



Poised for
Growth. Investing in
Tomorrow.



**MAHANAGAR
 GAS**

MAHANAGAR GAS LIMITED
 ANNUAL REPORT 2016-17

indhan hariyali ka

POISED FOR GROWTH. INVESTING IN TOMORROW.

As we enter an era of new-age energy, natural gas is gaining strength as the preferred fuel when compared to the efficiency and eco-sustainability of conventional fuels. With its cost competitive advantage, the natural gas industry is at a pivotal point of expansion for the 'Age of Clean Energy'. Despite short term economic and industrial cycles, there is a momentous long-term opportunity for natural gas to play a much larger role in our energy-hungry economic landscape.

The need for alternative fuel options is especially evident in Mumbai and its adjacent regions, which is where we enjoy market exclusivity. This dense urban-industrial cluster is witnessing the fastest expanding population growth in the country, spurring an urgent growth in demand for convenient and affordable clean energy. Natural gas, as an environmentally friendly fuel, is not only expected to cater to the demand for cooking and transportation fuel, but with raw-material gas costs remaining low for the foreseeable future, it is expected to play a key role in this region's economic growth in the coming decades.

With robust infrastructure and a well-primed operational efficiency, in addition to being the sole city gas distribution entity for its authorised regions, Mahanagar Gas Limited (MGL) is ideally positioned to lead this transformation. Today, MGL is strategically positioned to capture the benefits of this large and growing market by leveraging on its competitive strengths. With longer term growth opportunities in under-penetrated Raigad also under our belt, and with a focus on new areas coming under distribution bids, MGL is set to deliver sustainable growth and create value for the long term.





City Gate Station, Sion-Wadala

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At a Glance

Mahanagar Gas Limited (MGL) is one of the largest city gas distribution (CGD) companies in India. With over 22 years of experience in supplying natural gas in Mumbai, MGL is the sole authorised distributor of compressed natural gas (CNG) and piped natural gas (PNG) in Mumbai, Thane urban and adjoining municipalities and the Raigad district in the state of Maharashtra, India. The Company distributes CNG for use in motor vehicles and PNG for domestic household as well as for commercial and industrial use.

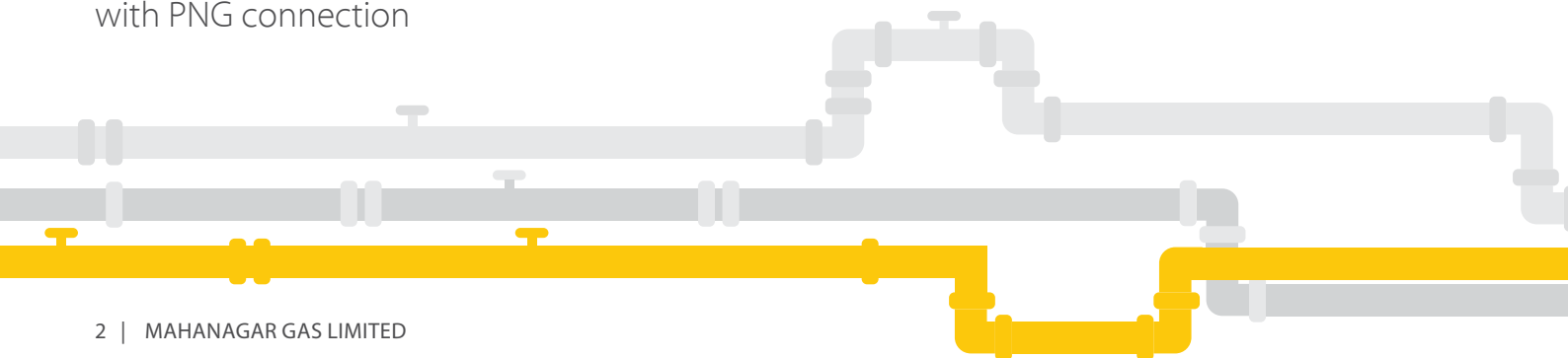
4,838_{km}
Pipeline Network

0.54_{mn}
CNG Customer Base

0.95_{mn}
Domestic households
with PNG connection

The Company is promoted by GAIL (India) Limited (GAIL) and BG Asia Pacific Holdings Pte. Ltd (BGAPH) {ultimately owned by Shell group}, each of who holds 32.5% of our Equity Shares. GAIL is a Maharatna public sector undertaking and the largest natural gas transmission company in India. BGAPH is headquartered in Singapore and is a part of the Shell Group. It is also a leader in the international exploration and production of oil, natural gas and LNG.

MGL distributes natural gas through an extensive CGD network of pipelines. It has the exclusive authorisation to lay, build, expand and operate in accordance with the Petroleum and Natural Gas Regulatory Board Regulations 2008 in Mumbai until 2020, in Thane Urban and adjoining Municipalities until 2030 and the Raigad district until 2040.





3,218

Commercial consumers
supplied with PNG

203

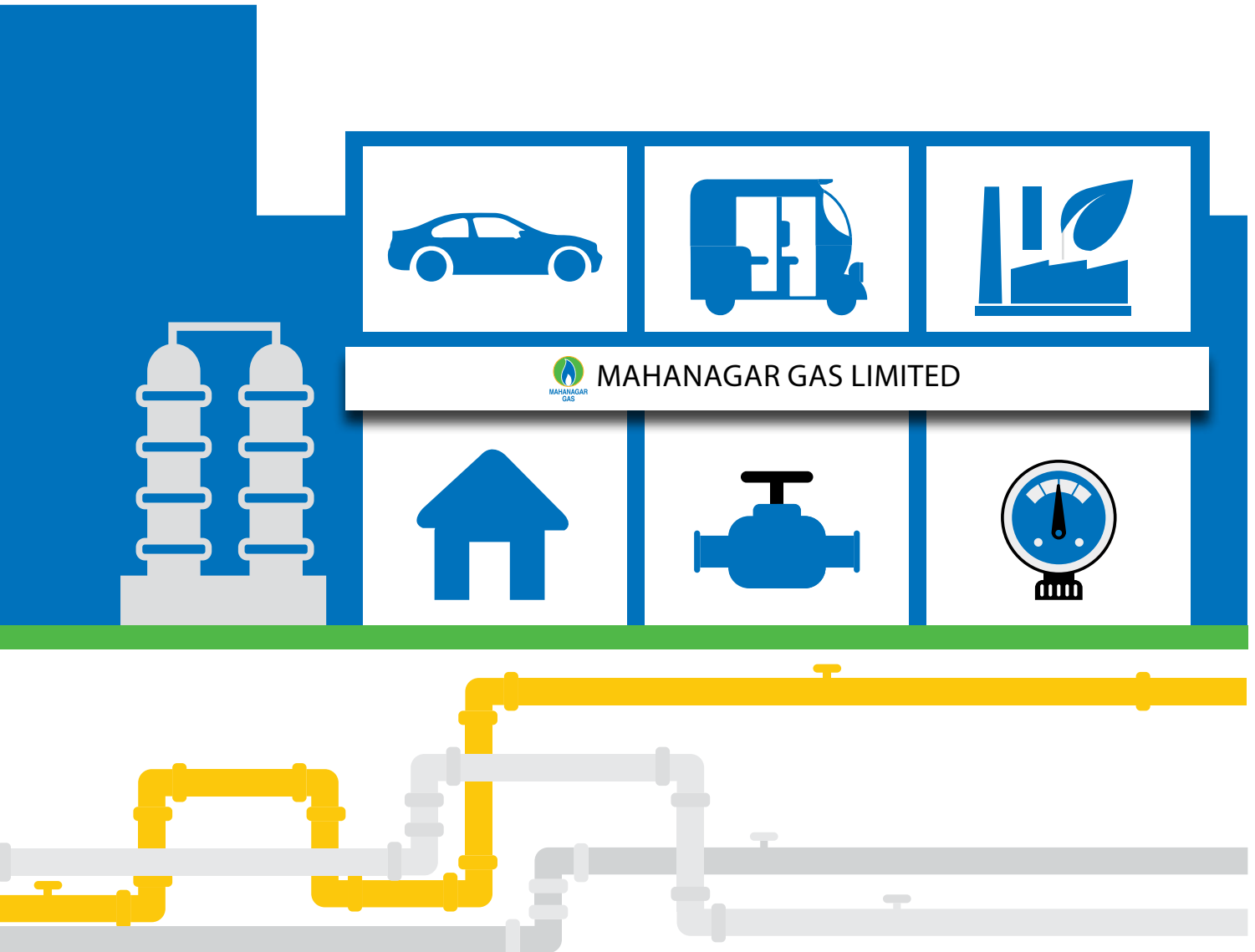
CNG Filling Stations, of which
14 are company-owned

62

Industrial Consumers
supplied with PNG

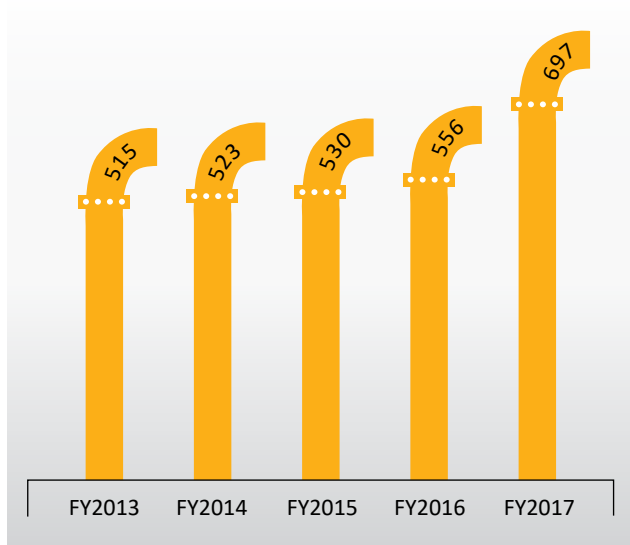
2.5695^{MMSCMD}

Volume of Natural Gas
Supplied in FY 2017



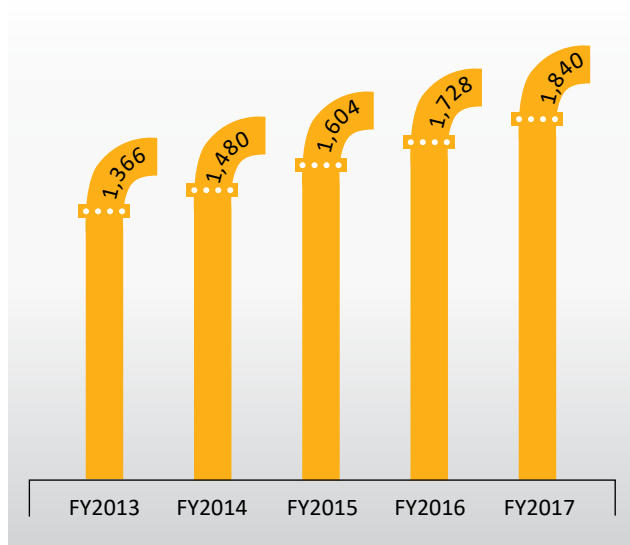
Our Financial Highlights

EBIDTA (₹ Crore)



Figures upto FY2015 are as per erstwhile GAAP (IGAAP)

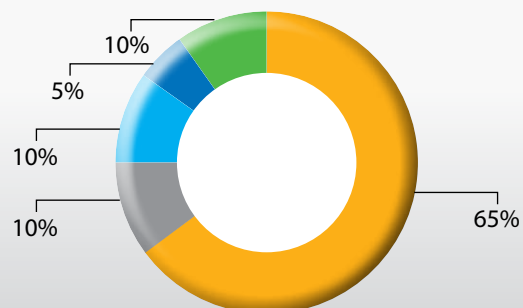
Net Worth (₹ Crore)



Figures upto FY2014 are as per erstwhile GAAP (IGAAP), however proposed dividend is not recognised, in line with Ind AS.

Shareholding Pattern as on 31st March, 2017

- Promoter and Promoter Group
- Government
- Others
- Mutual Funds
- FIIs / FPIs

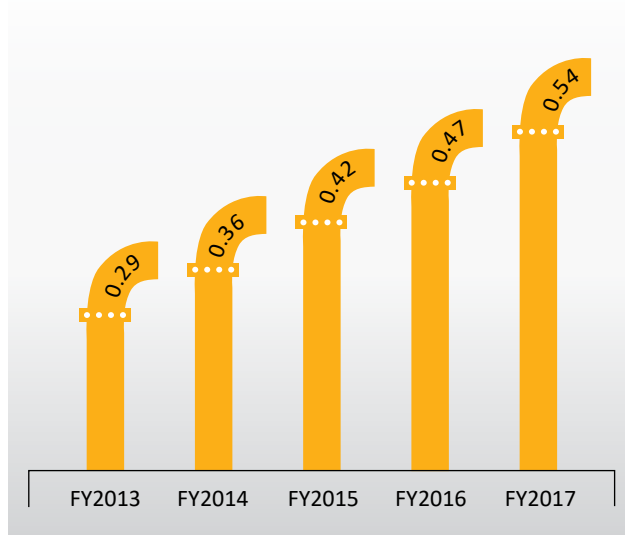




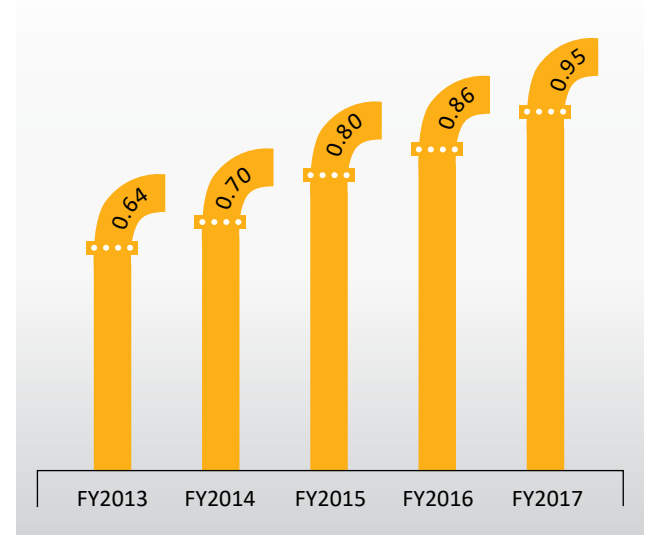
Our Performance Highlights

- Added 6.45 km of steel and 185.2 km of PE Pipeline network, leading to 4,838 km of gas pipeline spread across Mumbai and its adjoining areas, and Raigad.
- Daily reduction of over 1,400 tonnes of pollutants in Mumbai with the use of CNG.
- Added 1.62 lakh customers to supply PNG and CNG.
- During the year, 0.075 mn vehicles were added for CNG supply and 0.0865mn domestic households were connected for PNG. In addition, 402 commercial and 4 industrial consumers were added.
- Added 15 CNG Filling Stations for small and medium vehicles. CNG filling facility at 17 depots is operational for over 3,341 public transport buses run by BEST, MSRTC, TMT and NMMT to provide pollution-free travel to the citizens.

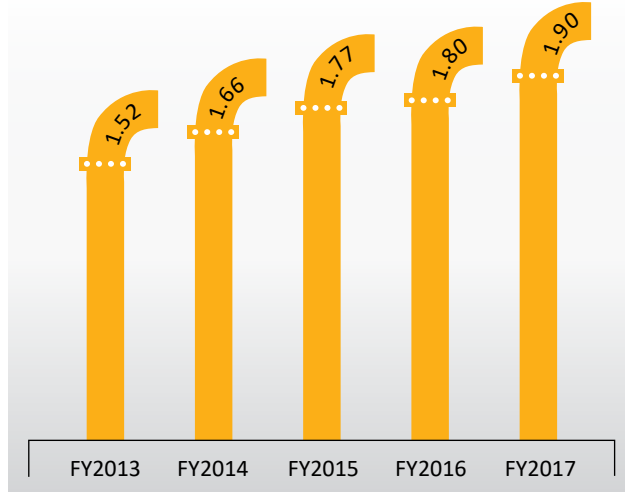
CNG Customers (Million)



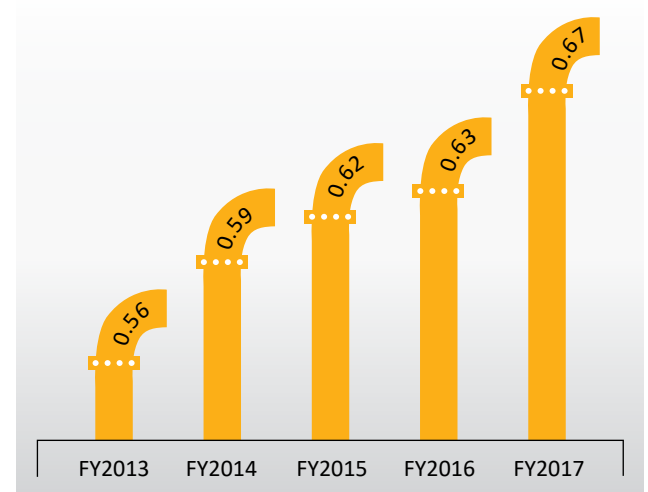
PNG Customers (Million)



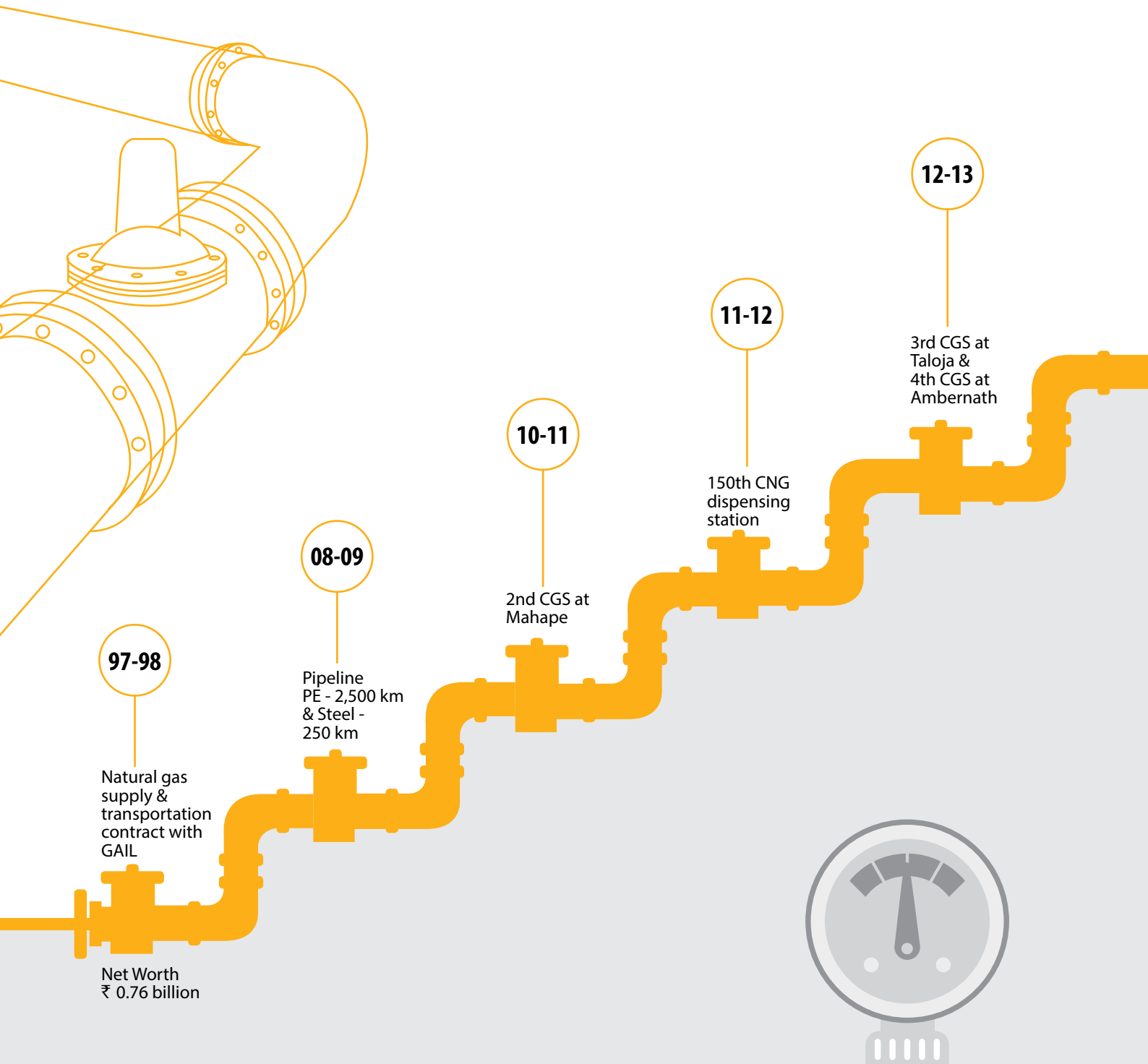
CNG Volume (MMSCMD)

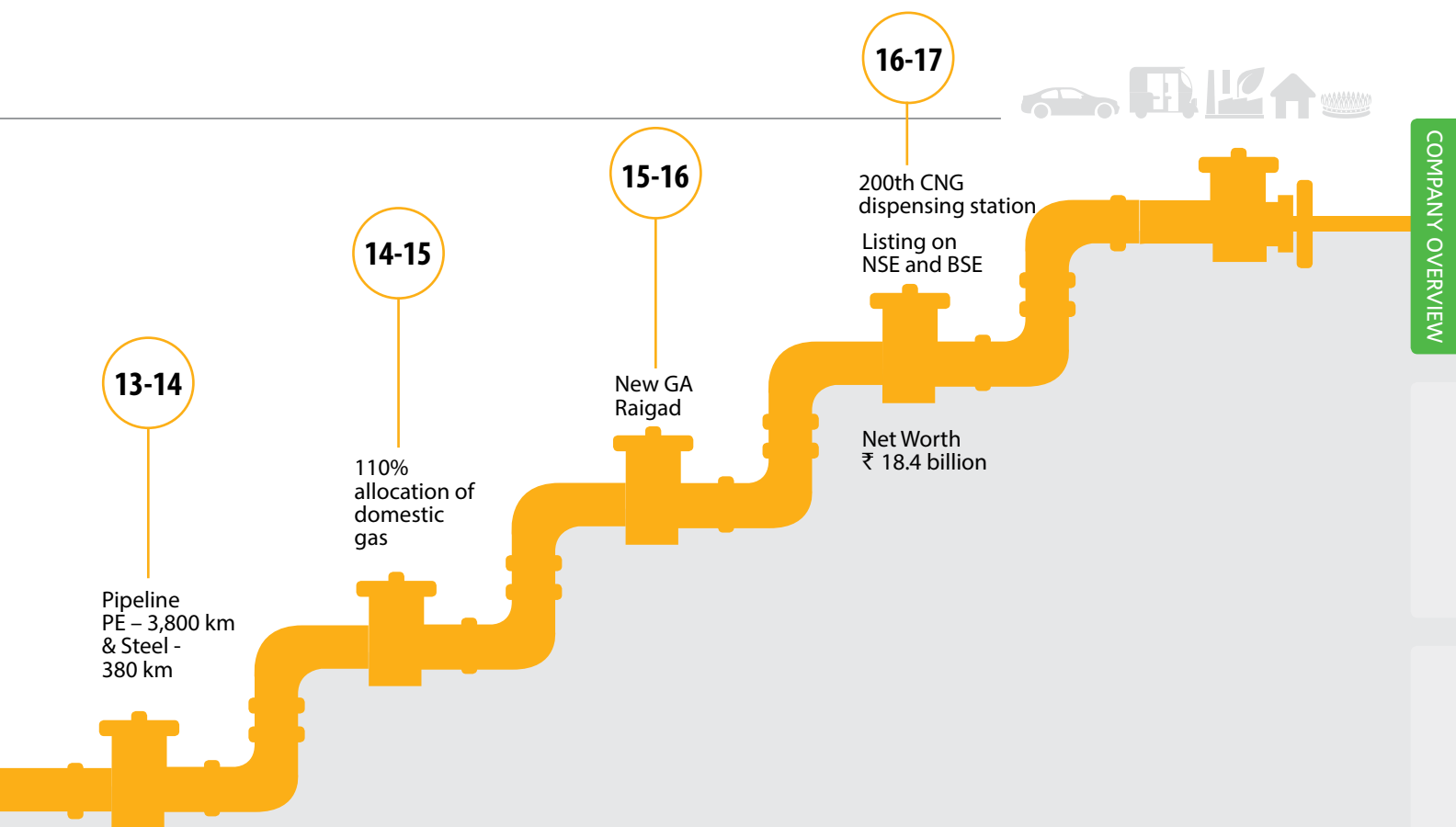


PNG Volume (MMSCMD)



Our Journey of Growth and Excellence





MGL is the sole authorised distributor of CNG and PNG in Mumbai, Thane urban and adjoining municipalities and the Raigad district.

18.2%
19 Year CAGR of Network

Message from the Chairman



Mr. Akhil Mehrotra, Chairman

We had a strong
year in FY 2017,
marked by a dividend
increase, growth in
earnings and customer
acquisitions.

I am pleased to present your Company's yearly performance review for the year 2016-17. We successfully completed the IPO of the company in July 2016. I record my sincere thanks and appreciation to all investors who participated in our IPO and have stood by us with their investments in MGL.

We had a strong year in FY 2017, marked by a dividend increase, growth in earnings and higher customer acquisitions. Our profit has grown by 26.5% and we reported volume growth of 5.7% during the year. Our results were driven by several factors, including operational efficiencies, growth in number of customers and subdued oil prices. In addition, our cost competitive and reliable gas sourcing arrangement and robust project delivery have helped establish extensive network, increasing our ability to reach more customers in our existing areas.

Building on the strong foundation, we are confident to pursue the opportunities that await us. We believe that ability to recognise the right opportunity and deploy our talent and resources quickly - will allow us enhance our growth and reach.

We have successfully commenced work on building infrastructure in the Raigad district. Furthermore, to increase the penetration in transport and domestic sector, we have till date set up 203 CNG stations and have reached 0.95 mn homes.

Growth Opportunities

The penetration of CNG and domestic PNG is still low but increasing in Mumbai, Thane Urban and adjoining municipalities. This provides us with immense opportunity to grow in our existing areas.

Furthermore, the government now allocates domestic natural gas upto 110% demand of CNG and domestic PNG. This gives us the assured availability and cost advantage against other competing fuels such as petrol, diesel and high speed diesel, paving the way for volume growth in future.

In addition, the Central and State Government have been promoting the use of natural gas by maintaining lower tax rates compared to alternate fuels. With the Central Government gradually phasing out LPG subsidy, substitution to PNG is only set to increase. The government has also mandated the conversion of all app based aggregators' taxis to clean fuel, which will boost demand manifold. The app