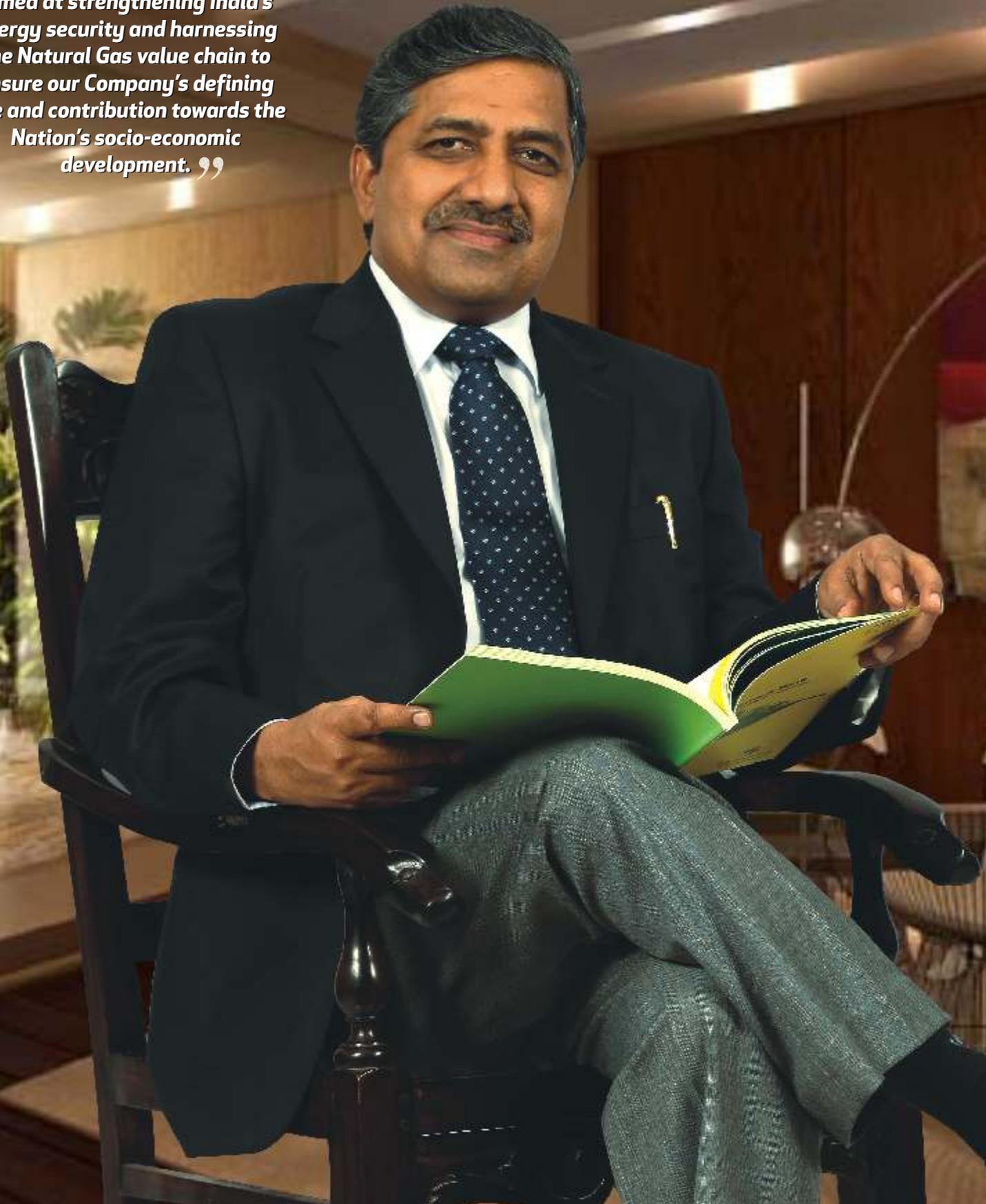


Message from CMD

“ 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



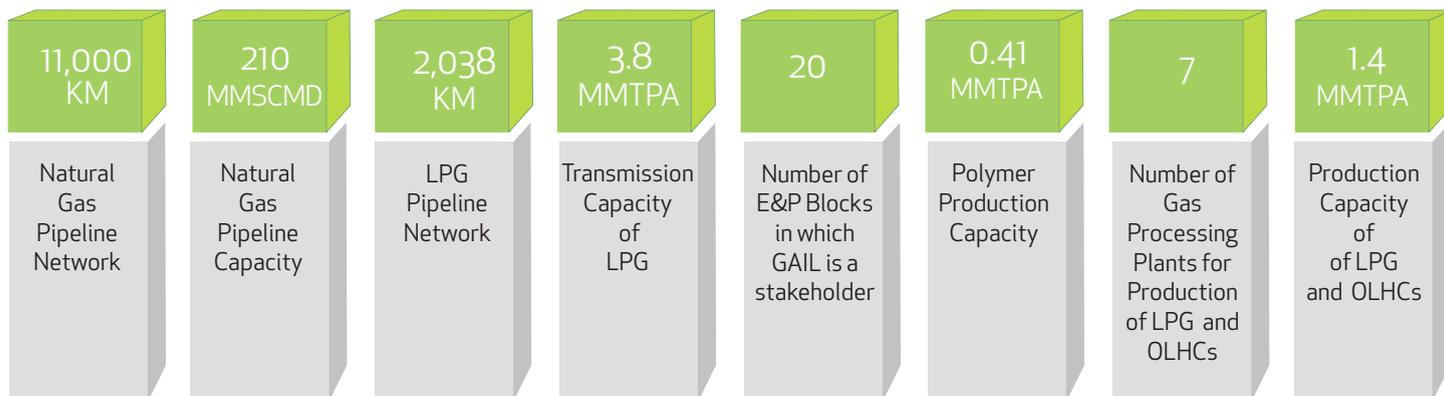
Creating Assets For Tomorrow

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

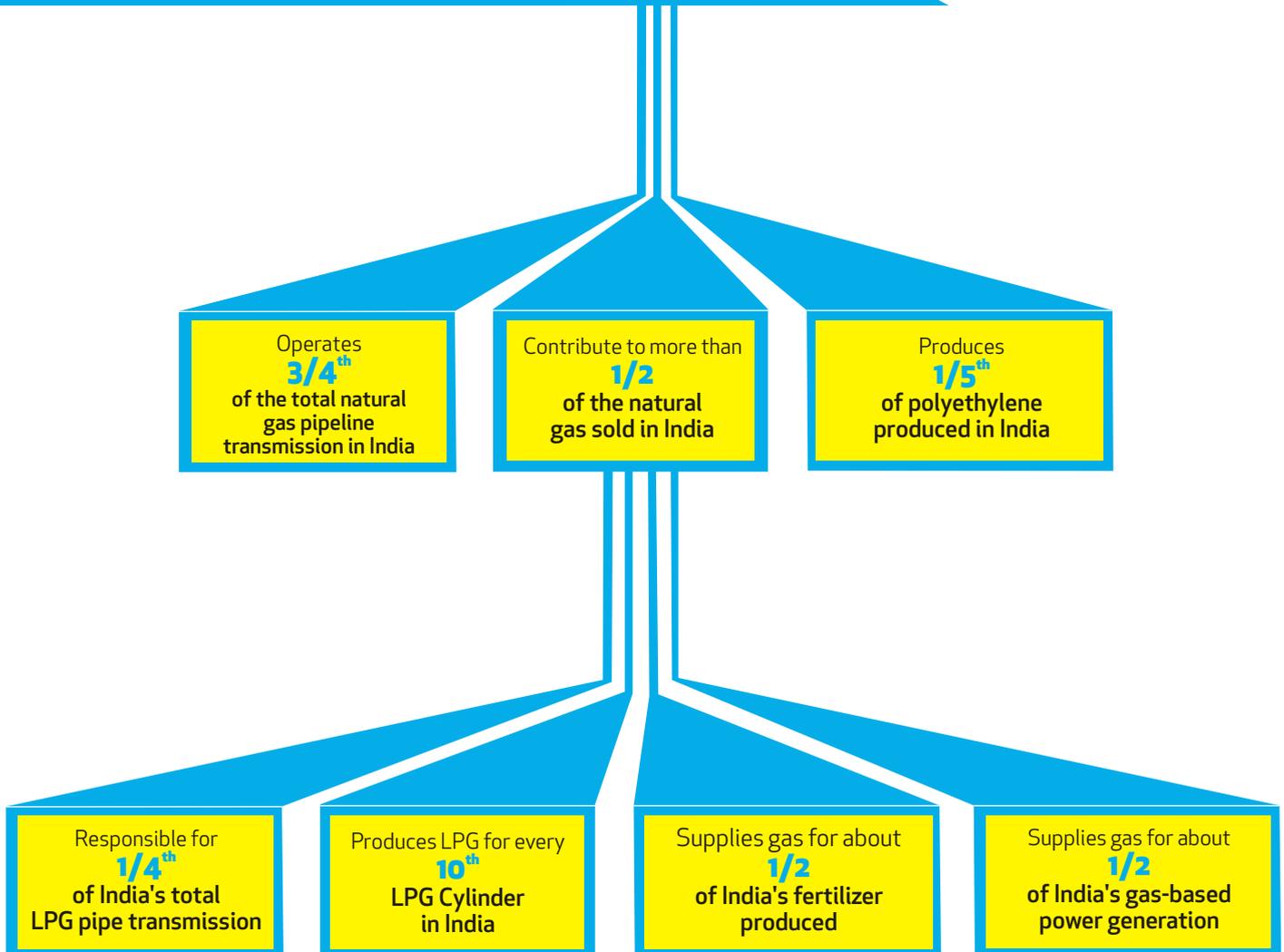
We are an equity partner in two retail gas companies in Egypt, namely Fayum Gas Company (FGC) and National Gas Company (Natgas).

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.



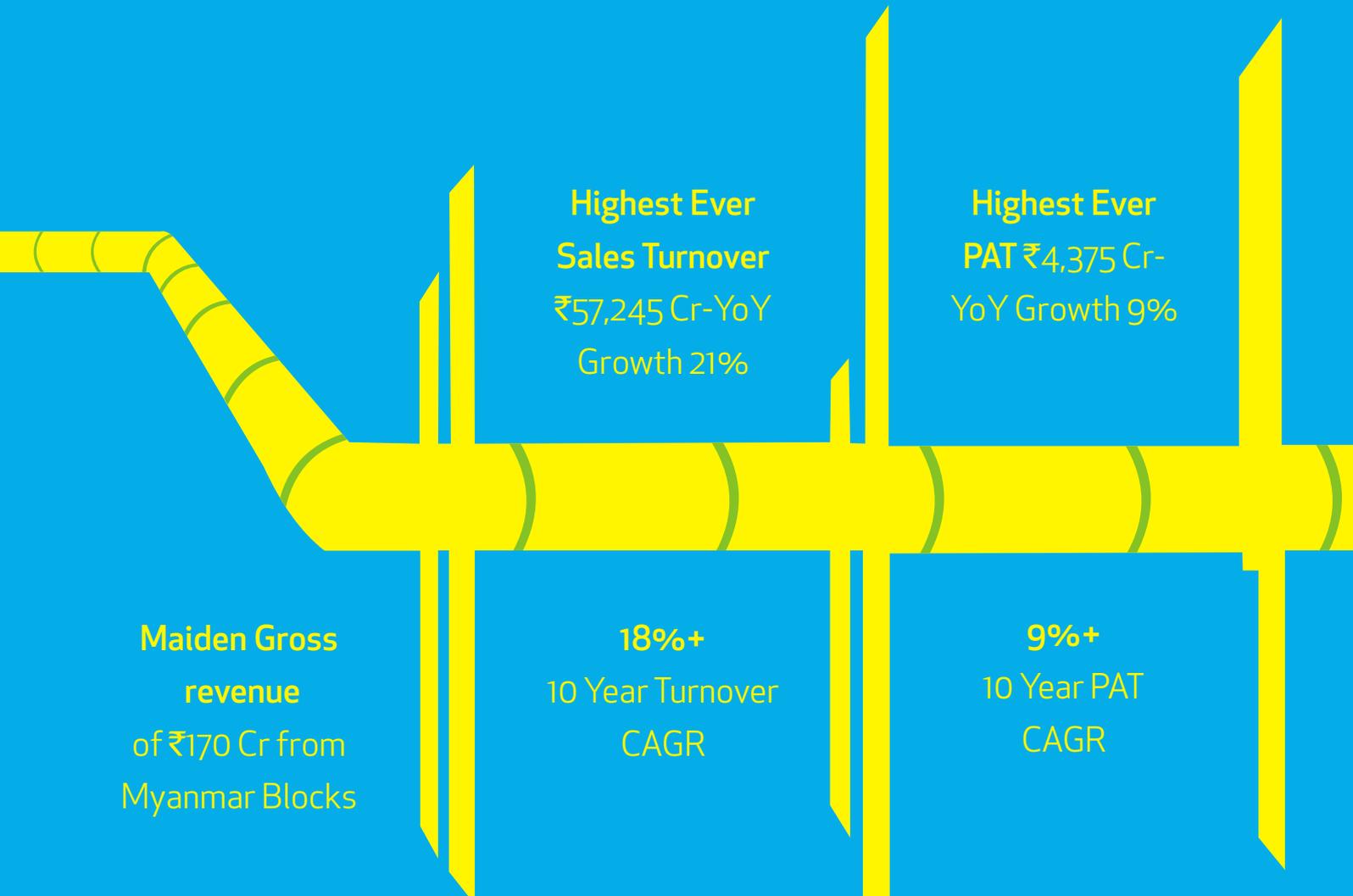
Energized Performance



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%

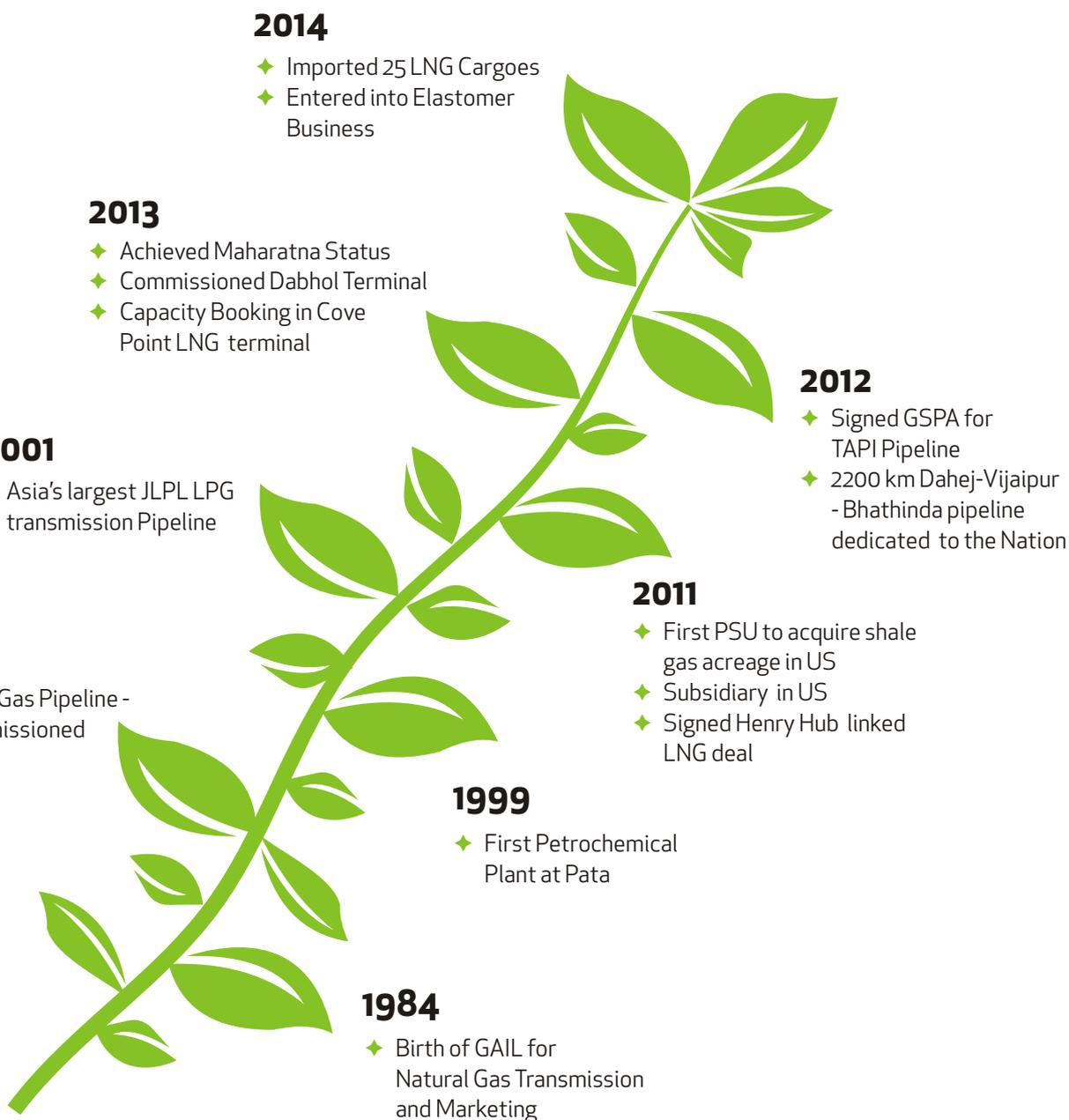
**Maiden Gross
revenue**
of ₹170 Cr from
Myanmar Blocks

18%+
10 Year Turnover
CAGR

9%+
10 Year PAT
CAGR



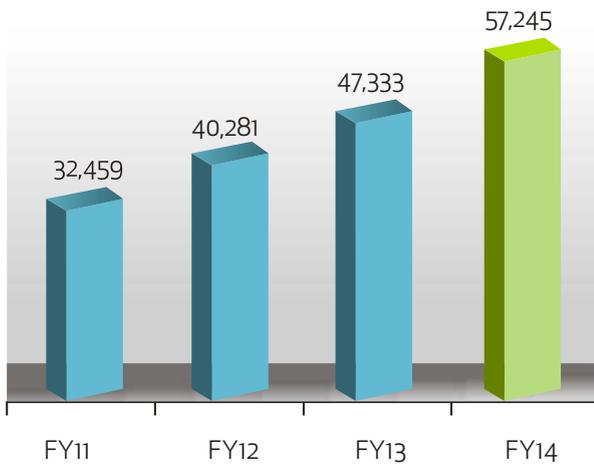
Growing with Green Energy



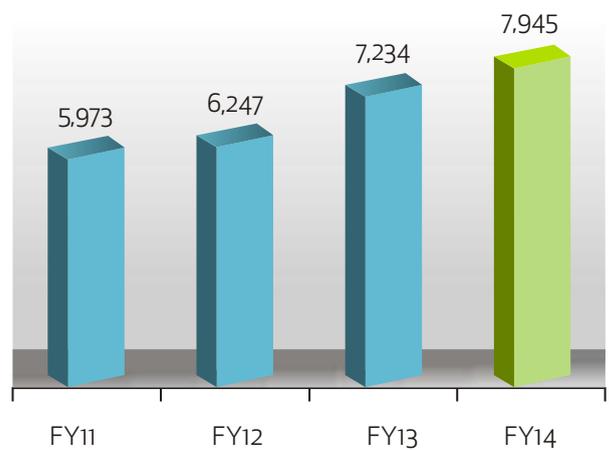
Financial Performance

(₹ in Crores)

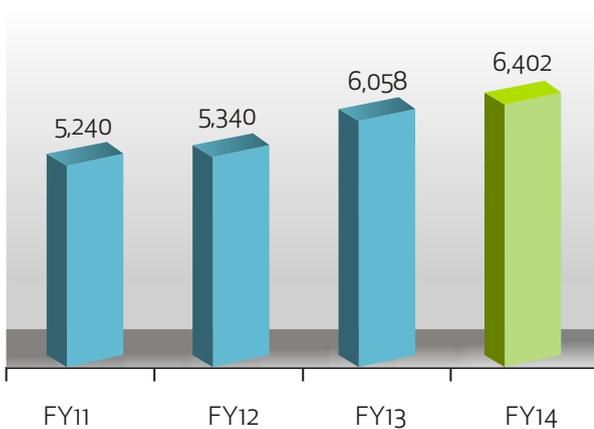
Sales (Net of ED)



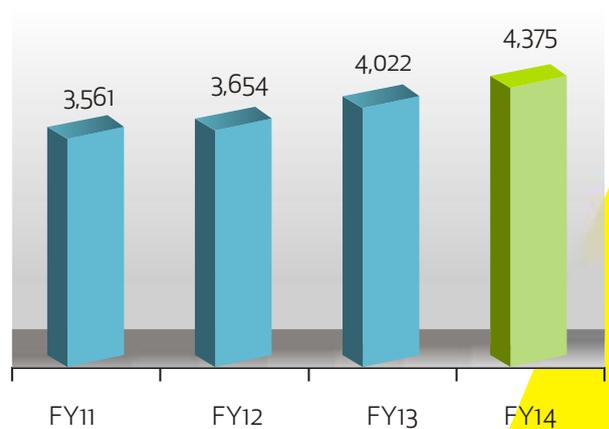
Gross Margin (PBDIT)



PBT

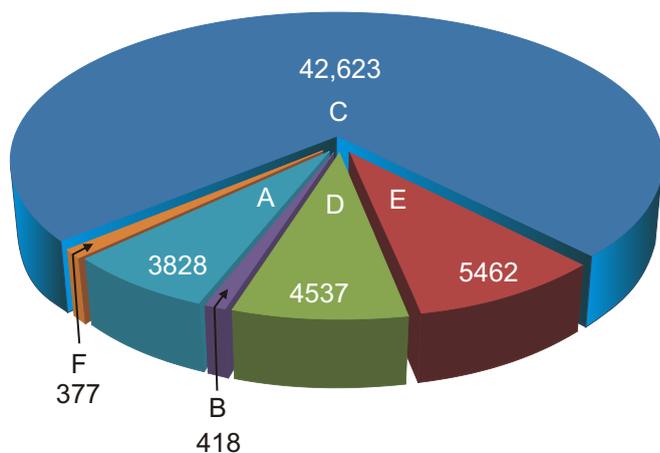


PAT

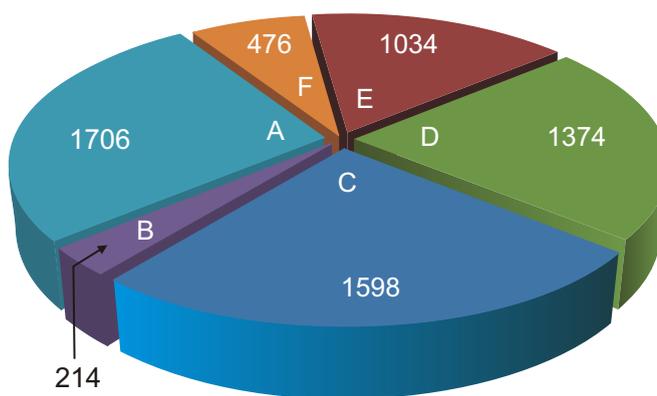


Segment wise Breakup

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



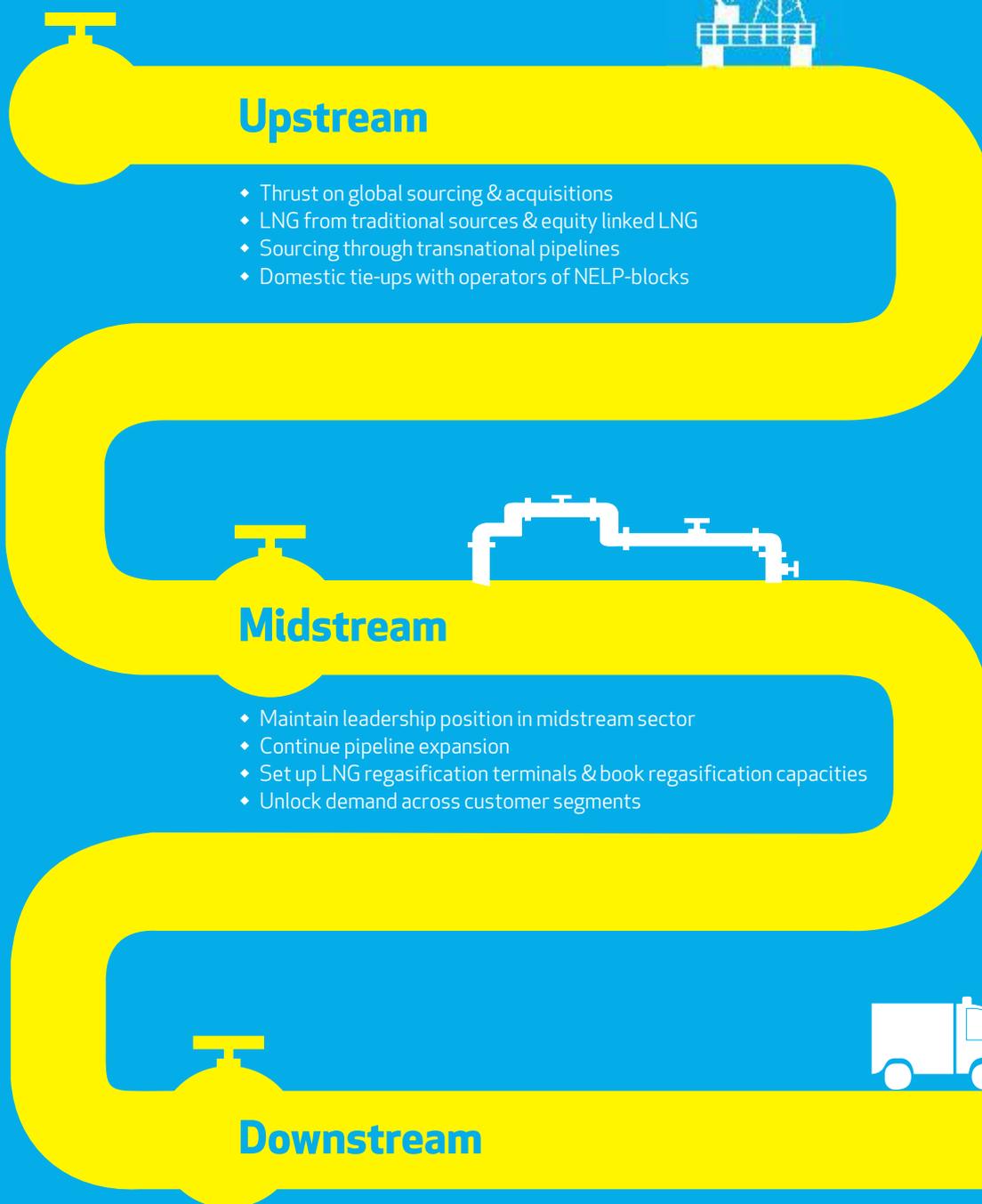
- Consistent profitability having a CAGR of 10 years at 9+%.
- Consistent increase in sales having a CAGR of 10 years at 18%.

Business Strategy for Growth



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

Vision for the Future



Upstream

- ◆ Thrust on global sourcing & acquisitions
- ◆ LNG from traditional sources & equity linked LNG
- ◆ Sourcing through transnational pipelines
- ◆ Domestic tie-ups with operators of NELP-blocks

Midstream

- ◆ Maintain leadership position in midstream sector
- ◆ Continue pipeline expansion
- ◆ Set up LNG regasification terminals & book regasification capacities
- ◆ Unlock demand across customer segments

Downstream

- ◆ Become diversified hydrocarbon major
- ◆ Continue expansion of petrochemical capacities
- ◆ Support JVs / subsidiaries for CGD expansion to 40-60 cities
- ◆ Reduce carbon footprint - Create renewable portfolio



Total investments in Corporate Social Responsibility (CSR) during 2013-14



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)



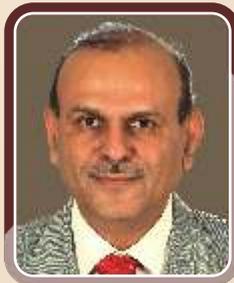
Sh. P.K. Jain
Director (Finance)



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