

9th ANNUAL REPORT 2007-08

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BOARD OF DIRECTORS



Dr. U. D. Choubey
Chairman



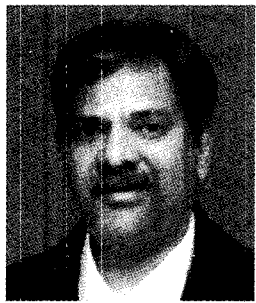
Shri Om Narayan
Managing Director



Shri Manmohan Singh
Director (Commercial)



Shri S. Radhakrishnan
Director



Shri R. K. Verma
Director



Shri S. S. Dalal
Director



Shri S. S. Rao
Director

Bankers

State Bank of India
Canara Bank
Syndicate Bank
ICICI Bank Limited
IDBI Bank Limited
Kotak Mahindra Bank Ltd.
Centurion Bank of Punjab

Auditors

M/s Deloitte Haskins & Sells
Chartered Accountants
New Delhi

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 Ninth Annual Report alongwith Audited Accounts of the Company for the year ended March 31, 2008.

PHYSICAL PERFORMANCE

During the year, the Company recorded sales as under:

(Figures in SCM)

Product	For the year	
	2007-2008	2006-2007
Compressed Natural Gas (CNG)	504,621,981	452,646,979
Piped Natural Gas (PNG)	42,860,910	36,571,849
Total	547,482,891	489,218,828

FINANCIAL RESULTS

(Rs. in Million)

ITEMS	For the year	
	2007-2008	2006-2007
Net Sales & Other Income	7294.16	6243.00
Profit before Depreciation & Tax	3234.72	2653.81
Depreciation	625.77	598.19
Profit before tax	2608.95	2055.62
Provision for tax	864.40	676.00
Profit after tax	1744.55	1379.62
Profit brought forward from previous year	2920.50	2170.22
Profit available for appropriations	4665.05	3549.84

Appropriations: -

Proposed dividend	560.00	420.00
Corporate dividend tax	95.17	71.38
Transferred to general reserve	174.45	137.96
Profit carried forward	3835.43	2920.50
	4665.05	3549.84



A View of Mega CNG Station at Jail Road



Shri Om Narayan, Managing Director, Presenting the Dividend Cheque for 2006-2007 to Shri Tejendra Khanna, Hon'ble Lt. Governor of Delhi

FINANCIAL REVIEW

The Company has been showing consistently good financial performance both in terms of turnover and profitability. Gross turnover increased by 14.5% from Rs.7137.86 million in year 2006-07 to Rs 8169.27 million in year 2007-08. Profit After Tax also went up by 26.4% from Rs 1379.62 million in 2006-07 to Rs.1744.55 million in 2007-08.

DIVIDEND

Your Directors are pleased to recommend higher dividend of 40% (Rs 4 per share) as against 30% (Rs 3 per share) in the last year. The proposed dividend including corporate dividend tax would absorb Rs.655.17 million.

PERFORMANCE HIGHLIGHTS

CNG BUSINESS:

Your Company further augmented its CNG distribution infrastructure during the year. The total number of CNG stations increased from 153 in March 2007 to 163 in March 2008, which included 69 mother stations, 46 online stations, 46 daughter booster stations and

2 daughter stations. The installed compression capacity went up from 20.18 Lakh Kg/day in March 2007 to 20.76 Lakh Kg/day in March 2008.

The estimated number of vehicles running on CNG in Delhi as on 31st March 2008 was more than 2,25,000 including 12,000 buses and 123,000 private vehicles.

PNG BUSINESS:

The Company has extended the Piped Natural Gas distribution infrastructure to the new areas in Delhi which include Sarita Vihar, Jasola, Dwarka (Sector- 1 to 12), Rohini, Pitampura, Janakpuri, Maya Enclave, Saket, Hauz Khas, Paschim Vihar, Vikaspuri, Dilshad Garden, Mayur Vihar, Vasant Kunj, Pushp Vihar, Aram Bagh, Nivedita Kunj and Vasant Vihar.

During 2008-09, the Company plans to extend its PNG distribution network to Shalimar Bagh, Vikaspuri, Meerabagh, Ashok Vihar, Dwarka (Sector- 13 to 19), GTB Enclave, Vivek Vihar, Yojna Vihar, Anand Niketan, Shanti Niketan, Defence Colony, Safdarjung Enclave, SDA, Kalkaji, President Estate and NDMC staff quarters besides providing connections to new customers in the existing network areas.



Shri G. S. Patnaik, Principal Secretary (Home), Govt. of NCT of Delhi cuts a ribbon to mark the commencement of PNG supply in the Tihar Jail Complex

As on 31st March 2008, the Company has provided PNG connections to over 122,000 domestic and 300 commercial customers.

R-LNG BUSINESS:

The Company has been supplying Re-gassified Liquid Natural Gas (R-LNG) to 16 industrial consumers. Your Company is further exploring new gas supply sources for meeting the demand of this segment.

FUTURE OUTLOOK

NCT OF DELHI

Your Company has drawn out plans to consolidate its presence in the NCT of Delhi by investing Rs. 1288 million during the financial year 2008-09 for CNG expansion.

CNG being an eco-friendly and economical fuel, a large number of private car manufacturers are introducing their CNG variants. There is a large-scale conversion of private cars into CNG mode. The recent increase in prices of petrol and diesel will give further impetus to 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.

Your Company has planned a large-scale expansion in PNG segment. A capital expenditure of Rs. 633 million has been earmarked for PNG expansion in Delhi during the Financial Year 2008-09 to provide additional PNG connections to over 50,000 domestic households.

EXPANSION PROJECTS IN NATIONAL CAPITAL REGION (NCR)

The Company has planned capital investment of Rs. 781 million for its expansion projects in the NCR towns of Noida, Greater Noida & Ghaziabad.

The Company started project execution activities in the town of Noida in October 2007, after getting NOC from the UP Government. In Noida, steel pipeline of 12 kms has already been laid down and 2 CNG stations are expected to be operational by October, 2008.

The Company has also laid 22 kms of steel pipeline in Greater Noida and 2 CNG stations are expected to be operational by December, 2008. Besides, providing CNG, the Company has also made plans to start supply of PNG to households in Noida and Greater Noida.

MOP&NG has allocated APM gas of 0.2 MMSCMD for the district of Gautam Budh Nagar, which will meet the gas requirement for the towns of Noida & Greater Noida.

In Ghaziabad, your Company has been allotted 2 sites for CNG stations for which project execution activities shall commence after necessary Regulatory approvals. Your Company has also plans to supply CNG through retail outlets of Oil Marketing Companies (OMC's) in 2008-09.

In Haryana, your Company has decided to go ahead with JV model for setting up City Gas Distribution Projects in the towns of Sonapat & Panipat. M/s. Siti Energy Limited has been identified as JV partner for these towns and work is planned to be started after getting necessary Regulatory approvals.

DIRECTORS RESPONSIBILITY STATEMENT

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

- i) in the preparation of Annual Accounts for the financial year ended March 31, 2008, 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 31st March, 2008 on a going concern basis.



Dr U.D. Choubey, Chairman, IGL, breaks a coconut to mark the beginning of Pipeline Laying activities in Noida



Foundation Stone Laying of Central PNG Control Room at Kaka Nagar by the Chairman Dr. U. D. Choubey

BOARD OF DIRECTORS

Shri D. M. Spolia, nominee of Government of NCT of Delhi was appointed as Additional Director in place of Shri R. Chandramohan w.e.f. September 20, 2007.

Shri R. K. Verma, nominee of Government of NCT of Delhi was appointed as Additional Director in place of Shri D.M. Spolia w.e.f. March 26, 2008.

Shri S. S. Rao and Shri S. Radhakrishnan retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

The Board takes this opportunity to place on record its appreciation for valuable contribution made by Shri R. Chandramohan and Shri D. M. Spolia during their tenure as Board Members.

AUDITORS

M/s Deloitte Haskins & Sells, Chartered Accountants, Auditors of the Company retire at the ensuing Annual General Meeting and being eligible, offers themselves for reappointment.

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

FIRE AND SAFETY

Fire & Safety related issues are given 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.

External Safety Audit, Hazard & Risk assessment of CNG Stations and PNG installations are carried out by third parties and recommendations / observations are complied with.

It is a result of utmost safety concern followed in your Company that it has crossed 38 million man-hours without any reportable lost time accident.

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.

During the year, as a part of Corporate Social Responsibility programme, your Company contributed to various NGOs working in the field of health and welfare.

ACKNOWLEDGEMENTS

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

The Directors also acknowledge the support of all the Local Authorities, Bankers, Media, Station Operators & their employees, contractors, vendors and suppliers.



A PNG Customer Service Camp in progress

The Directors place on record their deep appreciation towards IGL's valued customers for their continued patronage & 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 : June 18, 2008



Shri L. Mansingh, Chairman (PNGRB) and Shri B. S. Negi, Member (PNGRB) visiting a District Regulatory Station (DRS) of IGL