

India's
No.1
Natural
GAS
Company



GAIL (India) Limited
India's Youngest Maharatna

Annual Report 2015-16

Nurturing a Resilient Ecosystem





Nurturing a Resilient Ecosystem is the theme of our Annual Report this year. Wisdom from history has taught us to foster a resilient ecosystem in order to be able to continue to reap the benefits in the future in a sustainable manner.

Calm waters float all boats; in a storm those that adjust their sails survive.

The year 2015 was a turbulent one with the oil and gas industry witnessing one of the severest downturns in the last 30 years. Not one to be daunted by challenges, GAIL took these obstacles head on. We continued to build and maintain pipeline networks; innovated and pushed the limits of technology to enhance economics and drive down costs; stayed in tune with market and competitive trends to create customer-friendly products and services; focussed on maximizing our strengths, driving seamless collaboration, building expertise, and further fostering a risk culture that could withstand disruptive change.

GAIL's youthful energy, dynamism and collective ability to learn, adapt, evolve and collaborate enabled us to absorb market disturbance and thrive in the face of adversity.

GAIL's Annual Report - *Nurturing a Resilient Ecosystem* - will give you a glimpse of the important milestones of the distance we traversed during the Financial Year 2015-16 and demonstrate how we created new possibilities and delivered value to all our stakeholders. In an environment fraught with risks and challenges, GAIL weathered the market volatility to deliver the clean energy essential for India's economic development and wellbeing of its over one billion people.

Because at GAIL, we believe that #NaturalGas is the way to *Nurturing a Resilient Ecosystem*.

GAIL (INDIA) LIMITED

(A Government of India Undertaking)

Registered Office: 16, Bhikaiji Cama Place, R.K. Puram, New Delhi – 110066

CIN: L40200DL1984G01018976 Website: www.gailonline.com E-mail: shareholders@gail.co.in Phone: 011-26182955, Fax: 011-26185941

NOTICE

NOTICE is hereby given that the **Thirty-second Annual General Meeting (AGM)** of the members of **GAIL (India) Limited** will be held on **Friday, the 23rd day of September, 2016** at **10:30 a.m.** at **Manekshaw Centre, Parade Road, Delhi Cantonment, New Delhi-110010** to transact the following business(es):-

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Financial Statements and audited Consolidated Financial Statements for the financial year ended 31st March, 2016, Directors' Report, Independent Auditors' Report and the comments thereon of the Comptroller & Auditor General of India and to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT audited Financial Statements and audited Consolidated Financial Statements for the financial year ended 31st March, 2016, Directors' Report, Independent Auditors' Report and the comments thereon of the Comptroller & Auditor General of India be and are hereby received, considered and adopted."

2. To declare final dividend @ 30% (₹3/- per share) on the paid-up equity share capital of the Company for the financial year ended 31st March, 2016 as recommended by the Board and to confirm the payment of interim dividend @ 25% (₹2.5/- per share) already paid in the month of February, 2016 and to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT total dividend @ 55% (₹5.5/- per share) on the paid-up equity share capital of the Company for the financial year ended on 31st March, 2016, including Final Dividend @ 30% (₹3/- per share) as recommended by the Board and Interim Dividend @ 25% (₹2.5/- per share) as approved by the Board and already paid in February, 2016, be and is hereby approved"

3. To appoint a Director in place of Shri Subir Purkayastha, who retires by rotation, and being eligible, offers himself for re-appointment and to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT Shri Subir Purkayastha (DIN-06850526) be and is hereby re-appointed as Director of the Company liable to retire by rotation"

4. To appoint a Director in place of Shri Ashutosh Jindal, who retires by rotation, and being eligible, offers himself for re-appointment and to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT Shri Ashutosh Jindal (DIN-05286122) be and is hereby re-appointed as Director of the Company liable to retire by rotation"

5. To authorize Board of Directors of the Company to fix remuneration of the Joint Statutory Auditor(s) of the Company in terms of the provisions of section 142 of the Companies Act, 2013 and to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT Board of Directors of the Company be and is hereby authorized to decide and fix the remuneration of the Joint Statutory Auditor(s) of the Company appointed by Comptroller and Auditor General of India for the Financial Year 2016-17"

SPECIAL BUSINESS

To consider, and if thought fit, to pass the following resolutions as an Ordinary Resolution(s):

6. "RESOLVED THAT pursuant to the provisions of Section 152 & 161 and other applicable provisions of the Companies Act, 2013, Shri Sanjay Kumar Srivastava (DIN- 02163658) who was nominated by the President of India vide letter no. -31034/14/2015-CA/FTS: 39814 dated 20.11.2015 and appointed as an Additional Director w.e.f. 20.11.2015 by the Board of Directors, be and is hereby appointed as Independent Director of the Company, not liable to retire by rotation"

7. "RESOLVED THAT pursuant to the provisions of Section 152 & 161 and other applicable provisions of the Companies Act, 2013, Shri Anupam Kulshrestha (DIN- 07352288) who was nominated by the President of India vide letter no. -31034/14/2015-CA/FTS: 39814 dated 20.11.2015 and appointed as an Additional Director w.e.f. 28.11.2015 by the Board of Directors, be and is hereby appointed as Independent Director of the Company, not liable to retire by rotation"

8. "RESOLVED THAT pursuant to the provisions of Section 152 & 161 and other applicable provisions of the Companies Act, 2013, Shri Sanjay Tandon (DIN- 00484699) who was nominated by the President of India vide letter no. -31034/14/2015-CA/FTS: 39814 dated 20.11.2015 and appointed as an Additional Director w.e.f. 20.11.2015 by the Board of Directors, be and is hereby appointed as Independent Director of the Company, not liable to retire by rotation"

9. "RESOLVED THAT pursuant to the provisions of section 148, other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the remuneration payable to Cost Auditor(s) appointed by the Board of Directors of the Company to conduct the audit of cost records of the various units of the Company for the Financial Year 2015-16, amounting to ₹21,26,000/- plus applicable taxes and out of pocket expenses etc. be and is hereby ratified and confirmed.

FURTHER RESOLVED THAT consent of the members be and is hereby given for authorizing the Board of Directors of the Company to decide and fix the remuneration of the Cost Auditor(s) appointed by the Board of Directors of the Company, to conduct the audit of cost records of the various units of the Company for the Financial Year 2016-17"

10. "RESOLVED THAT approval of the shareholders be and is hereby accorded for proposed Material Related Party Transactions with Petronet LNG Limited for Financial Year 2016-17 for ₹18,160 crores approx. which is likely to exceed 10% of the consolidated turnover of the Company for Financial Year 2015-16, as per the requirement of Regulation 23(4) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

FURTHER RESOLVED THAT Board of Directors of the Company be and is hereby authorized to approve Transactions (procurement of LNG/RLNG and utilization of regasification facilities at LNG terminals) with Petronet LNG Limited, wherever required, on such terms and conditions as deemed fit"

To consider, and if thought fit, to pass the following resolutions as *Special Resolution(s)*

11. "RESOLVED THAT pursuant to provisions of section 42 of the Companies Act, 2013 read with the Companies (Prospectus & Allotment of Securities) Rules, 2014 and other applicable provisions of Companies Act, 2013, if any, the consent of the shareholders of the Company be and is hereby accorded for borrowing of INR Debt through secured / unsecured, redeemable, taxable Non-Convertible Bond(s) / Offshore INR Bonds upto ₹2,500 crore till the conclusion of next AGM, in one or more tranches on private placement basis.

FURTHER RESOLVED THAT for the purpose of giving effect to Private Placement of unsecured/secured non-convertible bonds/ debentures/ Offshore INR Bonds, the Board of Directors of the Company (the "Board") or any duly constituted Committee of the Board or such other authority as approved by the Board be and is hereby authorized to do all such acts and decide all such related matters as may be required including execution of necessary documents, deeds etc."

By order of the Board

Sd/-
Place: New Delhi
Date: 12th August, 2016

(A.K.Jha)
Company Secretary



NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT ANNUAL GENERAL MEETING (THE MEETING) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORM DULY COMPLETED SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE SCHEDULED TIME OF THE MEETING (PROXY FORM IS ANNEXED HEREWITH).

Pursuant to the provisions of section 105 of the Companies Act, 2013, a person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or member. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxy(ies) lodged at any time during the business hours of the Company, provided that not less than three days of notice in writing of the intention to inspect is given to the Company.

2. The following is annexed with the Notice:
 - i) Explanatory Statement pursuant to section 102 of the Companies Act, 2013 read with Secretarial Standards issued by the Institute of Company Secretaries of India in respect of the Special Business.
 - ii) A brief resume of the Director(s) proposed for appointment/re-appointment as mandated in Regulation 36 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 for the purpose of determination of limit of committee positions, Membership/Chairmanship is reckoned considering Audit Committee and Stakeholders Relationship Committee only. As per the provisions of the Companies Act, 2013 Independent Directors are not liable by rotation.
 - iii) The business set out in the Notice will be transacted through electronic voting system and the Company is providing facility for voting by electronic means (instructions for remote e-voting are annexed).
3. Documents referred in the accompanying Notice and Explanatory Statement thereto, are open for inspection by members, at the Registered Office of the Company during office hours i.e. between 11:00 a.m. and 1:00 p.m., on all working days, except Saturday(s)/Sunday(s)/Holiday(s).
4. The Register of Members and Share Transfer Books of the Company shall remain closed from **Saturday, the 10th September, 2016 to Friday, the 23rd September, 2016 (both days inclusive)** to determine the entitlement of the final dividend @30% (₹3/- per share), if so, approved by the members of the Company at the aforesaid AGM. The Company had already paid interim dividend @ 25% (₹2.5/- per share) in the month of February, 2016. Final dividend after declaration at the AGM, will be paid within 30 days of the AGM, to those eligible members whose name(s) appear:-

- a. as member(s) holding shares in **physical mode**, in the Register of Members of the Company after giving effect to all valid and complete transfers, lodged with R&TA/ Company on or **before 10th September, 2016; and**
- b. as Beneficial Owner(s) holding shares in **electronic mode**, details as furnished by the Depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), for said purpose.
5. Corporate members intending to send their authorized representative(s) to attend the meeting are required to send a duly certified copy of the Board Resolution/ Power of Attorney authorizing their representative to attend and vote on their behalf at the meeting.

6. Based on disclosures received from concerned Director(s), they are inter-se not related to each other.
7. Members may kindly note that their Bank Account number and MICR Code, as noted in the records of their Depository Participant (DP), shall be used for the purpose of remittance of dividend through National Electronic Clearing Service (NECS), wherever applicable. Members should ensure that their correct bank details are noted in the records of the DP, **so that no NECS rejection takes place.**
8. Members who have not encashed their Dividend Warrant(s) may approach the R&TA/Company for issuance of demand draft(s) upon completion of necessary formalities in this behalf in lieu of such warrant(s), at least 3 weeks before they are due for transfer to Investor Education and Protection Fund (IEPF). After the transfer of unpaid/unclaimed amount to IEPF, no claim shall lie against Company/ R&TA. Regarding modalities of dividend and other related information, members are requested to refer "Dividend" section of Report on Corporate Governance and may also visit "Investor Zone" section at Company's website for further reference. R&TA also has designated an exclusive e-mail ID viz. admin@mcsregistrars.com to facilitate investors to register their request/complaints, if any.
9. Members/Proxy holders are requested to:-
 - i. bring their copy of Annual Report and Attendance Slip at the venue of the meeting.
 - ii. please **carry photo ID card** for identification/verification purposes.
 - iii. note that entry to the hall will be strictly on the basis of admission card which will be provided at the counters of R&TA at the venue, in exchange of duly completed and signed Attendance Slip.
 - iv. note that briefcases, mobile phones, bags, helmets, eatables and other belongings **will not be allowed** to be taken inside the venue of the meeting for security purposes and members/proxy holders will be required to take care of their belongings.
 - v. note that **no gifts** will be distributed at the Annual General Meeting.
 - vi. note that **members present in person or through registered proxy** shall only be entertained.
 - vii. note that the Attendance Slip/Proxy Form should be **signed** as per the specimen signature registered with the R&TA/DP.
 - viii. quote their Folio/DP & Client Id No. in all correspondences with the R&TA/ Company.

IMPORTANT COMMUNICATION TO MEMBERS

As per the provisions of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, Company may give notice etc. through electronic mode i.e. by e-mail as a text or as an attachment to e-mail or as a notification providing electronic link. Your Company has sent the notification providing electronic link of notice of AGM to entitled members and the same is also hosted on the website of the Company along with Annual Report at http://www.gailonline.com/final_site/annual_report.html.

Members who have not yet registered their e-mail id or who want to change their e-mail id are requested to approach their respective DP (for electronic holding) or with R&TA/Company (for physical holding), so as to receive all communications electronically including annual report, notices, circulars, NECS intimation etc. sent by the Company from time to time.



EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO. 6

Shri Sanjay Kumar Srivastava was nominated as non-official part-time (Independent) Director by the President of India vide letter No. C-31034/14/2015-CA/FTS: 39814 dated 20.11.2015, as a Director on the Board of Directors of the Company w.e.f. 20.11.2015. He was appointed as an Additional Director, till the conclusion of this Annual General Meeting. The Board recommends that Shri Sanjay Kumar Srivastava may be appointed as a Director, not liable to retire by rotation.

The Company has received a notice along with requisite fee from him under section 160 of the Companies Act, 2013, proposing his candidature as Director of the Company.

Shri Sanjay Kumar Srivastava informed that he meets the criteria of independence as provided in SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013.

Shri Sanjay Kumar Srivastava is interested in this resolution to the extent of his appointment as a Director. The relatives of Shri Sanjay Kumar Srivastava may be deemed to be interested in the resolution set out at Item No. 6 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Qualifications & Experience, date of first appointment on the Board, relationship with other Key Managerial Personnel (KMPs) and Directors, Shareholding in the Company, Membership/Chairmanship of Committees of other Boards form part of the Notice. Independent Directors are being paid sitting fee for attending each meeting of the Board and Committee respectively within the limit prescribed under the Companies Act, 2013, in addition to expenses incidental thereto.

No other Directors, Key Managerial Personnel and/or their relatives, is/are interested or concerned, financially or otherwise in the resolution.

Your Directors recommend the resolution for approval of members.

ITEM NO. 7

Shri Anupam Kulshreshtha was nominated as non-official part-time (Independent) Director by the President of India vide letter No. - C-31034/14/2015-CA/FTS: 39814 dated 20.11.2015, as a Director on the Board of Directors of the Company w.e.f. 28.11.2015 (date of obtaining DIN). He was appointed as an Additional Director, till the conclusion of this Annual General Meeting. The Board recommends that Shri Anupam Kulshreshtha may be appointed as a Director, not liable to retire by rotation.

The Company has received a notice along with requisite fee from him under section 160 of the Companies Act, 2013, proposing his candidature as Director of the Company.

Shri Anupam Kulshreshtha informed that he meets the criteria of independence as provided in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013.

Shri Anupam Kulshreshtha is interested in this resolution to the extent of his appointment as a Director. The relatives of Shri Anupam Kulshreshtha may be deemed to be interested in the resolution set out at Item No. 7 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Qualifications & Experience, date of first appointment on the Board, relationship with other KMPs and Directors, Shareholding in the Company, Membership/Chairmanship of Committees of other Boards form part of the Notice. Independent Directors are being paid sitting fee for attending each meeting of the Board and Committee respectively within the limit prescribed under the Companies Act, 2013, in addition to expenses incidental thereto.

No other Directors, Key Managerial Personnel and/or their relatives, is/are interested or concerned, financially or otherwise in the resolution.

Your Directors recommend the resolution for approval of members.

ITEM NO. 8

Shri Sanjay Tandon was nominated as non-official part-time (Independent) Director by the President of India vide letter No. C-31034/14/2015-CA/FTS: 39814 dated 20.11.2015, as a Director on the Board of Directors of the Company w.e.f. 20.11.2015. He was appointed as an Additional Director, till the conclusion of this Annual General Meeting. The Board recommends that Shri Sanjay Tandon may be appointed as a Director, not liable to retire by rotation.

The Company has received a notice along with requisite fee from him under section 160 of the Companies Act, 2013, proposing candidature as Director of the Company.

Shri Sanjay Tandon informed that he meets the criteria of independence as provided in SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013.

Shri Sanjay Tandon is interested in this resolution to the extent of his appointment as a Director. The relatives of Shri Sanjay Tandon may be deemed to be interested in the resolution set out at Item No. 8 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Qualifications & Experience, date of first appointment on the Board, relationship with other KMPs and Directors, Shareholding in the Company, Membership/Chairmanship of Committees of other Boards form part of the Notice. Independent Directors are being paid sitting fee for attending each meeting of the Board and Committee respectively within the limit prescribed under the Companies Act, 2013, in addition to expenses incidental thereto.

No other Directors, Key Managerial Personnel and/or their relatives, is/are interested or concerned, financially or otherwise in the resolution.

Your Directors recommend the resolution for approval of members.

ITEM NO. 9

The Board of Directors of the Company on the recommendation of the Audit Committee, approved the appointment and remuneration of M/s Ramanath Iyer & Co., New Delhi for Northern Region, M/s Bandyopadhyaya Bhaumik & Co., Kolkata for Northern and Eastern Region, M/s A C Dutta & Co., Kolkata for Southern Region, M/s Musib & Company, Mumbai for Western Region Part-I, M/s N.D Birla & Co., Ahmedabad for Western Region Part-II, M/s Sanjay Gupta & Associates, New Delhi for Central Region as Cost Auditors to conduct the audit of the cost records of the Company for the financial year 2015-16.

In accordance with the provisions of section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors is required to be ratified by the members of the Company. Accordingly, the Members are requested to ratify the remuneration payable to the Cost Auditors during the financial year 2015-16 for the services rendered by them. Consent of the members is also sought for authorizing the Board to approve remuneration payable to the Cost Auditors for the financial year 2016-17.

No Directors, Key Managerial Personnel and/or their relatives, is/are interested or concerned, financially or otherwise in the resolution.

Your Directors recommend the resolution for approval of members.

ITEM NO. 10

As per Regulation 23(4) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, approval of the shareholders through ordinary resolution is required, if the transaction(s) to be entered into individually or taken together with previous transaction(s) during a financial year with a related party, exceeds 10% of the annual consolidated turnover of the Company as per last audited financial statements of the Company.

Petronet LNG Limited (PLL) is a joint venture of GAIL and is related party of the Company as per provision of the Companies Act, 2013 and SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. GAIL has 12.5% equity stake in PLL along with Bharat Petroleum Corporation Limited, Oil and Natural Gas Corporation Limited and Indian Oil Corporation Limited as equal partners. GAIL, inter-alia, procures LNG Cargoes and re-gasified Liquefied Natural Gas from PLL and utilizes re-gasification facilities of PLL LNG re-gasification terminal(s) located at Dahej, Gujarat and Kochi, Kerala.



The consolidated turnover of the Company as per the audited financial statements for Financial Year 2015-16 is ₹54,572 crores and the expected value of transactions with PLL for Financial Year 2016-17 will be approx. ₹18,160 crores, which will be more than 10% of consolidated turnover of the Company for Financial Year 2015-16, therefore, approval of shareholders is required.

No Directors, Key Managerial Personnel and/or their relatives, is/are interested or concerned, financially or otherwise in the resolution.

Your Directors recommend the resolution for approval of members.

ITEM NO. 11

In line with SEBI guidelines, your Company has been issuing secured, redeemable, non-convertible INR Bonds in the nature of non-convertible Debentures on private placement basis for meeting its long term capex requirement as per Board approved procedure, after obtaining approval from Board of Directors.

Your Company's Board approved to borrow ₹2500 crores through Secured/ Unsecured/ Taxable / Redeemable / Non-Convertible Bond(s) in the nature of debentures/ Offshore INR Bonds in one or more tranches on private placement basis.

As per section 180 of the Companies Act, 2013, the Board of the Company can borrow funds to the extent of aggregate paid-up capital and free reserve of the Company without seeking the approval of members. As on 31st March 2016 net worth of GAIL is ₹30,314 crore and the total borrowed funds is ₹8,118 crores. Therefore, your Company has sufficient leverage to raise the funds from the market without seeking the approval of members as per the provisions of the Companies Act, 2013.

As per section 42 of the Companies Act, 2013 read with Rule 14 (2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014, a Company shall not make a private placement of its securities unless the proposed offer of securities or invitation to subscribe to securities has been previously approved by the members of the Company by a special resolution for each of the offers or invitations. However, in case of offer or invitation for "non-convertible debentures", it shall be sufficient, if the company passes a special resolution once in a year for all the offers or invitations for such debentures during the year.

In view of above, approval of the Shareholders of the Company is sought to authorize the Board of Directors to make offer(s) or invitation(s) for raising funds upto ₹2500 crores through Secured/ Unsecured/ Redeemable / Taxable / Non-Convertible, Bond(s)/ Offshore INR Bonds in one or more tranches on private placement basis.

No Directors, Key Managerial Personnel and/or their relatives, is/are interested or concerned, financially or otherwise in the resolution.

Your Directors recommend the resolution for approval of members.

BRIEF RESUME OF THE DIRECTORS, PROPOSED FOR APPOINTMENT/RE-APPOINTMENT PURSUANT TO THE REGULATION 36 OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

ITEM NO. 3

Shri Subir Purkayastha (57 years) is Director (Finance) and Chief Financial Officer (CFO) w.e.f. 01.05.2015. He is a Chartered Accountant and Company Secretary by profession. Shri Subir Purkayastha has rich experience of nearly 30 years' in the areas of Corporate Finance and Treasury including Forex Risk Management, Capital Budgeting, Corporate Budgets, Corporate Accounts, Finalization of Long Term LNG and Gas Agreements, Liquefaction and Regasification Terminal Service Agreement, Shareholders Agreements and Joint Ventures Agreement etc.

Prior to his appointment as Director (Finance), he held the position of Executive Director (Finance & Accounts) in GAIL. As Executive Director (Finance), besides heading Corporate Finance and Treasury section at large, he lead the treasury functions for mobilisation of funds from domestic and international markets and taking investment decisions in large infrastructure projects, he was also actively involved in investor relations and interactions with Analysts fraternity. Besides serving a long tenure at the GAIL corporate office, he was on secondment to Petronet LNG Ltd., during its formative years from 1998 to 2002. Thereafter, he was posted at GAIL's largest manufacturing unit viz petrochemical plant at Pata, U.P. for

4 years. It was during his stint in Petrochemicals Unit at GAIL, Pata he introduced e-budget for preparation and control of capital and revenue budget of the unit. He joined GAIL in 1985 as a finance officer and rose to the position of Director (Finance). Having joined in the early stages of the Company he was part and parcel of the growth trajectory of the Company.

Shri Purkayastha holds Nil equity shares of the Company.

Shri Purkayastha holds the Directorship and Chairmanship/Membership of Committee(s) of the following other Companies:

S. No.	Directorship	Chairmanship/Membership of Committee(s)
1	GAIL Global (Singapore) Pte. Limited	Nil
2	GAIL China Gas Global Energy Holding Limited	Nil
3	Brahmaputra Cracker & Polymer Limited	Chairman – Audit Committee
4	GAIL Gas Limited	Chairman – Audit Committee
5	Petronet LNG Limited	Nil

ITEM NO. 4

Shri Ashutosh Jindal (44 years) is an IAS officer from Manipur-Tripura cadre (1995) and appointed as Director on GAIL's Board w.e.f. 24.02.2015. He has done B.E in Electronics & Commn Engg. and has a post graduation in Economics.

During his career spanning over two decades, he has held various positions in the State of Tripura at the District and State Level. Before joining the MoP&NG, he was working as Secretary of Finance, Urban Development and Tourism Departments in the State of Tripura. He has served as an Advisor in the Indian Mission to European Union (EU) in Brussels (Belgium).

Presently, he is Joint Secretary (International Cooperation & Gas Projects), Ministry of Petroleum & Natural Gas, Government of India.

Shri Jindal holds Nil equity shares of the Company.

Shri Jindal holds the Directorship and Chairmanship/Membership of Committee(s) of the following other Companies:

S. No.	Directorship	Chairmanship/Membership of Committee(s)
1	Indian Oil Corporation Limited	Nil

ITEM NO. 6

Shri Sanjay Kumar Srivastava (61 Years) was appointed as Director on GAIL's Board w.e.f. 20.11.2015. He is a 1978 batch IAS officer, superannuated as Secretary to the Government of India, Ministry of Coal. He holds a Master's Degree in Political Science from Allahabad University He has done advance diploma in Management in Finance. During his service career of over 36 years, he has held various assignments with the Government of India and the State of Assam/ Meghalaya specially in the areas of industries, power, labour and mines. He has also served as Special Secretary, Ministry of Mines; Government of India and Principal Secretary, Government of Assam.

He served as Joint Secretary/Additional Secretary, Ministry of Labour & Employment. He was coordinating all works connected with the International Labour Organisation. He was India's Sherpa for the preliminary negotiations meeting held in Washington of the G20 countries for the Labour Ministers' Conference. He looked after child labour, social security and occupational safety & health. He attended meetings of the International Labour Conference (tri-annual) of International Labour Organisation (ILO) and ILO Governing body meetings every year from 2006-2010. He was a member of the Indian delegation to New York to attend the meeting of UN Committee on convention on the Elimination of All Forms of Discrimination against Women (CEDAW).

He was the Chairman of the Expert Committee of the Employees Pension Schemes,



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Chairman of the Committee on amendments in the Coal Mines Regulation, 1957 and Oil Mines Regulation, 1984.

He participated in the official bilateral negotiations in the sphere of industrial cooperation with the delegations from France, Italy, Bulgaria, China, Japan, Germany, USA, Bangladesh, Cyprus, etc. Represented Ministry of Industry, Government of India, in the joint commission meetings with France, European Union, Italy, Bulgaria, Cyprus, Bangladesh.

Shri Srivastava holds Nil equity shares of the Company.

Shri Srivastava holds the Directorship and Chairmanship/Membership of Committee(s) of the following other Companies:

S. No.	Directorship	Chairmanship/Membership of Committee(s)
1	Rashtriya Ispat Nigam Limited	Nil

ITEM NO. 7

Shri Anupam Kulshreshtha (64 Years) was appointed as Director on GAIL's Board w.e.f. 28.11.2015. He has done M.Sc. (Phy), MBA, LL.B., CISA, CISM, CRISC. He retired as the Dy. Comptroller and Auditor General of India in March, 2012.

In a long and distinguished career spanning nearly four decades, he held senior positions with the supreme audit institution of India as well as with the Government of India and also Internationally.

He worked as Assistant Auditor General with the Government of Botswana for 5 years and as a World Bank Consultant to the Auditor General, Nepal for over one year. Presently a visiting faculty with the National Institute of Financial Management (NIFM), Faridabad; he has earlier taught at the Faculty of Management Studies, Delhi University. He has experience in working with the international organisations having audited UNEP and also having worked with the IT audit committee of INTOSAI.

He has a long experience in training; as a faculty member for 5 years at the Lal Bahadur Shastri National Academy of Administration, Mussoorie, as Director, National Academy of Audit and Accounts, Shimla, as Director General, International Centre for Information Systems and Audit, NOIDA and as Director, NIFM, Faridabad. He was invited by the Auditor General, Maldives to train their officers for a duration of two weeks. He has been widely known as an expert in Information Technology Audit. He possess three certifications from ISACA (Information Systems Audit and Control Association), Chicago; namely Certified in Risk and Information Systems Control (CRISC), Certified Information Security Manager (CISM) and Certified Information Systems Auditor (CISA).

He has contributed many articles in various professional journals. He is the recipient of the prestigious "Visionary Leader Award" from ET Now in 2013.

Shri Kulshreshtha holds Nil equity shares of the Company.

Shri Kulshreshtha holds the Directorship and Chairmanship/Membership of Committee(s) of the following other Companies:

S. No.	Directorship	Chairmanship/Membership of Committee(s)
1	Nil	Nil

ITEM NO. 8

Shri Sanjay Tandon (52 Years) was appointed as a Director on GAIL's Board w.e.f. 20.11.2015. He is a Chartered Accountant and a Cost Accountant by professional qualification and has a rich experience of nearly 30 years.

After completing his studies, Sanjay Tandon started practicing as a Chartered Accountant. After that he started the work of Share Broking, Commodity Broking and Insurance Broking. Presently he is also running a Call Centre in which about 4000 people are employed.

He served as a member of the 'Human Resource Development for IT/ITES' in the Information and Communication Technology Corporation, Government of Punjab.

He was a member of the Committee to discharge the functions of the Board of Studies in Human Rights & Duties, Punjab University, Chandigarh.

He served as a Director on the Board of State Bank of Hyderabad and National Hydroelectric Power Corporation.

He is a member of Administrator's Advisory Council, Chandigarh Administration, member in Standing Committee, Law & Order, Home Department, Chandigarh Administration, member in Bharat Vikas Parishad, Chandigarh and member in DAV Management Committee Pratinidhi Sabha.

He along with his spouse has written a series of books called the 'Sunrays' series and he has also written the Biography of his father titled, 'Balramji Dass Tandon - Ek Prerak Charitra'.

Shri Tandon holds Nil equity shares of the Company.

Shri Tandon holds the Directorship and Chairmanship/Membership of Committee(s) of the following other Companies:

S. No.	Directorship	Chairmanship/Membership of Committee(s)
1	Rockman Industries Limited	Nil
2	Competent Synergies Private Limited	Nil
3	Stan Professional Private Limited	Nil

INSTRUCTIONS FOR REMOTE E-VOTING

Pursuant to the regulation 44 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide to its members facility to exercise their right to vote on all resolutions set forth in the Notice convening the 32nd Annual General Meeting by electronic means. The members may cast their votes using an electronic voting system from a place other than the venue of the meeting (remote e-voting). The Company has engaged the services of Depository viz. Central Depository Services (India) Limited (CDSL) to provide the e-voting facility.

The remote e-voting facility is available at the link <https://www.evotingindia.com>. Please read the instructions printed below before exercising your vote.

The remote e-voting period commences on **Tuesday, 20th September, 2016 (9:00 am)** and ends on **Thursday, 22nd September, 2016 (5:00 pm)**. The remote e-voting module shall be disabled by CDSL for voting thereafter. During this period members' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of **Friday, 16th September, 2016**, only shall be entitled to avail the facility of remote e-voting/polling slips.

Members can opt only one mode for voting i.e. by remote e-voting or vote at AGM. The members who have cast their vote by remote e-voting may also attend the meeting but shall not be entitled to cast their vote again.

The facility for voting through polling slip shall be made available at the meeting for the members attending the meeting who have not cast their vote by remote e-voting. If member opts for remote e-voting, then member/proxy holder are not entitled to vote at AGM. However, in case member(s) cast their vote both via remote e-voting and at AGM also, then voting done through remote e-voting shall prevail. Once the vote on a resolution is cast by the member electronically, the member shall not be allowed to change it subsequently.

STEPS FOR E-VOTING

A) The instructions for shareholders voting electronically are as under:

- (i) The shareholders should log on to the e-voting website www.evotingindia.com
- (ii) Click on Shareholders
- (iii) Now enter your User ID:



- a. For CDSL: 16 digits beneficiary ID
- b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID
- c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (iv) Enter the Image Verification as displayed and Click on Login.
- (v) If you are holding shares in demat form and have voted earlier on www.evotingindia.com for any Company, then your existing login ID and password to be used.
- (vi) If you are a first time user follow the steps given below:

- (xv) Note for non-individual shareholders (i.e. other than individuals, HUF, NRI etc.) and custodians:

- log on to www.evotingindia.com and register themselves as Corporates.
- scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- after receiving the login details a compliance user should be created using the admin login and password. The compliance user would be able to link the account(s) for which they wish to vote on.
- list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- scanned copy of the board resolution and Power of Attorney (POA) which have been issued in favour of the custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same in case the same is not uploaded before closure of voting, the vote so exercised will be rejected in the system.

- (xvi) In case of any queries or issues regarding remote e-voting, members may also refer '**Frequently Asked Questions**' (FAQs) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or contact CDSL at 18002005533.

- (xvii) Members who could not cast their vote electronically, can cast their vote at the Annual General Meeting.

- (xviii) Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as on the cut-off date may follow the same instructions as mentioned above for e-voting.

For Members holding shares in Demat Form & Physical Form	
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (applicable for both demat members as well as physical members).</p> <p>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</p> <p>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</p>
Dividend Bank Details OR Date of Birth	<p>Enter the Dividend Bank Details or Date of Birth (dd/mm/yyyy format) as recorded in your demat account or in the Company records for the said demat account or folio.</p> <p>If both the details are not recorded with the depository or Company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction above.</p>

- After entering these details appropriately, click on "SUBMIT" tab.
- Members holding shares **in physical form** will then reach directly to the Company selection screen. For members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- However, members holding shares **in electronic form** will reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password can also be used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. Please take utmost care to keep your password confidential.
- (vii) Click on the relevant Electronic Voting Sequence Number (EVSN) on which you choose to vote.
- (viii) On the voting page, you will see resolution description and against the same the option "Yes/No" for voting. Select the option "Yes or No" as desired. The option "Yes" implies that you assent to the Resolution and option "No" implies that you dissent to the Resolution.
- (ix) Click on the "Resolutions File Link" if you wish to view the entire Resolution(s).
- (x) After selecting the resolution which you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xii) You can also take out print of the voting done by you by clicking on "Click here to print" option on the voting page.
- (xiii) If demat account holder has forgotten password then enter the user ID and image verification code click on 'Forgot Password' & enter the details as prompted by the system.
- (xiv) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.

B) General Instructions:

- a. The voting rights of members shall be in proportion to their shares to the paid up equity share capital of the Company as on the cut-off date i.e. **Friday, 16th September, 2016**. Members may cast their votes separately for each business to be transacted in the Annual General Meeting and may also elect not to vote on some resolution.
- b. Notice of the meeting along with the Route map of the venue is also available at Company's website www.gailonline.com.
- c. Based on the consent received from Shri Sachin Agarwal, practicing Company Secretary (Membership No. 5774), Board has appointed him as the Scrutinizer to scrutinize the voting process in a fair and transparent manner. The Board of Directors has appointed Company Secretary as the person responsible for remote e-voting process.
- d. After conclusion of the Poll at AGM, the Chairperson will declare the meeting as closed. The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and will prepare a consolidated scrutinizer's report of the total votes cast in favour or against, if any, not later than three days of the conclusion of the AGM. The said report will be countersigned by the Chairman or a person authorized by him in writing and declare the result of the voting forthwith.
- e. The results declared along with the Scrutinizer's Report will be hosted on the Company's website www.gailonline.com and on the website of CDSL. The results shall simultaneously be communicated to the Stock Exchanges.
- f. The results will also be displayed on the Notice Board of the Company at its Registered Office.



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Message from CMD

"In current times with multitude of game changing and disruptive forces playing out concurrently, GAIL is rooted to its conviction to pursue National priorities of strengthening drivers of growth along the Natural Gas value chain."

Shri B.C. Tripathi
Chairman & Managing Director

Dear Shareholders,

Events that unfolded during the previous year both internationally and in India have the potential to alter the structural landscape of the energy sector. The year has been a unique departure from earlier times of fossil fuel price compression as the commodity price decline has coincided with a strong advocacy and emergence of clean energy alternatives at competitive levels with a promise of improvements along the cost curve. Sustained investments have led to the highest addition of renewable energy capacities, mainly solar and wind, in a single year. At the same time, the surfeit production of Natural Gas from shale in the USA accompanied by softer pricing power of the commodity has seen significant shift towards gas based power generation as the nuclear power stations continue to be mothballed in large numbers. Ironically, Japan witnessed restart of nuclear power facilities and switch to alternative fuels leading to significant de-growth in their LNG offtake during the period.

Interestingly, for India, there has been a serious policy push for expanding gas based infrastructure. Government of India (GoI) implemented measures in swiftness to increase PLF of gas based units and even helped revival of stranded power plants based on gas. On the retail side, gas gained favour with a clear direction of being given a numero uno priority in domestic gas allocation for household and CNG segments. Gaining traction from such policy measures, the thrust shall be on improving penetration of Natural Gas as a clean and a choicest fuel in major cities and towns in the near term as a first stage strategy. Along-side, India has also volunteered to advance carbon based emission target achievement to 2022 from 2030 and has embarked on a massive drive to augment renewable power capacities of about 175 GW on the COP-21 framework. Exciting opportunities lay ahead for Natural Gas to complement the targeted renewable power infrastructure. Progressive integration of such resource capabilities could lead to a demonstrable win-win situation for all stakeholders.

These developments are in the larger backdrop of a year- on-year decline of 45-50% in crude oil prices and a weak growth of the global economy with downside risks playing out. Full impact of Brexit and China's debt levels with accompanied demand destruction is yet to unfold and sketchy at this stage. Although crude oil gained growth from demand side, with an overhang in production and an evasive consensus among the OPEC member nations along with a wide chasm between OPEC and other crude producing counterparts, the purchase power balance remains shifted towards the buyers' club. Consuming economies are enthused by this long awaited reprieve to strengthen their balance-sheets. On the LNG side, newer long-term contracting deals grazed around 24%, signifying a predominant tilt towards spot and short term deals. Not very clear at this stage on the sustainability of softer price structure of energy commodities, all it has resulted in is negligible investments into construction of newer infrastructure facilities along the NG chain.

In current times with multitude of game changing and disruptive forces playing out concurrently, GAIL is rooted to its conviction to pursue National priorities of strengthening drivers of growth along the Natural Gas value chain with thrust on – Bulk trading & Retailing of NG, simultaneous development of transmission networks and expanding petrochemicals market with a wide range

portfolio. The company continues to enjoy leadership position in the Natural Gas Trading and Transmission segments in India and with a formidable portfolio of over 1.2 MMTPA polyethylene and polypropylene-based polymer segment in the country, it is ready to offer broader grade slate for various processing applications.

Globally, LNG trade witnessed a growth of about 2% in step with the modest growth in world economic activity by a tad over 3%. The continued decline in the commodity price has been due to oversupply from newer projects and a weaker demand from the major consuming nations in Asia. These events accompanied by declining crude oil trade prices along with a surge in the non-long term trade volumes by about 29% during the period, have led to a fall in Asian spot LNG prices by nearly 50% over the previous year. Even though LNG imports by India remained stagnant at 14.7 MMTPA over the previous Calendar Year yet it recorded the sharpest increase in the spot and short term trades by clocking 3 MMTPA. The Long Term Regas-LNG contract with the upstream suppliers was re-negotiated with the support of the nodal Ministry providing the much needed relief to the end consumers. Significant policy measures and schemes for enabling pooling of gas in the Fertilizer sector and instituting a mechanism for e-bid based RLNG procurement for Power sector by GoI has provided fillip to the market sentiment. This is a monumental step in improving RLNG consumption.

The year gone by also witnessed shifts in policy conversation around the clean energy goals and the need for adhering to INDC targets under COP-21 understandings towards greater reduction in carbon emissions by 2030. The ambitious targets of solar and other renewable power based expansion by 2022 for India, provides a strategic opportunity to synchronize gas power generation targets to ensure an un-interrupted grid supply for supporting envisaged economic growth. Your Company is geared up to support GoI initiatives under such integrative opportunities based on Natural Gas to contribute effectively in attaining climate change objectives.

A slew of structural economic measures and a healthy growth of the domestic market led India to stand out as one of the fastest growing economies in the world during the last fiscal year with a nominal GDP growth rate of 7.3% over previous FY. The strong guidance by various external and internal sources projects strong economic performance in the current financial year as well with about 7.5% growth, year on year. In an environment of global uncertainty and recessionary trend plaguing many advanced and emerging economies, strong domestic demand on the back of continued lower levels of commodity prices could contribute in not just an uptick in the Indian GDP growth but shall also improve primary energy consumption level including LNG characterized on price elastic demand.

PERFORMANCE

Given the broader context of a turbulent operating environment in the sector with a sluggish performance and outlook of global macro-economic activity, having led to the global giants/peers witnessing on an average a reduction in revenue by over 35% and profits being wiped out by over 90% to even posting losses, GAIL has delivered a ROCE of 8.92%. GAIL witnessed operating headwinds of tremendous magnitude during the period with RLNG consumers rejecting long term pricing structure, drastic cut-back in domestic Natural Gas allocation to petrochemicals

manufacturing unit at Pata, discounted marketing & transmission margins for incremental volumes under e-bid RLNG scheme for power sector, 40% reduction in LPG prices, a prolonged period of stabilisation of the petrochemicals expansion project accompanied by decreasing product prices have contributed to significant downward pressures on earnings. In our commitment to delivering value, even in such challenging times, your Company's Board of Directors have declared a 55% dividend rate for FY 2015-16.

Turnover posted for the year (net of excise) was Rs. 51,614 crores compared to Rs. 56,569 crores in the previous fiscal period. Profit Before Tax (PBT) for the year was Rs. 3,173 crores as against Rs. 4,284 crores, whereas Profit After Tax (PAT) clocked Rs. 2,299 crores vis-à-vis Rs. 3,039 crores in the previous fiscal year.

As shared in the last year's report, the journey under Project 'Sanchay' has been diligently worked upon by the various business segments and many of the cost optimisation projects identified are yielding results. Within the next three years, progress is expected to sequentially contribute about USD 140 million at today's cost factor and is duly recognised by the Company's Board. Several other initiatives such as ensuring stable and low cost supply of gas/RLNG to the petrochemical production are contributing towards better margin.

BUSINESS EXPANSION

In addition to progressing on the construction of the Jagdishpur/Phulpur-Haldia project of 2,050 kms., GAIL has integrated the Ranchi-Dhamra pipeline project for a phased execution by Q4 of 2019-2020. Board has also approved the Vijaiapur-Auraiya-Phulpur pipeline for augmenting flow of gas to the expanded pipeline system upto Haldia. Pipeline projects undertaken during the last 24 months to upgrade regional networks in KG and Cauvery basins and Gujarat are under progress and the completion of Cauvery and KG Basin upgradation is expected during the current year. The thrust is on expanding last mile connectivity to improve outreach to newer consumer segments and enhance retail customer base, for it is emerging to be a driver of growth in the gas segment.

During the year, the subsidiary company Brahma Putra Cracker & Polymer Limited's petrochemicals unit was dedicated to the nation and the product acceptability is being currently established. Your Company's another subsidiary - GAIL Gas Limited - is focused on City Gas Distribution (CGD) plays and has been progressing impressively in the newer territories and potential markets of Bengaluru and Haridwar geographical areas. It has recently been awarded the North Goa geographical area for city gas business by the regulator.

Your Company has also joined the SPVs for coal gasification and urea manufacturing projects under the revival plan of the Talcher based fertilizer unit of the Central Government. Pre-project activities of technology selection for coal gasification and obtaining coal block allocation in the vicinity are underway.

CROSS-BORDER PIPELINE

Your Company is engaged in realizing the TAPI Pipeline project to receive Natural Gas from the Galkynysh fields in Turkmenistan. Progressing in this endeavor, GAIL along with the other stakeholders of the project entered into a Shareholders Agreement (SHA) of TAPI Pipeline Consortium Limited SPV (TPCL) in December 2015, coinciding with the ground breaking ceremony

to commence laying the Turkmen leg of the TAPI pipeline. Galkynysh Pipeline Company, the consortium leader group led by Turkmengas, will hold 85% equity while GAIL, ISGS (Pakistan) and Afghan Gas Enterprise (AGE) will each partake 5% equity in TPCL.

SUSTAINABILITY AND SPREADING SOCIAL PROSPERITY

I am glad to share that your Company has been acknowledged among CDP's India Leaders 2015 and is featured for second successive year under the Climate Disclosure Leadership Index (CDLI), leading to GAIL being the highest ranking Company amongst the country's Public Sector Undertakings under sustainability measures.

On the technological front, your Company has aligned with the Government of India's "Digital India" initiative to launch Digital GAIL to integrate all processes and stakeholders with digital services. You can now connect and be a part of the Digital India campaign through our recently-launched online platform, GAIL Social.

Our social transformation projects have influenced more than eight hundred thousand lives in FY 2015-16. The preventive healthcare project extended to the various backward areas around the Company's work-sites has provided preventive care and management to nearly half a million people. Through the flagship 'Utkarsh' programme, we left an indelible touch on several economically deprived families by facilitating career opportunities to their exceptional wards in senior school. We are as proud as the families of 94 out of 100 students who have qualified in the prestigious IIT/NITs and other Institutions of Technology under the model project 'Utkarsh'.

RECOGNITION & GRATITUDE

For the seventh year in a row, your Company received "NIL" comments from the Comptroller & Auditor General of India for FY 2015-16, reassuring best accounting practices adhered by your Company.

It has been an ethos and endeavour of GAIL to foster mutually-rewarding and enduring relationship with all its customers, vendors, partners, stakeholders, communities and regulators. In this endeavour, GAIL has been ranked the Top PSU by Economic Times survey culminating in 2015 on 'Best Companies for CSR-2014', with an overall ranking position at number 7 out of a study spanning 115 companies across more than twelve diverse sectors.

We also acknowledge the role of the central and state governments for their immense support towards improving our ecosystem and facilitating GAIL's pursuits in alignment with the National goals of rapidly expanding clean energy markets based on Natural Gas at the very core.

In these times of the industry cruising amidst a challenging environment globally, prudent financial and project management practices coupled with smart market penetration strategies and business models, uniquely positions your Company in continuing to deliver value to the shareholders' investment. The Board is steadfast in its commitment to discharge this underlying objective.

I thank you for your consistent faith in the value creation pursuits of your Company.



(B.C. Tripathi)

Chairman & Managing Director

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

Presence Across the Gas Value Chain

Making India Smarter, Safer, Greener



Natural Gas

- Over 11,000 Km of network
- Sophisticated Gas management System
- Participation in RGPPL (5 MMTPA LNG Regasification Facility)
- Long-term Import Portfolio: 24 MMTPA

Exploration & Production

- Participation in 13 blocks (operator-2 blocks)
- Presence in Myanmar & US



Petrochemicals

- Domestic market share ~ 15%
- Commissioned Petrochemical Plant expansion in Pata (UP) with capacity of 0.4 MMTPA (taking total capacity to 0.81 MMTPA)
- Participation in BCPL & OPAL



Power & Renewables

- 118 MW Wind Power Plant and 5 MW Solar Power Plant
- Participation in RGPPL (Capacity 1,967 MW)



Liquid Hydrocarbons

- 6 Gas Processing Plants producing LPG, Propane, Pentane, Naphtha, etc.
- LPG Transport Capacity 3.8 MMTPA (2,038 Km.)

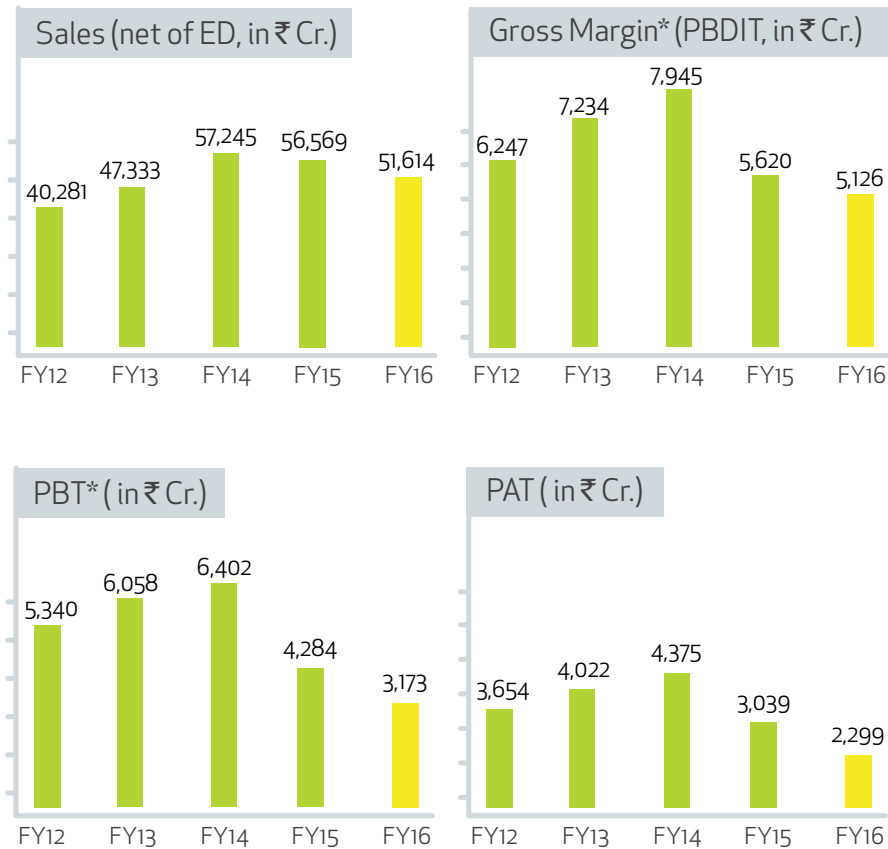


City Gas Distribution

- Serving over 10 lakh vehicles & 10 lakh households through Subsidiary & Joint Ventures
- GAIL Gas Limited, 100% subsidiary, has setup CGD Networks in Bengaluru, Dewas, Sonapat, Kota, Meerut & Taj Trapezium zone

Highlights of the Year

Financial Performance (Standalone)



*Incl. exceptional items

Financial Highlights

SALES ₹ 51,614 crore

PBDIT ₹ 5,126 crore

PBT ₹ 3,173 crore

PAT ₹ 2,299 crore

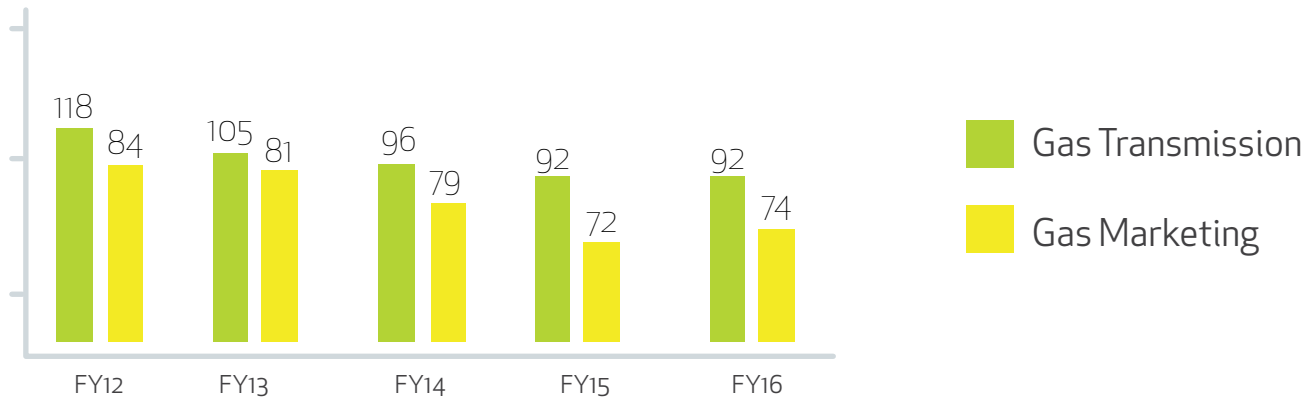
DIVIDEND ₹ 698 crore

NET WORTH ₹ 30,314 crore

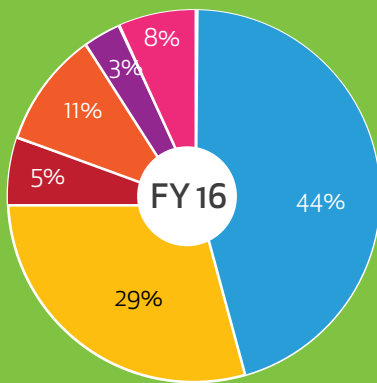
DIVIDEND ₹ 5.50
per share

Operational Performance Highlights

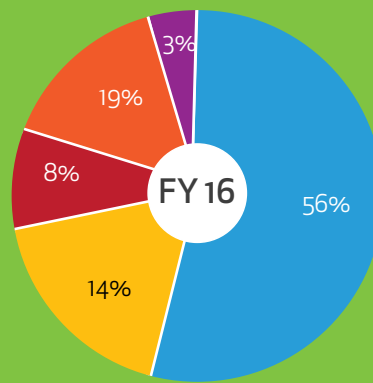
Gas Volume Trend (MMSCMD)



Gas Transmission Mix

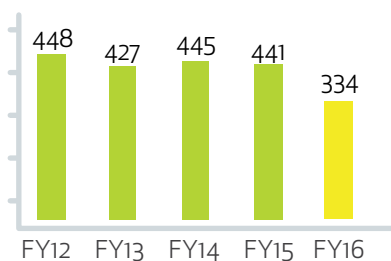


Gas Marketing Mix

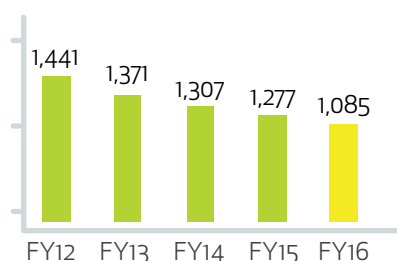


■ APM/NAPM
 ■ RLNG
 ■ PMT
 ■ SPOT
 ■ MID TERM
 ■ RIL

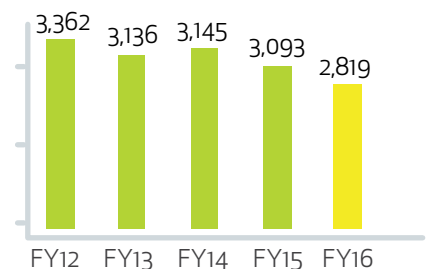
Petrochemicals Sales (TMT)



Liquid Hydrocarbons Sales (TMT)

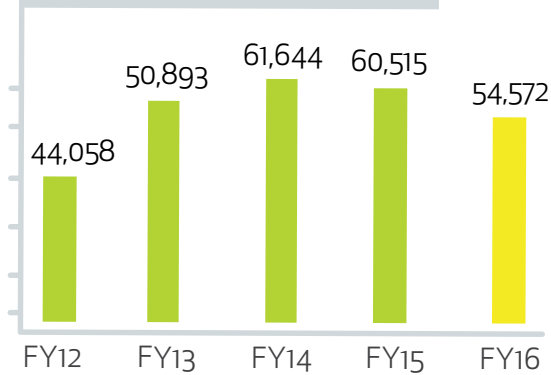


LPG Transmission (TMT)

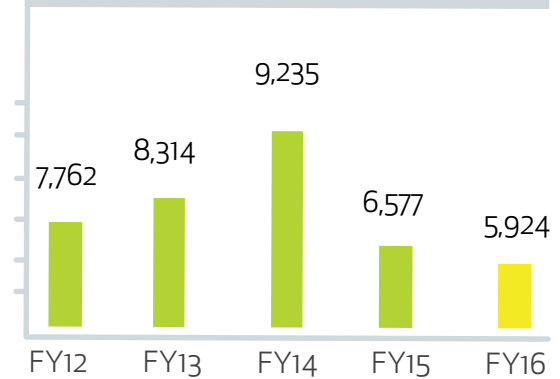


Financial Performance on Consolidated basis

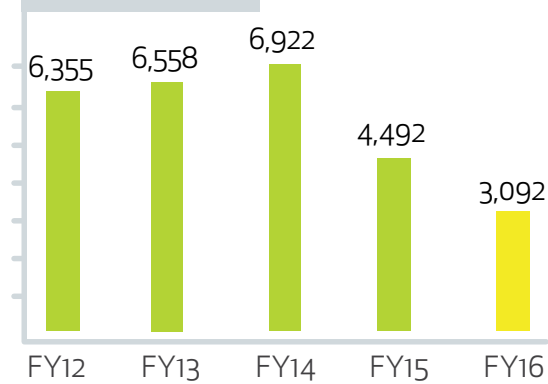
Sales (net of ED, in ₹ Cr.)



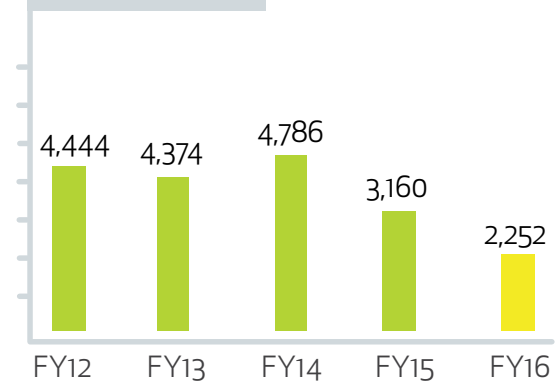
Gross Margin (PBDIT, in ₹ Cr.)



PBT (in ₹ Cr.)



PAT (in ₹ Cr.)



Our Business

Delivering Safe, Reliable, Efficient and Sustainable Energy Supply

Subsidiaries

GAIL Gas Limited

Brahmaputra Cracker and Polymer Ltd.

GAIL Global (Singapore) Pte Ltd.

GAIL Global (USA) Inc.

GAIL Global (USA) LNG LLC

Joint Ventures

Aavantika Gas Limited

Bhagyanagar Gas Limited

ONGC Petro-additions Limited

Maharashtra Natural Gas Limited

Mahanagar Gas Limited

Tripura Natural Gas Company Limited

Central U.P. Gas Limited

Petronet LNG Limited

Ratnagiri Gas and Power Pvt. Limited

Indraprastha Gas Limited

Green Gas Limited

GAIL China Gas Global Energy Holdings Ltd.

TAPI Pipeline Company Limited

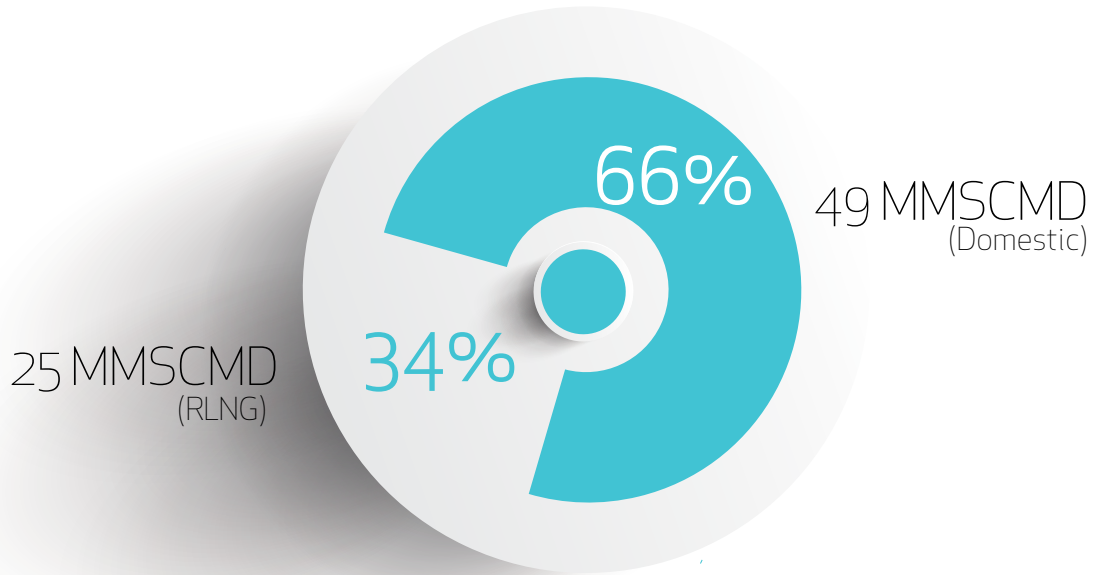
Talcher Fertilizers Limited

Gas Sourcing & Sector Wise Supply

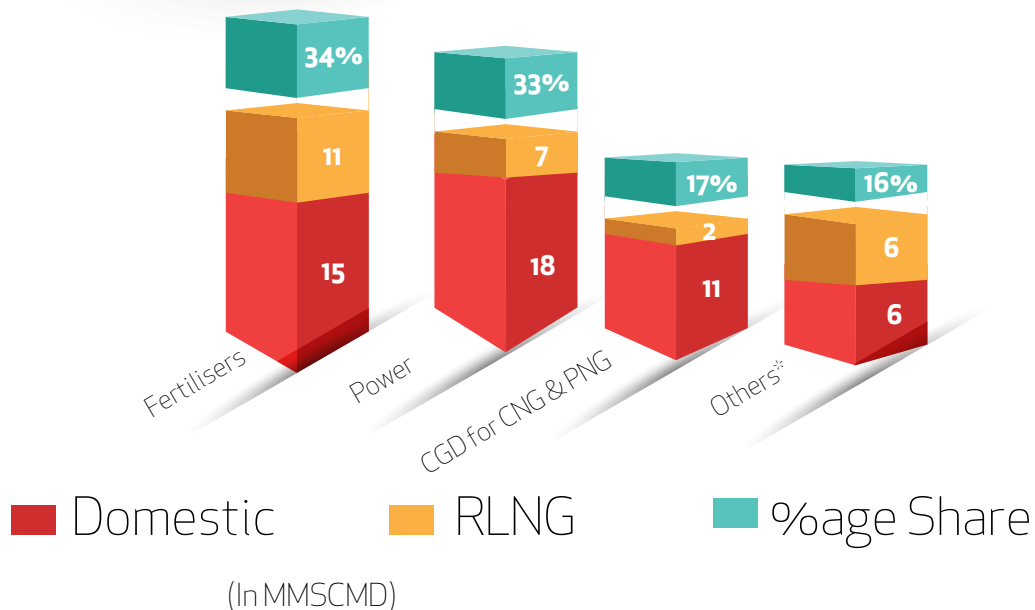
Financial Year 2016

GAS SOURCING

(MMSCMD, % share)



SECTOR WISE SUPPLY



- Imported Gas primarily consists of Long Term RLNG, Mid Term RLNG and Spot
- Major sources for domestic gas are ONGC (APM & Non APM), PMT at APM & PSC prices, Ravva, Ravva satellite, etc.
- Highest demand of Natural Gas from Power & Fertilizer companies

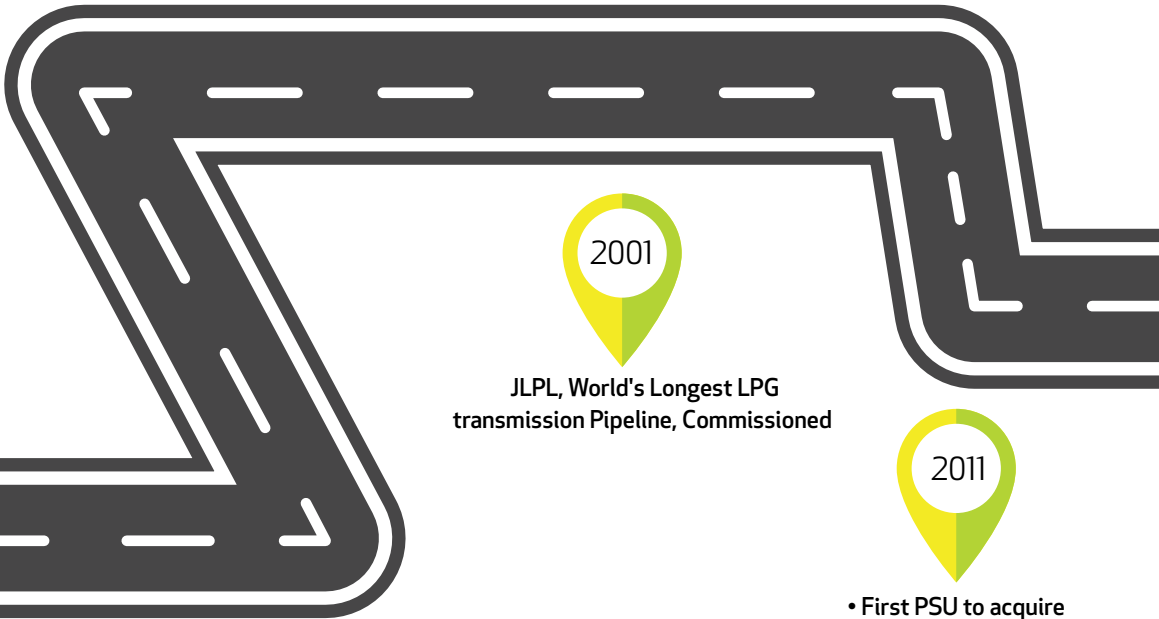
*Others include Steel, Refineries, Sponge Iron, Petrochemicals, GAIL Internal consumption, etc.



First Petrochemical Plant at Pata



Birth of GAIL :
Natural Gas Transmission
& Marketing Company



JLPL, World's Longest LPG
transmission Pipeline, Commissioned



- First PSU to acquire shale gas acreage in US
- Subsidiary in US



India's first NG Pipeline-HVJ-
Commissioned

Operates
3/4th
of India's Natural
Gas Transmission
pipelines

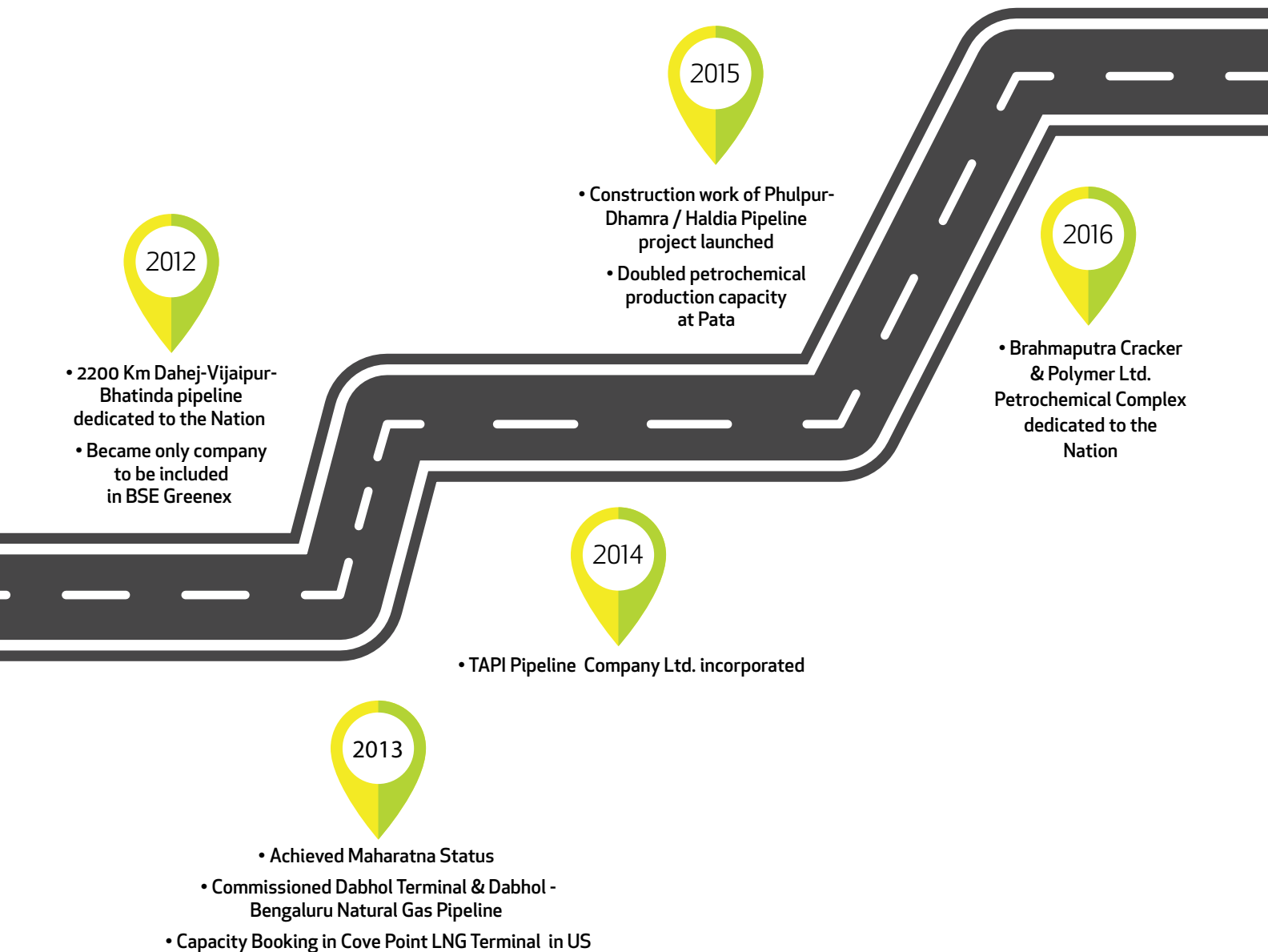
Contributes more
than 2/3rd
of the Natural Gas
sold in India

Supplies gas for
about 3/5th of
India's fertilizer
produced

Supplies gas for
about 4/5th of
India's gas
based power

The GAIL Story

Three decades of delivering experience, products and services that matter



Operates more than 2/3rd of India's total CNG stations through alliances

Produces 1/5th of India's polyethylene

Responsible for 1/4th of India's total LPG transmission

Produces LPG for every 13th LPG Cylinder in India

GAIL's Sustainability Aspirations 2020



Target of 33% reduction in Green House Gas emission intensity from the base of FY 2010-11

Target of 5% reduction in specific energy consumption (petrochemical & LHC segment product)



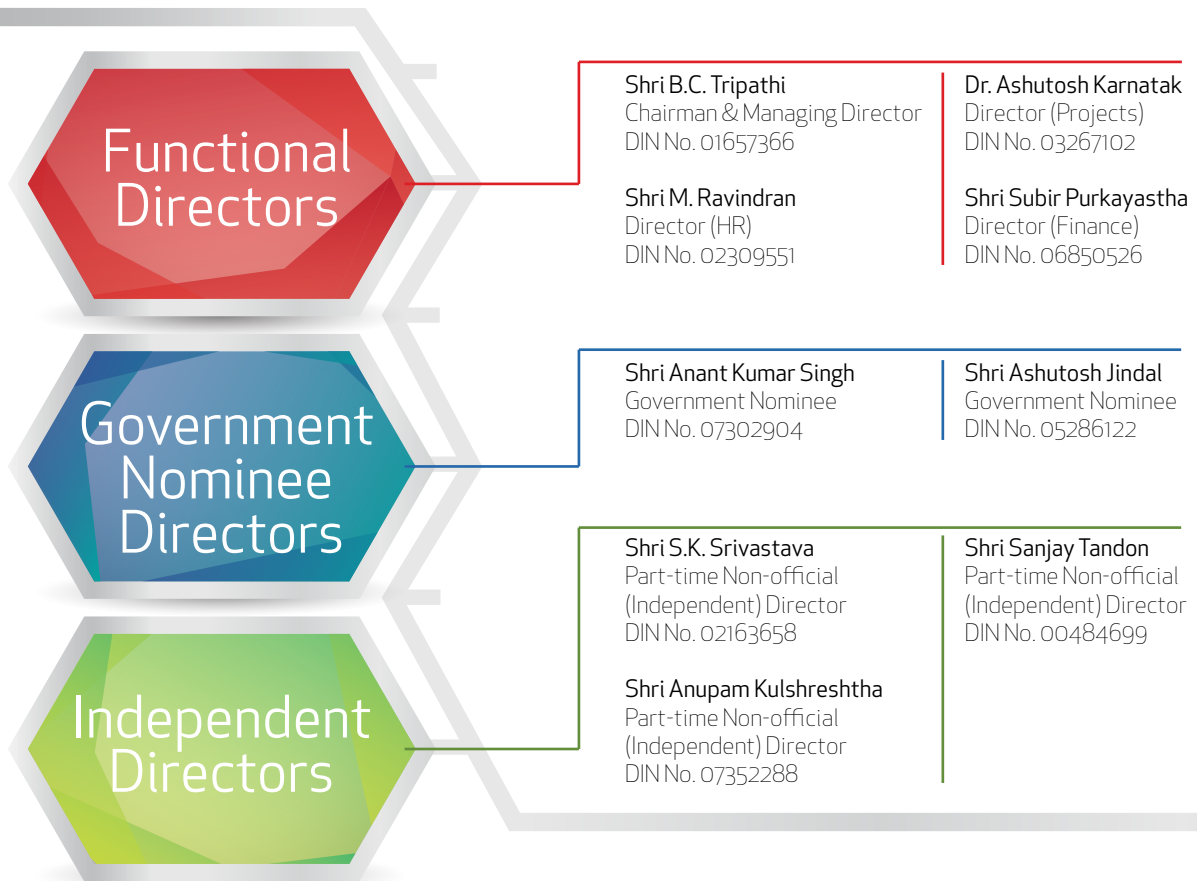
Target of 45% reduction in water consumption intensity from the base of FY 2010-11

Target of increasing waste water recycling by 5% of waste water generated



Target of imparting sustainability awareness training to 100% of employees

Board Structure



Committees of the Board

Audit Committee

- Shri Anupam Kulshreshtha – Chairperson
- Director (HR)
- Shri S.K. Srivastava
- Shri Sanjay Tandon

Business Development & Marketing Committee

- Shri S.K. Srivastava – Chairperson
- Director (HR)
- Director (Finance)
- JS, MoP&NG
- Shri Anupam Kulshreshtha

Corporate Social Responsibility Committee (CSR)

- CMD-Chairperson
- Director (HR)
- JS, MoP&NG
- Shri Anupam Kulshreshtha
- Shri Sanjay Tandon

Empowered Contracts & Procurement Committee (ECPC)

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

Empowered Committee (Natural Gas, LNG & Polymers) for import of Natural Gas/ LNG/Polymers

- CMD – Chairperson
- Director(HR)
- Director (Finance)
- JS, MoP&NG (Long Term)

Finance Committee

- Shri S.K. Srivastava – Chairperson
- Director (Finance)
- Shri Anupam Kulshreshtha
- Shri Sanjay Tandon

H.R. Committee

- CMD-Chairperson
- All the Functional Directors
- Shri S.K. Srivastava
- Shri Anupam Kulshreshtha

Project Appraisal Committee

- CMD-Chairperson
- Director (Finance)
- Concerned Functional Director
- JS, MoP&NG
- Shri S.K. Srivastava
- Shri Sanjay Tandon

Nomination and Remuneration Committee

- Shri Sanjay Tandon – Chairperson
- Shri S.K. Srivastava
- Shri Anupam Kulshreshtha
Invitee - Director (Finance)
Invitee - Director (HR)

Stakeholders Relationship Committee

- Shri Sanjay Tandon - Chairperson
- Director (HR)
- Director (Projects)

Stakeholders Grievance Redressal Committee

- Shri S.K. Srivastava - Chairperson
- Director (Finance)
- Concerned Functional Director not involved w.r.t. subject disputes, such as:
 - For Projects related dispute – Director (HR)
 - For Marketing related dispute- Director (Projects)
 - For HR related dispute - Director (Finance) and
 - For BD related disputes – Director (Marketing)

Sustainable Development Committee

- Shri Anupam Kulshreshtha - Chairperson
- Director (HR)
- Director (Projects)
- Director (Finance)

Board of Directors



(From left to right in front) • **Shri Ashutosh Jindal**, Director • **Shri Sanjay Tandon**, Director (w.e.f. 20.11.2015) • **Shri B. C. Tripathi**, Chairman & Managing Director • **Shri Anant Kumar Singh**, Director (w.e.f. 02.01.2016) (From left to right on stairs) • **Shri M. Ravindran**, Director (Human Resources) • **Shri S. K. Srivastava**, Director (w.e.f. 20.11.2015) • **Shri Anupam Kulshreshtha**, Director (w.e.f. 28.11.2015) • **Shri Subir Purkayastha**, Director (Finance) (w.e.f. 01.05.2015) • **Dr. Ashutosh Karnatak**, Director (Projects)



Shri Prabhat Singh
Director (Marketing)
(upto 14.09.2015)



Smt. Anuradha S. Chagti
Director
(from 21.05.2015 to 02.01.2016)



Shri D. J. Pandian
Director
(from 20.11.2015 to 31.03.2016)

Directors' Report



DIRECTORS' REPORT

DEAR SHAREHOLDERS,

On behalf of the Board of Directors of your Company, I am delighted to present the 32nd Annual Report of your Maharatna Company, along with Audited Financial Statements for the financial year 2015-16.

PARTNER INDIA'S GROWTH - NATURAL GAS LEADER

With a turnover of ₹51,614 crores, your Company is India's largest natural gas Company and is ranked amongst the top gas utilities in Asia. Your Company has presence across the entire gas value chain with activities ranging from Gas Transmission and Marketing to Processing (for fractionating LPG, Propane, SBP Solvent and Pentane), transmission of LPG, and production and marketing of Petrochemicals like HDPE and LLDPE.

Your Company has extended its presence in LNG re-gasification, City Gas Distribution, Exploration & Production through subsidiaries and joint venture companies and also diversified into solar and wind power generation.

Gas transmission is one of the core competencies of your Company and draws its strength from about 11,000 km of natural gas pipeline network and 2,038 km of LPG pipeline transmission network.

With a lean work force of 4321 employees, your Company plays a vital role in the social and economic development of the country and makes a substantial contribution towards its energy security.

FINANCIAL HIGHLIGHTS

The important financial highlights for the year 2015-16 are as under:

PARTICULARS	2015-16		2014-15	
	US \$ Million	(₹ in crores)	US \$ Million	(₹ in crores)
Turnover (Net of ED)	7,715	51,614	8,952	56,569
Other income	173	1,158	173	1,096
Cost of sales (excluding interest and depreciation and including extraordinary items)	7,122	47,646	8,236	52,046
Gross margin	766	5,126	879	5,557
Interest	96	640	57	361
Depreciation	196	1,313	154	974
Profit before tax	474	3,173	678	4,284
Provision for tax	131	874	197	1,245
Profit After Tax	344	2,299	481	3,039
Appropriations	-	-	-	-
Interim dividend	47	317	60	381
Proposed final dividend	57	381	60	381
Corporate dividend tax	21	142	24	154
Net transfer to/from bond redemption reserve	5	35	6	37
Transfer to CSR reserve	(0)	(1)	(5)	(30)
Transfer to general reserve	34	230	48	304
Net surplus after Appropriations	179	1,196	287	1,814
1 US \$ in INR converted at the exchange rate as on 31 st March of the respective financial year	66.90	-	63.19	-



Shri B. C. Tripathi, CMD, GAIL and Directors interacting with media persons at the Company Headquarters in New Delhi

DIVIDEND

Your Company has a consistent track-record of dividend payment. So far, it has disbursed dividend of over ₹13,741 Crores to its shareholders including ₹8,316 Crores disbursed as dividend to the Government of India (GOI).

The Board of Directors of your Company had earlier approved payment of an interim dividend @ 25% on equity share of ₹10 each (₹2.5 per equity share) amounting to ₹317.12 Crores, which was paid in February, 2016. Further, the Board has recommended payment of final dividend @ 30% on equity share of ₹10 each (₹3.00 per equity share) for FY 2015-16 amounting to ₹380.54 crores.

With this, the total dividend payment for the fiscal year 2015-16 will be 55 % on equity share of ₹10 each (₹5.50/- per equity share) amounting to ₹697.66 Crores on its paid-up equity capital of ₹1,268.48 Crores and dividend distribution tax of ₹142.03 crores. The total dividend pay-out including corporate dividend tax accounts for 35% of profit after tax.

CONTRIBUTION TO EXCHEQUER

Your Company has contributed over ₹4,929 Crore in 2015-16 to the exchequer through dividend, duties, taxes and others, as compared to ₹5,788 Crore in 2014-15.

CREDIT RATING

• Domestic rating

Your Company has been reaffirmed the highest domestic credit rating of AAA from ICRA, CARE and CRISIL, which is highest credit rating in India and carries lower credit risk of the Company.

• International Rating

The International rating agency, Moody's International, Hong Kong, has also reaffirmed the corporate issuer rating of Baa2 with a negative outlook, which is one notch higher than sovereign rating of India. The Baa2 rating affirmation reflects GAIL's dominant position in gas transmission business. Further, Fitch Ratings has also assigned a long-term foreign currency issuer default rating of BBB- with a negative outlook, which is equal to sovereign rating of India.

BUSINESS STRATEGY

In the last year and a half, the oil and gas sector witnessed game-changing disruptions with oil prices crashing from 114 \$/bbl to a low of around 30 \$/bbl and having profound implications on companies across the sector.

The volatility in oil prices has caused downward shift in prices of LNG, oil products, petrochemical products, etc. Further, domestic production of natural gas has been on the decline over the past 5 years, from peak of 140 MMSCMD in 2010-11 to 86 MMSCMD in 2015-16. Notwithstanding these challenges which have had physical and financial implications on your Company, the management has taken it as an opportunity and has initiated strategic steps to reinvent itself and emerge out stronger than before.

In order to evolve, grow and excel, your Company continuously reviews its strategy developed for the period 2011-2020 to make the necessary course correction, in line with changes in the external business environment and internal organizational requirements. Management of your Company is taking steps to realize strategic objectives and ensure that your Company is on course to become an integrated hydrocarbon major with presence across the entire gas value chain.

• National Gas Grid

Your Company is the largest natural gas pipeline Company in India and going forward, the focus will be on the development of National Gas Grid which is one of the key priorities of the Government of India (GoI). Your Company now has a total network of approximately 11,000 km pipeline in the country. Additionally, it has commenced execution of the Phulphur - Haldia pipeline project (Phase-1) which was inaugurated by the Hon'ble Prime Minister of India in July, 2015. This project is also referred to as "Energy Highway of Eastern India" and once completed, it would help to revive closed fertilizer plants. This pipeline will connect states of Eastern India to the rest of the gas network in the country and pave the way for developing the "National Gas Grid". The Board has also approved the 670 km Vijaiapur-Auraiya-Phulphur pipeline. With these projects and through continuous pan-India expansion of the pipeline network, your Company will further strengthen its leadership position in the natural gas transmission segment.

Your Company is also pursuing the transnational pipeline project, the Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline project. Gas Sales & Purchase Agreement (GSPA) has already been signed to import 38 MMSCMD gas into the country through this pipeline. Further, TAPI Pipeline Company has been incorporated as a Special Purpose Vehicle in the Isle of Man with your Company holding 5% equity. Shareholder's Agreement and Investment Agreement of TAPI Pipeline Company have been signed.

• LNG Marketing

One of the key strategic priorities of your Company today is the marketing of LNG in domestic and international markets. Over the last few years, your Company tied-up significant LNG volumes by concluding several deals with suppliers, such as Sabine Pass Liquefaction LLC (USA), Gazprom (Russia) etc. Further, your Company's US subsidiary has booked LNG capacity in Dominion Cove Point's LNG liquefaction terminal in the USA for which 20 year gas sourcing agreement has been entered with WGL Midstream Inc. (USA). In line with its LNG import portfolio, your Company is focusing its efforts on gas market development to attract and retain more customers. The marketing tie-ups are being explored for selling LNG in India and in the global markets. Your Company's subsidiary, GAIL Global (Singapore) Pte Limited is actively pursuing LNG trading activities from Singapore.

To develop the gas sector in India and advance the country on the road to a gas based economy, your Company has advocated the implementation of the pooling mechanism. As a result, for the first time in the country, large scale gas pooling was introduced where your Company is acting as a pool operator to manage procurement and supply of R-LNG to stranded gas based power plants in India. Your Company is also supplying RLNG to fertilizer companies at competitive rate through bidding process.

Your Company has tied-up additional regasification capacities at Dahej LNG terminal and Dabhol LNG terminal to facilitate regasification of additional LNG tied-up in recent years. Further tie-ups in upcoming LNG

regasification terminals shall also be pursued. Your Company plans to own long term charter hire LNG ships to transport LNG volumes from the USA to India and other global markets.

- **City Gas Distribution (CGD)**

In order to provide clean fuel for domestic, vehicular and commercial use and to facilitate development of smart cities, your Company is expanding its CGD network. Your Company's wholly owned subsidiary, GAIL Gas Limited, is implementing CGD projects in the cities of Kota, Dewas, Meerut, Sonapat, Bengaluru and Taj Trapezium in addition to pursuing the same in the state of Kerala, Karnataka, Andhra Pradesh, Rajasthan, Kota and Vadodara city etc. through its joint ventures. In line with the Gol's mission to accelerate the use of gas, your Company through its CGD JVs has set an unprecedented record by providing 2.5 lakhs new PNG connections during the year.

- **Petrochemicals**

Your Company aspires to be one of the leading players in India in this segment by strengthening its petrochemical portfolio through expansion of existing capacities, setting up new plants and acquiring equity stakes in upcoming projects. Petrochemical plant was commissioned in Assam through Brahmaputra Cracker & Polymer Limited (BCPL) a subsidiary of your Company. This plant was dedicated to the nation by Hon'ble Prime Minister of India in February, 2016. Further, a petrochemical plant at Dahej is being set up by ONGC Petro-additions Limited (OPaL) which is a joint venture (JV) of your Company.

- **Renewables**

As a responsible corporate citizen and in line with the Gol's commitment to reduce carbon emissions, your Company aims to decrease its carbon footprint in a phased manner. It has installed 118 MW wind energy capacity and has also set up a 5 MW solar project. Further, your Company is a stakeholder in a Special Purpose Vehicle (SPV) created under the aegis of Ministry of Petroleum & Natural Gas (MoP&NG) and Ministry of New & Renewable Energy (MNRE) for pursuing the setting up of Grid Connected Renewable Energy Power Projects.

- **Human Resource Development**

Your Company is committed to align its human resource development initiatives with strategic business objectives to achieve its organizational goals. The key areas under focus are skill development and capability build-up, talent acquisition, development and retention.

BUSINESS PERFORMANCE

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

- **Natural Gas Marketing**

Natural gas marketing continues to constitute your Company's core business. During 2015-16, gas sales clocked 73.67 MMSCMD, compared to 72.07 MMSCMD in the previous financial year. Major supplies of natural gas include fuel to power plants, feedstock for gas-based fertilizer plants, LPG extraction and City Gas Distribution. Your Company holds around 71.24 % market share in India's gas marketing.

Your Company has been designated by Ministry of Petroleum & Natural Gas (MOP&NG) to raise invoices for non-submission of utilization certificate, duly certified by Fertilizer Industries Coordination Committee (FICC), by concerned fertilizer companies for use of APM gas for production of urea. The Company is revenue neutral for such transaction.

Most of the customers disputed the debit notes raised by the Company and matter was pending at Hon'ble High Court. Further, MoP&NG vide letter dated 16th December, 2015 revised the earlier modalities for deriving the



Shri Dharmendra Pradhan, Hon'ble Minister of State for Petroleum & Natural Gas (Independent Charge), inaugurating the Patna office of GAIL

quantity and price for issue of debit notes. The company has taken the matter with Ministry of Fertilizer and FICC to provide information/details.

Considering the pending court case, uncertainty in recovery of debit notes, matter being under consideration of Government- MOP&NG, Ministry of Fertilizer and FICC, The Company issued claim letter amounting to Rs. 1651.18 crore for such type of cases, till the matter gets settled.

- **Transmission**

- * **Natural Gas**

Your Company owns and operates a network of about 11000 kms of natural gas high pressure trunk pipeline with a pan-India capacity of around 206 MMSCMD of natural gas. The average gas transmission during the year was 92.09 MMSCMD, compared to 92.10 MMSCMD in the previous financial year.

- * **LPG**

Your Company is the only Company in India, which owns and operates exclusive pipelines for LPG transmission for third-party usage. It owns and operates two LPG pipeline transmission systems with a total length of 2,038 kms. Out of this, 1,415 kms of pipeline network transports LPG from western to northern parts of India (Jamnagar - Loni pipeline) and the balance 623 kms of pipeline network transports LPG in the country's southern part (Vizag-Secunderabad pipeline). The LPG transmission system has a capacity to transport up to 3.8 MMTPA of LPG. In 2015-16, the LPG transmission throughout achieved was about 2.82 Million MT.

- **Petrochemicals**

During 2015-16, your Company produced 344.168 Thousand MT of polymers and sold 333.5 Thousand MT of polymers.

- **LPG and Other Liquid Hydrocarbon Production**

Your Company has LPG plants at five locations in the country. In 2015-16, total liquid hydrocarbon production was about 1.09 Million MT, which mainly included 0.85 Million MT of LPG, 0.13 Million MT of Propane, 0.02 Million MT of Pentane and 0.08 Million MT of Naphtha.

- **Exploration and Production (E&P)**

Your Company's E&P business has continued self-sustainable production of oil and gas for the second consecutive year from four blocks (two overseas blocks in A-1 & A-3 block, Myanmar and 2 domestic blocks in Cambay basin).

Revenue of approx. Rs. 751.51 Crores has been generated from sale of hydrocarbon from 4 producing blocks namely A-1 & A-3, Myanmar and CB-ONN-2000/1 and CB-ONN-2003/2 (Cambay onland) during the year 2015-16.



Further, Field Development Plan (FDP) has been approved by Directorate General of Hydrocarbons (DGH) for the gas resource of 65 BCF in Tripura block (AA-ONN-2002/1).

As a result of continued portfolio optimisation, your Company now has participating interest in 13 E&P blocks (excluding one GAIL Operated Block CY-ONN-2005/1 in Cauvery basin which was relinquished in June 2016) of which 11 blocks are in India and 2 in Myanmar. Out of these, your Company is Operator in one onland blocks viz. CB-ONN-2010/11 in Cambay basin awarded during NELP-IX bidding round.

Drilling activities were initiated in 4 (out of 5) blocks obtained during NELP-IX bidding round viz (i) CB-ONN-2010/11 (Lead Operator: GAIL), (ii) CB-ONN-2010/8 (Lead Operator: Bharat Petro Resources Limited) (iii) GK-OSN-2010/1 (Operator: ONGC) (iv) GK-OSN-2010/2 (Operator: ONGC). Gas discovery has been notified to Government in the block GK-OSN-2010/1. Survey activities are planned in the remaining NELP-IX block AA-ONN-2010/2 (Operator: OIL)

INITIATIVES FOR FUTURE GROWTH

• Global Initiatives

Your Company is constantly pursuing a leading role in the TAPI Pipeline project to receive Natural Gas from the Galkynysh fields in Turkmenistan. After incorporation of TAPI Pipeline Company Limited (TPCL), Turkmen gas has been endorsed as the consortium leader. TPCL has a mandate to build, own and operate the proposed TAPI Pipeline. The Shareholders Agreement (SHA) of TPCL was signed in December 2015 during the ground breaking ceremony for laying of the Turkmen leg of the TAPI pipeline. Investment Agreement (IA) relating to initial equity infusion by the TAPI entities into TPCL was also signed in April, 2016. Galkynysh Pipeline Company, the consortium leader group led by Turkmen gas, shall be taking 85% equity in TPCL, while your Company, ISGS (Pakistan) and Afghan Gas Enterprise (AGE) shall be taking 5% equity each.

• Domestic Initiatives

The domestic business initiatives of your Company were as follows:

* Petrochemicals

GAIL and Hindustan Petroleum Corporation Limited (HPCL) are exploring the possibility of setting up a Greenfield petrochemical complex in the east coast of India primarily based on imported ethane.

* LNG REGASIFICATION TERMINALS

Your Company is evaluating various opportunities for setting up/ booking LNG regasification capacity in the country

* LNG SHIPPING

In 2011, your Company contracted 3.5 MMTPA of LNG from Cheniere Energy, USA on FOB basis for an initial period of 20 years. Further, in 2013 your Company subsidiary GAIL Global (USA) LNG LLC also signed a Terminal Service Agreement (TSA) for booking 2.3 MMTPA of liquefaction capacity in the Dominion Cove Point terminal for 20 years. The initial supplies from both these contracts are expected to commence from early 2018. Currently, your Company is in the process of long term charter hiring of LNG ships through the international competitive bidding route.

* NATURAL GAS PIPELINE PROJECTS

During the financial year, your Company has completed 27 number of 'Last Mile Connectivity' to harness the commercial utilization of various pipeline networks in the seven states of Karnataka, Gujarat, Goa, Haryana, Rajasthan, Maharashtra & Punjab.

* NON-CONVENTIONAL ENERGY

Your Company has total installed capacity of 118 MW of Wind Energy Generation Projects (WEG). Your Company began operations with a modest capacity of 4.5 MW wind energy for captive use in Gujarat in 2009-10 and graduated to commercial production after commissioning 100 MW of WEG projects in Tamil Nadu and Karnataka in 2011-12. It also made its entry in the solar power sector by setting up 5 MW Solar Power Plant in Rajasthan through bidding under the Jawaharlal Nehru National Solar Mission.

Your Company is setting up 5.76 MW grid connected roof top captive solar power plant at Pata Petrochemical Complex, Uttar Pradesh.

* COAL GASIFICATION

Your Company is also entering into coal gasification by setting up surface coal gasification based urea project at Talcher. The project is envisaged for production of 2200 MTPD Ammonia and 3850 MTPD Urea and the project cost is estimated to be around ₹8,000 Crore. Joint Venture Company Talcher Fertilizers Limited (formerly known as Rashtriya Coal Gas Fertilizers Limited) was formed on 13th November, 2015 with consortium partners i.e. GAIL, CIL, RCF & FCIL.

The success of this project would pave the way for the production of fertilizers from abundantly available domestic coal, thus resulting in lesser dependency on their imports.

RELATED PARTIES - SUBSIDIARIES/ ASSOCIATES/ JOINT VENTURES

Your Company has formed subsidiaries/associates/joint venture companies for CGD, petrochemicals, LNG, gas trading, power generation and shale gas. It has played pioneering role in introducing city gas projects for natural gas supplies to households, commercial, industrial and transport sectors through its subsidiary and joint venture companies. Contracts or arrangements/ transactions with related parties were on arm's length basis and in ordinary course of business.

Your Company's subsidiaries/ associates/joint venture companies contributed significantly in the business expansion activities of your Company. A statement containing the salient feature of the financial statements of your Company's Subsidiaries, Associate Companies and Joint Ventures as per first proviso of section 129(3) of the Companies Act, 2013 including details of individual contribution of all subsidiaries, associates and joint venture companies towards the overall performance of Company during the period is also given under Consolidated Financial Statements.

The details of subsidiaries/associates/joint venture companies are mentioned below:

NATURAL GAS, LNG AND POWER

• GAIL Global (Singapore) Pte. Limited (wholly owned subsidiary)



GAIL Global (Singapore) Pte. Ltd. (GGSPL), primarily started as an overseas investment arm of your Company and was operationalized for LNG trading in 2012. It commenced its business operations in May 2012. GGSPL is now actively involved in business activities in the area of LNG Trading. Until March 31, 2016, GGSPL has traded twenty one (21) LNG cargoes out of which 13 were traded during the financial year 2015-16. The turnover for 2015-16 was USD 307 million.

GGSPL has also been mandated by your Company to market part of the Henry Hub linked LNG volume sourced from the USA, in the international market. The supplies against the said volumes are expected to start from the year 2018.

GGSPL is also in process of third-party trades and endeavouring ship chartering and risk management activities along with supplying LNG cargoes to GAIL.

- **GAIL Global (USA) Inc (wholly owned subsidiary)**



GAIL Global (USA) Inc.(GGUI), was incorporated as a wholly subsidiary of GAIL to undertake investment in the Eagle Ford shale gas asset. The primary objective behind this investment was to enter into the US shale gas market and to bring shale gas technology to India. GGUI executed a definitive agreement with M/s Carrizo Oil & Gas Inc., USA (Carrizo) on September 28, 2011, to enter into an unincorporated JV in the Eagle Ford Shale asset in Texas. GGUI acquired a 20% participating interest in this JV. Carrizo, with the remaining 80% participating interest, functions as the operator of the JV.

During the year, 20 wells came online, taking the total online wells to 99 as on December 31, 2015. The gross production volume of GGUI during 2015 was 853.1 Mboe.

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



GAIL Global (USA) LNG LLC (GGULL) signed a contract with Dominion Cove Point LNG, LP (DCP) to book LNG tolling capacity of 2.3 MMTPA in its Cove Point terminal. It also signed Gas Sales & Purchase Agreement (GSPA) with WGL Midstream, Inc. for sourcing of gas for liquefaction at the

Terminal. The construction activities at the terminal are on-track and the terminal is expected to be in service by January 2018. GGULL would be selling all LNG volumes from Cove Point to GAIL.

- **GAIL China Gas Global Energy Holdings Limited**

GAIL China Gas Global Energy Holdings Limited, was formed with an objective to pursue gas sector opportunities, primarily in China. Your Company has a 50% equity stake with China Gas Holdings Limited as an equal partner.

- **Petronet LNG Limited (PLL)**



PLL was formed in 1998 to set up LNG import and re-gasification facilities in India. It currently owns and operates a 10 MMTPA capacity LNG re-gasification terminal at Dahej, Gujarat. The capacity is being expanded to 15 MMTPA (expected to be completed by end of 2016). PLL has also

setup an LNG re-gasification terminal at Kochi, Kerala with a name plate capacity of 5 MMTPA.

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

- **Ratnagiri Gas and Power Private Limited (RGPPPL)**



RGPPPL was formed as a joint venture with NTPC for acquiring 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. Your Company has 25.51% equity stake in RGPPPL along with NTPC 25.51%, MSEB Holding Company Limited 13.51% and Indian Financial institutions 35.47%.

The power block, was non-operational due to paucity of funds and non-availability of domestic gas in FY 2014-15. Government of India has floated a scheme for restart of the gas based Power Plant on Regasified LNG, vide its OM dated 27.03.2015 support from Power System Development Fund (PSDF Support Scheme of GoI), which provided for reverse auction. RGPPPL has participated in the GoI scheme with Indian Railways as the buyer for the generation under PSDF Scheme. Ministry of Power has allocated temporary 620 MW power out of allocation to Maharashtra to Indian Railways under PSDF Support of GoI for the financial year 2015-16 & 2016-17.

Power Plant commenced operation under PSDF Support Scheme on November 26, 2015 & supplying around 500 MW Power to the Indian Railways in the states of Maharashtra, Gujarat, Madhya Pradesh & Jharkhand. During the Financial Year 2015-16, a total of 1197.08 BUs have been supplied to Indian Railways.

RGPPPL has already entered into a long-term frame work agreement with GAIL for commercial utilization of LNG terminal and commenced tolling operations for 25 years w.e.f February 2012. 45 cargos have been successfully unloaded since commissioning. 22 cargos were unloaded during FY 2015-16. The total revenue earned by LNG Terminal from commissioning till 31st March 2016 is about ₹700 Crores. The plant now operates only in non monsoon period as there is no breakwater. Demerger process of power plant & LNG terminal is going on. It is envisaged that by 2020, the breakwater construction will be completed and it will be able to operate round the year at full capacity.

The proposal for the demerger of the Power and LNG business is under consideration of RGPPPL and its shareholders. The purpose of the demerger is (a) to enable restructuring of the loan in order to make the two demerged entities independently viable and (b) to make available the funds to complete the breakwater in order to achieve the full potential of the LNG terminal.

CITY GAS DISTRIBUTION (CGD)

- **GAIL Gas Limited (wholly owned subsidiary)**



GAIL Gas was incorporated with the objective to implement City Gas Distribution (CGD) projects in the country. GAIL Gas has been authorized by Petroleum and Natural Gas Regulatory Board (PNGRB) to implement CGD Projects in Dewas, Kota, Sonipat, Meerut, Taj Trapezium Zone and Bengaluru. In addition, GAIL Gas is pursuing City Gas Business in the state of Kerala, Andhra Pradesh, Karnataka, Rajasthan, Kota and Vadodara City etc. through its joint ventures. It has also won the authorization of Haridwar district and North Goa through a consortium with Bharat Petroleum Corporation Limited by PNGRB.

Rajasthan State Gas Limited (RSGL) was incorporated by GAIL Gas Limited and Rajasthan State Petroleum Corporation Limited (RSPCL) with the objective to promote the CGD projects and take up activities of gas distribution in the state of Rajasthan. GAIL Gas has transferred its Kota CGD Assets to RSGL and matching contribution will be made by other JV partner i.e. RSPCL.

- * **Compressed Natural Gas (CNG)**

During the year, GAIL Gas augmented its CNG distribution infrastructure by enhancing the capacity of existing stations and adding two CNG Station in Sonipat and one in Firozabad. CNG sales increased to 38 MMSCM in 2015-16.

- * **Piped Natural Gas (PNG)**

In PNG business, GAIL Gas is progressively supplying PNG to domestic customers in its authorized cities. Presently, the company is catering to 11404 households.

GAIL Gas continue to maintain its focus on the PNG industrial and commercial segment as one of the potential growth areas. With its concentrated efforts in the year 2015-16, the total number of commercial and industrial customers increased to 513 in 2015-16.

GAIL Gas has commissioned the steel networks in the geographical area (GA) of Sonapat, Dewas, Kota, Meerut, Taj Trapezium Zone and Bengaluru. For reaching more charge areas for domestic connections, the steel grid network and MDPE pipeline network has been extended to 388.93 kms and 806.41 kms respectively in 2015-16 in the cities of Sonapat, Meerut, Dewas, Kota, Taj Trapezium zone and Bengaluru.

During the year, the sales volume from industrial, commercial and domestic customers grew to 702.80 MMSCM from 526 MMSCM during previous year.

- Aavantika Gas Limited (AGL)**



AGL was incorporated to implement CGD Projects in Madhya Pradesh. As on 31st March, 2016, AGL operates 20 CNG stations including 9 daughter stations, 7 online stations & 4 mother stations in Indore GA (including Ujjain) and Gwalior GA.

Further, as on 31st March 2016, AGL supplied PNG to around 6430 Domestic, 37 commercial & 59 industrial consumers in its authorized geographical regions. AGL is also catering to fuel requirement of around 21,300 CNG vehicles operating in the region. Your Company along with HPCL holds 22.50% stake as an equal partner.

- Bhagyanagar Gas Limited (BGL)**



BGL was incorporated to implement CGD projects in the United Andhra Pradesh. As on 31st March, 2016, BGL operated 33 CNG Stations including 25 daughter booster stations, 5 online stations & 3 mother stations. Further, as on 31st March 2016, BGL supplied PNG to

over 4270 households, 46 commercial & 3 industrial consumers in its authorized geographical regions. BGL also fulfills the fuel requirement of around 37000 CNG vehicles operating in the region. Your Company has 22.50 % stake along with HPCL as an equal partner.

- Central UP Gas Limited (CUGL)**



CUGL was incorporated to implement CGD projects in Uttar Pradesh. As on 31st March, 2016, CUGL operated 17 CNG Stations including 4 mother stations, 10 online stations & 03 daughter booster stations.

Further, as on 31st March 2016, CUGL supplied PNG to over 13283 domestic, 148 commercial & 44 Industrial customers in its authorized geographical regions. CUGL is also catering to fuel requirement of around 51865 CNG vehicles operating in the region. Your Company has 25% stake along with BPCL as an equal partner.

- Green Gas Limited (GGL)**



GGL was incorporated to implement CGD projects in Uttar Pradesh. As on 31st March, 2016, GGL operated 15 CNG Stations including 5 daughter stations, 6 online stations & 4 mother stations.

Further, as on 31st March 2016, GGL supplied PNG to over 12100 domestic, 15 commercial & 5 industrial customers in its authorized geographical regions. GGL is also catering to fuel requirement of around 36966 CNG vehicles operating in the region. Your Company has 22.5% stake along with IOCL as an equal partner.

- 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, 2016, IGL operated 340 CNG Stations including 68 mother stations, 243 online stations & 29 daughter stations.

Further, as on 31st March 2016, IGL supplied PNG to over 6.36 Lac Domestic, 1751 commercial & 821 industrial consumers in its authorized geographical region, which includes the entire public transport of the national capital and also the world's largest bus fleet on CNG. IGL is also catering to fuel requirement of around 8.4 Lac CNG vehicles in the Delhi/NCR. Your Company has 22.5% stake along with BPCL as an equal partner.

- Mahanagar Gas Limited (MGL)**



MGL was incorporated to implement CGD projects in Mumbai & adjoining areas. As on 31st March, 2016, MGL operated 188 CNG Stations, 19 mother stations, 142 online stations & 27 daughter booster stations.

Further, as on 31st March 2016, MGL supplied PNG to over 8.62 Lac Domestic, 2866 commercial & 60 industrial consumers in its authorized geographical region. MGL is also catering to fuel requirement of around 4.7 Lac CNG vehicles operating in the region.

Your Company accorded approval to Mahanagar Gas Ltd.(MGL), to issue fully paid up unsecured Compulsory Convertible Debentures (CCDs) at par to Government of Maharashtra (GOM) due to which equity holding of GoM increased to 10% of total paid-up equity capital. Further, your Company also accorded approval to off-load the equity shares held by GAIL and BGL each up to 12.5% of MGL equity through the Initial Public Offering (IPO). MGL Issue was opened on 21st June, 2016 and closed on 23rd June, 2016. Shares were allotted to investors at ₹421/- per share. MGL equity shares were listed on NSE and BSE on 1st July, 2016. Your Company equity holding in MGL post-IPO is 32.5% along with BG Asia Pacific Holdings Pte. Limited as an equal partner.

- Maharashtra Natural Gas Limited (MNGL)**



MNGL was incorporated to implement CGD projects in and around Pune. As on 31st March, 2016, MNGL operated 36 CNG Stations including 5 mother stations, 14 online stations & 17 daughter stations.

Further, as on 31st March 2016, MNGL supplied PNG to over 30598 Domestic, 132 Commercial and 115 Industrial Consumers in its authorized geographical region. MNGL is also catering to fuel requirement of around 97307 CNG vehicles operating in the region. Your Company has 22.5% stake along with BPCL as an equal partner.

- Tripura Natural Gas Company Limited (TNGCL)**



TNGCL was incorporated to implement CGD projects in Agartala. As on March 31, 2016, TNGCL operated 5 CNG stations including 3 mother stations and 2 daughter stations in these areas.

Further, as on March 31, 2016, TNGCL supplied PNG to over 22,615 domestic, 322 commercial and 47 Industrial customers in its authorized geographical region. TNGCL also fulfils the fuel requirement of around 8,063 CNG vehicles operating in the region. Your Company has 29% stake in this joint venture.

- Vadodara Gas Limited (VGL)**



Shareholders approved transfer of your Company's CNG stations and associated pipeline laid in city for connecting CNG Station in Vadodara to proposed Joint Venture Company of GAIL Gas Limited with Vadodara Mahanagar Seva Sadan (VMSS) in year 2011.

Accordingly, VGL was incorporated as Joint Venture Company (JVC) of GAIL Gas Limited and VMSS for supply of Compressed Natural Gas ("CNG") and Piped Natural Gas ("PNG") in the city of Vadodara. Your Company has signed the Business Transfer Agreement (BTA) with VGL and transferred its assets to VGL. VGL is operating the CGD business w.e.f. 01.10.2014 in Vadodara. Consequent upon transfer of assets, your Company has 32.93% stake along with GAIL Gas Ltd. 17.07% stake and VMSS has 50% stake in VGL.

VGL operates 9 CNG stations in Vadodara and dispensing more than 65,000 kg/day CNG, The CNG network in the City of Vadodara includes 3- Mother Stations, 1- On-line Station and 5- Daughter Booster Stations and 13 Km Steel Pipelines.

VGL also caters to the Piped Natural Gas (PNG) requirements of its consumers in domestic and Commercial Sectors. VGL supplies PNG to 76,000 houses and 2,200 commercial in the city through a 750 km long PE Pipeline Distribution Grid and 07 District Pressure Regulating System. This network was originally built, owned and operated by VMSS. VGL developed new MDPE network of 204 Km in outskirts area which catered about 50000 houses and out of that @2400 connections regularised and others ongoing.

PETROCHEMICALS

- Brahmaputra Cracker and Polymer Limited (BCPL) (Subsidiary)**



Your Company has 70% equity stake in Brahmaputra Cracker and Polymer Limited (BCPL), with Oil India Limited (OIL), Numaligarh Refinery Limited (NRL) and the Government of Assam each having 10% equity share. BCPL has set up 2,80,000 TPA polymer plants in Assam.

The petrochemical complex at Lepetkata was commissioned on January 02, 2016 and dedicated to the nation by Hon'ble Prime Minister, Narendra Modi on February 05, 2016.

As on 31st March, 2016, BCPL has produced around 3200 MT of polymers and 1000 MT of liquid hydrocarbons. Marketing Agreement was executed with BCPL during the year.

- ONGC Petro-additions Limited (OPaL)**



OPaL is implementing a Greenfield petrochemical complex of 1.4 MMTPA Polymer capacity at Dahej, Gujarat. Your Company, with a 15.5% equity stake and an investment of ₹994.95 crores, is a co-promoter of OPaL. Oil and Natural Gas Corporation Limited (ONGC) and Gujarat State Petroleum Corporation Limited (GSPC) are co-promoters of OPaL. The plant is likely to commence operations during FY 2016-17.

OTHERS

- TAPI Pipeline Company Limited (TPCL)**

Your Company is pursuing the Turkmenistan-Afghanistan-Pakistan-India (TAPI) Pipeline project to receive natural gas supply from the Galkynysh fields of Turkmenistan. TPCL was incorporated in November 2014 in 'Isle of Man', to build, own and operate the proposed TAPI pipeline. In August 2015, Turkmengaz was endorsed as the Consortium Leader of the project by the TAPI entities. The Shareholders Agreement of TPCL was signed among the shareholders on December 13, 2015 while the Investment Agreement was signed on April 07, 2016. Your Company holds 5% equity in TPCL.

- South-East Asia Gas Pipeline Company Limited (SEAGP)**

SEAGP was formed to transport natural gas from A1/A3 blocks in Myanmar to Myanmar-China border. As of January 2016, this pipeline is transporting nearly 16 MMSCMD of natural gas. Your Company has a 4.17% equity stake in SEAGP.

- Talcher Fertilizers Limited (Earlier known as Rashtriya Coal Gas Fertilizers Limited)**

A consortium comprising of your Company, CIL, RCF and FCIL was formed to revive FCIL, Talcher fertilizer unit in the Angul district of Orissa. The MoU was signed by the consortium partners on September 05, 2013. Subsequently, the joint venture company, Rashtriya Coal Gas Fertilizers Limited, was formed on November 13, 2015. Your Company holds 29.67% in this JVC.

PARTICULARS OF LOANS, INVESTMENTS AND CORPORATE GUARANTEES

Details of investments, loan and guarantee covered under Section 186 of the Companies Act, 2013 forms part of financial statement, as a separate section in the Annual Report FY 2015-16.

IT ADVANCEMENTS AND FUNCTIONAL EXCELLENCE

Digital technology is now a new disruptive force to reckon with in all realms of businesses. Your Company has aligned with the GoI's "Digital India" initiative to launch Digital GAIL to integrate all processes and stakeholders with digital services. Digital GAIL aims to ensure that the Company's services are made available electronically, efficiently, in shorter delivery time, while reducing paperwork.

All SAP systems in your Company have been upgraded and so the Company is all set for the implementation of asset depreciation as per the IT Act, linear asset management, risk management, incident management, worker safety management, change management, and mobile apps for HR & Sales.

Your Company has implemented Analytics Dashboards for the top management, using the latest SAP HANA-based Business Information Warehouse. These user-friendly dashboards provide drill-down facilities for analysing data and facilitate faster decision making. Your Company has also introduced mobile apps to provide anytime and anywhere access to employees.

GAIL has also implemented the enhanced EHS Module for incident and risk management. This ensures that any deviation in operational process is recorded and automated for proper monitoring. Accordingly, preventive actions for mitigation of risks are taken.

Your company has also implemented a system for bilingual (Hindi and English) conversion of selective SAP output.

To provide recognition to your Company data centres as secured data centres in the industry, these have been certified by international certification agency based on ISO 27001:2013 Information Security Management System (ISMS) Framework. Your company has successfully conducted Surveillance Audit in November 2015 through M/s BSI and retained the ISO 27001 certification for ensuring security of information and physical assets.

Continuing journey towards functional excellence, your Company has taken various new initiatives during FY 2015-16 in the fields of Competence building, Asset Integrity Management, Standardization, Digital Applications / Processes, Employee Engagement, Knowledge Leverage, Archiving of Documents, Stakeholder Management etc. Further, moving ahead in the endeavor to nurture symbiotic relationship with Vendors / Contractors / Suppliers, Vendor Coaching, Pre-Dispute Resolution Mechanism & health monitoring of Contracts have been implemented with an objective to minimize disputes during contract execution as well as to minimize post contract closure legal disputes / arbitrations.

HEALTH, SAFETY AND ENVIRONMENT (HSE) MANAGEMENT

- Corporate HSE Policy**

The HSE practices are primarily driven through a Corporate HSE policy, which is a statement of commitment of the management of your Company. The 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 all our employees is of paramount importance to the management, and find mention in the core organisational values of GAIL. 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 are important elements of the HSE management policy of your Company.

- **Safety Performance**

Safety performance is measured through "HSE Score" which is evaluated on the basis of performance of sites against important HSE Management System elements. Your Company achieved the HSE Score of 93% as against the MoJ target of 90%.

- **Safety Training**

Your Company imparts regular and structured HSE training to its employees to upgrade their skills, knowledge and competence. It also conducts regular training sessions for contract workers, hydrocarbon tanker drivers and other workers to create awareness of the probable hazards in their work area and suggest safe work practices. Your Company also understands the importance of good health, and as a step in this direction, it organized the HSE workshop on "Occupational Health" for business heads and heads of fire and safety & medical services. Faculties from prestigious institutions are also invited regularly to share their insights on health-related issues. Your Company also holds technical seminars regularly, as a case point, it organized a seminar on "Safe Operation of Cross-Country Pipeline" for Oil and Gas Industry in Mumbai, in association with National Safety Council, Mumbai.

- **Safety Culture Transformation Through Behaviour Based Safety (BBS) Concept**

Your Company introduced and implemented the Behaviour-Based Safety (BBS) Concept to enhance safety of people and its installations. The implementation of this concept has helped to minimize at-risk behaviour at all work sites. In order to educate the employees on this concept, behaviour-based safety cum safety leadership workshops were organized at various sites of your Company during the year.

- **Safety Audits**

Your Company undertakes various safety audits to ensure implementation of the HSE Management System Guidelines and Emergency Preparedness. These audits are conducted by in-house teams and external safety auditors.

- **Occupational Health**

Your Company has implemented occupational hygiene measures and medical surveillance programmes to monitor and control the occupational health of its employees. It has also prepared guidelines on occupational health management. The Corporate Occupational Health Committee met four times during the year to monitor the occupational health programmes in your Company. To evaluate effectiveness of these programmes, a multi-disciplinary internal team conducted occupational health audit of process plants on all its work sites. The Company also conducts periodic medical examination of its employees at its various work centres, based on defined guidelines.

SUSTAINABILITY INITIATIVES

Your Company is in the process of publishing its sixth Sustainability Report for 2015-16 based on the Global Reporting Initiative (GRI) G4 Guidelines. Sustainability reporting has helped in measuring and monitoring your Company's performance and moving beyond the mandatory requirements to ingrain sustainability within the organization in letter and spirit. It has served as an important management tool helping us to re-look at your Company's systems, policies and procedures.

Since inception, your Company has been guided by the principles of accountability and transparency. In 2011, your Company formally began its sustainability journey, taking small yet steady steps at a time. The Company's Sustainable Development Committee, comprising the Functional Directors as its members and an independent director as the Chairman, regularly monitors these sustainability initiatives and their performance.



Shri M. Ravindran, Director (Human Resources & Business Development), at the "spudding" ceremony of GAIL's second Exploratory Well in Cambay Basin, Gujarat

The management of your Company understands that taking concrete actions in the right direction is equally important. GAIL is among the very few companies to have set voluntary targets through Sustainability Aspirations 2020 and transparently disclosed them in the public domain. Your Company has disclosed additional targets through the revised Sustainability Aspirations 2020 in the Sustainability Report. The targets are in the area of Specific Energy Reduction, Specific GHG Emission Reduction, Specific Fresh Water Consumption Reduction and Zero Waste Water Discharge.

Your Company has strengthened its data management systems to capture credible and authentic data and information from its various sites. For the second time in a row, your Company has been acknowledged among CDP's India Leaders 2015 and featured in the Climate Disclosure Leadership Index (CDLI). Your Company has emerged the highest ranking Company among the country's Public Sector Undertakings, and third overall, in the CDLI 2016.

Your Company believes that it is important to collaborate with industry leaders, associations and peers to address national and global sustainability challenges and work towards a common goal. Its focus has remained on collaborating with various external stakeholders such as TERI, CII, GRI, UNGC, FICCI and CDP among others, to gain from their knowledge and experience in the area of sustainability. Your Company conducted workshops in collaboration with organizations such as GRI Focal Point India and CDP during the year.

In line with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 requirements, Business Responsibility Report (BRR) 2015-16 is contained in a separate section in the Annual Report.

VIGILANCE

Corporate Vigilance department of your Company is ISO-9001:2008 certified for having adopted Quality Management System in compliance with the requirements of ISO. Various initiatives such as Bill Watch System, e-tendering, e-payments etc. have already been implemented in the past for the benefit of vendors and suppliers to bring transparency in your Company's systems and processes. A number of system improvements were effected in your Company during the year for effective utilization of its resources, which in turn would also help in preventing corruption and ensure all round good governance like:

- » Test check measurement by senior officers during bill payment
- » Constitution of Estimate Review Committee for tenders to improve estimation process.

Nurturing a resilient ecosystem

- » Roll out of On-line Price bidding for service requisitions in Supplier Relationship
- » Management (SRM) e-tendering system.

The Vigilance Awareness Week-2015 was observed on the theme "Preventive Vigilance as a tool of Good Governance" at the Corporate Office and at all the work centres of your Company from 26th to 31st October, 2015. In order to create better awareness about corruption and its effects amongst the youth and college students, various competitions were organized. In order to spread awareness among your Company employees and related work force, various competitions involving Essay Writing, Slogan Writing, Poster Paintings, Online Quiz and debates were held during the week. Other events including banners/posters/painting display, March and rallies with NGOs were also organized at various work centres. A magazine "JAGROOK" containing CVC circulars, articles and case studies related to vigilance was also published.



Dr. Ashutosh Karnatak, Director (Projects) (centre) addressing a Technical Seminar on Microbiological Induced Corrosion of Pipelines

CAPABILITY BUILDING

• Human Capital

Your Company invests considerable time, efforts and resources to be the employer of choice and attract and retain the best available talent. GAIL carefully nurtures its intellectual capital and channelizes its resources to generate value. The Company's Value Added per Employee initiative reflects its commitment to make optimal and productive use of the available resources and business opportunities. For the year under review, Value Added per Employee was ₹167.74 lacs.

• Leadership Development Program

Building organizational and leadership capabilities is one of the top priorities of your Company. Under the Company's Leadership Development Programme, the Senior Management Development Centre (SMDC) exercise was initiated for capability building of the senior level employees. As on date, the following employees were trained under this programme: Almost all the senior executives in the Chief Manager (E-6 Grade) and above; more than 95% executives who were promoted to the level of chief managers in APE 2015; and 316 senior managers (E-5 Grade). Plans are underway to train more senior managers (E-5 Grade) in the near future.

Development gaps of the participants were identified and a comprehensive Individual Development Plan (IDP) was drawn to fill this gap. Under this programme, customized training would be provided to the employees at premier business schools, and through e-learning courses and 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 Scheduled Castes, Scheduled Tribes, and Other Backward Classes amongst them in your Company as on 31st March, 2016 have been given in Table below:

Group	Employees on Roll	SC	ST	OBC	PWD
A	3102	485	197	563	41
B	558	110	63	104	11
C	598	103	23	185	35
D	58	17	6	14	1
C&MD DIRECTORS & CVO	05	-	-	-	-
Total	4321	715	289	866	88

A total of 136 new employees joined your Company during the 2015-16. Total Manpower of the Company as on 31st March, 2016 stood at 4321 (including Whole-time Directors & CVO) with 16.54% of its employees belonging to SC category, 6.68% to ST category, 20.04% to OBC category, 7.96% to Minorities and 2.03% to PWDs category. Your Company's workforce comprised of 251 women employees as on 31st March, 2016.

• Capability Development

Your Company believes that its human resource is one of the most vital assets for achieving its vision, mission and objectives. Therefore, capability building and talent development of its human resources have been its key focus areas.

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 been conferred with the prestigious Golden Peacock National Training Award for the year 2016.

GTI organised the following programmes and initiatives during the period under review:

- » More than four man-days of training on average per employee.
- » Certification Training Programmes from NACE, ASME, OEMs and technology licensors for technical human resources to empower them with state-of-the-art expertise in the core areas of their function.
- » Specialised training programmes on new business areas, in-line with the Company's Strategy 2020, including Business Modelling, Energy Trading, Hedging and Risk Management.
- » Individual Development Plan (IDP) for chief managers and above, based on the development areas identified during the SMDC exercise.
- » The participants of this IDP plan were provided competency-based books and e-learning modules prepared by Harvard Manage Mentor (HMM). They also undertook customised management development programmes through IIM Bengaluru and Kolkata.
- » Leading external management experts were invited to provide customised functional development programmes for senior employees.
- » Mentorship programme for all new executives
- » Healing with nutrition programme to provide health tips and reduce stress levels.
- » Awareness programmes on Sustainable Development on all sites.

More than 60% of employees have already participated in these programmes.

- » Knowledge sharing seminar to motivate employees to share their experiences/ expertise with other employees.
- » In-house business quizzes and business simulations to update employees with the latest developments in their core business areas.
- » One year access to executives of E&P Department to International Petroleum Industry Multimedia System (IPIMS) e-learning module developed by International Human Resource Development Corporation (IHRDC).

As part of its commitment to develop skills and capabilities across the hydrocarbon industry, GTI also successfully organised training programmes for employees of several other organisations including RGPPL, HPCL, BCPL, IGL, MGL, MNGL, GSPL, and HMEL.

Your Company also plays a proactive role to support the National Skill Development Mission. It is the founder member of Hydrocarbon Sector Skill Council (HSSC) and provides skill-based training to create a pool of skilled manpower for CGD network and mid-stream hydrocarbon industry.

• Official Language

Your Company goes the extra mile to propagate and implement the Official Language Policy of the Union of India.

The Official Language Implementation Committees at the corporate and work centre level held quarterly meetings to monitor and review the progress of achieving the targets fixed in the Annual Programme issued by the Govt. of India.

Hindi workshops/trainings are organized on regular basis at GTI, Jaipur and Noida and at other work centres. Hindi computer training sessions are integral part of these programmes. During the year 2015-16, 1,335 employees were provided formal training through 67 workshops. All computers in the Company have Unicode Hindi fonts with transliteration key-board typing facility.

Hindi Fortnight was celebrated from September 14 to 28, 2015 to promote the official language.

Every Monday/first working day of the month is observed as Hindi Diwas wherein all employees are encouraged to express themselves in the language.

Your Company now uses a special software to generate all formal communication including pay slips, CPF card, pension card, promotion order, transfer order, reliving order in both Hindi and English. GAIL is one of the few PSUs to implement this facility.

Names of all employees in official e-mail IDs are both in English and Hindi. The Company terminology has been standardized and the list has been circulated amongst all employees. GAIL's web site and Intranet also follow the bilingual format.

Your Company also publishes the Hindi magazine "Rajbhasha Sahyog" to promote the language. Motivational and inspirational books in Hindi were distributed on the occasion of World Hindi Day.

The 16th Rajbhasha Sammelan was organised on January 21 and 22, 2016 to promote the use of Hindi and review the progress made in the implementation of the official language in the Company.

The First Sub-Committee of Committee of Parliament on Official Language inspected the Jamnagar, Agartala and Ramgarh offices to review the steps undertaken to promote the official language and were appreciative of our efforts.

A meeting of Hindi Salahkar Samiti was organised on February 8, 2016 in Puri by the MoP&NG under the Chairmanship of Minister of State for Petroleum & Natural Gas (I/C). GAIL too participated and highlighted its efforts to promote the language.

• Sexual Harassment of Women at Workplace

Your Company has in place 'Policy on Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace' in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment

During the year 2015-16, two sexual harassment complaints received and the same were disposed off.

INNOVATION, RESEARCH AND DEVELOPMENT (R&D)

Your Company is committed to address the challenges of ever changing business scenario through Innovation. In this regard efforts are made to encourage Innovation and creativity of employees through a Suggestion Scheme. This Scheme helps to promote organization-wide idea generation for incremental innovation. The employees are motivated to suggest improvements in their respective areas of work. The suggestions so received are evaluated in a time bound manner for implementation and CMD trophy is awarded to the best Suggestion.

Your Company is aggressively pursuing many R&D projects in its identified thrust areas with a focus on developing high-impact innovative technologies to help pursue the existing business in a more optimum and sustainable manner. To improve the pipeline maintenance practices a R&D project to utilize Satellite imagery for monitoring Pipeline RoU was conceptualized. This project involved geo-mapping of the Pipeline route and finalizing the sequencing of taking Satellite images to meet the requirement of monthly monitoring. A change detection software was also developed to identify encroachments through analysis of sequential images. A "Bhuvan-GAIL Portal" was launched for monitoring the RoU of 610 Km stretch of Dahej-Vijaipur pipeline through this technology. Success of this pilot Project shall enable scaling-up of this technology to cover the entire Pipeline network besides developing additional functionalities to monitor activities like Project execution of new Pipeline projects.

Your Company had successfully demonstrated the capture of Land Fill Gas (LFG) site in an open and active landfill site at Ghazipur in Delhi. A part of this low-quality LFG is now being partially upgraded and utilized to generate Power through a 30 KW Micro Turbine. This Project demonstrates our commitment towards sustainable utilization of waste energy and climate risk mitigation through reduction of carbon footprint.

The Wireless Sensor Network (WSN) technology is known for its resilience and is more reliable than conventional wired networks. Wireless Sensors were developed for continuous monitoring of Pipeline parameters and are presently being pilot tested for transmitting and logging data of few customers at Bhiwadi terminal. Various new applications of polymer grades such as anti-microbial sutures for healthcare applications; Nano-clay based additives to enhance polymer properties etc. are also being developed.

The other important area for Research is hydrogen which is an ultra-clean fuel. A Novel carbon nano-composite material was developed that could store up to 6.7 wt% of hydrogen exceeding the 6% target set by Department of Energy (DoE), USA. Further evaluation is underway to utilize this material in a compact storage device to provide Hydrogen to a Polymer Electrolyte Membrane (PEM) Fuel Cell.

Your Company has a judicious mix of various Basic/Applied/Pilot projects encompassing the Natural Gas value chain in its R&D portfolio. In addition, few projects are also being pursued in upcoming areas like Solar, Fuel Cells, Gas Hydrates etc. These R&D projects are being pursued in association with reputed research organizations / institutes. Few Developmental Projects to improve efficiency and safety of existing operations and to conserve the resources by utilizing better technologies are also being implemented at process plants.

TOTAL QUALITY MANAGEMENT

Your Company endeavors for continual and sustainable improvement through implementation of quality practices, innovation and standardization. Your Company continues to implement various Quality Circle projects through engagement of Company employees, resulting into innovation in work places and leading to enhancement in productivity. Your Company has achieved a Customer Satisfaction level of 90% and committed to improve it. Your Company works for the satisfaction of customers and stakeholders. Your Company has implemented Integrated Management System and Energy Management System in various pipeline system and process units. Your Company is committed to sustainable development.

PROCUREMENT FROM MICRO AND SMALL ENTERPRISES (MSEs)

The Government of India has notified a Public Procurement Policy for MSEs, Order 2012. In terms of said policy, out of the total eligible value of annual procurement of approx. ₹2,016 Crores towards goods produced and services rendered by MSEs (including MSEs owned by SC/ST Entrepreneur) during the FY 2015-16, the value of total procurement made from MSEs is ₹435.34 Crores which is approx. 21.59% of ₹2,016 Crores

MOU PERFORMANCE

A Memorandum of Understanding (MoU) is signed every year between your Company and its administrative ministry i.e. MoP&NG, through which performance targets for the year are set. MoU for the year 2015-16 was signed between Chairman & Managing Director and Secretary (P&NG), Government of India on 31st March, 2015.

The thrust while fixing MoU targets was more towards improving performance on critical aspects of the Company which include Key Financial parameters, Gas Marketing, Gas Transmission, Project Implementation, Capital Expenditure, Liquid Hydrocarbon & Polymer Production etc. Significant thrust has also been given on Research & Development Projects and Operating Efficiency parameters.

Your Company has been consistently achieving 'Excellent' MoU rating since the inception of MoU system i.e. from 1989-90 to 2013-14. However, because of unprecedented fall in crude oil prices from \$ 140 / barrel to ~ \$ 30 - 40 in 2014-15 leading to fall in LHC & Polymer prices, negative price differentials between Spot and long term contracted R-LNG prices etc., there were gaps between MoU targets and actual performance of your Company in FY 2014-15. As a result, your Company achieved 'Very Good' MoU rating for the year 2014-15.

Evaluation of MoU 2015-16 is under progress and the final evaluated MoU score and rating is expected to be announced in December 2016.

LAURELS

- **Corporate**
 - » Emerged as the highest ranking PSU in Carbon Disclosure Leadership Index securing 98 out of maximum 100, an increase of 12 points in one year.
 - » Released its fifth Sustainability Report becoming the first PSU to avail Content Index certification by GRI, Amsterdam.
 - » Dun & Bradstreet Award 2015 in the category Gas - Processing, Transmission and Marketing.
 - » Achieved the 5th rank in the Platts Top 250 Companies in the Asia-Pacific in the Gas Utilities category.
 - » "Environmental Sustainability - Company of the year" for 2015. The special commendation award has been conferred to GAIL for special efforts towards Environmental Sustainability and Climate Change.

- **Health, Safety & Environment (HSE)**

With its continued focus on HSE across its installations, your Company has won following awards during the year 2015-16:

- » OISD awards for Cross Country Pipeline-LPG & Gas Pipeline: GAIL-HVJ Pipeline and Most Consistent Safety Performer-gas processing Plant: GAIL GPU, Gandhar
- » Maharashtra region Pipeline system, Mumbai received "Safety Innovation Award 2015" from the institution of Engineers India, New Delhi.
- » NCR received British Safety Council International Safety award, U.K -2016.
- » GPU Gandhar plant won Gujarat State Safety award 2014 from the Gujarat Safety Council of India
- » GPU Gandhar plant won "Suraksha Puraskar" (Bronze Trophy)-2015 from National Safety Council of India.
- » GPU Usar received "Certificate of Appreciation" for National Safety Awards
- » GAIL Vaghodia received "Golden Peacock Occupational Health & Safety Award, 2015, by the Institute of Directors, New Delhi.
- » GPU Gandhar received British Safety Council International Safety award, U.K.
- » HVJ Compressor Station, Vijapur (M.P.) awarded prestigious "SURAKSHA PURASKAR" by National Safety Council, under Group 'A' in manufacturing sector.

RIGHT TO INFORMATION (RTI)

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.

MANAGEMENT DISCUSSION AND ANALYSIS

In terms of the Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the detailed Management's 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. It is evident by responsibility, accountability, consistency, fairness and transparency towards our stakeholders. Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and DPE guidelines on Corporate Governance, a report on Corporate Governance forms part of this Report at **Annexure-B**.

The details of the meetings of the Board, Company's policy on Directors' appointment and their remuneration, details of establishment of whistle blower mechanism and other matters, etc. forms part of report on Corporate Governance.

There are no significant and material orders passed by the regulators or Courts or tribunals impacting the going concern status and Company's operations in future.

The statutory auditors of the Company have examined and certified your Company's compliance with respect to conditions enumerated in SEBI (LODR) Regulations, 2015 and DPE guidelines on Corporate Governance. The certificate forms a part of this Report at **Annexure- C**.

AUDITORS

- **Statutory Auditors**

The statutory auditor of your Company is appointed by Comptroller & Auditor General of India (CAG). M/s G.S. Mathur & Co., Chartered Accountants, New Delhi and M/s O P Bagla & Co., Chartered Accountants, New Delhi were appointed as Joint Statutory Auditors of your Company for the FY 2015-16.

Review and Comments of CAG, if any, on the Company's Financial Statements for the financial year ending 31st March 2016, forms part of Financial Statement. Notes on Financial Statement referred to in the Auditors' Report are self-explanatory and, therefore, do not call for any further comment.

• Cost Auditors

Your Company has appointed M/s Ramanath Iyer & Co., New Delhi for Northern Region, M/s Bandyopadhyaya Bhaumik & Co., Kolkata for Northern and Eastern Region, M/s A C Dutta & Co., Kolkata for Southern Region, M/s Musib & Company, Mumbai for Western Region Part-I, M/s N.D Birla & Co., Ahmedabad for Western Region Part-II, M/s Sanjay Gupta & Associates, New Delhi for Central Region as cost auditors for FY 2015-16. M/s Ramanath Iyer & Co. is the lead cost auditor.

Cost audit reports for the financial year ended 31st March, 2015 was filed to Registrar of Companies on 14th October, 2015.

• Internal Auditor

Your Company has an in-house Internal Audit Department, which is headed by Executive Director.

• Secretarial Auditor

Your Company has appointed M/s Agarwal S. & Associates as secretarial auditors for 2015-16. Secretarial Audit Report confirming compliance by Practicing Company Secretary to the applicable provisions of the Companies Act, 2013, SEBI (LODR) Regulations, 2015 and other applicable laws, forms part of this Report at **Annexure-D**.

The observations made by Secretarial Auditor in his Audit report are as under:

- (a) Proviso to Section 149(1) read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014 w.r.t. appointment of at least one woman Director on the Board of the Company.
- (b) Regulation 17 (1) of Securities Exchange Board of India (Listing Obligation & Disclosure Requirements) Regulations, 2015 (erstwhile Clause 49 (II) (A) & (B) of the Listing Agreement) and Clause 3.1.4 of the DPE Guidelines on Corporate Governance for Central Public Sector Enterprises w.r.t. composition of the Board of Directors of the Company.
- (c) Non-compliance of Section 149(8) read with Schedule IV (VIII) of Companies Act, 2013 and Regulation 17(10) & 25 (4) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Company has not been carried out the performance evaluation of the directors.

Explanations on observations made by Secretarial Auditor in seriatim are as under:

- (a) As on 31st March 2016, there was no woman Director on the Board of the Company. However, during the year, there was a Woman Director on the Board of the Company from 21st May, 2015 to 2nd January, 2016.
- (b) As on 31st March 2016, your Company's Board comprised of four whole-time Directors including CMD, two Government nominee Directors and three Independent Directors.

Your Company is a Government Company under the administrative control of the Ministry of Petroleum and Natural Gas, Government of India, the Directors are nominated/appointed by the Government of India. The Company is continuously pursuing with the Government of India for the appointment of requisite number of Independent Directors on their Board in order to comply with the provisions

of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, DPE Guidelines & the Companies Act, 2013.

- (c) Your Company is a Government Company, appointment/nomination of all the Directors is being done by the President of India, through the MoP&NG and performance evaluation of individual Directors including Independent Directors is to be done by Government of India being appointing authority.



Shri Subir Purkayastha, Director (Finance) (centre), and senior officials interacting with investors and analysts

CORPORATE SOCIAL RESPONSIBILITY

Your Company believes that Corporate Social Responsibility (CSR) plays a major role in the development of any country. Therefore, it has made CSR an integral part of its ethos and culture. To amplify our outreach efforts, GAIL has incurred an expenditure of 2.3% of the average net profit of the preceding three years on CSR projects/activities of 2015-16 (₹118.64 crores) against the stipulated 2% spend (₹102.34 crores). The overall spends (₹160.56 crores) amount to 3.14% of the average net profit of the preceding three financial years.

Annual Report on CSR activities as required under Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 read with section 134(3) and 135(2) of the Companies Act, 2013 is placed at **Annexure E**.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION

As per requirement of 134 (3)(m) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014, details of conservation of energy and technology absorption forms part of this report at **Annexure-F**.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

As per requirement of 134 (3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014 particulars of contracts or arrangements with related parties as referred in section 188(1) of the Companies Act, 2013 in the prescribed form AOC-2 is placed at **Annexure-G**.

Your Company has formulated the policy on dealing with Related Party Transactions and the same is hosted on your Company's website at http://www.gailonline.com/final_site/pdf/GAIL_Related_Party_Transaction_Policy.pdf.

PARTICULARS OF EMPLOYEES

As per the provisions of section 197(12) of the Companies Act, 2013 read with the Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, every listed Company is required to disclose the ratio of the remuneration of each director to the median employee's remuneration etc. in the Directors' Report.

However, as per notification dated 5th June, 2015 issued by the Ministry of Corporate Affairs, Government of India, Government Companies are exempted from complying with provisions of section 197 of the



Shri Narendra Modi, Hon'ble Prime Minister, dedicating to the Nation the Brahmaputra Cracker & Polymer Limited Petrochemical Complex in Assam

Companies Act, 2013. Your Company is a Government Company, therefore, such particulars have not been included as part of Directors' Report.

EXTRACT OF ANNUAL RETURN

Extract of Annual Return forms part of this Report at Annexure-H.

ISSUE OF SHARES AND FIXED DEPOSITS

Your Company has neither issued any shares nor accepted any fixed deposits during the financial year 2015-16 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 ₹866.54 crores and foreign currency outgo was ₹2,558.71 crores.

KEY MANAGERIAL PERSONNEL AND DIRECTORS

During the period, the following ceased to be Key Managerial Personnel (KMP) on the Board of your Company:

- » Shri Prabhat Singh, Director (Marketing) resigned w.e.f. 14th September, 2015
- » Shri N.K. Nagpal, Company Secretary w.e.f. 26th May, 2016

Shri A.K. Jha has been appointed as Company Secretary of the Company w.e.f. 26th May, 2016.

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

- » Smt. Anuradha Sharma Chagti, Government Nominee Director w.e.f. 2nd January, 2016

The following were appointed on the Board of your Company as Director:

- » Shri S.K. Srivastava, Independent Director w.e.f. 20th November, 2015
- » Shri D.J. Pandian, Independent Director w.e.f. 20th November, 2015 and resigned from the Company w.e.f. 31st March, 2016
- » Shri Anupam Kulshreshtha, Independent Director w.e.f. 28th November, 2015 (from the date of obtaining DIN)

- » Shri Sanjay Tandon, Independent Director w.e.f. 20th November, 2015
- » Shri Anant Kumar Singh, Government Nominee Director w.e.f. 2nd January, 2016

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

CODE OF CONDUCT

Pursuant to the requirements of SEBI (LODR) Regulations, 2015 the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the financial year ending 31st March, 2016.

PERFORMANCE EVALUATION

As per the provisions of section 134(3)(p) of the Companies Act, 2013 for every listed Company, a statement indicating the manner in which formal annual evaluation has been made by the Board of its own performance and that of its committees and individual directors should form part of the Directors' Report.

However, as per notification dated 5th June, 2015 issued by the Ministry of Corporate Affairs, Government of India, Government Companies are exempted from complying with provisions of section 134(3)(p) of the Companies Act, 2013. Your Company is a Government Company and the appointment, tenure, performance evaluation etc. of Directors is done by Government of India, therefore, such particulars have not been included as part of Directors' Report. Remuneration of CMD, Whole-time Directors and its employees is determined by Government of India. As per requirement of SEBI (LODR) Regulations, 2015, an evaluation criterion for the Board is being formulated.

DIRECTORS RESPONSIBILITY STATEMENT

Yours Directors confirm that:

- i) In the preparation of the annual accounts for the financial year ending 31st March, 2016, the applicable accounting standards have been followed, alongwith proper explanation relating to material departures;

- ii) 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;
- iii) taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) prepared the annual accounts for the financial year ending 31st March, 2016 on a going concern basis;
- v) had devised proper systems to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively and
- vi) laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.

ACKNOWLEDGMENT

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

Place: New Delhi
Dated: August 19, 2016



Shri A. K. Sahni, General Manager (Finance & Accounts) (right) receiving the Investor Relations Society Award 2015 on behalf of GAIL

Management Discussion & Analysis



MANAGEMENT DISCUSSION AND ANALYSIS

ENERGY SECTOR: AN OVERVIEW

The year 2015 witnessed significant shifts in trend across the energy landscape. While there has been an increase in consumption growth of natural gas and crude oil, there was a perceptible de-growth of coal in primary energy mix. Global Natural gas consumption grew about 1.7 % whereas the production witnessed a growth rate of over 2%, during the year. At the same time the LNG trade too, increased by 6 MTPA, signifying a +2.5% change over 2014. Whilst the crude oil growth grew sharply by near 2% over the previous year, the renewable energy in power recorded a growth of over 15%. Owing to low oil prices, share of Oil in energy basket has increased for the first time since 1999. Growth is also seen in renewable sector with an increasing thrust on clean energy and climate change obligations.

On an overall basis, energy commodities witnessed volatile price movements along with significant decline in prices over the previous year. The spot prices of natural gas at Henry Hub dropped by an average 35% during 2015 over 2014, whereas the other price marker in Asia for LNG, i.e., the JKM declined over 45%. Due to lower purchases by Japan and South Korea, the Asian share of Global LNG import also declined to 72% in 2015 from 75% in 2014. One of the significant developments is the fall in the share of new long-term supply contract to fewer than 24% in the overall contracts executed during the year. Increasing sources of supply, alternative fuel usage, increase in the number of re-exporting countries, fall in crude oil indexes and weaker GDP expectations have been vital forces at play that largely contributed to lower gas price levels. Inter-region arbitrage opportunities are narrowing due to interplay of some of the above enumerated demand-supply factors.

Under the UN-led CoP-21 climate agreement amongst nations, there has been a general consensus of moving towards significantly reducing carbon emissions by 2030 through renewable energy initiatives. Year 2015 witnessed an addition of 147 GW renewable capacities and is the largest increase on a yearly basis. Considering the extensive efforts to re-model grid networks for power transmission and storage challenges with associated levels of investments in a short timeframe, integrating natural gas based power for ensuring efficiency, flexibility and reliability is fast being recognized as a practical solution to balance environmental and growth objectives.

• Energy sector in India

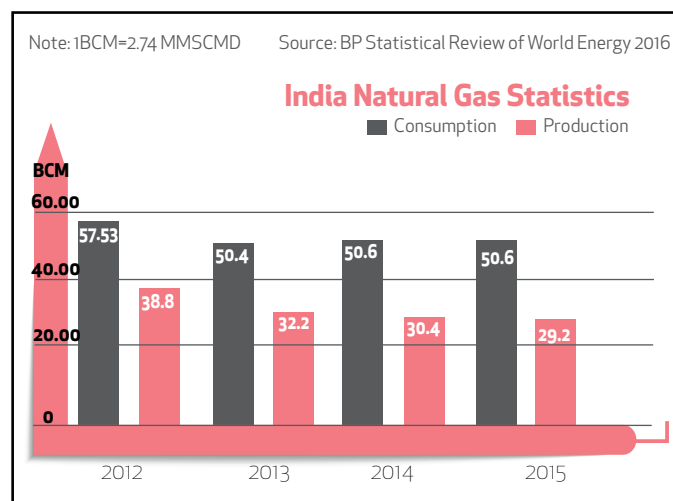
India consumes over 5.3% of the global primary energy. Primary energy consumption in India is showing continuous growth over the decades and has almost doubled over since the beginning of the current decade. India is now ranked as the third largest energy consumer in the world following USA and China. Being a fastest growing economy and advantageously placed with benign fuel prices internationally, energy demand showed an increase of more than 5% over 2014 and is expected to further accelerate for supporting India's development ambitions and improving social indicators.

Although natural gas accounts for less than 7% levels in the energy mix, it witnessed a sharpest increase in spot and short term LNG imports during 2015. Several initiatives under the Union Government provided impetus to the consumption growth of the eco-friendly fuel across fertilizer, power and City gas sectors. Several projects in the sectors that are under planning & execution stages are expected completion in the medium-term and shall contribute towards growth in consumption of natural gas across the Country.

The country's energy landscape is also transitioning towards renewable and clean energy solutions and provides an opportunity to expand natural gas plays to comprehensively integrate with other energy forms in delivering sustainable and affordable low carbon solutions.

NATURAL GAS SECTOR OVERVIEW

An expanding economy and a growing population have resulted in increased consumption of primary energy in India. Current share of natural gas in India's energy basket is 6.5% against a global average of 24% share. Given the scope of penetration of natural gas and the policy push by Government of India, there is significant scope for increasing share of the commodity in India.



• Demand and Supply

India's gas consumption was 50.6 BCM in 2015 where as the production stood at 29.2 BCM. With domestic production falling short of demand, India has relied heavily on LNG imports which have increased over six folds from in 2004 to nearly 22 BCM in 2015. LNG infrastructure has also shown rapid growth with the newer regas capacities being added in the last few years at Dabhol and Kochi in addition to the operating terminals at Dahej and Hazira. Power and fertilizer remained the major consumers whereas a rapid rate of growth in consumption is witnessed from the city gas distribution (CGD) sector.

• Policy Initiatives

Government of India initiated new policies to attract investments in the gas sector so that domestic production can be increased. Few key policy initiatives are:

- 100% allocation of domestic gas for CNG and PNG
- Auction based E-Bid RLNG mechanism for utilization of stranded gas based power generation capacity
- The amendment in Central Sales Tax Act 1956 will enable interstate sale of gas through common carrier pipeline on deemed movement basis. This will reduce the delivered cost of gas to customers
- Marketing and Pricing freedom for new gas production from Deep / Ultra Deep water and High Pressure-High Temperature Areas.
- Hydrocarbon Exploration Licensing Policy, HELP: An innovative Policy for future which provides for a uniform licensing system to cover all hydrocarbons such as oil, gas, coal bed methane etc. under a single licensing framework.
- Policy for grant of extension to the Production Sharing Contracts for small, medium sized and discovered fields

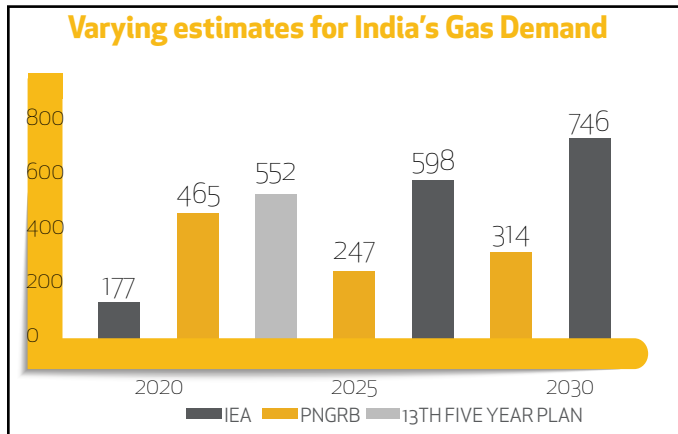
OUTLOOK

India is aiming towards a sustainable gas based economy with a growing thrust on areas like - City Gas Distribution, Smart City projects, addition of fertilizer units and 24x7 power for all, demand for natural gas is set to

gain traction in the coming years. Further, with climate change obligations, Natural gas has the potential to serve as a 'Bridge fuel' to nurture a low-carbon future and shall remain to be a sustainable clean energy option for India.

- **Gas Consumption**

Based on the projections of International Energy Agency (IEA), in its publication - India Energy Outlook 2015, natural gas consumption is shown to be over 110 bcm by 2030. This is more than twice the current level and servicing the demand could well require around 60 bcm of import dependency by way of LNG.



Source: IEA World Energy Outlook 2015, PNGRB Vision 2030, 13th Five Year Plan source through PPAC

BUSINESS OVERVIEW

- **Global footprints**

- » Your Company continues to work towards the growth of domestic market and is continuously seeking policy support from the government for expanding market penetration for natural gas. Your Company secured 5.8 mmtpa of LNG from USA on long term basis to meet the energy requirement of the country on a sustained basis. The volumes are expected from 2018 and your company and is actively engaged in marketing these volumes to Indian and international buyers. At the same time, the Carrizo shale gas asset in USA has severely impacted revenue and profitability of the USA subsidiary- GAIL Global USA Inc. due to depressed levels of crude oil and gas prices.
- » In order to leverage advantages of LNG trading hub in Singapore, your company's subsidiary GAIL Global (Singapore) pte. Ltd. (GG SPL) is actively engaged in seizing market opportunities. During the year GG SPL was successful in tying up 0.5 MMTPA of long term Henry Hub based gas volume in the international market and the subsidiary also successfully traded four times more spot LNG cargoes over the previous financial year.
- » Your Company is constantly playing a significant role in the TAPI Pipeline project to receive Natural Gas from the Galkynysh fields in Turkmenistan. After incorporation of TAPI Pipeline Company Limited (TPCL), Turkmen gas has been endorsed as the Consortium Leader. TPCL has a mandate to build, own and operate the proposed TAPI Pipeline. The Shareholders Agreement (SHA) of TPCL has been signed in December 2015 during the ground breaking ceremony for commencing construction of the Turkmen section of the TAPI pipeline. An Investment Agreement (IA), relating to initial equity infusion by the TAPI entities into TPCL has also been signed and Galkynysh Pipeline Company, the consortium leader group led by Turkmen gas, shall be taking 85% equity in TPCL, while GAIL, ISGS (Pakistan) and Afghan Gas Enterprise (AGE) shall be taking 5% equity each.

- » SEAGP was formed to transport natural gas from A1/A3 blocks in Myanmar to Myanmar-China border. The pipeline is running smoothly and transported an average of nearly 15 MMSCMD of natural gas in 2015-16.
- » Your Company holds equity interest in two retail gas companies in Egypt, namely Fayum Gas Company (FGC) and National Gas Company (Natgas). These city gas distribution companies are involved in the supply of gas to residential, commercial and small industrial customers in Egypt. Your Company is also an equity partner in China Gas Holdings Limited (China Gas), a retail gas utility company involved in city gas and CNG businesses in China.

- **Energy Security**

Your Company is playing a pivotal role for securing country's energy security needs in view of its vast investments in natural gas infrastructure assets and decades of expertise in this sector. In order to bridge the demand-supply gap of natural gas as well as to address the energy security needs of the country, your Company has taken proactive steps for importing gas into the country. Your Company has tied-up long term LNG from US (5.8 MMTPA), Gazprom, Russia (2.5 MMTPA), Turkmenistan (38 MMSCMD equivalent to ~10 MMTPA through TAPI pipeline) in addition to marketing Qatar based long-term R-LNG and trading short/medium and spot LNG contract based R-LNG.

DOMESTIC PRESENCE

- **Natural Gas Transmission**

Your Company is the market leader in the transmission of natural gas with a network of 11,000 Km pipeline. Based on feedback received from existing pipeline user (Shippers), your Company has taken steps to make transmission services more users friendly. Further, your Company sought Expression of Interest from potential Shippers for booking of capacity in its various upcoming natural gas pipelines to ensure utilization of Company's pipeline infrastructure. It 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. Your Company has developed a Gas Transmission Agreement, meeting specific requirement of all type of Shippers (small, medium and large). For ensuring timely connectivity to downstream customers your company has in place Last Mile Connectivity policy under which faster decisions are taken for providing pipeline connectivity. Thereby ensuring increase in pipeline utilization capacity.

Agreements were executed with various Shippers in Andhra Pradesh to transport and supply gas through swap mechanism to meet their shortfall in gas especially for power production. Besides, new tie-ups (on upcoming pipelines) were also 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.

Your Company, in line with the MoP&NG Guidelines for CGD sector, is supplying Domestic Natural Gas to all CGD companies in the country for CNG (transport) and PNG (domestic) purposes which, inter-alia, includes CGD companies like Gujarat Gas Limited, Adani Gas Limited, Haryana City Gas, Siti Energy Limited, HPCL, Saumya DSM besides your Companies Joint Ventures/ Subsidiaries like IGL, MGL, MNGL, BGL, GGL, CUGL, AGL, GAIL Gas etc.

- **Inter-State Gas Grid**

Your Company is implementing the following major Natural Gas pipelines:

1. Kochi - Kootanad- Bengaluru/ Mangalore Pipeline (Phase-II)
2. Jagadishpur/Phulpur- Haldia- Ranchi- Talcher- Dhamra Pipeline.
3. Vijaipur- Auraiya -Phulpur Pipeline

Apart from these pipelines, your Company is also executing spur pipeline connectivity to Chittorgarh in Rajasthan. It is also upgrading its pipeline network in the Krishna-Godavari Basin, Cauvery Basin and Gujarat region.



To make effective use of the commissioned trunk pipelines, execution of the last mile connectivity to customers is also being carried out in a synchronised manner. During the year 2015-16, under Last Mile consumer connectivity, approximately 120.47 kms of pipeline was executed to connect 27 customers for supplying 2.14 MMSCMD of Natural Gas.

• Sourcing & Trading of Gas

Your Company's efforts towards meeting long-term energy requirements have yielded positive results. The long-term LNG supply projects from the USA, namely Sabine Pass and Dominion Cove Point, have achieved significant project milestones and are on course to commence supplies between fourth quarter of CY 2017 to first quarter of CY 2018. Your Company has also made progress in the Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline project with the formation of TAPI Pipeline Company Limited (TPCL) by member countries to build, own and operate the planned 1800 km transnational pipeline. Diversified portfolio of LNG/ Gas sources provides your Company the flexibility to serve its customers in the best possible manner in a competitive business environment on sustained basis over the long-run.

Your Company imported 55 LNG cargoes (equivalent to approximately 3.5 MMTPA of LNG) during the financial year from various international sources on short term and spot basis to cater to the immediate requirement of the domestic market.

Considering the various upstream tie-ups made by your Company, which are expected to commence supplies from CY 2018 onwards, access to Dabhol LNG terminal of RGPPL provides greater operational flexibility to your Company in spot LNG business. During the financial year, 22 LNG cargoes were unloaded at Dabhol Terminal. This terminal is ideally located with ready access to an extensive network of gas infrastructure for distribution to high demand western & northern regions and upcoming southern markets. Further, the construction of breakwater will assure that the terminal is operational throughout the year in its full capacity. RGPPL's is working with all stakeholders for its long-term viability, which includes demerger of LNG terminal and power block assets.

Your Company has also been trading some of its LNG portfolio in the international market through its Singapore subsidiary in line with globalisation strategy to evolve as a leading LNG player in the world and also for calibrating domestic market supplies. It is also focusing on making upstream investments in gas assets, liquefaction facilities and LNG shipping to build a presence across the entire LNG value chain. This will enable your Company to achieve the twin objectives of enhancing India's energy security and creating flexibility in providing better value to its customers. Your Company is planning to set up an FSRU / Re-gasification terminal on east coast of India. In this regard, discussions are underway with M/s Adani Ports Special Economic Zone Ltd. (APSEZ) for equity participation and booking of tolling capacity in the upcoming land based LNG terminal.

• Petrochemicals

The robust growth in petrochemicals business in India provided 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, your company has doubled the PC production capacity of Pata plant.

Period under review witnessed a sharp decline in feedstock and product prices. Polymer prices also declined on an absolute basis, with year-end prices being 15-19% lower than prices prevailing at the beginning of the year.

The Green field petrochemical project promoted by your Company through Brahmaputra Cracker and Polymer Limited (BCPL) has also been commissioned and dedicated to the Nation by the Hon'ble Prime Minister of India in February 2016. The other Joint Venture petrochemicals project - ONGC Petro-Additions Limited (OPaL) is at an advanced stage of completion.

• LPG and Other Liquid Hydrocarbons

Your Company has LPG plants at five locations in the country having a production capacity of 1.40 Million MT of LPG and other liquid hydrocarbons viz. Propane, Pentane and Naphtha. Usar LPG recovery plant is currently under preservation mode due to non-availability of domestic gas. Your Company also owns and operates exclusive pipelines for LPG transmission for third-party usage. It operates 2 LPG pipeline transmission systems with a network length of 2038 Km and a capacity to transport up to 3.83 MMTPA of LPG.

• Exploration & Production

Your Company is participating in 13 E&P blocks (11 in India and 2 overseas in Myanmar), excluding one GAIL Operated Block CY-ONN-2005/1 in Cauvery basin which was relinquished in June 2016. While production of oil and gas is in progress in four blocks (2 domestic and 2 overseas), three blocks (where hydrocarbon discoveries have been made) are in development and appraisal phases.

Revenue over Rs. 751 crore was generated from sale of hydrocarbon from the four producing blocks namely A-1 & A-3, Myanmar and CB-ONN-2000/1 and CB-ONN-2003/2 (Cambay onland) during the year 2015-16

Your Company continuously focuses on maintaining profitability of E&P business, even in the scenario of low oil and gas prices from three perspectives by way of - (i) Optimization of portfolio of upstream assets, (ii) maintaining optimal level of operating expenses in blocks under production (iii) Realignment of development capex in Tripura Onland block as also in other blocks.

In the ensuing period, while on one hand exit option would be examined in some of the existing blocks, on the other hand, acquisition of exploration opportunities are being examined for next growth phase of this business segment.

• 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 has total installed capacity of 123MW out of which 118MW is wind and 5 MW is solar energy plant. Your Company is setting up 5.76 MW grid connected roof top captive solar power plant at Pata Petrochemical Complex, Uttar Pradesh. Further, your Company intends to expand its wind and solar energy portfolio in the coming years.

FINANCIAL PERFORMANCE

• Sales (Net of ED)

Sales (net of ED) decreased by 9% from ₹ 56,569 crores during 2014-15 to ₹ 51,614 crores in 2015-16.

• Profit after Tax (PAT)

Profit after Tax has decreased by 24% from ₹ 3,039 crores during 2014-15 to ₹ 2,299 crores in 2015-16.

• Earnings per Share (EPS)

In view of decrease in PAT, EPS has come down from ₹ 24 per share as on 31st March, 2015 to ₹ 18 per share as on 31st March, 2016.

• Price Earning (PE) Ratio

Price Earnings ratio of the Company was 20 as on 31st March, 2016 and was 16 as on 31st March, 2015, indicating investors' sustained confidence in the long-term growth of your Company.

• Shareholders' Funds

The Reserves and Surplus increased to ₹ 29,316 crores at the

Nurturing a resilient ecosystem

end of the current financial year as compared to ₹ 27,851 crores in the corresponding previous year. As on 31st March 2016, net worth of the Company stood at ₹ 30,314 crores, as compared to ₹ 28,888 Crores as on 31st March, 2015.

- Debt and Interest**

Debt-Equity ratio is at a very comfortable position of 0.27 as on 31st March, 2016 as compared to 0.33 as on 31st March, 2015. The Debt Service Coverage Ratio was at 2 times as on 31st March, 2016 as compared to 3 times as on 31st March, 2015.

- Ratio Analysis**

Return to Net Worth (PAT/Net Worth) for the Company as on 31st March, 2016 stood at 7.58% as compared to 10.52% as on 31st March, 2015. Return on Capital Employed (PBIT/Capital Employed) was 8.92% as on 31st March, 2016 as compared to 11.07% as on 31st March, 2015.

- Cash Flow**

(₹ in Crores)

Particulars	2015-16	2014-15
Cash Flow from Operating Activities	4834.93	2,444.07
Cash Flow from Investing Activities	(1011.33)	(964.43)
Cash Flow from Financing Activities	(3171.38)	(2988.98)
Net Increase in Cash & Cash Equivalents	652.23	(1509.34)

- Segment-Wise Performance**

Turnover (Net of ED)

(₹ in Crores)

S. No.	PARTICULARS	2015-16	2014-15
1	Transmission Services		
	a) Natural Gas	3,701	3,049
	b) LPG Transmission	486	440
2	Gas Trading	4,0337	42,686
3	Petrochemicals	3,041	4,595
4	LPG & Other Liquid Hydrocarbons	3,246	5,053
5	Unallocated Other Segment****	804	746
	Total Sales	51,615	56,569

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

Physical performance

Particulars	2015-16	2014-15
Natural Gas Throughput (MMSCMD)	92.09	92.10
Natural Gas Trading (MMSCMD)	73.67	72.07
Liquid Hydrocarbon Sales (TMT)	1,086	1,277
Polymers Sales (TMT)	334	441
LPG Transported (TMT)	2,819	3,093

- 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 Crores)

Particulars	2015-16	2014-15
Turnover	54,572	60,515
Profit Before Tax	3,092	4,492
Profit After Tax*	2,048	3,071

*Before adding share of profit from associates and eliminating minority interest

- Project Profit Maximization (Sanchay)**

Your Company is gearing for addressing challenges to sustain profitability which may be under stress in the next few years due to external factors like volatility in gas business, fall in domestic gas volumes, decrease in prices of petrochemical etc. Hence, a comprehensive initiative has been launched under "Project Sanchay" across all the business segments of your Company to optimize existing resources, improve operational and process efficiencies, reduce costs and maximize profitability.

Extensive evaluation of business processes along the length and breadth of the company were conducted to identify potential opportunities to maximize profitability. With the participation of employees, management and guidance of external consultant, various initiatives have been identified and are at various stages of implementation. Achievable benefits of the initiatives are expected to surpass target profit of the project i.e. ₹ 400 Crores, on 3 year NPV basis.

RISKS, CHALLENGES AND MITIGATION

- Sharing of Under Recoveries**

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

As per the GoI's directives, in order to make sensitive petroleum products affordable to domestic consumers, your Company has shared the under-recovery of OMCs since 2003-04, aggregating to an amount of ₹ 19,419 Crores. However, during the year under review, your Company has not contributed any amount (previous year: ₹ 1,000 Crores) towards sharing of under-recoveries with OMCs. Your Company has been requesting MoP&NG from time to time for exemption from the burden of sharing the under-recoveries claimed by the OMCs.

- Regulatory Framework**

The Petroleum & Natural Gas Regulatory Board (PNGRB) has been established by the Central Government on 01.10.2007 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. The main functions of PNGRB include, inter-alia, (a) granting authorizations for laying, building, operating or expanding new pipelines as common carriers or contract carriers and for laying, building, operating or expanding new city gas distribution networks (CGD networks), (b) declaring existing natural gas pipelines, petroleum & petroleum product pipelines and CGD networks as common carriers or contract carriers, (c) regulating access to common carriers or contract carriers (d) regulating transportation rates of common carriers or contract carriers and (e) to perform such other functions as may be entrusted to it by the Central Government to carry out the provisions of this Act.



During the financial year 2015-16, PNGRB has notified various Amendments to Regulations in respect of Natural Gas Pipelines, CGD networks and Petroleum Product Pipelines and has also issued various authorizations, orders, decisions in respect of Natural Gas Pipelines, Petroleum Product Pipelines and CGD networks. The details of the said regulations, amendments, authorizations, orders, and decisions are available in the official web-site of PNGRB (www.pngrb.gov.in) and have varying implications on respective entities business activities. These regulations, amendments, authorizations, orders, decisions of PNGRB could be appealed before PNGRB Bench, Appellate Tribunal and Courts and accordingly, some of them pertaining to your Company are also under various stages of appeals. 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 and/or to minimize our risks associated with any sudden or unforeseen changes in regulations.

- **Natural Gas Prices**

Your Company is currently marketing natural gas purchased from domestic and international sources.

Government of India, vide its order dated October 25, 2014, has notified the New Domestic Natural Gas Pricing Guidelines, 2014. As per the notification w.e.f. November 1, 2014, the Gas Prices is determined as per the specific formula which in essence is a twelve month average price of natural gas traded in the major hubs worldwide. Price is valid for six month and changes every half year since its declaration on 1st November'14. Petroleum Planning and Analysis Cell (PPAC) has been appointed as nodal agency to calculate and publish the price as specified under the formula.

New Domestic Natural Gas Pricing Guidelines, 2014 are applicable uniformly to all sectors of the economy, nominated fields to ONGC & OIL, NELP blocks, Pre-NELP blocks that require Government Approval as per PSC and CBM blocks, whereas the same will not apply in case of Small and isolated fields of nominated blocks that are covered under pricing guidelines of 2013.

Further, Government of India, vide its order dated March 21, 2016, has notified guidelines on marketing including pricing freedom for the gas produced from discoveries in deep water, ultra-deep water and high pressure-high temperature areas. As per the guideline, Government has decided to ensure freedom of pricing for gas produced in these fields upto a ceiling price level calculated by taking lower of twelve month average of landed price of imported fuel oil, substitute fuels and LNG. Petroleum Planning and Analysis Cell (PPAC) has been appointed as nodal agency to calculate and publish the price as specified in the formula, and it has notified price under this guideline on March 31, 2016 applicable from April 1, 2016 to September 30, 2016.

Your Company earns the marketing margin on sale of domestic Natural Gas. Further, Government of India in its Notification dated December 24, 2015 applicable from November 18, 2015, has put a ceiling on marketing margin for supply of domestic gas to Fertilizer (Urea) and LPG producers to Rs 200 per 1000 SCM (@NCV of 10000 Kcal/SCM) which may be escalated in future based on wholesale price index by Ministry of Petroleum and 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 movements. Further, your Company also directly imports the Natural Gas through cryogenic ships (LNG) and regasifies either at PLL's regasification terminal at Dahej, Gujarat or at Ratnagiri Gas and Power Private Limited (RGPP) regasification terminal at Dabhol, Maharashtra. Your Company has Natural Gas Price Risk Management Policy under which, options w.r.t. LNG pricing formula, such as a fixed price or a capped price band etc. are provided to customers based on their request. Further, your

Company can undertake hedging transactions in case there is an exposure to price risks in upstream contracts, downstream contracts and internal consumption.. Total hedged quantity (in volume terms) outstanding at any point of time shall not exceed 3 million metric tonnes equivalent of Liquefied Natural Gas (LNG).

- **Polymer, LPG and other LHC**

Your Company is also marketing own produced products like Petrochemical, LPG and other LHC products. The prices of these products are influenced and determined by global and national demand supply position and vary from time to time.

- **Foreign Exchange Fluctuation Risk**

Your Company, inter-alia imports capital goods and stores & spares for various new projects, and operation & maintenance. Your Company has also taken loans in foreign currency for meeting the capex requirement and making overseas investments. Your Company has an approved Foreign Currency & Interest Rate Risk Management Policy to manage the foreign exchange exposure. The loan portfolio is hedged by way of derivative products (currency swap and interest rate swap) and through natural hedge. The short term and long term exposure of foreign currency of your Company is being monitored as per the approved policy.

- **Natural or Man-made Calamity Risk**

Various risks are associated with Gas transmission and distribution like blowout of pipelines, earthquake, tsunami, terrorist activities, etc.

These risks are being mitigated right from the designing stage of these projects. However, such natural or man-made risks are emergent events and cannot be totally eliminated. If such an event occurs, it will incur significant liabilities for the Company.

- **Risk Management Framework**

Your Company has an approved Risk Management Policy & Procedure to safeguard and enhance the organization and its stakeholders with an objective:

- » 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 function in the 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 addressing the same
- » 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 relevant legal and regulatory requirements and international norms, and
- » to assure demonstrable achievement of objectives and improvement of financial stability of the organization.

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. 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 and Procedures which are periodically reviewed and monitored by the Risk Management Committee and thereafter by the Audit Committee before presenting to the Board.

In the changing business scenario and diversification of your Company's activities, business risks and their mitigation plans are re-assessed on a regular basis. Some of the Corporate Level Risks are enumerated as under:

- » Take-or-pay risks under Long-term LNG contracts
- » Drastic reduction to negligible level domestic gas allocation for petrochemicals impacting profitability.
- » Underutilization of pipeline due to low downstream drawl.
- » Delay in Project Execution due to local resistance in ROU opening/permanent land acquisition
- » Risk of Regulatory frame work.
- » Natural gas demand having price sensitivity.

Further, their mitigation plan and action thereof to address/minimize the risks are underway.

INVESTOR RELATIONS AND ENGAGEMENT

The objectives of Company's investor relations activities are to develop a long-term relationship based on trust with stakeholders by fulfilling responsibilities towards the shareholders and also engaging with other stakeholders including investors and analysts, through fair disclosure of information and maintain regular communication for generating confidence and good-will. In order to pursue these objectives at all times, your Company continuously discloses necessary information and conducts various investor relations activities. The Stock exchanges are duly informed and the investor presentation(s) are uploaded on the Company's website for any reference.

To pursue the objective of effective communication with investors, your Company organized an Analyst Meet during May, 2016. Conference Call was also organized immediately after announcement of the financial results for H1 2015-16 and Q3 2015-16. Besides organizing such interactive meets with investors, your Company also participated in five investor conferences organized by top brokerage houses of the country and was represented by Senior Management including executives from varied disciplines.

As per the requirement of SEBI (Prohibition of Insider Trading) Regulations, 2015, your Company's Board has approved:

- Code of Conduct to Regulate, Monitor and Report Trading by Insiders (Insider Trading Code) and
- Code of Fair Disclosure and Conduct- Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (Principles of fair Disclosure)

These are available on the website of the Company.

Your Company will continue with an endeavor to provide world class investor relation services in disseminating information to Investors & Analysts in time from appropriate officials. In view of the above, Investor Zone section of corporate website has been reviewed and made more informative and investor friendly. Your Company believes that it must provide to capital market participants (including shareholders, investors, and securities analysts) accurate information that meets their requirements.

HUMAN RESOURCE AND INDUSTRIAL RELATIONS

Your Company's Industrial Relations climate remained congenial and constructive. There were no Man Days or Man Hours loss on account of any sort of Industrial conflict/unrest.

In your Company's endeavor to meet the ever changing business requirements, and to maintain sustainable competitive advantage, review of HR and HRD policies is done on continuous basis to dovetail Corporate HR Strategy with the Organizational Strategy.

During the year, review of various HR policies on Employees Compensation, Welfare, General Terms and Condition of Service, Conduct Discipline Appeal Rules, Promotion Policy for Executives were undertaken to endeavor positioning your company as a preferred employer. Total Manpower of the Company as on 31st March, 2016 stood at 4321.

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

The pipelines have contributed to the cause of environment to a considerable extent by reducing tanker traffic on roads towards creating a better environment and also promoting higher standards of safety.

Water and Wastewater Management

Your Company's operations do not involve complex chemical reactions generating difficult to treat wastewaters. Physical separation of heavier hydrocarbons from natural gas is achieved by the cooling and condensation technique. The raw material used for recovery of LPG and Propane is clean and eco-friendly natural gas, which is received through pipelines. After recovery, it is transported to downstream customers through pipeline. As result, the only process effluents at most of the installations are floor wash, cooling water blow down and sewage water. The gas processing plants are equipped with effluent water treatment plants for treating the water generated in the process. No effluent water is discharged outside the premises at any of the gas processing plants. Water discharge from the petrochemical complex is duly treated and in compliance to the norms of the state pollution control board. The treated effluent water is recycled and used in-house for horticulture purposes inside the plant and township premises. The treated wastewater is of the highest quality. Water is a precious natural resource and hence its consumption is closely monitored and controlled. Technologies have been adopted to reduce the wastewater generation and treat whatsoever generated. Due care and emphasis is undertaken to maximize reuse and recycling of water.

Air Quality Management

In line with its commitment towards sustainable development, your Company has accorded the highest priority to environmental considerations throughout all phases of the project, such as technology selection, process design and project execution. All the plants of your Company, namely the Gas Processing Unit, the Gas Cracking Unit, the High Density Polyethylene Unit and the Linear Low Density Polyethylene Unit (HDPE and LLDPE) are state-of-the-art and sourced from world-renowned process licensors. Your Company uses one of the cleanest fuels available, which happens to be its raw material as well as feedstock, i.e., sulphur-free natural gas. Since your Company uses natural gas for its feedstock and fuel requirements, the level of pollutants is consistently maintained much below the national stipulated norms. All the boiler and furnace stacks are also equipped with on-line analyzers for monitoring air quality on a continuous basis. Adequate stacks height has been provided for effective dispersion of pollutants. Low NOx burners are used in all the furnaces. Loading facilities are provided with vapour return circuits. Gas detectors have been installed to ensure quick detection of any gas leak. Each ambient air monitoring station is capable of monitoring sulphur dioxide, oxides of nitrogen, hydrocarbons, carbon monoxide and noise on continuous basis. Besides, one permanent weather station is also installed at one of the stations to monitor wind speed, wind direction, relative humidity, ambient temperature, etc. All the stations are connected through a fibre optic cable network for real-time data monitoring. Mobile station is also utilized in monitoring ambient air at any desired location within or outside the plant premises.

Your petrochemical complex at Pata has the facility to monitor the stack air and the ambient air on continuous basis. State-of-the-art permanent ambient air monitoring stations are installed at locations so as to cover the entire site. The ambient air monitoring stations are equipped with sophisticated analysers, computers and other facilities to monitor ambient air on continuous basis.

Solid Waste Management

Your Company manages its waste in the best possible ways. Its first

priority is to ensure minimum generation of waste. Due care to prevent any harm to the environment is carried out in case waste is inevitably generated with all possible onsite treatment and disposal based on the type of waste such as segregation of hazardous wastes from non-hazardous wastes. At your Company's process plants, hazardous solid waste is stored and disposed-off as per the latest environment practices. Solid wastes are collected, stored and handled, in a manner without causing any detrimental effect on the ground water and environment.

- **Green Belt**

All installations of your Company carry out extensive afforestation at respective sites and maintain adequate green belt. Your Company has taken up various measures and projects for enhancing bio-diversity across the GAIL installations.

- **Environment Monitoring**

Your Company monitors parameters to assess environmental quality on regular basis through an in-house team and independent agencies by deploying sophisticated apparatus for maintaining regular monitoring, analysis and reporting. The outcome is also shared with the statutory authorities such as the State Pollution Control Boards. The exercise is also extended to include sampling and analysis of raw water and waste water regularly at internal and external laboratories.

Your Company has undertaken Global Methane Initiative (GMI) programme at Vijaipur, Jhabua and Hazira by engaging with the United States Environment Protection Agency (US-EPA) as a partner in the Natural Gas STAR Programme to voluntarily study fugitive and vented Methane emissions from hydrocarbon process plants and pipeline installations under a MoU. Your company hosted the third All India GMI Meet during the year with participation of prominent upstream and midstream companies of India. The meet also attracted key international partners from USEPA and UNEP.

CORPORATE SOCIAL RESPONSIBILITY

In alignment with the vision of your Company, the CSR initiatives strive to enhance value creation in the society/community in which it operates, through its services, conduct and initiatives, to promote sustained growth in social well being. GAIL has proactively incurred an enhanced expenditure



Shri B. C. Tripathi, CMD, GAIL launching a cleanliness drive at the Purana Quila in New Delhi during the Swatch Bharat Fortnight

of 2.3 % of the average net profit of the preceding three financial years under CSR projects/activities pertaining to FY 2015-16. The Annual Report on CSR activities as per requirement of the Companies Act, 2013 forms part of the Directors' Report.

Your Company has approved setting up of two Waste Plastic to Fuel Oil plants of 10 TPD capacity each at Haridwar & Ujjain.

INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY

Your Company has established robust internal control systems and procedures. The Company has a clearly defined organisational structure, manuals and operating procedures for its business units and service entities to ensure ethical, orderly and efficient conduct of its business. Your Company's Internal Control System (including Internal Financial Controls with reference to Financial Statements) ensures efficiency, reliability, completeness of accounting records and timely preparation of reliable financial and management information. In addition, it also ensures compliances of all applicable laws and regulations, optimum utilisation and protection of the Company's assets.

Your Company has an in-house Internal Audit department, comprising professionally qualified persons from accounting, engineering and IT domains. Internal Audit department functionally reports to Audit Committee with its administrative reporting to the Chairman & Managing Director. This reporting structure is considered to be a global best practice. Internal Audit function reviews the business processes and controls through risk focused audits. Audit committee of the Board regularly reviews significant findings of the Internal audit department.

Internal Financial Control is an ongoing process to identify, assess effectiveness and monitor performance for continuous improvement. Your Company has developed Internal Financial Control System in its various business processes/segments, commensurate with the size and nature of business for ensuring the efficient operations of its business, safeguarding of its assets, prevention and detection of frauds & errors, accuracy & completeness of accounting records and timely preparation of reliable financial information. Your Company has also undertaken an exercise through a consultant to reassure adequacy and effectiveness of internal controls wrt operational activities for updating and improving existing framework.

Your Company has also in place adequate internal financial control system and the same are operative effectively.

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 the system by which companies are directed and managed. Good Corporate Governance structures encourage companies to create value (through entrepreneurship, innovation, development and exploration) and provide accountability and control systems commensurate with the risks involved. Good governance is therefore an essential ingredient in corporate success and sustainable economic growth.

Corporate Governance in your Company is considered to be upholding the highest standards of integrity, transparency and accountability. Your Company maximizes shareholder value while safeguarding and promoting the interests of the stakeholders and maintaining a steadfast commitment to ethics and code of conduct. Further, it believes that retaining and enhancing stakeholder trust is essential for sustained corporate growth. Accordingly, these principles have been engrained into the culture and the values of the organization. The adherence to Corporate Governance in your Company stems not only from the letter of law but also from an inherent belief of doing business the right way.

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

1. Assess the overall direction and strategy of the business by the Board of Directors.
2. Building robust internal control processes & systems for enhancing professionalism and accountability.
3. Transparency and openness in the communication of the information with various stakeholders.

4. Compliance with the applicable laws, rules and regulations.
5. Conducting business in fair, ethical and responsible manner.

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

2. BOARD OF DIRECTORS

• Terms of Reference

In line with sound Corporate Governance framework all the statutory, significant and material information including as enlisted in the SEBI (LODR) Regulations, 2015, The Companies Act, 2013, Guidelines on Corporate Governance for CPSEs issued by the department of Public Enterprises (DPE Guidelines for Corporate Governance) etc. is periodically placed before the Board.

• Composition

Your Company is a Government Company under the administrative control of the Ministry of Petroleum and Natural Gas, Government of India, the Directors are, therefore, nominated/ appointed by the Government of India. 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, 2016, there were 10 (ten) Directors on the Board comprising of 4 (Four) Whole-Time Directors including the Chairman & Managing Director, 2 (Two) Part-time (Government Nominee) Directors and 4 (Four) Independent Directors. The details of attendance, number of other Directorships and Chairmanship/ Memberships of Committees of each Director are as under:

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					
Shri B. C. Tripathi Chairman and Managing Director	18	Yes	02	Nil	Nil
Shri M. Ravindran Director (HR)	18	Yes	04	Nil	Nil
Shri Subir Purkayastha Director (Finance) (w.e.f. 01.05.2015)	17	Yes	03	Nil	02
Dr. Ashutosh Karnatak Director (Projects)	15	Yes	02	02	Nil
Shri Prabhat Singh (Upto 14.09.2015)	09	No	N.A.	N.A.	N.A.
Shri P.K. Jain Director (Finance) (Upto 30.04.2015)	01	No	N.A.	N.A.	N.A.
II. Part-time Directors (Government Nominee)					
Shri Anant Kumar Singh (w.e.f. 02.01.2016)	01	No	02	Nil	Nil
Shri Ashutosh Jindal	14	Yes	01	Nil	Nil
Smt. Anuradha S.Chagti (w.e.f. 21.05.2015 upto 02.01.2016)	11	No	N.A.	N.A.	N.A.

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
III. Part-time non-official (Independent) Directors					
Shri S.K. Srivastava (w.e.f. 20.11.2015)	04	No	01	01	Nil
Shri D.J. Pandian (w.e.f. 20.11.2015 upto 31.03.2016)	04	No	N.A.	N.A.	N.A.
Shri Anupam Kulshreshtha (w.e.f. 28.11.2015)	04	No	Nil	Nil	Nil
Shri Sanjay Tandon (w.e.f. 20.11.2015)	04	No	03	01	Nil

Notes:

- 31st Annual General Meeting was held on 16.09.2015.
- Based on disclosures received from concerned Director(s):
 - Directors inter-se are not related to each other. Independent Directors have declared that they meet the criteria of independence as provided in SEBI (LODR) Regulations, 2015 and the Companies Act, 2013.
 - 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 is reckoned considering Audit Committee and Stakeholders Relationship Committee.
 - None of non-executive Directors hold any Equity Shares in the Company.
 - None of the non-executive Directors had any pecuniary relationship or transactions with the Company during the FY ending on 31st March, 2016.

- Meeting Details**

During 2015-16, 18 (Eighteen) meetings of the Board were held - 28th April, 07th May, 25th May, 27th May, 09th July, 23rd July, 03rd August, 18th August, 26th August, 07th September, 23rd September, 13th October, 23rd October, 03rd November, 08th December & 18th December in 2015 and 13th January & 09th February in 2016.

- Independent Directors Meeting**

The Independent Directors met separately on 16.03.2016 without the presence of non-independent Directors and the members of the management.

- Board induction and training**

Upon appointment, the newly appointed Directors are provided a welcome kit detailing their roles and responsibilities and necessary information on their legal and regulatory obligations. Strategy meets are also held where functional heads share with the Board their short term and long term plans.

In addition, your Company has formulated a Training Policy for Board Members of your Company. Your Company's Directors are nominated from time to time to attend conferences on corporate governance, roles & responsibilities of Directors and other industry related matters conducted by DPE, SCOPE and other reputed Institutes.

The details of Independent Directors' training/familiarization programmes are available on the Company's website at http://www.gailonline.com/final_site/pdf/Familiarization_Training_ID.pdf.

3. COMMITTEES OF THE BOARD

The Board Committees play a crucial role in the governance structure of the Company and have been constituted to deal with specific areas/activities which concern the Company and need a closer view. The Board constitutes, assigns, co-opts and fixes the terms of reference of various committees. All decisions and recommendations of the committees are placed before the Board for information or for approval. The approved minutes are circulated to the members of the Committee and also to concerned department/group for implementation of the decision. The minutes of Committee are further placed in the next Committee meeting for confirmation of the members and in Board meeting for information. Action Taken Report requiring action taken to be informed to the Committee(s), is also put up to the Committee periodically.

Presently, there are 12 Committees of the Board including statutory committees viz. Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee. Details of other Committees of the Board are forming part of Annual Report separately.

A. AUDIT COMMITTEE

- Terms of Reference**

The terms of reference of the Audit Committee is in accordance with provision of the Companies Act, 2013, SEBI (LODR) Regulations, 2015 and the DPE Guidelines for Corporate Governance from time to time. It inter-alia includes, oversight of financial reporting process, recommending fixation of fees for auditors, approval of payment to auditors for payment of any other services rendered, reviewing annual and quarterly financial statements, reviewing performance of statutory / internal auditors and adequacy of internal control system, reviewing adequacy of internal audit function, discussion with internal auditors, reviewing findings of internal investigations, discussion with statutory auditors, reviewing whistle blower mechanism, approval or any subsequent modification of transactions of the company with related parties; scrutiny of inter-corporate loans and investments; valuation of undertakings or assets of the company, wherever it is necessary; evaluation of internal financial controls and risk management systems. Further, it deals with all the aspects of ethics in the Company.

- Composition**

As on 31st March, 2016, the Audit Committee comprised of Shri Anupam Kulshreshtha as the Chairman, Shri M. Ravindran, Shri S.K.Srivastava and Shri Sanjay Tandon as the members. All members of the Committee have requisite experience in financial matters.

Director (Finance), Statutory Auditors and Head of Internal Audit are the permanent invitees to the meetings of Audit Committee. Other Functional Directors and senior functional executives are also invited,

as and when required, to provide necessary information/clarification to the Committee. The Committee hold post-audit discussions jointly with statutory auditors on accounting practice, policies followed by the Company, etc. The Company Secretary acts as the Secretary to the Committee.

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

• Meeting Details

During 2015-16, 13 (Thirteen) meetings of Audit Committee were held: 28th April, 27th May, 16th June, 8th July, 23rd July, 3rd August, 11th August, 23rd September & 3rd November in 2015 and 12th January, 27th January, 9th February & 15th March in 2016. The attendance of the Members at the meetings was as under:

S. No.	Members	No. of Meetings	
		Held during the tenure	Attended
1.	Shri M. Ravindran	13	13
2.	Shri Prabhat Singh (upto 14.09.2015)	07	07
3.	Dr. Ashutosh Karnatak (upto 18.12.2015)	09	08
4.	Shri Anupam Kulshreshtha (wef 15.12.2015)	04	04
5.	Shri S.K.Srivastava (wef 15.12.2015)	04	04
6.	Shri Sanjay Tandon (wef 15.12.2015)	04	04

• Risk Management

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.

The risks are evaluated, quantified & prioritized and mitigation plans are reviewed & monitored at various stages. The Risk Management policy & procedures are periodically reviewed & monitored by Risk Management Committee, Audit Committee & Board. The Risk Management Framework has been detailed in the Management and Discussions Analysis section of Directors' Report.

• 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 enquiry 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.

Further, your Company has framed the Fraud Prevention Policy to prevent, detect and allow for speedy disposal of fraud or suspected fraud.

Audit Committee reviews the complaints received under whistle blower mechanism and status of fraud on quarterly basis. During the year under

review, no complaints were received under Whistle Blower Mechanism and Fraud Prevention Policy.

B. STAKEHOLDER'S RELATIONSHIP COMMITTEE

• Terms of Reference

The terms of reference of the Committee is to, inter-alia, look into the redressal of security holders of the company and matters relating to Registrar & Share Transfer Agent (R&TA). Further, the Committee shall also approve issuance of duplicate share certificate.

Role of Stakeholders Relationship Committee is as per SEBI (LODR) Regulations, 2015 and The Companies Act, 2013 as amended from time to time.

• Composition

As on 31st March, 2016, the Stakeholders Relationship Committee comprised of Shri Sanjay Tandon, as the Chairman, Shri M. Ravindran and Dr. Ashutosh Karnatak as the member(s). The Company Secretary acts as the Compliance Officer of the Company.

• Meeting & Other Details

During 2015-16, a meeting of the Committee was held on 18th June, 2015 which was attended by then members i.e. Sh. Ashutosh Jindal, Chairman, Sh. M. Ravindran, Dr. Ashutosh Karnatak, member(s).

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 Share Transfer Agent Limited, 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.

The details of complaints received, resolved and disposed-off to the satisfaction of shareholders during the year were as follows:

Particulars	Opening Balance	Received	Resolved	Pending
Complaints received from SEBI, stock exchange and other statutory bodies	0	22	22	0

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.

To facilitate the member(s) to register their requests, if any, designated e-mail ID of the R&TA and Company are admin@mcsregistrars.com and shareholders@gail.co.in. Further, there is a separate dedicated section on the Company's website www.gailonline.com captioned 'Investor Zone' for awareness of the shareholders about latest developments and updated information about annual reports, financial information, shareholding pattern, dividend declaration, Investor Education & Protection Fund (IEPF) transfer, unpaid dividend etc.

C. NOMINATION AND REMUNERATION COMMITTEE

Your Company is a Government Company, therefore, the remuneration of its Whole-time Directors is determined by the Government of India. 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 ₹40,000/- and ₹30,000/- for attending each meeting of the Board and Committee respectively in addition to expenses incidental thereto.

**Terms of Reference**

The terms of reference of this Committee is to:

- Deliberate and decide on Performance Related Pay (PRP) pool and policy of distribution of PRP to employees.
- Examination of issues relating to pay and perks other than PRP prior to consideration by the Board.
- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees; Formulation of criteria for evaluation of Independent Directors and the Board; Devising a policy on Board diversity; Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.

Role of Nomination and Remuneration Committee is as per SEBI (LODR) Regulations, 2015; The Companies Act, 2013; DPE guidelines as amended from time to time.

- Performance Evaluation of Board**

The Directors of your Company are appointed by the Government of India therefore the evaluation is also to be done by Government of India

being appointing authority. Further, as per notification dated 5th June, 2015 issued by the Ministry of Corporate Affairs, Government of India, Government Companies are exempted from complying with provisions of section 134(3)(p) of the Companies Act, 2013 with respect to performance evaluation of Board and its Committees. However, a policy is being framed for evaluation by the Board of its own performance.

- Composition**

As on 31st March 2016, the Nomination and Remuneration Committee of the Company comprised of Shri Sanjay Tandon as the Chairman, Shri S.K.Srivastava and Shri Anupam Kulshreshtha, as the member(s). Director (Finance) and Director (HR) are the permanent invitees to the meetings of Nomination and Remuneration Committee.

- Meeting & Other Details**

During 2015-16, a meeting of Nomination and Remuneration Committee was held on 30th September, 2015, which was attended by then members, i.e. Shri Ashutosh Jindal Chairman & Dr. Ashutosh Karnatak, member.

- Remuneration of Directors**

The details of remuneration paid to Whole-time Directors of the Company for 2015-16, are as below:

(₹ in lacs)

S. No.	Name of the Director	Salary & Allowances	Contribution to PF	Other Benefits and Perquisites	Performance Related Payment	Total
1.	Shri B. C. Tripathi Chairman and Managing Director	40.58	6.34	7.15	10.49	64.56
2	Shri M. Ravindran Director (HR)	33.75	5.59	7.00	6.90	53.24
3	Shri Subir Purkayastha Director (Finance) (w.e.f. 01.05.2015)	27.77	5.37	5.37	6.60	45.11
4	Dr. A. Karnatak Director (Projects)	30.67	5.41	5.76	6.60	48.44
5	Shri P.K. Jain Director (Finance) (upto 30.04.2015)	2.91	0.46	-	-	3.37
6	Shri Prabhat Singh Director (Marketing) (upto 14.09.2015)	29.20	1.15	1.00	-	31.35

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. 55 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 year period by Government of India. Further, Part-time Director (Government Nominee) representing administrative Ministry of the Government of India are appointed for a period of three years from the date of their induction on the Board on co-terminus basis or until further orders, whichever is earlier.

During the year 2015-16, the details of sitting fees paid to the Part-time non-official (Independent) Directors, excluding service tax paid by reverse charge mechanism by the Company, for attending the meetings of the Board of Directors and Committee(s) thereof, is given below:

(₹ in lacs)

S. No.	Name of the Independent Director(s)	Amount
1.	Shri S.K. Srivastava	4.00
2.	Shri. D.J. Pandian	2.50
3.	Shri Anupam Kulshreshtha	4.00
4.	Shri Sanjay Tandon	2.80

D. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

• Terms of Reference

The terms of reference of the Committee is to, inter-alia, formulate and recommend to the Board, a CSR Policy, recommend the amount of expenditure to be incurred and monitor the CSR Policy of the company from time to time and to do any other activity delegated by the Board.

The role of CSR Committee is as per The Companies Act, 2013 and DPE guidelines as amended from time to time.

• Composition

As on 31st March, 2016, the CSR Committee of the Company comprised of Shri B.C.Tripathi as the Chairman, Shri M. Ravindran, Shri Ashutosh Jindal, Shri Anupam Kulshreshtha and Shri Sanjay Tandon as the member(s).

• Meeting & Other Details

During 2015-16, 03 (Three) meetings of CSR Committee were held: 29th May & 3rd November in 2015 and 13th January, 2016. The attendance of the Members at the meetings was as follows:

S. No.	Members	No. of Meetings	
		Held during the tenure	Attended
1.	Shri B. C. Tripathi	3	3
2.	Shri M. Ravindran	3	3
3.	Shri Ashutosh Jindal	3	2
4.	Shri Anupam Kulshreshtha (wef 15.12.2015)	1	1
5.	Shri Sanjay Tandon (wef 15.12.2015)	1	0

The details of the CSR activities and the expenditure incurred on the same have been detailed in Directors' Report/ Management Discussion & Analysis.

4. 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	2012-13	2013-14	2014-15
AGM	29 th	30 th	31 st
Date & Time	25.09.2013 10:30 am	17.09.2014 10:30 am	16.09.2015 10:30 am
Venue	Manekshaw Centre, Parade Road Delhi Cantonment, New Delhi - 110010	Manekshaw Centre, Parade Road Delhi Cantonment, New Delhi - 110010	Manekshaw Centre, Parade Road Delhi Cantonment, New Delhi - 110010
Special Resolution passed	None	Borrowing of INR Debt through secured/unsecured, redeemable, taxable Non-convertible Bond(s) upto Rs 2000 crore till the conclusion of next AGM, in one or more tranches on private placement basis.	Borrowing of INR Debt through secured/unsecured, redeemable, taxable Non-convertible Bond(s) upto ₹2500 crore till the conclusion of next AGM, in one or more tranches on private placement basis.
Details	N.A.	Approval of shareholders of the Company was sought to authorize the Board of Directors to make offer(s) or invitation(s) for raising funds through Secured, Taxable, Redeemable, Non-convertible INR Bonds in the nature of Non-convertible debenture upto Rs 2000 crore and upto USD 750 million through Foreign Currency Bonds (Reg S Bonds)	Approval of shareholders of the Company was sought to authorize the Board of Directors to make offer(s) or invitation(s) for raising funds through Secured, Taxable, Redeemable, Non-convertible INR Bonds in the nature of Non-convertible debenture upto Rs 2500 crore and upto USD 750 million through Foreign Currency Bonds (Reg S Bonds)

No item warranted the postal ballot as stipulated under the Companies Act, 2013. No special resolution is proposed to be passed by postal ballot at the ensuing Annual General Meeting.

5. 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 2015-16 were published in leading English dailies having wide circulation across the country as per details mentioned below:

Date of publication of quarterly results for the quarter ended	Newspapers			
	Economic Times	Business Standard (Hindi)	Navbharat Times (Hindi)	Dainik Jagran (Hindi)
30.06.2015	25.2.2015	-	25.7.2015	-
30.09.2015	5.11.2015	5.11.2015	-	-
31.12.2015	11.2.2016	-	-	11.2.2016

Further, these were also hosted on the website of the Company at http://www.gailonline.com/final_site/financial_result.html.

- **NEAPS (NSE Electronic Application Processing System) and BSE Corporate Compliance & Listing Center-** NSE and BSE have developed web based applications for corporates. Periodical compliances like financial results, shareholding pattern etc are filed electronically on NEAPS and BSE Listing Center.
- **News Release, Presentation etc.:** Official news/press releases and presentations made to investors/ analysts are 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 is circulated to the members and others entitled thereto and uploaded on the website of the Company.
- **SCORES (SEBI Complaints Redressal System) -** SEBI processes investors complaints in a centralized web based complaints redressal system i.e. SCORES. Through this system, a shareholder can lodge complaint against a company for his grievance, the Company uploads the action taken on the complaint which can be viewed by shareholder. The Company and shareholder can seek clarifications online through SEBI.
- Regular reminders are being sent to Shareholders for claiming unpaid/unclaimed dividend every year.
- 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 has 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.

6. GENERAL SHAREHOLDER INFORMATION

- **Forthcoming AGM : Date, Time and Venue**
32nd Annual General Meeting of the Company is scheduled for **Friday, the 23rd day of September, 2016 at 10.30 a.m. at Manekshaw Centre, Parade Road, Delhi Cantonment, New Delhi - 110010.**
- **Dividend**

During 2015-16, 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	25% (₹2.5/- per share)	17.02.2016	20.02.2016
2.	Final Dividend (Proposed)	30% (₹3/- per share)	10.09.2016 to 23.09.2016	03.10.2016

With this, your Company has proposed a total dividend of 55% (Rs 5.50/- per equity share) on the paid-up equity share capital, for FY 2015-16.

- **Investor Education and Protection Fund (IEPF)**

Pursuant to Section 125 of the Companies Act, 2013, 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 ₹17.18 lacs and ₹24.51 lacs in the IEPF for unclaimed/unpaid final dividend for FY 2007-08 and interim dividend for FY 2008-09 respectively. Till date ₹2.03 crores has been transferred to IEPF.

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

FY	Type of Dividend	Dividend (%)	Last date for claiming Unpaid Dividend	Due date for transfer to IEPF
2008-09	FINAL	30	07.09.2016	07.10.2016
2009-10	INTERIM	20	20.12.2016	20.01.2017

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 provisions of the Companies Act, 2013 and rules framed in this regard by Government of India.

The Company has uploaded the information in respect of the Unclaimed Dividends till the date of the 30th 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 can 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'.

- Listing on Stock Exchanges

Stock Exchange & Address	Security Code	Type of Security
BSE Limited (BSE) Floor 1, Phiroze Jeejeebhoy Towers Dalal Street Mumbai - 400001	532155	Equity Shares
National Stock Exchange of India Limited Exchange Plaza, 5 th Floor, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400051	GAIL-EQ	Equity Shares
London Stock Exchange Regulatory News Service Department (RNS) 10, Paternoster Square, London EC4M 7LS	GAIDL1 GAILYUS	GDRs

Nurturing a resilient ecosystem

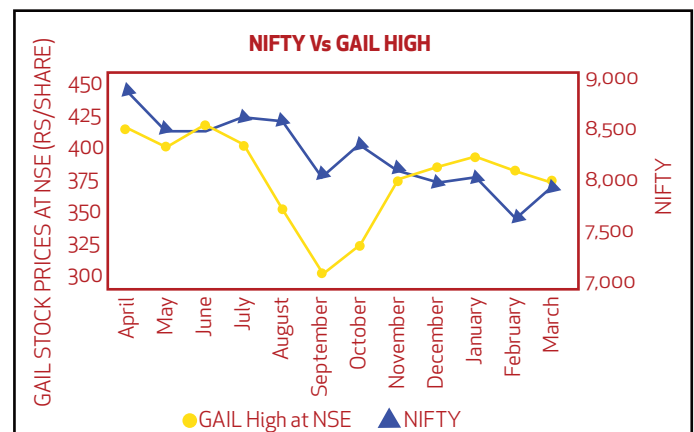
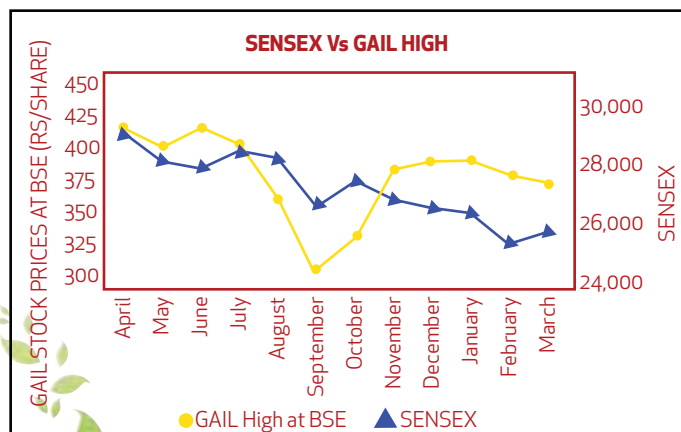
Further, the Non-Convertible Redeemable Bonds – Bond Series – I, 2010 (8.80%), Bond Series – I, 2012 (9.14%) and Bond Series – I, 2015 (8.30%) of the Company are listed at the Wholesale Debt Market (WDM) segment of NSE. IDBI Trusteeship Services Limited, Asian Building, Ground Floor 17, R Kamani Marg, Mumbai – 400001 (Tel No.: 022-40807000) is the Bond Trustee for the Bond Series – I, 2010 (8.80%), Bond Series – I, 2012 (9.14%) and Bond Series – I, 2015 (8.30%). During the year, fifth and last series of Bond Series – I (6.10%) having ISIN code INE129A07057 was redeemed on 22nd August, 2015.

The Annual listing fees for the listed equity shares and Bonds of your Company, pertaining to the year 2015-16 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 2015-16, based on the average folio/ISIN positions during 2015-16.

During 2015-16, the securities of the Company were not suspended from trading.

- Market Price Data

Market Price Data: High, Low during each month in the financial year 2015-16										
MONTHS	BSE			NSE			MARKET CAPITALISATION (RS 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	414	354	2,108,149	415	353	1836806	45691	45703	29095	8845
May	399	358	1,371,111	401	357	4274414	49458	49325	28071	8490
June	418	370	2,290,637	418	369	1140010	49731	49750	27969	8467
July	401	344	1,590,644	401	343	1580549	45088	45025	28578	8655
August	356	260	2,811,282	356	260	3226200	37579	37560	28418	8622
September	309	273	1,559,930	312	272	893504	38321	38346	26472	8055
October	331	292	1,120,105	332	292	986773	39158	39126	27618	8336
November	371	276	3,178,028	371	276	2283859	46331	46312	26824	8116
December	378	333	2,308,216	378	334	3373177	45951	47581	26256	7979
January	381	329	1,704,358	381	329	1445537	46566	46756	26197	7973
February	373	291	2,235,394	373	290	2821036	38631	38708	25002	7600
March	368	305	2,476,502	369	304	2210797	45202	45209	25480	7778



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 Share Transfer Agent Limited is the depository interface and Share Transfer Agent of the Company.

Your Company has a Share Transfer Committee in place which considers the requests for transfer/transmission of shares, 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, 2016 is detailed below

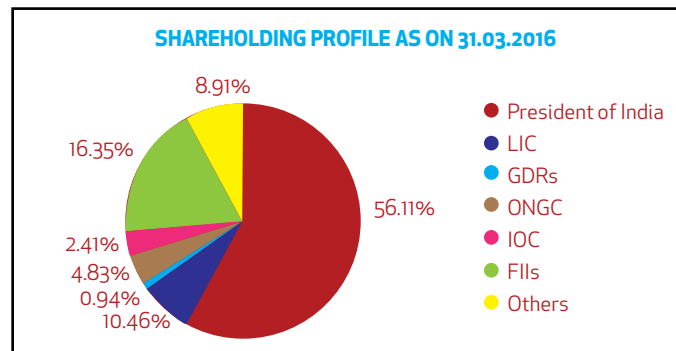
No. of Equity shares held	No. of Shares	% to Total	No. of Shareholders	% to Total
1	6283	0.00	6283	3.79
2-10	140690	0.01	20804	12.55
11-50	2009474	0.16	63076	38.04
51-100	2581057	0.20	31337	18.90
101-200	3344974	0.26	21731	13.11
201-750	6406493	0.51	18543	11.18
751-5000	5155464	0.41	3213	1.94
5001-10000	1544073	0.12	214	0.13
10001-15000	929161	0.07	75	0.05
15001 and above	1246359731*	98.26	506	0.31
TOTAL	126,84,77,400	100.00	165782	100.00

* includes 71,16,95,832 equity shares held by President of India

Top 10 Shareholders as on 31st March, 2016

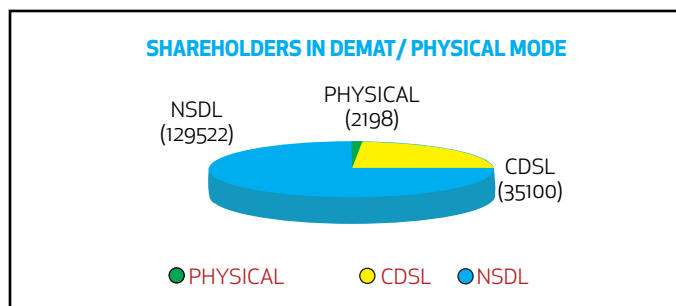
S. No.	Name of Shareholder(s)	Share(s)	%
1	PRESIDENT OF INDIA	711695832	56.11
2	LIFE INSURANCE CORPORATION OF INDIA	132621001	10.46
3	OIL AND NATURAL GAS CORPORATION LIMITED	61259323	4.83
4	INDIAN OIL CORPORATION LIMITED	30629661	2.42
5	LIFE INSURANCE CORPORATION OF INDIA P & GS FUND	27656670	2.18
6	MATTHEWS PACIFIC TIGER FUND	22282108	1.76
7	DEUTSCHE BANK TRUST COMPANY AMERICAS	11891046	0.94
8	PLATINUM INTERNATIONAL FUND	11093594	0.88
9	GOVERNMENT PENSION FUND GLOBAL	10616466	0.84
10	HERMES INVESTMENT FUNDS PLC ON BEHALF OF HERMES EM	8651958	0.68

Shareholding Profile as on 31st March, 2016



Dematerialization of Shares and Liquidity

As on 31st March, 2016, your Company had 1,65,782 shareholders, out of which 1,64,310 shareholders were holding equity shares in demat mode and 1472 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 L40200DL1984G01018976.



Commodity price risk or foreign exchange risk and hedging activities

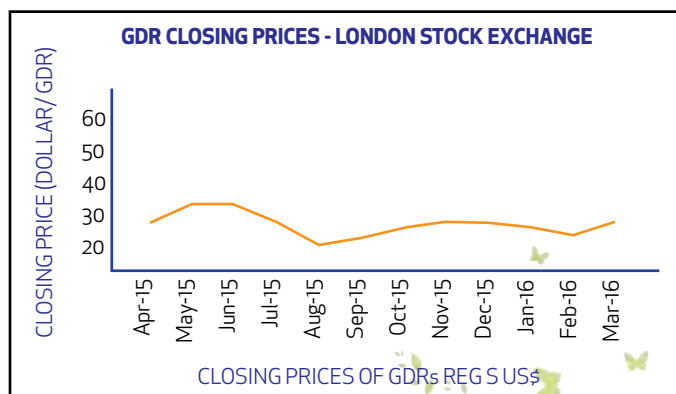
Your Company has an approved Natural Gas Price Risk Management Policy to manage the price risk on the import of natural gas. The Policy is in the process of implementation.

Your Company has an approved Foreign Currency & Interest Rate Risk Management Policy to manage the foreign exchange exposure. The loan portfolio is hedged by way of derivative products (currency swap and interest rate swap) and through natural hedge.

Outstanding GDRs/ADRs/Warrants or Convertible Instruments

As on 31st March, 2016, a total number of 19,81,841 GDRs representing 1,18,91,046 (0.94%) number of equity shares were outstanding. One GDR represents six underlying equity shares. The conversion of GDRs into equity shares has no impact on total equity capital.

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



• Major Plant Locations

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

U.P. Petrochemical Complex, PATA
P.O. Pata - 206241
Distt. Auraiya (U.P.)

LPG Recovery Plant, Usar
P.O. Malyan - 402203
Tal. Alibagh
Distt. Raigad (Maharashtra)

LPG Recovery Plant, Vijaiapur
GAIL Complex
Vijaiapur - 473112
Distt. Guna (M.P.)

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
E-mail: shareholders@gail.co.in

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

MCS Share Transfer Agent Limited
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.mcsregistrars.com
E-mail: admin@mcsregistrars.com

7. DISCLOSURES

A. COMPANY POLICIES

- The Company has formulated a Related Party Transactions policy in terms of SEBI (LODR) Regulations, 2015. The policy is available at website of the company at http://www.gailonline.com/final_site/pdf/GAIL_Related_Party_Transaction_Policy.pdf.
- In pursuance of the Securities Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Board has laid down "Code of Conduct for Prevention of Insider Trading" and "a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information" 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. The Code of Insider Trading is available at website of the company at http://www.gailonline.com/final_site/pdf/Code_for_Regulating_Insider_Trading.pdf.
- The Company has formulated a Policy for Determination of Materiality and Disclosure to ascertain the requirement of disclosure of events or information to stock exchange(s) and defining criteria

for determining materiality of events and information as specified under clause (ii) of sub-regulation (4) of Regulation 30 of SEBI (LODR) Regulations, 2015. The policy is available at website of the company at http://www.gailonline.com/final_site/pdf/GAIL_Determination_Material_Policy_Disclosure.pdf.

B. AFFIRMATION & COMPLIANCE

- Annual Financial statements 2015-16 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. 58 (Annexure-B) 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.
- 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, 2016.
- Your Company has filed report on Corporate Governance in specified format(s) to Stock Exchanges, MoPNG/ DPE within stipulated time.
- 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 Regulation 17(8) of SEBI (LODR) Regulations, 2015.
- Your Company has implemented online legal compliance management system covering the compliance of the applicable laws to your Company. A compliance Report is generated and the same is put up bi-annually for review of the Board.
- During the year under review, no Presidential Directives have been received by your Company.
- No item of expenditure has been debited in the books of account, which are not for the purposes of the business or expenses or which are personal in nature.

Further, the administrative & office expenses and financial expenses constitutes 3.06% and 1.29% respectively of total expenses for 2015-16 as against 2.38% and 0.70% in 2014-15.

C. DISCLOSURE OF PENDING CASES/ INSTANCES OF NON COMPLIANCE

- GAIL is complying with the mandatory requirements of SEBI (LODR) Regulations, 2015 and the Companies Act, 2013 except the requirement pertaining to composition of Board of Directors with respect to requisite number of Independent Directors and woman Director. The details regarding Independent Directors & woman director on the Board of the Company during the financial year 2015-16 is as under:

Period	Requirement as per the SEBI (LODR) Regulation, as per DPE Guidelines on Corporate Governance	Requirement As per Companies Act, 2013	Actual
01.04.2015 -19.11.2015	6	3	0
20.11.2015 - 27.11.2015	6	3	3
28.11.2015- 31.03.2016	6	4	4



Further, there was a Woman Director for the period from 21.05.2015 to 02.01.2016 on the Board of the Company.

Besides the mandatory requirement of Part C of Schedule V of SEBI (LODR) Regulations, 2015, the following discretionary requirements as specified in Part E of Schedule II have been implemented to the extent as under:

- The Company is headed by Chairman and Managing Director who is the Chief Executive Officer of the Company, appointed by the President of India in terms of Articles of Association of the Company.
- The financial results are being published widely and also hosted on the Company's website.
- The Company has not received any qualification from statutory auditors on its financial statements for FY 2015-16.
- The Company has an in-house Internal Audit Department functionally reporting to Audit Committee & administratively reporting to CMD.

Ministry of Petroleum & Natural Gas, Government of India is seized of the matter pertaining to appointment of requisite number of Independent Directors including Woman Director on the Board of the Company. The Government of India is in process of selecting requisite number of Independent Directors including Woman Director.

There have been no penalties, strictures paid by the Company to stock exchange(s) or the board or any statutory authority, on any matter related to capital markets, during the last three years;

- b. 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.

8. SUBSIDIARY COMPANIES- MONITORING FRAMEWORK

Your Company nominates its representatives on the Board of subsidiary companies. Further, the minutes of the meetings of the Board of Directors of subsidiary companies are put up to the Company's Board, from time

to time. In terms of Regulation 24 of SEBI (LODR) Regulations, 2015 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) investments made by unlisted subsidiary companies;
- (ii) consolidated financial statements comprising of financial statements of subsidiary companies etc.,
- (iii) periodical statement of significant transactions and arrangements entered into by the subsidiary companies

The Company has formulated a 'Policy for Material Subsidiary Company(s)'. The same is available at the website of the Company at http://www.gailonline.com/final_site/pdf/GAIL_Material_Subsidiary_policy.pdf. The Company does not have any material unlisted subsidiary companies in terms of the SEBI (LODR) Regulations, 2015 and DPE guidelines on Corporate Governance.

9. COMPLIANCE CERTIFICATE

The disclosures of the compliance with corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 has been made in this section on corporate governance of the annual report.

The statutory auditors of the Company have examined and certified your Company's compliance with respect to conditions enumerated in Part C of Schedule V [Regulation 34(3) and 53(f)] of SEBI (LODR) Regulations, 2015 and DPE guidelines on Corporate Governance. The certificate forms part of the Directors' Report.

Secretarial Compliance Report confirming compliance by Practicing Company Secretary of the applicable provisions of the Companies Act, 2013, SEBI (LODR) Regulations, 2015, 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) Limited ("the Company"), for the year ended March 31, 2016, as stipulated in SEBI (LODR) Regulations, 2015 and guidelines on Corporate Governance for Central Public Sector Enterprises, 2010 issued by DPE (DPE Guidelines).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation 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 the 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 the SEBI (LODR) Regulations, 2015 and in DPE Guidelines, except:

Position of Independent Directors during the year was as under:

Period	Requirement as per the SEBI (LODR) Regulations, 2015 as per DPE Guidelines on Corporate Governance	Requirement as per Companies Act, 2013	Actual
01.04.2015 -19.11.2015	6	3	0
20.11.2015 – 27.11.2015	6	3	3
28.11.2015- 31.03.2016	6	4	4

There was no woman Director on the Board of the Company except during the period from 21.05.2015 to 02.01.2016.

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 of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For O.P.Bagla & Co.
Chartered Accountants
Firm No.000018N
Sd/-
Rakesh Kumar
Partner
Membership No.: 087537
Place : New Delhi
Date : 25.05.2016

For G.S. Mathur & Co.
Chartered Accountants
Firm No.: 008744N
Sd/-
Rajiv Kumar Wadhawan
Partner
Membership No.: 091007
Place : New Delhi
Date: 25.05.2016



SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2016

{Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014}

To,
The Members,
GAIL (India) Limited

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by GAIL (India) Limited (hereinafter called GAIL/the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the GAIL's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial period ended on 31st March, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board- processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by GAIL for the financial year ended on 31st March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (e) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **NOT APPLICABLE**
 - (f) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **NOT APPLICABLE**
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **NOT APPLICABLE** and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **NOT APPLICABLE**
- (vi) Compliances/processes/systems under other specific applicable laws (as applicable to the industry), as listed below, to the Company are being verified on the basis of periodic certificate/internal Compliance system submitted to the Board of Directors of the Company:
 - 1) The Petroleum Act, 1934
 - 2) The Petroleum Rules, 2002
 - 3) The Oilfields (Regulation and Development) Act, 1948
 - 4) The Petroleum and Natural Gas Rules, 1959
 - 5) The Petroleum and Minerals Pipelines (Acquisition of Right of User in Land) Act, 1962
 - 6) The Explosives Act 1884 and Indian Explosives Rules 1983
 - 7) The Gas Cylinders Rules 2004
 - 8) Oil Industry Development Act, 1974
 - 9) The Petroleum and Natural Gas Regulatory Board Act, 2006
 - 10) The Solvent, Raffinate and Slop (Acquisition, Sale, Storage and Prevention of Use in Automobiles) Order, 2000
 - 11) The Petroleum and Natural Gas Regulatory Board (Exclusivity for City or Local Natural Gas Distribution Network) Regulations, 2008
 - 12) The Petroleum Products (Maintenance of Production, Storage and Supply) Order, 1999
 - 13) Environment Protection Act, 1986 and Environment (Protection) Rules, 1986
 - 14) Hazardous Wastes (Management and Handling) Rules, 1989
 - 15) The Noise Pollution (Regulation and Control) Rules, 2000
 - 16) Water (Prevention and Control of Pollution) Cess Act, 1977 and Water (Prevention and Control of Pollution) Cess Rules, 1978
 - 17) Batteries (Management and Handling) Rules, 2001
 - 18) The Central Motor Vehicles Rules, 1989
 - 19) The Water (Prevention and Control of Pollution) Act, 1974
 - 20) The Air (Prevention and Control of Pollution) Act, 1974
 - 21) Manufacture, Storage and Import of Hazardous Chemicals Rules, 1989
 - 22) Static and Mobile Pressure Vessels (Unfired) Rules, 1981 as amended by the SMPV (U) Rules, 1999
 - 23) Indian Forest Act, 1927
 - 24) The Ozone Depleting Substances (Regulation and Control) Rules, 2000
 - 25) The Information Technology Act, 2000
 - 26) The Indian Telegraph Act, 1885 and the Indian Telegraph Rules, 1951
 - 27) The Indian Wireless Telegraphy (Commercial Radio Operators Certificate Proficiency and License to Operate Global Maritime Distress and Safety System) Rules, 1994
 - 28) The Indian Wireless Telegraphy Act, 1933
 - 29) The Mines Act, 1952.
 - 30) The Arms Act, 1959

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India - Applicable w.e.f 1st July, 2015-Generally complied with.
- (ii) Equity Listing Agreement with NSE & BSE, Debt Listing Agreement with NSE, GDR Listing Agreement with London Stock Exchange and the SEBI (LODR) Regulations, 2015 - Generally complied with.
- (iii) DPE Guidelines on Corporate Governance for CPSE (DPE Guidelines)- Generally complied with.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above, subject to the following observations:

Observation No. 1. Non-compliance of Proviso to Section 149(1) read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014 w.r.t. appointment of at least one woman Director on the Board of the Company.

Company's Response: As on 31.03.2016, there was no woman Director on the Board of the Company. However, during the year, there was a Woman Director on the Board of the Company from 21.05.2015 to 02.01.2016.

Observation No. 2. Non-compliance of Regulation 17 (1) of Securities Exchange Board of India (Listing Obligation & Disclosure Requirements) Regulations, 2015 (erstwhile Clause 49 (II) (A) & (B) of the Listing Agreement) and Clause 3.1.4 of the DPE Guidelines on Corporate Governance for Central Public Sector Enterprises w.r.t. composition of the Board of Directors of the Company.

Company's Response: As on 31st March, 2016 GAIL's Board comprised of four Whole-Time Directors including CMD, two Government nominee Directors and three Independent Directors.

GAIL is a Government Company under the administrative control of the Ministry of Petroleum and Natural Gas, Government of India, the Directors are nominated/appointed by the Government of India. The Company is continuously pursuing with the Government of India for the appointment of requisite number of Independent Directors on their Board in order to comply with the provisions of the SEBI (LODR) Regulations, 2015 DPE Guidelines & the Companies Act, 2013.

Observation No. 3. Non-compliance of Section 149(8) read with Schedule IV (VIII) of Companies Act, 2013 and Regulation 17 (10) & 25 (4) of SEBI (LODR) Regulations, 2015, the Company has not carried out the performance evaluation of the Directors.

Company's Response: GAIL is a Government Company, appointment/nomination of all the Directors is being done by the President of India, through the MoP&NG and performance evaluation of individual Directors including Independent Directors is to be done by Government of India being appointing authority.

I further report that in the absence of requisite number of Independent Directors and Woman Director, the Company has not complied with the requirement pertaining to the composition of the Board of Directors to be constituted as per the Companies Act, 2013, DPE Guidelines and SEBI (LODR) Regulations, 2015.

Generally, adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All the decisions made in the Board/Committee meeting(s) were carried out with unanimous consent of all the Directors/Members present during the meeting.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period, there were no specific events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws.

For Agarwal S. & Associates,
Company Secretaries,
Sd/-
(Sachin Agarwal)
Partner

FCS No. : 5774
C.P.No. : 5910

Place: New Delhi
Date: June 10, 2016

This report is to be read with our letter of even date which is annexed as "Annexure 1" and forms an integral part of this report.



To,
The Members,
GAIL (India) Limited

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our Responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulation and happening of events etc.
5. The Compliance of the provisions of corporate and other applicable laws, rules, regulations, standards are the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: New Delhi
Date: June 10, 2016

For Agarwal S. & Associates,
Company Secretaries,
Sd/-
(Sachin Agarwal)
Partner
FCS No. : 5774
C.P.No. : 5910

ANNUAL REPORT ON CSR ACTIVITIES

1. BRIEF OUTLINE OF CSR POLICY AND PROJECTS OR PROPOSED PROGRAMMES TO BE UNDERTAKEN

A deep sense of commitment to the community and environment is what defines the organizational ethos of Corporate Social Responsibility (CSR) of your company. This stems from the belief that your Company has the responsibility of making a significant contribution towards the growth & development of the country. "Value Creation" for all stakeholders, as outlined in the vision of your Company remains the guiding force behind all social interventions. A robust governance structure led by the CSR sub-committee with a dedicated team of passionate CSR professionals helps in evaluating and selecting meaningful social programmes which are in alignment with the areas of intervention specified under the Companies Act 2013.

As detailed in the CSR Policy, your company follows a multi-layered and milestone oriented Project-based Approach for all the CSR interventions which are focused primarily in the rural areas ; in close proximity to the major work centres/installations of your Company. As identified under Schedule VII of the Companies Act, 2013, your Company has identified seven broad areas of CSR intervention, each of which is titled by the objective they seek to achieve viz. Arogya (Wellness) - Nutrition, Health and Sanitation and Drinking Water projects , Ujjwal (Towards a Bright future) - Education initiatives, Kaushal (Skill) - Livelihood Generation and Skill development initiatives, Unnati (Progress)- Rural Development, Sashakt (Empowerment)- Women Empowerment initiatives, Saksham (Capable) - Care of the elderly and differently abled, and Harit (Green) - Environment centric initiatives. Details of initiatives under each of these broad areas are provided in the Management Discussion & Analysis.

Your Company believes that, responding to the needs of the people, benefitting communities and protecting the environment will ultimately lead to the goal of sustainable progress of the larger community. In terms of the provisions of Section 135 of the Companies Act, 2013 and the CSR Rules therein, the CSR Policy of your Company was revised in March 2015 and has accordingly been hosted on Company's website www.gailonline.com. As enshrined in the CSR Policy, your Company adopts a multi-stakeholder approach, collaborating with communities, governmental

and nongovernmental organisations, academic institutions and others, in an effort to identify emerging issues, develop projects and effectively respond to challenges. Your Company endeavours to follow best practices in identifying, implementing, sustaining and monitoring its CSR interventions to maximize sustainability, scalability and transparency. As mandated in the Companies Act 2013, your Company allocates two percent of average net profit (Profit before Tax) of the previous three financial years for CSR interventions on an annual basis.

• Key CSR Interventions

With a view to make your Company's CSR efforts more effective and tangible for the targeted beneficiaries, a long term commitment and measures for self-sustainability are interwoven in the design of major projects. Some of the key initiatives undertaken under the CSR umbrella during the year are captured below:

Search for the next Olympian- GAIL Indian Speedstar

Your Company launched GAIL Indian Speedstar, a unique CSR initiative designed for scouting talent right from the grassroots level for participation in athletic events at the 2020 Olympics. The initiative aimed at honing the underlying talent of young athletes provides an opportunity to children from disadvantaged communities who don't have access to such opportunities or the platform. The initiative kick-started earlier this year with initial trials conducted at 53 districts across 10 states in which more than 25,000 children participated, out of which 899 children finally made it to the State level Camp and Selection. 9 athletes were selected on the day of the Grand Finale which was held on the 12th of May, 2016 at JLN Stadium New Delhi and graced by the Hon'ble Union Minister of Finance and Information & Broadcasting, Shri Arun Jaitley and Hon'ble Minister of Petroleum and Natural Gas Shri Dharmendra Pradhan. The 9 athletes will now be provided world class training and development with the view of preparing them for the pinnacle of sport, the Olympics.

Joining hands in Swachha Bharat Abhiyaan of Government of India

As part of the Hon'ble Prime Minister's call for "Swachh Bharat Abhiyan",



Glimpses from the Grand Finale of the GAIL Indian Speedstar which was graced by Hon'ble Union Minister of Finance and Information & Broadcasting, Shri Arun Jaitley, Hon'ble Minister of State for Petroleum and Natural Gas (Independent Charge) Shri Dharmendra Pradhan and Hon'ble Member of Parliament Smt. Meenakshi Lekhi, among other dignitaries



your Company has joined the campaign and is playing an active role in providing hygienic sanitation facilities for all. In a significant move towards fulfilling Hon'ble Prime Minister Shri Narendra Modi's commitment towards providing hygienic sanitation facilities, your Company undertook construction/renovation of 3614 toilets with water facility, under "Swachh Bharat, Swachh Vidyalaya" program. This nationwide campaign has already brought about significant improvement in the attendance of girl students in schools and also a marked improvement in the hygiene and sanitation of rural population

Relief and Rehabilitation for victims of Uttarakhand flashfloods - Project Srijan

In the aftermath of the devastating flashfloods that took place in Uttarakhand, your Company undertook a critical initiative for the rehabilitation and long term rebuilding of the community. In light of the massive devastation caused and the loss - human, material and financial, the pressing need was to ensure the long term survival. This was done by providing food and nutrition, security, creating income generation opportunities, and most importantly, empowering the most vulnerable groups - women and children (young adults). Project Srijan (creation) was undertaken for a period of 4 years, with the major components of the project being Capacity Building, Livelihood sustenance, Infrastructure/Asset Creation, Disaster Management and Mitigation. Under Project Srijan, over 7200 lives were touched through various interventions. Disaster Proof Households were constructed for the most disadvantaged families. A Community Resource Training Centre has been set up in Ukhimath Block with a fully functional spice making unit, stitching unit, juice making and packaging unit. A display unit cum sales counter has also been set up to sell the products made by the local beneficiaries. Training has been provided in masonry for construction of disaster resistant structures. 37 Self Help Groups and Farmer Interest Groups have been formed/included so far. Multiple Gharaats - Hydroelectricity based Grinding and Electricity Generation Units have been set up which act as a Income Generation Unit and also provides lighting to 4- 5 household. Regular workshops for awareness generation and sensitization on the project as also disaster management and mitigation are organized. Mock Drills have also been conducted to ensure better preparedness in instance of disaster. Psychological counseling has also been extended to those in trauma due to the devastation caused. Income Generation avenues in terms of livestock has also been provided to most vulnerable families. An estimated increase in annual per capita income by ₹9000 has been affected by GAIL's interventions through this project.

- Major projects under Identified Focus Areas

Your Company's CSR Projects are undertaken within the ambit of the 7 identified areas of intervention, which have been aptly named/captioned to reflect the spirit and objective they seek to achieve. Highlights of some of these projects are given below :

UJJWAL-Education centric initiatives

To boost the outreach of education among the lesser privileged, your Company has contributed for creation of school infrastructure like class rooms, IT facilities, libraries, science labs, provision of equipment and stationery to schools to enhance creativity among students and improve attendance of children. Your Company's inclusive development philosophy makes education for children with special needs a possibility, through provisioning of hearing aids and other assisted aids to help such special children join the mainstream. In the last FY, your Company provided financial assistance for construction of junior college buildings at Kosigi and Kodangal Mandals in Mahabubnagar, Telangana. Breaking away from social stigmas, your Company has also introduced social interventions like Project UDAY wherein education and rehabilitation of High Risk Children/Children of Sex workers, was undertaken in Guna District of Madhya Pradesh.

A flagship programme of your Company GAIL Utkarsh, aimed at meritorious children from marginalized communities; provides all-expense paid, specialised residential coaching/intensive mentoring so that they can compete for engineering entrance examinations such as IIT/JEE, AIEEE and UPTU. For the year 2015-16, 100 students were identified for this programme through a meticulous selection process. **Of these 94 have qualified for the IIT Mains out of which 55 have secured admissions in various IITs and other prestigious engineering institutions of the country.**

Apart from education centric interventions carried out under the Ujjwal thrust area, your Company also undertakes initiatives exclusively focused in the domain of education under GAIL Charitable and Education Trust. In the last financial year, your Company provided scholarship to beneficiaries of Project Utkarsh, as support for continuing higher education. Scholarships have been extended to 346 meritorious children from various schools across your Company's work centres. Financial aid for procurement and distribution of school furniture, teaching aids, computers and projector, water coolers etc. in government schools, in selected districts of Telangana, Punjab, Haryana and Rajasthan were also provided.

AROGYA-Overall wellness, covering Health & Sanitation, Drinking Water and Nutrition related Initiatives

Your Company is making proactive efforts to address the issues of health and sanitation, by introducing interventions that make at least primary health care facilities accessible and affordable to the rural and marginalised communities. It is operating **20 Mobile Medical Units across** the states of Madhya Pradesh, Uttar Pradesh, Gujarat, Haryana, Uttarakhand, Andhra Pradesh and Punjab, covering more than 391 villages and a population of almost **5,00,000**. Understanding the role and significance of Transporters/Drivers/Truckers in furthering the business operation and to address the problem of HIV/AIDS associated with this segment, your Company has been running an STI Clinic in Uttar Pradesh and Madhya Pradesh. Medical and supporting equipment have been provided to Hospitals in Sohna (Gurgaon, Haryana), Ankleshwar and Bharuch (Gujrat), and Kakinada (East Godavari, Andhra Pradesh). Health Camps have also been organized in various villages near the work centre of your Company.

Scarcity of water is a global concern, and therefore your Company places a premium on the value of water as a depleting natural resource. To enable access and increase the supply of potable water, your Company has adopted an integrated water management strategy that supports responsible water management and environmental stewardship. Your Company has facilitated installation of bore-wells, tube-wells, hand pumps, overhead tanks, submersible pumps as well as storage facilities and promoted rain water harvesting and check dams/ irrigation systems in villages, as part of this intervention. 650 handpumps have been installed in various districts of Uttar Pradesh to address the perennial problem of non - availability of water.

In order to further the Government's agenda on sanitation, toilet blocks have been constructed in schools of Ghaziabad (UP) and Karnataka.

KAUSHAL-Livelihood Generation and Skill development initiatives Enabling and empowering the marginalized, so that they become agents of change lies at the very heart of your Company's Skill development centric initiatives. Your Company is operating 4 Gail Institute of Skills in Guna (MP), Dediapada (Narmada, Gujarat), Tandur (Rangareddy, Telangana till 31.08.2016) and Nagaram (Andhra Pradesh) for imparting job linked skills training in Auto Cad, Web Designing, Domestic BPV/BPO, Welding, Industrial Electrician, CNC Operator, Instrument Technician, retail associate, masonry to more than 3200 rural and semi urban youth in the remote/backward districts. Aligning with the business interests of your Company, your Company provided training to 240 candidates in Plastic Product manufacturing and Plastic industry related trades in the cities of Ahmedabad, Bhubaneshwar, Guwahati, Lucknow and Hyderabad

through Central Institute of Plastics Engineering and Technology (CIPET). Your company also lent a helping hand to Delhi Police by providing Skill Training in the Hospitality Sector to 500 young men and women under Delhi Police's Yuva Programme. Your company has also contributed for setting up Skill Development Institute (SDI) at Bhubaneswar, Odisha with joint participation of Oil Sector PSEs. Training in hydrocarbon and related sector trades is also being extended to 2000 youth across Andhra Pradesh in partnership with Andhra Pradesh State Skill Development Corporation.

Over 6,000 people have benefitted through various Skill Development initiatives of GAIL.

SASHAKT – Women Empowerment initiatives

Your Company firmly believes that a woman's position is a true reflection of a society's progress. While women were always included as part of the beneficiaries, your Company has now created a new thrust area specially focused for the empowerment of women. This is also in line with the guidelines of DPE and the rules of the Companies Act, 2013. SEWA – a new initiative introduced in Ujjain, M. P. this year, has provided skill training based training to 3200 women in courses in computers, beauty & make-up, tailoring, karchok, tiffin service, financial literacy training etc. Support was also given for organizing a training programme of nonwoven fabric cloth bags and screen printing for women of Nagaram, Mamidikuduru, Mandal AP. Another GAIL project has been undertaken in Delhi/NCR with an aim to empower Adolescent Girls & Women through Employability Skill Training, Gender Sensitization and Legal Awareness in slums of Nizamuddin, Jangpura, Bhogal and Pant Nagar.

UNNATI – Rural Development & Infrastructure Initiatives

Your Company is guided by the **triple bottom line i.e. people, profit, planet** and takes cognizance of the fact that society's economic competitiveness is interlinked to its social, economic and environmental health. Your Company's interventions under this thrust area have therefore been designed to schematically meet all three goals.

Project **Srijan**, a holistic intervention meant for restoration and rehabilitation of the affected people was implemented in Uttarakhand, post the flash floods that hit in 2011 is a key initiative undertaken in this focus area. The hugely successful Integrated Watershed Development and Management Programme, Project **Jaldhar** has resulted in functioning of over **48** Self Help Groups which have in turn facilitated Income generation and promote saving among tribal women of Jhabua, creation of 15 Watershed Structures and plantation of trees/saplings. All these activities have been undertaken after comprehensive assessment and creation of database for Jhabua watershed, soil quality, water quality and topography of the project area as also regular interactions and meetings with the community. Your Company made investments in asset creation in infrastructural development in the states of Andhra Pradesh (East Godavari, Guntur), Telangana (Warangal) and Uttar Pradesh (Lucknow) and installation of solar street lights in identified villages and promotion of non-conventional sources of energy in various villages of Uttar Pradesh, Madhya Pradesh and Andhra Pradesh. Your Company also contributed substantial amount from its CSR funds towards MoP&NG Scheme for providing new LPG connections to BPL families. Your Company has undertaken restoration of Heritage Gate at Sisupalgarh entrance, Dist. Khorda, Odisha and also constructed approach road from Kalindi Kunj to Madanpur Khadar.

SAKSHAM – Care of the elderly and differently abled

Your Company is sensitive to the fact that the interventions must address the needs of communities at the periphery of development and recognises its responsibility towards various stakeholder groups, for holistic development of all. Your Company's inclusive development philosophy makes education for children with special needs a possibility, through provisioning of hearing aids and other assisted aids to help

such special children join the mainstream. Infrastructural support and audio-visual aids were provided to over 1400 children in the last financial year. Financial support was provided to Umeed Asha Kiran schools, run/supported by Air Force Wives Welfare Association for children with special needs. Additional accommodation and dining hall kitchen was built at Deaf and Mute school at Belagumba, Tumkur, Tumkur District, Karnataka. GAIL has also provided aids and assistive devices to nearly 700 persons with disability through organization of 2 Distribution Camps in partnership with Artificial Limbs Manufacturing Corporation of India. Two more camps are in the pipeline.

Harit (Environment related initiatives)

Commitment towards the Environment forms an implicit part of your Company's Vision statement. As part of the bigger sustainability ambit, your Company remains conscious of sensitivities associated with natural habitats and ecosystems and therefore restrict our activities to cause minimum damage to the surroundings. Your Company has tried to mitigate the damage to the environment and reduce its footprint by - effectively ensuring zero discharge of harmful effluents, adopting recycling practices of rain water harvesting, water recharging and ground water reuse systems, increasing the green cover of the areas in proximity to the work centres through extensive soil treatment of correcting alkalinity and restoring the soil balance, afforestation and other biodiversity management activities. Your company has approved setting up of two waste plastic to fuel oil plants of 10 TPD capacity each at Haridwar and Ujjain.

The social investment of your Company on CSR initiatives taken up in the last financial year has been to the tune of ₹118.64 crore. Your Company CSR policy is hosted on website at http://www.gailonline.com/final_site/pdf/final_policy2010.pdf.

2 CSR COMMITTEE OF BOARD

In compliance with the provisions of Section 135(1) of the Companies Act, 2013, as on 31.03.2016, the CSR Committee of the Board comprises of Sh. B.C. Tripathi as the Chairman, Sh. M. Ravindran, Sh. Ashutosh Jindal, Sh. Sanjay Tandon, and Sh. Anupam Kulshreshtha as the member(s).

3. AVERAGE NET PROFIT FOR LAST THREE FINANCIAL YEARS

Financial Year	Net profit before tax (₹ in crore)
2012-13	5684.21
2013-14	6013.96
2014-15	3652.98
Total (A)	15351.15
Average of 03 Financial Years = (A)/3	5117.05

4. PRESCRIBED CSR EXPENDITURE (TWO PERCENT OF THE AMOUNT AS IN ITEM 3 ABOVE)

The prescribed CSR expenditure for FY 2015-16 as per provisions of Companies Act, 2013 was ₹102.34 crores.

5. DETAILS OF CSR SPENDS DURING THE FINANCIAL YEAR

- Total amount to be spent for the financial year – ₹102.34 crores
- Amount unspent, if any – Nil
- Manner in which the amount spent during the financial year is detailed below:

In order to ensure spends of a minimum 2% of the avg. net profit of the



preceding 03 years, GAIL had allocated 2.7% of the avg. net profit of the preceding three FYs towards CSR projects and activities of FY 2015-16. Factoring the increased 2.7% allocation as also carry forward available from previous years (as CSR budget is non-lapsable as per GAIL CSR Policy), the total allocation made for CSR projects/activities in FY 2015-16 was ₹162.63 crores

In the FY 2015-16, a total of ₹160.56 crores was spent on CSR activities, out of which ₹118.64 crores was spent exclusively on CSR projects/activities

approved in 2015-16, while ₹41.92 crores was spent on CSR projects/activities approved in previous years.

The table below contains details of CSR Projects with a financial commitment of ₹1 crores and above.

The status of other projects is mentioned in brief thereafter.

(Amount ₹ in lacs)

S.NO	CSR PROJECT OR ACTIVITY IDENTIFIED	SECTOR IN WHICH THE PROJECT IS COVERED (ACTIVITIES AS PER SCHEDULE VII OF THE COMPANIES ACT, 2013)	PROJECTS OR PROGRAMMES (1) LOCAL AREA OR OTHER (2) STATE OR DISTRICT WHERE PROJECTS OR PROGRAMME WAS UNDERTAKEN	AMOUNT OUTLAY (BUDGET) PROJECT OR PROGRAMME WISE	AMOUNT SPENT ON THE PROJECT OR PROGRAMMES SUBHEADS: (1) DIRECT EXPENDITURE ON PROJECTS OR PROGRAMS (2) OVERHEADS	CUMULATIVE EXPENDITURE UP TO THE REPORTING PERIOD	AMOUNT SPENT: DIRECT OR THROUGH IMPLEMENTING AGENCY
1	GAIL Kaushal - Skill Development and Livelihood Generation initiatives	(ii) Enhancing Vocational Skills and Livelihood Enhancement	Local Area Guna, Ujjain (Madhya Pradesh), Kamrup (Assam), Lucknow (Uttar Pradesh), Ahmedabad, Vadodara, Narmada (Gujarat), Hyderabad, Ranga Reddy (Telangana) Delhi/NCR, Pudducherry East Godavari, West Godavari, Krishna, Vizianagram, Vishakhapatnam (Andhra Pradesh) Others Khordha (Odisha), Nagapattinam, Trichy, Madurai, Salem (Tamil Nadu), Guntur, Srikakulam, Prakasam, Nellore, Chittoor, Anantpur, Kurnool, Cudappah (Andhra Pradesh)	1,567.26	1235.42	1,235.42	Govt. Academic Institute/ Ltd. Company/State Skill Development Corporation
2	GAIL Ujjawal - Education Initiatives including Infrastructure Development	(ii) Promoting Education	Local Area Kanpur, Auraiya (Uttar Pradesh), Delhi/NCR, Bengaluru (Karnataka), East Godavari (Andhra Pradesh), Guna, Morena (Madhya Pradesh), South Goa (Goa) Others Mahabubnagar (Telangana), Khordha (Odisha), Amora (Uttarakhand)	698.60	502.74	502.74	Govt. Agency/ NGO/Academic Institutions, Societies

(Amount ₹ in lacs)

S. NO	CSR PROJECT OR ACTIVITY IDENTIFIED	SECTOR IN WHICH THE PROJECT IS COVERED (ACTIVITIES AS PER SCHEDULE VII OF THE COMPANIES ACT, 2013)	PROJECTS OR PROGRAMMES (1) LOCAL AREA OR OTHER (2) STATE OR DISTRICT WHERE PROJECTS OR PROGRAMME WAS UNDERTAKEN	AMOUNT OUTLAY (BUDGET) PROJECT OR PROGRAMME WISE	AMOUNT SPENT ON THE PROJECT OR PROGRAMMES SUBHEADS: (1) DIRECT EXPENDITURE ON PROJECTS OR PROGRAMS (2) OVERHEADS	CUMULATIVE EXPENDITURE UP TO THE REPORTING PERIOD	AMOUNT SPENT: DIRECT OR THROUGH IMPLEMENTING AGENCY
3	GAIL Unnati - Rural Development initiatives including Infrastructure facilities	(x) Rural Development projects (v) restoration of buildings and sites of historical importance	Local Area Auraiya, Gautambudhanagar, Barabanki, Kanpur Dehat, Pilibhit and Lucknow (Uttar Pradesh), Jhabua, Guna (Madhya Pradesh) Delhi/NCR, Vizag, West Godavari, East Godavari (Andhra Pradesh), Raigad (Maharashtra) Pan India around GAIL work centres - MoPNG Scheme (LPG Vitrak Yojana) Others Rudraprayag (Uttarakhand) - Disaster effected, Guntur (Andhra Pradesh), Warangal (Telanagana), Badohi (Uttar Pradesh), Khordha (Odisha), Ghazipur (Uttar Pradesh)	5,183.66	4601.82	4,601.82	Govt. Agency/ NGO/Ltd. Company/CPSE/ State PSU
4	GAIL Arogya - Initiatives in Nutrition, Healthcare and provision of Drinking Water	(i) promoting preventive healthcare (i) making available safe drinking water (i) sanitation (x) Rural Development projects (iv) Conservation of Natural Resources	Local Area East Godavari (Andhra Pradesh), Morena, Jhabua, Guna, Ujjain (Madhya Pradesh), Bharuch (Gujarat), Gurgaon, Faridabad (Haryana), Haridwar (Uttarakhand), Ludhiana (Punjab), Shamli, Ghaziabad, Auraiya, Jalaun, Etawah, Allahabad (Uttar Pradesh), Mumbai (Maharashtra), Ajmer (Rajasthan), Bengaluru (Karnataka) Others Udham Singh nagar, Rudraprayag (Uttarakhand), Ghazipur (Uttar Pradesh)	754.50	545.54	545.54	NGO
5	Swachha Bharat Swachha Vidyalaya - Provision of School toilets in various districts of Odisha, Andhra Pradesh and Madhya Pradesh Swachha Bharat Abhiyan	(i) Sanitation	Local Area East and West Godavari, Krishna (Andhra Pradesh) Jhabua (MP) Others Balasore, Bargarh, Bolangir, Gajapati, Ganjam, Jharsuguda, Kandhamal, Khordha, Nayagarh, Sambalpur (Odisha)	4,283.00	3173.41	3173.41	AGENCIES IDENTIFIED THROUGH TENDERING/ GOVT. AGENCY/ PVT. AGENCY/ NGO

(Amount ₹ in lacs)

S. NO	CSR PROJECT OR ACTIVITY IDENTIFIED	SECTOR IN WHICH THE PROJECT IS COVERED (ACTIVITIES AS PER SCHEDULE VII OF THE COMPANIES ACT, 2013)	PROJECTS OR PROGRAMMES (1) LOCAL AREA OR OTHER (2) STATE OR DISTRICT WHERE PROJECTS OR PROGRAMME WAS UNDERTAKEN	AMOUNT OUTLAY (BUDGET) PROJECT OR PROGRAMME WISE	AMOUNT SPENT ON THE PROJECT OR PROGRAMMES SUBHEADS: (1) DIRECT EXPENDITURE ON PROJECTS OR PROGRAMS (2) OVERHEADS	CUMULATIVE EXPENDITURE UP TO THE REPORTING PERIOD	AMOUNT SPENT: DIRECT OR THROUGH IMPLEMENTING AGENCY
6	Others - Training to promote of rural sports, Nationally recognized sports and Olympics Sports	(vii) Training to promote of rural sports, Nationally recognized sports, Paralympic Sports and Olympics sports	53 districts in 10 states	341	284.80	284.80	Cooperative Society
7	Saksham - Care of the elderly and Persons with Disability	(ii) care of elderly and PWDs/ promoting education for disabled	Local Area Delhi/NCR, Guna, Jhabua (MP), Auraiya (UP), East Godavari (AP), Tumkur (Karnataka), Vadodara (Gujarat) Others Cuttack (Odisha)	200.00	138.83	138.83	CPSE/NGO/Govt. Dept./Societies
SPENDS ON CSR PROJECTS 2015-16 (A)					10482.56	10482.56	

S.No.	Other Expenditure Heads	Total No. of projects	Amount Outlay (₹ in lacs)	Expenditure (₹ in lacs)
1	Capacity Building, Overheads and other Miscellaneous Expenses (B)	12	511.7	312.59
2	Projects under Implementation below ₹1 crore (C)	47	1604.56	1,068.85
3	Projects approved in FY 2015-16 not taken off -	5	1117.22	NA
TOTAL SPENDS ON CSR, 2015-16 (A + B + C)				11,864.00

6. REASONS FOR LESS THAN STIPULATED EXPENDITURE

Requisite amount as per provisions of the Companies Act, 2013 has been spent during the year 2015-16, hence, it is Not Applicable.

RESPONSIBILITY STATEMENT OF THE CSR COMMITTEE OF THE BOARD

This is to certify that the implementation and monitoring of CSR Policy, is in compliance with the CSR objectives and Policy of the Company.

Sd/-
(M. Ravindran)
Director (HR)
Dated: August 19, 2016

Sd/-
(B. C. Tripathi)
Chairman, CSR Committee

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO AS PER SECTION 134(3) OF THE COMPANIES ACT, 2013 READ WITH COMPANIES (ACCOUNTS) RULES, 2014

A. CONSERVATION OF ENERGY

(i) The steps taken or impact on conservation of energy:

1. **Online efficiency monitoring of Gas Turbine Compressors (GTCs):** A step taken for monitoring of online efficiency of GTCs at Vaghodia has resulted in fuel saving to the tune of ₹1.17 crore during FY 2015-16 which otherwise would have been wasted by dormant venting through fuel vent valve. The online efficiency monitoring of GTCs is now used as predictive maintenance tool for immediate detection of any loss of fuel through fuel vent valve/engine bleed valve malfunction.
1. **Modification in operational philosophy of lube Oil(LO) cooler Fan of GTC through incorporation of temperature control logic:** Incorporation of temperature control logic in the lube oil cooling system of GTCs at Vaghodia has resulted in energy savings through optimal operation of cooling fans. Due to the modification, practically only LO cooler fan is found in operation instead of earlier two fan in continuous operation to maintain the LO temperature. Additionally, one LO cooler fan is available per GTC as standby resulting into better reliability of GTCs.
2. **Modification in the Lighting Systems:** The replacement of conventional lighting systems HPSV/HPMV/CFL/FTL with more efficient T5/LED lighting systems at various locations of GAIL has been done to improve in energy efficiency.
3. **Replacement of motors with energy efficient motors:** GAIL has taken an initiative to replace the existing motors with the new energy efficient motors at Vaghodia GPU plant that has resulted in electrical energy savings.
4. **Switching over from TEG power to Grid power at SV Stations of VSPL:** With improved availability of grid power, the requirement of electricity for SV stations is being met by providing supply from grid power instead of less efficient TEG power.

(ii) The steps taken by the Company for utilizing alternate sources of energy:

1. As a step towards utilization of renewable energy, the electricity requirement of some of the RR/SV/IP stations across HVJ/VDPL/KMPL are being met by solar power through conversion of Thermoelectric Generator (TEG) power system to Solar Power System.
2. GAIL has taken various steps for the utilization of solar energy as an alternative source of energy viz:
 - a) Online solar panel of 5.0 kW has been installed at IPS Mansarampura of JLPL which is generating approx. 20 kWh daily. Similarly, 1.0 kW solar system has been installed at SV-46 of JLPL which has increased power reliability at remote SV station.
 - b) Solar system with battery backup has been installed at 34 SV/IP stations all along DBPL network generating approx. 14.8 Lacs units of electricity to meet 84% energy requirement of the total network.
 - c) Three solar power plants under NCR region and four solar plants of capacity 7.5 kWp, 15 kWp and 2X7.5 kWp under Jamnagar Loni P/L region have been installed.
 - d) Solar based street lights have been installed at all SVs & IPS under Nasirabad region of JLPL. Similarly, solar power for lighting purpose of building and yard lighting of process area at dispatch terminal, Ramnadi in cauevery basin is under advanced stage of implementation.

(iii) The Capital Investment on energy conservation equipment's:

- Details Capital Expenditure (approx.) is as follows:
- For Online efficiency monitoring of Gas Turbine Compressors (GTCs) at Vaghodia is ₹50,000.
 - For Replacement of motors with energy efficient motors at Vaghodia is ₹39,08,471
 - ₹3.77 lacs for online 5.0 kw solar panel at IPS Mansarampura, JLPL
 - ₹0.74 lacs for supply & installation of 1.0 kw solar for SV-46.
 - ₹157 lacs for solar plants and other initiatives in NCR region.
 - ₹7.72 lacs solar based street lights have been installed at all SVs & IPS under Nasirabad region of JLPL.

(B) Technology Absorption:

(i) The efforts made towards technology absorption

1. GAIL has started implementing Application Software (APPS) for monitoring Natural gas & LPG pipelines in phased manner. APPS provide operation and planning tools for safe, reliable, optimum and economic operation of pipeline networks. The system offers various functionalities, such as Real Time Modeling, Leak Detection System, Inventory Analysis / Line pack Calculations, Predictive Modeling for all pipelines in a common database.
2. Magnetic Tomography Method (MTM) & Contactless Magnetometric Diagnostic Method (CMDM) have been tried for the first time in India for assessing the integrity of the non-piggable pipelines. These technologies help in locating defects in metal & weld joints, assess the state of corrosion & monitor the development of corrosion.
3. GAIL has enhanced the monitoring mechanism for the quality of gas by installing the advanced tunable laser diode based online analysers for moisture and H₂S monitoring at most of the source locations.
4. For the effective monitoring of RoU in the harsh locations, remote methane leak detectors are being used. This technology has changed the way methane leakage surveys are conducted during the foot patrolling of RoU. Instead of having to walk the entire length of service line to check for methane leaks, the said instrument quickly and efficiently detects leaks up to one hundred feet away allowing remote detection of hard-to-reach areas and difficult terrains. This is time saving method of detection of leakage which leads to productivity gains, reduced operation and maintenance costs and a safer survey. Also, one number infrared camera has also been procured at GAIL Vijapur for detection of fugitive gas emissions.

(ii) the benefits derived like product improvement, cost reduction, product development or import substitution;

Latest technologies like infrared type flame & LEL sensors are adopted in upgradation of fire & gas detection system of DR machines & compressor shelters at GAIL, Jhabua. These technologies have enhanced machine safety & spurious trips have also been reduced due to elimination of false alarm generated by conventional detectors. In addition, PC based Human Machine Interface (HMI) has helped in easy understanding of real time monitoring of machines.

(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)- Nil

(iv) Expenditure on R&D

a.	Capital	₹3.03 crores
b.	Recurring/Revenue	₹73.46 crores
c.	Total	₹76.49 crores

(C) Foreign exchange earnings and Outgo

During the year, foreign exchange earnings were ₹866.54 crores and foreign currency outgo was ₹2,558.71 crores.



Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. **Details of contracts or arrangements or transactions not at arm's length basis** – GAIL (India) Limited has not entered into any contract or arrangement or transaction with its related parties which is not at arm's length during financial year 2015-16.
2. **Details of material contracts or arrangement or transactions at arm's length basis**
 - a. **Name(s) of the related party and nature of relationship** - Petronet LNG Limited (PLL) and is a joint venture of GAIL.
 - b. **Nature of contracts/arrangements/transactions** -Purchase of Regasified Liquefied Natural Gas (RLNG) and utilization of Regasification facilities of LNG gasification Terminal(s)
 - c. **Duration of the contracts / arrangements/transactions**-Agreement(s) dated 26th September, 2003; 26th August, 2009 and 31st December, 2015 which is ongoing.
 - d. **Salient terms of the contracts or arrangements or transactions including the value, if any** – Petronet LNG Limited to provide regasification facilities, supply of RLNG (Long term and Spot). Transactions with Petronet LNG Limited for FY 2015-16 were ₹11,200 crores approx.
 - e. **Date(s) of approval by the Board, if any** - Not applicable, since the contract was entered into in the ordinary course of business and on arm's length basis.
 - f. **Amount paid as advances, if any** - NIL

For and on behalf of the Board

Sd/
B.C. Tripathi
Chairman & Managing Director

Place: New Delhi
Dated: August 19, 2016

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on 31st March, 2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	L40200DL1984G0I018976
Registration Date	16.08.1984
Name of the Company	GAIL (India) Limited
Category/Sub-Category of the Company	Government Company
Address of the registered office and contact details	16, Bhikaiji Cama Place, R.K. Puram New Delhi - 110066 Contact No (s): 011-26182955/ 26172580
Whether listed Company (Yes/No)	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	MCS Share Transfer Agent Limited F-65, Okhla Industrial Area, Phase-I, New Delhi-110020 Contact No (s)- 011-41406149/50/51/52

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

S. No.	Name and Description of main Products / Services	NIC Code of the Product/ Service	% to Total Turnover of the Company
1	Gas Marketing	Not Applicable	75

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

S. No	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
1	GAIL Global (Singapore) Pte. Limited	Wangz Buisness Centre # 43-01, Suntec Tower One, 7 Temasek, Boulevard, Singapore - 038987	NA	Wholly owned Subsidiary	100	2(87)
2	GAIL Global (USA) Inc.	333, Clay Street, Suite 3300, Houston, Texas - 77002	NA	Wholly owned Subsidiary	100	2(87)
3	GAIL Global (USA) LNG LLC (Wholly Owned Subsidiary Of GAIL Global (USA) Inc.	333, Clay Street, Suite 3300, Houston, Texas - 77002	NA	Subsidiary	-	2(87)
4	GAIL Gas Limited	16, Bhikaiji Cama Place , R.K. Puram, New Delhi.110066	U40200DL2008G0I178614	Wholly owned Subsidiary	100	2(87)
5	Brahmaputra Cracker & Polymer Limited	Hotel Brahmaputra Ashok , M.G. Road , Guwahati, Assam.781001	U11101AS2007G0I008290	Subsidiary	70	2(87)
6	GAIL China Gas Global Energy Holdings Limited	Claredon House, 2 Church Street, Hamilton HM11, Bermuda	NA	Joint Venture/ Associate	50	2(6)
7	Aavantika Gas Limited	Aavantika Gas Limited 202-B, 2 nd Floor, NRK Business Park Vijay Nagar Square A.B. Road Indore - 452 008	U40107MP2006PLC018684	Joint Venture/ Associate	22.5	2(6)
8	Tripura Natural Gas Company Limited	33, Office Lane Agartala, Tripura.799001.	U23201TR1990SGC003451	Joint Venture/ Associate	29	2(6)

S. No	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
9	Bhagyanagar Gas Limited	Parishram Bhawan , Basheerbagh, Hyderabad, Telangana. 500004	U40200TG200 3PLC041566	Joint Venture/ Associate	22.5	2(6)
10	Ratnagiri Gas And Power Private Limited	NTPC Bhawan Core 7 scope Complex 7 Institutional Area Lodhi Road, New Delhi 110003	U40105DL200 5PTC138458	Joint Venture/ Associate	28.91	2(6)
11	Central U.P. Gas Limited	A-1/4 Lakhanpur UPSID Complex Kanpur Uttar Pradesh 208024	U40200UP200 5PLC029538	Joint Venture/ Associate	25	2(6)
12	Green Gas Limited	Fortuna Towers, 2 nd Floor ,10, Rana Pratap Marg, Lucknow, Uttar Pradesh 226001	U23201UP200 5PLC030834	Joint Venture/ Associate	22.5	2(6)
13	Indraprastha Gas Limited	IGL Bhawan, Plot No 4 ,Community Centre, Sector 9, RK Puram New Delhi 110022	L23201DL199 8PLC097614	Joint Venture/ Associate	22.5	2(6)
14	Mahanagar Gas Limited	MGL House, Block No G-33, Bandra Kurla Complex, Bandra (E), Mumbai, Maharashtra 400051	U40200MH1995PLC088133	Joint Venture/ Associate	49.75	2(6)
15	Maharashtra Natural Gas Limited	Plot No 27, Narveer Tanaji Wadi, PMT Bus Depot, Commercial Building, First Floor, Shivaji Nagar, Pune Maharashtra 411005	U11102PN200 6PLC021839	Joint Venture/ Associate	22.5	2(6)
16	ONGC Petro-additions Limited	1 st Floor, Omkara Building , Sai Chokdi, Manjalpur, Vadodra Gujarat - 390011	U23209GJ2006PLC060282	Joint Venture	15.50	2(6)
17	Petronet LNG Limited	First Floor World trade Centre Babar Road , New Delhi 110001	L74899DL199 8PLC093073	Joint Venture	12.5	2(6)
18	TAPI Pipeline Company Limited	C/o Cains Fiduciaries Limited Fort Anne Douglas Isle of Man IM1 5PD	NA	Joint Venture/ Associate	5	2(6)
19	South-East Asia Gas Pipeline Company Limited	SEDONA HOTEL (Mandalay) No.1, Junction of 26 th street & 66 th street, Chan Aye Tharzan Township Mandalay Myanmar	NA	Joint Venture/ Associate	4.17	2(6)
20	Vadodara Gas Limited	Shri Muni Commi Gas Office, Gas Office Building Dandia Bazaar Vadodara 390001	U40106GJ201 3PLC076828	Joint Venture/ Associate	32.93	2(6)
21	Talcher Fertilizers Limited (Earlier known as Rashtriya Coal Gas Fertilizers Limited)	Plot 2/H, Kalpana Area, BJB Nagar, Khurda Bhubneswar Khordha 751014	U241200R201 5PLC019575	Joint Venture/ Associate	29.67	2(6)

IV. SHARE HOLDING PATTERN

(Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1 st April, 2015]				No. of Shares held at the end of the year [As on 31 st March, 2016]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF									
b) Central Govt	711733651	0	711733651	56.11	711695832	0	711695832	56.11	
c) State Govt(s)									
d) Bodies Corp.									
e) Banks / FI									
f) Any other									
TRUST									
SOCIETY									
EDUCATIONAL INSTITUTE									
Total shareholding of Promoter (A)	711733651	0	711733651	56.11	711695832	0	711695832	56.11	0.00
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	11910546	15100	11925646	0.94	19365772	14350	19380122	1.53	0.59
b) Banks / FI	27080330	1050	27081380	2.13	36263865	1050	36264915	2.86	0.72
c) Central Govt	91888984	0	91888984	7.24	91888984	0	91888984	7.24	0.00
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies	140867506	0	140867506	11.11	157433644	0	157433644	12.41	1.31
g) FIs	238376116	2600	238378716	18.79	207373059	2450	207375509	16.35	-2.44
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total (B) (1):-	510123482	18750	510142232	40.22	512325324	17850	512343174	40.39	0.17

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1 st April, 2015]				No. of Shares held at the end of the year [As on 31 st March, 2016]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non-Institutions									
a) Bodies Corp.	6294347	300	6294647	0.50	9376282	450	9376732	0.74	0.24
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹1 lakh	19334376	84799	19419175	1.53	18877196	83672	18960868	1.49	-0.04
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	1021861	0	1021861	0.08	960527	0	960527	0.08	0.00
c) Others (specify)									
Non Resident Indians	752873	5452	758325	0.06	781800	5452	787252	0.06	0.00
Overseas Corporate Bodies									
Foreign Nationals									
Clearing Members									
Trusts	1198302	0	1198302	0.09	2461969	0	2461969	0.19	0.10
Cooperative Society									
Foreign Bodies - DR									
Sub-total (B)(2):-	28601759	90551	28692310	2.26	32457774	89574	32547348	2.57	0.30
Total Public Shareholding (B)=(B)(1)+(B)(2)	538725241	109301	538834542	42.48	544783098	107424	544890522	42.96	0.48
C. Shares held by Custodian for GDRs & ADRs	17947026	0	17947026	1.41	11891046	0	11891046	0.94	-0.48
Grand Total (A+B+C)	1268368099	109301	1268477400	100.00	1268369976	107424	1268477400	100.00	0.00

(ii) Shareholding of Promoters

S.No.	Shareholder's Name	No. of Shares held at the beginning of the year [As on 1 st April 2015]			No. of Shares held at the end of the year [As on 31 st March, 2016]			% change in shareholding during the year
		No. of shares	% of total shares of the Company	% of shares Pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of shares Pledged / encumbered to total shares	
1	President of India	711733651	56.11	0	711695832	56.11	0	0.0030
Total		711733651	56.11	0	711695832	56.11	0	0.0030

(iii) Change in Promoters' Shareholding (please specify, if there is no change) -

S.No	Name	Shareholding		Date	Increase / (Decrease) in Shareholding	Reason	Cumulative Share holding during the year (1 st April 2015 to 31 st March 2016)	
		No of shares at the Beginning (1 st April 2015) / end of the Year (31 st March 2016)	% of total shares of the Company				No. of shares	% of total shares of the Company
1	President of India	711733651	56.11	1 Apr 15				
				8 Apr 15	(37,819)	Government of India disinvested shares through CPSE ETF as Bonus Units	711695832	56.11

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

S.No	Name	Shareholding		Date	Increase / (Decrease) in Shareholding	Reason	Cumulative Share holding during the year (1 st April 2015 to 31 st March 2016)	
		No of shares at the Beginning (1 st April 2015) / end of the Year (31 st March 2016)	% of total shares of the Company				shares	% of total shares of the Company
1	LIFE INSURANCE CORPORATION OF INDIA	116,105,407	9.15	1-Apr-15				
				10-Apr-15	429,624	Purchase	116,535,031	9.19
				8-May-15	615,295	Purchase	117,150,326	9.24
				15-May-15	754,695	Purchase	117,905,021	9.3
				22-May-15	267,554	Purchase	118,172,575	9.32
				29-May-15	192,832	Purchase	118,365,407	9.33
				5-Jun-15	185,556	Purchase	118,550,963	9.35
				31-Jul-15	260,000	Purchase	118,810,963	9.37
				7-Aug-15	1,698,591	Purchase	120,509,554	9.5
				14-Aug-15	4,210,310	Purchase	124,719,864	9.83
				21-Aug-15	774,073	Purchase	125,493,937	9.89
				28-Aug-15	3,057,026	Purchase	128,550,963	10.13
				4-Sep-15	1,109,612	Purchase	129,660,575	10.22
				11-Sep-15	1,574,556	Purchase	131,235,131	10.35
		18-Sep-15	1,984,184	Purchase	133,219,315	10.5		
		25-Sep-15	1,579,331	Purchase	134,798,646	10.63		

S.No	Name	Shareholding		Date	Increase / Decrease in Shareholding	Reason	Cumulative Share holding during the year (1 st April 2015 to 31 st March 2016)	
		No of shares at the Beginning (1 st April 2015)/ end of the Year (31 st March 2016)	% of total shares of the company				Shares	% of total shares of the Company
				30-Sep-15	214,599	Purchase	135,013,245	10.64
				20-Nov-15	452,002	Purchase	135,465,247	10.68
				11-Mar-16	(52,930)	Sale	135,412,317	10.68
				18-Mar-16	(683,615)	Sale	134,728,702	10.62
				25-Mar-16	(1,044,200)	Sale	133,684,502	10.54
				132,621,001	10.46	31-Mar-16	(1,063,501)	
2	OIL AND NATURAL GAS CORPORATION LIMITED	61,259,323	4.83	1-Apr-15				
		61,259,323	4.83	31-Mar-16				
3	INDIAN OIL CORPORATION LIMITED	30,629,661	2.41	1-Apr-15				
		30,629,661	2.41	31-Mar-16				
4	LIFE INSURANCE CORPORATION OF INDIA P & GS FUND	17,863,260	1.41	1-Apr-15				
				10-Apr-15	866,779	Purchase	18,730,039	1.48
				17-Apr-15	893,658	Purchase	19,623,697	1.55
				24-Apr-15	289,409	Purchase	19,913,106	1.57
				12-Jun-15	1,195,329	Purchase	21,108,435	1.66
				19-Jun-15	1,447,578	Purchase	22,556,013	1.78
				26-Jun-15	218,493	Purchase	22,774,506	1.8
				30-Jun-15	204,386	Purchase	22,978,892	1.81
				3-Jul-15	254,851	Purchase	23,233,743	1.83
				17-Jul-15	1,237	Purchase	23,234,980	1.83
				24-Jul-15	579,936	Purchase	23,814,916	1.88
				31-Jul-15	1,534,065	Purchase	25,348,981	2.0
				7-Aug-15	736,785	Purchase	26,085,766	2.06
				14-Aug-15	1,187,330	Purchase	27,273,096	2.15
				30-Sep-15	90,000	Purchase	27,363,096	2.16
				2-Oct-15	261,862	Purchase	27,624,958	2.18
				9-Oct-15	31,712	Purchase	27,656,670	2.18
		27,656,670	2.18	31-Mar-16				
5	MATTHEWS PACIFIC TIGER FUND	24,282,108	1.91	1-Apr-15				
				28-Aug-15	(500,000)	Sale	23,782,108	1.87
				4-Sep-15	(500,000)	Sale	23,282,108	1.84
				11-Sep-15	(1,000,000)	Sale	22,282,108	1.76
				22,282,108	1.76	31-Mar-16		

S.No	Name	Shareholding		Date	Increase / (Decrease) in Shareholding	Reason	Cumulative Share holding during the year (1 st April 2015 to 31 st March 2016)	
		No of shares at the Beginning (1 st April 2015)/end of the Year (31 st March 2016)	% of total shares of the company				shares	% of total shares of the Company
6	DEUTSCHE BANK TRUST COMPANY AMERICAS	17,947,026	1.41	1-Apr-15				
				10-Apr-15	(260,808)	Sale	17,686,218	1.39
				17-Apr-15	(352,314)	Sale	17,333,904	1.37
				24-Apr-15	(456,378)	Sale	16,877,526	1.33
				1-May-15	(135,018)	Sale	16,742,508	1.32
				15-May-15	(20,646)	Sale	16,721,862	1.32
				5-Jun-15	87,252	Purchase	16,809,114	1.33
				12-Jun-15	13,578	Purchase	16,822,692	1.33
				19-Jun-15	486	Purchase	16,823,178	1.33
				26-Jun-15	(362,514)	Sale	16,460,664	1.3
				30-Jun-15	(39,732)	Sale	16,420,932	1.29
				10-Jul-15	(126,000)	Sale	16,294,932	1.28
				17-Jul-15	(120,000)	Sale	16,174,932	1.28
				31-Jul-15	(64,650)	Sale	16,110,282	1.27
				7-Aug-15	(1,103,442)	Sale	15,006,840	1.18
				28-Aug-15	(82,284)	Sale	14,924,556	1.18
				4-Sep-15	316,704	Purchase	15,241,260	1.2
				11-Sep-15	(929,280)	Sale	14,311,980	1.13
				18-Sep-15	24,984	Purchase	14,336,964	1.13
				25-Sep-15	46,422	Purchase	14,383,386	1.13
				9-Oct-15	(516,426)	Sale	13,866,960	1.09
				30-Oct-15	241,638	Purchase	14,108,598	1.11
				20-Nov-15	340,932	Purchase	14,449,530	1.14
				27-Nov-15	22,362	Purchase	14,471,892	1.14
				11-Dec-15	(341,196)	Sale	14,130,696	1.11
				15-Jan-16	(355,110)	Sale	13,775,586	1.09
				22-Jan-16	(407,994)	Sale	13,367,592	1.05
		29-Jan-16	10,404	Purchase	13,377,996	1.05		
		5-Feb-16	(714,216)	Sale	12,663,780	1		
		19-Feb-16	4,308	Purchase	12,668,088	1		
		4-Mar-16	(1,105,734)	Sale	11,562,354	0.91		
		11-Mar-16	298,692	Purchase	11,861,046	0.94		
		18-Mar-16		Purchase	11,891,046	0.94		
		11,891,046	0.94	31-Mar-16				

S.No	Name	Shareholding		Date	Increase / (Decrease) in Shareholding	Reason	Cumulative Share holding during the year (1 st April 2015 to 31 st March 2016)	
		No of shares at the Beginning (1 st April 2015) / end of the Year (31 st March 2016)	% of total shares of the company				shares	% of total shares of the Company
7	PLATINUM INTERNATIONAL FUND	8,129,982	0.64	1-Apr-15				
				10-Apr-15	455,642	Purchase	8,585,624	0.68
				17-Apr-15	117,949	Purchase	8,703,573	0.69
				24-Apr-15	292,021	Purchase	8,995,594	0.71
				8-May-15	107,675	Purchase	9,103,269	0.72
				15-May-15	399,853	Purchase	9,503,122	0.75
				29-May-15	200,346	Purchase	9,703,468	0.77
				5-Jun-15	389,055	Purchase	10,092,523	0.8
				12-Jun-15	91,071	Purchase	10,183,594	0.8
				27-Nov-15	54,518	Purchase	10,238,112	0.81
				4-Dec-15	186,532	Purchase	10,424,644	0.82
				11-Dec-15	467,580	Purchase	10,892,224	0.86
				18-Dec-15	201,370	Purchase	11,093,594	0.87
		11,093,594	0.87	31-Mar-16				
8	GOVERNMENT PENSION FUND GLOBAL	12,401,862	0.98	1-Apr-15				
				22-May-15	108,519	Purchase	12,510,381	0.99
				29-May-15	(340,566)	Sale	12,169,815	0.96
				5-Jun-15	(882,118)	Sale	11,287,697	0.89
				12-Jun-15	(428,015)	Sale	10,859,682	0.86
				19-Jun-15	(243,216)	Sale	10,616,466	0.84
				27-Nov-15	6,864	Purchase	10,623,330	0.84
				4-Dec-15	(6,864)	Sale	10,616,466	0.84
		10,616,466	0.84	31-Mar-16				
9	HERMES INVESTMENT FUNDS PLC ON BEHALF OF HERMES EMERGING ASIA EQUITY FUND	6,685,190	0.53	1-Apr-15				
				17-Apr-15	467,126	Purchase	7,152,316	0.56
				8-May-15	384,318	Purchase	7,536,634	0.59
				31-Jul-15	558,594	Purchase	8,095,228	0.64
				21-Aug-15	(108,910)	Sale	7,986,318	0.63

S.No	Name	Shareholding		Date	Increase / (Decrease) in Shareholding	Reason	Cumulative Share holding during the year (1 st April 2015 to 31 st March 2016)	
		No of shares at the Beginning (1 st April 2015) / end of the Year (31 st March 2016)	% of total shares of the company				shares	% of total shares of the Company
				4-Sep-15	327,697	Purchase	8,314,015	0.66
				9-Oct-15	86,245	Purchase	8,400,260	0.66
				16-Oct-15	363,005	Purchase	8,763,265	0.69
				23-Oct-15	21,789	Purchase	8,785,054	0.69
				22-Jan-16	43,271	Purchase	8,828,325	0.7
				5-Feb-16	(175,850)	Sale	8,652,475	0.68
				12-Feb-16	(517)	Sale	8,651,958	0.68
		8,651,958	0.68	31-Mar-16				
10	SPRUCEGROVE INTERNATIONAL POOLED FUND	8,110,096	0.64	1-Apr-15				
				5-Jun-15	80,000	Purchase	8,190,096	0.65
				12-Jun-15	156,900	Purchase	8,346,996	0.66
				19-Jun-15	93,110	Purchase	8,440,106	0.67
		8,440,106	0.67	31-Mar-16				

v) Shareholding of Directors and Key Managerial Personnel:

S No	Name	Shareholding		Date	Increase/ (Decrease) in shareholding	Reason	Cumulative Share holding during the year (1 st April 2015 to 31 st March 2016)	
		No of shares at the Beginning (1 st April 2015) / end of the Year (31 st March 2016)	% of total shares of the Company				No of shares	% of total shares of the Company
1	Shri Prabhat Singh	300	0.00	1-Apr-15	Nil	Nil movement during the year	300	Nil
		300	0.00	31-Mar-16				
2	Shri M Ravindran	75	0.00	1-Apr-15	Nil	Nil movement during the year	Nil	Nil
		75	0.00	31-Mar-16				
3	Shri N. K. Nagpal	2	0.00	1-Apr-15		Purchase		
				16-Oct-15	2		4	0.00
		4	0.00	31-Mar-16				

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in crores)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	3651	5905	-	9556
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	76.27	102.39	-	178.66
Total (i + ii + iii)	3727.27	6007.39	-	9734.66
Change in Indebtedness during the financial year				
Addition	0	0	-	0
Reduction	-756	-879	-	-1635
Exchange Rate Fluctuation	-	196	-	196
Net Change	-756	-683	-	-1439
Indebtedness at the end of the financial year				
i) Principal Amount	2895	5222	-	8117
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	72.66	91.17	-	163.83
Total (i + ii + iii)	2967.66	5314	-	8281

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors (WTD) and/or Manager:

(₹ in lacs)

S. No.	Particulars of Remuneration	Shri B.C. Tripathi (CMD)	Shri Prabhat Singh (WTD) (Till 14.09.15)	Shri P.K. Jain (WTD) & CFO (Till 30.04.15)	Shri Subir Purkayastha (WTD) & CFO (w.e.f. 01.05.15)	Shri M. Ravindran (WTD)	Dr. Ashutosh Karnatak (WTD)	Total Amount
1.	Gross salary							
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	46.92	30.35	3.37	33.14	39.34	36.08	189.2
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	7.15	1	0	5.37	7.00	5.76	26.28
	(c) Profits in lieu of salary under section 17(3) of the Income- tax Act, 1961	10.49	0	0	6.60	6.90	6.60	30.59
2.	Stock Option	0	0	0	0	0	0	0
3.	Sweat Equity	0	0	0	0	0	0	0
4.	Commission - as % of profit - others, specify...	0	0	0	0	0	0	0
5.	Others	0	0	0	0	0	0	0
Total (A)		64.56	31.35	3.37	45.11	53.24	48.44	246.07
Ceiling as per the Act		Not Applicable						

B. Remuneration to other Directors

(₹ in lacs)

S No.	Particulars of Remuneration	Name of Directors				Total Amount
		Shri S.K. Srivastava	Shri. D.J. Pandian	Shri Anupam Kulshreshtha	Shri Sanjay Tandon	
1	Independent Directors					
	Fee for attending Board and Committee meetings	4.00	2.50	4.00	2.80	13.30
	Commission	0	0	0	0	0
	Others, please specify	0	0	0	0	0
Total (1)		4.00	2.50	4.00	2.80	13.30
Total Managerial Remuneration Overall Ceiling as per the Act		Not Applicable				

Note: The Part-time Director(s) (Government Nominee) do not receive any remuneration from the Company.

C. Remuneration to Key Managerial Personnel Other than MD/Manager/WTD

(₹ in lacs)

S. No.	Particulars of Remuneration	Key Managerial Personnel	
		Company Secretary (Shri N. K. Nagpal)	Total
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	39.08	39.08
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	2.54	2.54
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	2.98	2.98
2.	Stock Option	0.00	0.00
3.	Sweat Equity	0.00	0.00
4.	Commission	0.00	0.00
	as % of profit	0.00	0.00
	Others, specify...	0.00	0.00
5.	Others, please specify	0.00	0.00
Total		44.60	44.60

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / punishment/ Compounding Fees imposed	Authority (RD/NCLT/ Court)	Appeal made, if any (Give Details)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

Business Responsibility Report



Business Responsibility Report (BRR)

FY 2015-16 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**
shareholders@gail.co.in
- 6 **Financial Year reported**
2015-2016
- 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)**
 1. Natural Gas Marketing and Transmission
 2. Petrochemicals (Polyethylene and polypropylene)
 3. 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)**
Singapore and USA

The 3 international wholly owned subsidiaries are

1. GAIL Global (Singapore) Pte Limited,
2. GAIL Global (USA) Inc.,
3. GAIL Global (USA) LNG LLC

ii. **Number of National Locations**

GAIL has pan India presence in multiple business segments like Gas Marketing and Transmission, LHC production, Gas imports etc. The major operation sites and offices of GAIL are as under:

- Corporate Office at New Delhi, Offices at Noida (U.P.), Ludhiana (Punjab), Patna (Bihar), Agra (U.P.), Kochi (Kerala).
- GPU plants (6): Two plants at Vijapur (M.P.), one each at Vaghodia (Gujarat), Auraiya (U.P.), Gandhar (Gujarat) and Usar (Maharashtra)
- Petrochemicals Plant at Pata (U.P.)
- Newly built PC II plants at Pata and Vijapur
- Compressor stations at Vijapur, 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)** : ₹51614 crore
- 3 **Total profit after taxes (INR)** : ₹2299 crore
- 4 **Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)**

The total CSR Expenditure incurred in FY 15-16 was Rs. 160.56 Crores which is 6.98 % of PAT of Rs. 2299 crore. Out of Rs. 160.56 Crore, an amount of Rs 118.64 Crore was spent on CSR projects approved for FY 15-16. The balance amount of Rs. 41.92 cr was spent on CSR projects of previous years.

This is in accordance of the requirement of Section 135 of Companies Act 2013 and CSR Rules thereof, wherein the CSR Expenditure

incurred has been 2.3 % (i.e., Rs.118.64 Crore) of the average of net profit before tax of preceding 3 financial years.

- 5 **List of activities in which expenditure in 4 above has been incurred:-**
 - a) UNNATI (Progress)-Rural Development Initiative - ₹48.55 Crore
 - b) AROGYA (Wellness) - Nutrition, Health and Drinking Water and Sanitation initiatives, including Swachh Bharat - ₹43.36 Crore
 - c) GAIL KAUSHAL (Skill) - Skill Development and Livelihood Generation Initiatives - ₹14.05 Crore
 - d) UJJAWAL (Towards a Bright future) - Education centric initiatives - ₹6.12 Crore



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, 2015 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 (India) Limited which are operating in India, M/s BCPL and M/s GAIL Gas Limited 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 is < 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: (P1)	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability
Principle 2: (P2)	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
Principle 3: (P3)	Businesses should promote the wellbeing of all employees
Principle 4: (P4)	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
Principle 5: (P5)	Businesses should respect and promote human rights
Principle 6: (P6)	Business should respect, protect, and make efforts to restore the environment
Principle 7: (P7)	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
Principle 8: (P8)	Businesses should support inclusive growth and equitable development
Principle 9: (P9)	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	03006541
	Name	Shri Prabhat Singh (upto 14.09.2015)
	Designation	Director (Marketing)

(ii)	DIN Number	02145534
	Name	Shri P.K. Jain (till 30.04.2015)
	Designation	Director (Finance)

(iii)	DIN Number	6850526
	Name	Shri Subir Purkayastha (from 01.05.2015)
	Designation	Director (Finance)

(iv)	DIN Number	02309551
	Name	Shri M. Ravindran
	Designation	Director (HR)

(v)	DIN Number	3267102
	Name	Dr Ashutosh Karnatak
	Designation	Director (Projects)

(vi)	DIN Number	00015443
	Name	Shri D.J. Pandian (till 30.03.2016)
	Designation	Part-time Non-official (Independent) Director

(vii)	DIN Number	07352288
	Name	Shri Anupam Kulshreshtha
	Designation	Part-time Non-official (Independent) Director

b. Details of the BR head Director (HR)

1.	DIN Number (if applicable)	02309551
2.	Name	Shri M. Ravindran
3.	Designation	Director (HR)
4.	Telephone number	011-26102055
5.	e-mail id	mravindran@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?										
Response to above question - Yes, the policies being formulated in consultation with the 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) Ld. 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: A	Y Ref: D	Y Ref: E	N	Y Ref: F	Y Ref: A	
A: Section 135 of Companies Act 2013 and CSR Rules thereof, DPE Guidelines on Corporate Social Responsibility (CSR) and Sustainability of 2014, 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 Redressed) Act, 2013 D: The Contract Labour (Regulation and Abolition) Act 1970, The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressed) Act, 2013 E: National Policy on Safety, Health and Environment at Work Place, Ministry of Labour and Employment, Government of India F: The Contract Labor (Regulation and Abolition) Act 1970 and DPE Guidelines on Corporate Social Responsibility (CSR) and Sustainability of 2014										
Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9	
4 Has the policy been approved by the Board?	Y	Y	Y	Y	Y	Y	Y	Y	Y	
If yes, has it been signed by MD/owner/CEO/ appropriate Board Director?	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, G.1, G.2, G.3	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_2014.pdf B. Fraud Prevention Policy: http://www.gailonline.com/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 G.(1) GAIL Material Subsidiary policy http://www.gailonline.com/final_site/pdf/GAIL_Material_Subsidiary_policy.pdf . G.(2) GAIL Related Party Transaction Policy http://www.gailonline.com/final_site/pdf/GAIL_Determination_Material_Policy_Disclosure.pdf . G.(3) GAIL Policy for Determination of Materiality and Disclosure http://www.gailonline.com/final_site/pdf/GAIL_Related_Party_Transaction_Policy.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
10	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	Not Applicable								
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3	The company does not have financial or manpower resources available for the task									
4	It is planned to be done within next 6 months									
5	It is planned to be done within the next 1 year									
6	Any other reason (please specify)									
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									
	S.No.	Committees of the Board								Number of Meetings Held in FY 15-16
	1	Corporate Social Responsibility Committee								3
	2	Audit Committee								13
	3	HR Committee								7
	4	Project Appraisal Committee								1
	5	Stakeholders Relationship Committee								1
	6	Stakeholders' Grievance Redressal Committee								2
	7	Sustainable Development Committee								3
	8	Business Development & Marketing Committee								8
	9	Finance Committee								2
	10	Empowered Committee (Natural Gas, LNG & Polymers) for import of Natural Gas/LNG/Polymers								11
	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://www.gailonline.com/final_site/Sustainability.html				
	How frequently it is published?					Yearly				

Section E: Principle Wise Performance

PRINCIPLE 1

Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

- 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, Apart from company, it is also extended to GAIL Employees on secondment or deputation in any subsidiary or Joint Venture Company

The Code of Conduct, CDARules / Standing Orders, Fraud Prevention Policy and Whistle Blower Policy are applicable to all GAIL employees including those on secondment or deputation to the Joint Venture Companies, Subsidiaries, Government Bodies including autonomous institutions, Regulatory Authorities etc.

Further, Vigilance department is taking care of the bribery and corruption related issues based on the CVC guidelines and related circulars. Scope Extended to Wholly Owned Subsidiary and Joint Ventures of GAIL where equity of GAIL is more than 50%.

'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	22	0	100
Customers	48	0	100
Employees	9	0	100
Vigilances	104	79	75.96
Contractors & Suppliers (Relating to Integrity Pact)	3	0	100
Public At Large	229	06	97.4
Total	415	85	79.51

Note: The mentioned complaints are total complaints irrespective of the Principle under which they fall.

A 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 overseeing the implementation of Integrity Pact Program to prevent corruption, bribery or any un-ethical practices at GAIL.

PRINCIPLE 2

Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

- 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 customer's 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?

- i. 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.

- ii. 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.

- iii. 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.

Refer to Note 2

- ii. Reduction during usage by consumers (energy, water) has been achieved since the previous year?

In FY 15-16, GAIL sold or supplied approximately 0.29 MMSCMD of Natural Gas to its 15 new customers. Some new customers have also 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.

Please also Refer to Note 3



3. Does the company have procedures in place for sustainable sourcing (including transportation)?

GAIL has introduced e-tendering which is based on the principle of competitiveness and such procurement practices are executed in a manner that is transparent, fair, competitive and cost effective. This process also contributes towards saving of paper and is a green initiative of the organisation. Our IT team continuously works with various departments to provide solutions to the internal and external customers, and extend IT enabled services across the entire process.

Further, we host our tenders on our website which is available in public domain and whosoever is interested can participate in those tenders without even visiting the tender issuing site.

In order to procure energy efficient and sustainable products, GAIL has introduced the following provisions:

- i) Loading criteria in tenders for procurements of compressors / turbines / generators etc. These criteria are based on the fuel/ electricity consumption for specified period (say 10/15 years) of the equipment. The prices works out considering the loading criteria are added in the quoted prices while evaluating the bid. This help company to procure fuel/ electricity efficient equipment.
- ii) Star rating electrical equipment.
- iii) Green building concept in all new building projects.

As decided by Sustainable Development Steering Committee (SDSC) action in under progress for minimum 3 star rating in the specification while procuring electrical items and ACs more than 10 years old to be replaced after doing a cost benefit analysis.

Further, GAIL has installed capacity of 118 MW (approx.) wind energy and 5 MW of solar energy generating projects.

In order to ensure sustainability in the supply chain, GAIL has implemented Public Procurement Policy for Micro and Small Enterprises (MSEs), DMEP policy and initiated Make in India campaign in GAIL to develop local vendors and ensure a sustainable future.

i. If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

Yes, GAIL has implemented 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. In addition, GAIL implements all policies of the Government which contributes sustainable sourcing. All the bidders are required to confirm acceptance to our General Conditions of Contracts wherein they confirm abiding to all provisions relating to impact on (a) society, (b) environment, (c) labor practice (d) human rights aspects.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

Yes,

GAIL's procurement policy is based on least price approach for mentioned specifications in tender document. 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. 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. These

industries are generally local & small producers from the surrounding communities near the place of work.

Further, our efforts towards Make In India Initiative, a Policy for providing the Preference to Domestically Manufactured Electronic Products (DMEP) has been implemented in GAIL to boost domestically manufactured electronic products.

INDEG Groups have also been constituted in GAIL to promote indigenisation. Quite a few indigenous sources have been developed in GAIL i.e. (i) "Meter Prover Facility" at Hazira (Gujarat) for proving meters of GAIL/ other Pipeline companies in India and (ii) several indigenous substitutes for Chemicals.

In order to develop Indigenous pipe manufactures, provision of qualification of Indian bidders through "Demo Route" is kept for those bidders who do not have PTR (Proven Track Record). There was no domestic bidder for line pipe in year 1985 whereas now there are 19 domestic bidders for the same. Further, in last 6 years, GAIL placed orders/ contracts for line pipes valuing ₹3225 Crs. out of which about 93% orders/ contracts valuing ₹3010 Crs. were placed on domestic suppliers/ vendor.

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.

4(i) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

GAIL has implemented "Public Procurement Policy" for Micro and Small Enterprises (MSEs) to encourage participation of small and micro enterprises, following facilities are extended:

1. Issue of tender documents free of cost
2. Exemption from payment of EMD/bid security etc.
3. Purchase preference granted to small and micro enterprises, thereby encouraging micro and small enterprises to participate and secure orders in GAIL's tenders.
4. Spot purchases done from the local market.

Further, GAIL has already introduced e-procurement to reduce the paper work and to speed up the tendering process. This also helps out the local and small vendors to quote in large numbers with ease and reduces their tendering cost involved in submission of bulky bid documents. In all tenders pre-tender/ pre-bid meeting is conducted to ensure wider participation and to educate vendors on the tendering process.

GAIL also interacts with the small and local vendors at various forums like vendors meet/ MSEs meet / Industry Conclave etc. and the initiatives and make them aware of our requirements.

To take forward the process of learning among other stakeholders in the tender/ contract management, it was felt that coaching be imparted to our vendors so as to have common understanding on the widest possible range of issues, clauses, methodologies and procedure pertaining to award and execution of contracts and thereby reduce if not eliminate altogether disputes, disagreements, arbitrations, etc. at a later date.

In the reporting period, Vendor Development Program for MSEs have been conducted at Pata, Vijaipur, Jaipur, Corporate Office, Mumbai, Jhabua, Rajahmundry & Vadodara.

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 miscellaneous activities is treated through effluent treatment plants (ETP). The treated waste water is used for various non-potable uses like horticulture etc. 34.09% of wastewater reused / recycled (as % of Waste Water Generated)

GAIL ensures usage of maximum amount of waste water in its installations.

Waste Management

Solid Waste Disposal facility exists at GAIL's plants wherein plant waste having no inherent value & deemed hazardous in nature are disposed of through State Pollution Control Board approved agency.

E-Waste Management

E-Waste is managed by either returning through buyback mechanism, or disposed off through recyclers approved by the state agencies.

Refer to Note 2

PRINCIPLE 3

Businesses should promote the wellbeing of all employees

1 Please indicate the Total number of employees.

4321 (as on 31.03.2016 including Board of Whole-Time Directors and CMD, CVO)

2 Please indicate the Total number of employees hired on temporary/contractual/casual basis.

18208

3 Please indicate the Number of permanent women employees.

252

4 Please indicate the Number of permanent employees with disabilities.

88

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?

Percentage of regular employees as members of these recognized employee union is 21.06%

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	1	0
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: 95.28%
Permanent Women Employees	Total: 96.10 %
Casual/Temporary/Contractual Employees	Sites / Projects: - 100% safety awareness.
Employees with Disabilities	Total: 95.40%

Note - 94.53% Male Permanent Employees were given safety & skill up-gradation training in the last year

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 15-16 GAIL has further strengthened roll out Behavior Based Systems (BBS) to advance Health & Safety Culture.

PRINCIPLE 4

Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

1 Has the company mapped its internal and external stakeholders? Yes/No

Yes,

GAIL has identified internal and external stakeholders which include external stakeholders like Government/Regulators, implementing agencies, service providers, local communities, civil society,



customers, investors, media, consumers, advocacy groups etc. and internal Stakeholders in the form of employees.

2 Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders

Yes,

GAIL identifies disadvantaged, vulnerable and marginalized stakeholders as per the extant CSR Policy of the company. The same have been identified in terms of the provisions of the Section 135 of the Companies Act, 2013 and CSR Rules, thereof. Further, the DPE CSR and Sustainability Guidelines of 2014 are also followed. These include people affected by natural calamities, people with disabilities, women and children, tribal, SC-ST, OBCs, Minorities, disadvantaged youth, senior Citizens, HIV afflicted people, people affected by violence. In addition to above a compassionate approach towards the community lies at the heart of operations at GAIL.

All CSR projects undertaken at GAIL are aimed at providing a better life to the disadvantaged, vulnerable and marginalized stakeholders. Specific interventions have been designed and implemented by GAIL to bring about holistic and sustainable development of the marginalised stakeholder groups and the community at large.

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.

Yes,

Specific interventions have been designed and implemented by GAIL to bring about holistic and sustainable development of the marginalised stakeholder groups and the community at large.

GAIL undertakes CSR projects in areas defined in Schedule VII of the Companies Act 2013, with focussed interventions in seven areas identified in the CSR policy of GAIL, which is in alignment with the Section 135 of Companies Act 2013 and CSR Rules thereof.

Special initiatives undertaken in 2015-16

In the aftermath of the devastating flash floods that took place in state of Uttarakhand, Project Srijan, which means creation, was initiated in January 2014 for the rehabilitation and long term rebuilding of the community covering 10 villages in 3 blocks of district Rudraprayag benefitting over 7200 people; the major components of the project being Capacity Building, Livelihood sustenance, Infrastructure/Asset Creation, Disaster management and Mitigation. The project under various components has provided Disaster Resistant Households to 10 families who lost their everything in the floods. Community Resource and Training Centres are being established in 03 blocks of District Rudraprayag. As an immediate measure, psychological counselling was also extended to bereaved individuals. Livelihood generation opportunities have been extended in the form of training in pickles/condiments making, juice making (local fruits and flowers), handicraft design etc., leading to an overall increase in per capita annual income by almost ₹9,000. Disaster Resistant Construction is being promoted through training of masons in the disaster resistant construction technology. Using local water resource of flowing streams, Gharats have been set up to generate electricity from water and the same is also being used to operate masala and wheat grinding units. Awareness generation activities such as puppet shows, mock drills etc. are being organized to ensure better preparedness for future.

The 4 Skill Schools run by GAIL in collaboration with IL&FS has imparted job linked skills training in service sector trades such as retail/sales, hospitality management, basic engineering etc., to more than 3200 rural and semi urban youth. Training was given to 240 beneficiaries from the underprivileged community in Plastic industry related skill through CIPET.

In a significant move towards fulfilling Hon'ble Prime Minister Shri Narendra Modi's commitment towards providing hygienic sanitation facilities, GAIL has constructed 3614 toilets under 'Swachh Bharat, Swachh Vidyalaya'.

In order to mine out the talent in sports, GAIL, as part of its CSR initiatives has launched a nation-wide programme, 'GAIL Indian Speed Star', which aims at identifying potential athletes from various corners and rural belts of the country and train the qualifying athletes to qualify and participate in National and International Athletic events. In the 1st phase, young athletes have been identified from 53 districts across 10 states of India. Finally 9 students have been selected, who, will be trained nationally and internationally.

The hugely successful Integrated Watershed Development and Management Programme, Project Jaldhar implemented in the tribal area of Jhabua, Madhya Pradesh, has resulted in formation of over 50 Self Help Groups which has in turn facilitated income generation and promoted monetary saving among tribal women with creation of 11 watershed structures and plantation of 10000 trees/saplings with the investment of INR 307.62 Lakhs.

PRINCIPLE 5

Businesses should respect and promote human rights

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, it is always prioritized to uphold human rights across all our operations. A global commitment to support human rights by becoming a signatory to UNGC principles in May 2011 was made by GAIL. GAIL's policies are suitably designed and fully conform to human right principles, the Constitution of India and labour laws. A dedicated grievance redressal system in place to address issues raised by all our stakeholders. GAIL supports the Government of India's efforts in development of minorities and economically underprivileged sections of the society. Gender mainstreaming, inclusiveness and affirmative programs are also introduced in the company.

In compliance of the statutory provisions of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressed) Act, 2013, GAIL has adopted the "Policy for Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace" and has in place a duly constituted Internal Complaints Committee (ICC) for the purpose. GAIL takes strict cognizance of matters related to sexual harassment and as per the directives maintains zero tolerance on this. In the year under reference, the ICC had received 1 complaints pertaining to sexual harassment, which were evaluated by the committee with due diligence and after taking into account all facts and data and a fair hearing of both the aggrieved parties. In addition, GAIL also has a Women Cell which has been established to look after the developmental and welfare needs of women employees. The cell focuses on reaching out to the women workforce, initiate discussions and dialogue to ensure gender parity in the work environment.

At GAIL work contracts and agreements are embedded with clauses to uphold human rights. At GAIL a non-tolerance approach is followed on Child or forced labour in any of its operations.

Collective Bargaining, an important worker right is upheld at GAIL across all our operations through recognition and promotion of worker unions. Several initiatives have taken by GAIL 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. GAIL management has approved the phase wise implementation of Social Accountability – SA -8000 across the GAIL. In phase –I as pilot Hazira site has undergone SA 8000 implementation process and it has successfully achieved SA 8000 certification by third party. 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

Business should respect, protect, and make efforts to restore the environment

- 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 not only covers 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 2015-16 may be referred for details which would be available at this link:

http://www.gailonline.com/final_site/Sustainability.html

- 3 **Does the company identify and assess potential environmental risks? Y/N**

Yes,

All process plant i.e. Pata, Vijaipur, Vaghodia, Gandhar, Usar and both the LPG Pipelines (JLPL & VSPL) are already covered in GAIL's Risk Management Framework. Nominated Risk Officers are responsible to capture Environmental Risk for concerned site, identified Risks are validated by Site level Risk Committee and Risk Owner (OIC).

All the mentioned sites have already captured Environmental risk which is accessible to all employees.

- 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) **Utilisation of Landfill Gas Project at Ghazipur, Delhi:** GAIL has implemented a pilot LandFill Gas (LFG) Project at Ghazipur Landfill site. Currently, part of the recovered LFG is being safely destroyed in an enclosed flare system and a part of it is also being used to generate electricity through a Micro-Turbine. Methane in the LFG is a Green House Gas (GHG) and 25 times more potent than CO₂ in causing Global Warming.

The LFG Project not only prevents the escape of Methane into

atmosphere but also destroys it, thus helping in the reduction of GHG emissions. The LFG Project has been successfully validated and registered with UNFCCC in Sep'2014 for availing carbon credits under CDM mechanism. In 2015-16, over 3000 MT CO₂ equivalent fugitive Methane emissions have been destroyed in the Pilot plant.

The project has improved the living conditions of the local populace and demonstrates GAIL's commitment to the Society.

Yes, environmental clearance was obtained for as 'Consent to Establish' and 'Consent to Operate' from has been granted by the Delhi Pollution Control Committee (DPCC).

- ii) **5 MW Solar Power Plant Project installed by GAIL at Jaisalmer:**

GAIL's Solar Power Plant has achieved 8.59 Million Units Net Export to Grid. This project was registered by UNFCCC as CDM project.

Yes, All the regulatory clearances was taken for the commencement of the project

- 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:

1. R&D Initiative on Conversion of CO₂ to Valuable Chemicals
2. R&D Initiative on 'Conversion of Waste plastic to valuable hydrocarbons (Diesel);
3. 4 Star GRIHA rating for green building at Chhainsa Unit.
4. Implementation of Energy Management System ISO 50001 at Gandhar Gas Processing Unit.
5. Implementation of LED based lighting systems, BEE Star rating air conditioners at these GAIL sites Dibiyaapur, Jhabua, Pata and Vijaipur

(For more information Refer to Sustainability Report 2012-13, 2013-14, 2014-15, 2015-16)

GAIL's Sustainability Reports can be found at: http://www.gailonline.com/final_site/Sustainability.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

Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

- 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. Transparency International India (TII)
- d. Global Compact Network of India



- e. TERI Business Council for Sustainable Development (TERI – BCSD)
- 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. World Energy Council India

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 is part of various prestigious industry bodies and associations which provide a platform to discuss industry issues and convey the industry voices to the government in a collective way to make better inclusive policies and bring reforms. This forms a significant basis for advancement of public good. GAIL also carries out regular meetings with PNGRB, the regulatory body to update them on current status and industry viewpoint. In FY 2015-16, GAIL was part of following associations -

IGU which is a global association aimed at promoting the technical and economic progress of the gas industry has close association with GAIL for development of gas sector in India. GAIL is the only 'IGU Charter Member' in India. GAIL along with IGU promotes the "Asia Gas Partnership Summit", a bi-annual global conference aiming at discussing industry issues and developing gas market in Asia.

GAIL is one of the three full members of GIIGNL in India, the international group of liquefied natural gas importers. GIIGNL offers GAIL a forum for exchange of information and experience among industry counterparts to enhance safety, reliability and efficiency of LNG imports activities and the operation of LNG imports terminals.

GAIL is a 'Category A' member of the Petroleum Federation of India (PetroFed) and member of Governing Council. PetroFed functions as oil industry interface with the Government, regulatory authorities, public and representative bodies of traders in India to work on issues such as optimization of resources, promoting Safety, Tariff, Investments, Healthy Environment and Energy conservation among other issues related to industry.

GAIL is an active member of SCOPE which is the apex body representing entire spectrum of public sector enterprises (PSEs) in India. SCOPE has representations in various high level Committees/ Boards and helps its member PSUs to reach their voice in various platforms.

CMD, GAIL is the member of FICCI Executive Committee and Co-Chair of FICCI Hydrocarbon Committee. Hydrocarbon 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. CMD, GAIL also a member of the Oil Industry Development Board (OIDB).

GAIL is 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 also represents in GRI Corporate Leadership Group on Reporting 2025, GRI Gold Community and GRI South Asia Advisory Group.

GAIL is a member of TERI-BCSD (TERI- Business Council for Sustainable Development) which is an industry led consortium of sustainability practitioners. GAIL along with TERI has develop a document which outlines the Indian corporate vision on various aspects of tackling climate change and aligning the vision with Government schemes in this direction which was launched at India Pavilion of Conference of Parties (COP) 21 held in Paris.

GAIL is member of Governing Body of WEC India, country member of World Energy Council (WEC) and taking active participation of activities of WEC for development of natural gas in India.

*GHG – Green House Gas Emissions; *WRI – World Resources Institute ; *TERI- The Energy and Resources Institute

PRINCIPLE 8

Businesses should support inclusive growth and equitable development

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 in pursuit of the goals as listed in Principle 8. GAIL 's affirmative policies which are in compliance with Government of India guidelines promote diversity and equity and recognize people on their merits and skill sets irrespective of their race, caste, religion, colour, ancestry, marital status, gender, age and nationality. It also follows strict regulations related to industry in terms of minimum wage compensation for semi -skilled and non- skilled contract personnel. Since all CSR projects at GAIL target the most disadvantaged and vulnerable sections of the population of the country, all of them support/promote inclusive growth and equitable development.

GAIL's social investment has been in 7 identified focus areas , each of which is titled by the objective they seek to achieve viz Arogya (Wellness) - Nutrition, Health and Sanitation and Drinking Water projects , Ujjawal (Towards a Bright future) - Education centric initiatives, Kaushal (Skill) - Livelihood Generation and Skill development initiatives, Unnati (Progress)- Rural Development, Sashakt (Empowerment)- Women Empowerment initiatives, Saksham (Capable) - Care of the elderly and differently abled, and Harit (Green) - Environment centric initiatives. The CSR interventions are designed to address the various needs of the marginalised sections and are in adherence to the goals of inclusive growth and equitable development.

The details of major initiatives (with a financial commitment of ₹1 cr and above annually; expenditure details as on 31.03.2016) undertaken at GAIL under its CSR function include:

I. Unnati- Rural Development Initiatives

- (i) Project Jaldhar - Integrated Watershed Development and Management Programme for various villages in Jhabua, MP - ₹307.62 Lacs
- (ii) Project Shrijan - Long Term rehabilitation work in

Uttarakhand (Rudraprayag region)- capacity building, Counseling, Promotion of Disaster Proof Construction Tech, livelihood Promotion etc. - ₹97.42 Lacs

- (iii) Installation of solar street lights in identified villages around VSPL route in Vishakhapatnam, AP - ₹329.26 Lacs
- (iv) Development of Tankers parking facilities for truckers and helpers visiting GAIL Pata plant at Khanpur and Truck parking at Saraiya, Pata, Auraiya, Uttar Pradesh - ₹83.69 Lacs
- (v) Construction of approach road from Kalindi Kunj to Madanpur Khadar, Delhi - ₹111.52 Lacs
- (vi) Developmental Activities such as construction of approach roads, CC Roads, compound walls, school building etc. in Nagaram, East Godavari, Andhra Pradesh. - ₹70 Lacs
- (vii) Developmental works including toilet construction in Palkurthy, Warangal, Telangana - ₹19.99 Lacs
- (viii) Installation of Solar Lights in Badohi, Uttar Pradesh - ₹92.25 Lacs
- (ix) Contribution to MoP&NG Scheme - LPG Vitrak Yojna for providing LPG Gas cylinders to BPL families - ₹3359 Lacs

Further, skill development for livelihood generation as also formation/inclusion of SHGs is an intrinsic component of all CSR projects aimed at comprehensive development of a specific area or region.

II. Arogya (Nutrition, Health, Drinking Water & Sanitation):

GAIL has been making proactive efforts to address the issues of health and sanitation, by introducing interventions that make at least primary health care facilities accessible and affordable to the rural and marginalised communities. It is operating 20 Mobile Medical Units across the states of Madhya Pradesh, Uttar Pradesh, Gujarat, Haryana, Uttarakhand, Andhra Pradesh and Punjab, covering 391 villages and a population of nearly 5.22 Lacs. Understanding the role and significance of Transporters/ Drivers/Truckers in furthering the business operation and to address the problem of HIV/AIDS associated with this segment, GAIL has been running an STI Clinic in Uttar Pradesh.

Scarcity of water is a global concern, and therefore GAIL places a premium on the value of water as a depleting natural resource. To enable access and increase the supply of potable water, GAIL has adopted an integrated water management strategy that supports responsible water management and environmental stewardship. GAIL has facilitated installation of bore-wells, hand pumps, overhead tanks, submersible pumps as well as storage facilities and promoted rain water harvesting and check dams/ irrigation systems in villages, as part of this intervention.

Major initiatives (with a financial commitment of ₹1 cr and above annually) include as on 31st March 2016.

Promoting preventive healthcare

- (i) Mobile Health Care facilities through operation of 20 Mobile Medical Units in 7 states covering 391 villages and nearly 5.22 Lac people - ₹571.83

Sanitation

- (i) Construction of over 3614 toilet units in various schools in 13 districts of Odisha, MP and AP under Swachha Bharat Swachha Vidyalaya - ₹3173.41 Lacs
- (ii) Various activities under Swachh Bharat A bhiyan - ₹89 Lacs:

- Installation of Dustbins and maintenance of cleanliness of the premises of historical monuments such as Safdarjung Tomb, Purana Quila etc.,
- Construction of household toilet and provision of cemented dustbins and dumping pits in villages around GAIL Pata Plant, Auraiya,, Uttar Pradesh
- Installation of 50 Bio Gas plants in villages around Pata Plant, Auraiya.
- De-silting of ponds in village Dev Rai ka purva, Auraiya
- Adoption of village Padarkhedi and Provision of dustbins with cleaning and awareness on Swachhata, Guna, Madhya Pradesh
- Procurement of garbage disposal truck for Gram panchayat Chirle, Maharashtra
- Adoption of satellite city village for cleaning and awareness on Swachhata and provision of tree guards in East Godavari, Andhra Pradesh,

Ensuring availability of potable drinking water

- (i) Installation of nearly 700 hand pumps in various districts of Uttar Pradesh - ₹191.17 Lacs

III. Kaushal – Skill Development and Livelihood Generation

- (i) Contribution towards AP State Skill Development Corporation - Training in Hydrocarbon sector trades - ₹250 Lacs
- (ii) Job Linked Skill Development Training to 1500 youth of rural/ semi urban area in various income generating skill sets at GAIL - IL & FS Skills School, Guna, MP - ₹324.29 Lacs
- (iii) Job Linked Skill Development Training to 1200 youth of rural/ semi urban area in various income generating skill sets at GAIL - IL & FS Skills School, Dediapada, Narmada, Gujarat - ₹195.83 Lacs
- (iv) GAIL India Employability Programme- Skill Training in the Hospitality Sector to 500 young men and women under Delhi Police's Yuva Programme - ₹107.50 Lacs
- (v) Skill Development Programme in "Plastic Product Manufacturing" for unemployed youth in 04 nos. of centres in Guwahati (Assam), Hyderabad (Telangana), Bhubaneswar (Odisha) and Lucknow (Uttar Pradesh) - ₹132.80 Lacs
- (vi) Setting up Skill Development Institute (SDI) at Bhubaneswar, Odisha with joint participation of Oil Sector PSEs - ₹225 Lacs

Over 6000 people skilled through various initiatives of GAIL as part of its focus are Kaushal.

IV. Ujjawal- Education Centric Initiatives

- (i) Construction of Junior College Buildings at Kosigi and Kodangal Mandals in Mahabubnagar, Telangana - ₹315 Lacs
- (ii) Project Utkarsh- Provision of specialised residential IIT-JEE coaching to 100 students in Kanpur, Uttar Pradesh - ₹187.74 Lacs

A flagship programme of GAIL, Project Utkarsh, caters to meritorious children from marginalized communities and provides all-expense paid, specialised residential coaching/ intensive mentoring so that they can compete for engineering entrance examinations such as IIT/JEE, AIEEE and UPTU. For the year 2015-16, 100 students were identified for this programme through a meticulous selection process. Out of these 94 have qualified the Mains level and are awaiting results for the advanced level.



V. Saksham – Care of Elderly and Persons with Disability

- (i) Support to Umeed Asha Kiran schools, run/supported by Air Force Wives Welfare Association for children with special needs – ₹88.83 Lacs. Support also provided in terms of infrastructure, Audio Visual Aids etc. to over 1400 children.
- III). Provision of aids and assistive devices to Persons with Disabilities through organization of Distribution Camps at 4 locations in UP, MP, AP and Odisha – ₹50 Lacs

VI. Sashakt – Empowerment of Women

Under the focus area of Sashakt, aimed at empowerment of women, GAIL has extended Sustainable Livelihood Interventions through promotion of Financial Literacy and Skill Development to 3200 women in Ujjain district of Madhya Pradesh. Another GAIL project has been undertaken in Delhi/NCR with an aim to empower Adolescent Girls & Women through Employability Skill Training, Gender Sensitization and Legal Awareness in slums of Nizamuddin, Jangpura, Bhogal and Pant Nagar

2 Are the programmes/ projects undertaken through in-house team/ own foundation/ external NGO/ government structures/ any other organization?

CSR projects at GAIL, are implemented through professionally qualified and experienced external agencies such as NGOs, Trusts, Foundations, Govt. agencies, PSUs, Pvt. Companies etc. with an established track record of 03 years in the respective domain as mandated in the Companies (Corporate Social Responsibility) Rules, 2014.

In an effort to attain its social commitments, GAIL adopts a multi-stakeholder approach for implementation of its interventions: collaborating with communities, governmental and nongovernmental organisations, academic institutions and others to identify emerging issues, develop projects and effectively respond to challenges. Once interventions/initiatives are identified, they are closely monitored by dedicated CSR professionals of GAIL both at the corporate and on site level.

3 Have you done any impact assessment of your initiative?

Yes,

Subsequent to the revision of GAIL CSR Policy, 3rd party Independent Impact Evaluation has been mandated for all CSR Projects with a cumulative value of ₹2 crore and above. The process of conducting Impact Evaluation Study for such projects undertaken in FY 2015-16 is under process.

4 What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?

GAIL has made an investment of over ₹55 crores towards various Community Development initiatives.

GAIL CSR initiatives have been primarily are implemented in remote rural corners of the country and therefore, the CSR focus area Unnati constitutes a major portion of the CSR projects of the company.

The details of major rural development initiatives (with a financial commitment of ₹1 Crore and above annually; expenditure details as on 31.03.2016) undertaken by GAIL in 2015-16 are as below:

- i) Project Jaldhar - Integrated Watershed Development and Management Programme for various villages in Jhabua, MP – ₹307.62 Lacs
- ii) Project Shrijan - Long Term rehabilitation work in Uttarakhand (Rudraprayag region)- capacity building, Counseling, Promotion

of Disaster Proof Construction Tech, livelihood Promotion etc. – ₹97.42 Lacs

- iii) Installation of solar street lights in identified villages around VSPL route in Vishakhapatnam, AP – ₹329.26 Lacs
- iv) Development of Tankers parking facilities for truckers and helpers visiting GAIL Pata plant at Khanpur and Truck parking at Saraiya, Pata, Auraiya, Uttar Pradesh – ₹83.69 Lacs
- v) Construction of approach road from Kalindi Kunj to Madanpur Khadar, Delhi – ₹111.52 Lacs
- vi) Developmental Activities such as construction of approach roads, CC Roads, compound walls, school building etc. in Nagaram, East Godavari, Andhra Pradesh. – ₹70 Lacs
- vii) Developmental works including toilet construction in Palkurthy, Warangal, Telangana – ₹19.99 Lacs
- viii) Installation of Solar Lights in Badohi, Uttar Pradesh - ₹92.25 Lacs
- ix) Contribution to MoP&NG Scheme - LPG Vitrak Yojna for providing LPG Gas cylinders to BPL families – ₹3359 Lacs

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,

For every CSR project, an Agreement/MOU is signed with the Implementing partner detailing the scope of work, submission of milestones and documentation by the agency for release of payments (including videos/photographs, fund utilization, progress reports etc.), number of installments, details of Coordination Team from GAIL and implementing partner etc.

The agreement also contains a clause wherein a written commitment is to be obtained from the beneficiary Organization the utility/ facility provided under the program, shall be used for the specific purpose that it is intended for and that the maintenance of the CSR Project and its rightful use for which it has been established, will be continued after the same has been handed over to them, at least for a period of two-three years.

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 are inbuilt at the conceptualisation stage itself. GAIL also insists on the implementing agency participating in the community building efforts 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

Businesses should engage with and provide value to their customers and consumers in a responsible manner

1 What percentage of customer complaints/consumer cases are pending as on the end of financial year.

Customer	Complaints Received	Complaints Pending	% Pending
	48	0	0

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 logo of GAIL, Product name, lot Number, mfg. date, email id for feedback, plant address mark of grade name and batch number are mentioned on the bags. GAIL's polymer products are being packed in 25 kg woven bags at PATA Plant.

Further, 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 Tankers 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.

When LHC is transported through road tankers. If the product is inflammable it is clearly written on the tankers (nominated by the customers). Product name, safety signage, Hazardous chemicals signage, emergency contact no, transporters name and contact no are displayed on the tankers.

Further Company tries to voluntarily engage the Customers through 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) GSPCL filed a case against GAIL before PNGRB claiming Restrictive Trade Practice (RTP) for not allowing to change connectivity from GAIL-PLL to GSPL-PLL connectivity. PNGRB held against GAIL. GAIL challenged the same before PATEL which decided in favour of GAIL. Now GSPCL has appealed against that order before Supreme Court which is pending.
- ii) GSPC Gas filed a case against GAIL claiming RTP before PNGRB but the same was held in favour of GAIL. GSPC Gas has filed appeal against the said order before APTEL and same is pending.
- iii) GSPCL filed a case against GAIL before PNGRB claiming RTP alleging that their request for booking capacity on Reasonable Endeavour (RE) Basis has been rejected by GAIL which amounts to RTP. PNGRB held against GAIL. GAIL appealed against the judgment in APTEL and Supreme Court which vide order dated 13.01.2016 set aside the order of PNGRB and remanded the complaint back to PNGRB for re-considerations and the same

is pending.

- iv) 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.
- v) Sravanthi Energy Pvt. Ltd., Beta Infratech Pvt. Ltd. and Gamma Infraprop Pvt. Ltd. have filed complaint before PNGRB alleging RTP against GAIL which was decided against GAIL by PNGRB vide order dated 11.04.2016 and imposed a penalty of ₹10 lac against GAIL and directed GAIL to cease RTP and pay cost of ₹2 lacs each to each of the party. Also directed to return the BG and SD to the parties. GAIL has filed appeal before APTEL.

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. GAIL has an on-line SAP based system for obtaining customer feedback through Customer Satisfaction Survey. Customers are forwarded a link in their email to fill up the survey and customer feedback on various parameters related to quality, delivery, service, technical support etc. is obtained in the scale of 1 to 10 representing increasing level of customer satisfaction. CSI is derived from the score given by the customers on above parameters. Customer Satisfaction Survey is carried out on half yearly basis. For FY 2015-16, weightage average CSI score is 90.31% against excellent target of 89%.

Note 2:

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, Chhainsa, Kailaras 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.
- 11 Zonal Marketing Offices at Delhi, Kolkata (WB), Chennai (T.N), Bangalore (Karnataka), Bhopal (M.P.), Chandigarh (Haryana), Jaipur (Rajasthan), Hyderabad (A.P), Lucknow (U.P), Mumbai (Maharashtra), Ahmedabad (Gujarat).

Note 3:

Consumer wise reduction of usage of energy, material, and water not detailed out because currently GAIL doesn't have mechanism to track reduction in energy, material, and water usage at consumer end.

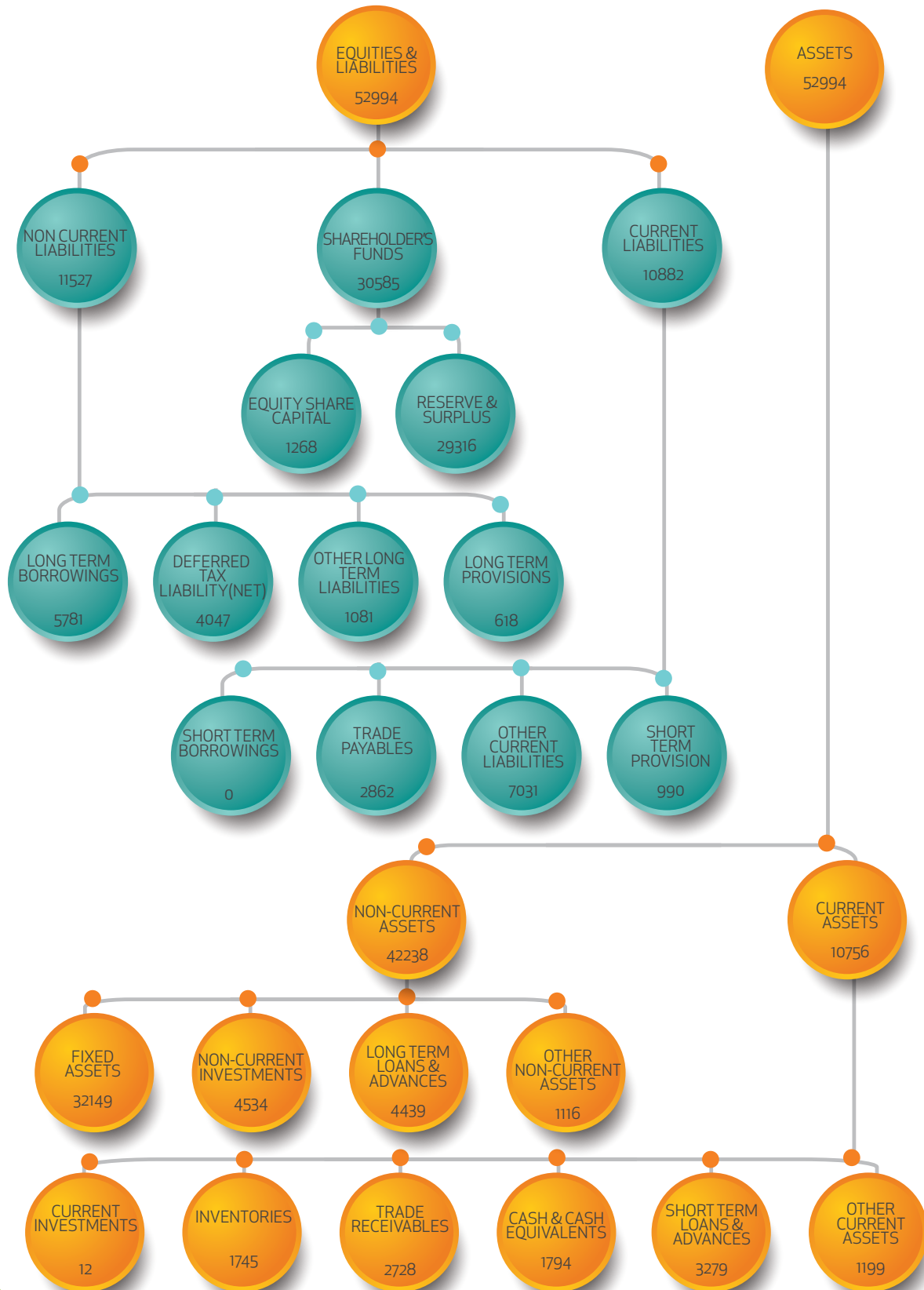
Five Year Profile



STATEMENT OF ASSETS AND LIABILITIES

(₹ in Crores)

AS AT 31ST MARCH 2016



FIVE YEAR PROFILE (STANDALONE)

(A) FINANCIAL

(₹ in Crores)

	2011-12	2012-13	2013-14	2014-15	2015-16
PAID-UP CAPITAL	1,268.48	1,268.48	1,268.48	1268.48	1,268.48
RESERVES & SURPLUS	20,357.35	22,959.32	25,803.85	27851.04	29,316.39
SECURED LOANS	3,023.50	4,106.00	4,679.75	3651.00	2,895.00
UNSECURED LOANS	2,323.35	4,957.50	5,588.33	5904.92	5,222.55
DEFERRED TAX LIABILITY (NET)	1,768.64	2,300.06	2,566.37	3308.65	4,047.08
	28,741.32	35,591.36	39,906.78	41,984.09	42,749.50
REPRESENTED BY :					
GROSS BLOCK	26,306.63	31,148.97	34,056.32	41389.26	43,377.66
LESS : DEPRECIATION	10,449.01	11,441.52	12,579.69	13629.58	14,631.18
NET FIXED ASSETS	15,857.62	19,707.45	21,476.63	27,759.68	28,746.48
CAPITAL WORK-IN-PROGRESS	8,241.76	9,118.99	9,757.19	4,360.02	3,402.79
INVESTMENTS / ADVANCES FOR INVESTMENT (INCLUDING PENDING ALLOTMENT)	3,548.93	3,955.15	4,288.70	4,322.36	4,534.33
NET CURRENT ASSETS	1,093.01	2,809.77	4384.26	5,542.03	6,065.90
	28,741.32	35,591.36	39906.78	41,984.09	42,749.50
GROSS SALES	40,821.79	48,005.27	58012.06	57291.97	52,088.98
GROSS MARGIN	6,247.18	7,233.73	7944.66	5619.92	5,125.93
DEPRECIATION	790.71	980.94	1,176.15	974.26	1,313.09
INTEREST	116.46	195.02	366.19	361.30	640.04
PROFIT/(LOSS) BEFORE TAX	5,340.01	6,057.77	6,402.32	4284.36	3,172.80
PROFIT/(LOSS) AFTER TAX	3,653.84	4,022.20	4,375.27	3039.17	2,298.90
DIVIDEND INCLUDING INTERIM DIVIDEND	1,103.57	1,217.74	1,319.21	761.08	697.66
CORPORATE DIVIDEND TAX	179.02	203.03	224.20	153.56	142.03
INTERNAL GENERATION	4,444.55	5,003.14	5,551.42	4013.43	3,611.99
NET WORTH	21,449.44	24,038.17	26,858.08	28888.31	30,313.84
CAPITAL EMPLOYED INCLUDING ASSETS UNDER CONSTRUCTION & INVESTMENTS	28,741.32	35,591.36	39,906.78	41,984.09	42,749.50

(B) GAS THROUGHPUT/PRODUCTION

	2011-12	2012-13	2013-14	2014-15	2015-16
NATURAL GAS (MMSCMD)	117.62	104.90	96.22	92.10	92.09
LPG (M/T)	1124341	1077866	1026543	1039494	854757
SBP SOLVENT/NAPHTHA (M/T)	144165	147988	119713	98745	83261
PENTANE (M/T)	23144	20739	21669	22758	22720
PROPANE (M/T)	146015	129570	134411	115808	128041
ETHYLENE (M/T)	457080	448534	450870	460059	355619
HDPE/LLDPE (M/T)	446041	441051	440155	451625	344168

(C) FINANCIAL RATIOS

(₹ in Crores)

	2011-12	2012-13	2013-14	2014-15	2015-16
NET WORTH PER RUPEE OF PAID-UP CAPITAL (₹)	16.91	18.95	21.17	22.77	23.90
BORROWINGS TO NET WORTH (₹)	0.25	0.38	0.38	0.33	0.27
PROFIT BEFORE TAX TO CAPITAL EMPLOYED (%)	18.58	17.02	16.04	10.20	7.42
PROFIT BEFORE TAX TO NET WORTH (%)	24.90	25.20	23.84	14.83	10.47
PROFIT BEFORE TAX TO GROSS SALES (%)	13.08	12.62	11.04	7.48	6.09
PROFIT BEFORE TAX TO GROSS FIXED ASSETS (%)	20.30	19.45	18.80	10.35	7.31
GROSS SALES TO CAPITAL EMPLOYED (%)	142.03	134.88	145.37	136.46	121.85
EARNING PER SHARE (₹)	28.80	31.71	34.49	23.96	18.12
DIVIDEND PER SHARE (₹)	8.70	9.60	10.40	6.00	5.50
DIVIDEND PAYOUT RATIO (INCLUDING DIVIDEND TAX)	35.10	35.32	35.28	30.10	36.53

**FIVE YEAR PROFILE (STANDALONE)****(A) FINANCIAL****(In US\$ Millions)**

	2011-12	2012-13	2013-14	2014-15	2015-16
PAID-UP CAPITAL	246	231	209	201	190
RESERVES & SURPLUS	3943	4175	4257	4408	4382
SECURED LOANS	586	747	772	578	433
UNSECURED LOANS	450	902	922	934	781
DEFERRED TAX LIABILITY (NET)	343	418	423	524	605
TOTAL	5567	6472	6584	6644	6390
REPRESENTED BY :					
GROSS BLOCK	5095	5664	5619	6550	6484
LESS : DEPRECIATION	2024	2081	2076	2157	2187
NET FIXED ASSETS	3071	3584	3543	4393	4297
CAPITAL WORK-IN-PROGRESS	1596	1658	1610	690	509
INVESTMENTS / ADVANCES FOR INVESTMENT (PENDING ALLOTMENT)	687	719	708	684	678
NET CURRENT ASSETS	212	511	723	877	907
	5567	6472	6584	6644	6390
GROSS SALES	7907	8730	9571	9067	7786
GROSS MARGIN	1210	1315	1311	889	766
DEPRECIATION	153	178	194	154	196
INTEREST	23	35	60	57	96
PROFIT/(LOSS) BEFORE TAX	1034	1102	1056	678	474
PROFIT/(LOSS) AFTER TAX	708	731	722	481	344
DIVIDEND INCLUDING INTERIM DIVIDEND	214	221	218	120	104
CORPORATE DIVIDEND TAX	35	37	37	24	21
INTERNAL GENERATION	861	910	916	635	540
NET WORTH	4154	4371	4431	4572	4531
CAPITAL EMPLOYED INCLUDING ASSETS UNDER CONSTRUCTION & INVESTMENTS	5567	6472	6584	6644	6390
# INR Converted in US\$ at the exchange rate prevalent on 31 st March of respective financial year	51.63	54.99	60.61	63.19	66.9

FIVE YEAR PROFILE (CONSOLIDATED)

(A) FINANCIAL

(₹ in Crores)

	2011-12	2012-13	2013-14	2014-15	2015-16
PAID-UP CAPITAL	1,268.48	1,268.48	1,268.48	1,268.48	1,268.48
RESERVES & SURPLUS	23,646.05	27,526.18	31,188.47	32,754.19	34,127.76
SECURED LOANS	7,664.76	9,281.57	11,793.64	11,237.71	10,608.29
UNSECURED LOANS	0,840.87	7,190.75	6,743.30	7,053.64	7,381.68
MINORITY INTEREST	981.99	1,456.62	1,758.78	1,758.30	1,663.16
DEFERRED TAX LIABILITY (NET)	1,864.99	2,426.49	2,730.35	3,547.69	4,320.83
	39,267.14	49,150.09	55,483.02	57,620.01	59,370.20
REPRESENTED BY :					
GROSS BLOCK	31,769.19	37,244.72	42,294.60	49,786.55	60,377.36
LESS : DEPRECIATION	11,611.93	12,941.32	14,515.23	15,936.50	17,392.51
NET FIXED ASSETS	20,157.26	24,303.40	27,779.37	33,850.05	42,984.85
CAPITAL WORK-IN-PROGRESS	15,578.49	19,894.30	20,400.43	16,247.80	8,359.88
INVESTMENTS / ADVANCES FOR INVESTMENT (PENDING ALLOTMENT)	1,284.06	1,525.96	1,476.85	1,633.06	1,708.51
NET CURRENT ASSETS	2,247.33	3,426.43	5,826.37	5,889.10	6,316.96
MISCELLANEOUS EXPENDITURE	-	-	-	-	-
	39,267.14	49,150.09	55,483.02	57,620.01	59,370.20
GROSS SALES	44,736.73	51,737.86	62,598.79	61,428.73	55,248.15
GROSS MARGIN	7,776.94	8,329.06	9,254.63	6,576.76	5,924.05
DEPRECIATION	1,055.67	1,333.90	1,663.50	1,432.57	1,850.90
PRELIMINARY/DEFERRED REVENUE EXPENSES WRITTEN-OFF	-	-	-	-	-
INTEREST	366.43	437.31	668.71	651.83	980.91
PROFIT/(LOSS) BEFORE TAX	6,354.84	6,557.85	6,922.42	4,492.36	3,092.24
PROFIT/(LOSS) AFTER TAX (GROUP)	4,443.61	4,373.60	4,786.22	3,160.05	2,251.62
DIVIDEND INCL. INTERIM DIVIDEND	1,103.57	1,217.74	1,319.21	761.08	697.66
CORPORATE DIVIDEND TAX	179.02	203.03	224.20	153.56	142.03
INTERNAL GENERATION	5,499.28	5,707.50	6,449.72	4,592.62	4,102.52
NET WORTH	23,237.35	26,006.58	28,957.58	30,419.63	31,726.64
CAPITAL EMPLOYED INCLUDING ASSETS UNDER CONSTRUCTION & INVESTMENTS	39,267.14	49,150.09	55,483.02	57,620.01	59,370.20

**FIVE YEAR PROFILE (CONSOLIDATED)****(A) FINANCIAL**

(In US \$ Millions)

	2011-12	2012-13	2013-14	2014-15	2015-16
PAID-UP CAPITAL	246	231	209	201	190
RESERVES & SURPLUS	4,580	5,006	5,146	5,183	5,101
SECURED LOANS	1,485	1,688	1,946	1,778	1,586
UNSECURED LOANS	744	1,308	1,113	1,116	1,103
MINORITY INTEREST	190	265	290	278	249
DEFERRED TAX LIABILITY (NET)	361	441	450	561	646
	7,605	8,938	9,154	9,119	8,874
REPRESENTED BY :					
GROSS BLOCK	6,153	6,773	6,978	7,879	9,025
LESS : DEPRECIATION	2,249	2,353	2,395	2,522	2,600
NET FIXED ASSETS	3,904	4,420	4,583	5,357	6,425
CAPITAL WORK-IN-PROGRESS	3,017	3,618	3,366	2,571	1,250
INVESTMENTS / ADVANCES FOR INVESTMENT (PENDING ALLOTMENT)	249	277	244	258	255
NET CURRENT ASSETS	435	623	961	932	944
	7,605	8,938	9,154	9,119	8,874
GROSS SALES	8,665	9,409	10,328	9,721	8,258
GROSS MARGIN	1,506	1,515	1,527	1,041	886
DEPRECIATION	204	243	274	227	277
INTEREST	71	80	110	103	147
PROFIT/(LOSS) BEFORE TAX	1,231	1,193	1,142	711	462
PROFIT/(LOSS) AFTER TAX (GROUP)	861	795	790	500	337
DIVIDEND INCL. INTERIM DIVIDEND	214	221	218	120	104
CORPORATE DIVIDEND TAX	35	37	37	24	21
INTERNAL GENERATION	1,065	1,038	1,064	727	613
NET WORTH	4,501	4,729	4,778	4,814	4,742
CAPITAL EMPLOYED INCLUDING ASSETS UNDER CONSTRUCTION & INVESTMENTS	7,605	8,938	9,154	9,119	8,874
# INR Converted in US\$ at the exchange rate prevalent on 31st March of respective financial year	51.63	54.99	60.61	63.19	66.90

Standalone Financial Statement



Independent Auditors' Report

To the Members of GAIL (India) Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of GAIL (India) Limited ('the Company'), which comprise the balance sheet as at 31 March 2016, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these standalone 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016 and its profit and its cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to the following matters in Notes to Financial Statement:-

1. Note No: 42(c) - regarding various provisional transportation tariff orders issued by Petroleum and Natural Gas Regulatory Board (PNGRB), these orders have been contested by the company at Appellate Tribunal for Electricity (APTEL) and adjustment if any will be recognized as and when matter is finally decided.

2. Note No: 47 - in respect of stating the investment in a joint venture entity at book value whereas net worth of the entity has been eroded and management has considered the diminution in value of investment as non-permanent.

3. Note No: - 51 - in respect of revenue recognition during the year for ship or pay charges where the customer has disputed the claim of the company and final outcome is uncertain, Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 'A' statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.

2. As required by C&AG of India through directions/sub-directions dated 11.12.2015 and 29.04.2016 and issued under Section 143(5) of the Companies Act 2013, on the basis of written representation received from the management, we give our report on the matter specified in the Annexure 'B' attached.

3. As required by Section 143 (3) of the Act, we report that:

- We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- 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;
- 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;
- In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- On the basis of the written representations received from the directors as on 31 March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- We are enclosing herewith a report in "Annexure C" for our opinion on adequacy of internal financial controls system in place in the company and the operating effectiveness of such controls; and
- With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- the Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 33(1)(a) and 34 to the financial statements;
- the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
- there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For O.P. Bagla & Co.
Chartered Accountants
Firm No.: 000018N

(Rakesh Kumar)
(Partner)
Membership No.: 087537

Place: New Delhi
Dated: 25th May, 2016

For G.S. Mathur & Co.
Chartered Accountants
Firm No.: 08744N

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

ANNEXURE TO THE AUDITORS' REPORT OF GAIL (INDIA) LIMITED

Referred to in paragraph 1 to "Report on Other legal and regulatory requirements" of the Independent Auditors' Report of even date to the members of GAIL (INDIA) LIMITED on the financial statements for the year ended March 31, 2016.

- (i) As informed to us the company has generally maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) According to information and explanation given to us there is a regular programme of physical verification of these fixed assets by the management which in our opinion is reasonable having regard to the size of the company and nature of its assets. As informed to us no material discrepancies were noticed on such verification.
- (c) As informed to us and as verified by us during the course of our audit the title deeds of immovable properties are held in name of the company except for the cases as disclosed in Note no 45(b) & (c).
- ii. As informed to us physical verification of inventory has been conducted at reasonable intervals by the management except the store and spares lying with Engineers India Limited 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. As informed to us no material discrepancies were noticed on physical verification of inventory.
- iii. As informed to us the company has granted unsecured loans to companies covered in the register maintained under section 189 of the Companies Act 2013. In respect of such loans:
- a) As informed to us and as verified by us the terms and conditions of grant of such loans are not prejudicial to the interest of the company.
- (b) Repayment of the principal amount and payment of interest on such loans have been stipulated. However repayment of principal and

payment of interest has not been regular in one of the loan given to Bhagyanagar Gas Limited. Please refer Note No.50 to the financial statements in this regard.

- (c) As informed to us, no amount of loan is overdue as at end of the year for a period more than ninety days.
- iv. According to the information and explanations given to us, the company has complied with the provisions of Section 185 and 186 of Companies Act 2013 in respect of loans/investment/guarantee/security granted during the year.
- v. The company has not accepted any deposits, in terms of the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act 2013 and the rules framed there under.
- vi. In respect of business activities of the company maintenance of cost records has been specified by the Central Government under sub-section (l) of section 148 of the Companies Act 2013 read with rules framed thereunder and in our opinion, prima facie, prescribed accounts and records have been made and maintained by the company.
- vii. a) According to records of the company and information and explanation given to us the company has generally been regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities. According to information and explanation given to us there are no outstanding statutory dues as referred above as at the last day of the financial year under audit 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 income tax or sale tax or service tax or duty of custom or duty of excise or value added tax or cess which have not been deposited on account of dispute and the forum where the dispute is pending are given below:

List of Cases of Unpaid Disputed Demand under various Statutes as on 31.03.2016

(₹ in Crores)

Sl. No.	Statute		Subject Matter of Dispute	Amount (2015-16)	Period of Dispute	Status - Forum
1	Entry Tax	(a)	Demand of Entry Tax on Natural Gas in U.P.	203.00	1999-00 to 2009-10	Allahabad High Court, Trade Tax Tribunal & Joint Commissioner
		(b)	Demand of Entry Tax on Natural Gas in Rajasthan	5.69	2002-03 to 2005-06	Dy. Commissioner (Appeals), Ajmer
		(c)	Demand of Entry Tax on Natural Gas in Madhya Pradesh	5.38	2008-09, 2011-12 & 2012-13	Tribunal, Bhopal
2	Sales Tax & VAT	(a)	Non-acceptance of declaration form for concessional sales tax	0.38	1995-96 & 1996-97	Tribunal, Bhopal
		(b)	Demand of VAT on account of disallowance of Credit Note	31.88	2005-06, 2006-07 & 2009-10	Joint Commissioner (Appeals), Mumbai
		(c)	VAT demand on inter unit transfer of material	5.52	2011-12	Tribunal, Bhopal
		(d)	Demand of CST on account of disallowance of LPG absorption credit notes	1.39	2011-12 & 2012-13	Tribunal, Bhopal

List of Cases of Unpaid Disputed Demand under various Statutes as on 31.03.2016

(₹ in Crores)

Sl. No.	Statute		Subject Matter of Dispute	Amount (2015-16)	Period of Dispute	Status - Forum
2	Sales Tax & VAT	(e)	Demand of VAT on account of disallowance of input tax credit	2.77	2010-11	Joint Commissioner (Appeals), Mumbai
		(f)	Demand of VAT on account of disallowance of LPG subsidy	14.92	2005-06	Joint Commissioner (Appeals), Mumbai
		(g)	Demand of VAT on sale of Natural Gas to Power Companies	129.54	2007-08	Joint Commissioner (Appeals), Mumbai
		(h)	Demand of VAT on bandwidth charges	2.71	2008-09	Joint Commissioner (Appeals), Mumbai
		(i)	Demand of VAT on High Sea Sale	28.59	2011-12	Joint Commissioner (Appeals), Mumbai
		(j)	Demand of VAT on sale of LPG by treating it as non domestic	56.59	2006-07 to 2011-12	Joint Commissioner (Appeals), Mumbai
		(k)	Penalty for delay in payment of sales tax	0.60	2003-2004	High Court, Mumbai
		(l)	Demand of VAT on account of rate change	0.54	Oct 2011 to Dec 2011	Joint Commissioner, Trichy
		(m)	Demand of CST on account of disallowance of LPG subsidy discount	51.84	2005-06	High Court, Gwalior
		(n)	Demand for treating CST sale as local sale	0.15	2003-2004	High Court, Guwahati
		(o)	Revised Sales Tax demand as per assessment order	2.76	2003-04	Joint Commissioner (Appeals), Vadodara
3	Customs, Excise and Service Tax	(a)	LPG valuation Dispute	19.64	Jan 2001 to Feb 2005	CESTAT Mumbai
		(b)	Dispute on Pentane Classification	99.4	Aug. 2005 to Dec 2006 & Oct 2007 to July 2009	CESTAT Ahmedaba
		(c)	Dispute on MFO Classification	79.77	July 2004 to March 2011	CESTAT Ahmedabad
		(d)	Demand of duty under Rule 6(3) of CCR, 2004 for credit taken on input services	14.71	April 2008 to March 2010	CESTAT Kolkata
		(e)	Demand of Service Tax on Marketing Margin	965.85	Oct. 2006 to Mar 2014	CESTAT Delhi
		(f)	Demand of Service Tax on deputation of employees to JVs & Govt. Deptt.	41.20	Oct. 2006 to June 2012	CESTAT Delhi
		(g)	Demand of differential service tax based on service tax returns	0.13	Oct. 2006 to March 2007	CESTAT Ahmedabad
		(h)	Demand raised by denying Cenvat & service tax credit taken at Hazira	9.30	Aug. 2005 to Sept 2009	CESTAT Ahmedabad
		(i)	Demand raised by denying Cenvat credit taken on input services	0.22	2008-09 & Dec. 2010 to March 2011	CESTAT Delhi & CESTAT Allahabad
		(j)	Demand raised in respect of service tax on import of service	0.14	2008-09 to 2011-12	Commissioner (Appeals), Delhi
		(k)	Demand of CVD on purchase of SAP software	0.07	March 2006	CESTAT Delhi
					SUB-TOTAL	1774.73

Sl. No.	Statute		Subject Matter of Dispute	Amount (2015-16)	Period of Dispute	Status - Forum
4	Income Tax	(a)	Unpaid demand	6.23	AY- 1999-00	CIT (Appeals)
		(b)	Demand of TDS	3.10	AY- 2008-09 to AY - 2016-17	ITO (TDS)
5	Other taxes		Notified Area Tax & GIDC Tax on revised value (incl. interest)	4.16	1998-99 to 2005-06 & 1985-86 to 2009-10	Ahmedabad High Court
			TOTAL	1788.22		

viii. Based on our audit procedures and in accordance with the information and explanations given to us by the management the company has not defaulted in repayment of dues to a bank or government or bonds holders.

ix. The company has not raised any money during the year by way of initial public offer or further public offer (including debt instrument). As informed to us the company has not raised any money by way of term loans during the year.

x. According to the information and explanation given to us there has been no fraud noticed or reported during the year on the company or by the company by its officers or employees.

xi. In our opinion the managerial remuneration paid/provided during the year is in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V of Companies Act 2013.

xii. The company is not a nidhi company and therefore clause 3(xii) of the Order related to such companies is not applicable to the Company.

xiii. According to the information and explanation given to us all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.

xiv. The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.

xv. As informed to us, during the year the company has not entered into any non-cash transactions with any of its directors or persons connected with the directors.

xvi. The company is not required to get registered under section 45-IA of Reserve Bank of India Act 1934.

For **O.P.Bagla & Co.**
Chartered Accountants
Firm No.: 000018N

(Rakesh Kumar)
(Partner)
Membership No.:087537

Place: **New Delhi**
Dated: **25th May, 2016**

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

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

**ANNEXURE TO THE AUDITORS' REPORT OF GAIL (INDIA) LIMITED**

Referred to in paragraph 2 to "Report on Other legal and regulatory requirements" of the Independent Auditors' Report of even date to the members of GAIL (INDIA) LIMITED on the financial statements for the year ended March 31, 2016.

Sl. No.	Directions / Sub Directions	Action taken	Impact on financial statement
1.	Whether the company has clear title/lease deed for freehold and leasehold respectively? If not please state the area of freehold and leasehold land for which title/lease deed are not available?	As informed to us and as verified by us during the course of our audit the title deeds of immovable properties are held in the name of the company except for the cases as disclosed in Note no. 45(b) and (c) along with area of these lands.	Nil
2.	Whether there are any cases of waiver/ write off of debts/loans /interest etc., if any, the reason there for and amount involved.	We have been informed that there has been no case of waiver, write off of debt/interest/loans etc.	Nil
3	Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities.	The company has maintained proper records of inventories including inventory lying with the third parties. 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 informed that no asset has been received as gift from government or other authorities.	Nil
4.	Independent verification may be made of information/inputs furnished to Actuary, viz number of employees, average salary, retirement age and assumptions made by the Actuary regarding discount rate, future cost increase, mortality rate etc. for arriving at the provision for liability of retirement benefits, viz gratuity, leave encashment, post retirement medical benefits etc.	As directed, independent verification has been done in respect of information/inputs furnished to the actuary for various components. Also assumption on different aspects made by actuary has been verified. Entries made towards provision for liability of retirement benefits, viz gratuity, leave encashment, postretirement medical benefits etc are on the basis of actuarial valuation.	Nil

For O.P.Bagla & Co.
Chartered Accountants
Firm No.: 000018N

(Rakesh Kumar)
(Partner)
Membership No.:087537

Place: New Delhi

Dated: 25th May, 2016

For G.S Mathur & Co.
Chartered Accountants
Firm No.: 08744N

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

ANNEXURE TO THE AUDITORS' REPORT OF GAIL (INDIA) LIMITED

Referred to in paragraph 3(f) to "Report on Other legal and regulatory requirements" of the Independent Auditors' Report of even date to the members of GAIL (INDIA) LIMITED on the financial statements for the year ended March 31, 2016.

Report on the Internal Financial Controls under Clause (i) of Sub section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of GAIL (INDIA) LIMITED ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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. We believe that the audit evidence I/we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **O.P. Bagla & Co.**
Chartered Accountants
Firm No.: 000018N

(**Rakesh Kumar**)
(Partner)
Membership No.:087537

Place: **New Delhi**
Dated: **25th May, 2016**

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

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

**Balance Sheet as at 31st March, 2016**

(₹ in crore)

	Note No.	AS AT 31 ST MARCH, 2016	AS AT 31 ST MARCH, 2015
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
a) Share Capital	2	1,268.48	1,268.48
b) Reserves and Surplus	3	29,316.39	27,851.04
		30,584.87	29,119.52
(2) Non Current Liabilities			
a) Long Term Borrowings	4	5,781.28	7,814.49
b) Deferred Tax Liability (Net)	5	4,047.08	3,308.65
c) Other Long-term Liabilities	6	1,081.23	2,079.41
d) Long-term Provisions	7	617.53	578.92
		11,527.12	13,781.47
(4) Current Liabilities			
a) Short Term Borrowings	8	-	233.80
b) Trade Payables	9	2,861.60	3,320.48
c) Other Current Liabilities	10	7,030.74	5,361.09
d) Short-term Provisions	11	989.93	1,076.87
		10,882.27	9,992.24
	Total	52,994.26	52,893.23
II. ASSETS			
(1) Non-current assets			
a) Fixed Assets			
(i) Tangible Assets	12	28,015.24	27,015.75
(ii) Intangible Assets	12	731.24	743.94
(iii) Capital Work in Progress	13	3,402.79	4,360.02
		32,149.27	32,119.71
b) Non-current Investments	14	4,534.33	4,322.36
c) Long-term loans and advances	15	4,439.28	3,445.87
d) Other non-current assets	16	1,115.54	2,409.95
		42,238.42	42,297.90
(2) Current Assets			
a) Current Investments	17	12.35	
b) Inventories	18	1,744.85	2,081.05
c) Trade receivables	19	2,727.61	3,094.52
d) Cash and cash equivalents	20	1,793.87	1,141.64
e) Short-term loans and advances	21	3,278.59	3,511.70
f) Other current assets	22	1,198.57	766.42
		10,755.84	10,595.33
	Total	52,994.26	52,893.23
Significant Accounting Policies	1		

See the accompanying notes 1 to 73 forming an integral part of the Financial Statements

For and on behalf of the Board of Directors**N. K. Nagpal**
Company Secretary**Subir Purkayastha**
Director (Finance)**M Ravindran**
Director (HR)**B. C. Tripathi**
Chairman & Managing Director

As per our separate Report of even Date

For **O.P.Bagla & Co.**
Chartered Accountants
Firm No.: 000018N(Rakesh Kumar)
(Partner)
Membership No.:087537For **G.S Mathur & Co.**
Chartered Accountants
Firm No.: 08744N(Rajiv Kumar Wadhawan)
(Partner)
Membership No.:091007Place: **New Delhi**
Dated: **25th May, 2016**

Statement of Profit & Loss for the Year ended 31st March, 2016

(₹ in crore)

	Note No.	AS AT 31 ST MARCH, 2016	AS AT 31 ST MARCH, 2015
I. Revenue from Operations (Gross)	23	52,388.86	57,464.50
Less : Excise Duty		474.71	722.52
Revenue from Operations (Net)		51,914.15	56,741.98
II. Other Income	24	857.70	860.86
III Total Revenue (I+II)		52,771.85	57,602.84
IV Expenses			
Cost of Materials Consummed		3,335.16	4,973.98
Purchase of Stock in trade	25	38,447.97	40,348.33
Changes in Inventories of Finished Goods,	26	411.55	232.17
Work in Progress and Stock in Trade			
Employee benefits expense	27	996.06	906.40
Finance Cost	28	640.04	361.30
Depreciation and amortization expenses	29	1,313.09	974.26
Other expenses	30	4,455.18	5,584.90
Total Expenses		49,599.05	53,381.34
V. Profit before Exceptional and Extraordinary items and Tax (III - IV)		3,172.80	4,221.50
VI. Exceptional items	31	-	62.86
VII. Profit before Extraordinary items and Tax (V + VI)		3,172.80	4,284.36
VIII. Extraordinary items		-	-
IX. Profit before Tax (VII - VIII)		3,172.80	4,284.36
X. Tax Expenses			
- Current Year		685.77	836.91
- Earlier Years		45.48	(22.00)
		731.25	814.91
Less : MAT Credit Entitlement			
- Current Year		498.34	357.07
- Earlier Years		97.44	-
Net Tax		135.47	457.84
Deferred Tax		738.43	787.35
Total Tax expenses		873.90	1,245.19
XI. Profit for the Year (IX-X)		2,298.90	3,039.17
Earning Per Equity Share (Face Value ₹10/-each)			
- Basic		18.12	23.96
- Diluted		18.12	23.96
Prior Period Adjustments	32		
Expenditure during Construction Period	32A		
Significant Accounting Policies	1		

See the accompanying notes 1 to 73 forming an integral part of the Financial Statements

For and on behalf of the Board of Directors

N. K. Nagpal
Company Secretary

Subir Purkayastha
Director (Finance)

M Ravindran
Director (HR)

B. C. Tripathi
Chairman & Managing Director

As per our separate Report of even Date

For **O.P.Bagla & Co.**
Chartered Accountants
Firm No.: 000018N

(Rakesh Kumar)
(Partner)
Membership No.:087537

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

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

Place: **New Delhi**
Dated: **25th May, 2016**



Notes to Financial Statements for the year ended 31st March 2016

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, 2013 including Accounting Standards as specified under section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rule 2014.

1.02 Use of Estimates

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

1.03 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 of the asset.

1.04 Fixed Assets

A. Tangible Assets

- Tangible Fixed Assets are stated 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.
- Machinery spares, which can be used only in connection with an item of fixed asset and their use is expected to be irregular, are capitalized with the cost of respective fixed asset and are depreciated fully over the remaining useful life of that asset.
- Technical know-how / license fee incurred at the time of procurement asset are capitalized as part of the underlying asset.

B. Intangible Assets

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

1.05 Capital Work in Progress

- Capex 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.
- The capital work in progress includes Construction Stores including Material in Transit/ Equipment / Services, etc. received at site for use in the projects.
- Pre-project expenditure relating to Projects which are considered unviable / closed is charged off to Revenue in the year of declaration/ closure.
- All revenue expenses incurred during Construction Period, which are exclusively attributable to acquisition / construction of fixed assets, are capitalized at the time of commissioning of such assets.

1.06 Exploration and Development Costs

- The Company follows Successful Efforts Method for accounting of

Oil & Gas exploration and production activities carried out through Joint Ventures in the nature of Production Sharing Contracts (PSC) with respective host government and various body corporates for exploration, development and production activities, which includes:

- Survey Costs are recognized as revenue expenditure in the year in which these are incurred.
- Cost of exploratory wells is carried as 'Exploratory wells in progress' under Capital Work in Progress. Such exploratory wells in progress are capitalized in the year in which the Producing Property is created. Such costs are written off in the year when determined to be dry / abandoned.
- 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

- 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.
- 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.

1.07 Foreign Currency Transaction

- Transactions in foreign currency are initially accounted at the exchange rate prevailing on the transaction date.
- Monetary items 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.
- Non-monetary items, denominated in foreign currencies are accounted at the exchange rate prevailing on the date of transaction(s).
- 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 where they are adjusted to the carrying cost of such assets. In other cases exchange difference is accumulated in "Foreign Currency Monetary item Translation Difference Account" in the financial statements and amortized over the balance period of respective long terms asset or liability, by recognition as income or expenses in each of such period.
- Premium / discount arising at the inception of the forward contracts entered into to hedge foreign currency risk are amortized as expense / income over the life of the contract. Outstanding forward contracts as at the reporting date are restated at the exchange rate prevailing on that date. Exchange difference on such contracts where rate to long term foreign currency monetary items are adjusted in carrying cost of related asset.

In respect of other derivative contracts entered into, to hedge Foreign Currency and Interest rate risk, gain / losses on settlement and losses on restatement (by marking them to market) at the Balance Sheet date are recognised in the Statement of profit & loss.

1.08 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 its intended use after netting off any income earned on temporary investment of such funds. Other borrowing costs are recognized as expense during the year of incurrence.

1.09 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.

1.10 Inventories

- Stock of Liquefied Natural Gas (LNG) and Natural Gas in pipelines is valued at cost on First in First out (FIFO) basis or net realizable value, whichever is lower.
- Raw materials and finished goods are valued at weighted average cost or net realizable value, whichever is lower. Finished goods include excise duty and royalty wherever applicable.
- 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 goods in which these are to be incorporated are expected to be sold at or above the weighted average cost.
- 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 goods in which they will be incorporated are expected to be sold at/or above cost.
- Surplus / Obsolete Stores and Spares are valued at cost or net realisable value, whichever is lower.
- 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.
- Imported LNG in transit is valued at CIF value or net realizable value whichever is lower.
- Renewable Energy Certificates (RECs) are valued at cost on First in First out (FIFO) basis or net realizable value, whichever is lower.

1.11 Revenue recognition

- 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.
- Income from Consultancy/Contract Services, if any, is recognized based on percentage Completion Method.
- Dividend income is accounted for when the right to receive is established.
- Claims (including interest on delayed realization from customers) are accounted for, when there is significant certainty that the claims are realizable.
- Liability in respect of Minimum Guaranteed Off take (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.
- Minimum charges relating to transportation of LPG are accounted for on receipt basis.

- Prepaid expenses and prior period expenses/income up to ₹ 5 lacs in each case are charged to relevant heads of account of the current year.

1.12 Depreciation / Amortisation

A. Tangible Assets

Depreciation on Tangible Fixed Assets is provided in accordance with the manner and useful life as specified in Schedule II of the Companies Act, 2013, on straight line method (SLM) on pro-rata basis (monthly pro-rata for bought out assets), except for the assets as mentioned below where different useful life has been taken on the basis of external / internal technical evaluation:

(i)

a)	Furniture and Electrical Equipment's provided for the use of employees	7 years
b)	Mobile Phones provided for the use of employees	2 years

- Cost of the leasehold land is amortised over the lease period except perpetual leases.
- Depreciation due to price adjustment in the original cost of fixed assets is charged prospectively.
- Capital expenditure on the assets (enabling facilities), the ownership of which is not with the Company, is charged off to Revenue.

B. Intangible Assets

- Intangible assets are amortised on Straight Line Method (SLM) over the useful life not exceeding five years from the date of capitalization.
 - Cost of the Right of Use (ROU) is amortized considering life of RoU as 99 years.
 - After impairment of assets, if any, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.
- C. Capital assets 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 useful life as specified in Schedule II of the Companies Act, 2013.

1.13 Employees Benefits

- All short term employee benefits are recognized at the undiscounted amount in the accounting period in which they are incurred.
- 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.
- 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. Actuarial gains / losses are recognized in the Statement of Profit and Loss.
- Liability for gratuity as per actuarial valuation is funded with a separate trust.

1.14 Impairment

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

**1.15 Provisions, Contingent Liabilities, Contingent Assets & Capital Commitments**

- (a) 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.
- (b) Estimated amount of contracts remaining to be executed on capital accounts are disclosed in each case above ₹ 5 lacs.

1.16 Taxes on Income

Provision for current tax is made as per the provisions of the Income Tax Act, 1961. Minimum Alternate Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal Income Tax during the specified period. Deferred Tax Liability / Asset resulting from 'timing difference' between book profit and taxable profit is accounted for considering the tax rate and tax 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.

1.17 R&D Expenditure

Revenue expenditure on Research and Development is charged to Statement of Profit and Loss in the year in which it is incurred. Capital expenditure on Research and Development is capitalized in case the same qualifies as tangible asset.

1.18 Cash Flow Statement

Cash flow statement is prepared in accordance with the indirect method prescribed in Accounting Standard (AS) 3 on 'Cash Flow Statements'.

1.19 Others

- (a) 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.
- (b) Insurance claims are accounted for on the basis of claims admitted by the insurers.

Notes to Financial Statements for the year ended 31st March 2016**Note 2 : Share Capital**

(₹ in crores)

	AS AT 31 st MARCH, 2016		AS AT 31 st MARCH, 2015	
AUTHORISED 200,00,00,000 (Previous Year : 200,00,00,000) Equity Shares of ₹.10/-	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	1,268.48		1,268.48	
a) Details of Shareholders holding more than 5% shares in the parent company	31 st MARCH, 2016		31 st MARCH, 2015	
	Numbers	% Holding	Numbers	% Holding
Equity shares of ₹.10/- each fully Paid Up				
(i) President of India (Promoter)	711,695,832	56.11%	711,733,651	56.11%
(ii) Life Insurance Corporation of India	132,621,001	10.46%	116,105,407	9.15%
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) 118,91,046 (Previous Year: 179,47,026) shares are held in the form of Global Depository Receipts				
d) The company has not issued shares for a consideration other than cash or Bonus shares during the immediately preceding five years.				

Note 3 : Reserves and Surplus

(₹ in crores)

	AS AT 31 ST MARCH, 2016	AS AT 31 ST MARCH, 2015
Capital Reserve		
(Grant Received from Danish Govt. for construction of Gas Technology Institute at Noida)		
As per Last Financial Statements	1.04	1.16
Less : Transferred to statement of Profit & Loss	(0.12)	(0.12)
Closing Balance	0.92	1.04
Share Premium Account		
As per Last Financial Statements	0.27	0.27
Bonds Redemption Reserve		
As per Last financial statements	204.04	167.27
Add : Transferred from surplus in the statement of Profit & Loss	59.68	61.77
Less : Transfer to surplus in the statement of Profit & Loss	(25.00)	(25.00)
Closing Balance	238.72	204.04
CSR Reserve		
As per Last Financial Statements	1.00	31.00
Add : Transferred from surplus in the statement of Profit & Loss	-	-
Less: Transfer to surplus in the statement of Profit & Loss	(1.00)	(30.00)
Closing Balance	-	1.00
Foreign Currency Monetary Item Translation Difference Account	31.39	25.13
General Reserve		
As per Last financial statements	4,195.79	3,891.79
Add : Transferred from surplus in the statement of Profit & Loss	229.89	304.00
Closing Balance	4,425.68	4,195.79
Surplus in the Statement of Profit & Loss		
As per Last Financial Statements	23,423.77	21,697.55
Less: Adjustment of Carrying amount of assets, with nil residual value as on 01.04.2014	-	87.54
Surplus in the Statement of Profit & Loss(Net)	23,423.77	21,610.01
Add : Profit for the year as per statement of Profit & Loss	2,298.90	3,039.17
Less: -Appropriations		
Interim Dividend	317.12	380.54
Proposed Final Dividend	380.54	380.54
Corporate Dividend Tax	142.03	153.56
Transfer from Bond Redemption Reserve	(25.00)	(25.00)
Transfer to Bond Redemption Reserve	59.68	61.77
Transfer from CSR Reserve	(1.00)	(30.00)
Transfer to CSR Reserve	-	-
General Reserve	229.89	304.00
Net surplus after Appropriations	1,195.64	1,813.76
TOTAL	24,619.41	23,423.77
	29,316.39	27,851.04

Transfer to Bond Redemption Reserve

a) The company has proposed final dividend for the Financial year 2015-16 @ ₹ 3/- Per equity share of ₹ 10/- each (previous year : ₹ 3 per equity share)



Note 4 : Long Term Borrowings

(₹ in crores)

	Non-current Portion		Current Maturities	
	AS AT 31 st MARCH, 2016	AS AT 31 st MARCH, 2015	AS AT 31 st MARCH, 2016	AS AT 31 st MARCH, 2015
SECURED				
(a) BONDS				
(i) Bonds Series - I (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)	-	-	-	100.00
(ii) Bonds 2010 Series - I* (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)	500.00	500.00	-	-
(iii) Bonds Series 2012* (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)	750.00	750.00	-	-
(iv) Bond series 2015* (8.30% Secured Non-convertible redeemable Bonds 2015 -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 Feb 23, 2015 with a call option at the end of the 7th year).	500.00	500.00	-	-
*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				
(II) TERM LOANS				
(i) 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 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.	-	-	-	121.00
Carried Forward	1,750.00	1,750.00	-	221.00

Note 4 : Long Term Borrowings

(₹ in crores)

	Non-current Portion		Current Maturities	
	AS AT 31 st MARCH, 2016	AS AT 31 st MARCH, 2015	AS AT 31 st MARCH, 2016	AS AT 31 st MARCH, 2015
Brought Forward	1,750.00	1,750.00	-	221.00
(ii) 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 expiry of moratorium of one year from the date of disbursement. Loan disbursed in installment from July 2011 to June 2013 with rate of interest from 7.67% to 8.98% p.a. depending on date of disbursement.	372.50	788.75	416.25	416.25
(iii) Oil Industry Development Board (Secured by way of first pari passu 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 excluding the plant & machinery of Compressor Stations at Jhabua & Vijaipur). 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.	237.50	356.25	118.75	118.75
	2,360.00	2,895.00	535.00	756.00
UNSECURED TERM LOANS				
From Banks (Foreign Currency Loan):				
- Bank of Tokyo Mitsubishi UFJ Ltd. (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).	-	947.85	1,003.50	-
- Bank of Tokyo Mitsubishi UFJ Ltd. (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.	223.00	421.27	223.00	210.63
- Mizuho Corporate Bank (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).	223.04	421.27	222.98	210.63

Note 4 : Long Term Borrowings

(₹ in crores)

	Non-current Portion		Current Maturities	
	AS AT 31 ST MARCH, 2016	AS AT 31 ST MARCH, 2015	AS AT 31 ST MARCH, 2016	AS AT 31 ST MARCH, 2015
- Sumitomo Mitsui Banking Corporations (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).	223.00	421.27	223.00	210.63
- Sumitomo Mitsui Banking Corporations (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).	2,007.00	1,895.70	-	-
- KFW Germany (Coperion Facility) (Repayment in 14 half yearly equal Instalments starting from November 2014) Loan carries fixed rate of interest)	60.02	69.29	13.34	12.60
- Societe Generale (Repayment in 20 half yearly equal Instalments starting from 22nd October 2012) Loan carries floating rate of interest linked to 6 Months LIBOR plus spread).	273.51	305.31	49.73	46.97
- Japan bank for International Co-operation(JBIC) (Repayable in 20 half yearly equal Instalments starting from June'2013) Loan carries fixed rate of interest)	185.88	191.42	30.98	27.35
- KFW Germany (Siemens Facility) (Repayment in 20 half yearly equal Instalments starting from March 2014) Loan carries fixed rate of interest)	225.83	246.11	34.74	32.82
	3,421.28	4,919.49	1,801.27	751.63
TOTAL	5,781.28	7,814.49	2,336.27	1,507.63
a) There has been no defaults in repayment of any of the loans or interest thereon during the year.				

Note 5 : Deferred Tax Liabilities

(₹ in crores)

	AS AT 31 ST MARCH, 2016		AS AT 31 ST MARCH, 2015	
	Deferred Tax Liabilities	5,112.16		4,193.98
Less :Deferred Tax Assets	1,065.08	4,047.08	885.33	3,308.65
TOTAL		4,047.08		3,308.65
(a) Disclosure of Deferred Tax is given in Note No. 60				

Note 6 : Other Long Term Liabilities

	AS AT 31 st MARCH, 2016	AS AT 31 st MARCH, 2015
Liability for Abandonment Cost (E&P)	1.34	1.13
Gas Pool Money (Provisional) ((Refer note no 46 (b)(ii))	1,006.79	1,998.33
Deposits/Retention Money from Contractors and others	5.94	12.81
Other Liabilities (includeing statutory dues)	67.16	67.14
TOTAL	1,081.23	2,079.41

(₹ in crores)

Note 7 : Long Term Provisions

	AS AT 31 st MARCH, 2016	AS AT 31 st MARCH, 2015
Provision for Employee Benefits (Refer note no -55)	617.53	578.92
TOTAL	617.53	578.92

a) Disclosure of movement in provision as required in AS 29 is given in Note No.64

(₹ in crores)

Note 8 : Short Term Borrowings

	AS AT 31 st MARCH, 2016	AS AT 31 st MARCH, 2015
UNSECURED		
From Banks:		
Buyers Credit from Kotak Mahindra Bank repayable in 90 days	-	233.80
TOTAL	-	233.80

a) There has been no defaults in repayment of above loans or interest thereon

(₹ in crores)

Note 9 : Trade Payable

	AS AT 31 st MARCH, 2016	AS AT 31 st MARCH, 2015
Trade Payables	2,861.60	3,320.48
TOTAL	2,861.60	3,320.48

a) Disclosure with respect to Micro, Small & Medium Enterprises Development Act, 2006 is given in Note No.68

(₹ in crores)

Note 10 : Other Current Liabilities

(₹ in crores)

	AS AT 31 ST MARCH, 2016	AS AT 31 ST MARCH, 2015
(a) Current Maturity of Long Term Debt (Refer Note No - 4)		
(i) SECURED :		
- Bonds	-	100.00
- Term Loans	535.00	656.00
(ii) UN-SECURED :		
- Term Loans	1,801.27	751.63
(b) Interest accrued but not due on Borrowings	168.01	182.70
(c) Advance from Customers	908.48	601.56
(d) Unpaid / Unclaimed Dividend	2.32	2.62
(e) Others Payables :		
(i) Deposits/Retention Money from Contractors and others	501.64	425.71
(ii) Gas Pool Money ((Refer Note No - 46 (b)(i))	927.87	816.81
(iii) Imbalance & Overrun Charges ((Refer Note No - 46 (c))	85.81	80.38
(iv) Others :		
- Statutory Payables	203.56	257.27
- Liability for Foreign Currency Derivative Contract	1,216.75	765.40
- Payable for Capital expenditure	145.58	118.87
- Adjustment in pipeline tariff	252.43	236.10
- E&P Expenditure payables	83.82	160.51
- Employee Benefits payables	54.50	50.92
- Other Payables (including Metering charges, LPG consumption & Misc Payment etc.)	143.70	154.61
TOTAL	7,030.74	5,361.09

Note 11 : Short-Term Provision

(₹ in crores)

	AS AT 31 ST MARCH, 2016	AS AT 31 ST MARCH, 2015
Provision for Employee Benefits (refer note no - 55)	34.05	42.21
Others :		
Provision for Proposed Dividend	380.54	380.54
Provision for tax on Proposed Dividend	77.47	77.47
Provision for Probable Obligations	497.87	576.65
TOTAL	989.93	1,076.87
a) Disclosure of movement in provision as required in AS 29 is given in Note No.64		

Note 12: Fixed Assets (Tangible/Intangible Assets)

(₹ in Crores)

DESCRIPTION	GROSS BLOCK			GROSS BLOCK (AT COST)			DEPRECIATION/AMORTISATION			IMPAIRMENT LOSS			NET BLOCK	
	As at 1.4.2015	Additions/ Adjustments during the year	Sales/ Adjustments during the year	As at 31.03.2016	Upto 31.3.2015	For the year	Adjustments during the year	As at 31.03.2016	Upto 31.3.2015	For the year	Reversed/ Adjustments during the year	As at 31.03.2016	As at 31.03.2015	
Tangible Assets (A)														
Land: Freehold	173.41	54.30	(43.24)	184.47	-	-	-	-	-	-	-	184.47	173.41	
Leasehold	167.52	0.07	(7.03)	160.56	17.26	2.76	(1.49)	18.53	-	-	-	142.03	150.26	
Building: Office/Others	856.92	91.59	(24.05)	924.46	245.00	29.98	(11.40)	263.58	-	-	-	660.88	611.92	
Residential	358.40	19.26	(18.54)	359.12	105.50	10.07	(5.45)	110.12	-	-	-	249.00	252.90	
Bunk Houses	2.85	0.20	(0.14)	2.91	2.38	0.28	(0.14)	2.52	-	-	-	0.39	0.47	
Plant and Machinery	37123.06	1,988.56	(321.73)	38,789.89	12,591.82	1,059.31	(254.50)	13,396.63	13.75	8.82	(0.77)	25,371.46	24,517.49	
Railway Lines & Sidings	5.47	-	-	5.47	5.20	-	-	5.20	-	-	-	0.27	0.27	
Electrical Equipments	416.33	28.10	(7.65)	436.78	154.16	34.48	(7.02)	181.62	0.46	-	-	254.70	261.71	
Furniture and Fixtures	132.20	25.32	(8.86)	148.66	59.11	10.02	(6.03)	63.10	-	-	-	85.56	73.09	
Transport Equipments	8.96	1.05	(0.29)	9.72	4.64	0.80	(0.28)	5.16	-	-	-	4.56	4.32	
Office Equipments	221.24	47.09	(17.53)	250.80	154.18	27.55	(16.22)	165.51	-	-	-	85.29	67.06	
Other Equipments	149.86	46.42	(16.19)	180.09	83.16	20.57	(10.40)	93.33	-	-	-	86.76	66.70	
E & P Assets														
Producing Property	925.46	141.05	-	1,066.51	90.97	90.05	-	181.02	-	-	-	885.49	834.49	
Support Equipment & Facilities	2.49	3.06	-	5.55	0.83	0.34	-	1.17	-	-	-	4.38	1.66	
TOTAL (A)	40,544.17	2,446.07	(465.25)	42,524.99	13,514.21	1,286.21	(312.93)	14,487.49	14.21	8.82	(0.77)	28,015.24	27,015.75	
Intangible Assets (B)														
Right of Use	747.39	(5.40)	(0.06)	741.93	28.58	7.48	(0.02)	36.04	-	-	-	705.90	718.82	
Software / Licences	97.70	13.37	(0.33)	110.74	72.58	12.70	0.12	85.40	-	-	-	25.34	25.12	
TOTAL (B)	845.09	7.97	(0.39)	852.67	101.16	20.18	0.10	121.44	-	-	-	731.24	743.94	
TOTAL (A+B)	41,389.26	2,454.04	(465.64)	43,377.66	13,615.37	1,306.39	(312.83)	14,608.93	14.21	8.82	(0.77)	28,746.48	27,759.69	
Previous Year	34,056.32	7,453.45	(120.51)	41,389.26	12,571.62	974.65	69.10	13,615.37	8.07	6.09	0.05	27,759.69	21,476.63	

The borrowing costs capitalised in the fixed assets and capital work-in-progress (CWIP) during the year ended 31st March 2016 is ₹42.34 Crores (Previous year: ₹378.19 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:

Particulars	For the year ended 31 st March 2016		For the year ended 31 st March 2015	
	Borrowing Costs	Exchange difference	Borrowing Costs	Exchange difference
Plant & Machinery	33.25	188.89	311.33	186.19
CWIP	9.09	7.06	66.86	12.41
TOTAL	42.34	195.95	378.19	198.60



Note 13 : Capital Work in Progress

(₹ in crores)

	AS AT 31 ST MARCH, 2016		AS AT 31 ST MARCH, 2015	
A. Tangible				
I. Plant & Machinery				
Linepipe Construction and related facilities including Cathodic Protection	1,425.49		1,074.97	
Less : Provision for Linepipe and Related Facilities	111.58	1,313.91	95.70	979.27
Despatch/Receiving Terminals		14.88		12.17
Compressor Stations		0.08		12.09
Telecom/Telesupervisory System		15.65		8.20
Petrochemicals		123.54		1,248.78
Others		59.85		80.47
Exploratory Well in Progress		281.19		365.06
Development Well in Progress		3.80		95.72
II. Buildings	40.26		91.76	
Less : Provision for abandonment of Building	5.28	34.98	5.28	86.48
III. Linepipes, Capital Items in Stock/Transit	1,530.14		1,469.29	
Less : Provision for losses/obsolescence	9.88	1,520.26	6.55	1,462.74
B. Intangibles				
ROU		5.13		-
Software and others		29.52		9.04
TOTAL		3,402.79		4,360.02

Note 14 : 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, 2016	AS AT 31 ST MARCH, 2015
1. Trade Investments				
Quoted				
(a) Investments in Equity Instruments :-				
(i) 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
(ii) In Joint Venture Companies:				
Indraprastha Gas Ltd.	31,500,000 (31,500,000)	10.00 (10.00)	31.50	31.50

Note 14 : 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, 2016	AS AT 31 ST MARCH, 2015
Petronet LNG Ltd. *includes 1,00,00,000 equity shares allotted at a premium of ₹. 5/- per share	93,750,000 (93,750,000)	10.00 (10.00)	98.75	98.75
			----- 130.25	----- 130.25
(iii) Others				
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)	205,601,068 (205,601,068)	5.00 (5.00)	556.29	556.29
			----- 556.29	----- 556.29
TOTAL QUOTED			----- 783.91	----- 783.91
Unquoted				
(a) Investments in Equity Instruments :-				
(i) In Subsidiary Companies				
GAIL Global (Singapore) Pte. Ltd.	2,100,000 (2,100,000)	USD 1/- (USD 1/-)	9.64	9.64
Gail Global USA Inc	36,000,000 (36,000,000)	USD 1/- (USD 1/-)	179.17	179.17
Brahmaputra Cracker & Polymer Ltd	793,010,083 (793,010,083)	10.00 (10.00)	793.01	793.01
GAIL Gas Ltd.	402,000,000 (300,000,000)	10.00 (10.00)	402.00	300.00
			----- 1,383.82	----- 1,281.82
(ii) In Associate Company				
Fayum Gas Company, Egypt	19,000 (19,000)	LE 100/- (LE 100/-)	8.10	8.10
			----- 8.10	----- 8.10
(iii) In Joint Venture Companies				
Mahanagar Gas Ltd.	32,102,750 (44,450,000)	10.00 (10.00)	32.10	44.45
Bhagyanagar Gas Ltd.	22,500,000 (22,500,000)	10.00 (10.00)	22.50	22.50
Central UP Gas Ltd.	15,000,000 (15,000,000)	10.00 (10.00)	15.00	15.00
Green Gas Ltd.	23,042,250 (23,042,250)	10.00 (10.00)	23.04	23.04
Maharastra Natural Gas Ltd.	22,500,000 (22,500,000)	10.00 (10.00)	22.50	22.50
Ratnagiri Gas and Power Project Private Limited	974,308,300 (974,308,300)	10.00 (10.00)	974.31	974.31

Note 14 : 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, 2016	AS AT 31 ST MARCH, 2015
Avantika Gas Ltd.	22,500,000 (22,500,000)	10.00 (10.00)	22.50	22.50
Tripura Natural Gas Company Ltd.	192,000 (192,000)	100.00 (100.00)	1.92	1.92
ONGC Petro Additions Ltd.	994,945,000 (994,945,000)	10.00 (10.00)	994.95	994.95
Vadodra Gas Ltd. (Shares in Joint Venture entity are intended to a subsidiary Gail Gas Ltd. against consideration of equity shares of such subsidiary).	79,137,831 -	10.00 -	79.14	-
Tapi Pipeline Company Limited (allotted in NIL value)	25 (25)	- -	- -	- -
(iv) Others				
South East Asia Gas Pipeline Ltd.	8,347 (8,347)	USD 1/- (USD 1/-)	0.04	0.04
			2,188.01	2,121.21
2. Other Investments				
Quoted				
(a) Investments in Equity Instruments :-				
Gujarat Industries Power Co. Ltd. (includes 1,90,200 Equity Shares acquired at a premium of ₹.15/- per share)	570,600 (570,600)	10.00 (10.00)	0.86	0.86
Unquoted				
(a) Investments in Equity Instruments :-				
Gujarat State Energy Generation Ltd.	20,760,000 (20,760,000)	10.00 (10.00)	20.76	20.76
Darpan Co-operative Housing Society Ltd, Vadodara (₹.1,500/-).	30 (30)	50.00 (50.00)	-	-
Ashoka Apartments Co-operative Housing Society Ltd, Vadodara (₹.2,500/-).	50 (50)	50.00 (50.00)	-	-
Sanand Members Association, Ahmedabad (₹.4,000/-).	400 (400)	10.00 (10.00)	-	-
Green Field (B) Co-operative Housing Society Ltd., Mumbai (₹.2,750/-)	55 (55)	50.00 (50.00)	-	-
Avillion Greenfields Co-Op Hsg. Society Ltd, Mumbai (₹.250/-)	50 (50)	5.00 (5.00)	-	-
Suraj Heights A Co-Op Hsg. Society Ltd, Mumbai (₹.1,500/-)	50 (50)	30.00 (30.00)	-	-
Sheel Jeet Co-Operative Hsg Society Ltd., Mumbai (₹ 50/-)	10 (10)	5.00 (5.00)	-	-
			21.62	21.62
TOTAL UNQUOTED			3,601.54	3,432.75

Note 14 : Non-Current Investment

(₹ 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, 2016	AS AT 31 ST MARCH, 2015
3. Advances for Investment (Pending Allotment) to related parties				
Joint Venture Companies				
i) Tapi Pipeline Company Limited.			9.17	-
ii). Rashtriya Coal Gas Fertilizer Ltd			0.01	-
			9.18	-
Subsidiary Companies				
i). GAIL Gas Ltd.			34.00	-
			34.00	-
Others				
i). South East Asia Gas Pipeline Ltd.			105.70	105.70
			105.70	105.70
TOTAL ADVANCE AGAINST INVESTMENTS			148.88	105.70
TOTAL INVESTMENT			4,534.33	4,322.36
Aggregate amount of quoted investments				
- Book Value (at cost)			784.77	784.77
- Market Value			10,010.08	10,760.85
Aggregate amount of unquoted investments			3,600.68	3,431.89
Aggregate amount of Advances for Investments (Pending) Allotment			148.88	105.70
a) Out of aforesaid investments in Subsidiary/ JV/ Associate, few shares were held in the name of GAIL officials jointly with GAIL.				
b) Number of Shares and face value given in bracket represents previous year figure.				
c) Investment are valued in accordance with Accounting Policy No. 1.09 given in Note No.1.				

Note 15: Long term Loans and Advances

(₹ in Crores)

		AS AT 31 ST MARCH, 2016	AS AT 31 ST MARCH, 2015
(a) Capital Advances (Unsecured)			
- Considered Good	4.03		11.36
- Considered Doubtful	0.35		0.35
	4.38		11.71
Less : Provision for Doubtful Advances	0.35	4.03	0.35
(b) Security Deposits (Unsecured)			
- Considered Good	150.58		140.76
- Considered Doubtful	7.23		6.58
	157.81		147.34
Less : Provision for Doubtful Deposits	7.23	150.58	6.58

Note 15 : Long term Loans and Advances

(₹ in Crores)

	AS AT 31 st MARCH, 2016		AS AT 31 st MARCH, 2015	
(c) Loans and Advances to Related Parties (Unsecured)*				
- Considered Good	617.83	617.83	474.24	474.24
(d) Other Loans and Advances				
(i) Loans and Advances to Employees				
- Secured, Considered Good	330.85		300.30	
- Unsecured, Considered Good	83.02		98.73	
(including dues from Directors and officer ₹ 0.27 Cr. (Previous Year : ₹ 0.13 Cr.) (Maximum amount due at any time during the year: ₹ 0.24 Cr.) (Previous Year : ₹ 0.38 Cr.))		413.87		399.03
(ii) Loan / Advances to Others (Unsecured)**				
- Considered Good		223.26		234.64
(iii) MAT Credit Entitlement		952.86		357.07
(iv) Advance Income Tax against pending demand (Unsecured)				
- Considered Good	1,294.73		1,256.08	
- Considered Doubtful	107.57		107.57	
	1,402.3		1,363.65	
Less: Provision for Doubtful Income Tax against pending demand	107.57	1,294.73	107.57	1,256.08
(v) Advance tax / TDS (Unsecured)				
- Considered Good	1,026.98		2,935.65	
Less : Provision for taxation	785.40	241.58	2,628.08	307.57
(vi) Others :				
a) VAT Credit Receivable		540.51		265.09
b) Other Advances (Unsecured)		0.03		0.03
- Considered Good				
TOTAL		4,439.28		3,445.87
*Loans and advances to related parties represents				
GAIL Global Singapore (Pte) Limited : Loan		56.03		52.89
Petronet LNG Ltd : Advance		561.80		421.35
TOTAL		617.83		474.24
**Loans and advances to others represents :				
South East Asia Gas Pipeline Co. Ltd : Loan		223.26		234.64
TOTAL		223.26		234.64

Note 16: Other Non Current Assets

(₹ in Crores)

	AS AT 31 st MARCH, 2016		AS AT 31 st MARCH, 2015	
Long Term Trade Receivables (Unsecured) (Refer note no 46 (b)(ii))				
- Considered Good	1,115.54		2,409.95	
- Considered Doubtful	764.02	1,879.56	527.85	2,937.80
	-----		-----	
Less : Provision for Doubtful debts		764.02		527.85
TOTAL		1,115.54		2,409.95

Note 17: Current Investments

(₹ in Crores)

	AS AT 31 st MARCH, 2016		AS AT 31 st MARCH, 2015	
Current Investments (Refer note no 33 (II) (iv))				
Trade, Unquoted				
Investments in Equity Instruments :-				
In Joint Venture Companies				
Mahanagar Gas Ltd.		12.35		-
(1,23,47,250 shares acquired @ ₹ 10/ share)				
(Previous year classified under Non-Current Investment)				
TOTAL		12.35		-

Investment are valued in accordance with Accounting Policy No. 1.09 given in Note No.1.

Note 18: Inventories (as taken, valued and certified by the Management)

(₹ in Crores)

	AS AT 31 st MARCH, 2016		AS AT 31 st MARCH, 2015	
(a) Raw Material				
Stock of Gas (after adjustment of calorific value)		29.89		-
(b) Work-in-Progress		13.13		10.69
(c) Finished Goods				
Polymers / LPG and Other Products		265.12		193.00
(d) Stock-in-trade				
Stock of Gas (after adjustment of calorific value)		622.47		1,138.47
* including ₹ 0.06 Cr.(Previous Year : 0.06 Cr.) of Renewable Energy Certificate				
(e) Stores and Spares				
Stores and Spares (including Construction Surplus)*	839.37		762.66	
Less : Provision for Losses/Obsolescence	25.13		23.77	
	-----	814.24	-----	
* including ₹ 21.80 Cr.(Previous Year : ₹ 33.73 Cr.) in transit.				
TOTAL		1,744.85		2,081.05

Valuation of Inventories are done in accordance with Accounting Policy No.1.10 given in Note No.1.

Note 19 : Trade Receivables

(₹ in Crores)

	AS AT 31 st MARCH, 2016		AS AT 31 st MARCH, 2015	
(i) Trade Receivables outstanding for a period exceeding six months (Unsecured)				
- Considered Good	267.31		845.74	
- Considered on for Doubtful debts	-		2.44	
	-----	267.31	-----	848.18
Less: Provision for Doubtful debts		-		2.44
		-----		-----
		267.31		845.74
(ii) Other Receivables (Unsecured)				
- Considered Good		2,460.30		2,248.78
TOTAL		2,727.61		3,094.52

Note 20 : Cash and cash equivalents

(₹ in Crores)

	AS AT 31 st MARCH, 2016		AS AT 31 st MARCH, 2015	
(i) Cash and cash equivalents				
(a) Balances With Banks				
(i) Current Accounts		34.17		4.26
(ii) Corporate Liquid Term Deposits (CLTD)		24.80		23.02
(iii) Short Term Deposits				
Deposit with original maturity of less than three months		250.00		200.00
Deposit with original maturity of more than three months and less than twelve months		451.00		0.92
(b) Cash in hand		0.33		0.30
(c) Stamps in hand		0.02		0.02
(ii) Earmarked Accounts				
- Current Account - Dividend Payable	2.32		2.62	
- Short Term Deposits - Gas Pool Money (including interest accrued but not due ₹14.91 Cr. (Previous Year : ₹ 34.27 Cr.)) (Refer Note No - 46 (b)(i))*	925.12		800.08	
- Short Term Deposits - Imbalance & Over run (including interest accrued but not due ₹3.93 Cr. (Previous Year : 3.11 Cr.)) (Refer Note No - 46 (c))*	85.71		79.92	
- Short Term Deposits - JV Consortium (including interest accrued but not due 0.26 Cr. (Previous Year : ₹1.09 Cr.)) (Refer Note No - 46 (a))*	20.40		30.50	
Deposit with original maturity of more than three months and less than twelve months	-----	1,033.55	-----	913.12
TOTAL		1,793.87		1,141.64

Note 21 : Short Term Loans and Advances

(₹ in Crores)

	AS AT 31 st MARCH, 2016		AS AT 31 st MARCH, 2015	
(a) Loan and Advances to Related Parties (Unsecured)*				
- Considered Good		232.60		157.99
(Including interest accrued of ₹ 31.70 Cr. (Previous Year : ₹ 24.12 Cr.)				
(b) Others :				
(i) Security Deposits (Unsecured)				
- Considered Good	301.82		324.89	
- Considered Doubtful	3.10		-	
	-----		-----	
	304.92		324.89	
Less provision for Doubtful Advances	3.10	301.82	-	324.89
	-----		-----	
(ii) Loan and Advances to Employees				
- Secured, Considered Good	42.24		37.21	
- Unsecured, Considered Good	8.11	50.35	10.86	48.07
(including dues from Directors and officer ₹ 0.07 Cr. (Previous Year : ₹ 0.15 Cr.)	-----		-----	
(iii) Loan and Advances to Others (Unsecured)**				
- Considered Good		39.40		35.20
(iv) Prepaid Expenses (Unsecured)				
- Considered Good		58.81		48.75
(v) Balance with Government Authorities (Unsecured)				
- Considered Good				
CENVAT Credit Receivable	119.55		113.97	
VAT Credit Receivable	1,940.76		2,093.90	
Service Tax Credit Receivable	17.84	2,078.15	19.83	2,227.70
	-----		-----	
(vi) Advances to Suppliers/Contractors (Unsecured)				
- Considered Good	27.32		70.06	
- Considered Doubtful	8.91		0.99	
	-----		-----	
	36.23		71.05	
Less : Provision for Doubtful Advances	8.91	27.32	0.99	70.06
	-----		-----	
(vii) Claims Recoverable (Unsecured)				
- Considered Good	60.41		62.74	
- Considered Doubtful	11.67		1.13	
	-----		-----	
	72.08		63.87	
Less : Provision for doubtful claims	11.67	60.41	1.13	62.74
	-----		-----	
(viii) Other advances recoverable in cash or in kind (Unsecured)				
- Considered Good (including Cenvet Credit receivable, not due etc.)		429.73		536.30
TOTAL		3278.59		3511.70

Note 21: Short Term Loans and Advances

(₹ in Crores)

	AS AT 31 st MARCH, 2016	AS AT 31 st MARCH, 2015
* Loans and advances to related parties represents:		
Loan		
Bhagyanagar Gas Ltd.	106.70	99.12
Advances		
GAIL Global Singapore (Pte) Ltd.	0.19	1.00
Indraprastha Gas Ltd.	0.11	1.12
Tripura Natural Gas Ltd.	0.08	0.04
Green Gas Ltd.	0.64	0.64
Central U.P. Gas Ltd.	0.25	0.51
Maharashtra Natural Gas Ltd.	0.22	0.08
Avantika Gas Ltd.	-	0.61
Mahanagar Gas Ltd.	0.05	0.02
Ratnagiri Gas and Power Project Limited	21.01	46.37
ONGC Petro Additions Limited	0.14	0.11
GAIL Global USA Inc.	0.26	0.15
Brahmaputra Cracker and Polymer Limited	98.81	2.03
GAIL Gas Ltd.	4.04	5.57
Bhagyanagar Gas Ltd.	0.10	0.62
	-----	-----
TOTAL	232.60	157.99
	-----	-----
** Loans and advances to others represents :		
South East Asia Gas Pipeline Company Limited: Loan	39.40	35.20
TOTAL	39.40	35.20

Note 22: Other Current Assets

(₹ in Crores)

	AS AT 31 st MARCH, 2016	AS AT 31 st MARCH, 2015
Interest accrued but not due on Short Term deposit	14.14	11.07
Gold Coins in Hand	0.09	0.09
Premium on Foreign Currency Derivative Contract	1,184.34	755.26
TOTAL	1,198.57	766.42

Note 23 :Revenue from Operations (Gross)

(₹ in Crores)

	AS AT 31 st MARCH, 2016	AS AT 31 st MARCH, 2015
a) Sale of Products		
Gas	43,613.35	45,336.14
Polymers	3,422.85	5,167.15
LPG	2,534.48	3,921.36
Propane/Pentane/SBPS/Naptha	804.39	1,277.87
Crude Oil	34.87	63.05
CNG	-	27.61
Power	49.67	56.00
b) Sale of Services		
LPG Transmission / RLNG Shippers Charges	1,626.63	1,439.83
c) Income from Telecom services	2.74	2.96
	52,088.98	57,291.97
Less : Excise Duty	474.71	722.52
TOTAL	51,614.27	56,569.45
Other Operating Income	299.88	172.53
TOTAL (Net)	51,914.15	56,741.98
a) Other Operating Income includes ₹ 87.64 Crore ((Previous year ₹ 79.90 crore) on account of salary expense recovered on account of employees on deputation to other Company/Deptt.		

Note 24 : Other Income

(₹ in Crores)

	AS AT 31 st MARCH, 2016	AS AT 31 st MARCH, 2015
Interest on:		
- Deposits with Banks	99.22	93.21
- Income Tax / Vat Refund	88.74	58.46
- Customer for delayed payment	42.53	103.41
- Loan to Joint Ventures, Subsidiaries and Associates etc	38.96	38.94
- Loan to Employees	29.18	28.55
- Others	12.18	5.01
	310.81	327.58
Less : Transferred to Expenditure during construction period (refer note no - 32A)	0.69	2.43
		325.15
Dividend from Trade Investment	320.07	324.75
Amount of grant transfer from Capital Reserve	0.12	0.12
Net Gain on Foreign Currency Transaction and Translation	86.08	50.97
Excess Provision Written Back	97.62	126.87
Miscellaneous Income	44.11	33.45
Less : Transferred to Expenditure during construction period (refer note no - 32A)	0.42	0.45
TOTAL	857.70	860.86

Note 25: Purchase of Stock in Trade

(₹ in Crores)

	AS AT 31 st MARCH, 2016	AS AT 31 st MARCH, 2015
Purchase of Natural Gas	38,447.97	40,348.26
Purchase of Polymers	-	0.07
TOTAL	38,447.97	40,348.33

Note 26 : (Increase) / Decrease in Inventories of Finished Goods, Work in Progress and Stock in Trade

(₹ in Crores)

	AS AT 31 st MARCH, 2016	AS AT 31 st MARCH, 2015
Inventories at the end of the year		
Work-in-Progress	13.13	10.69
Finished Goods	265.12	193.00
Stock in Trade	652.36	1,138.47
TOTAL	930.61	1342.16
Inventories at the beginning of the year		
Work-in-Progress	10.69	5.29
Finished Goods	193.00	121.07
Stock in Trade	1,138.47	1,447.97
TOTAL	1,342.16	1,574.33
(Increase) / Decrease	411.55	232.17

Note 27: Employee benefits expenses

(₹ in Crores)

	AS AT 31 st MARCH, 2016	AS AT 31 st MARCH, 2015
Salaries, Wages and Allowances	736.67	675.92
Contribution to Provident and Other Funds	149.30	131.42
Staff Welfare Expenses	138.06	147.36
TOTAL	1,024.03	954.70
Less: Employees Benefit Expenses transferred to Capital Work-in-Progress (refer note no - 32A)	27.97	48.30
TOTAL	996.06	906.40

a) Employee benefits expenses includes ₹ 116.15 Cr. (Previous Year : ₹ 112.75 Cr.) on account of retirement benefits viz. PF, Leave encashment, Medical, Long Service award, terminal benefit, sick leave and gratuity.

b) Managerial Remuneration is disclosed in Note No.70.

Note 28 : Finance Cost

(₹ in Crores)

	AS AT 31 st MARCH, 2016		AS AT 31 st MARCH, 2015	
Interest on:				
- Term Loans	464.46		584.30	
- Bonds	156.66		125.25	
- Others	4.38	625.50	7.37	716.92
	-----		-----	
Other Borrowing Costs		56.88		20.28
		-----		-----
TOTAL		682.38		737.20
		-----		-----
Less : Interest and Finance Charges transferred to Capital Work-in-Progress (refer note no - 32A)		42.34		375.90
		-----		-----
TOTAL		640.04		361.30

Note 29 : Depreciation and Amortization Expenses

(₹ in Crores)

	AS AT 31 st MARCH, 2016		AS AT 31 st MARCH, 2015	
Depreciation and Amortization Expenses		1,306.39		974.65
Impairment Loss (Refer Note No.63(i))		8.05		6.09
		-----		-----
		1,314.44		980.74
		-----		-----
Less : Depreciation and Amortization Expenses transferred to Capital Work-in-Progress (refer note no - 32A)		1.35		6.48
		-----		-----
TOTAL		1,313.09		974.26

Note 30 : Other Expenses

(₹ in Crores)

	AS AT 31 st MARCH, 2016		AS AT 31 st MARCH, 2015	
Gas Pool Expenses		79.56		1,517.48
Stores and Spares consumed		307.93		306.64
Power and Fuel Charges				
Power Charges	393.25		268.61	
Gas used as Fuel	1,629.30		1,661.65	
	-----	2,022.55	-----	1,930.26
Water Charges		8.96		6.87
Rent		16.51		21.49
Repairs and Maintenance				
Plant and Machinery	389.78		395.26	
Buildings	39.68		33.65	
Others	60.02	489.48	62.59	491.50

Note 30 : Other Expenses

(₹ in Crores)

	AS AT 31 st MARCH, 2016		AS AT 31 st MARCH, 2015	
Insurance		29.95		23.38
Rates and Taxes		6.90		10.15
Miscellaneous Expenditure :				
- Travelling Expenses		102.47		98.00
- Advertisement and Publicity		52.56		44.90
- Vehicle Hire and Running Expenses		33.18		33.95
- Survey Expenses		21.08		20.41
- Dry Well Expenses written off		101.20		113.40
- Oil & Gas Producing Expenses (Operators)		78.87		66.52
- Royalty on Crude Oil (including share of Govt in Profit Petroleum)		180.43		167.14
- Consultancy Charges		53.66		55.25
- Donation		1.14		-
- Research and Development Expenses		73.46		17.01
- Loss on sale / written off of assets (net)		22.24		2.78
- Bad Debts/Claims/Advances/Stores write off		2.80		0.75
- Provision for Doubtful Debts, Advances, Claims, Deposits and obsolescence of Stores and Capital Items		285.81		67.49
- Provision for Probable Obligations / Contingencies		41.76		49.83
- Expenses on Enabling Facilities		16.99		15.38
- Selling & Distribution Expenses		30.79		36.13
- Discount on Sales		85.58		146.59
- Commission on Sales		12.45		16.46
- Security Expenses		106.28		98.74
- Corporate Social Responsibility Expenses		160.56		71.89
- Other Expenses		130.02		164.85
Payment to Auditors				
Audit Fees	0.55		0.37	
Tax Audit fees	0.09		0.16	
Other Services (for issuing certificates, etc)	0.26		0.31	
Travelling & Out of Pocket Expenses	0.61		0.50	
	-----	1.51	-----	1.34
Net Loss on Sale of Investments		-		-
Prior Period Adjustments (Refer note 32)		(0.15)		107.37
		-----		-----
TOTAL		4,556.53		5,703.95
		-----		-----
Less : Incidental Expenditure during construction transferred to Capital Work-in-Progress (refer note no - 32A)		101.35		119.05
		-----		-----
TOTAL		4,455.18		5,584.90

Note 31: Exceptional Items

(₹ in Crores)

	AS AT 31 st MARCH, 2016	AS AT 31 st MARCH, 2015
Profit on sale of CNG business (Sale of CNG business during previous year)	-	62.86
TOTAL	-	62.86

Note 32: Prior Period Adjustments

(₹ in Crores)

	AS AT 31 st MARCH, 2016	AS AT 31 st MARCH, 2015
Purchase of Gas	0.06	(10.95)
Salaries, Wages and Allowances	-	0.05
Welfare Expenses	-	106.00
Stores and Spares consumed	0.18	(0.53)
Rent	0.41	1.40
Rates and Taxes	-	0.27
Repairs and Maintenance	-	(3.70)
Insurance	-	(0.05)
Consultancy Charges	(0.61)	-
Depreciation(Net)	0.69	1.87
Interest	-	8.31
Other Expenses	(0.88)	3.45
TOTAL	(0.15)	106.12
Less:		
- Sales	-	(1.48)
- IC	-	0.06
- Interest Income	-	0.11
- Miscellaneous Income	-	(1.25)
TOTAL (NET)	(0.15)	107.37

Note 32A: Expenditure during Construction Period

(₹ in Crores)

	AS AT 31 st MARCH, 2016	AS AT 31 st MARCH, 2015
Employees Remuneration and Benefits		
Salaries, Wages and Allowances	21.06	39.81
Contribution to Provident and Other Funds	4.41	4.68
Welfare Expenses	2.50	3.81
Other Expenses	101.35	119.05
Depreciation	1.35	6.48
Interest and Finance Charges	42.34	375.90
TOTAL	173.01	549.73

Note 32A: Expenditure during Construction Period

(₹ in Crores)

	AS AT 31 st MARCH, 2016		AS AT 31 st MARCH, 2015	
Less: - Interest Income	0.69		2.43	
- Misc. Income	0.42		0.45	
- Sales	-	1.11	-	2.88
	-----	-----	-----	-----
Net Expenditure		171.90		546.85
Less: Transferred to Capital Work-in-progress				
a) Employees Benefits Expenses	27.97		48.30	
b) Interest & finance Charges	42.34		375.90	
c) Depreciation	1.35		6.48	
d) Other Expenses	101.35		119.05	
e) Other Income	(1.11)	171.90	(2.88)	546.85
Balance Carried over to Balance Sheet		Nil		NIL

33. Contingent Liabilities and Commitments:

I. Contingent Liabilities:

(a) Claims against the Company not acknowledged as debts:

- i. Legal cases for claim of ₹1,908.80 crore (Previous Year: ₹1,709.68 crore) by trade payables on account of liquidated damages/ price reduction schedule, natural gas price differential etc., and by customers for natural gas transmission charges etc.
- ii. Income tax demand of ₹1,303.67 crore (net of provision) (Previous Year ₹1,335.95 crore) against which the Company has filed appeals with Commissioner of Income Tax (CIT) / Income Tax Appellate Tribunal (ITAT). Further, the Income Tax Department has also filed appeals amounting to ₹354.33 crore (including interest) (Previous Year: ₹170.05 crore) before ITAT against the relief granted by CIT (Appeals) in favour of the Company.
- iii. Amounts towards disputed tax demands relating to Custom Duty, Excise Duty, Sales tax, VAT, Entry tax, Service Tax etc., are as under:

Sl.No	Particulars	As at 31st March 2016	As at 31st March 2015
1	Custom Duty	0.06	-
2	Excise Duty	3135.32	2970.93
3	Sales Tax/VAT	440.77	513.33
4	Entry Tax	16.16	17.21
5	Service Tax	1,272.91	1,252.06
	Total	4,865.22	4,753.53

iv. Miscellaneous claims of ₹238.29 crore (Previous Year: ₹233.37 crore)

- (b) (i) The Company has issued Corporate Guarantees for ₹2,352.00 crore (Previous Year: ₹1,974.60 crore) on behalf of Subsidiaries for raising loan(s). The amount of loans outstanding as at the end of the year under these Corporate Guarantees are ₹1,389.99 crore (Previous Year: ₹1,073.09 crore).
- (ii) Share in Contingent Liabilities of Joint Ventures based on their audited / unaudited financial statements is ₹889.91 crore (Previous Year: ₹824.01 crore).

II. Capital Commitments:

- (a) Estimated amount of contracts remaining to be executed on capital account as at 31st March 2016 and not provided for, is ₹2,036.26 crore (Previous Year: ₹2,573.42 crore).
- (b) 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 Venture, is ₹458.58 crore (Previous Year: ₹588.62 crore).
- (c) Other Commitments:
 - i. The Company has commitment of ₹579.51 crore (Previous Year: ₹546.49 crore) towards further investment and disbursement of loan in the Joint Ventures and Associates.
 - ii. The Company has commitment of ₹1,066.80 crore (Previous Year: ₹1,316.75 crore) towards further investment in the Subsidiaries.
 - iii. The Company has commitment of ₹129.15 crore (Previous Year: ₹134.15 crore) towards further investment in the entities other than Joint Ventures, Associates and Subsidiaries.
 - iv. The Company's holding of 49.75% of equity as on 31st March 2016 represented by 4,44,50,000 equity shares in Mahanagar Gas Ltd (MGL), (A Joint Venture Company with BG Asia Pacific Holding Pte. Ltd). The Board of Directors of the Company has approved to off-load 1,23,47,250 equity shares out of its aforesaid holding, through Initial Public Offer (IPO) of MGL. The Draft Red Herring Prospectus

(DRHP) submitted by MGL was approved by SEBI on 15th January 2016. In view of the proposed disinvestment in next financial year, the amount of shares being offered has been shown as current investment.

- v. Commitments made by the Company towards the minimum work programme in respect of Jointly Controlled Assets has been disclosed in Note 62(B)(v).
34. Sales Tax Department has raised a demand of ₹3,449.18 crore (Previous Year: ₹3,449.18 crore) and interest thereon ₹1,513.04 crore (Previous Year: ₹1,513.04 crore) in respect of Hazira unit in Gujarat, treating the transfer of natural gas from the State of Gujarat to other states, as inter-state sales, during the period from April 1994 to March 2001. Based on the decision of Hon'ble Supreme Court of India in the special writ petition, the Appellate Tribunal gave instructions for reassessment, considering inter-state transfer as branch transfer. The Sales Tax Department had filed rectification application under section 72 of the Gujarat Sales Tax Act, 1969 with the Appellate Tribunal which has been dismissed by the Tribunal. Thereafter, the Sales Tax Department has filed petition in Hon'ble High Court Gujarat against the order of the Tribunal and the same is pending as at the end of the year. In the opinion of the management, there is a remote possibility of crystalizing this liability.
35. Effective 1st April 2015, the Company has reviewed and implemented the componentization of its assets on the basis of amended Schedule II to the Companies Act, 2013. This has resulted in increase of depreciation and amortization expenses and decrease of fixed assets net block for the year by ₹0.99 crore. Accordingly profit before tax for the year is decreased by the corresponding amount.
36. (a) In terms of the Gas Sales Agreement with the customers, value of Annual Take or Pay Quantity (ATOPQ) of Gas is accounted for on the basis of realization and shown as liability till make up Gas is delivered to customer, during the recovery period
- (b) Other income includes ₹103.60 crore towards amount of one time settlement in respect of Take or Pay claims of the Company due from some customers in pursuance of indenture agreement executed with these customers without any commitment for future supply of gas against such settlement

37. Disclosure under CSR expenses:

As per Section 135 of the Companies Act 2013 read with DPE guidelines, the Company is required to spend ₹102.34 crore during the current year and the amount of expenditure incurred is ₹118.64 crore, as per details given below:

(₹ in crore)

Sl No	Particulars	In Cash	Yet to be paid in cash	Total
(i)	Construction/ acquisition of any asset	-	-	-
(ii)	On purposes other than (i) above	106.88	11.76	118.64
	Total	106.88	11.76	118.64

38. Realisation of dues in respect of certain customers in Kashipur Region towards Ship or Pay charges being sub-judice, the Company has issued claim letters amounting to ₹762.47 crore. Income in respect of the same shall be recognized on final disposal of the matter.
39. Disclosure as per AS 11 on "The effect of changes in Foreign Exchange Rates"
 - (a) The amount of exchange difference (net) recognized in the Statement of Profit & Loss is ₹86.08 crore (Previous Year: ₹50.97 crore).
 - (b) The amount of exchange difference debited to the carrying amount of fixed assets is ₹195.95 crore (Previous Year: ₹198.60 crore).



40. MOP&NG had issued scheme of sharing of under recoveries on sensitive petroleum products. During the year, the Company has given discounts amounting to ₹ NIL (Previous Year ₹1,000 crore). Corresponding adjustment on account of Central Sales Tax (CST) amounting to ₹ NIL (Previous Year ₹9.42 crore) has been made.
41. (a) The Company has continued raising provisional invoices for sale of R-LNG as the supplier – Petronet LNG Ltd (PLL) has also continued 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 1st April 2002, Liquefied Petroleum Gas (LPG) prices has been deregulated and is now based on the import parity prices fixed by the Oil Marketing Companies. However, the pricing mechanism is provisional and is pending finalization. Additional asset/liability or impact on profits, if any, will be recognized on finalization.
42. (a) Natural Gas Pipeline Tariff is subject to various Regulations issued by Petroleum and Natural Gas Regulatory Board (PNGRB) from time to time. Impact on profits, if any, is being recognized consistently as and when the pipeline tariff is revised by orders of PNGRB.
- (b) During the year, PNGRB notified revised Petroleum and Petroleum Products Pipeline Transportation Tariff for Vizag-Secunderabad LPG Pipeline (VSPL). In compliance of the order, the Company has recognized the revenue by an amount of ₹24.74 crore pertaining to previous financial years.
- (c) The Company has filed appeal(s) at Appellate Tribunal (APTEL), against various moderations done by PNGRB in 6 (six) provisional tariff orders for natural gas pipelines. APTEL remanded back tariff orders to PNGRB for considering submissions made by the Company and also directed the Company to submit to PNGRB all its grievances. Accordingly, the Company has made its submissions to PNGRB for issuing final tariff orders. PNGRB has issued final tariff order for KG-Basin network on 16th March 2016, which is applicable from 1st April 2016 to 11th February 2017, keeping the same assumptions as considered in the provisional tariff orders, against which the Company has again gone in appeal before APTEL and the decision is pending. As regards rest of the provisional orders, PNGRB is yet to issue its final orders.
- (d) Taking cognizance of Hon'ble Supreme Court judgment dated 1st July 2015, in the case of PNGRB vs. Indraprastha Gas Limited, the Company has filed a Writ Petition, during the year, before the Hon'ble Delhi High Court challenging the jurisdiction of PNGRB on fixation of tariff for own consumers. The matter is sub-judice as at the end of the financial year.
43. Pending disposal of cases in relation to pipe line transportation charges for Uran Trombay Pipeline, the liability of ONGC Ltd amounting to ₹ 222.14 crore and corresponding debtors for the same ₹ 171.65 crore has been continued as at the end of the current financial year. During the year, provision towards doubtful recovery of aforesaid debtors of ₹171.65 crore has been made by the Company.
44. During the year, PNGRB has issued a revised Tariff Order in respect of new Tap off at Petro Park, Vizag for Hindustan Petroleum Corporation Limited (HPCL). The order is effective from June 2012 and accordingly the Company has issued Debit Notes / Invoices amounting to ₹ 49.07 crore including Service Tax. These Debit Notes / Invoices have been contested by HPCL. In the opinion of the management, the matter is under discussion with HPCL and the amount of ₹48.55 crore outstanding at the end of the financial year, is considered as good.
45. (a) Freehold Land acquired valuing ₹13.15 crore (Previous Year: ₹16.78 crore) and Leasehold Land acquired valuing ₹18.29 crore (Previous Year: ₹78.75 crore) are valued / capitalized on provisional basis.
- (b) Title deeds for freehold land (10.22 hectares) valuing ₹7.68 crore (Previous Year: ₹10.67 crore) and leasehold land (233.85 hectares) valuing ₹16.96 crore (Previous Year: ₹25.52 crore) are pending execution for transfer in the name of the Company.
- (c) Title Deeds in respect of ten residential flats at Asiad Village, New Delhi, valuing ₹1.67 crore (Previous Year: ₹1.67 crore) 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 ₹0.50 Crore (Previous Year ₹0.51 Crore) earmarked for disposal but in use.
46. (a) The balance retention from Panna Mukta Tapti (PMT) JV consortium amounting to ₹20.40 crore (Previous Year: ₹30.50 crore) (shown in Note No 20) is kept as Earmarked Balance in short term deposit in banks. It includes interest accrued but not due amounting to ₹0.26 crore (Previous Year: ₹1.09 crore). This interest income does not belong to the Company and not accounted for as income.
- (b) (i) Liability on account of "Gas Pool Account" amounting to ₹927.87 crore (Previous Year: ₹816.81 crore) (shown in Note No. 10) represents amount held by the Company as custodian pursuant to directions of MOPNG. The amount received is kept as Earmarked Fund in the form of Short Term Deposits in banks (shown in Note No 20). It includes interest accrued but not due amounting to ₹14.91 crore (Previous Year: ₹34.27 crore). This interest does not belong to the Company and not accounted for as income.
- (ii) Gas Pool Money (Provisional) shown under "Other Long Term Liabilities" amounting to ₹1,006.79 crore (Previous Year: ₹1,998.33 crore) (shown in Note No 6) will be invested as and when said amount is received from the customers.
- (c) Liability on account of Pipeline Overrun and Imbalance Charges amounting to ₹85.81 crore (Previous Year: ₹80.38 crore) (shown in Note No 10) represents amount held by the Company as custodian pursuant to directions of PNGRB. The amount received is kept as Earmarked Fund in the form of Short Term Deposits in banks (shown in Note No 20). It includes interest accrued but not due amounting to ₹3.93 crore (Previous Year: ₹3.11 crore) on short term deposits. This interest does not belong to the Company and not accounted for as income.
47. The Company has an equity investment amounting to ₹974.31 crore, in a joint venture company, Ratnagiri Gas and Power Private Limited (RGPPPL), which is equivalent to 25.50% of the paid up equity capital of RGPPPL as on 31st March 2016. In view of accumulated losses resulting in erosion of substantial net worth, the auditors of RGPPPL in their report of FY 2014-15 have raised doubt on the ability of the company to continue as going concern. However, RGPPPL has during the FY 2015-16 started power generation in one unit of 500MW, and also increased the capacity utilization of its regasification facilities, which has resulted in improved financial performance. In furtherance, RGPPPL has obtained an in-principle approval from its Board of Directors for demerger of its Power generation business and LNG business into separate companies effective from 1st January 2016. The management of RGPPPL is hopeful that restructuring / concessions from the lenders in the borrowings and other areas after aforesaid de-merger, shall result in further improvement in its financial position. In view of the facts stated above, the management of the Company is of the opinion that the investment is of strategic nature and there are projected future turnaround plans, the diminution in the value of investment is of non-permanent nature, hence, no provision is required at this stage.
48. GAIL is acting as pool operator in terms of the decision of Government of India for pooling of natural gas for Urea Plants. The scheme envisages uniform cost of gas for urea production by settlement of difference in weighted average price of gas of each plant to the weighted average price for the industry. Accordingly, an amount of ₹604.27 crore is payable to and correspondingly receivable from Urea Plants, as on 31st March 2016. After netting of the payable and receivable amounts, there is no impact in the financial statements.

49. GAIL is acting as pool operator in terms of the decision of the Government of India for capacity utilisation of the notified gas based power plants. The Scheme envisages support to the power plants from the Power Sector Development Fund (PSDF) of the Government of India. The gas supplies were on provisional / estimated price basis which were to be reconciled based on actual cost. Accordingly, current liabilities include a sum of ₹510.89 crore on this account, as on 31st March 2016 which is payable to the above said power plants and /or to the Government of India.
50. The Company has given interest bearing Bridge Loan, amounting to ₹90 crore to Bhagyanagar Gas Ltd (BGL), a joint venture company, during the year 2011-12 and 2012-13, with stipulated repayment in six monthly installments along with interest starting from 31st October 2011. Due to delay in financial closure of BGL, the loan has not been repaid as stipulated and extensions of the loan repayment schedule are being done. The management of the Company is of the opinion that, the loan amount will be recovered along with interest.
51. Trade Receivables (shown in Note No 19) includes an amount of ₹255.36 crore, inclusive of service tax, from Indian Oil Corporation Ltd (IOCL) towards invoices raised during the year on account of ship or pay charges for shortfall in the Annual Contracted Quantity (for the period from 2010 to 2015), in pursuance of Gas Transmission Agreement dated 7th October 2005. IOCL, on 22nd March 2016, has disputed the claim of the Company. As per the legal opinion obtained by the Company in the matter, the dispute raised by IOCL is not tenable.
52. 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. The Company has challenged the said PNGRB notification before Hon'ble Delhi High Court by way of writ and the same is pending adjudication.
53. Pursuant to the decision of Government of India, in the meeting of Inter-Ministerial Committee (IMC) dated 11th and 30th September 2013, the Company has, during the year, transferred the assets including specific liabilities of LPG Lakwa to Brahmaputra Cracker and Polymers Ltd (BCPL) at written down value of ₹96.32 crore against issue of shares of ₹95.29 crore and the balance amount in cash. Pending execution of asset transfer agreement, the said amount has been shown as recoverable from BCPL as at the end of the current financial year.
54. Non-Refundable Deposits ₹1.25 crore (Previous Year: ₹5.27 crore) 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/Capitalised on the basis of work done/confirmation from the concerned department.
55. Disclosure under the AS 15 on Employee Benefits is given as below:
- I. Superannuation Benefit Fund (Defined Contribution Fund)

The Company has paid for an amount of ₹65.66 crore (Previous Year: ₹59.22 crore) towards contribution to Superannuation Benefit Fund Trust and charged to statement of profit and loss.
 - II. Provident Fund

The Company has paid contribution of ₹53.23 crore (Previous Year ₹48.58 crore) to Provident Fund Trust at predetermined fixed percentage of eligible employees' 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, surplus in the fund is more than the interest rate guaranteed liability of the Company
- hence, the Company has reversed a provision of ₹Nil crore (Previous Year ₹2.31 crore), as per actuarial valuation and the balance provision to meet any short fall in the future period to be compensated by the Company to the Provident Fund Trust as at the end of the current financial year is ₹Nil crore (Previous Year ₹Nil 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 lakh.
 - 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. The encashment of unavailed HPL is allowed as per approved Company rule.
 - f) Long Service Award (LSA)

On completion of specified period of service with the company and also at the time of retirement, employees are rewarded monetarily based on the duration of service completed.
- The following table summarizes the components of net benefit expenses recognized in the statement of profit and loss based on actuarial valuation.

	Gratuity Funded		PRMS Non Funded		EL Non Funded		Terminal Benefits Non Funded		HPL Non Funded		LSA Non Funded	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
A. Expenses recognized in the statement of Profit & Loss Account												
Current Service Cost	37.46	33.57	11.35	14.84	21.06	28.71	0.75	0.72	12.48	11.59	1.50	1.02
Past service cost	-	-	-	-	-	-	-	-	-	-	-	-
Interest on Benefit Obligation	10.72	10.14	15.38	5.83	16.75	16.84	0.74	0.62	11.31	9.85	1.37	0.95
Expected Return on Plan Assets	(10.79)	(11.33)	-	-	-	-	-	-	-	-	-	-
Net actuarial (Gain)/Loss recognized in the year	(37.35)	(29.42)	2.77	105.19	18.95	14.05	0.95	0.84	(0.63)	2.52	1.36	4.54
Expenses recognized in P&L Account for FY 2015-16	0.04	2.95	29.50	125.86	56.76	59.61	2.44	2.18	23.16	23.96	4.23	6.51
B Reconciliation of fair value of plan assets and Present value of defined benefit obligation												
Present value of Obligation as at 31.03.2016	150.93	140.21	226.13	197.80	225.44	250.11	11.61	9.89	167.03	146.19	21.36	17.13
Fair value of Plan Assets as at 31.03.2016	145.54	134.82	-	-	-	-	-	-	-	-	-	-
Difference	(5.39)	(5.38)	(226.13)	(197.80)	(225.44)	(250.11)	(11.61)	(9.89)	(167.03)	(146.19)	(21.36)	(17.13)
Net Asset / (Liability) recognized in the Balance Sheet	(5.39)	(5.38)	(226.13)	(197.80)	(225.44)	(250.11)	(11.61)	(9.89)	(167.03)	(146.19)	(21.36)	(17.13)
C. Reconciliation of the changes in the Present Value of the Defined Benefit Obligations:												
Present value of Obligations as at 01.04.2015	140.21	128.36	197.80	73.76	250.11	230.52	9.89	7.90	146.19	123.96	17.13	13.13
Interest Cost	10.72	10.14	15.38	5.83	16.75	16.84	0.74	0.62	11.31	9.85	1.37	0.95
Current Service Cost	37.46	33.57	11.35	14.84	21.06	28.71	0.75	0.72	12.48	11.59	1.50	1.02
Past service cost	-	-	-	-	-	-	-	-	-	-	-	-
Benefit Paid	(5.48)	(3.24)	(1.17)	(1.82)	(81.44)	(40.01)	(0.72)	(0.19)	(2.32)	(1.73)	-	(2.5)
Net Actuarial Gain / (Loss) on Obligation	(31.98)	(28.63)	2.77	105.19	18.95	14.05	0.95	0.84	(0.63)	2.52	1.36	4.54
Present Value of the Defined Benefit Obligation as at 31.03.2016	150.93	140.21	226.13	197.80	225.44	250.11	11.61	9.89	167.03	146.19	21.36	17.13
D. Reconciliation of the changes in the Fair Value of Plan Assets												
Fair Value of Plan Assets as at 01.04.2015	134.82	125.93	-	-	-	-	-	-	-	-	-	-
Expected return on Plan Assets	10.79	11.33	-	-	-	-	-	-	-	-	-	-

	Gratuity Funded		PRMS Non Funded		EL Non Funded		Terminal Benefits Non Funded		HPL Non Funded		LSA Non Funded	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Contributions by Employer	0.04	-	-	-	-	-	-	-	-	-	-	-
Benefit Paid	(5.48)	(3.24)	-	-	-	-	-	-	-	-	-	-
Actuarial Gain / (Loss)	5.37	0.78	-	-	-	-	-	-	-	-	-	-
Fair Value of Plan Assets as at 31.03.2016	145.54	134.82	-	-	-	-	-	-	-	-	-	-
E. Principal actuarial assumption at the Balance Sheet Date												
Discount rate	7.80%	8.00%	7.80%	8.00%	7.80%	8.00%	7.80%	8.00%	7.80%	8.00%	7.80%	8.00%
Expected return on plan assets	8.00%	9.00%	-	-	-	-	-	-	-	-	-	-
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	31.03.2016	31.03.2015	31.03.2014	31.03.2013	31.03.2012
Present Value of Defined Benefit Obligations as at 31.03.2016	150.93	140.21	128.36	123.05	110.47
Fair Value of Plan Assets as at 31.03.2016	145.54	134.82	125.93	121.60	109.95
Status [Surplus / (Deficit)]	(5.39)	(5.38)	(2.43)	(1.43)	(0.52)
Experience Adjustment of Plan Assets [Gain / (Loss)]	4.02	2.05	3.35	5.62	0.24
Experience Adjustment of Obligation [Gain / (Loss)]	(34.90)	(32.31)	31.18	20.12	19.20
PRMS	31.03.2016	31.03.2015	31.03.2014	31.03.2013	31.03.2012
Present Value of Defined Benefit Obligations as at 31.03.2016	226.13	197.80	73.76	55.21	47.50
Experience Adjustment of Obligation [Gain / (Loss)]	(5.45)	87.17	(16.12)	(2.31)	(6.64)
Earned Leave	31.03.2016	31.03.2015	31.03.2014	31.03.2013	31.03.2012
Present Value of Defined Benefit Obligations as at 31.03.2016	225.44	250.11	230.52	202.18	197.62
Experience Adjustment of Obligation [Gain / (Loss)]	12.64	(0.65)	(5.93)	(10.42)	(15.55)
Terminal Benefits	31.03.2016	31.03.2015	31.03.2014	31.03.2013	31.03.2012
Present Value of Defined Benefit Obligations as at 31.03.2016	11.61	9.89	7.90	6.28	5.46
Experience Adjustment of Obligation [Gain / (Loss)]	0.70	(0.30)	(0.94)	(0.05)	(1.75)

HPL	31.03.2016	31.03.2015	31.03.2014	31.03.2013	31.03.2012
Present Value of Defined Benefit Obligations at 31.03.2016	167.03	146.19	123.96	98.53	90.37
Experience Adjustment of Obligation [Gain / (Loss)]	(4.39)	(5.59)	(9.06)	10.74	15.53

Long Service Award	31.03.2016	31.03.2015	31.03.2014	31.03.2013	31.03.2012
Present Value of Defined Benefit Obligations at 31.03.2016	21.36	17.13	13.13	11.21	10.12
Experience Adjustment of Obligation [Gain / (Loss)]	(0.17)	(3.93)	(1.31)	(1.13)	(2.39)

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

Particulars			Increase by	Decrease by
Current Service Cost			11.46	11.23
Present value of Obligation			228.38	223.89

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

Particulars	(% age of investment)	
	31.03.2016	31.03.2015
Central Govt. Securities	11.73	12.79
State Govt. Securities	5.56	6.06
PSU Bonds	7.87	9.48
Private Bonds	0.34	0.37
Insurance Investment	74.50	71.30
Total	100.00	100.00

Mortality table referred	AGE	IALM 2006-2008 ULTIMATE	IALM 2006-2008 ULTIMATE
		WITHDRAWAL RATE % (2015-16)	WITHDRAWAL RATE % (2014-15)
Withdrawal Rate/Employee Turnover Rate	UPTO 30 YEARS	3%	3%
	UPTO 44 YEARS	2%	2%
	ABOVE 44 YEARS	1%	1%

Notes:

- The actuarial valuation takes into account the estimates of future salary increases, inflation, seniority, promotion and other relevant factors.
- The management has relied on the overall actuarial valuation conducted by the actuary.
- Disclosure as per Accounting Standard (AS) 16 on 'Borrowing Costs': Borrowing costs capitalized in assets including CWIP during the year was ₹42.34 crore (Previous Year: ₹378.19 crore).
- In compliance of AS 17 on "Segment Reporting", the Company has adopted following Business segments as its reportable segments:
 - Transmission services
 - Natural Gas
 - LPG
 - Natural Gas Marketing
 - Petrochemicals
 - LPG and other Liquid Hydrocarbons
 - Other Segments (include GAIL TEL, E&P, City Gas and Power Generation) There are no geographical segments in the Company. The disclosures of segment wise information is given as per Annexure-A.

58. In compliance of AS 18 on "Related Party Disclosures", the names of related parties, nature of relationship and detail of transactions entered therewith are given in Annexure - B.

59. In compliance of AS 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)	2,298.90	3,039.17
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) (in ₹)	18.12	23.96
Nominal Value per Equity Share (in ₹)	10.00	10.00

60. (a) In compliance of AS 22 on "Accounting for Taxes on Income", the Company has provided accumulated net deferred tax liability in respect of timing difference as at the end of the current financial year amounting to ₹4,047.08 crore (Previous Year: ₹3,308.65 crore).

Net Deferred tax expense for the year of ₹738.43 crore (Previous Year: ₹787.35 crore) has been charged to statement of profit & loss. The item wise details of deferred tax liability and assets are as under.

(₹ in crore)

Sl No	Particulars	As on 31st March, 2016	As on 31st March, 2015
Deferred tax liability			
a)	Depreciation	5,110.43	4,235.57
b)	Others	1.73	3.48
	Total Deferred Tax Liability(A)	5,112.16	4,239.05
Deferred Tax Assets			
c)	Provision for Retirement Benefits other than Gratuity	225.50	205.55
d)	Provision for Doubtful Debts/ Claims/Advances/ Contingencies	489.73	398.08
e)	Others (including liability for pay revision)	349.85	281.70
	Total Deferred Tax Assets (B)	1,065.08	885.33
f)	Deferred tax Liability (A-B)	4,047.08	3,353.72
g)	Less transferred to retained earning	-	45.07
h)	Deferred tax Liability (Net) (f-g)	4,047.08	3,308.65

(b) During the year, the Company has made provision for current tax of ₹685.77 crore as per Minimum Alternate Tax (MAT) as per the provision of section 115JB of the Income Tax Act, 1961, as against the regular tax of ₹187.43 crore. The company has recognized the entitled MAT credit of ₹498.34 crore as asset for adjustment against future tax liability within next 10 years.

61. During the year, an amount of ₹3.03 crore (Previous Year ₹27.74 crore) has been capitalized towards Research and Development Assets.

62. Disclosure of Joint Ventures of the Company under AS 27 on "Financial Reporting of Interests in Joint Ventures" are:

A) Jointly Controlled Entities

	Name of the Joint Venture Company	Equity participation 2015-16	Equity participation 2014-15
i	Mahanagar Gas Ltd	35%	35%
ii	Indraprastha Gas Ltd	22.50%	22.50%
iii	Petronet LNG Ltd	12.50%	12.50%
iv	Bhagyanagar Gas Ltd	22.50%	22.50%
v	Tripura Natural Gas Ltd	29%	29%
vi	Central UP Gas Ltd	25%	25%
vii	Green Gas Ltd	22.50%	22.50%
viii	Maharashtra Natural Gas Ltd	22.50%	22.50%

ix	Rantnagiri Gas and Power Pvt. Ltd	25.50%	28.91%
X	Avantika Gas Ltd	22.50%	22.50%
xi	ONGC Petro Additions Ltd	15.50%	15.50%
xii	TAPI Pipeline Company Ltd	25%	25%
xiii	Rashtriya Coal Gas Fertilizers Ltd	29.67%	-
xiv	Vadodra Gas Ltd	32.93%	-
xv	GAIL China Gas Global Energy Holdings Ltd	50%	50%

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 these Joint Ventures, is as under: (Final adjustments are effected during the year in which audited financial statements are received).

(₹ in crore)

		2015-16	2014-15
A	Assets		
	Non-Current Assets	8,890.66	8,568.55
	Current Assets	1,190.01	997.91
	Total	10,080.67	9,566.46
B	Liabilities & Provisions		
	Non-Current Liabilities	4,386.32	5,001.67
	Current Liabilities & Provisions	2,951.10	2,011.17
	Total	7,337.42	7,012.84
C	Income	5,570.71	6,847.89
D	Expenditure	5,324.86	6,784.05
E	Contingent Liability (*)	889.91	824.01

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

B) Jointly Controlled Assets

i) The Company has participating interest in blocks offered under New Exploration Licensing Policy (NELP), in 12 Blocks (Previous Year: 13 Blocks) for which the Company has entered into Production Sharing Contract(s) with respective host Governments along with other partners for exploration and production of oil and gas. The Company is a non-operator, except in Block (a) CY-ONN-2005/1 and (b) CB-ONN-2010/11, where it is the operator. The expenses, incomes, assets and liabilities are shared by the company based upon its participating interest in production sharing contract(s) of respective blocks.

The participating interest in the twelve NELP Blocks in India as at the end of the current financial is as under:

Sl No.	Name of Block	Participating Interest	Sl No.	Name of Block	Participating Interest
1	MN-OSN-2000/2	20%	7	CB-ONN-2000/1-RING FENCED CONTRACT	50%
2	CB-ONN-2000/1	50%	8	CB-ONN-2010/11	25%

3	AA- ONN-2002/1	80%	9	AA- ONN-2010/2	20%
4	CB- ONN-2003/2	20%	10	GK- OSN-2010/1	10%
5	AN- DWN-2003/2	15%	11	GK- OSN-2010/2	10%
6	CY- ONN-2005/1	40%	12	CB- ONN-2010/8	25%

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

No.	Name of the Block	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 unaudited financial statements submitted by the operators and are given below: (Final adjustments are effected during the year in which auditor financial statements are received);

(₹ in crore)

Particulars	2015-16	2014-15
Income	752.59	666.11
Expenses	502.01	472.87
Fixed Assets (Gross block)	207.95	203.95
Producing Property (Gross block)	1,066.51	925.46
Other Assets	390.01	573.07
Liabilities	123.60	196.49

The above value includes the following amounts pertaining to 30 E&P Blocks relinquished till 31st March, 2016 (including 29 Blocks relinquished till 31st March, 2015) where the Company is non-operator.

(₹ in crore)

Particulars	2015-16	2014-15
Income	-	0.07
Expenses	2.48	17.40
Fixed Assets (Gross block)	0.01	0.01
Other Assets	6.17	3.25
Liabilities	25.37	29.46

iv) The Company has relinquished operated E&P block during the year as below:

SL NO	Name of the Block	Participating Interest	Date of Relinquishment
1	RJ-ONN-2004/1	22.225%	11.09.2015

v) Share of Minimum work program committed under various production sharing contracts in respect of E&P joint ventures is ₹361.30crore (Previous Year ₹412.87crore).

vi) Quantitative information:

a) Details of the Company's Share of Production of Crude Oil and Natural Gas during the year ended 31st March 2016:

i) Crude Oil Block No. CB-ONN-2000/1 & CB-ONN-2003/2:

Particulars	Opening stock		Production (Treated & processed crude)		Sales*		Closing Stock	
	Qty	Value	Qty	Value	Qty	Value	Qty	Value
Crude Oil	(MT)	₹ Crore	(MT)		(MT)	₹Crore	(MT)	₹ Crore
Year ended 31/03/16	750.71	0.96	18306.42	-	18310.43	35.06	746.70	0.73
Year ended 31/03/15	567.28	0.68	18892.04	-	18708.61	61.93	750.71	0.96

*Includes test production sales for ₹0.19crore (Previous Year ₹0.23crore).

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

Particulars	Opening stock		Production		Sales*		Closing Stock	
	Qty	Value	Qty	Value	Qty	Value	Qty	Value
Natural Gas	Million M3	₹ Crore	Million M3		Million M3	₹Crore	Million M3	₹ Crore
Year ended 31/03/16	0.510	0.27	438.08	-	438.02	622.14	0.57	0.28
Year ended 31/03/15	0.520	0.26	324.390	-	324.400	520.96	0.510	0.27

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

Particulars	Proved Reserves		Proved Developed Reserves	
	2015-16	2014-15	2015-16	2014-15
Crude Oil : in 000MT				
Beginning of the year	145.44	166.11	145.43	164
Additions	-	0.01	-	2
Deletion	-	0.11	-	-
Production	19.82	20.57	19.82	20.57
Closing Balance	125.62	145.44	125.61	145.43
Natural Gas : in Million M3				
a) Myanmar				
Beginning of the year	5,787.88	6,118.71	5,388.88	5,719.71
Additions	-	-	-	-
Deletion	-	-	-	-
Production	445.48	330.83	445.48	330.83
Closing Balance	5,342.40	5,787.88	4,943.40	5,388.88
b) India				
Beginning of the year	1,609.52	-	-	-
Additions	-	1,609.52	-	-
Deletion*	147.27	-	-	-
Production	-	-	-	-
Closing Balance	1,462.25	1,609.52	-	-
Closing Balance Total (a+b)	6,804.65	7,397.40	4,943.40	5,388.88

*As per approval of Field Development Plan by Director General of Hydrocarbons (DGH)

Notes:

- The Company is Non-operating partner in E&P blocks for which reserves are disclosed.
 - The initial oil and gas reserve assessment was made through expert third party agency / internal expert assessment by respective Operator of E&P blocks. The year-end oil reserves are estimated based on information obtained from Operator / on the basis of depletion during the year. Re-assessment of oil and gas reserves carried out by the respective Operator as and when new significant data or discovery of hydrocarbon in the respective block.
 - The Company's share of crude oil production for the year 2015-16 is 1,45,613 barrels (Previous year 1,51,328 barrels).
 - According to the "Revised Guidance Note on Oil and Gas Producing Activities" issued by the Institute of Chartered Accountants of India, the Company considers individual E&P block as Cash Generating Unit (CGU) for assessment of impairment.
- c) The Company's share of balance cost recovery is ₹1,196.56 crore (Previous year ₹1,298.96 crore) to be recovered from future revenues from E&P blocks having proved reserves as per Production sharing contracts.

C) Jointly Owned Assets:

The Company's interest in jointly owned assets, i.e., Heat Recovery Steam Generation System (HRSG) installed at Vaghodia with project cost of ₹61.84 crore (Previous Year ₹61.69 crore), is ₹30.91 crore (Previous Year ₹30.84 crore).

- In compliance of AS-28 on Impairment of Assets, the Company has carried out an assessment of impairment in respect of its GAIL Tel assets and Gas Processing Unit (GPU) Plant, Usar, Maharashtra as on 31.03.2016. Necessary disclosures are as under:
 - During the year the Company has made net impairment of ₹8.05 crore (Previous Year: ₹6.09 crore) [(accumulated amount of impairment as at the end of the year is ₹22.26 crore (Previous Year: ₹14.16 crore)] in respect of its GAIL Tel assets and the same has been recognized as impairment loss in the statement of profit and loss.
 - No impairment loss was considered necessary by the management of the Company in respect of GPU, Usar which is under shutdown condition since 16th July 2014 due to non-availability of rich feed gas. The management has decided to keep the plant in preservation mode till the availability of rich feed gas in the future.
- In compliance of AS 29 on "Provisions, Contingent liabilities and Contingent Assets", the required information on provision for probable obligation is as under:

(₹ In crore)

Provisions	Opening Balance	Addition during the year	Reversal/ adjusted during the year	Closing Balance
Direct Tax	2628.08	730.76	2573.44	785.40
Deferred Tax	3308.65	738.43	-	4047.08
Indirect Tax	193.72	12.15	-	205.87
Dividend including dividend Tax	458.01	839.69	839.69	458.01

Employee Benefit	621.13	116.15	85.70	651.58
Legal & Arbitration Cases	382.93	29.60	120.53	292.00

- In compliance with Regulation 34(3) and 53(f) of Listing Obligations and Disclosure Requirements (LODR) of SEBI, the required information is given in **Annexure-C**.

- Foreign Currency exposure not hedged by a derivative instrument or otherwise.

(₹ in crore)

Particulars	Currencies	Amount	
		31.03.2016	31.03.2015
Borrowings, including interest accrued but not due	USD	88*	94.87*
	EURO	-	-
	Others	-	-
Trade payables/deposits and retention monies	USD	588.92	276.48
	EURO	35.09	31.68
	Others	10.96	22.14
Trade/Other receivables and bank balances	USD	100.91	45.06
	EURO	-	-
	Others	0.44	-
Unexecuted amount of contracts remaining to be executed	USD	83.59	118.05
	EURO	5.30	5.75
	Others	5.08	2.76

*excludes amount which is naturally hedged against foreign currency inflows.

- Details of Loans, Investments, Guarantee and security given by the Company covered U/S 186 (4) of the Companies Act 2013.
 - Investments made and Loans given are disclosed under the respective notes No 14, 15 and 21.
 - Corporate Guarantee & given by the Company in respect of loans as at the end of the current financial year are as under:

Sl. No.	Name of the Company	As at 31st March 2016	As at 31st March 2015
1	GAIL Gas Ltd	118	118
2	GAIL Global (USA) Inc	762.66	720.37
3	Brahmaputra Cracker and Polymer Ltd	802.34	504.33

- There is no security provided by the Company.

- 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". As per practice, the payment to all suppliers has been made within 7 -10 days. The amount remaining unpaid to all suppliers as at the end of the current financial year is ₹3,007.18 crore (Previous Year: ₹3,439.35 crore). No interest for delay was paid or payable under the Act.

- (a) Confirmation of balances has been received in majority of cases for trade receivables and payables. 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.
70. Additional information as per Part II of Schedule III of the Companies Act 2013.

(₹ in crore)

Particulars	2015-16	2014-15
I. CIF Value Import		
i) Raw Material	586.02	104.17
ii) Components and Spare parts	111.97	148.90
iii) Capital Goods	68.66	86.00
Total	766.65	339.07
II. a) Expenditure in Foreign Currency		
i) Interest / Commitment Charges	334.34	337.25
ii) Technical/Consultancy/ License Fee/Engineering	55.28	177.81
iii) Others	1,402.44	1,587.02
Total	1,792.06	2,102.08
b) Earning in Foreign Currency		
i) Sales	716.63	600.06
ii) Others (including tender fee)	149.91	44.43
Total	866.54	644.49
III. Remuneration paid/ payable to Directors Functional Directors including Chairman & Managing Director :		
Salaries & Allowances	1.72	2.78
Contribution to Provident Fund	0.24	0.26
Other Benefits & Perquisites	0.36	0.47
Total	2.32	3.51
Independent Director: Sitting Fees	0.17	0.27

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 AS 15 since the same were not ascertained for individual employees (Refer Note No-55).
- 71 Value of Raw Materials, Stores /Spares and Components consumed during the year.

Particulars	2015-16			2014-15		
	Qty	₹ in Crore	%	Qty	₹ in Crore	%
i) Raw Material consumed Gas (MMSCM):						
-Indigenous	945.65	2,749.14	82.43	1,336.23	4,869.81	97.91
-Imported	251.45	586.02	17.57	13.19	104.17	2.09
Sub Total	1,197.10	3,335.16	100	1,349.42	4,973.98	100
ii) Stores, Spares Components Consumed:						
- Indigenous		193.39	62.80		193.45	63.09
- Imported		114.54	37.20		113.19	36.91
Sub Total	-	307.93	100	-	306.64	100
Total	1,197.10	3,643.09		1,349.42	5,280.62	

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

For and on behalf of the Board of Directors

N.K.Nagpal
Company SecretarySubir Purkayastha
Director (Finance)M. Ravindran
Director (HR)BC Tripathi
Chairman & Managing Director

As per our separate Report of even date

For O.P. Bagla & Co.
Chartered Accountants
Firm No: 000018NFor G.S. Mathur & Co.
Chartered Accountants
Firm No: 008744NPlace: New Delhi
Date: 25th May 2016Rakesh Kumar
(Partner)
Membership No. 087537Rajiv Kumar Wadhawan
(Partner)
Membership No. 091007

INFORMATION ABOUT BUSINESS SEGMENTS FOR FINANCIAL YEAR 2015-16

(₹ in Crores)

SL SEGMENTS	TRANSMISSION SERVICES**		NATURAL GAS MARKETING **	PETRO CHEMICALS	LPG & LIQUID HYDRO CARBONS	OTHER SEGMENT ***	UN-ALLOCABLE	TOTAL	ELIMINATION	CONSO LIDATED TOTAL
	NATURAL GAS	LPG								
1 REVENUE										
External Sales/Other Income	3,700.65	486.02	40,336.67	3,041.39	3,245.62	803.92		51,614.28		51,614.27
Intersegment sales	291.63	(0.00)	3,353.23	27.58	5.22	17.52		3,695.17	3,695.17	
Total revenue	3,992.28	486.02	43,689.90	3,068.97	3,250.84	821.44		55,309.45	3,695.17	51,614.27
2 RESULTS										
Segment Result(Profit before Interest &Tax)	1,847.93	263.88	1,394.96	(806.62)	745.86	263.99		3,710.00		3,710.00
Unallocated expenses (Net)	-						527.35	527.35		527.35
Operating Profit	1,847.93	263.88	1,394.96	(806.62)	745.86	263.99	(527.35)	3,182.65		3,182.65
Interest Expenses	-						640.04	640.04		640.04
Interest/Dividend Income	-						630.19	630.19		630.19
Provision for Taxation	-						873.90	873.90		873.90
Profit/(Loss) from Ordinary Activities	1,847.93	263.88	1,394.96	(806.62)	745.86	263.99	(1,411.10)	2,298.90		2,298.90
Extra Ordinary Items	-									
Net Profit/(Loss)	1,847.93	263.88	1,394.96	(806.62)	745.86	263.99	(1,411.10)	2,298.90		2,298.90
3 OTHER INFORMATION										
Segment Assets	25,683.85	836.36		10,160.72	877.90	1,773.75		39,332.57	-	39,332.58
Unallocated Assets	-						13,661.68	13,661.68	-	13,661.68
Total Assets	25,683.85	836.36		10,160.72	877.90	1,773.75	13,661.68	52,994.25	-	52,994.26
Segment Liabilities	6,327.66	83.20		744.98	144.11	149.07		7,449.02	-	7,449.02
Unallocated Liabilities	-						2,795.74	2,795.74	-	2,795.74
Total Liabilities	6,327.66	83.20		744.98	144.11	149.07	2,795.74	10,244.77	-	10,244.77
Cost to acquire fixed assets	486.45	39.18		1,703.85	32.11	138.51	53.94	2,454.04	-	2,454.04
Depreciation*	690.44	46.76		362.81	38.91	129.43	44.74	1,313.08	-	1,313.09
Non Cash expenses other than Depreciation*	118.31	2.40	200.93	8.19	4.20	113.19	6.59	453.81	-	453.81

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.

INFORMATION ABOUT BUSINESS SEGMENTS FOR FINANCIAL YEAR 2014-15

(₹ in Crores)

SL SEGMENTS	TRANSMISSION SERVICES**		NATURAL GAS MARKETING **	PETRO CHEMICALS	LPG & LIQUID HYDRO CARBONS	OTHER SEGMENT ***	UN-ALLOCABLE	TOTAL	ELIMINATION	CONSOLIDATED TOTAL
	NATURAL GAS	LPG								
1 REVENUE										
External Sales/Other Income	3,048.80	440.55	42,686.56	4,594.90	5,052.75	745.89		56,569.45		56,569.45
Intersegment sales	300.34	-	6,487.48	125.18	-	16.79		6,929.79	6,929.79	
Total revenue	3,349.14	440.55	49,174.04	4,720.08	5,052.75	762.68		63,499.24	6,929.79	56,569.45
2 RESULTS										
Segment Result (Profit before Interest & Tax)	1,315.60	237.95	560.86	130.59	1,921.71	225.00	-	4,391.71		4,391.71
Unallocated expenses (Net)	-	-	-				398.38	398.38		398.38
Operating Profit	1,315.60	237.95	560.86	130.59	1,921.71	225.00	(398.38)	3,993.33		3,993.33
Interest Expenses	-						361.30	361.30		361.30
Interest/Dividend Income	-						652.33	652.33		652.33
Provision for Taxation	-						1,245.19	1,245.19		1,245.19
Profit/(Loss) from Ordinary Activities	1,315.60	237.95	560.86	130.59	1,921.71	225.00	(1,352.54)	3,039.17		3,039.17
Extra Ordinary Items	-									
Net Profit/(Loss)	1,315.60	237.95	560.86	130.59	1,921.71	225.00	(1,352.54)	3,039.17		3,039.17
3 OTHER INFORMATION										
Segment Assets	25,716.16	775.55	-	8,584.73	1,089.78	1,765.45		37,931.67	-	37,931.67
Unallocated Assets	-	-	-	-			14,961.56	14,961.56	-	14,961.56
Total Assets	25,716.16	775.55	-	8,584.73	1,089.78	1,765.45	14,961.56	52,893.23	-	52,893.23
Segment Liabilities	5,333.08	65.51	-	702.03	248.45	210.76		6,559.83	-	6,559.83
Unallocated Liabilities	-	-	-				4,349.31	4,349.31	-	4,349.31
Total Liabilities	5,333.08	65.51	-	702.03	248.45	210.76	4,349.31	10,909.14	-	10,909.14
Cost to acquire fixed assets	320.22	15.54	-	6,872.10	25.83	79.81	139.95	7,453.45	-	7,453.45
Depreciation*	649.10	50.62	-	78.59	44.52	111.46	39.97	974.26	-	974.26
Non Cash expenses other than Depreciation*	76.42	0.34	25.51	1.95	0.96	125.71	3.36	234.25	-	234.25

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) Tapi Pipeline Company Ltd
- 13) National Gas Company "Nat Gas"
- 14) Fayum Gas Company
- 15) China Gas Holdings Ltd.

B) Key Management Personnel

i) Whole time Directors(KMP):

- 1) Shri B C Tripathi, Chairman and Managing Director
- 2) Shri M Ravindran
- 3) Dr. Ashutosh Karnatak
- 4) Shri Subir Purkayastha, Director (Finance) and CFO (from 1st May 2015)
- 5) Shri Prabhat Singh (up to 14 th September 2015)
- 6) Shri P K Jain, (up to 30th April 2015)

ii) Company Secretary

- 1) Shri NK Nagpal

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-05/2 | (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:

	2015-16	2014-15
A) Details relating to parties referred to in item no. I (A) above:		
1) Sales		
Indraprastha Gas Limited	2,023.01	2,004.30
Mahanagar Gas Limited	1,145.50	1,100.65
Others	574.98	564.82
2) Amount receivable as at Balance Sheet Date for (1) above		
Indraprastha Gas Limited	78.49	95.60
Mahanagar Gas Limited	156.51	147.38
Others	32.89	40.72
3) Purchases		
Petronet LNG Limited	12,685.96	18,542.63
Others	2.95	4.07
4) Amount payable as at Balance Sheet Date for (3) above		
Petronet LNG Limited	501.87	745.74
Others	0.07	-
5) Reimbursement for other expenditure received/receivable	8.75	7.34
6) Amount receivable as at Balance Sheet Date for (5) above	1.44	2.72
7) Dividend Income		
Mahanagar Gas Limited	77.78	80.31
Indraprastha Gas Limited	18.90	17.33
Petronet LNG Limited	18.75	18.75
China Gas Holdings Ltd.	24.02	14.09
Others	2.82	3.96
8) Other Income		
Bhagyanagar Gas Limited	7.58	7.58
Indraprastha Gas Limited	15.36	-
Others	0.58	0.43
9) Amount receivable as at Balance Sheet Date for (8) above		
Bhagyanagar Gas Limited	7.58	7.58
Others	0.16	0.06
10) Provision Created against Debtors	3.16	2.94
11) Provision Created against Debtors written back	-	-
12) Investment as at Balance Sheet date	1,403.34	1,403.34
13) Advances for allotment of Equity as at Balance Sheet date	9.17	-
14) Advances / loan given as at Balance Sheet date	670.09	524.22

B) Details relating to parties referred to in item no.-1 (B) above	Key Management Personnel(KMP)		Relatives of KMP	
	2015-16	2014-15	2015-16	2014-15
1) Remuneration				
BC Tripathi	0.60	-	0.75	0.37
M Ravidran	0.51	0.74	-	-
Ashutosh Karnatak	0.46	0.51	-	-
Subir Purkayastha	0.40	0.41	-	-
Prabhat Singh	0.31	-	-	-
PK Jain	0.04	0.46	-	-
S Venkatraman	-	0.65	-	-
NK Nagpal	0.43	0.65	-	-
NK Nagpal		0.38	-	-
2) Interest bearing outstanding loans receivable	0.02	0.12	0.11	-
3) Interest accrued on loans given	0.13	0.19	0.08	-
4) Self lease	0.10	0.09	-	-

* 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 upto 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:		
	2015-16	2014-15
1) Minimum work program commitment	-	-
2) Survey, Production, Royalty and other expenses	249.38	216.63
3) CWIP & Other assets	52.81	27.55
4) Amount outstanding on Balance Sheet date (net of advance)	29.03	51.69
5) Amount written Off- Dry well expenditure	0.57	0.53
6) Sales/Income from operation	716.63	600.17
7) Amount outstanding on Balance Sheet date (against sales)	43.36	45.06

(ANNEXURE - C)

Disclosure as required by Regulation 34(3) and 53(f) of SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015

(₹ in crores)

A Subsidiary	Current Year		Previous Year	
	Amount as on 31.03.2016	Maximum amount outstanding during the year ended 31.03.2016	Amount as on 31.03.2015	Maximum amount outstanding during the year ended 31.03.2015
1 Loans and advances in the nature of loans:	56.03	56.03	52.89	56.67
a To subsidiary Company: GAIL (Global) Singapore PTE Limited	Nil	Nil	Nil	Nil
b To Companies in which Directors are interested	Nil	Nil	Nil	Nil
2 Investment by the Subsidiary Company in the shares of GAIL (India Limited and its subsidiaries	Nil	Nil	Nil	Nil

(₹ in crores)

B Joint Venture	Current Year		Previous Year	
	Amount as on 31.03.2016	Maximum amount outstanding during the year ended 31.03.2016	Amount as on 31.03.2015	Maximum amount outstanding during the year ended 31.03.2015
1 Loans and advances in the nature of loans:				
a To Joint Venture Company: Bhagyanagar Gas Limitd	75	75	75	75
b To Companies in which Directors are interested	Nil	Nil	Nil	Nil
2 Investment by the Joint Venture Company in the shares of GAIL subsidiaries (India) Limited and its	Nil	Nil	Nil	Nil

V. Licensed Capacity, Installed Capacity and Actual Production

	CURRENT YEAR 2015-16				PREVIOUS YEAR 2014-15			
	Licensed Capacity	Installed Capacity	Gas Throughput	Production	Licensed Capacity	Installed Capacity	Gas Throughput	Production
i) Natural Gas (MMSCMD)	206.03	206.03	92.09	-	206.03	206.03	92.10	-
ii) LPG (M/T)	1170376	1112373	-	854757	1170376	1112373	-	1039494
iii) Propane (M/T)	201085	201085	-	128041	2,01,085.00	2,01,085.00	-	115808
iv) Ethylene (M/T)**	850000	896000	-	355619	8,50,000.00	8,96,000.00	-	460059
v) HDPE/LLDPE (M/T)*	810000	810000	-	344168	8,10,000.00	8,10,000.00	-	4,51,625
vi) Pentane	73545	73545	-	22720	73,545.00	73,545.00	-	22,758
vii) Naptha	127773	127773	-	83261	1,27,773.00	1,27,773.00	-	98745
viii) Crude Oil(MT)	-	-	-	-	-	-	-	18892
ix) CNG (000'KG)	-	-	-	-	-	-	-	-
x) C2/C3**	-	562800	-	612632	-	562800	-	637102
xi) Butene-1**	30,000.00	30000	-	9416	30000	30000	-	9245
xii) (MW)	-	-	-	-	-	-	-	-

Notes :

* includes L P Wax,GPE Shreds,Poly Lumps
** Internally consumed

QUANTITATIVE INFORMATION

ANNEXURE-D

(₹ in crore)

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 LNG and RLNG (MMSCM)										
	Year Ended 31.03.2016	313.13	1138.47	27095.19	41774.27	24791.65	43613.35	2069.57	5274.26	291.29	652.36
	Year Ended 31.03.2015	324.08	1447.97	25576.18	48287.00	24082.21	45336.14	2223.67	6914.63	313.13	1138.47
2	LPG (M/T)										
	Year Ended 31.03.2016	5446.24	13.29	-	-	855514.83	2534.48	0.00	-	4455.44	10.18
	Year Ended 31.03.2015	5656.40	18.30	-	-	1039739.58	3921.36	4.03	-	5446.24	13.29
3	Pentane (M/T)										
	Year Ended 31.03.2016	242.11	0.59	-	-	21645.28	97.22	424.29	-	998.10	2.56
	Year Ended 31.03.2015	676.16	2.40	-	-	23323.96	128.41	21.00	-	242.11	0.59
4	Propane (M/T)										
	Year Ended 31.03.2016	2258.93	6.16	-	-	124822.11	445.14	-	-	2322.23	6.00
	Year Ended 31.03.2015	2349.29	9.11	-	-	115892.79	662.16	-	-	2258.93	6.16
5	Naptha (MT)										
	Year Ended 31.03.2016	977.05	2.29	-	-	83289.37	262.03	-	-	700.89	1.54
	Year Ended 31.03.2015	579.36	2.10	-	-	97987.31	487.30	-	-	977.05	2.29
6	Polymers (M/T)										
	Year Ended 31.03.2016	12951.23	114.99	-	-	333758.08	3317.38	2996.48	-	20354.62	181.04
	Year Ended 31.03.2015	7013.95	43.66	-	-	441079.82	4974.59	4592.00	-	12951.23	114.99
7	C2/C3 (M/T)*										
	Year Ended 31.03.2016	3563.12	18.84	-	-	-	-	712540.92	-	3825.59	16.03
	Year Ended 31.03.2015	2427.88	8.56	-	-	-	-	6,35,966.86	-	3563.12	18.84
8	Ethylene (M/T)*										
	Year Ended 31.03.2016	1161.66	8.57	-	-	-	-	355441.24	-	1339.81	9.01
	Year Ended 31.03.2015	984.04	4.91	-	-	-	-	4,59,881.56	-	1161.66	8.57
9	Butene-1 (M/T)*										
	Year Ended 31.03.2016	531.85	5.08	-	-	-	-	8699.44	-	1248.82	12.37
	Year Ended 31.03.2015	446.58	2.93	-	-	-	-	9,159.74	-	531.85	5.08
10	Crude Oil(MT)										
	Year Ended 31.03.2016	750.71	0.96	-	-	18310.43	34.87	-	-	746.70	0.73
	Year Ended 31.03.2015	567.28	0.68	-	-	18708.61	63.05	-	-	750.71	0.96
11	CNG (000KG)										
	Year Ended 31.03.2016	-	-	-	-	-	-	-	-	-	-
	Year Ended 31.03.2015	-	-	-	-	7862.18	27.61	-	-	-	-
12	Power(KWH)										
	Year Ended 31.03.2016					139354919	49.67	24400682			
	Year Ended 31.03.2015					159056675	56.00	25823884			
13	Other Products(M/T)										
	Year Ended 31.03.2016	3267.13	22.23			0.00	105.47	8467.52		3841.41	25.66
	Year Ended 31.03.2015	5530.09	28.42			40855.22	192.56	19537.19		3267.13	22.23

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

**CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016**

(₹ in Crores)

	2015-16	2014-15	
A. CASH FLOW FROM OPERATING ACTIVITIES			
1 Net Profit Before Tax and Extraordinary Items		3172.80	4284.36
2 ADD:			
Depreciation and amortization expenses	1314.44		980.74
Capital Reserve	(0.12)		(0.12)
Exchange Rate Variation on Foreign Currency Loan	195.95		199.42
Interest Expenditure	640.04		369.61
Dividend Income on Investments	(320.07)		(324.75)
Interest Income	(310.81)		(327.47)
Provision for Employees Benefits	30.45		169.55
Provision for Doubtful Debts	236.17		(69.25)
Provision for Probable Obligations	(78.78)		50.82
Other Provisions	20.47		(17.00)
Provision / Write off of Assets / CWIP	22.24		2.78
Exceptional item	0.00		(62.86)
		1749.98	971.47
3 Operating Profit Before Working Capital Changes (1 + 2)		4922.78	5255.83
4 Changes in Working Capital (Excluding Cash & Bank Balances)			
Trade and Other Receivables	855.58		(3319.01)
Inventories	334.84		172.87
Trade and Other Payable	(574.35)		1189.48
		616.07	(1956.67)
5 Cash Generated from Operations (3+4)		5538.85	3299.16
6 Direct Taxes Paid		(703.92)	(855.09)
NET CASH FROM OPERATING ACTIVITIES (5+6)		4834.93	2444.07
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets	(1496.09)		(1867.62)
Sale of Fixed Assets	152.81		228.68
Sale of Investments /Business	-		76.31
Investment in Other Companies	(224.32)		(33.66)
Loans & Advances to Related Parties	(74.61)		(20.36)
Interest Received	310.81		327.47
Dividend Received	320.07		324.75
NET CASH FROM INVESTING ACTIVITIES		(1011.33)	(964.43)
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from Long Term Borrowings	0.00		500.00
Repayment of Long Term Borrowings	(1400.52)		(1645.05)
Repayment/Proceeds from Short Term Borrowings	(233.80)		233.80
Interest Paid	(697.07)		(745.68)
Dividend & Dividend Tax Paid	(839.99)		(1332.05)
NET CASH FROM FINANCING ACTIVITIES		(3171.38)	(2988.98)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)		652.23	(1509.34)
CASH AND CASH EQUIVALENTS AS AT 01.04.2015 (OPENING BALANCE)		1141.64	2650.98
CASH AND CASH EQUIVALENTS AS AT 31.03.2016 (CLOSING BALANCE)		1793.87	1141.64

(₹ in Crores)

	2015-16		2014-15	
NOTES :				
1 Cash & Cash Equivalents include :				
Cash & Cash Equivalents		309.32		227.60
Balances With Banks		451.00		0.92
Earmarked Accounts*		1033.55		913.12
Cash & Bank Balances As per Balance Sheet		1793.87		1141.64
Unrealised (Gain)/ loss on foreign Exchange		0.00		0
Total Cash & Cash Equivalents (refer note 20)		1793.87		1141.64
*Earmarked Accounts consist of :				
- Current Account - Dividend Payable		2.32		2.62
- Short Term Deposits - Gas Pool Money (includes interest accrued but not due ₹14.91 Cr. (Previous Year : ₹ 34.27 Cr.))((Refer Note No - 46 (b)(i))*		925.12		800.08
- Short Term Deposits - Imbalance & Over run (includes interest accrued but not due ₹3.93 Cr. (Previous Year : ₹3.11 Cr.))((Refer Note No - 46 (c))*		85.71		79.92
- Short Term Deposits -JV Consortium (includes interest accrued but not due ₹ 0.26 Cr. (Previous Year : ₹1.09 Cr.)) ((Refer Note No - 46 (a))*		20.40		30.50
		-----		-----
		1033.55		913.12
		-----		-----
*Deposit with original maturity of more than three months and less than twelve months				

For and on behalf of the Board of Directors

N. K. Nagpal
Company Secretary

Subir Purkayastha
Director (Finance)

M Ravindran
Director (HR)

B. C. Tripathi
Chairman & Managing Director

As per our separate Report of even Date

For O.P.Bagla & Co.
Chartered Accountants
Firm No.: 000018N

(Rakesh Kumar)
(Partner)
Membership No.:087537

For G.S Mathur & Co.
Chartered Accountants
Firm No.: 08744N

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

Place: New Delhi
Dated: 25th May, 2016

Statement pursuant to Section 129 (3) of Companies Act, 2013 related to financial statement of Subsidiaries / Associate Companies / Joint Ventures

Part "A" : Subsidiary				
Particular	GAIL GOLBAL SINGAPORE PTE LTD.	GAIL (GLOBAL) USA INC. (Consolidated)	GAIL GAS LTD.	BRAHMAPUTRA CRACKER AND POLYMER LTD.
	(₹ in crore)	(₹ in crore)	(₹ in crore)	(₹ in crore)
1 The financial year of the subsidiary Company ended on	31ST MARCH, 2016	31 ST DEC., 2015	31ST MARCH, 2016	31S TMARCH, 2016
2 (a) Reporting Currency	USD	USD	INR	INR
b) Exchange rate as on last date of the relevant Financial Year	66.90	66.96	NA	NA
3 Share Capital	9.64	179.17	436.00	1,173.71
4 Reserves & Surplus	72.80	75.30	85.35	4,370.16
5 Total Assets	148.71	1,090.43	1,007.50	9,644.14
6 Total Liabilities	66.27	835.96	486.15	4,100.27
7 Investments	127.55	-	-	-
8 Turnover	1,995.20	145.43	1,583.19	1.92
9 Profit before Taxation	(0.86)	(43.14)	56.98	(309.64)
10 Provision for Taxation	-	2.97	20.60	7.50
11 Profit after Taxation	(0.86)	(46.11)	36.38	(317.14)
12 Proposed Dividend	-	-	-	-
13 % of shareholding	100%	100%	100%	70%

Note:

- 1 Name of the subsidiaries which are yet to commence operations: Not Applicable
- 2 Name of the subsidiaries which have been liquidated or sold during the year: Not Applicable

For and on behalf of Board of Directors

N.K.Nagpal
Company Secretary

Subir Purkayastha
Director (Finance)

M Ravindran
Director (HR)

B.C.Tripathi
Chairman & Managing Director

Annexure - VIII
Statement pursuant to Section 129 (3) of Companies Act, 2013 related to Associate Companies and Joint ventures Part "B":
Associates and Joint Ventures

(₹ in Crores)

Particulars	Mahanagar Gas Ltd	Indraprastha Gas Ltd	Petronet LNG Ltd	Bhayanagar Gas Ltd	Tripura Natural Gas Corporation Ltd	Central UP Gas Ltd	Green Gas Ltd	Maharashtra Natural Gas Ltd	Avantika Gas Ltd	GAIL China Gas Global Energy Holding Ltd	TAPI Pipeline Co. Ltd.	Rashtriya Coal Gas Fertilizer Ltd	ONGC Petro additions Ltd	Ratnagiri Gas & Power (Private) Ltd	National Gas Company 'Nat Gas'	Fayum Gas Company	China Gas Holdings Ltd		
(1) Latest audited Balance Sheet Date	31/03/2015	31/03/2016	31/03/2016	31/03/2016	31/03/2015	31/03/2016	31/03/2016	31/03/2016	31/03/2016	Not Applicable	Not Applicable	Not Applicable	31/03/2015	31/12/2015	31/12/2015	31/12/2015	30/09/2015		
(2) No of Shares of Associate/ Joint Ventures held by the Company on the year end-	4,44,50,000	315 crore	9,37,50,000	2.25 crore	1,92,000	1.5 crore	2,30,42,500	2.25 crore	2.25 crore	0	25	0	99,49,45,000	97,43,08,300	0	19,000	15 crore		
Amount of Investment in Associates/ Joint Venture	44.45	31.50	98.75	22.50	1.92	1500	23.04	22.50	22.50	-	-	-	994.95	974.31	127.55	8.10	97.37		
Extend of Holding %	35.00%	22.50%	12.50%	22.50%	29%	25%	22.50%	22.50%	22.50%	50%	50%	29.67%	15.50%	25.50%	15%	19%	3.05%		
(3) Joint Control/ Significant influence	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Representation on the board of directors or corresponding governing body of the investee	
(4) Reason for not consolidated	Not Applicable																		
(5) Profit / Loss for the year ^a	108.04	104.43	116.04	1.21	2.74	8.17	7.75	16.93	3.86	-	Not Applicable	Not Applicable	(16.13)	(276.12)	19.50	2.24	86.60	-	
(i) Considered in Consolidation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(ii) Not Considered in Consolidation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Note:	1 Name of the associates or joint ventures which are yet to commence operations: { a) Gail China Gas Global Energy Holding Ltd b) TAPI Pipeline Company Limited																		
2 Name of associates or joint ventures which have been liquidated or sold during the year:	Not Applicable																		
NK.Nagpal Company Secretary											Subir Purkayastha Director (Finance)		M.Ravindran Director (HR)		B.C.Tripathi Chairman & Managing Director				

Schedule of Fixed Assets (Township)

(₹ in Lakhs)

DESCRIPTION	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As at 01.04.2015	Additions/ Adjustments During the Year	Sales/ Adjustments During the Year	As at 31.03.2016	As at 01.04.2015	For the year	Adjustments During the Year	As at 31.03.2016	As at 31.03.2016	As at 31.03.2015
LAND : FREEHOLD	2,901.28	224.18	1,206.89	1,918.57	107.53	-	(107.53)	-	1,918.57	2,793.75
LAND : LEASEHOLD	378.07	-	(1,036.97)	1,415.04	180.35	15.11	125.13	320.59	1,094.45	197.72
BUILDING , ROADS ETC.	36,114.96	1,965.48	2,678.31	35,402.13	10,614.62	1,114.16	(538.73)	11,190.05	24,212.08	25,500.34
DRAINAGE,SEWAGE & WATER SUPPLY SYS. ETC.	1,581.83	169.07	30.89	1,720.01	937.65	57.18	(157.71)	837.12	882.89	644.18
FURNITURE, FIXTURES & OTHER EQP.	2,284.33	229.56	164.90	2,348.99	1,466.53	148.56	(131.03)	1,484.06	864.93	817.80
TRANSPORT EQUIPMENTS	23.86	-	0.01	23.85	12.50	4.35	0.03	16.88	6.97	11.36
TOTAL	43,284.33	2,588.29	3,044.03	42,828.59	13,319.18	1,339.36	(809.84)	13,848.70	28,979.89	29,965.15
	-	-	-	-	-	-	-	-	-	-

* Adjustments on account of Sale of Lakwa Township to BCPL

Income and Expenditure Account

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2016 ON PROVISIONS OF TOWNSHIP, EDUCATION, MEDICAL AND OTHER FACILITIES.

(₹ in Lakhs)

S.NO.	PARTICULARS	YEAR ENDED 31 ST MARCH, 2016	YEAR ENDED 31 ST MARCH, 2015
	INCOME		
1	RECOVERY OF HOUSE RENT	231.92	598.79
2	RECOVERY OF UTILITIES	270.72	232.07
3	OTHER RECOVERIES	47.59	38.11
4	EXCESS OF EXPENDITURE OVER INCOME	6,211.16	7,910.93
	TOTAL	6,761.39	8,779.91
	EXPENDITURE		
1	SALARIES, WAGES & PF CONTRIBUTION	870.83	690.15
2	CONSUMABLES, STORES & MEDICINES	31.96	56.64
3	SUBSIDIES FOR SOCIAL & CULTURAL ACTIVITIES	85.61	150.32
4	REPAIRS & MAINTENANCE	1,156.25	1,452.02
5	DEPRECIATION	1,339.36	2,801.50
6	UTILITIES: POWER, GAS & WATER	1,465.23	1,718.86
7	LAND RENT	22.66	62.69
8	WELFARE - SCHOOL	946.66	950.02
9	BUS HIRE CHARGES	92.56	193.89
10	CLUB & RECREATION	74.64	10.88
11	MISC EXPENSES - TAXES, LICENSE FEES, INS ETC.	279.39	330.79
12	HORTICULTURE EXPENSES	396.24	362.14
	TOTAL	6,761.39	8,779.91



COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF GAIL (INDIA) LIMITED FOR THE YEAR ENDED 31 MARCH 2016

The preparation of financial statements of GAIL (India) Limited for the year ended 31 March 2016 in accordance with the financial reporting framework prescribed under the companies Act, 2013 is the responsibility of the Management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act, 2013 are responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the Standards on Auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 25 May 2016.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 143(6)(a) of the Act of the financial statements of GAIL (India) Limited for the year ended 31 March 2016. 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.

For and on behalf of the
Comptroller & Auditor General of India

(Neelesh Kumar Sah)
Principal Director of Commercial Audit
& Ex-officio Member, Audit Board – II,
New Delhi

Place: New Delhi
Date : 26.07.2016



Consolidated Financial Statement



INDEPENDENT AUDITORS' REPORT

To the Members of GAIL (India) Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of GAIL (India) Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") its associates and jointly controlled entities comprising of the Consolidated Balance Sheet as at 31st March, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements")

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associates and Jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a), (b) and (d) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates and jointly controlled entities as at 31st March, 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to the following matters in Notes to Financial Statement:-

- Note No.- 35(c) -regarding various provisional transportation tariff orders issued by Petroleum and Natural Gas Regulatory Board (PNGRB), these orders have been contested by the company at Appellate Tribunal for Electricity (APTEL) and adjustment if any will be recognized as and when matter is finally decided.
- Note No. - 41-in respect of revenue recognition during the year for ship or pay charges where the customer has disputed the claim of the company and final outcome is uncertain.

We have not modified our opinion on these matters.

Other Matters

- We did not audit the financial statements / financial information of following subsidiaries:
 - GAIL Gas Limited and GAIL Global (Singapore) PTE Ltd whose financial statements / financial information reflect total assets of ₹ 1,156.21 crores as at March 31, 2016, total revenues of ₹ 3,581.83 crores and net cash inflow amounting to ₹ 9.02 crores for the year ended on that date, as considered in the consolidated financial statements
 - GAIL Global (USA) Inc whose financial statement reflect total asset of ₹ 1,090.43 crores as at December 31, 2015, total revenue of ₹ 145.51 crores and net cash outflow of ₹ 4.07 crores for the year ended on that date.
- These financial statements have been audited by other auditors whose reports have been furnished to us by the management upto 23rd May 2016.
- Brahmaputra Cracker and Polymers Limited whose financial statement/information are unaudited and reflect total assets of ₹ 9,644.14 crores, as at March 31, 2016 total revenue of ₹ 2.61 crores and net cash outflow of ₹ 84.08 crores for the year ended on that date. These financial statement/financial information have been furnished to us by the management.

Our opinion on the consolidated financial statements in so far as it relates to the amount and disclosures included in respect of aforesaid subsidiaries and our report in terms of sub-section 3 and 11 of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors and/or such unaudited financial statements/financial information as the case may.

- The consolidated financial statements also include the Group's share of net profit of ₹ 108.34 crores in respect of associates, as considered in the consolidated financial statements, namely Fayum Gas Company, National Gas company "NATGAS" and China Gas Holding Limited whose financial statements / financial information have not been audited by us. These financial statements / financial information have been audited by other auditors for the year ended 31st December 2015 except China Gas Holding whose statements are unaudited as at 30th September 2015. The reports of audited financial statements have been furnished to us by the Management upto 23rd May 2016. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these associates, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid associates, is based solely on the reports of the other auditors and unaudited financial statements as the case may be.

- (c) As per the information and explanation given to us by the management, no significant transactions or other events occurred between the reporting date of the aforesaid entities and March 31, 2016 which require any adjustment.
- (d) We did not audit the financial statements / financial information of following jointly controlled entities whose financial statements reflect the details given below:

₹ in crores

S No.	Name of the Company	Assets	Total Revenue	Net Cash Flow
1	Indraprastha Gas Limited	3,430.45	3,763.61	222.56
2	Bhagyanagar Gas Limited	388.50	109.91	6.95
3	Central UP Gas Limited	209.54	205.37	20.02
4	Green Gas Limited	253.40	183.29	0.76
5	Maharashtra Natural Gas Ltd	643.86	466.04	(17.51)
6	Petronet LNG Limited	12,710.10	27,393.26	1,820.20
7	Aavantika Gas Limited	226.49	115.18	(0.90)

These financial statements have been audited by other auditors whose reports have been furnished to us by the management upto 23rd May 2016.

₹ in crores

S No.	Name of the Company	Assets	Total Revenue	Net Cash Flow
1	Mahanagar Gas Limited	2,355.35	2,121.63	27.17
2	Ratnagiri Gas & Power (Private) Ltd	9,958.87	1,137.80	16.19
3	Tripura Natural Gas Co Ltd	85.50	63.93	2.31
4	ONGC Petro-additions Ltd	25,410.98	3.83	(161.07)
5	Rashtriya Coal Gas Fertilizer Ltd	0.05	0.00	0.05

These financial statement/financial information are unaudited and have been furnished to us by the management.

Our opinion on the consolidated financial statements in so far as it relates to the amount and disclosures included in respect of aforesaid jointly controlled entities and our report in terms of sub-section 3 and 11 of Section 143 of the Act in so far as it relates to the aforesaid jointly controlled entities is based solely on the reports of the other auditors and/or such unaudited financial statements/financial information as the case may.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act is not applicable on Consolidated Financial Statements as referred in proviso to para 2 of the Order.
2. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, associate companies and jointly controlled companies which are incorporated in India, none of the directors of the Group companies, its associate companies and jointly controlled companies incorporated in India is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) We are enclosing herewith a report in Annexure A for our opinion considering the opinion of other auditors of subsidiary companies, associate companies and jointly controlled companies incorporated in India on adequacy of internal financial controls system in place and the operating effectiveness of such controls.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- (i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and jointly controlled entities- Refer Note 33 to the consolidated financial statements.
- (ii) The Group, its associates and jointly controlled entities did not have any material foreseeable losses on long-term contracts including derivative contracts.
- (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies, associate companies and jointly controlled companies incorporated in India.

For **O.P.Bagla & Co.**
Chartered Accountants
Firm No.: 000018N

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

(Rakesh Kumar)
(Partner)
Membership No.:087537

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

Place: **New Delhi**
Dated: 25th May, 2016

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the consolidated financial statements of the company as of and for the year ended March 31, 2016, We have audited the internal financial controls over financial reporting of GAIL (INDIA) LIMITED (hereinafter referred to as "the Holding Company") and its subsidiary companies, its associate companies and jointly controlled companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the of the Holding company, its subsidiary companies, its associate companies and jointly controlled companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

For **O.P.Bagla & Co.**
Chartered Accountants
Firm No.: 000018N

(Rakesh Kumar)
(Partner)
Membership No.:087537

Place: New Delhi
Dated: 25th May, 2016

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company;
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company, its subsidiary companies, its associate companies and jointly controlled companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to 1(One) subsidiary company, and 7(Seven) jointly Controlled companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India. In one of the report of a joint venture entity Green Gas Limited, the auditors has given qualified opinion raising serious doubts and has reported material weakness and deficiency on "internal financial control over financial reporting".

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

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

GAIL (India) Limited
New Delhi

Consolidated Balance Sheet as at 31st March, 2016

(₹ in crore)

	Note No.	AS AT 31 st MARCH, 2016	AS AT 31 st MARCH, 2015
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
a) Share Capital	1	1,268.48	1,268.48
b) Reserves and Surplus	2	34,127.76	32,754.19
		35,396.24	34,022.67
(2) Minority Interest			
		1,663.16	1,758.30
(3) Non Current Liabilities			
a) Long Term Borrowings	3	12,669.87	14,752.38
b) Deferred Tax Liability (Net)	4	4,320.83	3,547.69
c) Other Long-term Liabilities	5	1,336.39	2,259.69
d) Long-term Provisions	6	631.81	592.07
		18,958.90	21,151.83
(4) Current Liabilities			
a) Short Term Borrowings	7	1,966.98	1,174.16
b) Trade Payables	8	3,084.94	3,413.74
c) Other Current Liabilities	9	8,463.50	6,733.71
d) Short-term Provisions	10	1,456.17	1,390.84
		14,971.59	12,712.45
Total		70,989.89	69,645.25
(1) Non-current assets			
a) Fixed Assets			
(i) Tangible Assets	11	42,212.91	33,053.89
(ii) Intangible Assets	11	771.94	796.16
(iii) Capital Work in Progress	12	7,979.27	13,805.93
		50,964.12	47,655.98
b) Goodwill on Consolidation		126.25	126.25
c) Non-current Investments	13	1,223.13	1,132.89
d) Long-term loans and advances	14	4,712.84	5,943.25
e) Other non-current assets	15	1,127.96	2,423.25
		58,154.30	57,281.62
(2) Current Assets			
a) Current Investments	16	135.87	139.28
b) Inventories	17	2,205.32	2,354.56
c) Trade receivables	18	2,872.71	3,209.94
d) Cash and cash equivalents	19	2,398.15	1,558.25
e) Short-term loans and advances	20	3,976.81	4,152.17
f) Other current assets	21	1,246.73	949.43
		12,835.59	12,363.63
Total		70,989.89	69,645.25

The significant accounting policies and accompanying notes 1 to 55 form an integral part of Financial Statements.

For and on behalf of the Board of Directors

N. K. Nagpal
Company Secretary

Subir Purkayastha
Director (Finance)

M Ravindran
Director (HR)

B. C. Tripathi
Chairman & Managing Director

As per our separate Report of even Date

For O.P.Bagla & Co.
Chartered Accountants
Firm No.: 000018N

(Rakesh Kumar)
(Partner)
Membership No.: 087537

For G.S Mathur & Co.
Chartered Accountants
Firm No.: 08744N

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

Place: New Delhi
Dated: 25th May, 2016

Consolidated Statement of Profit & Loss for the Year ended 31st March, 2016

(₹ in crore)

	Note No.	YEAR ENDED 31 st MARCH, 2016		YEAR ENDED 31 st MARCH, 2015	
I. Revenue from Operations (Gross)	22		55,563.85		61,617.96
Less: Excise Duty			(676.19)		(914.00)
Revenue from Operations (Net)			54,887.66		60,703.96
II. Other Income	23		829.13		863.42
III. Total Revenue (I+II)			55,716.79		61,567.38
IV. Expenses					
Raw Material consumed			3,583.51		5,123.39
Purchase			39,849.17		42,761.60
(Increase) / decrease in Inventories of Finished Goods, Work in Progress & Stock in trade					
Opening Stock		1,343.15		1,574.78	
Less: Closing Stock		(962.35)		(1,343.15)	
			380.80		231.63
Employee benefits expense	24		1,104.25		985.39
Finance Cost	25		980.91		651.83
Depreciation and amortization expenses	26		1,850.90		1,432.57
Other Expenses	27		4,875.01		5,951.47
Total Expenses			52,624.55		57,137.88
V. Profit before exceptional and extraordinary items and tax (III-IV)			3,092.24		4,429.50
VI. Exceptional Items			-		(62.86)
VII. Profit before Extraordinary items and Tax (V-VI)			3,092.24		4,492.36
VIII. Extraordinary Items			-		-
IX. Profit before Tax (VII - VIII)			3,092.24		4,492.36
X. Tax Expenses			-		-
1. Current Tax			-		-
- Current Year (net of MAT Credit Entitlement)			337.53		629.01
- Earlier Year			(61.88)		(40.16)
2. Deferred Tax			768.45		832.07
Total Tax expenses			1,044.10		1,420.92
XI. Profit after Tax, before Share of associate and Minority Interest			2,048.14		3,071.44
Add: Share of Profit / (Loss) in Associates for the year			108.34		88.12
Less: Share of Minority			(95.14)		(0.49)
XII. Profit after Tax			2,251.62		3,160.05
Details of Earning Per Share (Face Value ` 10/- each)					
- Basic Earning Per Share (₹)			17.75		24.91
- Diluted Earning Per Share (₹)			17.75		24.91
Expenditure during Construction Period	28				
Prior Period Adjustments	29				

The significant accounting policies and accompanying notes 1 to 55 form an integral part of Financial Statements.
There are no extraordinary items or discounting operations in the above period

For and on behalf of the Board of Directors

N. K. Nagpal
Company Secretary

Subir Purkayastha
Director (Finance)

M Ravindran
Director (HR)

B. C. Tripathi
Chairman & Managing Director

As per our separate Report of even Date

For O.P.Bagla & Co.
Chartered Accountants
Firm No.: 000018N

(Rakesh Kumar)
(Partner)
Membership No.: 087537

For G.S Mathur & Co.
Chartered Accountants
Firm No.: 08744N

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

Place: New Delhi
Dated: 25th May, 2016

CONSOLIDATED CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016

(₹ in Crores)

	2015-16		2014-15	
A. CASH FLOW FROM OPERATING ACTIVITIES				
1 Net Profit Before Tax and Extraordinary Items		3,200.58		4,580.48
2 ADD:				
Depreciation	1,873.83		1,466.29	
Deferred Revenue / Other Expenses written off	2.86		0.94	
Capital Reserve	(0.12)		(0.12)	
Exchange Rate Variation	(84.27)		(49.35)	
Interest Expenditure	980.91		651.83	
Dividend Income on Investments	(329.45)		(341.59)	
Interest Income	(328.85)		(346.99)	
Provision for Employees Benefits (incl Gratuity)	32.38		173.97	
Provision for Doubtful Debts	221.91		27.99	
Other Provisions	68.20		40.92	
Provision / Writte off of Assets / CWIP	101.20		113.40	
Provision for Probable obligation / Contingency	41.76		49.83	
Exceptional Item	-		(62.86)	
Profit / Loss on Sale of Assets (Net)	28.73		(3.49)	
		2,609.09		1,720.77
3 Operating Profit Before Working Capital Changes (1 + 2)		(5,809.67)		(6,301.25)
4 Changes in Working Capital (Excluding Cash & Bank Balances)				
Trade and Other Receivables	(824.24)		(2,745.27)	
Inventories	149.24		229.30	
Trade and Other Payable	1,683.28		1,448.09	
		(1,008.28)		(1,067.88)
5 Cash Generated from Operations (3+4)		6,817.95		5,233.37
6 Direct Taxes Paid		(899.14)		(1,019.25)
NET CASH FROM OPERATING ACTIVITIES (5+6)		5,918.81		4,214.12
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(3,231.94)		(2,889.80)	
Sale of Fixed Assets	152.81		173.43	
Sale of Investments	-		62.86	
Investment in Other Companies	(75.45)		(156.21)	
Interest Received	328.98		352.47	
Dividend Received	329.45		341.59	
		(2,496.15)		(2,115.66)
NET CASH FROM INVESTING ACTIVITIES		(2,496.15)		(2,115.66)
BALANCE CARRIED FORWARD		3,422.66		2,098.46
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Long Term / short term Borrowings	1,380.41		1,494.64	
Repayment of Long Term / short term Borrowings	(1,681.79)		(1,740.23)	
Capital Subsidy	1.15		1.82	
Interest Paid	(1,381.05)		(1,482.76)	
Dividend & Dividend Tax Paid	(840.00)		(1,331.94)	
NET CASH FROM FINANCING ACTIVITIES		(2,521.28)		(3,058.47)



CONSOLIDATED CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016

(₹ in Crores)

	2015-16		2014-15	
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)		901.38		(960.01)
OPENING ADJUSTMENT FOR JV / ASSOCIATES		(61.48)		(692.85)
CASH AND CASH EQUIVALENTS AS AT 01.04.2015 (OPENING BALANCE)		1,558.25		3,211.11
CASH AND CASH EQUIVALENTS AS AT 31.03.2016 (CLOSING BALANCE)		2,398.15		1,558.25
NOTES:				
1 Cash & Cash Equivalents include :				
Cash & Bank Balances				
As per Balance Sheet		2,398.15		1,558.25
Unrealised (Gain)/ loss on foreign Exchange		-		-
Total Cash & Cash Equivalents		2,398.15		1,558.25

For and on behalf of the Board of Directors

N. K. Nagpal
Company SecretarySubir Purkayastha
Director (Finance)M Ravindran
Director (HR)B. C. Tripathi
Chairman & Managing Director

As per our separate Report of even Date

For O.P.Bagla & Co.
Chartered Accountants
Firm No.: 000018N(Rakesh Kumar)
(Partner)
Membership No.:087537For G.S Mathur & Co.
Chartered Accountants
Firm No.: 08744N(Rajiv Kumar Wadhawan)
(Partner)
Membership No.:091007

Place: New Delhi

Dated: 25th May, 2016

Notes to Consolidated Financial Statements for the year ended 31st March 2016

Note 1 : Share Capital

(₹ in crore)

	AS AT 31 st MARCH, 2016	AS AT 31 st MARCH, 2015		
AUTHORISED 200,00,00,000 (Previous Year : 200,00,00,000) Equity Shares of ₹10/-	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	1,268.48	1,268.48		
a) Details of Shareholders holding more than 5% shares in the parent company				
	31 st MARCH, 2016		31 st MARCH, 2015	
	Numbers	% Holding	Numbers	% Holding
Equity shares of ₹10/- each fully Paid Up				
(i) President of India (Promoter)	711,695,832	56.11%	711,733,651	56.11%
(ii) Life Insurance Corporation of India	132,621,001	10.46%	116,105,407	9.15%
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) 118,91,046 (Previous Year: 179,47,026) shares are held in the form of Global Depository Receipts				
d) The company has not issued shares for a consideration other than cash or Bonus shares during the immediately preceding five years.				



Note 2 : Reserves and Surplus

(₹ in crore)

	AS AT 31 ST MARCH, 2016		AS AT 31 ST MARCH, 2015	
Capital Reserve				
As per Last Financial Statements	3,300.92		3,299.22	
Add : Transferred from statement of Profit & Loss / Fund received	1.15		1.82	
Less : Transferred to statement of Profit & Loss	(0.12)	3301.95	(0.12)	3,300.92
Share Premium Account		14.70		14.70
Debenture Redemption Reserve		21.46		11.67
Bonds Redemption Reserve				
As per Last Financial Statements	204.04		167.27	
Add : Transferred from statement of Profit & Loss	59.68		61.77	
Less : Transferred to statement of Profit & Loss	(25.00)		(25.00)	
		238.72		204.04
CSR Reserve				
As per Last Financial Statements	1.00		31.00	
Add : Transferred from statement of profit & Loss	-		-	
Less : Transferred to statement of Profit & Loss	(1.00)		(30.00)	
		0.00		1.00
Foreign Currency Monetary Item Translation Difference Account		31.39		25.13
General Reserve				
As per Last Financial Statements	2,951.48		3,314.55	
Add : Transferred from statement of Profit & Loss	250.95		315.30	
Add : Adjustment due to Joint Venture Regrouping (Refer Note No - 47 of Other Notes to accounts)	(37.46)		(678.37)	
		3164.97		2951.48
Foreign Currency Translation Reserve		76.11		60.28
Surplus in the Statement of Profit & Loss				
As per Last Financial Statements	26,184.97		24,285.90	
Add : Transferred from statement of Profit & Loss	2,251.62		3,160.05	
Less : Adjustment due to Dividend Received from Associate	(24.02)		(14.48)	
Less: -Appropriations				
Interim Dividend	317.12		380.54	
Proposed Final Dividend	380.54		380.54	
Corporate Dividend Tax	142.03		153.56	
Transfer from Bond Redemption Reserve	(25.00)		(25.00)	
Transfer to Bond Redemption Reserve	59.68		61.77	
Transfer to CSR Reserve	(1.00)		(30.00)	
Transfer to Debenture Redemption Reserve	9.79		9.79	
General Reserve	250.95		315.30	
		27278.46		26184.97
TOTAL		34,127.76		32,754.19

Note 3 : Long Term Borrowings

(₹ in crore)

	Non-current Portion		Current Maturities	
	AS AT 31 ST MARCH, 2016	AS AT 31 ST MARCH, 2015	AS AT 31 ST MARCH, 2016	AS AT 31 ST MARCH, 2015
SECURED				
(a) BONDS				
Bonds Series - I	-	-	-	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 2015	500.00	500.00	-	-
(8.30% Secured Non-convertible redeemable Bonds 2015 -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 Feb 23, 2015 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)				
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)				
(b) TERM LOANS				
Oil Industry Development Board	-	-	-	121.00
(Secured by way of first charge on whole pipeline, spur lines, plant & machinery,spares,equipments,tools&accessoriesandothermovables 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.				
Carried Forward	1,750.00	1,750.00	-	221.00

(₹ in crore)

	Non-current Portion		Current Maturities	
	AS AT 31 st MARCH, 2016	AS AT 31 st MARCH, 2015	AS AT 31 st MARCH, 2016	AS AT 31 st MARCH, 2015
Brought Forward	1,750.00	1,750.00	-	221.00
Oil Industry Development Board	372.50	788.75	416.25	416.25
(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 June 2013 with rate of interest from 7.67% to 8.98% p.a depending on date of disbursement.				
Oil Industry Development Board	237.50	356.25	118.75	118.75
(Secured by way of first pari passu 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 excluding the plant and machinery of compressor stations at Jhabua and Vijaiapur). 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 ¹	4,808.78	4,746.82	688.32	583.06
Share of jointly controlled entities is ₹ 3,063.23 crores (Previous Year: ₹ 3,627.20 crores)				
- From Others ¹	1,901.86	2,012.21	314.33	244.62
Share of jointly controlled entities is Rs 709.13 crores (Previous Year: ₹ 888.25 crores)				
	9,070.64	9,654.03	1,537.65	1,583.68
UNSECURED				
(a) BONDS / DEBENTURES				
- Non-Convertible Bonds - Non Convertible Debenture	162.50	162.50	-	-
- Compulsorily Convertible Debenture - 9% Debenture	-	3.30	3.30	-
(b) TERM LOANS				
From Banks :				
-Bank of Tokyo Mitsubishi UFJ Ltd.	223.00	421.27	223.00	210.63
(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.				
-Bank of Tokyo Mitsubishi UFJ Ltd.	-	947.85	1,003.50	-
(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)				

(₹ in crore)

	Non-current Portion		Current Maturities	
	AS AT 31 st MARCH, 2016	AS AT 31 st MARCH, 2015	AS AT 31 st MARCH, 2016	AS AT 31 st MARCH, 2015
-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).	223.04	421.27	222.98	210.63
-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).	223.00	421.27	223.00	210.63
-Japan bank for International Co-operation(JBIC) Repayable in 20 half yearly equal Instalments starting from June'2013	185.88	191.42	30.98	27.35
-Sumitomo Mitsui Banking Corporations (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).	2,007.00	1,895.70	-	-
-Societe Generale (Repayment in 20 half yearly equal Instalments starting from 22 nd October 2012)	273.51	305.31	49.73	46.97
-KFW Germany (Siemens Facility) (Repayment in 20 half yearly equal Instalments starting from March, 2014)	225.83	246.11	34.74	32.82
-KFW Germany (Coperion Facility) (Repayment in 14 half yearly equal Instalments starting from November, 2014)	60.02	69.29	13.34	12.60
(c) Others				
- Sales Tax Deferred	1.53	2.16	-	-
- Other Unsecured	13.92	10.90	10.90	29.50
	3,599.23	5,098.35	1,815.47	781.13
TOTAL	12,669.87	14,752.38	3,353.12	2,364.81

Details of major securities in respect of group companies:

(i)

(a) Secured by way of first charge on all fixed assets both movable and immovable, present and future ranking paripasu with all term lenders except to the extent 131 bighas of Govt. Land, 59 bighas of private Land of Railway Siding and 1464 bighas of land of lakwa unit in possession of the company but title deed yet to be transferred, pertaining to Brahmputra Cracker & Polymer Ltd.

(b) Secured by

- (i) First ranking pari passu mortgage / charge on immovable and movable properties and assets, both present and future except current assets,
- (ii) First ranking pari passu mortgage / assignment on intangible assets relating to project both present and future, and
- (iii) Second ranking pari passu charge on any current asset with working capital lenders on reciprocal basis; pertaining to ONGC Petro-additions Limited.

(c) Secured by a subservient charge by way of hypothecation in favour of / for the benefit of the Lenders over the movable fixed assets, owned by the Borrower, both present and future, located in SEZ Dahej, Gujarat, pertaining to ONGC Petro-additions Limited.

(d) Secured by equitable mortgage / hypothecation of all present and future fixed and movable assets of Power Plant and associated LNG facilities at village Anjanwel, Guhagar, District: Ratnagiri, pertaining to Ratnagiri Gas & Power (Private) Ltd.

(e) Secured by first ranking mortgage and first charge on pari passu basis on all movable and immovable properties (except freehold land at New Delhi), both present and future including current assets except on trade receivables on which second charge is created on pari passu basis, pertaining to Petronet LNG Limited.

Note 4 : Deferred Tax Liabilities (Net)

(₹ in crore)

	AS AT 31 st MARCH, 2016	AS AT 31 st MARCH, 2015
- Deferred Tax Liabilities	5,445.38	6,680.85
- Deferred Tax Assets	(1,124.55)	(3,133.16)
(Refer Note No - 52 of Other Notes to accounts)		
Deferred Tax Liabilities (Net)	4,320.83	3,547.69

Note 5 : Other Long Term Liabilities

(₹ in crore)

	AS AT 31 st MARCH, 2016	AS AT 31 st MARCH, 2015
Trade Payable	2.82	2.82
Gas Pool Money (Provisional)	1,006.79	1,998.33
Others :		
Liability for Abandonment Cost (E&P)	1.34	1.13
Deposits & Others long term liabilities	325.44	257.41
TOTAL	1,336.39	2,259.69

Note 6 : Long Term Provisions

(₹ in crore)

	AS AT 31 st MARCH, 2016	AS AT 31 st MARCH, 2015
Provision for Employee Benefits	627.82	588.02
Other Provisions	3.99	4.05
TOTAL	631.81	592.07

Note 7 : Short Term Borrowings

(₹ in crore)

	AS AT 31 st MARCH, 2016	AS AT 31 st MARCH, 2015
Secured Borrowings	438.31	36.00
- Share of Jointly Controlled Entities is ₹ 333.95 crores (Previous Year: ₹ 0.79 crores)		
Unsecured Borrowings	1,528.67	1,138.16
- Share of Jointly Controlled Entities is ₹ 638.94 crores (Previous Year: ₹ 335.38 crores)		
TOTAL	1,966.98	1,174.16

Note 8 : Trade Payables

(₹ in crore)

	AS AT 31 st MARCH, 2016	AS AT 31 st MARCH, 2015
Trade Payables	3,084.94	3,413.74
TOTAL	3,084.94	3,413.74

Note 9 : Other Current Liabilities

(₹ in crore)

	AS AT 31 st MARCH, 2016	AS AT 31 st MARCH, 2015
(a) Current Maturity of Long Term Debt (Refer Note No. - 3)		
(i) SECURED	1,537.65	1,583.68
(ii) UNSECURED	1,815.47	781.13
(b) Interest accrued but not due	233.85	253.36
(c) Unpaid / Unclaimed Dividend	3.20	3.51
(d) Others		
Advances / Deposits / Retention from Customers, Contractors and others	1,923.00	1,484.95
Gas Pool Money	927.87	816.81
Imbalance & Overrun Charges	85.81	80.38
Other Liabilities	1,936.65	1,729.89
TOTAL	8,463.50	6,733.71

Note 10 : Short-term Provisions

(₹ in crore)

	AS AT 31 st MARCH, 2016	AS AT 31 st MARCH, 2015
Provision for Employee Benefits	38.90	46.32
Others :		
Provision for Proposed Dividend	380.54	380.54
Provision for tax on Proposed Dividend	77.47	77.47
Provison for Probable Obligations	497.87	576.65
Other Provisons	461.39	309.86
TOTAL	1,456.17	1,390.84

Note 11 - Fixed Assets (Tangible / Intangibles Assets)

(₹ in crore)

DESCRIPTION	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As at 01.04.2015	Additions/ Adjustments during the year	Sales / Adjustments during the year	As at 31.03.2016	As at 01.04.2015	For the Year ##	Adjustments during the year	As at 31.03.2016	As on 31.03.2016	As on 31.03.2015
Tangible Assets										
Land: Freehold	207.48	76.35	43.58	240.25	-	-	-	-	240.25	207.48
Leasehold	450.39	208.00	6.53	651.86	63.31	10.75	9.21	64.85	587.01	387.08
Building : Office/Others	1,113.22	468.66	26.62	1,555.26	305.93	43.19	13.44	335.68	1,219.58	807.29
Residential	526.31	73.18	19.47	580.02	112.04	13.84	5.49	120.39	459.63	414.27
Roads and Fences	2.14	281.09	0.06	283.17	0.66	11.63	0.02	12.27	270.90	1.48
Electrical Installations	3.49	-	0.01	3.48	1.11	0.35	-	1.46	2.02	2.38
Bunk Houses	2.92	0.20	0.14	2.98	2.42	0.30	0.13	2.59	0.39	0.50
Plant and Machinery	43,213.97	9,669.09	688.41	52,194.65	14,342.16	1,397.00	374.15	15,365.01	36,829.64	28,871.81
Railway Lines & Sidings	5.47	-	-	5.47	5.20	-	-	5.20	0.27	0.27
Communication Systems	6.91	0.96	0.69	7.18	4.66	0.88	0.68	4.86	2.32	2.25
Electrical Equipments	454.53	37.03	9.56	482.00	168.20	39.68	8.51	199.37	282.63	286.33
Furniture, Fixtures and other Equipments	305.84	162.32	25.22	442.94	150.72	36.59	16.50	170.81	272.13	155.12
Office Equipments	236.27	49.08	15.86	269.49	161.92	30.36	14.98	177.30	92.19	74.35
Vehicles	4.70	2.12	(0.05)	6.87	1.16	0.73	0.06	1.83	5.04	3.54
Transport Equipments	8.96	1.05	0.29	9.72	4.59	0.80	0.28	5.11	4.61	4.37
E&P Assets										
Proved/ Producing Property	2,331.17	312.93	(70.59)	2,714.69	498.18	254.25	(23.09)	775.52	1,939.17	1,832.99
Support Equipment & Facility	2.49	3.06	-	5.55	0.83	0.34	-	1.17	4.38	1.66
Unproved Leasehold Cost	0.72	-	(0.03)	0.75	-	-	-	-	0.75	0.72
Intangible Assets										
Right of Use	756.49	(4.85)	0.02	751.62	28.99	7.58	-	36.57	715.05	727.50
Softwares / Licences / Others	153.08	50.63	34.30	169.41	84.42	23.13	(4.97)	112.52	56.89	68.66
Total	49,786.55	11,390.90	800.09	60,377.36	15,936.50	1,871.40	415.39	17,392.51	42,984.85	33,850.05
Share in Joint Venture Assets and Subsidiary included	8,397.29	8,936.86	334.45	16,999.70	2,306.92	556.19	101.79	2,761.32	14,238.38	6,090.37
Previous Year	42,294.60	8,080.73	588.78	49,786.55	14,515.23	1,464.33	43.06	15,936.50	33,850.05	27,779.37
Share in Joint Venture Assets and Subsidiary included	8,238.28	627.28	468.27	8,397.29	1,935.54	483.59	112.21	2,306.92	6,090.37	6,302.74

Depreciation for the financial year includes Impairment loss of ₹ (8.05) crore for Plant & Machinery

Note 12 : Capital Work-in-Progress

(₹ in crore)

		AS AT 31 st MARCH, 2016		AS AT 31 st MARCH, 2015
A. Tangible				
I. Plant & Machinery				
Linepipe Construction and related facilities including Cathodic Protection & Dispatch / Receiving Terminals	1,641.65		1,184.72	
Less : Provision for Linepipe and Related Facilities	(111.58)	1,530.07	(96.28)	1,088.44
Compressor Stations		0.08		12.09
Telecom/Telesupervisory System		15.65		8.20
Petrochemicals		3,584.45		9,811.64
Others		141.82		147.59
Engineering / Project construction		581.70		481.58
Exploratory & Development Well in Progress	286.41		474.12	
Less : Provision for Dry Exploratory Wells	-	286.41	-	474.12
Construction of CNG Station		156.37		148.93
II. Buildings	40.26		91.76	
Less : Provision for abandonment of Building	(5.28)	34.98	(5.28)	86.48
III. Linepipes, Capital Items in Stock/Transit	1,622.97		1,544.37	
Less : Provision for losses/obsolescence	(9.88)	1,613.09	(6.55)	1,537.82
B. Intangibles		34.65		9.04
TOTAL		7,979.27		13,805.93

Note 13: Non-current Investments

(₹ in crore)

	AS AT 31 st MARCH, 2016	AS AT 31 st MARCH, 2015
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	336.42	273.84
3,000,000 (Previous Year 3,000,000) Equity shares of LE 5/- per share in National Gas Company "Nat Gas" Equity share has acquired at a premium LE 34.5 per Equity Share	147.91	128.41
(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		
19,000 (Previous Year : 19,000) Equity shares of LE 100/- each fully paid up in Fayum Gas Company registered in Egypt.	7.46	5.22
2. Other than Trade Investments (Unquoted)		
Investments in Equity Instruments :-		
i). 30 Shares (Previous Year : 30) of ₹50 each fully paid up in Darpan Co-operative Housing Society Ltd., Vadodara (₹ 1,500/-)	-	-
ii). 50 Shares (Previous Year : 50) of ₹50 each fully paid up in Ashoka Apartments Co-operative Housing Society Ltd., Vadodara (₹ 2,500/-)	-	-
iii). 400 Shares (Previous Year : 400) of ₹10 each fully paid up in Sanand Members Association, Ahmedabad. (₹ 4,000/-)	-	-
iv). 55 Shares (Previous Year : 55) of ₹50/- each fully paid up in Green Field (B) Co-operative Housing Society Ltd., Mumbai (₹ 2,750/-)	-	-
v). 50 Shares (Previous Year : 50) of ₹5/- each fully paid up in Avillion Greenfield Co-operative Housing Society Ltd., Mumbai (₹ 250/-)	-	-
vi). 50 Shares (Previous Year : 50) of ₹30/- each fully paid up in Suraj Heights A Co-operative Housing Society Ltd., Mumbai (₹ 1,500/-)	-	-
vii). 10 Shares (Previous Year : 10) of ₹5/- each fully paid up in Sheel Jeet Co-operative Housing Society Ltd., Mumbai (₹ 500/-)	-	-
viii). 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		
2,07,60,000 (Previous Year : 2,07,60,000) Equity Shares of ₹10/- each fully paid-up in Gujrat State Energy Generation Ltd. (Refer Note No - 30 (B) (xi) of Other Notes to accounts)	10.66	10.66
Other Investment / Investment by Group companies (Unquoted) - Share of Jointly Controlled Entities	57.79	51.87
4. Advances for Investment (Pending Allotment)		
Other Companies South East Asia Gas Pipeline Ltd	105.70	105.70
TOTAL	1,223.13	1,132.89

Note 14 : Long Term Loans & Advances

(₹ in crore)

		AS AT 31 st MARCH, 2016		AS AT 31 st MARCH, 2015
(a) Capital Advances				
- Secured / Unsecured - Considered Good	380.61		2,441.87	
- Unsecured - Considered Doubtful	0.35		0.35	
Less : Provision for Doubtful Advances	380.96 (0.35)		2,442.22 (0.35)	
		380.61		2,441.87
(b) Security Deposits (Unsecured)		170.69		154.39
(c) Other Loans and Advances				
Loans		223.26		234.64
- South East Asia Gas Pipeline				
Loans to Employees				
- Secured, Considered Good		330.94		300.41
- Unsecured, Considered Good		83.15		98.85
Advances to Income Tax against pending demand (net of MAT Credit Entitlement)				
- Unsecured, Considered Good	2,283.69		1,613.15	
- Unsecured, Considered Doubtful	107.57		107.57	
	2,391.26 (107.57)	2,283.69	1,720.72 (107.57)	1,613.15
- Less: Provision for Doughtful Income Tax against pending demand				
Advance Tax / TDS				
- Unsecured, Considered Good	1,263.63		3,407.69	
Provision for Taxations	(969.37)	294.26	(3,071.07)	336.62
Others (Unsecured, Considered Good)		946.24		763.32
TOTAL		4,712.84		5,943.25

Note 15 : Other Non Current Assets

(₹ in crore)

		AS AT 31 st MARCH, 2016		AS AT 31 st MARCH, 2015
Long Term Trade Receivables				
- Unsecured	1,115.92		2,410.50	
- Considered Good	764.02		527.85	
- Considered Doubtful	1,879.94		2,938.35	
Less : Provision for Doubtful Debts	(764.02)		(527.85)	
		1,115.92		2,410.50
Others				
Deposit with various parties		8.12		6.86
Other Non current assets		3.92		5.89
TOTAL		1,127.96		2,423.25

Note 16 : Current Investments

(₹ in crore)

		AS AT 31 st MARCH, 2016		AS AT 31 st MARCH, 2015
Other Current Investments / Mutual Fund Scheme				
- Share of Jointly Controlled Entities		135.87		139.28
TOTAL		135.87		139.28

Note 17: Inventories

(₹ in crore)

		AS AT 31 st MARCH, 2016		AS AT 31 st MARCH, 2015
(a) Finished Goods (incl Work-in-Progress) Stock of Gas*/Polymers/LPG and Other Products *after adjustment of calorific value		963.09		1,342.33
(b) Raw material, Stores, Spares and others (As taken, valued and certified by the Management)				
Raw Material		63.99		114.37
Raw Material on Transit		-		-
CNG and Natural Gas in Pipeline		0.73		0.93
Stores and Spares (including Construction Surplus - Capital/ Stores)	1,203.58		921.06	
Less : Provision for Losses/Obsolescence	(26.07)		(24.13)	
		1,177.51		896.93
TOTAL		2,205.32		2,354.56

Note 18: Trade Receivables

(₹ in crore)

		AS AT 31 st MARCH, 2016		AS AT 31 st MARCH, 2015
Trade receivables outstanding for a period exceeding six months				
- Secured, Considered Good	0.16		3.87	
- Unsecured, Considered Good	359.04		856.36	
- Unsecured, Considered Doubtful	83.49	442.69	96.98	957.21
Other receivables				
- Secured, Considered Good	20.17		11.28	
- Unsecured, Considered Good	2,493.34		2,338.43	
- Unsecured, Considered Doubtful	1.08		1.85	
		2,514.59		2,351.56
		2,957.28		3,308.77
Less : Provision for Doubtful debts		(84.57)		(98.83)
TOTAL		2,872.71		3,209.94

Note 19: Cash and cash equivalents

(₹ in crore)

		AS AT 31 st MARCH, 2016		AS AT 31 st MARCH, 2015
BALANCES WITH BANKS				
On Current Account (includes Corporate Liquid Term Deposit)	153.45		200.61	
On Current Account - Dividend Payable ##	3.20		3.51	
On Term Deposit Account (including Long Term deposits)	1,207.74		441.53	
On Short Term Deposit - Gas Pool Money ## (includes interest accrued but not due ₹ 14.91 Cr (Previous Year : ₹34.27 Cr)	925.12		800.08	
On Short Term Deposit - Imbalance & Overrun ## (includes interest accrued but not due ₹ 3.93 Cr (Previous Year : ₹ 3.11 Cr)	85.71		79.92	
On Short Term Deposit - JV Consortium ## (includes interest accrued but not due ₹ 0.26 Cr (Previous Year : ₹ 1.09 Cr)	20.40	2,395.62	30.50	1,556.15
Cheques/Drafts/Stamps in hand	0.02		0.02	
Cash in hand	2.51	2.53	2.08	2.10
TOTAL		2,398.15		1,558.25

represents earmarked balances.

Note 20 : Short Term Loans and Advances

(₹ in crore)

		AS AT 31 st MARCH, 2016		AS AT 31 st MARCH, 2015
Loans / Advances to Employees				
- Secured, Considered Good		42.33		37.32
- Unsecured, Considered Good		8.23		10.92
- Share of Jointly Controlled Entities is ₹ 0.12 crores (Previous Year: ₹ 0.06 crores)				
Advances recoverable in cash or in kind or for value to be received				
- Unsecured, Considered Good (Refer Note No - 46 of Other Notes to accounts)	1,103.80		1,373.07	
- Unsecured, Considered Doubtful	9.61		0.99	
	1,113.41		1,374.06	
Less : Provision for Doubtful Advances	(9.61)		(0.99)	
		1,103.80		1,373.07
Claims Recoverable				
- Unsecured				
- Considered Good	236.01		162.28	
- Considered Doubtful	11.67		1.13	
	247.68		163.41	
Less : Provision for doubtful claims	(11.67)		(1.13)	
		236.01		162.28
Deposits / Balances with Government Authorities and Others				
- Unsecured				
- Considered Good	2,586.44		2,568.58	
- Considered Doubtful	1.67		1.86	
	2,588.11		2,570.44	
Less : Provision for doubtful deposits	(1.67)		(1.86)	
		2,586.44		2,568.58
TOTAL		3,976.81		4,152.17

Note 21 : Other Current Assets

(₹ in crore)

		AS AT 31 st MARCH, 2016		AS AT 31 st MARCH, 2015
Interest accrued but not due ***		18.42		18.55
Others (including Foreign Currency Derivative Contracts)		1,228.31		930.88
Total		1,246.73		949.43

*** Share of Jointly controlled entities is ₹ 4.28 Crore (Previous Year : ₹ 7.48 crore)

Note 22 : Revenue from Operations

(₹ in crore)

		AS AT 31 st MARCH, 2016		AS AT 31 st MARCH, 2015
a) Sale of Products/ Gas		53,527.90		59,985.94
b) Sale of Services		1,717.53		1,439.83
c) Income from Telecom		2.74		2.96
d) Other Operating Income		315.68		189.23
		55,563.85		61,617.96
Less : Excise Duty		(676.19)		(914.00)
TOTAL		54,887.66		60,703.96

Note 23: Other Income

(₹ in crore)

		YEAR ENDED 31 ST MARCH, 2016		YEAR ENDED 31 ST MARCH, 2015
Dividend from long term (trade) investment		329.45		341.59
Interest on:				
- Deposits with Banks	113.97		117.15	
- Others	216.55		240.84	
	330.52		357.99	
Add: Transferred to Expenditure during construction period (Refer Note 28)	(1.67)	328.85	(11.00)	346.99
Miscellaneous Income including liabilities written back	171.66		179.46	
Add: Transferred to Expenditure during construction period (Refer Note 28)	(0.83)	170.83	(4.62)	174.84
TOTAL		829.13		863.42

Note 24: Employee benefits expenses

(₹ in crore)

		YEAR ENDED 31 ST MARCH, 2016		YEAR ENDED 31 ST MARCH, 2015
Salaries, Wages and Allowances		854.39		817.39
Contribution to Provident and Other Funds		158.26		136.89
Welfare Expenses		144.67		153.63
Secondment charges		7.47		1.84
TOTAL		1,164.79		1,109.75
Less: Employees Benefit Expenses transferred to Capital Work-in-Progress (refer note no. 28)		60.54		124.36
TOTAL		1,104.25		985.39

Note 25: Finance Cost

(₹ in crore)

		YEAR ENDED 31 ST MARCH, 2016		YEAR ENDED 31 ST MARCH, 2015
Interest on: -				
- Term Loans		1,101.48		1,321.73
- Bonds		156.66		125.25
- Others		40.70		10.13
Other Borrowing Costs (Commitment and other Finance Charges)		62.70		32.29
TOTAL		1,361.54		1,489.40
Less: Interest and Finance Charges transferred to Capital Work-in-Progress (refer note no. 28)		380.63		837.57
TOTAL		980.91		651.83

Note 26: Depreciation and Amortization Expenses

(₹ in crore)

		YEAR ENDED 31 ST MARCH, 2016		YEAR ENDED 31 ST MARCH, 2015
Depreciation and Amortization Expenses		1,863.35		1,458.24
Impairment Loss		8.05		6.09
		1,871.40		1,464.33
Less: Depreciation & Amortization expenses transferred to Capital Work-in-Progress (refer note no. 28)		20.50		31.76
TOTAL		1,850.90		1,432.57

Note-27 : Other Expenses

(₹ in crore)

		YEAR ENDED 31 ST MARCH, 2016		YEAR ENDED 31 ST MARCH, 2015
Power, Fuel and Water Charges				
Power and Water Charges	567.65		411.86	
Gas used as Fuel	1,629.30	2,196.95	1,661.65	2,073.51
Gas Pool Expenses		79.56		1,517.48
Stores and Spares consumed		327.65		325.21
Rent		41.11		45.56
Rates and Taxes (includes entry tax on gas)		19.18		20.69
Repairs and Maintenance				
Plant and Machinery	476.68		464.47	
Buildings	44.65		36.22	
Others	69.84	591.17	72.52	573.21
Insurance		38.77		48.71
Travelling Expenses		111.17		109.68
Advertisement and Publicity		55.28		47.26
Payment to Auditors				
Audit Fees	0.92		0.81	
Tax Audit fees	0.09		0.16	
Company Law Matters	-		-	
Management Services (incl other Services - for issuing certificate, etc.)	0.27		0.32	
Travelling & Out of Pocket Expenses	0.63	1.91	0.51	1.80
Vehicle Hire and Running Expenses		40.33		45.90
Equipment Hire charges		0.55		1.32
CNG Transportation		1.52		0.74
Operating Expenses at CNG Stations		30.01		26.92
Lease Charges		37.76		42.46
Survey Expenses		21.08		20.41
Dry Well Expenses written off	101.20		113.40	
Less: Provision for Dry Well Expenses written back	-	101.20	-	113.40
Oil & Gas Producing Expenses (Operators)		78.87		66.52
Royalty on Crude Oil (includes share of Govt in profit petroleum)		180.43		167.14
Consultancy Charges		56.78		56.52
Donation		1.16		0.02
Research and Development Expenses		73.46		17.01
Loss on sale / written off of assets(net)		28.73		(3.49)
Bad Debts / Claims / Advances / Inventories written off		2.86		0.94
Provision for Doubtful Debts, Advances, Claims, Deposits and obsolescence of Stores and Capital Items		290.11		68.91
Provision for Probable Obligations / Contingencies		41.76		49.83
Expenses on Enabling Facilities		16.99		15.38
Selling & Distribution Expenses		42.03		46.33
Discount on Sales		85.58		146.59
Commission on Sales		12.56		16.55
Security Expenses		123.71		125.04
Corporate Social Responsibility Expenses		164.82		73.47
Net Loss on Foreign currency transaction and translation		(84.27)		(49.35)
Other Expenses		250.34		862.87
Prior Period Adjustments (Refer note 29)		1.56		109.24
Total		5,062.68		6,783.78
Less : Expenditure during construction transferred to Capital Work-in-Progress (refer note no. 28)		187.67		832.31
Total		4,875.01		5,951.47

Note 28 : Expenditure during Construction Period

(₹ in crore)

		YEAR ENDED 31 ST MARCH, 2016		YEAR ENDED 31 ST MARCH, 2015
Employees Remuneration and Benefits				
Salaries, Wages and Allowances	52.89		115.53	
Contribution to Provident and Other Funds	5.01		4.95	
Welfare Expenses	2.64	60.54	3.88	124.36
Power, Fuel and Water Charges		48.61		137.41
Other Expenses		139.06		694.90
Depreciation		20.50		31.76
Interest and Finance Charges		380.63		837.57
		649.34		1,826.00
Less : - Interest Income	1.67		11.00	
- Misc. Income	0.83	2.50	4.62	15.62
Net Expenditure		646.84		1,810.38
Less :Transferred to Capital Work-in-progress				
a) Employees Benefits Expenses	60.54		124.36	
b) Interest & Finance Charges	380.63		837.57	
c) Depreciation	20.50		31.76	
d) Other Expenses	187.67		832.31	
e) Other Income	(2.50)	646.84	(15.62)	1,810.38
Balance Carried over to Balance Sheet		NIL		NIL

Note 29 : Prior Period Adjustments

(₹ in crore)

		YEAR ENDED 31 ST MARCH, 2016		YEAR ENDED 31 ST MARCH, 2015
Purchase of Gas		0.06		(10.95)
Salaries, Wages and Allowances		-		0.05
Welfare Expenses		-		106.00
Stores and Spares consumed		0.18		(0.53)
Rent		0.41		2.68
Depreciation(Net)		2.43		1.96
Repairs and Maintenance		-		(2.99)
Consultancy Charges		(0.52)		-
Other Expenses		(1.00)		11.85
Total		1.56		108.07
Less :				
- Sales	-		(1.34)	
- Interest Income	-		0.11	
- Miscellaneous Income	-		0.06	(1.17)
TOTAL(NET)		1.56		109.24

Other notes forming part of consolidated financial statements.

Note - 30

(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 collectively referred as "Group". The accounts are prepared on historical cost convention in accordance with the accounting standards as referred under section 133 of the Companies Act 2013, read with Rule '7' of the Companies (Accounts) Rule 2014 and other applicable relevant statutes.

(B) PRINCIPLES OF CONSOLIDATION

The consolidated Financial Statements have been prepared on the following basis:-

- 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”.

- 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”. 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”.
- 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 31st, 2016), except Gail Global (USA) Inc., Fayum Gas and National Gas Company “Nat Gas” (for which the accounts drawn up as at December 31, 2015) and China Gas Holding Limited (for which the accounts drawn up to September 30, 2015) 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 & US GAAP 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 “The 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 on “The Effects of Changes in Foreign Exchange Rates”. 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 said Accounting Standard (AS) - 11.
- xi. During the year one of the associate company namely, Gujarat State Energy Generation Ltd (GSEG) ceases to be the associate company due to withdrawal of representative from the board of directors. Accordingly, the company has discontinued consolidating the said investment as associate in Consolidated Financial Statement. The same investment should be accounted for in accordance with Accounting Standard (AS) – 13, “Accounting for Investments”. The carrying amount of the investment should be regarded as cost thereafter.
- xii. Investment other than in Subsidiaries, Joint Ventures & Associates have been accounted for as per Accounting Standard (AS) – 13 on “Accounting for Investments”.

(C) OTHER SIGNIFICANT ACCOUNTING POLICIES: -

These are set out under Significant Accounting Policies as given in the Company’s standalone financial statements.

Note 31

The Consolidated Financial Statements represent consolidation of accounts of the Company (GAIL India Limited), its subsidiaries, joint venture companies and associates as detailed below:

Serial number	Name of companies	Country of Incorporation	Relation	Proportion of ownership as on 31.03.2016	Proportion of ownership as on 31.03.2015
1	GAIL Global (Singapore) PTE Ltd	Singapore	Subsidiary	100%	100%
2	GAIL Global (USA) Inc. (Refer *1)	USA	Subsidiary	100%	100%
3	Brahmaputra Cracker & Polymer Ltd	India	Subsidiary	70.00%	70.00%
4	GAIL GAS Limited (Refer *2)	India	Subsidiary	100%	100%
5	Mahanagar Gas Limited	India	Joint Venture	35.00%	35.00%
6	Indraprastha Gas Limited (Refer *3)	India	Joint Venture	22.50%	22.50%
7	Petronet LNG Limited (Refer *4)	India	Joint Venture	12.50%	12.50%
8	Bhagyanagar Gas Limited	India	Joint Venture	22.50%	22.50%

Serial number	Name of companies	Country of Incorporation	Relation	Proportion of ownership as on 31.03.2016	Proportion of ownership as on 31.03.2015
9	Central UP Gas Limited	India	Joint Venture	25.00%	25.00%
10	Green Gas Limited	India	Joint Venture	22.50%	22.50%
11	Maharashtra Natural Gas Limited (MNGL)	India	Joint Venture	22.50%	22.50%
12	Aavantika Gas Limited	India	Joint Venture	22.50%	22.50%
13	Ratnagiri Gas & Power (Private) Ltd (RGPPL)	India	Joint Venture	25.50%	28.91%
14	Tripura Natural Gas Co Ltd. (TNGCL)	India	Joint Venture	29.00%	29.00%
15	ONGC Petro-additions Limited (OPaL)	India	Joint Venture	15.50%	15.50%
16	GAIL China Gas Global Energy Holdings Ltd. #	Bermuda	Joint Venture	50.00%	50.00%
17	TAPI Pipeline Company Limited #	Isle of Man	Joint Venture	25.00%	25.00%
18	Rashtriya Coal Gas Fertilizer Ltd.	India	Joint Venture	29.67%	-----
19	Fayum Gas	Egypt	Associate	19.00%	19.00%
20	National Gas Company "Nat Gas"	Egypt	Associate	15.00%	15.00%
21	China Gas Holding Limited	Bermuda	Associate	3.05%	3.00%

*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 Rajasthan State Gas Ltd respectively.

*3: Consolidated financial statement of Indraprastha Gas Limited includes two of its associate companies.

*4: Consolidated financial statement of Petronet LNG Limited includes its 26% interest in Joint Venture company, i.e., Adani Petronet (Dahej) Port Pvt.Ltd.

Financial statements have not been made / available.

Note 32

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)
		GAIL (India) Ltd.	Subsidiary / Joint Venture	(₹ in Crores)
Inventories				
Valuation of Stores and spares	Central UP Gas Ltd	Valued at weighted average cost or net realizable value, whichever is lower	Valued at cost on weighted average basis.	0.08
	Tripura Natural Gas Co Ltd		Valued at cost	0.36
Depreciation				
Software / Licences	Petronet LNG Limited (PLL) / Aavantika Gas Limited (AGL) / Mahanagar Gas Limited / Maharashtra Natural Gas Limited / RGPPL.	Software / Licences are amortized in 5 years on straight line method	Amortised over: Petronet LNG Ltd - 3 years. Aavantika Gas Ltd - 4 years. Mahanagar Gas Ltd - 6 years. Maharashtra Natural Gas Ltd - 3 years. RGPPL - 3 years or Period of Legal right, whichever is less.	1.78
Employee Benefits	Aavantika Gas Limited (AGL)	Implementation of Revised AS-15	Implementation of AS-15 is un-ascertained	Not Quantifiable

Prepaid expenses & Prior period expenses / income	Brahmaputra Cracker & polymers Ltd (BCPL) / BGL / Green Gas Ltd.	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 Gail Gas Ltd., BCPL, BGL, RGPPL / Green Gas Ltd.		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.		Un-ascertained / Not available.	Not Quantifiable
Capital commitment	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, AGL, Bhagyanagar Gas Limited, Green Gas Ltd.		Un-ascertained / Not available	Not Quantifiable

The effect of above differential accounting policies could not be quantified on Statement of profit & Loss.

Note 33

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

I. Contingent Liability

- (a). Claims against the Company not acknowledged as debts: ₹9,250.86 Crores (Previous Year: ₹8286.66 Crores), which mainly include:-
- Legal cases for claim of ₹1,908.80 Crores (Previous Year: ₹1,709.68 Crores) by trade payable on account of Liquidated Damages/ Price Reduction Schedule, Natural Gas price differential etc. and by customers for Natural gas transmission charges etc.
 - Income tax demand of ₹1,303.67 crore (net of provision) (Previous Year: ₹1,335.95 crore) against which the Company has filed appeals with Commissioner of Income Tax (CIT) / Income Tax Appellate Tribunal (ITAT). Further, the Income Tax Department has also filed appeals amounting to ₹354.33 crore (including interest) (Previous Year: ₹170.05 crore) before ITAT against the relief granted by CIT (Appeals) in favour of the Company.
 - ₹4,865.22 Crores (Previous Year: ₹4,753.53 Crores) relating to disputed tax demand towards Custom Duty, Excise duty, Sales tax, Entry tax, Service Tax etc.
- (b) Share in Contingent Liabilities of Joint Ventures based on their audited / unaudited financial statement : ₹889.91 Crores (Previous Year: ₹824.01 Crores).

II. Commitments:-

- Estimated amount of contracts remaining to be executed on capital account and not provided for: ₹2,392.93 Crores (Previous Year: ₹3,476.34 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 ₹458.58 Crores (Previous Year: ₹588.62 Crores).
- Other Commitments:-
 - As at 31st March 2016, the Company has commitment of ₹129.15 Crores (Previous Year: ₹134.15 Crores) towards further investment in the entity other than Joint Ventures, Associates & Subsidiaries.

Note 34

- The Company has continued raising provisional invoices for sale of R-LNG as the supplier – Petronet LNG Ltd (PLL) has also continued raising provisional invoices on the Company since customs duty on import of LNG by PLL has been assessed on provisional basis.
- With effect from 1st April 2002, Liquefied Petroleum Gas (LPG) prices has been deregulated and is now based on the import parity prices fixed by the Oil Marketing Companies. However, the pricing mechanism is provisional and is pending finalization. Additional asset/liability or impact on profits, if any, will be recognized on finalization.

Note 35

- Natural Gas Pipeline Tariff is subject to various Regulations issued by Petroleum and Natural Gas Regulatory Board (PNGRB) from time to time. Impact on profits, if any, is being recognized consistently as and when the pipeline tariff is revised by orders of PNGRB.
- During the year, PNGRB notified revised Petroleum and Petroleum Products Pipeline Transportation Tariff for Vizag-Secunderabad LPG Pipeline (VSPL). In compliance of the order, the Company has recognized the revenue by an amount of ₹24.74 crore pertaining to previous financial years.
- The Company has filed appeal(s) at Appellate Tribunal (APTEL), against various moderations done by PNGRB in 6 (six) provisional tariff orders for natural gas pipelines. APTEL remanded back tariff orders to PNGRB for considering submissions made by the Company and also directed the Company to submit to PNGRB all its grievances. Accordingly, the Company has made its submissions to PNGRB for issuing final tariff orders. PNGRB has issued final tariff order for KG-Basin network on 16th March 2016, which is applicable from 1st April



2016 to 11th February 2017, keeping the same assumptions as considered in the provisional tariff orders, against which the Company has again gone in appeal before APTEL and the decision is pending. As regards rest of the provisional orders, PNGRB is yet to issue its final orders.

- (d) Taking cognizance of Hon'ble Supreme Court judgment dated 1st July 2015, in the case of PNGRB vs. Indraprastha Gas Limited, the Company has filed a Writ Petition, during the year, before the Hon'ble Delhi High Court challenging the jurisdiction of PNGRB on fixation of tariff for own consumers. The matter is sub-judice as at the end of the financial year.

Note 36

Pending disposal of cases in relation to pipe line transportation charges for Uran Trombay Pipeline, the liability of ONGC Ltd amounting to ₹222.14 crore and corresponding debtors for the same ₹171.65 crore has been continued as at the end of the current financial year. During the year, provision towards doubtful recovery of aforesaid debtors of ₹171.65 crore has been made by the Company.

Note 37

During the year, PNGRB has issued a revised Tariff Order in respect of new Tap off at Petro Park, Vizag for Hindustan Petroleum Corporation Limited (HPCL). The order is effective from June 2012 and accordingly the Company has issued Debit Notes / Invoices amounting to ₹49.07 crore including Service Tax. These Debit Notes / Invoices have been contested by HPCL. In the opinion of the management, the matter is under discussion with HPCL and the amount of ₹48.55 crore outstanding at the end of the financial year, is considered as good.

Note 38

- (a) The balance retention from Panna Mukta Tapti (PMT) JV consortium amounting to ₹20.40 crore (Previous Year: ₹30.50 crore) (shown in Note No 20) is kept as Earmarked Balance in short term deposit in banks. It includes interest accrued but not due amounting to ₹0.26 crore (Previous Year: ₹1.09 crore). This interest income does not belong to the Company and not accounted for as income.
- (b) (i) Liability on account of "Gas Pool Account" amounting to ₹927.87 crore (Previous Year: ₹816.81 crore) represents amount held by the Company as custodian pursuant to directions of MOPNG. The amount received is kept as Earmarked Fund in the form of Short Term Deposits in banks. It includes interest accrued but not due amounting to ₹14.91 crore (Previous Year: ₹34.27 crore). This interest does not belong to the Company and not accounted for as income.
- (ii) Gas Pool Money (Provisional) shown under "Other Long Term Liabilities" amounting to ₹1,006.79 crore (Previous Year: ₹1,998.33 crore) will be invested as and when said amount is received from the customers.
- (c) Liability on account of Pipeline Overrun and Imbalance Charges amounting to ₹85.81 crore (Previous Year: ₹80.38 crore) represents amount held by the Company as custodian pursuant to directions of PNGRB. The amount received is kept as Earmarked Fund in the form of Short Term Deposits in banks (shown in Note No 20). It includes interest accrued but not due amounting to ₹3.93 crore (Previous Year: ₹3.11 crore) on short term deposits. This interest does not belong to the Company and not accounted for as income.

Note 39

GAIL is acting as pool operator in terms of the decision of Government of India for pooling of natural gas for Urea Plants. The scheme envisages uniform cost of gas for urea production by settlement of difference in weighted average price of gas of each plant to the weighted average price for the industry. Accordingly, an amount of ₹604.27 crore is payable to and correspondingly receivable from Urea Plants, as on 31st March 2016. After netting of the payable and receivable amounts, there is no impact in the financial statements.

Note 40

GAIL is acting as pool operator in terms of the decision of the Government of India for capacity utilisation of the notified gas based power plants. The Scheme envisages support to the power plants from the Power Sector Development Fund (PSDF) of the Government of India. The gas supplies were on provisional / estimated price basis which were to be reconciled based on actual cost. Accordingly, current liabilities include a sum of ₹510.89 crore on this account, as on 31st March 2016 which is payable to the above said power plants and / or to the Government of India

Note 41

Trade Receivables includes an amount of ₹255.36 crore, inclusive of service tax, from Indian Oil Corporation Ltd (IOCL) towards invoices raised during the year on account of ship or pay charges for shortfall in the Annual Contracted Quantity (for the period from 2010 to 2015), in pursuance of Gas Transmission Agreement dated 7th October 2005. IOCL, on 22nd March 2016, has disputed the claim of the Company. As per the legal opinion obtained by the Company in the matter, the dispute raised by IOCL is not tenable

Note 42

Pursuant to the decision of Government of India, in the meeting of Inter-Ministerial Committee (IMC) dated 11th and 30th September 2013, the Company has, during the year, transferred the assets including specific liabilities of LPG Lakwa to Brahmaputra Cracker and Polymers Ltd (BCPL) at written down value of ₹96.32 crore against issue of shares of ₹95.29 crore and the balance amount in cash. Pending execution of asset transfer agreement, the said amount has been shown as recoverable from BCPL as at the end of the current financial year.

Note 43

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 ₹22.13 Crores (Previous Year: ₹12.48 Crores) have been allocated to completed project & Capital work in progress in the ratio of direct and indirect allocated cost for assets.
- b) The Company has taken Term Loans from OIIB and from HDFC 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 Accounting Standard (AS) -16 "Borrowing Cost", the total Interest & Finance Charges amounting to ₹17.07 Crores (Previous Year: ₹18.51 Crores) was incurred, out of which an amount of ₹4.24 Crores (previous Year: ₹4.95 Crores) was capitalized during the period.

- c) During the year, the company has been granted authorization for laying, building, operating or expanding CGD network in the Geographical Area of Bengaluru Rural and Urban Districts (Karnataka) under the Petroleum and Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand City or Local Natural Gas Distribution Networks) Regulation, 2008. Company has submitted a Performance Bank Guarantee of ₹5199.99 Crores issued by State Bank of India to PNGRB for which the Corporate Guarantee has been provided by the parent company i.e. GAIL (India) Ltd. The Bank Guarantee Commission of ₹5.38 crores for the year has been paid and booked as 'Expenditure during Construction Period'. Since this Bank Guarantee covers the construction obligation for creation of infrastructure in the first 5 years, after completion of 5 years from the date of authorization the bank charges will be charged off to revenue.
- d) During the year 2015-16, authorization of City Gas Distribution Network in the geographical area of Haridwar District has been granted to the consortium of Gail Gas Limited and Bharat Petroleum Corporation Limited (BPCL) by Petroleum and Natural Gas Regulatory Board. The consortium company namely Haridwar Natural Gas Limited has been registered with ROC on 20th April 2016. As per MOU entered into with BPCL all cost related to submission of joint bids such as cost of developing PFR and/or DFR, Application Money, Bid Bond, Bid Document, Maps etc shall be shared equally by parties. The performance bank guarantee to the tune of ₹20 crores has been submitted by BPCL against which a Bank Guarantee of ₹10 crores has been submitted by Gail Gas Limited to BPCL as security towards 50% holding in the JV. The bank charges on Performance bank guarantee including the share of other charges have been booked in CWIP for transfer to the JV Company.
- f) Corporate Social Responsibility
 - Gross amount required to be spent by the company during the year was ₹0.47 cr.
 - Amount spent during the year:

Particulars	In Cash	Yet to be paid in cash	Total
(i) Construction/acquisition of any assets	-Nil-	-Nil-	-Nil-
(ii) On purposes other than above	-Nil-	-Nil-	-Nil-

- In accordance with the generally accepted accounting principles, no provision for the above amount has been made since no CSR activity was identified during the year & no liability has been incurred which needs to be recognized in the financial statements.

II. Brahmaputra Cracker and Polymer Ltd.

- a) The company has commissioned its project at Lepetkata, Dibugarh district in the state of Assam, on January 02, 2016 and due to time overrun and other micro economic factors, increase in project cost of ₹1045 crores over the approved cost of ₹8920 crores has been estimated. Accordingly the proposal for revised project cost of ₹9965 crores, along with proposal of revenue subsidy of ₹26 crores for the initial one year of production to maintain DSCR 1 and in principle approval of feedstock subsidy to maintain minimum IRR of 10% during plan operation period, duly recommended by the company's board has been submitted to the Administrative Ministry for approval of Government of India (GOI). The proposal is under consideration by the government.III.

III. Petronet LNG Ltd.

- a) Custom Duty on import of Project Material / equipment has been assessed provisionally (current and previous years) and additional liability /refund, if any, on this account will be accounted for in books on final assessment.
- b) The Company is eligible for deduction under section 80IA of the Income Tax Act, 1961, with respect to Power Generation and Port Undertakings at Dahej. The Assessing Officer has disallowed deduction under section 80-IA for assessment years 2009-10, 2010-11 and 2011-12. During the year, the company has received favorable order from CIT(A) for the above mentioned years and accordingly the company has reversed tax provision amounting to ₹7237 lacs in books of accounts. The income tax department has preferred a tax appeal with ITAT against this order of CIT(A), the outcome of which is pending to be received as on 31st March 2016.

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 useful life specified in Schedule II to the Companies Act, 2013, as the Management does not foresee non-renewal of the above lease arrangements by the Authorities.
- b) 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 ₹8.06 Crores (Previous year: ₹7.73 Crores).

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 under "Other / Miscellaneous Expenses" for the year is ₹2.47 Crores (Previous year: ₹2.42 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 ₹13.21 Crores (Previous year: ₹10.98 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 ended 31st March 2016 is ₹10.19 Crores (Previous year: ₹10.04 Crores).
- d) The future minimum lease payments of non-cancellable operating leases are as under: -

	2015-16	2014-15
Not later than one year	₹ 4.81 Crores	₹ 3.48 Crores
Later than one year, but not later than five years	₹ 3.57 Crores	NIL
Later than five years	NIL	NIL
TOTAL	₹ 8.38 Crores	₹ 3.48 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 Initial Public Offer (IPO) to divest the shareholding of the promoters to 35% each as per the Joint Venture Agreement. Further, FIPB vide its letter dated 2nd January, 2015 conveyed the approval of Government of India to the proposal of the Company regarding amendment of approval to record revised shareholding structure of the Company subject to compliance of certain conditions. FIPB has also conveyed that compounding would be needed by RBI for non-compliance of divestment conditions during the period January, 2007 to March, 12, 2008. RBI vide letter dated February 10, 2016 has approved the compounding application filed by the company for non-compliance of disinvestment condition. Compounding charges levied by RBI is ₹0.08 crores and the same is paid by the company on February 18, 2016. The proposed IPO and the shareholding post the IPO will have to be in compliance with the aforesaid letter.

VI. Bhagyanagar Gas Limited

a) Corporate Social Responsibility (CSR):

- As per the provisions of the Section 135 of the Companies Act 2013 and CSR Rules 2014, the company is required to spend amount of 2% of net profits, computed as per provisions of Section 198 of the Companies Act 2013, average of the immediately preceding three financial years, on permissible CSR activities. During the year the company has formulated a CSR policy and has also constituted a CSR committee.
- The provision of CSR expenditure of ₹0.19 crores created in the FY 2014-15 is reversed in the current FY in terms of Para 8 of the guidance note issued by the Institute of Chartered Accountants of India on accounting for expenditure on Corporate Social Responsibility Activities.
- The amount required to be spent by the company during the year is ₹0.23 Crores. BGL is committed to complying with requirements of the Companies Act on CSR and shall accordingly do the needful in the subsequent financial years.

VII. Central U.P. Gas Limited

- 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 ₹1.29 Crores (Previous Year: ₹1.16crores).
- During the year 2015-16, the company was required to spend a gross amount of ₹0.74 crores for CSR activity specified under the provisions of the Companies Act 2013. Against the same, the company spent ₹0.49 crores on CSR activities during the year in cash for purposes other than construction/acquisition of any assets.

VIII. ONGC Petro additions Limited

- The Company has certain office / residential premises on Operating Lease which are cancellable by giving appropriate notice as per respective agreements. During the year ₹2.74 crores (Previous Year: ₹3.50 crores) has been paid towards cancellable operating lease.

IX. Ratnagiri Gas & Power Private Limited

- Deferred Tax Assets/Liability has not been accounted for as company has a tax holiday for the period of ten years up to 31.03.2022.

X. Green Gas Limited

- Registry of title deeds in the name of the company for the land at CNG station, Gomtinagar, Lucknow is pending.
- During the year Company has not incurred any expenses towards Corporate Social Responsibility activities as required under Section 135 of the companies Act 2013.

Note 44

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, Maharashtra Natural Gas Limited, Tripura Natural Gas Co Limited, ONGC Petro-additions Limited, TAPI Pipeline Company Limited, GAIL China Gas Global Energy Holdings Limited & Rashtriya Coal Gas Fertilizers 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 ₹10080.67 Cr (Previous Year : ₹9566.46 Cr) and total liabilities of ₹7337.42 Cr. (Previous Year : ₹7012.84 Cr) and Total Income of ₹5570.71 Cr (Previous Year : ₹6847.89 Cr.) and total expenditure of ₹5324.86 Cr. (Previous Year : ₹6784.05 Cr.).

Note 45

Unaudited financial statements of an associate –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 ₹86.60 Crores (Previous Year: ₹83.12 Crores).

Note 46

Due to short participation by the other joint venture partners there is difference between the percentage of ownership as per Joint Venture Agreement and actual percentage of Share capital currently held by the parent 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 percentage ownership mentioned in Joint Venture agreement, except in the case of RGPPL where the consolidation has been made on the basis of actual percentage holding.

Excess contribution in the Equity Share Capital of the various Joint Ventures as on date, over and above the contractual percentage amounting to ₹517.88 Crores (previous year ₹604.72 Cr.) is included in the 'Advance Recoverable in cash or in kind or for value to be received'.

Note 47

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 ₹ (37.46) Crores [Previous Year ₹(678.37) Crores].

Note 48

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.

Note 49

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

Note 50

In compliance of Accounting Standard 18 on "Related party Disclosures", the name of related parties, nature of relationship and details of transaction entered therewith are given in **Annexure – B**.

Note 51

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 – (₹ crores)	2,251.62	3,160.05
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) – (₹)	17.75	24.91
Nominal Value per Equity Share – (₹)	10.00	10.00

Note 52

In compliance of Accounting Standard 22 on "Accounting for taxes on Income", the Company has provided net deferred tax liability on 31st March, 2016. The item-wise details of net deferred tax liability as on 31.03.2016 are as under:

(₹in crore)

	2015-16	2014-15
Deferred Tax Liability		
Depreciation	5,440.46	6,677.37
Others	4.92	3.48
Less: - Deferred Tax Assets		
Provision for Gratuity & Retirement Benefits	227.04	207.21
Benefit u/s 35AD of the Income Tax Act, 1961	NIL	2,239.51
Provision for Doubtful Debts / Claims / Advances	490.80	399.07
Preliminary Expenses & others	406.71	287.37
Net Deferred Tax Liability / (Assets)	4,320.83	3,547.69



Note 53

Jointly controlled Entity:

The Company's share of the assets, liabilities, contingent liabilities and capital commitments as at 31st March 2016 and income and expenses for the year in respect of jointly controlled entities based on audited / unaudited accounts are given below: -

(₹ in crore)

Particulars	31.03.2016	31.03.2015
A. Assets		
- Non-current / Long term assets	8,890.66	8,568.55
- Current assets	1,190.01	997.91
Total	10,080.67	9,566.46
B. Liabilities		
- Non-Current / Long term liabilities	4,386.32	5,001.67
- Current Liabilities & Provisions	2,951.10	2,011.17
Total	7,337.42	7,012.84
C. Contingent Liabilities	889.91	824.01
D. Capital Commitments	458.58	588.62
E. Income	5,570.71	6,847.89
F. Expenses	5,324.86	6,784.05

Note 54

Additional information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiaries / Associates / Joint Ventures is given as per Annexure - C.

Note 55

Previous year's (PY) figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board of Directors

N. K. Nagpal
Company Secretary

Subir Purkayastha
Director (Finance)

M Ravindran
Director (HR)

B. C. Tripathi
Chairman & Managing Director

As per our separate Report of even Date

For O.P.Bagla & Co.
Chartered Accountants
Firm No.: 000018N

(Rakesh Kumar)
(Partner)
Membership No.: 087537

For G.S Mathur & Co.
Chartered Accountants
Firm No.: 08744N

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

Place: New Delhi
Dated: 25th May, 2016

INFORMATION ABOUT BUSINESS SEGMENT FOR FINANCIAL YEAR 2015-16

(₹ in crore)

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 *	3,700.65	486.02	37,474.49	3,043.88	3,245.62	3,388.75	3,232.57	54,571.98	-	54,571.98
	Intersegment sales	291.63	-	8,030.63	27.59	5.22	-	17.52	8,372.59	8,372.59	-
	Total revenue	3,992.28	486.02	45,505.12	3,071.47	3,250.84	3,388.75	3,250.09	62,944.57	8,372.59	54,571.98
2	RESULTS Segment Result(Profit before Interest &Tax)	1,847.93	263.88	1,511.00	(1,139.89)	745.86	289.51	-	3,518.29	-	3,518.29
	Unallocated expenses	-	-	-	-	-	-	(3.23)	(3.23)	-	(3.23)
	Operating Profit	1,847.93	263.88	1,511.00	(1,139.89)	745.86	289.51	3.23	3,521.52	-	3,521.52
	Interest Expenses	-	-	-	-	-	-	980.91	980.91	-	980.91
	Interest/Dividend Income	-	-	-	-	-	-	659.97	659.97	-	659.97
	Provision for Taxation	-	-	-	-	-	-	1,044.10	1,044.10	-	1,044.10
	Profit/(Loss) from Ordinary Activities	1,847.93	263.88	1,511.00	(1,139.89)	745.86	289.51	(1,361.81)	2,156.48	-	2,156.48
	Extraordinary items	-	-	-	-	-	-	-	-	-	-
	Profit after Tax (before adjustment for Minority Interest)	1,847.93	263.88	1,511.00	(1,139.89)	745.86	289.51	(1,361.81)	2,156.48	-	2,156.48
	Add: Share of (Profit) / Loss transferred to Minority	-	-	-	95.14	-	-	-	95.14	-	95.14
	Profit after Tax (after adjustment for Minority Interest)	1,847.93	263.88	1,511.00	(1,044.75)	745.86	289.51	(1,361.81)	2,251.62	-	2,251.62
3	OTHER INFORMATION Segment Assets	25,683.85	836.36	1,323.25	19,913.85	877.90	2,051.06	3,315.38	54,001.65	243.12	53,758.53
	Unallocated Assets	-	-	-	-	-	-	17,231.36	17,231.36	-	17,231.36
	Total Assets	25,683.85	836.36	1,323.25	19,913.85	877.90	2,051.06	20,546.74	71,233.01	243.12	70,989.89
	Segment Liabilities	6,327.66	83.20	291.22	1,742.54	144.11	509.22	(242.67)	8,855.28	180.39	8,674.89
	Unallocated Liabilities	-	-	-	-	-	-	2,944.80	2,944.80	-	2,944.80
	Total Liabilities	6,327.66	83.20	291.22	1,742.54	144.11	509.22	2,702.13	11,800.08	180.39	11,619.69
	Cost to acquire fixed assets	486.45	39.18	24.09	10,192.46	32.11	250.78	365.83	11,390.90	-	11,390.90
	Depreciation#	690.44	46.76	42.41	470.43	38.91	96.69	485.76	1,871.40	-	1,871.40
	Non Cash expenses other than Depreciation#	118.31	2.40	200.95	8.19	4.20	6.94	(61.80)	279.19	-	279.19

* 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 & RCFL.

INFORMATION ABOUT BUSINESS SEGMENT FOR FINANCIAL YEAR 2014-15

(₹ in crore)

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*	3,048.80	440.55	42,869.23	4,594.90	5,052.75	2,886.11	1,622.39	60,514.73	-	60,514.73
	Intersegment sales	300.34	-	8,924.60	125.18	-	-	16.79	9,366.91	9,366.91	-
	Total revenue	3,349.14	440.55	51,793.83	4,720.08	5,052.75	2,886.11	1,639.18	69,881.64	9,366.91	60,514.73
2	RESULTS Segment Result(Profit before Interest & Tax)	1,315.60	237.95	671.18	128.85	1,921.71	323.04	-	4,598.33	-	4,598.33
	Unallocated expenses	-	-	-	-	-	-	65.60	65.60	-	65.60
	Operating Profit	1,315.60	237.95	671.18	128.85	1,921.71	323.04	(65.60)	4,532.73	-	4,532.73
	Interest Expenses	-	-	-	-	-	-	651.83	651.83	-	651.83
	Interest/Dividend Income	-	-	-	-	-	-	699.58	699.58	-	699.58
	Provision for Taxation	-	-	-	-	-	-	1,420.92	1,420.92	-	1,420.92
	Profit/(Loss) from Ordinary Activities	1,315.60	237.95	671.18	128.85	1,921.71	323.04	(1,438.77)	3,159.56	-	3,159.56
	Extraordinary items	-	-	-	-	-	-	-	-	-	-
	Profit after Tax (before adjustment for Minority Interest)	1,315.60	237.95	671.18	128.85	1,921.71	323.04	(1,438.77)	3,159.56	-	3,159.56
	Add: Share of (Profit) / Loss transferred to Minority	-	-	-	0.49	-	-	-	0.49	-	0.49
	Profit after Tax (after adjustment for Minority Interest)	1,315.60	237.95	671.18	129.34	1,921.71	323.04	(1,438.77)	3,160.05	-	3,160.05
3	OTHER INFORMATION Segment Assets	25,716.16	775.55	1,189.90	9,754.11	1,089.78	1,815.93	3,652.68	43,994.11	238.07	43,756.04
	Unallocated Assets	-	-	-	-	-	-	25,889.21	25,889.21	-	25,889.21
	Total Assets	25,716.16	775.55	1,189.90	9,754.11	1,089.78	1,815.93	29,541.89	69,883.32	238.07	69,645.25
	Segment Liabilities	5,333.08	65.51	187.36	1,401.79	248.45	466.89	(68.60)	7,634.48	169.31	7,465.17
	Unallocated Liabilities	-	-	-	-	-	-	4,560.07	4,560.07	-	4,560.07
	Total Liabilities	5,333.08	65.51	187.36	1,401.79	248.45	466.89	4,491.47	12,194.55	169.31	12,025.24
	Cost to acquire fixed assets	320.22	15.54	124.16	6,929.70	25.83	233.46	431.82	8,080.73	-	8,080.73
	Depreciation#	649.10	50.62	39.42	103.87	44.52	87.35	489.45	1,464.33	-	1,464.33
	Non Cash expenses other than Depreciation#	76.42	0.34	25.52	1.95	0.96	(6.09)	(32.26)	66.84	-	66.84

* 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) Maharashtra Natural Gas Ltd.
- 9) Aavantika Gas Co Limited
- 10) GAIL China Gas Global Energy Holdings Ltd.
- 11) TAPI Pipeline Company Limited
- 12) ONGC Petro-additions Limited (OPaL)
- 13) National Gas Company "Nat Gas"
- 14) Fayum Gas Company
- 15) China Gas Holdings Limited

B) Key Management Personnel (KMP)

Whole time Directors / Company Secretary:

- 1) Shri B. C Tripathi, Chairman & Managing Director
- 2) Shri M Ravindaran
- 3) Dr. Ashutosh Karnatak
- 4) Shri Subir Purkayastha (w.e.f. 1st May 2015)
- 5) Shri Prabhat Singh (upto 14th September 2015)
- 6) Shri P. K. Jain (upto 30th April 2015)
- 7) Shri N K Nagpal (CS)
- 8) Shri Rajeev Kumar Mathur
- 9) Shri Raman Chadha
- 10) Shri Vinay Kumar Shukla
- 11) Shri Ashok Kumar Das
- 12) Shri A M Tambekar
- 13) Shri Narendra Kumar
- 14) Shri J S Saini
- 15) Shri V S Baid
- 16) Shri A K Mittal
- 17) Shri Anil Kumar
- 18) Shri V Shivasankar



- 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 crore)

		2015-16	2014-15
1)	Sales		
	Indraprastha Gas Limited	2,023.01	2,004.30
	Mahanagar Gas Limited	1,145.50	1,100.65
	Others	574.98	564.82
2)	Amount receivable as at Balance Sheet Date for (1) above		
	Indraprastha Gas Limited	78.49	95.60
	Mahanagar Gas Limited	156.51	147.38
	Others	32.89	40.72
3)	Purchases		
	Petronet LNG Limited	12,685.96	18,542.63
	Others	2.95	4.07
4)	Amount payable as at Balance Sheet Date for (3) above		
	Petronet LNG Limited	501.87	745.74
	Others	0.07	-
5)	Reimbursement for other expenditure received/receivable	8.75	7.34
6)	Amount receivable as at Balance Sheet Date for (5) above	1.44	2.72
7)	Dividend Income		
	Mahanagar Gas Limited	77.78	80.31
	Indraprastha Gas Limited	18.90	17.33
	Petronet LNG Limited	18.75	18.75
	China Gas Holdings Ltd.	24.02	14.09
	Others	2.82	3.96
8)	Other Income		
	Bhagyanagar Gas Limited	7.58	7.58
	Indraprastha Gas Limited	15.36	-
	Others	0.58	0.43

A) Details relating to parties referred to in item no. I (A) above:

(₹ in crore)

		2015-16	2014-15
9)	Amount receivable as at Balance Sheet Date for (8) above		
	Bhagyanagar Gas Limited	7.58	7.58
	Others	0.16	0.06
10)	Provision Created against Debtors	3.16	2.94
11)	Provision Created against Debtors written back	-	-
12)	Investment as at Balance Sheet date	1,403.34	1,403.34
13)	Advances for allotment of Equity as at Balance Sheet date	9.17	-
14)	Advances / loan given as at Balance Sheet date	670.09	524.22

B) I. Details relating to parties referred to in item no. I (B) above:

(₹ in crore)

		2015-16	2014-15
1)	Remuneration	6.63	8.22
2)	Interest bearing outstanding loans receivable	0.29	0.41
3)	Interest accrued on loans given	0.57	0.71
4)	Self Lease	0.10	0.13
II. Relatives of KMP			
1)	Remuneration	0.75	0.37
2)	Interest bearing outstanding loans receivable	0.11	-
3)	Interest accrued on loans given	0.08	-
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.

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

(₹ in crore)

		2015-16	2014-15
1)	Minimum work program commitment	-	-
2)	Survey, Production, Royalty and other expenses	249.38	216.63
3)	CWIP & Other assets	52.81	27.55
4)	Amount outstanding on Balance Sheet date (net of advance)	29.03	51.69
5)	Amount written Off- Dry well expenditure	0.57	0.53
6)	Sales / Income from operation	716.63	600.17
7)	Amount outstanding on Balance Sheet date (against sales)	43.36	45.06

Additional Information as Required by Schedule III of Companies Act 2013

SL NO	Name of the Entity (% of Share)	Proportion of ownership interest as on 31.03.2016	Net Asset* (i.e., Total Asset minus Total Liabilities)		Share of Profit or Loss	
			As % of Consolidated Net Asset	Amount (₹Crore)	As % of Consolidated Profit or Loss	Amount (₹Crore)
1	GAIL (India) Ltd. (Equity holders of Parent)		86.41%	30,585	106.32%	2,394
2	Subsidiaries					
	A) Indian					
	i) GAIL GAS Limited	100%	1.47%	521	1.60%	36
	ii) Brahmaputra Cracker & Polymer Ltd	70%	10.96%	3,881	-9.86%	(222)
	B) Foreign					
	i) GAIL Global (Singapore) PTE Ltd	100%	0.26%	92	-0.04%	(1)
	ii) GAIL Global (USA) Inc.	100%	0.91%	321	-2.04%	(46)
3	Minority Interests in All subsidiaries		4.70%	1,663	-4.22%	(95)
4	Associates (Investment as per the Equity Method)					
	A) Indian					
	Not Applicable					
	B) Foreign					
	i) Fayum Gas	19.00%	Equity Method	Equity Method	0.09%	2
	ii) Natural Gas Company "Nat Gas"	15.00%	Equity Method	Equity Method	0.89%	20
	iii) China Gas Holding Limited	3.05%	Equity Method	Equity Method	3.86%	87
5	Joint Ventures					
	A) Indian					
	i) Mahanagar Gas Limited	35.00%	1.51%	535	4.80%	108
	ii) Indraprastha Gas Limited	22.50%	1.57%	557	4.62%	104
	iii) Petronet LNG Limited	12.50%	2.27%	803	5.15%	116
	iv) Bhagyanagar Gas Limited	22.50%	0.05%	17	0.04%	1
	v) Central UP Gas Limited	25.00%	0.12%	41	0.36%	8
	vi) Green Gas Limited	22.50%	0.13%	47	0.36%	8
	vii) Maharashtra Natural Gas Limited (MNGL)	22.50%	0.17%	60	0.76%	17
	viii) Aavantika Gas Limited	22.50%	0.05%	16	0.18%	4
	ix) Ratnagiri Gas & Power (Private) Ltd (RGPPPL)	25.50%	0.18%	62	-12.26%	(276)
	x) Tripura Natural Gas Co Ltd. (TNGCL)	29.00%	0.05%	18	0.13%	3
	xi) ONGC Petro-additions Limited (OPaL)	15.50%	1.66%	588	-0.71%	(16)
	xii) Rashtriya Coal Gas Fertilizers Limited	29.67%	-	-	-	-
	B) Foreign					
	i) TAPI Pipeline Company Limited #	25.00%	NA	NA	NA	NA
	ii) GAIL China Gas Global Energy Holdings Ltd. #	50.00%	NA	NA	NA	NA

*Net Assets in Group Companies is considered on basis of total net assets of Subsidiaries and proportionate net assets of Joint ventures, on gross basis without eliminating common transactions among group companies, if any.

No equity infusion / investment has been made so far hence financial statements have not been made.

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) READ WITH SECTION 129(4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF GAIL (INDIA) LIMITED FOR THE YEAR ENDED 31 MARCH 2016

The preparation of consolidated financial statements of GAIL (India) Limited for the year ended 31 March 2016 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 139(5) read with section 129 (4) of the Act are responsible for expressing opinion on the financial statements under section 143 read with section 129(4) of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 25 May 2016.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 143(6)(a) read with section 129(4) of the Act of the consolidated financial statements of GAIL (India) Limited for the year ended 31 March 2016. We conducted a supplementary audit of the financial statements of companies mentioned in Annexure –A but did not conduct supplementary audit of the financial statements of companies mentioned in Annexure – B for the year ended on that date. Further, Section 139 (5) and 143(6)(b) of the Act are not applicable to the companies mentioned in Annexure – C being private entities/ entities incorporated in Foreign countries under the respective laws, for appointment of their Statutory Auditor nor for conduct of supplementary audit. Accordingly, C&AG has neither appointed the Statutory Auditors nor conducted the supplementary audit of these companies. 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.

For and on behalf of the
Comptroller & Auditor General of India

(Suparna Deb)
Director General of Commercial Audit
& Ex-officio Member, Audit Board – II,
New Delhi

Place: New Delhi
Date : 21.07.2016



Company's General Information

Statutory Auditors

M/s G.S. Mathur & Co.
M/s O.P. Bagla & Co.

Chartered Accountants, New Delhi
Chartered Accountants, New Delhi

Cost Auditors

M/s Ramanath Iyer & Co.
M/s Bandyopadhyaya Bhaumik & Co.
M/s A.C. Dutta & Co.
M/s Musib & Company
M/s N.D. Birla & Co.
M/s Sanjay Gupta & Associates

Cost Accountants, New Delhi
Cost Accountants, Kolkata
Cost Accountants, Kolkata
Cost Accountants, Mumbai
Cost Accountants, Ahmedabad
Cost Accountants, New Delhi

Company Secretary

Shri A.K. Jha

Stock Exchanges where Bonds/ 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.)

Registrar and Share Transfer Agent

MCS Share Transfer Agent Limited

F-65, 1st Floor,
Okhla Industrial Area,
Phase-I, New Delhi - 110020

Bankers

State Bank of India

Corporate Accounts Group (CAG)
Branch-II, 4th & 5th Floor,
Red Fort Capital
Parsvanath Towers,
Bhai Veer Singh Marg,
Gole Market
Near Speed Post Office,
New Delhi 110001

ICICI Bank Ltd.

9A, Phelps Building
Connaught Place
New Delhi - 110001

HDFC Bank Ltd.

209-214, Kailash Building
26, Kasturba Gandhi Marg
New Delhi-110001

Registered Office

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

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
333 Clay Street, Suite 3300, Houston, Texas 77002, USA

Shareholder information

Equity Share ISIN - INE129A01019

Stock Exchange

BSE
NSE

Security Code

532155
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 carbons
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 Hydrocarbons
LNG	Liquified Natural Gas
LPG	Liquified Petroleum 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
MMPA	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



- EXISTING PIPELINES
- - - - - PIPELINES UNDER EXECUTION
- LPG PIPELINE
- - - - - AUTHORISED PIPELINE

- PATA PLANT
- BRANCH OFFICE
- ZONAL OFFICE
- ★ LNG Terminals Under Operation
- ▲ LPG PLANTS
- CITY GAS DISTRIBUTION Through Subsidiary & JVs

Map not to scale



GAIL (India) Limited

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

www.gailonline.com

Corporate Identification No. : L40200DL1984GOI018976