



Message from CMD

“ We will continue to follow a growth path that is not only environmentally sustainable but also creates value for the society and other important stakeholders ”



Dear Shareowner,

It is my privilege to share with you the highlights of yet another year of successful performance of your Company. During the financial year 2011-12, Turnover increased by 24% to ` 40,281 Crore and despite a higher petroleum subsidy, Profit after Tax increased to ` 3,654 Crore. Your Company had the distinction of being the only company from Asia to receive the "World's No. 1 company in Downstream Operation" award for 2011 by Platts. Your Company was also ranked the number 2 Gas Utility in Asia in the Platts Top 250 Energy Companies Rankings. Your Company once again maintained its excellent performance rating for 2010-11 under the MoU with Government of India.

This performance of your Company was in the backdrop of a slowing economic environment. Although India's economic growth has decelerated to below 7% during 2011-12, a sustained growth for Indian economy may not be difficult to attain in the coming years due to Government initiatives in the areas of policy, price stability and continuing reforms.

Ensuring requisite supply of energy is crucial to attaining this growth. Currently, India is the 4th largest energy consumer in the world and is expected to be the 3rd largest by 2025. Demand for clean energy sources like natural gas is growing exponentially and meeting this demand effectively is essential to support growth. India's consumption of natural gas has grown faster than all other fossil fuels, growing at a CAGR of over 11% in the last few years.

Your Company is continuing to pursue greater energy security for India through ensuring sufficient availability and access to gas and other sources of clean energy. We are working towards achieving the goals as envisaged in Strategy 2020 of your Company to spur social, economic and environmental growth based on clean energy. To meet the short-fall in supply of domestic gas, your Company is in discussions with several global sellers. Efforts are also being made to secure additional supplies from domestic sources. The pipelines being laid by your Company would help in establishing an integrated National Gas Grid all over India within a few years' time.

In order to further strengthen your Company's position as India's premier integrated gas Company, it is setting up LNG import infrastructure and focussing on growing areas like city gas distribution, expanding petrochemicals business, diversifying into high margin downstream areas in gas value chain and creating a portfolio of renewable businesses. The expansion of existing petrochemical plant at Pata is ahead of schedule and physical progress of 48% has been achieved. Commissioning of the LNG re-gasification terminal at Dabhol is expected this year which will enable better utilization of your Company's infrastructure.

Your Company is expanding its global presence to acquire new expertise and resources through overseas tie-ups in emerging areas such as Shale gas. This will allow it to establish a foothold in resource rich countries while complementing your Company's core business. Your Company successfully concluded acquisition of 20% interest in Carrizo Oil & Gas Inc.'s Eagle Ford Shale acreage in the USA through its recently incorporated subsidiary, GAIL Global (USA) Inc. Besides this, your Company has signed a 20-year Sales and Purchase Agreement with Sabine Pass Liquefaction LLC, a unit of Cheniere Energy Partners, for supply of 3.5 million tonnes per year of LNG. This has set a new trend in global gas trade as it is one of the first agreements signed by an Asian entity which has price linkage to gas rather than oil. With respect to the trans-national pipeline TAPI, your Company has executed the Gas Sales & Purchase Agreement with Turkmen gaz for 38 MMSCMD for 30 years.

To capture the growth in renewable energy, your Company has moved from being a captive producer to a commercial producer after commissioning around 100 MW of wind energy projects last year. Your company intends to further expand its wind and solar energy portfolio. To achieve these and other goals, your Company continually strives to develop and enhance the capacity and capability of its existing talent pool.

Your Company follows a growth path that is not only environment-friendly but also creates value for the society and other important stakeholders. I am happy to share with you that your Company released its first Sustainability Report for the year 2010-11. Moving another step forward, your Company became a signatory to the United Nations Global Compact (UNGC) last year to further align its operations and strategies with the ten universally accepted principles of UNGC. Your Company is also the first in India's Oil and Gas Sector to be listed in BSE-GREENEX, the first environment friendly equity index launched by Bombay Stock Exchange. Your Company's Corporate Social Responsibility programmes have been successful in making a long term impact on the lives of the disadvantaged segment of society and towards creation of sustainable livelihoods.

Your Company continues to set benchmarks in the area of corporate governance. In yet another recognition of this, it was conferred with 11th ICSI National Award, 2011 for Excellence in Corporate Governance. I would like to convey my sincere gratitude for your support and confidence which has enabled us to reach this and other milestones. Your Company remains committed to uphold the highest standards of governance and pursue higher value creation for all stakeholders.



B.C. Tripathi
Chairman & Managing Director