



INDRAPRASTHA GAS LIMITED

(A Joint Venture of GAIL (India) Ltd., BPCL & Govt. of NCT of Delhi)



Shri M. Ravindran
Chairman, Indraprastha Gas Limited

Statement of the Chairman at 16th Annual General Meeting 22nd September 2015

Dear Shareowners,

On behalf of the Board of Directors and my own behalf, I extend a very warm welcome to all of you at the Sixteenth Annual General Meeting of your Company. Notice of the Annual General Meeting and the Annual Report for the year 2014-15 are already with you and with your permission, I take them as read.

At the outset, I am glad to share that your Company has maintained overall good performance during the financial year 2014-15 also with the Profit After Tax showing a growth of 22% over the previous year and standing at ₹ 437.73 Crores. The Gross Turnover of your Company stood at ₹ 4048.58 Crores. I am pleased to announce that in line with good financial performance during 2014-15, the Board of Directors of your Company has recommended a higher dividend of 60% i.e. ₹ 6 per share as against 55% i.e. ₹ 5.50 per share paid in the last year.

Besides the financial numbers, your Company has shown its commitment towards government initiative to expand the PNG infrastructure in mission mode. I am happy to share that in 2014-15, your Company has provided over one lakh domestic PNG connections, which is a record for any City Gas Distribution company in the country. Your Company is fully geared up to further improve its performance in the coming years to maintain its position of premier city gas distribution Company in the country.

Recently, the apex court of the land, Hon'ble Supreme Court of India ruled in favour of your company while dismissing a Special Leave Petition filed by PNGRB on tariff issue. This landmark verdict is bound to be a big boost for the entire City Gas Distribution sector in the country. Now, I would like to briefly share with you the gas industry scenario, performance of the Company and future plans.

GAS INDUSTRY SCENARIO

Being a growing economy, the demand for energy resources is bound to grow consistently in India. Due to its environment friendly characteristics, the share of natural gas has shown growth in the overall energy basket of the nation and is expected to grow significantly in the coming years.

While the demand for natural gas is on the rise, the production from existing gas fields is on the decline resulting in import of Liquefied Natural Gas (LNG) to meet the demand. The Government has been taking various steps for meeting growing demand of gas in the Country. Apart from making efforts to

increase production from indigenous gas fields, steps are underway to explore more options for import as well as development of adequate infrastructure.

City Gas Distribution sector is set to expand fast across the country as a result of various initiatives taken by the government in the last one year. Ministry of Petroleum and Natural Gas has revised guidelines for allocation of domestic natural gas to ensure supply of domestic gas to CGD Companies at the top priority to meet full requirements of CNG and domestic PNG segments. The price of domestic gas is now being revised every six months by the government as per the formula based on prices in international market thereby ensuring supply to retail customers at competitive prices.

The Government is clearly focused on increasing CNG Network across the country with development of green corridors along major national highways. At the same time expansion of PNG network is being taken up on a Mission Mode across the nation to provide PNG connections to one Crore households in the country in the coming years. This will perfectly compliment the 'Give it up' campaign spearheaded by the government aimed at diverting subsidized LPG to the rural areas where clean cooking fuel is not available.

Your company has already proved its capabilities by building robust CNG and PNG infrastructure in NCT of Delhi & NCR and is fully geared up to further scale up its operations in line with the vision of the government.

COMPANY'S PERFORMANCE

Financial Performance

During the year 2014-15, the Gross Turnover of the Company had been ₹ 4049 Crores against ₹ 4319 Crores in the previous year mainly on account of substantial reduction in prices of CNG and domestic PNG due to allocation of additional domestic gas to CGD sector in February 2014. The Profit after Tax showed a growth of 22% going up from ₹ 360 Crores to ₹ 438 Crores. As on 31st March 2015, your Company had a network of ₹ 2098 Crores.

We are very well on course in 2015-16 too and I am confident that your Company would continue its journey of consistent good performance in the coming years.

BUSINESS OPERATIONS

The Company continued its drive to achieve a healthy growth in developing Compressed Natural Gas (CNG) and Piped Natural Gas (PNG) infrastructure. The CNG & PNG domestic business have performed well during the year 2014-15.

Compressed Natural Gas (CNG)

During the year, your Company has augmented its CNG distribution infrastructure by enhancing the installed compression capacity from 66.81 Lakhs kg/day in March 2014 to 68.50 Lakhs kg/day in March 2015.

As on March 31, 2015 your Company was providing CNG to over 8 lakhs vehicles in Delhi & NCR through a network of 326 CNG stations.

Piped Natural Gas (PNG)

Your Company is fully aware of the potential of expanding PNG network to provide connectivity to household kitchens, commercial establishments and industrial customers. A major thrust had been given to the expansion of Piped Natural Gas (PNG) network in NCT of Delhi and NCR during 2014-15 which resulted in achieving an unparalleled feat of providing over one lakh new domestic PNG connections in the financial year. There was some decline in sales in industrial & commercial segment primarily due to stiff competition from alternate fuel like furnace oil / diesel due to lower crude prices.

As on March 31, 2015, the Company had provided connections to 5.6 lakhs domestic and around 2300 industrial and commercial customers.

FUTURE PLANS

With the Government focusing on expanding the CGD Network to various cities & increasing PNG Penetration, your Company is all set to consolidate its presence in existing areas of operation as well as to expand in new geographies. The CNG sector holds lot of promise since more number of buses, taxis and private cars are expected to be running on CNG as a result of environmental awareness as well as judicial intervention. Due to thrust given on PNG expansion by the government, your Company has set high targets for providing PNG connections in the future years.

Your Company has already acquired 50% stake each in Central UP Gas Ltd. (CUGL), a Company engaged in City gas distribution in the cities of Kanpur & Bareilly in Uttar Pradesh, and in Maharashtra Natural Gas Limited (MNGL), a City Gas Distribution Company operating in the city of Pune, Maharashtra. Your Company is looking at similar strategic acquisitions in other cities also apart from participating in the bidding process of PNGRB for setting up CGD network in new cities. Being the pioneer CGD company in the country, your Company enjoys a first mover advantage in rolling out a CGD network and is fully geared to expand in new markets across the country.

CUSTOMER FOCUS

Your Company has always believed in the philosophy of 'Customer First', and therefore has been making conscious efforts to upgrade its services while leveraging technologies to its advantage. Keeping the technological awareness of our customer base in mind, your company has developed new customer centric applications to provide user friendly experience over portal which can even be accessed on handheld devices. Your company has invested in IT initiatives like Customer Relationship Management, Business Communication Management and Multichannel Foundation for Utilities, which shall be shortly released to provide further convenience to the customers.

It is worth mentioning here, that your Company has improved its performance on the scale of Customer Satisfaction Index (CSI) as compared to last year as per a study by a leading Marketing Research Agency engaged by your Company. The Company would continue to make efforts to improve as well as upgrade its processes and systems to provide services to the satisfaction of its customers.

HEALTH SAFETY & ENVIRONMENT

Health, Safety & Environment has always been provided top most priority in all operations of your Company. It is a constant endeavor to maintain highest standards of safety and a number of measures are being undertaken to ensure strict adherence to the same.

Your Company has an Integrated Management System in place and has received ISO Certifications in the fields of Quality Management System, Environmental Management System, Occupational Health & Safety Management system and Energy Management system in the last one year. Regular trainings are



constantly being imparted to employees, contractual staff at CNG stations, DTC drivers and consumers of CNG & PNG to inculcate a culture of safety. Emergency Control Centres are also operational round the clock at strategic locations around Delhi & NCR. It is a matter of great pride that your Company has been awarded Greentech Safety Award (Platinum Category), Safety Innovation Award by Institute of Engineers and Special Commendation by Golden Peacock Occupational Health & Safety Award.

CORPORATE SOCIAL RESPONSIBILITY & GOVERNANCE

GOVERNANCE

Your Company is fully conscious of its responsibilities towards the society. Health, Education, Environment along with empowerment of women and underprivileged have been identified as thrust areas. Your Company is running initiatives for drivers like 'IGL Swasth Saarthi' programme – a comprehensive health management programme, 'IGL Suraksha Yojana' - a Group Accident Insurance scheme and funding of the gender sensitization training module for taxi drivers in the capital. Your Company has been supporting meritorious students from underprivileged strata of society for specialized coaching towards engineering entrance examinations. As a part of Swachh Bharat Campaign, your company is funding development of toilet complexes being undertaken by South Delhi Municipal Corporation and redevelopment of toilet complexes in government schools in Delhi.

As a responsible corporate citizen, your Company is fully committed to good corporate governance & to the principals of inclusive & participative growth.

ACKNOWLEDGEMENTS

Before I conclude, on behalf of Board of Directors, I sincerely acknowledge the support of GAIL (India) Ltd. and Bharat Petroleum Corporation Ltd., the promoters of your Company. I also thank the state Governments of NCT of Delhi and Uttar Pradesh, and the Ministry of Petroleum & Natural Gas for their continued co-operation.

I also express my gratitude to our valued customers for their continued support and trust. I also place on record my appreciation to every member of the IGL team for their hard work and dedicated efforts for good performance of the Company.

My special thanks to all of you and the large family of shareowners of IGL for their confidence and trust reposed in us. I am sure with all your support the Company will achieve new milestones in times to come.

Thank you.

M. Ravindran
Chairman

(This does not purport to be record of the proceedings of the Annual General Meeting)

