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 L40200DL1984GOI018976
- 2 Name of the Company: GAIL (India) Limited
- 3 Registered address

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

4 Website: http://www.gailonline.com5 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.)

- 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) LNGLLC

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).
- 2GAIL 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

- Paid up Capital (INR)
 ₹1268 Crore
 Total Turnover (INR)
 ₹57,245 crore
 Total profit after taxes (INR)
 ₹4,375 crore
- 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.

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.

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 Name Designation	00063359 Sh. Arun Agarwal (upto23.02.2014) Independent Director
ii)	DIN Number Name Designation	02705827 Sh. R D Goyal (upto 28.02.2014) Director (Projects)
iii)	DIN Number Name Designation	02766927 Sh. S L Raina (upto 31.05.2013) Director (HR)
iv)	DIN Number Name Designation	03006541 Sh. Prabhat Singh Director (Marketing)

v) DIN Number Name Designation	03039646 Sh. S. Venkatraman Director (BD)
vi) DIN Number Name Designation	02145534 Sh. P. K. Jain Director (Finance)
vii) DIN Number Name Designation	02309551 Sh. M. Ravindran (from 01.06.2013) Director (HR)
vii) DIN Number Name Designation	3267102 Dr. Ashutosh Karnatak (from 01.03.2014) 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 (Rep	ply in Y/N)							
	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/policies for	Υ	Υ	Υ	Υ	Υ	Υ	Υ	Υ	Υ
2	Has the policy being formulated in consultation with the relevant stakeholders?									
	All Relevant Stakeholders	Υ	Υ	Υ	Υ	Υ	Υ	Υ	Υ	Υ
poli GAII	_(India) being Central Public Sector Enterprise is govern cies have been formulated after wide consultations and _(India)Ld.reviews its business policies and practices fro	discussion om time to t	is amongs time.	t all the re	levant sta	keholders	. In the dyr	namic busi	ness envir	onmen
3	Does the policy conform to any national /international standards?	Y	Υ	Y	Υ	Υ	Y	N	Y	Y
		Ref:	Ref:	Ref:	Ref:	Ref:	Ref:		Ref:	Ref:
	If yes, specify? (50 words)	А	В	С	D	Е	F		:G	: D
		B,C: Na an Wo D: DF E: Th Wo F: Na an	itional Pol d Employ orkplace (l PE Guidelir e Contrac omenat W itional Pol d Employr	ment, Gov Preventior nes on Corp t Labor (Re orkplace (l	ty, Healtha vernment n, Prohibitio porate Soc egulation a Prevention ty, Healtha ernment of	and Enviro of India, on and Rec ial Respor and Aboliti n, Prohibiti and Enviro India	nment at V The Sexua Iressal) Ac Isibility (C! on) Act 19 on and Rec nment at V	Vork Place ol Harassr t, 2013 SR) and Su 70, The Se dressal) Ac Vork Place	e, Ministry on nent of W stainabilit xual Haras ct, 2013 e, Ministry o	omen y, sment
	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
4	Has the policy been approved by the Board?	Υ	Y	Υ	Y	Y	Υ	Υ	Υ	Υ
	If yes, has it been signed by MD / owner / CEO / appropriate Board Director?	Y	Υ	Υ	Y	Y	Υ	Y	Y	Υ
Vote	- The policies are approved by the Board/Competent Au	thority to	which req	uisite auth	nority has	been dele	gated by t	he 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	Υ
6	Indicate the link for the policy to be viewed online?	Υ	Υ	Υ	Υ	Υ	Υ	N	Υ	Υ
		Ref:	Ref:	Ref:	Ref:	Ref:	Ref:		Ref:	Ref:
		A,B,C	D	F	D	F	D		: E,D	: D
		A. Code B. Frauc http:, C. MoU http:, D. Susta http:, Engli	ailonline.c of Condu d Preventi //www.gai between //www.gai ainable De //gailonlir sh.pdf	on Policy: il.nic.in/fin GAIL (India il.nic.in/fin evelopmen ne.com/fin	site/index. www.gailon al_site/pd [.] a) Ltd and [*] al_site/pd [.] t Policy:	html, on fo nline.com/ f/Drfat_Po TII f/MOU-Wi f/GAIL_Su	ollowing actional_site/ silicy2012.p th-TII-23r stainable_l	ldresses: pdf/code_ df d.July-200 Developm	of_conduc 7.pdf ent_Policy	

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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	Υ	Υ	Υ	Y	Y	Υ	Y
8	Does the company have in-house structure to implement the policy/policies?	Υ	Y	Υ	Υ	Y	Y	Y	Υ	Υ
	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 ex	plain why	:(Tick up to	2 options)					
	Questions	P1	P2	Р3	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 next1 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

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 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	HRCommittee	6
4	HSECommittee	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
Howfre	equently 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

 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/sTransparency 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 revent 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)

- 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
- 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 C_2/C_3 shrinkage (where C_2/C_3 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/generatorsetc.
- Starrating 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 2013-148.75 MTE-Waste Recycled

Refer to Note 1

PRINCIPLE (3)

1. Please indicate the Total number of employees.

4022 (as on 31.03.2014)

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/STEmployees 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 GAILEmployees Association (GEA), GAIL Karamchari Sangh (GKS)

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

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 publicat 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.

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 NorthEast.

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/workcentres 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)

 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

 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.

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 any 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)

 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 Retro fitting 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

 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



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
- I) 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, Environmentand 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 (RGIPT) 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.

 ${}^*\mathsf{GHG}\text{-}\mathsf{Green}\,\mathsf{House}\,\mathsf{Gas}\,\mathsf{Emissions}$

*WRI-WorldResourcesInstitute

 ${}^*\mathsf{TERI\text{-}The}\,\mathsf{Energy}\,\mathsf{and}\,\mathsf{Resources}\,\mathsf{Institute}$



PRINCIPLE 8

 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 invarious 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.

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	Complaints	%	
	Received	Pending	Resolved	
	60	0	100	

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

Tomorrow is Yours

With the eco-friendly fuel - Natural Gas

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.

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:

- 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 Segmentson 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 Vizago.
- 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

Bankers

State Bank of India

ICICI Bank Ltd.

HDFC Bank Ltd.

Statutory Auditors

M/s M.L. Puri & Co Chartered Accountants, New Delhi

M/s G.S. Mathur & Co. Chartered Accountants, New Delhi

MCS Limited F-65, Okhla Industrial Area

Registrar and Share Transfer Agent

Phase-1, New Delhi - 110020

11th & 12th Floors

9A, Phelps Building,

1st Floor, Kailash Building

26, Kasturba Gandhi Marg New Delhi - 110001

Connaught Place, New Delhi - 110001

Corporate Accounts Group Branch Jawahar Vyapar Bhavan,

Tolstoy Marg, New Delhi - 110001

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

Registered Office

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

Subsidiary Companies

Company Secretary

Shri N.K. Nagpal

Stock Exchange where Shares/GDRs of the Company are listed

BSE Limited Floor 1, Phiroze JeeJeebhoy Towers,

Dalal Street, Mumbai - 400001

GAIL Global (Singapore) Pte Limited

Wangz Business Centre, #44-01 Suntec Tower One,

7, Temasek Boulevard, Singapore - 038987

Brahmaputra Cracker and Polymer Limited

National Stock Exchange of

India Limited

Exchange Plaza, Plot No. C/1, G Block

Bandra-Kula Complex,

Bandra (East)

Mumabai - 400051

GAIL Gas Limited

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

Hotel Brahmaputra Ashok, M.G. Road, Guwahati, Assam-781001

London Stock Exchange (GDRs)

10, Paternoster Square

London-EC4M7LS(U.K.)

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 ExchangeSecurity CodeBSE532155NSEGAIL

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 Resposibility
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