

INDRAPRASTHA GAS LIMITED

An Overview

May 2019

Background

Incorporated in 1998, IGL is a Joint Venture of GAIL and BPCL. Govt. of NCT of Delhi is also holding 5% equity.

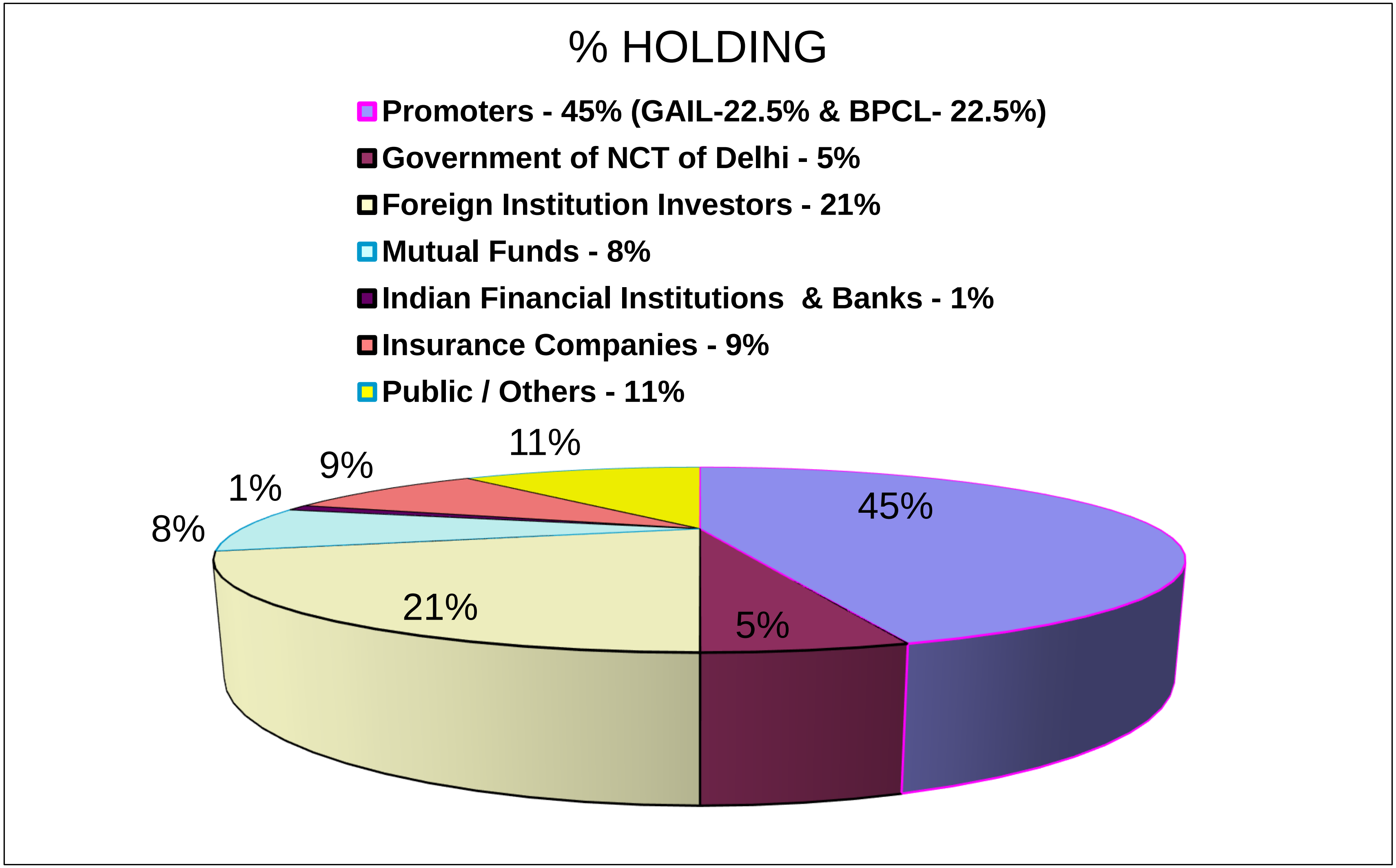
The company was listed in stock exchange in December 2003.

IGL started its operations in NCT of Delhi in 1999 with only 9 CNG stations and 1000 PNG consumers

Today IGL has its operations in NCT of Delhi, Noida, Greater Noida, Ghaziabad and Rewari with 500 CNG stations, 11.02 lacs residential consumers and ~4300 industrial / commercial customers

Fuelling the largest CNG Bus fleet in the World

Shareholding Pattern



Management

- IGL Board is fairly well diversified with ten members including two each from GAIL and BPCL, one from Govt. of Delhi and five independent directors (Presently there are two independent directors).

- The company is beneficiary of its strong parentage and gets significant support from GAIL and BPCL relating to operations and management.

- By virtue of the presence of Govt. of Delhi as a minority shareholder, the company gets support for speedy administrative approvals.

- The company has highly qualified senior management personnel with several years of experience in Oil & Gas sector.

Areas of Operation

- Delhi: National capital of India has huge demand potential:
  - where public transport vehicles have to necessarily run on CNG in view of the directions of the Hon. Supreme Court of India.
  - has the highest number of private cars compared to any other city of India
  - thickly populated having large number of residential & commercial complexes and hospitals etc..
- Noida: Most advanced city of state of Uttar Pradesh having huge potential for CNG, PNG-Residential and commercial volumes.

- Greater Noida and Ghaziabad: Residential cum Industrial towns of Uttar Pradesh having huge potential demand for PNG Residential, Commercial and Industrial.

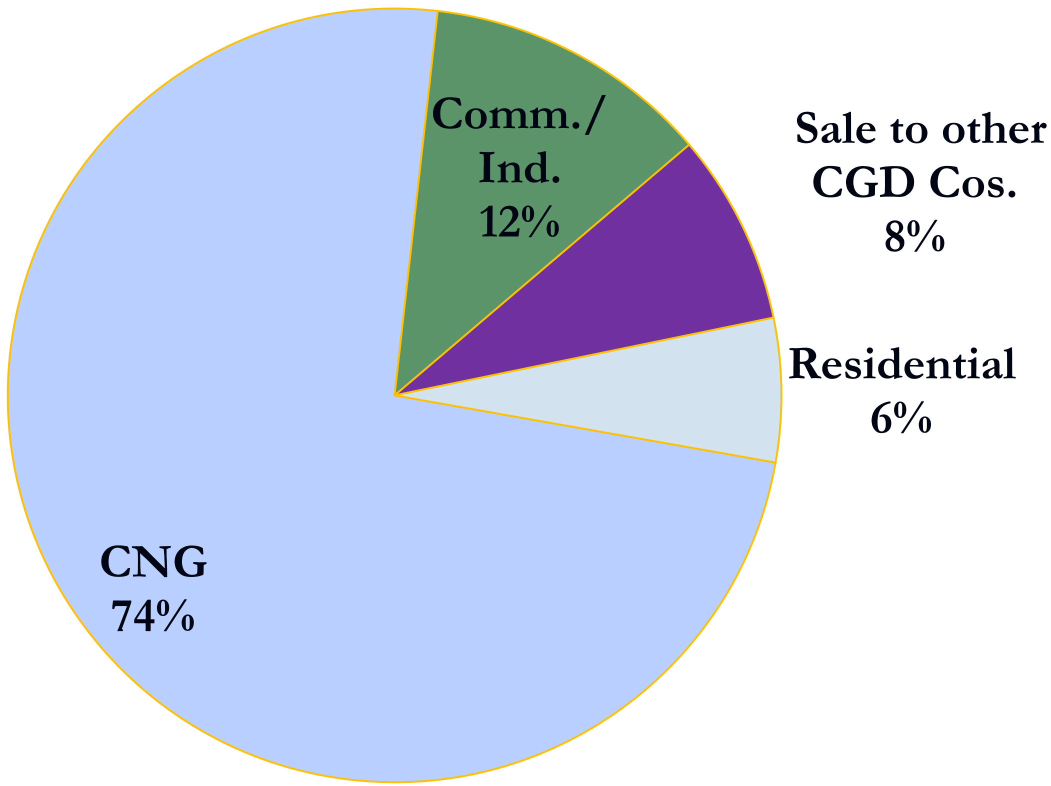
- Rewari, Dharuhera & Bawal: Bawal being an Industrial town of Haryana having huge potential demand for Industrial PNG.

- Karnal, Gurugram & Muzaffarnagar : CNG sale has started.

New Geographical Areas

- IGL has started sale of CNG at four OMCs outlets in Rewari and sale of PNG to Domestic households. IGL plans to add ~6 more CNG outlets and to connect 1500 Domestic households in FY19. Supply of gas has been started in areas of Bawal and Dharuhera.
- IGL has recently got entry into Gurgaon to lay infrastructure; Initially the permission has been given for the area between west side of Sohna Road and NH 8 in Gurugram district. IGL plans to add ~4 CNG outlets in FY19.
- Matter regarding take over of supplies by IGL in Gurgaon District is in progress.
- IGL was authorised for Karnal geographical area in the 8th round of bidding by PNGRB. IGL plans to add ~3 CNG outlets in FY19.
- IGL has been authorised for Meerut (Except area already authorized), Muzaffarnagar & Shamli geographical area in the 9th round of bidding by PNGRB.
- IGL has been authorized for Kaithal, Kanpur(Except area already authorized), Fatehpur & Hamirpur and Ajmer, Pali & Rajsamand areas in the 10th round of bidding by PNGRB.

Segment & Current Sales Volume Mix

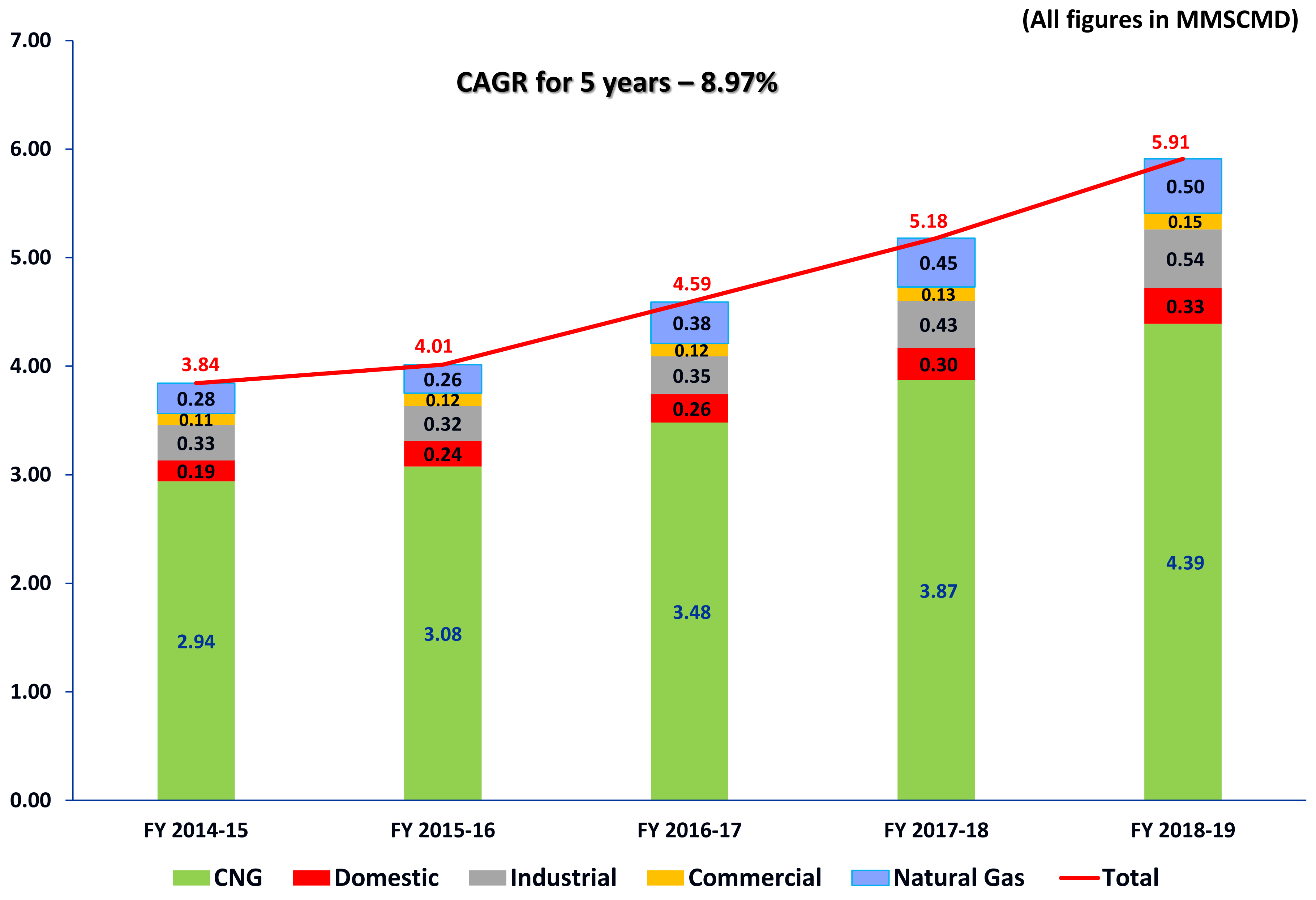


Sales Volumes

Figures in MMSCM

	FY14	FY15	FY16	FY17	FY18	FY19
CNG	1,028	1,073	1,123	1,269	1,412	1,602
PNG	356	330	342	406	479	553
Total Sale	1,384	1,403	1,465	1,675	1,891	2,155
Daily Average Sale	3.79	3.84	4.00	4.59	5.18	5.91

Volume Trend



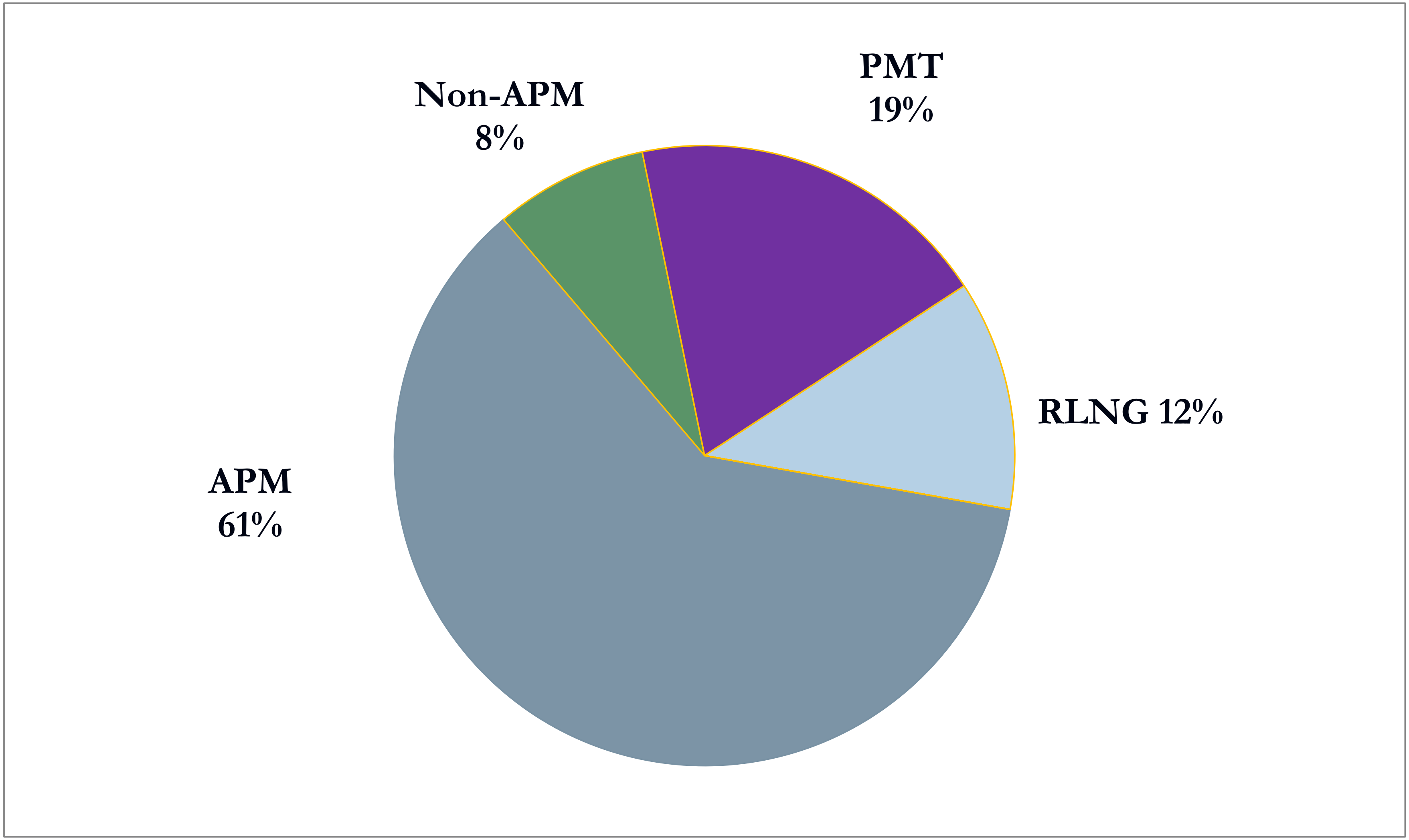
Gas Sourcing

- Firm allocation from Govt. of India of domestic gas for the entire consumption of CNG and PNG Domestic segment. Lower prices of domestic gas makes the economics of switching to gas more attractive driving growth in CNG & PNG- Domestic segments which constitute around 80% of the total sales volumes.

- Have tied up long term contract for RLNG to meet PNG Industrial & Commercial demand.

- Buying short term gas from the open market (Shell, IOCL, Petronet, GSPC, BPCL etc.).

Current Gas Mix



Growth in CNG

PARAMETER	UNIT	March' 14	March' 15	March' 16	March' 17	March' 18	March' 19
No. of CNG Stations	Nos	325	326	340	421	446	500
Compression Capacity	(Lakh kg/day)	66.17	68.49	68.59	74.00	76.05	84.25
Average CNG Sale	(Lakh kg/day)	21.20	22.07	22.79	25.24	27.89	31.34

CNG Station Network

Figures in numbers

STATION	IGL	DTC/ UPSRTC	OMC	DODO	TOTAL
Online	134	78	228	6	446
Daughter Booster	0	0	52	0	52
Daughter	0	0	2	0	2
Total	134	78	282	6	500

CNG Vehicles

Figures in numbers

	March '14	March '15	March '16	March '17	March '18	March '19
Buses	19566	19421	19272	21500	22900	24850
Auto/LGV/RTV	220391	241540	259500	277972	294900	304700
Cars/Taxi	514801	556156	589801	672215	709900	757900
Total	754758	817117	868573	971687	1027700	1087450

** Estimated figures based on various sources.*

PNG Users

CATEGORY	UOM	March' 14	March' 15	March' 16	March '17	March '18	March '19
Domestic	Lakhs	4.59	5.61	6.36	7.42	8.92	11.02
Commercial/ Industrial	Nos	1876	2292	2580	2870	3593	4337

PNG Network

Figures in kilometers

CATEGORY	March' 14	March' 15	March' 16	March' 17	March' 18	March' 19
Steel Pipeline	658	681	707	778	919	1006
MDPE Pipeline	8438	8966	9444	9940	10755	12023
Total	9096	9647	10151	10718	11674	13029

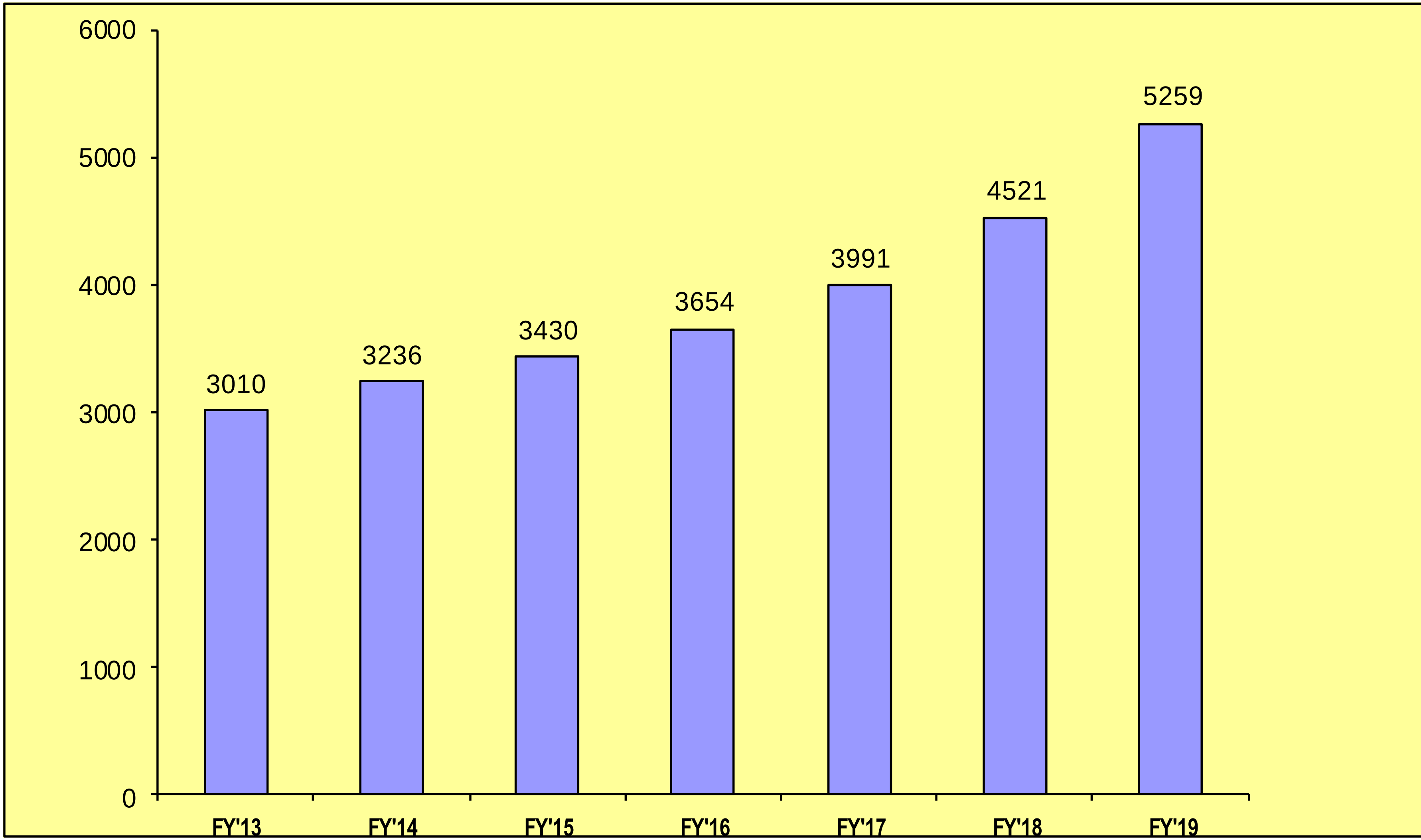
Standalone Financial Data

Rs./Crores

	FY14	FY15	FY16	FY17	FY18 #	FY19 #
GROSS TURNOVER	4319	4049	4025	4164	4994	6337
Total Comprehensive Income	360	438	419	570	671	786
EPS (Rs./share)	26	31	30	41	10	11
Book Value (Rs./Share)	126	157	180	209	50	59

 # Equity shares of Rs.10 each has been split into Five shares of Rs. 2 each since Nov'17

Cumulative Capex (Rs. in crores)



Dividend

- Dividend Policy provides liberal payout
- Track record of last five years

Year	% of equity
FY 14	55
FY 15	60
FY 16	60
FY 17	85*
FY 18	100

*Including interim dividend

Acquisition of Equity in Other CGDs

- IGL has acquired 50% equity share capital of Central UP Gas Limited (CUGL) for Rs. 68 crores. CUGL is engaged in the CGD in the cities of Kanpur and Bareilly, Unnao & Jhansi in Uttar Pradesh.

- IGL has acquired 50% equity share capital of Maharashtra Natural Gas Limited (MNGL) at a price of Rs.38 per equity share aggregating to Rs. 190 crores. MNGL is engaged in the CGD in the city of Pune and nearby areas.

The above has resulted in diversification of geographical areas and consolidated earnings of IGL to improve by approx. 10 %.

Consolidated Results

- The standalone and consolidated financial results for the FY 2018-19 with the Associates i.e. CUGL & MNGL on equity method considering 50% share in profit are as under.

Parameter	Unit	Standalone	Consolidated
PAT	Rs. In Crores	786	841
EPS *	Rs./Share	11	12

** Based on Equity shares of Rs.10 each which has subsequently been split into Five shares of Rs. 2 each since Nov'17*

Growth-Strategy

- Improve/Augment CNG infrastructure/Stations in Delhi & NCR to meet the additional demand in view of conversion of private cars and improvement in public transport system

- Improve penetration of PNG business :
  - Penetration of network in all charge areas
  - Target Industrial/Commercial customers in both Delhi & NCR

- Bidding for new cities

- Synergy

- Keeping pace with the changing environment – Automation, Better Infrastructure

Credit Strength

- Healthy profitability with strong cash generations from operations.
- Regained the status of zero debt company.
- Comfortable working capital position.
- ICRA Limited (An associate of Moody's Investors Service) has reaffirmed highest credit ratings of AAA (Stable) for term loan and A1+ for short term loan.

Risks & Mitigations

- Gas price
  - CNG & PNG-Residential prices remains competitive vis-à-vis petrol and subsidised LPG in view of allocation of domestic gas
  - Spot/short term gas is purchased to reduce the weighted average cost of gas for I/C segment.

- Sourcing of gas
  - Firm allocation from Govt. of India for domestic gas – buying from GAIL.
  - Buying Long term TRLNG gas from GAIL/BPCL
  - Buying short term gas from the open market i.e. IOCL, GSPCL, PLL & Shell etc.

DDA Case

Delhi Development Authority (DDA) has raised a total demand of ₹155.64 crores during 2013-14 on account of increase in license fees in respect of sites taken by the Company on lease from DDA for setting up CNG stations in Delhi. The increase in license fees was related to the period 1 April 2007 to 31 March 2014. The Company has filed a writ petition on 11 October 2013 before the Hon'ble Delhi High Court against the demand raised by DDA as the revised license fees has been increased manifold and made applicable retrospectively from financial year 2007-08. Further, DDA vide communication dated 29 August 2016 has revised the total demand to ₹330.73 crores for the period upto 31 March 2016.

The matter is pending in the Hon'ble High Court of Delhi and the Company is of the view that such demand is not tenable and accordingly no provision has been made for this demand raised by DDA till 31 March 2016 in the books of accounts.

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