

11th
Annual Report
2009-10

New horizons. New opportunities.



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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BOARD OF DIRECTORS



Shri S. Radhakrishnan
Chairman



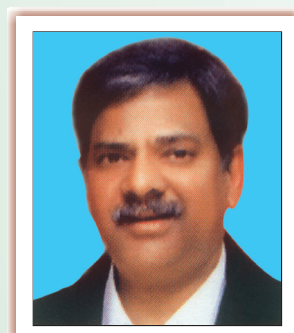
Shri Rajesh Vedvyas
Managing Director



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



Prof. V. Ranganathan
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 Eleventh Annual Report alongwith Audited Accounts of the Company for the year ended March 31, 2010.

PHYSICAL PERFORMANCE

During the year, the Company recorded sales as under:

(Figures in Standard Cubic Meters)

Product	For the Year	
	2009-2010	2008-2009
Compressed Natural Gas (CNG)	695,127,167	605,255,608
Piped Natural Gas (PNG)	87,310,564	54,257,774
Total	782,437,731	659,513,382

FINANCIAL RESULTS

(Rs. in Million)

ITEMS	For the Year	
	2009-2010	2008-2009
Net Sales & Other Income	10992.24	8789.91
Profit before Depreciation & Tax	4018.90	3262.94
Depreciation	774.52	674.34
Profit before tax	3244.38	2588.60
Provision for tax	1089.42	863.86
Profit after tax	2154.96	1724.74
Profit brought forward from previous year	4732.53	3835.43
Profit available for appropriations	6887.49	5560.17
Appropriations:		
Proposed dividend	630.00	560.00
Corporate dividend tax	104.64	95.17
Transferred to general reserve	215.49	172.47
Profit carried forward	5937.36	4732.53
	6887.49	5560.17



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



Smt. Sheila Dikshit, Hon'ble Chief Minister of Delhi, Shri Jitin Prasada, Hon'ble Union Minister of State for Petroleum & Natural Gas, Shri Raj Kumar Chauhan, Minister of PWD, Govt. of NCT of Delhi, Shri K. K. Sharma, Principal Secretary (PWD), Govt. of NCT of Delhi and Shri S. Radhakrishnan, Chairman, IGL at the ceremony to sign Agreement for supply of gas to Delhi's first green stadium – Thyagaraj Stadium.

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 26% from Rs. 9621.37 million in year 2008-09 to Rs. 12131.31 million in the year 2009-10. Profit after tax also went up by 25% from Rs. 1724.74 million in 2008-09 to Rs. 2154.96 million in 2009-10.

DIVIDEND

Your Directors are pleased to recommend dividend of 45% (Rs. 4.50 per share) as against 40% (Rs 4/- per share) in the last year. The proposed dividend including corporate dividend tax would absorb Rs. 734.64 million.

PERFORMANCE HIGHLIGHTS

CNG BUSINESS:

Your Company augmented its CNG distribution infrastructure in a massive way during the year. The total number of CNG stations increased from 181 in March 2009 to 241 in March 2010, which included 223 stations in NCT of Delhi and 18

stations in NCR towns. The installed compression capacity also went up substantially from 26.76 Lakh Kg/day in March 2009 to 36.40 Lakh Kg/day in March 2010.

During the financial year 2009-10, the Company for the first time started CNG supply to vehicles in the town of Ghaziabad. The first online CNG station in this town was also set up during the year.

The estimated number of vehicles running on CNG in Delhi and NCR towns as on 31st March 2010 was around 3,50,000 including 14,000 buses and over 200,000 private vehicles.

PNG BUSINESS:

Your Company is giving thrust to expansion of PNG network in NCT of Delhi and NCR towns of Noida, Greater Noida and Ghaziabad.

The Company has extended the Piped Natural Gas distribution infrastructure to the new areas in Delhi which include Safdarjung Development Area, Safdarjung Enclave, Vigyan 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



Shri Manmohan Singh, Director (Commercial) signs a Memorandum of Understanding (MoU) with the DLF Group for the first residential project in Delhi where Piped Natural Gas (PNG) will be integrated at planning stage.

Vihar, Sharad Vihar, Priya Enclave, AGCR Enclave, Shyam Enclave, Shanti Vihar, Madhu Vihar, North Avenue, South Avenue, Meena Bagh, AIIMS, GTB Hospital, Rohini (selected sectors) besides providing connections to new applicants in areas which have been covered with PNG supply during earlier years.

The PNG supply has also been extended to Sector 6 I in Noida and Sectors Sigma, Beta I, Alpha of Greater Noida.

Your Company also started PNG supply for the first time in the town of Ghaziabad in Ram Prasth colony during 2009 -2010.

During 2010-11, the Company plans to extend its PNG distribution network to Chitrakoot, GTB Enclave, Dwarka (Sector-8), Paschim Puri, Rajender Nagar, Patel Nagar, Kirti Nagar, Keshavpuram, Model Town, Derawal Nagar, Gujranwala Town, Mukharjee Nagar, Hakikat Nagar, Kingsway Camp, Tagore Park, Outram Lines, Punjabi Bagh (E), Tagore Garden, Vishal Enclave, Rajouri Garden, Hari Nagar, Ashok Nagar, Yamuna Vihar, Jhilmil, CBD Shahdara, Preet Vihar, Geeta Colony in NCT of Delhi.

In Noida, your Company has planned to spread out its network in Sectors 33, 34, 35, 39, 50, 51 and 52. In Greater Noida, the Company shall extend its PNG network to sectors Gamma & Delta. In Ghaziabad, residents of Surya Nagar, Chander Nagar,

Ram Puri, Brij Vihar, Kaushambi, Vaishali, Indrapuram & Vasundhara are planned to be provided with PNG supply during 2010 -11.

During the year, the Company added 44,000 PNG connections and 40 commercial customers. As on 31st March 2010, the Company has provided PNG connections to over 182,000 domestic and more than 355 commercial customers.

R-LNG BUSINESS:

The Company is presently supplying R-LNG to 21 industrial consumers in Delhi. Your Company has also started supplying R-LNG to the industrial segment in Noida and Greater Noida and these cities shall contribute major volumes of gas sale in industrial segment from 2010-2011 onwards. In the city of Ghaziabad also, the work of extending supply to industrial and commercial segment is in progress and supplies shall commence during the year 2010-11.

Your Company has already tied up with GAIL and BPCL for gas supply for meeting the demand of this segment.

FUTURE OUTLOOK

NCT OF DELHI

Your Company has drawn out plans to further consolidate its presence in the NCT of Delhi by investing Rs. 915 million during the financial year 2010-11 for CNG expansion.



Shri Abdullah Bin Hamad Al-Attiyah, Hon'ble Dy Premier and Minister of Energy & Industry of Qatar inaugurating IGL Stall at 6th Asia Gas Partnership Summit in the august presence of Shri Murli Deora, Hon'ble Union Minister of Petroleum & Natural Gas and Shri Anand Sharma, Hon'ble Union Minister of Commerce & Industry.

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. This segment will give a boost to CNG sales in the coming years.

In view of forthcoming Commonwealth Games in 2010, a large number of high capacity buses and Radio Taxis running on CNG are being added to the public transport fleet in the Capital for the convenience of visitors. The Government of NCT of Delhi has directed all Light Commercial Vehicles (LCVs) operating in NCT of Delhi to convert to CNG mode. The Company has drawn up plans to augment its infrastructure to meet the growing demand of CNG.

Your Company has planned a large expansion in PNG segment. A capital expenditure of Rs. 1940 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 2010-11. The Company has plans to provide new PNG connections to over 50000 domestic households.

EXPANSION PROJECTS IN NATIONAL CAPITAL REGION (NCR)

Your Company has planned capital investment of Rs. 2400 million for the NCR towns of Noida, Greater Noida & Ghaziabad to augment its CNG and PNG infrastructure.

The Company plans to tap prospective industrial users of natural gas in industrial segment in these towns in the coming years.

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, 2010, 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



IGL employees participating in out-bound training programme for team building.

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, 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, 2010 on a going concern basis.

BOARD OF DIRECTORS

Prof. V. Ranganathan was appointed as Additional Director w.e.f. November 1, 2009 and in terms of Section 260 of the Companies Act, 1956, he 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.

Shri S. Radhakrishnan and Shri S.S. Rao retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

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 took various HR initiatives such as revision in pay structure, formulation of welfare schemes for the employees and streamlining of HR policies. There has been a continuous emphasis on employees training to enhance their competencies aimed at better organisational performance.

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

FIRE AND SAFETY

Your Company has accorded top-most priority to Fire & Safety related issues. It is a matter of pride that the Company has crossed 66 million man-hours without any reportable lost time accident, as a result of good safety culture in the Company. This

achievement is due to the continuous efforts put in by providing fire fighting training on a regular basis to the employees, DSMs, Station Operators, DTC Drivers and consumers of CNG and PNG. Besides 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.

Core Safety Group comprising trained & qualified Company executives of multi-disciplines from all control rooms was imparted internationally accredited safety training from NEBOSH, UK. Safety Clinics alongwith practical demonstrations / training to operate portable fire extinguishers are regularly carried out at consumer premises. For better understanding and to further improve quality of training module, the Company is intending to depute a dedicated group of trainers with fully equipped Training Van to cover each and every sector of consumers, contract workers and employees. Also 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.



Fire and Safety team of IGL checking school buses to ensure compliance of safety measures.



External Safety Audit, HAZOP & Risk Assessment of CNG Stations and PNG installations are carried out by third parties and recommendations/observations are complied with. Safety inspections of CNG vehicles are done on random basis to check compliances of safety standards, statutory provisions and also to detect unsafe conditions arising out of gas leakage from the CNG kits in order to ascertain safety of the vehicles and the occupants.

SOCIAL RESPONSIBILITY

Your Company has been actively involved in fulfilling the Social causes besides keeping the environment clean through reduction in vehicular pollution by providing eco-friendly fuel to the transport sector in NCT of Delhi and neighbouring towns. The Company has won accolades for the same, nationally as well as internationally.

Your Company has taken Natural Gas beyond vehicles by reaching the households through pipelines for better convenience and ease of use in the form of PNG (Piped Natural Gas) and now aims to delight the customers through enhanced customer services.

The Company made contributions to NGOs working in the field of environment and social welfare, as a part of your Company's commitment to the society.

Your Company has formulated a CSR policy under which 1% of Profit After Tax (PAT) each year, would be earmarked for social causes.

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 : Uttaranchal

Date : May 22, 2010



Shri Jitin Prasada, Hon'ble Union Minister of State for Petroleum & Natural Gas visiting IGL stall at 6th Asia Gas Partnership Summit alongwith Shri B. C. Tripathi, Chairman & Managing Director, GAIL (India) Ltd.