



16th Annual Report 2014-15

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 Shareowners,

I am pleased to share with you that keeping with the past trend, your Company has shown good performance in the financial year 2014-15 also. The gross turnover of the Company stood at Rs.4048.58 Crores. Profit After Tax (PAT) of Rs.437.73 Crores showed an increase of 22% over the last year. Your Board has **recommended a higher dividend of**

60% i.e. Rs.6 per share against 55% (Rs. 5.50 per share) paid during the last year.

During the year 2014-15, the Company has further consolidated its infrastructure both in Delhi & NCR. The Company provided **PNG Domestic connections to over one lakh households** which is a record in the history of the Company. As on March 31, 2015, your Company was providing Compressed Natural Gas (CNG) to over 8 lakhs vehicles through a network of 326 CNG stations, Piped Natural Gas (PNG) to nearly 5.6 lakhs domestic households and around 2300 Industrial & Commercial customers.

Your Company has been expanding its footprints beyond Delhi & NCR and in this direction the Company acquired 50% stake in Central UP Gas Ltd (CUGL) in FY 2013-14. Further, the Company has also acquired 50% stake in Maharashtra Natural Gas Ltd. (MNGL) a Company having operations in Pune. The Company has also plans to participate in the bidding process of Petroleum Natural Gas Regulatory Board (PNGRB) for setting up CGD business in new cities.

Another major development which I would like to share that on July 1, 2015 Hon'ble Supreme Court of India gave a judgment in favour of your Company by dismissing the Special Leave Petition (SLP) of PNGRB in the tariff matter. This is a landmark judgment for the Company as well as for the entire City Gas Distribution (CGD) Industry. It has reimposed the confidence of all stakeholders particularly investing community in the Company.

The future prospects of CNG are promising as more number of buses, taxis and private cars are expected to be added during FY 2015-16. The Government of India has given thrust to PNG domestic connections on a mission mode. Your Company has set high targets for providing PNG connections in the future years. On positive side, the government has given top priority to CGD business in gas allocation and the entire requirement of CNG and PNG domestic business would be met through supply of domestic gas. In PNG Industrial & Commercial segment, we expect a stiff competition from alternate fuels which have become cheaper because of steep fall in crude oil prices.

Besides expansion, your Company is also conscious of customers needs and is continuously making efforts to improve its services. In this endeavour, your Company has developed new and **advanced customer centric applications** to provide user friendly experience over portal which can be accessed even on handheld devices making it convenient to have self-help related services.

Your Company continues to invest in IT initiatives such as Customer Relationship Management (CRM), Business Communication Management (BCM), Multichannel Foundation For Utilities (MCFU) which would be released shortly. These new IT applications will enable the customers to leverage the latest technology available in the market to enhance their satisfaction through portability of use, ease of operation and time saving. Apart from the above, your company has already implemented an android based mobile application "IGLCONNECT" which is available at Google store for providing self-help related services viz. bill related information, payment options, complaints, online connection requests etc.

Your Company is committed to good Corporate Governance practices and continuously making efforts to bring more transparency and accountability by strengthening the system & procedures. During the year 2014-15, the Company has obtained ISO Certification in the areas of Quality Management System, Environmental Management

System and Occupational Health & Safety Management System. The Company has also upgraded its SAP system to make it more advanced and cater to business needs in an effective manner.

Your Company has always accorded **top most priority to Fire and Safety related issues** and has focused its continual efforts to maintain a good safety culture and to improve Fire and Safety standards. It is a matter of pride that your Company has won a number of prestigious safety awards such as **Greentech Safety Award (Platinum Category), Safety Innovation Award by Institute of Engineers, Special Commendation by Golden Peacock Occupational Health & Safety Award**. It is worth mentioning here that your Company has crossed 67 Million Man Hours accident free till 31st March 2015. This is a milestone achievement resulted from continuous efforts of all working directly and indirectly for the Company.

Your Company has always given utmost importance to its human capital and realizes that the challenges of the future can be best met with competent and motivated human resources. The Company is taking various HR initiatives to add value to its pool of human talent and integration of individual goals with that of the Company. Training & Development of the employees forms an integral part of Company's policy towards achieving its objective. The Company has hired a leading consultant for compensation bench marking, 360° feedback and assessment center exercise. Assessment centers & 360° feedback will support senior management to develop additional skills. In order to encourage team work and to enhance interaction among employees various extra-curricular/sports activities are organized from time to time. The Company recognizes and appreciates the contribution of all its employees in its growth path.

During the year 2014-15, the Company revised its Corporate Social Responsibility (CSR) policy in line with the requirements of Companies Act, 2013. Health, education, environment and empowerment of women & underprivileged have been identified as thrust areas. Various CSR projects have been initiated and are being taken forward under the CSR Policy. Your Company has started the 'IGL Swasth Saarthi' – a comprehensive health management programme for auto and taxi drivers in Delhi & NCR. With the objective of covering the risk in case of accidents of drivers of CNG run public transport, your Company has bought a Group Accident insurance cover under 'IGL Suraksha Yojna'. The Company has been supporting meritorious students from underprivileged strata of society for specialised coaching for engineering entrance examination (JEE) through a scheme run by an NGO. Your Company is also contributing in 'Make in India' programme, a Skill Development programme for unemployed youth by providing technical oriented quality training. In future years besides scaling up the existing CSR projects, more new projects would be undertaken by your Company.

On behalf of the Board of Directors, I take this opportunity to thank the Government of India, Petroleum and Natural Gas Regulatory Board and all departments of the Central and State governments, our valued customers, all the authorities and agencies for their unstinted support to your Company.

I, along with my colleagues on the Board, would also like to thank each and every employee of IGL for all the hard work put in by them.

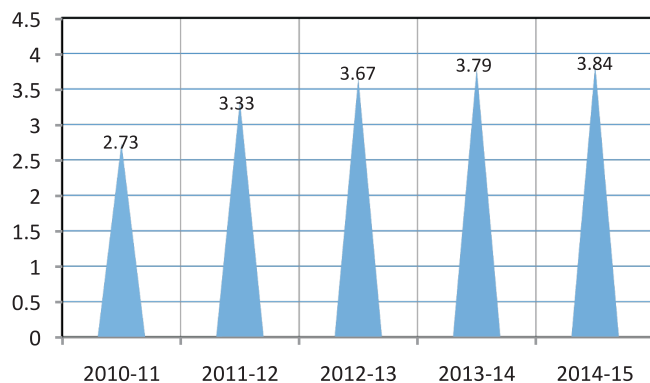
Finally, I would like to thank each one of you from IGL's family of Shareowners, for the confidence and trust reposed in us. With your support and blessings, I am confident that we can take the Company to greater heights in the days to come. I convey my appreciation and thankfulness to my colleagues on the Board for their invaluable contribution in strengthening the Company.

(M. Ravindran)
Chairman

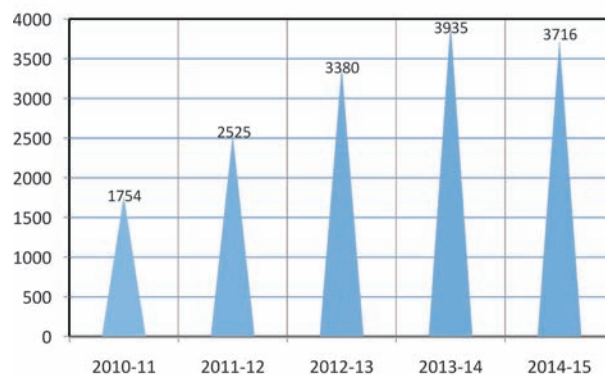


FINANCIAL HIGHLIGHTS

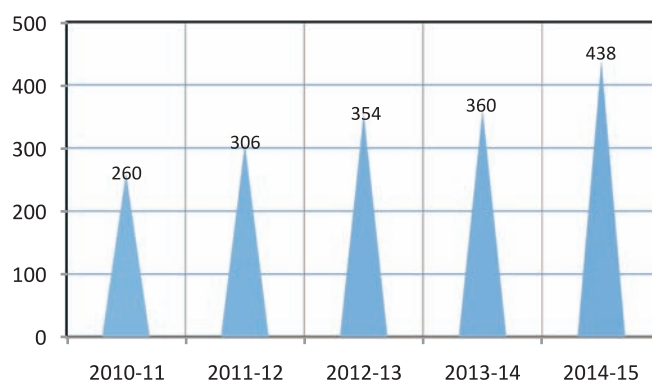
Average sales per day (mmscmd)



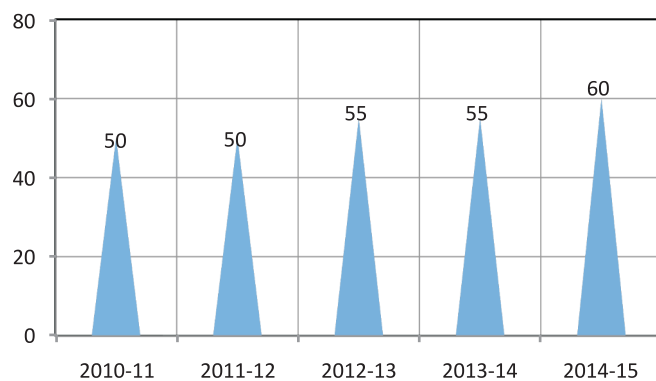
Turnover (in Rs. Crores)



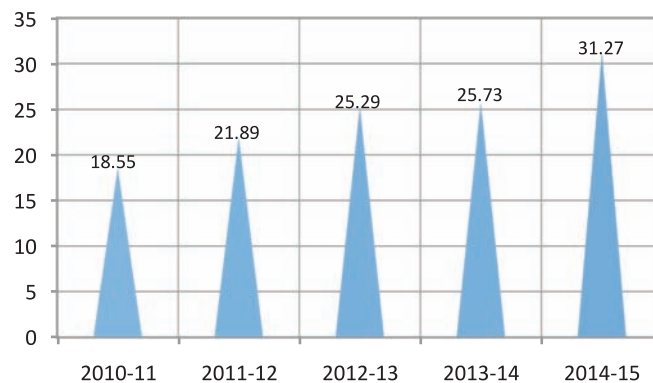
PAT (in Rs. Crores)



Dividend (%)



Earning Per Share (in Rs.)



Board of Directors



Shri M. Ravindran
Chairman



Shri Narendra Kumar
Managing Director



Shri V. Nagarajan
Director (Commercial)



Shri I.S. Rao
Director



Shri S.S. Rao
Director



Shri V. Ranganathan
Director



Shri Santosh Kumar
Director



Shri Raghu Nayyar
Director



Dr. Sudha Sharma
Director

**Smt. Gitanjali
Gupta Kundra**
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 CIN: L23201DL1998PLC097614



DIRECTORS' REPORT

TO,

THE MEMBERS

Your Directors have pleasure in presenting the Sixteenth Annual Report and the Company's audited financial statements for the financial year ended March 31, 2015.

PHYSICAL PERFORMANCE

During the year, the Company recorded sales as under:

Figures in Million Standard Cubic Meters (mmscm)

Product	For the Year		% Growth (YoY)
	2014-15	2013-14	
Compressed Natural Gas (CNG)	1073.11	1027.54	4.4
Piped Natural Gas (PNG)	330.46	356.11	(7.2)
Total	1403.57	1383.65	1.4
Average Sales Per day (mmscmd)	3.84	3.79	

FINANCIAL RESULTS

The Company's financial performance, for the year ended March 31, 2015 is summarised below:

(Rs. in Crores)

ITEMS	For the Year	
	2014-15	2013-14
Net Sales & Other Income	3715.53	3934.87
Profit before Depreciation & Tax	797.76	759.34
Depreciation	148.72	219.54
Profit before tax	649.04	539.80
Provision for tax	211.31	179.54
Profit after tax	437.73	360.26
Profit brought forward from previous year	1403.39	1169.25
Profit available for appropriations	1841.12	1529.51
Appropriations:		
Proposed dividend	84.00	77.00
Corporate dividend tax	17.10	13.09
Transferred to general reserve	43.77	36.03
Profit carried forward	1696.25	1403.39
	1841.12	1529.51



Shri Narendra Kumar, Managing Director, receiving Greentech Safety Award 2014 in Platinum Category in City Gas Distribution Business Sector.



Shri Narendra Kumar, Managing Director and Shri V. Nagarajan, Director (Commercial), presenting the dividend cheque for 2013 – 14 to Shri Najeeb Jung, Hon'ble Lt-Governor of Delhi in presence of senior IGL officials.

FINANCIAL REVIEW

During the year, gross turnover of the Company has decreased by 6% from Rs. 4319.37 crores in year 2013-14 to Rs. 4048.58 crores in the year 2014-15 mainly on account of substantial reduction in the selling price of Compressed Natural Gas (CNG) and Piped Natural Gas (PNG)-domestic due to allocation of additional domestic gas to City Gas Distribution (CGD) sector resulting in lower input cost of gas which was passed on to the customers by reducing selling price of CNG and PNG-domestic in February 2014. However, Profit after tax has increased by 22% from Rs. 360.26 crores in 2013-14 to Rs. 437.73 crores in 2014-15.

DIVIDEND

Your Directors are pleased to recommend higher dividend of 60% (Rs. 6.00 per share) as against 55% (Rs. 5.50 per share) paid in the last year. The proposed dividend including corporate dividend tax would absorb Rs. 101.10 crores.

PERFORMANCE HIGHLIGHTS

COMPRESSED NATURAL GAS BUSINESS

During the year, your Company has augmented its CNG distribution infrastructure by enhancing the installed compression capacity from 66.81 Lakhs Kg/day in March 2014 to 68.50 Lakhs Kg/day in March 2015. The total number of CNG stations were 326 as on March 31, 2015 which included 280 stations in Delhi and 46 stations in National Capital Region (NCR).

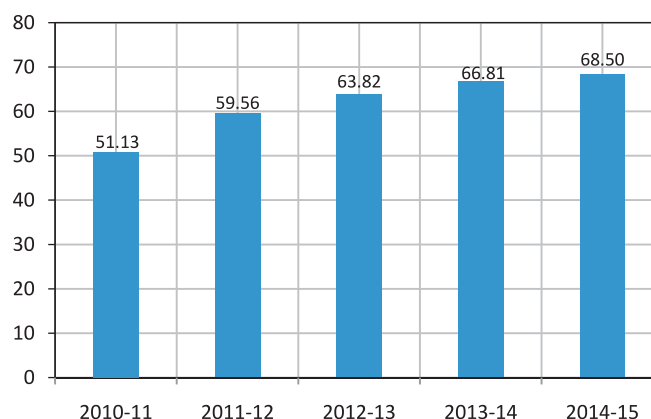
In its ongoing endeavor to keep customer satisfaction as the top most priority, your Company has taken various initiatives

as under:

1. An alternate cashless mode of payment for CNG customers by using Credit / Debit card at all IGL owned CNG stations has been made available through Electronic Data Terminals (EDC).
2. In its endeavor to make genuine lubricants easily available to its CNG customers, your Company has commenced sale of MAK GE Lubes at selected IGL owned CNG stations.

The estimated number of vehicles running on CNG in Delhi and NCR as on March 31, 2015 was over 800,000 including 540,000 private vehicles.

Compression Capacity (Lakh Kg/Day)





PIPED NATURAL GAS BUSINESS

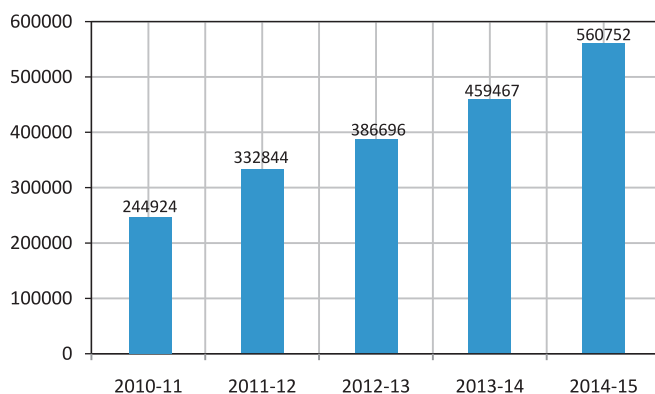
PNG - Domestic Connections

A major thrust has been given to the expansion of 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 658 kms in FY 2013-14 to 680 kms in FY 2014-15 and MDPE network from 8437 kms in FY 2013-14 to 8967 kms in FY 2014-15.

During the year, your Company provided 59,029 PNG connections in Delhi & 42,256 PNG connections in NCR and the total number of connections went up from 4,59,467 in March 2014 to 5,60,752 in March 2015. It is noteworthy that your Company broke its own record of highest number of connections in a year by providing 1,01,285 domestic PNG connections in Financial Year 2014-15. Highest number of PNG connections provided by your Company in 2014-15 is also a record in our country's CGD business.

PNG (Domestic Connections Nos)



Conducting business through electronic means is the buzzword in a technology driven world. During the year your



Shri Narendra Kumar, Managing Director, launches the sale of BPCL's MAK lubricants from IGL CNG station along with BPCL and IGL officials.

Company has taken major initiative to upgrade its business process and introduce technologically advanced platform for customer interface. Customer app on mobile phone has been successfully rolled out. PNG customer will be able to obtain important services pertaining to their PNG connection through this mobile app. This customer app shall bring qualitative improvements in our service levels.

Your Company has also undertaken a pilot project of customer self help kiosk. First two such kiosks have been commissioned in prominent public places in Delhi & Noida. Depending on customer response such installations will be further increased.

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. There was some decline in sales in commercial & industrial segment in financial year 2014-15, primarily due to stiff competition from alternate fuels prices like Furnace oil (FO)/Diesel which have come down drastically due to lower crude prices. However, with its concentrated efforts, the total number of commercial customers increased from 1291 in March 2014 to 1566 in March 2015 and the industrial customers from 584 in March 2014 to 726 in March 2015.

Your Company has already expanded its pipeline network to most 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.

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 are 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 would be decided subsequently.

The 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 judgment in this case on June 1, 2012 and has quashed the PNGRB order dated April 9, 2012. PNGRB filed special leave petition before the Hon'ble Supreme Court of India against the order dated June 1, 2012 of Hon'ble Delhi High Court.

On July 1, 2015, Hon'ble Supreme Court of India has dismissed the special leave petition of PNGRB.

ASSOCIATE COMPANIES

CENTRAL U.P. GAS LIMITED (CUGL)

CUGL is engaged in City Gas Distribution in the cities of Kanpur and Bareilly in Uttar Pradesh. Your Company holds 50% of paid-up equity share capital of CUGL.

MAHARASHTRA NATURAL GAS LIMITED (MNGL)

During Financial Year 2014-15 MNGL became an Associate Company after acquisition of 4.75 crore shares of MNGL in the first tranche at a price of Rs. 38/- per equity share from certain financial investor shareholders of MNGL. MNGL is in City Gas Distribution business in Pune in the State of Maharashtra.

During the Financial Year 2015-16, the Company has acquired 25 lac shares in the second and final tranche at a price of Rs. 38/- per equity share, making its total holding to 5 crores shares which constitutes 50% of the paid-up share capital of MNGL.

The statement containing the salient features of the financial statement of Company's Associates pursuant to first proviso to sub-section (3) of Section 129, is appended as Annexure 1 to this Report.

FUTURE OUTLOOK

Your Company has drawn out plans to further consolidate its presence in Delhi and NCR by investing Rs. 250 Crores during the financial year 2015-16.

In an effort to curb air pollution and to improve ambient air quality in Delhi & NCR, the National Green Tribunal (NGT) in a landmark ruling on April 7, 2015 banned diesel vehicles over ten years old from plying on Delhi roads and all petrol vehicles which are more than 15 years old shall not be registered in NCR & Delhi. It is expected that more numbers of CNG private cars would be added as customers would prefer CNG over Diesel for their new purchases also.

It is also expected that with an increase in allocation of domestic gas to City Gas Distribution (CGD) entities, the price differential of CNG versus alternate liquid fuel will continue to drive the conversion of petrol driven private vehicles to CNG mode. Introduction of more CNG variant models by car manufacturers would further add to CNG volumes.

Your Company has aggressive plans to expand its PNG customer base in alignment with mission of expanding PNG launched by Government of India. The Company shall endeavour to reach 3 lakh new kitchens in FY 2015-16. Expanding PNG connectivity into newly constructed housing units in Gautam Budh Nagar by builders / government will be given priority to register ambitious growth. The sustained marketing campaign by the Company in Gautam Budh Nagar & Ghaziabad has encouraged builders & developers to integrate PNG at drawing board stage. This approach will enable your Company to utilize assets better in coming years. New high volume industrial & commercial customers will continue to be target for achieving higher growth by your Company.

The Company is looking forward to expand its footprints in new cities through participation in bidding process of PNGRB and by way of strategic investment in other CGD Companies.

INFORMATION TECHNOLOGY

Your Company has embarked on attaining new heights in the field of IT enablement through performing upgrade of their existing ERP system on latest hardware platform. As part of upgrading the ERP software landscape, your Company has performed technical and functional upgrade of the existing ERP landscape to the latest technology platform of SAP ECC6.0 EHP -7. Better monitoring and controlling of critical business processes alongwith automation and optimization have been achieved through implementation of new functionalities and modules.

Your Company has developed new & advanced customer centric applications to provide the customers user friendly experience over portal which can be accessed anywhere even on handheld devices making it convenient to process self-help related services at ease. These applications including Customer Relationship Management (CRM), Business Communication Management (BCM), Multichannel Foundation For Utilities (MCFU) would be released shortly enabling the customers to leverage the latest technology available in the market to enhance their satisfaction through portability of use, convenience, ease of operation and time saving. Apart from the above, your Company has implemented an android based mobile application "IGLCONNECT" for providing self-help related services viz. bill related information, payment options, complaints, online connection requests etc.

Your Company is committed to provide all its customers and stakeholders with latest technology related services and would continue to enhance the same through continued support and appreciation of its customers.

HUMAN RESOURCES

The Company realizes that the challenges of the future can be best met with competent and motivated human resources. The Company is taking various HR initiatives to add value to its pool of human talent and integration of individual goals with that of the Company. Company is reviewing compensation packages and other facilities of its employees to make them more competitive and aligned with industry practices.

Training & Development of the employees forms an integral part of Company's policy towards achieving its objective. Assessment Center & 360 degree appraisal system have been introduced for DGM and above level employees.

During the year, Company also inducted various young professionals at entry level to infuse talent in the professional arena. The Company has also maintained a harmonious and cordial relation among its employees. The Company recognizes and appreciates the contribution of all its employees in its growth path.



HEALTH SAFETY AND ENVIRONMENT (HSE)

Your Company has always accorded top most priority to Fire and Safety related issues and has focused its continual efforts to maintain a good safety culture and to improve Fire and Safety standards.

It is a matter of pride that your Company has crossed 67 Million Man Hours accident free till March 31, 2015. This is a milestone achievement resulted from continuous efforts of all the individuals working directly and indirectly for the Company. During FY 2014-15, your Company has been conferred various prestigious safety awards/ appreciation certificates viz. Green Tech Safety Award (platinum category), Safety Innovation Award by Institute of Engineers, Special Commendation by Golden Peacock Occupational Health & Safety Award and Certificate of Appreciation from National Safety Council to recognize the excellence in the field of Fire & Safety management.

For ensuring safety and business sustainability, an initiative was taken to enhance CNG cylinder validation infrastructure and has successfully resulted in increasing the cylinder testing centres more than the requirement. Also, safety drives to educate the CNG consumers were taken up regularly to get their CNG cylinders validated.

Safety inspections of CNG vehicles are also done periodically on random basis to check compliances of safety standards and to prevent unsafe condition arising out of gas leakage from the CNG kits. For Safety of CNG vehicles, free safety clinics are periodically organized where inspection of CNG kits and fittings is undertaken.

Training is regularly imparted to the employees, contract staff at CNG stations, DTC drivers and consumers of CNG and PNG. To create safety awareness and to impart training to all category of consumers, a dedicated group of trainers with fully equipped training van is deployed which conducts safety clinics along with practical demonstration.

In line with Company's HSE policy, Safety Audits and other statutory compliances are done to ensure safety in all facets of IGL's operations.

Advanced High Pressure Water Mist cum Foam based protection systems have been installed at various Mega CNG stations and are being installed at rest of the CNG stations to deal any fire emergency in its initial stage.

Emergency Control Centres (ECC) established at strategic locations across Delhi & NCR are manned round the clock to respond fast to any gas leak or emergency situation. Two Emergency Response Vehicles (ERVs) are stationed at two distantly located ECC across Delhi. Three more ERVs planned to strengthen emergency response shall be deployed in coming months.

IMPLEMENTATION OF INTEGRATED MANAGEMENT SYSTEM

Your Company has successfully implemented and certified for Total Integrated Management System in 2014-15 for:

1. Quality Management System ISO 9001:2008
2. Environmental Management System ISO 14001:2004
3. Occupational Health and Safety Management System OHSAS 18001:2007

CORPORATE SOCIAL RESPONSIBILITY

During the financial year 2014-15, the Board of Directors of your Company approved the new CSR policy keeping in view the requirements under Companies Act, 2013. Various CSR projects have been initiated and are being taken forward under the IGL CSR Policy.

The Company has been supporting meritorious students from under-privileged strata of society for specialised coaching for engineering entrance examination (JEE) through a scheme run by an NGO. It is a matter of satisfaction that in 2014-15, eight out of twelve students sponsored by your Company have qualified for admission in IIT and other leading engineering colleges.

Your Company realizes the need that good health is paramount to ensure safety on the roads. Therefore, your Company has started the 'IGL Swasth Saarthi' – a comprehensive health management programme for auto and taxi drivers in Delhi & NCR wherein a series of comprehensive Health check-up camps are being organised at CNG stations through a leading hospital. Your Company is also funding the daily training programme for taxi drivers on Gender Sensitisation & Skill Management being organised by Transport Department, Govt. of NCT of Delhi, for all taxi drivers going for annual fitness test. With the objective of covering the risk in case



A health check up camp for drivers of CNG based public transport in progress at IGL CNG Station, as a part of our CSR programme, IGL Swasth Saarthi.