

# 14<sup>th</sup> Annual Report 2012-13

Progress through Customer Satisfaction














**INDRAPRASTHA GAS LIMITED**

# VISION

To be the leading clean energy solutions provider, committed to stakeholder value enhancement, through operational excellence and customer satisfaction.

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Dear Shareowners,

I am pleased to share with you that your Company continued its journey of sustained growth both in financial and physical numbers during the financial year 2012-13 despite a challenging business environment. During the year, Gross Turnover of Rs.3724 Crores and Profit After Tax (PAT) of Rs. 354 Crores

increased by 33% and 16% respectively over the previous year of 2011-12. In line with its good performance, the Board of Directors has recommended higher dividend of 55% (Rs 5.50 per share) as against 50% (Rs. 5 per share) paid in the last year.

It is a matter of great satisfaction that your Company has sustained its leadership in the sector and has already established itself firmly as a pioneer in City Gas Distribution (CGD) business in the country. As on March 31, 2013, your Company was providing Compressed Natural Gas (CNG) to 6.5 Lakhs vehicles, Piped Natural Gas (PNG) to 3.9 Lakhs domestic households and 1382 Commercial & Industrial Customers and these numbers are constantly increasing. It is a sense of achievement for your Company that it was declared as **winner in the category of Infrastructure Development at India Pride Awards, 2012-13.**

The fast changing macro-economic scenario and regulatory framework create challenges for us to operate in an effective and socially responsible manner. The fluctuations in Forex rates and in International Crude prices have a direct impact on the cost of sourcing of gas by the Company. Assured supply of gas at an affordable price to customers is critical for our business and your Company is making continuous efforts in this direction.

In this emerging competitive environment your Company will continue its drive for growth both in NCT of Delhi and NCR. Your Company has drawn out plans to further consolidate its presence in Delhi & NCR by investing over Rs.400 Crores during the financial year 2013-14. Recently your Company has acquired 50% stake in **Central UP Gas Limited (CUGL)**, a Company engaged in City gas Distribution business in the cities of Kanpur and Bareilly in Uttar Pradesh. Your Company is looking forward for such strategic business opportunities to mark its presence in other cities and strengthen its growth opportunities.

Your Company is having a **customer centric approach** and is committed for customer satisfaction. The Company is constantly making efforts to improve its services to the customers as "the pursuit of **customer delight is a constant process ... It never ends.**" During the year, a major

IT initiative was taken to improve customer services by upgrading the customer portal with enhanced features. Your Company has extended the customer services to commercial & industrial segment also through customer portal.

Your Company has put into motion a number of initiatives aimed at improved operational efficiencies, maximum utilization of resources and good Corporate Governance Practices by strengthening the system & procedures. The Company has already worked out plans for optimum utilization of Compression Capacity, reduction in Operation & Maintenance (O&M) cost, better inventory management and implementation of various cost control measures.

Your Company has always ensured to add value to its pool of human talent and fully committed to developing the potential of this resource as that really creates a win-win situation not only for the employees and the Company, but also for all the other stakeholders. The Company has taken various **HR initiatives like formulation of various welfare schemes for the employees.** There has been emphasis on employees training to enhance their competencies aimed at better organizational performance.

Your Company has always accorded top most priority to Fire and Safety related issues and **maintained highest standards of Health, Safety and Environment (HSE).** To keep up a good safety culture throughout the Company, continuous efforts have been made. Regular training is being imparted to the employees and contract staff at CNG Stations, DTC Drivers and consumers of CNG and PNG. Emergency Control Centres (ECC) are also established at strategic locations across Delhi & NCR and manned round the clock.

Your Company is **fully conscious of its Corporate Social Responsibilities** and has identified Health & Environment, Education and Care & Empowerment of underprivileged as thrust areas. Apart from other initiatives your Company is also sponsoring coaching for professional courses for meritorious students from economically backward sections of the society. A group accident insurance policy for all segments of CNG run public transport drivers including auto, taxi, bus and goods carriers, is being introduced by your Company under its CSR initiative to support their families.

I am grateful to you for your support and the trust bestowed upon us and look forward to the same in greater measures in the years ahead.

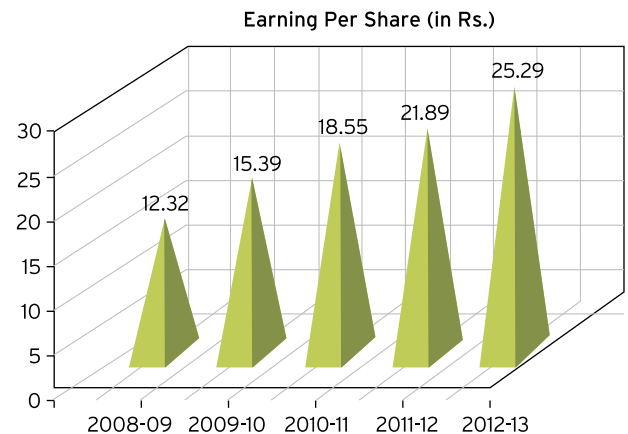
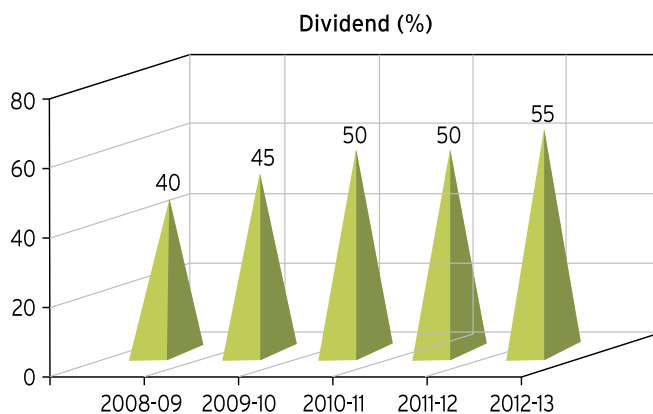
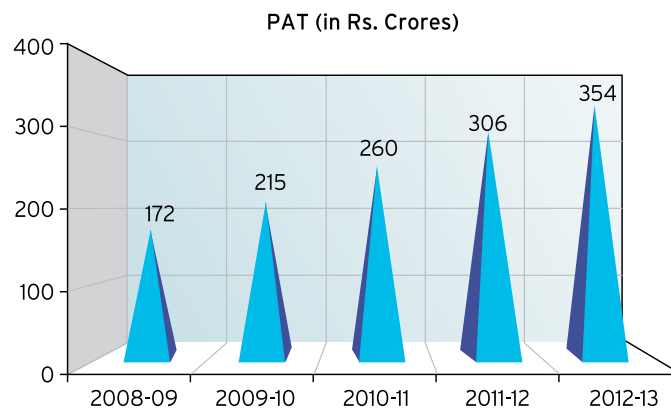
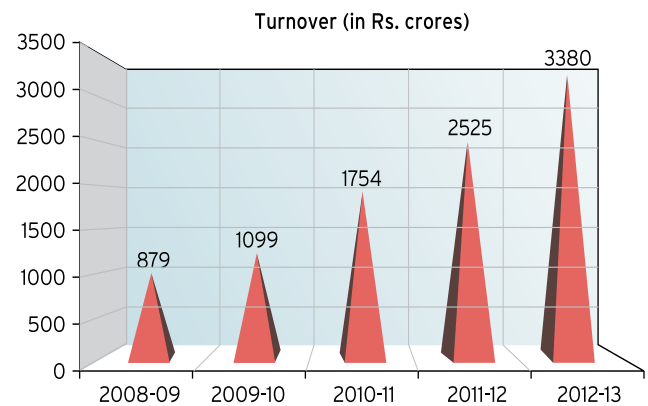
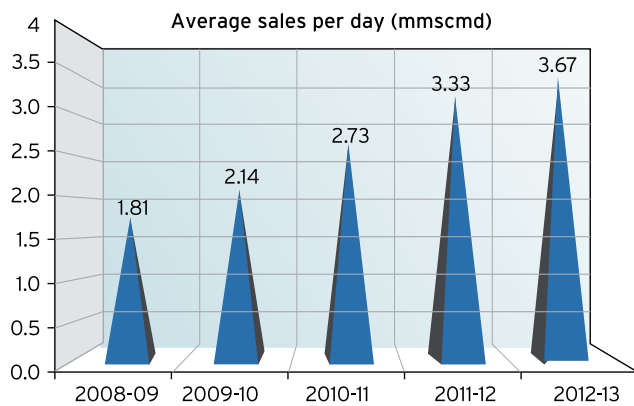
With Best Wishes,

Yours sincerely

(K.K. Gupta)  
Chairman



FINANCIAL HIGHLIGHTS





**Shri K. K. Gupta**  
Chairman



**Shri Narendra Kumar**  
Managing Director



**Shri Rajesh Chaturvedi**  
Director (Commercial)



**Shri Rajeev Mathur**  
Director



**Shri Puneet K. Goel**  
Director



**Shri S.S. Rao**  
Director



**Prof. V. Ranganathan**  
Director



**Shri Santosh Kumar**  
Director

<b>Bankers</b>	ICICI Bank Limited • IDBI Bank Limited • State Bank of India • Axis Bank Limited Kotak Mahindra Bank Limited • HDFC Bank Limited • IndusInd Bank Limited
<b>Statutory Auditors</b>	M/s Deloitte Haskins & Sells
<b>Cost Auditors</b>	M/s Chandra Wadhwa & Co.
<b>Company Secretary</b>	Shri S.K. Jain
<b>Registered Office</b>	IGL Bhawan, Plot No. 4, Community Centre Sector 9, R K Puram, New Delhi - 110022



TO,

THE MEMBERS

Your Directors have pleasure in presenting the Fourteenth Annual Report alongwith Audited Accounts of the Company for the year ended March 31, 2013.

### PHYSICAL PERFORMANCE

During the year, the Company recorded sales as under :

Figures in Million Standard Cubic Meters (mmscm)			
Product	For the Year		% Growth (YoY)
	2012-2013	2011-2012	
Compressed Natural Gas (CNG)	1004.92	937.55	7.2
Piped Natural Gas (PNG)	332.83	282.45	17.8
<b>Total</b>	<b>1337.75</b>	<b>1220.00</b>	<b>9.7</b>
Average Sales Per day (mmscmd)	3.67	3.33	

### FINANCIAL RESULTS

(Rs. in Crores)

ITEMS	For the Year	
	2012-2013	2011-2012
Net Sales & Other Income	3379.89	2525.34
Profit before Depreciation & Tax	714.85	593.30
Depreciation	186.66	143.21
Profit before tax	528.19	450.09
Provision for tax	174.06	143.66
Profit after tax	354.13	306.43
Profit brought forward from previous year	940.61	746.17
Profit available for appropriations	<b>1294.74</b>	<b>1052.60</b>
Appropriations:		
Proposed dividend	77.00	70.00
Corporate dividend tax	13.08	11.35
Transferred to general reserve	35.41	30.64
Profit carried forward	1169.25	940.61
	<b>1294.74</b>	<b>1052.60</b>



Shri M. Ravindran, then Managing Director receiving India Pride Award 2012 - 13 for Infrastructure Development from Dr. M. Veerappa Moily, Hon'ble Union Minister for Petroleum and Natural Gas, Government of India on behalf of IGL.



Shri M. Ravindran, then Managing Director and Shri Manmohan Singh, then Director (Commercial), presenting the dividend cheque for 2011 - 12 to Shri Tejendra Khanna, then Hon'ble Lt-Governor of Delhi in presence of senior IGL officials.

## FINANCIAL REVIEW

The Company has been showing consistently good financial performance both in terms of turnover and profitability. During the year, gross turnover of the Company increased by 33% from Rs. 2790.10 crores in year 2011-12 to Rs. 3724.06 crores in the year 2012-13. Profit after tax also went up by 16% from Rs. 306.43 crores in 2011-12 to Rs. 354.13 crores in 2012-13.

## DIVIDEND

Your Directors are pleased to recommend higher dividend of 55% (Rs 5.50 per share) as against 50% (Rs. 5 per share) paid in the last year. The proposed dividend including corporate dividend tax would absorb Rs. 90.08 crores.

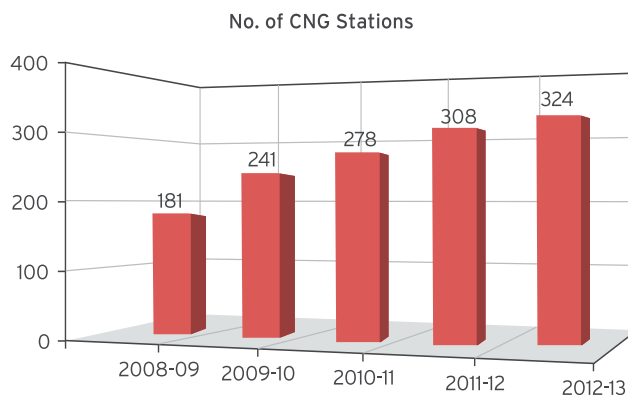
## PERFORMANCE HIGHLIGHTS

### COMPRESSED NATURAL GAS BUSINESS

During the year, your Company augmented its CNG distribution infrastructure by enhancing the capacity of existing stations and adding new stations. The number of stations went up from 308 in March 2012 to 324 in March

2013, which included 276 stations in Delhi and 48 stations in National Capital Region (NCR). The installed compression capacity went up from 59.56 Lakhs Kg/day in March 2012 to 63.82 Lakhs Kg/day in March 2013.

New concept of CNG Station was introduced where all equipments are installed at roof top of canopy due to which more dispensing area is available at forecourt level. One such CNG Station is now in operation at Nanglamachi, Ring Road, New Delhi.





Another first, a CNG integrated compressor package unit, where all compression, dispensing & storage is within an enclosure, has been introduced. This unit requires a very small area and can take CNG refueling to customer premises such as societies, malls, offices, schools, other institutions etc. When used at aforesaid premises, this can help in decongesting the existing CNG stations.

As CNG facilities at OMCs Retail outlets contribute almost 22% of CNG retail business, your Company has entered into agreements for setting up of CNG facilities with all three Public Sector Oil Marketing Companies upto March 2015.

As route buses have gone off the road in FY 2012-2013, your Company has filled the vacuum created by exiting of route buses by executing an agreement with Delhi Integrated Multi Modal Transit System (DIMMTS) for setting up of CNG facilities for Cluster Buses at their depots for a period of ten years i.e. up to the year 2022.

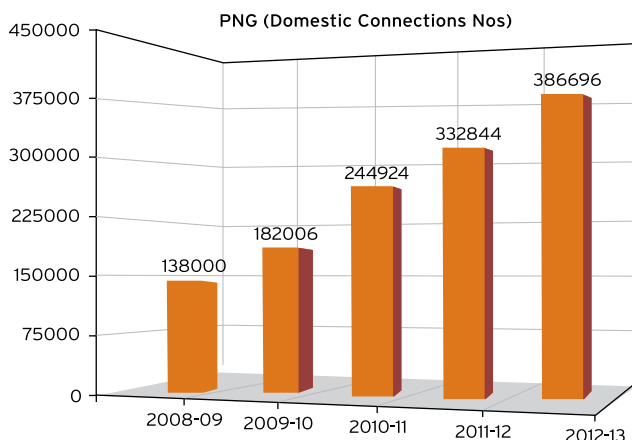
The estimated number of vehicles running on CNG in Delhi and NCR as on March 31, 2013 was over 6,48,000 including 4,20,000 private vehicles.

## PIPED NATURAL GAS BUSINESS

### PNG - Domestic Connections

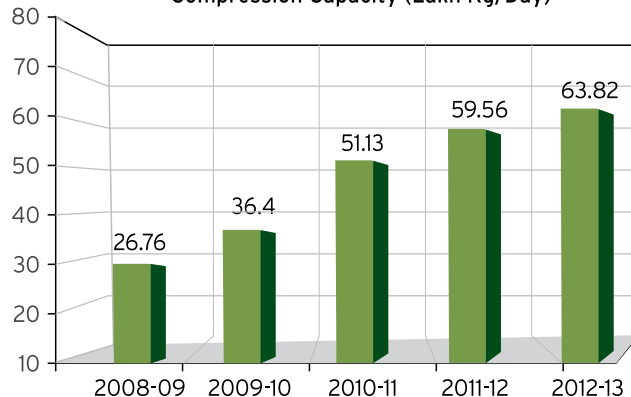
A major thrust has been given to the expansion of Piped Natural Gas (PNG) network in Delhi and NCR i.e. Gautam Budh Nagar (Noida, Greater Noida) and Ghaziabad.

Your Company has increased its steel pipeline network from 575 kms in FY 2011-12 to 631 kms in FY 2012-13 and MDPE network from 6479 kms in FY 2011-12 to 7783 kms in FY 2012-13.



For PNG domestic connections, Delhi has been divided into 70 areas (each area is equivalent to MLA constituency). The pipeline network is already extended to 63 areas and work is in progress to extend the network to the remaining areas.

**Compression Capacity (Lakh Kg/Day)**



During the year, your Company provided 32,322 PNG connections in Delhi & 21,530 PNG connections in NCR and the total number of connections went up from 3,32,844 in March 2012 to 3,86,696 in March 2013. A total of 53,852 domestic PNG connections were added in Financial Year 2012-13.

Your Company rolled out a major initiative to upgrade customer services by infusion of technology. You may be aware that in May 2011 customer portal was launched through which domestic PNG customers could register their complaints/service requests online and check the status of the same. The business process of customer acquisition was also integrated into customer portal from August, 2012 onwards. With this development prospective customers are now able to register their PNG connection requests online. The progress of their requests can be viewed online. On completion of process of confirmation of technical feasibility of PNG connection and after customer has made payment for PNG connection, customer can also track progress on customer portal. Further information pertaining to colony-wise & city-wise schedule of registrations is made available on the customer portal prospectively. Now all the customer requests for PNG connections received at 24 Hour Customer Care or from field marketing teams are also routed through portal and action taken on such requests is updated on the portal. With these developments the business process of domestic PNG customer acquisition has been made more convenient for the customers. Your Company received overwhelming response to this initiative from prospective customers as a large number of them registered their requests online from August 2012 onwards.

### PNG - Commercial & Industrial

Your Company has maintained its focus on the Industrial and Commercial segment as one of the potential growth areas in the forthcoming years. With its concentrated efforts in the year 2012-13, the total number of commercial





customers increased from 639 in March 2012 to 964 in March 2013 and industrial customers from 223 in March 2012 to 418 in March 2013.

Your Company has expanded its pipeline network to some of the major industrial areas of Delhi and NCR i.e. Gautam Budh Nagar (Noida, Greater Noida) and Ghaziabad. Pipeline laying activities are underway in the remaining major industrial areas in NCR which have huge demand potential.

### EQUITY PARTICIPATION IN CENTRAL U.P. GAS LTD. (CUGL)

As a first step for stepping outside the geographical boundaries of the NCR territory, your Company has recently acquired 50% of the paid-up equity share capital (3,00,00,000 equity shares of Rs. 10 each) of CUGL at a price of Rs. 23 per equity share aggregating to Rs. 69 crores from certain financial investor shareholders of CUGL. CUGL is engaged in City Gas Distribution in the cities of Kanpur and Bareilly in Uttar Pradesh.

### REGULATORY DEVELOPMENTS

Petroleum and Natural Gas Regulatory Board (PNGRB) vide its order no. TO/03/2012 dated April 9, 2012 determined the per unit network tariff and compression charge for the CGD Network of the Company for Delhi, based on submission of data by the Company in May 2009 and certain assumptions taken by PNGRB in this regard. The tariffs determined by PNGRB were much lower than the rates submitted by the Company.

Further, PNGRB made the determined tariffs applicable with retrospective effect from April 1, 2008. In its order PNGRB stated that the modalities and time frame for refund of differential Network Tariff and Compression Charge shall be decided subsequently.

Your Company filed a writ petition on April 10, 2012 against the order of PNGRB dated April 9, 2012 before the Hon'ble Delhi High Court. The Hon'ble High Court of Delhi has passed the judgement in this case on June 1, 2012 and has quashed the PNGRB order dated April 9, 2012. PNGRB has filed a special leave petition before the Hon'ble Supreme Court of India against the order dated June 1, 2012 of Hon'ble Delhi High Court. Matter is still pending in the Hon'ble Supreme Court of India.

### FUTURE OUTLOOK

Your Company has drawn out plans to further consolidate its presence in Delhi and NCR by investing over Rs. 400 Crores during the financial year 2013-14.

In CNG segment, the fleet of Private Bus Cluster is expected to reach around 1000 buses by the end of 2013-14. The price differential of CNG versus alternate liquid fuel will continue to drive the conversion of petrol driven private vehicles into CNG mode. Introduction of more CNG variant models by car manufacturers will add to CNG sales.

Your Company has aggressive plans to expand its pipeline infrastructure to increase the coverage and penetration of the network. Company has taken proactive steps to increase its presence in domestic PNG segment with growth and development of newer parts of Gautam Budh Nagar. Dialogue with builders & developers are going on with an objective to provide PNG facility in upcoming residential projects before new residential units are occupied. This approach will enable your Company to utilize assets better. It shall be the continuous endeavour to expand fast the customer base on both industrial & commercial and domestic fronts.

The pipeline expansion plans have been aligned with development of industrial belts in coming years in NCT of



Shri M. Ravindran, then Managing Director inaugurating the remodeled Nanglamachi CNG Station, which is the first of its kind in India having all CNG equipment installed on a RCC canopy.





IGL conducted mock drills at its CNG stations to check on the reaction time and the time taken to put a situation like this under control in the case of a disaster under the supervision of officials from Disaster Management Institute, Bhopal.

Delhi & NCR cities of Noida, Greater Noida and Ghaziabad. Your Company has expanded its pipeline network to some of the new industrial clusters planned under redevelopment guidelines in NCT of Delhi and work is underway to expand the network in the remaining areas which will witness substantial improvement in their infrastructure & facilities. Endeavours will be made to realize full market potential by tapping gas volumes from industries, predominantly Small Scale Industries, which will come up during the redevelopment phase in notified clusters of NCT of Delhi.

Your Company also has plans to provide PNG supplies to upcoming industrial belts along Delhi Mumbai Railway Freight Corridor in Dadri Noida Ghaziabad Investment Zone and part of Ludhiana Kolkata freight corridor which will pass through Ghaziabad District.

Your Company alongwith Delhi Jal Board (DJB) had signed an MOU to set up a Pilot Project for production of Compressed Natural Gas (CNG) out of Sewage Treatment Plant (STP) situated at Keshopur, Delhi. Detailed Feasibility Report (DFR) to assess techno-commercial feasibility of the project has been prepared and the same is now under third party evaluation.

### **INFORMATION TECHNOLOGY**

Your Company has extended the customer services to commercial & industrial segment through customer portal with enhanced features.

The Company has completed technical upgradation of SAP to ERP-6.0 on new and upgraded hardware. This will provide latest technology platform for existing processes and functionalities in SAP.

The Company has set up a Disaster Recovery site hosted

at remote location to enable continuity of IT operations by securing applications and database in case of any disaster. The Company has also initiated SAP functional upgrade which is the follow-on project to SAP technical upgradation performed recently. This will provide new and improved processes and functionalities.

As part of GIS (Geographical Information System) Project initiative, most of the PNG network for north and west zone of Delhi has been captured and is being used for network reference.

### **HUMAN RESOURCES**

During the year, your Company enjoyed harmonious and cordial human relations amongst all its employees. Your Company took various HR initiatives such as revision in salary and formulation of various welfare schemes for the employees. There has been emphasis on employees training to enhance their competencies aimed at better organizational performance.

There was no employee in the Company drawing remuneration more than limits prescribed under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

### **HEALTH SAFETY AND ENVIRONMENT (HSE)**

Your Company has always accorded top most priority to fire and safety related issues. To maintain a good safety culture throughout the Company, continuous efforts have been made.

Regular training is being imparted to the employees, contract staff at CNG Stations, DTC Drivers and consumers of CNG and PNG. To create safety awareness and impart



Health check up camp for Auto and Taxi drivers, in progress, at IGL's Nangla Machi CNG station as a part of IGL's CSR activity.



Eye sight screening camp for Auto drivers, in progress, at IGL's CNG station at Jail Road as a part of IGL's CSR activity.

training to all category of consumers, a dedicated group of trainers with fully equipped training van is deployed which conducts safety clinics along with practical demonstration.

In line with Company's HSE policy, regular Safety Audits and other statutory compliances are done to ensure safety in all facets of Company's operations.

A safety drive to educate the consumers through print and electronic media is already taken up at major scale to educate the users of CNG vehicles to get their CNG Cylinders validated.

For safety of CNG vehicles, free safety camps are periodically organized where inspection of CNG kits is undertaken. Safety inspection of CNG vehicles is also done periodically on random basis to check compliances of safety standards and to prevent unsafe condition arising out of gas leakage from the CNG kits.

To further enhance the safety at CNG Stations, all the sites are equipped with CCTV cameras and Water & Foam based advanced fire protection systems are being installed at the stations to deal any fire emergency in its initial stage.

Emergency Control Centres (ECC) are established at strategic locations across Delhi & NCR and manned round the clock to respond fast to any gas leak or emergency situation. Two Emergency Response Vehicles (ERVs) are stationed at two distantly located Emergency Control Centres across Delhi.

## SOCIAL RESPONSIBILITY

Your Company has formulated a Corporate Social Responsibility (CSR) policy under which 1% of Profit After

Tax (PAT) each year is earmarked for social causes. Thrust areas for CSR programme have been identified as Health & Environment, Education, and Care & Empowerment of underprivileged. The Company is supporting meritorious students from under-privileged strata of society for IIT coaching through a scheme run by an NGO. It is a matter of satisfaction that all the 10 children who were sponsored by the Company qualified in the IIT JEE examination 2012. During 2012-13 also, your Company has sponsored 10 students for specialized coaching for IIT entrance. The Company also organised eyesight screening camps at its CNG stations for the auto drivers during 2012-13 with the objective of minimizing the risk of road accidents as well as to create awareness about basics of eye care.



Safety Awareness campaign in progress at a CNG station to apprise customers the need for mandatory hydrotesting of CNG cylinders.





## DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, your Directors hereby confirm that:

- i) in the preparation of Annual Accounts for the financial year ended March 31, 2013, the applicable accounting standards have been followed;
- ii) they have selected such accounting policies and applied them consistently except where otherwise stated in the Notes to Accounts and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) they have prepared the Annual Accounts for the financial year ended March 31, 2013 on a going concern basis.

## BOARD OF DIRECTORS

Shri K. K. Gupta, nominee of BPCL, was appointed as Chairman of the Board in place of Shri S. Venkatraman w.e.f. January 14, 2013.

Shri Narendra Kumar, nominee of GAIL, was appointed as Managing Director in place of Shri M. Ravindran w.e.f. April 18, 2013.

Shri Rajesh Chaturvedi, nominee of BPCL, was appointed as Director (Commercial) in place of Shri Manmohan Singh w.e.f. December 1, 2012.

Shri Rajendra Kumar, nominee of Government of NCT of Delhi, was appointed as Additional Director of the Company in place of Shri R. Chandra Mohan w.e.f. December 1, 2012.

Shri Santosh Kumar Bajpai was appointed as Additional Director of the Company w.e.f. December 27, 2012.

Shri Rajeev Kumar Mathur, nominee of GAIL, was appointed as Additional Director of the Company in place of Shri S. Venkatraman w.e.f. January 14, 2013.

Shri Puneet Kumar Goel, nominee of Government of NCT of Delhi, was appointed as Additional Director of the Company in place of Shri Rajendra Kumar w.e.f. March 25, 2013.

Prof. V. Ranganathan, retires by rotation at the ensuring Annual General Meeting and being eligible, offers himself for re-appointment.

The Board takes this opportunity to place on record its appreciation for valuable contribution made by Shri S. Venkatraman, Shri M. Ravindran, Shri Manmohan Singh, Shri R. Chandra Mohan and Shri Rajendra Kumar, during their tenure as Board Members.

## STATUTORY AUDITORS

M/s. Deloitte Haskins & Sells, Chartered Accountants, Auditors of the Company retire at the ensuing Annual General Meeting and being eligible, offers themselves for reappointment.

## COST AUDITORS

Your Company has re-appointed M/s. Chandra Wadhwa & Co., New Delhi as Cost Auditors for the financial year 2012-13.

## CORPORATE GOVERNANCE

As per the requirements of the Clause 49 of the Listing Agreement with the Stock Exchanges a detailed Report on Corporate Governance and Auditor's certificate regarding compliance of conditions of Corporate Governance are annexed as part of the Annual Report.

## CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed hereto.

## CORPORATE AWARDS

Declared as winner in the category of Infrastructure Development at India Pride Awards 2012-13.

## ACKNOWLEDGEMENTS

Your Directors express their gratitude to the Ministry of Petroleum & Natural Gas, State Governments of NCT of Delhi & Uttar Pradesh, Petroleum and Natural Gas Regulatory Board, and Promoter Companies (GAIL & BPCL) for their continuous support throughout the year.

The Directors also acknowledge the support of all Statutory & Local Authorities, Bankers, Media, Station Operators & their employees, contractors, vendors and suppliers.



The Directors place on record their deep appreciation towards IGL's valued customers for their continued co-operation & support and look forward to the continuance of this relationship in future also.

The Directors wish to express their gratitude to all the shareholders for their continued trust and support.

The Directors also sincerely acknowledge the contributions

made by all the employees of IGL for their dedicated services to the Company.

**For and on behalf of Board of Directors**

sd/-  
**Rajesh Chaturvedi**  
**Director (Commercial)**

sd/-  
**Narendra Kumar**  
**Managing Director**

Place : New Delhi  
Date : July 8, 2013



**ANNEXURE TO DIRECTORS' REPORT**
**A. CONSERVATION OF ENERGY**

Your Company has taken various steps for conservation of Energy, which are as under:

1. Coolant tank modification has been completed in all Dresser-Rand packages which has reduced breakdown, improved availability and reduced gas loss due to venting.
2. Rota meters have been installed in drain line to monitor gas loss in reciprocating compressors.
3. Flow meters have been installed at suction points of Retail Outlets for better gas reconciliation.

Disclosure of particulars with respect to conservation of energy is given in Form - A annexed.

**B. TECHNOLOGY ABSORPTION**

Efforts made in technology absorption are given in Form-B annexed.

**C. FOREIGN EXCHANGE EARNING AND OUTGO**

- a. Activities relating to Exports :

The Company is in retail distribution business of natural gas in Delhi and NCR. Considering the area of operations and product of the Company, export related activities are not pertinent.

- b. Total foreign exchanged used & earned :

During the year under review, the foreign exchange earning and outgo are given below:

(Rs. in Crores)

Foreign Exchange Earned	0.01
Foreign Exchange Used	27.56



Shri M. Ravindran, then Managing Director and Shri Manmohan Singh, then Director (Commercial), presenting the dividend cheque for 2011 - 12 to Shri R.K. Singh, Chairman and Managing Director, BPCL, in presence of senior officials of BPCL and IGL.

**FORM - A**  
**DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY**

Power and Fuel Consumption	Current Year 2012-13	Previous Year 2011-12
1. Electricity		
a) Purchased Units (KVAH)	5,42,08,515	5,00,10,285
Total Amount (Rs. in Crores)	49.04	34.57
Rate / Unit (Rs.)	9.05	6.91
b) Own Generation		
(i) Through Diesel Generator (KWH)	16,905	66,438
Units (KWH) Per Litre of Diesel Oil	3.87	3.87
Cost per Unit (Rs.)	10.66	10.31
(ii) Through Gas Generator (KWH)	11,09,565	242,000
Units (KWH) per SCM of Gas	3.67	3.63
Cost per Unit (Rs.)	8.39	6.34
2. Coal	NIL	NIL
3. Furnace Oil / Liquid Fuel (LSHS)	NIL	NIL
Qty (MT)		
Total Amount (Rs.)		
Avg. Rate (Rs./MT)		
4. Other / Internal Generation	NIL	NIL
Gas Quantity		
Total Cost (Rs.)		
Rate / Unit		



Shri S. Venkatraman, then Chairman and Shri M. Ravindran, then Managing Director, presenting the dividend cheque for 2011 - 12 to Shri B. C. Tripathi, Chairman and Managing Director, GAIL (India) Ltd. in presence of senior officials of GAIL (India) Ltd. and IGL.



**FORM - B**  
**EFFORTS MADE IN TECHNOLOGY ABSORPTION ARE GIVEN BELOW**

**Research & Development**

1. Specific areas in which R&D carried out by Company	i) Software modification in SAFE dispenser to eliminate Totalizer not updating problem during power off condition. ii) Breakdown in engines has been reduced by replacement of Magneto with Digital Ignition System. iii) Additional safety features has been incorporated in Burckhardt - 1200 by installing a safety valve. iv) Coalescent filter installation in LCV point for quality gas dispensing to the cascades.
2. Benefits derived as a result of the above R&D	The Company has derived benefits in the form of cost savings and improved operational efficiency of equipments.
3. Expenditure incurred on R&D i. Capital ii. Recurring iii. Total iv. % of total R&D expenditure with total turnover	No direct expenditure

**Technological Adaptation and Innovation**

1. Efforts in brief made towards technology adaptation & innovation,	Continued indigenous development of various spares of gas compressor like piston rods, interstage gas packing, valves etc.
2. Benefits derived as a result of the above effort e.g. product improvement, cost reduction, product development, import substitution etc.	Overall reduction of cost on spares.
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished.	
a) Technology imported	Nil
b) Year of import	
c) Has technology been fully absorbed?	Nil
d) If not fully absorbed, areas where this has not taken place reasons therefore and future plans of action.	



## REPORT ON CORPORATE GOVERNANCE

### I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company's philosophy on the Code of Corporate Governance is:

- (a) To ensure transparency, high degree of disclosure and adequate control system;
- (b) To ensure that the decision making process is systematic and rational;
- (c) To ensure full commitment of the Management to maximize shareholders value;
- (d) To ensure that the employees of the Company subscribe to the corporate values and apply them in their conduct.

### II. BOARD OF DIRECTORS

#### COMPOSITION:

The Company has eight Directors on its Board comprising two Executive Directors namely Managing Director and Director (Commercial) and six Non-Executive Directors.

The composition and category of Directors alongwith other Directorships or Memberships in Board Committees as on March 31, 2013 :

Name of Directors	Category	Directorships in other Public Limited Companies (*)	Membership in Committees of Board of other Companies	Chairmanship in Committees of Board of other Companies
Shri K. K. Gupta (Chairman)	Non-Executive	3	1	NIL
Shri M. Ravindran (Managing Director)	Executive	NIL	NIL	NIL
Shri Rajesh Chaturvedi (Director (Commercial))	Executive	NIL	NIL	NIL
Shri Rajeev Kumar Mathur	Non-Executive	NIL	NIL	NIL
Shri S. S. Rao	Non-Executive, Independent	9	6	NIL
Shri Santosh Kumar Bajpai	Non-Executive, Independent	1	1	NIL
Prof. V. Ranganathan	Non-Executive, Independent	NIL	NIL	NIL
Shri Puneet Kumar Goel	Non-Executive, Independent	4	NIL	NIL

(\*) This does not include Unlimited Companies, Foreign Companies, Private Limited Companies and Companies under Section 25 of the Companies Act, 1956 and Alternate Directorship in a Company.

#### BRIEF RESUME OF DIRECTORS SEEKING APPOINTMENT/ RE-APPOINTMENT

##### 1. Shri Narendra Kumar

Shri Narendra Kumar, aged 54 years, was appointed as Managing Director of the Company w.e.f. April 18, 2013. He is an Electrical Engineer having a rich and diverse experience of over 32 years in fertilizers and hydrocarbon industry. He was Executive Director (Operations & Maintenance) and Officer-in-charge of Central Region of GAIL based at Vijaipur in Madhya Pradesh before joining IGL.

##### 2. Shri Rajesh Chaturvedi

Shri Rajesh Chaturvedi, aged 58 years, joined the Company as Director (Commercial) w.e.f. December 01, 2012. He is a Post Graduate in Indian History with a Diploma in Personnel and Industrial Relations and has a rich & varied experience of over 30 years in Retail, Aviation and Lubricants. Before joining IGL he was serving as General Manager (Retail) Sales, Northern Region for BPCL.



### 3. Shri Rajeev Kumar Mathur

Shri Rajeev Kumar Mathur, aged 52 years, is an Engineer having a Masters Degree in Business Administration with specialization in Marketing Management and has 27 years of broad experience in the Natural Gas industry.

Presently, he is an Executive Director (Marketing) in GAIL and is steering the Gas Marketing, Polymer sales & Regulatory Affairs in GAIL, apart from his involvement in import of LNG (both short and long term) in the international market.

### 4. Shri Santosh Kumar Bajpai

Shri Santosh Kumar Bajpai, aged 63 years, is an Electrical Engineer having vast experience in Fertilizers, Telecom and Oil & Gas Industries in India. He has diversified experience in the fields of Human Resource Development skills and as Head of Project activities. He retired as Director (Projects) from GAIL.

### 5. Shri Puneet Kumar Goel

Shri Puneet Kumar Goel aged 46 years, is an IAS Officer of 1991 batch presently holding position of Secretary-cum-Commissioner (Transport), Government of NCT of Delhi.

### 6. Prof. V. Ranganathan

Professor V. Ranganathan, aged 66 years, is a B. Tech (Electronics & Telecom) from IIT, Madras, fellow of Economics from IIM, Ahmedabad and Ph.D. He is a retired Professor of Economics & Energy from Indian Institute of Management, Bangalore.

## ATTENDANCE OF DIRECTORS AT BOARD MEETINGS AND LAST ANNUAL GENERAL MEETING:

During the Financial Year ended March 31, 2013, eight Board meetings were held on April 14, 2012, May 14, 2012, June 21, 2012, July 28, 2012, November 7, 2012, December 26, 2012, February 09, 2013 and March 25, 2013. The last Annual General Meeting was held on August 06, 2012.

The attendance of each Director at Board Meetings and the last Annual General Meeting was as under:

Name of Directors	No. of Meetings Attended	Attendance (% thereof)*	Attendance at Last AGM
Shri S. Venkatraman **	6	100	Present
Shri K. K. Gupta***	7	87	Present
Shri M. Ravindran	8	100	Present
Shri Manmohan Singh#	5	100	Present
Shri Rajesh Chaturvedi##	3	100	Not Applicable
Shri S. S. Rao	8	100	Present
Shri Santosh Kumar Bajpai@	2	100	Not Applicable
Shri Rajeev Kumar Mathur@@	2	100	Not Applicable
Shri R. Chandra Mohan ^	1	20	Present
Shri Rajendra Kumar ^^	NIL	NIL	Not Applicable
Shri Puneet Kumar Goel ^^^	NIL	NIL	Not Applicable
Prof. V. Ranganathan	8	100	Present

\* Percentage computed by considering the meetings attended with the total meetings held during their tenure.

\*\* Shri S. Venkatraman ceased to be Director of the Company w.e.f. January 14, 2013.

\*\*\* Shri K. K. Gupta appointed as Chairman of Board of Directors of the Company w.e.f. January 14, 2013.

# Shri Manmohan Singh ceased to be Director of the Company w.e.f. December 01, 2012.

## Shri Rajesh Chaturvedi appointed as Director (Commercial) of the Company w.e.f. December 01, 2012.

@ Shri Santosh Kumar Bajpai appointed as Additional Director w.e.f. December 27, 2012.

@@ Shri Rajeev Kumar Mathur appointed as Additional Director w.e.f. January 14, 2013.

^ Shri R. Chandra Mohan ceased to be Director w.e.f. December 01, 2012.

^^ Shri Rajendra Kumar appointed as an Additional Director w.e.f. December 01, 2012 and ceased from Directorship w.e.f. March 25, 2013.

^^^ Shri Puneet Kumar Goel appointed as an Additional Director w.e.f. March 25, 2013.





## CODE OF CONDUCT

The Board of Directors has laid down a Code of Conduct, which is applicable to all Directors and Senior Management of the Company. The Code has also been posted on the website of the Company.

All Board Members and Senior Management Executives have affirmed compliance with the Code of Conduct.

The declaration signed by the Managing Director affirming compliance to the Code by the Board of Directors and the Senior Management has been placed as an annexure to the Report.

## III. AUDIT COMMITTEE

### COMPOSITION:

The Audit Committee comprises of three Directors of which two are Non-Executive Independent Directors. The Chairman of the Committee is a Non-Executive Independent Director. All Members of the Committee have good financial and accounting knowledge. The Managing Director, Director (Commercial) and Auditors are invitees to the Audit Committee Meetings. The Company Secretary acts as a Secretary to the Committee.

The minutes of the Audit Committee Meetings are noted by the Board of Directors at the subsequent Board Meeting.

The constitution of the Audit Committee as on March 31, 2013: -

1)	Shri S. S. Rao	:	Chairman, Independent, Non-Executive.
2)	Prof. V. Ranganathan	:	Member, Independent, Non-Executive.
3)	Shri Rajeev Kumar Mathur	:	Member, Non-Executive.

### SCOPE & FUNCTIONS OF AUDIT COMMITTEE:

The Term of Reference of Audit Committee includes overseeing the audit functions, review of Company's financial performance, review critical findings of Internal Audit, compliance with the Accounting Standards & all other matters specified under Clause 49 of the Listing Agreement with the Stock Exchanges and in Section 292A of the Companies Act, 1956.

### MEETINGS AND ATTENDANCE:

During the financial year ended March 31, 2013, five Audit Committee Meetings were held on May 14, 2012, June 21, 2012, July 28, 2012, November 07, 2012 and February 09, 2013.

The attendance of the Members of Audit Committee Meetings was as under: -

Name of Members	No. of Meetings Attended
Shri S. S. Rao	5
Prof. V. Ranganathan	5
Shri K. K. Gupta*	3
Shri Rajeev Kumar Mathur**	1

\* Shri K.K. Gupta ceased to be a member of the Audit Committee w.e.f. January 21, 2013.

\*\* Shri Rajeev Kumar Mathur appointed as a member of the Audit Committee w.e.f. January 21, 2013.

## IV. REMUNERATION / SITTING FEES PAID TO DIRECTORS

### (a) Executive Directors:

The Managing Director and Director (Commercial) are nominated by GAIL (India) Limited (GAIL) and Bharat Petroleum Corporation Limited (BPCL) respectively and the terms and conditions of their appointment including remuneration are advised by their parent organizations.



The remuneration paid to the Executive Directors during the financial year is given below:

(Rs. in Lakhs)

S. No.	Name of Directors	Salary & Allowances	Perquisites	Contribution to PF & Other Funds	Total
1.	Shri M. Ravindran	35.01	13.52	4.78	53.31
2.	Shri Rajesh Chaturvedi*	7.66	2.05	2.13	11.84
3.	Shri Manmohan Singh**	10.01	4.12	4.28	18.41

\* Appointed as Director (Commercial) w.e.f. December 01, 2012.

\*\* Ceased to be Director (Commercial) w.e.f. December 01, 2012.

#### Notes:

The aforesaid remuneration does not include:

- Rs.29.38 lakhs payable to the parent organizations viz. GAIL and BPCL of the Executive Directors as commission on profit for the financial year ended on March 31, 2013.

Executive Directors are not paid any sitting fees for attending Board/ Committee meetings.

#### (b) Non-Executive Directors:

Total commission on profit of Rs.77.26 lakhs is payable to Non-Executive Directors / their parent organizations for the financial year 2012-13.

Non-Executive Directors are paid sitting fees of Rs.20,000/- & Rs.10,000/- for attending each Board meeting & Committee meeting respectively. Total sitting fees paid during the financial year under review was Rs.10,50,000/-.

The Non-Executive Directors have disclosed that they do not hold any shares in the Company.

## V. SHARE TRANSFER & INVESTORS GRIEVANCE COMMITTEE:

### COMPOSITION:

The Share Transfer & Investors Grievance Committee constituted by the Board comprises of three members with an Independent Non-Executive Director as Chairman of the Committee.

The constitution of the Share Transfer & Investor Grievance Committee as on March 31, 2013:

(1)	Shri S. S. Rao	:	Chairman, Independent, Non-Executive
(2)	Shri M. Ravindran	:	Member, Executive
(3)	Shri Rajesh Chaturvedi	:	Member, Executive

### SCOPE & FUNCTIONS OF SHARE TRANSFER & INVESTORS GRIEVANCE COMMITTEE:

The scope & functions of the Committee inter alia include approval of transfer and transmission of shares and other matters like consolidation/splitting of certificates, issue of duplicate share certificates, dematerialization / rematerialisation of shares in stipulated period of time. The Committee also supervises the system of redressal of investors grievances and ensures cordial investor relations. Details of share transfer/rematerialisation/transmission etc. as approved by the Committee are placed at the Board Meetings from time to time.

### COMPLIANCE OFFICER:

Shri S.K. Jain, Company Secretary is the Compliance Officer.



## DETAILS OF SHAREHOLDERS' COMPLAINTS RECEIVED & REPLIED TO THE SATISFACTION OF SHAREHOLDERS:

The Company received 50 complaints during the year, which were duly attended & replied. There was no complaint pending as on March 31, 2013.

## VI. GENERAL BODY MEETINGS

The location, time and details of Special Resolutions passed in the last three Annual General Meetings are as under:

Meeting	Date	Time	Venue	Detail of Special Resolutions Passed
11th AGM	August 30, 2010	11: 30 A.M.	Air Force Auditorium, New Delhi	1. Appointment of Statutory Auditors of the Company.
12th AGM	August 1, 2011	11:30 A.M.	Air Force Auditorium, New Delhi	1. Appointment of Statutory Auditors of the Company. 2. Amendment in Article 121 A (ii) of Articles of Association of the Company. 3. Holding an Office or place of profit by a relative of a Director. 4. Re-appointment of Shri Rajesh Vedvyas as Managing Director.
13th AGM	August 06, 2012	11:30 A.M.	Air Force Auditorium, New Delhi	1. Appointment of Statutory Auditors of the Company. 2. Appointment of Shri M. Ravindran as Managing Director and approval of his remuneration. 3. Re-appointment of Shri Manmohan Singh as Director (Commercial) and approval of his remuneration.

During the year ended March 31, 2013 there have been no resolutions passed by the Company's shareholders through postal ballot. At the ensuing Annual General Meeting, there is no resolution proposed to be passed by postal ballot.

## VII. DISCLOSURES

### (a) Related Party Transactions

Although the Company has entered into transactions of material nature with the Promoters, Directors or the Management, they do not have potential conflict with the interests of the Company at large. Transactions with related parties are being disclosed separately in the Annual Report.

### (b) Compliances by the Company

During the last three years, there were no strictures or penalties imposed on the Company either by the Stock Exchanges or SEBI, or any statutory authority for non-compliance of any matter related to capital markets.

## VIII. MEANS OF COMMUNICATION

The quarterly and half-yearly results are forthwith communicated to the BSE Ltd. (BSE) and the National Stock Exchange of India Ltd. (NSE), with whom the Company has listing arrangements, as soon as these are approved and taken on record by the Board of Directors of the Company. The results are published in leading newspapers, such as Business Standard / Financial Express in English, Rashtriya Sahara / Jansatta in Hindi, alongwith the official news releases.

The results are also put-up on Company's website [www.iglonline.net](http://www.iglonline.net)

For investors, the Company has created a separate e-mail ID [investors@igl.co.in](mailto:investors@igl.co.in)

Management Discussion & Analysis is separately annexed and is forming a part of Annual Report.



## IX. GENERAL SHARHOLDERS INFORMATION

### (a) Annual General Meeting:

The 14th Annual General Meeting of the Company is scheduled to be held on: -

**Date and Time** : September 2, 2013 at 11:30 A.M.

**Venue** : Air Force Auditorium, Subroto Park, New Delhi

### (b) Financial Calendar (Tentative):

The Quarterly results will be taken on record by the Board of Directors as per the following schedule:

Quarter ending June 30, 2013 : On or before 14.08.2013

Quarter ending September 30, 2013 : On or before 14.11.2013

Quarter ending December 31, 2013 : On or before 14.02.2014

Quarter ending March 31, 2014 : On or before 15.05.2014

(c) **Date of Book Closure for Dividend** : August 22, 2013 to September 2, 2013  
(both days inclusive)

(d) **Dividend Payment Date** : On or after September 10, 2013

### (e) Listing on Stock Exchanges :

Name of Stock Exchanges	Stock Code
BSE Ltd.	532514
National Stock Exchange of India Ltd.	IGL

(f) **ISIN Number** : INE203G01019

### (g) Market Price Data & Share price performance :

#### AT BOMBAY STOCK EXCHANGE (BSE)

MONTH	IGL		BSE (SENSEX)	
	HIGH (Rs.)	LOW (Rs.)	HIGH	LOW
April 2012	392	170	17664	17010
May 2012	231	190	17432	15810
June 2012	271	195	17448	15749
July 2012	256	210	17631	16598
August 2012	276	231	17973	17027
September 2012	272	239	18870	17251
October 2012	269	248	19137	18393
November 2012	269	253	19373	18256
December 2012	270	247	19612	19149
January 2013	283	248	20204	19509
February 2013	274	252	19967	18794
March 2013	290	252	19755	18568



# AT NATIONAL STOCK EXCHANGE (NSE)

MONTH	IGL		NSE (NIFTY)	
	HIGH (Rs.)	LOW (Rs.)	HIGH	LOW
April 2012	392	188	5379	5154
May 2012	231	192	5280	4789
June 2012	271	195	5286	4770
July 2012	256	210	5349	5032
August 2012	277	231	5449	5165
September 2012	272	238	5735	5216
October 2012	270	247	5815	4888
November 2012	272	251	5885	5548
December 2012	270	247	5965	5823
January 2013	283	248	6112	5935
February 2013	269	252	6053	5672
March 2013	291	254	5971	5605

## (h) Registrar and Share Transfer Agent:

The Company has appointed M/s. Karvy Computershare Private Limited, Hyderabad as its Registrar and Share Transfer Agent, to whom communications regarding change of address, transfer of shares, change of mandate etc. can be addressed. The address of the Registrar and Share Transfer Agents is as under:

**Karvy Computershare Private Limited,**  
**Unit- Indraprastha Gas Limited**  
**Plot No: 17- 24, Vittal Rao Nagar,**  
**Madhapur**  
**Hyderabad - 500081**

Tel. No. : 040-23420818  
 Fax No. : 040-23420814  
 E-Mail Address : einward.ris@karvy.com  
 Website : www.karvycomputershare.com

## (i) Share Transfer System:

The shares of the Company are compulsorily traded in dematerialized form. Shares received in physical form are transferred within a period of 15 days from the date of receipt of request subject to documents being found valid and complete in all respects.

## (j) Share-holding Pattern by Size as on March 31, 2013:

S.NO.	CATEGORY AMOUNT (RS.)		NO. OF SHARE-HOLDERS	% OF SHARE-HOLDERS	AMOUNT (RS.)	% OF AMOUNT
	FROM	TO				
1	1	5000	69349	95.69	61414090	4.39
2	5001	10000	1666	2.30	13433930	0.96
3	10001	20000	694	0.97	10401880	0.73
4	20001	30000	220	0.30	5588590	0.40
5	30001	40000	110	0.15	4028760	0.29
6	40001	50000	62	0.08	2912760	0.21
7	50001	100000	126	0.17	9340320	0.67
8	100001 & ABOVE		246	0.34	1292881270	92.35
TOTAL			72473	100.00	1400001600	100.00





**(k) Categories of Shareholding as on March 31, 2013 :**

S. NO.	CATEGORY	NO. OF SHARES HOLDERS	TOTAL NO. OF SHARES HELD	% TO SHARE CAPITAL
<b>A</b>	<b>PROMOTERS HOLDING</b>			
	- Indian Promoters	2	63000080	45.00
<b>B</b>	<b>NON PROMOTERS HOLDING</b>			
	<b>Institutions</b>			
	- Mutual Funds/UTI	73	11304676	8.07
	- Financial Institutions/ Banks	10	1598754	1.14
	- State Govt.	1	7000000	5.00
	- Insurance Companies	4	7845578	5.61
	- Foreign Institutional Investors	103	25525063	18.23
	<b>Non- Institutions</b>			
	- Bodies Corporate	1024	12092306	8.65
	- Individuals	70103	10838535	7.74
	- Any Other :			
	(i) Non resident Indians	965	451748	0.32
	(ii) Trusts	9	114588	0.08
	(iii) Clearing Members	179	228832	0.16
	<b>TOTAL</b>	<b>72473</b>	<b>140000160</b>	<b>100.00</b>

**(l) Dematerialisation of Shares and Liquidity: -**

The shares of the Company are compulsorily traded in dematerialized form, 94.99% of equity shares have been dematerialized as on March 31, 2013.

The equity shares of the Company are actively traded at BSE & NSE.

**(m) Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversion date and likely impact on equity:**

The Company had not issued any GDRs/ADRs/Warrants etc.

**(n) Address for Correspondence:**

The Company Secretary,  
Indraprastha Gas Limited,  
IGL Bhawan,  
Plot No.4, Community Centre,  
Sector-9, R.K. Puram,  
New Delhi-110022  
Tel No. : 011-46074607  
Fax No. : 011-26171863  
E-Mail Ids : [skjain@igl.co.in](mailto:skjain@igl.co.in), [investors@igl.co.in](mailto:investors@igl.co.in)

**(o) Plant Locations:**

The Company has 276 CNG stations as on March 31, 2013 spread all around the National Capital Territory of Delhi, besides 48 stations in National Capital Region.

**NON-MANDATORY REQUIREMENTS****(1) CHAIRMAN OF THE BOARD**

The Company has a Non-Executive Chairman and it bears the expenses, if any, incurred by him while performing duties for the Company.

**(2) SHAREHOLDERS' RIGHT**

As the Company's half-yearly results are published in English newspapers having circulation all over India and in a Hindi newspaper widely circulated in New Delhi, the same are not sent to each household of shareholders.

Quarterly/Half yearly financial performance of the Company, are displayed on the website of the Company at [www.iglonline.net](http://www.iglonline.net).

**(3) WHISTLE BLOWER POLICY**

The Company has a Whistle Blower Policy for employees to report irregularities/suspensions of fraud and unethical behaviour to the Chairman of Audit Committee.

**DECLARATION**

As provided under Clause 49 of the Listing Agreement with the Stock exchange(s), it is hereby declared that all the Board members and the Senior Management personnel of the Company have affirmed compliance with the Code of Conduct for the year ended March 31, 2013.

Place : New Delhi  
Date : July 8, 2013

sd/-  
**(Narendra Kumar)**  
**Managing Director**



**AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE**

**TO THE MEMBERS OF  
INDRAPRASTHA GAS LIMITED**

1. We have examined the compliance of conditions of Corporate Governance by **Indraprastha Gas Limited (the "Company")**, for the year ended on 31 March, 2013, as stipulated in clause 49 of the Listing Agreement of the Company with the stock exchanges.
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us, the Company has complied with the conditions of Corporate Governance in all material aspects, as stipulated in clause 49 of the above mentioned Listing Agreement.
4. We state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm Registration No. 015125N)

Gurgaon  
July 8, 2013

sd/-  
**Khazat A. Kotwal**  
(Partner)  
(Membership No. 103707)



## MANAGEMENT DISCUSSION AND ANALYSIS

### NATURE OF BUSINESS

The Company is in the retail gas distribution business of supplying Compressed Natural Gas (CNG) to transport sector and Piped Natural Gas (PNG) to Domestic, Industrial & Commercial sectors in Delhi and NCR.

CNG is a safe, economical and environment friendly fuel for transport sector. It is replacing traditional fossil fuels of petrol and diesel, as in running cost of the vehicles it is currently around 55% cheaper than petrol & approximately 17% cheaper than diesel.

PNG, the other fuel supplied by the Company is a safe, convenient, environment friendly and reliable fuel for domestic, commercial and industrial consumers. Its demand continues to grow with potential consumers in new areas eagerly awaiting the network to connect them.

### NATURAL GAS SCENARIO IN INDIA

In the current scenario, India is emerging as a major LNG market and is likely to be one of the largest importer of LNG in future.

Natural Gas is the cleanest burning conventional fuel and it is an environmental friendly and an efficient source of energy which produces lower levels of greenhouse gas emissions than heavier hydrocarbon fuels such as coal and oil. The role of natural gas is of significant importance in the global gas markets. The last decades have seen a shift in the global energy fuel mix towards an increased role for natural gas.

In India also, the share of natural gas in total energy basket is increasing and the same is expected to grow at a fast pace in the coming years. Natural gas has assumed a larger role in power generation, manufacturing fertilizers, industrial applications, residential heating and in transport fuel as well. Major consumers of natural gas include power and fertilizer sectors, contributing around two-third of the total gas consumption.

Presently, there is a gap between demand and indigenous supply of gas, which is largely met through import of Liquefied Natural Gas (LNG). As far as domestic production is concerned, the supplies from KG basin have shown declining trend in last few years thereby restricting the availability of indigenous gas. In future, India's natural gas supply mix is expected to be dominated by new domestic fields and LNG imports.

Shale gas is expected to contribute significantly to the world's energy portfolio in the coming years. Major Indian players are looking for opportunities with respect to shale gas supplies from USA.

The Government on its part has taken various initiatives to assure uninterrupted supply of gas. Moreover, the new liquefaction projects being planned in Russia, North America, east Africa, Australia are definitely focus areas for meeting India's growing demand.

The growing demand of natural gas is constrained by a major challenge in terms of price acceptability of LNG by various sectors. The major challenge lies in structuring and tying up LNG which can meet the supplier's expectation on one side and also meet customer's price expectations on other side.

### CITY GAS DISTRIBUTION IN INDIA

City Gas Distribution (CGD) is one of the growing sectors in the India energy pie and has been accorded a high priority status for allocating gas from domestic supplies. Safety and security concerns have been addressed effectively by CGD Companies, leading to increased consumer confidence and demand.

City Gas Distribution business in India is under the regulatory regime. In 2007, the Petroleum and Natural Gas Regulatory Board (PNGRB) was set up by an Act of Parliament, which apart from other responsibilities also has the mandate of rolling out CGD networks in various cities of the country. The Board has already outlined its vision of setting up of CGD networks



in 300 cities of the country in synchronization with commissioning of the gas pipelines. There exists a huge potential for setting up of CGD networks in various cities across the country.

As per the estimates by the Planning Commission for 12th Five-Year Plan, the growth in gas demand in the CGD Sector has been projected very high. The growth may also be driven by possible judicial interventions dictating a switchover from other fuels (because of environmental concerns). The development of new cross country pipeline networks and the addition of LNG terminal capacity will also facilitate CGD growth.

The uninterrupted supply of natural gas at an affordable price will play a crucial role in growth of City Gas Distribution sector in the coming years. Presently, with the limited availability of indigenous gas, CGD Companies are more dependent upon imported gas. However, Government of India is taking various initiatives to give boost to the indigenous production and thereby to reduce the dependence on imported gas.

### OUTLOOK ON OPPORTUNITIES

CNG has become a popular fuel for transport sector. While its usage has been mandated in the case of public transport in Delhi, the switch over to CNG has been voluntary in case of private car segment due to cost economics weighing in its favour.

The convenience associated with PNG has already established it as the preferred fuel and its demand is growing in domestic, commercial as well as industrial segments.

The Company enjoying the first mover advantage in the region has already demonstrated its expertise in developing and fast rolling out CGD network in the adjoining NCR towns of Noida, Greater Noida and Ghaziabad in a short span. This gives the Company an edge to tap the emerging opportunities in new geographies for future growth. The Company has strongly established itself in Delhi and NCR which have good potential for natural gas in coming years. Apart from consolidating in its existing areas of operation, the Company is looking at expansion in new geographical areas independently and through strategic alliances.

The Company has a robust infrastructure of CNG stations and Pipeline network to ensure easy availability of CNG and PNG to its customers.

The growth drivers and opportunities in our existing areas of operations are as follows:

#### CNG :

- The price differential of CNG versus alternate liquid fuel will continue to drive the conversion of petrol driven private vehicles into CNG mode.
- Introduction of more CNG variant models by car manufacturers will add to CNG sales.
- Long term gas sale contract has already been signed with all three public sector Oil Marketing Companies for setting up of CNG facilities at their retail outlets in NCT of Delhi and NCR (Ghaziabad, Noida & Greater Noida), which accounts for nearly 22% of the Company's CNG volumes.
- Expansion of Private Bus Clusters in Public Transport System. An agreement with Delhi Integrated Multi Modal Transit System (DIMMTS) for setting up of CNG facilities for Cluster Buses at their depots for a period of ten years i.e. valid up to year 2022 has been executed.
- Expected addition of 45,000 auto rickshaws in view of orders of Hon'ble Supreme Court.

#### PNG :

- Piped Natural Gas (PNG) is fast becoming a preferred fuel for domestic kitchens to replace LPG cylinders. Considering the total number of LPG users in Delhi and NCR, there is a huge demand potential.





- PNG is gradually emerging as the key energy source for commercial & industrial users offering immense opportunities for growth. The Company has plans to exploit significant demand potential for gas from commercial & industrial consumers in Delhi and NCR – Gautambudh Nagar (Noida, Greater Noida) and Ghaziabad.

Your Company has recently made inroads in the city of Gurgaon by successfully extending the PNG network. Also, your Company is looking beyond geographies of Delhi and NCR. Recently, the Company has acquired 50% stake in Central UP Gas Limited, a City Gas Distribution Company operating in the cities of Kanpur and Bareilly of Uttar Pradesh. The Company is exploring equity participation in other cities to expand its footprints in new geographies.

## OUTLOOK ON THREATS, RISKS & CONCERNS AND MITIGATIONS

### A. Regulatory Regime

The City Gas Distribution business is under Regulatory regime wherein the Regulatory Board (PNGRB) has framed various Regulations, which have ramifications on the day to day business operations of a CGD entity. Your Company is fully geared up to meet such challenges.

#### a) Marketing Exclusivity

Post Marketing exclusivity, an authorised entity is subject to competition and is governed by relevant regulations for Open Access. However, with its first mover advantage and better understanding of the needs of its customers, the Company is capable of retaining its position in the market.

Long term supply agreement has already been signed with Delhi Transport Corporation, which contributes approximately 20% of CNG sales, will ensure secured CNG volumes. All industrial & commercial customers are signed for a minimum of 5 year contract.

The Company has the infrastructure exclusivity in NCT of Delhi for another decade. Setting up of new CGD infrastructure would be major challenge for any new entrant in the market as per the current trends in the real estate market.

#### b) CGD networks in new areas

The process of rolling out City Gas Distribution projects by PNGRB in new Geographical Areas had been slow as envisaged earlier, thereby affecting the future expansion plans of many City Gas Distribution Companies.

The Company has not been affected by this development as its existing areas of operations offer huge market potential and the Company is consolidating its operations to tap the same. The CNG volumes have been growing and also the demand for new PNG connections has been growing with many new colonies being added every year.

In addition, industrial and commercial segments in NCR towns of Noida, Greater Noida and Ghaziabad offer huge potential in the next few years as well as network is still being laid in industrial belts in these areas and many units are still to be connected. No competition is expected in these markets in the next few years.

### B. Gas Sourcing

In the changing gas scenario, the assured supply of gas at competitive price will play an important role for future growth of your Company. Ministry of Petroleum and Natural Gas, Government of India has allocated domestic gas to your Company which is supplied through GAIL (India) Limited, one of the promoters of the Company. Gas purchase agreement with GAIL not only assures IGL of receiving firm quantities but also ensures priority supply in the event of any stoppage/disruption in gas supply. Firm allocation of domestic gas for the region allows your Company to sell CNG at one of the lowest retail price in the country while maintaining good financial health and protecting its margins.



To meet the growing demand of CNG and PNG domestic, commercial & industrial consumers, the Company is procuring R-LNG quantities (both on term & spot basis). In this regard, the Company has already signed necessary gas supply agreements with GAIL and BPCL. Apart from the same, Company has KG-D6 Gas allocation on firm basis and also on fallback basis, but the supplies from RIL have reduced to nil due to fall in production of KG-D6 Gas.

To strengthen IGL's gas sourcing portfolio, the Company has also entered into framework gas supply agreements with other major suppliers. The Company is actively looking at a variety of options for sourcing its gas requirements.

### **C. Gas Prices**

R-LNG prices in the recent past have shown increasing trend which is affecting competitive advantage of gas over alternative fuels, especially in the industrial segment.

In absence of no additional source of domestic gas, the dependence on expensive R-LNG has increased. This might limit the demand to some extent in price sensitive segments such as PNG-domestic and CNG which compete with subsidized fuels such as Domestic LPG and Diesel respectively. Demand of CNG is also likely to get affected on account of an increase in APM gas price (which has been recently decided by the Government).

However, on the positive side, the entire public transport fleet in Delhi has been mandated by the highest court of the land to run on CNG due to environmental reasons and this segment accounts for nearly two-third of total CNG volumes.

In urban centres like Delhi and NCR towns, where the Company is operating, the lifestyle and daily pressures drive the demand for highly convenient PNG which has changed the cooking habits of its users. Therefore, it is highly unlikely that PNG can be replaced from its position as the preferred cooking fuel. Apart from this, the government has recently implemented its decision to limit the supply of subsidized LPG cylinder per household per year, which will push up the cost of domestic LPG.

The Company is fully aware of the challenge to keep the overall procurement cost of gas under check in order to supply CNG and PNG at competitive price as compared to alternate competing fuels.

### **D. Macro Economic Scenario**

The fast changing macro-economic scenario also has an impact on the growth plan of your Company. The fluctuations in forex rates and in Brent Crude prices have a direct impact on the cost of sourcing of your Company.

Since basic cost of gas from all sources - domestic as well as imported is dollar linked, it becomes vulnerable to any fluctuation in the forex rates. Variation in Brent Crude prices impact the price of imported LNG as its basic price has been linked to Brent Crude.

Your Company has been undertaking necessary revisions in the retail price to account for changes in the macro economic scenario.

### **E. Value Creation through Operational Excellence**

In the competitive environment, creating value for the end customer is of utmost importance for any Company. Your Company is fully conscious for enhancing operational efficiency and cost optimisation. In this direction, a study has been undertaken by your Company to identify the potential areas for cost optimisation. Action has already been initiated to implement the cost optimisation measures based on the findings of the study.

## **PERFORMANCE REVIEW - CNG & PNG**

Both CNG & PNG business have performed well during the year 2012-13. On an overall basis, sales volume has shown a growth of around 10% over the previous year.

During the year, CNG sales volume has increased to 1004.92 mmscm from 937.55 mmscm in the previous year and PNG sales volume has increased to 332.83 mmscm from 282.45 mmscm year showing a growth of 7.2% and 17.8% respectively.



The Company has a network of 324 stations for supply of CNG as on March 31, 2013. The estimated number of vehicles using CNG was around 6.5 lakhs in March 2013 and our back-end infrastructure, compression capacity and dispensing outlets are under continuous augmentation to meet the growing demand. The Company has provided PNG connections to 3.86 lakhs domestic and around 1380 commercial & industrial customers as on March 31, 2013.

## FINANCIAL PERFORMANCE

Gross turnover of Rs. 3724.06 crores for the year ended March 31, 2013 showed a growth of 33% over the previous year turnover of Rs.2790.10 crores.

During the year the cost of Natural Gas purchased was Rs.2197.75 crores (1390.67 mmscm) as compared to Rs.1540.10 crores (1268.96 mmscm) in the previous year. The increase is due to both increase in volume and also due to increase in gas cost. Due to increase in sales, the dependence on imported gas which is costlier has increased, resulting in higher cost of input gas.

Profit before tax has been Rs.528.19 crores as against Rs. 450.09 crores in the previous year. Profit after tax has been Rs. 354.13 crores as compared to Rs. 306.43 crores in the previous year.

The Company is meeting its fund requirement through internal accruals and borrowings from the banks. The total bank borrowings as on March 31, 2013 are Rs.458.49 crores.

## SHARE CAPITAL

Share Capital of the Company comprises Equity Share Capital of Rs.140 crores.

## RESERVES & SURPLUS

Reserves & Surplus of the Company was Rs. 1352.99 crores as at March 31, 2013 as against Rs. 1088.94 crores as at March 31, 2012.

## NETWORTH

The networth of the Company was Rs. 1492.99 crores as at March 31, 2013 as against Rs. 1228.94 as at March 31, 2012.

## EARNING PER SHARE

Earning per share for the financial year 2012-13 has been Rs. 25.29 compared to Rs. 21.89 in the previous year.

## INTEREST AND FINANCE CHARGES

During the year interest and finance charges paid to the banks for borrowed funds is Rs.56.19 crores as compared to Rs.47.88 crores in previous year.

## INTERNAL CONTROLS

The Company has adequate internal control procedures commensurate with its size and nature of its business. During the financial year 2012-13, M/s KPMG, Chartered Accountants carried out internal audits and the internal audit reports prepared by them were placed before the Audit Committee.

## HUMAN RESOURCES

The Company recognizes that the challenges of the future can be best met with competent and motivated human resources. The Company has taken various HR endeavors to add value to its pool of human talent and integration of individual goals with that of the Company. Training/ Development of the employees forms an integral part of Company's policy towards achieving its objectives.



## ENVIRONMENT CONSCIOUSNESS

Natural gas intrinsically being the cleanest of the fossil fuels, it is endeavour of the Company to promote its wider use among all categories of prospective customers. Towards this direction, the Company is promoting new applications of natural gas use by domestic consumers as well as by commercial & industrial consumers through sustained campaigns whereby all the users are made aware of the economical and environmental advantages of natural gas compared to other fuels, alongwith assurance of timely and uninterrupted supply of natural gas.

The Company is making continuous efforts to reduce pollution in Delhi and its adjoining areas.



## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INDRAPRASTHA GAS LIMITED

### Report on the Financial Statements

We have audited the accompanying financial statements of **Indraprastha Gas Limited** ("the Company"), which comprise the Balance Sheet as at 31 March, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March, 2013;
- b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.





- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.
- (e) On the basis of the written representations received from the directors as on 31 March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm Registration No. 015125N)

Gurgaon  
23 May, 2013

sd/-  
**Khazat A. Kotwal**  
Partner  
(Membership No. 103707)



## **ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT**

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) Having regard to the nature of the Company's business, clauses (xiii), (xiv), (xix) and (xx) of paragraph 4 of the Order are not applicable.
- (ii) In respect of its fixed assets:
  - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
  - b. According to the information and explanations given to us, the Company has a phased programme of physical verification of its fixed assets by which all fixed assets, other than underground gas distribution system which are not physically verifiable, are verified over a period of two years. The fixed assets were physically verified by the management in accordance with this programme. In our opinion, the frequency of physical verification is reasonable having regard to the size of the Company and the nature of its business. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - c. The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) In respect of its inventory:
  - (a) Inventory comprises gas and stores and spares. According to the information and explanations given to us, inventory of stores and spares has been physically verified during the year by the Management. In our opinion, the frequency of verification of stores and spares is reasonable. According to the information and explanations given to us, the stock of gas in pipeline cannot be physically verified and is estimated on volumetric basis.
  - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iv) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Accordingly clauses (iii)(b), (iii)(c), (iii)(d), (iii)(f) and (iii)(g) of paragraph 4 of the Order are not applicable to the Company.
- (v) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (vi) Based on the examination of the books of account and related records and according to the information and explanations given to us, there are no contracts or arrangements with companies, firms or other parties which need to be entered in the register maintained under Section 301 of the Companies Act, 1956.
- (vii) According to the information and explanations given to us, the Company has not accepted any deposits from the public as defined under the provisions of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956. Accordingly, the provision of clause 4 (vi) of the Order are not applicable to the Company.
- (viii) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.



- (ix) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that, *prima facie*, the prescribed cost records have been maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (x) According to the information and explanations given to us in respect of statutory dues:
- The Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities. We are informed that the operations of the Company during the year did not give rise to any liability for Wealth Tax.
  - There are no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Wealth Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31 March, 2013 for a period of more than six months from the date they became payable.
  - The dues of Income Tax, Sales Tax and Excise Duty, which have not been deposited by the Company on account of various disputes are as follows:

Name of statute	Nature of dues	Amount demanded (Rs. crores)	Amount Deposited (Rs. crores)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	0.89	-	Assessment Year 2007-2008	Commissioner of Income Tax (Appeals)
Central Excise Act, 1944	Excise Duty	2.42	2.42	December 2008 To August-2010	Customs and Central Excise Settlement Commission
Uttar Pradesh Value Added Tax Act, 2008	Value Added Tax (VAT)	0.34	-	Assessment year 2009-10	Additional Commissioner (Appeals) Commercial Tax, Noida.

We are informed that there are no dues in respect of Service tax, Customs Duty and Cess which have not been deposited on account of any dispute.

- The Company does not have any accumulated losses and has not incurred cash losses during the current financial year and the immediately preceding financial year.
- In our opinion and according to the information and explanations provided to us, the Company has not defaulted in repayment of dues to the banks. The Company has not taken any loans from financial institutions and has not issued any debentures. Accordingly, the provisions of clause 4(xi) of the Order are not applicable to the Company.
- According to the information and explanations given to us and the records of Company examined by us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4(xii) of the Order are not applicable to the Company.
- According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions. Accordingly, the provisions of clause 4(xv) of the Order are not applicable to the Company.
- In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were obtained.



- (xvi) In our opinion and according to the information and explanations given to us, and on an overall examination of the balance sheet of the Company, we report that funds raised on short term basis have, *prima facie*, not been used during the year for long term investment.
- (xvii) According to information and explanation given to us and the records of the Company examined by us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(xviii) of the Order are not applicable to the Company.
- (xviii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For **DELOITTE HASKINS & SELLS**

Chartered Accountants  
(Registration No. 015125N)

sd/-

**Khazat A. Kotwal**

Partner

(Membership No. 103707)

Gurgaon  
23 May, 2013



**BALANCE SHEET AS AT 31 MARCH, 2013**

	Note No.	As at 31.03.2013 (Rs. Crores)	As at 31.03.2012 (Rs. Crores)
<b>I EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	3	<b>140.00</b>	140.00
(b) Reserves and surplus	4	<b>1,352.99</b>	1,088.94
		<b>1,492.99</b>	<b>1,228.94</b>
<b>2 Non current liabilities</b>			
(a) Long term borrowings	5	<b>303.13</b>	337.50
(b) Deferred tax liabilities (Net)	6	<b>84.34</b>	62.72
(c) Long term provisions	7	<b>8.04</b>	5.41
		<b>395.51</b>	<b>405.63</b>
<b>3 Current liabilities</b>			
(a) Short term borrowings	8	<b>45.98</b>	51.52
(b) Trade payables	9	<b>211.52</b>	179.25
(c) Other current liabilities	10	<b>391.63</b>	375.87
(d) Short term provisions	11	<b>90.39</b>	81.55
		<b>739.52</b>	<b>688.19</b>
		<b>2,628.02</b>	<b>2,322.76</b>
<b>II ASSETS</b>			
<b>1 Non current assets</b>			
(a) Fixed assets	12		
(i) Tangible assets		<b>1,842.26</b>	1,578.77
(ii) Intangible assets		<b>5.07</b>	0.82
(iii) Capital work in progress		<b>291.29</b>	375.13
(b) Long term loans and advances	13	<b>5.81</b>	5.40
		<b>2,144.43</b>	<b>1,960.12</b>
<b>2 Current assets</b>			
(a) Current investments	14	<b>142.59</b>	98.41
(b) Inventories	15	<b>39.65</b>	37.38
(c) Trade receivables	16	<b>178.86</b>	129.80
(d) Cash and cash equivalents	17	<b>50.96</b>	31.99
(e) Short term loans and advances	18	<b>59.62</b>	55.61
(f) Other current assets	19	<b>11.91</b>	9.45
		<b>483.59</b>	<b>362.64</b>
		<b>2,628.02</b>	<b>2,322.76</b>
<b>See accompanying notes forming part of the financial statements</b>	1 to 32		

In terms of our report attached

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants

sd/-

**Khazat A. Kotwal**  
Partner

**For and on behalf of the Board of Directors**

sd/-

**Narendra Kumar**  
Managing Director

sd/-

**S.K. Jain**  
Company Secretary

sd/-

**Rajesh Chaturvedi**  
Director (Commercial)

sd/-

**Rajesh Agrawal**  
Vice President  
(Finance)

Place: New Delhi  
Date: 23 May, 2013

Place: New Delhi  
Date: 23 May, 2013





## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2013

	Note No.	Year ended 31.03.2013 (Rs. Crores)	Year ended 31.03.2012 (Rs. Crores)
1 Revenue from operations (Gross)	20	3,726.39	2,792.28
Less: Excise duty		359.40	275.02
Revenue from operations (Net)		3,366.99	2,517.26
2 Other income	21	12.90	8.08
3 Total revenue (1 + 2)		3,379.89	2,525.34
4 Expenses:			
(a) Purchases of natural gas	22	2,197.75	1540.10
(b) Decrease/(Increase) in natural gas stock	23	(0.74)	(0.94)
(c) Employee benefits expense	24	56.71	43.72
(d) Finance cost	25	56.19	47.88
(e) Depreciation and amortisation expense	12	186.66	143.21
(f) Other expenses	26	355.13	301.28
Total expenses		2,851.70	2,075.25
5 Profit before tax (3 - 4)		528.19	450.09
6 Tax expense:			
(a) Current tax for current year		151.70	122.10
(b) Current tax relating to prior years		0.74	(0.37)
(c) Deferred tax		21.62	21.93
		174.06	143.66
7 Profit for the year (5 - 6)		354.13	306.43
8 Earnings per equity share:	30.5		
(a) Basic (in Rs.)		25.29	21.89
(b) Diluted (in Rs.)		25.29	21.89
See accompanying notes forming part of the financial statements	1 to 32		

In terms of our report attached

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants

sd/-  
**Khazat A. Kotwal**  
Partner

Place: New Delhi  
Date: 23 May, 2013

For and on behalf of the Board of Directors

sd/-  
**Narendra Kumar**  
Managing Director

sd/-  
**S.K. Jain**  
Company Secretary

Place: New Delhi  
Date: 23 May, 2013

sd/-  
**Rajesh Chaturvedi**  
Director (Commercial)

sd/-  
**Rajesh Agrawal**  
Vice President  
(Finance)



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2013

	Year ended 31.03.2013 (Rs. Crores)	Year ended 31.03.2012 (Rs. Crores)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Profit before tax	528.19	450.09
<i>Adjustments for:</i>		
- Depreciation/amortisation for the year	186.66	143.21
- Unrealised foreign exchange loss/(gain)	(0.47)	0.27
- Loss on sale/discard of fixed assets (net)	0.86	0.17
- Provision for inventory obsolescence/inventory written off	0.87	0.31
- Provision for doubtful debts/Bad debts written off	-	0.07
- Provision for doubtful advances	-	4.50
- Provision for gratuity and compensated absences	2.74	1.09
- Finance cost	56.19	47.88
- Income from mutual fund investments	(9.43)	(6.12)
- Liabilities/Provisions no longer required, written back	(0.60)	(0.56)
Operating profit before working capital changes	765.01	640.91
<i>Changes in working capital:</i>		
- Adjustments for (increase)/decrease in operating assets:		
Long term loans and advances	0.19	10.27
Inventories	(3.14)	(1.79)
Trade receivables	(49.06)	(55.39)
Short term loans and advances	(4.01)	(2.62)
Other current assets	(2.53)	3.31
- Adjustments for increase/(decrease) in operating liabilities:		
Other long term liabilities	-	76.01
Trade payables	33.34	38.90
Other current liabilities	56.51	0.86
Cash generated from operations	796.31	710.46
Net income tax paid (net of refund)	(153.04)	(98.35)
<b>Net cash flow from operating activities (A)</b>	<b>643.27</b>	<b>612.11</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
- Capital expenditure on fixed assets, including capital advances	(371.63)	(611.75)
- Proceeds from sale of fixed assets	-	0.01
- Income received from mutual fund investments	9.43	6.12
<b>Net cash flow used in investing activities (B)</b>	<b>(362.20)</b>	<b>(605.62)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
- Proceeds of long term borrowings	74.99	250.00
- Repayment of long term borrowings	(150.00)	(62.50)
- Proceeds/(Repayment) of short term loans	(5.54)	7.18
- Finance cost	(56.07)	(48.37)
- Dividend and dividend distribution tax paid	(81.35)	(81.35)
<b>Net cash flow (used in)/from financing activities (C)</b>	<b>(217.97)</b>	<b>64.96</b>
D. Net increase/(decrease) in cash and cash equivalents (A+B+C)	63.10	71.45
E. Cash and cash equivalents as at the beginning of the year	129.93	58.48
<b>F. Cash and cash equivalents as at end of the year</b>	<b>193.03</b>	<b>129.93</b>



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2013 (CONTINUED)

	Year ended 31.03.2013 (Rs. Crores)	Year ended 31.03.2012 (Rs. Crores)
<b>Reconciliation of Cash and cash equivalents with the Balance Sheet:</b>		
a. Cash and bank balances as per Balance Sheet (Refer Note 17)	<b>50.96</b>	31.99
b. Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements		
- Balances in unpaid dividend account	<b>0.52</b>	0.47
c. Add: Current investments considered as part of Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) (Refer Notes 2.4 and 14)	<b>142.59</b>	98.41
d. Cash and cash equivalents at the end of the year	<b>193.03</b>	<b>129.93</b>

### See accompanying notes forming part of the financial statements

In terms of our report attached

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants

For and on behalf of the Board of Directors

sd/-  
**Khazat A. Kotwal**  
Partner

sd/-  
**Narendra Kumar**  
Managing Director

sd/-  
**Rajesh Chaturvedi**  
Director (Commercial)

sd/-  
**S.K. Jain**  
Company Secretary

sd/-  
**Rajesh Agrawal**  
Vice President  
(Finance)

Place: New Delhi  
Date: 23 May, 2013

Place: New Delhi  
Date: 23 May, 2013



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 1 COMPANY OVERVIEW

Indraprastha Gas Limited (the 'Company') was incorporated on December 23, 1998 under the Companies Act, 1956. The Company is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE).

The Company is a joint venture between GAIL (India) Limited and Bharat Petroleum Corporation Limited. The Company's business consists of sale of Natural Gas.

### 2 SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

#### 2.2 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known /materialise.

#### 2.3 Inventories

- i. Stores and spares are valued at cost on weighted average basis. Provision for obsolescence is made where necessary.
- ii. Stock of CNG in cascades and Natural Gas in pipelines is valued at the lower of cost computed on First in First out (FIFO) basis or net realisable value.
- iii. Closing stock of Natural Gas in pipelines and cascades is estimated on a volumetric basis.

#### 2.4 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash in hand. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

#### 2.5 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

#### 2.6 Depreciation and amortisation

Depreciation is charged on a pro-rata basis on the straight line method over the estimated useful life of assets, determined as follows:



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Asset class	Depreciation/ Amortisation
- Mother Compressors, Online Compressors and Booster Compressors	10 years
- Leasehold land	Over the period of lease
- Bunkhouses	5 years
- Signages	10 years
- Intangibles	5 years
- All other assets	Rates prescribed under Schedule XIV to the Companies Act, 1956

Assets costing Rs. 5,000 or less are fully depreciated in the year of purchase.

### 2.7 Revenue recognition

- Revenue on sale of PNG is recognised based on consumption by the customers.
- Revenue on sale of CNG is recognised on sale of gas to customers from CNG stations.
- Income from deposits is recognised on a time proportion basis. Dividend income from investment in mutual funds is recognised when the Company's right to receive payment is established.

### 2.8 Fixed assets

- Fixed assets are stated at their original cost including freight, duties, taxes and other incidental expenses relating to acquisition and installation and are net of recoveries from PNG customers towards the cost of installation of PNG pipeline network, if any.
- Expenditure incurred during the period of construction, including all direct and indirect expenses, incidental and related to construction, is carried forward and on completion, the costs are allocated to the respective fixed assets.
- Gas distribution systems are commissioned on commencement of supply of gas to consumers. In the case of commissioned assets where final payment to the contractors is pending, capitalisation is made on an estimated basis pending receipt of final bills from the contractors and subject to adjustment in cost and depreciation in the year of final settlement.
- Insurance spares are capitalised with the cost of plant and machinery and depreciated over the useful life of the respective asset.
- Capital inventory represents items of capital nature lying in the stores and valued at cost.
- Intangible assets comprise computer software/license.
- The carrying amount of assets, including those assets that are not yet available for use, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, recoverable amount of asset is determined. An impairment loss is recognised in the statement of profit and loss whenever the carrying amount of an asset exceeds its recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of asset does not exceed the net book value that would have been determined if no impairment loss had been recognised.





## **NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

### **2.9 Foreign currency transactions and translations**

Transactions in foreign currency are translated at the exchange rates prevailing on the date of the transaction. Monetary foreign currency assets and liabilities are translated at exchange rates prevailing as at the year-end. Exchange gains or losses arising out of fluctuation in exchange rates on settlement during the year and/or translation at year-end are recognised in the statement of profit and loss. The premium paid on forward contracts to hedge foreign currency exposure is recognised over the life of the contract.

### **2.10 Investments**

Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

### **2.11 Employee benefits**

Employee benefits include provident fund, gratuity and compensated absences.

#### *Defined contribution plans*

The Company's contribution to provident fund is considered as defined contribution plan and is charged as an expense as they fall due based on the amount of contribution required to be made.

#### *Defined benefit plans*

For defined benefit plans in the form of gratuity, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost.

#### *Short term employee benefits*

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The cost of such compensated absences is accounted as under:

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

#### *Long term employee benefits*

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date less the fair value of the plan assets out of which the obligations are expected to be settled.

### **2.12 Borrowing costs**

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset is added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

### 2.13 Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis.

### 2.14 Earnings per share

Basic earning per share is computed using the weighted average number of equity shares outstanding during the year. Diluted earning per share is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year, except where the results would be anti dilutive.

### 2.15 Taxes on income

Income tax expense comprises current tax and deferred tax. Current Tax is amount of tax for the period determined in accordance with the Income-tax Act, 1961. Deferred Tax charge or credit reflects the tax effects of timing differences between accounting income and taxable income for the period. The deferred tax charge or credit and the corresponding deferred tax liability or deferred tax asset are recognised using the tax rates that have been enacted or substantially enacted by the Balance Sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in the future. Such assets are reviewed at each balance sheet date to reassess realisation. Where there are unabsorbed depreciation and carry forward losses under tax laws, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised in future.

### 2.16 Impairment of assets

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

### 2.17 Provisions and contingencies

A provision is recognised in the financial statements where there exists a present obligation as a result of a past event, the amount of which can be reliably estimated, and it is probable that an outflow of resources would be necessitated in order to settle the obligation. Contingent liability is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the enterprise, or is a present obligation that arises from past events but is not recognised because either it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or a reliable estimate of the amount of the obligation cannot be made.

### 2.18 Deposits with Government Agencies, Local Authorities and Other Electricity Companies

Deposits given to Government agencies, local authorities and other electricity companies which are perennial in nature are charged to revenue in the year of payment.



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	As at 31.03.2013		As at 31.03.2012	
	Number of shares	(Rs. Crores)	Number of shares	(Rs. Crores)
<b>3. SHARE CAPITAL</b>				
(a) Authorised Equity Shares of Rs. 10/- each	<b>220,000,000</b>	<b>220.00</b>	<b>220,000,000</b>	<b>220.00</b>
(b) Issued, Subscribed and Fully Paid up Equity Shares of Rs. 10/- each	<b>140,000,160</b>	<b>140.00</b>	<b>140,000,160</b>	<b>140.00</b>

3.1 The Company has one class of equity shares having a par value of Rs. 10 each. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

3.2 Reconciliation of the number of shares outstanding at the beginning and at the end of the year:

	As at 31.03.2013		As at 31.03.2012	
	Number of shares	(Rs. Crores)	Number of shares	(Rs. Crores)
<i>Equity shares:</i>				
Shares outstanding at the beginning of the year	<b>140,000,160</b>	<b>140.00</b>	140,000,160	140.00
Shares issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	<b>140,000,160</b>	<b>140.00</b>	<b>140,000,160</b>	<b>140.00</b>

3.3 Details of shares held by each shareholder holding more than 5% shares:

	As at 31.03.2013		As at 31.03.2012	
	Number of shares held	% holding	Number of shares held	% holding
(a) GAIL (India) Limited	<b>31,500,000</b>	<b>22.50%</b>	31,500,000	22.50%
(b) Bharat Petroleum Corporation Limited	<b>31,500,080</b>	<b>22.50%</b>	31,500,080	22.50%
(c) HDFC Standard Life Insurance Company Limited*	<b>7,756,745</b>	<b>5.54%</b>	-	-

\* HDFC Standard Life Insurance Company Ltd. was not holding more than 5% shares as at 31.03.2012.



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	As at 31.03.2013 (Rs. Crores)	As at 31.03.2012 (Rs. Crores)
<b>4 RESERVES AND SURPLUS</b>		
(a) General reserve:		
Opening balance	148.33	117.69
Add: Transferred from surplus in Statement of Profit and Loss	35.41	30.64
Closing balance	183.74	148.33
(b) Surplus in Statement of Profit and Loss:		
Opening balance	940.61	746.17
Add:		
Profit for the year	354.13	306.43
Less:		
- Dividends proposed to be distributed to equity shareholders (Rs. 5.50 per share (Previous year Rs. 5 per share))	77.00	70.00
- Corporate dividend tax on proposed dividend	13.08	11.35
- Transfer to General reserves	35.41	30.64
Closing balance	1,169.25	940.61
	1,352.99	1,088.94
<b>5 LONG TERM BORROWINGS</b>		
Secured term loans from banks	303.13	337.50
	303.13	337.50
5.1 Term loans from banks referred above are secured by charge on all the movable assets (plant and machinery) of the Company both present and future except current assets.		
5.2 Rate of interest on the above loans is as follows:		
Loan of Rs. Nil (Previous year Rs. 62.50 crores)	BPLR less 6.77%, p.a.	BPLR less 6.77%, p.a.
Loan of Rs. Nil (Previous year Rs. 25 crores)	Base rate plus 0.48%, p.a.	Base rate plus 0.48%, p.a.
Loan of Rs. 278.13 crores (Previous year Rs. 250 crores)	Base rate plus 1.38%, p.a.	Base rate plus 1.38%, p.a.
Loan of Rs. 25 crores (Previous year Rs. Nil)	Base rate	-
5.3 Maturity Profile of the above loans are as set out below:		
1 to 2 years (No. of installments 33 (Previous year 15))	75.00	125.00
2 to 3 years (No. of installments 36 (Previous year 20))	81.25	62.50
3 to 4 years (No. of installments 36 (Previous year 20))	81.25	62.50
4 to 5 years (No. of installments 29 (Previous year 20))	59.38	62.50
5 to 6 years (No. of installments 3 (Previous year 13))	6.25	25.00
	303.13	337.50



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	As at 31.03.2013 (Rs. Crores)	As at 31.03.2012 (Rs. Crores)
<b>6 DEFERRED TAX LIABILITIES (NET)</b>		
(a) Deferred tax liability on:		
Difference in depreciation and amortisation for accounting and Income tax purposes	<b>90.02</b>	66.97
(b) Deferred tax assets on:		
Provision for gratuity	<b>0.92</b>	0.59
Provision for compensated absences	<b>1.92</b>	1.23
Provision for inventory obsolescence	<b>1.18</b>	0.85
Provision for doubtful debts/doubtful advance	<b>1.66</b>	1.58
	<b>5.68</b>	4.25
	<b>84.34</b>	<b>62.72</b>
<b>7 LONG TERM PROVISIONS</b>		
Provision for employee benefits:		
(a) Compensated absences	<b>5.42</b>	3.65
(b) Gratuity	<b>2.62</b>	1.76
	<b>8.04</b>	<b>5.41</b>
<b>8 SHORT TERM BORROWINGS</b>		
Unsecured-From banks		
Foreign currency loans-Buyers' credit	<b>45.98</b>	51.52
	<b>45.98</b>	<b>51.52</b>
8.1 Period of foreign currency loans-Buyers Credit ranges from 318 days to 362 days.		
<b>9 TRADE PAYABLES</b>		
Trade payables	<b>211.52</b>	179.25
	<b>211.52</b>	<b>179.25</b>
Amounts payable to Micro, Small and Medium Enterprises: Based on the information available with the Company, the balance due to micro and small enterprises as defined under the MSMED Act, 2006 is Rs. Nil (Previous year Rs. Nil) and interest paid or payable is Rs. Nil (Previous year Rs. Nil) under the terms of the MSMED Act, 2006.		



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	As at 31.03.2013 (Rs. Crores)	As at 31.03.2012 (Rs. Crores)
<b>10 OTHER CURRENT LIABILITIES</b>		
(a) Current maturities of long term borrowings (Refer Note 10.2)	<b>109.38</b>	150.00
(b) Security Deposit from customers (Refer Note 29)	<b>246.98</b>	192.81
(c) Interest accrued but not due on borrowings	<b>0.55</b>	0.50
(d) Unclaimed dividends (Refer Note 10.1)	<b>0.52</b>	0.47
(e) Security deposits from vendors	<b>1.32</b>	1.91
(f) Other payables:		
- Payable on purchase of fixed assets	<b>24.29</b>	24.52
- Statutory dues	<b>8.59</b>	5.66
	<b>391.63</b>	<b>375.87</b>
10.1 There is no amount due and outstanding at the year end to be credited to Investors Education and Protection Fund.		
10.2 Current maturities of long term borrowing - Refer Notes 5.1, and 5.2 for details of security and rate of interest.		
<b>11 SHORT TERM PROVISIONS</b>		
(a) Dividends proposed to be distributed to equity shareholders	<b>77.00</b>	70.00
(b) Corporate dividend tax on proposed dividend	<b>13.08</b>	11.35
(c) Compensated absences	<b>0.23</b>	0.15
(d) Gratuity	<b>0.08</b>	0.05
	<b>90.39</b>	<b>81.55</b>



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 12. FIXED ASSETS

(Refer Notes 2.6, 2.8 and 2.16)

Particulars	Gross Block			Accumulated Depreciation			Net Block		(Rs. Crores)
	As at 01.04.2012	Additions for the year	Sales/ Adjustments	As at 31.03.2013	As at 01.04.2012	For the year	On sales/ adjustments	As at 31.03.2013	
<b>Tangible assets:</b>									
Leasehold land (Refer Note 12.1)	27.66	-	-	27.66	3.16	0.37	-	24.13	24.50
Buildings (Refer Note 12.2)	303.28	49.95	-	353.23	43.86	13.69	-	295.68	259.42
Plant and equipment	1,916.70	395.39	2.73	2,309.36	628.88	170.59	2.06	1,511.95	1,287.82
Furniture and fixtures	7.91	1.40	0.34	8.97	2.97	0.57	0.20	5.63	4.94
Vehicles	0.30	1.51	0.08	1.73	0.10	0.11	0.04	1.56	0.20
Data processing equipment	5.61	2.19	0.77	7.03	3.72	0.77	0.77	3.31	1.89
Previous year	2,261.46	450.44	3.92	2,707.98	682.69	186.10	3.07	1,842.26	1,578.77
<b>Intangible assets:</b>									
Computer software/license	1,710.33	563.44	12.31	2,261.46	552.19	142.63	12.13	1,578.77	1,158.14
	5.80	4.81	-	10.61	4.98	0.56	-	5.07	0.82
	5.80	4.81	-	10.61	4.98	0.56	-	5.07	0.82
Previous year	5.71	0.09	-	5.80	4.40	0.58	-	0.82	1.31
<b>Total</b>	<b>2,267.26</b>	<b>455.25</b>	<b>3.92</b>	<b>2,718.59</b>	<b>687.67</b>	<b>186.66</b>	<b>3.07</b>	<b>1,847.33</b>	<b>1,579.59</b>
<b>Previous year</b>	<b>1,716.04</b>	<b>563.53</b>	<b>12.31</b>	<b>2,267.26</b>	<b>556.59</b>	<b>143.21</b>	<b>12.13</b>	<b>1,579.59</b>	<b>1,159.45</b>
<b>Capital work in progress</b>								<b>291.29</b>	<b>375.13</b>

12.1 Gross block of leasehold land includes land amounting to Rs. 6.62 crores (Previous year Rs. 6.62 crores) obtained on lease from the Land & Development Office, New Delhi, under licensing arrangement and pending execution of the related lease agreements.

12.2 Buildings include buildings which have been constructed on land acquired on lease from various Government Authorities.



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	As at 31.03.2013 (Rs. Crores)	As at 31.03.2012 (Rs. Crores)
<b>13 LONG TERM LOANS AND ADVANCES</b>		
(Unsecured and considered good)		
(a) Capital advances	2.83	3.55
(b) Security deposits	1.81	1.22
(c) Other loans and advances	-	0.06
(d) Advance tax [Net of provision for tax Rs. 384.76 crores (Previous year Rs. 517.58 crores)]	1.17	0.57
	<b>5.81</b>	<b>5.40</b>
<b>14. CURRENT INVESTMENTS</b>		
(Unquoted)		
(Refer Note 2.10)		
Investments in mutual funds:		
(a) Franklin Tempelton Ultra Short Term Fund	25.01	-
(b) ICICI Prudential Flexible Income Plan	25.03	-
(c) Reliance Medium Term Fund	25.14	-
(d) Peerless Ultra Short Term Fund	14.75	-
(e) DWS Ultra Short Term Fund - IP	25.11	-
(f) Baroda Pioneer Treasury Advantage Fund	25.03	-
(g) HDFC Cash Management - Treasury Fund	2.52	14.52
(h) HDFC Floating Rate Income Fund STF WP	-	25.05
(i) ICICI Prudential Liquid Fund	-	2.00
(j) Reliance Liquid Fund	-	25.24
(k) Reliance Liquidity Fund	-	6.57
(l) Union KBC Liquid Fund	-	25.03
	<b>142.59</b>	<b>98.41</b>
<b>14.1 Details of units and NAV:</b>		

	NAV per unit Rs.	As at 31.03.2013 Units	As at 31.03.2012 Units
(a) Franklin Tempelton Ultra Short Term Fund	10.0172	24,969,322	-
(b) ICICI Prudential Flexible Income Plan	105.7350	2,367,356	-
(c) Reliance Medium Term Fund	17.0959	14,707,113	-
(d) Peerless Ultra Short Term Fund	10.0434	14,686,262	-



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	NAV per unit Rs.	As at 31.03.2013 Units	As at 31.03.2012 Units
(e) DWS Ultra Short Term Fund - IP	10.0179	25,068,070	-
(f) Baroda Pioneer Treasury Advantage Fund	1,002.1771	249,768	-
(g) HDFC Cash Management - Treasury Fund	10.0315	2,505,447	14,473,785
(h) HDFC Floating Rate Income Fund STF WP	10.0809	-	24,848,240
(i) ICICI Prudential Liquid Fund	10.0226	-	200,170
(j) Reliance Liquid Fund	15.2874	-	16,510,136
(k) Reliance Liquidity Fund	10.0051	-	6,570,808
(l) Union KBC Liquid Fund	1,000.1800	-	250,229
		As at 31.03.2013 (Rs. Crores)	As at 31.03.2012 (Rs. Crores)
<b>15. INVENTORIES</b> (Refer Note 2.3)			
(a) Natural Gas		2.88	2.14
(b) Stores and spares		40.25	37.87
		43.13	40.01
Less: Provision for obsolescence		3.48	2.63
		39.65	37.38
<b>16 TRADE RECEIVABLES</b>			
(a) Over six months from the due date:			
i. Secured and considered good		0.02	0.02
ii. Unsecured:			
- Considered good		0.09	1.46
- Considered doubtful		0.37	0.37
		0.48	1.85
iii. Less: Provision for doubtful debts		0.37	0.37
		0.11	1.48
(b) Others, considered good:			
i. Secured		33.20	25.57
ii. Unsecured		145.55	102.75
		178.75	128.32
		178.86	129.80



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	As at 31.03.2013 (Rs. Crores)	As at 31.03.2012 (Rs. Crores)
<b>17 CASH AND CASH EQUIVALENTS</b>		
(a) Cash in hand	8.36	3.80
(b) Cheques in hand	11.57	11.57
(c) Balances with banks in current accounts	30.51	16.15
(d) Earmarked balances with banks in current accounts-Unpaid dividends	0.52	0.47
	<b>50.96</b>	<b>31.99</b>
<b>18 SHORT TERM LOANS AND ADVANCES</b>		
(Unsecured)		
(a) Considered good		
i. Loans and advances to related parties (Refer Note 18.1)	0.10	0.06
ii. Security deposits	3.78	5.51
iii. Balance with excise authorities	26.86	7.38
iv. Cenvat recoverable	19.79	27.37
v. Prepaid expenses	7.58	12.81
vi. Employee advances	0.10	0.08
vii. Advances to vendors	0.36	0.53
viii. Advances to others	1.05	1.87
	<b>59.62</b>	<b>55.61</b>
(b) Considered doubtful		
i. Security deposits	4.50	4.50
ii. Less: Provision for doubtful deposits	4.50	4.50
	<b>-</b>	<b>-</b>
	<b>59.62</b>	<b>55.61</b>
<b>18.1 Loans and advances to related parties comprise:</b>		
(a) Security deposits with GAIL (India) Limited	0.08	0.04
(b) Security deposits with Bharat Petroleum Corporation Limited	0.02	0.02
	<b>0.10</b>	<b>0.06</b>
<b>19 OTHER CURRENT ASSETS</b>		
(Unsecured and considered good)		
(a) Unbilled revenue	11.33	8.80
(b) Deferred premium (Foreign exchange forward contract)	0.58	0.65
	<b>11.91</b>	<b>9.45</b>



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	Year ended 31.03.2013 (Rs. Crores)	Year ended 31.03.2012 (Rs. Crores)
<b>20 REVENUE FROM OPERATIONS</b>		
(a) Sale of Gas:		
Sale of Natural Gas	3,742.36	2,810.27
Less: Discount	18.30	20.17
	<b>3,724.06</b>	<b>2,790.10</b>
(b) Other operating revenues	2.33	2.18
	<b>3,726.39</b>	<b>2,792.28</b>
<b>21 OTHER INCOME</b>		
(a) Income from mutual fund investments (Current investments)	9.43	6.12
(b) Liabilities/ provisions no longer required, written back	0.60	0.56
(c) Other non operating income	2.87	1.40
	<b>12.90</b>	<b>8.08</b>
<b>22 PURCHASE OF NATURAL GAS</b>		
Natural gas cost	2,197.75	1,540.10
	<b>2,197.75</b>	<b>1,540.10</b>
<b>23 DECREASE/(INCREASE) IN NATURAL GAS STOCK</b>		
(a) Closing stock of Natural Gas	2.88	2.14
(b) Opening stock of Natural Gas	2.14	1.20
	<b>(0.74)</b>	<b>(0.94)</b>
<b>24 EMPLOYEE BENEFITS EXPENSE</b> (Refer Note 30.1)		
(a) Salaries and wages	50.13	38.23
(b) Contribution to provident and other funds	1.68	1.41
(c) Gratuity	0.92	0.36
(d) Staff welfare expenses	3.98	3.72
	<b>56.71</b>	<b>43.72</b>
<b>25 FINANCE COST</b>		
(a) Interest expenses on borrowings	54.52	44.20
(b) Other borrowing cost	1.67	3.68
	<b>56.19</b>	<b>47.88</b>



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	Year ended 31.03.2013 (Rs. Crores)	Year ended 31.03.2012 (Rs. Crores)
<b>26 OTHER EXPENSES</b>		
(a) Operating expenses at CNG stations	<b>73.39</b>	65.47
(b) CNG distribution expenses	<b>25.57</b>	20.76
(c) Stores and spares consumed	<b>20.32</b>	27.60
(d) Power and fuel	<b>67.00</b>	47.46
(e) Rent	<b>20.85</b>	17.51
(f) Hire charges:		
- Vehicle	<b>13.72</b>	15.27
- Equipment	<b>0.10</b>	0.93
(g) Rates and taxes	<b>2.79</b>	0.90
(h) Repairs and maintenance:		
- Buildings	<b>2.77</b>	5.55
- Plant and machinery	<b>76.98</b>	47.84
(i) Security expenses	<b>16.91</b>	15.85
(j) Insurance	<b>2.45</b>	1.63
(k) PNG selling and bill distribution expenses	<b>2.16</b>	2.88
(l) Cash/Cheque collection charges	<b>3.81</b>	4.43
(m) Legal and professional fees (Refer Note 26.1)	<b>8.61</b>	5.72
(n) Travelling and conveyance	<b>2.68</b>	2.61
(o) Office maintenance	<b>1.65</b>	1.79
(p) Advertisement expenses	<b>1.44</b>	1.92
(q) Loss on fixed assets sold or discarded	<b>0.86</b>	0.17
(r) Provision for doubtful debts/Bad debts written off	-	0.07
(s) Provision for inventory obsolescence/inventory written off	<b>0.87</b>	0.31
(t) Provision for doubtful advances	-	4.50
(u) Bank charges	<b>0.82</b>	0.70
(v) Net loss on foreign currency transaction and translations	<b>0.07</b>	0.71
(w) Other expenses	<b>9.31</b>	8.70
	<b>355.13</b>	<b>301.28</b>
<b>26.1 Legal and professional expenses include Auditors' remuneration (net of input credit of service tax) as follows:</b>		
(a) Statutory audit	<b>0.13</b>	0.13
(b) Limited review	<b>0.05</b>	0.07
(c) Other services	<b>0.02</b>	0.01
(d) Reimbursement of expenses	<b>0.01</b>	0.01
	<b>0.21</b>	0.22





## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 27 ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS

#### 27.1 Contingent liabilities and commitments

##### (a) Income tax case

For Assessment Year 2007-08 the Income Tax Department has disallowed certain deduction claimed and raised a demand amounting to Rs. 0.89 crores (Previous Year Rs. Nil). The Company has filed an appeal against the demand which is pending with CIT (Appeal).

##### (b) Excise Case

The Company offered a discount to Delhi Transport Corporation (DTC) in relation to facilities provided by DTC and towards bulk sale made to DTC. The Company received a show cause notice dated 5th June 2012 from the Directorate General of Central Excise Intelligence for not paying excise duty on the aforesaid discount amount from December' 2008 to August' 2010 and raised a demand of Rs. 2.42 crores. The Company has deposited Rs. 2.42 crores and has contested the demand with Customs and Central Excise Settlement Commission.

##### (c) Uttar Pradesh VAT Case

In respect of Assessment year 2009-10, Commercial Tax Department, Noida has raised a demand of Rs. 0.34 crores (Previous Year Rs. Nil). The Company has filed appeal against the demand which is pending with Additional Commissioner (Appeals), Commercial Tax, Noida.

##### (d) Bank guarantees

The Company's total liability towards un-expired Bank Guarantees is Rs. 60.37 crores (Previous year Rs. 34.79 crores).

##### (e) Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for is Rs. 238.27 crores (Previous year Rs. 115.37 crores)

#### 27.2 Petroleum and Natural Gas Regulatory Board (PNGRB) vide its order no. TO/03/2012 dated 9th April 2012 determined the per unit network tariff and compression charge for the CGD Network of the Company for Delhi, based on submission of data by the Company in May 2009 and certain assumptions taken by PNGRB in this regard. The tariffs determined by PNGRB are much lower than the rates submitted by the Company.

Further, PNGRB made the determined tariffs applicable with retrospective effect from 1st April, 2008. In its order PNGRB stated that the modalities and time frame for refund of differential Network Tariff and Compression Charge would be decided subsequently.

The Company filed a writ petition on 10th April, 2012 against the order of PNGRB dated 9th April, 2012 before the Hon'ble Delhi High Court. The Hon'ble High Court of Delhi has passed the judgement in this case on 1st June, 2012 and has quashed the PNGRB order dated 9th April, 2012. PNGRB has filed special leave petition before the Hon'ble Supreme Court of India against the order dated 1st June, 2012 of Hon'ble Delhi High Court. Matter is still pending in the Hon'ble Supreme Court of India.

#### 27.3 Information regarding purchases, sales and stock

Particulars	Year ended 31.03.2013		Year ended 31.03.2012	
	Quantity	Rs. Crores	Quantity	Rs. Crores
<i>Opening stock:</i>				
Natural Gas (SCM)	639,245	1.29	425,790	0.60
CNG (SCM)	518,909	0.85	510,069	0.60
	1,158,154	2.14	935,859	1.20
<i>Purchases of Natural Gas (SCM):</i>	1,390,665,409	2,197.75	1,268,956,850	1,540.10



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	Year ended 31.03.2013		Year ended 31.03.2012	
	Quantity	Rs. Crores	Quantity	Rs. Crores
Sales:				
PNG (SCM)	332,834,811	878.55	282,446,601	615.92
CNG (SCM)*	1,004,923,127	2,845.51	937,545,829	2,174.18
	<b>1,337,757,938</b>	<b>3,724.06</b>	<b>1,219,992,430</b>	<b>2,790.10</b>
*CNG (Kgs)	(756,356,779)		(698,842,865)	
Internal consumption	29,493,110	38.84	34,197,902	35.20
Closing stock:				
Natural Gas (SCM)	692,130	1.86	639,245	1.29
CNG (SCM)	587,988	1.02	518,909	0.85
	<b>1,280,118</b>	<b>2.88</b>	<b>1,158,154</b>	<b>2.14</b>

Note:

- Difference in opening stock, purchases, sales and closing stock of gas quantities is on account of measurement tolerance and normal loss of 23,292,397 SCM (Previous year 14,544,223 SCM).
- Natural gas is purchased in SCM and Compressed Natural Gas is sold in Kgs.
- Sale of CNG is net of discounts and gross of excise duty.

### 27.4 Value of imported and indigenous stores and spares and percentage thereof to the total consumption

Particulars	Year ended 31.03.2013		Year ended 31.03.2012	
	Rs. Crores	% of total	Rs. Crores	% of total
Stores and spares:				
Imported	3.93	19.34%	4.93	17.86%
Indigenous	16.39	80.66%	22.67	82.14%
	<b>20.32</b>	<b>100.00%</b>	<b>27.60</b>	<b>100.00%</b>

Particulars	Year ended 31.03.2013 (Rs. Crores)	Year ended 31.03.2012 (Rs. Crores)
<b>27.5 Value of imports on CIF basis</b>		
Capital goods	21.66	68.33
Spares and components	4.89	4.99
	<b>26.55</b>	<b>73.32</b>
<b>27.6 Expenditure in foreign currency</b>		
Travelling	0.06	0.06
Repairs and maintenance-Plant and Machinery	0.95	1.02
	<b>1.01</b>	<b>1.08</b>
<b>27.7 Earnings in foreign currency</b>		
Sale of tender documents	0.01	Nil



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 27.8 Details on derivatives instruments and unhedged foreign currency (FCY) exposures

The following derivative positions are open as at 31 March, 2013. The accounting for these transactions is stated in Note 2.9.

(a) Outstanding forward exchange contracts for imports entered into by the Company as at the year end:

Currency	As at 31.03.2013		As at 31.03.2012	
	FCY	(Rs. Crores)	FCY	(Rs. Crores)
USD	4584673	24.93	9264408	47.39
EURO	284602	1.98	411048	2.81
CAD	-	-	258454	1.32
		<b>26.91</b>		<b>51.52</b>

(b) Premium on account of forward exchange contracts to be recognised in statement of Profit and loss in relation to subsequent accounting period aggregates Rs. 0.58 Crores (Previous year Rs. 0.65 Crores).

(c) The Company's foreign currency exposure on accounts payable that have not been hedged by a derivative instrument or otherwise are given below:

Currency	As at 31.03.2013		As at 31.03.2012	
	FCY	(Rs. Crores)	FCY	(Rs. Crores)
USD	3965650	21.57	626495	3.20
EURO	108866	0.76	83125	0.57
CAD	-	-	43076	0.22
NZD	-	-	3480	0.01
		<b>22.33</b>		<b>4.00</b>

28 The Company has installed various CNG Stations on land leased from various Government authorities under leases for periods ranging from one to five years. However, assets constructed/installed on such land are depreciated generally at the rates specified in Schedule XIV to the Companies Act, 1956, as the Management does not foresee non-renewal of the above lease arrangements by the Authorities.

29 Security deposits from customers of Natural Gas, refundable on termination/alteration of the gas sales agreements, are considered as short term liabilities.

## 30 DISCLOSURES UNDER ACCOUNTING STANDARDS

### 30.1 Employee benefit plans

#### *Defined Benefit-Gratuity*

The gratuity liability arises on retirement, resignation and death of an employee. The aforesaid liability is calculated on the basis of fifteen days salary (i.e. last drawn basic salary plus dearness allowance) for each completed year of service subject to completion of five years' service.



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### *Policy for recognising actuarial gains and losses*

Actuarial gains and losses arising from experience adjustments and effects of changes in actuarial assumptions are immediately recognised in the statement of profit and loss as income or expense.

The following tables set out the status of the unfunded gratuity plan and amounts recognised in the Company's financial statements:

		Year ended 31.03.2013 (Rs. Crores)	Year ended 31.03.2012 (Rs. Crores)
A.	Change in benefit obligations:		
a.	Present value of obligations at the beginning of the year	1.81	1.48
b.	Current service cost	0.40	0.30
c.	Interest cost	0.15	0.13
d.	Actuarial (gain)/loss on obligation	0.37	(0.07)
e.	Benefits paid	(0.03)	(0.03)
f.	Present value of obligations	2.70	1.81
B.	Expenses recognised in the statement of profit and loss:		
a.	Current service cost	0.40	0.30
b.	Interest cost	0.15	0.13
c.	Actuarial (gain)/loss recognised during the year	0.37	(0.07)
d.	Expense charged to the statement of profit and loss	0.92	0.36
C.	Balance sheet reconciliation:		
a.	Opening net liability	1.81	1.48
b.	Expenses charged to the statement of profit and loss	0.92	0.36
c.	Benefits paid	(0.03)	(0.03)
d.	Closing liability	2.70	1.81
D.	The above liabilities have been presented in the balance sheet after bifurcating between current and non-current liabilities		

### *Principal actuarial assumptions for gratuity and compensated absences:*

		Refer note below	Year ended 31.03.2013	Year ended 31.03.2012
i.	Discount rate (p.a.)	1	8.21%	8.70%
ii.	Salary escalation rate (p.a.)	2	6.00%	6.00%



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Notes:

- The discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of obligations.
- The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

#### Demographic assumptions:

Retirement age	60 years
Mortality rate	Published rates under LIC (1994-96) mortality tables

#### Experience adjustment:

(Rs. Crores)

	2013	2012	2011	2010	2009
Present value of defined benefit obligation	2.70	1.81	1.48	1.30	0.78
Experience gain/(loss) on liability	(0.36)	(0.03)	0.01	(0.21)	0.15

### 30.2 Segment reporting

The Company operates in a single segment of Natural Gas business in the National Capital Region and therefore the disclosure requirements as per Accounting Standard 17 "Segment Reporting" are not applicable to the Company.

### 30.3 Related party transactions

#### List of related parties:

##### Promoter venturer:

- GAIL (India) Limited
- Bharat Petroleum Corporation Limited

##### Key management personnels (KMPs):

- |                            |   |
|----------------------------|---|
| i. Mr. M. Ravindran        | Managing Director                               |
| ii. Mr. Manmohan Singh     | Director Commercial (upto 30th November, 2012)  |
| iii. Mr. Rajesh Chaturvedi | Director Commercial (w.e.f. 1st December, 2012) |

#### Transactions / balances outstanding with Related Parties:

Particulars	Year ended 31.03.2013 (Rs. Crores)	Year ended 31.03.2012 (Rs. Crores)
<b>GAIL (India) Limited</b>		
<i>Transactions during the year:</i>		
Purchase of natural gas (including service tax cenvatable and VAT)	1,714.78	1,269.41
Salaries, allowances and other related payments	0.53	0.37
Reimbursement of expenses	0.18	0.22
Security deposit paid	0.08	-
Other expenses paid	0.31	0.21



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	Year ended 31.03.2013 (Rs. Crores)	Year ended 31.03.2012 (Rs. Crores)
<i>Balance outstanding as at the year end:</i>		
Trade payables	<b>70.04</b>	62.63
Security deposit paid	<b>0.08</b>	0.04
<b>Bharat Petroleum Corporation Limited</b>		
<i>Transactions during the year:</i>		
Sale of CNG (Gross)	<b>217.76</b>	157.58
Salaries, allowances and other related payments	<b>0.30</b>	0.42
Reimbursement of expenses	<b>12.08</b>	8.44
Purchases of natural gas	<b>512.27</b>	265.81
Purchases of lubricants	<b>1.44</b>	1.32
Security deposit paid	<b>0.01</b>	0.02
Other expenses paid	<b>0.31</b>	0.21
<i>Balance outstanding as at the year end:</i>		
Trade payables	<b>13.61</b>	9.07
Security deposit paid	<b>0.02</b>	0.02
<b>Key Management Personnel-Remuneration</b>		
<i>Transactions during the year:</i>		
Mr. Rajesh Vedvyas	-	0.20
Mr. M. Ravindaran	<b>0.53</b>	0.17
Mr. Manmohan Singh	<b>0.18</b>	0.42
Mr. Rajesh Chaturvedi	<b>0.12</b>	
<i>Balance outstanding as at the year end:</i>		
Salaries payable-Profit sharing	<b>0.29</b>	0.25

**30.4 Operating lease arrangements**

The Company has taken certain equipment and vehicles under operating lease agreements. The total lease rentals recognised as expense during the year under the above lease agreements aggregates Rs. 9.43 crores (Previous year Rs. 12.90 crores). Lease obligations under non-cancellable periods are as follows:

Particulars	As at 31.03.2013 (Rs. Crores)	As at 31.03.2012 (Rs. Crores)
Amounts payable in next one year	<b>4.53</b>	16.78
Amounts payable in next two to five years	-	-
Amounts payable over 5 years	-	-





## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 30.5 Earnings per share

Particulars	Units	Year ended	Year ended
		31.03.2013	31.03.2012
Net profit attributable to Shareholders	Rs. Crores	<b>354.13</b>	306.43
Weighted average number of equity shares	No.	<b>140,000,160</b>	140,000,160
Nominal value per share	Rs.	<b>10</b>	10
Basic earnings per share of Rs. 10 each	Rs.	<b>25.29</b>	21.89

The Company does not have any outstanding dilutive potential equity shares. Consequently, the basic and diluted earnings per share of the Company remain the same.

- 31 Transfer pricing regulations have been extended by Finance Act 2012 to cover transactions between domestic related parties. The management is of the opinion that its domestic transactions are at arm's length prices and the aforesaid legislation will not have any material impact on the financial statement, particularly on the amount of tax expense and that of provision for taxation.
- 32 Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classifications / disclosures.

#### For and on behalf of the Board of Directors

sd/-  
**Narendra Kumar**  
Managing Director

sd/-  
**Rajesh Chaturvedi**  
Director (Commercial)

sd/-  
**S.K. Jain**  
Company Secretary

sd/-  
**Rajesh Agrawal**  
Vice President  
(Finance)

Place: New Delhi  
Date: 23 May, 2013







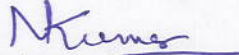
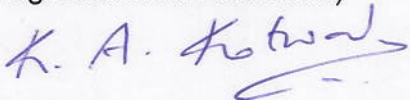


## **INDRAPRASTHA GAS LIMITED**

IGL Bhawan, Plot No. 4, Community Centre, Sector 9, R K Puram, New Delhi - 110022

[www.iglonline.net](http://www.iglonline.net)

# FORM A

(Pursuant to Clause 31(a) of Listing Agreement)

S. No.	Particulars	Details
1.	Name of the Company	Indraprastha Gas Limited
2.	Annual financial statements for the year ended	31 <sup>st</sup> March 2013
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Not Applicable
5.	To be signed by- <ul style="list-style-type: none"> <li>• Vice President (Finance)</li> <li>• Managing Director</li> <li>• Auditor of the Company</li> <li>• Audit Committee Chairman</li> </ul>	<div style="text-align: right;">  </div> <p>   Rajesh Agrawal </p> <p>   Narendra Kumar </p> <p> Refer our Audit Report dated 23 May, 2013  on the financial statements of the Company. </p> <p> For DELOITTE HASKINS &amp; SELLS  Chartered Accountants  (Registration No. 015125N) </p> <p>   Khazat A. Kotwal  Partner  (Membership No. 103707)  Gurgaon, 2013 </p> <div style="text-align: right;">  </div> <p>   S.S. Rao </p>

