



MAHANAGAR  
GAS

# BUILDING A SUSTAINABLE COMMUNITY



ANNUAL  
REPORT  
2014-15



## BUILDING A SUSTAINABLE COMMUNITY

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Understanding the needs of the society and responding to it through socially useful programmes has been one of the core values of the Company.

We at MGL, believe in transforming the society through welfare & sustainable development of the community at large.

In accordance with vision of the Company, MGL's CSR initiatives supplement its contribution in environment protection, development of healthy and enlightened citizens, social enlistment and sustainable community development through its service, conduct and social initiatives.

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## VISION

To be a leading consumer-friendly gas company

To provide safe, efficient & reliable energy

To contribute significantly for a pollution free environment



## Letter from Chairman, MGL



Dr. Ashutosh Karnatak  
Chairman

Dear Shareholders,

I am, both excited and honored, to occupy the august position of Chairman of your Company. On the occasion of Twentieth Annual General Meeting of your Company and on behalf of the Board of Directors, it gives me immense pleasure and satisfaction to share noteworthy performance of your Company for the fiscal Year 2014-15.

**The net operating revenue for the Financial Year 2014-15 has reached ₹2095 crores, as compared to ₹1885 crores in the preceding Financial Year. Your Company also continued to maintain its profit growth by achieving a Profit after Tax of ₹301 crores for the year under review.** The average gas sales per day increased to 2.38 MMSCM, which is 5.3% increase over the previous year. Your Company has been constantly improving and performing excellently.

Your Company continues to successfully scale up the infrastructure during the year under review in its authorised areas of operation of Mumbai and its adjoining areas and is also rapidly spreading its distribution infrastructure and connecting consumers in the Mumbai and its suburban areas which are also within your Company's authorised Geographical Area. The sustainable growth, development and significant success achieved by your Company is the result of 'Best in Class' business practices. Your Company has made substantial investments in network expansion in its authorised areas of operations for laying, building and developing CGD infrastructure as a part of growth prospects.

I am delighted to inform you that **Petroleum and Natural Gas Regulatory Board (PNGRB) has recently authorized your Company to implement the City Gas Distribution (CGD) network in the District of Raigad, Maharashtra.** The authorized area for laying, building, operating or expanding the proposed CGD network shall cover an area of about 6,846 square kilometers. This will give an opportunity to your Company to grow beyond the existing authorised areas of operation in and around Mumbai. Along with the growth opportunity, there also lies challenges before your Company to roll out its CGD infrastructure in time bound manner in difficult and diverse topography of Raigad District to meet regulatory targets, which will be an uphill task.

Another appreciable fact is that **your Company has achieved 95,095 PNG connections & 1 lakh registrations in a single financial year, which is highest so far in the history of your Company.** Your Company is amongst one of the largest CGDs in India in terms of customer base.

I am glad to inform that your Company has taken an initiative to utilize renewable energy for lighting of the MGL Office Building at Mahape and successfully commissioned 20 KW roof top Solar Power Plant accordingly during the year under review. MGL has received the Greentech CSR award in Gold category for outstanding achievement in Corporate Social Responsibility. Your Company continues to primarily focus on safety, health, security and environment and it is constantly upgrading its infrastructure to keep pace with International Standards on health and safety.

The Hon'ble Supreme Court of India has pronounced judgment in the case of PNGRB v/s Indraprastha Gas Ltd & Others and observed that PNGRB is not empowered to fix or regulate the maximum retail price at which gas is to be sold by the CGD entities, to the consumers and further the PNGRB is also not empowered to fix network tariff or compression charges within the own distribution network. It will benefit your Company in fixing retail price and it has eliminated the risk of refunding any previous period payment to the customers with regard to Network Tariff and Compression charges.

Your Company is highly innovative in enhancing the levels of customer service, and in building customer and community trust. With the advancement of technology, **your Company has newly developed and launched mobile application; named "MGL CONNECT" to facilitate PNG (Domestic) and CNG customers** to upload gas meter reading, identification of meter reader, downloading of forms like registration, name change, locate the nearby CNG station. Through this application, the customers can also view the list of authorized CNG Cylinder testing agencies, and many more other important features. It is a matter of pride that your company is the only CGD Company in India to have such mobile application.

Your Company is looking for acquiring stake in other existing CGD entities having established markets. It is also pleasing to inform you that your Company is bidding for new geographical areas to set up and operate CGDs.

Despite formidable challenges, growth and progress continues at your Company. However, there is much more to do for taking up your Company to the aspired level of success, which is important, not only for shareholders, but also for our customers, people, the society in which we operate, and to the industry as a whole, where we play a leading role.

Before I conclude, I would like to take this opportunity to thank each one of you for your continued support and encouragement that has helped your Company to face all the challenges and achieve consistent growth in its business, while providing safe, competitive, efficient and reliable source of energy to our esteemed customers.

With warm regards,

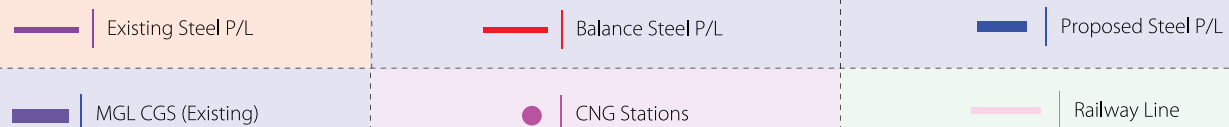


Dr. Ashutosh Karnatak  
Chairman

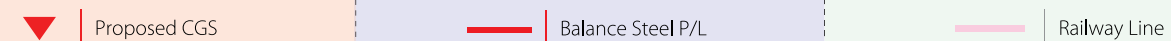
## GAS DISTRIBUTION NETWORK

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### MAP (GA-1 & GA-2)



## NEW AUTHORISED AREA FOR GAS DISTRIBUTION NETWORK (GA-3)





# Building a Robust Network

## MGL's CITY GATE STATIONS



# BOARD OF DIRECTORS



**Mr. Shaleen Sharma**  
(Chairman)  
(upto May 27, 2015)



**Dr. Ashutosh Karnatak**  
(Chairman)  
(w.e.f. May 28, 2015)



**Mr. Apurva Chandra**  
(Director)



**Mr. M. Ravindran**  
(Director)  
(upto May 27, 2015)



**Mr. Pankaj Kumar Pal**  
(Director)  
(upto March 26, 2015)



**Mr. Shahram Jahanbani**  
(Director)  
(upto March 26, 2015)



**Mr. Nitin Banerjee**  
(Director)  
(w.e.f. May 28, 2015)



**Mr. Vipin Chandra Chittoda**  
(Managing Director)  
(upto forenoon of  
September 29, 2014)



**Mr. Rajeev Mathur**  
(Managing Director)  
(w.e.f. afternoon of  
September 29, 2014)



**Ms. Susmita Sengupta**  
(Technical Director)



**Mr. Arun Balakrishnan**  
(Director)



**Dr. Basudeb Sen**  
(Director)



**Mr. J.K. Jain**  
(Director)



**Mr. Raj Kishore Tewari**  
(Director)  
(w.e.f. March 05, 2015)



**Mr. Santosh Kumar**  
(Director)

### OTHER KEY MANAGERIAL PERSONNEL

**Mr. S. M. Ranade**  
Chief Financial Officer

**Mr. Alok Mishra**  
Company Secretary



# HIGHLIGHTS

- Over 10 lakh customers covering 50 lakh people, are being supplied with PNG & CNG in and around Mumbai.
- CNG filling facility at 17 depots for over 3,300 public transport buses run by BEST, MSRTC, TMT, NMMT providing pollution-free travel to the citizens.
- Supplying CNG to over 4.25 lakh vehicles through a network of over 180 CNG outlets.
- Largest length and breadth of above 400 km steel & 4,000 km PE pipeline spread across Mumbai and its adjoining areas.
- Daily reduction of about 1200 tonnes of pollutants in Mumbai with the use of CNG.
- Expanding beyond the existing areas with the recent authorization to implement the City Gas Distribution network in the district of Raigad.
- Achieved 1 lakh registrations in a single financial year and provided over 95,000 PNG connections across its network this year.
- Successfully met the targets set by PNGRB for GA2 domestic connections and Inch-kms.
- Implementation of GIS mapping and SCADA system for efficient control and monitoring of the entire network.
- Securing Gas supply by setting up a network of City Gas Terminals at strategic locations in the area of operation.
- Achieved ISO 14001 certification for our three City Gate Stations at Mahape, Taloja and Ambarnath in addition to already certified CGS at Wadala.
- Won Greentech CSR award in Gold category under the CGD sector.
- All CNG auto and taxi drivers (above 2 lakh) provided insurance cover against accidental death or disabilities under MGL's unique insurance scheme- 'Mahasuraksha'.
- Contributed in rehabilitation of families of three martyrs of 26/11 terror attacks by handing over operatorship of 3 CNG stations.
- Facilitated the mentoring of 20 meritorious students from underprivileged families for entrance exams of premier engineering institutions resulting in their selection for IIT/NIT.
- Reaching out to the customers through a network of 7 walk-in centers across the operational area.
- Enhancing customer centric approach by registering presence on social media.
- Launching of mobile app 'MGL Connect' for adding a new dimension to customer-centric approach.



## Building A Progressive Nation- Empowering Youth Through Education And Skill Development

MGL has taken initiatives for community welfare by providing support for rehabilitation and holistic development of children from marginalized communities and also increasing computer literacy in local Municipal schools. Through its endeavor 'MGL Unnati', free coaching facility was extended to meritorious children from economically weaker sections, for competitive exams of engineering institutions.



# CONTENTS

1.	Corporate Directory.....	12
2.	Directors' Report.....	14
3.	Report on Corporate Governance.....	44
4.	CEO / CFO Certification.....	64
5.	Auditors Certificate on Corporate Governance Report.....	66
6.	Independent Auditors Report.....	67
7.	Balance Sheet.....	71
8.	Statement of Profit & Loss.....	72
9.	Cash Flow Statement .....	73
10.	Notes to Financial Statements.....	75



## Building a Secure Environment by Empowering Women

MGL has associated with various social institutions for empowering urban and poor women for a dignified life through skill development. MGL is taking a step forward to encourage and empower women by providing a source of livelihood to needy women.



## CORPORATE DIRECTORY

### BANKERS

The Hongkong & Shanghai Banking Corporation Ltd  
United Bank of India  
ICICI Bank  
AXIS Bank  
Standard Chartered Bank  
Yes Bank Ltd  
BNP PARIBAS  
Kotak Mahindra Bank Limited  
IDBI Bank Ltd  
Oriental Bank of Commerce  
HDFC Bank  
Indian Bank  
Punjab National Bank  
The Dhanlaxmi Bank Ltd  
Deutsche Bank, AG  
CITI Bank NA  
Development Credit Bank Ltd

### STATUTORY AUDITORS

M/s. Deloitte Haskins & Sells,  
Chartered Accountants,  
Indiabulls Finance Centre, Tower 3, 32nd Floor,  
Elphistone Mill Compound, Senapati Bapat Marg,  
Elphistone (W), Mumbai - 400 013.

### SECRETARIAL AUDITORS

M/s. Dholakia & Associates LLP,  
A/302, Khernagar Sarvodaya Co.op. Hsg. Soc. Ltd.,  
Bldg. No. 11, Nr. PF Office, Khernagar, M.H.B. Colony,  
Bandra (East), Mumbai - 400 051.

### COST AUDITORS

M/s. Dhananjay V. Joshi & Associates.  
Cost Accountants,  
"CMA Pride", Ground Floor, Plot No. 6, S. No. 16/6,  
Erandawana Co.op. Hsg. Soc., Erandawana,  
Pune - 411 004.

### REGISTERED OFFICE

MGL House, Block No : G-33,  
Bandra-Kurla Complex,  
Bandra (East),  
Mumbai - 400 051.



## Building A Sustainable Ecosystem By Protecting Flora & Fauna

MGL has been encouraging Animals Welfare by undertaking activities for rehabilitation of animal by providing veterinary ambulance and intensive care unit, thus helping in overall environmental sustainability.



## DIRECTORS' REPORT

### To the Members,

Your Directors are pleased to present you the Twentieth Annual Report of the Company (MGL) together with the Audited Statements of Accounts for the year ended March 31, 2015.

### 1. FINANCIAL PERFORMANCE

Your Company surpassed the milestone of ₹2,000 Crores turnover, registering an impressive growth of 11% over the previous year. The Profit after Tax is ₹301 Crores for the year 2014-15 as compared to ₹297 Crores for the year 2013-14.

The financial results for the year ended March 31, 2015 are summarized below:

Particulars	FY 2014-15 ₹in Crores	FY 2013-14 ₹in Crores
Net Revenue(Operating)	2,095	1,885
Other Income	41	34
Profit before Interest and Depreciation	530	523
Interest	1	0.21
Depreciation	80	81
Profit before Tax (PBT)	449	442
Provision for Tax	148	145
Profit after Tax (PAT)	301	297
Balance of Profit for earlier years	995	911
On account of change in estimated useful life in case of certain assets, depreciation adjusted as per Companies Act, 2013 [net of tax]	(2)	-
Balance available for appropriation	1,294	1,208
<b>Appropriation</b>		
Transfer to General Reserve	-	30
Proposed Dividend on Equity Shares	156	156
Tax on Dividend	32	27
Balance of profit carried to Balance Sheet	1,106	995
<b>Total Appropriations</b>	<b>1,294</b>	<b>1,208</b>
<b>Earnings Per Share (Face value of ₹10/- each)</b>		
Basic (₹)	33.69	33.27
Diluted (₹)	30.54	30.15



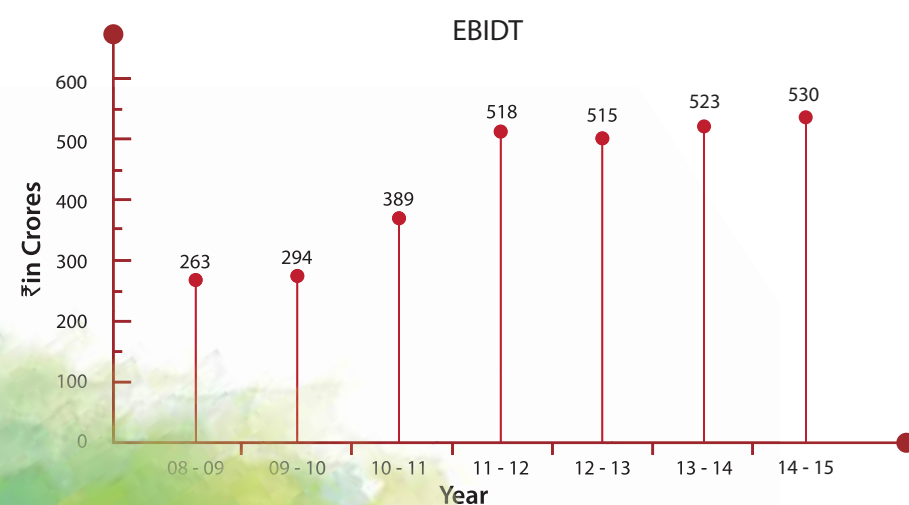
Building trust of promoters - Presentation of dividend cheques to GAIL (I) Ltd, BG India Ltd. and Government of Maharashtra.

Net worth per share has increased from ₹145.17 in 2013-14 to ₹157.54 in 2014-15 signifying sound return on investment coupled with sizeable amount of profit ploughed back into the business.

### 2. APPROPRIATIONS

#### Dividend

In the previous year, a dividend of ₹17.50 per equity share of face value of ₹ 10/- each (which included special dividend of ₹7.50 per share) was paid. For the financial year ended March 31, 2015, your Directors are pleased to recommend a dividend of ₹17.50 per equity share (i.e. normal dividend of ₹10 per share and special dividend is ₹7.50 per share) on 8,93,41,600 equity shares of ₹10.00 each (175% on the paid up value of each share).



The payment of dividend, after your approval at the forthcoming Annual General Meeting, will be made in accordance with the regulations applicable at that time.

### 3. STATE OF COMPANY'S AFFAIRS

Your Company's growth is on fast track and is poised for scaling newer heights, in its chosen areas of operations. A brief summary of the operations of the Company is provided in the Management Discussion & Analysis section forming part of this report.

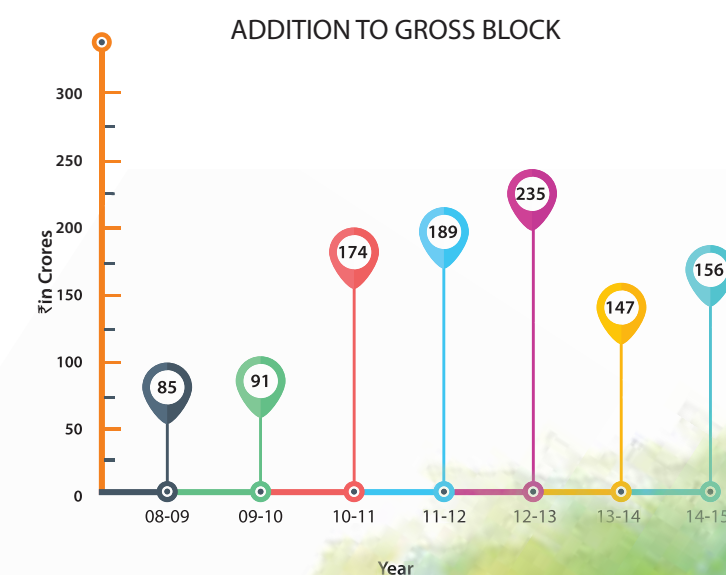
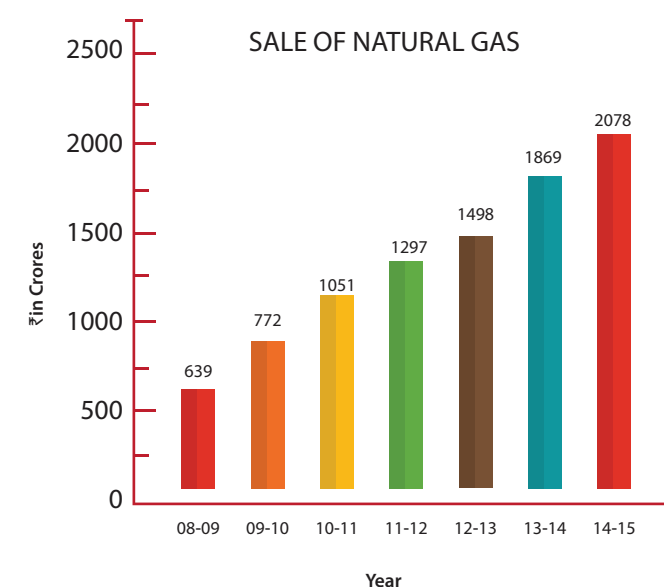
### 4. MANAGEMENT DISCUSSION & ANALYSIS

#### (a) Operations and Business Performance:

The Company has successfully continued scaling up of the infrastructure during the year under review in its authorised areas of operation of Mumbai, Thane, Mira-Bhayander and Navi Mumbai.

Mumbai is a densely populated and a congested city. Building infrastructure in the city has always been a challenge for your Company. Furthermore, as compared to other utilities whose infrastructure is already laid in the limited corridors available, City Gas Distribution (CGD) has the "last mover" disadvantage in Mumbai.

The Company is also rapidly spreading its distribution infrastructure and connecting consumers in the suburban areas of Kalyan-Dombivli, Ambarnath-Badlapur, Ulhasnagar, Bhiwandi, Panvel, Kharghar and Taloja which are also within your Company's authorized Geographical Area. Growth has been maintained despite encountering complexities due to development of infrastructure by various other entities / authorities, limited construction window period of six months due to monsoons and delay in availability of statutory permissions from local authorities to build CGD infrastructure.







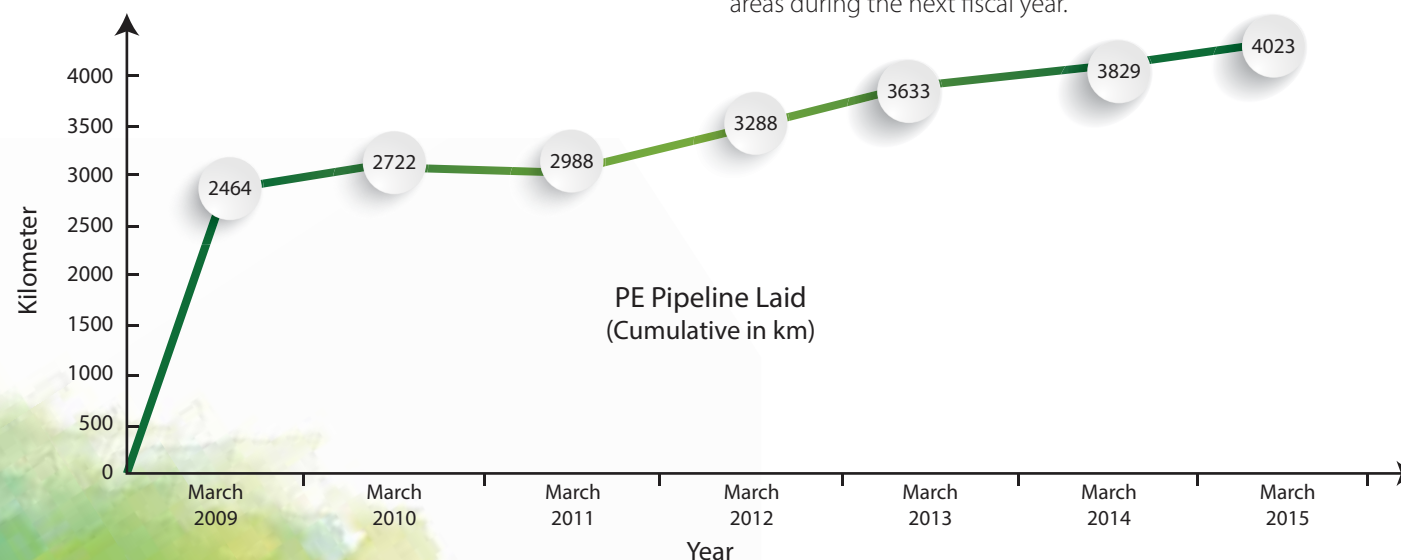
MGL steel pipeline laying site.

The table below shows growth achieved by the Company:

Sr. No.	Particulars		Addition for the Year 2014-15	Cumulative Growth upto March 31, 2015
A.	<b>Piped Natural Gas</b> - Household Consumers Connected	Nos	95,095	8,01,321
B.	<b>Compressed Natural Gas</b> - Outlets / Stations - Dispensing Points - Compression Capacity - Vehicles converted to CNG	Nos Nos Kgs/day Nos	12 81 2,02,300 62,190	180 970 25,39,200 4,21,258
C.	<b>Pipelines laid</b> - Steel - Polyethylene	Kms Kms	25 195	403 4,023

Continuous additions to the number of domestic connections and vehicles converted to CNG have ensured that your Company is one of the largest CGD companies in India in terms of consumer base.

The average gas sales volume of your Company during the



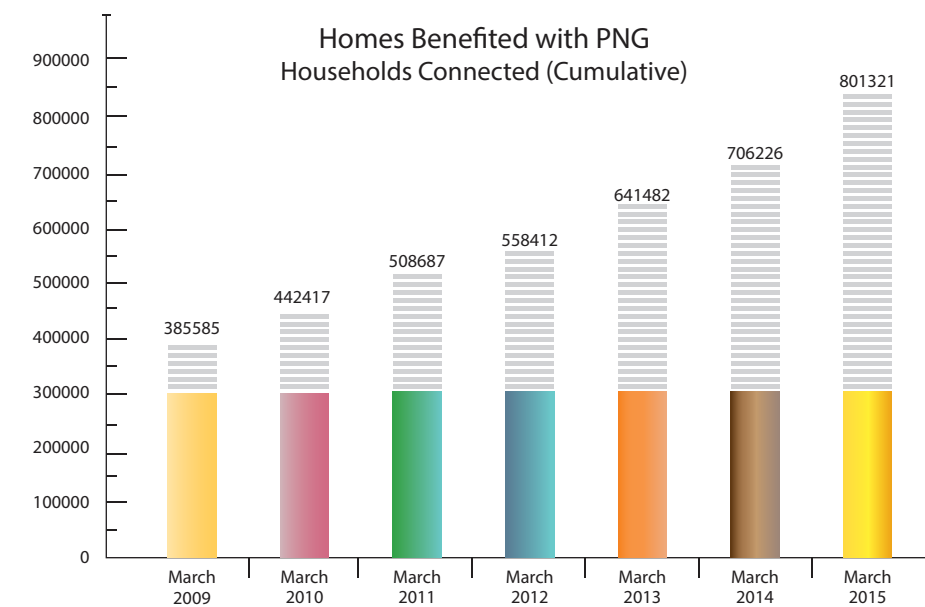
financial year 2014-15 increased to 2.38 MMSCM per day registering a growth of over 5.3% during the previous fiscal year.

The highest daily gas volume has reached a peak of 2.645 MMSCM per day during the year.

During the year 2014-15, your Company has made substantial investments in network expansion in its existing areas of operations of laying, building and developing CGD infrastructure in the authorized areas.

During the year 2014-15, apart from domestic connections, your Company has also made progress in adding new Commercial and Industrial consumers.

The average CNG sale during the financial year 2014-15 increased to 12.32 Lakhs Kg per day registering growth of about 7.1 % over the previous fiscal year. The peak daily sale of CNG reached 14.66 Lakhs Kg per day during the year. The growth in demand for CNG is expected to continue and your Company is preparing to seize this opportunity by significantly investing further in the CNG infrastructure in the city of Mumbai and adjoining authorised areas during the next fiscal year.



Some of the highlights of performance and initiatives taken up during the year are as follows:

- Day to day efficiency in gas sourcing, supply management, fund management and operations undertaken by your Company led to an overall control on costs.
- Your company since its inception, has for the first time achieved 95,095 PNG connections & 1 Lakh registrations in a single financial year.
- Your Company has met the targets set by PNGRB for GA2 domestic connections & Inch-Km.
- Your Company has successfully completed assessment of ISO 14001 for CGS Mahape, Taloja and Ambernath and also successfully achieved re-certification of ISO-9001:2008.
- Your Company received the Greentech CSR award in Gold category for outstanding achievement in Corporate Social Responsibility.



Recognition for CSR.

- Your Company has been awarded by PNGRB with the authorization to implement the CGD network in the district of Raigad in Maharashtra. This will give an opportunity to your Company to grow beyond the existing areas of GA I & GA II covering Mumbai, Thane and Navi Mumbai.

- Your Company has successfully added 4 CNG cylinder hydro testing set-up during the year and total 12 during the years, to facilitate CNG users.

- Your Company signed term regasified Liquefied Natural Gas (RLNG) contract (0.15 Firm + 0.15 Fall back) for gas supplies commencing effectively from April 01, 2014 and the term is valid till December 2015. Firm RLNG supplies would help your Company to reduce its dependence on Spot RLNG having high volatility of prices.

- Your Company contributed for installation of air-conditioning unit at Taraporewala Aquarium, Mumbai.

- Your Company successfully commissioned a roof top Solar Power Plant of 20kW capacity at MGL Office Building at Mahape to cater to power electrical lighting of the office building.

#### (b) Development in Gas Sourcing and Pricing:

Untiring efforts and advocacy by your Company resulted in Government of India (GoI) vide its revised guidelines dated August 20, 2014, allowing supply of domestic gas, 10% over and above 100% requirement of CNG (transport) and PNG (domestic) of individual CGD entity calculated as per the last half yearly consumption. As per the MoP&NG guidelines, the allocation of domestic gas will be reviewed half yearly and revised based on actual consumption in the previous period.

Further, the GoI notified 'New Domestic Natural Gas Pricing Guidelines, 2014', dated October 25, 2014 effecting new domestic natural gas price from November 01, 2014 to March 31, 2015. These Pricing Guidelines 2014, in addition to providing clarity on domestic Natural Gas Pricing, moderated the increase in domestic natural gas price and helped in maintaining competitiveness of CNG (transport) and PNG (domestic) supplied by your Company against competing liquid fuels.