

Annual Report 2003-2004



INDRAPRASTHA GAS LIMITED

Natural Gas for Clean 'N' Green Environment



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BOARD OF DIRECTORS



Shri Proshanto Banerjee
Chairman



Shri A.K. De
Managing Director



Shri P.S. Bhargava
Director (Commercial)
(Up to 19/05/04)



Shri R. M Gupta
Director (Commercial)
(w.e.f. 20/05/04)



Shri S. Radhakrishnan
Director



Shri S.S. Rao
Director



Shri S.S. Dalal
Director



Shri Gautam Saigal
Director
(Up to 21/01/04)



Shri Krishan Sehgal
Director
(Up to 21/01/04)



Smt. Sindhusree Khullar
Director
(Up to 05/11/03)



Shri G. S. Patnaik
Director
(From 5/11/03 to 21/01/04)



Shri Rajeev Talwar
Director
(w.e.f. 21/01/04)



Shri S. K. Jain
Company Secretary

BOARD OF DIRECTORS

Bankers

ICICI Bank Limited
Corporate & Institutional Banking Division,
9A, Phelps Building, Cannaught Place,
New Delhi-110 001

IDBI Bank Limited
1/6, Sirifort Institutional Area,
Khel Gaon Marg, New Delhi - 110 049

**The Hongkong and Shanghai
Banking Corporation Limited**
Birla House, 25, Barakhamba Road,
New Delhi - 110 001

Canara Bank
Jeevan Bharti Building, Tower II,
Parliament Street, New Delhi-110 001

State Bank of India
Corporate Accounts Group Branch,
11th Floor, Jawahar Vyapar Bhawan,
1, Tolstoy Marg, New Delhi-110 001

Bank of Baroda
Ansal Chambers No. 1,
Bhikaiji Cama Place,
New Delhi - 110 066

Auditors

M/s Price Waterhouse
Chartered Accountants
New Delhi

Registered Office

14th & 15th Floor,
Dr. Gopal Das Bhawan,
28, Barakhamba Road,
New Delhi-110 001

DIRECTORS' REPORT

To

THE MEMBERS

Your Directors have pleasure in presenting the Fifth Annual Report alongwith Audited Accounts of the Company for the year ended March 31, 2004.

PHYSICAL PERFORMANCE

During the year, your Company recorded sales as under:

(Figures in SCM)

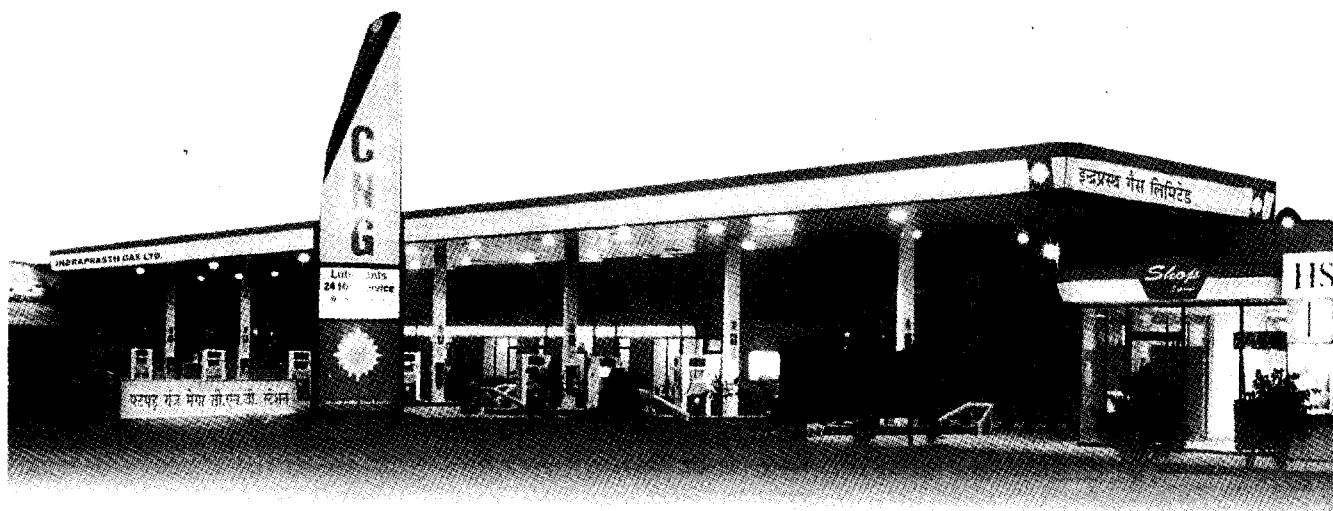
Product	For the year	
	2003-2004	2002-2003
Compressed Natural Gas (CNG)	365,982,361	265,617,658
Piped Natural Gas (PNG)	10,878,550	7,288,988
Total	376,860,911	272,906,646

FINANCIAL RESULTS

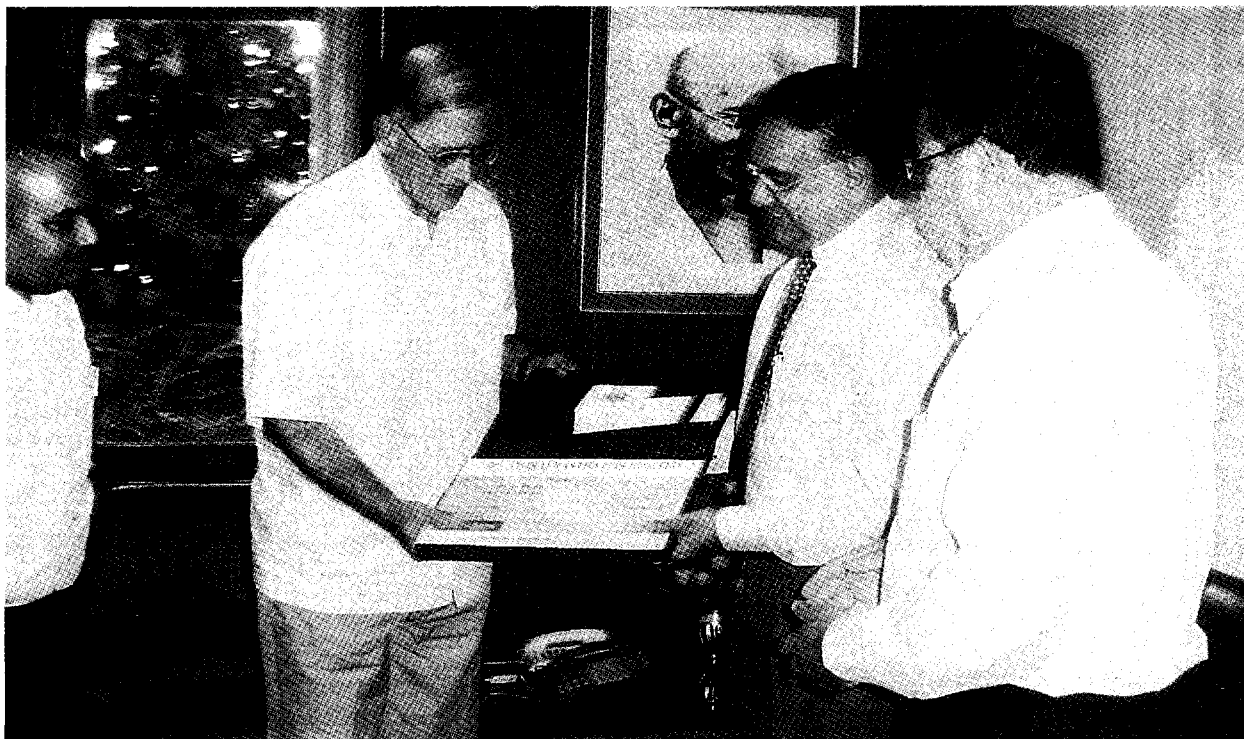
(Rs. in Million)

ITEMS	For the Year	
	2003-2004	2002-2003
Net Sales & Other Income	4,348.58	3,093.18
Cost of Gas Purchased	1,776.72	1,268.39
Profit before Depreciation & Tax	1,706.36	1,122.69
Depreciation	420.37	262.29
Profit before Tax	1,285.99	860.40
Provision for Tax	464.05	320.57
Profit after Tax	821.94	539.83
Profit brought forward from previous year	532.61	71.75
Profit available for appropriations	1,354.55	611.58
Appropriations: -		
Proposed Dividend	210.00	70.00
Corporate Dividend Tax	26.91	8.97
Transferred to General Reserve	41.10	-
Profit carried forward	1,076.54	532.61
	1,354.55	611.58

Report Junction.com



A night view of Patparganj mega CNG station



Sh. Proshanto Banerjee, Chairman handing over the maiden dividend cheque to His Excellency Hon'ble Sh. Vijay Kapoor, the erstwhile Lt. Governor of Delhi

FINANCIAL REVIEW

During the year, the Company achieved impressive results both in terms of turnover and profitability. Turnover increased from Rs. 3543.50 million to Rs. 4918.08 million, an increase of 38.8%. Similarly, Profit after tax went up from Rs. 539.83 million to Rs. 821.94 million, an increase of 52.3%.

DIVIDEND

Your Directors have recommended dividend of 15% (Rs. 1.50 per share) as against 5% (Rs. 0.50 per share) in the last year. The proposed dividend including corporate dividend tax will absorb Rs.236.91 million.

PERFORMANCE HIGHLIGHTS

CNG PROJECT:

Your Company has showed encouraging performance during the previous year. The total number of CNG stations increased from 107 in March 2003 to 120 in March 2004, which included 56 mother stations, 27 online stations, 33 daughter

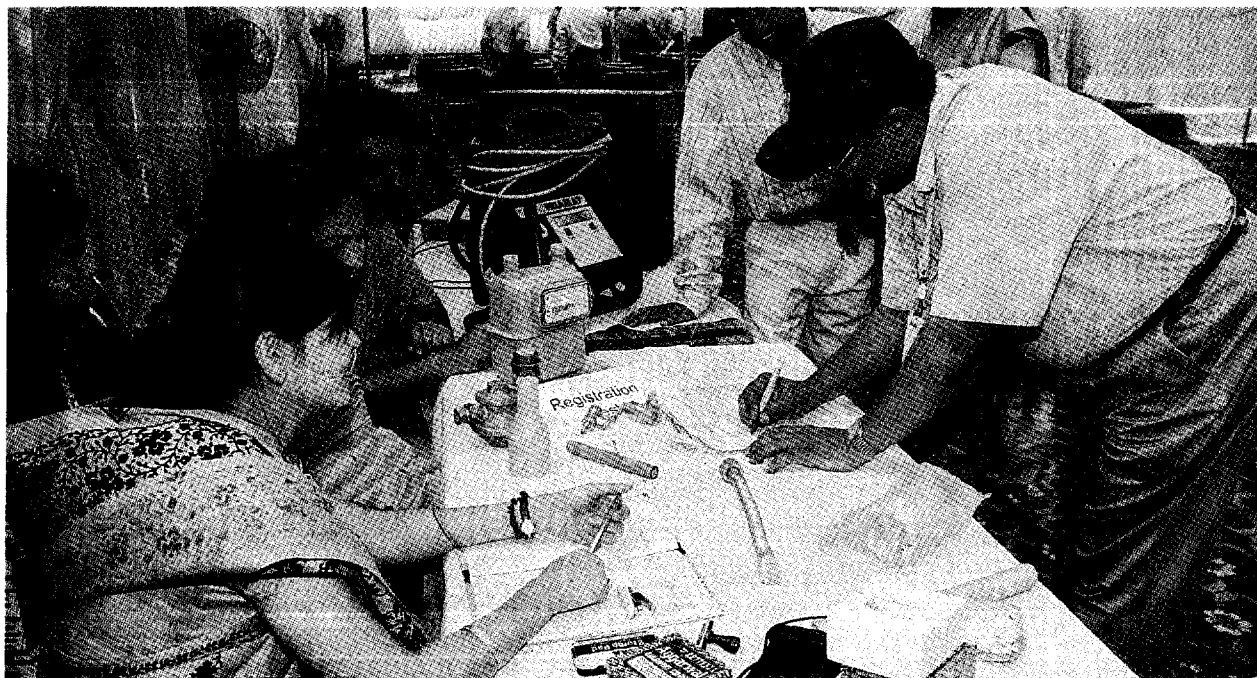
booster stations and 04 daughter stations. With the commissioning of the above, the compression capacity went up from 11.99 Lakh Kg/day in March 2003 to 16.13 Lakh Kg/day in March 2004. During this period, 18 mother compressors and 16 online compressors have been commissioned. As part of our commitment to give priority to public transport system, CNG facility was installed at one more DTC depot, making it the 19th DTC depot to have such facility.

The population of vehicles in Delhi, running on CNG, has increased from 79,100 in March 2003 to 90,590 in March 2004, which includes 10,199 buses.

As on June 30, 2004 the Company had commissioned 122 stations with a total compression capacity of 16.48 Lakh kg/day catering to around 91,000 vehicles.

PNG PROJECT:

The Company has extended the Piped Natural Gas distribution infrastructure to the new areas



Customer Registration Desk for PNG connection.

in Delhi, which include R.K. Puram (Sector 1,2,3,4,5, & 7), Vasant Kunj, Patparganj, Rohini Sector 9 & 13 and Airport Area.

Continuing with the aggressive marketing plan, your Company engaged services of Direct Marketing Agencies for registration activities in domestic colonies during the year. Marketing has been successfully carried in high potential areas of Patparganj, Mayur Vihar-I, Rohini, Vasant Kunj and Vasant Vihar. Some of your Company's prestigious customers include. Embassies of United States of America and China, major five star hotels such as ITC Maurya Sheraton, Taj Palace and Hotel Grand Intercontinental. Your Company has also started supplying piped natural gas to the Indraprastha Apollo Hospital, the first hospital in Delhi to be connected with PNG.

As on June 30, 2004, the Company has provided PNG connections to about 14,443 domestic, 98 small commercial and 18 large commercial customers.

STEEL PIPELINE:

During the year your Company laid and commissioned additional 20 kms (approx) of 4" Dia. steel pipeline to make 16 CNG stations on-line.

INITIAL PUBLIC OFFERING (IPO)

During the year under review, the Company came out with an IPO through offer for sale of existing 40 million equity shares of Rs. 10 each at a price of Rs. 48 per share. The IPO received an overwhelming response and was oversubscribed by more than 35 times. Shares of the Company has been listed at The Stock Exchange, Mumbai (BSE) and National Stock Exchange of India Ltd. (NSE).

FUTURE OUTLOOK

Your Company has drawn out plans to invest Rs. 1,171 million during the financial year 2004-05 for CNG expansion in the city of Delhi.

Your Company has also planned a capital expenditure of Rs. 191 million during the financial year 2004-05 to provide additional PNG connections to over 35,000 domestic households, 175 small commercial and 22 large commercial customers.

Further, your Company has initiated the process of assessing the feasibility of expanding its business in areas adjoining NCT of Delhi viz. Noida including Greater Noida, Gurgaon and Faridabad. The plans once implemented would see an upsurge in the retail

gas distribution network in neighbouring towns of Delhi.

DIRECTORS RESPONSIBILITY STATEMENT

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

- In the preparation of Annual Accounts for the Financial year ended March 31, 2004 the applicable accounting standards have been followed.
- They have selected such accounting policies and applied them consistently 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.
- 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.

- They have prepared the Annual Accounts for the Financial Year ended March 31, 2004 on a going concern basis.

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.

BOARD OF DIRECTORS

Sh. Rajeev Talwar, a nominee of Government of NCT of Delhi was appointed as an Additional Director on the Board of the Company w.e.f. January 21, 2004. In terms of Section 260 of the Companies Act, 1956, Sh. Rajeev Talwar holds office till the ensuing Annual General Meeting. Notice under Section 257 of the Companies Act, 1956 has been received proposing his name for appointment as Director at the Annual General Meeting.

Sh. R.M. Gupta has been nominated by BPCL as Director (Commercial) w.e.f. May 20, 2004 in place



Sh. A.K.De, Managing Director addressing the gathering at the listing ceremony of IGL shares at The Stock Exchange, Mumbai



Sh. A.K. De Managing Director strikes the gong-marking listing of shares at The Stock Exchange, Mumbai.

of Sh. P.S. Bhargava, who resigned from the office upon repatriation to BPCL w.e.f. May 19, 2004. Shri R.M. Gupta was appointed as Additional Director and in terms of Section 260 of the Companies Act, 1956, Sh. Gupta holds office until the ensuing Annual General Meeting. Notice under Section 257 of the Companies Act, 1956 has been received proposing his name for appointment as Director at the Annual General Meeting.

Sh. A.K. De has been re-appointed as Managing Director w.e.f. July 2, 2004 for a period of three months or till the date of joining of new Managing Director, whichever is earlier. A resolution to this effect is proposed for shareholders' approval at the Annual General Meeting.

Sh. S. S. Dalal and Sh. S.S. Rao retire by rotation at the ensuing Annual General Meeting, and being eligible, offer themselves for re-appointment.

Sh. G. S. Patnaik was appointed as Additional Director on November 5, 2003. He resigned from the Directorship on January 21, 2004.

The Board takes this opportunity to place on record its appreciation for the contribution of Sh. P.S. Bhargava, Sh. Krishan Sehgal, Smt. Sindhushree Khullar,

Sh. Gautam Sehgal and Sh. G. S. Patnaik during their tenure as Directors.

AUDITORS

M/s Price Waterhouse, 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 Bharat S Raut & Co. Chartered Accountants as the new Auditors of the Company. Necessary confirmation regarding their eligibility under Section 224(1B) has also been received from M/s Bharat S Raut & Co. A proposal for the same will be placed before the members at the ensuing Annual General Meeting.

CORPORATE GOVERNANCE

As per the requirement of clause 49 of the Listing Agreement with the Stock Exchanges, a Compliance Report on Corporate Governance is annexed as part of the Annual Report.

HUMAN RESOURCES

During the year, your company enjoyed cordial human relations amongst all its employees. In the

pursuit of creating its own management cadre, your Company recruited 51 executives at various levels including senior management positions during the year.

The Company has further strengthened the in-house maintenance team for ensuring reliability & self-sufficiency in maintenance of company's gas distribution facilities.

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.

SOCIAL RESPONSIBILITY

Your Company is conscious that it is rendering a noble service to the society. The Company is making efforts to reduce vehicular pollution in NCT of Delhi by increasing the supply of eco-friendly fuel. The results are visible in form of reduced level of air-pollution in the capital city.

Your Company is also contributing significantly through uninterrupted supply of natural gas to domestic and commercial users.

ACKNOWLEDGEMENTS

Your Directors acknowledge the guidance and support received from GAIL, BPCL, Government of NCT of Delhi and Ministry of Petroleum & Natural Gas in its business activities during the year.

The Directors also express their gratitude to Company's valued customers for their patronage and assure them that the Company is striving to provide them the very best of its services.

The Directors also acknowledge the important role played by all the local authorities like DDA, MCD, NDMC etc., Company's Bankers, Media, Station Operators, contractors, vendors and suppliers.

Last but not the least, your Directors also appreciate the valuable services and dedicated efforts of the members of IGL family towards the growth of your Company.

For and on behalf of Board of Directors

sd/-

sd/-

R. M. Gupta

A.K. De

Director (Commercial)

Managing Director

Date: August 20, 2004

Place: New Delhi



Safety Awareness Week-Sh. PS. Bhargava, erstwhile Director (Commercial) giving away prize to one of the winners.



Iranian delegation visits IGL CNG Station

ANNEXURE TO DIRECTORS' REPORT

A. CONSERVATION OF ENERGY

Your Company implemented a number of energy conservation measures at various operating installations with a view to make considerable savings both for itself as well as for the society. Energy conservation has been given utmost priority at the design stage of the project itself.

Some of the energy conservation schemes being implemented by the Company are as follows:

1. The Company has procured 14 numbers of Air Compressors to modify the starter of the Gas Engine of Galileo make compressor packages, which operate on natural gas. By modifying the starters to operate on compressed air, substantial amount of Natural Gas is being saved.
2. The Blow Down vessels of 36 Dresser- Rand compressor packages have been modified to reduce gas venting through safety valve popping whenever there is an emergency shutdown of the compressor. By carrying out the modifications in the packages, wastage of natural gas due to popping of safety valves has been eliminated.

3. As a part of our commitment to energy conservation, the Company actively participated in the "Oil & Gas Conservation Fortnight" organized by Petroleum Conservation Research Association held during the period January 15 to 31, 2004. During the fortnight, the Company displayed banners & posters on energy conservation in the CNG stations. Quiz and workshops on energy conservation were also organized at our CNG stations and DTC depots during the fortnight.

Disclosure of Particulars with respect to conservation of energy is given in form A annexed

B. TECHNOLOGY ABSORPTION

Efforts made in technology absorption are given in form B annexed.

C. FOREIGN EXCHANGE EARNING AND OUTGO

During the year under review, the foreign exchange earning and outgo are detailed below:

(Rs. in Million)

Foreign Exchange Earned	0.05
Foreign Exchange Used	199.30