



गेल (इंडिया) लिमिटेड

India's
Natural
GAS
Leader

35वीं वार्षिक आम बैठक
35th Annual General Meeting

अध्यक्ष एवं प्रबंध निदेशक का वक्तव्य
Address of Chairman & Managing Director

20 अगस्त, 2019
20th August, 2019



**ENERGIZING
POSSIBILITIES**

एनर्जाइजिंग पॉसिबिलिटीज





Dr. Ashutosh Karnatak
Chairman & Managing Director

AGM Speech of Chairman & Managing Director

Dear Share Owners,

Ladies and Gentlemen!

Good Morning!

It is my pleasure to welcome you to the 35th Annual General Meeting of GAIL. Your presence here today reflects your keen interest in tracking progress of your Company.

The Annual Report including the annual accounts of the Company for the year ended March 31, 2019 have already been circulated to you in advance and with your permission I consider them as read.

GAIL has been contributing significantly towards expanding a clean energy economy, balancing growth and environment, as a pioneer of the sector. I would now take this opportunity to present to you the highlights of the accomplishments of your Company in the year 2018-19.

A Year of Performance Excellence

With immense pride, I am glad to share with you that your Company has recorded the highest ever Turnover and Profit after Tax (PAT) in its history during the fiscal year 2018-19. The Turnover and PAT surged by 39% and 30% respectively

over previous financial year. Further, the Earnings per Share (EPS) correspondingly rose by 30.5% and the Net Worth at Rs. 39,062 crore signified an increase of over 11% vis-à-vis the previous fiscal year.

Your Company posted significant gains in physical volumes across business segments. Natural Gas Trading vertical posted 14% growth with marketed volumes at 96.93 MMSCMD accompanied with growth in natural gas transmission of over 2% at 107.43 MMSCMD, whereas Petrochemicals witnessed an average expansion in physical volume by 9% with the polymer sales at 735 KTA and Liquid Hydrocarbons volumes increased by 4% over previous fiscal year. In the LPG Transmission segment, throughput of Jamnagar-Loni and the Vizag-Secunderabad pipeline networks improved to an overall of 3.97 MMTPA from 3.7 MMTPA as compared to previous year. Total Liquid Hydrocarbon production was about 1.32 Million Tonnes, of which, almost 90% constituted LPG and Propane.

You shall also be happy to know that the performance of your Company has been adjudged 'Excellent' in the MoU evaluation for the financial year 2017-18 by the Department of Public Enterprises. Going by the estimates, we expect a repeat of our rating for the last financial year also. In the domestic market, your Company has received the highest credit rating of AAA from ICRA, CARE and India Rating.



Dr. Ashutosh Karnatak, CMD and Director (Projects) (2nd from left) along with (right to left) Shri A.K Tiwari, Director (Finance), Shri Gajendra Singh, Director (Marketing), Shri B.C.Tripathi, Former CMD, GAIL and Shri Manoj Jain, Director (BD) announcing the Annual Financial Results 2018-19 of the Company at a Press Conference

Expanding Core Infrastructure

GAIL, being major midstream player, is committed towards building the nation's Natural Gas infrastructure backbone for enabling outreach of the benign fuel across sectors. At present, your Company is expanding the Natural Gas pipeline network by executing more than 5,700 kilometres of major projects. Around 1,050 kilometres of pipeline projects along Varanasi-Dobhi-Patna/Barauni, Auraiya-Phulpur and other last mile connectivity were completed during the FY 2018-19.

Investments worth over Rs. 45,000 crore are envisaged in next five years

across major cross country pipeline projects along Urja Ganga Project, Kochi-Kootanad-Bengaluru-Mangaluru, Indradhanush North East Gas Grid (JV mode) and other crucial pipelines connecting supply and demand centres envisaged under the National Gas Grid (NGG). As part of this endeavour, your Company has recently been authorized by PNGRB to lay the 600 kilometres Srikakulam-Angul Natural Gas pipeline through recently concluded bidding process. This limb is expected to be an important segment of the National Gas Grid (NGG) and enhance your Company's coverage of Natural Gas markets along the Eastern coast as well.

Leveraging Petrochemicals Play

It gives me pleasure to inform you that your Company's Board has approved utilization of the existing assets and premises of LPG plant at Usar, Maharashtra by converting it into 500 KTA Polypropylene (PP) complex at an investment of around Rs. 8,800 crore. This is first of its kind project in India which would be using Propane Dehydrogenation technology for production of Propylene integrated with a downstream Polypropylene (PP) unit. Further, GAIL Board has also approved setting up of 60 KTA PP unit at existing Petrochemical facility at Pata. Addition of polypropylene products to the existing portfolio of Polyethylene grades will strengthen your Company's marketing presence in the domestic market.

Expanding City Gas Distribution

GAIL is also strengthening its retail presence through Subsidiary and Joint Venture companies in the City Gas

Distribution (CGD) space for expanding access of clean energy fuel, Natural Gas across the country, in addition to directly operating six geographical areas for the purpose. In aggregate measure, your Company's umbrella brand has a market-share of more than 65% in operation of CNG stations. During the last financial year, your Company's Subsidiary and Joint Venture companies engaged in City Gas Distribution have been awarded 23 Geographical Areas (G.As) by the regulatory board, PNGRB, through the competitive bidding of 9th and 10th round, leading to having a presence in about 27% of the total 228 G.As and marketing over 57% of the entire Natural Gas to the CGD sector.

In line with Government's mission of expanding usage of Natural Gas through CGDs, your Company started Bengal Gas JV with the West Bengal State. In addition, the cross country pipeline JV, Indradhanush in North East is a vehicle to expand City Gas distribution under the look east development policy of the Government of India. Gas supply through pipeline and cascades has commenced in Varanasi, Bhubaneswar, Cuttack and Patna during the financial year 2018-19. Further, your Company commenced supplies through L-CNG mode of operation at Bhubaneshwar CGD, a first in India. We expect CGDs at Ranchi, Jamshedpur and Kolkata to start during the running year.

Upholding Transparency & Governance

Your Company believes in building unwavering confidence among all stakeholders. It is determined to assure them of Transparent, Responsive and Efficient Services. Your Company has leveraged technology to bridge market and consumer aspirations especially in the transmission segment and launched an online portal for Natural Gas Pipeline capacity booking under open access. The overwhelming response could be gauged from the fact that your Company successfully processed over 1,000 Capacity Tranche (CT) requests during FY 2018-19 through the portal. This has been the first such Open Access Portal implemented by any gas transporter in the country and this initiative has been appreciated by customers and stakeholders.

Your Company has been demonstrating highest standards of ethical governance practices. I feel proud to share with you that for 10th year in succession, GAIL has received 'NIL' comments from the CAG for FY 2018-19.

Governance lies in adhering to ethical business practices and governing day to day affairs through robust internal processes, rules and regulations.

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 sub-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 for a second year in a row, your Company has been included in the 'FTSE 4 Good Emerging Market Index'. This is a leading marker for investors that positions companies based on their strong management of Environment, Social and Governance (ESG).

As a hallmark of good governance, your Company recorded 100% rate of disposing RTI applications during the last financial year and the Vigilance department of your Company carried out process improvements for ensuring effective utilization of its resources.

Women empowerment and safety at workplace continue to be paramount for your Company as a leading 'Maharatna' enterprise. There were no complaints on account of Sexual Harassment of Women at Workplace in your Company during the year under discussion.

Promoting Sustainable Practices

Your Company strongly believes and practices investing in sustainable development of the marginalised societies around the area of our operation for creating opportunities and spreading well being. Your Company has invested exhaustively in CSR initiatives and has made transformational impact for over 3.1 million underprivileged people. Predominantly, our CSR programmes operate around the Strategic Priority Areas as identified under the Government of India and United Nations Sustainable Development Framework for the years 2018-2022. CSR expenditure during financial year 2018-19 surpassed the government mandate by clocking 2.74% of the average profits of the preceding three years.

GAIL has been engaging with the youth and the masses in advocating the role of Natural Gas in combating air pollution and contributing to cleaner air. The 'Hawa Badlo' movement of creating public awareness on cleaner air is growing bigger with an outreach of over 60 million and was recognised by the Economic Times as one of the best campaigns in Public/Government Category under 'The Kaleido Award 2019'.

Strategy Readiness

Recently, your Company's Board approved 'Strategy 2030' along with Vision and Mission statements to chart out the path of growth in the ensuing years. GAIL shall continue to lay focus on growing core businesses of Natural Gas transmission, trading and petrochemicals and shall also evaluate trigger based opportunities to diversify in renewable and complementary technologies around the



Dr. Ashutosh Karnatak, CMD and Director (Projects) along with Shri PK Gupta, Director (HR), Shri Gajendra Singh, Director (Marketing), Shri Manoj Jain, Director (Business Development), Smt. Suchitra Sharma, CVO, GAIL and Shri B.C Tripathi, Former CMD, GAIL flag off 'Hawa Badle Hum' campaign for creating awareness against Air Pollution

energy landscape that could have the potential to be leading growth engines in the unfolding future.

In Conclusion

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 also thank Shri. B.C. Tripathi who superannuated on 31.07.2019 for rendering his services as C&MD, for his leadership in providing growth and stability to your Company. 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.

Dr. Ashutosh Karnatak
Chairman & Managing Director

Note : Excerpts from the Chairman's speech at the 35th Annual General Meeting held on the 20th August, 2019 at New Delhi. This does not purport to be a record of the proceedings of the Annual General Meeting.



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