

# REPORT ON CORPORATE GOVERNANCE

ANNEXURE-B

## 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Corporate governance refers to the set of systems, principles and processes by which a company is governed. Your Company has set for itself an objective of expanding its capacities and becoming globally competitive in its business. As a part of its growth strategy, your Company believes in adopting the 'best practices' that are followed in the area of Corporate Governance across various geographies.

Your Company's philosophy on Corporate Governance envisages the attainment of the highest levels of transparency, accountability and equity, in all facets of its operations and in all interactions with its stakeholders, including shareholders, employees, the government, lenders and the society.

In commitment to practice sound governance principles, your Company is guided by the following core principles:

- Proactive flow of information to the members of the Board and its Board Committees to enable effective discharge of fiduciary duties.
- To comply with all the applicable laws, rules and regulations.
- Ethical business conduct by the Board, Management and employees.
- Well developed systems and processes for internal controls on all operations, risk management and financial reporting.
- Strategic supervision by the Board of Directors of appropriate composition, size, varied experience and commitment to discharge their responsibilities.
- Timely and accurate disclosure of all material operational and financial information to the various stakeholders.

The Board of your Company constantly endeavors to set goals and targets aligned to the Company's Vision - Be the Leading Company in Natural Gas and Beyond with Global Focus, Committed to Customer Care, Value Creation for all Stakeholders and Environmental Responsibility; and Mission - To accelerate and optimize the effective and economic use of Natural Gas and its fractions to the benefit of the national economy.

## 2. BOARD OF DIRECTORS

The Board defines the Company's policy and oversees its implementation in attaining these goals. The Board of Directors is at the core of your Company's corporate governance practice and oversees how the management serves and protects the long term interests of all stakeholders.

### • Composition

Your Company, being a Government Company, appointment/nomination of all the Directors is being done by the President of India, through the Ministry of Petroleum & Natural Gas (MoPNG). The Articles of Association of your Company stipulates that the number of Directors shall not be less than three and not more than twenty.

As on 31<sup>st</sup> March, 2012, there were 16 (Sixteen) Directors on the Board comprising of 6 (Six) Whole-time Directors including the Chairman & Managing Director, 2 (Two) Part-time Directors (Government Nominee) and 8 (Eight) Part-time non-official (Independent) Directors. Composition and attendance record of the Company's Board of Directors are as follows:

Name and Designation of the Director	No. of Board Meetings attended during the Tenure	Attendance at last Annual General Meeting	Directorships held in other Public Limited Companies	Committee Membership in Other Companies	Chairperson of Committees of Other Companies
<b>I. Whole-time Directors</b>					
Sh. B. C. Tripathi, Chairman and Managing Director	12	Yes	4	1	Nil
Sh. R. D. Goyal, Director (Projects)	12	Yes	Nil	1	Nil
Sh. S.L. Raina, Director (HR)	11	Yes	3	2	Nil
Sh. Prabhat Singh, Director (Marketing)	12	Yes	1	Nil	Nil
Sh. S. Venkatraman, Director (Business Development)	12	Yes	4	Nil	Nil
Sh. P.K. Jain, Director (Finance)	12	Yes	2	Nil	2
<b>II. Part-time Directors (Government Nominee)</b>					
Sh. Sudhir Bhargava	10	No	2	Nil	Nil
Sh. Apurva Chandra (upto 08.08.2011)	03	N.A.	Nil	Nil	Nil
Dr. Neeraj Mittal (w.e.f. 28.02.2012)	N.A.	N.A.	2	Nil	Nil
<b>III. Part-time non-official (Independent) Directors</b>					
Dr. U.K. Sen (upto 29.04.2011)	01	N.A.	1	Nil	1
Prof. A.Q. Contractor (upto 03.08.2011)	04	N.A.	Nil	Nil	Nil
Sh. Mahesh Shah	12	Yes	2	1	Nil
Sh. R. M. Sethi	11	Yes	Nil	Nil	Nil
Dr. Vinayshil Gautam	11	Yes	5	3	Nil
Sh. Arun Agarwal	11	Yes	3	1	2
Smt. Shyamala Gopinath (w.e.f. 29.02.2012)	N.A.	N.A.	2	Nil	1
Sh. R.P. Singh(w.e.f. 29.02.2012)	N.A.	N.A.	Nil	Nil	Nil
Dr. A.K. Khandelwal (w.e.f. 29.02.2012)	N.A.	N.A.	6	2	Nil
Sh. Vivek Mehrotra (w.e.f. 29.02.2012)	N.A.	N.A.	Nil	Nil	Nil

#### Notes:

1. During the year 2011-12, 12 (Twelve) Board Meetings were held.
2. 27<sup>th</sup> Annual General Meeting was held on 07.09.2011.
3. Directors inter-se are not related to each other.
4. None of the Director(s) on the Board is a Member of more than 10 (Ten) Committees or Chairman of more than 5 (Five) Committees across all the Companies in which he is a Director. Membership/ Chairmanship in Committee is reckoned pertaining to Audit Committee and Shareholders/Investors Grievance Committee and based on latest disclosures received from Director(s).
5. None of Non-executive Directors hold any Equity Shares in the Company.
6. None of the Non-executive Directors have any pecuniary relationship or transactions with the Company during the FY ending on 31<sup>st</sup> March, 2012.

#### • Meeting Details

During the FY 2011-12, 12 (Twelve) meetings of the Board were held on 6<sup>th</sup> April, 23<sup>rd</sup> May, 17<sup>th</sup> June, 15<sup>th</sup> July, 27<sup>th</sup> July, 29<sup>th</sup> August, 23<sup>rd</sup> September, 24<sup>th</sup> October, 26<sup>th</sup> November, 26<sup>th</sup> December, 2011, 23<sup>rd</sup> January and 28<sup>th</sup> February, 2012.

### 3. AUDIT COMMITTEE

#### • Terms of Reference

The terms of reference of Audit Committee is in accordance with existing Listing Agreement, Companies Act and DPE guidelines on Corporate Governance and as may be amended from time to time which, inter-alia, include oversight of financial reporting process, recommending the appointment of and fixation of fees for auditors, approval of payment to auditors for payment of any other services rendered, reviewing annual and quarterly financial statements, reviewing performance of statutory/internal auditors and adequacy of internal control system, reviewing adequacy of internal audit function, discussion with internal auditors, reviewing findings of internal investigations, discussion with statutory auditors, reviewing whistle blower mechanism.

#### • Composition

The Audit Committee of the Company comprises solely of three Independent Directors, Sh. Mahesh Shah as the Chairman, Sh. R. M. Sethi and Sh. Arun Agarwal as the members.

Besides the above, the Director (Finance), Statutory Auditors of your Company and Head of Internal Audit are the permanent invitees to the meetings of Audit Committee. Functional Directors and other senior functional executives are also invited, as and when required, to provide necessary inputs to the Committee. The Company Secretary acts as the Secretary to the Committee.

#### • Meeting Details

During the FY 2011-12, 13 (Thirteen) meetings of Audit Committee were held on 6<sup>th</sup> April, 27<sup>th</sup> April, 23<sup>rd</sup> May, 17<sup>th</sup> June, 27<sup>th</sup> July, 23<sup>rd</sup> September, 11<sup>th</sup> October, 24<sup>th</sup> October, 25<sup>th</sup> November, 14<sup>th</sup> December, 27<sup>th</sup> December, 2011, 23<sup>rd</sup> January and 09<sup>th</sup> February 2012. The attendance of the Members at the meetings was as follows:

S. No.	Members	No. of Meetings	
		Held during the tenure	Attended
1	Dr. U.K. Sen	02	02
2	Prof. A.Q. Contractor	05	04
3	Sh. Mahesh Shah	13	13
4	Sh. R. M. Sethi	13	11
5	Sh. Arun Agarwal	10	09

#### • Risk Management

The Company has put up an adequate risk assessment and minimization procedure. With a vision to integrate risk management with the overall strategy and operational practices, 'Risk Management Policy and Framework' has been established in your Company.

In view of the changing business scenario and expansion of your Company into new areas, consultant of repute M/s Deloitte Haskins & Sells assisted your Company to revisit the key functional business areas for identification of new risks and updation of Risk Management Framework along with review of Internal Controls in present business scenario.

#### • Whistle Blower Policy

In order to ensure greater transparency in all aspects of your Company's functioning, your Company has adopted resolution no. 89 of Government of India pertaining to 'Public Interest Disclosure and Protection of Informer' and implemented the same as 'Whistle Blower Policy' in your Company. It, inter-alia, covers employees to report to the management in writing complaints or disclosure on any allegation of corruption or mis-use of office. The policy provides for adequate safeguards against victimization of employees who avail of the mechanism.

Further, it allows direct access to the Chairperson of the Audit Committee in exceptional cases and no employee has been denied access to the Audit Committee, as such.

### 4. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

#### • Terms of Reference

The terms of reference of the Committee is to, inter-alia, look into investor's Grievances and matters relating to R&TA.

#### • Composition

The Shareholders/Investors Grievance Committee of the Company comprises of Sh. Mahesh Shah, Independent Director as the Chairman, Sh. S. L. Raina, Director (HR) and Sh. Prabhat Singh, Director (Marketing) as the member(s). The Company Secretary acts as the Compliance Officer of the Company.

#### • Meeting & Other Details

During the FY 2011-12, 2 (Two) meetings of Committee were held on 6<sup>th</sup> April and 26<sup>th</sup> November, 2011. All the members of Committee were present in both the meetings.

Letters of shareholders received through SEBI/Stock Exchanges/MCA/ Depositories/ other statutory authorities are considered as 'Complaints'. The day to day requests received from the shareholders are taken up by MCS Ltd. directly and are not included in the complaints. Status of the Complaints received and redressed during the respective quarters is being placed periodically to the Audit Committee and Board.

During the year 2011-12, 25 complaints were received from the shareholders/ investors through SEBI/Stock Exchanges and other statutory bodies, which pertained to matters like non-receipt of dividend, annual report, etc. All the 25 complaints were resolved, therefore, as on 31.03.2012, there were no investor complaints pending. Government of India came out with 'Offer for Sale' of shares of your Company in the year 2004. As per information made available by MCS Ltd., as on 31.03.2012, there were 25 pending cases for share credit consisting of 1,312 equity shares (including 437 bonus shares).

The R&TA/Company has taken various steps to ensure that the shareholder related matters/issues are given due priority and are resolved within a reasonable period of time except the grievance relating to 'Offer for Sale' of equity shares by Government of India and/or grievance constrained by incomplete documentation and/or legal impediments against the Company.

R&TA has designated an exclusive e-mail id viz., admin@mcsdel.com and mcsgail@mcsdel.com to facilitate investors to register their complaints, requests etc., if any. There is a separate dedicated section on the Company's website www.gailonline.com captioned 'Investor Zone' to make aware the shareholders about latest development and updated information about shareholding pattern, dividend declaration, IEPF transfer etc.

##### 5 REMUNERATION COMMITTEE

Your Company being a Government Company, the remuneration of its Whole-time Directors is determined by the President of India, through Ministry of Petroleum & Natural Gas. The Part-time Director(s) (Government Nominee) do not receive any remuneration from the Company. Further, the Part-time non-official (Independent) Directors are being paid sitting fee of ` 20,000/- and ` 15,000/- for attending each meeting of the Board and Committee respectively in addition to expenses incidental thereto.

##### • Terms of Reference

The terms of reference of this Committee is to deliberate and decide on Performance Related Pay (PRP) pool and policy of distribution of PRP to employees in the pay

structure and examination of issues relating to pay and perks other than PRP prior to consideration by the Board.

##### • Composition

The Remuneration Committee of your Company comprises of Dr. Vinayshil Gautam as the Chairman, Sh. Mahesh Shah, Sh. Arun Agarwal, Sh. P.K. Jain, Director (Finance), and Sh S.L. Raina, Director (HR), as the member(s).

##### • Meeting & Other Details

During the FY 2011-12, 3 (Three) meetings of Remuneration Committee were held on 5<sup>th</sup> April, 23<sup>rd</sup> May and 26<sup>th</sup> September, 2011. The attendance of the members at the meetings was as follows:

S. No.	Members	No. of Meetings	
		Held during the tenure	Attended
1	Dr. U.K. Sen	01	01
2	Prof. A.Q. Contractor	02	02
3	Dr. Vinayshil Gautam	03	02
4	Sh. Mahesh Shah	01	Nil
5	Sh. Arun Agarwal	01	01
6	Sh. P.K. Jain	03	03
7	Sh. S.L. Raina	03	03

The details of remuneration paid to Whole-time Directors of the Company for the FY 2011-12, are as below:

(` in lacs)

S. No.	Name of the Director	Salary & Allowances	Contribution to PF	Other Benefits and Perquisites	Performance Related Payment	Total
1.	Sh. B. C. Tripathi, Chairman and Managing Director	26.95	1.87	6.26	19.10	54.18
2	Sh. R. D. Goyal, Director (Projects)	25.13	1.79	6.39	13.64	46.95
3	Sh. S.L. Raina, Director (HR)	23.58	1.71	5.11	12.93	43.33
4	Sh. Prabhat Singh, Director (Marketing)	20.35	1.68	4.86	11.85	38.74
5	Sh. S. Venkatraman, Director (Business Development)	25.20	1.70	5.52	9.20	41.62
6	Sh. P.K. Jain, Director (Finance)	24.59	1.72	4.24	6.44	36.99

The payment made to Whole-time Directors did not include provision for leave, gratuity and post retirement benefits as per AS-15 since the same were not ascertained for individual employee (Refer note no. 37). During the year under review, your Company had not introduced any stock-option scheme.

The service contract of Whole-time Directors is for five years (or till superannuation, whichever is earlier) and is renewable. The notice period of three months or salary in lieu thereof is required in case of severance of service. Part-time non-official (Independent) Directors are usually appointed for three years period by Government of India.

The details of sitting fees paid to the part-time non-official (Independent) Directors, for attending the meetings of the Board of Directors and Committee(s) thereof, is given below:

(` in lacs)

S. No.	Name of the Independent Director(s)	Amount
1	Dr. U.K. Sen	0.65
2	Prof. A.Q. Contractor	2.00
3	Sh. Mahesh Shah	5.55
4	Sh. R.M. Sethi	5.05
5	Dr. Vinayshil Gautam	3.25
6	Sh. Arun Agarwal	5.95

## 6. OTHER SUB-COMMITTEES

Apart from above statutory sub-committees viz. Audit Committee, Shareholders/Investors Grievance Committee and Remuneration Committee, there are other Board level Committees for implementing the overall business strategy, value creation for the stakeholders and implementing the business plans, as approved by the Board of Directors from time to time. The details of these sub-committees of the Board as on 31.03.2012 are enumerated below:

S. No.	Name of Committee(s)	Constitution of Committee(s)	Power(s)
1.	Business Development & Marketing Committee	1. Shri R. M. Sethi – Chairman 2. Director (Marketing) 3. Director (BD) 4. Director (Finance) 5. Dr. Neeraj Mittal 6. Shri Arun Agarwal	Proposals of business development and marketing groups that fall within powers of Board like strategic planning, strategic alliance, joint ventures and acquisition / merger globalization through business participation in a foreign country, opening of offices abroad, bid application to PNGRB, consideration of new areas of business, issue related to Policy/ rules / regulations relating to marketing of natural gas, LPG, polymers, GAILTEL and other products and services, subject to DPE circular dated 22 <sup>nd</sup> July, 1997.
2.	Corporate Social Responsibility Committee	1. CMD-Chairman 2. Director (HR) 3. Shri Sudhir Bhargava 4. Shri Mahesh Shah	To approve the proposals of CSR.
3.	Employee Disciplinary Committee	1. Dr. Vinayshil Gautam –Chairman 2. Two Functional Directors (To be nominated by CMD on case-to-case basis.)	To act as Appellate & Reviewing Authority of Executives of GAIL under GAIL Employees' (Conduct, Disciplinary & Appellate) Rules, 1986.
4.	Empowered C&P Committee	CMD and all the Functional Directors. CMD is the Chairman of the Committee.	To approve Procurement cases.
5.	Ethics Committee	1. Dr. Vinayshil Gautam – Chairman 2. Director (BD) 3. Shri Arun Agarwal	To deal with all the aspects of ethics in the Company.
6.	HR Committee	1. CMD-Chairman 2. All the Functional Directors 3. Shri Mahesh Shah 4. Dr. Vinayshil Gautam	Issues pertaining to rules and regulations relating to recruitment and conditions of service of the employees of the company, social welfare schemes, incentives schemes and changes therein and amendment in CDA Rules, subject to DPE circular dated 22 <sup>nd</sup> July, 1997.
7.	HSE Committee	1. Shri Arun Agarwal-Chairman 2. Director (Projects) 3. Director (BD)	To review HSE performance and emergency preparedness.
8.	Project Appraisal Committee	1. CMD-Chairman 2. Director (Finance) 3. Dr. Neeraj Mittal 4. Dr. Vinayshil Gautam 5. Shri Arun Agarwal 6. Concerned Functional Director	Projects costing between ` 50 and ` 100 crores would be considered by the PAC and Board without financial appraisal, while the projects costing ` 100 crores and more would require appraisal, subject to DPE circular dated 22 <sup>nd</sup> July, 1997.
9.	Share Transfer Committee	1. Executive Director (Finance)/Head of Finance 2. Company Secretary/Senior Most Official in Company Secretariat	To approve transfer/ transmission of shares, issuance of duplicate share certificates etc.
10.	Stakeholders' Grievance Redressal Committee	1. Shri Arun Agarwal-Chairman 2. Director (Finance) 3. Concerned Functional Director not involved w.r.t. subject disputes, such as: i) For Projects related dispute – Director (HR) ii) For Marketing related dispute – Director (Projects) iii) For HR related dispute – Director (Finance) and iv) For BD related disputes – Director (Marketing)	Empowered to take a decision on the disputes referred for settlement amicably.
11.	Sustainable Development Committee	1. Shri Arun Agarwal-Chairman 2. Director (Projects) 3. Director (BD)	For formulating and monitoring of sustainable development plan and its execution

The minutes of sub-committees of the Board are also placed before the Board from time to time.

## 7. GENERAL BODY MEETINGS

### • Location and Time – Last Three AGMs

The location, time and details of special resolutions passed during last three AGMs are as follows:

Year	2008-09	2009-10	2010-11
AGM	25 <sup>th</sup>	26 <sup>th</sup>	27 <sup>th</sup>
Date & Time	08.09.2009 10:30 am	22.09.2010 10:30 am	07.09.2011 10:30 am
Venue	Air Force Auditorium, Subroto Park, New Delhi-110010		
Special Resolution passed	None	Appointment of Ms Esha Goel, daughter of Shri R.K. Goel, Director (Finance) to hold an office or place of profit in the Company	None
Details	N.A.	To appoint Ms Esha Goel, daughter of Shri R.K. Goel, Director (Finance) to hold an office or place of profit in the Company as Deputy Manager (BIS) at E-3 level.	N.A.

During the last year, shareholders approval was sought through the mechanism of postal ballot for amendment in main objects clause of Memorandum of Association and transfer of assets to GAIL Gas Limited, a wholly-owned subsidiary of your Company. The Postal Ballot was conducted in accordance with the provisions of section 192A of the Companies Act, 1956 read with Companies (Passing of resolutions by Postal Ballot) Rules, 2001 by M/s. Agarwal S. & Associates, Company Secretaries who were appointed as scrutinizer to conduct postal ballot. The voting pattern for the same is shown in the table below:

Particulars	Resolution No. 1 (Special)	Resolution No. 2 (Ordinary)
Total Number of Postal Ballot Received	1,510	1,510
Number of Valid Ballots Received	1,394	1,320
Number of Valid Votes Received	85,34,72,637	8,54,62,399
Number of Valid Ballots in Favour	1,376	1,281
Votes in Favour	85,34,69,335	85,34,57,910
Number of Valid Ballots Against	18	39
Votes Against	3,302	4,489
% of Votes in Favour	99.99961	99.99947

Both the resolutions were passed by the requisite majority and the results of the same were also declared in the 27<sup>th</sup> AGM.

Apart from above, no item warranted the postal ballot as stipulated under the Companies Act, 1956. No special resolution is proposed to be passed by Postal Ballot at the ensuing Annual General Meeting.

## 8. DISCLOSURES

- i. Annual Financial statements 2011-12 are in conformity with applicable

Accounting Standards. During the year, there have been no materially significant related party transactions that may have potential conflict with the interest of your Company at large. The details of "Related Party Disclosures" are being disclosed in Note no. 42 to the accounts in the Annual Report.

- ii. Your Company has filed report on Corporate Governance in specified format(s) to Stock Exchanges, MoPNG and DPE within stipulated time.
- iii. The CEO/CFO of your Company has certified the specified matters to the Board and Audit Committee, as required under clause 49 of the Listing Agreement.
- iv. Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct of your Company for the FY ending on 31<sup>st</sup> March, 2012.
- v. In pursuance of the Securities Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, the Board has laid down "Code of Conduct for Prevention of Insider Trading" with an objective of preventing purchase and/or sale of shares of your Company by an Insider on the basis of unpublished price sensitive information. Under this Code, Directors/Officers/Designated Employees are prevented to deal in your Company's shares during the closure of Trading Window.
- vi. Your Company has implemented online Legal Compliance Management System which covers the compliance of all the applicable legislative categories and laws (Central and State) applicable to your Company.
- vii. Your Company has complied with all the mandatory and non-mandatory requirements of Clause 49 of the Listing Agreement. There has been no instance of non compliance with any stock exchange, SEBI etc on any matter relating to capital market over the last 3 years.
- viii. During the year under review, no Presidential Directives have been received by the Company and Presidential Directives issued by MoPNG in 2009 with respect to pay revision of employees have been complied with.
- ix. Department of Public Enterprise has formulated Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010. Your Company is complying with these guidelines.

No item of expenditure has been debited in books of accounts, which are not for the purposes of the business and no expenses, which are personal in nature, have been incurred for the Board of Directors and Top Management.

The administrative and office expenses are 2.54 % of total expenses in FY 2011-12 as against 3.42% in FY 2010-11.

- x. Your Company nominates its representatives on the Boards of subsidiary companies and monitors the performance of such companies periodically. In terms of Clause 49 of the Listing Agreement and DPE guidelines, performance of the subsidiary companies is, inter-alia, reviewed by the Audit Committee and the Board as under:
- Consolidated statements of subsidiary companies, are reviewed by the Audit Committee and Board;
  - Minutes of the meetings of the Board of Directors are placed before the Company's Board, from time to time.
  - A statement of all significant transactions and arrangements

periodically entered into by the Subsidiary Company are also reviewed by the Audit Committee and Board.

The Company does not have any material unlisted subsidiary companies in terms of the Clause 49 of the Listing Agreement and DPE guidelines on Corporate Governance.

**9. MEANS OF COMMUNICATION**

Timely disclosure of consistent, relevant and reliable information on financial performance is at the core of good governance. Towards this end, major steps taken are as under:

- The quarterly results of the Company were announced within stipulated 45 days of end of quarter and audited annual results along with results for the fourth quarter were announced within stipulated 60 days of the end of the financial year. In order to attain maximum shareholder reach, the financial results of the Company during the year 2011-12 were published in leading English and Vernacular dailies having wide circulation across the country.
- Updated information relating to shareholding pattern, financial results etc. is available on Corp Filing and Dissemination System in addition to the website of the Company.
- Financial results are displayed on the website of the Company. Official news/press releases and presentations made to analysts are also hosted on the Company's website from time to time.
- The website of the Company contains dedicated section 'Investor Zone' having updated relevant information for shareholders.

**Green Initiatives in Corporate Governance**

The Green Initiative movement was initiated by the MCA towards paperless, greener and safer environment. In line with this green movement, your Company is sending 96,000 (approx.) Annual Report to eligible shareholders. Your Company had also sent electronic NECS intimation to 76,200 shareholders.

**10. COPORATE BENEFITS:**

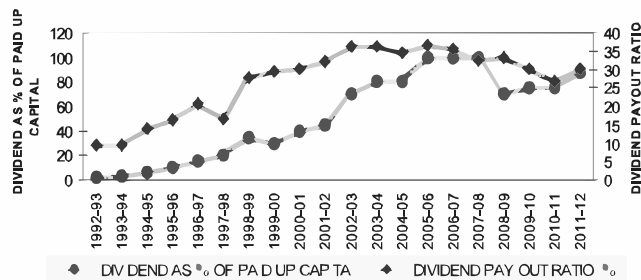
**• Dividend**

During the FY 2011-12, the Board of Directors approved the payment of dividend, for which the Record Date / Book Closure and dividend payment dates were fixed, as per the following details:

S. No.	Dividend Declared	Dividend (%)	Record Date / Book Closure	Dividend Payment Date
1.	Interim Dividend	30% ( ` 3/- per share)	28.01.2012	31.01.2012
2.	Final Dividend (Proposed)	57% ( ` 5.70/- per share)	18.08.2012 to 05.09.2012	13.09.2012

With this, the Company has proposed a total dividend of 87% ( ` 8.70/- per equity share) each on the paid-up equity share capital, for the year ended 31<sup>st</sup> March, 2012. Till date, your Company has paid ` 9,403 crores as dividend amount out of which ` 5,852 crores was paid to Government of India, against paid up capital of ` 1,268.48 crores.

**Dividend Data: Dividend as % of paid-up capital and dividend pay out ratio:**



**• Investor Education and Protection Fund**

Pursuant to Section 205C of the Companies Act, 1956, dividend amount(s) remaining unclaimed and unpaid for a period of seven years, from the date they became due for payment, is required to be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government in this behalf.

During the year, your Company had transferred an amount of ` 30.97 lacs and ` 18.40 lacs in the IEPF for unclaimed/unpaid final dividend for FY 2003-04 and interim dividend for FY 2004-05 respectively.

The subsequent due dates of transfer of unpaid/ unclaimed dividend to IEPF for the imminent FYs are as under:

S No.	FY	Type of Dividend	Dividend (%)	Last date for claiming Unpaid Dividend	Due date for transfer to IEPF
1	2004-05	FINAL	40	27.09.2012	27.10.2012
2	2005-06	INTERIM	60	11.01.2013	11.02.2013
		SPL INTERIM	20	14.02.2013	14.03.2013
		FINAL	20	13.08.2013	13.09.2013

Since after the transfer of unpaid/unclaimed amount to IEPF, no claim shall lie against Company/R&TA/Fund, members who have not yet encashed their Dividend Warrant(s) may approach the R&TA/ Company for issuance of demand draft(s) upon completion of necessary formalities in the said behalf in lieu of such warrant.

**• Other Details**

For change of address/bank details/dividend mandate/ Email Id, if any, members may approach-

- i) if shares are held in physical mode, to the R&TA/Company of the Company.
- ii) if shares are held in electronic mode, to their Depository Participant (DP). The R&TA/Company will not entertain such requests, if any.

Bank Account details and 9-digit MICR Code of their Bankers, as noted in the records of their DP is used for the purpose of overprinting on Dividend Warrants or remittance of dividend through National Electronic Clearing Service (NECS), wherever applicable. A detailed reference note on dividend related activities is also available at Company's website under 'Investor Zone'.

## 11. GENERAL SHAREHOLDER INFORMATION

- Forthcoming AGM : Date, Time and Venue**

28<sup>th</sup> Annual General Meeting of the Company is scheduled for **Wednesday, the 5<sup>th</sup> day of September, 2012 at 10.30 a.m.** at Air Force Auditorium, Subroto Park, New Delhi- 110010.

- Financial Year**

The Company's Financial Year is from 1<sup>st</sup> April to 31<sup>st</sup> March.

- Listing on Stock Exchanges**

The Company's listing details are as under:

Stock Exchange	Security Code	Type of Security
Bombay Stock Exchange Limited (BSE)	532155	Equity Shares
National Stock Exchange of India Limited (NSE)	GAIL-EQ Equity	Shares
London Stock Exchange	GAIDL1 GAILY US	GDRs

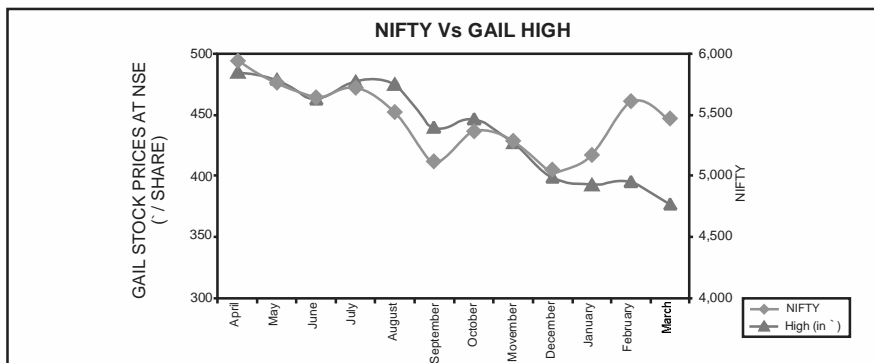
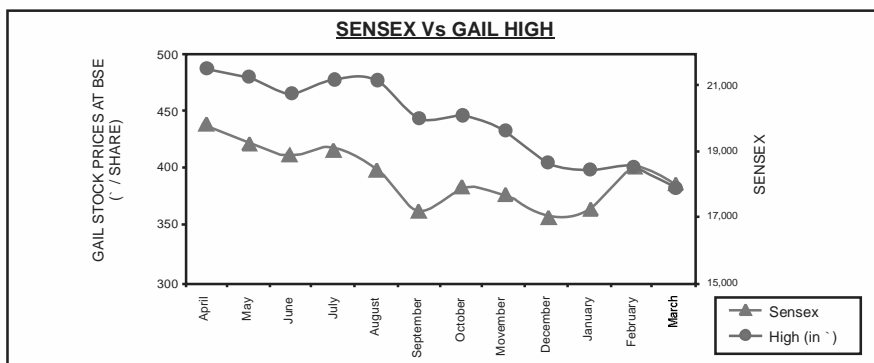
Further, the Non-Convertible Redeemable Bonds Series – I (6.10%), Series – II (5.85%), Bond Series – I, 2010 (8.80%) and Bond Series - I (9.14%) of the Company are listed at the Wholesale Debt Market (WDM) segment of NSE. State Bank of India, Mumbai is the Bond Trustees for the Bonds – Series – I (6.10%) and Series – II (5.85%) and IDBI Trusteeship Services Limited, Mumbai is the Bond Trustees for the Bond Series – I (9.14%), 2010 (8.80%) and Bond Series - I (9.14%). During the year, first series of Bond Series – I (6.10%) having ISIN code INE129A07016 was redeemed on 23<sup>rd</sup> August 2011 and third series of Bond Series – II (5.85%) having ISIN code INE129A07081 was redeemed on 26<sup>th</sup> March, 2012.

The Annual listing fees for the listed equity shares and Bonds of the Company, pertaining to the year 2012-13 has been paid to the concerned Stock Exchanges on demand. The Company has also made the payment of the Annual Custody Fees to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), for the FY 2012-13, based on the folio/ISIN positions as on 31.03.2012.

- Market Price Data**

### Market Price Data: High, Low during each month in the FY 2011-12

MONTHS	BSE			NSE			MARKET CAPITALISATION (₹ IN CRORES)		MARKET INDEX	
	HIGH (in ₹)	LOW (in ₹)	VOLUME (No. of Shares)	HIGH (in ₹)	LOW (in ₹)	VOLUME (No. of Shares)	BSE	NSE	SENSEX	NIFTY
April	486	456	11,97,213	486	455	1,59,67,927	60341	60,310	19,811	5945
May	479	411	22,92,946	480	413	2,56,03,908	56504	56,422	19,254	5775
June	465	426	13,61,531	465	425	1,62,50,660	55972	55,965	18,873	5658
July	477	435	10,80,138	478	444	1,99,86,853	58572	58,489	19,132	5740
August	475	408	13,17,087	476	407	2,16,05,897	52084	52,084	18,440	5552
September	443	403	14,33,136	443	403	2,51,78,501	52128	52,077	17,212	5169
October	445	401	10,32,634	449	400	1,48,09,748	53574	53,644	17,908	5400
November	432	367	14,39,425	431	367	1,92,06,919	49762	49,680	17,702	5327
December	405	365	51,86,980	405	365	2,56,47,529	48722	48,665	17,004	5099
January	398	360	27,00,597	399	360	3,23,87,627	47295	47,352	17,259	5217
February	401	369	21,64,385	401	369	2,51,00,336	47460	47,555	18,524	5630
March	383	346	62,75,673	383	346	2,53,00,012	47562	47,726	18,041	5499



- Share Transfer System**

The shares of the Company are being compulsorily traded in dematerialized form and are available for trading under both the depositories in India viz. NSDL and CDSL. MCS Ltd. is the depository interface of the Company.

The Company has a Share Transfer Committee in place which considers the requests for transfer/transmission of shares, issue of duplicate share certificates, re-materialization etc. All transfer/remat/transmission request(s) have complied with KYC norms.

• **Distribution of Shareholding**

The distribution of shareholding of the Company as on 31<sup>st</sup> March, 2012 is detailed below:

No. of equity shares held	No. of Shareholders	% to Total	No. of Shares	% to Total
1	6,354	3.12	6,354	0.00
2-10	23,144	11.41	1,59,759	0.01
11-50	78,440	38.59	24,77,397	0.20
51-100	38,413	18.83	31,22,979	0.25
101-200	27,817	13.70	42,52,781	0.34
201-750	23,534	11.47	81,24,977	0.64
751-5000	4,145	2.04	67,76,994	0.53
5001-10000	300	0.13	21,40,952	0.17
10001-15000	113	0.45	14,40,691	0.11
15000 & above*	640	0.31	1,23,99,74,516	97.75
<b>Total</b>	<b>2,02,900</b>	<b>100.00</b>	<b>1,26,84,77,400</b>	<b>100.00</b>

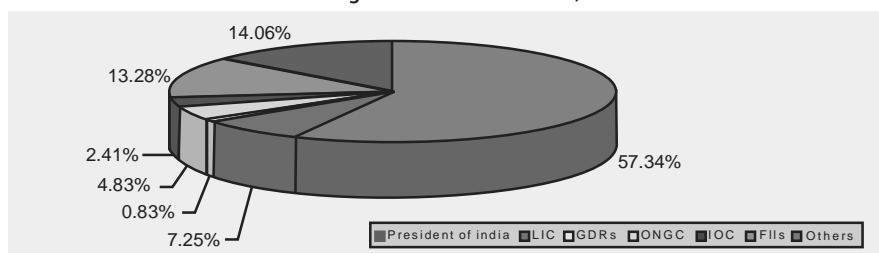
\*includes holding of President of India

• **Geographical Distribution of Shareholders as on 31<sup>st</sup> March 2012**

S. No.	City	No. of Shareholders	% to Total	No. of Shares	% to Total
1	AHMEDABAD	10,992	5.42	18,66,714	0.15
2	BANGALORE	9,836	4.85	10,74,891	0.08
3	BHUBANESWAR	434	0.21	34,748	0.00
4	CHANDIGARH	49	0.02	4,581	0.00
5	CHENNAI	7,604	3.75	26,57,341	0.21
6	GUWAHATI	470	0.23	58,482	0.00
7	HYDERABAD	5,124	2.53	6,03,148	0.05
8	JAIPUR	2,774	1.37	2,57,483	0.02
9	KANPUR	1,372	0.68	1,51,727	0.01
10	KOLKATTA	603	0.30	52,696	0.00
11	MUMBAI	45,962	22.65	42,44,42,742	33.46
12	NAGPUR	1,098	0.54	1,15,022	0.01
13	NEW DELHI *	21,282	10.49	73,15,41,660	57.67
14	PATNA	807	0.40	72,302	0.01
15	TRIVANDRUM	569	0.28	91,339	0.01
16	OTHERS	93,924	46.29	10,54,52,524	8.31
<b>GRAND TOTAL</b>	<b>2,02,900</b>	<b>100.00</b>	<b>1,26,84,77,400</b>	<b>100.00</b>	

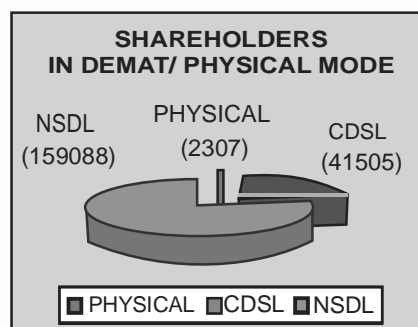
\* President of India holds 72,73,90,047 equity shares of the Company in electronic mode, which constitutes 57.34% of total paid-up equity capital

• **Shareholding Profile as on 31<sup>st</sup> March, 2012**



• **Dematerialization of Shares and Liquidity**

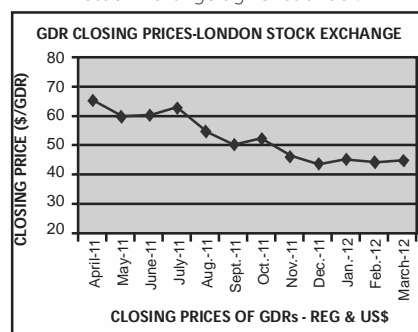
As on 31<sup>st</sup> March, 2012, the Company has 2,02,900 no. of shareholders, out of which 2,00,593 shareholders were holding equity shares in demat mode and 2,307 shareholders were holding equity shares in physical mode. The demat ISIN of the Company's equity shares is INE129A01019 and Corporate Identification Number of Company is L40200DL1984GOI018976.



• **Outstanding GDRs/ADRs/Warrants or Convertible Instruments**

The Government of India had disinvested 135 million equity shares out of its holding in the international market through GDR mechanism in 1999-2000. A total no. of 22.5 million GDRs were issued, one GDR representing six underlying equity shares. As on 31<sup>st</sup> March, 2012, a total number of 17,48,439 GDRs representing 104,90,634 (0.83%) number of equity shares were outstanding. The conversion of GDRs into equity shares has no impact on total equity capital.

The performance of GDRs indicating the closing price of GDRs listed at London Stock Exchange is given as under:





- **Major Plant Locations**

**The following are the major plant locations of the Company:-**

**U.P. Petrochemical Complex, PATA**

P.O. Pata – 206241  
Distt. Auraiya (U.P)

**LPG Recovery Plant, Usar**

P.O. Malyan – 402203  
Tal. Alibagh  
Distt. Raigad (Maharashtra)

**LPG Recovery Plant, Vijaipur**

GAIL Complex,  
Vijaipur – 473112  
Distt. Guna (M.P)

**LPG Recovery Plant, Vaghodia**

GIDC Industrial Estate  
Vaghodia – 391760  
Distt. Baroda (Gujarat)

**LPG Recovery Plant, Lakwa**

Sivasagar – 785688  
Assam

**LPG Recovery Project, Gandhar**

Village Rozantankaria  
Tal. AMOD  
Distt. Bharuch – 392140 (Gujarat)

- **Address for correspondence**

**GAIL (India) Limited**

16, Bhikaji Cama Place,  
R.K. Puram,  
New Delhi - 110066  
Phone : 91-11-26172580/26182955  
Fax No. : 91-11-26185941  
Website: www.gailonline.com

- **Registrar and Transfer Agent (R&TA)**

**MCS Ltd.**

Unit: GAIL (India) Limited  
F-65, Okhla Industrial Area,  
Phase-I, New Delhi - 110020  
Phone : 91-11-41406149/50/51/52  
Fax : 91-11-41709881  
E-mail : admin@mcsdel.com &  
mcs\_gail@mcsdel.com

### 13. COMPLIANCE CERTIFICATE

The statutory auditors of the Company have examined and certified your Company's compliance with respect to conditions enumerated in clause 49 of the Listing Agreement and DPE guidelines on Corporate Governance. The certificate forms part of this Report.

Secretarial Compliance Report confirming compliance by practicing Company Secretary of the applicable provisions of Companies Act 1956, Listing Agreement, Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010 issued by DPE and all other related rules and regulations relating to capital market forms part of the Directors' Report.

## AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF GAIL (INDIA) LIMITED

We have examined the compliance of conditions of Corporate Governance by GAIL (India) Ltd. for the year ended 31<sup>st</sup> March, 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges and Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010 issued by DPE.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedure and examination thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreement and in DPE guidelines. We state that no investor grievance(s) is pending for a period exceeding one month against the Company as per the records maintained by the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For M.L. Puri & Co.**  
**Chartered Accountants**  
**Firm No. : 002312N**

**For Rasool Singhal & Co.**  
**Chartered Accountants**  
**Firm No. : 500015N**

**Navin Bansal**  
**Partner**  
**Membership No. : 091922**

**G.S. Haldia**  
**Partner**  
**Membership No. : 007012**

**Place : New Delhi**  
**Dated : May 30, 2012**



## SECRETARIAL AUDIT REPORT

The Board of Directors

**GAIL (India) Limited**

16, Bhikaiji Cama Place,  
R.K. Puram, New Delhi - 110066

We have examined the registers, records, books, papers, minutes of GAIL (India) Limited for the FY ended on 31.03.2012 maintained as per the provisions of:

- The Companies Act, 1956 (the Act) and the Rules made under that Act;
- The Depositories Act, 1996 and the Regulations and Bye-laws framed under that Act;
- Securities and Exchange Board of India (Buy Back of Securities Regulations, 1998);
- Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- Securities and Exchange Board of India (Issue of Sweat Equity) Regulations, 2002;
- Securities and Exchange Board of India (Employee Stock Option Scheme);
- Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
- Equity Listing Agreement with the Bombay Stock Exchange Limited and National Stock Exchange of India Limited;
- DPE guidelines on Corporate Governance for Central Public Sector Enterprises, 2010 and
- Memorandum and Articles of Association of the Company.

**I. Based on examination and verification of the registers, records and documents produced to us and according to the information and explanations given by the Company, we report that the Company has, in our opinion, specifically complied with the enabling provisions, inter-alia, with regard to:**

1. maintenance of various statutory registers and documents and making necessary entries therein;
2. closure of the Register of Members and Bond holders;
3. declaration and payment of dividend including interim dividend;
4. payment of interest on bonds and redemption of bonds;
5. transfer of unpaid dividend amount as required under the Act to the Investor Education and Protection Fund;
6. filing of requisite forms and returns with Registrar of Companies within stipulated time;
7. service of documents by the Company to its Members, Bond holders, Bond Trustees and the Registrar of Companies;
8. convening and holding of Board and its sub-committee meetings viz. Audit Committee, Shareholders/Investors Grievance Committee including passing of resolutions by circulation;

9. appointment, retirement and re-appointment of Directors and their remuneration;
10. Directors' Report including notice of AGM, annual accounts etc. within the stipulated time;
11. convening and holding of Annual General Meeting including passing of resolutions by Postal Ballot;
12. transfers and transmissions of the Company's shares;
13. registration and modification of charges;
14. investment of the Company's funds including guarantee, inter-corporate loans and investments and
15. appointment and remuneration of statutory auditors/cost auditors;

**II. We further report that the Company has complied with:**

1. Equity Listing Agreement with the Bombay Stock Exchange Limited and National Stock Exchange of India Limited and GDR Listing Agreement with London Stock Exchange including filing of report on Corporate Governance in specified format(s) to Stock Exchanges, MoPNG and DPE within stipulated time;
2. Depositories Act, 1996 and Regulations framed thereunder with regard to dematerialization/rematerialisation of securities and reconciliation of records of dematerialized securities with all securities issued by the Company;
3. Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
4. Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and
5. The Company has not bought back any shares and not issued any shares/bonds/debentures etc.

**III. We further report that:**

1. Directors have complied with the requirements as to disclosure of interests and concerns in contracts and arrangements;
2. Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct of the Company for the financial year ending on 31<sup>st</sup> March, 2012;
3. Substantially observed the Secretarial Standards issued by the Institute of Company Secretaries of India although recommendatory in nature and
4. There was no prosecution initiated against or show cause notice received by the Company and no fines or any other punishment was imposed on the Company, its Directors and Officers during the FY for any offences under the Companies Act, 1956.

For **Agarwal S. & Associates**  
**Company Secretaries**

**Sachin Agarwal**  
Proprietor  
C.P. No. 5910

**Place: New Delhi**  
**Date: April 30, 2012**

## ANNEXURE TO THE DIRECTORS' REPORT ON CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO AS PER COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

### A. CONSERVATION OF ENERGY

#### (a) Energy conservation measures taken:

##### i. **Recovery of LPG vapour during statutory inspection of LPG Mounded Bullets:**

Statutory internal inspection of bullets entails evacuation of hydrocarbon and inertization before taking up the inspection for safety reasons. As per standard practice, LPG liquid from the bullet is being pumped out to the extent possible till the loading pumps leaves the load. Remaining hydrocarbons are being flared out. During current year at GPU Gandhar, liquid hydro carbon vapour were recovered by installing the vapour recovery compressor till pressure reduced to ~ 1.0 to 1.5 Kg/cm<sup>2</sup>g. This operation led to saving of almost 200 MT of LPG. The corresponding additional revenue is to the extent of ` 63.0 lacs in addition to reduction of approximately 202 MT of CO<sub>2</sub> emissions.

##### ii. **Installation of LPG Condenser Trim Cooler at GPU Gandhar:**

To efficiently handle the vapour load and pressure of the LPG column due to varying ambient weather conditions especially during the summer season, LPG trim cooler condenser has been installed at GPU Gandhar. The modification facilitated in stoppage of all existing motor driven LPG condenser Air Cooler fans and resulting in saving of ` 14 lacs/year on account of electrical energy saving. Further, implementation of this project has potential of additional recovery of ~1600 MT of LPG per annum during summer, which corresponds to around ` 80 lacs/year additional profit.

##### iii. **Retrofitting of RG heater with PLC based Burner Management System:**

Improved burner with PLC based Burner Management System has been installed for RG heaters to replace earlier inefficient burners with manual control at GPU Gandhar, with an investment of around ` 89.95 lacs. The new PLC based Burner

Management System has resulted in fuel saving due stoppage pilot burner and enhanced efficiency by better Air Fuel Ratio control. The resulted saving is to the tune of ` 6.6 lacs/year.

##### iv. **Modification done in lighting system:**

The conventional lighting systems HPMV/ T8/GLS are being replaced by more energy efficient Metal Halide /T5/ CFL lighting systems across your Company's installations.

##### v. **Implementation of logic of auto stoppage of blower of Empty Blender-2, 3 & 4 :**

Implementation of logic of auto stoppage of blower of Empty Blenders (No. 2, 3 & 4 ) in LLDPE Plant, Pata resulted in monetary saving of about ` 12.50 lacs per annum

#### (b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:

i. It is planned to carry out retrofitting for automation of Burner Management System in Hot Oil Heater at LPG Plant at Vaghodia to improve the energy efficiency, operational safety and environment friendliness of the present system. The estimated investment is ` 85 lacs and the potential saving in fuel gas is 0.612 MMSCM per year which is equivalent to ` 61 lacs/year.

ii. It is planned to utilize the Cold generated due to pressure reduction of RLNG being supplied to South Gujarat pipeline to cool the feed gas to GPU Vaghodia. The energy required by conventional mode of refrigeration would have been 5,600 MWH/annum. The project cost is ` 110 lacs and the benefit from extra production of LPG of 1285 MTPA would be ` 186 lacs per year.

iii. A project is being implemented to set-up Heat Recovery Steam Generation (HRSG) to recover the Waste heat of Gas Turbine Compressor (GTC) Exhaust at Vaghodia at an estimated cost of ` 55 crores. It shall produce 60 MT/Hr of Super-Heated Steam

equivalent to 44,635 MWH/annum of energy.

iv. Seal air fans at Pata are for sealing of the gate of FD fan. The duct of both HRSG- 1 & 2 will be blinded; accordingly both seal air fans will be stopped. This modification will be done in forth coming shutdown, the expected monitoring saving will be ` 13.26 lacs per annum

v. AC system is presently controlled by manual system, one operator operates the on/off of the compressor in Utility Boilers (UB) #1& 2, 3, Pata. Energy saving can be achieved by doing automation of AC system. This scheme is under implementation. Expected yearly savings shall be ` 14.15 lacs

vi. Installation of a 3,000 M<sup>3</sup>/hr capacity Mist Cooling system with an investment of ` 12.4 Crores has been approved for implementation at Pata to meet the post debottlenecking increased cooling requirement of certain heat exchangers of GCU envisaging a gain of about ` 4.4 crores per year.

vii. External Energy Audit has been carried out for GAIL Pata by M/s TERI, New Delhi. Based on the final Energy Audit Report, suitable steps shall be undertaken for furtherance of energy conservation.

viii. Implementation of Automatic blowdown system in HRSG-2: An automatic blow down system will be implemented in HRSG-2 of GPU plant, Pata to switch over from manual blow down to automatic blow down, which will result in blow down quantity due to better control of TDS level in steam drum water. The expected monetary savings due to this modification will be around ` 18.00 lacs per annum. Work order is being placed for the job and will be implemented in 2012-13.

#### (c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

Energy conservation measures taken so far have resulted in an improvement in energy efficiency as detailed at (a) and (b) above.

**(d) Total energy consumption and energy consumption per unit of production:**

As per Form A annexed.

**B. TECHNOLOGY ABSORPTION**

**(e) Efforts made in technology absorption:**

*As per Form B annexed.*

**C FOREIGN EXCHANGE EARNINGS AND OUTGO**

**(f) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; and export plans:**

There had been no exports during the FY

2011-12. However, your Company is planning to export polymers for the FY 2012-13 for development of foreign markets in anticipation of availability greater volumes in the next two years.

**(g) Total foreign exchange used and earned:**

During the year, foreign exchange earnings were ` 8.85 crores and expenditure in foreign currency was ` 2451.42 crores.

**FORM A**

**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY**

**A. POWER & FUEL CONSUMPTION**

	2011-12	2010-11
<b>1. ELECTRICITY</b>		
a. Purchased		
Unit (KWH)	323231115.22	288674434.00
Total Amount ( ` in lacs)	15638.48	13473.46
Rate/Unit ( ` /KWH)	4.84	4.67
b. Own Generation		
(i) Through Diesel Generator		
Unit (KWH)	749766.00	625929.55
Units per liter of Diesel Oil (KWH/Litres)	2.65	2.57
Cost/Unit ( ` /KWH)	16.92	16.15
(ii) Through Steam/Gas Turbine/Generator		
Units (KWH)*	205338676.00	211740011.00
Unit per 1,000 SCM of Gas (KWH/1000 SCM)	2683.32	3053.26
Cost/Unit	4.73	4.11
<b>2. COAL</b>	<b>NIL</b>	<b>NIL</b>
Quantity (tonnes)		
Total cost		
Average rate		
<b>3. FURNACE OIL</b>	<b>NIL</b>	<b>NIL</b>
Quantity (K. ltrs.)		
Total amount		
Average rate		
<b>4. OTHERS/INTERNAL GENERATION</b>		
Natural Gas Consumption ( SCM / Year)	3404830.00	3137935.00
Total Amount ( ` in lacs)	409.63	364.81
Cost of natural gas / SCM ( ` / SCM)	12.03	11.63

\* The Purchase units are inclusive of wind energy consumption at Gandhar, Kandla & Samakhiyali and exclusive of discount on account of wind power consumed. For year 2010-11 Gandhar power donot include power consume from wind energy (56,20,123 KWH)

**B. CONSUMPTION PER UNIT OF PRODUCTION**

	2011-12	2010-11
<b>ETHYLENE</b>		
Production (MT)	457080	428445
Electricity (KWh/MT)	57.48	57.33
Furnace Oil	Nil	Nil
Coal	Nil	Nil
Others - Fuel Gas (MT/MT)	0.258	0.251
- Steam (MT/MT)	1.030	0.974
<b>HDPE &amp; Low Polymers</b>		
Production (MT)	223347	208079
Electricity (KWh/MT)	338.87	331.85
Furnace Oil	Nil	Nil
Coal	Nil	Nil
Others - Steam (MT/MT)	0.70	0.73
<b>LLDPE &amp; Polymer Shreds</b>		
Production (MT)	222637	212314
Electricity (KWh/MT)	239.97	244.25
Furnace Oil	Nil	Nil
Coal	Nil	Nil
Others - Fuel Gas (MT/MT)	0.037	0.034
- Steam (MT/MT)	0.75	0.79

**Note:-**

- A) Specific consumption has been taken on total polymer which includes HDPE/LLDPE pellets, LP flakes, PE shreds, etc. till 31<sup>st</sup> March'12.
- B) Actual figures have been noted for Total Polymer which includes HDPE/LLDPE pellets, LP flakes, PE shreds, etc. and Ethylene production taken till 31<sup>st</sup> March'12

## FORM B

### FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION

#### 1. Specific areas in which R&D carried out by the Company

- a. Detailed Feasibility & Project Report prepared on the basis of experimental wells for Recovery of LandFill Gas (LFG) from municipal solid waste dumping yard of MCD at Ghazipur, Delhi.
- b. Bench-scale study on continuous phase operation for conversion of Plastic Waste/Low polymer wax to value added products.
- c. Development of novel Nano-Composite materials for Hydrogen storage.
- d. Development of light-weight Composite Cylinders for storage of CNG.
- e. Assessment of coal seams at Barmer for Underground Coal Gasification (UCG).
- f. 2D and 3D seismic data processing and interpretation, unconventional resource exploration and exploitation, formation evaluation & field studies, oil and gas production, oil & gas field development etc. in E&P blocks where GAIL has participating interest.

#### 2. Benefits derived as a result of the above R&D

- a. The LFG Project shall help to reduce the emissions of methane, that has a global warming potential of 21 times of CO<sub>2</sub> and shall also enable the utilization of such methane as fuel.
- b. The project shall help in proper disposal of waste plastics by improving its economic value and also generate fuel from the same.
- c. Development of Nano-Composite materials for Hydrogen storage would help to reduce the storage pressure of Hydrogen and would be a step towards commercialization of 'Hydrogen as fuel' in the future.
- d. Development of light-weight composite cylinders shall help in reducing the CNG cylinder weight and improve the efficiency and acceptability of using environmentally benign natural gas as vehicle fuel.
- e. UCG technology shall enable recovery of energy from the unmineable high ash content Coal /Lignite in an economically and environmentally viable way.

#### 3. Future plan of action

- a. Many new R&D projects in the company's business areas like Pipeline transportation, LNG, Energy Efficiency, CO<sub>2</sub> utilization etc. have been identified and shall be gradually pursued in collaboration with various research/engineering institutes.
- b. Setting-up of pilot-scale Project for 'Waste Plastics to Hydrocarbons' for validating the bench-scale results for eventual commercial-scale operations.
- c. Setting-up of pilot-scale Project for 'Recovery of Landfill Gas' (LFG) at Ghazipur Landfill site, Delhi to demonstrate the possibility of recovering LFG gas from an active landfill site and its purification for usage.
- d. Testing of Solid Oxide Fuel Cell (500 Watts) being indigenously developed under the New Millennium Indian Technology Leadership Initiative (NMITLI) of CSIR.

#### 4. Expenditure on R&D

- |  |             |
|--|-------------|
| a. Capital   | : NIL       |
| b. Recurring   | : ` 1.19 Cr |
| c. Total   | : ` 1.19 Cr |
| d. Total R&D expenditure as a percentage of total turnover | : 0.003%    |
| (Turnover 2011-12: ` 40,281 crore)                         |             |

#### TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

##### 1. Efforts, in brief, made towards technology absorption, adaptation and innovation.

Control systems for 6 GTC's at Vijaipur and 5 GTC/GTG at Dibiyapur were upgraded during current year by replacing old control system with new version.

##### 2. Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution, etc.

- a) With the new control systems, the GTC's and GTG's operation have become smooth.
- b) New control systems have many added features like event recording, historical trending, first out string and provide very good diagnostic tools to identify fault.
- c) The number of machine trips has reduced to a greater extent after implementation of the system at both the stations.

##### 3. In case of imported technology (imported during the last five years reckoned from the beginning of the financial year), following information may be furnished:

- a. Technology imported :**
- i. Ethylene Cracker Technology, from Shaw Energy & Chemicals International Inc., USA for GAIL Petrochemical Complex II at Pata for addition of 450 KTA ethylene capacity.
  - ii. LLDPE/HDPE Swing Technology, from Univation Technologies, USA for GAIL Petrochemical Complex II at Pata for addition of 400 KTA polyethylene capacity
  - iii. Butene-1 Technology, from Axens (IFP Group Technologies), France for GAIL Petrochemical Complex II at Pata for addition of 20,000 TA Butene-1 production capacity

**b. Year of import :** 2010 for (a)(i) & (a)(ii) and 2011 for (a)(iii)

**c. Has technology been fully absorbed?** : In process

**d. If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action** : N.A

## ANNEXURE - F

Statement showing the particulars of employees who are in receipt of remuneration of not less than ` 60,00,000/- per annum during the financial year 2011-12 or not less than ` 5,00,000/- per month during part of the financial year 2011-12

S. No.	Name of the Employee (S/Shri)	Designation	Age	Last employment	Date of Joining	Qualification	Experience	Remuneration Gross (in `)	Remarks (Retired/Resignation/Death)	Relationship with Director (Name)	Relation
1	ZILE SINGH GAUR	DGM	60	DGP&T AND DEPTT. OF POST	11.02.1988	BA (HONS), MA (HINDI), TRANSLATION	40	32,55,339	RETIRED	NONE	-
2	RAJ KUMAR TANEJA	SR. EXECUTIVE SECRETARY	60	PWD, MARUTI UDYOG, TECHNOLOGICAL CONSULTANT	01.06.1985	BA	41	25,58,552	RETIRED	NONE	-
3	KUNDAN SINGH	JR. SUPERINTENDENT	47	GAIL	08.04.1985	BA	26	20,51,350	DEATH	NONE	-
4	MAHESH CHAVDA	SR. SPERINTENDENT	59	INDIAN MUSIC SOCIETY, SAMEER ELECTRICAL, KIRTI ENGG. WORKS	28.09.1985	10TH	35	14,62,460	DEATH	NONE	-
5	RAVJIBHAI SOMABHAI MAYAVANSHI	SR. FOREMAN	55	ALPHA MOTORS, JAY AMBA TRANSPORT, IPCL, MEGHA TRAVELS CORP.	16.07.1985	10TH	33	12,11,472	DEATH	NONE	-
6	AMBALAL MAGANBHAI SOLANKI	HEAD ATTENDENT	60	GAIL	01.07.1986	5TH	27	14,22,888	RETIRED	NONE	-
7	SURAJ NARAIN AGRAWAL	SR. OFFICER	60	PWD	21.10.1987	BA, MA, PG DIPLOMA (PERSONAL MGMT. & INDUSTRIAL RALATION)	35	27,69,880	RETIRED	NONE	-
8	RAKESH KUMAR GARG	GM	60	LAKHANPAL NATIONAL, ONGC	20.12.1984	B.TECH, DIPLOMA (PERSONAL MGMT. & INDUSTRIAL RELATION)	38	47,39,479	RETIRED	NONE	-
9	RANJAN GHOSH	GM	60	ONGC	31.12.1984	B.SC (HONS), B.TECH, M.TECH	35	39,23,740	RETIRED	NONE	-
10	GIRWAR SINGH YADAV	SR. LEADING FIREMAN	60	INDIAN ARMY, SBI	08.08.1988	HSE, FIREMAN'S COURSE	40	17,82,888	RETIRED	NONE	-
11	PRABHU NATH PRASAD	ED	56	FERTILIZER CORP. OF INDIA, OIL	14.05.1987	B.E., MBA	31	23,30,482	RESIGNATION	NONE	-
12	MEGHJIBHAI DUDABHAI PATEL	SR. LEADING FIREMAN	60	INDIAN ARMY	15.04.1989	HSE, FIREMAN'S COURSE	41	25,42,976	RETIRED	NONE	-
13	PRAKASH CHANDER PUROHIT	LEADING FIREMAN	60	INDIAN ARMY	27.06.1990	8 <sup>TH</sup> , FIREMAN'S COURSE	40	12,24,694	RETIRED	NONE	-
14	SAMIR GOSWAMI	MANAGER	60	INDIAN AIRPORT, BADRA FARMS, TEAM AUTOMATION	01.04.1991	DILPOMA (ELECTRONICS & RADIO ENGG.)	40	25,43,850	RETIRED	NONE	-
15	Dr. N K RAJU	DGM	53	BIOLOGICAL E LTD., VANILLINE & FIRE CHEMICAL, NTPC, NSC LTD.	16.07.1991	B.COM, PG DIPLOMA (PERSONAL MGMT. & INDL. RELATION), LLB, MBA, P.HD.	32	28,81,147	RESIGNATION	NONE	-
16	RAMLAL	SR. SPERINTENDENT	49	GAIL	04.10.1985	BA	26	16,43,855	DEATH	NONE	-
17	SHRI KRISHNA SINGH	SR. LEADING FIREMAN	60	INDIAN ARMY	04.11.1988	SSC, FIREMAN'S COURSE	42	20,66,388	RETIRED	NONE	-
18	DILIP KUMAR PURWAR	ED	60	BHILAI STEEL PLANT, ONGC	16.08.1984	BE (MECHANICAL)	38	39,62,628	RETIRED	NONE	-
19	G G SEKARAN	CM	60	INDIAN NAVY	27.01.1989	DIPLOMA (MECHANICAL), BE (MECHANICAL)	43	44,12,329	RETIRED	NONE	-
20	TEJ RAM	LEADING FIREMAN	60	INDIAN ARMY	08.02.1989	5TH, FIREMAN'S COURSE	41	21,32,051	RETIRED	NONE	-
21	AZAD BABU	LEADING FIREMAN	60	INDIAN ARMY	08.08.1990	HSE, FIREMAN'S COURSE	41	17,44,313	RETIRED	NONE	-
22	GAURI SHANKAR	LEADING FIREMAN	60	INDIAN ARMY	24.12.1990	8TH, FIREMAN'S COURSE	41	19,22,525	RETIRED	NONE	-



S. No.	Name of the Employee (S/Shri)	Designation	Age	Last employment	Date of Joining	Qualification	Experience	Remuneration Gross (in `)	Remarks (Retired/Resignation/Death)	Relationship with Director (Name)	Relation
23	SIDDHARTHA SEN	GM	60	REC, FCI, HFC, GAIL, LUCKNOW, NTPC AURIYA	16.10.1995	BE (MECHANICAL)	37	37,15,000	RETIRED	NONE	-
24	KRISHNA KUMAR .	CM	60	FCI, HFC LTD.	24.10.1996	BE (ELECTRICAL)	35	37,35,180	RETIRED	NONE	-
25	MADHU SUDAN KARMAKAR	DGM	57	HFC LTD.	24.10.1996	BE (CHEMICAL), M.TECH (CHEMICAL)	31	33,59,764	DEATH	NONE	-
26	MOHAMMAD ANWAR AZEEM	GM	60	HFC LTD., BHARTI COOP.	23.02.1998	B.TECH	36	28,83,366	RETIRED	NONE	-
27	BISHWANATH BARIK	DM	53	INDIAN NAVY	29.02.1996	BA, CERTIFICATE IN CRASH AIR RESCUE & FIRE FIGHTING, ITI, DIPLOMA (INDUSTRIAL SAFETY)	37	17,58,253	DEATH	NONE	-
28	RAMCHANDER	INSPECTOR	60	CISF	05.10.1990	HSE	42	19,74,417	RETIRED	NONE	-
29	SUMITRA MANDAL	JR. MATRON	43	CHANDOK HOSPITAL	30.05.1997	DIPLOMA (NURSING & MIDWIFERY)	19	10,83,685	DEATH	NONE	-
30	PABITRA BEZBORUAH	SR. FOREMAN	38	ONGC	18.09.1998	SSE, ITI	17	9,39,386	DEATH	NONE	-
31	ATANU GHOSH	MANAGER	43	SAIL	25.05.1998	BE (MECHANICAL)	17	25,03,562	DEATH	NONE	-
32	MOHAMMAD SHAHID	MANAGER	34	GAIL	19.02.2001	BSE, BE (FIRE), PG DIPLOMA (ENVIRON.), PG DIPLOMA (INDL. SAFETY), MBA	10	14,58,119	RESIGNATION	NONE	-
33	VIJAY KUMAR SINGH	MANAGER	37	GAIL	19.02.2001	BSE, MSC, BE (FIRE)	10	13,46,723	RESIGNATION	NONE	-
34	T DHANAPAL .	ENGINEER	50	EAST COAST ORGANICS, THIRUMALAI CHEMICAL	27.05.1998	B.Sc, DIPLOMA (CHEMICAL)	25	8,55,383	DEATH	NONE	-
35	PRAKASH BABU .	MANAGER	39	NASH SOFTWARE SYSTEM, JK SYNTHETIC LTD., SVC SUPERCAM	27.08.1998	BE (ELECTRONICS & TELECOM)	17	17,03,730	RESIGNATION	NONE	-
36	SANTOSH KUMAR SRIVASTAVA	OFFICER	38	BHILAI STEEL PLANT,	28.09.1998	B.Sc (HONS), FIRE SUB OFF COURSE, GRADUATESHIP EXAM IFE, POST DIPLOMA (INDUSTRIAL SAFETY)	15	11,75,298	RESIGNATION	NONE	-
37	ABUL KALAM AZAD	SR. ENGINEER	32	RAGHURAJI AGRO INDIA PVT. LTD.	16.11.2007	BE (MECHANICAL)	9	7,40,294	RESIGNATION	NONE	-
38	DEEPAK MATHUR	CM	60	COX & KINGS AGENTS LTD., BALMER LAURIE CO. LTD.	01.12.2004	B.Sc	40	33,32,324	RETIRED	NONE	-
39	AMARJIT SIHAG	SO	28	GAIL	30.05.2009	B.TECH (ELECTRICAL), PG DIPLOMA (MGMT.)	2	7,44,609	RESIGNATION	NONE	-
40	S D MALLIKARJUNA RAO DANABALA	SR. ENGINEER	24	GAIL	27.10.2009	DIPLOMA (CHEMICAL), B.TECH (CHEMICAL)	2	5,14,332	RESIGNATION	NONE	-
41	JAYANTA THAKUR	SR. MANAGER	42	GEOLOGICAL INDUSTRIES LTD., ESSAR OIL LTD., GEOPETROL INTERNATIONAL INCORP., ADANI EXPLORATION LTD.	02.05.2011	B.Sc. M.TECH (APPLIED GEOLOGY)	16	12,05,270	RESIGNATION	NONE	-

**Notes:**

1. Remuneration includes salary, allowances, leave encashment, leave travel concession, payment for subsidized leased accommodation, reimbursement of medical expenses to employees and employer's contribution to Provident Fund etc. However, it does not include the monetary value of the medical treatment provided in the Company's dispensaries/ hospitals at Project sites, since it can not be quantified employees-wise. In addition, the employees are entitled to gratuity/ group insurance in accordance with Company's Rules.
2. Remuneration mentioned above is inclusive of retirement /separation benefits paid during the year and is not indicative of any regular remuneration structure of Directors/ employees of the Company. Further, remuneration does not include the arrears of earlier FY recieved during the FY 2011-12.
3. The nature of employment is contractual in all the above cases.