



GAIL (India) Limited

IN PURSUIT OF  
**EXCELLENCE**



**ADDRESS OF CHAIRMAN & MANAGING DIRECTOR  
39<sup>th</sup> ANNUAL GENERAL MEETING  
23 AUGUST, 2023**

## **Final Chairman's Speech**

**39th AGM-23.08.2023**

Dear Shareholders,

Good morning and a very warm welcome to each and every one of you.

It gives me immense pleasure to greet you all at the 39<sup>th</sup> Annual General Meeting of GAIL (India) Limited. I extend a very warm welcome to you on behalf of the entire Board of Directors and I thank you all for making it convenient to attend this meeting. It is for a fourth year in a row that our shareholders are able to participate in the AGM from the comfort of their locations through this virtual format.

Your Company is celebrating its 40<sup>th</sup> year of inception and it is indeed a privilege and honour for me to present the annual performance of your Company at this historic moment. The Annual Report including the annual accounts of the company for the year ended March 31<sup>st</sup>, 2023, has already been circulated to you and with your permission I consider them as read. GAIL, being country's flagship natural gas company, is a proud member of India's clean energy infrastructure and is making consistent efforts on the ground while significantly contributing to the country's quest for a gas-based economy. I would like to take this opportunity to present to you the highlights of achievements of your company in the year 2022-23.

The year 2022 witnessed extreme volatility and shift in geopolitical dynamics which affected the world's energy ecosystem, resulting in a difficult year for the global Natural Gas market witnessing significant ups and downs. GAIL did not remain unaffected as we suffered supply disruptions in one of our long-term LNG sourcing contracts, coupled with reduced allocation of domestic gas for processing plants and a record spike in global LNG prices. However, our resilience and expertise helped in effectively managing this crisis. Strenuous efforts were put in to overcome the challenges while leveraging every opportunity and remaining steadfast in all our endeavors. Despite all the challenges, your Company remains committed to boosting the country's energy security by bringing, processing and distributing natural gas while enhancing value for all stakeholders.

I am glad to share that this is the first time that the turnover of your Company has surpassed the ₹ One lakh crore mark in its history. For FY 2023, GAIL achieved the Gross turnover of ₹ 1,43,976 Crore, an increase of 57% over the previous year. Revenue from operations from Natural Gas Transmission segment in FY 2022-23 increased to ₹6,661 Crore as against ₹6,392 Crore in FY 2021-22. Revenue from Operations from Natural Gas Marketing in FY 2022-23 increased to ₹ 1,35,290 Crore as against ₹ 77,326 Crore in FY 2021-22. During the year, your Company was able to earn Revenue from Operations of ₹ 4,917 Crore from Petrochemical business.

Gas transmission and gas marketing are the key drivers of GAIL's business and during FY 23, we transmitted ~107 MMSCMD of Natural Gas, marketed ~95 MMSCMD of Natural Gas

and sold 399 TMT of Polymer. Current year seems more promising and it is estimated that your Company will achieve over 120 MMSCMD of Natural gas transmission, over 100 MMSCMD of Natural Gas sales and ~800 TMT of Polymer sales.

The total Capex for FY 23 was ~ ₹ 10,000 Crore. Company is growing steadily and creating infrastructure facilities across the nation. We are targeting to incur a Capex ~ ₹ 30,000 Crore in the next 3 years, mainly on Pipelines, ongoing Petrochemical Projects, CGD projects, operational capex, Equity contribution in Group Companies etc.

With a view to develop a National Gas Grid, projects are being undertaken to connect every part of the country. FY 2022-23 has been fruitful for Pipeline Project Execution which achieved ~1,330 km of pipeline lowering and commissioned ~1,074 km of pipeline. Hon'ble Prime Minister dedicated the Bokaro-Angul Pipeline (533 km) to the nation on 12<sup>th</sup> July, 2022 and also laid the foundation stone for Srikakulam-Angul Pipeline (744 km) on 12<sup>th</sup> November, 2022. Your Company commissioned Dhamra-Angul Mainline with spur lines to Jamshedpur, Ranchi, Cuttack & Bhubaneswar which enabled RLNG supply from Dhamra LNG terminal and added one major gas source to our Pipeline network on the east coast. Further, your Company also completed Sultanpur-Jhajjar-Hisar and Haridwar-Rishikesh-Dehradun Pipeline. In addition, your Company has completed 30 nos. of hook-up connections to CGD Geographic Areas (GAs). With ~15,600 Km of pipelines under operation and ~4,200 Km of pipelines under construction, your company will complete around 20,000 Km of National Gas grid in next calendar year. In the recent bidding at PNGRB, your Company has also won the license to lay, build, operate or expand NG pipeline of 160 km viz. the Gurdaspur-Jammu Natural Gas Pipeline (GJPL). With this, your Company shall be enabling access of natural gas to the northern as well as north-eastern parts of the country also, through Barauni-Guwahati Pipeline (BGPL) (729 km) section as an integral part of Jagdishpur-Haldia & Bokaro-Dhamra Pipeline (JHBDPL). The development of Natural Gas infrastructure including the National Gas Grid (NGG), development of CGD GAs across the country, ramping up the exploration & production activities, etc. gives positive signals to the gas market.

I am happy to share that based on GAIL's submission and enabling Regulations, PNGRB has determined the levelized Integrated Tariff for GAIL's Integrated Natural Gas Pipeline which shall lead to an increase in natural gas transmission revenue for your Company. The implementation of Unified Tariff would also significantly boost capacity utilization of Natural Gas pipeline network as it is a step forward by PNGRB in the direction of "One Nation, One Grid and One Tariff".

With India's increasing petrochemical demand, India is projected to contribute more than 10 per cent of the incremental global growth in petrochemicals over the next decade. Your Company has entered in the 25<sup>th</sup> year of the Petrochemical Business and our commitment of expansion in Petrochemicals with diversified product portfolio continues. We have acquired 1.25 MMTPA PTA plant of erstwhile JBF Petrochemical Ltd. and renamed it as GAIL Mangalore Petrochemicals Ltd. This acquisition offers GAIL an opportunity to add a new chemical product, Purified Terephthalic Acid (PTA) to GAIL's existing product portfolio. Your Company is also implementing 500 KTA of Country's first Propane dehydrogenation

PP plant at Usar and another 60 KTA Poly propylene at Pata. Further, your Company is also setting-up its first specialty chemical plant of 50 KTA Iso-Propyl Alcohol (IPA) at Usar. With these additions, your company's portfolio of petrochemicals/ chemicals would become ~3 MMTPA. Your Company is exploring opportunities of ethane sourcing for its existing petrochemical plant while prospects of setting up of Ethane Cracker is also being studied. Your company is also making remarkable efforts in the development of indigenous catalysts for petrochemical production.

In order to secure Natural Gas for the nation and its customers, your Company has been making strenuous efforts. Your Company is exploring long-term LNG sourcing opportunities with major global LNG players. Your Company has issued an EoI to explore opportunity of equity acquisition in LNG liquefaction terminal along with ~1 MMTPA LNG tie up from USA. Your Company has taken steps to provide Tie-in connections with its Natural Gas pipelines to the upcoming new gas sources and upcoming RLNG Terminals to enable more and new gas injections into its pipelines.

In line with Strategy 2030, your Company is exploring various opportunities for increasing its renewable portfolio through organic as well as inorganic routes. The energy landscape is undergoing rapid changes triggered by simultaneous shifts in technological development, energy transition & climate change initiatives, regulations, consumer preferences and investor sentiment. Global & concerted efforts are needed for the optimal use of fossil fuels to reduce GHG emissions and achieve sustainability goals. Towards shaping a Net Zero future, your Company is exploring various business avenues such as solar, biofuels, compressed bio-gas, carbon capture utilization and storage (CCUS), green hydrogen etc.

Deep dive efforts are being carried out for penetration of renewable energy, with a focus towards electrification and using it for reducing SCOPE 2 emissions of the company. Initiatives have been taken for the development of renewable energy such as development of floating solar power projects, and setting up of renewable power plants for captive consumption.

As an integral part of MoP&NG's initiative – SATAT (Sustainable Alternative towards Affordable Transportation), your Company is setting up its first MSW based CBG plant of 5 Tonnes per Day (TPD) production capacity at Ranchi which is expected to be commissioned by December 2023. Your Company has also received approval from the Government of Karnataka for setting up a MSW based 10 TPD CBG Plant in Bengaluru, including the land allocation. Further, as an impetus towards import substitution and circular economy, GAIL is keen on developing a much larger number of CBG plants across India.

In line with the Government of India's 'National Hydrogen Energy Mission', your Company is setting up a 10 MW Green Hydrogen Production unit based on PEM water electrolyzers (the largest in India) with a capacity of 4.3 Tonnes per day at Vijaipur (M.P.) which is expected to be commissioned by December, 2023. Your Company launched India's maiden pilot project of hydrogen blending in CGD Network at our Joint venture Co., Avantika Gas Limited (AGL) at Indore, Madhya Pradesh with 2% v/v hydrogen blending. Currently 5% v/v hydrogen blending is being done in AGL's PNG network. Parallely, to leverage business opportunities

in hydrogen economy, your Company is also carrying out studies to see the impact of various levels of Hydrogen blending on CGD Network/NG pipeline.

Your Company along with its CGD Subsidiaries and Joint Venture Companies (JVCs) has achieved 10.10 lakh DPNG connections and set up 351 CNG Stations for this FY and has total of ~73.32 lakh DPNG connections and total of ~2369 CNG stations as of now. During the recently concluded 11<sup>th</sup> and 11A CGD Bidding Rounds, GAIL's JVCs were awarded 2 Geographical Areas (GAs) taking the total to 67 GAs out of total 300 authorized GAs by PNGRB. In the FY 2023-24, your Company will again be adding ~ 400 CNG stations and more than 10 lakhs PNG connections.

In a first-of-its-kind initiative in India, your Company is setting up Small scale LNG plants to cater to diversified areas viz., Geographic Areas (GAs) not having connectivity to the pipeline, business of LNG as a transport fuel and monetizing gas from stranded fields. GAIL has procured two (2) liquefaction skids of ~16 -18 MT / day capacity to meet this objective. The skids are portable (Plug-&-play type) and scalable liquefaction units and are likely to be commissioned shortly. GAIL is also exploring the possibility of small-scale manufacturing facilities in India under the Atmanirbhar Bharat (Make in India) initiative.

Additionally, GAIL is developing an LNG supply value chain to develop new markets and increase the consumption of natural gas in the country. The present focus is on developing a retail LNG network and installation of LNG infrastructure inclusive of LNG dispensing stations, Small-Scale LNG skids, etc. to increase its reach to newer customer segments. Being a proactive and digitally driven company, GAIL is adopting new age technologies driven by AI (Artificial Intelligence) and RPA (Robotic Process Automation) and is embarking upon a Corporate-wide drive in this regard. It has also implemented Vendor Invoice Management to enhance productivity and Vendor satisfaction.

Your Company considers its shareholders as a valuable and integral part of the organization. During the FY 2022-23, Company paid Interim Dividend @ 40% on equity shares of ₹ 10 each (₹ 4.00/- per equity share ) amounting to ~ ₹ 2,630 Crore in March, 2023, in addition to Final Dividend @10% (₹ 1.00/- per equity share ) for FY 2021-22 amounting to ~ ₹ 438 Crore in September, 2022. Your Company also completed buyback of 5.69 Crore fully paid-up equity shares (representing 1.28 % of the total number of fully paid-up equity shares) at a price of ₹ 190 per equity share. Your Company also issued and allotted Bonus Shares in ratio of one equity share of ₹10 each for every two equity shares of ₹10 each held.

You company believes in benefitting communities and protecting the environment that will ultimately determine the sustainability of continued progress. Your company is at the forefront of countless welfare projects that promotes its CSR objectives through initiatives like GAIL - Utkarsh which provides support for specialized residential coaching for Engineering/ Medical entrance exams, GAIL Kaushal which provides support towards providing skill training to underprivileged and unemployed youth from rural and semi-urban localities and, Project Arogya – which provides healthcare facilities through operation of Mobile Medical Units in various states etc. Your Company's flagship CSR initiative for underprivileged students, 'GAIL Utkarsh,' marked another resounding success this year with

all 100 students from its Kanpur centre qualifying for the JEE Mains 2023 examination. Overall, the CSR initiatives of GAIL have benefited ~15 lakh beneficiaries in various geographies of the Nation in FY 2022-23.

Overall, I am pleased to share that your company has done well in a volatile global environment in the year gone by and achieved an "Excellent" MoU rating from DPE for MoU 2021-22. Your Company has been demonstrating highest standards of ethical governance practices and received "NIL" Comments from CAG for the 14<sup>th</sup> consecutive year- FY 2022-23.

FY 2022-23 brought us several laurels like the coveted Platts Global Energy Award for Energy Transition - Midstream, SAFA Best Presented Annual Report Awards, Integrated Reporting Awards & SAARC Anniversary Awards for Corporate Governance Disclosure, Gold Trophy for the TIOL National Taxation Awards, Green Ribbon Champions by CNBC for GAIL's decarbonization efforts, PCRA's 'Significant contribution towards energy conservation & fuel efficiency' during Saksham-2023, 'Best Natural Gas Pipeline Transportation Company of the Year Award' and 'Best Managed Project of the Year Award' for the Vijaipur-Auraiya Pipeline Project at the Oil & Gas Awards 2022 by the Federation of Indian Petroleum Industry (FIPI), 18<sup>th</sup> Cost Excellence Award-1st Position in Manufacturing sector, Public-Medium Category from Institute of Cost Accountants of India for GAIL Vijaipur unit. GAIL has once again been included in the FTSE4Good Emerging Market Index', a market-leading tool for investors seeking to invest in companies that have strong management of Environment, Social and Governance (ESG) risk which is a proud moment for your Company.

Your Company is committed to conduct its business using the highest standards of governance, ethics and integrity. Its strong and effective governance framework supports these values by addressing the potential business risks and helps align the management responsibilities with the Board's strategic foresight of the organization. All employees in the Company embrace the values espoused by the Board. Your Company's robust policies play an important role in instilling these values in its system. Your Company has also been complying with the requirements of Corporate Governance as enunciated in SEBI Regulations and DPE Guidelines on Corporate Governance.

Before I conclude, on behalf of the Board of Directors, I wish to express my wholehearted gratitude to The Ministry of Petroleum and Natural Gas, Government of India, Petroleum and Natural Gas Regulatory Board, all departments of the central and state governments, our valued customers, stakeholders, employees and other agencies who have been instrumental in supporting your Company's growth path directly or indirectly. It is with your support and confidence that, GAIL has been able to charter and spear its growth over the decades. And at the end, I look forward to your consistent support in the years to come as we embark on new journeys together.

Thank you, Ladies and Gentlemen,

Jai Hind!