

Message from CMD

“ We will continue to pursue your Company's Vision in a manner that develops trust and maximizes long term value for all stakeholders. ”





Dear Shareholder,

It gives me immense pleasure to present to you the Annual Report and Accounts of your Company for the year ended 31st March 2013 - its first after attaining the status of a Maharatna. Your Company is the Youngest Public Sector Enterprise to attain this coveted recognition. This status provides greater operational flexibility and higher empowerment to undertake mergers & acquisitions and investments in joint ventures, subsidiaries etc. It will enable your Company to expand its global footprint and work towards enhancing India's energy security.

Your Company performed commendably against the backdrop of a challenging global economic and business scenario. Economic growth in India also slowed down during 2012-13 while the Government is pursuing policy measures to put the economy back on growth path. In this context, it is pertinent to mention that energy plays a key role not only in driving India's economic growth but also social progress. However, India is an energy deficit country with a large majority of people not having access to clean and modern sources of energy. This places a big responsibility on your Company to not only secure adequate and clean energy resources but also to make them available at affordable prices to people and industries.

Your Company is taking several steps to ensure the supply of the cleanest fossil fuel - natural gas - across the length and breadth of India through building necessary physical and soft infrastructure. Natural Gas currently comprises around 10% of India's energy basket which may reach 15% by 2020. The current emphasis on natural gas will rise further in India's journey towards a low-carbon economy.

During the year 2012-13, your Company registered an 18% increase in Net Revenue to ₹47,333 Crore, which is also the highest ever in its history. Despite sharing subsidies on price-sensitive petroleum products to the tune of ₹2,687 Crore, the Profit after Tax increased by 10% to ₹4,022 Crore during the year.

To secure natural gas supply, your Company executed a long-term LNG supply agreement for 2.5 MMTPA with Gazprom Marketing and Trading Ltd., Singapore. It also entered into a long-term liquefaction tolling capacity agreement for 2.3 MMTPA of LNG with Dominion Resources Inc. of the US. Your Company contracted Mid-term LNG supply agreements with Gas Natural Fenosa, Spain and GDF, France besides importing spot cargoes to meet short term demand.

Your Company has commissioned 5 MMTPA LNG Terminal at Dabhol, Maharashtra as Owner's Engineer and will be the Commercial Operator of the terminal for 25 years. This Terminal will act as the gateway to meet the gas demand of consumers in Maharashtra, Goa and Karnataka through imported gas. To meet the ever increasing demand along its existing pipeline network, your Company also reserved 2.5 MMTPA capacity in the planned expansion of LNG terminal at Dahej in Gujarat.

By adding 1,300 km of new gas pipelines to its network during 2012-13, your Company increased its pipeline network to 10,700 km with a capacity of 210 MMSCMD of gas transmission. With commissioning of two new pipeline projects, namely Dabhol-Bengaluru (Phase-I) and Kochi-Koottanad-Mangalore/Bengaluru (Phase-I) projects, your Company has entered newer markets in the southern states of Karnataka, Goa and Kerala. We plan to expand your Company's network to around 15,000 km within the next few years.

To further strengthen its foothold in the petrochemicals sector, your Company is doubling the capacity of its existing petrochemical plant at Pata, Uttar Pradesh. Thus, your Company is committed to deliver value across the entire gas chain.

Going ahead, your Company will continue its thrust on global sourcing and will acquire gas through transnational pipelines besides using traditional sources. It is also planning to venture in LNG Shipping through a joint venture model to bring home the LNG contracted internationally. To develop domestic gas market, your Company will continue pipeline network expansion and develop or book new re-gasification capacity. It will also continue to expand its petrochemicals portfolio. Your Company's MoU with EDF Trading of the US for cooperation in upstream opportunities in North America and in LNG projects, etc. will pave the way for its international trading operations. In the downstream sector, your Company will expand the City Gas Distribution network across new cities through Joint Ventures and Subsidiaries. The long-term objective is to strengthen India's energy security and play a pivotal role in the country's socio-economic development.

Your Company focuses strongly on acquiring the best talent and developing it to meet the requirements of emerging challenges in the energy market. Environmental sustainability and societal relevance continue to shape the long-term growth strategy of your Company. It follows a project based approach in CSR initiatives, which has helped transform the lives of communities in and around its work centres and projects.

On behalf of the Board of Directors and the entire Team GAIL, I thank you for your untiring support in making us the Youngest Maharatna Company of India. With the confidence reposed by you, we will continue to pursue your Company's Vision in a manner that develops trust and maximizes long term value for all stakeholders.

B. C. Tripathi
(Chairman & Managing Director)