

Chairman's Speech

37th AGM-09.09.2021

Dear Shareholders,

Ladies and Gentlemen!

A very warm good morning to each and every one of you.

It is a pleasure to connect with you all, once again virtually in view of ongoing pandemic. On behalf of GAIL (India) Ltd.'s Board of Directors, I thank you for joining us today at the 37th AGM of your Company.

I hope that each one of you is safe and is keeping good health. The year gone by has been quite challenging for all of us due to COVID-19 pandemic. It truly tested our mettle, wherein, the whole humankind had to deal with a very different world than the one we have known before. Here, I want to pay our sincere gratitude to all frontline workers, who have been working tirelessly, combating COVID-19 and its ill effects. The supple, yet firm and strong character of your Company built over years, was put to strenuous test during these times. And your Company emerged out of it relatively unscathed. With the pandemic far from over and as we continue to face emerging threats from new variants, we all must put our best efforts together to sail through this uncharted territory. We are fully confident that with concerted and collaborative efforts, we would successfully overcome these challenges.

It is an honor and satisfaction for me to address you again to share the performance highlights and achievements of your Company during the FY 2020-21 and its future outlook. Despite the initial contraction, our business has recovered and recorded a steady year of performance in FY 2020-21. This year we have embarked upon the Integrated Reporting journey, which talks about your Company's performance across the six capitals, contributing to the growth and sustained value creation.

Balancing growth and returns for long-term value creation

Your Company puts its focus on the present, but always with an eye on the future. We have always strived to create sustainable value for all our stakeholders. Our shareholders have been provided with steady long-term returns on their investments through a consistent dividend distribution. FY 2020-21 was a challenging year for the entire sector due to the COVID-19 pandemic's first and subsequent second wave. Despite the sluggish business environment, your Company has paid dividend of INR 5 per share, representing a healthy payout ratio of 45.8%. In FY 2020-21, your Company also rewarded the investors through a maiden share buy-back, amounting to INR 1046.35 crore, providing handsome returns to the investors. The market capitalization of your Company has grown

from INR 34,480 crore as of 31st March 2020 to INR 64,852 crore during August, 2021 reflecting the trust and strong investor confidence.

Performance track record remains intact

You will be happy to know that your Company has performed consistently and improved its robust fundamentals despite growing complexities in the industry and the continued uncertainty surrounding global economies. During the year under review, the Petrochemical business has exhibited exemplary performance with more than 100% capacity utilization. Your Company has also achieved its highest-ever annual sales of Petrochemicals this year with combined sales of over 1180 KTA for GAIL Pata and BCPL. Your Company also successfully maintained uninterrupted and safe operations of its pipeline systems and plants during the pandemic situation, ensuring continuous availability of Natural Gas , LPG and other Liquid Hydrocarbon products to the critical sectors in the country. Although your Company has witnessed some decline in gas demand during the initial months of the pandemic, the recovery post-September has brought our Gas Marketing and Transportation business back on track to pre-covid levels. We have maintained our strong Capex program and in spite of various COVID-19 induced constraints, your Company has made a CAPEX of approx INR 7,000 crore.

Your Company is currently executing approx 6,000 Km of Pipeline projects of its own and about 2,000 Km through two JVs, as part of the National Gas Grid. PNGRB has authorized your Company to execute 1,755 Km long Mumbai-Nagpur-Jharsuguda Pipeline. Even during the immensely challenging times of COVID-19 pandemic, your Company has made substantial progress in project execution and has commissioned over 1,000 Km natural gas pipeline in FY 2020-21. Kochi-Mangalore-II section of KKB MPL and Dobhi-Durgapur section of JHBDPL, also popularly known as the 'Pradhan Mantri Urja Ganga (PMUG)' project, were dedicated to the nation by Hon'ble Prime Minister, expanding the reach of the natural gas network to Eastern and Southern India. With the commissioning of the Dobhi-Durgapur section, the National Gas Grid has now covered West Bengal. JHBDPL and its extension - Barauni-Guwahati pipeline will act as a feeder line to North-East regional gas grid, also known as Indradhanush Gas Grid, connecting East India with the National Gas Grid. In line with the Government's vision of providing access to energy for all at affordable prices, your Company along with its group CGD Subsidiary/ JV companies have provided more than 1 million PNG connections to households and 341 new CNG stations were commissioned in FY 2020-21, that needs a special mention.

Your Company currently owns and operates a network of approx 13,700 km of natural gas pipeline. The natural gas transportation segment has generated gross revenue of INR 5,953 crore in FY 2020-21, with a transmission volume of 104.2 MMSCMD. Natural gas marketing remains one of the key core businesses of your

Company, providing a gross revenue of INR 43,846 crore for the sale of 89.2 MMSCMD of gas during the financial year 2020-21.

In the Petrochemicals segment, your Company has achieved its highest ever production of 813 KTA with 871 KTA sales volume for Pata. To expand the customer base, your Company has started an alternate supply chain by the online sale of the polymer through the web portal. The gross revenue of your Company from Petrochemicals segment was INR 7,061 crore in FY 2020-21. In the LPG and Other Liquid Hydrocarbon segments, your Company's gross revenue stood at INR 3,961 crore.

As a responsible corporate citizen, your Company is committed to reduce its carbon emissions and intending to increase its reliance on renewable energy to meet its energy requirement. In addition to its existing renewable portfolio of over 130 MW, your Company is also adding Solar PV project of around 8 MW at various sites.

To complement its LNG trading business, your Company has chartered a newly built LNG vessel - 'GAIL Bhuwan' from Mitsui O.S.K Lines in March'21. Further, your Company has developed the in-house capability to manage LNG vessels chartered by GAIL and even started generating revenue from freight trading.

Your Company exceeded the required statutory spending of 2% of the average net profit of the three immediately preceding financial years on CSR activities. As a responsible organization, your Company has contributed over INR 80 crore in various COVID-19 relief measures, including INR 50 crore towards the PM-CARES fund. Despite the pandemic, highest number of apprentices were engaged by your Company during FY 2020-21. GAIL's Skill Institute (GSI) in Nagam (AP) was accredited with a 5 Star rating, and GSI-Guna (MP) was certified with a 4-star rating under Skill Management and Accreditation of Training Centre (SMART). Further, the flagship CSR program 'Utkarsh Super 100' has been acknowledged in the paper published by Harvard Business School, titled 'Super 30: Educating the Elite Poor', dated 1st July 2020.

Digital Strategy

Digital strategy is one of the critical pillars of "Strategy 2030", the business strategy of GAIL. Your Company has made significant investments in digital assets and new technologies, intending to address the Company's future needs and to improve the overall efficiency. Your Company has taken various digital initiatives like the introduction of the digital worker for its robotic process automation, digitization of contractor payment processing, digitization of employees' payment etc., to give a boost to the Digital Yatra, which your Company has embarked upon to manage its operations/activities even during the pandemic. Natural gas trading and transportation invoice generation through BOT have been successfully tested, and

E-invoicing has been implemented under GST. Bharat Bill Pay System (BBPS) has been implemented in CGD business to enable customers to pay online through mobile. Implementation of suitable digital solutions has helped your Company to place orders/contracts worth INR 6,193 crore despite COVID-19 challenges without any complications and within the rigid timeline.

Integrated Reporting

Your Company has always been progressive in implementing leading practices. We are pleased to present our first-ever Integrated Annual Report for FY 2020-21 following the International Framework of Integrated Reporting. This next generation annual report aims to provide an insight into your Company's resources and relationships that are known as the capitals and how the Company interacts with the external environment and the capitals to create value. The integrated report highlights our value creation journey by focusing on our performance on the six capitals (i.e., financial capital, intellectual capital, natural capital, manufactured capital, social & relationship capital, human capital), risk management, governance, outlook, and strategy, as well as adherence to a sustainable future.

Transparency & Governance

Your Company is committed to conducting business using the highest standards of governance, ethics and integrity. Its strong and effective governance framework supports these values by addressing the potential risks crucial for its business and helps align the management responsibilities with the Board's strategic foresight of the organisation. The values set by the Board are embraced by all employees in the Company.

Your Company has been demonstrating highest standards of ethical governance practices. I feel proud to share with you that for 12th year in succession, GAIL has received 'NIL' comments from the CAG on Financial Statements for FY 2020-21.

The test of character and effective corporate citizenship lies in whether an organisation behaves ethically during pleasant as well as trying times. With the 'Integrity' pledge, your Company continues with its commitment to responsibly lead by example and maintain highest standards of integrity, transparency and good governance in all aspects of its operations, and safeguard against corruption and other unethical activities. Your Company's robust policies play an important role in instilling these values in its system.

Your Company has been complying with the requirements of Corporate Governance as enunciated in SEBI Regulations and DPE Guidelines on Corporate Governance except for requisite number of Independent Directors on its Board and composition

of Audit Committee and Nomination and Remuneration Committee for which we are regularly following up with MoPNG.

Way Forward

The global energy sector is witnessing a paradigm shift in recent years as the world is transitioning to a sustainable energy future. To accomplish a cleaner primary energy mix for India, the Indian Government is emphasizing on the expansion of India's natural gas sector and is also laying a roadmap for achieving a gas-based economy along with growth in renewables. To boost the gas-based economy, the Government has announced various reforms in the gas sector, giving the much-needed thrust to the industry.

As a leading integrated energy major, your Company has aligned itself with the Government's vision to play a vital role in the fast-growing energy sector in the country. We are already making confident strides towards making vision of 'gas-based economy' a reality. The development of the Indian gas market is a key focus area of your Company. Maintaining the leadership position in the core businesses, including gas transportation, marketing, and LNG, remains key focus areas. Your Company has the largest and most diverse LNG portfolio in India that can offer both stable prices and reliable supply to consumers. Your Company shall be pushing for higher gas usage in the industrial segment, transport segment using CNG & LNG, Trigenation, cold storage, etc. Further, your Company is looking for avenues to supply gas in the new segments like LNG trucking, i.e., LNG for long haul transportation.

Your Company is looking to expand its presence in petrochemicals and also diversifying into high-margin downstream businesses. The focus is on having Polypropylene (PP) production capacity through setting up two Polypropylene units (Propane Dehydrogenation Polypropylene Plant – PDHPP in Usar, Maharashtra and PP Plant at Pata, Uttar Pradesh) and assessing opportunities in certain Speciality Chemicals in India. Your Company has successfully completed the Licensors selection process for both the PDHPP and PP units during the year. With the forthcoming capacity additions, your Company will have a more balanced and diversified polymer portfolio of over 1600 KTA consisting of both Polyethylene (PE) and Polypropylene (PP). Your Company is also promoting India's first-ever Coal Gasification-based Ammonia-Urea project through Talcher Fertilizers Limited via JV mode and its financial closure has been concluded in June 2021.

Your Company will be selectively investing in the Renewable Energy (RE) domain given the future growth potential and is also supporting GoI's initiatives towards meeting India's INDC (Intended Nationally Determined Contributions) commitments on climate change. Your Company has been scouting for opportunities to scale up the RE portfolio from the current 130 MW through bidding and other inorganic

routes such as mergers and acquisitions. In addition, your Company is also foraying into Ethanol and Hydrogen generation. To promote new technologies, your Company has invested in startups that focus on Electric Vehicles, digitization, etc. Under SATAT initiative, a pilot project of 5 TPD Compressed Bio Gas (CBG) plant at Ranchi, Jharkhand is being implemented in sync with Government's vision of pursuing low carbon pathways and will benefit environment, boost India's "Urja Atmanirbharta" and also further economic growth by revitalizing rural economies. Thus, your Company is continuously exploring new business opportunities that can offer substantial growth along with portfolio diversification.

Acknowledgement

Before I conclude, on behalf of the Board of Directors, I wish to convey our sincere regards and deep gratitude to our valued stakeholders for continued support and trust. You always have been the motivational force that has facilitated us to move ahead and achieve targets despite the numerous challenges. I also put my heartfelt appreciation for all GAIL employees who took on a courageous responsibility with a commitment to ensure energy and feedstock supplies even during the worst COVID-19 situation. They are the backbone of your Company and they have put their best efforts day after day to transform your Company and to make it more competitive.

I would like to conclude by saying that your Company is not only resilient enough to go through this tough time but also to shape the energy future. We will keep working to make a difference in your life and to enhance the quality of your life through clean energy and beyond.

Thank you,