

Annual Report

— 2013-14 —



Care, Share & Grow



GAIL (India) Limited
India's **Youngest** Maharatna



GAIL is the youngest PSE to be bestowed with the coveted status of *Maharatna* for Indian Public Sector enterprise. As rightly said, *"With great power comes great responsibility"*, and GAIL believe the onus lies with it to reciprocate by aiming for a leadership role and moving beyond the traditional realms of business.

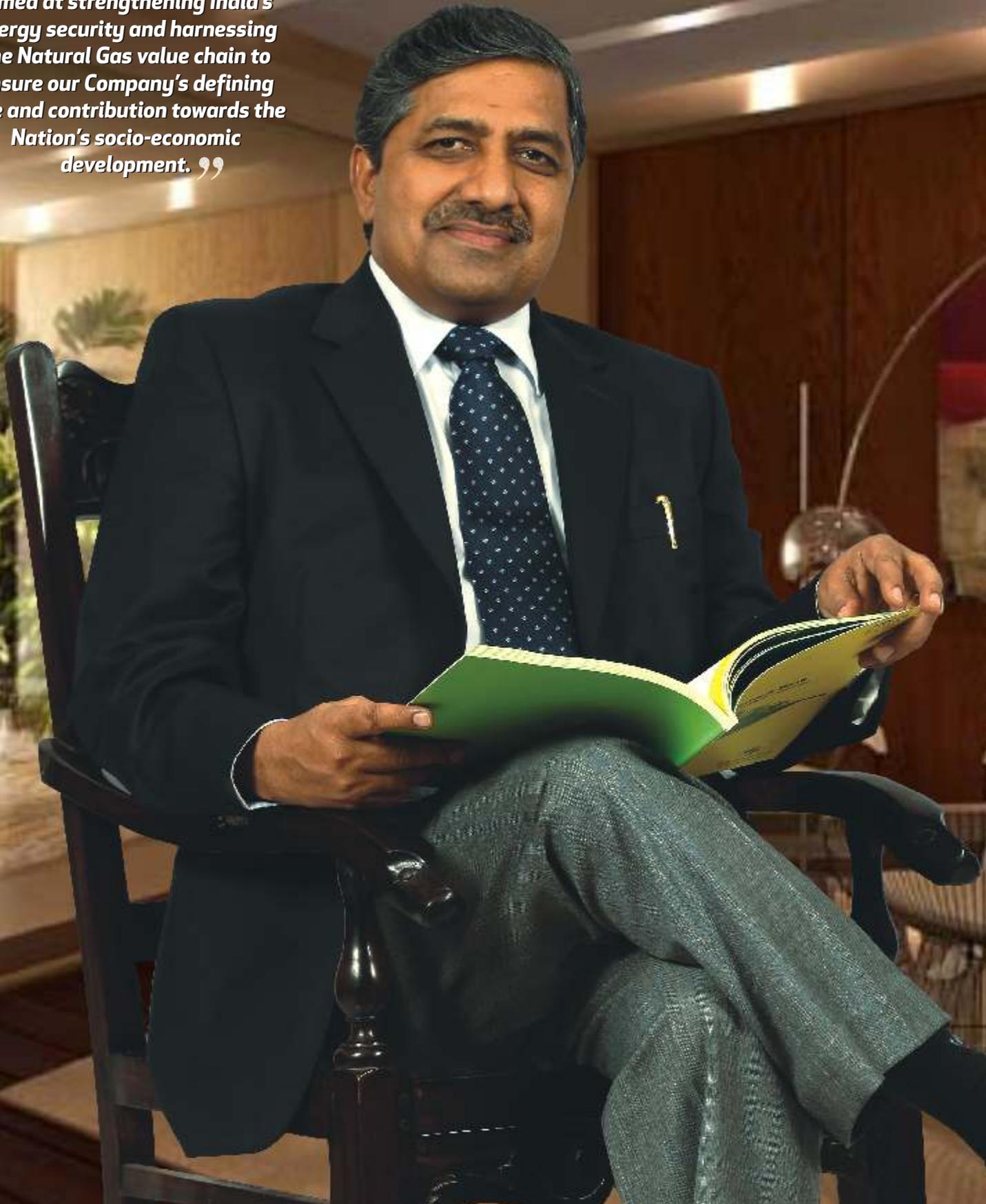
GAIL has always been and will continue to **care** for the environment and the society in which it functions. It has taken up various initiatives during the course of the year to protect and restore environment and has been consciously working towards improving the societal condition of the areas it operates in, as a socially and environmentally responsible corporate citizen. GAIL also believes in **sharing** and co-creating value for all stakeholders by promoting well-being and equitable development of society. Further, GAIL abides by the principle of "inclusive growth", making stakeholders our partners as we **grow**. GAIL shall continue to explore new avenues of business growth that enables cleaner energy security for the nation and will strive to provide value to their customers to achieve greater customer delight, thereby enabling greater returns for the investors.

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Message from CMD

“ Our strategic endeavors are aimed at strengthening India’s energy security and harnessing the Natural Gas value chain to ensure our Company’s defining role and contribution towards the Nation’s socio-economic development. ”



Dear Shareholders,

The Global macro environment in the Western economies have shown signs of moderate recovery during the fiscal period 2013-14, nevertheless fundamental and structural weakness persists. Their growth recovery is being watched keenly as the same has a transmittal impact on our economy. Asian growth story remained a mixed bag during the period with Far East Asia being the fastest growing regions of the world whereas the developing South Asian economies expanded at a slower pace. In spite of the overall tapering effect, the Asian pack grew between 4 to 7.5 percent during the year. Spurt in underlying activities indicate positive traction to economic expansion and adjustments to this growth need to be made on account of the headwinds-tighter monetary & financial conditions, geo-political tensions in ME and European regions and volatility in commodity prices.

Much along the projected lines, India's GDP grew by 4.7% during the last fiscal year and the economy had been awaiting fiscal and structural measures to spur revival. There is a general hope and anticipation of key reforms and changes being taken up across various sectors accompanied with a return to fiscal responsibility and prudence. The current fiscal year is projected to grow at about 5.5% and set the base for achieving higher rates of economic growth in the subsequent period. The citizens seek an all-round economic and social development. To provide wings to these aspirations, your company is geared up to meet the clean fuel challenges by expanding the markets and increasing penetration in the backdrop of rising energy demand. Your company plans to leverage the anticipated reforms and its global expertise to play a key role in mitigating energy scarcity of our country. Given the challenge of ensuring a stable growth coupled with sustaining the environment and ecology, Natural Gas shall be the preferred fuel of the century and GAIL shall be at the frontier of this change. The recent Budget for the fiscal saw a thrust in this direction with the announcement of laying of an additional 15,000 kilometers of natural gas pipelines across the country to complete the National Gas grid network to enable the reach across all the regions. Your Company plans to commence construction of the 4000 kms. of authorized pipeline networks in phases subject to firm tie-up of anchor load customers enroute.

In the financial year that went by, you would be glad to know that your company showed a healthy growth rate in spite of odds. In FY 2013-14, your Company registered a 21% increase in Net Revenue (Rs 57,245 Crore) over the previous year. Despite sharing the under-recoveries of Oil Marketing Companies (OMCs) to the tune of Rs 1,900 Crores, the Profit after Tax increased by 9% to Rs 4,375 Crore during the year.

Your company, has tied up with several international Oil and Gas majors, for securing gas supplies, to put in place a diversified long-term import portfolio of approximately 86 MMSCMD. In FY 2013-14, Your company imported 25 LNG cargoes (about 1.50 MMTPA) from various International sources, on short term as well as spot basis, to meet requirement of the domestic market. Your Company also recognizes the need for accelerated growth of LNG infrastructure. Towards this, a MoU with Paradip Port Trust Limited has been executed by Your Company for setting up a LNG terminal at Paradip Port, Odisha. In addition, you company is also working towards Marketing LNG to international off takers to leverage and de-risk the portfolio.

Your Company's E&P assets under A-1 and A-3 blocks in Myanmar have started producing gas, resulting into a net positive generation of cash flow from this business portfolio.

Amidst a robust performance and an optimistic outlook, I convey with profound grief that there has been a pipeline blow-out along the Tatipaka-Kondapalli section in KG Basin network at Nagaram village, Andhra Pradesh, causing fatalities. GAIL as an abiding corporate citizen took immediate rescue, relief and rehabilitation measures to provide succor to the affected people. In the wake of the incident, a series of steps have been initiated on a precautionary note to reassess the health and integrity of the pipelines and other hydrocarbon assets. HSE department has launched an internal drive to sensitize the work force about ensuring safer operations, maintaining zero tolerance to deviations to Standard operating procedures and for addressing Safety related issues. Further, the process is underway to engage International Consultants to review the operational processes and recalibrate the same in line with benchmarks followed by Global majors in the business.

The Strategic core of the Company shall continue to focus on ensuring operational Safety and efficiency of the hydrocarbon installations at World class standards. At the same time your company shall remain committed to leverage and deliver value across the entire gas value chain. Your Company will continue to strive for energy security for the country by tying up with Global players for gas/LNG sourcing through various sources. In the domestic market, the Company will play a focused role in LNG infrastructure development with regas capacity bookings, natural gas pipeline expansion with CGD infrastructure development and Petrochemicals portfolio enhancement. To develop domestic gas infrastructure, your Company is focusing at pipeline expansion and booking of re-gasification capacities. These strategic endeavors are aimed at strengthening India's energy security and harnessing the Natural Gas value chain to ensure Your Company's defining role and contribution towards the Nation's socio-economic development.

Your Company, received recognition for its work towards development of energy infrastructure in the nation. The 1000 Km long Dabhol-Bengaluru Pipeline Project connecting south India to national gas grid was awarded the coveted Platts Global Energy Awards 2013 as "Premier Project in Large Construction Category".

As the Company aspires to undertake pioneering initiatives for Better Future, it is but imperative to continually acquire a Young, Capable and Motivated Human Capital into the 'GAIL Parivar'. During the last fiscal, 132 highly qualified individuals were inducted in the Company.

Further, Environmental sustainability and community Interventions towards empowering marginalized groups have been the underlying ethos of your company's operations and activities. As part of the CSR initiative, various activities for transforming and enriching community lives under the identified thrust areas were taken up with an investment of Rs. 91 crore (approx.). This reflects the Company's deep seated philosophy of "Care, Share and Grow" for creating an all-round enduring impact around the business operations.

On behalf of the Board of Directors and Team GAIL, I thank you for your continued support, which has enabled us to build a robust and sustainable business.



B. C. Tripathi

Chairman & Managing Director



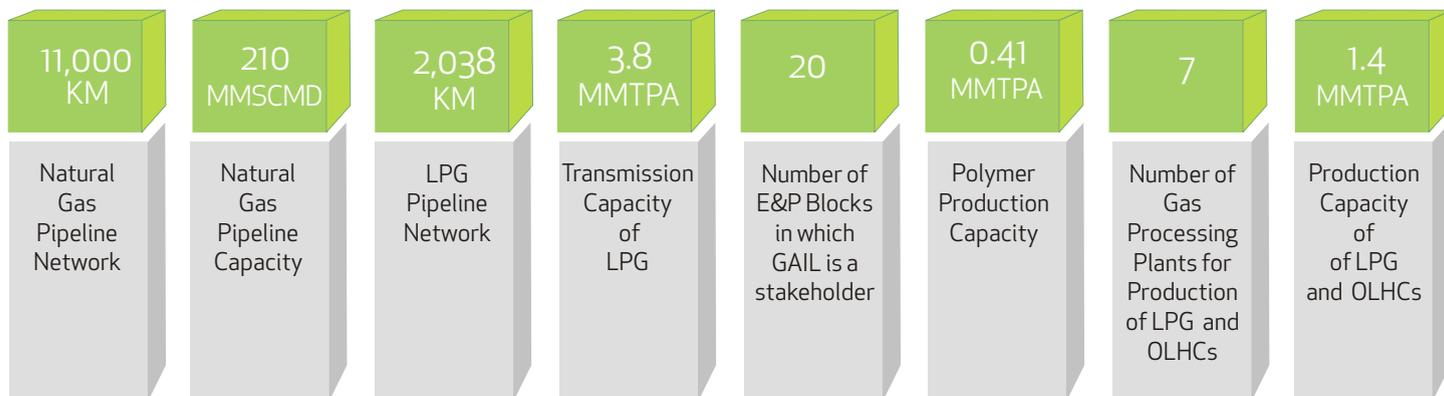
Creating Assets For Tomorrow

GAIL, as a responsible Company, has always believed in working towards a better tomorrow. Inclusive and sustainable growth for all has driven our efforts in creating valuable assets, be it tangible or intangible.

Having started out with a single project-the construction, operation & maintenance of HVJ pipeline, today we have diversified to have LNG, Petrochemicals, City Gas distribution and many other business segments under our fold. In the last year itself we have initiated a slew of new projects and registered a 21% increase in Net Revenue.

We would continue to expand our business interests keeping the concerns of our various stakeholders at the core. Because only by caring for tomorrow and sharing the fruits of progress with everyone, can we truly grow.

GAIL Today





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.

Mission

To accelerate and optimise the effective and economic use of Natural Gas and its fractions to the benefit of national economy.



Visible across the



Natural Gas

- Over 11,000 kms of network
 - Expanding to 15,000 kms
- Sophisticated Gas management System
 - Pursuing for expansion of markets
- Participation in RGPPL (5 MMTPA LNG Regasification Facility)



Exploration & Production

- A part of vertical integration
- Participation in 20 blocks (Operator – 3 blocks)
 - Presence in Myanmar & US



City Gas Distribution

- Serving over 10 lakh vehicles & 10 lakh households through Subsidiary & Joint Ventures
- GAIL Gas Limited, 100% subsidiary, has setup CGD Network in Dewas, Sonapat, Kota, Meerut, Agra, Firozabad, Vadodara & Panvel

entire Gas Value Chain

Petrochemical

- Domestic market share – 20%
- Petrochemical Plant in Pata (UP) with capacity of 0.41 MMTPA
- Doubling the capacity by FY 2014
- Participation in BCPL & OPaL

G-Lex

G-Lene



Liquid Hydrocarbons

- 7 Gas Processing units producing LPG, Propane, Pentane & Naphtha etc.
- LPG Transport Capacity 3.8 MMTPA (2038 Kms.)

PROPANE

PENTANE



Power & Renewables

- Commissioned 118 MW Wind Power Plant and 5 MW Solar Power Plant
- Participation in RGPPL (Capacity 1967 MW)



Group Strength

Subsidiaries



GAIL Gas Limited



Brahmaputra Cracker and
Polymer Limited



GAIL Global (Singapore) Pte. Limited



GAIL Global (USA) Inc.



GAIL Global (USA) LNG LLC
(subsidiary of GAIL Global (USA) Inc.)

Joint Ventures

- Aavantika Gas Limited
- Bhagyanagar Gas Limited
- Central U.P. Gas Limited
- GAIL China Gas Global Energy Holdings Limited
- Green Gas Limited
- Indraprastha Gas Limited
- Mahanagar Gas Limited
- Maharashtra Natural Gas Limited
- ONGC Petro-additions Limited
- Petronet LNG Limited
- Ratnagiri Gas and Power Private Limited
- Tripura Natural Gas Corporation Limited

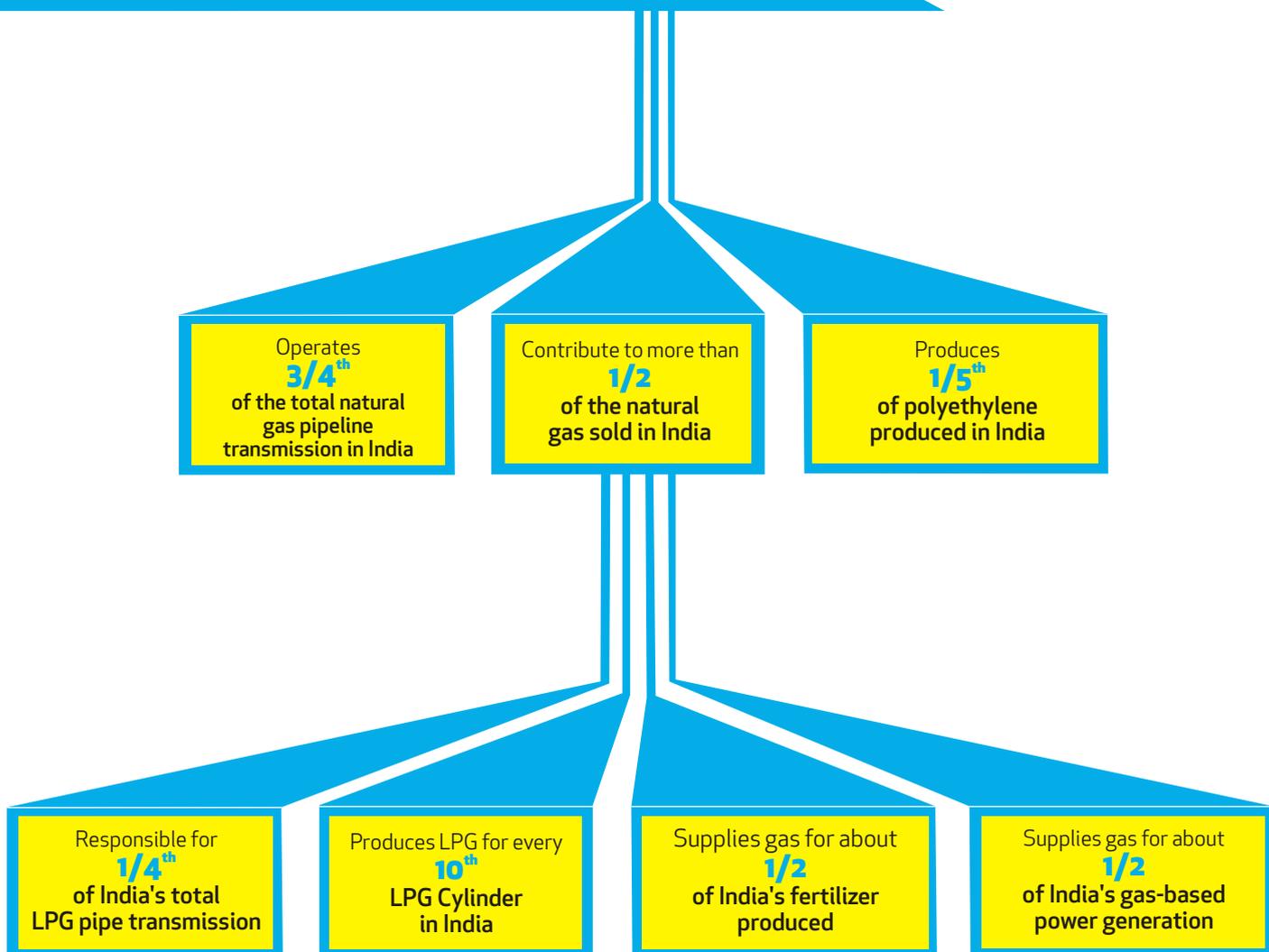
We are an equity partner in two retail gas companies in Egypt, namely Fayum Gas Company (FGC) and National Gas Company (Natgas).

GAIL is a part of a consortium in two offshore E&P blocks in Myanmar and also holds participating interest in South East Asia Gas Pipeline Company Limited incorporated for transportation of gas to be produced from two blocks in Myanmar to China.

At GAIL, we aspire to emerge as an integrated hydrocarbon major with significant upstream and downstream interests by 2020.



Energized Performance



As India's youngest **Maharatna**,
we have created a strong Foundation for long-term growth.



Major Highlights of FY-14

**Highest Ever
Sales Turnover**
₹57,245 Cr-YoY
Growth 21%

**Highest Ever
PAT ₹4,375 Cr-**
YoY Growth 9%

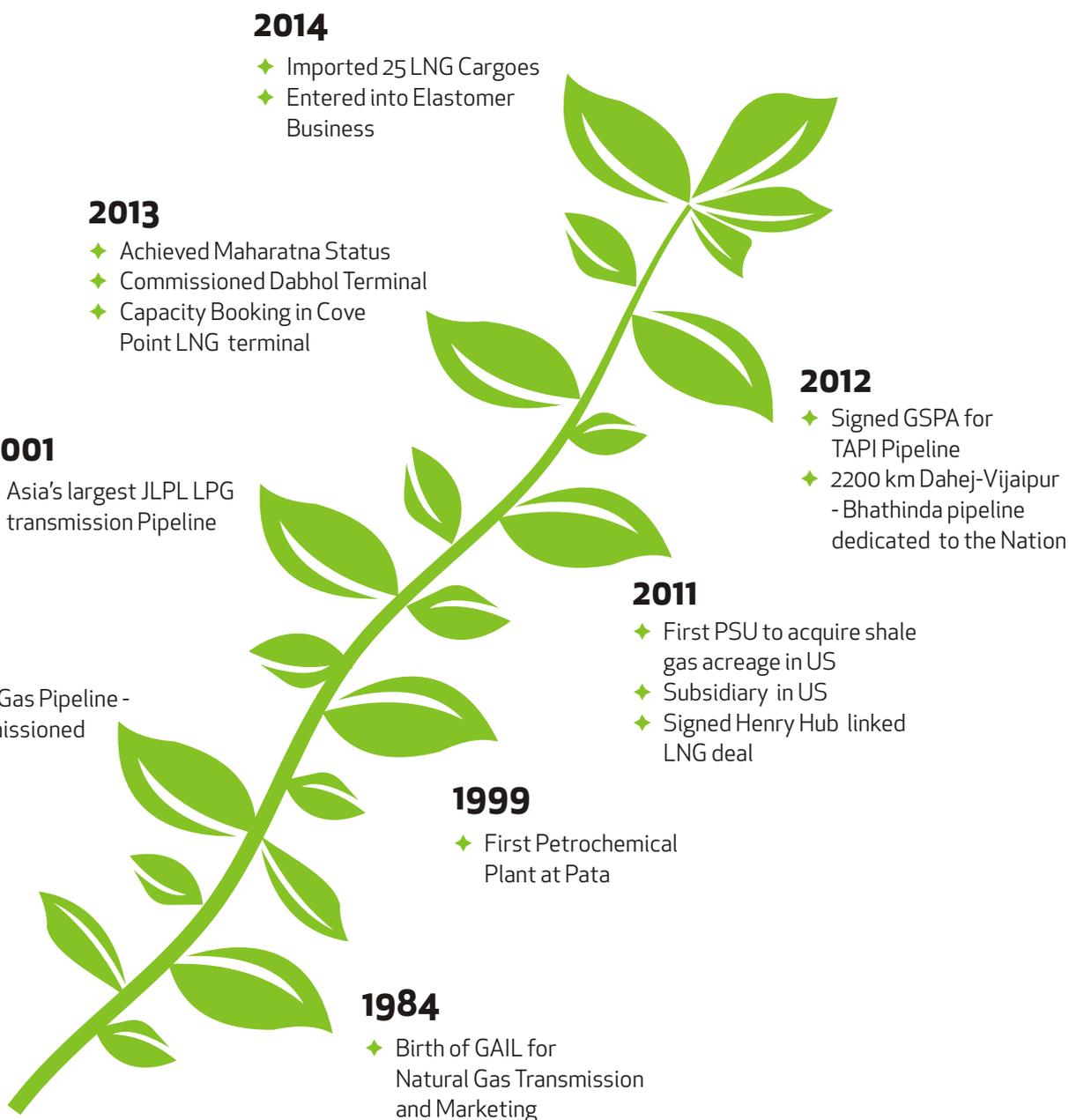
**Maiden Gross
revenue**
of ₹170 Cr from
Myanmar Blocks

18%+
10 Year Turnover
CAGR

9%+
10 Year PAT
CAGR



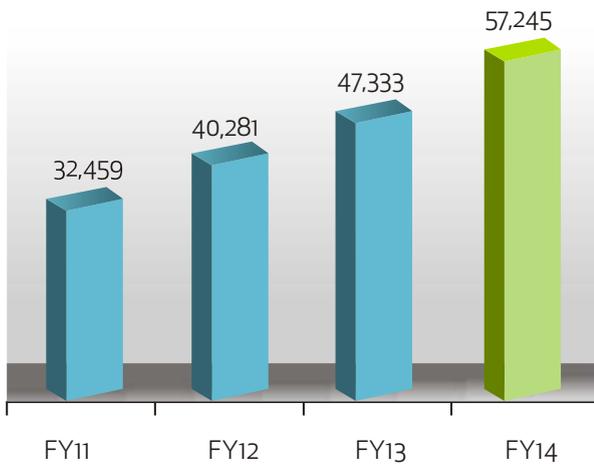
Growing with Green Energy



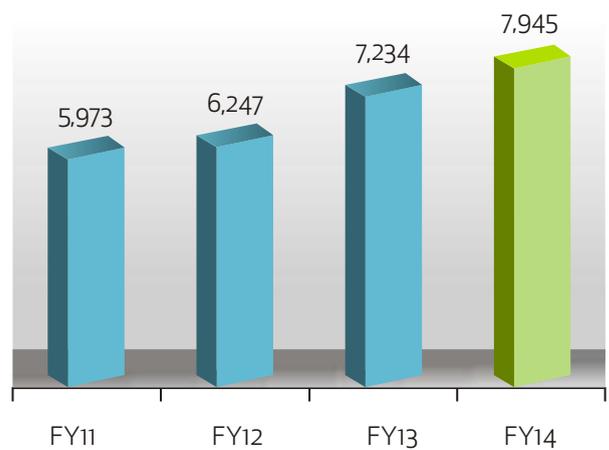
Financial Performance

(₹ in Crores)

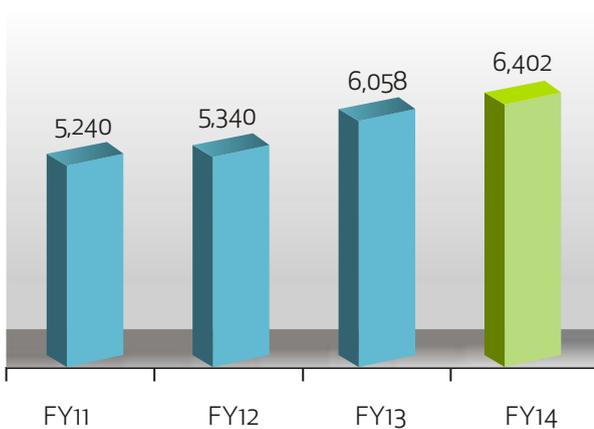
Sales (Net of ED)



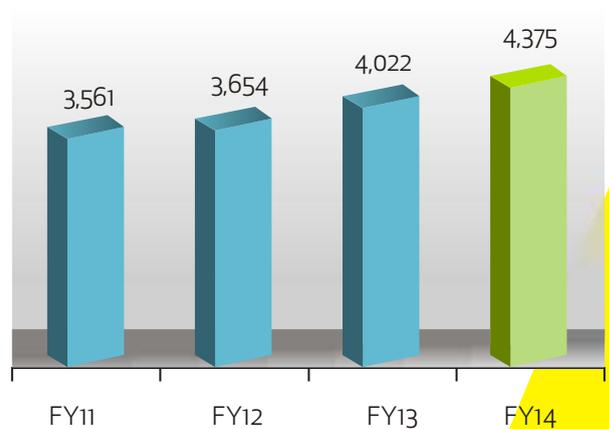
Gross Margin (PBDIT)



PBT

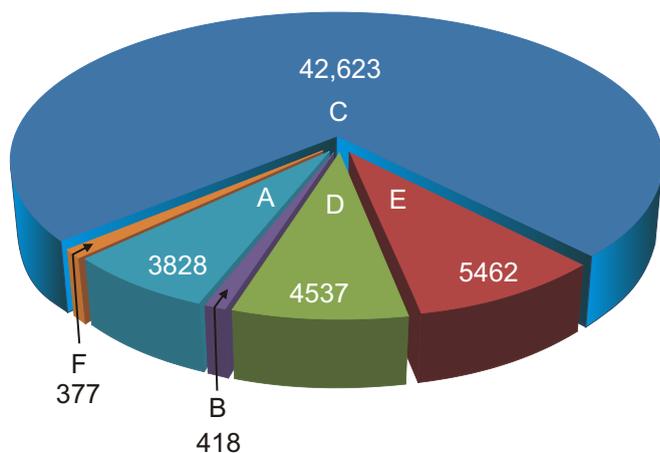


PAT

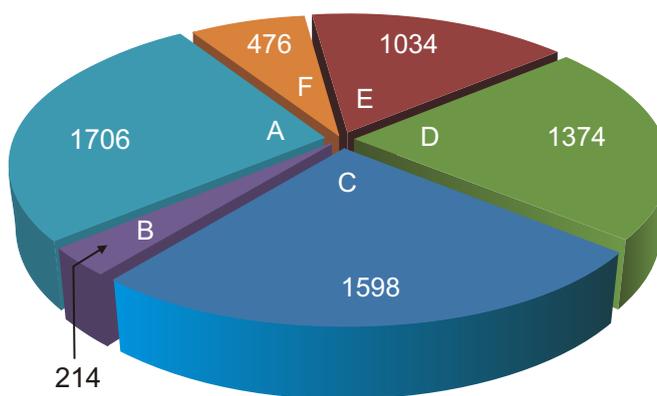


Segment wise Breakup

Segment wise Breakup
Turnover- 57,245 Cr
(₹ in crores)



Segment wise Breakup of
Profit Before Tax- 6,402 Cr
(₹ in crores)



A NG Transmission
 B LPG Transmission
 C NG Trading
 D Petrochemicals
 E LHC
 F Unallocated



Continuing the Growth Momentum

Global Presence



- Wholly owned subsidiaries in Singapore and USA for pursuing overseas business opportunities in LNG, Petrochemical trading and Shale Gas asset

Key Strategic position in India's Gas sector



- Largest Natural Gas Marketing & Transmission Company in the country.
- Received Oil & Gas Company of the Year by Petrofed

Vertically Integrated with presence across the Value Chain



- Diversified into upstream and downstream businesses.
- Extended presence in Power, LNG Re-gasification, City Gas Distribution and E&P through equity and joint venture participation.

Strong Financial Position



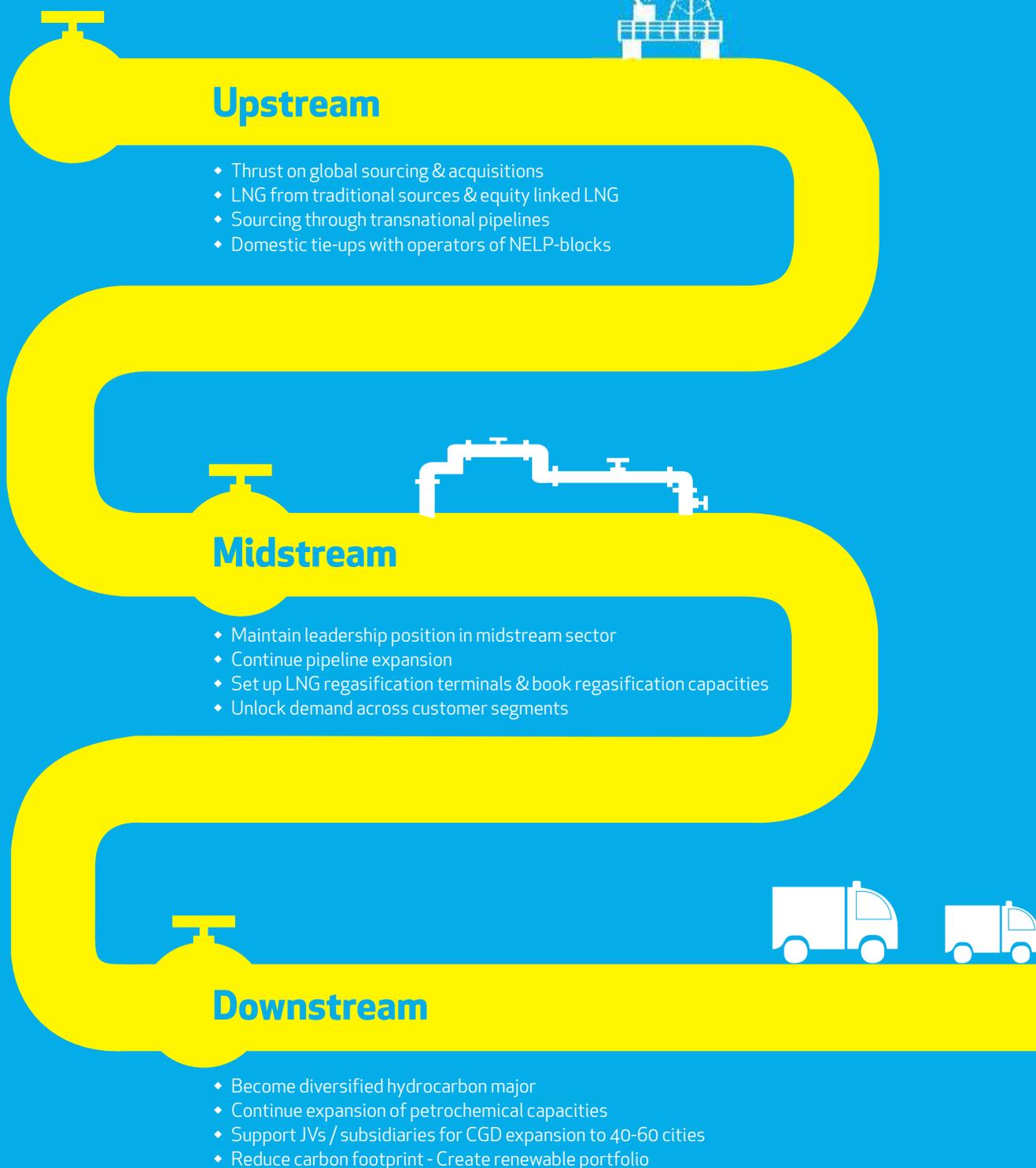
- Consistent profitability having a CAGR of 10 years at 9+%.
- Consistent increase in sales having a CAGR of 10 years at 18%.

Business Strategy for Growth



- Petro-chemical expansion and additional gas availability.
- Delivering complex and large scale transformational projects.

Vision for the Future





Total investments in Corporate Social Responsibility (CSR) during 2012-13

91 Crores

Area	Amount (in ₹ Crores)
Educational enhancement	9.59
Infrastructure development	20.67
Skill Development	23.51
Community development	9.96
Healthcare initiatives	17.97
Drinking water/ Sanitation	1.92
Environment protection	1.08

Sharing Benefits of Growth

A compassionate approach towards the community lies at the heart of our operations at GAIL. We have in place a comprehensive system to undertake such initiatives. It helps us identify and implement programmes for the community with a project-based approach. We sign standardized agreements with external partners with distinct timelines and complete the project within the schedule. Throughout the project lifecycle, we meticulously monitor every step to ensure the sustainability of our interventions. Once completed, these projects will play a major role in helping elevate the lives of people in the community.

Education

- Extended non-formal education and learning support to 10,000 children across various slums in Delhi/NCR through Project Padho aur Badho
- Provided specialized IITJEE coaching to 100 underprivileged students for admission IITS and other engineering colleges under GAIL Utkarsh programme at Kanpur, Uttar Pradesh.
- Extended scholarship to 500 violence affected children in J&K and Assam
- Creation of infrastructure like class rooms, IT facilities, libraries, science labs, provision of equipment and stationery to schools

Infrastructure Development

- Construction of village roads, community centres, approach roads and culverts
- Maintenance of Protected Monuments
- Augmentation of Sports Infrastructure

Skill Development

- Providing employment-linked skill development programme to 3200 youth in tribal regions of Dediapada, Gujarat & backward regions of Guna, Madhya Pradesh and Tandur, Andhra Pradesh
- Training in embroidery, stitching and tailoring, apparel/dress making, handicrafts, beauty culture and others to over 3200 women living in the Delhi/NCR slums under Project GARIMA'
- Livelihood promotion and capacity building for women and youth in flood affected regions in Rudraprayag, Uttarakhand

Healthcare

- 16 Mobile Medical Units across 6 states Uttar Pradesh, Madhya Pradesh, Uttarakhand, Gujarat, Haryana and Punjab
- Organized medical camps in rural areas to cater to patients suffering from various diseases, eye screening camps and Cancer Treatment outreach services
- Ambulances and diagnostic equipment and augmentation of medical infrastructure

Drinking Water and Sanitation

- Promotion of sanitation in selected villages of Guna, Madhya Pradesh and Auraiya, Uttar Pradesh
- Installation of bore-wells, tube-wells, hand pumps, overhead tanks, submersible pumps, storage facilities and rain water harvesting and check dams/irrigation systems, drainage systems in villages

Community Development

- Integrated Watershed Development and Management project - 'Project Jaldhar- covering nearly 40 water-scarce villages at Jhabua, MP
- Integrated Village Development at Dev Rak Ka Purwa, Auraiya, UP

Environment

- Waste Management and Livelihood Generation Programme in GAIL work centres in Delhi/NCR
- Development of Thondikadu Island in Thiruvavarur, Tamil Nadu
- Providing health care facilities to endangered wildlife species through Mobile Veterinary Services units in Assam and Arunachal Pradesh
- Installation of Solar Street lights, solar panels and bio gas plants

Board of Directors



Sh. B.C. Tripathi
Chairman & Managing Director



Sh. Prabhat Singh
Director (Marketing)



Sh. S Venkatraman
Director
(Business Development)



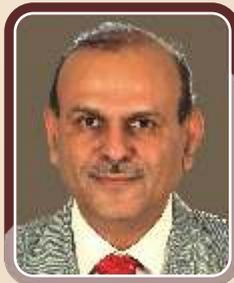
Sh. P.K. Jain
Director (Finance)



Sh. M. Ravindran
Director (Human Resources)



Dr. Ashuotsh Karnatak
Director (Projects)
(w.e.f. 01.03.2014)



Sh. Rajive Kumar
Director



Sh. P.K. Singh
Director



Smt. Shyamala Gopinath
Director



Dr. A. K. Khandelwal
Director



Sh. R.D. Goyal
Director (Projects)
(upto 28.02.2014)



Sh. Arun Agarwal
Director
(upto 23.02.2014)

BOARD STRUCTURE

Functional Directors

Sh. B.C. Tripathi

Chairman & Managing Director
DIN-01657366

Sh. Prabhat Singh

Director (Marketing)
DIN-03006541

Sh. S. Venkatraman

Director (Business Development)
DIN-03039646

Sh. P. K. Jain

Director (Finance)
DIN-02145534

Sh. M. Ravindran

Director (Human Resources)
DIN-02309551

Dr. Ashuotsh Karnatak

Director (Projects)
DIN-03267102

Government Nominee Directors

Sh. Rajive Kumar

Director
DIN-06620110

Sh. P. K. Singh

Director
DIN-03266262

Independent Directors

Smt. Shyamala Gopinath

Director
DIN-02362921

Dr. A. K. Khandelwal

Director
DIN-00005619

Committees of the Board

Audit Committee

Shyamala Gopinath- Chairperson
• Prabhat Singh • Dr. A K Khandelwal

Business Development & Marketing Committee

Shyamala Gopinath- Chairperson
• Prabhat Singh • S. Venkatraman
• P.K. Jain • P.K. Singh
• Dr. A.K. Khandelwal

Corporate Social Responsibility Committee

B.C. Tripathi- Chairman
• M. Ravindran • Shyamala Gopinath • Dr. A. K. Khandelwal

Empowered Contracts & Procurement Committee

• CMD and all the Functional Directors. CMD is the Chairman of the Committee.

Empowered Committee (Natural Gas, LNG & Polymers)

B.C. Tripathi - Chairman
• Prabhat Singh • S. Venkatraman • P.K. Jain • P.K. Singh

Finance Committee

Shyamala Gopinath - Chairperson
• P.K. Jain • Dr. A. K. Khandelwal

H.R. Committee

B.C. Tripathi - Chairman
• All the Functional Directors
• Dr. A K Khandelwal

Project Appraisal Committee

B.C. Tripathi - Chairman
• P.K. Jain • P.K. Singh
• Concerned Functional Director

Nomination & Remuneration Committee

Dr. A K Khandelwal - Chairman
• Rajive Kumar • Shyamala Gopinath

Stakeholders Relationship Committee

Shyamala Gopinath - Chairperson
• Prabhat Singh • M. Ravindran

Stakeholders' Grievance Redressal Committee

Dr. A K Khandelwal - Chairperson • P.K. Jain
• Concerned Functional Director not involved w.r.t. subject disputes

Sustainable Development Committee

S Venkatraman - Chairman
• Prabhat Singh • P.K. Jain
• M. Ravindran • Dr. Ashutosh Karnatak

Directors' Report





Directors' Report

Dear Shareholders,

On behalf of the Board of Directors of your Company, I am delighted to present the 30th Annual Report of your Maharatna Company, along with Audited Financial Statements for the financial year 2013-14.

YEAR UNDER RETROSPECT

During the year under review, your Company's 1000 kms long Dabhol-Bengaluru Pipeline Project was awarded the coveted Platts Global Energy Awards 2013 as Premier Project in Large Construction Category.

The year 2013-14 has been a year of venturing into new businesses and expanding the scale of operations in an effort to be a global energy player. Your Company entered into the elastomer business by approving the project for setting up 110 KTA capacity Poly Butadiene Rubber (PBR) Plant at a cost of ₹ 2,575 crore at Dahej in a joint venture with ONGC.

Further, your Company and Shipping Corporation of India have entered into a MoU for cooperation in the LNG shipping business.

Your Company has also signed an MoU with Paradip Port Trust Limited for setting up an LNG terminal at Paradip in Odisha.

On the Exploration and Production (E&P) front, gas production from A-1 and A-3 Blocks in Myanmar has started during the FY 2013-14. The total revenue from E&P business during FY 2013-14 was ₹ 244 crore.

FINANCIAL HIGHLIGHTS

Your Company has recorded sustained growth in all key financial parameters during the year 2013-14. The important financial highlights of the year are as under: (₹ in crore)

Particulars	2013-14		2012-13	
	US \$ Million	(₹ in crore)	US \$ Million	(₹ in crore)
Turnover (Net of ED)	9,445	57,245	8,608	47,333
Other income	192	1,162	173	954
Cost of sales (excluding interest and depreciation and including extraordinary items)	8,383	50,808	7,466	41,054
Gross margin	1,254	7,599	1,315	7,233
Interest	60	366	35	195
Depreciation	194	1,176	178	981
Profit before tax	1056	6,402	1,102	6,058
Provision for tax	334	2,027	370	2,036
Profit after tax	722	4,375	731	4,022
Appropriations				
Interim dividend	94	571	92	507
Proposed final dividend	123	748	129	710
Corporate dividend tax	37	224	37	203
Net transfer to/from bond redemption reserve	(1)	(5.94)	0	(0.43)
Transfer to CSR reserve	3	17.87	2	13.13
Transfer to general reserve	72	438	73	402
Net surplus after Appropriations	393	2,382	398	2,187
1 US \$ in INR converted at the exchange rate prevalent as on 31 st March of the respective financial year	60.61		54.99	

DISINVESTMENT BY PRESIDENT OF INDIA

The Government of India (GoI) has disinvested 15,672,024 shares on 27th March, 2014 through CPSE ETF. After disinvestment, the President of India is holds 711,733,651 equity shares representing 56.11% of paid-up share capital of GAIL.

DIVIDEND

Your Company has a consistent track record of dividend payment. So far, it has disbursed dividend of over ₹ 11,900 crore to the shareholders.

The Board of Directors of your Company had earlier approved payment of an interim dividend @ 45% on equity share of ₹ 10 each (₹ 4.5 per equity share) amounting to ₹ 571 crore, which was paid in February, 2014. Further, the Board has recommended the payment of final dividend @ 59% on the paid-up equity share capital of the Company of ₹ 10 each (₹ 5.9 per equity share) for FY 2013-14.

With this, the total dividend payment for the fiscal year 2013-14 will be 104% on equity share of ₹ 10 each (₹ 10.40/- per equity share) amounting to ₹ 1,319 crore on its paid-up equity capital of ₹ 1,268.48 crore, which is the highest ever dividend paid by your Company. The total dividend pay out including dividend tax accounts for 35.28% of Profit after Tax (PAT).

CONTRIBUTION TO EXCHEQUER

Your Company has contributed over ₹ 6,993 crore in 2013-14 to the exchequer through dividend, duties, taxes and others, as compared to ₹ 5,780 crore in 2012-13.

CREDIT RATING

Your Company has been reaffirmed the highest domestic credit rating of AAA from ICRA, CARE and CRISIL. The international rating agency, Moody's International, Hong Kong, has also reaffirmed the corporate issuer rating of Baa2, which is one notch higher than the sovereign rating. Further, Fitch Ratings has also assigned a long-term foreign currency issuer default rating of BBB with a negative outlook, which is equal to the sovereign rating.

STRATEGIC INITIATIVES

In order to grow sustainably, your Company has developed a strategy for the period 2011-2020. This strategy is currently under execution and your Company is closely monitoring the progress on various strategic initiatives as well as analysing the dynamic environment to assess its impact on GAIL's businesses. The top



Shri B.C. Tripathi, CMD GAIL Speaking on the occasion of Investors & Analyst Meet at Mumbai

management of your Company has been playing a crucial role in achieving the strategic objectives and to make GAIL an integrated hydrocarbon major with significant upstream, midstream and downstream interests by 2020.

In the upstream segment, your Company aspires to import substantial LNG through conventional route as well as through terminal capacity booking and also acquiring equity in producing assets/liquefaction facilities to source equity-linked LNG. Your Company has made remarkable progress in importing 25 LNG cargoes under various short-term contracts with suppliers like GDF (France), GNF (Spain) and Excelerate Energy (USA) as well as on spot basis to meet the growing demand of the Indian market. Further, the US subsidiary of your Company has booked LNG capacity in Dominion Cove Point's LNG liquefaction terminal in the US. In addition, your Company is pursuing LNG shipping business by charter hiring LNG ships to transport LNG from the US to India and other global markets. Your Company is also pursuing LNG trading business through its wholly owned subsidiary, GAIL Global Singapore Pte Limited.

To facilitate increase in LNG volumes, your Company plans to set up LNG terminals/floating storage and regasification units and is also booking additional regasification capacities in existing and new terminals being set up by other companies. Your Company has also executed regasification agreement with Petronet LNG Limited for regasifying 2.5 MMTPA LNG in the planned Dahej expansion LNG terminal in Gujarat to meet the ever increasing demand along its existing pipeline networks.

To bridge the demand-supply gap of natural gas and address the energy security needs of the country, your Company is actively participating in the transnational pipeline project, the Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline project. GSPA has already been signed to import 38 MMSCMD gas into the country through this pipeline.

In the midstream segment, your Company aspires to retain its leadership position through continuous pan-India expansion of pipeline network. Your Company now has approximately 11,000 kms network of pipeline in the country. Various other pipeline projects are at different phases of execution which will take the network size to around 15,000 kms.

On the retail side, your Company is targeting additional 40-50 cities/Geographical Areas (GAs) through its subsidiary and joint ventures (JVs) for city gas distribution (CGD) in the coming few years.

In the downstream segment, your Company aspires to be amongst the top petrochemical players in the country by expanding existing capacities, setting up new plants, acquiring equity stakes in upcoming projects, along with product off-take rights for marketing. Your Company is currently doubling existing petrochemical capacity at Pata and the project is under implementation. A green field petrochemical plant is also being setup in Assam through your Company's subsidiary, Brahmaputra Cracker & Polymer Limited (BCPL). Another petrochemical plant at Dahej is being set up through a JV, ONGC Petro-additions Limited (OPaL). By 2015, your Company is expected to have 1.7 MMTPA polymers for marketing.

In order to achieve all the strategic goals, significant thrust is being given to strengthen and develop the human resource of your Company. Accordingly, recruitment, training and development policies are being suitably aligned with strategic objectives to enable your Company implement and achieve its strategic goals by 2020.

SEGMENT PERFORMANCE

During the year under review, the segment wise business performance of your Company is as under:

▶ Natural Gas Marketing

Natural gas continues to constitute your Company's core business. During 2013-14, gas sales clocked 79.18 MMSCMD, compared to 81.44 MMSCMD in the previous financial year. Major supplies of natural gas include fuel to power plants, feedstock for gas-based fertilizer plants and LPG extraction. Your Company holds around 67% market share in India's gas marketing.

▶ Transmission

▶ Natural Gas

Your Company owns and operates a network of about 11,000 kms of natural gas high pressure trunk pipeline with a pan-India capacity of around 206 MMSCMD of natural gas. Average gas transmission during the year was 96.22 MMSCMD, compared to 104.90 MMSCMD in the previous financial year mainly due to the decrease in gas from RIL's KG D6 block.

▶ LPG

Your Company is the only company in India, which owns and operates exclusive pipelines for LPG transmission for third-party usage. Your Company owns and operates two LPG pipeline transmission systems with a total length of 2038 kms. Out of this, 1415 km of pipeline network transports LPG from western to northern parts of India (Jamnagar - Loni LPG Pipeline) and the balance 623 kms of pipeline network transports LPG in the country's southern part (Vizag-Secunderabad LPG Pipeline). The LPG transmission system has a capacity to transport up to 3.8 MMTPA of LPG. In 2013-14, the LPG transmission through put achieved was about 3.15 Million MT.

▶ Petrochemicals

During 2013-14, your Company has produced 436 Thousand MT (TMT) of polymers and sold 445 TMT of polymers.

▶ LPG and Other Liquid Hydrocarbon Production

Your Company has seven LPG plants in the country for production of LPG and other liquid hydrocarbons. In 2013-14, the total liquid hydrocarbon production was 1307 TMT, which included 1030 TMT of LPG, 135 TMT of Propane, 22 TMT of Pentane and 120 TMT of Naphtha.

►► Exploration and Production (E&P)

The financial year 2013-14 has seen significant transformation of the E&P business of GAIL. The production of gas has started from overseas blocks A-1 and A-3, Myanmar.

Your company has earned a revenue of ₹ 244 crore from E&P activities through the sale of gas in A-1 and A-3 in Myanmar and crude oil in Cambay Onland block CB-ONN-2000/1 during the year 2013-14.

At present, GAIL has participating interest in 20 E&P blocks of which 18 blocks are in India and 2 in Myanmar.

GAIL is the Operator in three onland blocks viz. (i) RJ-ONN-2004/1 in Rajasthan basin awarded during NELP-VI bidding round, (ii) CY-ONN-2005/1 in Cauvery basin awarded during NELP-VII bidding round and (iii) CB-ONN-2010/11 in Cambay basin awarded during NELP-IX bidding round. GAIL is the non-operating partner in the remaining 17 blocks. In Rajasthan onland block, one well has been drilled during FY 2013-14 and future course of action is being charted. Drilling of wells is planned during the year 2014-15 in Cauvery onland block. In Cambay onland block, the acquisition of 131 KM² 3D seismic data has been initiated.

Declaration of Commerciality (DoC) for gas discovery has been submitted to the Government in Block MN-OSN-2000/2 (Mahanadi offshore Block, NELP-II) while DoC for gas discovery Kathalchari - 1 in Block AA-ONN-2002/1 (Tripura Onland Block, NELP-IV) has been recently approved by the Government.

BUSINESS ADVANCEMENT

►► Global Initiatives

In April 2013, GAIL Global (USA) LNG LLC, a US subsidiary of GAIL, signed a Terminal Service Agreement (TSA) with Dominion Cove Point LNG LP for booking 2.3 MMTPA liquefaction capacity in the Cove Point LNG liquefaction project located at Lusby in the State of Maryland in the US.

Under this agreement, your Company through its US subsidiary has to procure its share of natural gas and deliver it to the Cove Point pipeline for liquefaction at the terminal. Your Company has already short-listed potential gas suppliers / transporters for supply of gas to the Cove Point LNG liquefaction project. Discussions are underway with the short-listed party(s) for finalising the terms and conditions.

Your Company is pursuing Turkmenistan-Afghanistan-Pakistan-India (TAPI) natural gas pipeline project for import of gas to India. Asian Development Bank has been appointed as the Transaction Advisor (TA) for the TAPI project. Incorporation of a company for implementing the project is underway. Your Company is playing a lead role in discussions on the project.

►► Domestic Initiatives

The domestic business initiatives of your Company are as follows:

► Poly Butadiene Rubber (PBR) Plant

Your Company would be setting up a PBR plant of 110,000 tonnes per annum capacity at a cost of ₹ 2,575 crore at Dahej, Gujarat through a 50:50 joint venture with ONGC. The necessary approval for setting up the project has been obtained. The project is scheduled for commissioning during 2017 and your Company would be playing a lead role in executing the project.

► Natural Gas Pipeline Projects

During the financial year, your Company commissioned various pipeline networks and auxiliary systems, which include the following:

- Capacity Augmentation of Auraiya-Jagdishpur pipeline from Dibiyapur to SV-2 and from Sachendi to Kanpur Fertilizers & Cements Ltd.
- Karanapur-Moradabad-Kashipur pipeline has been further extended upto Rudrapur by commissioning of the Kashipur-Rudrapur pipeline.
- Commissioning of the Kochi-Kootanad-Bengaluru / Mangalore Phase-I pipeline done in August 2013 after receipt of LNG from PLL Kochi.
- Last Mile consumer connectivity (approximately:- 112 kms) extended to 66 numbers of consumers for supplying of natural gas around 5.55 MMSCMD.

► Non-Conventional Energy

Your Company has installed wind energy projects of 118 MW capacity. Your Company had started with a modest capacity of 4.5 MW wind energy in the state of Gujarat in year 2009-10 for captive use. After the success of the wind project, additional Wind Energy Generation of 14.7 MW was installed in the state of Gujarat for captive use in the year 2011-12. Your Company graduated to commercial production after commissioning 100 MW of wind energy projects in the states of Tamil Nadu and Karnataka in the year 2011-12.

In the year 2011-12, your Company entered into solar power generation by winning the bid to setup a 5 MW Solar Plant under the Jawaharlal Nehru National Solar Mission in Rajasthan. The project was commissioned in February 2013 and is generating 25000 - 28000 kWh per day.

SUBSIDIARIES & JOINT VENTURES

Your Company has formed subsidiaries and joint venture companies for City Gas Distribution (CGD), petrochemicals, LNG, gas trading, power generation and shale gas. Your Company is one of the pioneers in introducing city gas projects in India for natural gas supplies to households, commercial and transport sectors through its subsidiary and joint venture companies.

The details of subsidiary and joint venture companies are mentioned hereunder:

►► Natural Gas, LNG and Power

► GAIL Global (Singapore) Pte Limited (wholly owned subsidiary)



GAIL Global (Singapore) Pte Limited, primarily started as an overseas investment arm of your Company and was operationalized for LNG trading in 2012. It commenced its business operations by delivering its first cargo at Dahej in November, 2012. The Company is also targeting third-party sales, ship chartering and risk management activities along with supplying LNG cargoes to India. In the year 2013-14, GG SPL supplied 4 cargoes to GAIL.

The total revenue of the Company for 2013-14 was US \$ 189.33 Million and PAT was US \$ 1.16 Million.



Shri B.C. Tripathi, CMD, GAIL meeting with Mr. Wang Dongjin, Vice President, CNPC & President Petrochina in Beijing, China

► GAIL Global (USA) Inc (wholly owned subsidiary)



GAIL Global (USA) Inc., a wholly owned subsidiary of your Company, was formed during 2011-12 with the main aim to acquire 20% working interest in an unincorporated joint venture with Carrizo Oil & Gas Inc. in the Eagle Ford shale acreage in the state of Texas. The subsidiary is operational at Houston and going forward, it would explore other business opportunities in the US.

The total revenue of the Company for the year ended 31st December, 2013 was US \$ 38.03 Million and PAT was US \$ 4.52 Million.

► GAIL Global (USA) LNG LLC (wholly owned subsidiary of GGUI)



GAIL Global (USA) LNG LLC, a wholly owned subsidiary of GAIL Global (USA) Inc., was formed in the state of Delaware, USA on 28th March, 2013 for entering into contractual agreements with Dominion Cove Point LNG, LP for booking LNG tolling capacity of 2.3 MMTPA in its Dominion Cove Point LNG terminal located at Lusby in the state of Maryland and for booking capacity in associated Dominion Cove Point Pipeline.

GAIL Global (USA) LNG LLC has adopted calendar year as its fiscal year, as such the first accounts of the Company has been prepared for the year ended 31st December, 2013.

► GAIL China Gas Global Energy Holdings Limited

The joint venture company, GAIL China Gas Global Energy Holdings Limited, was formed with an objective to pursue gas sector

opportunities, mainly in China. Potential gas sector projects are being identified for implementation by the company. Your Company has 50% equity stake along with China Gas Holdings Limited as equal partner as per the agreement.

► Petronet LNG Limited (PLL)



PLL, which was formed for setting up of LNG import and re-gasification facilities, currently owns and operates an LNG re-gasification terminal of 10 MMTPA capacity located at Dahej, Gujarat. PLL has a long-term LNG supply contract with RasGas, Qatar for import of 7.5 MMTPA of LNG. PLL is undertaking capacity expansion to 15 MMTPA at Dahej for which pre-project activities are in progress. Further, PLL has also setup up an LNG re-gasification terminal at Kochi, Kerala with a capacity of 5 MMTPA which was commissioned in August, 2013. PLL has a long term LNG supply contract with Exxon Mobil's Gorgon Project for supply of 1.44 MMTPA of LNG for its Kochi terminal.

Your Company has 12.5% equity stake along with BPCL, Oil and Natural Gas Corporation (ONGC) and Indian Oil Corporation Limited (IOCL) as equal partners.

The total revenue of the Company for 2013-14 was ` 37,747.58 crore and PAT was ` 711.92 crore.

► Ratnagiri Gas and Power Pvt. Limited (RGPPPL)



RGPPPL was formed in July, 2005 as a joint venture with NTPC for taking over and operating the erstwhile Dabhol Power Project assets consisting of 1967.08 MW gas-based combined cycle Power Block and 5 MMTPA LNG Block. The assets were transferred to RGPPPL in October, 2005.

The power block has been revived and is under commercial operation since 19th May, 2009. The power block was operated at a Power Load Factor (PLF) of 8.74% with a generation loss of 12760 Million Units due to non-availability of domestic gas in FY 2013-14.

The gas delivery to your Company's pipeline network through high pressure delivery system was started in January, 2013 and commissioned with effect from 22nd May, 2013. Since the power generation is envisaged using the domestic gas entirely, the integrated LNG terminal shall be utilized for tolling purposes. RGPPPL has already entered into a long term agreement with GAIL for commercial utilization of LNG terminal and commenced tolling operations.

As on 31st March, 2014, the paid up capital of the Company was ` 2,964.90 crore and out of this, your Company's share of contribution was ` 974.31 crore.

Your Company has 32.86% equity stake in RGPPPL along with NTPC holding 32.86%, MSEB Holding Company Limited 17.41% and Indian Financial institutions 16.87%.

The Company's total revenue for 2013-14 was ` 2,216.34 crore and profit was ` 112.05 crore. However, the company is in financial crisis due to non-liquidation of high receivables from its beneficiaries leading to inability in meeting its debt servicing obligations for the year 2013-14.

► City Gas Distribution (CGD)

► GAIL Gas Limited (wholly owned subsidiary)



GAIL Gas was incorporated with the objective of focused implementation of City Gas Distribution (CGD) projects in the country. During the year, GAIL Gas laid 550 kms MDPE pipeline in the cities of Sonipat, Meerut, Dewas, Kota, Agra, Ferozabad & Bharatpur. New CNG stations were installed and are operational at Dibiyapur (Uttar Pradesh) & Kota (Rajasthan). Additional stations are planned at Firozabad, Bharatpur & Sonapat. During the year, GAIL Gas achieved conversion of 1,177 PNG Domestic customers progressively in the cities of Sonipat, Meerut, Dewas, Kota and Ferozabad and the total number of customers drawing gas went up from 4,427 in March 2013 to 5,604 in March 2014. The sales volume from industrial & commercial customers grew from 451.61 MMSCM in FY 2012-13 to 519.66 MMSCM in FY 2013-14.

The marketing activities of the Company are progressing well and it has tied-up over 844 industrial and 45 commercial consumers. To expand the business canvas, GAIL Gas formed a joint venture company with Vadodara Mahanagar Sewa Sadan (VMSS) to carry forward the ongoing City Gas Distribution business and augment the infrastructure for expanding CGD business in the city of Vadodara, and with Rajasthan State Petroleum Corporation Ltd. to form a joint venture company for implementation of CGD projects in the state of Rajasthan.

The total revenue of the Company for FY 2013-14 was ` 991.11 crore and PAT was ` 11.44 crore.

► Aavantika Gas Limited (AGL)



AGL was incorporated to implement CGD projects in Madhya Pradesh. As on 31st March 2014, AGL operated 14 CNG stations including 7 daughter stations, 5 online stations and 2 mother stations.

Further, as on 31st March 2014, AGL supplied PNG to around 1900 domestic, 19 commercial and 31 industrial consumers in its authorized geographical regions. AGL is also catering to the fuel requirement of over 11,500 CNG vehicles operating in the region. Your Company has 22.5% stake, along with HPCL as an equal partner.

The total revenue of the Company for 2013-14 was ` 115.26 crore and PAT was ` 0.50 crore.

► Bhagyanagar Gas Limited (BGL)



BGL was incorporated to implement CGD projects in Andhra Pradesh. As on 31st March, 2014, BGL operated 29 CNG stations including 24 daughter stations, 2 online stations and 3 mother stations.

Further, as on 31st March 2014, BGL supplied PNG to over 2100 domestic, 34 commercial and 2 industrial consumers in its authorized geographical regions. BGL is also catering to the fuel requirement of around 20,650 CNG vehicles operating in the region. Your Company has 22.5% stake, along with HPCL as an equal partner.

The total revenue of the Company for 2013-14 was ` 116.87 crore and PAT was ` 14.99 crore.

► Central U.P. Gas Limited (CUGL)



CUGL was incorporated to implement CGD projects in Uttar Pradesh. As on 31st March, 2014, CUGL operated 14 CNG stations including 2 mother stations, 11 online stations and 1 daughter booster station.

Further, as on 31st March 2014, CUGL supplied PNG to around 4200 domestic, 36 industrial and 77 commercial customers in its authorized geographical regions. CUGL is also catering to the fuel requirement of around 40,900 CNG vehicles operating in the region. Your Company has 25% stake, along with BPCL as an equal partner.

The total revenue of the Company for 2013-14 was ` 196.73 crore and PAT was ` 25.03 crore.

► Green Gas Limited (GGL)



GGL was incorporated to implement CGD projects in Uttar Pradesh. As on 31st March, 2014, GGL operated 14 CNG stations including 5 daughter stations, 5 online stations and 4 mother stations.

Further, as on 31st March 2014, GGL supplied PNG to over 3600 domestic, 3 industrial and 7 commercial customers in its authorized geographical regions. GGL is also catering to the fuel requirement of over 28600 CNG vehicles operating in the region. Your Company has 22.5% stake, along with IOCL as an equal partner.

The total revenue of the Company for 2013-14 was ` 162.01 crore and PAT was ` 22.62 crore.

► Indraprastha Gas Limited (IGL)



IGL was incorporated to implement CGD projects in Delhi's National Capital Territory (NCT) and cities in adjoining National Capital Region (NCR). As on 31st March, 2014, IGL operated 325 CNG stations including 75 mother stations, 212 online stations and 38 daughter stations.

Further, as on 31st March 2014, IGL supplied PNG to around 4.5 lacs domestic, 585 industrial and 1277 commercial customers in its authorized geographical regions. IGL is also catering to the fuel requirement of around 7.2 Lac CNG vehicles operating in the region, which includes the entire public transport of the national capital and also the world's largest bus fleet on CNG. Your Company has 22.5% stake, along with BPCL as an equal partner.

The total revenue of the Company for 2013-14 was ` 3,922.16 crore and PAT was ` 360.26 crore.

► Mahanagar Gas Limited (MGL)



MGL was incorporated to implement CGD projects in Mumbai and adjoining areas. As on 31st March, 2014, MGL operated 169 CNG stations including 19 mother stations, 130 online stations and 20 daughter stations.

Further, as on 31st March 2014, MGL supplied PNG to over 7 lacs domestic, 53 industrial and 2289 commercial customers in its authorized geographical regions. MGL is also catering to the fuel requirement of around 3.6 Lac CNG vehicles operating in the region. Your Company has 49.75% stake, along with British Gas as an equal partner.

The total revenue of the Company for 2013-14 was ` 1,885.15 crore and PAT was ` 297.25 crore.

► Maharashtra Natural Gas Limited (MNGL)



MNGL was formed for implementation of CGD projects in and around Pune. As on 31st March, 2014, MNGL operated 28 CNG stations including 5 mother stations, 8 online stations and 15 daughter stations.

Further, as on 31st March 2014, MNGL supplied PNG to over 12,300 domestic, 83 industrial and 31 commercial customers in its authorized geographical regions. MNGL is also catering to the fuel requirement of around 60,200 CNG vehicles operating in the region. Your Company has 22.5% stake, along with BPCL as an equal partner.

The total revenue of the Company for 2013-14 was ` 344.08 crore and PAT was ` 56.66 crore.

► Tripura Natural Gas Company Limited (TNGCL)



TNGCL was incorporated to implement CGD projects in Agartala. As on 31st March, 2014, TNGCL operated 4 CNG stations including 2 mother stations and 2 daughter stations.

Further, as on 31st March 2014, TNGCL supplied PNG to around 14,650 domestic, 45 industrial and 254 commercial customers in its authorized geographical regions. TNGCL is also catering to the fuel requirement of around 6150 CNG vehicles operating in the region. Your Company has 29% stake, in the joint venture.

The total revenue of the Company for 2013-14 was ` 42.19 crore and PAT was ` 6.57 crore.

► Petrochemicals

► Brahmaputra Cracker and Polymer Limited (BCPL) (Subsidiary)



BCPL is setting up a 2,80,000 TPA polymer plant and project execution is in progress. The total revised project cost, as approved by the Cabinet Committee for Economic Affairs (CCEA) in November 2011 is ` 8,920 crore. The Company is now in the final phase of project execution and has achieved an overall physical progress of 93.6% and financial progress of 81.03 % till the end of the financial year.

Your Company has 70% equity stake, with Oil India Limited (OIL), Numaligarh Refinery Limited (NRL) and the Government of Assam each having 10% equity share.

► ONGC Petro-additions Limited (OPaL)



OPaL is implementing a green field petrochemical complex of 1.4 MMTPA Polymer capacity at Dahej, Gujarat. Your Company is a co-promoter of the project, with 15.50% equity stake while Oil and Natural Gas Corporation Limited (ONGC) and Gujarat State Petroleum Corporation Limited

(GSPC) are the other promoters.

Apart from above, your Company holds equity interest in China Gas Holdings Limited, Fayum Gas Company, South-East Asia Gas Pipeline Company Limited and Gujarat State Energy Generation Ltd. It also has the right to appoint a Director on the Board of these companies.

During the year 2013-14, your Company disinvested 60 million shares of China Gas Holdings Limited and presently holds 150 million shares. The Company has a right to nominate a Director on the Board of the company.

IT ADVANCEMENTS

Your Company is an IT-savvy organization and is continually striving to provide the best of technology applications to its valued users. With newer interventions in the IT domain, we have not only endeavoured to attain seamless integration with GAIL's business transactions, processes and systems, but also proactively sensitized the users with emerging paradigms in system usage and technology transformations.

By adopting the latest and state-of-the-art IT solutions, which are keeping in pace with the fast changing industry and its way of working, we continually strive for efficiency enhancement of employees and have enabled access of required information to the right person, by the use of the latest IT security solutions.

Your Company is in the forefront of leveraging IT to bring in systemic improvements. In the last few years, your Company has introduced many new functionalities and features in SAP platform, which has been a part of the functional upgrade for bringing improvement and transparency in business operations. Your Company has also adopted latest and state-of-the-art IT solutions like Document Management System, and Private Cloud platform with Disaster Recovery (DR) setup of IT infrastructure, in line with the industry's latest technological advancements. Going further, System's manageability and availability have been enhanced substantially with this future-ready and DR-enabled cloud infrastructure.

Your Company is in the process of rolling out Business Intelligence - Analytics and Dashboard for easy and dynamic analysis of business critical information and its easy visualization.

Your Company is in the process of implementation of centralized enterprise-wide Geographic Information Systems (GIS)-based Pipeline Integrity Management System for its cross-country pipeline network, using industry standard assessment models in line with the national/international statutory codes. This will ensure seamless and consistent data flow from engineering to operations and also result in continuous updation of O&M data and aging of our pipelines.

For strengthening information security and identifying the potential internal and external threats, your Company has carried out Information Systems Audit through an expert external audit agency. The IT operations of your company have been certified with ISO 9001:2008. Your company is also preparing for ISO 27001 certification for Information Security Management Framework (ISMS) and Crisis Management Plan (CMP) in line with CERT-In Guideline.

HEALTH, SAFETY AND ENVIRONMENT MANAGEMENT

Health, Safety and Environment (HSE) management is a key driver of operational excellence in your Company. GAIL has an elaborate HSE Management System in place to ensure the health and safety of its employees and protect environment for a sustainable development. Your Company believes in prevention of all health, safety and environment hazards. HSE performance of various installations of your Company is monitored on a regular basis through monthly HSE reports, audits and Surprise Safety Checks by senior officials. HSE sub-committee of Board of Directors, which is the apex body for matters related to HSE, met three times during the year to review your Company's performance and emergency preparedness in this regard.



On 27th June, 2014, an unfortunate mishap occurred on the Tatipaka-Kondapalli gas pipeline segment of your Company leading to the loss of civilian lives and causing damage to the property in the vicinity. As a responsible Company, all efforts were undertaken for rescue. Your Company has also initiated steps towards relief and rehabilitation of the affected people. Further, your Company has decided to adopt the Nagaram Village and will endeavour to transform it into a model village.

Your Company has taken a number of measures to reassess and address safety related issues. M/s Engineers India Limited has been engaged to reassess the health, safety and integrity of various natural gas pipeline systems including KG Basin and the LPG pipeline networks. In addition, a reputed international consultant is being engaged to review and compare the Standard Operating Procedures (SOPs) and safety measures across GAIL's hydrocarbon assets with that of the international majors and reset benchmarks. Further, your Company's Internal Audit group has initiated fresh technical audits of the various pipeline systems. Further, the Company's Crisis Management Plan of 2012 is being overhauled including the measures taken to ensure swift reporting of incidents across the Company and external bodies. The framework of the HSE department is being further strengthened to ensure ZERO Tolerance to deviation from SOPs, increase safety awareness and enhance emergency response systems.

Your Company has taken a new initiative to implement Behavioural Based Safety (BBS) programme in its installations in a phased manner from this year as a part of continuous improvement of safety culture in the organization. This year, the BBS program was rolled out in the Company's process plants at Vijaipur, Vaghodia, Gandhar and Usar. Your Company identified common life threatening causes of accidents and launched a "Life Saver Scheme" for employees and workers. Your Company has prepared a Corporate Film on Health, Safety and Environment in GAIL to inform and educate our business partners and other stake holders.

▶▶ Corporate HSE Policy

Your Company is committed to conduct business with a robust and integrated HSE Management System with a focus on improving harmony with the environment through sustainable development. The safety and health of everyone who works for your Company is of paramount importance and these attributes are embedded within the core organizational values of GAIL. Our employees and contract workers are strongly encouraged to adopt a safe working culture and behaviour to ensure effective implementation of the HSE policy. Complying with applicable HSE rules and regulations and going beyond in setting internal targets is one the important elements of the HSE Management in your Company.

▶▶ Safety Performance

Safety performance is measured in your Company through "HSE index" which is evaluated on the basis of important HSE Management System elements. Your Company achieved the HSE index of 99.06% as against the MoU target of 98%.

▶▶ Safety Training

Your Company imparts regular and structured HSE training to its employees to upgrade their skills, knowledge and competence to carry out HSE-critical functions effectively. Regular training is also imparted to contract workers, tanker drivers and others to make them aware of the probable hazards in their work area and avoid unsafe acts.

Keeping in view the challenge posed by one of fastest growing waste stream i.e. e-wastes, your Company organized a two-day HSE workshop on the theme "E-Waste Management" for its business heads, fire and safety heads and environment engineers. Faculty from the Ministry of Environment & Forests and prestigious institutions imparted valuable insights about the e-waste management and the applicable rules and regulations.

▶▶ Safety Audits

Safety Audits are carried out in your Company to ensure implementation of the HSE Management system guidelines and emergency preparedness. Safety audits are carried out by external safety auditors and experienced in-house auditors.

▶▶ Occupational Health

Your Company has implemented occupational hygiene measures and medical surveillance programmes to monitor and control the occupational health of its employees. Your Company has prepared guidelines on occupational health management in the organization to manage the occupational health of its employees and workers.

The Corporate Occupational Health Committee met four times during the year to monitor the occupational health programme in your Company. As a measure of a broader coverage of occupational health programme, your Company formed eleven new local level occupational health committees at its compressors and pumping stations in addition to the existing six local level occupational health committees at its process plants. All employees of your Company at various work centres undertake periodic medical examination as per guidelines.

SUSTAINABILITY INITIATIVES

Your Company published its fourth Sustainability Report – 'Care Share and Grow' for FY 2013-14. The stakeholder centric report focuses on a growth that creates value for all our stakeholders. The report highlights the various initiatives taken in the economic, environmental and social dimensions to secure the long term interests of our stakeholders. 'Care Share and Grow' is in line with the global sustainability reporting standards of GRI (Global Reporting Initiative) G3.1 guidelines on Sustainability Reporting and the Oil & Gas Sector Supplement (OGSS). The report is externally assured in line with Assurance Standard AA1000AS with application level A+. It is a Type 2 Moderate level assured report including data verification at different sites of GAIL. The report is available on the GAIL website (www.gailonline.com).

Your Company has a defined Sustainability Governance Structure following a top-down approach that spans across various critical functions to effectively manage organizational complexities. The Sustainable Development Committee, sub-committee of the Board is headed by an Independent Director with all the Functional Directors as members except Chairman & Managing Director, supported by the Sustainable Development Steering Committee, headed by the Director (Business Development) to provide impetus and direction to achieve sustainability goals, meet targets and monitor on-ground implementation of the various initiatives. At sites, we have the multi-disciplinary Sustainability Committee and Sustainability Team at the corporate level.

One of the Gas Processing Units at Gandhar was certified for Energy Management System ISO 50001:2011, which enable a systematic approach in achieving continual improvement of energy performance,

including energy efficiency, energy use and consumption. Your Company has also taken up the implementation of SA 8000 across its operation with pilot site as Hazira Compressor Station. With this, it is aimed to ensure meeting the voluntary requirements in the workplace that will protect and empower personnel within a company's scope of control and influence.

This year, your Company participated in the Carbon Disclosure Project (CDP) for the first time. CDP is an international, not-for-profit organization providing the only global system for companies and cities to measure, disclose, manage and share vital environmental information. Your Company is the highest scoring public sector company among the Indian CDP responders in 2013.

Your Company is the only PSU in Oil and Gas sector to become the founding member of the GRI Focal Point India Sustainability and Transparency Consortium. The Consortium provides a platform to share and engage with various organizations to discuss issues related to sustainability reporting. Your Company also hosted the launch of the GRI G4 Guidelines in India at GAIL Corporate Office in Delhi. In addition, senior officials of your Company had a fruitful interaction with senior executives from GRI, sharing industry perspective in the field of sustainability.

Your Company also became the founding member of the India Green House Gas (GHG) Program along with various other major companies. The programme is a voluntary initiative launched by World Resources Institute (WRI) India, the Confederation of Indian Industry and The Energy and Resources Institute on GHG accounting, standardize measurement and management of GHG emissions in India. The programme promotes a more competitive, profitable and sustainable business environment, broadening engagement between policymakers and the business sector in supporting the overall advancement of national goals.

Going beyond the mandatory requirements, your Company has set clear targets through Sustainability Aspirations 2020, with respect to the management of Green House Gas (GHG) emissions, water consumption, energy efficiency and training / awareness on sustainability. This initiative has been highly appreciated at various national and international forums. The details of the progress are presented in our Sustainability Report FY 2013-14. All these initiatives are aimed at building the social and environmental capital of your Company to make it a truly sustainable company.

In line with the SEBI requirements, your Company provides a complete disclosure on the Company's performance on the 9 Principles of National Voluntary Guideline and Core Elements. The BRR FY 2013-14 is contained in a separate section in the Annual Report FY 2013-14.

INCLUSIVE GROWTH- INITIATIVES FOR SOCIAL GROWTH

Your Company believes that CSR plays a major role in developing a nation. Therefore, your Company has made Corporate Social Responsibility (CSR) an integral part of its ethos and culture. Your Company has a dedicated team operating within the framework of a well-structured CSR policy, which mandates 2% contribution of the Company's PAT to CSR activities. Further, your Company has constituted a CSR Committee of the Board to deliberate and decide on the CSR proposals. The details of the same are contained in the report on Corporate Governance.

Following the project-based approach as put-forth by the DPE and as detailed in your Company's CSR policy, your Company has implemented

CSR programmes primarily in and around the rural areas adjoining major work centres/installations of your Company. These programmes are taken up under the seven thrust areas identified by your Company - education /literacy enhancement, skill development/ empowerment, community development, drinking water/ sanitation, environment protection/ horticulture, infrastructure and healthcare/ medical facility. Major initiatives undertaken by your Company under these thrust areas are detailed in Management Discussion & Analysis.

VIGILANCE

Various improvements were introduced in systems and processes by your company for achieving better e-governance. Some of these significant improvements are:

- Complaint Monitoring System (CMS) to process all complaints which are received in various work centres and departments centrally.
- E-Tendering threshold limit has been reduced from ` 50 lacs to ` 25 lacs.
- Renewal of ISO Certification of Corporate Vigilance Department.
- Quarterly automatic alerts to respective Officer In-charge for taking suitable action to resolve instances of outstanding retention money of the vendors.
- Improvements have been made in Tender Monitoring System to generate more customized reports.

Vigilance Awareness Week-2013 was observed from 28th October, 2013 to 2nd November, 2013 under the aegis of the Central Vigilance Commission (CVC), at the Corporate Office, New Delhi and at all your Company work centres. Shri Pratyush Sinha, former Central Vigilance Commissioner graced the inaugural ceremony as the Chief Guest and administered Vigilance Pledge to the employees. On this occasion, a magazine "JAGROOK" published by the Corporate Vigilance Department, containing CVC circulars and articles on the subject of Good Governance including case studies was released. The theme of the Vigilance Awareness Week this year was "Promoting Good Governance Positive Contribution of Vigilance". In order to spread awareness of the theme, various competitions such as online quiz, essay writing (Hindi & English), slogan writing (Hindi & English) and poster painting were organized across different centers of your Company. A customer interactive meet and a vendor interactive meet were organized at Jaipur and Noida respectively. Customers from various segments such as Natural Gas, Liquid Hydrocarbon and Petrochemical as well as vendors providing project related services/supplies to your Company actively participated in the two meets.

CAPABILITY BUILDING

Your Company lays a strong emphasis on attracting, acquiring and deploying the best talent across all its business functions. A highly engaged and dynamic workforce has led to a continuous rise in the value added per employee in the last 5 years. Value added per employee gives an account of efforts of the Company's employees to make the best and most productive use of the resources available to them.

» Training

Your Company lays great emphasis on the development of human resources in the existing and new areas of its business. GAIL Training Institute (GTI) organizes systematic and structured programmes for capability building across all levels within the organization. In recognition of its initiatives, GTI has received the prestigious national



award for Innovative Training Practices from the Indian Society for Training and Development (ISTD) and the Golden Peacock National Training Award - 2014.

GTI, Noida and Jaipur have maintained the track record of excellent MoU performance in all the parameters in the MoU signed with the administrative ministry. The key achievements are as under:

- ▶ Percentage actualization of training plan has been more than 100% for the financial year ending 31st March, 2014. A total 224 training programmes were organized during the period under review. 17910 man-days of training were organized by GTI, Noida & Jaipur in the above period. Training days per employee is 4.51.
- ▶ The development plan of the executives is directly linked with the Performance Management System.
- ▶ Training budget as percentage of employee cost for FY 2013-14 is 4.71%.
- ▶ A mentorship programme has been established for the new joining executives and all mentees have been assigned their respective mentors.
- ▶ Yoga classes are organized at GTI and at various sites to reduce stress. Eleven programmes/sessions were organized during FY 2013-14.
- ▶ 96 man-days of training on awareness of succession planning have been organized.
- ▶ 56 man-days of training have been imparted on Risk Management to GAIL employees.
- ▶ 216 man-days of training have been imparted on Project Management to GAIL employees.
- ▶ With the objective to share and manage knowledge within the organization, Technical Knowledge Sharing Seminar and sessions are organized every year.
- ▶ 5 company wide business quizzes were organized to keep the GAIL employees updated with the latest developments in the business areas of GAIL.

In its pursuit of offering training programmes to external organizations and to convert itself into a revenue generating centre, GTI has successfully organized training programmes for participants from other organizations like RGPPL, HPCL, BCPL, IGL, MGL, MNGL, GSPIL, HMEI etc. Further, in collaboration with the American Society

of Mechanical Engineers (ASME), USA, GTI is successfully running certificate courses in ASME B31.8, B 31.8S and B 31Q for various external organizations.

▶ Development Programme for Senior Management

Your Company realizes that it is critical to continually strive to develop and enhance the capability and competence of its senior level executives in order to prepare them for future leadership positions. As an effort towards the same, the Senior Management Development Centre (SMDC) exercise has been undertaken as part of the Leadership Development Program. SMDC has been conducted for senior executives in the Chief Manager and above grades and as of now around 600 senior executives have been covered under this exercise.

In order to fill in the developmental gaps of such executives identified through the SMDC exercise, a comprehensive Individual Development Plan (IDP) has been drawn up for all the participants of SMDC exercise. The IDP consists of customized training programmes at premier business schools, e-learning courses and distribution of books.

▶ Representation of Priority Section

Your Company has been complying with the Presidential Directives and other instructions/guidelines issued from time to time pertaining to Policies and Procedures of Government of India in regard to reservation, relaxations, concessions etc. for Scheduled Castes (SCs), Scheduled Tribes (STs), Other Backward Classes (OBCs) and Persons with Disabilities (PWDs) in direct recruitment.

Details with regard to group wise total number of employees and the representation of SCs, STs and OBCs amongst them in your Company as on 31st March, 2014 are given in the table below:

GROUP	EMPLOYEES ON ROLL	SC	ST	OBC (NCL)	PWD
A	2947	454	180	513	38
B	592	123	72	99	12
C	424	77	14	126	33
D	52	17	5	14	2
TOTAL	4015	671	271	752	85

A total of 132 new employees joined the Company during the FY 2013-14. The total manpower of the Company as on 31st March, 2014 stood at 4022 (including Whole-Time Directors & CVO) with 16.71% the Company's employees belonging to the SC category; 6.75 % to the ST category; 18.73 % to the OBC (NCL) category; 8.02 % to minorities and 2.12 % to PWDs category. Your Company's workforce comprised of 244 women employees as on 31st March, 2014.

▶ Official Language

Your Company is continuously making vigorous efforts for the propagation and successful implementation of the Official Language Policy of the Union. The Official Language Implementation Committees at Corporate as well as work centre level held their quarterly meetings regularly to monitor and review the progress made in achieving the targets fixed in the Annual Programme.

In an endeavour to familiarize the new entrants in the company with the Official Language Act and various OL rules, training to ETs and GETs is being imparted at the induction level. To inculcate the

knowledge of the Official Language among the newly promoted employees from S7 to E1 and E2 grades, special 2-days' training programmes have been designed and implemented at the corporate level besides other regular workshops at all the work centres.

With a view to create greater awareness and consciousness among employees, Hindi Fortnight was celebrated from 14th to 28th September, 2013 across the Company. During the fortnight innovative and interesting competitions, cultural activities, Kavi Sammelan, seminars on Hindi activities etc. were conducted. Every Monday/first working day of the month is being observed as Hindi Diwas across the Company.

Bilingual software with Unicode fonts were made available across the Company. To impart working knowledge of Hindi as well as computer training to employees in bilingual software, a comprehensive and time bound programme was prepared and implemented during the year.

As an innovative initiative, names of all employees of your Company in official e-mail IDs are being displayed in Hindi also. The terminology being used across GAIL has been standardized and circulated.

Training in translation is being provided to all nodal officers on quarterly basis through the Central Translation Bureau, Ministry of Home Affairs.

In order to provide a larger platform to discuss the problems and difficulties in implementation of the Official Language, an annual conference was organized on 22nd February, 2014 wherein senior officials from corporate office and work centres participated and shared their valuable thoughts.

The bilingual website of GAIL was launched on 22nd February, 2014 by Director (HR).

In order to cultivate the habit of reading Hindi books among employees of GAIL and their family members, two books 'Anger Management' and 'Time Life Management' in Hindi were distributed to all employees on the occasion of 'Vishwa Hindi Diwas'.

► Women Empowerment

To encourage and recognize the role of women employees in your Company's success story, GAIL Women Employees Award Scheme has been instituted since 2009. Since then, every year awards to Women employee(s) based on their performance in their functional area are conferred on the International Women's Day.

INNOVATION, RESEARCH & DEVELOPMENT

Your Company firmly believes that innovation can lead to multiple benefits for the organization. Accordingly, the Company makes constant efforts to create a culture that supports innovation in all its business verticals. Your Company has a Suggestion Scheme for the employees to promote organization-wide idea generation for incremental innovation. The suggestions are evaluated in a time bound manner for implementation and the best suggestion is awarded with the CMD trophy.

As part of the activities of Sectoral Innovation Council by MoPNG, your Company has been nominated as the coordinator for mid-stream sector of Oil & Gas industries and aims to promote industry-wide innovation in the sector.

Your Company has further intensified its thrust on Research & Development (R&D) activities and put in place a R&D Policy and Manual that streamlines the Selection, Award and Monitoring of R&D projects. Your Company is pursuing various R&D projects in identified thrust areas

with a focus on developing high-impact innovative technologies that unlock new energy sources, improve efficiency of existing operations, and add value to the products. In addition, few projects are also being pursued on CO₂ utilization to reduce carbon footprint.

Your Company has successfully completed a pilot project for Land Fill Gas (LFG) recovery at Ghazipur Landfill site, Delhi. This is the first project of its kind in India to be implemented on an active landfill site. It is also the first project of your Company to have been successfully validated and registered with UNFCCC for availing carbon credits. This project shows your Company's efforts towards sustainable utilization of resources.

Your Company has a judicious mix of R&D portfolio comprising of various Basic/Applied/Pilot & Technology development projects encompassing the natural gas value chain. In addition, few projects are also being pursued in upcoming areas like Underground Coal Gasification, Fuel Cells, Hydrogen, and Gas Hydrates in line with the Company's aspiration to emerge as an integrated hydrocarbon major by 2020. These projects are being pursued in association with reputed research organizations / institutes.

TOTAL QUALITY MANAGEMENT (TQM)

Your Company continues to focus on continual and sustainable improvement in the process, system and functional areas. Customer satisfaction is the top agenda of your Company and is being continuously monitored through regular interactions. Preliminary steps have been undertaken by the department to initiate Deming Prize related works for one of its units. Major achievements of your Company in TQM are as under:

- Customer Satisfaction Index achieved during FY 2013-14 is 92%.
- Your Company has undertaken 137 number of QC Projects at various work centres of GAIL which have resulted in financial savings of ₹ 826.49 lacs (tangible gains) from these projects for the FY 2013-14, which has led towards continual improvement (intangible gains) as well as tangible gains.
- LPG Gandhar plant received Energy Management system certificate of ISO:50001-2011

PROCUREMENT FROM MSEs

The Government of India has notified a Public Procurement Policy for Micro and Small Enterprises (MSEs), Order 2012. In terms of this policy, the total procurement made from MSEs (including MSEs owned by SC/ST Entrepreneurs) during the year 2013-2014 for goods & services is about ₹ 18,000 lacs which is approximately 8.64% of the total procurement of goods & services of about ₹ 2,08,000 lacs.

MOU PERFORMANCE

A Memorandum of Understanding (MoU) is signed every year between your Company and its administrative ministry i.e. MoPNG, with the aim to enhance the performance level of the Company through the targets set therein. The MoU for the year 2013-14 was signed between the Chairman & Managing Director and the Secretary (P&NG), Government of India on 25th March, 2013.

The thrust while fixing MoU targets was more towards improving performance on critical aspects of the Company which include gas marketing, gas transmission, project implementation, Capital expenditure, New Business Areas, Quality Management and Safety among others. Significant thrust has been given on Corporate Social Responsibility, R&D, Sustainability, Human Resources and Corporate Governance.

Your Company has been consistently achieving an excellent MoU rating from the inception of MoU system i.e. from 1989-90 to 2012-13. For the year 2013-14, inspite of the economic slowdown and relatively unfavourable conditions compared to preceding years, GAIL is hopeful in achieving an excellent performance. The final ratings of your Company on MoU 2013-14 shall be declared in August 2014.

LAURELS

» Corporate

- ▶ Greentech Gold Award for outstanding achievement in Corporate Social Responsibility (CSR) in Gold Category.
- ▶ Global HR Excellence Award for Talent Management 2014 and Best Employer 2013-14 award for Best HR Strategy in Line with Business, by World HRD Congress.
- ▶ Sustainability Performance Award by Indian Chamber of Commerce at 4th Corporate Governance and Sustainability Vision Summit & Awards 2014.

» HSE

- ▶ International Safety Award-2014 with merit from British Safety Council, UK to GPU, Vijaipur/GAIL Khera.
- ▶ International Safety Award-2014 from British Safety Council, UK to GAIL Vaghodia (4th time in a row)/Gandhar/NCR/Rajamundry.
- ▶ Golden Peacock Environment Excellence Award-2013 to GAIL Gandhar from Institute of Directors, New Delhi.
- ▶ Golden Peacock Occupational Health and Safety Award-2013 to GAIL Lakwa from Institute of Directors, New Delhi.
- ▶ National Safety Council of India (NSCI) Suraksha Puraskar (Bronze Trophy)- 2012 to LPG Plant, Vijaipur.
- ▶ National Safety Council of India (NSCI) Suraksha Puraskar (Bronze Trophy)- 2012 to HVJ Compressor Station, Vijaipur.
- ▶ National Safety Council of India (NSCI) Prashansa Patra-2012 to GAIL, Vaghodia.
- ▶ Safety Innovation Award-2013 from Institution of Engineers (India) to GAIL Usar/Vaghodia/ Mumbai/Mansarampora/Abu Road.
- ▶ Gujarat State Safety Award-2012 (Shield) to GAIL, Vaghodia.
- ▶ Gujarat Safety Council 'Appreciation Certificate' for Safety to RPNHQ, Vadodara region for the year of 2012.

RIGHT TO INFORMATION

In order to promote transparency and accountability, an appropriate mechanism has been set up across the Company in line with the Right to Information Act, 2005. Your Company has nominated ACPIOs/ CPIO/ Appellate Authorities at its units/offices across the country to provide information to citizens under the provisions of RTI Act.

SUBSIDIARY COMPANIES AND CONSOLIDATED FINANCIAL STATEMENTS

As per Section 212 of the Companies Act, 1956, documents in respect of subsidiary companies viz. Directors' Report, Auditor's Report, Balance Sheet and Profit & Loss Account are required to be attached to the Balance Sheet of the holding Company. The Ministry of Corporate Affairs vide circular dated 8th February, 2011, has granted exemption under section 212 of the Companies Act, 1956 to companies from attaching the aforesaid documents of subsidiary companies with the Annual Report, subject to compliance of the conditions mentioned in the said circular.

Your Company has five subsidiary companies as on 31st March, 2014. Your Board has accorded the necessary approval for not attaching Directors' Report, Balance Sheet, Profit & Loss Account, Auditor's Report and other



Shri B.C. Tripathi, CMD, GAIL receiving CWC LNG Executive of the Year Award

statutory data/ documents of subsidiary companies viz. GAIL Gas Limited, Brahmaputra Cracker & Polymer Limited, GAIL Global (Singapore) Pte Limited, GAIL Global (USA) Inc. and GAIL Global (USA) LNG LLC with the Balance Sheet of your Company. All the conditions mentioned in the circular are being complied to by your Company. The Annual Report of the said subsidiary companies is available on your Company's website www.gailonline.com. Besides, a physical copy will be made available to the shareholders on request in writing.

Consolidated Financial Statements, as per applicable Accounting Standards and statement containing brief financial details of your Company's subsidiaries for the financial year ended 31st March, 2014 form part of the Annual Report. Annual accounts of subsidiaries and the related detailed information are open for inspection by any member at the registered office of the Company and of the respective subsidiary companies during working days.

MANAGEMENT DISCUSSION AND ANALYSIS

The detailed Management Discussion and Analysis forms a part of this report at Annexure- A.

CORPORATE GOVERNANCE

Your Company believes that good corporate governance is critical in establishing a positive organizational culture and it is evident by responsibility, accountability, consistency, fairness and transparency towards its stakeholders. Pursuant to clause 49 of the Listing Agreement and DPE guidelines on Corporate Governance, a report on Corporate Governance forms part of this Report at Annexure- B.

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 at Annexure- C.

Secretarial Compliance Report confirming compliance by Practicing Company Secretary to the applicable provisions of the Companies Act, 1956, Listing Agreement, DPE guidelines on Corporate Governance, SEBI Guidelines, forms part of this Report at Annexure- D.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION

The details of conservation of energy and technology absorption in accordance with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 forms a part of this report at **Annexure-E**.

PARTICULARS OF EMPLOYEES

As per provisions of section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, every company is required to provide particular of employees in the Directors' Report exceeding the stipulated remuneration limit(s).

However, as per notification dated 31st March, 2011 issued by the Ministry of Corporate Affairs, amending provisions of said rules, has exempted Government companies for not including such particular in the Directors' Report. As your Company is a Government Company, such particulars have not been included as part of Directors' Report. Any member desirous of obtaining such particulars may write to the Company and the same will be provided.

FIXED DEPOSITS

Your Company has not accepted any fixed deposits and, as such, no amount of principal or interest was outstanding as of the balance sheet date.

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, foreign exchange earnings were ` 210.01 crore and foreign currency outgo was ` 9,229.22 crore.

During the year under review, there was an outgo of ` 3.97 crore on foreign tours and training and ` 1.35 crore on advertising and publicity.

DIRECTORS

During the year, the following ceased to be Directors on the Board of your Company:

- Shri Arun Agarwal, Independent Director w.e.f. 23rd February, 2014 consequent upon completion of tenure for 3 years.
- Shri R.D. Goyal, Director (Projects) w.e.f. 28th February, 2014 upon attaining the age of superannuation.

Dr. Ashutosh Karnatak, Director (Projects) was appointed on the Board of your Company as Additional Director w.e.f. 1st March, 2014.

The tenure of Shri B.C. Tripathi as Chairman & Managing Director was extended for a period of five years beyond 31.07.2014 by Government of India

Further, Shri Prabhat Singh, Director (Marketing) and Shri P. K. Singh, part-time (Govt. Nominee) Director are retiring by rotation and being eligible have offered themselves for re-appointment.

The Board placed on record its deep appreciation for the valuable services rendered by outgoing Directors during their association with your Company.

CODE OF CONDUCT

Pursuant to the requirements of clause 49 of the Listing Agreement and DPE guidelines on Corporate Governance, the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the financial year ending 31st March, 2014.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors confirmed that:

- in the preparation of the annual accounts for the financial year ending 31st March, 2014, the applicable accounting standards have been followed, along with proper explanation relating to material departures;
- selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;

- taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- prepared the annual accounts for the financial year ending 31st March, 2014 on a going concern basis;
- have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively and
- laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.

AUDITORS

» Statutory Auditors

The statutory auditor of your Company is appointed by Comptroller & Auditor General of India (CAG). M/s M. L. Puri, Chartered Accountants, New Delhi and M/s G.S. Mathur & Co., were appointed as Joint Statutory Auditors of your Company for 2013-14.

The review of your Company's Annual Accounts for the financial year ending 31st March, 2014 by CAG forms part of this report. Notes on accounts referred in the Auditors' Report are self-explanatory and therefore, does not call for any further comment.

» Cost Auditors

Your Company has appointed M/s Rohit & Associates, Vadodara; M/s R Nanabhoy & Co., Mumbai; M/s Chandra Wadhwa & Co., New Delhi; M/s M Goyal & Co., Jaipur; M/s Dhananjay V. Joshi & Associates, Pune; M/s DGM & Associates, Guwahati; M/s Mani & Co., Kolkata and M/s K.L. Jaisingh & Co., Noida as cost auditors for 2013-14.

The due date for filing cost audit reports for the financial year ended 31st March, 2013 was 27th September, 2013 and the same were filed to Registrar of Companies on 24th September, 2013.

ACKNOWLEDGMENT

Your Directors express their gratitude for help, guidance and support received by the Government of India, especially the Ministry of Petroleum and Natural Gas, various state governments, and regulatory and statutory authorities.

Your Directors acknowledge wise counsel received from Statutory Auditors and CAG and are grateful for their consistent support and cooperation.

Your Directors also wish to thank all the shareowners, business partners and members of GAIL family for reposing their faith, trust and confidence in your Company.

On behalf of your Directors, I would like to place on record our deep appreciation for the hard work, dedication, commitment and solidarity of your Company's employees.

Your Directors and employees look forward to the future with confidence and stand committed to creating a bright future for all stakeholders.

For and on behalf of the Board



B.C. Tripathi
Chairman & Managing Director

Management Discussion and Analysis

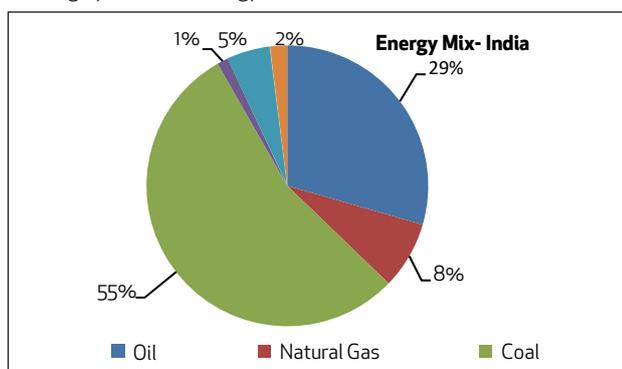


MANAGEMENT DISCUSSION AND ANALYSIS

1. INDIA ENERGY SECTOR OVERVIEW

India is the fourth largest primary energy consumer, after China, USA and Russia. It accounts for more than 4.5% of the total global annual energy consumption. In India, 818 million people, or around two-thirds of the population, rely on traditional biomass – almost twice as many as in China, which is ranked second in world. As per India Energy Congress (IEC)-2013 on Securing Tomorrow's Energy Today - Policy & Regulations, if India grows at the rate of 8% or more, higher than average demand for energy will persist.

The Indian economy over the period has seen an upward trend and despite the recent slowdown, the energy consumption has been rising. Coal is the mainstay of India's energy sector and accounts for over 50% of primary commercial energy supply as well as the total power generated in the country, 73.8% of which comes from coal based thermal power stations. The next big share of energy portfolio in India is dominated by hydrocarbons and less than 10% of energy comes from other sources like hydro, renewables and nuclear. Natural gas accounts for roughly 8% of the energy mix of India.



(Source: BP Statistical Review)

As per the International Energy Agency (IEA) - Energy Outlook, India will become the second-largest coal consumer – surpassing the United States – and the largest coal importer by 2025. Oil demand in India will reach more than 8mb/d (million barrels/day) in 2035, with road transport taking the largest share. Demand is expected to grow briskly in India to over 110 Billion Cubic Metre (BCM) of natural gas. Residential demand for liquefied petroleum gas (LPG) and kerosene will also account collectively for nearly 1mb/d. Between 2020 and 2035, solar capacity will also increase rapidly in India by about 75 GW. After 2025, the focus of energy demand shall shift within developing Asia towards India and, to a lesser extent, towards Southeast Asia.

Energy demand (MTOE)						
	1990	2011	2020	2025	2030	2035
Coal	103	326	425	499	588	681
Oil	61	167	224	273	325	380
Gas	11	50	72	94	116	143
Nuclear	2	9	21	32	43	53
Hydro	6	11	15	20	26	32
Bioenergy	133	185	202	208	210	213
Other renewables	0	2	12	19	28	38
Total	317	750	971	1146	1336	1539

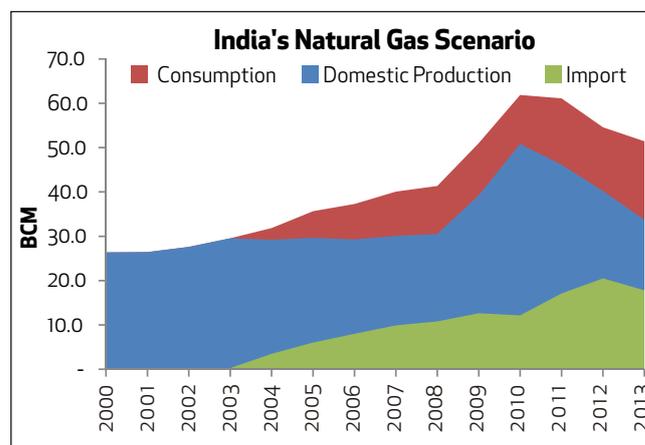
Source: International Energy Agency (IEA) - Energy Outlook -2013

2. NATURAL GAS SECTOR OVERVIEW

Demand and Supply

For the period 2008-13, India's natural gas consumption consistently exceeded domestic gas production, leading to increased dependence on LNG imports to meet the shortfall. While India's total consumption of natural gas rose from 41.3 BCM (113.16 MMSCMD) in 2008 to 51.4 BCM (161 MMSCMD) in 2013, the domestic production over the same period was 30.5 BCM (83.57 MMSCMD) in 2008 and 33.7 BCM (92 MMSCMD) in 2013. Power, Fertilizer, LPG, Steel and Petrochemicals have been the key consumption drivers of natural gas.

The total LNG imports required to meet the demand-domestic supply gap was 10.79 BCM (29.56 MMSCMD) in 2008 which further rose to 17.8 BCM (48.8 MMSCMD) in 2013. Qatar has historically been the main supplier of LNG to India contributing 86.3% of volumes imported in 2013 and Nigeria remains the second largest supplier with 5.2% of volumes in 2013. Yemen contributed close to 4% of imported LNG in 2013. Other countries such as Norway, Algeria, Egypt, and Brunei supplied the remaining of India's import needs.



(Source: BP Statistical Review)

Policy Initiatives

In order to deal with the widening demand-supply gap for gas, and with an aim to attract investments in the gas sector, the central government is taking the following steps:

- Intensification of domestic E&P activities through NELP Round X.
- Domestic Natural Gas price hike
- Development of LNG terminals
- Approval of shale gas and oil exploration policy

Outlook

Gas Consumption

As per IEA Energy Outlook 2013 for India, gas consumption is expected to remain constrained in the short to medium term due to reduced domestic gas production and the high cost of imported LNG. However, consumption shall pick up again in the later part of the decade, as the supply situation improves, with the power sector leading the way and accounting for almost half of total gas use by 2035 (80 BCM out of a total of 170 BCM). Consumption in the transport sector is also set to increase strongly, to reach 18 BCM. India is already one of the global pace-setters for natural gas vehicles.



Gas availability - 12th and 13th five year plans (MMSCMD)

Year	Domestic Sources	LNG Imports	Gas Imports(Cross border Pipelines)	Total gas Availability
2012-13	101.1	44.6	0	145.7
2013-14	102.5	64.4	0	166.9
2014-15	110.9	85	0	195.9
2015-16	120.4	123.6	0	244
2016-17	156.7	143	0	299.7
2017-18	161.4	188	30	379.4
2018-19	166.2	188	30	384.2
2019-20	171.2	188	30	389.2
2020-21	176.4	188	30	394.4
2021-22	181.6	188	30	399.6

(Reference: "Vision 2030" Natural Gas Infrastructure in India, Report by Industry Group for Petroleum & Natural Gas Regulatory Board, June 2013)

» **Pipeline**

India has ambitious plans to expand the pipeline network over the 12th and 13th five year plans and expects the total operational network length to reach 32,727 kms by 2030. Of this 29 gas pipelines representing 15,928 kms of additional network is expected to be operational by the end of the 12th plan itself.

(Reference: "Vision 2030" Natural Gas Infrastructure in India, Report by Industry Group for Petroleum & Natural Gas Regulatory Board, June 2013)

» **Regassified-liquid Natural Gas (RLNG)**

RLNG capacity is expected to double within the next 2-3 years. India currently has 4 RLNG terminals, along the west coast, with 21.2 MMTPA of regasification capacity. There are plans for significant capacity expansion along existing terminals and with new terminals planned at Ennore, Mundra, Gangavaram and a FSRU at Kakinada. Plans for adding additional capacity to existing terminals, if fully met, will increase the total regasification capacity at the four terminals to 40 MMTPA.

3. ORGANIZATION OVERVIEW

» **Global Presence**

Your Company is constantly expanding its global presence through its participation along the natural gas value chain. It is also evaluating various global opportunities with the prime objective of securing gas supplies for the energy security of the country and acquiring technical know-how in the upstream sector.

Your Company is a part of consortium in two offshore E&P blocks (A-1 & A-3) in Myanmar. The gas production from these two blocks started in January 2014 and July 2013 respectively. Around 8 MMSCMD of gas is being produced and supplied from these blocks to China through the South East Asia Gas Pipeline Company Limited (SEAGP) in which your Company is also an equity partner. Your Company has achieved a major milestone of becoming a gas producer as well as a supplier outside India.

Your Company also has a wholly-owned subsidiary namely, GAIL Global (Singapore) Pte Ltd (GG SPL) in Singapore. The trading modalities of GG SPL would be based upon leveraging GAIL's long term LNG portfolio and margin value creation by trading of LNG to the third parties.

Your Company has also established its wholly-owned subsidiary namely, GAIL Global (USA) Inc., during FY 2011-12 to monitor investments made in the Eagle Ford Shale acreage of Carrizo Oil & Gas Inc; in the State of Texas and further explore other business opportunities related to the natural gas sector in North America. Through this investment, your Company is in the process of acquiring shale gas technology by deputing its employees in Carrizo Oil & Gas Inc. The technical know-how gained by GAIL shall be effectively utilized for shale gas exploration in India.

Further, GAIL Global (USA) LNG LLC, a step-down subsidiary under GAIL Global (USA) Inc; entered into a Terminal Service Agreement (TSA) with Dominion Cove Point LNG LP for booking 2.3 MMTPA liquefaction capacity in the Cove Point LNG liquefaction terminal project located at Lusby in the state of Maryland in the US. It is envisaged that capacity booking would provide a platform for your Company to participate along the entire gas value chain in the US gas market. Discussion with potential suppliers for sourcing and transportation of gas to Cove Point LNG liquefaction terminal is underway and the agreement is expected to be concluded shortly.

Your Company is also playing a lead role in Turkmenistan-Afghanistan-Pakistan-India (TAPI) natural gas project for import of gas to India from Turkmenistan. Various agreements related to gas supply and transportation have already been concluded.

Your Company holds equity interest in two retail gas companies in Egypt, namely Fayum Gas Company (FGC) and National Gas Company (Natgas), the city gas distribution companies involved in supply of gas to residential, commercial and small industrial customers in Egypt. The investment in Natgas was made through GG SPL.

Your Company is also an equity partner in China Gas Holdings Limited (China Gas), a retail gas company involved in city gas and CNG business in China.

» **Natural Gas Transmission**

Your Company is the market leader in the transmission of natural gas with around 11,000 kms of pipeline network. Based on feedback received from existing shippers, your Company is taking steps to make transmission services more user friendly. Further, your Company also sought Expression of Interest from potential shippers for booking of capacity in its various upcoming natural gas pipelines to ensure utilization of its pipeline infrastructure. It has received a good response from various shippers for booking of capacity along various upcoming natural gas pipelines. Your Company has also taken a number of initiatives to broaden the natural gas market in India including hiring of specialized agencies to carry out demand estimation exercise in various states.

Agreements were executed with various shippers in Andhra Pradesh to transport and supply gas through swapping mechanism to meet their shortfall of gas for power production. Besides, new tie-ups (on upcoming pipelines) were executed to ensure utilization of pipelines owned and operated by your Company. With respect to LNG, execution of GTAs with number of shippers is under progress to transport the gas.

» **Inter-State Gas Grid**

Your Company is implementing the following major Natural Gas pipelines:

1. Kochi - Koottanad- Bengaluru/ Mangalore Pipeline (Phase-II) (Length-895kms)
2. Jagdishpur - Haldia Pipeline (Length-2050 kms)
3. Surat - Paradip Pipeline Projects (Length-1990 kms)

Apart from these pipelines, your Company is also executing spurlines connectivity to Chittorgarh in Rajasthan, Rishikesh and Dehradun in Uttarakhand. It is also upgrading its pipeline network in the KG Basin.

To make effective use of the commissioned trunk pipelines, execution of the last mile consumer connectivity is also being carried out. During the year 2013-14, under Last Mile consumer connectivity, approximately 112 kms of pipeline has been extended to 66 number of consumers for supplying 5.55 MMSCMD of Natural Gas.

Under the Last Mile connectivity plan for the year 2014-15, your Company is targeting for laying of around 120 kms pipelines.

» Sourcing & Trading of Gas

Your Company, as the industry leader in natural gas, has contracted gas supplies to put in place a diversified long-term import portfolio of approx. 86 MMSCMD. This includes import of LNG through multiple deals from Qatar, Australia, USA, and Russia as well as import of natural gas from Turkmenistan through transnational pipeline to meet the ever increasing demand for natural gas in India. These deals are a testimony to your Company's commitment towards developing the Indian Gas market and helping India achieve energy security in the long run. The critical aspect of consideration in these deals is augmenting your Company's strategy to secure LNG supplies from diversified sources to mitigate geo-political risks; diversified indexations to mitigate pricing risks; and FOB and DES contracts to provide supply flexibility etc. This augurs well with your Company's commitment to serve its customers in the best way possible.

Your Company has imported 25 LNG cargoes (equivalent to approximately 1.50 MMTPA of LNG) in this financial year from various International sources on short term as well as spot basis to meet immediate domestic gas requirement.

Your Company values the importance of developing supporting infrastructure to accelerate the LNG market development in India. Your Company shall be commercial operator of the LNG terminal at Dabhol, Maharashtra having a design capacity of 5 MMTPA for 25 years. Dabhol Terminal will act as a gateway to meet the gas demand of consumers in Maharashtra, Goa and Karnataka. Your Company has executed regasification agreement with Petronet LNG Limited for reserving exclusive 2.5 MMTPA in the planned Dahej Expansion LNG terminal in Gujarat to meet the ever increasing demand along its existing pipeline networks. Your Company is planning to underwrite capacity in the proposed Floating, Storage and Regasification Unit (FSRU) through a JV of GAIL Gas Limited, along the coast of Andhra Pradesh to meet the demand of customers in Andhra Pradesh and other adjoining states. Further, your Company is studying to set up an FSRU in offshore Odisha in the East Coast. Your Company has entered into an MoU with Paradip Port Trust Limited for setting up an LNG terminal at Paradip in Odisha.

Your Company has entered into an MoU with Shipping Corporation of India for cooperation in shipping LNG. Besides, your Company is in the process of finalizing shipping arrangements for shipping LNG from Sabine Pass and Dominion Cove Point LNG terminals in the USA.

Your Company is also focusing on making upstream investments in gas assets, liquefaction facilities and LNG shipping to build a presence in the entire LNG value chain to help achieve the twin objectives of (i) meeting the national priority of energy security and (ii) providing better value to its customers.



Shri Prabhat Singh, Director (Mktg.) addressing the gathering during PETROTECH 2014

» Petrochemicals

The robust growth in petrochemicals business in India provides an opportunity for your Company to expand its petrochemical business further. Over the last 15 years, your Company has emerged as one of the leading petrochemical companies with a pan-India marketing network. In order to strengthen the petrochemical business, it is proposed to increase petrochemical capacity through brown and green field projects and also expand product portfolio.

With this strategy, your Company has entered into the elastomer business by approving the project for setting up 110,000 tonnes per annum capacity Poly Butadiene Rubber (PBR) Plant at a cost of ₹ 2,575 crore. The plant would be set up through a Special Purpose Vehicle (SPV) with the participation of ONGC. GAIL would be playing the lead role in executing the project. PBR, mainly consumed in the tyre industry would be sold in the domestic market. This step would reduce India's dependency on PBR imports. The feedstock for the PBR plant would come from the petrochemical plant being set up by ONGC Petro additions Limited (OPaL), which is promoted by ONGC and GAIL.

Your company is doubling the Petrochemical production capacity of Pata plant to 900,000 TPA. The project is nearing completion & production is likely to start this year. Green field petrochemical projects promoted by your Company through Brahmputra Cracker and Polymer Limited (BCPL) and ONGC Petro-additions Limited (OPaL) are in advanced stage of completion. With the commissioning of these plants, your Company would be able to achieve a petrochemical portfolio of 1.7 MMTPA for marketing in India and abroad.

» LPG and Other Liquid Hydrocarbons

Your Company has seven LPG plants in the country which have a production capacity of 1.40 Million MT of LPG and other liquid hydrocarbons viz. Propane, Pentane and Naphtha.

Your Company also owns and operates exclusive pipelines for LPG transmission for third-party usage. It operates two LPG pipeline transmission systems with a network length of 2038 kms and capacity to transport up to 3.8 MMTPA of LPG.

» Exploration & Production

Your Company is participating in 20 E&P blocks (18 in India and 2 overseas in Myanmar). While production has been initiated in 4 blocks,

appraisal activities are in progress in 3 blocks, where hydrocarbon discoveries have been made.

Low prospective exploration assets have been reviewed during this year to balance the portfolio mix and gradually move towards more assets under production and development while maintaining E&P as the key focus area under Strategy 2020 of the Company.

Your Company is also evaluating acquisition of overseas assets, primarily those with hydrocarbon discoveries that are either under production or likely to start production in the short term.

» Renewables

With technological advances, and government incentives and environmental imperatives driving rapid growth in renewable energy, your Company is taking keen interest in the renewables particularly in wind and solar energy. Your Company's total wind energy capacity stands at about 118 MW. Further, your Company intends to expand its wind energy portfolio in the coming years.

A 5 MW solar plant under the Jawaharlal Nehru National Solar Mission, located in Rajasthan, was commissioned last year and is generating 25000–28000 kWh per day.

4. FINANCIAL PERFORMANCE

» Sales (Net of ED)

Sales (net of ED) increased by 21% from ₹ 47,333 crore during 2012-13 to ₹ 57,245 crore in 2013-14 mainly due to an increase in price realization of Petrochemicals & LHC, and higher utilization of new pipelines etc.

» Profit after Tax (PAT)

Profit after Tax has increased by 9% from ₹ 4,022 crore during 2012-13 to ₹ 4,375 crore in 2013-14 primarily due to an increase in price realization of Petrochemicals & LHC, higher utilization of new pipelines, and profit on sale of equity shares of China gas etc.

» Earnings per Share (EPS)

In view of the increase in PAT, EPS has gone up to ₹ 34.49 during the year 2013-14 from ₹ 31.71 per share during the year 2012-13.

» Price Earning (PE) Ratio

In view of the increase in market price of share and PAT, PE has gone up to ₹ 11 during the year 2013-14 from ₹ 10 per share during the year 2012-13.

» Shareholders' Funds

The reserves and surplus increased to ₹ 25,804 crore at the end of the current financial year as compared to ₹ 22,959 crore in the corresponding previous year. As on 31st March 2014, net worth of your Company stood at ₹ 26,858 crore, as compared to ₹ 24,038 crore as on 31st March, 2013.

» Debt and Interest

Debt–Equity ratio is at a very comfortable position of 0.38 as on 31st March, 2014. Debt Service Coverage Ratio stood at 4 times at the year end.

» Ratio Analysis

Return to Net Worth (PAT/Net Worth) for your Company during the current financial year stood at 16.30%. Return on Capital Employed (PBIT/Capital Employed) was 16.96% for 2012-13.

» Cash Flow (₹ in Crore)

Particulars	2013-14	2012-13
Cash Flow from Operating Activities	4,472.89	5,033.41
Cash Flow from Investing Activities	(3,231.73)	(5,472.15)
Cash Flow from Financing Activities	(948.12)	1,865.35
Net Increase in Cash & Cash Equivalents	293.04	1,426.61

» Segment-Wise Performance

Turnover (Net of ED) (₹ in Crore)

Particulars	2013-14	2012-13
Transmission Services		
a) Natural Gas	3,828	3,066
b) LPG Transmission	418	294
Gas Trading	42,623	35,596
Petrochemicals	4,537	3,744
LPG & Other Liquid		
Hydrocarbons	5,462	4,434
Unallocated	377	199
Total Sales	57,245	47,333

» Physical Performance (₹ in Crore)

Particulars	2013-14	2012-13
Natural Gas Throughput (MMSCMD)	96.22	104.90
Natural Gas Trading (MMSCMD)	79.18	81.44
Liquid Hydrocarbon Sales (TMT)	1,307	1,371
Polymers Sales (TMT)	445	427
LPG Transported (TMT)	3,145	3,136

» Consolidated Financial Statements

In accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India, your Company has prepared the Consolidated Financial Statements of its subsidiaries and joint venture entities. The highlights of the Consolidated Financial Results are as follows:

(₹ in Crore)

Particulars	2013-14	2012-13
Turnover	61,644	50,893
Profit Before Tax	6,922	6,558
Profit After Tax	4,728	4,317

5. RISKS, CHALLENGES AND MITIGATION

» Sharing of Under Recoveries

The Government of India (GoI) is a major shareholder of your Company. The decision on sharing of under recoveries on petroleum products given as discount to Oil Marketing Companies (OMCs) are governed by the GoI.

As per the Gol's directives, in order to make sensitive petroleum products affordable to domestic consumers, since 2003-04, your Company has shared the under-recovery of OMCs aggregating to an amount of ₹ 18,419 crore. During the year under review, your Company has provided ₹ 1,900 Crore (Previous year: ₹ 2,687 Crores) on account of sharing under-recovery of OMCs. Your Company has been requesting MoPNG from time to time for exemption from the burden of sharing the under-recoveries claimed by the OMCs.

» Regulatory Framework

Since 1st October, 2007, the Petroleum & Natural Gas Regulatory Board (PNGRB) has been established by the Central Government for carrying out the various provisions of the PNGRB Act, 2006. The PNGRB Act provides a legal framework for regulating the refining, processing, storage, transportation, distribution, marketing and sale of petroleum, petroleum products and natural gas, but excluding the activities of production of crude oil and natural gas, so as to protect the interests of consumers and entities engaged in these activities.

During the financial year 2013-14, PNGRB has notified seven (7) nos. Regulations/Amendments in respect of Natural Gas Pipelines, two (2) nos. Regulations/Amendments in respect of CGD networks and has also issued various authorizations/orders/decisions in respect of Natural Gas Pipelines, Petroleum Product Pipelines and CGD networks.

Any changes in laws and regulations made by PNGRB or any interpretation thereof can cause actual results to differ materially from your Company's expectations. Any changes in laws and regulations or any interpretation thereof can also have a material adverse effect on your Company's business, results of operations and financial condition.

The timing and content of any final changes in regulations made by the Regulator is not in your Company's control.

However, regular participation in public consultation exercises conducted by the Regulatory Board and making submissions to the Regulator in writing helps us to anticipate or to minimise our risks associated with any sudden or unforeseen changes in regulations.

» Natural Gas Prices

Your Company is currently marketing natural gas procured from domestic as well as international sources.

The prices of domestic natural gas are either approved by the Gol or are as per the provisions of Production Sharing Contracts (PSCs). Your Company purchases Natural Gas from ONGC and Oil India Limited from the nominated fields at the prices approved the Gol. Further, it also purchases domestic Natural Gas from private joint ventures at a price as per the provisions of PSCs. The selling price of such domestic Natural Gas is equal to its purchase price. Your Company earns the marketing margin on sale of domestic Natural Gas.

In addition to the above, your Company purchases imported natural gas mainly from Petronet LNG Limited (PLL) at Dahej, Gujarat. The purchase price and selling price of such Natural Gas (RLNG) is based on international crude price. Further, it also directly imports the Natural Gas through cryogenic ships (LNG) and gets it regasified either at PLL's regasification terminal at Dahej, Gujarat or at Ratnagiri Gas and Power Private Limited (RGPPL) regasification terminal at Dabhol, Maharashtra. Such LNG import is either under a medium term agreement ranging up to three years or under spot cargo purchases. Under medium term import, the selling price is based on the purchase price. However, under spot cargo imports the selling price is dependent

upon the demand and supply scenario within the country and customer affordability. The import of spot cargo is made based on thorough assessment of the affordability of the customer, availability of natural gas in international as well as domestic market and customer's natural gas requirement.

» Polymer, LPG and other LHCs

Your company is also marketing its own produced products like Petrochemical, LPG and other LHCs from the natural gas being purchased by GAIL from various sources. The sale prices of these products are influenced and determined by global and national demand supply position and vary from time to time. During recent times, the prices of imported natural gas have been increasing (being linked to international crude prices) and similarly the prices of end products, i.e. Petrochemicals, LHC and LPG have also been increasing.

» Foreign Exchange Risk

Your Company is exposed to the foreign markets by way of imports of capital goods for various new projects, import for operation & maintenance, loans for meeting the capex requirement and investments abroad. This has increased your Company's exposure to the foreign exchange variation and interest rate risk.

To manage the forex exposure, your Company has an approved Forex & Interest Rate Risk Management policy in line with the changing market dynamics. The policy is reviewed on a continuous basis.

» Natural or Man-made Calamity Risk

Various risks such as blowout of pipelines, earthquake, tsunami, terrorist activities etc. are associated with the transmission and distribution of gas.

Your Company has taken steps to mitigate these risks right from their designing stage. However, such natural or man-made risks are emergent events and cannot be fully eliminated. An occurrence of any such event may incur significant liabilities for your Company.

» Risk Management Framework

Your Company has established an approved Risk Management Policy & Procedure to protect & add value to the Organization and its stakeholders with the following objectives:

- ▶ To establish a risk intelligence framework for the organization;
- ▶ To establish ownership throughout the Organization and embed risk management as an integral part of the business rather than a stand-alone system
- ▶ To help the decision makers of the organization explicitly take account of uncertainty, the nature of that uncertainty, and work towards a solution to address it
- ▶ To ensure that all the current and expected risk exposures of the organization are identified, qualitatively and quantitatively evaluated, analysed and appropriately managed
- ▶ To enable compliance with the relevant legal and regulatory requirements and international norms
- ▶ To assure demonstrable achievement of objectives and improvement of financial stability of the organization

The risks are evaluated, quantified & prioritized and mitigation plans are reviewed & monitored at various stages. The Corporate Level Risk Steering Committee has been established to oversee the implementation of the risk management policy & procedures. Policy & procedures are periodically reviewed & monitored by Functional Directors, Audit Committee & Board.

Key corporate level risks have been identified & mitigation plans to control them are being ratified/uprated/re-rated from time to time. The key risks are related to natural gas sourcing, logistics & port facilities, natural gas demand sensitivity & market affordability, and polymer marketability. Regulatory framework, limited capabilities in E&P, Forex exposure, and Force Majeure in project execution etc., are deliberated in various committees.

6. INVESTOR RELATIONS AND ENGAGEMENT

The objectives of GAIL's investor relations activities are to develop a long-term relationship of trust with stakeholders by fulfilling its responsibilities not only to shareholders but also to all other stakeholders including investors and analysts, through fair disclosure of information, and also to obtain their confidence and esteem through bilateral communication. In order to pursue these objectives at all times, GAIL continuously discloses necessary information and conducts various investor relations activities. The investor presentation(s) are placed on the website of your Company and the stock exchanges are also informed.

One of the highlights of Investor Relation Management Activity during 2013-14 was an Independent Equity Research conducted by ICRA wherein GAIL has been rated at Fundamental Grade "5" and Valuation Grade "B". The Fundamental Grade "5" assigned to GAIL implies that the company has "Very Strong Fundamentals". The Valuation Grade "B" assigned to GAIL implies that the company is "Moderately Undervalued" on a relative basis which reflects the investment potential in the GAIL's share.

During 2013-14, to pursue the objective of effective communication with investors, your Company organized an Analyst Meet & Conference call immediately after the announcement of the financial results for FY13 & H1 FY14 respectively. Besides organizing such meets & arranging office meetings with investors, GAIL also attended 4 domestic investor conferences organized by top brokerage houses of the country and one international meet in New York. All these meetings/conferences were attended by the Top Management/Senior Executives from Finance, Marketing, Business Development & Projects departments, besides executives from site offices.

All such initiatives by your Company towards disseminating information to investors & analysts at the right time and from the right people has been recognized & appreciated by the Investor and Analyst Community from time to time.

7. HUMAN RESOURCE AND INDUSTRIAL RELATIONS

Your Company looks at diversity from various dimensions, viz., gender, religion, caste and community. It gives equal opportunity to all the citizens in regard to employment & career opportunities within the organization. As a result, the employee composition is a heterogeneous mix, comprising of people from almost all the regions of the country and sections of society.

The Industrial/Employee relations climate remained congenial and constructive. There were no Man Days or Man Hours lost on account of any sort of industrial conflict.

In an endeavour to meet the ever changing business requirements and to maintain sustainable competitive advantage your Company redefined its Corporate HR Strategy in alignment with the Organizational Strategy.

Your Company is making a concerted effort to attract, acquire and deploy the best human capital and keep the resources motivated and

engaged. Your Company has been constantly focussing on identifying and bridging the skill gaps of its talent pool. Your Company constantly review its HR processes & policies to benchmark them vis-à-vis the best process & policies in the industry. During the year, your Company undertook the review of HR policies with respect to employees compensation, welfare, recruitment, and general terms and condition of service. The HR function and processes have been updated with the latest technology to ensure greater efficiency and transparency.

8. ENVIRONMENT PROTECTION AND CONSERVATION/ RENEWABLE ENERGY DEVELOPMENTS/ FOREIGN EXCHANGE CONSERVATION

Your Company is always committed to environment protection. Various measures have been adopted across all business lines for environment protection & its conservation. Over the past few years, your Company has ventured into new business ventures while following the Triple E approach, i.e. Ethics, Economy & Environment. Amongst the new businesses, your Company's City Gas Distribution (CGD) business is helping many cities keep their environment clean. The supply of Natural Gas to our customers is helping us contribute towards a cleaner environment. Continuous endeavours towards energy conservation measures in existing operations help your Company in conserving precious natural resources.

Your Company continuously strives to minimize adverse environmental impacts from its operations, products & services by using processes, practices, materials and products that avoid, reduce and control pollution. Your Company published its third Sustainability Report in 2013 towards its commitment for transparency to all its stakeholders.

With ISO 9001, ISO 14001 and OHSAS 18001 accreditations, all major installations of your Company are committed towards creating, maintaining and ensuring a safe and clean environment. All products of your company viz. Natural Gas, LPG and Polymers are environment-friendly. Recently, GAIL, Gandhar GPU has been certified for ISO : 50001, the new International Energy Management Standard, which shall be replicated throughout GAIL gradually.

Your Company is inherently an environment friendly organization. We not only take care of our environment but also educate and assist our customers to ensure minimum environmental damages during the



Shri S Venkatraman, Director (BD), receiving Corporate Governance Award



GAIL Board Level Interaction with Global Reporting Initiative (GRI)

business transaction. You would be happy to know that one of your Company's products natural gas has played an instrumental role in afforestation by reducing the demand for wood.

Your Company is sensitive to the needs of the community development and environment at large while carrying out its business operations. Our polymer products are environment-friendly and fully recyclable. The manufacturing process and quality systems ensure that the product conforms to the technical specifications, backed by competent services to provide complete confidence to the customers.

While your Company takes pride in dominant market position in the natural gas industry, it is also committed to mitigate environmental impacts of its operations. Your Company's environmental mission includes reducing our energy, material and water consumptions, mitigating climate change impacts and air emissions, sensitivity to biodiversity and managing our operations in an environmentally sound manner.

Your Company is an environmentally-conscious company and has developed processes to ensure the conduct of business in a fair and transparent manner with minimal impact on natural resources. Your Company has taken significant measures to make our processes leaner and cleaner. Various green initiatives have been taken from time to time by your Company which are testimony towards its endeavour to be seen as an environmentally responsible company:

» Clean Technologies

Your Company gives topmost priority to environmental considerations during various phases of the project such as technology selection, process design and project execution.

All the gas processing units, petrochemical plant and cross-country pipelines in your Company adopt state-of-the-art technology. Various plants of petrochemical unit have world renowned process licensors. Some of the renowned names in the field of hydrocarbon industry and known for clean technologies are associated with your Company.

» Global Methane Initiative

Global Methane Initiative (GMI), and Natural Gas STAR International is

a voluntary partnership between the United States Environmental Protection Agency (US EPA) and the international oil and natural gas industry to identify and promote cost-effective technologies and practices to reduce methane emissions. Your Company has joined the Natural Gas STAR International Program. In doing so, GAIL has agreed to work with the US EPA in identifying and implementing projects to cost effectively reduce methane emissions. Projects are being taken up based on the findings of the study to mitigate fugitive methane emissions.

» Training and Awareness

Training in your Company is at the very core of our belief system as a means to continuously upgrade and refresh employees on specific aspects of subject training and latest management techniques. Specific trainings are imparted to all employees at sites including fresh appointees.

» Green belt Development

Extensive greening is a pre-requisite for environment improvement and also aesthetic considerations. Many tree planting and horticulture related improvement programmes have been implemented and these are on-going processes in your Company to enhance the pollution-free environment in and around its units. The green cover, together with large water bodies in our units, has created an ideal habitat for birds.

» Water Conservation

Water is a precious resource and your Company has taken significant steps towards conservation of this precious resource. As part of the Integrated Management Systems, water auditing at our installations is a regular practice. Close monitoring of water consumption and waste water discharges is done for all the units across your Company. Your Company has undertaken specific water conservation projects at two of its installations. "Beheti Dhara" Project at Vijaiapur is a conversion of open canal to piped supply resulting in water savings of 20 million cubic metres of water per annum. "Jaldhara" Project at Vijaiapur is a watershed management project spread over 500 hectares of area involving water audit, contour survey, rain water harvesting measures etc. At Pata Petrochemical Complex, the treated sewage is being further treated to use the sewage for sports complex and horticulture purposes.



Dignitaries on dias during Asia Gas Partnership Summit, New Delhi

Your Company is always looking for avenues for reducing water footprint by deploying water conservation measures and using technological improvements to tap and utilize rainwater. Continuous efforts are made to maximize recycle of treated waste waters. Your Company is now recycling more than 50% of treated waste water on average during all seasons. The comprehensive wastewater management facilities comprise oil removal facilities, chemical treatment and biological treatment facilities with extended aeration process. Your Company makes continuous efforts to maximize recycling of treated wastewater. By treatment of wastewater, your Company ensures conservation of this precious resource and in turn improves sustainability.

» **Rainwater Harvesting**

“Rainwater Harvesting” was also undertaken at most of the work centres, to recharge the groundwater strata effectively. Rain water is stored and utilized for captive consumption.

» **Air Monitoring**

Your Company is inherently a very environment friendly company using the cleanest feedstock and fuel available in the country. Usage of Natural Gas virtually rules out suspended particulate matters (SPM) and oxides of Sulphur (SOX) in air emissions. Your Company implemented flaring system at various important sites to prevent discharge of hydrocarbons directly into the atmosphere. All the boiler and furnace stacks are also equipped with on-line analysers for monitoring stack flue gas quality on continuous basis. Your Company continuously monitors ambient air quality by the state-of-the-art Ambient Air Quality Monitoring Stations at various process plants. The levels of pollutants are maintained below the stipulated norms. Flare stacks are designed for smokeless burning and adequate stack height has been provided as per statutory requirements for effective dispersion of the pollutants.

» **Solid Waste Management**

In your Company’s process plants, hazardous solid waste is stored and disposed of as per the best available environment practices. The solid wastes are collected, stored and handled, in a manner which has no detrimental effect on the ground water and the environment.

» **Quality Circle (QC) Projects**

Your Company has undertaken 137 nos of QC projects at various work centres of GAIL which have resulted in financial savings of ₹ 826.49 lacs (tangible gains) from these projects for the FY 2013-14.

On the renewable energy front, your Company has installed wind energy projects of 118 MW capacity. Further, your Company has entered into solar power generation by commissioning a 5 MW Solar Plant located in Rajasthan in February 2013 and is generating 25000 – 28000 kWh per day.

On the conservation of foreign exchange front, your Company has formulated Forex & Interest Rate Risk Management Policy. With the risk management policy in place, Forex and interest rate risks arising from business operations are proactively identified and managed within the risk appetite of the Company. As on date, weighted average cost of your Company’s long term foreign currency loan portfolio on hedged basis is 7.19% p.a. approx. which is far below the average cost of domestic borrowings. This shows that your Company has optimal hedging portfolio and has achieved increasingly efficient hedging.

9. CORPORATE SOCIAL RESPONSIBILITY

In alignment with the vision of your company, CSR initiatives strive to enhance value creation in the society and in the community in which it operates, through its services, conduct & initiatives, so as to promote sustained growth for the society and community. CSR performance indices have been included in the MoU signed with the MoPNG.

In line with the government guidelines, your Company allocates two percent of its Net Profit after Tax (PAT) of the previous financial year for its CSR activities. CSR initiatives are executed under seven identified major thrust areas, viz- Education/ Literacy Enhancement, Community Development, Infrastructure, Skill Development/ Empowerment, Drinking Water/ Sanitation, Healthcare/ Medical Facility and Environment Protection/ Horticulture. For the year 2013-14, the company has committed ₹ 91 crore (approx.) for a variety of projects, programs and initiatives in and around its major work centres. CSR in your Company has evolved as a distinct function, with a dedicated team, operating within the framework of a well-structured CSR Policy.

Your Company follows a project based approach in implementing its CSR projects with a well laid down system for identifying and implementing programmes, with distinct timelines and project milestones, in terms of a standardized Agreement signed with every external executing partner. Efforts are made to take up programmes with an in-built system of monitoring till project completion and thereafter in ensuring their sustainability once these are completed. This 'Innovation in Process' of CSR Project-implementation is an achievement of your Company and the CSR team is striving to further hone these systems and processes, through professional guidance from an academic institution of repute in this domain.

FY 2013-14 also saw the passing of the landmark legislation with implications for Corporate Social Responsibility i.e. the Companies Act 2013. As per the provisions of the Act, Section 135 deals with the mandatory compliances to be adhered to with regard to Corporate Social Responsibility w.e.f 01.04.2014. GAIL in order to comply with the provisions of said Section 135 and the accompanying Rules is currently in the process of revisiting and redrawing its Corporate Social Responsibility Policy as also modifications in the existing approval process, structure and CSR allocation FY 2014-15 onwards.

In FY 2013-14, Your Company was recognized for its CSR initiatives and was awarded:

- CSR Gold Award, Greentech foundation for Project Anhad Gram, Jhabua.
- Best Rural Outreach Programme, World CSR Congress for Project Anhad Gram, Jhabua.
- Best Community Action Programme, World CSR Congress for Padho aur Badho.

» Flagship Programmes

The Flagship Programmes undertaken by your Company have long term commitment for social initiatives in the areas of Education /Literacy Enhancement, Skill Development /Empowerment and Healthcare / Medical.

Your Company has been imparting specialized coaching for IIT/JEE entrance examination (for admission to IITs, NITs, ISRO etc.) for underprivileged children at Kanpur, UP for the students of adjoining districts under the GAIL Utkarsh programme. For the year 2013-14, 100 students were identified for this programme through a meticulous selection process. 39 students have been selected in IITs, whereas 52 others are on their way to securing admissions in other prestigious institution of the country.

Project Padho aur Badho, through the 250 NFE Centres across various slums of East Delhi, West Delhi, South Delhi, Noida and Ghaziabad provides Non Formal Education and Learning Support to 10,000 children, mainly ragpickers. So far more than 16,000 children have been mainstreamed into formal education in the slums of Delhi/NCR.

GAIL- IL & FS Skill Schools with integrated 'Backward and Forward' linkages, in the regions of Dediapada (Distt. Narmada, Gujarat), Guna (Madhya Pradesh) and Tandur (Distt. Ranga Reddy, Andhra Pradesh), provide employment linked skill training to disadvantaged youth. Two thousand six hundred and thirty youth have been successfully trained in the year 2013-14 in the sectors of retail sales, general engineering (welding, fitting etc.), F & B, BPO Non - voice, Masonry etc. Also, the GAIL-IL & FS Skill School at Dediapada, Gujarat was adjudged the 'Best Centre' by National Skill Development Centre.

In the area of Health Care/Medical, your Company is undertaking Project Arogya to provide medical outreach service through 16 Mobile Medical Units across 6 states Uttar Pradesh, Madhya Pradesh, Uttarakhand, Gujarat, Haryana and Punjab.

The success and goodwill generated from the erstwhile Project Anhad Gram in Jhabua, MP, inspired your Company to take up a long term Integrated Watershed Development and Management Project, Project Jaldhara in the FY 2013-14. Project 'Jaldhara' endeavours to address water requirements of 40 villages of the drought prone region of Jhabua over the next five years. All milestones pertaining to the project in FY 2013-14, were achieved in time including preparation of a primary database related to soil quality, water quality and topography of Jhabua Watershed, Organizing community meetings for project awareness and community participation, identification of sites for development/management of watershed structures, plantation of saplings, formation of self-help groups and Structured Village Planning Committee/Watershed Committee/ Farmer's Club and Village Co-operative Societies.

Your Company firmly believes that empowering a woman means empowerment of the entire family. With this very intent, Project GARIMA was initiated by your Company for mothers and sisters of children studying in the NFE Centres established under Project *Padho aur Badho*, in the slums of Delhi/NCR, in order to ensure that women earn their own livelihood and sustain their families. In the year 2013-14, more than 3000 women were provided skills training in embroidery, stitching and Tailoring, apparel/dress making, handicrafts and beauty culture etc. to promote income generation through self-employment/wage employment under this initiative.

» Other CSR initiatives

Your Company has set up the GAIL Charitable and Education (C&E) Trust to extend financial assistance to school children provided scholarships to children of various schools across its work centres, selected on need-cum-merit basis. The Trust has also extended scholarship to the successful candidates of its Utkarsh programme for supporting their education in the IITs post selection through the IIT-JEE exam. GAIL has also extended scholarship to 500 violence affected children in violence affected regions of Jammu & Kashmir and Assam.

Further, the Trust is undertaking the CSR Programme 'Search for Gandhi' for promotion of value and moral education through Gandhian principles using advanced communication techniques across schools of Delhi/NCR, with specific attention to those who are under privileged, neglected and/or marginalised.

In addition to the flagship programmes, your Company has also undertaken several programmes at the grass root level during the course of the year, under the identified thrust areas which have been mentioned in a separate section of Annual Report.

» Programmes under Identified Thrust Areas

In addition to the flagship programmes as above, your Company has also undertaken several programmes at the grass root level during the course of the year, under the seven identified Thrust areas, as captured below:

- Innovative Waste Management and Livelihood Generation Programme in GAIL work centres in Delhi/NCR. Under this initiative more than 2930 kgs of waste generated from GAIL has been recycled so far.



- Your Company in FY 2013-14 has also initiated Project Shreejan-Long Term Relief and Rehabilitation Project focusing on Livelihood promotion and capacity building for women and youth in flood affected regions in Rudraprayag, Uttarakhand
- Your Company has also partnered with National Safai Karamchari Finance and Development Corporate, a GoI undertaking, for extending training of over three hundred poor and educated unemployed Safai Karamchari youth in vocational skills such as Garment Construction Technique and Industrial Sewing Machine at 09 centres in Delhi/NCR, UP and MP.
- Training has been provided to thirty beneficiaries from the under privileged community in the Plastic industry related trades through Central Institute of Plastics Engineering and Technology (CIPET), Ahmedabad and sixty additional students are undergoing training at CIPET, Guwahati.
- Empowerment of persons with disabilities has also been promoted through several means, such as providing them with the necessary medical aids, equipment and infrastructural support, as well as providing specialized motorised vehicle for making them self-reliant.

Your Company also realizes the importance of the involvement of all stakeholder groups in the CSR process and for the same your Company organized 5 multi-stakeholder meetings for various CSR projects in FY 2013-14 and also furthered the CSR agenda by providing CSR related training to employees for over 970 man-hours in FY 2013-14.

10. INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY

Your Company has developed Internal Control System in its various business processes, commensurate with size & nature of business to help achieve its objectives.

Your Company has an in-house Internal Audit Department functionally reporting to Audit Committee (Sub-Committee of Board) which is considered as global best practice. Internal Audit carries out risk based auditing as per the annual audit plan approved by Audit Committee. Further Internal Audit Department is ISO 9001-2008 certified which ensures standardization of system & procedures.

Internal Audit Department consists of professionally qualified executives from various disciplines who carry out audit of financial, commercial, technical and other business activities of your Company besides reviewing the adequacy of Internal Control Systems, risk management framework in line with Board approved Internal Audit Charter/Manual which contains best global practices in the profession of Internal Auditing.

Corporate Finance and Risk Management (ICoFR) is also audited by third party (Independent Auditors) from time to time.

CAUTIONARY STATEMENT

Statements in the Directors' Report and Management Discussion & Analysis, describing the Company's objectives, projections and estimates, expectations, predictions etc. may be "forward looking statements" within the meaning of the applicable laws and regulations. Forward looking statements contained herein are subject to certain risks and uncertainties that could cause actual results to differ materially from those reflected in the forward-looking statements. Actual results, performances or achievements may vary materially from those expressed or implied, economic conditions, Government policies and other incidental factors such as litigation and industrial relation. Readers are cautioned not to place undue conviction on the forward looking statements.

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Corporate Governance is a systemic process by which companies are directed and controlled to enhance their wealth-generating capacity. Since large corporations employ a vast quantum of societal resources, your Company believes that the governance process should ensure that these resources are utilized in a manner that meet stakeholders' aspirations. This belief is reflected in your Company's commitment to contribute towards the conservation and development of the nation's economic, social and environmental capital.

Your Company has consistently practiced good Corporate Governance practices and adheres to the values of transparency, professionalism and accountability. The philosophy of the Company in relation to Corporate Governance is to ensure transparency in all its operations, make disclosures and enhance stakeholders' value within the framework of laws and regulations.

Your Company is driven by its core values viz. ethical practices, concern for people at work, delight of customers. Your Company is committed to sound corporate practices based on transparency, fairness, professionalism and accountability in building trust and confidence of its various stakeholders for paving the way for its long term success.

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

- Strategic supervision by the Board of Directors
- timeliness of flow of information between the company management and the Board
- comply with the applicable laws, rules and regulations in letter and spirit
- conducting business in ethical manner
- systems and processes for internal controls

The Board of your Company constantly endeavors to set goals and targets aligned to the Company's Vision and Mission.

2. BOARD OF DIRECTORS

The Board of your Company is a combination

of Executive (Whole time) and Non-Executive (Part-time and Part-time non-official/Independent) Directors. Whole-time Directors are involved in day-to-day management of the Company, whereas Part-time Director(s) (Government Nominee) are representative(s) of administrative Ministry of Government of India and Part-time Non-

official (Independent) Director(s) are appointed by Government of India to take care of interest of stakeholders including minority shareholders.

The Board reviews the overall functioning of the Company and has set strategic goals to achieve its vision statement. The Board defines the Company policies and review its

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
I. Whole-time Directors					
Sh. B. C. Tripathi Chairman and Managing Director	11	Yes	03	Nil	Nil
Sh. R. D. Goyal Director (Projects) (upto 28.02.2014)	08	Yes	Nil	Nil	01
Sh. S.L. Raina Director (HR) (upto 31.05.2013)	01	NA	03	02	Nil
Sh. Prabhat Singh Director (Marketing)	11	Yes	01	Nil	Nil
Sh. S. Venkatraman Director (Business Development)	11	Yes	04	01	Nil
Sh. P.K. Jain Director (Finance)	11	Yes	02	01	01
Sh. M. Ravindran Director (HR) (w.e.f. 01.06.2013)	09	No	03	01	Nil
Dr. A. Karnatak Director (Projects) (w.e.f. 01.03.2014)	01	NA	01	Nil	Nil
II. Part-time Directors (Government Nominee)					
Sh. Sudhir Bhargava (upto 08.05.2013)	NA	No	02	Nil	Nil
Sh. Rajive Kumar (w.e.f. 26.06.2013)	06	No	02	Nil	Nil
Dr. Neeraj Mittal (upto 10.04.2013)	NA	No	01	Nil	Nil
Sh. P.K. Singh (w.e.f. 10.04.2013)	10	No	01	Nil	Nil
III. Part-time non-official (Independent) Directors					
Sh. Arun Agarwal (upto 23.02.2014)	09	Yes	Nil	Nil	Nil
Smt. Shyamala Gopinath	09	No	06	02	03
Dr. A.K. Khandelwal	09	No	03	Nil	Nil



implementation in attaining its goal. The Board has constituted various committees to facilitate the smooth and efficient flow of decision making process.

Apart from statutory sub-committees viz. Audit Committee, Shareholders /Investors Grievance Committee, Remuneration Committee and Corporate Social Responsibility Committee, there are other 11 (Eleven) Board sub-Committees for implementing the overall business strategy and creating value for the stakeholders. The minutes of sub-Committees of the Board are placed before the Board from time to time. The approved minutes are circulated to the members of the Board/Committee and also to concerned department/group for implementation. The minutes of Board /Committee are further placed in the next meeting for confirmation of the members. Action Taken Report requiring action to be taken with information to the Board is also put up to the Board periodically. Details of various sub-Committees of the Board are forming part of Annual Report separately.

In line with sound Corporate Governance framework statutory, significant and material information including as enlisted in the listing agreement, Companies Act etc. is placed before the Board.

• 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 the Company stipulates that the number of Directors shall not be less than 3 (three) and not more than 20 (twenty).

As on 31st March, 2014, there were 10 (Ten) Directors on the Board comprising of 6 (Six) Whole-Time Directors including the Chairman & Managing Director, 2 (Two) Part-time Directors and 2 (Two) Independent Directors. The details wrt attendance, number of other Directorships and Chairmanship/ Memberships of Committees of each Director are as under:

Notes:

1. 29th Annual General Meeting was held on 25.09.2013.
2. Based on disclosures received from concerned Director(s):
 - i) Directors inter-se are not related to each other. Independent directors have declared that they meet the criteria of independence as provided in

the listing agreement and the Companies Act, 2013.

- ii) 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/she is a Director. Membership/Chairmanship in Committee is reckoned pertaining to Audit Committee and Shareholders /Investors Grievance Committee.
- iii) None of non-executive Directors hold any Equity Shares in the Company.
- iv) None of the non-executive Directors has any pecuniary relationship or transactions with the Company during the FY ending on 31st March, 2014.

3. A separate meeting of Independent Directors was held on 06.01.2014.

• Meeting Details

During 2013-14, 11 (Eleven) meetings of the Board were held - 28th May, 13th June, 25th July, 23rd September, 9th October, 25th October, 10th December and 19th December, 29th January, 6th February and 20th March.

3. AUDIT COMMITTEE

• Terms of Reference

The terms of reference of the Audit Committee are in accordance with provision of the Companies Act, Listing Agreement and the Guidelines on Corporate Governance for Central Public Sector Enterprises issued by the Department of Public Enterprises. It, inter-alia, includes oversight of financial reporting process, recommending fixation

of fees for auditors, 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 and reviewing whistle blower mechanism etc.

• Composition

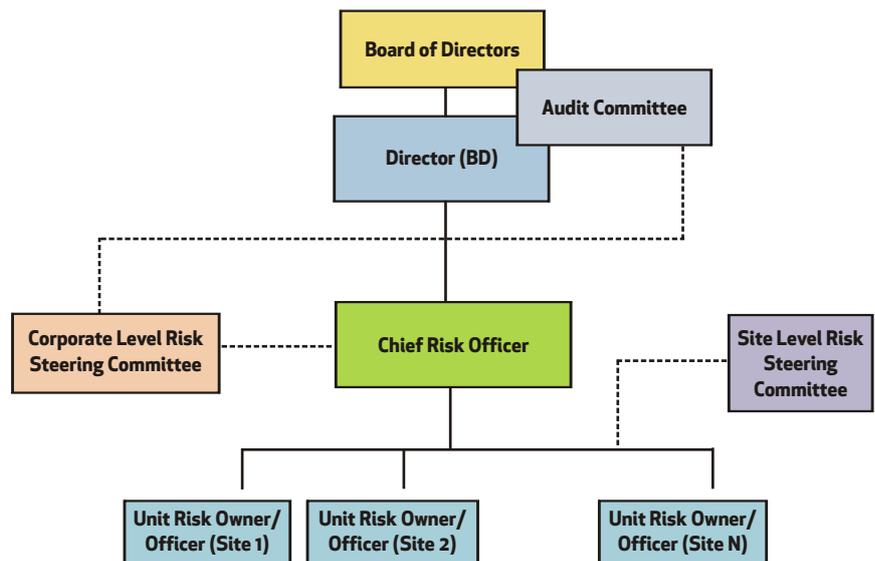
As on 31st March, 2014, the Audit Committee comprised of Smt. Shyamala Gopinath as the Chairperson, Dr. A. K. Khandelwal and Sh. Prabhat Singh as the members.

Director (Finance), Statutory Auditors of your Company and Head of Internal Audit are the permanent invitees to the meetings of Audit Committee. Audit Committee hold post-audit discussions jointly with statutory auditors on accounting practice, policies followed by the Company etc. Other Functional Directors and other senior functional executives are also invited, as and when required, to provide necessary information/clarification to the Committee. The Company Secretary acts as the Secretary to the Committee.

During the year, there were no instance, where the Board had not accepted the recommendation(s) of the Audit Committee.

• Meeting Details

During 2013-14, 09 (Nine) meetings of Audit Committee were held: 8th May, 28th May, 14th June, 25th July, 27th August, 18th September, 25th October, 6th January and 29th January. The attendance of the Members at the meetings was as follows:



S. No.	Members	No. of Meetings	
		Held during the tenure	Attended
1	Sh. Arun Agarwal (upto 23.02.2014)	09	09
2.	Smt. Shyamala Gopinath	09	08
3.	Dr. A.K. Khandelwal	09	09
4.	Sh. Prabhat Singh	09	09

• Risk Management Framework

Risk Management Framework was institutionalized in your Company in the year 2007. A robust Risk Management Framework supports your Company's business strategy and operations. Risk Management Framework is constantly updated for new and emerging risks emanating from business expansion and interests.

Key risks under Risk Management Framework are reviewed by CMD & Functional Directors, before putting up the same to Audit Committee on quarterly basis. The Board along with the Audit Committee reviews the effectiveness and performance of risk management across Company's operations.

Management and Discussions Analysis section of Annual Report contain details on Risk Management Framework.

• Vigil Mechanism - Policy on Whistle Blower and Fraud Prevention

Your Company has implemented 'Whistle Blower Policy' wherein employees are free to report any improper activity resulting in violations of laws, rules, regulations or code of conduct by any of the employees, to the competent authority. Central Vigilance Commission is authorized to inquire into the complaints from 'Whistle Blowers' and take requisite action.

The policy allows direct access to the Chairperson of the Audit Committee in exceptional cases. Further, while inquiry of any complaint, under the whistle blower policy, the identity of the complainant/informant is not disclosed by designated agency entrusted for investigation even to the Chairperson of the Audit Committee except the contents of the complaint.

"Excellence with Ethics" is the mantra of your Company in conduct of its business. Your Company has established various preventive and predictive measures to detect

fraudulent activity(ies). To enhance stakeholders' confidence, your Company has framed the Fraud Prevention Policy to foster an honest and transparent environment amongst the employers and other stakeholders dealing with the Company. The policy endeavors to prevent, detect and allow for speedy disposal of fraud or suspected fraud.

Audit Committee reviews the complaints received under whistle blower mechanism and report on status of fraud on quarterly basis. During the year under review, no complaints were received under Whistle Blower Mechanism and Fraud Prevention Policy.

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 Registrar & Share Transfer Agent (R&TA).

• Composition

As on 31st March, 2014, the Shareholders /Investors Grievance Committee comprised of Smt. Shyamala Gopinath, as the Chairperson, Sh. Prabhat Singh, and Sh. M. Ravindran as the member(s). The Company Secretary acts as the Compliance Officer of the Company.

• Meeting & Other Details

During 2013-14, a meeting of Committee was held on 6th November, 2013, which was attended by all the members.

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., R&TA directly and are not included in the complaints. Status of the Complaints received and redressed during the respective quarters is being placed to the Audit Committee and Board.

During the year 2013-14, 30 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. and all the 30 complaints were resolved.

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 exclusive e-mail id (s) viz., admin@mcsdel.com and mcsgail@mcsdel.com to facilitate investors to register their complaints, requests etc if any. Further, there is a separate dedicated section on the Company's website www.gailonline.com captioned 'Investor Zone' to make aware the shareholders about latest developments and updated information about shareholding pattern, dividend declaration, IEPF transfer, unpaid dividend 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/- (₹ 20,000/- w.e.f. 25.10.2013) 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

As on 31st March 2014, the Remuneration Committee of the Company comprised of Dr. A. K. Khandelwal as the Chairman, Sh. P.K. Singh and Smt. Shyamala Gopinath, as the member(s). Director (Finance) and Director (HR) are the permanent invitees to the meetings of Remuneration Committee.

• Meeting & Other Details

During 2013-14, a meeting of Remuneration Committee was held on 23rd September, 2013, which was attended by then members Dr. A.K. Khandelwal, Chairman, Sh. Arun Agarwal and Smt. Shyamala Gopinath (through video conferencing).

The details of remuneration paid to Whole-time Directors of the Company for 2013-14, are as below:



(₹ in Lakhs)

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	27.19	5.40	8.13	19.93	60.65
2	Sh. R. D. Goyal Director (Projects) (upto 28.02.2014)	32.41	14.52	14.48	13.73	75.14
3	Sh. S.L. Raina Director (HR) (upto 31.05.2013)	28.73	10.78	4.77	13.67	57.95
4	Sh. Prabhat Singh Director (Marketing)	22.92	2.14	4.98	13.46	43.50
5	Sh. S. Venkatraman Director (Business Development)	32.06	4.90	7.52	13.57	58.05
6	Sh. P.K. Jain Director (Finance)	24.26	4.80	14.47	11.96	55.49
7	Sh. M. Ravindran Director (HR) (w.e.f. 01.06.2013)	24.88	4.76	6.26	6.30	42.20
8	Dr. A. Karnatak Director (Projects) (w.e.f. 01.03.2014)	0.95	0.18	0.90	2.10	4.13

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. 39 to the accounts in Annual Report). 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. 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. Further, Part-time Director (Government Nominee) representing administrative Ministry of the Government of India ceases to be the Director of the Company on ceasing to be an official of the Ministry.

During the year, the details of sitting fees paid to the Part-time non-official (Independent) Directors, excluding service tax paid as reverse charge mechanism by the Company, for attending the meetings of the Board of Directors and Committee(s) thereof, is given below:

(₹ in Lakhs)

S. No.	Name of the Independent Director(s)	Amount
1	Sh. Arun Agarwal (upto 23.02.2014)	7.85
2	Smt. Shyamala Gopinath	6.55
3	Dr. A.K. Khandelwal	7.65

7. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

• Terms of Reference

The terms of reference of this Committee is to deliberate and decide on CSR proposals.

• Composition

As on 31st March, 2014, the CSR Committee of the Company comprised of Sh. B. C. Tripathi as the Chairman, Sh. M. Ravindran, Smt. Shyamala Gopinath and Dr. A. K. Khandelwal as the member(s).

• Meeting & Other Details

During 2013-14, 05 (Five) meetings of CSR Committee were held: 15th May, 24th June, 05th August, 20th December, 20th February. The attendance of the Members at the meetings was as follows:

S. No.	Members	No. of Meetings	
		Held during the tenure	Attended
1	Sh. B. C. Tripathi	05	05
2	Sh. S. L. Raina (upto 31.5.2013)	01	01
3	Sh. M. Ravindran (w.e.f. 01.06.2013)	04	04
4	Smt. Shyamala Gopinath	05	04
5	Dr. A.K. Khandelwal	-	-

8. 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	2010-11	2011-12	2012-13
AGM	27 th	28 th	29 th
Date & Time	07.09.2011 10:30 am	05.09.2012 10:30 am	25.09.2013 10:30 am
Venue	Air Force Auditorium, Subroto Park, New Delhi-110010	Air Force Auditorium, Subroto Park, New Delhi-110010	Manekshaw Centre, Parade Road Delhi Cantonment, New Delhi-110010
Special Resolution passed	None	None	None
Details	N.A.	N.A.	N.A.

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.

9. DISCLOSURES

- a. Annual Financial statements 2013-14 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 the Company at large. The details of "Related Party Disclosures" are being disclosed in Note no. 44 to the accounts in the Annual Report. Being a State Enterprise, no disclosure has been made in respect of the transactions with state enterprises, including subsidiary companies in line with AS-18 on related party transactions.
- b. Your Company has filed report on Corporate Governance in specified format(s) to Stock Exchanges, MoPNG/DPE within stipulated time.
- c. CEO and CFO of the Company, inter-alia, confirmed the correctness of the financial statements, adequacy of the internal control and certified other matters to the Board and Audit Committee, as required under clause 49 of the Listing Agreement..
- d. Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct of your Company for the financial year ending on 31st March, 2014.
- e. 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 the Company by Directors /Officers/ Designated Employees on the basis of unpublished price sensitive information, available to them by virtue of their position in the Company. The objective of this Code is to protect the interest of the shareholders at large, to prevent misuse of any price sensitive information and to prevent any insider trading activity by dealing in shares of the Company.
- f. Your Company has implemented online legal compliance management system which covers the compliance of the applicable laws to your Company.
- g. Your Company has formulated a Training Policy for Board Members of your Company is in place. Your Company's Directors are nominated to attend conferences on corporate governance and other industry related matters conducted

by DPE, SCOPE and other reputed Institutes at regular intervals.

- h. Your Company has complied with the requirements of Clause 49 of the Listing Agreement except the mandatory requirement of composition of Board of Directors of the Listing Agreement as specified in clause 49 IA of the listing agreement. Your Company is regularly taking up the matter with Ministry of Petroleum & Natural Gas, Government of India for appointment of requisite number of Independent Directors on the Board of the Company.

There has been no instance of non compliance with any stock exchange, SEBI on any matter relating to capital market over the last 3 years.

- i. During the year under review, no Presidential Directives have been received by your Company.
- j. Department of Public Enterprise has formulated Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010. Your Company is complying with these guidelines except composition of Board of Directors.
- k. 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.

Further, the administrative & office expenses and financial expenses constitutes 2.38% and 0.70 % respectively of total expenses for 2013-14 as against 2.79% and 0.46% in 2012-13.

- l. Your Company nominates its representatives on the Board of subsidiary companies and periodically monitors their performance. In terms of Clause 49 of the Listing Agreement and DPE guidelines on Corporate Governance, performance of the subsidiary companies is, inter-alia, reviewed by the Audit Committee and the Board as under:
 - i) consolidated financial statements comprising of financial statements of subsidiary companies etc., are reviewed by the Audit Committee and Board.
 - ii) minutes of the meetings of the Board of Directors of subsidiary companies are put up to the Company's Board, from time to time.

iii) investments made by unlisted subsidiary companies are also reviewed by the Audit Committee and Board.

iv) statement of significant transactions and arrangements periodically entered into by the subsidiary companies are also reviewed by the Audit Committee and Board.

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

10. MEANS OF COMMUNICATION

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

- Quarterly/ Annual Results: The unaudited quarterly results and audited yearly results of the Company were announced within stipulated 45/60 days respectively from the end of respective quarter. In order to attain maximum shareholder reach, the financial results of the Company during the year 2013-14 were published in leading English and Vernacular dailies having wide circulation across the country.
- News Release, Presentation etc.: Official news/press releases and presentations made to analysts are also hosted on the Company's website from time to time and also informed to Stock Exchanges.
- Website: The Company's website www.gailonline.com contains dedicated section 'Investor Zone' having updated relevant information for shareholders.
- Annual Report: Annual Report containing inter-alia, Audited Accounts, Consolidated Financial Statements, Directors' Report, Management Discussion and Analysis, Auditors' Report, Corporate Governance Report including information for the Shareholders and other important information is circulated to the members and others entitled thereto.
- In terms of the Green initiative launched by the Ministry of Corporate Affairs, to allow service of documents to the members through electronic mode, your Company from the last few years have been sending various communications/documents like Annual Report, Notice of AGM, NECS intimation etc. through e-mail to those shareholders who have registered their email id with the DP / R&TA.

- Regular reminders are being sent to Shareholders for claiming unpaid/unclaimed dividend every year.

11. CORPORATE BENEFITS

Dividend

During 2013-14, 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	45% (₹ 4.5/- per share)	11.02.2014	14.02.2014
2.	Final Dividend (Proposed)	59% (₹ 5.9/- per share)	30.08.2014 to 17.09.2014	25.09.2014

With this, your Company has proposed a total dividend of 104% (₹ 10.40/- per equity share) on the paid-up equity share capital, for FY 2013-14.

Investor Education and Protection Fund (IEPF)

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 IEPF established by the Central Government in this behalf.

During the year, your Company has transferred an amount of ₹ 8.65 lacs, ₹ 17.21 lacs and ₹ 7.03 lacs in the IEPF for unclaimed/unpaid final dividend for FY 2005-06, interim dividend and special interim dividend for FY 2006-07 respectively. Till date ₹ 1.42 crores has been transferred to IEPF.

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

S. No.	FY	Type of Dividend	Dividend (%)	Last date for claiming Unpaid Dividend	Due date for transfer to IEPF
1	2007-08	INTERIM	40	16.12.2014	16.01.2015
		FINAL	60	03.09.2015	03.10.2015

After the transfer of unpaid/unclaimed amount to IEPF, no claim shall lie against Company/R&TA. 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. However, shareholders whose unpaid/unclaimed dividend has been transferred to IEPF shall be entitled to get refund in respect of such claims in accordance with rules framed by Government of India.

The Company has uploaded the information in respect of the Unclaimed Dividends till the date of the 29th AGM on the website of the Company as

per IEPF (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012.

Other Details

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

- If shares are held in physical mode, to the R&TA/Company.
- 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 are 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'.

12. GENERAL SHAREHOLDER INFORMATION

Forthcoming AGM: Date, Time and Venue

30th Annual General Meeting of the Company is scheduled for **Wednesday, the 17th day of September, 2014 at 10.30 a.m. at Manekshaw Centre, Parade Road, Delhi Cantonment, New Delhi-110010.**

Financial Year

The Company's Financial Year is from 1st April to 31st March.

Listing on Stock Exchanges

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

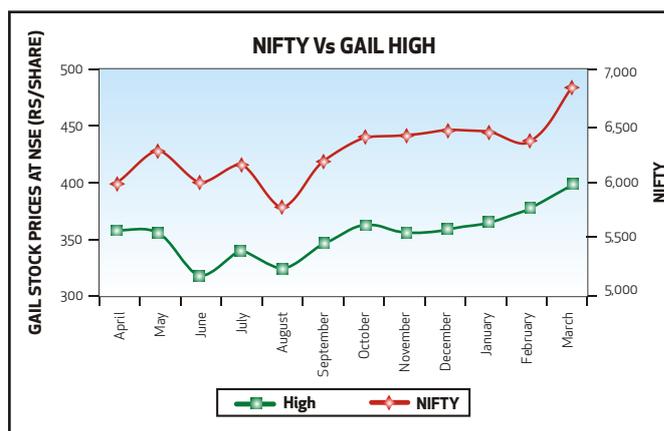
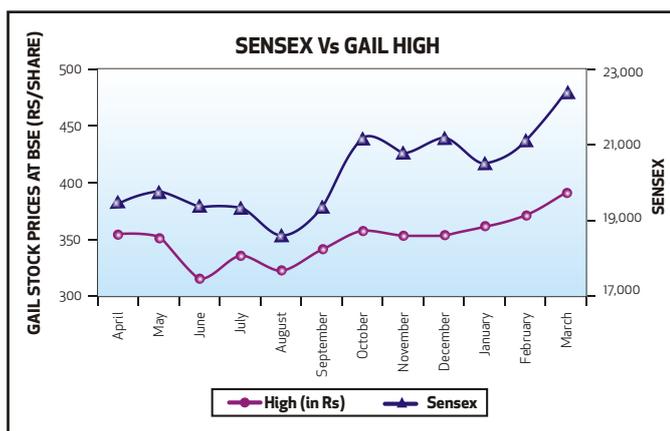
Further, the Non-Convertible Redeemable Bonds – Series – I (6.10%), Bond Series – I, 2010 (8.80%) and Bond Series – I, 2012 (9.14%) of the Company are listed at the Wholesale Debt Market (WDM) segment of NSE. State Bank of India, Delhi is the Bond Trustee for the Bonds – Series – I (6.10%) and IDBI Trusteeship Services Limited, Mumbai is the Bond Trustee for the Bond Series – I, 2010 (8.80%) & Bond Series – I, 2012 (9.14%). During the year, third series of Bond Series – I (6.10%) having ISIN code INE129A07032 and fifth & last series of Bond Series – II (5.85%) having ISIN code INE129A07107 were redeemed on 22nd August, 2013 and 25th March, 2014 respectively.

The Annual listing fees for the listed equity shares and Bonds of your Company, pertaining to the year 2014-15 has been paid to the concerned Stock Exchanges on demand. Your 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 2014-15, based on the average folio/ISIN positions during 2013-14.

- Market Price Data

MARKET PRICE DATA: HIGH, LOW DURING EACH MONTH IN THE FINANCIAL YEAR 2013-14

Months	BSE			NSE			Market Capitalization (₹ 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	355	310	903760	356	310	15318483	44593	44543	19504	5930
May	352	305	1486800	353	303	23654452	38936	38822	19760	6187
June	317	276	1419306	318	276	21656051	39703	39741	19396	5939
July	336	293	1845936	337	292	2759541	38251	38207	19346	6078
August	324	273	1627591	324	272	24557621	37363	37477	18620	5742
September	342	291	1452233	344	291	2338442	41441	41581	19380	6116
October	358	322	2777931	359	322	18312524	44758	44853	21165	6299
November	354	310	943245	353	318	16315731	42906	42932	20792	6317
December	355	331	993208	356	331	15713320	43319	43420	21171	6364
January	362	332	2634752	361	332	18449746	45532	45450	20514	6346
February	372	347	970841	373	347	15197753	46883	47029	21120	6277
March	391	347	1905724	392	347	26910721	47663	47701	22386	6704



- Share Transfer System

The shares of your 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.

Your 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 the transfer /remat /transmission request(s) are attended by R&TA after complying with KYC norms.

- Distribution of Shareholding

The distribution of shareholding of the Company as on 31st March, 2014 is detailed below:

No. of Equity Shares held	No. of Shareholders	% to Total	No. of Shares	% to Total
1	6,557	0.00	6,557	3.75
2-10	1,31,740	0.01	19,471	11.15
11-50	20,91,215	0.16	65,912	37.74
51-100	27,45,810	0.22	33,690	19.29
101-200	37,01,750	0.29	24,178	13.85
201-750	70,60,730	0.56	20,505	11.74
751-5000	55,79,611	0.44	3,499	2.00
5001-10000	17,48,025	0.14	246	0.14
10001-15000	9,74,587	0.08	77	0.04
15001 and above*	124,44,37,375	98.10	499	0.29
TOTAL	126,84,77,400	100.00	1,74,634	100.00

* includes 711,733,651 equity shares held by President of India

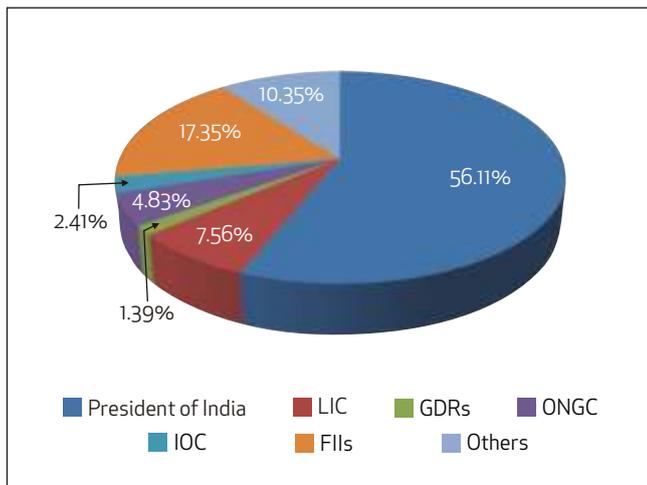


• **Top 10 Shareholders as on 31st March, 2014**

S.No.	Name of Shareholder(s)	Share(s)	%
1	President of India	71,17,18,023	56.11
2	Life Insurance Corporation of India	9,59,06,319	7.56
3	Oil and Natural Gas Corporation Ltd.	6,12,59,323	4.82
4	Indian Oil Corporation Limited	3,06,29,661	2.41
5	Matthews Pacific Tiger Fund	2,46,82,108	1.94
6	Deutsche Bank Trust Company Americas	1,77,25,920	1.39
7	CPSE ETF	1,56,72,024	1.23*
8	Aberdeen Global Indian Equity (mauritius) Limited	1,51,30,000	1.19
9	Orbis Sicav - Asia Ex-japan Equity Fund	1,23,53,009	0.97
10	ICICI Prudential Life Insurance Company Ltd	96,91,570	0.76

* Government of India disinvested 15,672,024 (1.23%) equity shares via CPSE ETF in the month of March, 2014.

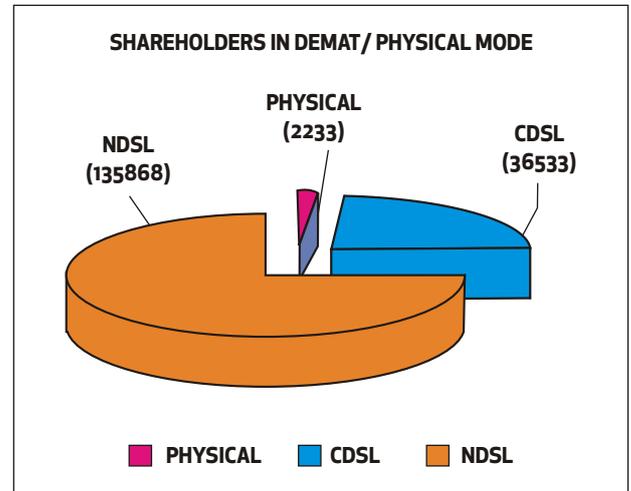
• **Shareholding Profile as on 31st March, 2014**



• **Dematerialization of Shares and Liquidity**

As on 31st March, 2014, your Company had 1,74,634 shareholders, out of which 1,72,401 shareholders were holding equity shares in demat mode and 2,233 shareholders were holding equity shares in physical mode.

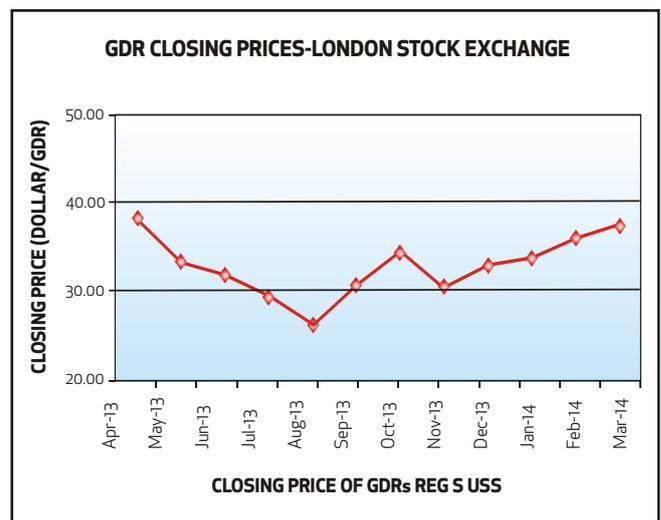
The demat ISIN of your Company's equity shares is INE129A01019 and Corporate Identification Number of Company is L40200DL1984GO1018976.



• **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 31st March, 2014, a total number of 29,54,320 GDRs representing 1,77,25,920 (1.39%) 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:





CMD addressing the shareholders on Annual General Meeting 2013

• Major Plant Locations

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

U.P. Petrochemical Complex, PATA

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

LPG Recovery Plant, Vijaipur

GAIL Complex

Vijaipur – 473112, Distt. Guna (M.P.)

LPG Recovery Plant, Lakwa

Sivasagar – 785688 (Assam)

LPG Recovery Plant, Usar

P.O. Malyan – 402203

Tal. Alibagh, Distt. Raigad (Maharashtra)

LPG Recovery Plant, Vaghodia

GIDC Industrial Estate

Vaghodia – 391760, Distt. Baroda (Gujarat)

LPG Recovery Project, Gandhar

Village Rozantankaria Tal. AMOD

Distt. Bharuch – 392140, (Gujarat)

• Address for correspondence

GAIL (India) Limited

16, Bhikaiji Cama Place,

R.K. Puram

New Delhi - 110066

Phone : 91-11-26172580/26182955

Fax No. : 91-11-26185941

Website : www.gailonline.com

Shareholders may approach to R&TA of the Company at:

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

Website : www.mcsdel.com

E-mail : admin@mcsdel.com

mcsdail@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, DPE guidelines on Corporate Governance and other related rules and regulations relating to capital market forms part of the Directors' Report.



AUDITOR'S 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 31st March, 2014 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 statements 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, except relating composition of Board as required under clause 49(I)(A) 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 G.S. Mathur & Co.
Chartered Accountants
Firm No.: 008744N

Rajiv Kumar Wadhawan
Partner
Membership No.: 091007

Place : New Delhi
Dated : 17.06.2014

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

Navin Bansal
Partner
Membership No.: 091922

Place : New Delhi
Dated : 17.06.2014

SECRETARIAL AUDIT REPORT

ANNEXURE - D

The Board of Directors
GAIL (India) Limited
16, Bhikaji Cama Place
R.K. Puram
New Delhi-110066

We have examined the registers, records, books, papers and minutes of GAIL (India) Limited for the FY ended on 31.03.2013 maintained as per the provisions of:

- The Companies Act, 1956 (the Act) and the Companies Act, 2013 (the Act) (to the extent applicable) and the Rules made under these Acts;
- The Depositories Act, 1996 and the Regulation and Bye-laws framed under that Act;
- The Securities Contracts (Regulation) Act, 1956 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 and Employee Stock Purchase Scheme) Guidelines, 1999
- 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 BSE Limited and National Stock Exchange of India Limited and Debt Listing Agreement with 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 Funds;
6. Filing of requisite forms and returns with Registrar of Companies within stipulated time;
7. Service of document 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 including passing of resolutions by circulation;
9. Appointment retirement and re-appointment of Directors;
10. Directors' Report including notice of AGM, annual account etc. within the stipulated time;
11. Convening and holding of Annual General Meeting;
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 & investments; and
15. Remuneration of statutory auditors, appointment and remuneration of cost auditors.

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

1. Equity Listing Agreement with NSE & BSE, Debt Listing Agreement with NSE, GDR Listing Agreement with London Stock Exchange and DPE Guidelines on Corporate Governance for CPSE including filing of report on Corporate Governance in specified format(s) to Stock Exchanges, MoPNG and DPE within stipulated time; save and except composition of Board of Directors, as required under clause 49 (I) (A) of the Listing agreement and in DPE guidelines.

The Company has informed that GAIL 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 Government of India is in process of selecting requisite number of Independent Directors.

2. Depositories Act, 1996 and Regulations framed there under with regard to dematerialization/rematerialization 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 Share and Takeovers) Regulations, 2011;
4. Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
5. Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; and
6. The Company has not bought back and not issued any shares.

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 31st March, 2014;
3. CEO/CFO of the Company has certified the specified matters to the Board and Audit Committee, as required under clause 49 of the Listing Agreement.
4. Observed the Secretarial Standards issued by the Institute of Company Secretaries of India although recommendatory in nature; and
5. 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 2013-14 for any offences under the Act.

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

**Place : New Delhi
Date : May 26 , 2014**

**Sachin Agarwal
Proprietor
CP No. 5910**



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:

1. **Optimal Utilization of grid Power instead of Captive Power:** As Gas Turbine Generators of Captive Power Plant at Hazira Compressor Station are designed for maximum connected load, minimum load had to be ensured for smooth operation of GTG's. After ensuring reliable GRID power, some of the electrical load is being shed during silent hrs. which was previously not possible due to unstable operation of the GTG on part load. This measure has resulted in saving of approx 1.0 Lacs unit/month equivalent to approx. ₹ 98 Lacs/ annum.
2. **Switching over of TEG/CCVT power to Grid/solar Power:** TEG/CCVT installed at remote RR stations to ensure reliable electrical power supply are less efficient source of power supply. Accordingly, TEGs/CCVTs have been replaced by Grid/Solar supply in Agra, Dibiyapur & VSPL. This has resulted in saving of approximately ₹ 75.0 Lacs in addition to improvement in carbon foot print.
3. **Modification for delivery of primary compressor discharge towards Aonla at Dibiyapur:** At Dibiyapur compressor station, lean gas available from Pata petrochemical plant is compressed in two stages by operating the primary and booster compressor in series to cater the pressure requirement of Auraiya - Jagdishpur pipeline consumers. The additional quantity of gas from booster compressor discharge was diverted in Auraiya - Aonla pipeline after pressure reduction. With modification completed in July 2013, gas quantity other than required for Auraiya Jagdishpur pipeline, is diverted directly from primary compressors discharge in Aonla pipeline, resulting in saving in 5% fuel gas in booster compressors to the tune of 1.4 MMSCM corresponding to ₹ 1.4 Cr/annum.
4. **PLC Based Burner Management System in RG Heater:** PLC based Burner

management system has been installed in RG Heaters to replace earlier inefficient burners with manual control at GPU Usar in month of April'13. The new automated Burner management system will result in 15% fuel saving due to stoppage of pilot burner and enhance efficiency due to better Air Fuel Ratio control. It additionally enhances operational safety and environment friendliness. The modification will result in reduction of fuel gas consumption to the tune of 0.054 MMSCM/annum, corresponding to approximately ₹ 5.9 Lacs/Annum.

5. **Initiative to reduce specific fuel gas consumption through purge flow control to Flare:** Close monitoring adopted to reduce the purge gas flow to flare header at GPU Usar, by installing the CCTV camera. This has resulted in change in specific fuel gas consumption to flare from 0.057 MMSCM/month to 0.043 MMSCM/month. The saving during 2013-14 is approximately 0.068384 MMSCM gas which corresponds to ₹ 7.5 lacs.
 6. **Modification done in lighting system:** The Automation of lighting system at Jhabua compressor station and replacement of conventional lighting systems (HPMV/T8/GLS) with more energy efficient T5/ LED lighting systems at various locations of GAIL has been done to improve energy efficiency.
 7. **Blinding of HRSG-1/2 duct to stop seal air fan:** In the original design of Heat Recovery Steam Generation (HRSG) unit no. 1&2 of Pata, Seal air fans are provided for sealing the gate of FD fan. As HRSG is running in Gas Turbine (GT) -Mode only and running in FD fan mode is highly unlikely. Therefore, duct of FD fan has been blinded and fans have been stopped. The expected saving in electricity for running FD fans is ₹ 13.26 lacs per annum.
- b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy**

Implementation of Automatic blow down system in HRSG-2: An automatic blow down system will be implemented in HRSG-2 of GPU plant at Pata to switch over from manual blow down to automatic blow down, which will result in reduction of 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.

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 have not been any exports during 2013-14. However visits have been made to Myanmar, Bangladesh, and Thailand and discussions held with buyers in Pakistan, Bangladesh, Nepal, Bhutan, etc for deepening the understanding of these markets. Some buyers from these countries have evinced interest for importing GAIL's polymers. The company is also holding discussions with OPaL and BCPL for exporting their products. The company plans to export small quantities during 2014-15.

g) Total foreign exchange used and earned

During the year, foreign exchange earnings were ₹ 210.01 Crores and foreign currency outgo was ₹ 9,229.22 Crores.

FORM A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A. POWER & FUEL CONSUMPTION

	2013-14	2012-13
1. ELECTRICITY		
a. Purchased		
Unit (KWH)*	34,16,34,156.25	31,60,93,396.56
Total Amount (₹ in lacs)	22,083.90	18,339.70
Rate/Unit (₹/KWH)	6.46	5.80
b. Own Generation		
(i) Through Diesel Generator		
Unit (KWH)	6,00,950.03	8,61,259.55
Units per liter of Diesel Oil (KWH/Litres)	2.97	2.70
Cost/Unit (₹/KWH)	19.06	17.75
(ii) Through Steam/Gas Turbine/Generator		
Units (KWH)	17,92,11,958.00	19,61,98,159.00
Unit per 1000 SCM of Gas (KWH/1000 SCM)	2,899.05	2,891.02
Cost/Unit	7.73	5.54
2. COAL	NIL	NIL
Quantity (tonnes)		
Total cost		
Average rate		
3. FURNACE OIL	NIL	NIL
Quantity (K. ltrs.)		
Total amount		
Average rate		
4. OTHERS/INTERNAL GENERATION		
Natural Gas Consumption (SCM/ Year)	27,88,578.00	26,74,296.00
Total Amount (₹ in lacs)	424.21	306.24
Cost of natural gas / SCM (₹/SCM)	15.21	11.45

* The Purchase units are inclusive of wind energy consumption at Gandhar, Vaghodia, Kandla & Samakhiyali and exclusive of discount on account of wind power consumed.

B. CONSUMPTION PER UNIT OF PRODUCTION

	2013-14	2012-13
ETHYLENE		
Production (MT)	4,50,870	4,48,534
Electricity (KWh/MT)	67.46	54.79
Furnace Oil	Nil	Nil
Coal	Nil	Nil
Others - Fuel Gas (MT/MT)	0.233	0.252
- Steam (MT/MT)	0.89	0.95
HDPE & Low Polymers		
Production (MT)	2,25,844	2,30,616
Electricity (KWh/MT)	324.5	327.07
Furnace Oil	Nil	Nil
Coal	Nil	Nil
Others - Steam (MT/MT)	0.678	0.7794
LLDPE & Polymer Shreds		
Production (MT)	2,14,283	2,10,386
Electricity (KWh/MT)	241	2,46.678
Furnace Oil	Nil	Nil
Coal	Nil	Nil
Others - Fuel Gas (MT/MT)	0.036	0.0376
- Steam (MT/MT)	0.783	0.670

Note:-

- Actual figures have been noted for Total Polymer which includes
 - HDPE production= HDPE Pellet, low polymer wax and poly lumps for HDPE-I&II
 - LLDPE production= LLDPE pellets+ Polymer shreds
- Increase in power consumption for Ethylene production from 54.79 KWh/MT to 67.46 KWh/MT is due to additional power consumption in newly commissioned Mist Cooling System (MCS). However, there has been significant reduction in overall energy of Gas Cracker Unit (GCU) for ethylene production due to savings in steam & fuel.



FORM B

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION

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

GAIL is pursuing many R&D projects in the identified thrust areas pertaining to natural gas storage, transmission, CO₂ utilization, unconventional energy resources and waste recycling etc. Few of the important projects being pursued are:

- a. Setting-up a unique first-of-its-kind Pilot Project for extraction of Land Fill Gas (LFG) from an un-scientificallly managed landfill site in Delhi.
- b. Conversion of waste plastics to hydrocarbons.
- c. Development of new polymer grade.
- d. 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 your Company has participating interest. An expenditure of ₹ 7.81 Crores has been made on E&P activities like Seismic data processing & interpretation and Formation Evaluation and Field Studies for finding new sources of hydrocarbons.
- e. Development of Metal Organic Framework (MOF) based adsorbent for storing of natural gas at low pressure.
- f. Development of novel Nano-Composite materials for Hydrogen storage.
- g. Development of light-weight Composite Cylinders for storage of CNG.
- h. Development of condition based monitoring of Pipelines using wireless sensor networks.
- i. Development of a Pipeline Health monitoring Robot.
- j. CO₂ capture through microbial route.

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

- a. The LFG is being successfully extracted and is being flared in an enclosed Flare System. The Project is eligible for getting carbon credits under CDM as it helps to reduce the emissions of methane which has a global warming potential of 25 times of CO₂. The Project has been successfully validated and registered with UNFCCC in Feb'2014.
- b. Successful development of process technology shall help in proper disposal of waste plastics by improving its economic value and also generate fuel from the same.
- c. A new polymer grade (T50A010) has been developed. This Grade is suitable for making Tarpaulin, Mosquito-net, Fishing-net etc. and was launched in June'13. It has been well received in the market.
- d. To improve the prospects of discovery during drilling.
- e. The other Projects are in development phase.

3. Future plan of action

- a. Many R&D projects in the company's business areas like Natural Gas transportation & Storage, Fuel Cells & Nano-composites, CO₂ and unconventional energy utilization etc. are being pursued

through various Engineering Institutes / Laboratories. The successful Projects shall be carried forward till commercialization.

- b. Setting-up of Pilot Project on 'Waste Plastics to Hydrocarbons' for validating the bench-scale results for eventual commercial-scale operations.

4. Expenditure on R&D

- | | |
|--|-----------------------|
| a. Capital | : ₹ 32.77 crores (*) |
| b. Recurring/Revenue | : ₹ 21.11 crores (**) |
| c. Total | : ₹ 53.88 crores |
| d. Total R&D expenditure as a percentage of total turnover | : 0.09% |
- (Turnover 2013-14: ₹ 57,245 crore)

(*) This amount includes an expenditure of ₹ 3.81 Crores towards R&D in E&P as per DPE Guidelines.

(**) This amount includes an expenditure of ₹ 4 Crores towards R&D in E&P as per DPE Guidelines but excludes an amount of ₹ 11.34 crores which was accounted towards LFG project during 2012-13 as CWIP.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

i) DCS of GREP control room at Vaghodia compressor station was upgraded with new DCS system. The Upgraded system has the following advanced features:

- User-friendly interface with faster response and better controllability.
- Multi window Environment
- Better trends and reporting system with print supporting display.
- Easy to configure new input/output loops and backups in latest media CD/DVD/USB
- Connectible with ERPSAP system for real time data transfer.
- Better Preventive Maintenance and troubleshooting

ii) Modified back flushing scheme for heat exchanger for effective in service removal of scales (dirt) at GPU Vijaipur:

Heat exchangers (11-E-122 and 12-E-125) which are placed at more heights than other heat exchangers of GPU Vijaipur and often clogged resulting in reduced heat transfer were provided with modified back flushing scheme with cooling water suction header instead of return header as the return header pressure was not sufficient due to these exchanger being located at almost the same level as that of cooling tower riser.

iii) Installation of New PSV test Bench at GPU Vijaipur:

The old PSV test bench used for calibration of safety valves at GPU Vijaipur has been replaced with new test bench fitted with high pressure booster and low power air compressor with auto cut system.

iv) Upgradation of Fire & Gas detection and Suppression control system in HVJ:

At HVJ compressor stations namely at Hazira, Jhabua, Vijaipur and Auraiya, fire & gas detection systems have been provided in Allison gas turbine enclosures and in compressor sheds for safety reasons because of flammable environment. These systems were installed in late nineties and are more than 20 years old and have become technologically obsolete. Thus, a conscientious decision was taken to upgrade these fire & gas detection and suppression control systems with presently available state of the art systems. The work has been awarded and phase wise implementation is in progress starting from at Hazira.

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

i) Benefits of Up-gradation of DCS at GREP Control Room, GAIL-Vaghodia:

- Single point monitoring of all the station parameters and operations of station valves.
- Instrument Air Compressor parameters have been taken into the system.
- Communicating with GTCs system, Station ESD Panel, Flow computers, GEG & Load sharing controller with start/stop/prep start/ loading/ unloading/venting/ GAC fan (start/Stop) for all GTC.
- Efficient control with SLPC loops and separate graphics.
- Generation of Shift Report/Daily report/Alarm configuration /Trending of important parameters.

ii) Modified back flushing scheme for heat exchanger for effective in service removal of scales (dirt)

Implementation of the scheme enabled smooth online back-flushing of the mentioned heat exchangers without any disturbance in plant parameters thereby providing operational flexibility. Additionally, improvement of heat transfer rates in these exchangers has resulted in improved product quality and process performance.

iii) Installation of New PSV test Bench:

The new PSV test bench has the benefits in terms of reduced power consumption due to compressor auto cut system and is also safer.

iv) Upgradation of Fire & Gas detection and Suppression control system:

The upgraded fire & Gas detection and suppression control system is not only based on state of the art technology but have many advanced features which are mentioned below:

- Based on digital network based technology.
- Lesser hardware and cabling. Easy to maintain, lesser no. of system components and hence cost effective in long run.
- Signals don't travel through individual pair of wires, but are looped through single redundant digital cabling network.
- Digital network enables all device information up to control room including the signal output and provide healthiness status of detectors.

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 | <ul style="list-style-type: none"> i) Ethylene Cracker Technology, from Shaw Energy & Chemicals International Inc. (now Technip Stone & Webster Process Technology), 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 20000 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. |

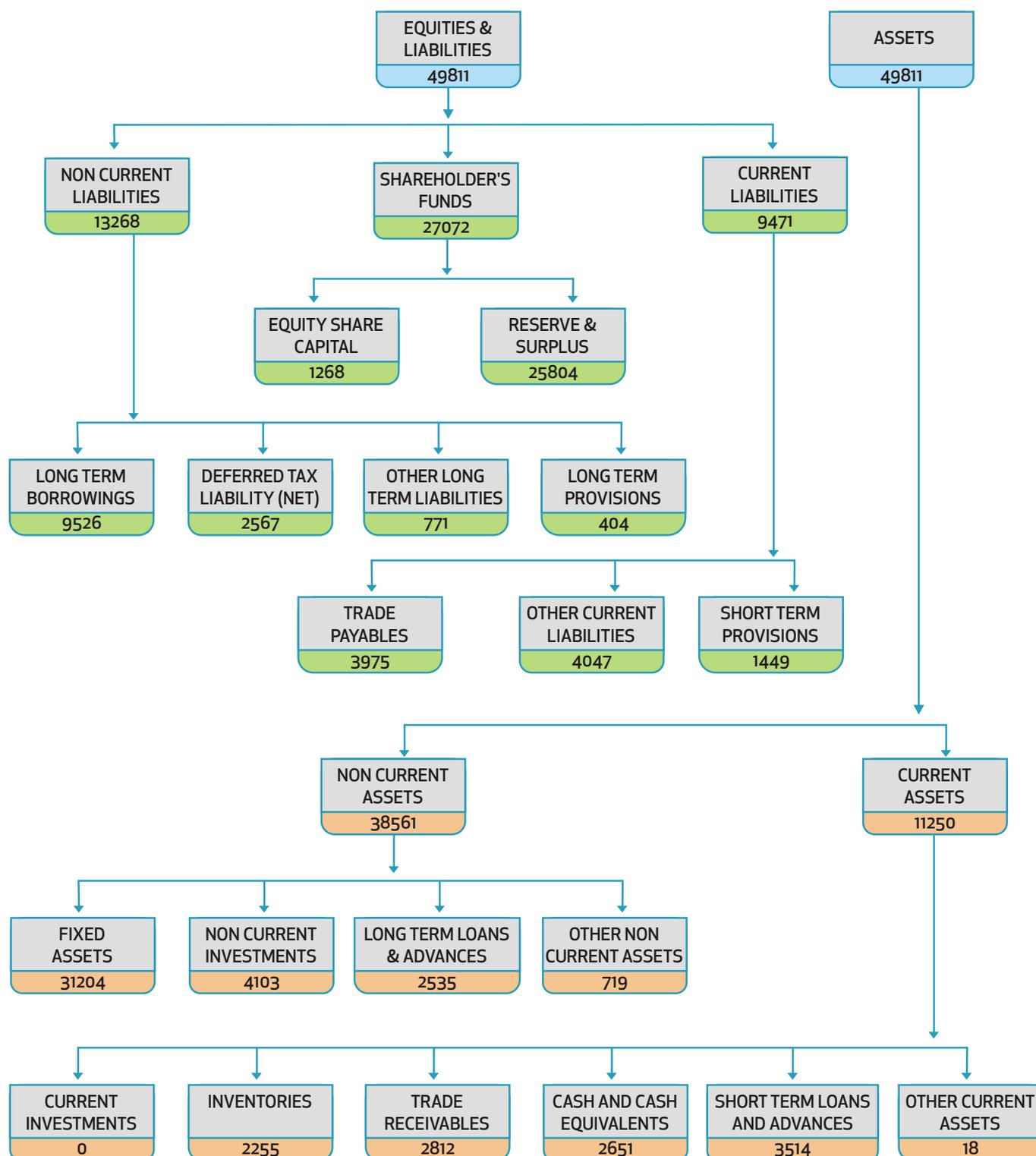
Five Year Profile



STATEMENT OF ASSETS AND LIABILITIES

AS AT 31ST MARCH 2014

(₹ in Crores)





FIVE YEAR PROFILE (STAND ALONE)

(A) FINANCIAL

(₹ in Crores)

	2009-10	2010-11	2011-12	2012-13	2013-14
PAID-UP CAPITAL	1,268.48	1,268.48	1,268.48	1,268.48	1,268.48
RESERVES & SURPLUS	15,530.52	17,984.86	20,357.35	22,959.32	25,803.85
SECURED LOANS	1,446.00	2,310.00	3,023.50	4,106.00	4,679.75
UNSECURED LOANS	34.38	-	2,323.35	4,957.50	5,588.33
DEFERRED TAX LIABILITY (NET)	1,389.56	1,633.24	1,768.64	2,300.06	2,566.37
	19,668.94	23,196.58	28,741.32	35,591.36	39,906.78
REPRESENTED BY :					
GROSS BLOCK	21,037.67	22,144.38	26,306.63	31,148.97	34,056.32
LESS : DEPRECIATION	9,106.57	9,740.81	10,449.01	11,441.52	12,579.69
NET FIXED ASSETS	11,931.10	12,403.57	15,857.62	19,707.45	21,476.63
CAPITAL WORK-IN-PROGRESS	2,330.49	5,879.17	8,241.76	9,118.99	9,757.19
INVESTMENTS / ADVANCES FOR INVESTMENT (PENDING ALLOTMENT)	2,073.03	2,582.52	3,548.93	3,955.15	4,288.70
NET CURRENT ASSETS	3,334.32	2,331.32	1,093.01	2,809.77	4,384.26
	19,668.94	23,196.58	28,741.32	35,591.36	39,906.78
GROSS SALES	25,375.80	32,907.09	40,821.79	48,005.27	58,012.06
GROSS MARGIN	5,210.37	5,973.10	6,247.18	7,233.73	7,944.66
DEPRECIATION	561.90	650.25	790.71	980.94	1,176.15
INTEREST	70.00	82.86	116.46	195.02	366.19
PROFIT/(LOSS) BEFORE TAX	4,578.47	5,239.99	5,340.01	6,057.77	6,402.32
PROFIT/(LOSS) AFTER TAX	3,139.84	3,561.13	3,653.84	4,022.20	4,375.27
DIVIDEND INCLUDING INTERIM DIVIDEND	951.36	951.36	1,103.57	1,217.74	1,319.21
CORPORATE DIVIDEND TAX	158.99	155.32	179.02	203.03	224.20
INTERNAL GENERATION	3,701.74	4,211.38	4,444.55	5,003.14	5,551.42
NET WORTH	16,607.48	19,054.12	21,449.44	24,038.17	26,858.08
CAPITAL EMPLOYED INCLUDING ASSETS UNDER CONSTRUCTION & INVESTMENTS	19,668.94	23,196.58	28,741.32	35,591.36	39,906.78

(B) GAS THROUGHPUT/PRODUCTION

	2008-09	2009-10	2010-11	2011-12	2012-13
NATURAL GAS (MMSCMD)	106.73	117.91	117.62	104.90	96.22
LPG (M/T)	1099554	1068156	1124341	1077866	1026543
SBP SOLVENT/NAPHTHA (M/T)	102479	111140	144165	147988	119713
PENTANE (M/T)	58551	34523	23144	20739	21669
PROPANE (M/T)	179274	155152	146015	129570	134411
ETHYLENE (M/T)	429992	428444	457080	448534	450870
HDPE/LLDPE (M/T)	417147	416396	446041	441051	440155

(C) FINANCIAL RATIOS

	2009-10	2010-11	2011-12	2012-13	2013-14
NET WORTH PER RUPEE OF PAID-UP CAPITAL (₹)	13.09	15.02	16.91	18.95	21.17
BORROWINGS TO NET WORTH (₹)	0.09	0.12	0.25	0.38	0.38
PROFIT BEFORE TAX TO CAPITAL EMPLOYED (%)	23.28	22.59	18.58	17.02	16.04
PROFIT BEFORE TAX TO NET WORTH (%)	27.57	27.50	24.90	25.20	23.84
PROFIT BEFORE TAX TO GROSS SALES (%)	18.04	15.92	13.08	12.62	11.04
PROFIT BEFORE TAX TO GROSS FIXED ASSETS (%)	21.76	23.66	20.30	19.45	18.80
GROSS SALES TO CAPITAL EMPLOYED (%)	129.01	141.86	142.03	134.88	145.37
EARNING PER SHARE (₹)	24.75	28.07	28.80	31.71	34.49
DIVIDEND PER SHARE (₹)	7.50	7.50	8.70	9.60	10.40
DIVIDEND PAYOUT RATIO (INCLUDING DIVIDEND TAX)	35.36	31.08	35.10	35.32	35.28



FIVE YEAR FINANCIAL PROFILE CONVERTED IN US\$# (STAND ALONE)

(In US\$ Million)

	2009-10	2010-11	2011-12	2012-13	2013-14
PAID-UP CAPITAL	278	280	246	231	209
RESERVES & SURPLUS	3,401	3,976	3,943	4,175	4,257
SECURED LOANS	317	511	586	747	772
UNSECURED LOANS	8	-	450	902	922
DEFERRED TAX LIABILITY (NET)	304	361	343	418	423
TOTAL	4,307	5,129	5,567	6,472	6,584
REPRESENTED BY :					
GROSS BLOCK	4,606	4,896	5,095	5,664	5,619
LESS : DEPRECIATION	1,994	2,154	2,024	2,081	2,076
NET FIXED ASSETS	2,612	2,742	3,071	3,584	3,543
CAPITAL WORK-IN-PROGRESS	510	1,300	1,596	1,658	1,610
INVESTMENTS / ADVANCES FOR INVESTMENT (PENDING ALLOTMENT)	454	571	687	719	708
NET CURRENT ASSETS	730	515	212	511	723
TOTAL	4,307	5,129	5,567	6,472	6,584
GROSS SALES	5,556	7,276	7,907	8,730	9,571
GROSS MARGIN	1,141	1,321	1,210	1,315	1,311
DEPRECIATION	123	144	153	178	194
INTEREST	15	18	23	35	60
PROFIT/(LOSS) BEFORE TAX	1,003	1,159	1,034	1,102	1,056
PROFIT/(LOSS) AFTER TAX	688	787	708	731	722
DIVIDEND INCL. INTERIM DIVIDEND	208	210	214	221	218
CORPORATE DIVIDEND TAX	35	34	35	37	37
INTERNAL GENERATION	811	931	861	910	916
NET WORTH	3,636	4,213	4,154	4,371	4,431
CAPITAL EMPLOYED INCLUDING ASSETS UNDER CONSTRUCTION & INVESTMENTS	4,307	5,129	5,567	6,472	6,584
# INR Converted in US\$ at the exchange rate prevalent on 31st March of respective financial year	45.67	45.23	51.63	54.99	60.61

FIVE YEAR PROFILE (CONSOLIDATED)

(A) FINANCIAL

(₹ in Crores)

	2009-10	2010-11	2011-12	2012-13	2013-14
PAID-UP CAPITAL	1,268.48	1,268.48	1,268.48	1,268.48	1,268.48
RESERVES & SURPLUS	16,541.47	19,945.39	23,646.05	27,526.18	31,188.47
SECURED LOANS	4,999.36	6,263.97	7,664.76	9,281.57	11,793.64
UNSECURED LOANS	413.81	640.13	3,840.87	7,190.75	6,743.30
MINORITY INTEREST	230.22	547.19	981.99	1,456.62	1,758.78
DEFERRED TAX LIABILITY (NET)	1,465.04	1,715.12	1,864.99	2,426.49	2,730.35
	24,918.38	30,380.28	39,267.14	49,150.09	55,483.02
REPRESENTED BY :					
GROSS BLOCK	25,164.03	26,605.14	31,769.19	37,244.72	42,294.60
LESS : DEPRECIATION	9,833.61	10,642.94	11,611.93	12,941.32	14,515.23
NET FIXED ASSETS	15,330.42	15,962.20	20,157.26	24,303.40	27,779.37
CAPITAL WORK-IN-PROGRESS	4,881.84	10,636.79	15,578.49	19,894.30	20,400.43
INVESTMENTS / ADVANCES FOR INVESTMENT (PENDING ALLOTMENT)	1,065.13	1,236.25	1,284.06	1,525.96	1,476.85
NET CURRENT ASSETS	3,640.99	2,545.04	2,247.33	3,426.43	5,826.37
	24,918.38	30,380.28	39,267.14	49,150.09	55,483.02
GROSS SALES	27,487.02	35,665.34	44,736.73	51,737.86	62,598.79
GROSS MARGIN	6,032.36	7,064.79	7,776.94	8,329.06	9,254.63
DEPRECIATION	823.43	887.98	1,055.67	1,333.90	1,663.50
INTEREST	385.34	377.86	366.43	437.31	668.71
PROFIT/(LOSS) BEFORE TAX	4,823.59	5,798.95	6,354.84	6,557.85	6,922.42
PROFIT/(LOSS) AFTER TAX (GROUP)	3,327.83	4,020.97	4,443.61	4,373.60	4,786.22
DIVIDEND INCL. INTERIM DIVIDEND	951.36	951.36	1,103.57	1,217.74	1,319.21
CORPORATE DIVIDEND TAX	158.99	155.32	179.02	203.03	224.20
INTERNAL GENERATION	4,151.26	4,908.95	5,499.28	5,707.50	6,449.72
NET WORTH	17,300.27	20,130.17	23,237.35	26,006.58	28,957.58
CAPITAL EMPLOYED INCLUDING ASSETS UNDER CONSTRUCTION & INVESTMENTS	24,918.38	30,380.28	39,267.14	49,150.09	55,483.02



FIVE YEAR FINANCIAL PROFILE CONVERTED IN US\$* (CONSOLIDATED)

(In US\$ Millions)

	2009-10	2010-11	2011-12	2012-13	2013-14
PAID-UP CAPITAL	278	280	246	231	209
RESERVES & SURPLUS	3,622	4,410	4,580	5,006	5,146
SECURED LOANS	1,095	1,385	1,485	1,688	1,946
UNSECURED LOANS	91	142	744	1,308	1,113
MINORITY INTEREST	50	121	190	265	290
DEFERRED TAX LIABILITY (NET)	321	379	361	441	450
TOTAL	5,456	6,717	7,605	8,938	9,154
REPRESENTED BY :					
GROSS BLOCK	5,510	5,882	6,153	6,773	6,978
LESS : DEPRECIATION	2,153	2,353	2,249	2,353	2,395
NET FIXED ASSETS	3,357	3,529	3,904	4,420	4,583
CAPITAL WORK-IN-PROGRESS	1,069	2,352	3,017	3,618	3,366
INVESTMENTS / ADVANCES FOR INVESTMENT (PENDING ALLOTMENT)	233	273	249	277	244
NET CURRENT ASSETS	797	563	435	623	961
TOTAL	5,456	6,717	7,605	8,938	9,154
GROSS SALES	6,019	7,885	8,665	9,409	10,328
GROSS MARGIN	1,321	1,562	1,506	1,515	1,527
DEPRECIATION	180	196	204	243	274
INTEREST	84	84	71	80	110
PROFIT/(LOSS) BEFORE TAX	1,056	1,282	1,231	1,193	1,142
PROFIT/(LOSS) AFTER TAX (GROUP)	729	889	861	795	790
DIVIDEND INCL. INTERIM DIVIDEND	208	210	214	221	218
CORPORATE DIVIDEND TAX	35	34	35	37	37
INTERNAL GENERATION	909	1,085	1,065	1,038	1,064
NET WORTH	3,788	4,451	4,501	4,729	4,778
CAPITAL EMPLOYED INCLUDING ASSETS UNDER CONSTRUCTION & INVESTMENTS	5,456	6,717	7,605	8,938	9,154
# INR Converted in US\$ at the exchange rate prevalent on 31st March of respective financial year	45.67	45.23	51.63	54.99	60.61

Annual Accounts





INDEPENDENT AUDITOR'S REPORT

To the Members of GAIL (India) Limited

Report on the Financial Statements

We have audited the accompanying financial statements of GAIL (India) Limited, which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's Internal Control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Act 1956 to the extent applicable and the Companies Act 2013 (to the extent notified) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note no.41 regarding sharing of under recoveries on sensitive petroleum products by way of subsidy given to oil marketing companies as decided by Ministry of Petroleum & Natural Gas (MOPNG).

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act 1956 read with General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act 2013.
 - e) Being a government Company, pursuant to the Notification No. GSR 829(E) dated 21st October 2003 issued by Department of Company Affairs, provisions of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956, are not applicable to the company.
 - f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

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

(Navin Bansal)
(Partner)
Membership No.: 91922

Place: New Delhi
Dated: May 26, 2014

For **M/s G.S Mathur & Co.**
Chartered Accountants
Firm No.: 08744N

(Rajiv Kumar Wadhawan)
(Partner)
Membership No.: 091007

ANNEXURE TO THE AUDITOR'S REPORT

The Annexure referred to in the auditor's report to the shareholders of GAIL (India) Limited for the year ended March 31, 2014. We report that:

- (i) (a) The company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) According to the information and explanation given to us, there is a regular programme of verification of fixed assets by the management, which in our opinion is reasonable having regard to the size of the company and the nature of its assets. Fixed assets have been physically verified by the management during the year and as per the report, no material discrepancies were noticed on such verification.
- (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the company and such disposal has, in our opinion, not affected the going concern status of the company.

- (ii) The inventories have been physically verified at reasonable intervals by the Management, except the stores & spares lying with Engineers India Ltd. and other contractors. We have been explained that the stock of gas at the end of the year has been taken with reference to reading of Turbine Flow Meter/Gas Chromatograph installed at Terminals, Stock of LPG/Pentane/SBP Solvent are determined with reference to Tank Level Gauge measurement which are converted into tonnage by measurement of density and applying correction factor for temperature. LPG vapors volume is converted to tonnage by standard formulae.

In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.

According to the information and explanations given to us, no material discrepancies have been noticed on physical verification of inventories as compared to the books and records.

- (iii) (a) The Company has granted loans to its one subsidiary company (None of the Directors individually or collectively hold more than two per cent of the paid-up share capital). The Company has maintained the register under section 301 of the Companies Act, 1956, inter-alia, in which the name of said one subsidiary is also entered. The maximum amount involved during the year for ₹ 64.17 crores and year-end balance of loan was ₹ 56.38 crores.
- (b) In our opinion, the rate of interest and other terms and conditions of such loans are not, prima facie, prejudicial to the interest of the company.
- (c) The party has repaid the principal amounts as stipulated and has also been regular in the payment of interest to the company.
- (d) There is no overdue amount in excess of ₹ 1 lakh in respect of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.

- (e) The company had not taken loan from companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (iv) According to information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services.
- (v) In respect of contract or arrangement entered in the register maintained in pursuance of section 301 of the Act, to the best of our knowledge and belief and according to the information and explanation given to us:
- (a) The particulars of contracts or arrangement referred to in section 301, that needed to be entered in the Register maintained under the said section have been so entered.
- (b) In our opinion and as per the information & explanation given to us and on the basis of our examination of books of accounts, the transactions made in pursuance of contract or arrangement referred to in (a) above and exceeding the value of Rs. 5 Lacs have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The company has not accepted any deposits from the public during the year covered under section 58A and 58AA or any other relevant provision of the Companies Act, 1956.
- (vii) In our opinion, the company's internal audit system is commensurate with its size and nature of its activities.
- (viii) We have broadly reviewed the costing records being maintained by the Company pursuant to the order made by the Central Government for the maintenance of Cost records under Section 209(1)(d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been maintained.
- (ix) (a) According to the records of the company, the company has generally been regular in depositing undisputed statutory dues including Provident fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax Sales tax, Wealth tax, Service Tax, Custom duty, Excise duty, cess and any other material statutory dues with the appropriate authorities. According to the information and explanation given to us, no undisputed amounts payable in respect of Provident fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax Sales tax, Service Tax, Custom duty, Excise duty and other statutory dues were in arrear at the year-end for a period of more than six months from the date they became payable.
- (b) As certified by the Management on which we have relied upon, the dues of Excise Duty, Custom Duty, Entry Tax, Sales Tax and other Taxes which have not been deposited on account of disputes and the forum where the dispute is pending, are given below:



List of Cases of Unpaid Disputed Demand under various Statutes as on 31.03.2014

(₹ In Crores)

Sl. No.	Statute		Subject Matter of Dispute	Amount (2013-14)	Period of Dispute	Status - Forum
1	Entry Tax	(a)	Demand of Entry Tax on Natural Gas in U.P.	173.88	1999-00 to 2009-10	Allahabad High Court, Trade tax Tribunal & Additional Commissioner (Appeals)
		(b)	Demand of Entry Tax on Natural Gas in Rajasthan	0.86	2005-06	Dy. Commissioner (Appeals), Ajmer
		(c)	Demand of Entry Tax on Natural Gas in Madhya Pradesh	2.60	2008-09	Tribunal, Bhopal
2	Sales Tax & VAT	(a)	Non-acceptance of declaration form for concessional sales tax	0.37	1995-96 & 1996-97	Tribunal, Bhopal
		(b)	Sales Tax demand as per assessment order	3.90	2005-06 & 2006-07	Additional Commissioner (Appeals) Noida
		(c)	VAT demand as per assessment order	32.58	2010-11	Additional Commissioner (Appeals) Noida
		(d)	CST demand on Transmission charges	0.71	2005-06 to 2006-07	High Court, AP
		(e)	Demand of GVAT & CST on account of disallowance of LPG subsidy discount	29.78	2006-2007	Tribunal, Gujarat
		(f)	Penalty for delay in payment of sales tax	0.90	2003-2004	Mumbai Tribunal
		(g)	Demand of VAT on account of rate change	0.43	Oct 2011 to Dec 2011	Joint Commissioner, Trichy
		(h)	Demand of CST on account of disallowance of LPG subsidy discount	46.93	2005-06	High Court, Gwalior
		(i)	Demand for treating CST sale as local sale	0.15	2003-2004	Assam Revenue board
		(j)	Sales Tax demand	0.20	1998-1999	Mumbai Tribunal
		(k)	Revised Sales Tax demand as per assessment order	2.42	2003-04	Joint Commissioner (Appeals), Baroda
3	Custom, Excise & Service Tax	(a)	LPG valuation Dispute	17.81	Jan 2001 to Feb 2005	CESTAT Mumbai
		(b)	Dispute on Pentane Classification	99.50	Aug. 2005 to Jul 2009	CESTAT Ahmedabad
		(c)	Dispute on MFO Classification	70.89	July 2004 to March 2011	CESTAT Ahmedabad
		(d)	Demand of duty under Rule 6(3) of CCR, 2004 for credit taken on input services	12.89	2008-2009 & 2009-2010	CESTAT Kolkata
		(e)	Demand of Service Tax on Marketing Margin	147.32	Oct. 2006 to Mar. 2012	CESTAT Delhi
		(f)	Demand of Service Tax on deputation of employees to JVs & Govt. Deptt.	2.61	Oct. 2006 to Mar. 2011	CESTAT Delhi
		(g)	Demand of differential service tax based on service tax returns.	0.22	Oct. 2006 to Mar. 2007	CESTAT Ahmedabad
		(h)	Demand raised by denying Cenvat & service tax credit taken at Hazira	8.30	Aug. 2005 to Sep. 2009	CESTAT Ahmedabad

(₹ In Crores)

Sl. No.	Statute	Subject Matter of Dispute	Amount (2013-14)	Period of Dispute	Status - Forum
		(i) Demand raised by denying Cenvat credit taken on input services	0.09	Dec. 2010 to March 2011	CESTAT Delhi
		(j) Demand of CVD on purchase of SAP software taken on input services	0.07	March 2006	CESTAT Delhi
		SUB-TOTAL	655.41		
4	Income Tax	Unpaid demands including interest	39.01	AY- 2006-07, 2007-08, 2009-10, 2011-12	CIT (Appeals)
5	Other taxes	Notified Area tax & GIDC tax on revised value (incl. interest)	3.81	1998-99 to Aug 2005 & 1998-99 to Dec 2009	Ahmedabad High Court
		TOTAL	698.23		

- (x) The company does not have accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedure and according to the information and explanations given to us by the management, we are of the opinion that the company has not defaulted in repayment of dues to a financial institution, bank and debenture holders.
- (xii) In our opinion and according to information and explanation given to us, the company has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. In our opinion, the company has maintained adequate documents and records in respect of such loans.
- (xiii) The company is not a chit fund, nidhi, mutual benefit fund or a society. Accordingly, clause 4(xiii) of the order not applicable.
- (xiv) In our opinion and according to the information and explanation given to us, the company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, clause 4 (xiv) of the order is not applicable.
- (xv) In our opinion and according to information and explanation given to us, company has given guarantees for loans taken by its subsidiaries from bank and financial institutions. The terms and other conditions, in our opinion, are not prima facie prejudicial to the interest of the company.
- (xvi) On the basis of review of utilization of funds pertaining to term loans on overall basis and related information as made to us, the term loans taken by the company have been utilized for the purposes for which they are obtained.

- (xvii) According to the information and explanation given to us, company has not utilized short-term loan for long-term investment during the year.
- (xviii) The company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company has not issued any debentures during the year.
- (xx) During the year no money has been raised by public issues.
- (xxi) *According to the information and explanations given to us, a legal notice has been sent to an original equipment manufacturer (OEM) of the company regarding recovery of USD 4.34 million plus GBP 3,48,549 along with interest thereon on account of payments of commission to its agent over and above the declared amount in violation of instructions to bidders (ITB) & terms and condition of Integrity Pact (IP) (Refer Note No.56).*

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

(Navin Bansal)
(Partner)
Membership No.:91922

For **M/s G.S Mathur & Co.**
Chartered Accountants
Firm No.: 08744N

(Rajiv Kumar Wadhawan)
(Partner)
Membership No.: 091007

Place : New Delhi
Dated : May 26, 2014



Balance Sheet as at 31st March, 2014

(₹. in Crores)

	NOTE NO.	AS AT 31 ST MARCH, 2014	AS AT 31 ST MARCH, 2013
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
a) Share Capital	2	1,268.48	1,268.48
b) Reserves and Surplus	3	25,803.85	22,959.32
		27,072.33	24,227.80
(2) Non Current Liabilities			
a) Long Term Borrowings	4	9,526.09	8,140.78
b) Deferred Tax Liability (Net)	45	2,566.37	2,300.06
c) Other Long-term Liabilities	5	771.17	685.07
d) Long-term Provisions	6	404.04	359.58
		13,267.67	11,485.49
(3) Current Liabilities			
a) Short Term Borrowings	7	-	223.74
b) Trade Payables	8	3,974.83	3,103.76
c) Other Current Liabilities	9	4,047.54	4,208.12
d) Short-term Provisions	10	1,448.96	1,435.28
		9,471.33	8,970.90
		49,811.33	44,684.19
II. ASSETS			
(i) Non-current assets			
a) Fixed Assets			
(i) Tangible Assets	11	20,728.02	18,987.55
(ii) Intangible Assets	11	748.61	719.90
(iii) Capital Work in Progress	12	9,727.85	8,977.82
		31,204.48	28,685.27
b) Non-current Investments	13	4,103.00	3,680.05
c) Long-term loans and advances	14	2,535.12	2,591.49
d) Other non-current assets	15	718.41	673.19
		38,561.01	35,630.00
(2) Current Assets			
a) Current Investments	16	-	38.95
b) Inventories	17	2,254.76	1,535.33
c) Trade receivables	18	2,811.99	2,551.34
d) Cash and cash equivalents	19	2,650.98	2,357.94
e) Short-term loans and advances	20	3,514.36	2,555.86
f) Other current assets	21	18.23	14.77
		11,250.32	9,054.19
		49,811.33	44,684.19

The accompanying notes 1 to 61 form an integral part of the Financial Statements

For and on behalf of the Board of Directors

N.K. Nagpal
Secretary

P.K. Jain
Director(Finance)

Prabhat Singh
Director (Marketing)

B. C. Tripathi
Chairman & Managing Director

As per our separate Report of even date

For **M/s M L Puri & Co.**
Chartered Accountants
Firm No. 02312 N

For **M/s G S Mathur & Co..**
Chartered Accountants
Firm No.008744N

Place : New Delhi
Dated : May 26, 2014

Navin Bansal
(Partner)
Membership No. 91922

Rajiv Kumar Wadhawan
(Partner)
Membership No. 091007

Statement of Profit & Loss for the Year ended 31st March , 2014

(₹. in Crores)

	NOTE NO.	YEAR ENDED 31 ST MARCH, 2014	YEAR ENDED 31 ST MARCH, 2013
I. Revenue from Operations (Gross)	22	58,274.89	48,195.29
Less: Excise Duty		766.96	672.60
Revenue from Operations (Net)		57,507.93	47,522.69
II. Other Income	23	898.52	764.51
III Total Revenue (I+II)		58,406.45	48,287.20
IV Expenses			
Cost of Materials Consumed		4,843.43	2,968.68
Purchase of Stock in trade	24	41,234.42	33,396.89
Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade	25	(626.86)	(56.98)
Employee benefits expense	26	847.73	785.45
Finance Cost	27	366.19	195.02
Depreciation and amortization expenses	28	1,176.15	980.94
Other expenses	29	4,508.02	3,959.43
Total Expenses		52,349.08	42,229.43
V. Profit before Exceptional and Extraordinary items and Tax (III - IV)		6,057.37	6,057.77
VI. Exceptional items	30	344.95	-
VII. Profit before Extraordinary items and Tax (V + VI)		6,402.32	6,057.77
VIII. Extraordinary items		-	-
IX. Profit before Tax (VII - VIII)		6,402.32	6,057.77
X. Tax Expenses			
1. Current Tax			
- Current Year		1,807.74	1,537.44
- Earlier Years		(47.00)	(33.29)
2. Deferred Tax		266.31	531.42
Total Tax expenses		2,027.05	2,035.57
XI. Profit after Tax		4,375.27	4,022.20
Details of Earning Per Equity Share (Face Value ₹.10/-each)			
- Basic		34.49	31.71
- Diluted		34.49	31.71
Prior Period Adjustments	31		
Expenditure during Construction Period	32		

The accompanying notes 1 to 61 form an integral part of the Financial Statements

There are no extraordinary items or discontinuing operations in the above period.

For and on behalf of the Board of Directors

As per our separate Report of even date

N.K.Nagpal Secretary
P.K. Jain Director (Finance)
Prabhat Singh Director (Marketing)
B. C. Tripathi Chairman & Managing Director

For **M/s M L Puri & Co.**
Chartered Accountants
Firm No. 02312 N

For **M/s GS Mathur & Co..**
Chartered Accountants
Firm No.008744N

Navin Bansal
(Partner)
Membership No. 91922

Rajiv Kumar Wadhawan
(Partner)
Membership No. 091007

Place : New Delhi
Dated : May 26, 2014



Notes to Financial Statements for the year ended 31st March, 2014

1. Summary of Significant Accounting Policies

1.01 Accounting Convention

The financial statements are prepared on accrual basis of accounting under historical cost convention in accordance with generally accepted accounting principles in India and the relevant provisions of the Companies Act, 1956 including accounting standards notified thereunder.

1.02 Use of Estimates

The preparation of financial statements requires estimates and assumptions which affect the reported amount of assets, liabilities, revenues and expenses of the reporting period. The difference between the actual results and estimates are recognized in the period in which the results are known or materialized.

1.03 Inventories

- (i) Stock of LNG and Natural Gas in pipelines is valued at cost on First in First out (FIFO) basis or net realizable value, whichever is lower.
- (ii) Raw materials and finished products are valued at weighted average cost or net realizable value, whichever is lower. Finished products include excise duty and royalty wherever applicable.
- (iii) Stock in process is valued at weighted average cost or net realisable value, whichever is lower. It is valued at weighted average cost where the finished products in which these are to be incorporated are expected to be sold at or above the weighted average cost.
- (iv) Stores and spares and other material for use in production of inventories are valued at weighted average cost or net realisable value, whichever is lower. It is valued at weighted average cost where the finished products in which they will be incorporated are expected to be sold at/or above cost.
- (v) Surplus / Obsolete Stores and Spares are valued at cost or net realisable value, whichever is lower.
- (vi) Surplus / Obsolete Capital Stores, other than held for use in construction of a capital asset, are valued at lower of cost or net realisable value.

- (vii) Renewable Energy Certificates (RECs) are valued at cost on First in First out (FIFO) basis or net realizable value, whichever is lower.

1.04 Depreciation / Amortisation

- (a) Depreciation on Fixed Assets other than those mentioned below is provided in accordance with the rates as specified in Schedule XIV of the Companies Act, 1956, on straight line method (SLM) on pro-rata basis (monthly pro-rata for bought out assets).
 - (i) Assets costing upto ₹ 5,000/- are depreciated fully in the year of capitalisation.
 - (ii) Bunk Houses are amortised on assumption of five years life.
 - (iii) Oil and Gas Pipelines including other related facilities are depreciated @ 3.17% per annum on SLM basis based on useful life of 30 years.
 - (iv) Computers at the residence of the employees are depreciated @ 23.75% per annum on SLM basis. Furniture, Electric Equipments and Mobiles provided for the use of employees are depreciated @ 15% per annum on SLM basis.
 - (v) Cost of the leasehold land not exceeding 99 years is amortised over the lease period.
 - (vi) Depreciation due to price adjustment in the original cost of fixed assets is charged prospectively.
 - (vii) Capital expenditure on the assets (enabling facilities), the ownership of which is not with the Company, is charged off to Revenue.
 - (viii) Software / Licences are amortised in 5 years on straight line method.
 - (ix) Cost of the Right of Use (ROU) is amortized considering life of RoU as 99 years.
 - (x) After impairment of assets, if any, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.
- (b) Capital assets except gas pipelines related facilities installed at the consumers premises on the land whose ownership is not with the company, has

been depreciated on SLM basis in accordance with the rates as specified in Schedule XIV of the Companies Act, 1956.

1.05 Revenue recognition

- (i) Sales are recognized on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sales include excise duty but exclude value added tax. Any retrospective revision in prices is accounted for in the year of such revision.
- (ii) Income from Consultancy/Contract Services, if any, is recognized based on Proportionate Completion Method.
- (iii) Dividend income is accounted for when the right to receive it is established.
- (iv) Claims (including interest on delayed realization from customers) are accounted for, when there is no significant uncertainty that the claims are realizable.
- (v) Liability in respect of MGO of Natural gas is not provided for where the same is secured by MGO recoverable from customers. Payments/receipts during the year on account of MGO are adjusted on receipt basis.
- (vi) Minimum charges relating to transportation of LPG are accounted for on receipt basis.
- (vii) Prepaid expenses and prior period expenses/income upto ₹ 5,00,000/- in each case are charged to relevant heads of account of the current year.

1.06 Fixed Assets

- (a) Fixed Assets are valued at historical cost on consistent basis and are net of refundable taxes & levies wherever applicable. All costs relating to acquisition of fixed assets till commissioning of such assets are capitalized. In the case of commissioned assets where final payment to the Contractors is pending, capitalization is made on provisional basis, including provisional liability pending approval of Competent Authority, subject to necessary adjustment in cost and depreciation in the year of settlement.
- (b) Machinery spares, which can be used only in connection with an item of fixed asset and their use is expected to be irregular,

are capitalised with the cost of that fixed asset and are depreciated fully over the remaining useful life of that asset.

1.07 Intangible Assets

Intangible assets like software, licenses and right-of-use of land including sharing of ROU with other entities which are expected to provide future enduring economic benefits are capitalized as Intangible Assets.

1.08 Capital Work in Progress

- (a) Crop compensation is accounted for under Capital Work-in-Progress on the basis of actual payments/estimated liability, as and when work commences where ROU is acquired.
- (b) The capital work in progress includes material in Transit/ value of materials / equipment / Services, etc. received at site for use in the projects.
- (c) Pre-project expenditure relating to Projects which are considered unviable / closed is charged off to Revenue in the year of declaration/closure.

1.09 Expenses Incurred During Construction Period

All revenue expenditure incurred during the year, which is exclusively attributable to acquisition / construction of fixed assets, is capitalized at the time of commissioning of such assets.

1.10 Foreign Currency Translation

- (i) Transactions in foreign currency are initially accounted at the exchange rate prevailing on the transaction date.
- (ii) Monetary items (such as Cash, Receivables, Loans, Payables, etc.) denominated in foreign currencies, outstanding at the year end, are translated at exchange rates (BC Selling Rate for Payables and TT Buying Rate for Receivables) prevailing at year end.
- (iii) Non monetary items (such as Investments, Fixed Assets, etc), denominated in foreign currencies are accounted at the exchange rate prevailing on the date of transaction(s).
- (iv) Any gains or loss arising on account of exchange difference either on settlement or on translation is adjusted in the Statement of Profit & Loss except in case of long term foreign currency monetary items relating to acquisition of depreciable capital asset in which case

they are adjusted to the carrying cost of such assets and in other cases, accumulated in "Foreign Currency Monetary item Translation Difference Account" in the financial statements and amortized over the balance period of such long terms asset or liability, by recognition as income or expenses in each of such period.

- (v) In respect of derivative contracts, gain/losses on settlement and losses on re-statement (by marking them to market) at the balance sheet date are recognised in the statement of Profit & Loss.

1.11 Grants

In case of depreciable assets, the cost of the assets is shown at gross value and grant thereon is taken to Capital Reserve which is recognised as income in the statement of Profit and Loss over the useful life period of the asset.

1.12 Investments

Investments are classified into current and non-current investments. Current investments are stated at lower of cost or market value. Non-current investments are stated at cost and provision for diminution in value is made only if such decline is other than temporary in the opinion of management.

1.13 Employees Benefits

- (i) All short term employee benefits are recognized at the undiscounted amount in the accounting period in which they are incurred.
- (ii) The Company's contribution to the Provident Fund is remitted to a separate trust established for this purpose based on a fixed percentage of the eligible employee's salary and debited to statement of Profit and Loss. Further, the company makes provision as per actuarial valuation towards any shortfall in fund assets to meet statutory rate of interest in the future period, to be compensated by the company to the Provident Fund Trust.
- (iii) Employee Benefits under Defined Benefit Plans in respect of leave encashment, compensated absence, post retirement medical scheme, long service award and other terminal benefits are recognized based on the present value of defined benefit obligation, which is computed on the basis of actuarial valuation using the Projected Unit Credit method. Actuarial liability in excess of respective plan assets is recognized during the year.

- (iv) Provision for gratuity as per actuarial valuation is funded with a separate trust.

1.14 Borrowing Cost

Borrowing cost of the funds specifically borrowed for the purpose of obtaining qualifying assets and eligible for capitalization along with the cost of the assets, is capitalized up to the date when the asset is ready for use after netting off any income earned on temporary investment of such funds.

1.15 Taxes on Income

Provision for current tax is made as per the provisions of the Income Tax Act, 1961. Deferred Tax Liability / Asset resulting from 'timing difference' between book profit and taxable profit is accounted for considering the tax rate and laws that have been enacted or substantively enacted as on the Balance Sheet date. Deferred Tax Asset, if any, is recognized and carried forward only to the extent that there is virtual certainty that the asset will be realized in future.

1.16 R&D Expenditure

All expenditure, other than on capital account, on research and development are debited to statement of Profit and Loss.

1.17 Impairment

The Carrying amount of assets are reviewed at each Balance Sheet date. In case there is any indication of impairment based on Internal / External factors, an Impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount.

1.18 Provisions, Contingent Liabilities, Contingent Assets & Capital Commitments

- (i) Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Assets are neither recognized nor disclosed in the financial statements. Contingent liabilities exceeding ₹ 5 Lacs in each case are disclosed by way of notes to accounts except when there is remote possibility of any outflow in settlement.
- (ii) Estimated amount of contracts remaining to be executed on capital accounts are disclosed in each case above ₹ 5 Lacs.



1.19 Exploration and Development Costs:-

- i) The Company follows Successful Efforts Method for accounting of Oil & Gas exploration and production activities, which includes:-
 - a. Survey Costs are recognized as revenue expenditure in the year in which these are incurred.
 - b. Cost of exploratory wells is carried as 'Exploratory wells in progresses'. Such exploratory wells in progress are capitalized in the year in which the Producing Property is created or is written off in the year when determined to be dry/ abandoned.
 - c. Cost of all "exploratory wells in progress" is debited to statement of Profits and Loss except of those wells for which there are reasonable indications of sufficient quantity of reserves and the enterprise is making sufficient progress assessing the

reserves and the economic and operating viability of the project.

ii) Capitalization of Producing Properties

- a) Producing Properties are capitalized as "completed wells / producing wells" when the wells in the area / field are ready to commence commercial production on establishment of proved developed oil and gas reserves.
- b) Cost of Producing Properties includes cost of successful exploratory wells, development wells, initial depreciation of support equipments & facilities and estimated future abandonment cost.

iii) Depletion of Producing Properties

Producing Properties are depleted using the "Unit of Production Method (UOP)". The depletion or unit of production charged for all the capitalized cost is calculated in the ratio of production during the year to the proved developed reserves at the year end.

iv) Production cost of Producing Properties

Company's share of production costs as indicated by Operator consists of pre well head and post well head expenses including depreciation and applicable operating cost of support equipment and facilities..

1.20 OTHERS

- (i) Liquidated Damages / Price Reduction Schedule, if any, are accounted for as and when recovery is effected and the matter is considered settled by the Management. Liquidated damages / Price Reduction Schedule, if settled, after capitalization of assets are charged to revenue if below ₹ 50 lacs in each case, otherwise adjusted in the cost of relevant assets.
- (ii) Insurance claims are accounted for on the basis of claims admitted by the insurers.

Note 2 : Share Capital

(₹ in Crores)

	AS AT 31 ST MARCH, 2014	AS AT 31 ST MARCH, 2013
AUTHORISED		
200,00,00,000 (Previous Year 200,00,00,000) Equity Shares of ₹ 10/- each	2,000.00	2,000.00
ISSUED, SUBSCRIBED AND PAID-UP		
126,84,77,400 (Previous Year : 126,84,77,400) Equity Shares of ₹ 10/- each fully paid up.	1,268.48	1,268.48
TOTAL	<u>1,268.48</u>	<u>1,268.48</u>

a) Details of Shareholders holding more than 5% shares in the company

	31 ST MARCH, 2014		31 ST MARCH, 2013	
	Numbers	% Holding	Numbers	% Holding
Equity shares of ₹ 10/- each fully Paid Up				
(i) President of India (Promoter)	711,733,651	56.11%	727,405,675	57.35%
(ii) Life Insurance Corporation of India	95,906,319	7.56%	95,124,727	7.49%

- b) The Company has only one class of equity shares having a par value ₹ 10/- per share. The holders of the equity shares are entitled to receive dividends as declared from time to time and are entitled to voting rights proportionate to their share holding at the shareholders meetings.
- c) 1,77,25,920 shares are held in the form of Global Depository Receipts

Note 3 : Reserves and Surplus**(₹ in Crores)**

	AS AT 31 ST MARCH, 2014	AS AT 31 ST MARCH, 2013
Capital Reserve		
(Grant Received from Danish Govt. for construction of Gas Technology Institute at Noida)		
As per Last financial statements	1.29	1.40
Less: Transferred to statement of Profit & Loss	0.12	0.11
Closing Balance	<u>1.17</u>	<u>1.29</u>
Share Premium Account	<u>0.27</u>	<u>0.27</u>
Bonds Redemption Reserve		
As per Last financial statements	173.21	173.64
Add: Transferred from surplus in the statement of Profit & Loss	49.06	54.57
Less: Transfer to surplus in the statement of Profit & Loss	(55.00)	(55.00)
Closing Balance	<u>167.27</u>	<u>173.21</u>
CSR Reserve		
As per Last financial statements	13.13	-
Add: Transferred from surplus in the statement of Profit & Loss	31.00	13.13
Less: Transfer to surplus in the statement of Profit & Loss	(13.13)	-
Closing Balance	<u>31.00</u>	<u>13.13</u>
Foreign Currency Monetary Item Translation Difference Account	<u>14.81</u>	<u>2.00</u>
General Reserve		
As per Last financial statements	3,453.79	3,051.79
Add: Transferred from Investment Allowance (Utilised) Reserve	-	-
Add: Transferred from surplus in the statement of Profit & Loss	438.00	402.00
Closing Balance	<u>3,891.79</u>	<u>3,453.79</u>
Surplus in the Statement of Profit and Loss		
As per Last financial statements	19,315.63	17,128.90
Add: Profit for the year as per statement of Profit & Loss	4,375.27	4,022.20
Less : Appropriations		
Interim Dividend	570.81	507.39
Proposed Final Dividend	748.40	710.35
Corporate Dividend Tax	224.20	203.03
Transfer from Bond Redemption Reserve	(55.00)	(55.00)
Transfer to Bond Redemption Reserve	49.06	54.57
Transfer from CSR Reserve	(13.13)	-
Transfer to CSR Reserve	31.00	13.13
General Reserve	438.00	402.00
Net surplus after Appropriations	<u>2,381.92</u>	<u>2,186.73</u>
Closing Balance	<u>21,697.55</u>	<u>19,315.63</u>
TOTAL	<u>25,803.85</u>	<u>22,959.32</u>
a) The company has proposed final dividend for the Financial year 2013-14 @ ₹ 5.90 .Per equity share of ₹ 10/- each (previous year : ₹ 5.60 per equity share)		



Note 4 : Long Term Borrowings

(₹ in Crores)

	NON-CURRENT PORTION		CURRENT MATURITIES	
	AS AT 31 st March 2014	AS AT 31 st March 2013	AS AT 31 st March 2014	AS AT 31 st March 2013
SECURED				
(a) BONDS				
Bonds Series - I	100.00	200.00	100.00	100.00
(6.10% Secured Non-convertible redeemable Bonds -Series - I are redeemable in 5 equal installment commencing from the end of the 8th year upto the end of the 12th year from the deemed date of allotment August 22, 2003.) (Bonds are secured on pari pasu basis, by charge on freehold non agricultural land at village Tandalja, Vadodra together with the entire building constructed thereon both present & future and whole of plant and machinery , spares, tools and accessories and other movables of the company pertaining to its projects at LPG Vaghodia Plant, Hazira Plant, Grep Vaghodia Plant, Gandhar Plant and Vadodara plant both present and future and whether installed or not and lying or in store)				
Bonds Series - II	-	-	-	120.00
(5.85% Secured Non-convertible redeemable Bonds -Series - II are redeemable in 5 equal installment commencing from the end of the 6th year upto the end of the 10th year from the deemed date of allotment March 25, 2004.) (Bonds are secured on pari pasu basis, by charge on freehold non agricultural land at village Tandalja, Vadodra together with the entire building constructed thereon both present & future and whole of plant and machinery , spares, tools and accessories and other movables of the company pertaining to its projects at LPG LPG Vaghodia Plant, Hazira Plant, Grep Vaghodia Plant, Gandhar Plant, DUPL projects and Vadodra plant both present and future and whether installed or not and lying or in store)				
Bonds 2010 Series - I	500.00	500.00	-	-
(8.80% Secured Non-convertible redeemable Bonds 2010 -Series - I are redeemable in 4 equal installment commencing from the end of the 7th year upto the end of the 10th year from the deemed date of allotment December 13, 2010 with a call option at the end of the 7th year.) (Bonds are secured on pari pasu basis, by charge on freehold non agricultural land at village Tandalja, Vadodra together with the entire building constructed thereon both present & future and whole of plant and machinery , spares, tools and accessories and other movables of the company pertaining to its projects at Vijaipur Dadri Pipeline Projects excluding compressor stations at Vijaipur both present and future and whether installed or not and lying or in store)				
Bond series 2012	750.00	750.00	-	-
(9.14% Secured Non-convertible redeemable Bonds 2012 -Series - I are redeemable in 4 equal installment commencing from the end of the 5th year upto the end of the 8th year from the deemed date of allotment June 11, 2012 with a call option at the end of the 5th year.) (Bonds are secured on pari pasu basis, by charge on freehold non agricultural land at village Tandalja, Vadodra together with the entire building constructed thereon both present & future and whole of plant and machinery, spares, tools and accessories and other movables of the company pertaining to its projects at Vijaipur Dadri Pipeline Projects excluding compressor stations at Vijaipur both present and future and whether installed or not and lying or in store)				

(₹ in Crores)

	NON-CURRENT PORTION		CURRENT MATURITIES	
	AS AT 31 st March 2014	AS AT 31 st March 2013	AS AT 31 st March 2014	AS AT 31 st March 2013
(b) TERMLOANS				
From Banks:				
Loan from HDFC Bank	900.00	675.00	-	-
(Secured by way of first pari-passu charge on all the movable fixed assets, including whole pipeline, spur lines, plant & machinery, spares, equipments, tools & accessories and other movables both present and future, whether now lying loose or in cases or which are now lying or stored in or whether in the course of transit or on high seas, of the Dahej - Vijaypur Phase-II Pipeline project of the Borrower) excluding the plant & Machinery of compresor station at Jhabua and Vijaipur)				
Repayable within a period of 12 years from the date of first disbursement by equal half yearly instalments starting 6 months after the completion of 2 years moratorium period from 05.05.2013.				
From Other Parties:				
Oil Industry Development Board	121.00	358.50	237.50	237.50
(Secured by way of first charge on whole pipeline, spur lines, plant & machinery, spares, equipments, tools & accessories and other movables both present & Future, whether installed or not and whether now lying loose or in cases or which are now lying or stored in or about or shall hereinafter from time to time during the continuance of the security of these presents be brought into or upon or be stored or be in or about the Borrower's project of Chainsa-Jhajjar-Hissar Pipeline including spur lines or wherever else the same may be or be held by any party to the order or disposition of the borrower or in the course of transit or on high seas or on order or delivery, howsoever or wheresoever in the possion of borrrwer and either by way of substitution or addition).				
Repayable in four equal instalments after expiary of moratorium of one year from the date of disbursement. Loan disbursed in installment from July 2009 to March 2011 with rate of interest from 6.74% to 8.31% p.a. depending on date of disbursement.				
Oil Industry Development Board	1,205.00	996.25	291.25	168.75
Oil Industry Development Board (Secured by way of first charge on whole pipeline, spur lines, plant & machinery, spares, equipments, tools & accessories and other movables both present & Future, whether installed or not and whether now lying loose or in cases or which are now lying or stored in or about or shall hereinafter from time to time during the continuance of the security of these presents be brought into or upon or be stored or be in or about the Borrower's project of Dadri- Bawana--Nangal Pipeline including spur lines or wherever else the same may be or be held by any party to the order or disposition of the borrower or in the course of transit or on high seas or on order or delivery, howsoever or wheresoever in the possession of borrower and either by way of substitution or addition)				
Repayable in four equal instalments after expiary of moratorium of one year from the date of disbursement. Loan disbursed in installment from July 2011 to March 2013 with rate of interest from 8.50% to 8.98% p.a. depending on date of disbursement.				



(₹ in Crores)

	NON-CURRENT PORTION		CURRENT MATURITIES	
	AS AT 31 st March 2014	AS AT 31 st March 2013	AS AT 31 st March 2014	AS AT 31 st March 2013
Oil Industry Development Board	475.00	-	-	-
(Secured by way of first charge on whole pipeline, spur lines, plant & machinery, spares, equipments, tools & accessories and other movables both present & Future, whether installed or not and whether now lying loose or in cases or which are now lying or stored in or about or shall hereinafter from time to time during the continuance of the security of these presents be brought into or upon or be stored or be in or about the Borrower's project of Dahej Vijaipur Pipeline-II including spur lines or wherever else the same may be or be held by any party to the order or disposition of the borrower or in the course of transit or on high seas or on order or delivery, howsoever or wheresoever in the possession of borrower and either by way of substitution or addition) Repayable in four equal instalments after expiry of moratorium of one year from the date of disbursement. Loan disbursed in installment from Nov 2013 to March 2014 with rate of interest from 8.94% to 9.27% p.a. depending on date of disbursement.				
	<u>4,051.00</u>	<u>3,479.75</u>	<u>628.75</u>	<u>626.25</u>
UNSECURED TERM LOANS From Banks :				
- Bank of Tokyo Mitsubishi UFJ Ltd.	606.10	549.90	-	-
(1/3 rd repayment at the end of the 4th, 5th & 6th year from the last date of drawl i.e Dec 2015, Dec 2016 & Dec 2017) Loan carries floating rate of interest linked to 6 Months LIBOR plus spread.				
- Bank of Tokyo Mitsubishi UFJ Ltd.	909.15	824.85	-	-
(Bullet repayment at the end of the 5th year from the last date of 'drawl i.e Aug'2016. Loan carries floating rate of interest linked to 6 Months LIBOR, plus spread)				
- Mizuho Corporate Bank	606.10	549.90	-	-
(1/3 rd repayment at the end of the 4th, 5th & 6th year from the last date of drawl i.e Jan 2016, Jan 2017 & Jan 2018) Loan carries floating rate of interest linked to 6 Months LIBOR plus spread).				
- Sumitomo Mitsui Banking Corporations	606.10	549.90	-	-
(1/3 rd repayment at the end of the 4th, 5th & 6th year from the last date of drawl i.e Feb 2016, Feb 2017 & Feb 2018) Loan carries floating rate of interest linked to 6 Months LIBOR plus spread).				
- Japan bank for International Co-operation (JBIC)	245.35	189.34	30.67	31.85
Repayable in 20 half yearly equal Instalments starting from June'2013				
- Sumitomo Bank	1,818.30	1,649.70	-	-
(1/2 repayment at the end of the 5th & 6th year from the last date of drawl i.e Nov 2017, Nov 2018) Loan carries floating rate of interest linked to 6 Months LIBOR plus spread).				
- Society General	337.90	347.44	45.05	40.88
(Repayment in 20 half yearly equal Instalments starting from 22nd October 2012)				

	NON-CURRENT PORTION		CURRENT MATURITIES	
	AS AT 31 st March 2014	AS AT 31 st March 2013	AS AT 31 st March 2014	AS AT 31 st March 2013
- KFW Germany (Siemens Facility) (Repayment in 20 half yearly equal Instalments starting from March 2014)	267.54	-	31.48	-
- KFW Germany (Coperion Facility) (Repayment in 14 half yearly equal Instalments starting from October 2014)	78.55	-	6.04	-
	<u>5,475.09</u>	4,661.03	<u>113.24</u>	72.73
Total	<u>9,526.09</u>	<u>8,140.78</u>	<u>741.99</u>	<u>698.98</u>
a) There has been no defaults in repayment of any of the loans or interest thereon during the year.				

Note 5 : Other Long Term Liabilities

(₹ in Crores)

	AS AT 31 st MARCH, 2014	AS AT 31 st MARCH, 2013
Liability for Abandonment Cost (E&P)	1.13	1.13
Gas Pool Money (Provisional) ((Refer note no 37 (c))	652.50	584.47
Deposits/Retention Money from Contractors and others	58.25	30.06
Other Liabilities	59.29	69.41
TOTAL	<u>771.17</u>	<u>685.07</u>

Note 6 : Long Term Provisions

(₹ in Crores)

	AS AT 31 st MARCH, 2014	AS AT 31 st MARCH, 2013
Provision for Employee Benefits (refer note no -39)	404.04	359.58
TOTAL	<u>404.04</u>	<u>359.58</u>

Note 7 : Short Term Borrowings

(₹ in Crores)

	AS AT 31 st MARCH, 2014	AS AT 31 st MARCH, 2013
Other Loans and Advances		
UNSECURED		
Loan from Royal Bank of Scotland (RBS) (repayment at the end of 6 month from date of first drwal ie 14.06.2013) Loan carries floating rate of interest linked to 3 Months EURIBOR plus spread.	-	223.74
TOTAL	<u>-</u>	<u>223.74</u>

Note 8 : Trade Payables

(₹ in Crores)

	AS AT 31 st MARCH, 2014	AS AT 31 st MARCH, 2013
Trade Payables (includes ₹ 28.06Cr. (Previous Year : ₹ 25.78 Cr.) payable to JV consortium)	3,974.83	3,103.76
TOTAL	<u>3,974.83</u>	<u>3,103.76</u>



Note 9 : Other Current Liabilities

(₹ in Crores)

	AS AT 31 ST MARCH, 2014	AS AT 31 ST MARCH, 2013
(a) Current Maturity of Long Term Debt (Refer Note No - 4)		
(i) SECURED :		
- Bonds	100.00	220.00
- Term Loans	528.75	406.25
(ii) UN-SECURED		
- Society General	45.05	40.88
- Japan bank for International Co-operation (JBIC)	30.67	31.85
- KFW Germany (Siemens Facility)	31.48	-
- KFW Germany (Coperion Facility)	6.04	-
(b) Interest accrued but not due on Borrowings	182.53	118.27
(c) Unpaid / Unclaimed Dividend	2.45	2.68
(d) Others Payables :		
(i) Deposits/Retention Money from Contractors and others	392.61	421.63
(ii) Gas Pool Money ((Refer Note No - 37 (b))	1,035.71	598.89
(iii) Imbalance & Overrun Charges ((Refer Note No - 37 (d))	70.62	60.28
(iv) Others :		
- Statutory Payables	360.58	197.66
- Advance from Customers	639.37	226.89
- Payable for Capital expenditure	130.85	729.17
- Adjustment in pipeline tariff	36.37	650.87
- E&P Expenditure payables	249.79	311.20
- Employee Benefits payables	93.19	99.35
- Other Payables	111.48	92.25
TOTAL	4,047.54	4,208.12
a) Details in respect of rate of interest and terms of repayment of secured and unsecured current maturities of long term borrowings indicated above are disclosed in note no - 4		
b) There is no amount is due for payment to Investor Education and Protection Fund.		

Note 10 : Short-term Provisions

(₹ in Crores)

	AS AT 31 ST MARCH, 2014	AS AT 31 ST MARCH, 2013
Provision for Employee Benefits (refer note no - 39)	47.54	271.47
Others :		
Provision for Proposed Dividend	748.40	710.35
Provision for tax on Proposed Dividend	127.19	120.72
Provision for Probable Obligations	525.83	332.74
TOTAL	1,448.96	1,435.28

Note 11 : Fixed Assets (Tangible/Intangible Assets) (₹ in Crores)

DESCRIPTION	GROSS BLOCK (AT COST)			DEPRECIATION			IMPAIRMENT LOSS			NET BLOCK			
	As at 01.04.2013	Additions/ Adjustments during the year	Sales/ Adjustments during the year	As at 31.03.2014	Upto 31.3.2013	For the Year	Adjustments during the year	As at 31.03.2014	Upto 31.3.2013	For the Year	Reversed during the year	As at 31.03.2014	As at 31.03.2013
Tangible Assets (A)													
Land : Freehold	169.13	2.67	(0.02)	171.78	-	-	-	-	-	-	-	171.78	169.13
Leasehold	166.15	1.41	(0.01)	167.55	12.57	2.26	0.01	14.84	-	-	-	152.71	153.58
Building : Office/ Others	559.02	4.17	(0.01)	600.18	160.02	16.45	0.80	177.27	-	-	-	422.91	399.00
Residential	303.94	2.90	(0.00)	306.84	77.69	5.57	0.00	83.26	-	-	-	223.58	226.25
Bunk Houses	239	0.13	(0.03)	249	1.83	0.19	(0.03)	1.99	-	-	-	0.50	0.56
Plant and Machinery	28,534.70	1,932.18	(43.66)	30,423.22	10,811.88	1,046.28	(28.27)	11,829.89	2.05	5.62	(0.06)	18,585.71	17,720.77
Railway Lines & Sidings	5.47	-	-	5.47	5.17	0.01	(0.00)	5.18	-	-	-	0.29	0.30
Electrical Equipments	214.22	32.41	(3.14)	243.49	91.18	12.44	(2.19)	101.43	0.46	-	-	141.60	122.58
Furniture and Fixtures	85.33	16.22	(4.17)	97.38	48.79	6.20	(3.15)	51.84	-	-	-	45.54	36.54
Office Equipments	202.24	11.31	(8.97)	204.58	116.79	18.70	(8.05)	127.44	-	-	-	77.14	85.45
Other Equipments	117.37	8.85	(2.34)	123.88	51.26	10.15	(2.56)	58.85	-	-	-	65.03	66.11
Transport Equipments	2.64	3.60	(0.09)	6.15	2.17	0.72	0.84	3.73	-	-	-	2.42	0.47
E&P Assets													
Producing Property	7.10	856.91	(0.01)	864.00	1.30	25.21	-	26.51	-	-	-	837.49	5.80
Support Equipment & Facilities	1.65	0.40	-	2.05	0.64	0.09	-	0.73	-	-	-	1.32	1.01
TOTAL (A)	30,371.35	2,910.16	(62.45)	33,219.06	11,381.29	1,144.27	(42.60)	12,482.96	2.51	5.62	(0.06)	20,728.02	18,987.55
Intangible Assets (B)													
Right of Use	688.18	53.77	-	741.95	-	21.05	-	21.05	-	-	-	720.91	688.18
Softwares / Licences	89.44	5.90	(0.03)	95.31	57.72	9.92	(0.03)	67.61	-	-	-	27.70	31.72
Total (B)	777.62	59.67	(0.03)	837.26	57.72	30.97	(0.03)	88.66	-	-	-	748.61	719.90
TOTAL (A+B)	31,148.97	2,969.83	(62.48)	34,056.32	11,439.01	1,175.24	(42.63)	12,571.62	2.51	5.62	(0.06)	21,476.63	19,707.45
Previous Year	26,306.63	4,883.70	41.36	31,148.97	10,446.89	983.19	8.93	11,439.01	2.12	0.39	-	19,707.45	15,857.62

The borrowing costs capitalised in the fixed assets and capital work-in-progress (CWIP) during the year ended 31st March 2014 is ₹ 351.35 Crores (Previous year: ₹ 311.24 Crores). Asset wise details of borrowing costs and exchange differences in the cost of major heads of fixed assets through addition / Adjustments column are given below:

(₹ in Crores)

Particulars	For the year ended 31st March 2014		For the year ended 31st March 2013	
	Borrowing Costs	Exchange difference	Borrowing Costs	Exchange difference
Plant & Machinery	12.97	203.41	89.82	88.09
CWIP	338.38	299.08	221.42	58.09
TOTAL	351.35	502.49	311.24	146.18



Note 12 : Capital Work-in-Progress

(₹ in Crores)

	AS AT 31 ST MARCH, 2014		AS AT 31 ST MARCH, 2013	
A. Plant & Machinery				
Linepipe Construction and related facilities including Cathodic Protection	865.17		1,034.86	
Less : Provision for Linepipe and Related Facilities	87.49	777.68	10.85	1,024.01
Despatch/Receiving Terminals		2.47		1.16
Compressor Stations		4.82		736.41
Telecom/Telesupervisory System		6.79		1.42
LPG Pipeline Project		0.22		23.90
LPG Projects		0.67		-
Petrochemicals		5,425.43		2,502.39
Telecom Project		0.02		0.43
Others		95.51		618.57
Exploratory Well in Progress		385.29		476.07
Development Well in Progress		128.03		169.29
Intangibles		0.41		-
B. Buildings	149.14		84.91	
Less : Provision for abandonment of Building	5.28	143.86	-	84.91
C. Linepipes, Capital Items in Stock/Transit	2,756.93		3,339.51	
Less : Provision for losses/obsolescence	0.28	2,756.65	0.25	3,339.26
TOTAL		9,727.85		8,977.82

Note 13 : Non-current Investments

(₹ in Crores)

	No. of Shares / Bonds / Units Current Year / (Previous Year)	Face Value per Share / Bond / Unit in (₹) Current Year / (Previous Year)	AS AT 31 ST MARCH, 2014	AS AT 31 ST MARCH, 2013
1. Trade Investments				
Quoted				
(a) Investments in Equity Instruments :-				
(i) In Joint Venture Companies:				
Indraprastha Gas Ltd.	31,500,000 (31,500,000)	10.00 (10.00)	31.50	31.50
Petronet LNG Ltd.	93,750,000 (93,750,000)	10.00 (10.00)	98.75	98.75
*includes 1,00,00,000 equity shares allotted at a premium of ₹ 5/- per share			130.25	130.25
(ii) In Associate Company				
China Gas Holding Ltd. China	150,000,000 (150,000,000)	HK\$ 0.01/- (HK\$ 0.01/-)	97.37	97.37
*acquired at a premium of HK\$ 1.148 / share			97.37	97.37
(iii) Others				
Gujarat Industries Power Co. Ltd.	570,600 (570,600)	10.00 (10.00)	0.86	0.86
*includes 1,90,200 Equity Shares acquired at a premium of ₹ 15/- per share				
ONGC Ltd.	205,601,068 (205,601,068)	5.00 (5.00)	556.29	556.29
*Acquired 3,42,66,845 shares of ₹ 10/-each during 1999-2000 at a price of ₹ 162.34 per Share, 1,71,33,422 bonus shares of ₹ 10/- each received during 2006-07, During the year 2010-11, 5,14,00,267 Equity shares of ₹ 10/- each were splitted into Equity shares of ₹ 5/- each and bonus issue of 1:1 equity shares of ₹ 5/- each after split received during 2010-11)				
			557.15	557.15
			784.77	784.77
TOTAL QUOTED				
Unquoted				
(a) Investments in Equity Instruments :-				
(i) In Subsidiary Company				
GAIL Global (Singapore) Pte. Ltd. incorporated in Singapore (Wholly Owned subsidiary company)	2,100,000 (2,100,000)	USD 1/- (USD 1/-)	9.64	9.64
Brahmaputra Cracker & Polymer Ltd.	793,010,083 (740,565,173)	10.00 (10.00)	793.01	740.57
GAIL Gas Ltd.	254,351,265 (244,351,265)	10.00 (10.00)	254.35	244.35
Gail Global USA Inc	36,000,000 (36,000,000)	USD 1/- (USD 1/-)	179.17	179.17
			1,236.17	1,173.73



Note 13 : Non-current Investments

(₹ in Crores)

	No. of Shares / Bonds / Units Current Year / (Previous Year)	Face Value per Share/ Bond / Unit in (₹) Current Year / (Previous Year)	AS AT 31 ST MARCH, 2014	AS AT 31 ST MARCH, 2013
(ii) In Joint Venture Companies				
Mahanagar Gas Ltd.	44,450,000 (44,450,000)	10.00 (10.00)	44.45	44.45
Bhagyanagar Gas Ltd.	12,500 (12,500)	10.00 (10.00)	0.01	0.01
Central UP Gas Ltd.	15,000,000 (15,000,000)	10.00 (10.00)	15.00	15.00
Green Gas Ltd.	12,500 (12,500)	10.00 (10.00)	0.01	0.01
Maharashtra Natural Gas Ltd.	22,500,000 (22,500,000)	10.00 (10.00)	22.50	22.50
Ratnagiri Gas Power Project Ltd	974,308,300 (974,308,300)	10.00 (10.00)	974.31	974.31
Avantika Gas Ltd.	12,500 (12,500)	10.00 (10.00)	0.01	0.01
Tripura Natural Gas Company Ltd.	192,000 (55,000)	100.00 (100.00)	1.92	1.92
ONGC Petro Additions Ltd.	994,945,000 (634,440,001)	10.00 -	994.95	634.44
			2,053.16	1,692.65
(iii) In Associate Companies				
Gujrat State Energy Generation Ltd.	20,760,000 (20,760,000)	10.00 (10.00)	20.76	20.76
Fayum Gas Company registered in Egypt.	19,000 (19,000)	LE 100/- (LE 100/-)	8.10	8.10
			28.86	28.86
2. Other Investments (Unquoted - at cost)				
(a) Investments in Equity Instruments :-				
i). Darpan Co-operative Housing Society Ltd., Vadodara (₹ 1,500/-).	30 (30)	50.00 (50.00)	-	-
ii). Ashoka Apartments Co-operative Housing Society Ltd., Vadodara (₹ 2,500/-).	50 (50)	50.00 (50.00)	-	-
iii). Sanand Members Association, Ahmedabad (₹ 4,000/-).	400 (400)	10.00 (10.00)	-	-
iv). Green Field (B) Co-operative Housing Society Ltd., Mumbai (₹ 1,750/-)	35 (35)	50.00 (50.00)	-	-
v). South East Asia Gas Pipeline Ltd.(Registered in Hongkong).	8,347 (8,347)	USD 1/- (USD 1/-)	0.04	0.04
			0.04	0.04
TOTAL UNQUOTED			3,318.23	2,895.28
TOTAL			4,103.00	3,680.05
Aggregate amount of quoted investments				
- Book Value (at cost)			784.77	784.77
- Market Value			10,173.09	9,411.91

Note 14 : Long term Loans and Advances

(₹ in Crores)

	AS AT 31 ST MARCH, 2014		AS AT 31 ST MARCH, 2013	
(a) Capital Advances				
- Secured, Considered Good	-		-	
- Unsecured, Considered Good	29.34		141.17	
- Unsecured, Considered Doubtful	0.35		1.55	
	29.69		142.72	
Less : Provision for Doubtful Advances	0.35	29.34	1.55	141.17
(b) Security Deposits				
- Unsecured, Considered Good	122.22		120.30	
- Unsecured, Considered Doubtful	23.59		23.02	
	145.81		143.32	
Less : Provision for Doubtful Deposits	23.59	122.22	23.02	120.30
(c) Loans and Advances to Related Parties				
(i) Unsecured, Considered Good				
GAIL Global Singapore (Pte) Limited (100% subsidiary company incorporated in Singapore)		56.38		55.60
(ii) Advances to Related Party for Allotment of Equity		185.70		236.15
(d) Other Loans and Advances				
(i) Loans and Advances to Employees				
- Secured, Considered Good	269.48		279.01	
- Unsecured, Considered Good	87.02		57.76	
(including dues from Directors and officer ₹ 0.25 Cr. (Previous Year : ₹ 0.29 Cr.) (Maximum amount due at any time during the year: ₹ 0.65 Cr.) (Previous Year : ₹ 0.65 Cr.)		356.50		336.77
(ii) Advance Income Tax against pending demand				
- Unsecured, Considered Good	1,298.13		1,221.67	
- Unsecured, Considered Doubtful	85.72		56.74	
	1,383.85		1,278.41	
Less : Provision for Doubtful Income Tax against pending demand	85.72	1,298.13	56.74	1,221.67
(iii) Advance tax / TDS				
- Unsecured, Considered Good	3,497.20		3,170.66	
Less : Provision for taxation	3,271.86	225.34	2,923.93	246.73
(iv) Loan / Advances to Others				
- Unsecured, Considered Good		195.17		166.74
South East Asia Gas Pipeline (Includes interest accrued of South East Asia Gas Pipeline ₹ NIL (Previous Year ₹ 32.41 Cr.)				
(v) Others :				
a) VAT Credit Receivable		66.31		66.33
b) Other Advances		0.03		0.03
- Unsecured, Considered Good				
TOTAL		2,535.12		2,591.49



(₹ in Crores)

	AS AT 31 ST MARCH, 2014		AS AT 31 ST MARCH, 2013	
a) (II) Advances to Related Party for Allotment of Equity				
Joint Venture Companies				
i). Bhagyanagar Gas Ltd.	22.49		22.49	
ii). Tripura Natural Gas Ltd.	-		-	
iii). Green Gas Ltd.	23.03		23.03	
iv). Avantika Gas Ltd.	22.48		22.49	
v). Ratnagiri Gas & Power Pvt. Ltd.	-		-	
vi). ONGC Petro Additions Ltd (OPAL)	-		-	
	<u>68.00</u>		<u>68.01</u>	
Subsidiary Companies				
i). Brahmaputra Cracker and Polymer Ltd.	-		52.44	
ii). GAIL Gas Ltd.	12.00		10.00	
	<u>12.00</u>		<u>62.44</u>	
Others				
i). South East Asia Gas Pipeline Ltd.	105.70		105.70	
	<u>105.70</u>		<u>105.70</u>	
TOTAL (II)	<u>185.70</u>		<u>236.15</u>	

Note 15 : Other Non Current Assets

(₹ in Crores)

	AS AT 31 ST MARCH, 2014		AS AT 31 ST MARCH, 2013	
Long Term Trade Receivables				
- Unsecured, Considered Good	718.41		665.78	
- Unsecured, Considered Doubtful	597.10	1,315.51	460.20	1,125.98
Less : Provision for Doubtful debts		<u>597.10</u>		<u>460.20</u>
		<u>718.41</u>		<u>665.78</u>
Others :				
- Unsecured, Considered Good				
Prepaid Expenses		-		7.41
TOTAL		<u>718.41</u>		<u>673.19</u>

Note 16 : Current Investments**(₹ in Crores)**

	AS AT 31 ST MARCH, 2014	AS AT 31 ST MARCH, 2013
Current Investments		
(i) In Associate Company		
China Gas Holding Ltd.China	-	38.95
* 60 million shares acquired at a premium of HK\$ 1.148 / share		
TOTAL	<u>-</u>	<u>38.95</u>
Aggregate amount of quoted investments		
- Book Value (at cost)	-	38.95
- Market Value	-	269.35

Note 17 : Inventories**(₹ in Crores)**

	AS AT 31 ST MARCH, 2014	AS AT 31 ST MARCH, 2013
(a) Work-in-Progress	5.29	5.20
(b) Finished Goods		
Polymers / LPG and Other Products	121.07	160.02
(c) Stock-in-trade		
Stock of Gas (after adjustment of calorific value)	1,447.96	782.25
* includes ₹ 0.11 Cr. (Previous Year : ₹ 0.07 Cr) of REC		
(d) Stores and Spares		
(As taken, valued and certified by the Management)		
Stores and Spares *	574.77	503.23
Less : Provision for Losses/Obsolescence	2.79	1.62
Construction Surplus - Capital / Stores	128.60	105.89
Less : Provision for Losses/Obsolescence	20.14	19.64
* includes ₹ 34.25 Cr. (Previous Year : ₹ 76.05 Cr.) in transit.		
TOTAL	<u>2,254.76</u>	<u>1,535.33</u>

Note 18 : Trade Receivables**(₹ in Crores)**

	AS AT 31 ST MARCH, 2014	AS AT 31 ST MARCH, 2013
(i) Trade Receivables outstanding for a period exceeding six months		
- Unsecured, Considered Good	14.87	43.24
- Unsecured, Considered Doubtful	-	0.46
(ii) Other Receivables		
- Unsecured, Considered Good	2,797.12	2,508.10
- Unsecured, Considered Doubtful	-	-
Less : Provision for Doubtful debts	-	0.46
TOTAL	<u>2,811.99</u>	<u>2,551.34</u>



Note 19 : Cash and cash equivalents

(₹ in Crores)

	AS AT 31 ST MARCH, 2014	AS AT 31 ST MARCH, 2013
(a) Cash in hand	0.34	0.32
(b) Stamps in hand	0.07	0.23
(c) Balances with Banks		
(i) Current Account	22.25	10.14
(ii) Corporate Liquid Term Deposit (CLTD)	497.35	35.11
(iii) Short Term Deposit	1,002.02	1,651.18
(iv) Earmarked Accounts		
- Current Account - Dividend Payable	2.45	2.68
- Short Term Deposit - Gas Pool Money (includes interest accrued but not due ₹ 28.99 Cr. (Previous Year : ₹ 4.26 Cr.) ((Refer Note No - 37 (b)))	1,028.26	571.75
- Short Term Deposit - Imbalance & Over run (includes interest accrued but not due ₹ 5.62 Cr. (Previous Year : ₹ 3.20 Cr.) ((Refer Note No - 37 (d)))	70.18	60.75
- Short Term Deposit -JV Consortium (includes interest accrued but not due ₹ 2.29 Cr. (Previous Year : ₹ 0.97 Cr.) ((Refer Note No - 37 (a)))	28.06	25.78
	1,128.95	660.96
TOTAL	2,650.98	2,357.94

a) None of the above deposits is having original maturity of more than 12 months

Note 20 : Short Term Loans and Advances

(₹ in Crores)

	AS AT 31 ST MARCH, 2014	AS AT 31 ST MARCH, 2013
(a) Loan and Advances to Related Parties		
- Unsecured, Considered Good	137.63	101.78
- Unsecured, Considered Doubtful (Includes interest accrued of ₹ 16.56 Cr.(Previous Year : ₹ 13.84 Cr.)	-	4.44
	137.63	106.22
Less : Provision for Doubtful Advances	-	4.44
	137.63	101.78
(b) Security Deposits		
- Unsecured, Considered Good	311.48	166.51
(c) Others :		
(i) Loan and Advances to Employees		
- Secured, Considered Good	41.36	33.24
- Unsecured, Considered Good (including dues from Directors and officer ₹ 0.22 Cr. (Previous Year : ₹ 0.21 Cr.)	8.60	5.38
	49.96	38.62



Note 21 : Other Current Assets

(₹ in Crores)

	AS AT 31 ST MARCH, 2014	AS AT 31 ST MARCH, 2013
Interest accrued but not due		
(Including on investments of NIL (Previous Year : ₹ NIL))	18.23	14.77
	<u>18.23</u>	<u>14.77</u>

Note 22 : Revenue from Operations (Gross)

(₹ in Crores)

	YEAR ENDED 31 ST MARCH, 2014	YEAR ENDED 31 ST MARCH, 2013
a) Sale of Products		
Sale of Gas	45,616.70	37,552.12
Sale of Polymers	5,095.02	4,203.69
Sale of LPG	3,905.82	2,902.32
Sale of Propane/Pentane/SBPS/Naptha	1,754.62	1,735.27
Sale of Crude Oil	73.84	78.22
Sale of CNG	79.02	65.43
Sale of Power	61.50	60.14
b) Sale of Services		
LPG Transmission / RLNG Shippers Charges	1,422.57	1,403.90
c) Income from Telecom	2.97	4.18
	<u>58,012.06</u>	<u>48,005.27</u>
Less : Excise Duty	766.96	672.60
TOTAL	<u>57,245.10</u>	<u>47,332.67</u>
Other Operating Income	262.83	190.02
TOTAL (Net)	<u>57,507.93</u>	<u>47,522.69</u>
a) Other Operating Income includes ₹ 74.33 Crore (Previous year ₹ 60.48 crore) on account of salary exp recovered on account of employees on deputation to other Comp./Dept.		

Note 23 : Other Income

(₹ in Crores)

	YEAR ENDED 31 ST MARCH, 2014	YEAR ENDED 31 ST MARCH, 2013
Interest on:		
- Bonds (Short term trade investment)	-	0.30
- Deposits with Banks	152.78	138.72
- Others	143.44	110.31
	<u>296.22</u>	<u>249.33</u>
(Tax deducted at source : ₹ 17.19 Cr. (Previous Year : ₹ 16.15 Cr.))		
Less : Transferred to Expenditure during construction period (refer note no - 32)	5.53	55.60
Dividend from Trade Investment	336.34	382.58
Transfer From Capital Reserve	0.12	0.11
Net Gain on Foreign Currency Transaction and Translation	25.21	22.03
Excess Provision Written Back	195.71	131.66
Miscellaneous Income	51.27	35.84
(Tax deducted at source : ₹ 0.86 Cr. (Previous Year : ₹ 0.40 Cr.))		
Less : Transferred to Expenditure during construction period (refer note no - 32)	0.82	1.44
TOTAL	<u>898.52</u>	<u>764.51</u>

Note 24 : Purchase of Stock in Trade**(₹ in Crores)**

	YEAR ENDED 31 ST MARCH, 2014	YEAR ENDED 31 ST MARCH, 2013
Purchase of Natural Gas	41,229.30	33,396.89
Purchase of Polymers	5.12	-
TOTAL	41,234.42	33,396.89

Note 25 : (Increase) / Decrease in Inventories of Finished Goods, Work in Progress and Stock in Trade**(₹ in Crores)**

	YEAR ENDED 31 ST MARCH, 2014	YEAR ENDED 31 ST MARCH, 2013
Inventories at the end of the year		
Work-in-Progress	5.29	5.20
Finished Goods	121.07	160.02
Stock in Trade	1,447.97	782.25
TOTAL	1,574.33	947.47
Inventories at the beginning of the year		
Work-in-Progress	5.20	1.93
Finished Goods	160.02	96.63
Stock in Trade	782.25	791.93
TOTAL	947.47	890.49
(Increase) / Decrease	(626.86)	(56.98)

Note 26 : Employee benefits expenses**(₹ in Crores)**

	YEAR ENDED 31 ST MARCH, 2014	YEAR ENDED 31 ST MARCH, 2013
Salaries, Wages and Allowances	657.51	605.31
Contribution to Provident and Other Funds	114.83	131.59
Staff Welfare Expenses	132.68	121.10
TOTAL	905.02	858.00
Less: Employees Benefit Expenses transferred to Capital Work-in-Progress (refer note no - 32)	57.29	72.55
TOTAL	847.73	785.45

a) Employee benefits expenses include ₹ 78.64 Cr.(Previous Year : ₹ 86.79 Cr.) on account of retirement benefits viz. PF, Leave encashment, Medical, Long Service award, terminal benefit, sick leave and gratuity.



Note 27 : Finance Cost

(₹ in Crores)

	YEAR ENDED 31 ST MARCH, 2014		YEAR ENDED 31 ST MARCH, 2013	
Interest on:				
- Term Loans	549.98		290.05	
- Bonds	134.03		133.81	
- Others	2.11	686.12	4.36	428.22
Other Borrowing Costs		31.42		78.04
Exchange differences regarded as an adjustment to Interest Cost		-		-
TOTAL		717.54		506.26
Less : Interest and Finance Charges transferred to Capital Work-in-Progress (refer note no - 32)		351.35		311.24
TOTAL		366.19		195.02

Note 28 : Depreciation and Amortization Expenses

(₹ in Crores)

	YEAR ENDED 31 ST MARCH, 2014		YEAR ENDED 31 ST MARCH, 2013	
Depreciation and Amortization Expenses		1,175.24		983.19
Impairment Loss		5.62		0.39
		1,180.86		983.58
Less : Depreciation and Amortization Expenses transferred to Capital Work-in-Progress (refer note no - 30)		4.71		2.64
TOTAL		1,176.15		980.94
a) As required by Accounting Standard (AS) 28, 'Impairment of Assets', an amount of ₹ 5.62 Cr. (Previous Year : ₹ 0.39 Cr.) has been impaired in respect of GAIL Tel Cash Generating Units (ref note no - 48)				

Note 29 : Other Expenses

(₹ in Crores)

	YEAR ENDED 31 ST MARCH, 2014		YEAR ENDED 31 ST MARCH, 2013	
Gas Pool Expenses		454.77		734.86
Stores and Spares consumed		345.56		297.34
Power and Fuel Charges				
Power Charges		236.30		199.44
Gas used as Fuel		1,433.85		1,036.70
		1,670.15		1,236.14
Water Charges		6.20		6.96
Rent		23.96		18.77
Repairs and Maintenance				
Plant and Machinery		288.86		247.27
Buildings		19.78		24.78
Others		38.81		24.89
		347.45		296.94
Insurance		20.12		17.83
Rates and Taxes (includes entry tax on gas)		157.36		86.98
Miscellaneous Expenditure :				
- Licence Fees - Telecom		2.01		1.95
- Bandwidth Consumption		0.03		-
- Communication Expenses		10.45		9.09
- Printing and Stationery		3.58		3.47
- Travelling Expenses		94.06		92.83
- Books and Periodicals		1.45		0.57
- Advertisement and Publicity		36.20		33.76
- Entertainment Expenses		0.21		0.37
- Recruitment and Training Expenses		15.54		18.79
- Vehicle Hire and Running Expenses		29.82		25.91
- Survey Expenses		69.01		81.65
- Dry Well Expenses written off		41.38		137.60
Less : Provision for Dry Well Expenses written back		-		53.57
		41.38		84.03
- Oil & Gas Producing Expenses (Operators)		58.19		4.76
- Royalty on Crude Oil*		65.09		29.48
- Consultancy Charges		53.35		31.33
- Data Processing Expenses		6.35		6.13
- Donation		0.01		-
- Research and Development Expenses		28.45		12.91
- Loss on sale / written off of assets (net)		1.23		10.34
- Bad Debts/Claims/Advances/Stores written off		0.02		0.39
- Provision for Doubtful Debts, Advances, Claims, Deposits and obsolescence of Stores and Capital Items		382.45		49.91
- Provision for Probable Obligations / Contingencies		180.45		134.95
- Excise Duty on Stock (net)		(9.01)		8.81
- Expenses on Enabling Facilities		30.29		3.34
- Selling & Distribution Expenses		26.58		21.16
- Discount on Sales		153.75		120.71
- Commission on Sales		16.28		15.51
- Security Expenses		83.78		68.43
- Corporate Social Responsibility Expenses		62.57		64.65
- Other Expenses		64.93		101.15



(₹ in Crores)

	YEAR ENDED 31 ST MARCH, 2014		YEAR ENDED 31 ST MARCH, 2013	
Net Loss on Foreign Currency Transaction and Translation		-		-
Payment to Auditors				
Audit Fees	0.46		0.38	
Tax Audit fees	0.07		0.07	
Other Services (for issuing certificates, etc)	0.20		0.16	
Travelling & Out of Pocket Expenses	0.32	1.05	0.28	0.89
Net Loss on Sale of Investments		-		-
Prior Period Adjustments (Refer note 31)		(6.55)		256.70
TOTAL		4,528.57		3,989.79
Less: Incidental Expenditure during construction transferred to Capital Work-in-Progress (refer note no - 32)		20.55		30.36
TOTAL		4,508.02		3,959.43

* includes ₹43.96 Cr (Prev. Year ₹20.52 Cr) towards Govt Share of Profit Petroleum

Note 30 : Exceptional Items

(₹ in Crores)

	YEAR ENDED 31 ST MARCH, 2014		YEAR ENDED 31 ST MARCH, 2013	
Profit on sale of Investment		344.95		-
TOTAL		344.95		-

Note 31 : Prior Period Adjustments

(₹ in Crores)

	YEAR ENDED 31 ST MARCH, 2014		YEAR ENDED 31 ST MARCH, 2013	
Purchase of Gas		(1.28)		-
Contribution to PF & Other Fund		3.24		209.41
Welfare Expenses		-		(0.29)
Rent		0.61		0.25
Rates and Taxes		0.15		-
Repairs & Maintenance		0.20		-
Consultancy Charges		(0.29)		-
Other Expenses		1.22		10.87
Depreciation(Net)		3.90		36.61
Interest		1.03		0.11
TOTAL		8.78		256.96
Less:				
- Sales		3.18		-
- Interest Income		0.16		-
- Miscellaneous Income		11.99	0.26	0.26
TOTAL (NET)		(6.55)		256.70

Note 32 : Expenditure during Construction Period**(₹ in Crores)**

	YEAR ENDED 31 ST MARCH, 2014		YEAR ENDED 31 ST MARCH, 2013	
Employees Remuneration and Benefits				
Salaries, Wages and Allowances	42.11		55.60	
Contribution to Provident and Other Funds	9.13		7.58	
Welfare Expenses	6.05	57.29	9.37	72.55
Power, Fuel and Water Charges		1.11		1.08
Stores & Spares		0.15		0.13
Rent		0.78		1.91
Repairs and Maintenance - Plant and Machinery		0.15		0.12
Repairs and Maintenance - Building		-		0.04
Repairs and Maintenance - Others		0.48		0.61
Insurance		0.32		0.02
Communication Expenses		0.49		0.59
Printing and Stationery		0.12		0.21
Travelling Expenses		9.04		11.19
Books and Periodicals		0.02		0.04
Advertisement & Publicity		0.22		0.06
Entertainment Expenses		0.56		0.53
Recruitment and Training Expenses		0.27		0.30
Vehicle Hire & Running Expenses		0.01		-
Consultancy Charges		1.24		0.69
Data Processing Expenses		-		0.07
Other Expenses		5.59		12.77
Depreciation		4.71		2.64
Interest and Finance Charges		351.35		311.24
		433.90		416.79
Less : - Interest Income	5.53		55.60	
- Misc. Income	0.82		1.44	
- Sales	-	6.35	-	57.04
Net Expenditure		427.55		359.75
Less : Transferred to Capital Work-in-progress				
a) Employees Benefits Expenses	57.29		72.55	
b) Interest & finance Charges	351.35		311.24	
c) Depreciation	4.71		2.64	
d) Other Expenses	20.55		30.36	
e) Other Income	(6.35)	427.55	(57.04)	359.75
Balance Carried over to Balance Sheet		NIL		NIL

33. Contingent Liabilities and Commitments (To the extent not provided for):-

I. Contingent Liability

(a). Claims against the Company not acknowledged as debts: ₹ 7596.61 Crores (Previous Year: ₹ 5968.49 Crores), which mainly include:-

- (i) Legal cases for claim of ₹ 840.74 Crores (Previous Year: ₹ 807.23 Crores) by trade payable on account of Liquidated Damages/Price Reduction Schedule and Natural Gas price differential etc. and by customers for Natural gas transmission charges etc.
 - (ii) Income tax assessments up to the Assessment Year 2011-12 have been completed and a demand (net of provision) of ₹ 1337.15 Crores relating to the Assessment Years 1996-97 to 2011-12 (Previous Year: ₹ 1290.25 Crores relating to the Assessment Years 1996-97 to 2010-11) raised by the Department on account of certain disallowances / additions has been disputed by the company as it has been advised that the demand is likely to be deleted or may be reduced substantially by the appellate Authorities. The company has filed the appeal with the appropriate appellate authorities against all the assessment years. However, to avoid coercive action by the Department, ₹ 1298.14 Crores (Previous Year: ₹ 1221.67 Crores) has already been paid pending decision by the appellate authorities. Further, Department has also filed appeals amounting to ₹ 100.32 Crores (including interest) (Previous Year: ₹ 93.37 Crores) before Income Tax Appellate Tribunal, Delhi against the relief granted by CIT (A) in favour of Company.
 - (iii) ₹ 4238.36 Crores (Previous Year: ₹ 3147.06 Crores) relating to disputed tax demand towards Custom Duty, Excise duty, Sales tax, Entry tax, Service Tax etc.
- (b) (i) The Company has issued Corporate Guarantee for ₹ 1555.37 Crores (Previous Year: ₹ 1100.74 Crores) on behalf of subsidiary companies for raising loan.
- (ii) Share in Contingent Liabilities of Joint Ventures based on their audited / unaudited Financial Statement: ₹ 980.49 Crores (Previous Year: ₹ 728.87 Crores).

II. Commitments:-

- (a) Estimated amount of contracts remaining to be executed on capital account and not provided for: ₹ 2658.21 Crores (Previous Year: ₹ 4841.24 Crores).
- (b) Company's share in estimated amount of contracts remaining to be executed on capital account and not provided for based on audited/unaudited Financial Statement of Joint Ventures. ₹ 842.47 Crores (Previous Year: ₹ 1005.49 Crores).

(c) Other Commitments:-

(i) As at 31st March'2014, the company has commitment of ₹ 772.16 Crores (Previous Year: ₹ 615.65 Crores) towards further investment and disbursement of loan in the Joint Venture Entities and Associates.

(ii) As at 31st March'2014, the company has commitment of ₹ 140.93 Crores (Previous Year: ₹ 140.93 Crores) towards further investment in the Subsidiaries.

(iii) As at 31st March'2014, the company has commitment of ₹ 147.58 Crores (Previous Year: ₹ 177.62 Crores) towards further investment in the entity other than Joint Ventures, Associates & Subsidiaries.

(iv) Company's commitment towards the minimum work programme in respect of Jointly Controlled Assets has been disclosed in Note 47(b).

34. Sales Tax demand of ₹ 3449.18 Crores (Previous Year: ₹ 3449.18 Crores) and interest thereon ₹ 1513.04 Crores (Previous Year: ₹ 1513.04 Crores) for Hazira unit in Gujarat State: Sales Tax Authorities, Ahmedabad have treated the transfer of Natural Gas by the company from the state of Gujarat to other states during the period April, 1994 to March, 2001 as inter-state sales under Section 3(a) of the Central Sales Tax Act. The company has been paying sales tax under section 12 of the Gujarat Sales Tax Act against Form 17 since inception (1987) and accordingly the sales tax assessments have been completed. Based on the interpretation of the provisions of the Sales Tax Act and legal advice from the experts, the company had filed writ petition and special leave petition in the Supreme Court of India. In February, 2005 the case was transferred by Hon'ble Supreme Court to Gujarat Sales Tax Tribunal for decision. The Tribunal has given its judgment on 16.05.2005 accepting the contention of the company for interstate transfer of Natural Gas as branch transfer and not the interstate sale and set aside the demand under section 41-B of the Gujarat Sales Tax Act. The Hon'ble Tribunal has given further instruction to the Assessing Authority to re-assess and decide tax liability in accordance with the law considering interstate transfer of natural gas as branch transfer. The Sales Tax Authorities had filed rectification application under section 72 of the Gujarat Sales Tax Act, 1969 in Gujarat Sales Tax Tribunal against its judgment dated 16.05.2005. The Tribunal had dismissed the rectification application of the sales tax authorities vide its order dated 06.07.2006. The sales tax authorities have now filed petition in Hon'ble high Court Ahmedabad against the order of the tribunal and no hearing has yet taken place. In opinion of the management there is a remote possibility of crystallizing this liability.

35. (a) Freehold Land acquired valuing ₹ 19.92 Crores (Previous Year: ₹ 11.55 Crores) and Leasehold Land acquired valuing ₹ 79.50 Crores (Previous Year: ₹ 64.07 Crore) are valued / capitalized on provisional basis.

(b) Title deeds for freehold land valuing ₹ 14.21 Crores (Previous Year: ₹ 10.86 Crores) and leasehold land valuing ₹ 25.55 Crores (Previous Year: ₹ 13.19 Crores) are pending execution.

(c) Title Deeds in respect of ten residential flats at Asiad Village, New Delhi, valuing ₹ 1.17 Crores (Previous Year: ₹ 1.17 Crores) are still in the name of ONGCL. Concerned authorities are being pursued for getting the same transferred in the name of the Company.

(d) Net Block for "Building" includes an amount of ₹ 0.52 Crores (Previous Year: ₹ 1.03 Crores) earmarked for disposal but in use.

- (e) Freehold land valuing ` 0.63 Crores and leasehold land valuing ` 0.80 Crores, registered in the name of company, does not belong to it and hence not capitalized.
36. Disclosure as per Accounting Standard-5 on "Net Profit or Loss for the period, Prior Period Items and Changes in Accounting Policies".
- (a) In compliance of opinion of Expert Advisory Committee (EAC) of ICAI, the company has changed its Accounting Policy (Notes to Accounts No 1.04(a) (ix)) and amortised the cost of ROU considering the life as 99 years. As such, depreciation and amortization expenses increased by ₹ 21.05 Crores and accordingly, profit for the year reduced by corresponding amount.
- (b) In compliance with revised "Guidance Note of Accounting of Oil & Gas Producing Activities" issued by ICAI, the company has changed its Accounting Policy (Notes to Accounts No. 1.19 (i) (c) and 1.19 (ii) (a)) relating to accounting of exploratory well in progress and capitalization of producing properties. There is no impact on the profit for the year.
37. (a) The balance retention from PMT JV consortium amounting to ₹ 28.06 Crores (Previous Year: ₹ 25.78 Crores) includes interest amounting to ₹ 2.29 Crores (Previous Year: ₹ 0.97 Crores) on Short term deposits for the year. This interest income does not belong to the company and hence not accounted as income.
- (b) Liability on account of Gas Pool Money amounting to ₹ 1035.71 Crores (Previous Year: ₹ 598.89 Crores) includes interest amounting to ₹ 28.99 Crores (Previous Year: ₹ 4.26 Crores) on short term deposits. This interest does not belong to the company and hence not accounted as income.
- (c) The amount in Gas Pool Money (Provisional) account shown under "Other Long Term Liabilities" amounting to ₹ 652.20 Crores (Previous Year: ₹ 584.47 Crores) will be invested as and when said amount is received from the customers.
- (d) Liability on account of Pipeline overrun and Imbalance charges amounting to ₹ 70.62 Crores (Previous Year: ₹ 60.28 Crores) includes interest for the year amounting to ₹ 5.62 Crores (Previous Year: ₹ 3.20 Crores) on short term deposits. This interest does not belong to the company and hence not accounted as income.
38. Disclosure as per Accounting Standard-11 on "The effect of changes in Foreign Exchange Rates"
- (i) The amount of exchange difference (net) recognized in the Statement of Profit & Loss is ₹ 25.21 Crores (Previous Year: ₹ 22.03 Crores).
- (ii) The amount of exchange difference debited to the carrying amount of fixed assets is ₹ 502.49 Crores (Previous Year: ₹ 146.18 Crores).
39. The required disclosure under the Revised Accounting Standard 15 is given as below:
- (i) Superannuation Benefit Fund (Defined Contribution Fund)**
Company has paid for an amount of ₹ 52.07 Crores (Previous Year: ₹ 46.29 Crores) towards contribution to Superannuation Benefit Fund Trust and charged to Statement of Profit and Loss.
- (ii) Provident Fund**
Company has paid contribution of ₹ 43.83 crores (Previous Year: ₹ 37.40 Crores) to Provident Fund Trust at predetermined fixed percentage of eligible employee's salary and charged to Statement of Profit and Loss. Further, the obligation of the company is to make good shortfall, if any, in the fund assets based on the statutory rate of interest in the future period. During the year, the company has reversed a provision of ₹ 24.72 Crore (Previous Year: made a provision of ₹ 18.21 Crores), as per actuarial valuation and the balance provision to meet any shortfall in the future period to be compensated by the company to the Provident Fund Trust as on 31.03.2014 is ₹ 2.31 Crore.
- (iii) Other Benefit Plans**
- a) **Gratuity**
15 days salary for every completed year of service. Vesting period is 5 years and payment is restricted to ₹ 10 Lakhs.
- b) **Post Retirement Medical Scheme (PRMS)**
The company has Post Retirement Medical Scheme under which eligible ex-employees are provided medical facilities upon payment of one time prescribed contribution. The liability for the same is recognised on the basis of actuarial valuation.
- c) **Earned Leave Benefit (EL)**
Accrual 30 days per year. Encashment while in service 75% of Earned Leave balance subject to maximum of 90 days at a time, twice per calendar year. Encashment on retirement or superannuation maximum 300 days.
- d) **Terminal Benefits (TB)**
At the time of superannuation, employees are entitled to settle at a place of their choice and they are eligible for Transfer Traveling Allowance.
- e) **Half Pay Leave (HPL)**
Accrual 20 days per year. Encashment while in service NIL. Full encashment on retirement.
- f) **Long Service Award (LSA)**
Employees are eligible for gold coin weighing 5 gms on completion of 15 years, 10 gms each on completion of 20 years and 25 years, 20 gms each on completion of 30 years and 35 years of service. Employees are also gifted a gold coin weighing 25 grams at the time of superannuation.
- The following table summarizes the components of net benefit expenses recognized in the statement of Profit and Loss based on actuarial valuation.



(₹ in Crores)

	Gratuity Funded		PRMS Non Funded		EL Non Funded		TB Non Funded		HPL Non Funded		LSA Non Funded	
	13-14	12-13	13-14	12-13	13-14	12-13	13-14	12-13	13-14	12-13	13-14	12-13
A. Expenses recognized in the statement of Profit & Loss Account												
Current Service Cost	29.35	27.95	3.11	3.02	29.63	19.68	0.52	0.42	10.12	12.55	0.87	0.75
Past service cost	-	-	-	-	-	-	-	-	-	-	-	-
Interest on Benefit Obligation	10.32	8.94	4.62	3.97	16.26	15.07	0.52	0.46	8.32	7.63	0.89	0.79
Expected Return on Plan Assets	(10.94)	(9.99)	-	-	-	-	-	-	-	-	-	-
Net actuarial (Gain)/Loss recognized in the year	(27.75)	(25.84)	12.67	2.31	4.11	10.42	0.98	0.05	8.11	(10.74)	1.63	1.13
Expenses recognized in P&L Account for FY 2013-14	0.98	1.06	20.40	9.30	50.00	45.17	2.02	0.93	26.55	9.44	3.39	2.67
B. Reconciliation of fair value of plan assets and Present value of defined benefit obligation												
Present value of Obligation as at 31.03.2014	128.37	123.05	73.76	55.21	230.52	202.18	7.90	6.28	123.96	98.53	13.13	11.21
Fair value of Plan Assets as at 31.03.2014	125.93	121.60	-	-	-	-	-	-	-	-	-	-
Difference	(2.43)	(1.45)	(73.76)	(55.21)	(230.52)	(202.18)	(7.90)	(6.28)	(123.96)	(98.53)	(13.13)	(11.21)
Net Asset/(Liability) recognized in the Balance Sheet	(2.43)	(1.45)	(73.76)	(55.21)	(230.52)	(202.18)	(7.90)	(6.28)	(123.96)	(98.53)	(13.13)	(11.21)
C. Reconciliation of the changes in the Present Value of the Defined Benefit Obligations:												
Present value of Obligations as at 01.04.2013	123.05	110.47	55.21	47.50	202.18	197.62	6.28	5.46	98.53	90.37	11.21	10.12
Interest Cost	10.32	8.94	4.62	3.97	16.26	15.07	0.52	0.46	8.32	7.63	0.89	0.79
Current Service Cost	29.35	27.95	3.11	3.02	29.63	19.68	0.52	0.42	10.12	12.55	0.87	0.75
Past service cost	-	-	-	-	-	-	-	-	-	-	-	-
Benefit Paid	(3.15)	(4.19)	(1.85)	(1.59)	(21.66)	(40.61)	(0.40)	(0.11)	(1.12)	(1.28)	(1.47)	(1.58)
Net Actuarial Gain/(Loss) on Obligation	(31.21)	(20.12)	12.67	2.31	4.11	10.42	0.98	0.05	8.11	(10.74)	1.63	1.13
Present Value of the Defined Benefit Obligation as at 31.03.2014	128.36	123.05	73.76	55.21	230.52	202.18	7.90	6.28	123.96	98.53	13.13	11.21
D. Reconciliation of the changes in the Fair Value of Plan Assets												
Fair Value of Plan Assets as at 01.04.2013	121.60	109.95	-	-	-	-	-	-	-	-	-	-
Expected return on Plan Assets	10.94	9.99	-	-	-	-	-	-	-	-	-	-
Contributions by Employer	-	0.13	-	-	-	-	-	-	-	-	-	-
Benefit Paid	(3.15)	(4.19)	-	-	-	-	-	-	-	-	-	-
Actuarial Gain/(Loss)	(3.46)	5.72	-	-	-	-	-	-	-	-	-	-
Fair Value of Plan Assets as at 31.03.2014	125.93	121.60	-	-	-	-	-	-	-	-	-	-
E. Principal actuarial assumption at the Balance Sheet Date												
Discount rate	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%
Expected return on plan assets	9.00%	9.09%	-	-	-	-	-	-	-	-	-	-
Annual increase in costs	-	-	10%	10%	-	-	10%	10%	-	-	10%	10%
Annual increase in salary	12%	12%	-	-	12%	12%	-	-	12%	12%	-	-

F. Other Disclosure**(i) Net Asset / (Liability) recognised in the Balance Sheet (including experience adjustment impact)**

Gratuity	31.03.2014	31.03.2013	31.03.2012	31.03.2011	31.03.2010
Present Value of Defined Benefit Obligation as at 31.03.2014	128.37	123.05	110.47	102.50	98.03
Fair Value of Plant Assets as at 31.03.2014	125.93	121.60	109.95	103.89	102.83
Status [Surplus / (Deficit)]	(2.43)	(1.43)	(0.52)	1.38	4.80
Experience Adjustment of Plan Assets [Gain / (Loss)]	(3.35)	5.62	0.24	2.03	3.19
Experience Adjustment of Obligation [Gain / (Loss)]	31.18	20.12	19.20	20.64	13.74

PRMS	31.03.2014	31.03.2013	31.03.2012	31.03.2011	31.03.2010
Present Value of Defined Benefit Obligation as at 31.03.2014	73.76	55.21	47.50	38.60	30.87
Experience Adjustment of Obligation [Gain / (Loss)]	(16.12)	(2.31)	(6.64)	(6.06)	(1.35)

Earned Leave	31.03.2014	31.03.2013	31.03.2012	31.03.2011	31.03.2010
Present Value of Defined Benefit Obligation as at 31.03.2014	230.52	202.18	197.62	158.82	88.50
Experience Adjustment of Obligation [Gain / (Loss)]	(5.93)	(10.42)	(15.55)	(43.47)	(41.91)

Terminal Benefits	31.03.2014	31.03.2013	31.03.2012	31.03.2011	31.03.2010
Present Value of Defined Benefit Obligation as at 31.03.2014	7.90	6.28	5.46	3.45	2.96
Experience Adjustment of Obligation [Gain / (Loss)]	(0.94)	(0.05)	(1.75)	(0.26)	(1.85)

HPL	31.03.2014	31.03.2013	31.03.2012	31.03.2011	31.03.2010
Present Value of Defined Benefit Obligation as at 31.03.2014	123.96	98.53	95.37	86.51	35.52
Experience Adjustment of Obligation [Gain / (Loss)]	(9.06)	10.74	15.53	(37.59)	(0.86)

Long Service Award	31.03.2014	31.03.2013	31.03.2012	31.03.2011	31.03.2010
Present Value of Defined Benefit Obligation as at 31.03.2014	13.13	11.21	10.12	8.30	7.81
Experience Adjustment of Obligation [Gain / (Loss)]	(1.31)	(1.13)	(2.39)	(0.56)	(0.30)

(ii) The effect of increase/decrease of one percentage point in the medical cost of PRMS

Particulars	Increase by	Decrease by
Current Service Cost	3.14	3.09
Present value of Obligation	74.50	73.01

(iii) Details of the investment pattern of Plan Assets of Gratuity Trust

Particulars	31.03.2014	31.03.2013
	(% age of investment)	(% age of investment)
Central Govt. Securities	13.64	13.68
State Govt. Securities	6.45	7.1
PSU Bonds	11.07	11.83
Private Bonds	0.39	0.39
Insurance Investment	68.44	66.91
Total	100.00	100.00



Mortality table referred		IALM 2006-2008 ULTIMATE	LIC (1994-96) DULY MODIFIED
	AGE	WITHDRAWAL RATE % (2013-14)	WITHDRAWAL RATE % (2012-13)
Withdrawal Rate/Employee turnover rate	UPTO 30 YEARS	3%	3%
	UPTO 44 YEARS	2%	2%
	ABOVE 44 YEARS	1%	1%

Note: (i) The actuarial valuation takes into account the estimates of future salary increases, inflation, seniority, promotion and other relevant factors.

(ii) The management has relied on the overall actuarial valuation conducted by the actuary.

40. Disclosure as per Accounting Standard (AS) 16 on 'Borrowing Costs' Borrowing costs capitalized during the year ₹ 351.35 Crore (Previous Year: ₹311.24 Crore).

41. MOP&NG had issued scheme of sharing of under recoveries on sensitive petroleum products. During the year, the Company has given discounts amounting to ₹ 1,900 Crores (Previous Year: ₹ 2687.18 Crores). Corresponding adjustment on account of CST amounting to ₹12.83 Crores (Previous Year: ₹9.58 Crores) has been made.

42. (a) The Company is raising provisional invoices for sale of R-LNG as the supplier M/s Petronet LNG (PLL) is also raising provisional invoices on the Company since customs duty on import of LNG by PLL has been assessed on provisional basis.

(b) With effect from April 1, 2002, Liquefied Petroleum Gas prices has been deregulated and is now based on the import parity prices fixed by the Oil Companies. However, the pricing mechanism is provisional and is pending finalization. Additional asset/liability or impact on profits, if any, arising due to such change, will be recognized on finalization of pricing mechanism.

(c) (i) Natural Gas Pipeline Tariff is subject to various Regulations issued by PNGRB from time to time. With a view to provide fair opportunity to the consumers and public to participate in the pipeline tariff determination, PNGRB by way of Public notice issues Public Consultation Documents and solicites views of the stakeholders. Impact on profits, if any, is being recognized consistently as and when the pipeline tariff is revised by orders of PNGRB in accordance with these Regulations.

(ii) The company has derecognized the revenue by an amount of ₹28.33 Crore on account of lower tariff submitted to PNGRB for approval in respect of Gujarat Pipelines Network during the year.

(d) Petroleum & Natural Gas Regulatory Board (PNGRB) on 19.02.2014 notified insertion in Affiliate Code of Conduct that an entity engaged in both marketing and transportation of natural gas shall create a separate legal entity for transportation of natural gas by 31.03.2017 and the right of first use shall however remain with the affiliate of such entity. Company has filed an appeal against the PNGRB notification in the High Court.

43. In compliance of Accounting Standard 17 (AS-17) on "Segment Reporting" as notified under Companies Accounting Standard Rules 2006, the company has adopted following Business segments as its reportable segments:

- (i) Transmission services
 - a) Natural Gas
 - b) LPG
- (ii) Natural Gas Trading
- (iii) Petrochemicals
- (iv) LPG and other Liquid Hydrocarbons
- (v) Other Segments (include GAIL TEL, E&P, City Gas and Power Generation)

There are no geographical segments.

The disclosures of segment wise information is given as per Annexure-A.

44. In compliance of Accounting Standard 18 on "Related party Disclosures" as notified under Companies Accounting Standard Rules 2006, the names of related parties, nature of relationship and detail of transactions entered therewith are given in Annexure-B.

45. In compliance to Accounting Standard 20 on "Earning Per Share", the calculation of Earnings Per Share (Basic and Diluted) is as under:

Particulars	Current Year	Previous Year
Net Profit after tax used as numerator - (₹ in crore)	4375.27	4022.20
Weighted average numbers of equity shares used as denominator	1,26,84,77,400	1,26,84,77,400
Earnings per share (basic and Diluted) - (₹)	34.49	31.71
Nominal Value per Equity Share - (₹)	10.00	10.00

46. In compliance of Accounting Standard 22 on "Accounting for taxes on Income" as notified under Companies Accounting Standard Rules 2006, the Company has provided accumulated net deferred tax liability in respect of timing difference as on 31st March, 2014 amounting to ₹2566.37 Crores (Previous Year: ₹2300.06 Crores). Net Deferred tax expense for the year of ₹266.31 Crores (Previous Year: ₹531.42 Crores) has been charged to Statement of Profit & Loss. The item-wise details of deferred tax liability and assets are as under:

(₹ in Crores)

Sl. No.	Particulars	As on 31 st March, 2014	As on 31 st March, 2013
Deferred tax liability			
a)	Depreciation	5895.86	5472.01
b)	Others	3.20	0.00
Total Deferred Tax Liability (A)		5899.06	5472.01
Deferred Tax Assets			
c)	Provision for Retirement Benefits other than Gratuity	144.25	126.86
d)	Provision for Doubtful Debts/Claims/Advances/Contingencies	395.28	262.07
e)	Benefit under Section 35AD of the Income Tax Act, 1961	2649.69	2689.80
f)	Others (including liability for pay revision)	143.47	93.22
Total Deferred Tax Assets (B)		3332.69	3171.95
g)	Deferred tax Liability (Net) (A-B)	2566.37	2300.06

47. In Compliance of Accounting Standard 27 on "Financial Reporting of Interests in Joint Ventures" as notified under Companies Accounting Standard Rules 2006, brief description of Joint Ventures of the Company are:

(a) Jointly Controlled Entities

- (i) **Mahanagar Gas Limited:** A Joint Venture with British Gas Plc and Government of Maharashtra to supply gas to domestic, commercial, small industrial consumers and CNG for transport sector in Mumbai. The company has equity participation of 35% of the paid up capital and has invested ₹ 44.45 Crores (Previous Year ₹ 44.45 Crores) for acquiring 4,44,50,000 equity shares of ₹ 10/- each in Joint Venture Company.
- (ii) **Indraprastha Gas Limited:** A Joint Venture with BPCL and Government of National Capital Territory (NCT) of Delhi to supply gas to domestic, commercial units and CNG for transport sector in Delhi. The company has equity participation of 22.50% of the paid up capital and has invested ₹ 31.50 Crores (Previous Year ₹ 31.50 Crores) for acquiring 3,15,00,000 equity shares of ₹ 10/- each in Joint Venture Company.
- (iii) **Petronet LNG Limited:** A Joint Venture with BPCL, IOCL and ONGCL for setting up LNG imports facilities. The company has equity participation of 12.50% of the paid up capital and has invested ₹ 98.75 Crores (Previous Year ₹ 98.75 Crores) for acquiring 9,37,50,000 equity shares of ₹ 10/- each in Joint Venture Company (includes 1,00,00,000 equity shares allotted at a premium of ₹ 5/- per share)
- (iv) **Bhagyanagar Gas Limited:** A Joint Venture with HPCL for distribution and marketing of CNG, Auto LPG, Natural Gas

and other gaseous fuels in Andhra Pradesh. The company has equity participation of 22.50% of the paid up capital and has invested ₹ 0.01 Crores for acquiring 12,500 equity shares of ₹ 10/- each in Joint Venture Company. The Company has also paid ₹ 22.49 Crores (Previous Year ₹ 22.49 Crores) as advance pending allotment of equity shares in Joint Venture Company.

- (v) **Tripura Natural Gas Company Limited:** A Joint Venture with Assam Gas Company Limited and Tripura Industrial Development Corporation for transportation and distribution of natural gas through pipelines in Tripura. The company has equity participation of 29% (previous year 29%) of the paid up capital and has invested ₹ 1.92 Crores (Previous Year ₹ 1.92 Crores) for acquiring 1,92,000 equity shares (previous Year 1,92,000 equity shares) of ₹ 100/- each in Joint Venture Company.
- (vi) **Central UP Gas Limited:** A Joint Venture with BPCL to supply gas to domestic, commercial and small industrial consumers and CNG for transport sector in Kanpur, Uttar Pradesh. The company has equity participation of 25% of the paid up capital and has invested ₹ 15 Crores (Previous Year ₹ 15 Crores) for acquiring 1,50,00,000 equity shares of ₹ 10/- each in Joint Venture Company.
- (vii) **Green Gas Limited:** A Joint Venture with IOCL to supply gas to domestic, commercial and small industrial consumers and CNG for transport sector in Agra, Lucknow & Uttar Pradesh. The company has equity participation of 22.50% of the paid up capital and has invested ₹ 0.01 Crores for acquiring 12,500 equity shares of ₹ 10/- each in Joint Venture Company. The Company has also paid ₹ 23.03 Crores (Previous Year ₹ 23.03 Crores) as advance pending allotment of equity shares in Joint Venture Company.
- (viii) **Maharashtra Natural Gas Limited:** A Joint Venture with BPCL to supply gas to domestic, commercial and small industrial consumers and CNG for transport sector in Pune, Maharashtra. The company has equity participation of 22.50% of the paid up capital and has invested ₹ 22.50 Crores (Previous Year ₹ 22.50 Crores) for acquiring 2,25,00,000 equity shares of ₹ 10/- each in Joint Venture Company.
- (ix) **Ratnagiri Gas and Power Private Limited:** A Joint Venture with NTPC, MSEB and other Financial Institutions for the revival of the Dabhol Project. The company has equity participation of 32.88% (previous year 32.88%) of the paid up capital and has invested ₹ 974.31 Crores (Previous Year ₹ 974.31 Crores) for acquiring 9,74,308,300 equity shares (Previous Year 9,74,308,300 equity shares) of ₹ 10/- each in Joint Venture Company.
- (x) **Avantika Gas Ltd.** A Joint Venture with HPCL to supply gas to domestic, commercial and small industrial consumers and CNG for transport sector in MP. The company has equity participation of 22.50% of the paid up capital and has invested ₹ 0.01 Crores for acquiring 12,500 equity shares of ₹ 10/- each in Joint Venture Company. The Company has also paid ₹ 22.48 Crores (Previous Year ₹ 22.49 Crores) as advance pending allotment of equity shares in Joint Venture Company.

(xi) **ONGC Petro additions Ltd (OPAL).** A Joint Venture with Oil and Natural Gas Corporation Ltd, GAIL (India) Ltd and Gujarat state Petroleum Corporation Ltd. for setting up Petrochemical Project at Dahej in Gujarat. The company has equity participation of 15.50% (Previous Year : 15.50%) of the paid up capital and has invested ₹ 994.95 Crores (Previous Year ₹ 634.44 Crores) for acquiring 99,49,45,000 equity shares (Previous Year 63,44,40,001 equity shares) of ₹10/- each.

(xii) **GAIL China Gas Global Energy Holdings Ltd.** A Joint Venture with China Gas Holdings Ltd. to pursue gas sector opportunities mainly in China. The company has equity participation of 50% of the paid up capital.

The Company's share in the assets and liabilities and in the Income and expenditure for the year in respect of above Joint ventures, based on audited/unaudited Financial Statements as furnished by them, is as under: (Final adjustments are effected during the year in which audited financial statement are received).

(₹ in Crores)

	2013-14	2012-13
A Assets	10230.72	9438.82
Non-Current Assets	8428.16	8042.82
Current Assets	1802.56	1441
B Liabilities & Provisions	7016.89	6477.34
Non-Current Liabilities	5369.69	3578.57
Current Liabilities & Provisions	1647.2	2898.77
C Income	7239.53	6381.26
D Expenditure	6751.02	5922.44
E Contingent Liability (*)	980.49	728.87

(*) To the extent of information available with the company

(b) Jointly Controlled Assets

(i) The Company has participated in joint bidding under the Government of India New Exploration Licensing Policy (NELP) and overseas exploration bidding and has 18 Blocks (PY 28 Blocks) as on 31.03.2014 for which the Company has entered into Production Sharing Contract with respective host Governments along with other partners for Exploration & Production of Oil and Gas. The Company is a non-operator, except in Block RJ-ONN -2004/1, CY-ONN-2005/1 and CB-ONN-2010/11, where it is an operator, and shares in Expenses, Income, Assets and Liabilities based upon its percentage in production sharing contract.

The participating interest in the eighteen NELP Blocks in India as on 31st March, 2014 is as under:

Sl No.	Name of Block	Participating Interest
1	MN-OSN-2000/2	20%
2	CB-ONN-2000/1	50%
3	AA-ONN-2002/1	80%
4	AA-ONN-2003/1	35%
5	CB-ONN-2003/2	20%
6	AN-DWN-2003/2	15%
7	RJ-ONN-2004/1	22.225%
8	CY-DWN-2004/3	10%
9	CY-PR-DWN-2004/1	10%
10	CY-ONN-2005/1	40%
11	AN-DWN-2009/13	10%
12	AN-DWN-2009/18	10%
13	CB-ONN-2000/1-RING FENCED CONTRACT	50%
14	CB-ONN-2010/11	25%
15	AA-ONN-2010/2	20%
16	GK-OSN-2010/1	10%
17	GK-OSN-2010/2	10%
18	CB-ONN-2010/8	25%

(ii) In addition to above, the Company has farmed-in as non-operator in the following blocks:

Sl No.	Name of the Block No.	Participating Interest
1	A-1, Myanmar*	8.5%
2.	A-3, Myanmar*	8.5%
3.	CY-OS/2	25%

*In addition, the company has 8.5% participating interest in SHWE Offshore Midstream pipeline project in Myanmar for the purpose of transportation of gas from the delivery point in offshore, Myanmar to landfall point in Myanmar.

(iii) The Company's share in the Assets, Liabilities, Income and Expenditure for the year in respect of joint operations project blocks has been incorporated in the Company's financial statements based upon un-audited financial statement submitted by the operators and are given below: (Final adjustments are effected during the year in which audited financial statement are received).

(₹ in Crores)

Particulars	2013-14	2012-13
Income	245.04	86.57
Expenses	265.96	223.69
Fixed Assets (Gross block)	10.65	6.42
Producing Property	1055.46	7.10
Other Assets	593.86	1304.99
Current Liabilities	271.75	355.06

The above value includes the following amounts pertaining to 24 E&P Blocks relinquished till 31st March, 2014 (including 14 Blocks relinquished till 31st March, 2013) where company is non-operator.

(₹ in Crores)

Particulars	2013-14	2012-13
Income	0.07	8.25
Expenses	38.86	12.77
Fixed Assets (Gross block)	0.01	0.37
Other Assets	3.92	2.54
Current Liabilities	20.16	48.27

(iv) List of the E&P and CBM Blocks relinquished till 31.03.2014 is given below:

Sl No	Name of the Block	Participating Interest	Date of Relinquishment
1	KK-DWN-2000/2	15%	15.08.2004
2	MB-DWN-2000/2	15%	24.01.2007
3	GS-DWN-2000/2	15%	24.01.2007
4	NEC-OSN-97/1	50%	11.09.2007
5	MN-OSN-97/3	15%	08.11.2007
6	AD-7, Myanmar	10%	28.02.2008
7	MN-ONN-2000/1	20%	10.11.2008
8	RM-CBM-2005/III	35%	11.05.2010
9	MR-CBM-2005/III	45%	11.05.2010
10	Block 56, Oman	25%	10.06.2010
11	CY-ONN-2002/1	50%	28.03.2011
12	TR-CBM-2005/III	35%	10.10.2011
13	MB-OSN-2004/1	20%	29.03.2012
14	MB-OSN-2004/2	20%	13.04.2012
15	KG-DWN-2004/3	10%	08.11.2012
16	CY-DWN-2004/4	10%	21.11.2012
17	KG-DWN-2004/5	10%	23.11.2012
18	CY-DWN-2004/2	10%	23.11.2012
19	CY-PR-DWN-2004/2	10%	23.11.2012
20	CY-DWN-2004/1	10%	28.11.2012
21	KG-ONN-2004/2	40%	10.02.2013
22	KG-DWN-2004/1	10%	15.06.2013
23	KG-DWN-2004/6	10%	13.09.2013
24	KG-DWN-2004/2	10%	04.06.2013

(v) Share of Minimum work program committed under various production sharing contracts in respect of E&P joint ventures is ₹ 475.31 Crores versus Year: ₹ 643.50 Crores).

(vi) Quantitative information:

(a) Details of Company's Share of Production of Crude Oil and Natural Gas during the year ended 31.03.2014:

(i) Crude Oil Block No. CB-ONN-2000/1:

(₹ in Crores)

Particulars	Opening stock		Production (Treated & processed crude)		Sales*		Closing Stock	
	Qty	Value	Qty	Value	Qty	Value	Qty	Value
Crude Oil	(MT)	₹ Crores	(MT)	₹ Crores	(MT)	₹ Crores	(MT)	₹ Crores
Year ended 31/03/14	589.25	0.41	20347.09	-	20369.06	79.21	567.28	0.68
Year ended 31/03/13	646.20	0.64	21268.97	-	21325.92	87.57	589.25	0.41

*Includes test production sales for ₹ 5.37 Crores (Previous Year ₹ 2.65 Crores)

(ii) Natural Gas Block No. A1 & A3 (Myanmar)

(₹ in Crores)

Particulars	Opening stock		Production *		Sales*		Closing Stock	
	Qty	Value	Qty	Value	Qty	Value	Qty	Value
Natural Gas	Million M3	₹ Crores	Million M3	₹ Crores	Million M3	₹ Crores	Million M3	₹ Crores
Year ended 31/03/14	-	-	90.960	-	90.440	147.68	0.520	0.26
Year ended 31/03/13	-	-	-	-	-	-	-	-

*Production started on 15.07.2013 and 10.01.2014 in A3 & A1 Block respectively.

b) Net Quantities of Company's interest in proved reserves and proved developed reserves:

	Proved Reserves		Proved Developed Reserves	
	2013-14	2012-13	2013-14	2012-13
Crude Oil : in 000'MT				
Beginning of the year	162	175	150	175
Additions	24.46	12	34.35	0
Deletion	0	3.73	0	3.73
Production	20.35	21.27	20.35	21.27
Closing Balance	166.11	162	164	150
Gas : in Million M3				
Beginning of the year	6,220	6,220	-	-
Additions	-	-	5,821.00	-
Deletion	-	-	-	-
Production	101.29	-	101.29	-
Closing Balance	6,118.71	6,220	5,719.71	-

Note: Company's interest in Oil Reserves is in Indian blocks and in Gas Reserves is in Myanmar

- c) In terms of Production Sharing Agreements/Contracts, the balance (company's share) in cost recovery of Blocks (having proved reserves) to be made from future revenue of such Blocks, if any, is ₹ 1300.77 Crores at the end of year (previous year : ₹ 940.75 Crores).

(vii) Jointly Owned Assets:

GAIL's interest in jointly owned asset i.e. Heat Recovery Steam Generation System (HRSG) installed at GAIL, Vaghodia at a project cost of ₹ 61.61 crores, is ₹ 30.81 Crores.

48. In Compliance of Accounting Standard 28, impairment of assets notified under the Companies Accounting Standard Rules 2006, the company has carried out the assessment of impairment of assets. Based on such assessment, GAILTEL assets have been impaired to the extent of ₹ 5.62 Crore (Previous Year: ₹ 0.39 Crore) and same amount has been recognized as impairment loss in Statement of Profit & Loss.
49. In Compliance of Accounting Standard 29 on "Provisions, Contingent liabilities and Contingent Assets", the required information on provision for probable obligation is as under:

(₹ in Crores)

Provision for Probable Obligation	Opening Balance	Addition during the year	Reversal/ adjusted during the year	Closing Balance
Legal & Arbitration Cases	332.74	195.19	2.10	525.83
Total	332.74	195.19	2.10	525.83

Additions include ₹ 10.41 Crores (Previous Year: ₹ 3.72 Crores) capitalized during the year. Expected timing of outflows is not ascertainable at this stage being legal cases under litigation.

50. In compliance with amended Clause 32 of the Listing Agreement with Stock Exchanges, the required information is given in **Annexure - C**.
51. Foreign currency exposure not hedged by a derivatives instrument or otherwise:

(₹ in Crores)

Particulars	Currencies	Amount	
		31.03.2014	31.03.2013
Borrowings, including interest accrued but not due	USD	95.45	3779.37
	EURO	-	223.74
	Others	-	221.2
Sundry creditors/deposits and retention monies	USD	266.69	195.63
	EURO	57.23	82.56
	Others	10.08	11.63
Sundry Debtors and Bank balances	USD	27.49	17.06
	EURO	-	-
	Others	-	-
Unexecuted amount of contracts remaining to be executed	USD	278.43	381.83
	EURO	43.58	153.06
	Others	19.85	117.78

52. In some cases, the Company has received intimation from Micro and Small Enterprises regarding their status under "The Micro, Small and Medium Enterprises Development Act, 2006". The Company has certified that as a practice, the payment to all suppliers is made within 7-10 days. No payments beyond appointed date were noticed. The amount remaining unpaid to all suppliers as at 31st March 2014 is ₹ 4105.68 Crores (Previous Year: ₹ 3832.93 Crores). No interest was paid or payable under the Act.

53. (a) Following Government of India's approval, the shareholders of the Company in the Annual General Meeting held on 15th September, 1997 approved the transfer of all the assets including Plant and Machinery, accessories and other related assets which are part of Lakwa Project to Assam Gas Cracker Complex at a price to be determined by an independent Agency and on terms and stipulations as the Board may in its discretion deem fit. The Cabinet committee on Economic affairs (CCEA) has approved the setting up of Assam Gas based cracker project at Lepetkata by formation of a company in which GAIL has equity participation of 70%. A company by the name of Brahmaputra Cracker and Polymer Limited has been incorporated during 2006-07 and construction of Gas cracker complex is in progress. Further, Public Investment Board (PIB) in meeting dated 13th July 2011 recommended that the issue of ownership of the Lakwa facility may be decided by the Committee comprising of representative from Department of Expenditure, Planning Commission, MoPNG and the administrative Ministry. The gross block of fixed assets and Capital work in progress value of Lakwa unit is ` 261.14 Crores as on 31st March 2014 (Previous Year: ` 260.15 Crores).

- (b) Further the Board in its 287th Meeting held on 06th April 2011 has approved transfer of CNG stations and its associated pipeline in Vadodra to proposed Joint Venture Company of GAIL Gas Ltd. and Vadodra Municipal Seva Samiti at market value yet to be determined. The transfer has not been effected during the financial year.

54. Non-Refundable Deposits ₹ 17.21 Crores (Previous Year: ₹ 11.85 Crores) made with the concerned authorities for railway crossings, forest crossings, removal and laying of electric/telephone poles and lines are accounted for under Capital Work-in-Progress on the basis of work done/confirmation from the concerned department.

55. (a) Request for confirmations of balances of trade receivable and payables were sent. Confirmation of balances has been received in majority of cases. These confirmations are subject to reconciliation and consequential adjustments, which in the opinion of the management are not material.

- (b) In the opinion of management, the value of assets, other than fixed assets and non-current investments, on realization in the ordinary course of business, will not be less than the value at which these are stated in the Balance Sheet.

56. During the year, an overseas Original Equipment Manufacturer (OEM) who is supplier of the equipment to GAIL has made a declaration of payment of USD 4.34 Million and GBP 3,48,549 to an Agent over and above the declared amount in the bid. This is considered violation of tender / contract condition as well as Integrity Pact (IP) signed by the bidder. The company has issued a show cause Notice followed by Legal Notice claiming the refund of above amount including interest

thereon. The company is contemplating further appropriate action in the matter. Meanwhile, the matter is under examination by Independent External Monitors (IEMs) in terms of IP.

57. During the year, an amount of ₹ 28.96 Crore (Previous Year: ₹ 24.98 Crores) has been capitalized towards Research and Development Assets.
58. The Statement of Profit & Loss includes:-
- (a) Expenditure on Public Relations and Publicity amounting to ₹ 36.20 Crores (Previous Year: ₹ 33.76 Crores). The ratio of annual expenditure on Public Relations and Publicity to the annual turnover is 0.0006:1 (Previous Year: 0.0007:1).
- (b) Research and Development Expenses ₹ 28.45 Crores (Previous Year: ₹ 12.91 Crores).
- (c) Entertainment Expenses ₹ 0.21 Crores (Previous Year: ₹ 0.37 Crores).
59. Other disclosures as per Schedule VI of the Companies Act, 1956.

(₹ in Crores)

	2013-14	2012-13
I. CIF Value Import		
i) Capital Goods	424.20	1099.47
ii) Spare parts & Components	149.89	153.04
iii) Raw Material	6626.55	2733.86
Total	7200.64	3986.37
II. a) Expenditure in Foreign Currency		
i) Interest / Commitment Charges	313.14	164.29
ii) Technical/Consultancy/ License Fee/Engineering	60.79	47.59
iii) Others	1654.65	1497.04
Total	2028.58	1708.92
b) Earning in Foreign Currency		
i) Sales	170.20	-
ii) Others (including tender fee)	39.81	32.02
Total	210.01	32.02
III. Remuneration paid/payable to Directors Functional Directors including Chairman & Managing Director:		
Salaries & Allowances	2.88	2.33
Contribution to Provident Fund	0.48	0.26
Other Benefits & Perquisites	0.62	0.37
Total	3.98	2.96
Independent Directors:		
Directors Sitting Fee	0.25	0.19

N.K. Nagpal
Secretary

P.K. Jain
Director (Finance)

Prabhat Singh
Director (Marketing)

B. C. Tripathi
Chairman & Managing Director

As per our separate Report of even date

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

Navin Bansal
(Partner)
Membership No. 91922

For **M/s G.S Mathur & Co.**
Chartered Accountants
Firm No: 008744N

Rajiv Kumar Wadhawan
(Partner)
Membership No. 091007

Place: New Delhi
Date: May 26, 2014

Notes:

- a. In addition to above remuneration, whole time directors are allowed the use of staff cars including for private journeys up to a ceiling of 1000 kms. per month on payment in accordance with the DPE Circular.
- b. The remuneration does not include Provision for Leave, Gratuity and Post-Retirement Benefits as per revised Accounting standard-15 since the same were not ascertained for individual employees (Refer Note No-39).
- IV. Value of Raw Materials, Stores / spares and Components consumed during the year.

	2013-14			2012-13		
	Qty.	(₹ in Crores)	%	Qty.	(₹ in Crores)	%
i) Raw Material						
Gas consumed (MMSCM)						
- Indigenous	1284.55	5193.28	99.24	1158.85	2283.99	76.94
- Imported	4.23	39.47	0.76	179.62	684.69	23.06
Sub total	1288.78	5232.75	100	1338.47	2968.68	100
i) Stores, Spares						
Components Consumed						
- Indigenous		202.69	58.93		165.65	55.71
- Imported		141.25	41.07		131.69	44.29
Sub total		343.94	100		297.34	100
Total		5576.69			3266.02	

60. Other Quantitative details are given in **Annexure-D**.
61. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.



(Annexure - A)

INFORMATION ABOUT BUSINESS SEGMENTS FOR FINANCIAL YEAR 2013-14

(₹ in Crores)

Sl. No	SEGMENTS	TRANSMISSION SERVICES**		NATURAL GAS TRADING**	PETRO-CHEMICALS	LPG & LIQUID HYDRO-CARBONS	OTHER SEG-MENT***	UN-ALLOCABLE	TOTAL	ELI-MINATION	CONSOLI-DATED TOTAL
		NATURAL GAS	LPG								
1	REVENUE										
	External Sales/Other Income	3,827.65	418.07	42,623.35	4,537.20	5,461.91	376.92	-	57,245.10	-	57,245.10
	Intersegment sales	276.53	-	6,298.32	44.49	-	15.63	-	6,634.97	6,634.97	-
	Total revenue	4,104.18	418.07	48,921.67	4,581.69	5,461.91	392.55	-	63,880.07	6,634.97	57,245.10
2	RESULTS										
	Segment Result (Profit before Interest & Tax)	1,801.61	215.26	1,580.29	1,361.22	1,021.44	5.16	-	5,984.98	-	5,984.98
	Unallocated expenses (Net)	-	-	-	-	-	-	(156.50)	(156.50)	-	(156.50)
	Operating Profit	1,801.61	215.26	1,580.29	1,361.22	1,021.44	5.16	156.50	6,141.48	-	6,141.48
	Interest Expenses	-	-	-	-	-	-	366.19	366.19	-	366.19
	Interest/Dividend Income	-	-	-	-	-	-	627.03	627.03	-	627.03
	Provision for Taxation	-	-	-	-	-	-	2,027.05	2,027.05	-	2,027.05
	Profit/(Loss) from Ordinary Activities	1,801.61	215.26	1,580.29	1,361.22	1,021.44	5.16	(1,609.71)	4,375.27	-	4,375.27
	Extra Ordinary Items	-	-	-	-	-	-	-	-	-	-
	Net Profit/(Loss)	1,801.61	215.26	1,580.29	1,361.22	1,021.44	5.16	(1,609.71)	4,375.27	-	4,375.27
3	OTHER INFORMATION										
	Segment Assets	24,870.54	830.00	-	1,934.75	1,049.08	1,778.91	-	30,463.28	-	30,463.28
	Unallocated Assets	-	-	-	-	-	-	19,348.05	19,348.05	-	19,348.05
	Total Assets	24,870.54	830.00	-	1,934.75	1,049.08	1,778.91	19,348.05	49,811.33	-	49,811.33
	Segment Liabilities	5,687.48	75.03	-	549.14	367.35	292.05	-	6,971.05	-	6,971.05
	Unallocated Liabilities	-	-	-	-	-	-	2,933.46	2,933.46	-	2,933.46
	Total Liabilities	5,687.48	75.03	-	549.14	367.35	292.05	2,933.46	9,904.51	-	9,904.51
	Cost to acquire fixed assets	1,693.30	31.59	-	32.45	20.74	1,089.79	37.35	2,905.22	-	2,905.22
	Depreciation*	735.46	46.61	-	171.39	77.91	118.00	26.78	1,176.15	-	1,176.15
Non Cash expenses other than Depreciation*	468.06	0.16	94.28	0.37	(0.67)	1.00	0.95	564.15	-	564.15	

Sales net off Excise Duty

* Excluding Prior period adjustments

** Assets & Liability of Gas Trading Business included in Gas Transmission Business

*** Other Segment includes GAILTel, E&P, City Gas & Power Genration.

(Annexure - A)

INFORMATION ABOUT BUSINESS SEGMENTS FOR FINANCIAL YEAR 2012-13

(₹ in Crores)

Sl. No	SEGMENTS	TRANSMISSION SERVICES**		NATURAL GAS TRADING**	PETRO-CHEMICALS	LPG & LIQUID HYDRO-CARBONS	OTHER SEG-MENT***	UN-ALLOCABLE	TOTAL	ELI-MINATION	CONSOLI-DATED TOTAL
		NATURAL GAS	LPG								
1	REVENUE										
	External Sales/Other Income	3,066.56	293.92	35,595.56	3,743.67	4,433.71	199.26	-	47,332.68	-	47,332.68
	Inter segment sales	280.72	-	4,013.85	21.18	-	18.28	-	4,334.03	4,334.03	-
	Total revenue	3,347.28	293.92	39,609.41	3,764.85	4,433.71	217.54	-	51,666.71	4,334.03	47,332.68
2	RESULTS										
	Segment Result (Profit before Interest & Tax)	1,832.31	97.31	1,385.82	1,525.04	1,588.46	(102.17)	-	6,326.77	-	6,326.77
	Unallocated expenses (Net)							648.21	648.21	-	648.21
	Operating Profit	1,832.31	97.31	1,385.82	1,525.04	1,588.46	(102.17)	(648.21)	5,678.56	-	5,678.56
	Interest Expenses							195.02	195.02	-	195.02
	Interest/Dividend Income							574.23	574.23	-	574.23
	Provision for Taxation							2,035.57	2,035.57	-	2,035.57
	Profit/(Loss) from Ordinary Activities	2,153.86	272.01	1,088.60	1,465.80	554.43	(196.42)	(1,684.44)	3,653.84	-	3,653.84
	Extra Ordinary items	-	-	-	-	-	-	-	-	-	-
	Net Profit/(Loss)	1,832.31	97.31	1,385.82	1,525.04	1,588.46	(102.17)	(2,304.57)	4,022.20	-	4,022.20
3	OTHER INFORMATION										
	Segment Assets	21,730.04	849.88	-	2,155.54	1,339.73	864.35		26,939.54	-	26,939.54
	Unallocated Assets	-	-	-	-	-	-	17,744.64	17,744.64	-	17,744.64
	Total Assets	21,730.04	849.88	-	2,155.54	1,339.73	864.35	17,744.64	44,684.18	-	44,684.18
	Segment Liabilities	5,042.82	60.17	-	625.49	347.83	448.86		6,525.17	-	6,525.17
	Unallocated Liabilities							2,567.65	2,567.65	-	2,567.65
	Total Liabilities	5,042.82	60.17	-	625.49	347.83	448.86	2,567.65	9,092.82	-	9,092.82
	Cost to acquire fixed assets	4,572.49	18.76	-	108.92	(43.60)	192.40	34.73	4,883.70	-	4,883.70
	Depreciation*	583.79	48.76	-	168.35	78.60	77.46	23.98	980.94	-	980.94
	Non Cash expenses other than Depreciation*	111.97	0.06	78.90	6.62	(0.09)	(53.57)	(1.87)	142.02	-	142.02

Sales net off Excise Duty

* Excluding Prior period adjustments

** Assets & Liability of Gas Trading Business included in Gas Transmission Business

*** Other Segment includes GAILTel, E&P, City Gas & Power Generation.



RELATED PARTY DISCLOSURES

I) Relationship

A) Joint Venture Companies/Associates

- 1) Mahanagar Gas Limited
- 2) Indraprastha Gas Limited
- 3) Petronet LNG Limited
- 4) Bhagyanagar Gas Limited
- 5) Tripura Natural Gas Corporation Limited
- 6) Central UP Gas Limited
- 7) Green Gas Limited
- 8) Maharashtra Natural Gas Limited
- 9) Avantika Gas Ltd.
- 10) GAIL China Gas Global Energy Holding Ltd.
- 11) ONGC Petro additions Ltd (OPAL)
- 12) Gujrat State Energy Generation Ltd.
- 13) National Gas Company "Nat Gas"
- 14) Fayum Gas Company
- 15) China Gas Holdings Ltd.

B) Key Management Personnel

Whole time Directors(KMP):

- 1) Shri B C Tripathi, Chairman and Managing Director
- 2) Shri Prabhat Singh
- 3) Shri S Venkatraman
- 4) Shri P K Jain
- 5) Shri M Ravidran (w.e.f 1st June'2013)
- 6) Dr. Ashutosh Karnatak (w.e.f 1st March"2014)
- 7) Shri R D Goyal (up to 28th Feb'2014)
- 8) Shri S L Raina (up to 31st May'2013)

C) Unincorporated Joint venture for Exploration & Production Activities:

- | | |
|---------------------------|--|
| 1) NEC - OSN - 97/1 | (Non-operator with participating interest: 50%,
GAIL has relinquished from the Block) |
| 2) A-1, Myanmar | (Non-operator with participating interest: 8.5%) |
| 3) A-3, Myanmar | (Non-operator with participating interest: 8.5%) |
| 4) SHWE Offshore Pipeline | (Non-operator with participating interest: 8.5%) |
| 5) CY-OS/2 | (Non-operator with participating interest: 25%) |
| 6) RM-CBM-2005/III | (Non-operator with participating interest: 35%)
GAIL has relinquished from the Block) |
| 7) TR-CBM-2005/III | (Non-operator with participating interest: 35%)
GAIL has relinquished from the Block) |
| 8) MR-CBM-2005/III | (Non-operator with participating interest: 45%)
GAIL has relinquished from the Block) |
| 9) AD-7, Myanmar | (Non-operator with participating interest: 10%)
GAIL has relinquished from the Block) |
| 10) BLOCK-56, Oman | (Non-operator with participating interest: 25%)
GAIL has relinquished from the Block) |

II) The following transactions were carried out with the related parties in the ordinary course of business:
A) Details relating to parties referred to in item no. I (A) above:
(₹ in Crores)

	2013-14	2012-13
1) Sales	3,645.75	2,871.18
2) Amount receivable as at Balance Sheet Date for (1) above	231.64	139.07
3) Purchases	18,457.41	16,101.75
4) Amount payable as at Balance Sheet Date for (3) above	1,066.81	730.83
5) Reimbursement for other expenditure received/receivable	10.24	17.20
6) Amount receivable as at Balance Sheet Date for (5) above	18.58	16.50
7) Dividend Income	135.74	117.43
8) Other Income	14.07	0.42
9) Provision Created against Debtors	-	4.44
10) Provision Created against Debtors written back	-	(20.54)
11) Investment as at Balance Sheet date	1,335.33	1,013.77
12) Advances for allotment of Equity as at Balance Sheet date	68.00	68.01
13) Advances / loan given as at Balance Sheet date	93.59	91.50

B)I. Details relating to parties referred to in item no.- 1 (B) above
(₹ in Crores)

	Key Management Personnel(KMP)		Relatives of KMP	
	2013-14	2012-13	2013-14	2012-13
Remuneration	3.78	2.96	0.37	0.34
Interest bearing outstanding loans receivable	0.22	0.32	-	-
Interest accrued on loans given	0.25	0.18	-	-
Self lease	0.19	0.11	-	-

*Remuneration includes Basic, Allowances, reimbursements, contribution to PF and perquisites. In addition, whole time directors are allowed use of staff car including for private journeys up to a ceiling of 1000 Kms per month on payment in accordance with the Bureau of Enterprises Circular.

C) Details relating to parties referred to in item no. I (C) above:
(₹ in Crores)

	2013-14	2012-13
1) Minimum work program commitment	-	-
2) Survey, Production, Royalty and other expenses	88.51	0.75
3) CWIP & Other assets	314.36	231.27
4) Amount outstanding on Balance Sheet date(net of advance)	142.46	(10.47)
5) Amount written Off- Dry well expenditure	0.01	-
6) Sales/Income from operation	170.21	8.32
7) Amount outstanding on Balance Sheet date(against sales)	27.49	-



(Annexure - C)

Disclosure as required by Clause 32 of the Listing Agreement

(₹ in Crores)

	Current Year		Previous Year	
	Amount as on 31.03.2014	Maximum amount outstanding during the year ended 31.03.2014	Amount as on 31.03.2013	Maximum amount outstanding during the year ended 31.03.2013
1 Loans and advances in the nature of loans:				
a To subsidiary Company: GAIL (Global) Singapore PTE Limited	56.38	64.18	55.6	57.72
b To Companies in which Directors are interested	Nil	Nil	Nil	Nil
c Where there is no repayment schedule or repayment beyond seven years or no interest or interest below Section 372 A of Companies Act	Repayment of Loan to be made till 23 September 2019. Rate of interest on loan is 6 months LIBOR +100 basis points.		Repayment of Loan to be made till 23 September 2014 Rate of interest on loan is 6 months LIBOR+100 basis points.	
2 Investment by the Subsidiary Company in the shares of GAIL (India) Limited and its subsidiaries	Nil	Nil	Nil	Nil

Effective rate of interest on 31.03.2014 : 1.3339(1%+6 months libor 0.3339%)

1 Loans and advances in the nature of loans:				
a) To Joint Venture Company: Bhagyanagar Gas Limited	75	75	75	75
b) To Companies in which Directors are interested	Nil	Nil	Nil	Nil
c) Where there is no repayment schedule or repayment beyond seven years or no interest or interest below Section 372 A of Companies Act	Repayment of Loan is schedule in Five monthly installment starting from August'2014.		Repayment of Loan is schedule in Five monthly installment starting from July'2012.	
2 Investment by the Subsidiary Company in the shares of GAIL (India) Limited and its subsidiaries	Nil	Nil	Nil	Nil

Effective rate of interest during the year 31.03.2014 : 10% & 13%,

(Annexure - D)

I. Quantitative Information

(Value ₹ in Crores)

S. No.	PARTICULARS	OPENING STOCK		PURCHASES		SALES		INTERNAL CONSUMPTION		CLOSING STOCK	
		QTY	VALUE	QTY	VALUE	QTY	VALUE	QTY	VALUE	QTY	VALUE
1	Natural Gas including RLNG (MMSCM) Year Ended 31.03.2014 Year Ended 31.03.2013	319.84 339.96	782.18 791.93	28874.90 29775.10	47957.82 38137.13	26695.23 27444.73	45616.70 37552.12	2205.10 2281.01	6574.85 4294.57	324.08 319.84	1447.97 782.18
2	LPG (M/T) Year Ended 31.03.2014 Year Ended 31.03.2013	9956.33 7047.99	20.66 12.16	-	-	1030469.25 1074633.77	3905.82 2902.32	-	-	5656.40 9956.33	18.30 20.66
3	Pentane (M/T) Year Ended 31.03.2014 Year Ended 31.03.2013	885.86 196.63	2.04 0.68	-	-	22149.71 19910.82	137.33 125.67	-	-	676.16 885.86	2.40 2.04
4	Propane (M/T) Year Ended 31.03.2014 Year Ended 31.03.2013	3416.02 3199.69	8.87 5.47	-	-	135094.25 127906.16	932.55 821.05	-	-	2349.29 3416.02	9.11 8.87
5	SBP Solvent(M/T) Year Ended 31.03.2014 Year Ended 31.03.2013	0.00 0.00	0.00 0.00	-	-	0.00 0.00	0.00 0.00	-	-	0.00 0.00	0.00 0.00
6	Naptha (MT) Year Ended 31.03.2014 Year Ended 31.03.2013	841.63 546.75	1.76 0.86	-	-	119660.13 147694.87	684.74 788.55	-	-	579.36 841.63	2.10 1.76
7	Polymers (M/T) Year Ended 31.03.2014 Year Ended 31.03.2013	16157.91 8110.26	76.59 32.47	-	-	444888.58 427444.89	4821.49 3963.39	4728.61 5558.36	-	7013.95 16157.91	43.66 76.59
8	C2/C3 (M/T)* Year Ended 31.03.2014 Year Ended 31.03.2013	2471.45 4245.74	5.44 6.89	-	-	-	-	-	-	2427.88 2471.45	8.56 5.44
9	Ethylene (M/T)* Year Ended 31.03.2014 Year Ended 31.03.2013	834.55 1724.94	2.75 4.14	-	-	-	-	-	-	984.04 834.55	4.91 2.75
10	Butene-1 (M/T)* Year Ended 31.03.2014 Year Ended 31.03.2013	229.59 469.65	1.01 1.64	-	-	-	-	-	-	446.58 229.59	2.93 1.01
11	Crude Oil(MT) Year Ended 31.03.2014 Year Ended 31.03.2013	589.25 646.20	0.41 0.64	-	-	20369.06 21325.92	73.84 78.22	-	-	567.28 589.25	0.68 0.41
12	CNG (000'KG) Year Ended 31.03.2014 Year Ended 31.03.2013	-	-	-	-	18920.95 17624.07	79.02 65.43	-	-	-	-
13	Power(KWH) Year Ended 31.03.2014 Year Ended 31.03.2013	-	-	-	-	248923789 201563788	61.50 60.14	-	-	-	-
14	Other Products(M/T) Year Ended 31.03.2014 Year Ended 31.03.2013	6730.29 4602.56	40.56 32.19	-	-	51197.08 47258.57	273.53 240.30	11221.93 9090.88	-	5530.09 6730.29	28.42 40.56

Note: (i) Difference in reconciliation of opening stock, purchase, sales and closing stock is on account of measurement tolerance
(ii) Natural Gas used for Fuel & Raw Material.
(*) Ethylene, Butene 1 and C2/C3 are consumed internally for manufacture of final products at PATA



V. Licensed Capacity, Installed Capacity and Actual Production*

	CURRENT YEAR 2013-14				PREVIOUS YEAR 2012-13			
	Licensed Capacity	Installed Capacity	Gas Throughput	Production	Licensed Capacity	Installed Capacity	Gas Throughput	Production
i) Natural Gas including RLNG (MMSCMD)								
a) HVJ, DVPL, SG & DUPL - DPPL, KMBL	175.66	175.66	83.16	-	175.66	175.66	89.44	-
b) Others	34.68	34.68	13.06	-	34.68	34.68	15.06	-
ii) LPG (M/T)	1,170,376	11,12,373	-	10,26,543	11,70,376	11,12,373	-	1077866
iii) Propane (M/T)	2,01,085	2,01,085	-	1,34,411	2,01,085.00	2,01,085.00	-	129570
iv) Ethylene (M/T)	4,00,000	4,46,000		4,50,870	4,00,000.00	4,46,000.00		448534
v) HDPE/LLDPE (M/T)	4,10,000	4,10,000		4,40,155	4,10,000.00	4,10,000.00		441,051.00
vi) Pentane	73,545	73,545	-	21,669	73,545.00	73,545.00	-	20,739.34
vii) SBP Solvent/Naptha	1,27,773	1,27,773		1,19,713	127,773.00	127,773.00	-	147988
viii) CNG (000*KG)	-	-		18,921	-	-		17644
ix) C2/C3**		562800	-	6,17,613	0	562800	-	624862
x) Butene-1***	10,000.00	10000	-	9,743	10000	10000	-	10004
xi) (MW)								

Note: *As certified by the company and relied upon by auditors

** Internally consumed
*** Internally consumed

Cash Flow Statement for the Financial Year Ended 31st March, 2014

(₹ in Crores)

	2013-14	2012-13
A. CASH FLOW FROM OPERATING ACTIVITIES		
1 Net Profit Before Tax and Extraordinary Items	6402.32	6057.77
2 ADD:		
Depreciation	1180.05	1020.19
Capital Reserve	(0.12)	(0.11)
Exchange Rate Variation on Loan to Subsidiary	(0.78)	(1.77)
Interest Expenditure	367.22	195.02
Dividend Income on Investments	(336.34)	(382.58)
Interest Income	(290.85)	(193.73)
Provision for Employees Benefits Written back	(179.47)	271.16
Provision for Doubtful Debts	136.46	(51.96)
Provision for Probable Obligations	193.09	106.94
Other Provisions	(5.47)	15.79
Provision / Writte off of Assets / CWIP	41.38	137.60
Exceptional item	(344.95)	0.00
Profit / Loss on Sale of Assets (Net)	1.23	10.34
	761.45	1126.89
3 Operating Profit Before Working Capital Changes (1 + 2)	7163.77	7184.66
4 Changes in Working Capital (Excluding Cash & Bank Balances)		
Trade and Other Receivables	(1385.55)	(1611.22)
Inventories	(719.43)	(124.40)
Trade and Other Payables	1287.87	1097.27
	(817.11)	(638.35)
5 Cash Generated from Operations (3+4)	6346.66	6546.31
6 Direct Taxes Paid	(1873.77)	(1512.90)
NET CASH FROM OPERATING ACTIVITIES (5+6)	4472.89	5033.41
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(3855.00)	(5500.18)
Sale of Fixed Assets	18.62	3.34
Sale of Investments	383.90	9.59
Investment in Other Companies	(372.50)	(415.81)
Loans & Advances to Related Parties	(35.85)	(187.45)
Interest Received	292.76	235.78
Dividend Received	336.34	382.58
	(3231.73)	(5472.15)
NET CASH FROM INVESTING ACTIVITIES	1241.16	(438.74)



(₹ in Crores)

	2013-14	2012-13
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Long Term Borrowings	2127.00	3971.64
Repayment of Long Term Borrowings	(698.98)	(478.73)
Repayment from Short Term Borrowings	(223.74)	223.74
Interest Paid	(653.28)	(421.37)
Dividend & Dividend Tax Paid	(1499.12)	(1429.93)
NET CASH FROM FINANCING ACTIVITIES	(948.12)	1865.35
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	293.04	1426.61
CASH AND CASH EQUIVALENTS AS AT 01.04.2013 (OPENING BALANCE)	2357.94	931.33
CASH AND CASH EQUIVALENTS AS AT 31.03.2014 (CLOSING BALANCE)	2650.98	2357.94

NOTES :

1 Cash & Cash Equivalents include :

Cash & Bank Balances As per Balance Sheet

2650.98

2357.94

Unrealised (Gain)/ loss on foreign Exchange

0.00

0.00

Total Cash & Cash Equivalents

2650.98

2357.94

2 Cash & Cash Equivalents includes earmarked balance of ` 1128.95 Crores
(Previous year ` 660.96 Crores), Refer Note 19.

N. K. Nagpal
Secretary

P. K. Jain
Director (Finance)

Prabhat Singh
Director (Marketing)

B. C. Tripathi
Chairman & Managing Director

As per our separate report of even date

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

For **M/s G S Mathur & Co..**
Chartered Accountants
Firm No.008744N

Navin Bansal
(Partner)
Membership No. 91922

Rajiv Kumar Wadhawan
(Partner)
Membership No. 091007

Place : New Delhi
Dated : May 26, 2014

Statement pursuant to Section 212 (1) (e) of the Companies Act, 1956 relating to Company's interest in the Subsidiary Company

(₹ in Crores)

Name of the subsidiary Company	GAIL Global Singapore (Pte) Limited	GAIL Global USA Inc	GAIL Global (USA) LNG LLC	GAIL Gas Limited	Brahmputra Cracker & Polymer Limited
1 The financial year of the subsidiary Company ended on	31.03.2014	31.12.2013	31.12.2013	31.03.2014	31.03.2014
2 Date from which it became subsidiary Company	14.09.2004	26.09.2011	28.03.2013	27.05.2008	08.01.2007
3 a) Number of Shares held by GAIL (India) Limited alongwith its nominees in the subsidiary at the end of financial year of the subsidiary company	2,100,000 equity shares of USD 1 per share	36,000,000 equity shares of USD 1 per share	30,000 equity shares of USD 1 per share	25,43,51,265 equity shares of Rs 10 per share	79,30,10,083 equity shares of Rs 10 per share
b) Extent of Shareholding	100%	100%	100%*	100%	70%
4 The net aggregate amount of Subsidiary Company profit so far it concerns the members of Holding Company:					
a) Not dealt within the Holding Company Accounts:					
i) for the financial year ended 31.03.2014 (Rs in crores)	6.67	26.50	0.12	11.44	0.62
ii) for previous financial years of the subsidiary company since it became the holding company subsidiary	43.68	15.55	0.00	32.39	-14.64
b) Dealt within the Holding Company Accounts:					
i) for the financial year ended 31.03.2014	Nil	Nil	Nil	Nil	Nil
ii) for previous financial years of the subsidiary company since it became the holding company subsidiary	Nil	Nil	Nil	Nil	Nil

(*Wholly owned subsidiary through GAIL Global (USA) Inc.)

N.K. Nagpal
Secretary

P.K. Jain
Director (Finance)

Prabhat Singh
Director (Marketing)

B. C. Tripathi
Chairman & Managing
Director

Place : New Delhi
Dated : May 26, 2014



Schedule of Fixed Assets (Township)

(₹ in Lakhs)

DESCRIPTION	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As at 01.04.2013	Additions/ Adjustments during the Year	Sales/ Adjustments during the Year	As at 31.03.2014	As at 01.04.2013	For The Year	Adjustments during the year	As at 31.03.2014	As at 31.03.2014	As at 31.03.2013
LAND : FREEHOLD	2,876.20	-	-	2,876.20	107.53	-	-	107.53	2,768.67	2,768.67
LAND : LEASEHOLD	375.81	2.26	-	378.07	148.78	15.01	-	163.79	214.28	227.03
BUILDING, ROADS ETC.	28,837.11	374.96	134.86	29,077.21	7,635.09	541.75	(82.05)	8,094.79	20,982.42	21,202.02
DRAINAGAE,SEWAGE & WATER SUPPLY SYS.ETC.	1,178.35	470.74	97.22	1,551.87	931.28	98.84	(97.47)	932.65	619.22	247.07
FURNITURE, FIXTURES & OTHER EQP.	1,828.04	121.08	75.22	1,873.90	1,082.86	96.53	(52.78)	1,126.61	747.29	745.18
TRANSPORT EQUIPMENTS	23.86	-	-	23.86	7.06	1.09	-	8.15	15.71	16.80
TOTAL	35,119.37	969.04	307.30	35,781.11	9,912.60	753.22	(232.30)	10,433.52	25,347.59	25,206.77

Income and Expenditure Account

FOR THE YEAR ENDED 31ST MARCH, 2014
ON PROVISIONS OF TOWNSHIP, EDUCATION, MEDICAL AND OTHER FACILITIES.

(₹ in Lakhs)

S.NO.	PARTICULARS	YEAR ENDED 31 ST MARCH, 2014	YEAR ENDED 31 ST MARCH, 2013
	INCOME		
1	RECOVERY OF HOUSE RENT	617.77	340.73
2	RECOVERY OF UTILITIES	215.90	215.46
3	OTHER RECOVERIES	30.67	18.62
4	EXCESS OF EXPENDITURE OVER INCOME	4,816.04	4,788.12
	TOTAL	5,680.38	5,362.93
	EXPENDITURE		
1	SALARIES, WAGES & PF CONTRIBUTION	723.68	705.90
2	CONSUMABLES, STORES & MEDICINES	53.50	47.20
3	SUBSIDIES FOR SOCIAL & CULTURAL ACTIVITIES	171.80	158.43
4	REPAIRS & MAINTENANCE	1,134.89	1,412.07
5	DEPRECIATION	753.22	683.08
6	UTILITIES: POWER, GAS & WATER	1,374.37	1,098.10
7	LAND RENT	20.07	16.08
8	WELFARE - SCHOOL	814.45	639.85
9	BUS HIRE CHARGES	169.73	181.84
10	CLUB & RECREATION	21.11	10.93
11	MISC EXPENSES - TAXES, LICENSE FEES, INS ETC.	207.30	185.60
12	HORTICULTURE EXPENSES	236.26	223.85
	TOTAL	5,680.38	5,362.93



COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF GAIL (INDIA) LIMITED FOR THE YEAR ENDED 31 MARCH 2014.

The preparation of financial statements of GAIL (India) Limited for the year ended 31st March 2014 in accordance with the financial reporting framework prescribed under the companies Act, 1956 is the responsibility of the Management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Standards on Auditing prescribed by their professional body, the institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 26 May 2014.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3)(b) of the Companies Act, 1956 of the financial statements of GAIL (India) Limited for the year ended 31 March 2014. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to the inquiries of the Statutory Auditors and the company personnel and a selective examination of some of the accounting records. On the basis of my audit, nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619(4) of the Companies Act, 1956.

For and on behalf of the
Comptroller & Auditor General of India

(Suparna Deb)

Principal Director of Commercial Audit
& Ex-Officio Member, Audit Board – II,
New Delhi

Place: New Delhi

Date : 09.07.2014

Consolidated Financial Statement





Independent Auditors' Report on consolidated financial statements

To the Members of GAIL (India) Limited

Report on the Consolidated Financial Statements

1. We have audited accompanying consolidated financial statements of GAIL (India) Ltd. (the "Company") and its subsidiaries, joint ventures and associates (collectively referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31st March 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the requirements of Accounting Standards notified under the Companies Act, 1956 ("the Act") read with General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatements.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risk of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessment, the auditor considers internal control relevant to the Group's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

5. In our opinion and to the best of our information and according to the explanation gives to us, and based on consideration of the reports of the other auditors on the financial statements/consolidated financial statements of the subsidiaries and associates as noted below, have been prepared, in all material respects, in accordance with the requirements of the Companies Act, 1956 to the extent applicable and the Companies Act 2013 (to the extent notified) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2014;
- in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date and
- in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Other Matters

- We did not audit the financial statements of subsidiaries, namely, GAIL Global (Singapore) Pte. Ltd., Bramhaputra Cracker & Polymers Ltd. and GAIL Gas Ltd., whose financial statements reflect total assets of ₹ 8,870.79 crores as at March 31, 2014, total revenue of ₹ 2,085.82 crores and net cash outflow of ₹ 112.46 crores for the year ended on that date, and the financial statements of subsidiary, namely, GAIL Global (USA) Inc., whose financial statement reflect total assets of ₹ 1,035.63 crores as at December 31, 2013, total revenue of ₹ 213.43 crores and net cash inflow of ₹ 8.94 crores for the year ended on that date. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amount included in respect of the subsidiaries, is based solely on the reports of the other auditors.
- We did not audit the financial statements of associates, namely, Fayum Gas, Gujarat State Energy Generation, Natural Gas Company "NATGAS" and China Gas Holding Limited. These financial statements have been audited by other auditors, except for Gujarat State Energy Generation and China Gas Holding Ltd. whose financial statements are unaudited. In the case of audited financial statements, the reports or certificate have been furnished to us. Our opinion, in so far as it relates to the amount included in respect of these associates, is based solely on the reports of the other auditors and unaudited financial statements, as the case may be.
- In respect of GAIL Global (USA) Inc., Fayum Gas and NATGAS, the Accounts drawn up as at December 31, 2013 and in respect of China Gas Holding Limited, the Accounts drawn up to September 30, 2013, have been used in the consolidation. As per information and explanations given to us by the management, no significant transactions or other events occurred between the reporting date of aforesaid entities and 31st March, 2014, which require adjustment.
- We did not audit the financial statements of Joint Ventures, whose financial statement reflect total assets of ₹ 49,969.74 crores, total liabilities of ₹ 35,008.59 crores as at March 31, 2014 and total revenue of ₹ 46,867.66 crores, total expenditure of ₹ 44,533.56 crores for the year ended on that date. Our opinion, in so far as it relates to the amount included in respect of these joint ventures, is based on the unaudited Financial Statements except for Petronet LNG Ltd. ONGC Petro Additions Ltd. & Aavantika Gas Limited whose audited financial statements reflects total assets of ₹ 31,549.99 crores, total liabilities of ₹ 23,828.72 crores as at March 31, 2014 and total revenue of ₹ 37,946.59 crores, total expenditure of ₹ 36,891.68 crores for the year ended on 31st March 2014.
- We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21, viz. "Consolidated Financial Statements", Accounting Standard (AS) 23, viz. "Accounting for Investments in Associates in Consolidated Financial Statements" and Accounting Standard (AS) 27, viz. "Financial Reporting of Interests in Joint Ventures", as notified under Companies Accounting Standards Rules, 2006 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.

Our opinion is not qualified in respect of other matters.

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

Navin Bansal
(Partner)
Membership No.: 91922
Dated: 26th May 2014

For **M/s G S Mathur & Co**
Chartered Accountants
Firm No.: 008744N

Rajiv Kumar Wadhawan
(Partner)
Membership No.: 091007
Dated: 26th May 2014

Consolidated Balance Sheet as at 31st March, 2014

(₹ in Crores)

	NOTE NO.	AS AT 31 ST MARCH, 2014	AS AT 31 ST MARCH, 2013
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
a) Share Capital	1	1,268.48	1,268.48
b) Reserves and Surplus	2	31,188.47	27,526.18
		32,456.95	28,794.66
(2) Minority Interest			
		1,758.78	1,456.62
(3) Non Current Liabilities			
a) Long Term Borrowings	3	16,060.85	13,168.36
b) Deferred Tax Liability (Net)	47	2,730.35	2,426.49
c) Other Long-term Liabilities	4	900.26	749.84
d) Long-term Provisions	5	414.26	368.32
		20,105.72	16,713.01
(4) Current Liabilities			
a) Short Term Borrowings	6	1,044.78	2,332.70
b) Trade Payables	7	4,289.08	3,418.77
c) Other Current Liabilities	8	5,458.35	5,413.44
d) Short-term Provisions	9	1,728.27	1,657.35
		12,520.48	12,822.26
	TOTAL	66,841.93	59,786.55
II. ASSETS			
(1) Non-current assets			
a) Fixed Assets			
(i) Tangible Assets	10	27,016.49	23,567.99
(ii) Intangible Assets	10	762.88	735.41
(iii) Capital Work in Progress	11	18,489.89	18,376.08
		46,269.26	42,679.48
b) Non-current Investments	12	1,039.18	999.93
c) Long-term loans and advances	13	4,651.29	4,243.34
d) Other non-current assets	14	729.82	684.98
		52,689.55	48,607.73



(₹ in Crores)

	NOTE NO.	AS AT 31 ST MARCH, 2014	AS AT 31 ST MARCH, 2013
(2) Current Assets			
a) Current Investments	15	136.80	253.59
b) Inventories	16	2,587.05	1,897.78
c) Trade receivables	17	3,446.79	2,767.23
d) Cash and cash equivalents	18	3,211.11	3,064.62
e) Short-term loans and advances	19	4,554.47	3,104.39
f) Other current assets	20	216.16	91.21
		14,152.38	11,178.82
	TOTAL	66,841.93	59,786.55

The accompanying notes 1 to 52 form an integral part of Financial Statements.

For and on behalf of the Board of Directors

N.K. Nagpal **P.K. Jain** **Prabhat Singh** **B. C. Tripathi**
Secretary Director(Finance) Director (Marketing) Chairman & Managing Director

As per our separate report of even date

For **M/s M L Puri & Co.** For **M/s G S Mathur & Co..**
Chartered Accountants Chartered Accountants
Firm No. 02312 N Firm No. 008744 N

Navin Bansal **Rajiv Kumar Wadhawan**
(Partner) (Partner)
Membership No. 91922 Membership No. 091007

Place : New Delhi
Dated : May 26, 2014

Consolidated Statement of Profit & Loss for the Year ended 31st March, 2014

(₹ in Crores)

	NOTE NO.	YEAR ENDED 31 st MARCH, 2014	YEAR ENDER 31 st MARCH, 2013
I. Revenue from Operations (Gross)	21	62,873.60	51,939.58
Less: Excise Duty		(955.29)	(845.15)
Revenue from Operations (Net)		61,918.31	51,094.43
II. Other Income	22	918.21	829.28
III. Total Revenue (I+II)		62,836.52	51,923.71
IV. Expenses			
Raw Material consumed		4,976.61	3,055.47
Purchase		43,627.71	35,022.49
(Increase) / decrease in Inventories of Finished Goods, Work in Progress & Stock in trade			
Opening Stock		948.33	890.54
Less: Closing Stock		(1,574.78)	(948.33)
		(626.45)	(57.79)
Employee benefits expense	23	920.04	851.40
Finance Cost	24	668.71	437.31
Depreciation and amortization expenses	25	1,644.22	1,318.68
Other Expenses	26	5,015.95	4,738.30
Total Expenses		56,226.79	45,365.86
V. Profit before exceptional and extraordinary items and tax (III-IV)		6,609.73	6,557.85
VI. Exceptional Items		(312.69)	-
VII. Profit before Extraordinary items and Tax (V-VI)		6,922.42	6,557.85
VIII. Extraordinary Items		-	-
IX. Profit before Tax (VII - VIII)		6,922.42	6,557.85
X. Tax Expenses			
1. Current Tax			
- Current Year		1,943.38	1,720.29
- Earlier Year		(47.87)	(33.17)
2. Deferred Tax		299.32	554.06
Total Tax expenses		2,194.83	2,241.18
XI. Profit after Tax		4,727.59	4,316.67
Add: Share of Profit / (Loss) in Associates for the year		58.89	50.66
Less: Share of Minority		0.26	(6.27)
XII. Group Profit after Tax		4,786.22	4,373.60
Details of Earning Per Share (Face Value Rs 10/- each)			
- Basic Earning Per Share (₹)		37.73	34.48
- Diluted Earning Per Share (₹)		37.73	34.48
Expenditure during Construction Period	27		
Prior Period Adjustments	28		

The accompanying notes 1 to 52 form an integral part of Financial Statements.
There are no extraordinary items or discontinuing operations in the above period.

For and on behalf of the Board of Directors

As per our separate report of even date

N.K. Nagpal **P.K. Jain** **Prabhat Singh** **B. C. Tripathi**
Secretary Director(Finance) Director (Marketing) Chairman & Managing Director

For **M/s M L Puri & Co.**
Chartered Accountants
Firm No. 02312 N

For **M/s G S Mathur & Co..**
Chartered Accountants
Firm No. 008744 N

Navin Bansal
(Partner)
Membership No. 91922

Rajiv Kumar Wadhawan
(Partner)
Membership No. 091007

Place : New Delhi
Dated : May 26, 2014



Notes to Consolidated Financial Statements for the year ended 31st March 2014

Note 1 : Share Capital

(₹ in Crores)

	AS AT 31 st MARCH, 2014	AS AT 31 st MARCH, 2013
AUTHORISED		
200,00,00,000 (Previous Year : 200,00,00,000) Equity Shares of ₹ 10/-.	<u>2,000.00</u>	<u>2,000.00</u>
ISSUED, SUBSCRIBED AND PAID-UP		
126,84,77,400 (Previous Year : 126,84,77,400) Equity Shares of ₹ 10/- each fully paid up.	<u>1,268.48</u>	<u>1,268.48</u>
TOTAL	<u>1,268.48</u>	<u>1,268.48</u>

a) Details of Shareholders holding more than 5% shares in the company

	31 st MARCH, 2014		31 st MARCH, 2013	
	Numbers	% Holding	Numbers	% Holding
Equity shares of ₹ 10/- each fully Paid Up				
(i) President of India (Promoter)	711,733,651	56.11%	727,405,675	57.35%
(ii) Life Insurance Corporation of India	95,906,319	7.56%	95,124,727	7.49%

b) The Company has only one class of equity shares having a par value ₹ 10/- per share. The holders of the equity shares are entitled to receive dividends as declared from time to time and are entitled to voting rights proportionate to their share holding at the shareholders meetings.

c) 177,25,920 shares are held in the form of Global Depository Receipts

Note 2 : Reserves and Surplus**(₹ in Crores)**

	AS AT 31 ST MARCH, 2014		AS AT 31 ST MARCH, 2013	
Capital Reserve				
As per Last Financial Statements	2,601.74		1,503.54	
Add : Transferred from statement of Profit & Loss / Fund received	697.60		1,098.31	
Less : Transferred to statement of Profit & Loss	(0.12)	3,299.22	(0.11)	2,601.74
Share Premium Account		14.70		14.70
Debenture Redemption Reserve		1.88		-
Bonds Redemption Reserve				
As per Last Financial Statements	173.21		173.64	
Add : Transferred from statement of Profit & Loss	49.06		54.57	
Less : Transferred to statement of Profit & Loss	(55.00)		(55.00)	
		167.27		173.21
CSR Reserve				
As per Last Financial Statements	13.13		-	
Add : Transferred from statement of Profit & Loss	31.00		13.13	
Less : Transferred to statement of Profit & Loss	(13.13)	31.00	-	13.13
Foreign Currency Monetary Item Translation Difference Account		14.81		2.00
General Reserve				
As per Last Financial Statements	3,176.54		2,919.72	
Add : Transferred from statement of Profit & Loss	448.58		431.45	
Add : Adjustment due Joint Venture Regrouping (Refer Note No - 42 of Other Notes to accounts)	(310.57)		(174.63)	
		3314.55		3176.54
Foreign Currency Translation Reserve		59.14		25.98
Surplus in the Statement of Profit & Loss				
As per Last Financial Statements	21,518.88		19,019.22	
Add : Transferred from statement of Profit & Loss	4,786.22		4,373.60	
Less : Adjustment due Dividend Received from Associate	(13.40)		(9.02)	
Less: -Appropriations				
Interim Dividend	570.81		507.39	
Proposed Final Dividend	748.40		710.35	
Corporate Dividend Tax	224.20		203.03	
Transfer from Bond Redemption Reserve	(55.00)		(55.00)	
Transfer to Bond Redemption Reserve	49.06		54.57	
Transfer to CSR Reserve	17.87		13.13	
Transfer to Debenture Redemption Reserve	1.88		-	
General Reserve	448.58		431.45	
		24285.90		21518.88
TOTAL		31,188.47		27,526.18



Note 3 : Long Term Borrowings

(₹ in Crores)

	NON-CURRENT PORTION		CURRENT MATURITIES	
	AS AT 31 st March 2014	AS AT 31 st March 2013	AS AT 31 st March 2014	AS AT 31 st March 2013
SECURED				
(a) BONDS				
Bonds Series - I	100.00	200.00	100.00	100.00
(6.10% Secured Non-convertible redeemable Bonds -Series - I are redeemable in 5 equal installment commencing from the end of the 8 th year upto the end of the 12 th year from the deemed date of allotment August 22, 2003.) (Bonds are secured on pari pasu basis, by charge on freehold non agricultural land at village Tandalja, Vadodra together with the entire building constructed thereon both present & future and whole of plant and machinery, spares, tools and accessories and other movables of the company pertaining to its projects at LPG Vaghodia Plant, Hazira Plant, Grep Vaghodia Plant, Gandhar Plant and Vadodara plant both present and future and whether installed or not and lying or in store).				
Bonds Series - II	-	-	-	120.00
(5.85% Secured Non-convertible redeemable Bonds -Series - II are redeemable in 5 equal installment commencing from the end of the 6 th year upto the end of the 10 th year from the deemed date of allotment March 25, 2004). (Bonds are secured on pari pasu basis, by charge on freehold non agricultural land at village Tandalja, Vadodra together with the entire building constructed thereon both present & future and whole of plant and machinery, spares, tools and accessories and other movables of the company pertaining to its projects at LPG Vaghodia Plant, Hazira Plant, Grep Vaghodia Plant, Gandhar Plant, DUPL projects and Vadodra plant both present and future and whether installed or not and lying or in store).				
Bonds 2010 Series - I	500.00	500.00	-	-
(8.80% Secured Non-convertible redeemable Bonds 2010 -Series - I are redeemable in 4 equal installment commencing from the end of the 7 th year upto the end of the 10 th year from the deemed date of allotment December 13, 2010 with a call option at the end of the 7 th year). (Bonds are secured on pari pasu basis, by charge on freehold non agricultural land at village Tandalja, Vadodra together with the entire building constructed thereon both present & future and whole of plant and machinery, spares, tools and accessories and other movables of the company pertaining to its projects at Vijaipur Dadri Pipeline Projects excluding compressor stations at Vijaipur both present and future and whether installed or not and lying or in store).				
Bond series 2012	750.00	750.00	-	-
(9.14% Secured Non-convertible redeemable Bonds 2012 -Series - I are redeemable in 4 equal installment commencing from the end of the 5 th year upto the end of the 8 th year from the deemed date of allotment June 11, 2012 with a call option at the end of the 5 th year). (Bonds are secured on pari pasu basis, by charge on freehold non agricultural land at village Tandalja, Vadodra together with the entire building constructed thereon both present & future and whole of plant and machinery, spares, tools and accessories and other movables of the company pertaining to its projects at Vijaipur Dadri Pipeline Projects excluding compressor stations at Vijaipur both present and future and whether installed or not and lying or in store).				

	NON-CURRENT PORTION		CURRENT MATURITIES	
	AS AT 31 st March 2014	AS AT 31 st March 2013	AS AT 31 st March 2014	AS AT 31 st March 2013
(b) TERM LOANS				
Loan from HDFC Bank	900.00	675.00	-	-
(Secured by way of first pari-passu charge on all the movable fixed assets, including whole pipeline, spur lines, plant & machinery, spares, equipments, tools & accessories and other movables both present and future, whether now lying loose or in cases or which are now lying or stored in or whether in the course of transit or on high seas, of the Dahej - Vijaypur Phase-II Pipeline project of the Borrower) excluding the plant & Machinery of compressor station at Jhabua and Vijaipur).				
Repayable within a period of 12 years from the date of first disbursement by equal half yearly instalments starting 6 months after the completion of 2 years moratorium period from 05.05.2013.				
Oil Industry Development Board	121.00	358.50	237.50	237.50
(Secured by way of first charge on whole pipeline, spur lines, plant & machinery, spares, equipments, tools & accessories and other movables both present & Future, whether installed or not and whether now lying loose or in cases or which are now lying or stored in or about or shall hereinafter from time to time during the continuance of the security of these presents be brought into or upon or be stored or be in or about the Borrower's project of Chainsa-Jhajjar-Hissar Pipeline including spur lines or wherever else the same may be or be held by any party to the order or disposition of the borrower or in the course of transit or on high seas or on order or delivery, howsoever or wheresoever in the possession of borrower and either by way of substitution or addition).				
Repayable in four equal instalments after expiry of moratorium of one year from the date of disbursement. Loan disbursed in installment from July 2009 to March 2011 with rate of interest from 6.74% to 8.31% p.a. depending on date of disbursement.				
Oil Industry Development Board	1,205.00	996.25	291.25	168.75
(Secured by way of first charge on whole pipeline, spur lines, plant & machinery, spares, equipments, tools & accessories and other movables both present & Future, whether installed or not and whether now lying loose or in cases or which are now lying or stored in or about or shall hereinafter from time to time during the continuance of the security of these presents be brought into or upon or be stored or be in or about the Borrower's project of Dadri-Bawana-Nangal Pipeline including spur lines or wherever else the same may be or be held by any party to the order or disposition of the borrower or in the course of transit or on high seas or on order or delivery, howsoever or wheresoever in the possession of borrower and either by way of substitution or addition)				
Repayable in four equal instalments after expiry of moratorium of one year from the date of disbursement. Loan disbursed in installment from July 2011 to March 2013 with rate of interest from 8.50% to 8.98% p.a. depending on date of disbursement.				
Oil Industry Development Board	475.00	-	-	-
(Secured by way of first charge on whole pipeline, spur lines, plant & machinery, spares, equipments, tools & accessories and other movables both present & Future, whether installed or not and whether now lying loose or in cases or which are now lying or stored in or about or shall hereinafter from time to time during the continuance of the security of these presents be brought into or upon or be stored or be in or about the Borrower's project of Dahej Vijaiapur Pipeline-II including spur lines or wherever else the same may be or be held by any party to the order or disposition of the borrower or in the course of transit or on high seas or on order or delivery, howsoever or wheresoever in the possession of borrower and either by way of substitution or addition)				
Repayable in four equal instalments after expiry of moratorium of one year from the date of disbursement. Loan disbursed in installment from Nov 2013 to March 2014 with rate of interest from 8.94% to 9.27% p.a. depending on date of disbursement.				
-From Banks	4,287.14	3,079.59	519.80	136.72
-From Others	2,171.93	1,853.20	135.02	106.06



(₹ in Crores)

	NON-CURRENT PORTION		CURRENT MATURITIES	
	AS AT 31 st March 2014	AS AT 31 st March 2013	AS AT 31 st March 2014	AS AT 31 st March 2013
UNSECURED				
(a) BONDS / DEBENTURES				
- Non-Convertible Bonds - 8.35% Debenture - Series I	37.50	-	-	-
(b) TERM LOANS				
From Banks:				
- Bank of Tokyo Mitsubishi UFJ Ltd. (1/3 rd repayment at the end of the 4 th , 5 th & 6 th year from the last date of drawl i.e Dec 2015, Dec 2016 & Dec 2017) Loan carries floating rate of interest linked to 6 Months LIBOR plus spread.	909.15	549.90	-	-
- Bank of Tokyo Mitsubishi UFJ Ltd. (Bullet repayment at the end of the 5 th year from the last date of 'drawl i.e Aug'2016. Loan carries floating rate of interest linked to 6 Months LIBOR. plus spread)	606.10	824.85	-	-
- Mizuho Corporate Bank (1/3 rd repayment at the end of the 4 th , 5 th & 6 th year from the last date of drawl i.e Jan 2016, Jan 2017 & Jan 2018) Loan carries floating rate of interest linked to 6 Months LIBOR plus spread).	606.10	549.90	-	-
- Sumitomo Mitsui Banking Corporations (1/3 rd repayment at the end of the 4 th , 5 th & 6 th year from the last date of drawl i.e Feb 2016, Feb 2017 & Feb 2018) Loan carries floating rate of interest linked to 6 Months LIBOR plus spread).	606.10	549.90	-	-
- Japan bank for International Co-operation (JBIC) Repayable in 20 half yearly equal Instalments starting from June'2013	245.35	189.34	30.67	31.85
- Sumitomo Bank (1/2 repayment at the end of the 5 th & 6 th year from the last date of drawl i.e Nov 2017, Nov 2018) Loan carries floating rate of interest linked to 6 Months LIBOR plus spread).	1,818.30	1,649.70	-	-
- Society General (Repayment in 20 half yearly equal Instalments starting from 22 nd October 2012)	337.90	347.44	45.05	40.88
- KFW Germany (Siemens Facility) (Repayment in 20 half yearly equal Instalments starting from March, 2014)	267.54	-	31.48	-
- KFW Germany (Coperion Facility) (Repayment in 14 half yearly equal Instalments starting from October, 2014)	78.55	-	6.04	-
(c) Others				
- Sales Tax Deferred	2.79	4.89	-	-
- Other Unsecured	35.40	89.90	34.50	29.50
	5,550.78	4,755.82	147.74	102.23
TOTAL	16,060.85	13,168.36	1,431.31	971.26

Note 4 : Other Long Term Liabilities**(₹ in Crores)**

	AS AT 31 ST MARCH, 2014	AS AT 31 ST MARCH, 2013
Trade Payable	2.63	4.10
Gas Pool Money (Provisional) (Refer Note No - 35(c) of Other Notes to accounts)	652.51	584.47
Others :		
Liability for Abandonment Cost (E&P)	1.13	1.13
Deposits & Others long term liabilities	243.99	160.14
TOTAL	900.26	749.84

Note 5 : Long Term Provisions**(₹ in Crores)**

	AS AT 31 ST MARCH, 2014	AS AT 31 ST MARCH, 2013
Provision for Employee Benefits (incl. Gratuity)	409.78	363.36
Other Provisions	4.48	4.96
TOTAL	414.26	368.32

Note 6 : Short Term Borrowings**(₹ in Crores)**

	AS AT 31 ST MARCH, 2014	AS AT 31 ST MARCH, 2013
Secured / Unsecured Loans	1,044.78	2,332.70
TOTAL	1,044.78	2,332.70

Note 7 : Trade Payables**(₹ in Crores)**

	AS AT 31 ST MARCH, 2014	AS AT 31 ST MARCH, 2013
Trade Payables (includes ₹ 28.06 (Previous Year : ₹ 25.78) payable to JV consortium)	4,289.08	3,418.77
TOTAL	4,289.08	3,418.77



Note 8 : Other Current Liabilities

(₹ in Crores)

	AS AT 31 ST MARCH, 2014	AS AT 31 ST MARCH, 2013
(a) Current Maturity of Long Term Debt (Refer Note No. - 3)		
(i) SECURED	1,283.57	869.03
(ii) UNSECURED	147.74	102.23
(b) Interest accrued but not due	246.72	128.39
(c) Unpaid Dividend	3.23	3.47
(d) Others		
Advances / Deposits from Customers	173.03	189.72
Deposits/Retention Money from Contractors and others	589.79	815.47
Gas Pool Money (Refer Note No - 35(b) of Other Notes to accounts)	1,035.71	598.89
Imbalance & Overrun Charges (Refer Note No - 35(d) of Other Notes to accounts)	70.62	60.28
Other Liabilities	1,907.94	2,645.96
TOTAL	<u>5,458.35</u>	<u>5,413.44</u>

Note 9 : Short-term provisions

(₹ in Crores)

	AS AT 31 ST MARCH, 2014	AS AT 31 ST MARCH, 2013
Provision for Employee Benefits	50.59	274.92
Others :		
Provision for Proposed Dividend	748.40	710.35
Provision for tax on Proposed Dividend	127.19	120.72
Provison for Probable Obligations	525.83	332.74
Other Provisons	276.26	218.62
TOTAL	<u>1,728.27</u>	<u>1,657.35</u>

Note 10 - Fixed Assets (Tangible / Intangibles Assets)

(₹ in Crores)

DESCRIPTION	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As at 01.04.2013	Additions/ Adjustments during the year	Sales/ Adjustments during the year	As at 31.03.2014	As at 01.04.2013	For the Year ##	Adjustments during the year	As at 31.03.2014	As on 31.03.2014	As on 31.03.2013
Tangible Assets										
Land: Freehold	184.95	9.94	(1.75)	196.64	-	-	-	-	196.64	184.95
Leasehold	440.09	1.78	8.16	433.71	41.01	10.77	(0.23)	52.01	381.70	399.08
Building: Office/Others	754.70	75.51	(4.63)	834.84	196.84	24.18	(0.76)	221.78	613.06	557.86
Residential	367.81	79.98	(0.01)	447.80	79.83	7.76	0.01	87.58	360.22	287.98
Roads and Fences	10.68	-	8.47	2.21	0.67	0.07	0.33	0.41	1.80	10.01
Electrical Installations	4.03	0.35	1.20	3.18	0.60	0.14	0.19	0.55	2.63	3.43
Bunk Houses	2.46	0.13	0.03	2.56	1.84	0.20	0.03	2.01	0.55	0.62
Plant and Machinery	33,234.43	3,715.28	234.55	36,715.16	12,135.78	1,376.69	90.74	13,421.73	23,293.43	21,098.65
Railway Lines & Sidings	5.47	-	-	5.47	5.17	0.01	-	5.18	0.29	0.30
Communication Systems	7.17	0.42	1.95	5.64	4.54	0.41	1.33	3.62	2.02	2.63
Electrical Equipments	248.40	33.02	3.18	278.24	98.36	14.31	2.22	110.45	167.79	150.04
Furniture, Fixtures and Other Equipments	219.33	26.98	7.29	239.02	105.07	17.69	6.09	116.67	122.35	114.26
Office Equipments	213.62	12.53	10.38	215.77	120.38	19.74	8.33	131.79	83.98	93.24
Vehicles	1.12	0.08	0.04	1.16	0.34	0.10	0.02	0.42	0.74	0.78
Transport Equipments	2.64	3.60	0.09	6.15	2.12	0.72	(0.84)	3.68	2.47	0.52
E&P Assets										
Proved / Producing Property	707.43	1,235.31	(101.14)	2,043.88	83.64	156.89	(18.55)	259.08	1,784.80	623.79
Support Equipment & Facility	1.65	0.40	-	2.05	0.64	0.09	-	0.73	1.32	1.01
Unproved Leasehold Cost	38.84	(40.68)	(2.54)	0.70	-	-	-	-	0.70	38.84
Intangible Assets										
Right of Use	696.10	53.77	7.56	742.31	-	21.06	-	21.06	721.25	696.10
Softwares / Licences / Others	103.80	8.10	(6.21)	118.11	64.49	12.67	0.68	76.48	41.63	39.31
Total	37,244.72	5,216.50	166.62	42,294.60	12,941.32	1,663.50	89.59	14,515.23	27,779.37	24,303.40
Share in Joint Venture Assets and Subsidiary included	6,095.75	2,246.67	104.14	8,238.28	1,499.80	482.64	46.90	1,935.54	6,302.74	4,595.95
Previous Year	31,769.19	5,504.92	29.39	37,244.72	11,611.93	1,333.90	4.51	12,941.32	24,303.40	20,157.26
Share in Joint Venture Assets and Subsidiary included	5,462.56	621.22	(11.97)	6,095.75	1,162.92	350.32	13.44	1,499.80	4,595.95	4,299.64

Depreciation for the Financial Year includes Impairment Loss of ₹ 5.62 Crores (for Plant & Machinery).



Note 11 : Capital Work-in-Progress

(₹ in Crores)

	AS AT 31 ST MARCH, 2014		AS AT 31 ST MARCH, 2013	
Linepipe Construction and related facilities including Cathodic Protection & Dispatch / Receiving Terminals	943.33		1,167.45	
Less : Provision for Linepipe and Related Facilities	(87.49)	855.84	(11.57)	1,155.88
Compressor Stations		4.82		736.41
Telecom/Telesupervisory System		6.79		1.42
LPG Pipeline Project		0.22		23.90
LPG Projects		0.67		-
Petrochemicals		7,612.28		4,077.14
Telecom Project		0.02		0.43
Others		157.50		684.11
Engineering / Project construction		6,161.16		7,284.53
Exploratory & Development Well in Progress	549.55		693.61	
Less : Provision for Dry Exploratory Wells	-	549.55	-	693.61
Construction of CNG Station		134.51		182.94
Buildings	149.14		84.91	
Less : Provision for abandonment of Building	(5.28)	143.86	-	84.91
Linepipes, Capital Items in Stock/Transit	2,862.95		3,451.05	
Less : Provision for losses/obsolescence	(0.28)	2,862.67	(0.25)	3,450.80
TOTAL		18,489.89		18,376.08

Note 12 : Non-current Investments

(₹ in Crores)

	AS AT 31 ST MARCH, 2014	AS AT 31 ST MARCH, 2013
1. Trade Investments		
Quoted		
Investments in Equity Instruments :-		
(i) In Associate Company		
15,00,00,000 (Previous Year : 15,00,00,000) Equity Shares of HK\$ 0.01/- each fully paid up in China Gas Holding Ltd., China; acquired at a premium of HK\$ 1.148 / share	37.03	37.03
Add: Goodwill	60.34	60.34
Add: Share of Profit in Associates	197.66	139.73
Less: Dividend Received	(29.88)	(16.48)
	265.15	220.62
3,000,000 (Previous Year 3,000,000) Equity shares of LE 5/- per share in NAT GAS Equity share has acquired at a premium LE 34.5 per Equity Share	21.21	21.21
Add: Goodwill	62.41	62.41
Add: Share of Profit	96.21	86.55
	179.83	170.17
(ii) Others		
570,600 (Previous Year : 570,600) Equity Shares of ₹ 10/-each fully Paid-up in Gujarat Industries Power Co. Ltd.(includes 1,90,200 Equity Shares acquired during the year 1996-97 at a premium of ₹ 15/- per share)	0.86	0.86
205601068 (Previous Year : 205601068) Equity Shares of ₹ 5/-each fully paid up in ONGC Ltd. (Acquired 3,42,66,845 shares of ₹ 10/-each during 1999-2000 at a price of ₹ 162.34 per Share,1,71,33,422 bonus shares of ₹ 10/- each received during 2006-07. During the year 2010-11, 5,14,00,267 Equity shares of ₹ 10/- each were splitted into Equity shares of ₹ 5/- each and bonus issue of 1:1 equity shares of ₹ 5/- each after split received during 2010-11)	556.29	556.29
Unquoted		
(i) In Associate Companies		
2,07,60,000 (Previous Year : 2,07,60,000) Equity Shares of ₹ 10/- each fully paid-up in Gujrat State Energy Generation Ltd.	20.76	20.76
Add: Share of Profit	1.04	9.82
Less: Dividend received	(2.90)	(2.90)
	18.90	27.68
19,000 (Previous Year : 19,000) Equity shares of LE 100/- each fully paid up in Fayum Gas Company registered in Egypt.	4.59	4.59
Add: Goodwill	3.50	3.50
Add: Share of Profit	9.69	9.61
Less: Dividend received	(10.92)	(10.92)
	6.86	6.78



(₹ in Crores)

	AS AT 31 ST MARCH, 2014	AS AT 31 ST MARCH, 2013
2. Investments (Unquoted - At cost)		
Investments in Equity Instruments :-		
i) 30 Shares (Previous Year : 30) of ₹ 50 each fully paid up in Darpan Co-operative Housing Society Ltd., Vadodara	-	-
ii) 50 Shares (Previous Year : 50) of ₹ 50 each fully paid up in Ashoka Apartments Co-operative Housing Society Ltd., Vadodara	-	-
iii) 400 Shares (Previous Year : 400) of ₹ 10 each fully paid up in Sanand Members Association, Ahmedabad.	-	-
iv) 35 Shares (Previous Year : 35) of ₹ 50/-each fully paid up in Green Field (B) Co-operative Housing Society Ltd., Mumbai	-	-
v) 8347 Equity shares (Previous Year: 8347 Eq Shares) of USD 1/- each fully paid up in South East Asia Gas Pipeline Ltd. registered in Hongkong.	0.04	0.04
3. Other Investment (Other Non-Current)		
Other Investment / Investment by Group companies	11.25	17.49
TOTAL	1,039.18	999.93

Note 13 : Long term Loans and Advances

(₹ in Crores)

	AS AT 31 ST MARCH, 2014	AS AT 31 ST MARCH, 2013
(a) Capital Advances		
(Secured / Unsecured - Considered Good)	1,910.54	1,518.22
(Unsecured - Considered Doubtful)	0.35	1.55
	1,910.89	1,519.77
Less : Provision for Doubtful Advances	(0.35)	(1.55)
	1,910.54	1,518.22
(b) Security Deposits (Unsecured)	137.90	137.33
(c) Other Loans and Advances		
Advances for Allotment of Equity (includes Loans and advances)		
- South East Asia Gas Pipeline	300.87	272.44
Loans to Employees		
- Secured, Considered Good	269.60	279.14
- Unsecured, Considered Good	87.12	57.85
Advances to Income Tax against pending demand		
- Unsecured, Considered Good	1,298.13	1,221.67
- Unsecured, Considered Doubtful	85.72	56.74
	1,383.85	1,278.41
Less: Provision for Doughtful Income Tax against pending demand	(85.72)	(56.74)
	1,298.13	1,221.67
Advance Tax / TDS		
- Unsecured, Considered Good	3,848.64	3,388.27
Less: Provision for Taxations	(3,612.67)	(3,131.36)
Others		
(Unsecured, Considered Good)	411.16	499.78
TOTAL	4,651.29	4,243.34

Note 14 Other Non Current Assets**(₹ in Crores)**

	AS AT 31 ST MARCH, 2014	AS AT 31 ST MARCH, 2013
Long Term Trade Receivables		
(Unsecured - Considered Good)	719.00	666.65
(Unsecured - Considered Doubtful)	<u>597.10</u>	<u>460.20</u>
	1,316.10	1,126.85
Less : Provision for Doubtful Debts	<u>(597.10)</u>	<u>(460.20)</u>
	719.00	666.65
Others		
Deposit with various parties	4.48	4.69
Other Non current assets	6.34	13.64
TOTAL	<u>729.82</u>	<u>684.98</u>

Note 15 Current Investments**(₹ in Crores)**

	AS AT 31 ST MARCH, 2014	AS AT 31 ST MARCH, 2013
NIL (Previous Year: 6,00,00,000) Equity Shares of HK\$ 0.01/- each fully paid up in China Gas Holding Ltd., China; acquired at a premium of HK\$ 1.148 / share	-	14.81
Add: Goodwill	-	24.14
Add: Share of Profit in Associates	-	35.24
Less: Dividend Received	-	<u>(2.98)</u>
	-	71.21
Other Current Investments / Mutual Fund Scheme	136.80	182.38
TOTAL	<u>136.80</u>	<u>253.59</u>



Note 16 : Inventories

(₹ in Crores)

	AS AT 31 ST MARCH, 2014		AS AT 31 ST MARCH, 2013	
a) Finished Goods (incl Work-in-Progress)				
Stock of Gas*/Polymers/LPG and Other Products *after adjustment of calorific value		1,574.01		947.98
b) Raw material, Stores, Spares and others (As taken, valued and certified by the Management)				
Raw Material		88.86		79.30
Raw Material on Transit		30.65		50.80
CNG and Natural Gas in Pipeline		0.85		0.81
Stores and Spares (including Construction Surplus)		916.19		840.97
Less : Provision for Losses/Obsolescence		(23.51)		(22.08)
		892.68		818.89
TOTAL		2,587.05		1,897.78

Note 17 : Trade Receivables

(₹ in Crores)

	AS AT 31 ST MARCH, 2014		AS AT 31 ST MARCH, 2013	
Trade receivables outstanding for a period exceeding six months				
- Secured, Considered Good		0.04		0.04
- Unsecured, Considered Good		189.69		51.45
- Unsecured, Considered Doubtful		0.47		2.05
		190.20		53.54
Other receivables				
- Secured, Considered Good		10.22		11.14
- Unsecured, Considered Good		3,246.84		2,704.60
- Unsecured, Considered Doubtful		1.12		-
		3,258.18		2,715.74
		3,448.38		2,769.28
Less : Provision for Doubtful debts		(1.59)		(2.05)
TOTAL		3,446.79		2,767.23

Note 18: Cash and cash equivalents**(₹ in Crores)**

	AS AT 31 ST MARCH, 2014	AS AT 31 ST MARCH, 2013
BALANCES WITH BANKS		
On Current Account (includes Corporate Liquid Term Deposit)	641.32	290.40
On Current Account - Dividend Payable	3.23	3.47
On Term Deposit Account (including Long Term deposits)	1,438.11	2,106.17
On Short Term Deposit - Gas Pool Money (includes interest accrued but not due ₹ 28.99 Cr (Previous Year : ₹ 4.26 Cr)	1,028.26	571.75
On Short Term Deposit - Imbalance & Overrun (includes interest accrued but not due ₹ 5.62 Cr (Previous Year : ₹ 3.20 Cr)	70.18	60.75
On Short Term Deposit - JV Consortium (includes interest accrued but not due ₹ 2.29 Cr (Previous Year : ₹ 0.97 Cr)	28.06	25.78
	3,209.16	3,058.32
Cheques/Drafts/Stamps in hand	0.07	3.37
Cash in hand	1.88	2.93
	1.95	6.30
TOTAL	3,211.11	3,064.62

Note 19: Short Term Loans and Advances**(₹ in Crores)**

	AS AT 31 ST MARCH, 2014	AS AT 31 ST MARCH, 2013
Loans / Advances to Employees	50.14	38.81
Advances recoverable in cash or in kind or for value to be received		
- Unsecured, Considered Good (Refer Note No - 41 of Other Notes to accounts)	1,851.97	1,179.54
- Unsecured, Considered Doubtful	0.67	1.02
	1,852.64	1,180.56
Less: Provision for Doubtful Advances	(0.67)	(1.02)
	1,851.97	1,179.54
Claims Recoverable		
- Unsecured, Considered Good	216.97	126.02
- Unsecured, Considered Doubtful	2.28	2.33
	219.25	128.35
Less: Provision for doubtful claims	(2.28)	(2.33)
	216.97	126.02
Deposits / Balances with Government Authorities and Others		
- Unsecured, Considered Good	2,434.80	1,759.17
- Unsecured, Considered Doubtful	1.59	2.23
	2,436.39	1,761.40
Less: Provision for doubtful deposits	(1.59)	(2.23)
	2,434.80	1,759.17
Trade and Security Deposits		
- Unsecured, Considered Good	0.59	0.85
TOTAL	4,554.47	3,104.39



Note 20: Other Current Assets

(₹ in Crores)

	AS AT 31 ST MARCH, 2014	AS AT 31 ST MARCH, 2013
Interest accrued but not due	24.03	32.78
Others	192.13	58.43
TOTAL	216.16	91.21

Note 21: Revenue from Operations

(₹ in Crores)

	YEAR ENDED 31 ST MARCH, 2014	YEAR ENDED 31 ST MARCH, 2013
a) Sale of Products/ Gas	61,173.25	50,329.78
b) Sale of Services		
LPG Transmission / RLNG Shippers Charges	1,422.57	1,403.90
c) Income from Telecom	2.97	4.18
d) Other Operating Income	274.81	201.72
	62,873.60	51,939.58
Less : Excise Duty	(955.29)	(845.15)
TOTAL	61,918.31	51,094.43

Note 22: Other Income

(₹ in Crores)

	YEAR ENDED 31 ST MARCH, 2014	YEAR ENDED 31 ST MARCH, 2013
Dividend from long term (trade) investment	353.79	403.56
Interest on:		
- Bonds / Debentures (Long term trade investment)	-	0.30
- Deposits with Banks	183.04	178.78
- Others	147.18	112.56
	330.22	291.64
Add: Transferred to Expenditure during construction period (Refer Note 27)	(16.80)	(59.52)
	313.42	232.12
Miscellaneous Income including liabilities written back	253.71	202.36
Add: Transferred to Expenditure during construction period (Refer Note 27)	(2.71)	(8.76)
TOTAL	251.00	193.60
	918.21	829.28

Note 23 : Employee benefits expenses

(₹ in Crores)

	YEAR ENDED 31 ST MARCH, 2014	YEAR ENDED 31 ST MARCH, 2013
Salaries, Wages and Allowances	782.07	715.18
Contribution to Provident and Other Funds	119.28	116.84
Welfare Expenses	139.32	145.33
Secondment charges	1.85	1.86
	<u>1,042.52</u>	<u>979.21</u>
Less : Employees Benefit Expenses transferred to Capital Work-in-Progress (refer note no. 27)	122.48	127.81
TOTAL	<u>920.04</u>	<u>851.40</u>

Note 24 : Finance Cost

(₹ in Crores)

	YEAR ENDED 31 ST MARCH, 2014	YEAR ENDED 31 ST MARCH, 2013
Interest on :-		
- Term Loans	1,206.34	853.14
- Bonds	134.03	133.81
- Others	3.44	6.67
Other Borrowing Costs (Commitment and other Finance Charges)	40.20	83.20
	<u>1,384.01</u>	<u>1,076.82</u>
Less : Interest and Finance Charges transferred to Capital Work-in-Progress (refer note no. 27)	715.30	639.51
TOTAL	<u>668.71</u>	<u>437.31</u>

Note 25 : Depreciation and Amortization Expenses

(₹ in Crores)

	YEAR ENDED 31 ST MARCH, 2014	YEAR ENDED 31 ST MARCH, 2013
Depreciation and Amortization Expenses	1,657.88	1,333.51
Impairment Loss	5.62	0.39
	<u>1,663.50</u>	<u>1,333.90</u>
Less : Depreciation & Amortization expenses transferred to Capital Work-in-Progress (refer note no. 27)	19.28	15.22
TOTAL	<u>1,644.22</u>	<u>1,318.68</u>

As required by Accounting Standard (AS) 28, 'Impairment of Assets', an amount of ₹ 5.62 Cr (Previous Year: ₹ 0.39 Cr) has been impaired in respect of GAIL Tel Cash Generating Units.



Note 26 : Other Expenses

(₹ in Crores)

	YEAR ENDED 31 ST MARCH, 2014		YEAR ENDED 31 ST MARCH, 2013	
Power, Fuel and Water Charges				
Power and Water Charges	487.63		716.66	
Gas used as Fuel	1,433.85		1,036.70	
		1,921.48		1,753.36
Gas Pool Expenses		454.77		734.86
Stores and Spares consumed		359.55		314.69
Rent		45.06		39.09
Rates and Taxes (includes entry tax on gas)		174.26		102.31
Licence Fees - Telecom		2.01		1.95
Bandwidth Consumption		0.03		-
Repairs and Maintenance				
Plant and Machinery	376.25		343.55	
Buildings	22.84		27.11	
Others	41.08	440.17	26.96	397.62
Insurance		38.45		33.53
Communication Expenses		11.65		10.02
Printing and Stationery		4.38		4.16
Travelling Expenses		102.44		99.91
Books and Periodicals		1.45		0.58
Advertisement and Publicity		38.33		35.22
Payment to Auditors				
Audit Fees	0.87		0.67	
Tax Audit fees	0.07		0.08	
Company Law Matters	-		-	
Management Services	0.21		0.16	
Travelling & Out of Pocket Expenses	0.35	1.50	0.31	1.22
Entertainment Expenses		0.87		1.08
Recruitment and Training Expenses		17.02		19.59
Vehicle Hire and Running Expenses		41.43		35.62
Equipment Hire charges		1.47		29.00
CNG Transportation		0.41		0.41
Operating Expenses at CNG Stations		23.45		20.31
Lease Charges		29.73		7.75
Survey Expenses		69.01		81.65
Dry Well Expenses written off	41.38		137.60	
Less: Provision for Dry Well Expenses written back	-	41.38	(53.57)	84.03
Oil & Gas Producing Expenses (Operators)		58.19		4.76
Royalty on Crude Oil **		65.09		29.48

(₹ in Crores)

	YEAR ENDED 31 ST MARCH, 2014	YEAR ENDED 31 ST MARCH, 2013
Consultancy Charges	55.99	35.08
Legal and Professional charges	17.71	6.16
Data Processing Expenses	7.40	6.82
Donation	0.12	0.03
Research and Development Expenses	28.45	12.91
Directors fees	0.04	0.04
Loss on sale / written off of assets(net)	2.93	10.87
Bad Debts / Claims / Advances / Inventories written off	0.15	0.87
Provision for Doubtful Debts, Advances, Claims, Deposits and obsolescence of Stores and Capital Items	386.27	69.31
Provision for Probable Obligations / Contingencies	180.45	134.95
Excise Duty on Stock (net)	(9.01)	8.81
Expenses on Enabling Facilities	30.29	3.47
Selling & Distribution Expenses	31.52	25.34
Discount on Sales	153.75	120.71
Commission on Sales	16.28	15.51
Dealers' Commission	7.32	6.75
Security Expenses	106.04	84.86
Corporate Social Responsibility Expenses	62.60	64.71
Net Loss on Foreign currency transaction and translation	(23.71)	(12.66)
Other Expenses	504.61	340.90
Prior Period Adjustments (Refer note 28)	(3.33)	261.02
	5,499.45	5,038.66
Less : Incidental Expenditure during construction transferred to Capital Work-in-Progress (refer note no. 27)	483.50	300.36
TOTAL	5,015.95	4,738.30

** Includes ₹ 43.96 (Previous Year: ₹ 20.52) towards Government Share of Profit Petroleum



Note 27 : Expenditure during Construction Period

(₹ in Crores)

	YEAR ENDED 31 ST MARCH, 2014		YEAR ENDED 31 ST MARCH, 2013	
Employees Remuneration and Benefits				
Salaries, Wages and Allowances	107.12		110.72	
Contribution to Provident and Other Funds	9.27		7.67	
Welfare Expenses	6.09	122.48	9.42	127.81
Power, Fuel and Water Charges		7.11		2.87
Stores & Spares		0.15		0.13
Rent		6.49		7.17
Rates and Taxes		10.19		10.36
Repairs and Maintenance - Plant and Machinery		0.15		0.12
Repairs and Maintenance - Building		0.03		0.07
Repairs and Maintenance - Others		1.28		1.19
Insurance		7.02		8.95
Communication Expenses		1.14		0.96
Printing and Stationery		0.66		0.24
Travelling Expenses		12.93		14.46
Books and Periodicals		0.02		0.04
Advertisement and Publicity		0.59		0.37
Payment to Auditors		0.18		0.17
Entertainment Expenses		0.56		0.53
Recruitment and Training Expenses		1.48		0.82
Vehicle Hire and Running Expenses		5.18		3.64
Professional & Consultancy Charges		14.62		2.17
Data Processing Expenses		-		0.07
Other Expenses		413.72		246.03
Depreciation		19.28		15.22
Interest and Finance Charges		715.30		639.51
		1,340.56		1,082.90
Less: - Interest Income	16.80		59.52	
- Misc. Income	2.71		8.76	
- Sales	-	19.51	-	68.28
Net Expenditure		1,321.05		1,014.62
Less: Transferred to Capital Work-in-progress				
a) Employees Benefits Expenses	122.48		127.81	
b) Interest & finance Charges	715.30		639.51	
c) Depreciation	19.28		15.22	
d) Other Expenses	483.50		300.36	
e) Other Income	(19.51)	1,321.05	(68.28)	1,014.62
Balance Carried over to Balance Sheet		NIL		NIL

Note 28 : Prior Period Adjustments

(₹ in Crores)

	YEAR ENDED 31 ST MARCH, 2014	YEAR ENDED 31 ST MARCH, 2013
Purchase of Gas	(1.28)	(0.16)
Salaries, Wages and Allowances	(0.60)	(0.29)
Contribution to PF & Other Fund	3.24	209.41
Rent	0.63	0.25
Depreciation(Net)	7.99	36.63
Repairs and Maintenance	(0.78)	0.37
Consultancy Charges	-	0.01
Other Expenses	2.80	15.06
TOTAL	12.00	261.28
Less :		
- Sales	3.18	-
- Interest Income	0.16	-
- Miscellaneous Income	11.99	0.26
TOTAL(NET)	(3.33)	0.26



29 (A) BASIS OF PREPARATION

The Consolidated Financial Statements (CFS) relate to GAIL (India) Limited (hereinafter referred as the "Company") and its subsidiary, Joint Ventures and Associates. The accounts are prepared on historical cost convention in accordance with the applicable accounting standards and other applicable relevant statutes.

(B) PRINCIPLES OF CONSOLIDATION

The consolidated Financial Statements have been prepared in accordance with the applicable Accounting Standards on the following basis:-

- i. The Financial Statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses in accordance with Accounting Standard (AS) 21- "Consolidated Financial Statements" as notified under Companies Accounting Standard Rules, 2006.
- ii. Investments in Associates have been accounted for using the equity method in accordance with Accounting Standard AS (23) - "Accounting for investment in Associates in Consolidated Financial Statements" as notified under Companies Accounting Standard Rules, 2006. The excess/deficit of cost of investment over the proportionate share in equity of the Associate as at the date of the acquisition of stake has been identified as Goodwill/Capital reserve and included in the carrying value of the investment in Associate and disclosed separately. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the share of net assets of the Associate.
- iii. The Financial Statements of Joint Venture Company have been combined by applying proportionate consolidation method on a line by line basis on items of assets, liabilities, income and expenses after eliminating proportionate share of unrealized profits or losses in accordance with Accounting Standard (AS) 27 on "Financial Reporting of Interests in Joint Ventures" as notified under Companies Accounting Standard Rules, 2006.
- iv. The consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate Financial Statements except as otherwise disclosed in the other Notes to Accounts.
- v. The excess of the cost to the Company of its investment in Subsidiaries and Joint Ventures over its proportionate share in the equity of the investee company as at the date of acquisition of stake is recognized in the financial statements as Goodwill. In case the cost of investment in a subsidiary or Joint Venture is less than the

proportionate share in the equity of the investee as on the date of the investment, the difference is treated as Capital reserve.

- vi. Minority Interest's share of Net Profit/Loss of Consolidated Subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the Net Income attributable to the shareholders of the Company.
- vii. Minority Interest's share of Net Assets of Consolidated subsidiaries is identified and presented in the Consolidated Balance Sheet separately from liabilities and the equity of the Company's shareholders.
- viii. The accounts of all Group Companies are drawn upto the same reporting date as the parent entity (i.e. Financial Year ended March 31, 2014), except Gail Global (USA) Inc., Fayum Gas and Nat Gas (for which the accounts drawn up as at December 31, 2013) and China Gas Holding Limited (for which the accounts drawn up to September 30, 2013) have been used in consolidation. No adjustments have been done for the period subsequent to that date, since there are no significant transactions, as informed by respective company's management.
- ix. The financial statements of the Subsidiaries - GAIL Global (Singapore) Pte Ltd and Gail Global (USA) Inc are prepared in accordance / conformity with Singapore Financial Reporting Standards & U.S. generally accepted accounting principles respectively, assuming the companies are going concern and the transactions with these companies are considered as non integral operation as per Accounting Standard - 11 on "Effects of Changes in Foreign Exchange Rates" and accordingly, the Financial Statements have been translated in Indian Rupees for the purpose of Consolidated Financial Statements.
- x. The financial statements of Fayum Gas and NatGas have been prepared in accordance with the Egyptian Accounting Standards and relevant Egyptian Laws and regulations and according to the historical cost basis assuming the company is a going concern and converted in Indian Rupees as per Accounting Standard (AS 11). While the financial statements of China Gas Holding Limited has been prepared in accordance with the Hongkong Accounting Standards and relevant Hongkong Laws and regulations and according to the historical cost basis assuming the company is a going concern and converted in Indian Rupees as per Accounting Standard (AS 11).
- xi. Investment other than in Subsidiaries, Joint Ventures & Associates have been accounted for as per Accounting Standard (AS) - 13 on "Accounting for Investments" as notified under Companies Accounting Standard Rules, 2006.

(C) OTHER SIGNIFICANT ACCOUNTING POLICIES:-

These are set out under Significant Accounting Policies as given in the Company's separate financial statements.

30. The Consolidated Financial Statements represent consolidation of accounts of the Company (GAIL India Limited), its subsidiaries, joint venture companies and associates as detailed below:

Name of Company	Country of Incorporation	Relation	Proportion of ownership interest as on 31.03.2014	Name of Company	Country of Incorporation	Relation	Proportion of ownership interest as on 31.03.2014
GAIL Global (Singapore) PTE Ltd	Singapore	Subsidiary	100%	Aavantika Gas Limited	India	Joint Venture	22.50%
GAIL Global (USA) Inc. (Refer *1)	USA	Subsidiary	100%	Ratnagiri Gas & Power (Private) Ltd (RGPPPL)	India	Joint Venture	32.88%
Brahmaputra Cracker & Polymer Ltd	India	Subsidiary	70.00%	Tripura Natural Gas Co Ltd. (TNGCL)	India	Joint Venture	29.00%
GAIL GAS Limited (Refer *2)	India	Subsidiary	100%	ONGC Petro-additions Limited (OPaL)	India	Joint Venture	15.50%
Mahanagar Gas Limited	India	Joint Venture	35.00%	GAIL China Gas Global Energy Holdings Ltd.	Bermuda	Joint Venture	50.00%
Indraprastha Gas Limited	India	Joint Venture	22.50%	Fayum Gas	Egypt	Associate	19.00%
Petronet LNG Limited	India	Joint Venture	12.50%	Gujarat State Energy Generation Ltd (GSEG)	India	Associate	5.96%
Bhagyanagar Gas Limited	India	Joint Venture	22.50%	Natural Gas Company "Nat Gas "	Egypt	Associate	15.00%
Central UP Gas Limited	India	Joint Venture	25.00%	China Gas Holding Limited	Bermuda	Associate	3.00%
Green Gas Limited	India	Joint Venture	22.50%				
Maharashtra Natural Gas Limited (MNGL)	India	Joint Venture	22.50%				

*1: Consolidated financial statement of GAIL Global (USA) Inc includes its 100% subsidiary, Gail Global (USA) LNG LLC.

*2: Consolidated financial statement of GAIL GAS Ltd includes its 25%, 26%, 25% & 26% interest in joint venture companies, i.e., Andhra Pradesh Gas Distribution Corporation Ltd, Kerala GAIL GAS Ltd, Vadodara Gas Ltd, and RSPCL-GAIL GAS Ltd respectively.

31. In view of different sets of environment in which the subsidiaries/Joint Ventures are operating, the accounting policies followed by the subsidiaries/Joint Ventures are different from the accounting policies of the Company in respect of the following significant changes. Such different accounting policies have been adopted in respect of the following:

Particulars	Name of Joint Venture/ Subsidiary	Accounting Policies		Proportion of GAIL's share (Gross Amount) (₹ in Crores)
		GAIL (India) Ltd.	Subsidiary / Joint Venture	
Inventories Valuation of Stores and spares	Mahanagar Gas Limited / Central UP Gas Ltd	Valued at weighted average cost or net realizable value, whichever is lower	Valued at weighted average cost.	6.46
	Tripura Natural Gas Co Ltd	Valued at weighted average cost or net realizable value, whichever is lower	Valued at cost	0.84
Depreciation Software / Licences	Petronet LNG Limited (PLL) Aavantika Gas Limited (AGL) / Mahanagar Gas Limited / Bhagyanagar Gas Limited / Maharashtra Natural Gas Limited / RGPPPL.	Software / Licences are amortized in 5 years on straight line method	Software/Licences are amortised on Straight Line method as follows: - Petronet LNG Ltd - 3 years. Aavantika Gas Ltd - 4 years. Mahanagar Gas Ltd - 6 years. Bhagyanagar Gas Ltd - 4 years. Maharashtra Natural Gas Ltd - 3 years. RGPPPL - 3 years or Period of Legal right, whichever is earlier.	0.87
All Assets	Tripura Natural Gas Co Ltd	Assets are depreciated on SLM basis	Assets are depreciated on WDV basis, except computer (employees) @ 25% p.a. on SLM basis.	1.23
Employee Benefits	Bhagyanagar Gas Limited / AGL	Implemented Revised AS-15	Implementation of AS-15 is un-ascertained	Not Quantifiable



Particulars	Name of Joint Venture/ Subsidiary	Accounting Policies		Proportion of GAIL's share (Gross Amount) (₹ in Crores)
		GAIL (India) Ltd.	Subsidiary / Joint Venture	
Prepaid expenses & Prior period expenses / income	Brahmaputra Cracker & polymers Ltd (BCPL) / Bhagyanagar Gas Limited / RGPPL.	Prepaid expenses and prior period expenses / income upto ₹ 5 lakhs in each case are charged to relevant heads of account of the current year.	Prepaid expenses and prior period expenses / income upto ₹ 1 lakh in each case are charged to relevant heads of account of the current year.	Not Quantifiable
	All Subsidiary & Joint Ventures, except BCPL, Bhagyanagar Gas Limited / RGPPL.	Prepaid expenses and prior period expenses / income upto ₹ 5 lakhs in each case are charged to relevant heads of account of the current year.	Un-ascertained / Not available.	Not Quantifiable
Contingent Liabilities	Bhagyanagar Gas Limited	Contingent liabilities exceeding ₹ 5 Lakhs in each case are disclosed by way of notes to accounts.	Contingent liabilities exceeding ₹ 1 Lakh in each case are disclosed by way of notes to accounts.	Not Quantifiable
	All Subsidiary & Joint Ventures, except Gail Gas Ltd, BCPL, AGL, Bhagyanagar Gas Limited.	Contingent liabilities exceeding ₹ 5 Lakhs in each case are disclosed by way of notes to accounts.	Un-ascertained / Not available.	Not Quantifiable
Capital commitment	PLL / AGL / Bhagyanagar Gas Limited	Estimated amount of contracts remaining to be executed on capital accounts are disclosed in each case above ₹ 5 Lakhs.	Estimated amount of contracts remaining to be executed on capital accounts are disclosed in each case above ₹ 1 Lakh.	Not Quantifiable
	All Subsidiary & Joint Ventures, except Gail Gas Ltd, BCPL, PLL, AGL, Bhagyanagar Gas Limited.	Estimated amount of contracts remaining to be executed on capital accounts are disclosed in each case above ₹ 5 Lakhs.	Un-ascertained / Not available.	Not Quantifiable

The effect of above differential accounting policies could not be quantified on Statement of profit & Loss.

32. Contingent Liabilities and Commitments (To the extent not provided for):-

I. Contingent Liability

- (a). Claims against the Company not acknowledged as debts: ₹ 7,756.39 Crores (Previous Year: ₹ 6,016.13 Crores), which mainly include:-
- Legal cases for claim of ₹ 791.68 Crores (Previous Year: ₹ 807.23 Crores) by vendor / trade payable on account of Liquidated damages/Price Reduction Schedule and Natural Gas price differential etc. and by customer / trade receivable for Natural gas transmission charges etc.
 - Income tax assessments up to the Assessment Year 2011-12 have been completed and a demand (net of provision) of ₹ 1337.15 Crores relating to the Assessment Years 1996-97 to 2011-12 (Previous Year: ₹ 1290.25 Crores) relating to the Assessment Years 1996-97 to 2010-11) raised by the Department on account of certain disallowances / additions has been disputed by the company as it has been advised that the demand is likely to be deleted or may be reduced substantially by the appellate Authorities. The company has filed the appeal with the appropriate appellate authorities against all the assessment years. However, to avoid coercive action by the Department, ₹ 1298.14 Crores (Previous Year: ₹ 1221.67 Crores) has already been paid pending decision by the appellate authorities. Further, Department has also filed appeals amounting to ₹ 100.32 Crores (including interest) (Previous Year: ₹ 93.37 Crores (including interest) before Income Tax Appellate Tribunal, Delhi against the relief granted by CIT(A) in favour of Company.

- ₹ 4238.36 Crores (Previous Year: ₹ 3147.06 Crores) relating to disputed tax demand towards Excise duty, Sales tax, Entry tax, and Service Tax etc., which includes ₹ 545.49 crores (Previous Year: ₹ 268.64 crores) decided in favour of the company at last stages.

- (b) Share in Contingent Liabilities of Joint Ventures based on their audited / unaudited financial statement : ₹ 980.49 Crores (Previous Year: ₹ 728.87 Crores).

II. Commitments:-

- Estimated amount of contracts remaining to be executed on capital account and not provided for: ₹ 3,937.50 Crores (Previous Year: ₹ 6,861.39 Crores).
- Company's share in estimated amount of contracts remaining to be executed on capital account and not provided for based on audited/unaudited financial statement of Joint Ventures ₹ 842.47 Crores (Previous Year: ₹ 1,005.49 Crores).

(c) Other Commitments:-

- As at 31st March'2014, the company has commitment of ₹ 147.58 Crores (Previous Year: ₹ 177.62 Crores) towards further investment in the entity other than Joint Ventures, Associates & Subsidiaries.
 - Company's commitment towards the minimum work programme in respect of Jointly Controlled Assets has been disclosed in Note 48(v).
33. Sales Tax demand of ₹ 3449.18 Crores (Previous Year: ₹ 3449.18 Crores) and interest thereon ₹ 1513.04 Crores. (Previous Year: ₹ 1513.04 Crores) for Hazira unit in Gujarat State: Sales Tax Authorities, Ahmedabad have treated the transfer of Natural Gas by

the company from the state of Gujarat to other states during the period April, 1994 to March, 2001 as inter-state sales under Section 3(a) of the Central Sales Tax Act. The company has been paying sales tax under section 12 of the Gujarat Sales Tax Act against Form 17 since inception (1987) and accordingly the sales tax assessments have been completed. Based on the interpretation of the provisions of the Sales Tax Act and legal advice from the experts, the company had filed writ petition and special leave petition in the Supreme Court of India. In February, 2005 the case was transferred by Hon'ble Supreme Court to Gujarat Sales Tax Tribunal for decision. The Tribunal has given its judgment on 16.05.2005 accepting the contention of the company for interstate transfer of Natural Gas as branch transfer and not the interstate sale and set aside the demand under section 41-B of the Gujarat Sales Tax Act. The Hon'ble Tribunal has given further instruction to the Assessing Authority to re-assess and decide tax liability in accordance with the law considering interstate transfer of natural gas as branch transfer. The Sales Tax Authorities had filed rectification application under section 72 of the Gujarat Sales Tax Act, 1969 in Gujarat Sales Tax Tribunal against its judgment dated 16.05.2005. The Tribunal had dismissed the rectification application of the sales tax authorities vide its order dated 06.07.2006. The sales tax authorities have now filed petition in Hon'ble high Court Ahmedabad against the order of the tribunal and no hearing has yet taken place. In opinion of the management there is a remote possibility of crystallizing this liability.

34. (a) Freehold Land acquired valuing ₹ 19.92 Crores (Previous Year: ₹ 11.55 Crores) and Leasehold Land acquired valuing ₹ 79.50 Crores (Previous Year: ₹ 64.07 Crores) are valued / capitalized on provisional basis.
- (b) Title deeds for freehold land valuing ₹ 14.21 Crores (Previous Year: ₹ 10.86 Crores) and leasehold land valuing ₹ 25.55 Crores (Previous Year: ₹ 13.19 Crores) are pending execution.
- (c) Title Deeds in respect of ten residential flats at Asiad Village, New Delhi, valuing ₹ 1.17 Crores (Previous Year: ₹ 1.17 Crores) are still in the name of ONGCL. Concerned authorities are being pursued for getting the same transferred in the name of the Company.
- (d) Net Block for "Building" includes an amount of ₹ 0.52 Crores (Previous year: ₹ 1.03 Crores) earmarked for disposal but in use.
- (e) Freehold land valuing ₹ 0.63 Crores and leasehold land valuing ₹ 0.80 Crores, registered in the name of company, does not belong to it and hence not capitalized.
35. (a) The balance retention from PMT JV consortium amounting to ₹ 28.06 Crores (Previous Year: ₹ 25.78 Crores) includes interest amounting to ₹ 2.29 Crores (Previous Year: ₹ 0.97 Crores) on Short term deposits for the year. This interest income does not belong to the company hence not accounted as income.
- (b) Liability on account of Gas Pool Money amounting to ₹ 1,035.71 Crores (Previous Year: ₹ 598.89 Crores) includes interest amounting to ₹ 28.99 Crores (Previous Year: ₹ 4.26 Crores) on short term deposits. This interest does not belong to the company hence not accounted as income.
- (c) The amount in Gas Pool Money (Provisional) account shown under "Other Long Term Liabilities" amounting to ₹ 652.51 Crores (Previous Year: ₹ 584.47 Crores) will be invested as and when said amount is received from the customers.
- (d) Liability on account of Pipeline overrun and Imbalance charges

amounting to ₹ 70.62 Crores (Previous Year: ₹ 60.28 Crores) includes interest amounting to ₹ 5.62 Crores (Previous Year: ₹ 3.20 Crores) on short term deposits. This interest does not belong to the company hence not accounted as income.

36. MOP&NG had issued scheme of sharing of under recoveries on sensitive petroleum products. During the year, the Company has given discounts amounting to ₹ 1,900.00 Crores (Previous Year: ₹ 2,687.18 Crores). Corresponding adjustment on account of CST amounting to ₹ 12.83 Crores (Previous Year: ₹ 9.58 Crores) has been made.
37. (a) The Company is raising provisional invoices for sale of R-LNG as the supplier M/s Petronet LNG (PLL) is also raising provisional invoices on the Company since customs duty on import of LNG by PLL has been assessed on provisional basis.
- (b) With effect from April 1, 2002, Liquefied Petroleum Gas prices has been deregulated and is now based on the import parity prices fixed by the Oil Companies. However, the pricing mechanism is provisional and is pending finalization. Additional asset/liability or impact on profits, if any, arising due to such change, will be recognized on finalization of pricing mechanism.
- (c) (i) Natural Gas Pipeline Tariff is subject to various Regulations issued by PNGRB from time to time. Impact on profits, if any, is being recognized as and when the pipeline tariff is revised in accordance with these Regulations.
- (ii) The company has derecognized the revenue by an amount of ₹ 28.33 Crore on account of lower tariff submitted to PNGRB for approval in respect of Gujarat Pipelines Network.
- (d) Petroleum & Natural Gas Regulatory Board (PNGRB) on 19.02.2014 notified insertion in Affiliate Code of Conduct that an entity engaged in both marketing and transportation of natural gas shall create a separate legal entity for transportation of natural gas by 31.03.2017 and the right of first use shall however remain with the affiliate of such entity. Company has filed an appeal against the PNGRB notification in the High Court.
38. In respect of Subsidiary and Joint Ventures, the following salient notes to accounts are disclosed.

I. GAIL Gas Ltd.

- a) The incidental expenditure during construction amounting ₹ 14.72 Crores (Previous Year: ₹ 14.83 Crores) have been allocated to completed project & Capital work in progress in the ratio of direct allocated cost for assets.
- b) During the year, the Company has been disbursed a Term Loan from OIBD ₹ 25.65 Crores (Previous Year: ₹ 20.00 Crores) and from Union Bank of India ₹ 20.00 Crores (Previous Year: ₹ 55.00 Crores) to finance the project activities in the TTZ and cities of Dewas, Kota, Meerut and Sonapat. Wherever the expenditure on the projects was incurred post disbursement of loan, the borrowing cost on the same was appropriately capitalized and in respect of projects completed out of the opening capital work in progress is assumed to be funded by equity. In terms of AS 16, the total Interest & Finance Charges amounting to ₹ 19.74 Crores (Previous Year: ₹ 15.24 Crores) was incurred, out of which an amount of ₹ 9.15 Crores (previous Year: ₹ 9.43 Crores) was capitalized during the year. During the year the company has repaid ₹ 29.50 Crores to OIBD (Previous Year: ₹ 18.60 crores) and ₹ 14.00 Crores to Union Bank of India (Previous Year: ₹ 3.44 Crores) as per the term loan agreement.



II. Brahmaputra Cracker and Polymer Ltd.

- a) In view of time and cost overrun, the company has revised the project cost from initially ₹ 5460.61 Crores to ₹ 8920 Crores and consequently, the schedule of completion from April 2012 to December 2013. The Ministry of Chemicals and Fertilizer, Govt of India, has communicated approval of CCEA vide its letter no F.No. 45012/23/10-PC-I dated 2nd December 2011. During the current financial year 2013-14, the company has further estimated change in schedule of completion from December, 2013 to September, 2014 and revision in project cost from approved cost of ₹ 8920 crores to ₹ 9586.25 crores which is pending approval of Government of India.
- b) The Capital Subsidy of ₹ 976.96 Crores (Previous Year: ₹ 1552.00 Crores) has been received from the Government of India during the year by way of contribution towards the capital outlay. As per AS-12 (Para 16), Government grants by way of contribution towards capital should be credited to Capital Reserves as per conditions attached to such grants.
- c) The company has received a directive from its administrative ministry MoCF vide letter no. 45013/1/2005-PC-I (Part) dated 15.02.2012 that the interest earned on capital subsidy is not the income of BCPL and the same shall be added back to capital subsidy. As such interest income (net of taxes) of ₹ 18.29 Crores (Previous Year: ₹ 16.57 Crores, net of taxes) has been added back to capital subsidy.
- d) Leasehold Land of ₹ 81.87 Crores (Previous Year: ₹ 81.84 Crores) comprises land for which lease deed has been executed for a period of 30 years. As the title to the land rest on the Govt of Assam, the same will amortised over the said period. Such land has been reflected as a tangible assets.

III. Petronet LNG LTD.

- a) Custom Duty on import of Project Material / equipment has been assessed provisionally (current and previous years) and additional liability, if any, on this account will be provided on final assessment.
- b) The Company has claimed deduction under section 80IA of the Income Tax Act, 1961 in respect of Power Generation and Port Undertaking in its tax returns. However, provision for income tax has been made without considering the aforesaid deduction pending final assessment with Income tax authorities.

IV. Indraprastha Gas Limited

- a) The Company has installed various CNG Stations on land leased from various Government Authorities under leases for periods ranging from one to five years. However, assets constructed / installed on such land are depreciated generally at the rates specified in Schedule XIV to the Companies Act, 1956, as the management does not foresee non-renewal of the above lease arrangements by the Authorities.
- b) Petroleum and Natural Gas Regulatory Board (PNGRB) vide its order no. TO/03/2012 dated 9th April 2012 determined the per unit network tariff and Compression Charge for the city gas distribution (CGD) network of IGL for Delhi, based on submission of data by the IGL in May 2009 and certain assumptions taken by PNGRB in this regard. The tariffs determined by PNGRB are much lower than the rates submitted by the company.
Further, PNGRB has made the determined tariff applicable with retrospective effect from 1st April, 2008. In its order PNGRB stated

that the modalities and time frame for refund of differential Network Tariff and Compression Charge would be decided subsequently.

The company filed a writ petition on 10th April, 2012 against the order of PNGRB dated 9th April, 2012 before the Hon'ble Delhi High Court. The Hon'ble High Court of Delhi has passed the judgement in this case on 1st June, 2012 and has quashed the PNGRB order dated 9th April, 2012.

PNGRB has filed special leave petition before the Hon'ble Supreme Court of India against the order dated 1st June, 2012 of Hon'ble Delhi High Court. Matter is still pending in the Hon'ble Supreme Court of India.

- c) The Company has taken certain equipment and vehicles under operating lease agreements. The total lease rentals recognized as expense during the year under the above lease agreements aggregates ₹ 7.51 Crores (Previous year: ₹ 9.43 Crores). Lease obligations under non-cancellable periods are as follows:

	2013-14	2012-13
i) Amounts payable in next 1 year	₹ 9.13 Crores	₹ 4.53 Crores
ii) Amounts payable in next 2 to 5 years	₹ 33.11 Crores	NIL
iii) Amounts payable over 5 years	NIL	NIL

V. Mahanagar Gas Ltd.

- a) Company has taken on lease few equipments / machines for some CNG Retail Outlets. Lease charges are dependent on sale of CNG at these outlets and hence there are no minimum lease payments. The term of the contract is one or two years, renewable at the discretion of the Company. The contract does not impose any restrictions concerning dividend, additional debt and further leasing. Lease payments recognized in the Statement of Profit and Loss for the year is ₹ 1.88 Crores (Previous year: ₹ 1.28 Crores).
- b) Company has taken certain vehicles under operating lease agreements. Lease payments recognized in the Statement of Profit and Loss under "Other / Miscellaneous Expenses" for the year is ₹ 8.46 Crores (Previous year: ₹ 5.15 Crores).
- c) Company has entered into agreements for taking on leave and license basis certain residential/office premises/godowns. All the agreements contain a provision for its renewal. Lease payments recognized in the Statement of Profit and Loss under rent for the year is ₹ 9.78 Crores (Previous year: ₹ 7.84 Crores).
- d) The future minimum lease payments of non-cancellable operating leases are as under:-

	2013-14	2012-13
Not later than one year	₹ 0.05 Crores	₹ 0.05 Crores
Later than one year, but not later than five years	NIL	NIL
Later than five years	NIL	NIL
TOTAL	₹ 0.05 Crores	₹ 0.05 Crores

e) The Foreign Investment Promotion Board (FIPB) through its approval had allowed the Company to continue with the arrangements of foreign equity participation upto 50% in the paid up capital of the Company until December 2006. This approval was subject to the condition that the Company would be required to bring an IPO to divest the shareholding of the promoters to 35% each as per the Joint Venture Agreement. Shareholders are in discussion for making disinvestment in line with FIPB requirements.

VI. Bhagyanagar Gas Limited

a) During the year, interest on term loan / bridge loan amounting to ₹ 14.12 Crores has been apportioned to Fixed Assets & Capital work-in-progress.

VII. Central U.P. Gas Limited

a) The Company has taken certain properties under Operating lease agreements. The total lease rentals recognized as expense during the year under the above lease agreements aggregates ₹ 0.82 Crores (Previous Year: ₹ 0.50 Crores). Lease obligations under non-cancellable periods are as follows:-

	2013-14	2012-13
i) Amounts payable in next 1 year	Rs 0.38 Crores	Rs 0.31 Crores
ii) Amounts payable in next 2 to 5 years	Rs 0.20 Crores	Rs 0.26 Crores
iii) Amounts payable over 5 years	NIL	NIL

39. Audited / Unaudited financial statements of joint venture – Petronet LNG Ltd., Indraprastha Gas Limited, Mahanagar Gas Limited, Bhagyanagar Gas Limited, Central UP Gas Limited, Green Gas Limited, Aavantika Gas Limited, Ratnagiri Gas & Power (Private) Limited, Maharastra Natural Gas Limited, Tripura Natural Gas Co Limited, ONGC Petro-additions Limited & GAIL China Gas Global Energy Holdings Limited have been included in consolidation. The figures included in the consolidated financial statements relating to these audited / unaudited joint venture companies are as under:

Total assets are ₹ 10230.72 Cr (Previous Year : ₹ 9483.82 Cr) and total liabilities of ₹ 7016.89 Cr. (Previous Year : ₹ 6477.34 Cr) and

Total Income of ₹ 7239.53 Cr (Previous Year : ₹ 6381.26 Cr.) and total expenditure of ₹ 6751.02 Cr. (Previous Year : ₹ 5922.44 Cr.).

40. Unaudited financial statements of an associate – Gujarat State Energy Generation (GSEG) and China Gas Holding Limited, have been included in consolidation in absence of the audited financial statements. Total Share of Profit included in the Consolidated Financial Statements is ₹ 49.15 Crores (Previous Year: ₹ 40.55 Crores).

41. Due to short participation by the other joint venture partners there is difference between the % of ownership as per Joint Venture Agreement and actual % of Share capital currently held by the Company i.e. GAIL (INDIA) LIMITED. The management is of the opinion that it is a temporary phase and other joint venture partner will contribute the balance contribution in the share capital of joint venture as per the joint venture agreement. Hence, GAIL (INDIA) LIMITED ownership in the joint ventures are considered only to the extent of % ownership mentioned in Joint Venture agreement.

Excess contribution in the Equity Share Capital of the various Joint Ventures as on date, over and above the contractual % amounting to ₹ 614.96 Crores [previous year ₹ 414.16 Cr.] is included in the 'Advance Recoverable in cash or in kind or for value to be received'.

42. In the previous year the Joint Venture/Associates were incorporated in the consolidated financial statement based on the unaudited financial statement, wherever audited financial statements were not available at the time of consolidation. Adjustment due to Joint Venture regrouping and adjustment due to Joint Venture/Associates audited statements of such Joint Venture/Associates on the statement of profit/(loss) is ₹ (310.57) Crores [Previous Year ₹ (174.63) Crores].

43. The consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate Financial Statements. However, there are some differences in certain accounting policies followed by the company, subsidiary, joint ventures and associates but the impact of the same in the opinion of the management is not material / quantifiable.

No fair value adjustment has been considered in consolidated financial statement in respect of "Other Comprehensive Income" reported / disclosed in financial statement of foreign subsidiary.

44. In compliance of Accounting Standard 17 on "Segment Reporting" as notified under Companies Accounting Standard Rules, 2006, the required information is given as per Annexure – A to this schedule. Business Segments: The business segments have been identified as:-

- (i) Transmission services
 - a) Natural Gas
 - b) LPG
- (ii) Natural Gas Trading
- (iii) Petrochemicals
- (iv) LPG and other Liquid Hydrocarbons
- (v) City Gas Distribution
- (vi) Un-allocable

45. In compliance of Accounting Standard 18 on " Related party Disclosures" as notified under Companies Accounting Standard Rules, 2006, the name of related parties, nature of relationship and details of transaction entered therewith are given in Annexure – B.

46. In compliance to Accounting Standard 20 on "Earning Per Share", the calculation of Earnings Per Share (Basic and Diluted) is as under:

	Current Year	Previous Year
Net Profit after tax used as numerator - (Rs. crores)	4,786.22	4,373.60
Weighted average numbers of equity shares used as denominator	1,26,84,77,400	1,26,84,77,400
Earnings per share (basic and Diluted) - (Rs)	37.73	34.48
Nominal Value per Equity Share - (Rs)	10.00	10.00

47. In compliance of Accounting Standard 22 on "Accounting for taxes on Income" as notified under Companies Accounting Standard Rules, 2006, the Company has provided Accumulated net deferred tax liability in respect of timing difference as on 31st March, 2014. The item-wise details of deferred tax liability as on 31.03.2014 are as under:

(₹ in crores)

	2013-14	2012-13
Deferred Tax Liability		
a). Depreciation	6064.28	5602.62
b). Others	3.20	NIL
Less :- Deferred Tax Assets		
a). Provision for Gratuity & Retirement Benefits	145.08	127.65
b). Benefit u/s 35AD of the Income Tax Act, 1961	2649.69	2689.80
c). Provision for Doubtful Debts / Claims / Advances	396.19	262.83
d). Preliminary Expenses & others	146.17	95.85
Deferred Tax Liability (net)	2730.35	2426.49

48. Jointly Controlled Assets

- (i) The Company has participated in joint bidding under the Government of India New Exploration Licensing Policy (NELP) and overseas exploration bidding and has 18 Blocks (PY 28 Blocks) as on 31.03.2014 for which the Company has entered into Production Sharing Contract with respective host Governments along with other partners for Exploration & Production of Oil and Gas. The Company is a non-operator, except in Block RJ-ONN-2004/1, CY-ONN-2005/1 and CB-ONN-2010/11, where it is an operator, and shares in Expenses, Income, Assets and Liabilities based upon its percentage in production sharing contract.

The participating interest in the eighteen NELP Blocks in India as on 31st March, 2014 is as under:

Sl No.	Name of Block	Participating Interest	Sl No.	Name of Block	Participating Interest
1	MN-OSN-2000/2	20%	10	CY-ONN-2005/1	40%
2	CB-ONN-2000/1	50%	11	AN-DWN-2009/13	10%
3	AA-ONN-2002/1	80%	12	AN-DWN-2009/18	10%
4	AA-ONN-2003/1	35%	13	CB-ONN-2000/1-RING FENCED CONTRACT	50%
5	CB-ONN-2003/2	20%	14	CB-ONN-2010/11	25%
6	AN-DWN-2003/2	15%	15	AA-ONN-2010/2	20%
7	RJ-ONN-2004/1	22.225%	16	GK-OSN-2010/1	10%
8	CY-DWN-2004/3	10%	17	GK-OSN-2010/2	10%
9	CY-PR-DWN-2004/1	10%	18	CB-ONN-2010/8	25%

- (ii) In addition to above, the Company has farmed-in as non-operator in the following blocks:

Sl	Name of the Block No.	Participating Interest
1	A-1, Myanmar*	8.5%
2.	A-3, Myanmar*	8.5%
3.	CY-OS/2	25%

*In addition, the company has 8.5% participating interest in SHWE Offshore Midstream pipeline project in Myanmar for the purpose of transportation of gas from the delivery point in offshore, Myanmar to landfall point in Myanmar.

- (iii) The Company's share in the Assets, Liabilities, Income and Expenditure for the year in respect of joint operations project blocks has been incorporated in the Company's financial statements based upon un-audited financial statement submitted by the operators and are given below : (Final adjustments are effected during the year in which audited financial statement are received).

(₹ in Crores)

Particulars	2013-14	2012-13
Income	245.04	86.57
Expenses	265.96	223.69
Fixed Assets (Gross block)	10.65	6.42
Producing Property	1055.46	7.10
Other Assets	593.86	1304.99
Liabilities	271.75	355.06

The above value includes the following amounts pertaining to 24 E&P Blocks relinquished till 31st March, 2014 (including 14 Blocks relinquished till 31st March, 2013) where company is non-operator.

(₹ in Crores)

Particulars	2013-14	2012-13
Income	0.07	8.25
Expenses	38.86	12.77
Fixed Assets (Gross block)	0.01	0.37
Other Assets	3.92	2.54
Liabilities	20.16	48.27

(iv) List of the E&P and CBM Blocks relinquished till 31.03.2014 is given below:

Sl No.	Name of the Block	Participating Interest	Date of Relinquishment
1	KK-DWN-2000/2	15%	15.08.2004
2	MB-DWN-2000/2	15%	24.01.2007
3	GS-DWN-2000/2	15%	24.01.2007
4	NEC-OSN-97/1	50%	11.09.2007
5	MN-OSN-97/3	15%	08.11.2007
6	AD-7, Myanmar	10%	28.02.2008
7	MN-ONN-2000/1	20%	10.11.2008
8	RM-CBM-2005/III	35%	11.05.2010
9	MR-CBM-2005/III	45%	11.05.2010
10	Block 56, Oman	25%	10.06.2010
11	CY-ONN-2002/1	50%	28.03.2011
12	TR-CBM-2005/III	35%	10.10.2011
13	MB-OSN-2004/1	20%	29.03.2012
14	MB-OSN-2004/2	20%	13.04.2012
15	KG-DWN-2004/3	10%	08.11.2012
16	CY-DWN-2004/4	10%	21.11.2012
17	KG-DWN-2004/5	10%	23.11.2012
18	CY-DWN-2004/2	10%	23.11.2012
19	CY-PR-DWN-2004/2	10%	23.11.2012
20	CY-DWN-2004/1	10%	28.11.2012
21	KG-ONN-2004/2	40%	10.02.2013
22	KG-DWN-2004/1	10%	15.06.2013
23	KG-DWN-2004/6	10%	13.09.2013
24	KG-DWN-2004/2	10%	04.06.2013

(v) Share of Minimum work program committed under various production sharing contracts in respect of E&P joint ventures is ₹ 475.31 Crores (Previous Year: ₹ 643.50 Crores).

(vi) Quantitative information:

(a) Details of Company's Share of Production of Crude Oil and Natural Gas during the year ended 31.03.2014:

(i) Crude Oil Block No. CB-ONN-2000/1:

Particulars	Opening stock		Production (Treated & processed crude)		Sales*		Closing Stock	
	Qty	Value	Qty	Value	Qty	Value	Qty	Value
Crude Oil	(MT)	₹ Crores	(MT)		(MT)	₹ Crores	(MT)	₹ Crores
Year ended 31/03/14	589.25	0.41	20347.09	-	20369.06	79.21	567.28	0.68
Year ended 31/03/13	646.20	0.64	21268.97	-	21325.92	87.57	589.25	0.41

*Includes test production sales for ₹ 5.37 Crores (Previous Year ₹ 2.65 Crores)

(ii) Natural Gas Block No. A1 & A3 (Myanmar)

Particulars	Opening stock		Production*		Sales*		Closing Stock	
	Qty	Value	Qty	Value	Qty	Value	Qty	Value
Natural Gas	(Million M3)	₹ Crores	(Million M3)		(Million M3)	₹ Crores	(Million M3)	₹ Crores
Year ended 31/03/14	-	-	90.960	-	90.440	147.68	0.520	0.26
Year ended 31/03/13	-	-	-	-	-	-	-	-

*Production started on 15.07.2013 and 10.01.2014 in A3 & A1 Block respectively.

b) Net Quantities of Company's interest in proved reserves and proved developed reserves:

	Proved Reserves		Proved Developed Reserves	
	2013-14	2012-13	2013-14	2012-13
Crude Oil : in 000'MT				
Beginning of the year	162	175	150	175
Additions	24.46	12	34.35	0
Deletion	0	3.73	0	3.73
Production	20.35	21.27	20.35	21.27
Closing Balance	166.11	162	164.00	150
Gas : in Million M3				
Beginning of the year	6220.00	6220.00	-	-
Additions	-	-	5821.00	-
Deletion	-	-	-	-
Production	101.29	-	101.29	-
Closing Balance	6118.71	6220.00	5719.71	-

Note: Company's interest in Oil Reserves is in Indian blocks and in Gas Reserves is in Myanmar

c) In terms of Production Sharing Agreements/Contracts, the balance (company's share) in cost recovery of Blocks (having proved reserves) to be made from future revenue of such Blocks, if any, is ₹ 1300.77 Crores at the end of year (previous year: ₹ 940.75 Crores).

(vii) Jointly Owned Assets:

GAIL's interest in jointly owned asset i.e. Heat Recovery Steam Generation System (HRSG) installed at GAIL, Vaghdodia at a project cost of ₹ 61.61 Crores, is ₹ 30.81 Crores.

49. In Compliance of Accounting Standard 28, impairment of assets notified under the Companies (Accounting Standard) Rules, 2006, the company has carried out the assessment of impairment of assets. Based on such assessment, GAILTEL assets have been impaired to the extent of ₹ 5.62 Crore (Previous Year: ₹ 0.39 crores) and same amount has been recognized as impairment loss in statement of Profit & Loss.



50. (a) Following Government of India's approval, the shareholders of the Company in the Annual General Meeting held on 15th September, 1997 approved the transfer of all the assets including Plant and Machinery, accessories and other related assets which are part of Lakwa Project to Assam Gas Cracker Complex at a price to be determined by an independent Agency and on terms and stipulations as the Board may in its discretion deem fit. The Cabinet committee on Economic affairs (CCEA) has approved the setting up of Assam Gas based cracker project at Lepetkata by formation of a company in which GAIL has equity participation of 70%. A company by the name of Brahmaputra Cracker and Polymer Limited has been incorporated during 2006-07 and construction of Gas cracker complex is in progress. Further, Public Investment Board (PIB) in meeting dated 13th July 2011 recommended that the issue of ownership of the Lakwa facility may be decided by the Committee comprising of representative from Department of Expenditure, Planning Commission, MoPNG and the administrative Ministry. The gross block of fixed assets and Capital work in progress value of Lakwa unit is ₹261.14 Crores as on 31st March 2014 (Previous Year: ₹260.15 Crores).
- (b) Further the Board in its 287th Meeting held on 06th April'2011 has approved transfer of CNG stations and its associated pipeline in Vadodara to proposed Joint Venture Company of GAIL Gas Ltd. and Vadodra Municipal Seva Samiti at market value yet to be determined. The transfer has not been effected during the financial year.

51. Jointly controlled Entity:

The Company's share of the assets, liabilities, contingent liabilities and capital commitments as at 31st March 2014 and income and expenses for the year in respect of jointly controlled entities based on audited/unaudited accounts are given below:-

(₹ in Crores)

Particulars	31.03.2014	31.03.2013
A. Assets		
- Non-current / Long term assets	8,428.16	8,042.82
- Current assets	1,802.56	1,441.00
Total	10,230.72	9,483.82
B. Liabilities		
- Non-Current / Long term liabilities	5,369.69	3,578.57
- Current Liabilities & Provisions	1,647.20	2,898.77
Total	7,016.89	6,477.34
C. Contingent Liabilities	980.49	728.87
D. Capital Commitments	842.47	1,005.49
	Current Year	Previous Year
E. Income	7,239.43	6,381.26
F. Expenses	6,751.02	5,922.44

52. Previous year's (PY) figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification/disclosure.

N. K. Nagpal
Secretary

P. K. Jain
Director (Finance)

Prabhat Singh
Director (Marketing)

B. C. Tripathi
Chairman & Managing Director

As per our separate report of even date

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

For **M/s G S Mathur & Co.**
Chartered Accountants
Firm No: 008744N

Navin Bansal
(Partner)
Membership No. 91922

Rajiv Kumar Wadhawan
(Partner)
Membership No. 091007

Place : New Delhi
Dated : May 26, 2014

INFORMATION ABOUT BUSINESS SEGMENT FOR FINANCIAL YEAR 2013-14

(Annexure - A)

(₹ in Crores)

SL. NO.	SEGMENTS	TRANSMISSION SERVICES**		NATURAL GAS TRADING **	PETROCHEMICALS	LPG & LIQUID HYDROCARBONS	CITY GAS	UN-ALLOCABLE	TOTAL	ELIMINATION	CONSOLIDATED TOTAL
		NATURAL GAS	LPG	Note -1	Note -2		Note -3	Note -4			
1	REVENUE										
	External Sales *	3,827.65	418.07	42,262.07	4,537.20	5,461.91	2,876.15	2,260.45	61,643.50	-	61,643.50
	Intersegment sales	276.53	-	9,070.88	44.49	-	-	15.63	9,407.53	9,407.53	-
	Total Revenue	4,104.18	418.07	51,332.95	4,581.69	5,461.91	2,876.15	2,276.08	71,051.03	9,407.53	61,643.50
2	RESULTS										
	Segment Result (Profit before Interest & Tax)	1,801.61	215.26	1,669.28	1,362.04	1,021.44	260.48	-	6,330.11	-	6,330.11
	Unallocated expenses	-	-	-	-	-	-	(635.90)	(635.90)	-	(635.90)
	Operating Profit	1,801.61	215.26	1,669.28	1,362.04	1,021.44	260.48	635.90	6,966.01	-	6,966.01
	Interest Expenses	-	-	-	-	-	-	668.71	668.71	-	668.71
	Interest/Dividend Income	-	-	-	-	-	-	684.01	684.01	-	684.01
	Provision for Taxation	-	-	-	-	-	-	2,194.83	2,194.83	-	2,194.83
	Profit/(Loss) from Ordinary Activities	1,801.61	215.26	1,669.28	1,362.04	1,021.44	260.48	(1,543.63)	4,786.48	-	4,786.48
	Extraordinary items	-	-	-	-	-	-	-	-	-	-
	Profit after Tax (before adjustment for Minority Interest)	1,801.61	215.26	1,669.28	1,362.04	1,021.44	260.48	(1,543.63)	4,786.48	-	4,786.48
	Add: Share of (Profit)/ Loss transferred to Minority	-	-	-	(0.26)	-	-	-	(0.26)	-	(0.26)
	Profit after Tax (after adjustment for Minority Interest)	1,801.61	215.26	1,669.28	1,361.78	1,021.44	260.48	(1,543.63)	4,786.22	-	4,786.22
3	OTHER INFORMATION										
	Segment Assets	24,870.55	830.00	1,211.06	3,079.37	1,049.07	1,623.99	5,012.04	37,676.08	240.44	37,435.64
	Unallocated Assets	-	-	-	-	-	-	29,406.29	29,406.29	-	29,406.29
	Total Assets	24,870.55	830.00	1,211.06	3,079.37	1,049.07	1,623.99	34,418.33	67,082.37	240.44	66,841.93
	Segment Liabilities	5,687.48	75.03	254.04	1,268.03	367.35	366.28	223.03	8,241.24	107.09	8,134.15
	Unallocated Liabilities	-	-	-	-	-	-	3,224.76	3,224.76	-	3,224.76
	Total Liabilities	5,687.48	75.03	254.04	1,268.03	367.35	366.28	3,447.79	11,466.00	107.09	11,358.91
	Cost to acquire fixed assets	1,693.30	31.59	526.96	111.61	20.74	254.87	2,577.43	5,216.50	-	5,216.50
	Depreciation#	735.46	46.61	38.51	185.62	77.91	104.04	475.35	1,663.50	-	1,663.50
	Non Cash expenses other than Depreciation#	468.06	0.16	94.31	0.37	(0.67)	5.51	(21.65)	546.09	-	546.09

* Sales is net of Excise Duty

** Assets & Liability of Gas Trading Business included in Gas Transmission Business

Notes

- Includes Joint Venture: Petronet LNG Limited
- Includes Subsidiary: BCPL; Joint Venture: OPaL.
- Includes Joint Ventures: IGL, BGL, MGL, CUGL, GGL, MNGL, Avantika, TNGCL; Subsidiary: GAIL Gas; & City Gas business of GAIL
- Includes Subsidiary: GAIL Global (Singapore) Limited and GAIL Global (USA) Inc.; Associate Company's share & Joint Venture: RGGPL.



INFORMATION ABOUT BUSINESS SEGMENT FOR FINANCIAL YEAR 2012-13

(Annexure - A)

(₹ in Crores)

SL. NO.	SEGMENTS	TRANSMISSION SERVICES**		NATURAL GAS TRADING**	PETROCHEMICALS	LPG & LIQUID HYDROCARBONS	CITY GAS	UN-ALLOCABLE	TOTAL	ELIMINATION	CONSOLIDATED TOTAL
		NATURAL GAS	LPG	Note -1	Note -2		Note -3	Note -4			
1	REVENUE										
	External Sales *	3,066.55	293.92	35,768.81	3,743.68	4,433.71	2,491.93	1,094.11	50,892.71	-	50,892.71
	Intersegment sales	280.72	-	5,761.30	21.18	-	-	18.28	6,081.48	6,081.48	-
	Total Revenue	3,347.27	293.92	41,530.11	3,764.86	4,433.71	2,491.93	1,112.39	56,974.19	6,081.48	50,892.71
2	RESULTS										
	Segment Result (Profit before Interest & Tax)	1,832.31	97.31	1,529.46	1,504.10	1,588.46	306.89	-	6,858.53	-	6,858.53
	Unallocated expenses	-	-	-	-	-	-	507.91	507.91	-	507.91
	Operating Profit	1,832.31	97.31	1,529.46	1,504.10	1,588.46	306.89	(507.91)	6,350.62	-	6,350.62
	Interest Expenses	-	-	-	-	-	-	437.31	437.31	-	437.31
	Interest/Dividend Income	-	-	-	-	-	-	695.20	695.20	-	695.20
	Provision for Taxation	-	-	-	-	-	-	2,241.18	2,241.18	-	2,241.18
	Profit/(Loss) from Ordinary Activities	1,832.31	97.31	1,529.46	1,504.10	1,588.46	306.89	(2,491.20)	4,367.33	-	4,367.33
	Extraordinary items	-	-	-	-	-	-	-	-	-	-
	Profit after Tax (before adjustment for Minority Interest)	1,832.31	97.31	1,529.46	1,504.10	1,588.46	306.89	(2,491.20)	4,367.33	-	4,367.33
	Add: Share of (Profit) / Loss transferred to Minority	-	-	-	6.27	-	-	-	6.27	-	6.27
	Profit after Tax (after adjustment for Minority Interest)	1,832.31	97.31	1,529.46	1,510.37	1,588.46	306.89	(2,491.20)	4,373.60	-	4,373.60
3	OTHER INFORMATION										
	Segment Assets	21,730.04	849.88	723.69	3,190.59	1,339.73	1,579.68	3,281.41	32,695.02	166.25	32,528.77
	Unallocated Assets	-	-	-	-	-	-	27,257.78	27,257.78	-	27,257.78
	Total Assets	21,730.04	849.88	723.69	3,190.59	1,339.73	1,579.68	30,539.19	59,952.80	166.25	59,786.55
	Segment Liabilities	5,042.82	60.17	309.64	1,448.18	347.83	399.44	87.54	7,695.62	74.90	7,620.72
	Unallocated Liabilities	-	-	-	-	-	-	3,015.74	3,015.74	-	3,015.74
	Total Liabilities	5,042.82	60.17	309.64	1,448.18	347.83	399.44	3,103.28	10,711.36	74.90	10,636.46
	Cost to acquire fixed assets	4,572.47	18.76	2.90	113.38	(43.60)	297.45	543.56	5,504.92	-	5,504.92
	Depreciation#	583.53	48.76	23.33	180.87	78.60	94.43	324.38	1,333.90	-	1,333.90
	Non Cash expenses other than Depreciation#	111.97	0.06	78.91	6.62	(0.09)	0.97	4.90	203.34	-	203.34

* Sales is net of Excise Duty

** Assets & Liability of Gas Trading Business included in Gas Transmission Business

Notes

1. Includes Joint Venture: Petronet LNG Limited
2. Includes Subsidiary: BCPL; Joint Venture: OPaL.
3. Includes Joint Ventures: IGL, BGL, MGL, CUGL, GGL, MNGL, Avantika, TNGCL; Subsidiary: GAIL Gas; & City Gas business of GAIL
4. Includes Subsidiary: GAIL Global (Singapore) Limited and GAIL Global (USA) Inc.; Associate Company's share & Joint Venture: RGGPL.

RELATED PARTY DISCLOSURES

I) Relationship

A) Joint Venture Companies / Associates

- 1) Mahanagar Gas Limited
- 2) Indraprastha Gas Limited
- 3) Petronet LNG Limited
- 4) Bhagyanagar Gas Limited
- 5) Tripura Natural Gas Corporation Limited
- 6) Central UP Gas Limited
- 7) Green Gas Limited
- 8) Maharastra Natural Gas Ltd.
- 9) Aavantika Gas Co Limited
- 10) GAIL China Gas Global Energy Holdings Ltd.
- 11) ONGC Petro-additions Limited (OPaL)
- 12) Gujarat State Energy Generation Ltd.
- 13) National Gas Company "Nat Gas"
- 14) Fayum Gas Company
- 15) China Gas Holdings Limited

B) Key Management Personnel (KMP)

Whole time Directors:

- 1) Shri B. C Tripathi, Chairman & Managing Director
- 2) Shri Prabhat Singh
- 3) Shri S. Venkatraman
- 4) Shri P. K. Jain
- 5) Shri M Ravindaran (w.e.f. 1st June, 2013)
- 6) Dr. Ashutosh Karnatak (w.e.f. 1st March, 2014)
- 7) Shri R. D. Goyal (upto 28 Feb'2014)
- 8) Shri S. L. Raina (upto 31 May'2013)
- 9) Shri V. C. Chittoda
- 10) Shri A K Mittal
- 11) Shri M C Deogam
- 12) Shri K Chattraj
- 13) Shri Narendra Kumar
- 14) Shri S P Sharma
- 15) Shri V S Baid
- 16) Shri Pradeep Madan
- 17) Shri B N Gosain
- 18) Shri J S Saini

C) Unincorporated Joint venture for Exploration & Production Activities:

- | | |
|---------------------------|---|
| 1) NEC - OSN - 97/1 | (Non-operator with participating interest: 50%, GAIL has relinquished from the Block) |
| 2) A-1, Myanmar | (Non-operator with participating interest: 8.5%) |
| 3) A-3, Myanmar | (Non-operator with participating interest: 8.5%) |
| 4) SHWE Offshore Pipeline | (Non-operator with participating interest: 8.5%) |
| 5) CY-OS/2 | (Non-operator with participating interest: 25%) |
| 6) RM-CBM-2005/III | (Non-operator with participating interest: 35%, GAIL has relinquished from the Block) |
| 7) TR-CBM-2005/III | (Non-operator with participating interest: 35%, GAIL has relinquished from the Block) |
| 8) MR-CBM-2005/III | (Non-operator with participating interest: 45%, GAIL has relinquished from the Block) |
| 9) AD-7, Myanmar | (Non-operator with participating interest: 10%, GAIL has relinquished from the Block) |
| 10) Block 56, Oman | (Non-operator with participating interest: 25%, GAIL has relinquished from the Block) |



II) The following transactions were carried out with the related parties in the ordinary course of business:

(₹ in Crores)

A) Details relating to parties referred to in item no. I (A) above:	2013-14	2012-13
1) Sales	3,645.75	2,871.18
2) Amount receivable as at Balance Sheet Date for (1) above	231.64	139.07
3) Purchases	18,457.41	16,101.75
4) Amount payable as at Balance Sheet Date for (3) above	1,066.81	730.83
5) Reimbursement for other expenditure received/receivable	10.24	17.20
6) Amount receivable as at Balance Sheet Date for (5) above	18.58	16.50
7) Dividend Income	135.74	117.43
8) Other Income	14.04	0.42
9) Provision created against Debtors	-	4.44
10) Provision created against Debtors written back	-	(20.54)
11) Investment as at balance sheet date	1,335.33	1,013.77
12) Advance for allotment of Equity as at balance sheet date	68.01	68.01
13) Advances / Loan given as at Balance Sheet Date	93.59	91.50

(₹ in Crores)

B) I. Details relating to parties referred to in item no. I (B) above:	2013-14	2012-13
1) Remuneration	7.94	7.31
2) Interest bearing outstanding loans receivable	0.56	0.68
3) Interest accrued on loans given	0.56	0.54
4) Self Lease	0.37	0.20

(₹ in Crores)

II. Relatives of KMP	2013-14	2012-13
1) Remuneration	0.37	0.34
2) Interest bearing outstanding loans receivable	-	-
3) Interest accrued on loans given	-	-
4) Self Lease	-	-

* Remuneration includes Basic, Allowances, reimbursements, contribution to PF and perquisites.

In addition, Whole time Directors are allowed the use of Staff cars including for private journeys upto a ceiling of 1000 Kms. per month on payment in accordance with the Bureau of Enterprises Circular.

(₹ in Crores)

C) Details relating to parties referred to in item no. I (C) above:	2013-14	2012-13
1) Minimum work program commitment	-	-
2) Survey, Production, Royalty and other expenses	88.51	0.75
3) CWIP & Other asset	314.36	231.27
4) Amount outstanding on Balance Sheet date (net of advance)	142.46	(10.47)
5) Amount written Off- Dry well expenditure	0.01	-
6) Sales / Income from operation	170.21	8.32
7) Amount outstanding on Balance Sheet date (against sales)	27.49	-

Consolidated Cash Flow Statement for the Financial Year Ended 31st March, 2014

(₹ in Crores)

	2013-14	2012-13
A. CASH FLOW FROM OPERATING ACTIVITIES		
1 Net Profit Before Tax and Extraordinary Items	6,981.31	6,608.51
2 ADD:		
Depreciation	1,671.49	1,370.53
Deferred Revenue / Other Expenses written off	0.15	0.87
Capital Reserve	(0.12)	(0.11)
Exchange Rate Variation	(23.71)	(12.66)
Interest Expenditure	668.71	437.31
Dividend Income on Investments	(353.79)	(403.56)
Interest Income	(313.42)	(232.12)
Provision for Employees Benefits (incl Gratuity)	(177.91)	273.51
Provision for Doubtful Debts	136.44	(52.71)
Other Provisions	249.83	122.02
Provision / Writte off of Assets / CWIP	41.38	84.03
Provision for Probable obligation / Contingency	180.45	134.95
Exceptional Item	(312.69)	-
Profit / Loss on Sale of Assets (Net)	2.93	10.87
	1,769.74	1,732.93
3 Operating Profit Before Working Capital Changes (1 + 2)	8,751.05	8,341.44
4 Changes in Working Capital (Excluding Cash & Bank Balances)		
Trade and Other Receivables	(1,756.31)	(1,552.27)
Inventories	(680.26)	(180.94)
Trade and Other Payables	247.19	1,718.99
	(2,189.38)	(14.22)
5 Cash Generated from Operations (3+4)	6,561.67	8,327.22
6 Direct Taxes Paid	(1,946.49)	(1,724.18)
NET CASH FROM OPERATING ACTIVITIES (5+6)	4,615.18	6,603.04
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(5,269.72)	(8,990.39)
Sale of Fixed Assets	18.62	3.34
Sale of Investments	383.90	-
Investment in Other Companies	49.11	(70.09)
Interest Received	322.17	210.89
Dividend Received	353.79	403.56
NET CASH FROM INVESTING ACTIVITIES	(4,142.13)	(8,442.69)
BALANCE CARRIED FORWARD	473.05	(1,839.65)



(₹ in Crores)

	2013-14	2012-13
BALANCE BROUGHT FORWARD	473.05	(1,839.65)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Long term / short term Borrowings	4,096.11	5,640.28
Repayment of Long term / short term Borrowings	(2,031.49)	(673.59)
Capital Subsidy	697.60	1,098.31
Interest Paid	(1,265.68)	(993.52)
Dividend & Dividend Tax Paid	(1,499.13)	(1,429.78)
NET CASH FROM FINANCING ACTIVITIES	(2.59)	3,641.70
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	470.46	1,802.05
OPENING ADJUSTMENT FOR JV / ASSOCIATES	(323.97)	(183.65)
CASH AND CASH EQUIVALENTS AS AT 01.04.2013 (OPENING BALANCE)	3,064.62	1,446.22
CASH AND CASH EQUIVALENTS AS AT 31.03.2014 (CLOSING BALANCE)	3,211.11	3,064.62

NOTES:

1 Cash & Cash Equivalents include :

Cash & Bank Balances

As per Balance Sheet

Unrealised (Gain)/ loss on foreign Exchange

Total Cash & Cash Equivalents

3,211.11

0.00

3,211.11

3,064.62

0.00

3,064.62

N. K. Nagpal
Secretary

P. K. Jain
Director (Finance)

Prabhat Singh
Director (Marketing)

B. C. Tripathi
Chairman & Managing Director

As per our separate report of even date

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

For **M/s G S Mathur & Co.**
Chartered Accountants
Firm No: 008744 N

Navin Bansal
(Partner)
Membership No. 91922

Rajiv Kumar Wadhawan
(Partner)
Membership No. 091007

Place : New Delhi
Dated : May 26, 2014

Summary of financial Information of Subsidiary companies

SUBSIDIARY COMPANIES



GAIL Gas Limited



GAIL Global (Singapore) Pte. Limited



Brahmaputra Cracker and
Polymer Limited



GAIL Global (USA) Inc.



SUMMARY OF FINANCIAL INFORMATION OF SUBSIDIARY COMPANIES FOR THE FINANCIAL YEAR 2012-13

PARTICULARS	GAIL GLOBAL SINGAPORE PTE LTD.		GAIL GLOBAL USA INC.		GAIL GLOBAL USA LNG INC.		GAIL GAS LTD.	BRAHMAPUTRA CRACKER AND POLYMER LTD.
	(₹ in Crores)**	(In USD Million)	(₹ in Crores)**	(In USD Million)	(₹ in Crores)**	(In USD Million)	(₹ in Crores)	(₹ in Crores)
As on 31.03.2014								
a) Capital	12.73	2.10	224.57	36.00	0.19	0.03	266.35	1,132.87
b) Reserves	64.61	10.66	46.35	7.43	-0.12	-0.02	43.92	4,688.92
c) Total Assets	489.67	80.79	1,035.76	166.04	0.06	0.01	627.50	7,780.04
d) Total Liabilities	489.67	80.79	1,035.76	166.04	0.06	0.01	627.50	7,780.04
e) Details of Investment (except in case of investment in the Subsidiaries)	115.58	19.07	-	-	-	-	12.57	-
For the year 2013-14								
f) Turnover	1,094.50	189.36	223.71	38.03	-	-	988.28	-
g) Profit/(Loss) before Taxation	6.70	1.16	40.41	6.87	-0.12	-0.02	17.09	0.88
h) Provision for Taxation	-	-	13.71	2.33	-	-	5.65	-
i) Profit after Taxation	6.70	1.16	26.71	4.54	-0.12	-0.02	11.44	0.88
j) Proposed Dividend	-	-	-	-	-	-	-	-

Exchange Rate US\$ / INR

As on 31.03.2014*	60.610
As on 31.12.2013**	62.380
Average Rate for 2013-14*	57.800
Average Rate for 2013**	58.825

Note:

In view of exemption granted by the Central Government under Section 212(8) of the companies Act, 1956, copies of the Balance Sheet, Statement of Profit and Loss, Report of Directors and Auditors of the subsidiary are not attached to the Balance Sheet of the Company. The annual accounts of the subsidiary and the related information will be made available to the holding company and subsidiary investors on request in writing. The same are also available with the company Secretary at the registered office of the company as well as at the registered office of the Subsidiary companies for inspection by any investor.

For and on behalf of Board of Directors

N.K. NAGPAL
Secretary

P.K. JAIN
Director (Finance)

PRABHAT SINGH
Director (Projects)

B.C. TRIPATHI
Chairman & Managing Director

Business Responsibility Report





Business Responsibility Report (BRR) FY 2013-14 of GAIL (India) Ltd.

Section A : General Information about the Company

1 Corporate Identity Number (CIN) of the Company
L40200DL1984G01018976

2 Name of the Company : GAIL (India) Limited

3 Registered address
16 Bhikaiji Cama Place, RK Puram,
New Delhi - 110066

4 Website : <http://www.gailonline.com>

5 E-mail id : investorqueries@gail.co.in

6 Financial Year reported : 2013-2014

7. Sector(s) that the Company is engaged in (industrial activity code-wise)

As per National Industrial Classification, Ministry of Statistics & Programme Implementation, the Company is engaged in activities as grouped below:

493 - Transport via pipeline

201 - Manufacture of basic chemicals, fertilizer and nitrogen compounds, plastics and synthetic rubber in primary forms,

061 - Extraction of crude petroleum,

062 - Extraction of natural gas,

351 - Electric power generation, transmission and distribution

8. List three key products/services that the Company manufactures / provides (as in balance sheet)

- i) Natural Gas Marketing and Transmission
- ii) Petrochemicals (Polyethylene and polypropylene)
- iii) Liquid Hydrocarbons Production-(LPG, Propane, Pentane, Naphtha etc.)

9. Total number of locations where business activity is undertaken by the Company

i) Number of International Locations (Provide details of major 5)

USA, Singapore, Egypt (upto 09.01.2014)

The 3 international wholly owned subsidiaries are

- GAIL Global (Singapore) Pte Limited,
- GAIL Global (USA) Inc.,
- GAIL Global (USA) LNG LLC

ii) Number of National Locations

GAIL has pan India presence through a stream of businesses like Gas Marketing and Transmission, LHC production, Gas imports etc. The major locations are listed as under:

- LPG plants (7): Two plants at Vijaipur (M.P.), one each at Vaghodia (Gujarat), Lakwa (Assam), Auraiya (U.P.), Gandhar (Gujarat) and Usar (Maharashtra)
- Petrochemicals Plant at Pata (U.P.)
- Compressor stations at Vijaipur, Khera, Jhabua & Kailaras (M.P.), Hazira, Vaghodia (Gujarat), Auraiya (U.P.), Chhainsa (Haryana)
- 11 Zonal Marketing Offices at Delhi, Kolkata (W.B.), Chennai (T.N.), Bangalore (Karnataka), Bhopal (M.P.), Chandigarh (Haryana), Jaipur (Rajasthan), Hyderabad (A.P.), Lucknow (U.P.), Mumbai (Maharashtra), Ahmedabad (Gujarat).
- 2 GAIL Training Institutes at Noida (U.P.) and Jaipur (Rajasthan)

10. Markets served by the Company – Local / State / National / International

National

Section B : Financial Details of the Company

1. Paid up Capital (INR) : ₹ 1268 Crore

2 Total Turnover (INR) : ₹ 57,245 crore

3 Total profit after taxes (INR) : ₹ 4,375 crore

4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)

Total Expenditure incurred was 1.56% of PAT of FY 12-13 (previous year) i.e., ₹ 62.57 Cr

5. List of activities in which expenditure in 4 above has been incurred:-

- a) Literacy Enhancement/Education
- b) Health
- c) Skill Development
- d) Drinking Water & Sanitation

Section C: Other Details

1. Does the Company have any Subsidiary Company/ Companies?

Yes, The number of subsidiary companies of GAIL as on 31st March, 2014 was 5. Out of 5 subsidiaries 3 Subsidiaries are operating out of India and 2 Subsidiaries are India based.

2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)

Yes, Both subsidiaries of GAIL which are operating in India- BCPL (under construction) and GAIL Gas (started operations recently) have taken up CSR and other BR initiatives.

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]

Yes, The Business Responsibility initiatives taken by GAIL (India) Ltd. has the collaboration of all its stakeholders such as Govt. of India, employees, contractors, suppliers, customers and the community at large and these stakeholders are involved with GAIL(India)Ltd. in achieving their business responsibilities. The percentage of such stakeholders are <30%.

Following is the list of Principles referred to in Section D and Section E:

Principle No.	Principles to assess compliance with Environmental, Social and Governance norms (NVG-SEE) Issued by Ministry of Corporate Affairs
Principle 1:	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability
Principle 2:	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
Principle 3:	Businesses should promote the well being of all employees
Principle 4:	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
Principle 5:	Businesses should respect and promote human rights
Principle 6:	Business should respect, protect, and make efforts to restore the environment
Principle 7:	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
Principle 8:	Businesses should support inclusive growth and equitable development
Principle 9:	Businesses should engage with and provide value to their customers and consumers in a responsible manner

Section D: BR Information

1. Details of Director/Directors responsible for BR

Sustainable Development Committee of Board of Directors

a) Details of the Director/Directors responsible for implementation of the BR policy/policies

i)	DIN Number	00063359
	Name	Sh. Arun Agarwal (upto 23.02.2014)
	Designation	Independent Director
ii)	DIN Number	02705827
	Name	Sh. R D Goyal (upto 28.02.2014)
	Designation	Director (Projects)
iii)	DIN Number	02766927
	Name	Sh. S L Raina (upto 31.05.2013)
	Designation	Director (HR)
iv)	DIN Number	03006541
	Name	Sh. Prabhat Singh
	Designation	Director (Marketing)

v)	DIN Number	03039646
	Name	Sh. S. Venkatraman
	Designation	Director (BD)

vi)	DIN Number	02145534
	Name	Sh. P. K. Jain
	Designation	Director (Finance)

vii)	DIN Number	02309551
	Name	Sh. M. Ravindran (from 01.06.2013)
	Designation	Director (HR)

vii)	DIN Number	3267102
	Name	Dr. Ashutosh Karnatak (from 01.03.2014)
	Designation	Director (Projects)

b. Details of the BR head Director (BD)

1.	DIN Number (if applicable)	03039646
2.	Name	Sh. S Venkatraman
3.	Designation	Director
4.	Telephone number	011-26182130
5.	e-mail id	venkat@gail.co.in



2 Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)										
	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/policies for...	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?									
	All Relevant Stakeholders	Y	Y	Y	Y	Y	Y	Y	Y	Y
Note- GAIL (India) being Central Public Sector Enterprise is governed by policies, circulars, guidelines, procedures issued by the Government of India. The policies have been formulated after wide consultations and discussions amongst all the relevant stakeholders. In the dynamic business environment GAIL (India) Ltd. reviews its business policies and practices from time to time.										
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Y Ref: A	Y Ref: B	Y Ref: C	Y Ref: D	Y Ref: E	Y Ref: F	N	Y Ref: :G	Y Ref: :D
A: DPE Guidelines on Corporate Social Responsibility (CSR) and Sustainability, DPE guidelines on R&D, DPE guidelines on Corporate Governance, Listing Agreement, PIDPI Resolution No. 89 of GOI, Transparency International B, C: National Policy on Safety, Health and Environment at Work Place, Ministry of Labour and Employment, Government of India, The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 D: DPE Guidelines on Corporate Social Responsibility (CSR) and Sustainability, E: The Contract Labor (Regulation and Abolition) Act 1970, The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 F: National Policy on Safety, Health and Environment at Work Place, Ministry of Labour and Employment, Government of India G: The Contract Labor (Regulation and Abolition) Act 1970,										
	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
4	Has the policy been approved by the Board? If yes, has it been signed by MD / owner / CEO / appropriate Board Director?	Y Y	Y Y	Y Y	Y Y	Y Y	Y Y	Y Y	Y Y	Y Y
Note- The policies are approved by the Board/Competent Authority to which requisite authority has been delegated by the Board.										
5	Does the Company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	Y Ref: A,B,C	Y Ref: D	Y Ref: F	Y Ref: D	Y Ref: F	Y Ref: D	N	Y Ref: :E,D	Y Ref: :D
All policies relevant to External Stakeholders are hosted on GAIL Website- http://gailonline.com/final_site/index.html , on following addresses: A. Code of Conduct: http://www.gailonline.com/final_site/pdf/code_of_conduct.pdf , B. Fraud Prevention Policy: http://www.gail.nic.in/final_site/pdf/Drfat_Policy2012.pdf C. MoU between GAIL (India) Ltd and TII http://www.gail.nic.in/final_site/pdf/MOU-With-TII-23rd.July-2007.pdf D. Sustainable Development Policy: http://gailonline.com/final_site/pdf/GAIL_Sustainable_Development_Policy-English.pdf E. GAIL CSR Policy: http://gailonline.com/final_site/pdf/final_policy2010.pdf F. 'Constitution of internal Complaints Committee post notification of 'Policy for Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace' http://www.gailonline.com/final_site/pdf/Sexual_Harassment_Women_Workplace.pdf All policies that are relevant to internal stakeholders are available at GAIL Intranet Portal.										

7	Has the policy been formally communicated to all relevant internal and external stakeholders?									
	All Relevant Stakeholders (Communicated through Website, meetings, emails, circulars etc.)	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy / policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y
2a	If answer to S.No.1 against any principle, is 'No', please explain why: (Tick up to 2 options)									
	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The company has not understood the Principles	NA	NA	NA	NA	NA	NA	NA	NA	NA
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	NA	NA	NA	NA	NA	NA	NA	NA	NA
3	The company does not have financial or manpower resources available for the task	NA	NA	NA	NA	NA	NA	NA	NA	NA
4	It is planned to be done within next 6 months	NA	NA	NA	NA	NA	NA	NA	NA	NA
5	It is planned to be done within the next 1 year	NA	NA	NA	NA	NA	NA	NA	NA	NA
6	Any other reason (please specify)	NA	NA	NA	NA	NA	NA	NA	NA	NA
3	Governance related to BR									
Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year. In FY 13-14 total two meetings held by Sustainable Development Committee, However GAIL has various sub committees of Board which meets from time to time to review aspects related to Business Responsibility										
	S. No.	Committees of the Board				Number of Meetings Held in FY 13-14				
	1	Corporate Social Responsibility Committee				5				
	2	Ethics Committee				1				
	3	HR Committee				6				
	4	HSE Committee				3				
	5	Project Appraisal Committee				1				
	6	Shareholder/Investor Grievance Committee				1				
	7	Stakeholders' Grievance Redressal Committee				4				
	8	Sustainable Development Committee				2				
	Does the Company publish a BR or a Sustainability Report?		Yes, GAIL publishes an Externally assured Sustainability Report annually as per the GRI guidelines.							
	What is the hyperlink for viewing this report?		http://gail.nic.in/final_site/Sustainable_Development_report.html							
	How frequently it is published?		Yearly							

The following section provides information in line with suggested BRR format; however for further details on Sustainability activities, GAIL's Sustainability Report 2013-14 may be referred which would be available at this link: http://gailonline.com/final_site/Sustainable_Development.html



Section E: Principle-wise Performance

PRINCIPLE 1

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/No.

Does it extend to the Group/Joint Ventures/ Suppliers / Contractors /NGOs / Others?

No, The Code of Conduct, CDA Rules and Whistle Blower Policy are applicable to all concerned employees whether they are working in GAIL or in any subsidiary or Joint Venture Company.

Further, 'Integrity Pact' and "Fraud Prevention Policy" extend to Suppliers, contractors etc. GAIL adheres to the principles of United Nations Global Compact (UNGC) which also enlist principle on anti - corruption

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?

If so, provide details thereof, in about 50 words or so.

Stakeholders	Complaints Received	Complaints Pending	% Resolved
Shareholder/Investors	30	0	100
Customers	60	0	100
Employees	7	0	100
Vigilances	182	51	72
Contractors & Suppliers (Relating to Integrity Pact)	5	0	100
Media, Advertising agencies	0	0	100
Total	284	51.00	82.04

Note: The mentioned complaints are total complaints irrespective of the Principle under which they fall.

An MoU was signed with M/s Transparency International India for implementation of Integrity Pact in GAIL thereby bringing transparency in the procurement processes. Independent External Monitors have been appointed, who are responsible for over seeing the implementation of Integrity Pact Program top prevent corruption, bribery or any un-ethical practices at GAIL.

Further, GAIL has formed an Ethics Committee; a sub-committee of the Board of Directors headed by an Independent Director who addresses all aspects of ethics across our operations.

PRINCIPLE 2

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

- i) Natural Gas & LPG Transmission
- ii) Liquid Hydrocarbon
- iii) Petrochemicals (HDPE & LLDPE)

Note- Procedure for adopting new Products/Process/Services-

Detailed Engineering, Detailed Feasibility study including Cost estimation & investment approval for new Gas Processing and Petrochemical plants, Renewable Energy projects, trunk pipelines and Last Mile Connectivity to various customers enroute these trunk pipelines.

All above projects are being developed and executed taking into consideration environmental and social concerns, risks & opportunities by incorporating the following activities.

- EMP (Environmental Management Plan)
- EIA (Environment Impact Assessment)
- SIA (Social Impact Assessment)
- RRA (Rapid Risk Assessment)
- CCOE clearance (Chief Controller of Explosives)
- HAZOP (Hazard & Operability study)
- Market study

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

i) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?

ii) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

• Natural Gas & LPG Transmission:

In the entire value chain, the company is having the responsibility of transmission of Natural Gas (NG) & LPG from source to customers through pipeline & Compressor/Pumping stations by following industry best practices, safety standards with integrated management.

GAIL's system of transmission of NG & LPG is supported by SCADA system with central control system for overall monitoring.

Our material consumption (associated consumable materials Lube oil etc.) data for NG & LPG Transmission business which are 60.52 & 4.42 MT respectively.

5.9 % Reduction in total energy consumption & 15% & 4% reduction in total water consumption respectively achieved in FY 2013-14 compared to FY 2012-13 for our operation.

• Liquid Hydrocarbon:

GAIL's LPG plants converts the Natural Gas to its value added products i.e. Liquid Hydrocarbons. The plants are designed by adopting state of the art technology with best industry standards, practices and norms such as OISD. The state of the art control system is adopted in all LPG plants.

LPG is sold in bulk to LPG retailing companies and other liquid hydrocarbon products are sold to industries for their usages.

6.41% decrease in LHC recovery (efficiency of production), 2.7% increase in total energy consumption & 16.4% reduction in total water consumption achieved in FY 2013-14 compared to FY 2012-13 for our operation.

• **Petrochemicals (HDPE & LLDPE):**

In GAIL's petrochemical plant, ethane-propane (C₂/C₃) is recovered from natural gas in the Gas Processing Unit and is cracked in the Gas Cracker Unit to produce ethylene and propylene. Ethylene is converted to final products - HDPE (High Density Polyethylene) and LLDPE (Linear Low Density Polyethylene) in the three polymer units.

The procedure followed results in optimisation of energy, raw material, water etc. for the desired level of production.

There has been 4.7% increase in C₂/C₃ shrinkage (where C₂/C₃ is the raw material), 3.6% Reduction in total energy consumption & 0.66 % increase in total water consumption (in Petrochemical Complex) achieved in FY 2013-14 compared to FY 2012-13 for our operation.

Refer to Note 1

In FY 13-14, new customers has been supplied 7.70 MMSCMD of Natural Gas. These new customers have switched from liquid & other fuels to Natural Gas. As Natural Gas is the most benign fossil fuel, this has led to reduction of GHG Emissions at customers end.

Refer to Note 2

3. Does the company have procedures in place for sustainable sourcing (including transportation)?

i) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

GAIL has implemented Public Procurement Policy for Micro and Small Enterprises (MSEs). The policy of procurement also focus MSEs owned by the Scheduled Caste or the Scheduled Tribe entrepreneurs for the Goods and Services rendered by such organizations. Further, GAIL host the tenders on its website which is available in public domain and whosoever is interested can participate in those tenders. Further, to procure energy efficient and sustainable products, GAIL has introduced the following provisions:

- Loading criteria in tenders for procurements of compressors / turbines / generators etc.
- Star rating electrical equipment.
- Green building concept in all new building projects.

GAIL is focusing on implementation of Public Procurement Policy for Micro and Small Enterprises (MSEs). The policy targets 20% of procurement from MSEs with a sub target of 4% from MSEs owned by the Scheduled Caste or the Scheduled Tribe entrepreneurs for the Goods and Services rendered by such organizations.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

Yes, GAIL's procurement policy is based on least price approach for mentioned specifications in tender document. In addition, GAIL provides benefits to MSE (Micro, Small Enterprises) as per schemes of Govt. of India.

GAIL has implemented "Public Procurement Policy" for Micro and Small Enterprises (MSEs) which extends various benefits like waiver from tender fee and EMD, Purchase Preference etc. to MSEs. These

industries are generally local & small producers from the surrounding communities near the place of work.

GAIL (India) Ltd, the flagship natural gas company of India has signed Memorandum of Understanding with UPSIDC for facilitating development of Plastic Park at Auraiya, Uttar Pradesh.

For the growth and development of these industrial units, GAIL shall contribute towards regular supply of raw material at competitive market price, provide technical support to plastic processors, establish polymer warehouse to cater to the needs of the industrial units.

In order to encourage participation of small and micro enterprises, following facilities are extended:

- i) a) Issue of tender documents free of cost
b) Exemption from payment of EMD/bid security etc.
- ii) Purchase preference granted to small and micro enterprises, thereby encouraging micro and small enterprises to participate and secure orders in GAIL's tenders.
- iii) Spot purchases done from the local market.
- iv) Trial orders for import substitution and development of local vendors

During FY 13-14 An Interactive session for Capacity Building of laying contractors of small pipelines was organized by GAIL.

5. Does the company have a mechanism to recycle products and waste?

If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%).

Also, provide details thereof, in about 50 words or so.

Yes, Covered under Sustainable Development Policy

Natural Gas (NG) is the major input component for GAIL's process plants. After processing NG, the same is sent to customers and only a small fraction NG is flared as per safety requirements so there is limited scope for reusing recycled NG as inputs as raw material. Further, design of products and processes are made in a manner for NIL/ minimum wastage.

GAIL endeavours to optimise the resources productivity through initiatives like installations of Heat Recovery Steam Generation (HRSG), Effluent Treatment Plant (ETP), Sewage Treatment Plants (STP), Waste Water Treatment Plant (WWTP), rainwater harvesting, etc. The Hazardous Waste has been disposed of through State Pollution Control Board approved agency across GAIL.

Water Management

The Waste water generated as part of our miscellaneous activities is treated in through effluent treatment plants (ETP). The treated waste water is used for various non-potable uses like horticulture etc.

In FY 2013-14 0.8 Million m³ water is recycled out of the 1.9 Million m³ waste water generated and total 12.9 Million m³ water used.

6.03% of water was reused and recycled.

39.3% of wastewater recycled

GAIL ensures usage of maximum amount of waste water in its installations.

Waste Management

Solid Waste Disposal facility exists at our plants wherein plant waste



having no inherent value & deemed hazardous in nature are disposed of through State Pollution Control Board approved agency.

Paper Recycling - We also took MoU with MoPNG for Project on Paper recycling in FY 2013-14 and we hope to take more initiatives of this type in future.

E-Waste Management

E- Waste is managed by either returning through buyback mechanism, or disposed off through recyclers approved by the state agencies.

In FY 2013-14 8.75 MTE- Waste Recycled

Refer to Note 1

PRINCIPLE 3

1. Please indicate the Total number of employees.

4022 (as on 31.03.2014)

2. Please indicate the Total number of employees hired on temporary /contractual/casual basis.

13835

3. Please indicate the Number of permanent women employees.

244

4. Please indicate the Number of permanent employees with disabilities.

85

5. Do you have an employee association that is recognized by management?

Yes, GAIL upholds the freedom of Association and effectively recognizes the right in collective bargaining by generously recognising and promoting the Workers' Unions, Officers' Associations, Women's Forums, SC/ST Employees etc.

In GAIL, there are two Unions representing the interests of their respective workmen/ staff. GAIL Employees Association (GEA) is a representative body of non-executives posted at various Field Offices/ Plants/ Installations across the Country except Corporate Office. Non-executives posted at Corporate Office are represented by GAIL Karamchari Sangh (GKS).

6. What percentage of your permanent employees is members of this recognized employee association?

100 Percentage of permanent Non- Executives are members of the GAIL Employees Association (GEA), GAIL Karamchari Sangh (GKS)

7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
Child labour/ forced labour/ involuntary labour	Nil	Nil
Sexual harassment	Nil	Nil
Discriminatory employment	Nil	Nil

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

Permanent Employees	Total: 90.5%
Permanent Women Employees	Total: 77.5%
Casual/Temporary/Contractual Employees	Total: 50.1% (see Note-1 for boundary of this data) Sites / Projects: - 100% safety awareness.
Employees with Disabilities	Total: 94.1%

Note - All employees who were posted at sites and projects are given mandatory Safety Awareness training. Apart from these scheduled trainings, employees are also imparted inputs regarding Safety & Skill up gradation in functional areas and behavioral aspects through knowledge sharing programs, online Quizzes and Competitive events organized on various occasions like Safety Week, National Safety Day etc. In FY 13-14 GAIL has rolled out Behavior Based Systems (BBS) to further strengthen Health & Safety Culture.

PRINCIPLE 4

1. Has the company mapped its internal and external stakeholders? Yes/No

Yes, GAIL has identified all the internal and external stakeholders.

In addition to mapping internal stakeholder (i.e. employees), GAIL has also broadly mapped external stakeholders like Government / Regulators, Investors, Customers, Potential customers, media, empanelled agencies, policy makers, local communities and general public at large.

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders

Yes, GAIL's CSR activities covers People affected by Natural Calamities, People with disabilities, Women and Children, Tribal, SC/ST, disadvantaged youth, Senior Citizen, HIV afflicted people, People affected by Violence. In addition to above a compassionate approach towards the community lies at the heart of our operations at GAIL. We have in place a comprehensive system to undertake such initiatives.

Further CSR activities at GAIL has two broad areas : (i) Community outreach and community development which focuses around its work centres and (ii) Flagship programmes for wealth and value creation which are aimed towards capability development and empowerment for the under privileged.

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

On policy front, GAIL focuses on effective resettlement and rehabilitation (R&R) of Project Affected Persons (PAPs) and also community development works in and around the projects. GAIL addresses R&R issues with an objective that after a reasonable transition period, the affected families improve or at least regain their previous standard of living, earning capacity.

All CSR initiatives of the company are aimed at the holistic development of the disadvantaged vulnerable and marginalised sections of the community.

In FY 2013-14, GAIL has also undertaken various CSR initiatives in areas like flood hit Uttarakhand; violence affected persons of J&K and North East.

A significant number of CSR initiatives are carried out in remote areas of the country and also with a significant proportion of the disadvantaged population, in economic and social terms.

In our endeavour to take special initiatives for disadvantaged, vulnerable and marginalized stakeholders More than 16,000 children mainstreamed into formal education in the slums of Delhi/ NCR. Over 5000 women directly benefited in the last 3 years from various livelihood and skill development initiatives. Nearly 2,00,000 tribal youth benefited across the states of Gujarat, Madhya Pradesh, Assam, and Tripura.

All CSR initiatives of the company are aimed at the holistic development of the disadvantaged vulnerable and marginalised sections of the community. GAIL's CSR activities has the main focus of bettering the lives of the community people, around the major installations/work centres of GAIL.

This is illustrated by CSR projects which address the various needs of the marginalised strata of the society, like education, healthcare, watershed management, purposeful livelihood opportunities, etc.

PRINCIPLE 5

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures / Suppliers / Contractors / NGOs / Others?

Yes, Complies to all the legal requirements pertaining to Human Rights and the same is also followed by its Joint Ventures, Subsidiaries, Contractors etc. in letter and true spirit

At GAIL, we always prioritize and uphold human rights across all our operations. We made a global commitment to support human rights by becoming a signatory to UNGC principles in May 2011. Our policies are suitably designed and fully conforms to human right principles, the Constitution of India and labour laws. We have a grievance redressal system in place to address issues raised by all our stakeholders. We support the Government of India's efforts in development of minorities and economically underprivileged sections of the society. We have also introduced gender mainstreaming, inclusiveness and affirmative programs.

GAIL Women Cell has been established to look after the developmental needs of women employees. The cell focuses on reaching out to the women workforce, initiate discussions and adequately address their concerns including discrimination and sexual harassment at workplace. We remain committed to equal rights for all gender and the same is reflective in our compensation policy for employees. We ensure minimum wage requirements in accordance to the applicable norms in each state where we operate.

All our work contracts and agreements are embedded with clauses to uphold human rights. We follow a non-tolerance approach on Child or forced labour in any of our operations.

Collective Bargaining, an important worker right is upheld at GAIL across all our operations through recognition and promotion of worker unions, and women forums. We have taken several initiatives such as regular interaction with employee collectives, coordination with labour

authorities, settlement of industrial disputes, recording and analysis of work center level issues and long term settlement with Unions.

In FY 2013-14, GAIL management has approved the phase wise implementation of Social Accountability – SA -8000 across the GAIL. In phase –I Gap assessment w.r.t SA 8000 has been initiated at pilot site. The improvement areas and learnings will be shared across GAIL and suitable mechanisms or modifications will be carried out for further implementation of SA 8000.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?

If so, provide details thereof, in about 50 words or so.

Please Refer Principle-1, Answer-2

PRINCIPLE 6

1. Does the policy related to Principle 6 cover only the company or extends to the Group /Joint Ventures / Suppliers / Contractors / NGOs / others.

The policy covers only the company but also extends to its other stakeholders excluding Joint Ventures.

2. Does the company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc? Y/N.

If yes, please give hyperlink for webpage etc.

Yes, GAIL's Sustainability Report 2013-14 may be referred for details which would be available at this link:

http://www.gailonline.com/final_site/Sustainable_Development.html

3. Does the company identify and assess potential environmental risks? Y/N

Yes

4. Does the company have any project related to Clean Development Mechanism?

If so, provide details thereof, in about 50 words or so.

Also, if Yes, whether an environmental compliance report is filed?

Yes, GAIL has two CDM projects described as follows-

i) Landfill Gas Project at Ghazipur, Delhi:

The Pilot project was planned to demonstrate the possibility of extraction of Landfill Gas (LFG) from an un-scientifically managed landfill site and convert it in to a clean fuel.

It was to be implemented in 2 Phases:

Phase-1: Landfill closure, LFG extraction and flaring, and

Phase-2: Purification of LFG and conversion to CNG.

The Phase-1 of the project has been completed.

The project has improved the living conditions of the local populace and demonstrates GAIL's commitment to the Society.

About 125 M3/Hr of LFG with Methane content of about 25% is being extracted and flared thus leading to reduction in GHG emissions as Methane is 25 times more potent than CO2 in causing Global Warming.

The Project has been registered with UNFCCC for availing carbon credits under Clean Development Mechanism and has also been successfully validated by the Designated Operational Entity (DOE).

Yes, environmental clearance has been obtained as 'Consent to Establish' and 'Consent to Operate' has been granted by the Delhi Pollution Control Committee (DPCC).

(Please refer to GAIL's Sustainability Report 2012-13, 2013-14)

ii) 5 MW Solar Power Plant Project installed by GAIL at Jaisalmer:

GAIL's Solar Power Plant has achieved First Year Contractual Power Generation was 9.198 Million Units on 24.03.2014 ahead of 7 days of its target. This project was registered by UNFCCC as CDM project.

Yes, All the regulatory clearances was taken for the commencement of the project

(Please refer to GAIL's Sustainability Report 2012-13, 2013-14)

5. Has the Company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc. Y/N.

If yes, please give hyperlink for web page etc.

Yes, Clean technology, energy efficiency:

- a) R&D Initiative of Conversion of CO₂ to Valuable Chemicals
- b) 4 Star GRIHA rating for green building at Chainsa Unit.
- c) Implementation of Energy Management System ISO 50001 at Gandhar Gas Processing Unit.
- d) Energy Saving by Retrofitting of Heat Recovery Steam Generation at Pata.

(For more information Refer to Sustainability Report 2012-13, 2013-14)

GAIL's Sustainability Reports can be found at: http://www.gailonline.com/final_site/Sustainable_Development.html

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB / SPCB for the financial year being reported?

Yes

7. Number of show cause/ legal notices received from CPCB / SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

Nil

PRINCIPLE 7

1. Is your company a member of any trade and chamber or association?

If Yes, Name only those major ones that your business deals with:

Yes

- a) International Gas Union (IGU)
- b) Standing Conference of Public Enterprises (SCOPE)
- c) World Energy Council, Indian Member Committee
- d) Global Compact Network of India
- e) TERI Business Council for Sustainable Development
- f) Petrofed
- g) Confederation of Indian Industry (CII)
- h) GIIGNL, The International Group of Liquefied Natural Gas Importers
- i) Federation of Indian Chambers of Commerce and Industry (FICCI)
- j) Global Reporting Initiative (GRI) Focal Point India Founding Member

k) India GHG* Program run by WRI*, TERI* & CII

l) Chemicals & Petrochemicals Manufacturers' Association (CPMA)

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No;

if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

Yes, GAIL being a Public Sector Enterprise, formal and informal feedbacks to various government bodies like MoP & NG, Planning Commission, PPAC, OISD, PCRA etc. are provided on regular basis. This forms a significant basis for advancement of public good. In addition, GAIL also is a member of prestigious associations as listed above, to carry out advocacy for public good.

In FY 2013-14, GAIL has made the advocacies which are briefly specified as follows-

GAIL is a Governing Council member of the Petroleum Federation of India. The Petrofed functions as the facilitator for Oil industry in India. It coordinates with governments, regulatory agencies and other representative bodies in the petroleum industry to work on issues such as optimization of resources and integration effort, promoting Safety, Healthy Environment and Energy conservation among other issues related to industry. Further, GAIL management represents as a member in 'Education & Training Board' in International Project Management Association (IPMA)

CMD, GAIL is the Co-Chair of FICCI Hydrocarbon Committee. The committee endeavors to deliberate on issues related to energy security of the country and supplement various efforts of the Government of India and other bodies engaged in this area through its intellectual input. In addition, GAIL also represents in the FICCI Environment Committee that works on a broad spectrum of environmental issues like Municipal, Electronic and Hazardous Waste Management, Corporate Sustainability, Clean Technologies, Environment and Forest Clearances, Biodiversity etc.

GAIL also represents in the Oil Industry Development Board (OIDB). GAIL, along with other PSUs co-promotes the Rajiv Gandhi Institute of Petroleum Technology (RGIT) as an energy domain specific institute in association with OIDB.

GAIL became the founding member of the GRI (Global Reporting Initiative) Focal Point India's Sustainability & Transparency Consortium that helps us in engaging with business leaders, national governments, regulators, sustainability experts, think tank bodies and professional institutes to discuss issues related to sustainability reporting.

GAIL is also a member of TERI-BCSD (TERI- Business Council for Sustainable Development) which is an industry led consortium of sustainability practitioners. Further, GAIL is also a signatory to the United Nations Global Compact (UNGC) working in the domain of Human Rights, Labor standards, Environment and Anti-Corruption.

Considering the requirements of the new Companies Act 2013 on mandatory spend on CSR activities, an amendment request in the Income Tax Act 1961 specifically allowing for deduction on CSR Expenditure was submitted to the Government of India.

*GHG – GreenHouse Gas Emissions

*WRI – World Resources Institute

*TERI – The Energy and Resources Institute

PRINCIPLE 8**1. Does the company have specified programmes/ initiatives/ projects in pursuit of the policy related to Principle 8?****If yes details thereof.**

Yes, GAIL ensures inclusive and equitable growth through policies like recruitment policy which adheres to GOI guidelines on reservation for SC/ST/OBC/PH, work place policy on HIV/AIDS prevention, and many committees have been formed which ensure equitable growth. The CSR Projects are undertaken in adherence to the principles of Inclusive Growth and Equitable Development.

The CSR Projects are undertaken in adherence to the principles of Inclusive Growth and Equitable Development.

GAIL executes its CSR initiatives in seven identified major thrust areas, viz- Education/ Literacy Enhancement, Community Development, Infrastructure, Skill Development/ Empowerment, Drinking Water/ Sanitation, Healthcare/ Medical Facility and Environment Protection/ Horticulture.

GAIL Utkarsh programme, which is a flagship CSR programme of the company that provides IIT-JEE Coaching to students from the disadvantaged sections of the society.

Project Swavalambh aims at providing employment linked skill training to the disadvantaged youth in the areas of Guna (M.P.), Dediapada (Gujarat) and Tandur (Andhra Pradesh).

In critical area of Healthcare, Project Aarogya is operational, in partnership with Wockhardt Foundation, which caters to the gap in the primary health care system delivery by operating Mobile Medical Units in various villages of M.P. and U.P.

A long term integrated watershed management programme Project Jaldhar, is operational in the tribal region of Jhabua, addressing the critical issue of water scarcity along with livelihood enhancement and community development.

In FY 2013-14, GAIL has undertaken a Model of The Holistic Village Development Programmes and Total Sanitation Programmes in the states of Uttar Pradesh and Madhya Pradesh.

2. Are the programmes/ projects undertaken through in-house team/ own foundation/ external NGO/ government structures/ any other organization?

GAIL has a dedicated CSR Department which oversees the smooth implementation of all its CSR activities.

The projects are implemented by the involvement of all stakeholder groups. The GAIL Charitable and Education Trust set up for promoting the cause of Education among under-privileged children, especially from SC & ST families, through grant of monthly scholarships on merit-cum-means basis.

GAIL executes the CSR projects through specialized agencies which include Government Departments, NGO's, Consultancy Organizations and other service delivery organizations specific to a particular project or need.

3. Have you done any impact assessment of your initiative?

Yes, GAIL carries out an annual exercise of Third Party Impact Assessment Study of its major CSR initiatives. The same is carried out through External agencies, NGOs, academic institution like Delhi School of Social Work, Tata Institute of Social Sciences etc. For the year

2012-13, GAIL has engaged the services of Tata Institute of Social Sciences to assess the impact of its major CSR initiatives.

GAIL has engaged the services of M/s HARDICON to undertake a Third-party Impact Assessment Study for major CSR initiatives of FY 2013-14.

The CSR projects are evaluated on milestones achieved by the Cross Functional CSR Committee formulated at every GAIL work centre. At the end of the project, the implementing partner submits a report pertaining to the impact of the programme, specifically highlighting the project milestones achieved and the quantitative and qualitative benefits generated.

4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?

In FY 2013-14 GAIL has invested approximately ₹44.62 Crores in Community Development and Infrastructure projects. But it is important to mention that the other projects being implemented under the other thrust areas also impact the community in one way or the other and enrich the lives of the community people

The programmes of Community Development and Infrastructure are mostly focussed on resource creation for the community and for improving the overall quality of life of the people residing around the GAIL work centres.

These projects focus on construction of Hospitals, Schools, Community Centres, Stadiums, roads and other "common resources" that can be used by all members of the community. Sanitation and Drinking Water programmes also form an integral part of GAIL's Community Development initiative.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

Yes, All community development initiatives try and incorporate a dimension of community involvement/interaction, awareness generation, engagement, stakeholder interaction and capacity building. The initiatives are taken up through a collaborative effort and a process of engagement with the local community, including local governance structures and institutions. The company also insists on the implementing agency participating in the community in a phase wise manner, while simultaneously building the community motivation and capability to operate the programme or the service on their own.

PRINCIPLE 9**1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.**

Customer	Complaints Received	Complaints Pending	% Resolved
	60	0	100

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes / No / N. A. /Remarks (additional information)

In case of Polymers the Product name, lot Number, mfg. date and plant address are mentioned on the bags. However, the detailed specification, product application etc. are available on printed product brochure and on GAIL's web site having link: http://www.gailonline.com/final_site/petrochemical_overview.html



Liquid Hydrocarbon products are marketed by GAIL in bulk only and sold on ex-works basis by loading in Road T/T's and/or Railway Wagons deployed by customers. Technical / safety related information on the product being carried is displayed on the truck tanker / rail wagon itself as per local laws and is ensured by the customer / transporter concerned. Being liquid hydrocarbon products in bulk, there are no separate labels for display of product information.

Further Company try to voluntarily engages Customers various forums such as meets, one to one interaction, and telephonic conversation to provide product information, over and above mandatory requirement. Customers concerns regarding Polymer product quality are also addressed by GAIL Polymer Technology Centre (GPTC) by providing quality certificate on the case basis.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

Yes

We submit the status of the following cases which were settled / pending with regard to unfair trade practices, anti-competitive behaviour, monopolization as identified against GAIL:

- i) All India Plastic Consumer Association filed a case against GAIL in MRTP / Competition Commission and MRTP held in GAIL's favor that there is no restrictive practice followed by GAIL.
- ii) TATA Power filed a case against GAIL before Competition Commission, which was again passed in favor of GAIL.
- iii) GSPCL filed a case against GAIL before PNGRB claiming RTP, which has been upheld by PNGRB in their favor. GAIL has appealed against the judgment in APTEL and APTEL reversed PNGRB judgment and held that there is no RTP on part of GAIL. Now, GSPCL has challenged before SC and the same is pending for disposal before Supreme Court,
- iv) GSPC Gas filed a case against GAIL claiming restrictive trade practice (RTP) before PNGRB and same is pending before PNGRB.

- v) GSPCL filed a case against GAIL before PNGRB claiming RTP, which PNGRB upheld in their favor. GAIL has appealed against the judgment in APTEL (Appellate Tribunal for Electricity) and same is pending for disposal.
- vi) Sabarmati filed a case against GAIL & BPCL before PNGRB claiming RTP, which PNGRB held RTP on part of BPCL and not on the part of GAIL. BPCL has appealed against the judgment in APTEL and has made GAIL a party and same is pending for disposal.

4. Did your company carry out any consumer survey/ consumer satisfaction trends?

Yes,

Customer Satisfaction Index (CSI) is the tool to obtain the customer perspective on company products & services in various business Segments on quarterly basis and thereof results are collated together to work out CSI for entire year. GAIL has an on-line SAP based system for obtaining Customer Satisfaction.

The Customer Satisfaction Index is varying from 88% to 93% in GAIL and the composite average CSI for the FY 2013-14 has been 92%

Note 1: The data presented covers the following GAIL units:

- Gas Processing Units (GPUs) at Gandhar, Pata, Usar, Vaghodia and Vijaipur;
- Petrochemical unit at Pata;
- Natural Gas compressor stations at Dibiyapur, Hazira, Jhabua, Khera, Vaghodia and Vijaipur;
- LPG pumping / receiving stations at Abu Road, Cherlappali, G Konduru, Jamnagar, Kandla, Loni, Mansarampura, Nasirabad, Samakhiali and Vizag;
- Regional pipeline offices at Agartala, Baroda, Mumbai, Puducherry and Rajahmundry;
- GAIL Training Institute (GTI) at Jaipur and Noida;
- Corporate Office at New Delhi; and
- Info Hub at Noida.

Note 2: Reduction during usage by consumers not detailed out because currently GAIL doesn't have mechanism to track reduction in energy, material, and water usage by consumers.

Company's General Information

Statutory Auditors

M/s M.L. Puri & Co	Chartered Accountants, New Delhi
M/s G.S. Mathur & Co.	Chartered Accountants, New Delhi

Cost Auditors

M/s Rohit & Associates	Cost Accountants, Vadodara
M/s R. Nanabhoy & Co.	Cost Accountants, Mumbai
M/s M Goyal & Co.	Cost Accountants, Jaipur
M/s Chandra Wadhwa & Co.	Cost Accountants, New Delhi
M/s Dhananjay V. Joshi & Associates	Cost Accountants, Pune
M/s DGM & Associates	Cost Accountants, Guwahati
M/s Mani & Co.	Cost Accountants, Kolkata
M/s K.L. Jaisingh & Co.	Cost Accountants, Noida

Company Secretary

Shri N.K. Nagpal

Registrar and Share Transfer Agent

MCS Limited	F-65, Okhla Industrial Area Phase-1, New Delhi - 110020
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Bankers

State Bank of India	Corporate Accounts Group Branch Jawahar Vyapar Bhavan, 11 th & 12 th Floors Tolstoy Marg, New Delhi - 110001
ICICI Bank Ltd.	9A, Phelps Building, Connaught Place, New Delhi - 110001
HDFC Bank Ltd.	1 st Floor, Kailash Building 26, Kasturba Gandhi Marg New Delhi - 110001

Registered Office

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

Stock Exchange where Shares/GDRs of the Company are listed

BSE Limited	Floor 1, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400001
National Stock Exchange of India Limited	Exchange Plaza, Plot No. C/1, G Block Bandra-Kurla Complex, Bandra (East) Mumbai - 400051
London Stock Exchange (GDRs)	10, Paternoster Square London-EC4M 7LS(U.K.)

Subsidiary Companies

GAIL Global (Singapore) Pte Limited	Wangz Business Centre, # 44-01 Suntec Tower One, 7, Temasek Boulevard, Singapore - 038987
Brahmaputra Cracker and Polymer Limited	Hotel Brahmaputra Ashok, M.G. Road, Guwahati, Assam-781001
GAIL Gas Limited	16, Bhikaiji Cama Place, R.K. Puram, New Delhi - 110066
GAIL Global (USA) Inc.	333 Clay Street, Suite 3300, Houston, Texas 77002, USA
GAIL Global (USA) LNG LLC	1675 South State Street, Suite - B, Dover Delaware - 19901, USA

Shareholder Information

Equity Share ISIN - INE129A01019

Stock Exchange	Security Code
BSE	532155
NSE	GAIL



GLOSSARY

Gas Industry Specific Terminologies

CBM	Coal Bed Methane
CGD	City Gas Distribution
CNG	Compressed Natural Gas
DUPL	Dahej Uran Panvel Pipeline
DGH	Director General Hydro-carbon
DVPL	Dahej-Vijaipur Pipeline
E&P	Exploration and Production
ESA	External Safety Audits
GREP	Gas Rehabilitation and Expansion Project
GPU	Gas Processing Unit
GTI	GAIL Training Institute
HDPE	High Density Polyethylene
HVJ	Hazira Vijaipur Jagdishpur
JLPL	Jamnagar-Loni Pipeline
LLDPE	Linear Low Density Polyethylene
LHC	Liquid Hydro carbons
LNG	Liquified Natural Gas
LPG	Liquified Natural Gas
MDPE	Medium Density Polyethylene
MSCM	Million Standard Cubic Meter
MMBTU	Million Metric British Thermal Unit
MMSCMD	Million Metric Standard Cubic Meters Per Day
MMT	Million Metric Tonne
MMTPA	Million Metric Tonne Per Annum
MOP&NG	Ministry of Petroleum and Natural Gas
MOU	Memorandum of Understanding
MT	Metric Tonne
NELP	New Exploration & Licensing Policy
O&M	Operation and Maintenance
OLHC	Other Liquid Hydro-Carbon
PE	Poly-Ethylene
PNG	Piped Natural Gas
PNGRB	Petroleum & Natural Gas Regulatory Board
SBP Solvent	Special Boiling Point Solvent
TPA	Tonnes Per Annum
VSPL	Vizag-Secundarabad pipeline

General abbreviations

BD	Business Development
BIS	Business Information System
CSR	Corporate Social Responsibility
ERP	Enterprise Resource Planning
HR	Human Resource
HSE	Health Safety and Environment
HRD	Human Resource Development
JVCs	Joint Venture Companies
MW	Mega-Watt
PSU	Public Sector Unit
QC	Quality Circle
SCADA	Supervisor Control and Data Acquisition
TQM	Total Quality Management

Financial Terms

BSE	Bombay Stock Exchange
CAGR	Compounded Annual Growth Rate
CAPEX	Capital Expenditure
EBIDTA	Earnings Before Interest Depreciation Tax and Amortization
ED	Excise Duty
EPS	Earning Per Share
GDP	Gross Domestic Product
NSE	National Stock Exchange
PAT	Profit After Tax
PBIDTA	Profit Before Interest Depreciation Tax and Amortization
PBIT	Profit Before Interest and Tax
PBT	Profit Before Tax
ROCE	Return on Capital Employed
ROIC	Return on Invested Capital
RONW	Return on Net-Worth



GAIL's Pan-India Presence



Chainsa - Jhajjar - Hisar P/L

E&P asset with GAIL as operator

JLPL

DVPL Ph-I

DVPL Ph-II

HVJ Pipeline

E&P asset producing Crude oil

Dahej LNG Terminal
Capacity 10 MMTPA

E&P asset with GAIL as operator

Hazira LNG Terminal
Capacity 3.5 MMTPA

Dabhol LNG Terminal
Capacity 5 MMTPA

Dabhol - Bangalore P/L

Kochi - Kootanad
Bangalore - Mangalore P/L

Kochi LNG Terminal
Capacity 5 MMTPA

Dadri - Bawana - Nangal P/L

GREP I

GREP II

Pata
4,40,000 TPA - Existing Capacity
9,00,000 TPA - Capacity After Expansion

BCPL
Capacity 2,80,000 TPA

Assam P/L Network

Agartala P/L Network

Jagdishpur - Haldia P/L

Vijaipur - Dadri P/L

KG Basin P/L Network

VSPL

Cauvery Basin P/L Network

E&P asset with GAIL as operator

- EXISTING PIPELINES
- - - - PIPELINES UNDER EXECUTION
- LPG PIPELINE
- - - - RECENTLY AUTHORISED PIPELINE

- PATA PLANT
- BRANCH OFFICE
- ZONAL OFFICE
- ★ LNG Terminal Under Operation
- ▲ LPG PLANTS

Map not to scale

The cover depicts the theme of Care, Share & Grow using Indian hand mudras, underlining the values of inclusive growth and the sense of business responsibility ingrained in our ethos as a Maharatna company. With GAIL completing its three decades of growth trajectory, the Company aims to emerge as a global Gas major with roots in India. Throughout its existence, GAIL (India) Limited has worked towards powering India into a Green Future besides harnessing environment friendly natural resources in the most ecological ways possible. As we navigate growing business challenges in an increasingly dynamic business environment, our focus remains on responsible business and the inclusive and sustainable growth of the nation.



Abhaya Mudra : Gesture of reassurance and protection depicting Care.



Varada Mudra : Gesture of beneficence and sharing depicting Share.



Uttarabodhi Mudra : The gesture of achieving supreme enlightenment depicting Growth.



GAIL (India) Limited

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