



10th Annual Report 2008-09

Energizing our world,
naturally!



INDRAPRASTHA GAS LIMITED

Contents

Board of Directors	I
Directors' Report	2
Report on Corporate Governance	13
Management Discussion and Analysis	23
Auditors' Report	26
Balance Sheet	30
Profit and Loss Account	32
Cash Flow Statement	34
Schedules	36
Balance Sheet Abstract And Company's General Business Profile	52



BOARD OF DIRECTORS



Shri S. Radhakrishnan
Chairman



Shri Rajesh Vedvyas
Managing Director



Shri Manmohan Singh
Director (Commercial)



Shri B.C. Tripathi
Director



Shri R.K. Verma
Director



Shri S.S. Dalal
Director



Shri S.S. Rao
Director

Bankers

State Bank of India
HDFC Bank Limited
Syndicate Bank
ICICI Bank Limited
IDBI Bank Limited
Kotak Mahindra Bank Ltd.

Auditors

M/s Deloitte Haskins & Sells
Chartered Accountants
Gurgaon

Registered Office

IGL Bhawan
Plot No. 4, Community Centre,
Sector-9, R.K. Puram,
New Delhi-110022

Company Secretary

Shri S.K. Jain





DIRECTORS' REPORT

To,

THE MEMBERS

Your Directors have pleasure in presenting the Tenth Annual Report alongwith Audited Accounts of the Company for the year ended March 31, 2009.

PHYSICAL PERFORMANCE

During the year, the Company recorded sales as under:

(Figures in SCM)

Product	For the Year	
	2008-2009	2007-2008
Compressed Natural Gas (CNG)	605,255,608	504,621,981
Piped Natural Gas (PNG)	54,257,774	42,860,910
Total	659,513,382	547,482,891

FINANCIAL RESULTS

(Rs. in Million)

ITEMS	For the Year	
	2008-2009	2007-2008
Net Sales & Other Income	8789.91	7294.16
Profit before Depreciation & Tax	3262.94	3234.72
Depreciation	674.34	625.77
Profit before tax	2588.60	2608.95
Provision for tax	863.86	864.40
Profit after tax	1724.74	1744.55
Profit brought forward from previous year.	3835.43	2920.50
Profit available for appropriations	5560.17	4665.05
Appropriations:		
Proposed dividend	560.00	560.00
Corporate dividend tax	95.17	95.17
Transferred to general reserve	172.47	174.45
Profit carried forward	4732.53	3835.43
	5560.17	4665.05



The new look CNG Station of IGL with a new colour scheme inside IGI Airport premises.



Shri Murli Deora, Hon'ble Union Minister of Petroleum & Natural Gas and Smt. Sheila Dikshit, Hon'ble Chief Minister of Delhi along with other dignitaries at the CNG Consumer Meet organised by IGL.

FINANCIAL REVIEW

During the year gross turnover of the Company increased by 18.71% from Rs.8169.27 million in year 2007-08 to Rs 9697.76 million in the year 2008-09. Profit after tax has been Rs. 1724.74 million in 2008-09 compared to Rs. 1744.55 million in 2007-08. The profitability during the year was affected mainly due to increase in input cost of gas. The Company had to pay higher price as 'Overdrawal Charges' for gas drawn over and above the allocated quantity to meet the requirement during part of the year. Your Company has tied up for additional gas to avoid 'Overdrawal Charges' and meet the growing demand of CNG.

DIVIDEND

Your Directors are pleased to recommend dividend of 40 % (Rs 4 per share) as paid 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 163 in March 2008 to 181 in March

2009, which included 79 mother stations, 52 online stations, 48 daughter booster stations and 2 daughter stations. The installed compression capacity went up substantially from 20.76 Lakh Kg/day in March 2008 to 26.76 Lakh Kg/day in March 2009.

The Company crossed the geographical boundaries of Delhi for the first time to start online CNG dispensing in Noida and Greater Noida by setting up 2 online CNG stations each in both the towns.

The estimated number of vehicles running on CNG in Delhi as on 31st March 2009 was more than 2,50,000 including 12,000 buses and over 150,000 private vehicles.

PNG BUSINESS:

The Company has extended the Piped Natural Gas distribution infrastructure to the new areas in Delhi which include Vasant Vihar, Green Park, Saket, Dwarka (Sector 1, 2, 3, 22, 23), Punjabi Bagh (West), Janakpuri, Shalimar Bagh, Ashok Vihar, Model Town, GTB Enclave, Vivek Vihar, Yojna Vihar, Swastik Vihar and Shreshtha Vihar.

During 2009-10, the Company plans to extend its PNG distribution network to Shanti Niketan, Safdarjung Development Area, Panchsheel, Safdarjung Enclave, Vigyan



Shri Rajesh Vedvyas, Managing Director, Shri Manmohan Singh, Director (Commercial) and other senior IGL officials handing over dividend cheque to Shri Tejendra Khanna, Hon'ble Lt. Governor of Delhi.

Vihar, Vigyan Lok, Manak Vihar, Anand Vihar, Nanak Vihar, Jagrati Vihar, Surajmal Vihar, Pushpanjali Enclave, Saini Enclave, Bahubali Enclave, Kiran Vihar, Ram Vihar, Mayur Vihar (Phase III), Rishab Vihar, Sharad Vihar, Priya Enclave, AGCR Enclave, Shyam Enclave, Shanti Vihar, Madhu Vihar, North Avenue, South Avenue, Meena Bagh, IIT, NCERT, AIIMS, GTB Hospital and Mayapuri besides providing connections to new customers in the existing network areas.

The Company has started PNG supply for the first time outside Delhi in Sector 62, Noida and Sector Pi, Greater Noida.

As on 31st March 2009, the Company has provided PNG connections to over 138,000 domestic and more than 315 commercial customers.

R-LNG BUSINESS:

The Company is currently supplying R-LNG to 15 industrial consumers in Delhi. The Company has identified supply of Re-gassified Liquid Natural Gas (R-LNG) to industrial segment especially to industries in Noida and Greater Noida as a major thrust area in its expansion plans.

Your Company has already tied up with new gas supply sources for meeting the demand of this segment and is also looking further at new gas supply sources.

FUTURE OUTLOOK

NCT OF DELHI

Your Company has drawn out plans to consolidate its presence in the NCT of Delhi by investing Rs.1983 million during the financial year 2009-10 for CNG expansion.

CNG being an eco-friendly and economical fuel, a large number of private car manufacturers are introducing their CNG variants. Due to wide acceptance of CNG, there has been a large-scale conversion of private cars into CNG mode.

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. With effect from 1st July 2009, the Government of NCT of Delhi has directed all Light Commercial Vehicles (LCVs) operating in NCT of Delhi



Smt Pratibha Devi Singh Patil, Hon'ble President of India gets a briefing on the progress of PNG project in the Presidential Estate residential quarters.

to convert to CNG mode. In view of the expected growth in demand, the Company has drawn up an ambitious plan to augment its infrastructure by adding 22 new CNG stations in 2009-10.

Your Company has planned a large-scale expansion in PNG segment. A capital expenditure of Rs. 1325 million has been earmarked for augmenting infrastructure in the existing areas as well as for expansion in new areas of Delhi during the financial year 2009-10. The Company has plans to provide new PNG connections to over 50,000 domestic households.

EXPANSION PROJECTS IN NATIONAL CAPITAL REGION (NCR)

The Company has planned capital investment of Rs. 2032 million for expansion in the NCR towns of Noida, Greater Noida & Ghaziabad.

The Company plans to add four online CNG Stations in Noida and two online CNG stations in Greater Noida during the year 2009-10.

The Company plans to expand its PNG network at a fast pace in Noida and Greater Noida during the year.

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, 2009, 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,



Shri R.S. Pandey, Secretary, Ministry of Petroleum & Natural Gas enquires about PNG installation during his visit at Sarai Kale Khan CNG station of IGL.

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, 2009 on a going concern basis.

BOARD OF DIRECTORS

Shri Rajesh Vedvyas, nominee of GAIL (India) Ltd. was appointed as Managing Director in place of Shri Om Narayan w.e.f. July 29, 2008.

Shri S. Radhakrishnan, nominee of BPCL was appointed as Chairman of the Board w.e.f. January 14, 2009 in place of Dr. U.D. Choubey.

Shri B.C. Tripathi, nominee of GAIL was appointed as Additional Director w.e.f. February 1, 2009 in place of Dr. U.D. Choubey.

Shri S.S. Dalal and Shri R.K. Verma 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 Dr. U.D. Choubey and Shri Om Narayan 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 outbound team building training programmes to develop their knowledge, skills and attitudes.

A statement showing particulars of employees under Section 217 (2A) of the Companies Act, 1956 is annexed.

FIRE AND SAFETY

Fire & Safety related issues are accorded 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. Beside this, your Company has made arrangements to impart two days certified external training to all contract personnel working at CNG stations from a recognized training institute. In line with the commitment for safety of CNG consumers and energy conservation, safety checks of CNG propelled cars were carried out through free service camps of CNG Kits across NCT of Delhi.

Random inspections are made to check compliances of safety standards, statutory provisions & also to detect unsafe conditions arising out of gas leakage from the CNG kits in order to ascertain safety of the vehicles & the occupants. Full day safety training of DTC & Non DTC drivers are arranged in batches along with Department of Surface Transport, DTC and Delhi Fire Service.

In order to ensure safety of children travelling in CNG propelled school buses, your Company took up a special drive to educate the bus drivers and staff of school buses this year during the safety week campaign. Drivers & staff of more than 250 school buses were imparted Fire Safety Training by IGL during this drive.



HE Dr. Mohammed bin Hamad Al Rumhy, Minister of Oil and Gas, Sultanate of Oman, inaugurates the IGL Stall at PETROTECH 2009 in the presence of Shri Ashok Sinha, Chairman & Managing Director, BPCL.



External Safety Audit, Hazop & 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 good safety culture throughout the Company that your Company has crossed 50 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 NCT of Delhi and NCR towns of Noida and Greater Noida. 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 also contributed to 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.

The Directors place on record their deep appreciation towards IGL's valued customers for their continued cooperation & 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/-

Rajesh Vedvyas

Managing Director

Place : Mumbai

Date : May 27, 2009



Dr. U.D. Choubey, Chairman & Managing Director, GAIL (India) Ltd., fills CNG in a car in the presence of Mr. B.C. Tripathi, Director (Marketing), GAIL (India) Ltd. to mark the beginning of online supply of CNG in Noida.