14th Annual Report

2012-13

Progress through Customer Satisfaction






INDRAPRASTHA GAS LIMITED

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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 Shareowners,

I am pleased to share with you that your Company continued its journey of sustained growth both in financial and physical numbers during the financial year 2012-13 despite a challenging business environment. During the year, Gross Turnover of Rs.3724 Crores and Profit After Tax (PAT) of Rs. 354 Crores increased by 33% and 16% respectively over the previous year of 2011-12. In line with its good performance, the Board of Directors has recommended higher dividend of 55% (Rs 5.50 per share) as against 50% (Rs. 5 per share) paid in the last year.

It is a matter of great satisfaction that your Company has sustained its leadership in the sector and has already established itself firmly as a pioneer in City Gas Distribution (CGD) business in the country. As on March 31, 2013, your Company was providing Compressed Natural Gas (CNG) to 6.5 Lakhs vehicles, Piped Natural Gas (PNG) to 3.9 Lakhs domestic households and 1382 Commercial & Industrial Customers and these numbers are constantly increasing. It is a sense of achievement for your Company that it was declared as **winner in the category of Infrastructure Development at India Pride Awards, 2012-13.**

The fast changing macro-economic scenario and regulatory framework create challenges for us to operate in an effective and socially responsible manner. The fluctuations in Forex rates and in International Crude prices have a direct impact on the cost of sourcing of gas by the Company. Assured supply of gas at an affordable price to customers is critical for our business and your Company is making continuous efforts in this direction.

In this emerging competitive environment your Company will continue its drive for growth both in NCT of Delhi and NCR. Your Company has drawn out plans to further consolidate its presence in Delhi & NCR by investing over Rs.400 Crores during the financial year 2013-14. Recently your Company has acquired 50% stake in **Central UP Gas Limited (CUGL)**, a Company engaged in City gas Distribution business in the cities of Kanpur and Bareilly in Uttar Pradesh. Your Company is looking forward for such strategic business opportunities to mark its presence in other cities and strengthen its growth opportunities.

Your Company is having a **customer centric approach** and is committed for customer satisfaction. The Company is constantly making efforts to improve its services to the customers as "the pursuit of **customer delight is a constant process ... It never ends.**" During the year, a major IT initiative was taken to improve customer services by upgrading the customer portal with enhanced features. Your Company has extended the customer services to commercial & industrial segment also through customer portal.

Your Company has put into motion a number of initiatives aimed at improved operational efficiencies, maximum utilization of resources and good Corporate Governance Practices by strengthening the system & procedures. The Company has already worked out plans for optimum utilization of Compression Capacity, reduction in Operation & Maintenance (O&M) cost, better inventory management and implementation of various cost control measures.

Your Company has always ensured to add value to its pool of human talent and fully committed to developing the potential of this resource as that really creates a win-win situation not only for the employees and the Company, but also for all the other stakeholders. The Company has taken various **HR initiatives like formulation of various welfare schemes for the employees**. There has been emphasis on employees training to enhance their competencies aimed at better organizational performance.

Your Company has always accorded top most priority to Fire and Safety related issues and **maintained highest standards of Health, Safety and Environment (HSE)**. To keep up a good safety culture throughout the Company, continuous efforts have been made. Regular training is being imparted to the employees and contract staff at CNG Stations, DTC Drivers and consumers of CNG and PNG. Emergency Control Centres (ECC) are also established at strategic locations across Delhi & NCR and manned round the clock.

Your Company is **fully conscious of its Corporate Social Responsibilities** and has identified Health & Environment, Education and Care & Empowerment of underprivileged as thrust areas. Apart from other initiatives your Company is also sponsoring coaching for professional courses for meritorious students from economically backward sections of the society. A group accident insurance policy for all segments of CNG run public transport drivers including auto, taxi, bus and goods carriers, is being introduced by your Company under its CSR initiative to support their families.

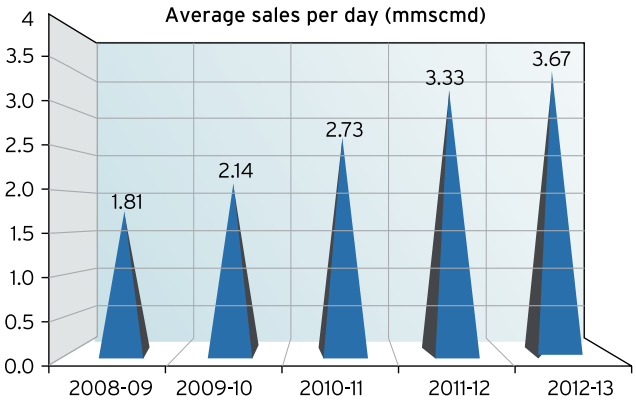
I am grateful to you for your support and the trust bestowed upon us and look forward to the same in greater measures in the years ahead.

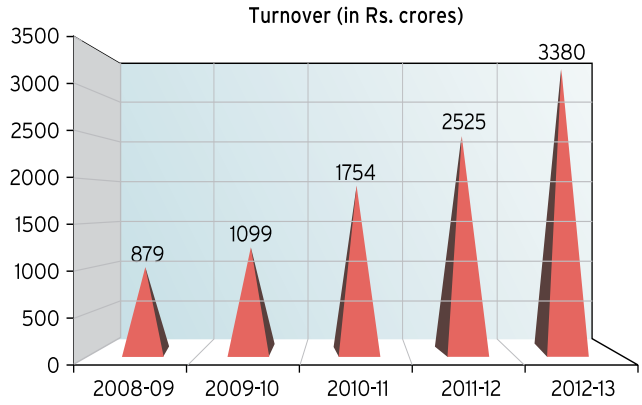
With Best Wishes,

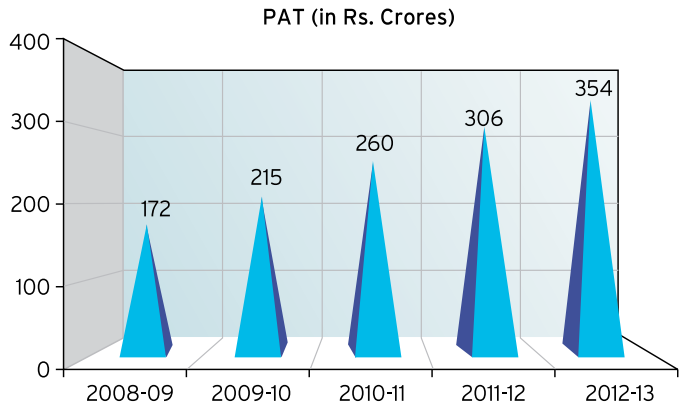
Yours sincerely

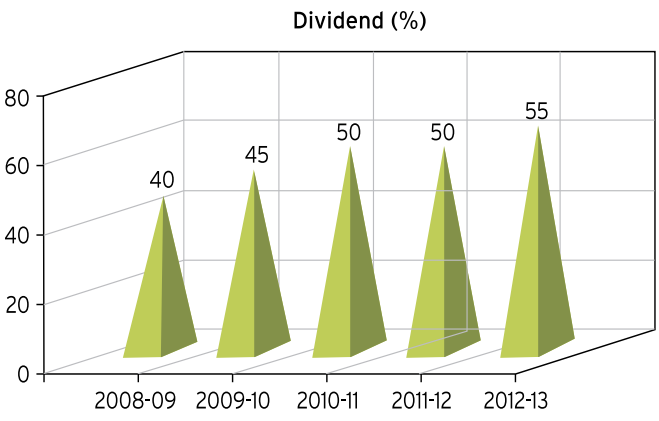
(K.K. Gupta)
Chairman

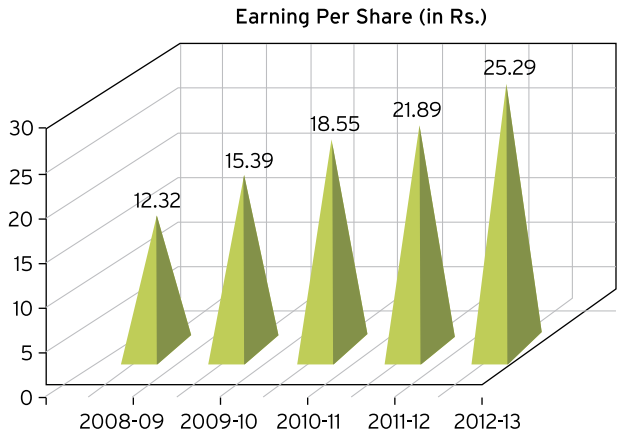
FINANCIAL HIGHLIGHTS











Board of Directors



Shri K. K. Gupta
Chairman



Shri Narendra Kumar
Managing Director



Shri Rajesh Chaturvedi
Director (Commercial)



Shri Rajeev Mathur
Director



Shri Puneet K. Goel
Director



Shri S.S. Rao
Director



Prof. V. Ranganathan
Director



Shri Santosh Kumar
Director

Bankers	ICICI Bank Limited • IDBI Bank Limited • State Bank of India • Axis Bank Limited Kotak Mahindra Bank Limited • HDFC Bank Limited • IndusInd 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

TO,

THE MEMBERS

Your Directors have pleasure in presenting the Fourteenth Annual Report alongwith Audited Accounts of the Company for the year ended March 31, 2013.

PHYSICAL PERFORMANCE

During the year, the Company recorded sales as under :

Figures in Million Standard Cubic Meters (mmscm)

Product	For the Year		% Growth (YoY)
	2012-2013	2011-2012	
Compressed Natural Gas (CNG)	1004.92	937.55	7.2
Piped Natural Gas (PNG)	332.83	282.45	17.8
Total	**1337.75**	**1220.00**	**9.7**
Average Sales Per day (mmscmd)	3.67	3.33	

FINANCIAL RESULTS

(Rs. in Crores)

ITEMS	For the Year	
	2012-2013	2011-2012
Net Sales & Other Income	3379.89	2525.34
Profit before Depreciation & Tax	714.85	593.30
Depreciation	186.66	143.21
Profit before tax	528.19	450.09
Provision for tax	174.06	143.66
Profit after tax	354.13	306.43
Profit brought forward from previous year	940.61	746.17
Profit available for appropriations	**1294.74**	**1052.60**
Appropriations:		
Proposed dividend	77.00	70.00
Corporate dividend tax	13.08	11.35
Transferred to general reserve	35.41	30.64
Profit carried forward	1169.25	940.61
	1294.74	**1052.60**



Shri M. Ravindran, then Managing Director receiving India Pride Award 2012 - 13 for Infrastructure Development from Dr. M. Veerappa Moily, Hon'ble Union Minister for Petroleum and Natural Gas, Government of India on behalf of IGL.



Shri M. Ravindran, then Managing Director and Shri Manmohan Singh, then Director (Commercial), presenting the dividend cheque for 2011 – 12 to Shri Tejendra Khanna, then Hon'ble Lt-Governor of Delhi in presence of senior IGL officials.

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 33% from Rs. 2790.10 crores in year 2011-12 to Rs. 3724.06 crores in the year 2012-13. Profit after tax also went up by 16% from Rs. 306.43 crores in 2011-12 to Rs. 354.13 crores in 2012-13.

DIVIDEND

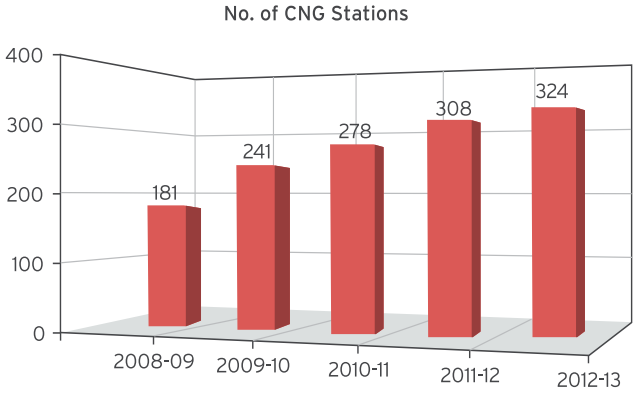
Your Directors are pleased to recommend higher dividend of 55% (Rs 5.50 per share) as against 50% (Rs. 5 per share) paid in the last year. The proposed dividend including corporate dividend tax would absorb Rs. 90.08 crores.

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 308 in March 2012 to 324 in March 2013, which included 276 stations in Delhi and 48 stations in National Capital Region (NCR). The installed compression capacity went up from 59.56 Lakhs Kg/day in March 2012 to 63.82 Lakhs Kg/day in March 2013.

New concept of CNG Station was introduced where all equipments are installed at roof top of canopy due to which more dispensing area is available at forecourt level. One such CNG Station is now in operation at Nanglamachi, Ring Road, New Delhi.



Another first, a CNG integrated compressor package unit, where all compression, dispensing & storage is within an enclosure, has been introduced. This unit requires a very small area and can take CNG refueling to customer premises such as societies, malls, offices, schools, other institutions etc. When used at aforesaid premises, this can help in decongesting the existing CNG stations.

As CNG facilities at OMCs Retail outlets contribute almost 22% of CNG retail business, your Company has entered into agreements for setting up of CNG facilities with all three Public Sector Oil Marketing Companies upto March 2015.

As route buses have gone off the road in FY 2012-2013, your Company has filled the vacuum created by exiting of route buses by executing an agreement with Delhi Integrated Multi Modal Transit System (DIMMTS) for setting up of CNG facilities for Cluster Buses at their depots for a period of ten years i.e. up to the year 2022.

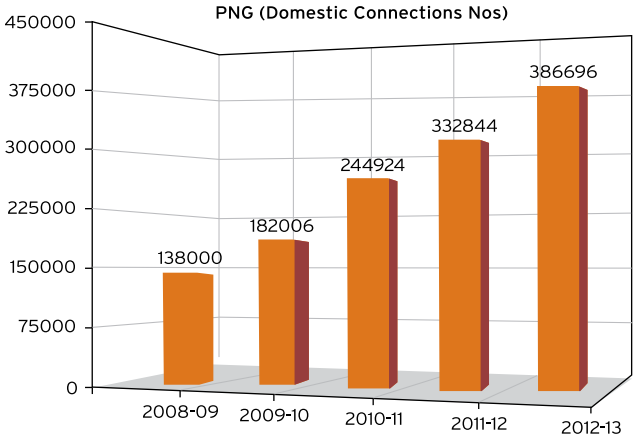
The estimated number of vehicles running on CNG in Delhi and NCR as on March 31, 2013 was over 6,48,000 including 4,20,000 private vehicles.

PIPED NATURAL GAS BUSINESS

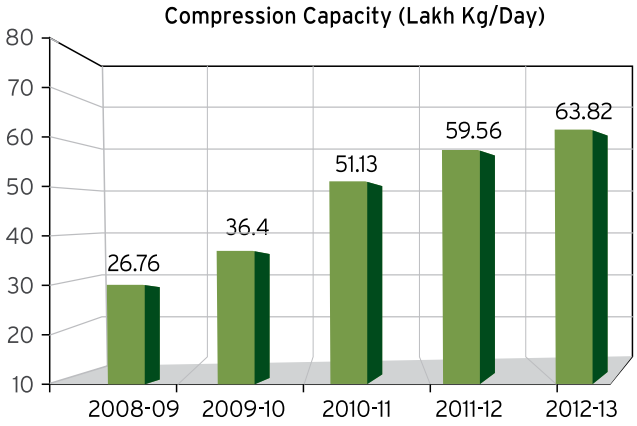
PNG - Domestic Connections

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 575 kms in FY 2011-12 to 631 kms in FY 2012-13 and MDPE network from 6479 kms in FY 2011-12 to 7783 kms in FY 2012-13.



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 63 areas and work is in progress to extend the network to the remaining areas.



During the year, your Company provided 32,322 PNG connections in Delhi & 21,530 PNG connections in NCR and the total number of connections went up from 3,32,844 in March 2012 to 3,86,696 in March 2013. A total of 53,852 domestic PNG connections were added in Financial Year 2012-13.

Your Company rolled out a major initiative to upgrade customer services by infusion of technology. You may be aware that in May 2011 customer portal was launched through which domestic PNG customers could register their complaints/service requests online and check the status of the same. The business process of customer acquisition was also integrated into customer portal from August, 2012 onwards. With this development prospective customers are now able to register their PNG connection requests online. The progress of their requests can be viewed online. On completion of process of confirmation of technical feasibility of PNG connection and after customer has made payment for PNG connection, customer can also track progress on customer portal. Further information pertaining to colony-wise & city-wise schedule of registrations is made available on the customer portal prospectively. Now all the customer requests for PNG connections received at 24 Hour Customer Care or from field marketing teams are also routed through portal and action taken on such requests is updated on the portal. With these developments the business process of domestic PNG customer acquisition has been made more convenient for the customers. Your Company received overwhelming response to this initiative from prospective customers as a large number of them registered their requests online from August 2012 onwards.

PNG – Commercial & Industrial

Your Company has maintained its focus on the Industrial and Commercial segment as one of the potential growth areas in the forthcoming years. With its concentrated efforts in the year 2012-13, the total number of commercial

customers increased from 639 in March 2012 to 964 in March 2013 and industrial customers from 223 in March 2012 to 418 in March 2013.

Your Company has expanded its pipeline network to some of the major industrial areas of Delhi and NCR i.e. Gautam Budh Nagar (Noida, Greater Noida) and Ghaziabad. Pipeline laying activities are underway in the remaining major industrial areas in NCR which have huge demand potential.

EQUITY PARTICIPATION IN CENTRAL U.P. GAS LTD. (CUGL)

As a first step for stepping outside the geographical boundaries of the NCR territory, your Company has recently acquired 50% of the paid-up equity share capital (3,00,00,000 equity shares of Rs. 10 each) of CUGL at a price of Rs. 23 per equity share aggregating to Rs. 69 crores from certain financial investor shareholders of CUGL. CUGL is engaged in City Gas Distribution in the cities of Kanpur and Bareilly in Uttar Pradesh.

REGULATORY DEVELOPMENTS

Petroleum and Natural Gas Regulatory Board (PNGRB) vide its order no. TO/03/2012 dated April 9, 2012 determined the per unit network tariff and compression charge for the CGD Network of the Company 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 April 1, 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.

Your Company filed a writ petition on April 10, 2012 against the order of PNGRB dated April 9, 2012 before the Hon'ble Delhi High Court. The Hon'ble High Court of Delhi has passed the judgement in this case on June 1, 2012 and has quashed the PNGRB order dated April 9, 2012. PNGRB has filed a special leave petition before the Hon'ble Supreme Court of India against the order dated June 1, 2012 of Hon'ble Delhi High Court. Matter is still pending in the Hon'ble Supreme Court of India.

FUTURE OUTLOOK

Your Company has drawn out plans to further consolidate its presence in Delhi and NCR by investing over Rs. 400 Crores during the financial year 2013-14.

In CNG segment, the fleet of Private Bus Cluster is expected to reach around 1000 buses by the end of 2013-14. The price differential of CNG versus alternate liquid fuel will continue to drive the conversion of petrol driven private vehicles into CNG mode. Introduction of more CNG variant models by car manufacturers will add to CNG sales.

Your Company has aggressive plans to expand its pipeline infrastructure to increase the coverage and penetration of the network. Company has taken proactive steps to increase its presence in domestic PNG segment with growth and development of newer parts of Gautam Budh Nagar. Dialogue with builders & developers are going on with an objective to provide PNG facility in upcoming residential projects before new residential units are occupied. This approach will enable your Company to utilize assets better. 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





Shri M. Ravindran, then Managing Director inaugurating the remodeled Nanglamachi CNG Station, which is the first of its kind in India having all CNG equipment installed on a RCC canopy.





IGL conducted mock drills at its CNG stations to check on the reaction time and the time taken to put a situation like this under control in the case of a disaster under the supervision of officials from Disaster Management Institute, Bhopal.

Delhi & NCR cities of Noida, Greater Noida and Ghaziabad. Your Company has expanded its pipeline network to some of the new industrial clusters planned under redevelopment guidelines in NCT of Delhi and work is underway to expand the network in the remaining areas 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) had 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. Detailed Feasibility Report (DFR) to assess techno-commercial feasibility of the project has been prepared and the same is now under third party evaluation.

INFORMATION TECHNOLOGY

Your Company has extended the customer services to commercial & industrial segment through customer portal with enhanced features.

The Company has completed technical upgradation of SAP to ERP-6.0 on new and upgraded hardware. This will provide latest technology platform for existing processes and functionalities in SAP.

The Company has set up a Disaster Recovery site hosted at remote location to enable continuity of IT operations by securing applications and database in case of any disaster. The Company has also initiated SAP functional upgrade which is the follow-on project to SAP technical upgradation performed recently. This will provide new and improved processes and functionalities.

As part of GIS (Geographical Information System) Project initiative, most of the PNG network for north and west zone of Delhi has been captured and is being used for network reference.

HUMAN RESOURCES

During the year, your Company enjoyed harmonious and cordial human relations amongst all its employees. Your Company took various HR initiatives such as revision in salary and formulation of various welfare schemes for the employees. There has been emphasis on employees training to enhance their competencies aimed at better organizational performance.

There was no employee in the Company drawing remuneration more than 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.

Regular training is being imparted to the employees, contract staff at CNG Stations, DTC Drivers and consumers of CNG and PNG. To create safety awareness and impart