Shri M. Ravindran
Chairman, Indraprastha Gas Limited

Dear Shareowners,

On behalf of the Board of Directors and my own behalf, I extend a very warm welcome to all of you at the Seventeenth Annual General Meeting of your Company. Notice of the Annual General Meeting and the Annual Report for the year 2015-16 are already with you, and with your permission, I take them as read.

At the outset, I am glad to share with you that the Company has maintained the trend of performing well consistently and the financial year 2015-16 was another successful year. It is a matter of great pride that your Company has been adjudged in the City Gas Distribution Company of the Year 2015 in the prestigious PetroEd Awards.

The consolidated Profit After Tax (PAT) of your Company after considering the contribution of the Associate Companies namely, Central UP Gas Limited (CUGL) and Mahakoshala Natural Gas Limited (MNGL) was Rs 484.13 Crore in financial year 2015-16 against Rs 418.13 Crore in the previous year. I assure you to announce in this year's Annual General Meeting a better PAT, as the Company, through your support, is continuously working towards an increase in financial performance.

The Company has worked with a view towards a sustainable future, and the focus remains on improving the financial consistency of the Company, which has translated into better PAT for the last few years. The PAT for the last quarter of the year was Rs 45.43 Crore, which is an improvement of 19.6% over the previous quarter.

Company’s Performance

Financial Performance

The Company achieved a PAT of Rs 147.7 Crore against a PAT of Rs 102.3 Crore in the previous quarter implying an increase of 44.0%.

With the kind of CNG infrastructure expanded by the Company coupled with the rising trend in the usage of CNG being a popular cleaner fuel, it is expected that more and more number of CNG vehicles would be added to the city roads. Moreover, Government of NCT of Delhi has an aggressive plan to further introduce additional 10000 cabs of which 1000 have already been allotted. The Company is also planning to set up additional CNG facilties in few more locations.

It is also expected that with an increase in allocation of domestic gas to CGL entities, the price differential of CNG versus alternate fuel will continue to drive the conversion of petrol driven private vehicles to CNG mode. The introduction of more CNG variant models by car manufacturers would further add to CNG volumes.

The Company has plans to expand in new geographical areas independently and through strategic alliances to further consolidate its position as the leading CNG Company in the Country.

CUSTOMER FOCUS

The Company has always believed in Customer Centric Approach; and therefore has been making conscious efforts to upgrade its services while leveraging technology to its advantage.

Your Company is committed to provide all its customers and stakeholders with the latest IT related services, to enhance user experience. Your Company has enriched the customer experience through a successful un-nested look and user friendly multichannel platform, enabling customer to avail of customer service over the web portal as well as mobile devices. Your Company has also implemented the Business Communication Management (BCM) application to facilitate customers with optimized and improved call centre operations over IVR. This enables the business users to track, consolidate and respond in timely manner to customer complaints received through multiple channels.

The Company would continue to make efforts to improve as well as upgrade its processes and services to provide the satisfaction of its customers.

HEALTH, SAFETY & ENVIRONMENT

Your Company has always been provides the utmost priority in all operations of your Company. It is a constant endeavour to maintain highest standards of safety and a number of measures are being undertaken to ensure strict adherence to the same.

Your Company is regularly imparting training to the employees, contractors and stakeholders with regards to safety guidelines and safety practices. The Company has also set up a detail safety audit framework and following the same.

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

I would like to extend my regards to all of you for your continued support and trust. I also assure you of my appreciation to every member of the IGCL team for their hard work and dedicated efforts for good performance of the Company.

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Thank you.

M. Ravindran
Chairman

GAS MARKET SCENARIO

The demand for energy resources has been growing consistently in India and would continue to do so in future as well. Due to the environment friendly characteristics of natural gas, an industry driven campaign- GasAvadi, has already been started to move the country towards a gas based economy with the objective of increasing the share of natural gas in the overall energy basket in the country. This government supported campaign is aimed at communicating the benefits of natural gas across the nation as to promote its use in automobiles, households, industrial and commercial establishments.

The national grid is being developed by expanding the gas pipeline network to all corners of the country to increase the usage of natural gas. Apart from making efforts to boost production of natural gas from indigenous gas fields, steps are being taken by the government to harness synthetic gas from Coal Bed Methane, and also promoting Bio-CNG and Bio-PNG. Since additional demand of natural gas is being met through imported LNG, regasification capacity is being increased by adding new terminals to the existing network.

City Gas Distribution sector is set to expand across the entire country as a result of various initiatives taken by the government. While CEO sector has already started gaining preference in domestic gas allocation, its prices are also being paid every six months by the government as per the formula based on prices in international market to ensure supply to entire customers at competitive prices. The Government is closely focusing on increasing CNG Network across the country with development of green corridors along major national highways. At the same time expansion of PNG network is being taken up on Mission Mode across the nation to provide PNG connections to households in the country. This will perfectly complement Campus Spreadsheet by the government aimed at diverting subsidised LPG to the rural areas where clean cooking fuel is not available.

The current Natural Gas Regulatory Board (PNGRB) has been inviting bids for various new geographical areas for setting up CNG network across the country to provide clean and green fuel. Your Company has already proved its capabilities by building robust CNG and PNG infrastructure in NCT of Delhi & NCR and is fully geared up to utilise the emerging opportunities in the CNG sector.

FUTURE PLANS

With the Government focusing on expanding the CNG Network to various cities & increasing PNG penetration, your Company is well positioned to consolidate its presence in existing areas as well as to expand in new geographies. Your Company has drawn plans to further consolidate its presence in Delhi & NCR by investing Rs 300 Crore in 2016-17.

In a matter of pride that your company has crossed 87 Million Man Hours accident free till 31st March, 2016. This is a milestone achievement which has resulted from the continuous efforts of all the individuals working directly and indirectly for your Company. During the year, your Company was conferred with various prestigious safety awards/ appreciation certificates such as Green Tech Safety Award (Gold category), Safety Innovation Award by Government of India, Certificate of Excellence and Certificate of Appreciation from National Safety Council to recognize the excellence in the field of Fire & Safety management.

CORPORATE SOCIAL RESPONSIBILITY (CSR) & GOVERNANCE

The Company has always been committed to CSR initiatives and has been contributing to various CSR activities. Your Company offers training in skill development to under-privileged students from specialized coaching centres for engineering entrance examinations. As a part of Swachh Bharat Campaign, your Company is developing new public transport and upgrading toilet facilities in municipal areas and government run schools.

The Company is committed to Skill Development programmes for unemployed youth, in the field of gas plumbing and welding by providing technical oriented quality training.

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

Announcements

Before I conclude, on behalf of Board of Directors, I would like to thank the Ministry of Petroleum & Natural Gas, Govt of India and Petroleum and Natural Gas Regulatory Board (PNGRB) for their continued support in all endeavours. I would also like to thank the State Governments of NCT of Delhi, Noida and Ghaziabad for their continued support.

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

Thank you.

M. Ravindran
Chairman

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