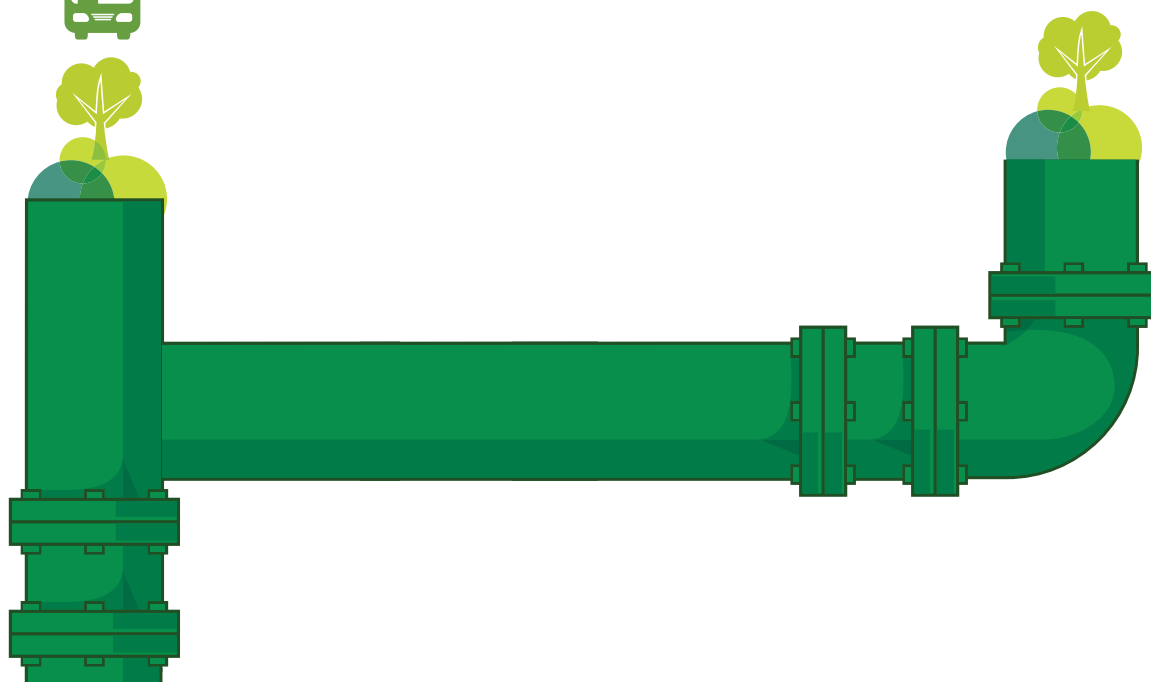


CREATING GREENER ENERGY SOLUTIONS

19th Annual Report 2017-18
Indraprastha Gas Limited





Vision

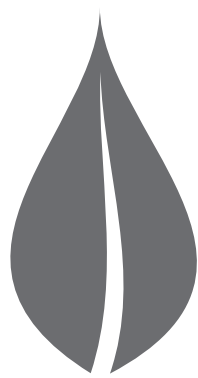
India's leading clean energy solution provider through customer centricity, innovative technology and diversification, with international presence.

Mission

Committed to provide safe, reliable and clean energy solutions to improve quality of life and enhance stakeholders' value.

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Chairman's message



Dear Shareowners,

Your Company which started its journey almost 20 years back has been successful in its mission of providing greener energy solutions and pollution free environment. The financial year 2017-18 was another year of robust growth in our performance.

During the year, gross turnover grew by 20.14% to Rs. 5052.53 Crores from Rs. 4205.43 Crores in the previous year. Profit after Tax showed an increase of 17.46% from Rs. 571.07 Crores in FY 2017 to Rs. 670.77 Crores in FY 2018. The Company has continued to maintain its track record of dividend payment, and for FY 2018, Board of Directors has recommended 100% dividend i.e. Rs. 2 per share.

On the operational front, your Company augmented its infrastructure by having 446 CNG stations with total compression capacity of 75.61 lacs kg per day. As on March 31, 2018, the Company was catering to 10.3 lacs vehicles in Delhi and NCR. During the year, the Company provided record number of 1.5 lacs new PNG domestic connections, taking total number to 8.92 lacs. Total 559 new Commercial and Industrial consumers were added to increase total consumer base to 3429.

Besides consolidating its position in existing areas of operation, your Company has entered into new geographical areas. In FY 2018, the Company started supply of CNG and PNG domestic in Rewari district of Haryana. It has also started building infrastructure in the earmarked area of Gurugram and geographical area of Karnal. Recently, the Company has received letter of intent from PNGRB for grant of authorization for development of CGD network in the geographical area of Meerut (except areas already authorized), Muzaffarnagar & Shamli Districts in Uttar Pradesh. Earlier, the Company acquired stakes in two CGD Companies which are bearing fruit. Further, the Company is exploring to expand its operation by acquiring stake in other CGD companies of the country.

Government of India is giving thrust to natural gas and wants to make India as a gas based economy. In this background, landscape of CGD industry is fast changing with coverage of a large number of geographical areas in various parts of the country. The changing CGD scenario would give a boost to our business.

We are confident about maintaining business momentum and delivering a strong performance in the coming years, with continuous expansion of our business in new geographical areas and increasing consumer base. As we move forward, we plan to increase number of CNG stations and pipeline infrastructure to capitalize the additional demand created by conversion of private cars and improvement of public transport. The Company has given thrust to PNG domestic segment and plans to penetrate in the existing areas as well as to tap left out areas. Statutory authorities and judicial directions to reduce pollution in Delhi & NCR by switching over to natural gas would give a further boost to Commercial and Industrial segment.

Besides expansion, your Company is also focused to customer needs and is continuously making efforts to improve its services. In this endeavour, your Company has leveraged information technology to develop new and advanced customer centric applications to provide user friendly experience to our customers. The existing customer portal has been enhanced with new functionalities and customer app – IGL Connect with new features such as self-billing etc. The Company has provided various options of digital payments for the convenience of customers.

Your Company has always accorded top most priority to Fire and Safety related issues and has made continuous 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 Safety Innovation Award by Institute of Engineers and Certificate of Appreciation from National Safety Council in recognition of its excellence in the field of Fire & Safety management. It is worth mentioning here that your Company has crossed 131 Million Man Hours

accident free till 31st March 2018. 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 care of its employees through various welfare schemes and employee oriented policies. In this regard, the Company has taken various initiatives such as revision in remuneration, Town Hall Meetings and Mentor-Mentee mechanism, specialised trainings etc. In order to encourage team work and to enhance interaction among employees various extra-curricular/sports/team-building activities are organized from time to time. The Company recognizes and appreciates the contribution of all its employees in its growth path.

The Company has been taking various CSR activities to create value for the society. Health, education, environment and empowerment of women & underprivileged have been identified as thrust areas. Your Company is carrying forward '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. The Company has won a number of awards for its various CSR projects/programmes at different forums.

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 shall continue to strive to achieve new milestones in the coming years.

Warm Regards

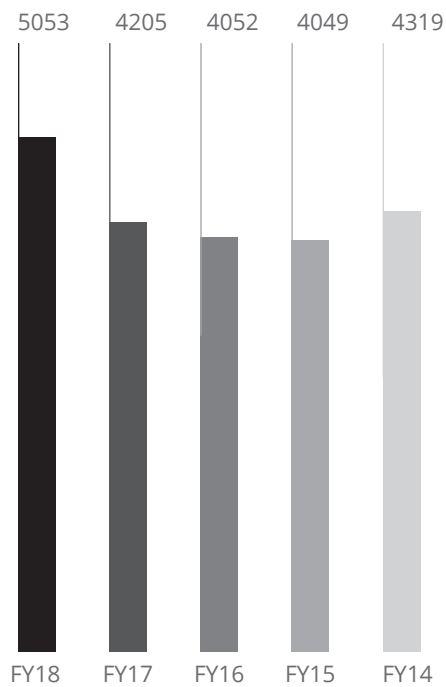


S. Ramesh
Chairman

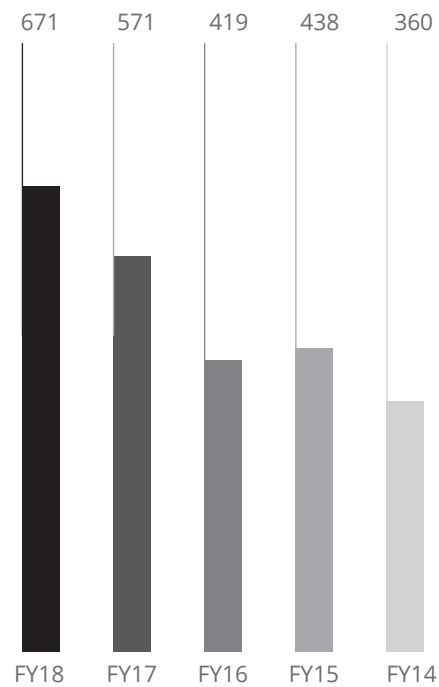


Financial Highlights

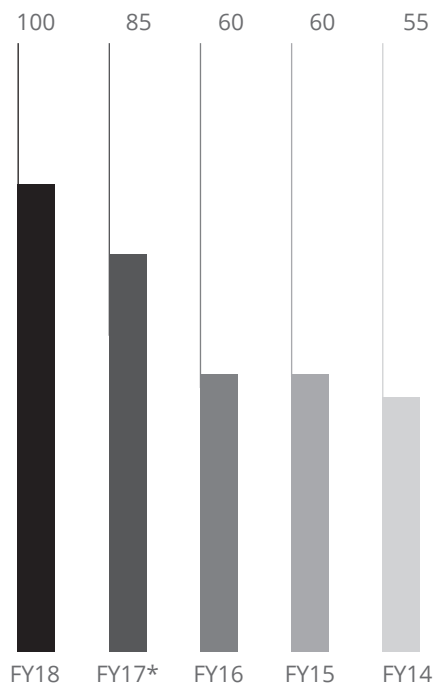
Gross Turnover (in Rs. Crores)



Profit after Tax (in Rs. Crores)

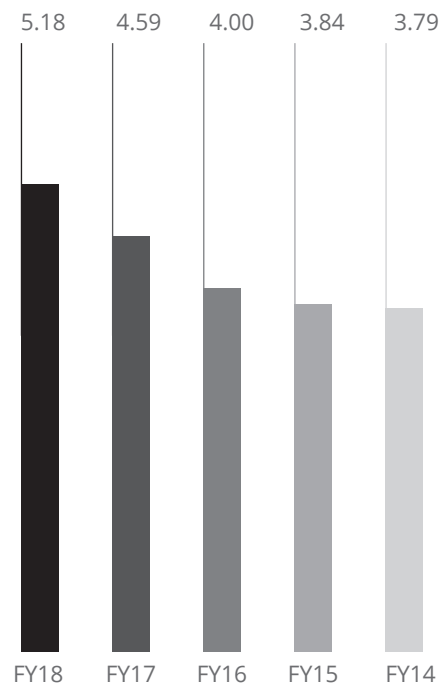


Dividend (%)



*Interim 35% and final 50%

Average sales per day (mmscmd)



Board of Directors



Shri S. Ramesh
Chairman



Shri E. S. Ranganathan
Managing Director



Shri Rajiv Sikka
Director (Commercial)



Shri S. Bairagi
Director



Shri S.S. Rao
Director



Shri V. Ranganathan
Director



Shri Santosh Kumar
Director



Shri Raghu Nayyar
Director



Dr. Sudha Sharma
Director



Smt. Varsha Joshi
Director

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
• HSBC Bank

Statutory Auditors

M/s Walker Chandio & Co. LLP

Cost Auditors

M/s Chandra Wadhwa & Co.

Secretarial Auditors

M/s V.K. Sharma & 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 Nineteenth Annual Report and the Company's audited financial statements for the Financial Year ended March 31, 2018.

Physical Performance

During the year, the Company recorded sales as under:

| Figures in Million Standard Cubic Meters (mmscm) | | | |
|--|-------------------------------|-------------------------------|-------------------|
| Product | For the Year 31 March 2018 | For the Year 31 March 2017 | % Growth (YoY) |
| Compressed Natural Gas (CNG) | 1412.66 | 1268.42 | 11 |
| Piped Natural Gas (PNG) | 478.51 | 406.09 | 18 |
| Total | 1891.17 | 1674.51 | 13 |
| Average Sales / per day (mmscmd) | 5.18 | 4.59 | |



Shri Dharmendra Pradhan, Hon'ble Minister of Petroleum & Natural Gas; Skill Development & Entrepreneurship, Government of India launching IGL's Smart Card for CNG customers along with Hon'ble Members of Parliament, Shri Manoj Tiwari and Shri Parvesh Verma, Shri B.C. Tripathi, Chairman & Managing Director, GAIL (India) Ltd, Shri E.S. Ranganathan, Managing Director, Indraprastha Gas Limited and Shri V. Nagarajan, then Director (Commercial), Indraprastha Gas Limited.

Financial Results

The Company's financial performance for the year ended March 31, 2018 is summarised below:

| Items | (Rs. in Crores) | |
|---|-------------------------------|-------------------------------|
| | For the Year 31 March 2018 | For the Year 31 March 2017 |
| Net Sales & Other Income | 4694.27 | 3880.00 |
| Profit before Depreciation & Tax | 1213.78 | 1027.76 |
| Depreciation | 181.29 | 167.07 |
| Profit before tax | 1032.49 | 860.69 |
| Provision for tax | 361.72 | 289.62 |
| Profit after tax | 670.77 | 571.07 |
| Other comprehensive income | (0.18) | (0.86) |
| Total comprehensive income | 670.59 | 570.21 |
| Retained Earnings – opening balance | 2483.06 | 2072.93 |
| Add : Profit for the period | 670.77 | 571.07 |
| Profit available for appropriations | 3153.83 | 2644.00 |
| Appropriations: | | |
| Dividends including Interim Dividend | 70.00 | 133.00 |
| Corporate dividend tax | 14.25 | 27.08 |
| Transferred to general reserve | - | - |
| Other comprehensive income recognised directly in retained earnings | (0.18) | (0.86) |
| Retained Earnings – closing balance | 3069.40 | 2483.06 |

Financial Review

During the year, the gross turnover of the Company increased from Rs. 4205.43 Crores in 2016-17 to Rs. 5052.53 Crores in 2017-18 showing an increase of 20.14%.

The Profit After Tax (PAT) increased by 17.46% from Rs. 571.07 Crores in 2016-17 to Rs. 670.77 Crores in 2017-18.

The Company has prepared the Consolidated Financial Statements also which includes the Company's share of profit in its Associates combined on an equity method in accordance with IndAS 28 - "Investment in Associates and Joint Ventures". The consolidated PAT during FY 2017-18 is Rs. 721.72 Crores against Rs. 606.34 Crores in the previous year.

Dividend

Your Directors are pleased to recommend a dividend of 100% (Rs. 2.00 per share). The proposed dividend, including corporate dividend tax, would absorb Rs. 168.78 Crores.

The Company has Dividend Distribution Policy in terms of the requirement of SEBI (Listing Obligations Disclosure

Requirements) Regulations, 2015. The Policy is available on the website of the Company under the weblink: http://www.iglonline.net/5000_media/Dividend-Distribution-Policy.pdf.

Performance Highlights

Compressed Natural Gas Business

During the year, your Company showed growth in CNG business in double digit i.e. 11% besides augmenting its CNG infrastructure in Delhi and NCR. The Company had 446 CNG stations and total compression capacity of 75.61 Lacs Kg/day as on March 31, 2018.

The Company was catering to 10.3 Lakhs vehicles including 7.1 Lakhs private cars in Delhi & NCR.

The Company has started setting up of CNG stations under Dealer Owned Dealer Operated (DODO) model considering the constraint of land availability from government land owning agencies. This would facilitate increase in number of CNG stations to provide comfortable fueling experience to its customers.



During the financial year 2017-18, the Company introduced for the first time prepaid card for its CNG customers in order to promote digital payments. Till now more than 50,000 cards are under circulation catering to 65,000 vehicles. The Company has tied up with taxi aggregator companies like Meru, Burdy cab, Yorker cab, etc. to further promote the pre-paid cards.

Company has conducted joint promotion activities with Tata and Eicher at the CNG stations. Due to constant follow up with the truck manufacturers, they have launched company fitted CNG variants, which are becoming very popular among the customers and thus boosting the sales of CNG.

Piped Natural Gas Business

PNG - Domestic Connections

PNG had been the focus area of the Company during FY 2017-18. Total 1.5 Lacs new connections were provided which is the highest number of new connections in a single financial year in the history of the Company. The increase in the number of connections was achieved with aggressive multimedia marketing and publicity drive.

Your Company increased its steel pipeline network from 778 kms in FY 2016-17 to 919 kms in FY 2017-18 and its MDPE network from 9,940 kms to 10,754 kms in FY 2017-18.

The Company is tapping all sources like multimedia marketing, publicity and offering of various schemes to increase the penetration level in the existing areas, where PNG infrastructure is already available.



Air Marshal H N Bhagwat, AVSM, VM, Air Officer Incharge Administration and Shri E.S. Ranganathan, Managing Director, IGL inaugurating the PNG supply at Indian Air Force Station, Willingdon Camp (Race Course) New Delhi, in the presence of senior IGL and IAF officials.

Company is also making concerted efforts to reach areas which are left out or considered non-technically feasible earlier. During the year, your Company started supply of domestic PNG for the first time in Defence Area of Delhi.

Your Company has customer centric approach and believes in providing best quality services to its customers. During the year, the Company strengthened its Customer Relationship Management (CRM) and other IT applications to provide better services to its customers.

Mobile App "IGL Connect" has been upgraded to enhance customer services. Recently, concept of spot billing has been added for the convenience of the customers.

The Company had total 8.92 Lacs connections in Delhi & NCR as on March 31, 2018.

PNG – Commercial & Industrial

During the year, your Company continued its thrust on the Commercial & Industrial segment which is one of the potential growth areas in the coming years. Despite stiff competition from alternate fuels, your Company achieved a growth of around 20% in sales volume in Industrial Segment & around 8% in Commercial Segment during financial year 2017-18. In terms of number of customers, the Industrial customer base increased from 962 in March 2017 to 1,224 in March, 2018 and Commercial customer base increased from 1,908 in March 2017 to 2,205 in March, 2018.

In Delhi, Delhi Pollution Control Committee (DPCC) has banned all other industrial fuels except PNG and has



Shri E.S. Ranganathan, Managing Director commissioning the City Gate Station at Dharuhera, district Rewari (Haryana) in the presence of Shri V.Nagarajan, then Director (Commercial) and other senior officials from Indraprastha Gas Limited.