

Clean energy solution
for a green future

13th Annual Report
2011-12

INDRAPRASTHA GAS LIMITED

VISION

To be the leading clean energy solutions provider, committed to stakeholder value enhancement, through operational excellence and customer satisfaction.

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Letter from Chairman, IGL



Dear co-owners,

With its vision firmly in place, your Company **sustained its growth momentum both in financial and physical numbers** in the financial year ended March 31, 2012. Gross Turnover of ₹ 2790 Crores and Profit After Tax (PAT) of ₹ 306 Crores increased by 43% and 18% respectively over the previous year of 2010-11. In terms of Sales volume the growth was 22.3% as compared to previous year.

It gives me pleasure to share with you that in its journey of over 13 years, your Company continued to support and implement best practices in all the areas of operations and has built up a high quality City Gas Distribution (CGD) infrastructure in Delhi and National Capital Region (NCR). As on March 31, 2012, your Company was providing Compressed Natural Gas (CNG) to over 5,50,000 vehicles, Piped Natural Gas (PNG) to 3,30,000 domestic households and around 860 commercial & industrial customers. Your Company's success story of multifold business growth and ever-growing customer base has been recognized from time to time and recently it was declared **winner in the category of Urban Infrastructure at the coveted Infrastructure Excellence Awards 2012.**

The landscape in City Gas Distribution is changing under the regulatory regime and competitive environment. In the face of the complex and changing macro-economic scenario, your Company can not be complacent about its past achievements and is gearing up to meet the new challenges and seize emerging opportunities. Towards this direction, your Company has already drawn comprehensive plans to consolidate and expand its infrastructure robustly in National Capital Territory (NCT) of Delhi and NCR by investing over ₹ 500 Crores during the financial year 2012-13. Your Company also **endeavors to broaden its geographical spread** by implementing CGD operations in new geographies by self or through strategic business alliances. The Company is also exploring business opportunities in renewable energy segments within the wider gamut of clean energy solutions.

With the projected rise in share of natural gas in energy basket, your Company is destined to grow in green energy space. As a responsible corporate citizen, your Company takes pride in building a cleaner and greener future for Delhi and NCR through supply of natural gas which is least polluting among all the fossil fuels.

Your Company has **customer centric approach** and strives to bring continuous improvement in delivery of its products. One amongst several initiatives to enhance customer relationship, your Company has provided the **facility of interactive Customer Portal** to enhance customer experience with IGL. Your Company is also working for promoting **wider use of gas applications** in new areas such as gas geysers, water heaters and co-generation.

Your Company gives due **emphasis to good corporate governance practices** and has followed an inclusive approach recognizing that stakeholders such as the community in which the Company operates, its customers, its employees and its suppliers need to be considered when developing the strategy of a Company.

Your Company has a talented pool of Human Resource and it is their untiring efforts that have ensured continuous advancement of the Company. As the Company grows in size and complexity, there would be a need to have a trained pool of skilled and experienced manpower. Your Company is committed to provide its employees ample opportunities for career growth and learning which will go a long way in retaining talent. Your Company is also recognizing the importance of Information Technology (IT) in today's business environment and is **continuously upgrading IT systems** and usage in its area of operations.

Your Company has given **utmost priority to Health Safety & Environment (HSE)** and is committed to provide reliable and safe operations to the customers. Your Company has implemented best HSE practices and has been upgrading manpower skills towards HSE awareness and compliances through continuous training.

As a part of Corporate Social Responsibility (CSR) programme, apart from other initiatives, your Company has been sponsoring coaching for professional courses for meritorious students from economically backward sections of the society.

This Annual Report gives you a closer look at IGL's all round achievements in the year 2011-12, and a glimpse at our goals for the future.

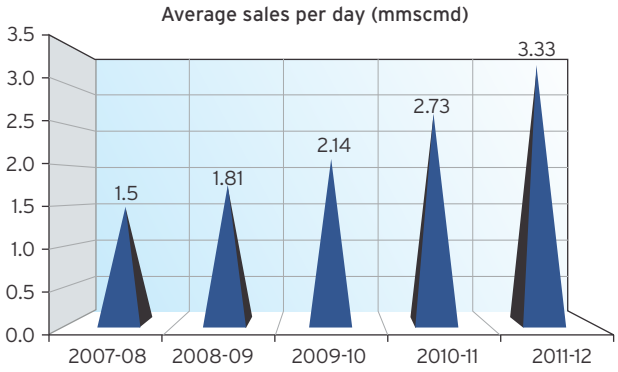
I am confident that with your support and trust in us, your Company would achieve new heights in times to come.

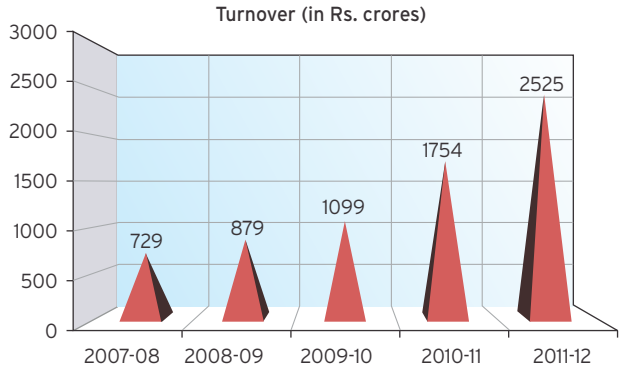
With best wishes,

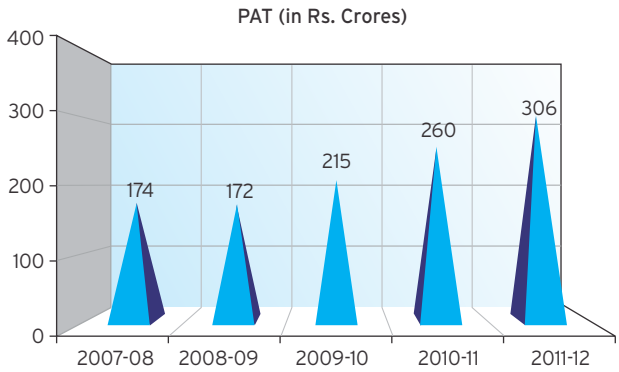
Yours sincerely

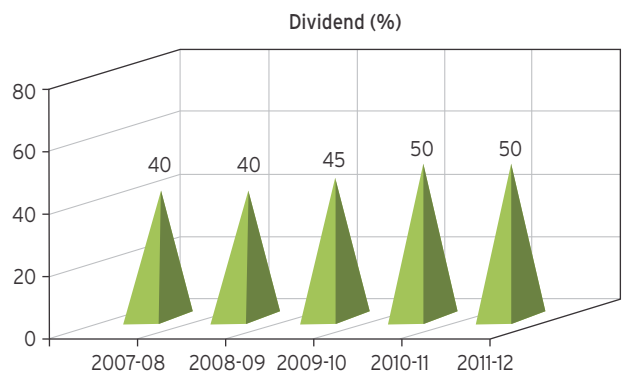
(S. Venkatraman)
Chairman

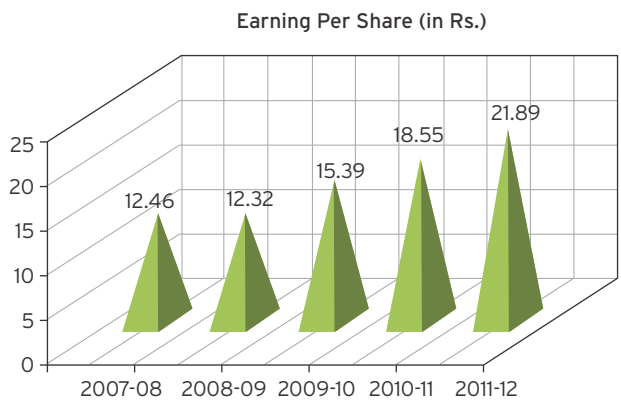
Financial Highlights











Board of Directors



Shri S. Venkatraman
Chairman



Shri M. Ravindran
Managing Director



Shri Manmohan Singh
Director (Commercial)



Shri K. K. Gupta
Director



Shri R. Chandra Mohan
Director



Shri S. S. Rao
Director



Prof. V. Ranganathan
Director

Bankers	• Canara Bank • ICICI Bank Limited • IDBI Bank Limited • State Bank of India • Axis Bank Limited • Kotak Mahindra Bank Limited • HDFC Bank Limited
Statutory Auditors	M/s Deloitte Haskins & Sells
Cost Auditors	M/s Chandra Wadhwa & Co.
Company Secretary	Shri S. K. Jain
Registered Office	IGL Bhawan, Plot No. 4, Community Centre Sector 9, R K Puram, New Delhi - 110022

Directors' Report

TO,

THE MEMBERS

Your Directors have pleasure in presenting the Thirteenth Annual Report alongwith Audited Accounts of the Company for the year ended March 31, 2012.

PHYSICAL PERFORMANCE

During the year, the Company recorded sales as under :

Figures in Million Standard Cubic Meters (mmscm)

Product	For the Year		%
	2011-12	2010-11	Growth (YoY)
Compressed Natural Gas (CNG)	937.55	817.76	14.6
Piped Natural Gas (PNG)	282.45	179.89	57.0
Total	**1220.00**	**997.65**	**22.3**
Average Sales Per day (mmscmd)	3.33	2.73	

FINANCIAL RESULTS

(Rs. in Crores)

ITEMS	For the Year	
	2011-2012	2010-2011
Net Sales & Other Income	2525.34	1753.55
Profit before Depreciation & Tax	593.30	488.58
Depreciation	143.21	102.87
Profit before tax	450.09	385.71
Provision for tax	143.66	125.94
Profit after tax	306.43	259.77
Profit brought forward from previous year	746.17	593.73
Profit available for appropriations	**1052.60**	**853.50**
Appropriations:		
Proposed dividend	70.00	70.00
Corporate dividend tax	11.35	11.35
Transferred to general reserve	30.64	25.98
Profit carried forward	940.61	746.17
	1052.60	**853.50**



Shri M. Ravindran, Managing Director, Shri Manmohan Singh, Director (Commercial) and Shri Manjeet Singh, VP (E&P) receiving the Infrastructure Excellence Award 2012 for Urban Infrastructure on behalf of IGL for the project – City Gas Distribution in Delhi and NCR from Shri Kamal Nath, Union Minister for Urban Development.



Shri Rajesh Vedvyas, then Managing Director and Shri Manmohan Singh, Director (Commercial), along with senior IGL officials present the dividend cheque for 2010-11 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. During the year, gross turnover of the Company increased by 43% from Rs. 1951.50 crores in year 2010-11 to Rs. 2790.10 crores in the year 2011-12. Profit after tax also went up by 18% from Rs. 259.77 crores in 2010-11 to Rs. 306.43 crores in 2011-12.

DIVIDEND

Your Directors are pleased to recommend dividend of 50% (Rs. 5 per share) as paid in the last year. The proposed dividend including corporate dividend tax would absorb Rs. 81.35 crores.

PERFORMANCE HIGHLIGHTS

COMPRESSED NATURAL GAS BUSINESS

During the year, your Company augmented its CNG distribution infrastructure by enhancing the capacity of existing stations and adding new stations. The number of stations went up from 278 in March 2011 to 308 in March 2012, which included 258 stations in Delhi and 50 stations in National Capital Region (NCR). By capacity enhancement as well as new stations, the installed compression capacity went up by 16.5% from 51.13 Lakhs Kg/day in March 2011 to 59.56 Lakhs Kg/day in March 2012.

New concept of cluster buses took off in NCT of Delhi and 238 cluster buses were operational in March 2012.

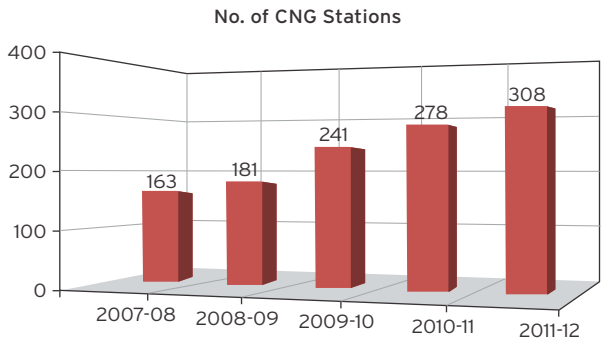
The estimated number of vehicles running on CNG in Delhi and NCR as on 31st March 2012 was over 5,50,000 including 17,000 buses and around 3,20,000 private vehicles.

PIPED NATURAL GAS BUSINESS

PNG - Domestic Connections

A major thrust has been given to the expansion of Piped Natural Gas (PNG) network in Delhi and NCR i.e. Gautam Budh Nagar (Noida, Greater Noida) and Ghaziabad.

Your Company has increased its steel pipeline network from 420 kms in FY 2010-11 to 575 kms by laying additional 155 kms of Steel pipeline during the FY 2011-12.



For PNG domestic connections, Delhi has been divided into 70 areas (each area is equivalent to MLA constituency). The pipeline network is already extended to 56 areas and work is in progress to extend the network to the remaining areas. During the year, your Company has extended the PNG network in various localities in Delhi, namely:

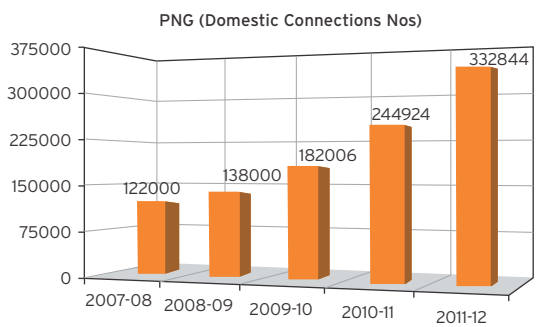
- North Delhi – Rohini (Sectors 15-18, 20-25), B D Estate, Civil Lines, Kamla Nagar, Roop Nagar, Shastri Nagar, Kalyan Nagar, Gulabi Bagh, Nimri Colony, Timarpur, Mukherjee Nagar.
- South Delhi – Vasant Kunj (remaining areas), East of Kailash, Vikram Vihar National Park, Sheikh Sarai Ph-I, Green Park Extension, Saket (remaining areas), Qutub Institutional Area, Shivalik, Geetanjali Enclave, Navjeevan Vihar.
- West Delhi – Dwarka (remaining areas), Nangloi, Bakarwala, Loknayak Puram, Janakpuri (remaining areas), Vaishali (Dabri), Hari Nagar (remaining areas).
- East Delhi – East Guru Angad Nagar, Mayur Vihar Phase-III (C1&2, B1-B8, D1&2), Vivek Vihar –ITI Quarters, BSNL Quarters.
- Central Delhi – Karol Bagh, Rajouri Garden, B-Block, Rajinder Nagar(old &new), NDMC areas (remaining areas), Minto Road, Defence Colony, Siddhartha Enclave.

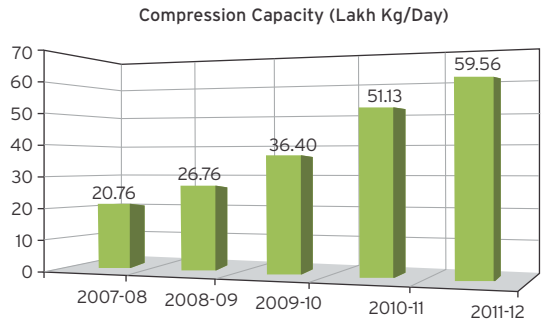
In Noida, your Company during the year has extended the PNG supply to Sectors- 11, 15-A, 17, 19, 20, 23, 26, 27, 30, 31, 36, 40, 41, 49, 55-60, 62, 63, 65, 67, 82 and 110.

In Greater Noida, your Company during the year has extended the PNG supply to Sectors Omega-I, Zeta-I, II and Delta-I, II,III Chai, Alpha-II, Sigma-I, II, III, Gamma-II.

In Ghaziabad, the PNG supply has been extended to Raj Nagar, Sanjay Nagar, Kavi Nagar, Patel Nagar, Shastri Nagar, Nehru Nagar, Surya Nagar, Chander Nagar, Ramprastha, Brij Vihar, Chiranjivi Vihar, Avantika, Shalimar Garden, Rajender Nagar and Nandgram.

During the year, your Company provided 53,689 PNG connections in Delhi & 34,231 PNG connections in NCR and the total number of connections went up from 2,44,924 in March 2011 to 3,32,844 in March 2012. Addition of 87920 domestic PNG connections is the highest addition in a Financial Year in the history of the Company.





Your Company has increased its MDPE network from 4419 kms in FY 2010-11 to 6479 kms in FY 2011-12 by adding 2060 km MDPE pipelines.

PNG – Commercial & Industrial

During the year, the Company gave a major thrust to boost the sales volume of Commercial and Industrial customers. In Delhi and NCR, the total number of commercial customers increased from 463 in March 2011 to 639 in March 2012 and industrial customers from 68 in March 2011 to 223 in March 2012. During the year 2011-12, the sales volume from industrial & commercial customers grew by 71% over the previous year.

In Delhi, the Company has expanded its pipeline network to industrial areas like Wazirpur, Jahangirpuri, Narela, Okhla, Nangloi, Mangolpuri, Naraina, Kirti Nagar, Bawana, Mundka etc.

In Noida, your Company has expanded its pipeline network to industrial areas of Sector 57, 58, 59, 63, 65 and 67. In Greater Noida, your Company has expanded its pipeline network to Industrial areas of Sectors of Omega, Chai, KP-V, Industrial Area-B & C. In Ghaziabad, your Company has expanded its pipeline network to industrial area of Kavi Nagar Industrial Area, Goldhar Industrial Area, Meerut Road Industrial Area, Loni Road Industrial Area, Anand Industrial Area, Sahibabad Industrial Area (Site-IV). Pipeline laying activities are underway in the remaining major industrial areas in NCR which have huge demand potential.

REGULATORY DEVELOPMENTS

Petroleum and Natural Gas Regulatory Board (PNGRB) vide its order no. TO/03/2012 dated 9th April 2012 determined the per unit network tariff and compression charge for the CGD Network of IGL for Delhi, based on submission of data by the Company in May 2009 and certain assumptions taken by PNGRB in this regard. The tariffs determined by PNGRB were much lower than the rates submitted by the Company.

Further, PNGRB made the determined tariffs applicable with retrospective effect from 01st April 2008. In its order PNGRB stated that the modalities and time frame for refund of differential Network Tariff and Compression Charge shall be decided subsequently.

IGL filed a writ petition on 10th April 2012 against the order of PNGRB challenging the vires of Network Tariff

Regulations and order dated 9th April 2012 before the Hon'ble Delhi High Court.

The Hon'ble Delhi High Court in its judgement delivered on 1st June 2012 has held that PNGRB is not empowered to fix or regulate maximum retail price at which gas is to be sold by IGL to its consumers. The judgement has also held that the Board is not empowered to fix any component of Network Tariff and Compression Charge for any entity like IGL having its own distribution network. The Hon'ble Court has quashed PNGRB Order dated 9th April 2012.

FUTURE OUTLOOK

Your Company has drawn out plans to further consolidate its presence in Delhi and NCR by investing over Rs. 500 crores during the financial year 2012-13.

In CNG, the new concept of Private Bus Cluster introduced by Government of Delhi is expected to reach 1,000 buses by the end of 2012-13. Decision of Delhi Government to introduce 45,000 new auto rickshaws will add to volume in sales. The growth in private car owners segment is expected to maintain the trend of previous years.

Your Company has aggressive plans to expand its pipeline infrastructure to increase the coverage and penetration of the network. It shall be the continuous endeavour to expand fast the customer base on both industrial & commercial and domestic fronts.

The pipeline expansion plans have been aligned with development of industrial belts in coming years in NCT of Delhi & NCR cities of Noida, Greater Noida and Ghaziabad. Your Company has made plans to expand pipeline network to take advantage of the recent notification of regulations and guidelines for redevelopment of industrial clusters in NCT of Delhi which will witness substantial improvement in their infrastructure & facilities. Endeavours will be made to realize full market potential by tapping gas volumes from industries, predominantly Small Scale Industries, which will come up during the redevelopment phase in notified clusters of NCT of Delhi.

Your Company also has plans to provide PNG supplies to upcoming industrial belts along Delhi Mumbai Railway Freight Corridor in Dadri Noida Ghaziabad Investment Zone and part of Ludhiana Kolkata freight corridor which will pass through Ghaziabad District.

Your Company alongwith Delhi Jal Board (DJB) and a group Company of Bharat Forge, M/s KG Renewables Limited has signed an MOU to set up a Pilot Project for production of Compressed Natural Gas (CNG) out of Sewage Treatment Plant (STP) situated at Keshopur, Delhi. The project includes



Shri R.P.N. Singh, Union Minister of State for Petroleum & Natural Gas inaugurates IGL stall at the 6th Asian Gas Partnership Summit in the presence of Shri S. Venkatraman, Chairman and Shri M. Ravindran, Managing Director.



Shri P.K. Tripathi, Chief Secretary, Govt. of NCT of Delhi and HE Shri Lars - Olof Lindgren, Ambassador of Sweden to India along with Shri S. Venkatraman, Chairman and Shri M. Ravindran, Managing Director at the signing of MoU with Delhi Jal Board towards developing India's first CBG (Compressed Biogas) plant to convert waste into CNG.

converting Sewage Gas generated from STP's to usable Energy which can be utilized for fueling CNG vehicles. Detailed Feasibility Report (DFR) is under preparation to evaluate the techno-commercial feasibility of the project.

INFORMATION TECHNOLOGY

Your Company has taken initiatives for Disaster Recovery and Business Continuity planning. This Project is in advance phase and scheduled to be completed during the financial year 2012-13. This will help your Company to continue its business during and after any disaster.

Your Company has implemented customer portal which includes CRM (Customer Relationship Management) functionalities last year. This portal extends facilities such as online PNG bill viewing & payment, complaint logging etc. as self service to customers. This system also provides common platform for IGL employees, customers and third parties to work collaboratively and achieve greater customer satisfaction. Your Company is continuously making efforts to improve and reap more benefits from this system.

Apart from this, your Company has also taken initiative for technology enhancement at primary data centre alongwith up-gradation of SAP (ERP System). An initiative has also been taken for advanced surveillance of CNG stations.

GIS (Geographical Information System) Project which has been taken up for effective Asset Management, Network Planning and Operations Management is in advance phase and is scheduled to be completed during the financial year 2012-13.

HUMAN RESOURCES

During the year, your Company enjoyed harmonious and cordial human relations among all its employees. Your Company inducted employees at entry level from various premier technical institutes / colleges to infuse new talent in the workforce of the Company. There has been a continuous emphasis on building capabilities & learning of all employees aimed at better organizational performance.

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.

HEALTH SAFETY AND ENVIRONMENT (HSE)

Your Company has always accorded top most priority to Fire and Safety related issues. To maintain a good safety culture throughout the Company, continuous efforts have been made.