooperation & support and look forward to the continuance of this relationship in future also.

The Directors wish to express their gratitude to all the shareholders for their continued trust and support.

The Directors also sincerely acknowledge the contributions made by all the employees of IGL for their dedicated services to the Company.

For and on behalf of Board of Directors

sd/-

Manmohan Singh
Director (Commercial)

sd/-

Om Narayan
Managing Director

Place : New Delhi

Date : July 26, 2007