

Chairman Speech: 36th Annual General Meeting

Dear Share Owners,

Ladies and Gentlemen!

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

It is a pleasure to connect with you all again, although this time we are meeting virtually. On behalf of the GAIL Board of Directors, I want to thank you for taking the time out to join us today.

I am glad to report that financial year 2019-20 was another remarkable year for your Company. Despite of numerous challenges such as low oil and gas prices, COVID-19 pandemic, limited growth, and reduced petrochemical margins, your Company has delivered incredible results on several fronts with enduring spirit. Your Company has yet again clocked new heights by attaining highest ever profits in the history - a feat that is made possible through your continued support and confidence. Our physical performance remained positive in most areas including construction of natural gas pipelines, expansion of new gas markets in different parts of country, development of new gas markets, petrochemical production including new petrochemical grades etc.

The Annual Report including the Financial Statements of the Company for the year ended March 31, 2020 have already been circulated to you in advance and with your permission I consider them as read.

Retrospect on the previous year

Last financial year was a challenging year for both global economy and global energy sector. Global economy has shown signs of softening in the wake of rising tariffs, escalating trade tensions and policy uncertainty. COVID-19 has further aggravated the position as it resulted into a substantial economic crisis worldwide. Global primary energy consumption, already decelerating due to the weaker economic growth has further weakened by pandemic crisis. Except nuclear, all other primary fuels witnessed a declining growth in last financial year. Share of Coal, which has a dominant share of global primary energy mix, reduced to 27% which is the lowest in last 16 years. Crude price has witnessed significant fall due to significant demand destruction by pandemic

and coronavirus further threatens to make this shift permanent. Renewables and Natural gas have emerged as more feasible options for global energy system. Three fourth of the overall global energy growth in last year came from Natural gas and renewables as both the fuels have started to displace coal gradually in the power sector as sustainable choice. As a result, the growth in carbon emissions has also slowed down in 2019 from the sharp increase seen in the previous year.

India remains one of the few optimistic energy markets. India's energy consumption grew at around 2.3% while gas consumption grew at a higher rate of 2.7%. LNG consumption grew even at a higher rate indicating bright future prospects for the natural gas sector. But against global deceleration of carbon emission last year, carbon emission growth in India has accelerated. Our country consumed only 5.8% of world primary energy in 2019, but contributed to over 7.3% of global carbon emissions, indicating a less-cleaner energy mix. At a time when environmental issues and pollution are at the heart of concerns, the call for action is intensifying. Rest of the world is increasingly adopting renewables and natural gas as mainstay energy sources and your Company has been advocating for usage of natural gas in power and industrial sector as fuel to shift India's energy mix to cleaner sources.

All-round Performance

During FY 2019-20 your Company has shown strong performance across all segments despite the volatile macro environment clubbed with sluggish economic growth. Your Company has recorded highest ever Profit after Tax (PAT) of Rs. 6,621 crores, a rise of 10 % from Rs. 6,026 crores over the last fiscal year. In view of the increase in PAT, EPS has gone up from Rs. 13.36 per share as on March 31, 2019 to Rs. 14.68 per share as on March 31, 2020.

You shall also be happy to know that your Company has been reaffirmed the highest domestic credit rating of AAA from ICRA, CARE and India Rating in the domestic market.

Your Company owns over 70% of India's gas transmission network, operating around 12,426 km of natural gas trunk pipeline. Natural Gas Transmission segment has witnessed 4.5% increase of gross revenue compared to previous year and transported 108.37 MMSCMD in FY 2019-20. Your Company is aligned to the government of India's vision of Gas based economy with inclusive growth. As a part of providing access

to natural gas across India, your Company is executing around 7,500 Kms of pipeline projects in various parts. Significant progress has been made in pipeline laying activities of Pradhan Mantri Urja Ganga pipeline, also known as Jagdishpur Haldia and Bokaro Dhamra pipeline (JHBDPL) across 6 states of Bihar, Uttar Pradesh, Jharkhand, Odisha, West Bengal and Assam. Your Company has commissioned 165 Km Gorakhpur spurline section of JHBDPL and 350 Km section of KKMBPL pipeline last year. Construction of various other pipeline sections are under progress in phases and are on schedule. The construction of above natural gas pipelines re-affirms the commitment of your Company to provide access of cleaner fossil fuel, natural gas, in different parts of the country by creating National Gas Grid.

In 2019-20, your Company received PNGRB approval for capacity expansion of the JHBDPL Network by way of a new pipeline from Dhamra to Haldia and resizing of the Dhamra-Paradip section of JHBDPL. Your Company also received PNGRB authorization for the Mumbai-Nagpur-Jharsuguda Pipeline, while the construction of the 690 KM Srikakulam-Angul pipeline has commenced. To offer seamless and transparent pipeline access to its customers, your Company launched a 24x7 available online portal in 2018. Around 1800 Capacity Tranche (CT) requests have been processed through the portal during FY 2019-20 while total CT requisitions processed till March 31, 2020 since the launch of online portal is around 3000. With an aim towards market development, your Company has tied-up more than 13 MMSCMD of gas supply to customers in FY 2019-20 including customers along the new pipelines viz. JHBDPL and KKMBPL, reinforcing its position as a trusted supplier.

Natural gas trading remains your Company's one of the core business with Gross revenue Rs. 59,955 crores in FY 2019-20. Your Company's LNG import touched new heights as GAIL imported 74 LNG cargoes to India amounting to approx. 4.8 MMT of LNG volumes to cater the growing need of country. LNG imports, at 7.4% year on year growth witnessed higher growth than overall gas sector growth of 2.7% indicating significant appetite of India to consume LNG. Konkan LNG Limited (KLL) has become a subsidiary of your Company which shall provide greater operational flexibility in LNG business in terms of sourcing, regasification and trading of LNG.

In the LPG transmission segment, Jamnagar-Loni and the Vizag-Secunderabad pipeline networks achieved a throughput of 3.91 MMTPA during the year. In petrochemicals, with a marketing portfolio of over 1 MMTPA, your Company's successfully maintained its market share in the domestic polyethylene market and remained the second largest

player therein. During FY 2019-20, your Company's achieved highest ever polymer production 788 KTA which is an increase of 5% from preceding year. Your Company has five LPG plants at four locations in the country having a production capacity of 1.4 Million MT, total liquid hydrocarbon production was about 1.26 Million MT of which almost 90% constitutes LPG and Propane. During FY 2019-20, the gross revenue in the Liquid Hydrocarbon segment has increased by 2%. In E&P segment, Revenue from sale of hydrocarbons is being generated from 4 producing blocks in Myanmar and in India. In E&P, your Company has generated revenue of Rs. 968 crores during FY 2019-20 as against Rs. 639 crores in FY 2018-19.

Your Company has presence directly and through affiliates in most of the major metropolitan cities and state capital cities under CGD and has participated in the 9th and 10th CGD bidding rounds of PNGRB. During FY 2019-20, your Company along with its Subsidiaries and Joint Venture Companies (JVC) has achieved around 9.52 lakh domestic PNG connections and has commenced operations at 311 CNG stations, the highest figure ever achieved.

Enabling Innovation:

Your Company is a part of the pioneering Coal Gasification Project in Talcher which has huge potential to convert the abundant coal reserves of country to natural gas. In Petrochemicals, after creating history in 2019 by becoming the first ever producer of Metallocene grade polymer in India, your Company has successfully produced around 12,800 MT of Metallocene grade polymers during the year.

As part of our continued Advocacy efforts, your Company also partnered with UN patronized "Interdependence" - a global campaign, for raising awareness on environment & climate change.

I am delighted to inform you that as a part of the Sustainable Alternative towards Affordable Transportation (SATAT) initiative, our wholly owned subsidiary GAIL Gas is actively engaged with entrepreneurs to promote compressed biogas (CBG).

Your Company has signed Investment Agreements with 9 Start-Ups during the year with a commitment of Rs. 22 crores. As on date, 24 Start-Ups are supported with a total commitment of Rs. 46 crore and Rs. 35 crores has already been disbursed.

Going Strong:

The headwinds due to pandemic did contribute to some negative factors in our performance. There was slowdown in business activities due to country wide lockdown. With graded relaxation in lockdown and other measures adopted by the Government of India to resume economic activities, the operations of your Company has been normalized to a great extent. Your Company remained pioneer in maintaining essential supply of natural gas to key segments such as power, fertilizer, PNG, mobility and other essential industries. Soon after COVID-19 unlock provisions, construction work on pipeline projects of GAIL resumed and work started on JHBDPL, KKMBPL and VAPL sites, while adhering fully to the various Govt.'s COVID guidelines. CGD activities have also commenced in a gradual manner in most of the cities. Bulk of your Company's operations have now returned to near normal; however, prevailing conditions and restrictions in various states, regions have limited the operations from fully achieving pre-COVID levels yet.

For FY 2019-20, there was little consequences of COVID-19 on the physical and financial performance of your Company. However, going forward, the pandemic may act a catalyst upsetting performance of your Company even with preventive measures. However, your Company is resolved to stay strong and will remain committed to perform business obligations towards developing future gas market in the country. I am certain that your Company will sail through these tough times and will emerge as stronger and more determined entity.

Transparency & Governance

Your Company has been demonstrating highest standards of ethical governance practices. I feel proud to share with you that for 11th year in succession, GAIL has received 'NIL' comments from the CAG for FY 2019-20.

To ensure control of internal process and systems, Corporate Level Risk Steering Committee and Risk Management Committee have been formed to help identify, evaluate and quantify different risks in the operating environment of the Company. The committees also develop mitigating measures under the Risk Management policy. The Audit Committee and the Board are apprised about the impact of the risks and the mitigating steps on a periodic basis.

Your Company is proactive in maintaining a relationship with Stakeholders based on trust, integrity and accountability and I am glad to share that your Company included in the prestigious FTSE4Good Index Series for the fourth time in a row, affirming the Company's strong commitment towards Environmental, Social and Governance (ESG) practices in the Oil & Gas Sector.

Your Company has been complying with the requirements of Corporate Governance as enunciated in SEBI Regulations and DPE Guidelines on Corporate Governance except requisite no. of Independent Directors on its Board for which we are regularly follow up with MoPNG.

Way forward

Last year, we have adopted a revised strategic plan identifying priority business initiatives and reviewed at our purpose with new Vision and Mission statements. This strategic plan will help us to address our challenges in changing industry scenario with new areas for growth with geographic expansion meeting high employee aspiration. While gas will remain our core segment, we will look for growth in other areas such as petrochemicals, specialty chemicals, renewables, water etc. With our newly embraced Mission and Vision as guiding principles and strategic initiatives as the chosen path, I am confident that GAIL will reach new heights in coming years.

I wish to express my wholehearted gratitude to the Ministry of Petroleum and Natural Gas, Government of India, Petroleum and Natural Gas Regulatory Board, all departments of the Central and State governments, our valued customers, stakeholders, employees and other agencies who have been instrumental in supporting your Company's growth path. I express my sincerest gratitude for having invested and supported GAIL over the decades and reposing your faith in the Company's management. I look forward to your consistent and unwavering support in years to come as we embark on to a new beginning, together.

Thank you Ladies and Gentlemen.