

DIRECTORS' REPORT

Dear Shareholders,

On behalf of the Board of Directors of your Company, I am delighted to present the 34th Directors' Report of your Maharatna Company, along with Audited Financial Statements for the financial year 2017-18.

Financial Highlights

The important financial highlights on standalone basis for the year 2017-18 are as under:

Particulars	2017-18		2016-17	
	US \$ Million	(₹ in Crore)	US \$ Million	(₹ in Crore)
Gross sales	8,181	53,690	7,457	48,789
Other income (including other operating income)	171	1,122	194	1,271
Cost of sales (excluding interest and depreciation including extraordinary items)	7,038	46,192	6,491	42,474
Net Exceptional Items (Profit on Sale of Investments & Impairment of Assets)	4	28	(46)	(299)
Gross margin	1,318	8,649	1,114	7,287
Finance Cost	42	275	73	479
Depreciation	216	1,415	213	1,397
Profit Before Tax (PBT)	1,060	6,958	827	5,411
Provision for tax	357	2,340	292	1,908
Profit After Tax (PAT)	704	4,618	535	3,503
Appropriations				
Final Dividend for previous year	70	457	58	381
Interim Dividend for current year	197	1,294	165	1,078
Corporate Dividend Tax	54	353	45	295
Net transfer to/from Bond Redemption Reserve	(42)	(277)	15	98
Transfer to CSR Reserve	-	-	-	-
Transfer to General Reserve	70	462	54	350
Net surplus after Appropriations	355	2,329	199	1,301
1 US \$ in INR converted at the exchange rate as on 31st March of the respective financial year	65.63		65.43	

Financial Performance

➤ Gross Sales

Gross sales increased by 10 % from ₹48,789 crore during 2016-17 to ₹53,690 crore in 2017-18.

➤ Profit Before Tax (PBT)

PBT registered a jump of 29% to ₹6,958 crore during 2017-18 from ₹5,411 crore in 2016-17.

➤ Profit After Tax (PAT)

Profit after Tax increased by 32% from ₹3,503 crore during 2016-17 to a record high of ₹4,618 crore in 2017-18.

➤ Earnings Per Share (EPS)

In view of the increase in PAT, EPS (adjusted after Bonus issue in FY 17-18)

has gone up from ₹15.53 per share as on March 31, 2017 to ₹20.48 per share as on March 31, 2018.

➤ Consolidated Financial Statements

Your Company has prepared the Consolidated Financial Statements in accordance with the Ind AS consolidating its subsidiaries, associates and joint venture entities. The highlights of the Consolidated Financial Results are as follows:

(₹ in Crore)

Particulars	2017-18	2016-17
Turnover	54,694	49,334
Profit Before Tax	6,936	5,183
Profit After Tax	4,799	3,368
Other comprehensive income	(321)	1,300



Hon'ble Prime Minister Shri Narendra Modi dedicated to the Nation the Varanasi City Gas Distribution (CGD) network, which is connected to the 'Pradhan Mantri Urja Ganga', in the presence of Hon'ble Governor of Uttar Pradesh Shri Ram Naik, Hon'ble Chief Minister of Uttar Pradesh Shri Yogi Adityanath and a host of other dignitaries

Business Performance

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

➤ Natural Gas Marketing

Natural gas trading continues to constitute your Company's core business. During FY 2017-18, gas sales volume increased 5% to 85.0 MMSCMD from 81.21 MMSCMD in the previous financial year. Gross revenue of your Company due to gas marketing in FY 17-18 was ₹38,021 Crore registering a jump of 10% mainly on account of the increase in sale price and volume contributing 71% to the topline of the Company.

➤ Transmission

• Natural gas transmission

Your Company owns and operates a network of around 11,400 km of natural gas high pressure trunk pipeline with a pan-India capacity to handle volumes of around 206.03 MMSCMD. The average gas transmission during the year 2017-18 was 105.23 MMSCMD, compared to 100.4 MMSCMD in the previous financial year. The EBIDTA of Natural Gas transmission increased by 15% to ₹3,633 crore from ₹3,170 crore in the previous year.

• LPG transmission

Your Company operates 2,038 kms of pipeline for LPG transmission. Jamnager-Loni and the Vizag-Secunderabad pipeline networks achieved a throughput of 3.72 MMTPA during the year against 3.36 MMTPA in the previous fiscal year. Gross revenue of your Company from LPG transmission in FY 17-18 was ₹558 crore as against ₹514 crore in FY 2016-17.

➤ Petrochemicals

During 2017-18, your Company's production increased by 11% to 671 TMTs of polymers and sales increased by 15% to 674 TMTs of polymers from the Pata plant. Additionally, more than 205.56 TMTs of polymer produced by BCPL was sold by GAIL. Gross revenue of your Company from Petrochemicals in FY 17-18 was ₹5,788 crore as against ₹5,626 crore in FY 2016-17.

➤ LPG and Other Liquid Hydrocarbon Production

Your Company has six LPG plants at five locations in the country having a production capacity of 1.5 million MT. In 2017-18, total liquid hydrocarbon production was about 1.28 Million MT, of which over 80% constitutes LPG and Propane. This segment showed a significant jump of 83% at the EBIDTA level, which increased to ₹2,372 crore from ₹1,293 crore in the previous year. The improvement was largely due to buoyant prices and 15% increase in sale volumes.

➤ Exploration and Production (E&P)

Your Company now has participating interest in 10 E&P blocks of which 8 blocks are in India and 2 blocks in Myanmar. Out of these, your Company is Operator in one onland block viz. CB-ONN-2010/11 in the Cambay basin, awarded during the NELP-IX bidding round. Revenue of approx. ₹631 crore has been generated from sale of hydrocarbons from these blocks during the year 2017-18.

GAIL Global (USA) Inc. (GGUI), a wholly owned subsidiary of GAIL (India) Limited, executed a Purchase and Participation Agreement with Carrizo Oil & Gas Inc. in September 2011, in order to enter into an unincorporated Joint Venture for acquiring 20% working interest in Carrizo's certain Eagle Ford Shale acreage position in Texas, USA. Carrizo is the Operator of the JV. The JV's lease holding is primarily located in the wet gas / condensate window in Eagle Ford shale in South Texas having significant liquids content.

Disinvestment by President of India

The Government of India disinvested 1,30,26,898 shares in June 2018 through CPSE Bharat 22 ETF. After disinvestment, the President of India's shareholding is 1,19,55,21,226 equity shares, representing 53.01% of paid-up share capital of GAIL.

Dividend

Your Company has a consistent track-record of dividend payment. The Board of Directors of your Company had earlier approved payment of an interim dividend @ 76.50% on equity share of ₹10 each (₹ 7.65 per equity share) amounting to ₹1,293.85 crore on then paid-up equity share capital of the



Hon'ble Prime Minister Shri Narendra Modi laid the foundation stone of the Ranchi City Gas Distribution (CGD) project in the presence of Hon'ble Chief Minister of Jharkhand Shri Raghubar Das and a host of other dignitaries

Company (₹ 1,691.30 crores), which was paid in January, 2018. Further, the Board has recommended payment of final dividend @14.40% on an equity share of ₹10 each (₹1.44 per equity share) on expanded equity post issue of Bonus shares, i.e., ₹2,255.07 crores for FY 2017-18 amounting to ₹324.72 crore.

With this, the total dividend payment for the fiscal year 2017-18 will be 71.80% on an equity share of ₹10 each (₹ 7.18 /- per equity share) amounting to ₹1618.57 crore on its paid-up equity capital of ₹2,255.07 crore, which is 35.05% of PAT and equals 5% of opening net worth of ₹32,349.69 crore as per the Companies Act, 2013 and in compliance of Department of Investment & Public Asset Management (DIPAM) guidelines. In addition to the payment of dividend to the shareholders, your Company paid dividend distribution tax of ₹352.53 crore.

Contribution to Exchequer

Your Company has contributed ₹6,782 crore in 2017-18 to the exchequer through dividend, duties, taxes and others, as compared to ₹5,909 crore in 2016-17.

Credit Rating

- Domestic rating**

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

- International Rating**

The International rating agency, Moody's International, Singapore, has upgraded the corporate issuer rating from Baa3 with a positive outlook to Baa2 with stable outlook which is equal to the sovereign rating of India. Further, Fitch Ratings has also assigned a long-term foreign currency issuer default rating of BBB- with a stable outlook, which is also equal to the sovereign rating of India. The international rating agencies, Moody's and Fitch have rated your Company at par with India's international rating. The agencies have indicated that your Company's rating may be upgraded once the sovereign rating of India improves.

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 the financial statement, as a separate section in the Annual Report FY 2017-18.

Related Parties - Subsidiaries/ Associates/ Joint Ventures

Your Company has formed subsidiaries/ associates/ joint venture companies for City Gas Distribution, such as GAIL Gas Limited, Indraprastha Limited, Mahanagar Gas Limited etc.; petrochemicals such as Brahmputra Cracker and Polymer Limited, ONGC Petro-addition Limited; LNG/ Re-gasification, such as GAIL Global (USA) LNG LLC, Petronet LNG Limited etc.; gas trading, power generation and shale gas. Contracts or arrangements/ transactions with related parties were on an arm's length basis and in the ordinary course of business.

In order to facilitate the transfer of LNG undertaking pursuant to the Demerger Scheme of RGPPL, RGPPL incorporated Konkarn LNG Private Limited (KLPL) as its wholly-owned subsidiary in December, 2015. The Demerger Scheme of RGPPL was approved by National Company Law Appellate Tribunal (NCLAT) vide order dated February 28, 2018 with appointed date as January 01, 2016 thereby transferring LNG business and all its associated assets and liabilities to KLPL, with mirror shareholding to RGPPL.

No subsidiary / joint venture company ceased to exist during the year. The subsidiaries/ associates/ joint venture companies of your Company have contributed significantly to its business expansion activities. A statement containing the salient features 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 given under Consolidated Financial Statements.



GAIL's first charter hired LNG vessel - MV Meridian Spirit (right), arrived in India with the country's first LNG Cargo sourced from USA. It docked for unloading at Dabhol (Maharashtra) in the august presence of Shri Dharmendra Pradhan, Hon'ble Union Minister Petroleum & Natural Gas and Skill Development & Entrepreneurship, Mr Patrick Santillo, Minister Counselor for Commercial Affairs, US Embassy, Shri B C Tripathi, CMD, GAIL and other dignitaries

Vigilance

Corporate Vigilance department of your Company is ISO-9001:2008 certified for having adopted Quality Management System (QMS) in compliance with the requirements of ISO. Further, efforts are being made for the transition of existing QMS of Corporate Vigilance Department to ISO 9001:2015. To bring transparency in its systems and processes for the benefit of vendors and suppliers, status of e-tendering, e-payments & receipts is monitored and reported to MoP&NG. In addition to this, a number of system improvements were affected in your Company during the year for effective utilization of its resources, which in turn would help to prevent corruption and ensure all round good governance. Some of these improvements are:

- Online vigilance clearance status of senior executives is in place.
- List of vendors put on Holiday/Banned is available on GAIL Intranet.
- To regulate the release of man-days based payment to contract employees, Bio-metric card based Access Control system for entry/exit of contract employees is under implementation.

The Vigilance Awareness Week-2017 was observed on the theme "My Vision – Corruption Free India" at the corporate office and at all the work centers from 30th October to 4th November, 2017. An interactive session was organized at the GAIL Corporate Office on October 30, 2017 where in Sh. K V Chowdary, Central Vigilance Commissioner of India interacted with all the work centers of GAIL through Video Conferencing. GAIL Vigilance Magazine "JAGROOK" was also released on the occasion.

Group	Employees on Roll	SC	ST	OBC	PWD
A	3247	514	207	606	48
B	507	90	55	110	10
C	669	123	22	222	37
D	57	14	06	16	-
C&MD DIRECTORS & CVO	6	-	1	-	-
Total	4486	741	291	954	95

A total of 222 new employees (including CVO) joined your Company during the FY 2017-18. Total manpower of the Company as on March 31, 2018 stood at 4486 (including Whole-time Directors & CVO) with 16.5 % of its employees belonging to the SC category, 6.5% to the ST category, 21.3% to the OBC category, 7.9% to the Minorities and 2.1% to the Persons with Disabilities (PWDs) category. Your Company's workforce comprised of 273 women employees as on March 31, 2018.

Official Language

The Official Language Implementation Committees at the Corporate and Work Centre level meets on a quarterly basis to monitor and review the progress made for achieving the targets fixed in the Annual Program issued by the Government of India.

Hindi workshops/trainings are organized on regular basis at Corporate Office and all work centres. Hindi computer training sessions are also integral part of these programs. 127 Hindi workshops were conducted during 2017-18 in which 2260 employees were provided training.

Hindi Fortnight was observed across GAIL from September 14 to 28, 2017 to propagate linguistic harmony and to motivate the employees for the progressive usage of Hindi in their day-to-day work.

Your Company also publishes its half-yearly Hindi magazine "Rajbhasha Sahyog" to promote Hindi language and to provide a platform for creative writing in Hindi. During the year, 'Suvicharon ka Sankalan', a compendium of

Essay writing, slogan writing and poster making competition for employees including contract employees were organized wherein a total number of 2,657 employees & their wards participated across 31 GAIL work centers. To create awareness among the youth towards the ill-effects of corruption, debate/allocation competitions were organized wherein a total number of 2106 students participated from over 27 schools/colleges. Further, Online Vigilance Quiz was conducted covering all work centers of GAIL on November 01, 2017.

Customer/Vendor Interaction Meets were organized at 4 locations. The concluding function was held on November 04, 2017 at Corporate Office in which Sh. Pratyush Sinha, Ex-CVC, was the the Chief Guest. A Knowledge Sharing Session was also organized during the event.

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 March 31, 2018 are given in the table below:

365 select inspirational and motivational quotes was published and distributed among the employees.

The 18th 'GAIL Rajbhasha Sammelan' was organized on March 10, 2018 at Amritsar (Punjab) to spread and propagate the essence of Hindi and simultaneously review the progress made on the implementation of the official language in the Company.

The First Sub-Committee of Committee of Parliament on Official Language inspected the Ahmadabad Zonal and GAIL Corporate offices to review the steps undertaken to promote the official language and it was appreciative of the efforts we had undertaken.

Sexual Harassment of Women at Workplace

Your Company has in place a 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. The Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment.

During the year 2017-18, no complaints of sexual harassment were received.

Procurement from Micro and Small Enterprises (MSEs)

The Government of India has notified a Public Procurement Policy for Micro and Small Enterprises (MSEs), Order 2012.

In terms of the said policy, out of the total eligible value of annual procurement



Hon'ble Minister for Petroleum & Natural Gas and Skill Development & Entrepreneurship Shri Dharmendra Pradhan launched the commencement of Piped Natural Gas (PNG) supply to residents of Bhubaneswar in the presence of Shri B C Tripathi, CMD, GAIL, Dr. TK Chand, CMD, NALCO and other dignitaries

of approx. ₹ 4,901 crore towards goods produced and services rendered by MSEs (including MSEs owned by SC/ST Entrepreneur) during the FY 2017-18, the value of total procurement made from MSEs is ₹ 1,362 crore, which is approx. 27.79%.

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.

Your Company achieved 'Excellent' MoU rating for the financial year 2016-17.

MoU for the year 2017-18 was signed between Chairman & Managing Director, GAIL and Secretary (P&NG), Government of India on July 03, 2017.

MoU 2017-18 was majorly aligned towards achieving GoI's vision of India being a gas-based economy. The thrust while fixing MoU targets was on increasing the number of PNG connections, CNG stations, implementation of green corridor, and other critical aspects of the Company including key financial parameters, gas marketing, gas transmission, project implementation, capital expenditure etc.

The evaluation of MoU 2017-18 is under progress and the final evaluated MoU score and rating is expected to be announced during December, 2018.

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 CPIO/ACPIOs/ Appellate Authorities at its units/offices across the Company to provide information to citizens under the provisions of the RTI Act.

Your Company has hosted RTI Guidelines and related information on its site and these may be accessed at http://www.gailonline.com/final_site/RTI.html. Besides, MIS Report on RTI Applications, Record Retention Schedule and latest RTI Audit Report had also been hosted under the same link.

Section 4(1)(b) of the RTI Act, 2005 lays down the information which should be disclosed by any Public Authorities on a suo-motu or proactive basis. Section 4(2) and Section 4(3) prescribe the method of dissemination of this information. Accordingly, keeping in view the purpose of suo-motu

disclosures under Section-4, GAIL's Corporate RTI Cell has hosted a dedicated page on GAIL's website, through which large amount of information in the public domain on proactive basis is placed. This is being done to make the functioning of your Company more transparent and reduce the need for filing individual RTI applications.

Further, your Company has been made 'LIVE' on the GoI's-DoPT Online RTI Portal from July, 2016 and ever since, we are providing information Online, apart from providing the requested information offline.

For the Financial Year 2017-18, GAIL's Corporate RTI Cell has 100% disposal rate in respect of RTI Applications received & disposed off. As on 31st March, 2018, we had a pendency of 17 RTI Applications, which were disposed-off subsequently within time schedule/as per the provisions of the RTI Statute. Further, your Company has received 'NIL' penalty/adverse remarks from Central Information Commission for the year 2017-18 in respect of second Appeal filed by Appellants.

Management Discussion and Analysis

In terms of Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and clause 7.5 of DPE Guidelines on Corporate Governance, the detailed Management's Discussion and Analysis forms part of this report at **Annexure- A**.

Corporate Governance

Your Company believes that good corporate governance plays a critical role 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 is no significant and material order passed by the regulators or Courts or tribunals impacting the going concern status and the Company's operations in future.



Hon'ble Minister for Petroleum & Natural Gas and Skill Development & Entrepreneurship, Shri Dharmendra Pradhan inaugurated two Compressed Natural Gas (CNG) stations in Cuttack in the presence of Shri B C Tripathi, CMD and other dignitaries

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 O P Bagla & Co. LLP (Formerly O P Bagla & Co), Chartered Accountants, New Delhi and M/s ASA Associates LLP, Chartered Accountants, New Delhi were appointed as Joint Statutory Auditors of your Company for the FY 2017-18.

Review and Comments of CAG, if any, on the Company's Financial Statements for the financial year ending March 31, 2018, form 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.

There are no qualifications by the statutory auditors on the financial statements for FY 2017-18.

• 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 and M/s Sanjay Gupta & Associates, New Delhi for Central Region as cost auditors for FY 2017-18. M/s Ramanath Iyer & Co. is the lead cost auditor.

Your Company is maintaining cost records as specified by the Central Government under sub-section (i) of section 148 of the Companies Act, 2013.

Cost audit reports for the financial year ended March 31, 2017 were filed to Registrar of Companies on September 07, 2017.

• 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 FY 2017-18. 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 observation made by Secretarial Auditor in his Audit report is as under:

Non-compliance of Regulation 17 (10) & 25 (4) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Company has not carried out the performance evaluation of the directors.

Explanation on observation made by Secretarial Auditor in his Audit report is as under:

GAIL is a Government Company, appointment/ nomination of all the Directors including Independent Directors are being done through by the President of India, through the MoP&NG, therefore, performance evaluation of individual Directors including Independent Directors is to be done by Government of India being the appointing authority. As per requirement of SEBI (LODR) Regulations, 2015, a policy on performance evaluation including an evaluation criterion for the Board and its directors has been formulated.

In this regard, MCA vide notification dated June 5, 2015 & July 5, 2017 has exempted Government Companies from applicability of the following provisions:

- Section 134(3)(p) and 178(2) of The Companies Act, 2013 &
- Sub-Para (2) and (7) of Para II, Para IV, Para V, clauses (a) and (b) of sub-Para (3) of Para VII and Para VIII of Schedule IV (Code for Independent Directors) respectively.

In this regard, SEBI has also been requested for grant of exemption from the provisions of SEBI (LODR) Regulations 2015 relating to Performance Evaluation of Board and its directors in line with exemptions granted to Government Companies in The Companies Act, 2013. The reply from SEBI is awaited. The matter was deliberated in Nomination and Remuneration Committee and it was decided that the draft policy will be considered for Board's approval on receipt of any specific directives from SEBI in this regard. The same was informed to the Board also.

Performance Evaluation

As per 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 of the performance of the Board, its Committees and of individual directors should form part of the Directors' Report.

However, as per notification dated June 5, 2015 and July 5, 2017 issued by the Ministry of Corporate Affairs, Government of India, government companies are exempted from provisions pertaining to performance evaluation of the Board, its committees and individual directors under the Companies Act, 2013.



Hon'ble Minister for Petroleum & Natural Gas and Skill Development & Entrepreneurship Shri Dharmendra Pradhan (2nd from right) launched the supply of Compressed Natural Gas (CNG) and CNG-run scooters in Bhubaneswar in the presence of Dr. Ashutosh Karnatak (right), Director (Projects) and other dignitaries



Shri B C Tripathi, CMD (centre) announced the Annual Financial Results 2017-18 of the Company at a press conference in the presence of (from left to right) Shri Gajendra Singh, Director (Marketing), Dr. Ashutosh Karnatak, Director (Projects), Shri Subir Purkayastha, Director (Finance) and Shri PK Gupta, Director (Human Resources)

Your Company is a government company and the appointment, tenure, performance evaluation etc. of Directors is done by the Government of India, therefore, such particulars have not been included as part of the Directors' Report.

Corporate Social Responsibility

Your Company firmly believes that Corporate Social Responsibility (CSR) plays a major role in the development of any country and therefore, it has made CSR an integral part of its ethos and culture. Your Company goes beyond the statutory compliances and makes efforts contribute to the economic development while improving the quality of life of the local community around the company's work centers, and the society at large. To amplify its outreach efforts, your Company has incurred an expenditure of 2.63% of the average net profit of the preceding three years on CSR projects/activities in FY 2017-18 (₹91.65 Crore) against the stipulated 2% spend (₹69.67 crores).

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 and Foreign Exchange Earnings and Outgo

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 and Foreign Exchange Earnings and Outgo 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 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. In terms of the provisions of section 197(12) of The Companies Act, 2013, read with the Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, every Company is required to give a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules in the Annual Report.

However, as per notification dated June 5, 2015 issued by the Ministry of Corporate Affairs, Government of India, Government Companies are exempted from complying with provisions of section 197 of The Companies Act, 2013. Your Company is a Government Company, therefore, such particulars have not been included as part of the Directors' Report.

Extract of Annual Return

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

Dividend Distribution Policy

As per Regulation 43A of the SEBI (LODR) Regulation 2015, your Company has formulated a Dividend Distribution Policy. The dividend pay-out is in accordance with the Company's Dividend Distribution Policy.

The Dividend Distribution Policy of the Company is available on the Company's website, at http://www.gailonline.com/final_site/pdf/InvestorsZone/GAIL%20Dividend%20Distribution%20Policy.pdf.

Issue of Shares and Fixed Deposits

In March, 2018, your Company issued and allotted Bonus Shares to the shareholders in ratio of one equity share of ₹10 each for every three equity shares of ₹10 each held as on 29.03.2018. As a result, the Paid-up Equity Capital has increased from ₹1,691.30 crores to ₹2,255.07 crores by capitalizing the General Reserves for ₹563.77 crores.

Your Company has not accepted any fixed deposits during the financial year 2017-18 and, as such, no amount of principal or interest was outstanding as of the balance sheet date.

Fund Raising

During FY 2017-18, your Company has not raised funds through preferential allotment or qualified institutions placement.

Foreign Exchange Earnings and Outgo

During FY 2017-18, Foreign exchange earnings were ₹ 1,797.92 crore and foreign currency outgo was ₹11,116.05 crore.



Shri B C Tripathi, CMD(second from right) with (from left to right) Shri Subir Purkayastha, Director (Finance), GAIL, Ms Kamal Kapoor, DGM, State Bank of India, Shri S K Pradhan, General Manager, SBI and Shri A K Tiwari, Executive Director (Finance), GAIL after the signing of a Rupee Term Loan Agreement of Rs 2,000 crores between GAIL and SBI having a door-to-door tenure of 15 years

Key Managerial Personnel and Directors

The following Key Managerial Personnel (KMP) were appointed on the Board of your Company:

- Shri Gajendra Singh, Director (Marketing) w.e.f April 05, 2017.
- Shri Manoj Jain, Director (Business Development) w.e.f June 05, 2018.

The following were appointed on the Board of your Company as a Non-official Part-Time Director(s):

- Dr. Rahul Mukherjee, Independent Director w.e.f. September 15, 2017 (from the date of obtaining DIN)
- Shri Jayanto Narayan Chaudhury, Independent Director w.e.f. September 15, 2017 (from the date of obtaining DIN)
- Ms. Indrani Kaushal, Government Nominee w.e.f. September 22, 2017
- Ms. Banto Devi Kataria, Independent Director w.e.f. August 6, 2018 (from the date of obtaining DIN)

Shri Anant Kumar Singh ceased to be Director on the Board of your Company w.e.f. May 11, 2017.

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

Code of Conduct

Pursuant to the requirements of SEBI (LODR) Regulations, 2015 and DPE Guidelines on Corporate Governance, the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the financial year ending 31st March, 2018.

Directors Responsibility Statement

Your Directors confirm that they have:

- i) followed applicable accounting standards, alongwith proper explanation relating to material departures, in the preparation of the annual accounts for the financial year ending March 31, 2018;

- 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 March 31, 2018 on a going concern basis;
- v) 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 are operating effectively.

Acknowledgment

Your Directors express their appreciation 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 the 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
(DIN: 01657366)**

**Place : New Delhi
Dated : 10.08.2018**