

With us flows the care for the green



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,

It gives me great pleasure to share with you that your Company has performed well during financial year 2015-16 and has been conferred **City Gas Distribution – Company of the year 2015 award** by Petroleum Federation of India (PETROFED). The year has been witness to many major events, which have had divergent impact on your Company's performance. The global macroeconomic growth continues to remain sluggish. The crude oil prices continued its

downward trend, recovering only after touching a low of USD 26/barrel in February 2016. This has led to a growing competition from alternate fuels in commercial & industrial segments of the Company. However, the government's decision to place City Gas Distribution (CGD) companies on the priority list for allocation of low cost domestic gas for transport and PNG - domestic, has been a game changer. This gives an advantage to the CGD companies in competition with alternate fuels and would also increase the preference for CNG vehicles.

Your Company continues to witness steady growth in sales volume, backed by a growing CNG and PNG distribution network. During the year, the overall sales volume increased by 4.4% as compared to the previous year. However, due to the lower natural gas input cost, the realization has been lower, leading to a near flat gross sales of Rs. 4,052.14 crores for the year FY16, as against Rs. 4,048.58 crores in FY15. The net profit after tax (PAT) decreased by 4.9% to Rs. 416.20 crores in FY16, as compared to Rs. 437.73 crores in the previous year. However, the Consolidated PAT during FY 2015-16 is Rs. 464.13 crores against Rs. 448.13 crores in the previous year. Your Board has recommended **a dividend of 60%** i.e. Rs. 6.00 per share as paid during the last year.

Our decision to acquire 50% stake in other City Gas Distribution Companies namely, Central UP Gas Ltd. (CUGL) and Maharashtra Natural Gas Limited (MNGL) has proved to be right, with both businesses together contributing Rs. 53.65 crores to your Company's consolidated profit. Your Company continues to look for better opportunities to expand its network, both by the organic as well as the inorganic routes. Your Company participated in the sixth round of PNGRB bidding and has received **letter of intent from PNGRB for grant of authorization for development of CGD network in the Geographical Area of Rewari in Haryana**. We are also participating in the seventh round of bidding organized by PNGRB.

Your Company is continuously expanding its network in both the CNG and PNG segments. We added 16 additional CNG facilities during financial year 2015-16 and 78 new CNG facilities during the Quarter April to June 2016 at the retail outlets of Oil Marketing Companies in Delhi and the NCR districts of Ghaziabad, and Gautam Budh Nagar. This would further increase the comfort of refueling CNG and enhancing the preference for CNG vehicles. During the year we have strengthened our marketing activities for PNG. Our team engages with builders at a very early stage of their construction, encouraging them to incorporate a PNG network in their construction plan. The initiative would give further boost to sales volume in PNG segment.

The steady growth of your Company has been driven by the strong and motivated force of our employees. Our employees are well taken care of by various welfare Human Resource policies. We support our employees by formulating career development and progression plans for them. Various engagements related to employees are systematically addressed with formulated policies such as Promotion Policy, Recruitment Policy through Campus Interviews, Performance Management System, Compensation packages, etc. We also work towards enhancing the skills of our employees by providing various training programs. Your Company, through its '**Naya Prayas**' scheme,

fosters the culture of innovation by encouraging employees to present new ideas in their respective domains. This gives them a sense of ownership and also enables them to actively participate in your Company's growth. We always believe in team work and towards this we have inter departmental sports activities, encourage participation in the marathon events, quiz competition etc.

Safety is always on top of our operations in IGL. Your Company also lays huge emphasis on the safety of all its employees and stakeholders associated in the daily operations. During the year, our safety and security measures were appreciated and we were awarded prestigious safety awards/appreciation certificates, viz. **Green Tech Safety Award (Gold category), Safety Innovation Award by Institute of Engineers and Certificate of Appreciation from National Safety Council** to recognize the excellence in the field of Fire & Safety management. Regular safety trainings are being conducted to increase the awareness.

Upgradation of technology and improvement in the field of Information Technology, digitalization is always on our radar. Your Company is also leveraging the digitalization drive to make its services more user friendly, further increasing customer preference. During the year, we have upgraded our SAP system from SAP R/3 functionalities to SAP ECC 6.0 EHP 7.0. We have also implemented new modules to improvise certain areas pertaining to customer satisfaction, like enhanced customer relationship management, prompt and agile customer complaints handling, enhanced customer connect through multiple channels viz. Mobile, E-mail, web, etc.

Cognizant of our social responsibility, we undertake many CSR activities. Through our comprehensive health management programme, 'IGL Swasth Saarthi', we organize Health checkup camps and Non Communicable Diseases (NCD) camps at various CNG stations for the auto and taxi drivers. We also carry out training programmes for taxi and auto drivers, on Gender Sensitization and Skill Management. Also, through our Skill Development programmes for unemployed youth, we provide technical oriented quality training in the fields of gas plumbing and welding. Your Company has also provided a group accident insurance cover to 3.25 lakh drivers of CNG run public transport, under 'IGL Suraksha Yojna'. We have also actively participated in the government's ambitious project, 'Swachh Bharat Abhiyaan', by developing new public toilet complexes and upgrading toilet facilities in municipal areas and government run schools in association with local bodies.

To further enhance the scope of our CNG business and address the concerns of the growing air pollution, we have collaborated with a renowned market player to introduce retrofitment of CNG kits in the 2-wheelers. Recently, the Company has **launched the pilot project of installation of CNG kits in two wheelers**. This would open new avenues of growth.

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.

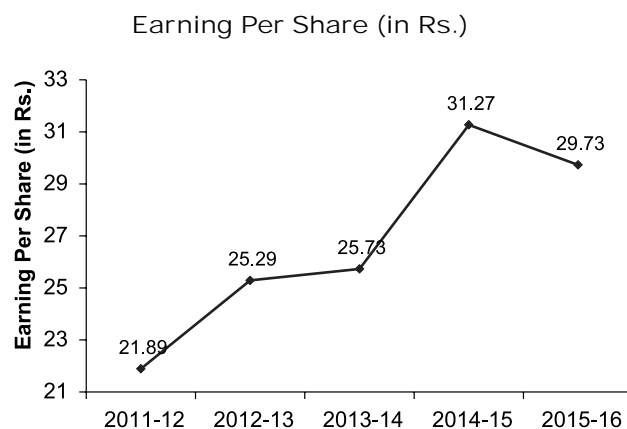
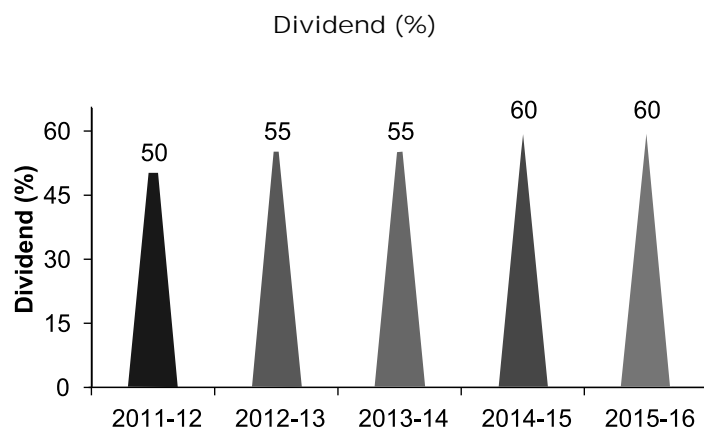
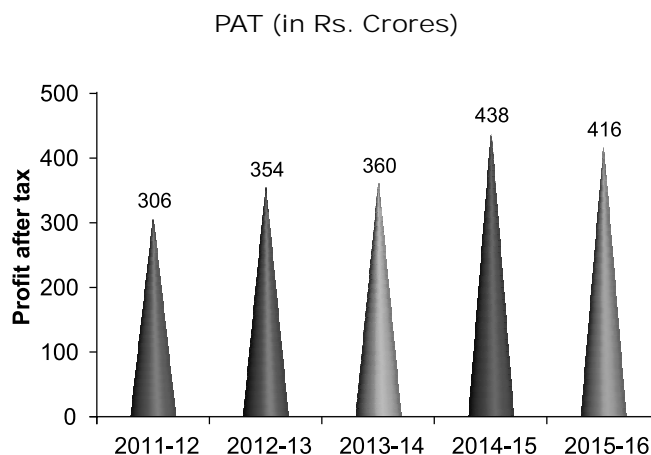
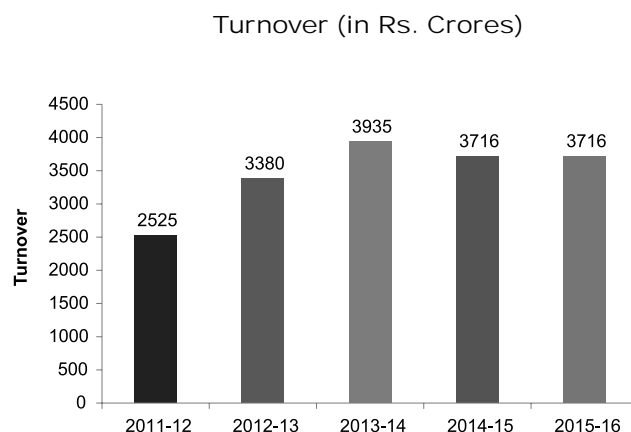
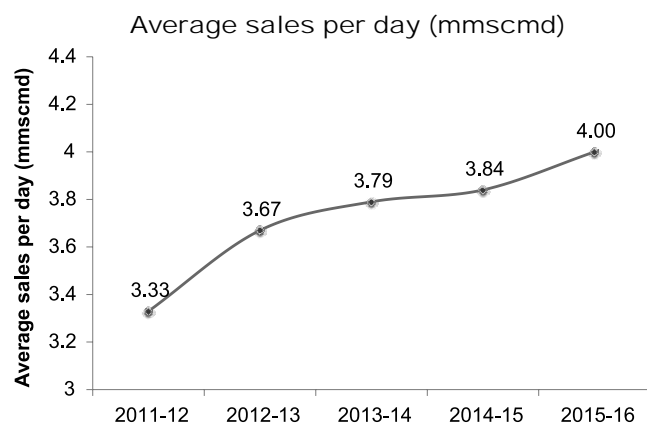
Finally, I would like to thank each one of you from IGL's family of Shareowners, for the confidence and trust reposed in us. With your support and blessings, I am confident that we can take the Company to greater heights in the days to come. I convey my appreciation and thankfulness to my colleagues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

M. Ravindran

(M. Ravindran)
Chairman



FINANCIAL HIGHLIGHTS



BOARD OF DIRECTORS



Shri M. Ravindran
Chairman



Shri E. S. Ranganathan
Managing Director
(w.e.f. June 1, 2016)



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
(Till August 4, 2016)

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



INDRAPRASTHA GAS LIMITED

DIRECTORS' REPORT

TO,

THE MEMBERS

Your Directors have pleasure in presenting the Seventeenth Annual Report and the Company's audited financial statements for the financial year ended March 31, 2016.

PHYSICAL PERFORMANCE

During the year, the Company recorded sales as under:

Figures in Million Standard Cubic Meters (mmscm)

Product	For the Year		% Growth (YoY)
	2015-16	2014-15	
Compressed Natural Gas (CNG)	1123.00	1073.11	4.6
Piped Natural Gas (PNG)	342.05	330.46	3.5
Total	1465.05	1403.57	4.4
Average Sales Per day (mmscmd)	4.00	3.84	

FINANCIAL RESULTS

The Company's financial performance for the year ended March 31, 2016 is summarised below:

(Rs. in Crores)

ITEMS	For the Year	
	2015-16	2014-15
Net Sales & Other Income	3715.68	3715.53
Profit before Depreciation & Tax	792.55	797.76
Depreciation	157.66	148.72
Profit before tax	634.89	649.04
Provision for tax	218.69	211.31
Profit after tax	416.20	437.73
Profit brought forward from previous year	1696.25	1403.39
Profit available for appropriations	2112.45	1841.12
Appropriations:		
Proposed dividend	84.00	84.00
Corporate dividend tax	17.10	17.10
Transferred to general reserve	41.62	43.77
Profit carried forward	1969.73	1696.25
	2112.45	1841.12



Hon'ble Minister of State (I/C), Petroleum and Natural Gas, Shri Dharmendra Pradhan addressing the gathering during launch of Pilot Phase of CNG for Two Wheelers.



Shri Narendra Kumar, then Managing Director, Indraprastha Gas Limited and Shri V. Nagarajan, Director (Commercial) presenting dividend cheque for 2014-15 to Shri Najeeb Jung, Hon'ble Lieutenant Governor of NCT of Delhi, in presence of senior IGL officials.

FINANCIAL REVIEW

During the year, the gross turnover of the Company increased marginally from Rs. 4048.58 crores in 2014-15 to Rs. 4052.14 crores in 2015-16. The increase of 0.1% in gross turnover, despite an increase of 4.4% in sales volume, is mainly on account of reduction in the selling price of Compressed Natural Gas (CNG) and Piped Natural Gas (PNG)-domestic, due to the allocation of additional domestic gas to the City Gas Distribution (CGD) sector, resulting in a lower input cost of gas which was passed on to the customers, by reducing the selling price of CNG and PNG-domestic, during the year. Further, with the reduction in the price of crude, the alternate fuel prices decreased considerably during the year and to compete with the falling price of alternate fuel, the selling price of gas to industrial and commercial customers was reduced by providing discount.

The Profit after tax (PAT) decreased by 4.9% from Rs. 437.73 crores in 2014-15 to Rs. 416.20 crores in 2015-16. The PAT is lower during the current year mainly due to lower realizations, salary revision of employees and the one time settlement of take or pay liability, in respect of long term gas tied up with GAIL for the calendar year 2014.

The Company has prepared the Consolidated Financial Statements also which includes the Company's share of profit in its Associates combined on a equity method in accordance with Accounting Standard-23. The Consolidated PAT during FY 2015-16 is Rs. 464.13 crores against Rs. 448.13 crores in the previous year.

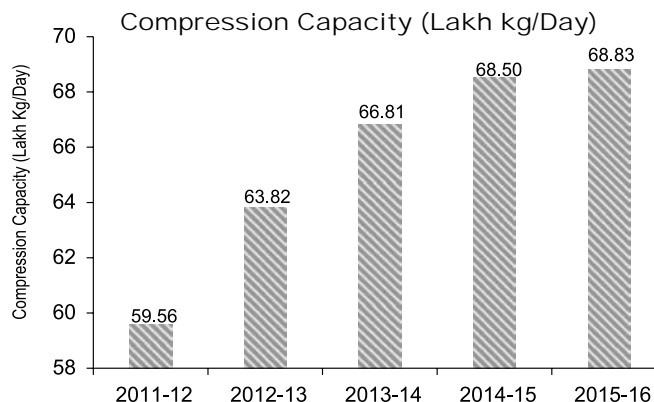
DIVIDEND

Your Directors are pleased to recommend a dividend of 60% (Rs. 6.00 per share) as 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 played a very active role in working out alternatives to curb the pollution levels in Delhi and the NCR. By March 2016, your Company has added 16 CNG stations by enhancing the installed compression capacity from 68.50 Lakhs Kg/day in March 2015 to 68.83 Lakhs Kg/day in March 2016, which included 294 CNG stations in Delhi and 46 stations in the National Capital Region (NCR).





INDRAPRASTHA GAS LIMITED

Your Company has worked aggressively on further expanding its CNG infrastructure and has commissioned new CNG facilities at 78 retail outlets of Oil Marketing Companies (OMCs) during the quarter April to June 2016.

Your Company, in close co-ordination with the Government of NCT of Delhi, worked towards the exemption of CNG Private cars from the Odd/Even Scheme, thereby increasing the trust of customers in CNG as a “cleaner fuel”.

Your Company has also taken an initiative to promote the use of CNG and attract customers during non-peak hours, by providing special incentive like discount on the selling price, during non-peak hours in the night time. The estimated number of vehicles running on CNG in Delhi and the NCR as on March 31, 2016 was over 850,000 including 540,000 private vehicles.



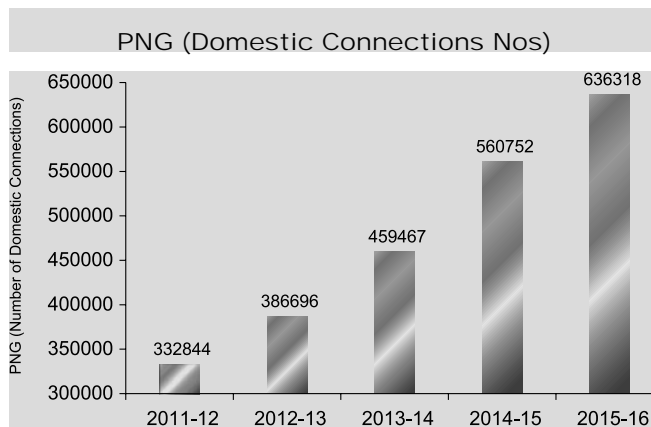
Hon'ble Minister of State (I/C) Petroleum & Natural Gas, Shri Dharmendra Pradhan, then Hon'ble Minister of State (I/C) Environment, Forest & Climate Change, Shri Prakash Javadekar and Hon'ble Member of Parliament, Smt. Meenakshi Lekhi launching the Pilot Phase of CNG on Two Wheelers in the presence of Shri E.S. Ranganathan, Managing Director, Indraprastha Gas Limited.

PIPED NATURAL GAS BUSINESS

PNG - Domestic Connections

Your Company has increased its steel pipeline network from 680 kms in FY 2014-15 to 707 kms in FY 2015-16 and its MDPE network from 8967 kms in FY 2014-15 to 9443 kms in FY 2015-16.

During the year, your Company provided 46,229 PNG connections in Delhi and 29,337 PNG connections in the NCR and the total number of connections went up from 5,60,752 in March 2015 to 6,36,318 in March 2016. It is noteworthy that your Company provided 75,566 domestic PNG connections in Financial Year 2015-16. The increase in customer base from networked areas / colonies was achieved with the help of aggressive multi-media marketing and publicity drive. The use of innovative street level marketing, combined with print and popular FM channels, enabled your Company to tap additional customers from areas which were considered saturated.



An increased customer base demands an infusion of information technology for more efficient operations. The conventional methods of data storage and retrieval have been discarded and replaced with modern IT tools. Your Company undertook a major transformation of its business processes by implementing state-of-the-art SAP modules for its domestic PNG business, like ECC 6.0, EHP7, SAP-CRM, SAP – MCFU, SAP – BCM, SAP – ECM, SAP – DP, etc. These modules have helped to infuse information technology in all its customer operations to bring better efficiency, by sharing real time information within IGL and with our customers. The customer app on the mobile phone has also been taken up for upgradation. Our PNG customers will experience better interface of services pertaining to their PNG connection through this upgraded mobile app. Your Company is the first CGD in the country to implement these IT modules.

PNG – Commercial & Industrial

Your Company has maintained its focus on the Industrial & Commercial segment as one of the potential growth areas in the forthcoming years. In spite of stiff competition from alternate fuels prices, like Furnace oil (FO)/Diesel, which have come down drastically due to lower crude prices, there was some marginal growth in sales in Commercial & Industrial segment in financial year 2015-16. However, with concentrated efforts, the total number of commercial customers increased from 1566 in March 2015 to 1811 in March 2016 and the industrial customers from 726 in March 2015 to 821 in March 2016.



Industrial Customers meet with Indraprastha Gas Limited at Gautam Budh Nagar, Uttar Pradesh

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

ASSOCIATE COMPANIES

CENTRAL U.P. GAS LIMITED (CUGL)

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

CUGL has achieved a gross turnover of Rs. 221.29 crores and profit after tax of Rs. 32.62 crores for the financial year ending March 31, 2016.

MAHARASHTRA NATURAL GAS LIMITED (MNGL)

MNGL is in City Gas Distribution business in Pune, Pimpri, Chinchwad, Chakan, Talegaon and Hinjewadi in the State of Maharashtra. Your Company holds 50% of paid-up equity share capital of MNGL.

MNGL has achieved a gross turnover of Rs. 502.46 crores and profit after tax of Rs. 74.68 crores for the financial year ending March 31, 2016.

The statement containing the salient features of the financial statement of Company's Associates pursuant to the 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 the NCR by investing Rs. 300 Crores during the financial year 2016-17.

As an initiative to address the rising air pollution caused by the 2-wheeler segment, your Company has entered into collaboration with a renowned market player in Iran to introduce retrofitment of CNG kit in the 2-wheelers segment. The Company has launched the pilot project of installation of CNG kit in 2-wheelers recently.

With the kind of CNG infrastructure expansion done by your Company during FY 2015-16, by adding 16 additional CNG facilities and 78 new CNG facilities during the quarter April to June 2016 at retail outlets of Oil Marketing Companies in Delhi and the NCR towns of Ghaziabad, and Gautam Budh Nagar, it is expected that more numbers of CNG private cars would be added due to the comfortable refueling experience, and would boost our CNG volumes. Also, CNG as a fuel, has gained more popularity and has been positioned well as a cleaner fuel during the Odd/ Even Schemes, and so would attract more customers preferring CNG over Diesel for their new purchases also.

It is also expected that in order to further strengthen the Public Transport system in Delhi, the Government of NCT of Delhi has an aggressive plan to introduce additional 1000 cluster busses. Your Company is also planning to setup additional CNG facilities at five new Cluster Bus Depots.

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. The introduction of more CNG variant models by car manufacturers would further add to CNG volumes.

Your Company has innovative plans to expand its PNG customer base as a part of mission of expanding PNG launched by the Ministry of Petroleum & Natural Gas, Government of India. 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 and Ghaziabad has encouraged builders and developers to integrate PNG at the drawing board stage itself. Though there has been a slack in demand for new residential units, which is a cause for concern in the short term, it is expected that FY 2016 -17 will witness some surge in demand from prospective buyers of properties. This demand recovery will enable your Company to push for aggressive targets for PNG connections in new residential projects. New high volume industrial & commercial customers will continue to be the target for achieving higher growth by your Company.

The Company is looking forward to expand its footprints in new cities through participation in the bidding process of PNGRB and by way of strategic investment, in other CGD Companies. IGL participated in the 6th round of PNGRB bidding and has received letter of intent from PNGRB for grant of authorization for development of CGD network in the Geographical Area of Rewari District of Haryana.

INFORMATION TECHNOLOGY

Your Company is committed to provide all its customers and stakeholders with the latest IT related services, to enhance their user experience. Your Company has enriched the customer engagement through successfully implementing a new look and user friendly multichannel platform, enabling them to avail of customer services over the web portal, as well as mobile devices. An advanced mobile app shall soon be released to the customers, providing them with new features and facilities. To enable better control of the business process through automation and digitization, your Company has implemented the Business Communication Management (BCM) application to facilitate customers with optimized and improved call center operations over IVR. This enables the business users to track, consolidate and respond in timely manner to customer complaints received through multiple channels.

Your Company has envisioned the importance of integrating the field equipment data with the SAP system, to enable better control and reporting, by implementing the Manufacturing Integration and Intelligence (MII) module. This module's functionality has been leveraged to offer a discount to CNG customers, by implementing differential pricing on the basis of dispenser sales data.

Your Company has automated the process of embedding the image of gas meter counter on the customer's invoices through a specially designed meter reading app to ensure transparency and accuracy of the billing process.

Your Company has further strengthened the reporting capabilities of the system by implementing the Business Intelligence application, facilitating the management to take quick decisions, based on the analysis of the user friendly reports conveniently generated from the system, as and when needed.

Your Company has also realized the need to recover valuable and critical information/data from any natural or human induced disaster. The replication of data to a Disaster Recovery site in Pune has been established and successfully tested for the ERP application. A similar set up for the new modules and applications developed recently shall soon be established.

HUMAN RESOURCES

We believe that human resource is the most important resource which drives the organization towards growth and achievements. So, the Company is taking care of its employees through different interventions viz. revision in compensation through industry benchmarking, through better deployment of manpower at work places, etc.



Indraprastha Gas Limited observed International Yoga Day on 21st June 2016

The continual imparting of training, both technical and also non-technical, is necessary for the growth of employees, personally as well professionally. During the year, our employees were provided with the best of trainings viz. SAP functional/technical etc.

During the year, your Company also organized various events, viz. sports activities, preventive health checkups, marathon participation, etc., to take care of the employees 'health and fitness'.

Also your Company inducted various talented young professionals to infuse knowledge and talent. Your Company maintained harmonious and healthy relations among its employees.

Your Company recognizes the contribution of its employees in its growth.

HEALTH SAFETY AND ENVIRONMENT (HSE)

Your Company has always accorded the 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.