

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company's philosophy on Corporate Governance oversees business strategies and ensures fiscal accountability, ethical corporate behavior and fairness to all stakeholders comprising regulators, employees, customers, vendors, investors and the society at large. Strong leadership and effective corporate governance practices have been the Company's hallmark inherited from the Company's culture and ethos. The Company has a strong legacy of fair, transparent and ethical governance practices.

Our Corporate Governance is reflection of our value system encompassing our culture, policies and relationships with our stakeholders. Integrity and transparency are key to our corporate governance practices to ensure that we gain and retain the trust of our stakeholders at all times.

The Company endeavours to uphold the principles and practices of Corporate Governance to ensure transparency, integrity and accountability in its functioning which are vital to achieve its vision of being "Be the Leading Company in Natural Gas and Beyond, with Global Focus, Committed to Customer Care, Value Creation for all Stakeholders and Environmental Responsibility".

2. BOARD OF DIRECTORS

i. Terms of Reference

In line with sound Corporate Governance framework all the statutory,

significant and material information including as enlisted in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR Regulations, 2015), The Companies Act, 2013, Guidelines on Corporate Governance for CPSEs, 2010 issued by the Department of Public Enterprises (DPE Guidelines for Corporate Governance) etc., is periodically placed before the Board.

ii. Composition

The 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 and not more than 20.

The Board of Directors has a combination of Executive (Functional) and Non-Executive Directors. As on 31st March, 2018, there were 14 Directors on the Board comprising of 5 Functional Directors including the Chairman & Managing Director, 9 Non-Executive Directors (comprising of 2 Government Nominee Directors and 7 Independent Directors).

Further the details of attendance, number of Directorships and chairmanship/Memberships of Committees of each Director in other companies as on 31st March, 2018 are as under:

Name and Designation of the Director	No. of Board Meetings attended	Attendance at last Annual General Meeting	Directorships held in Other Companies	Committee Membership in other Companies	Chairperson of Committees of other Companies
I. Functional Directors (Whole-time)					
Shri B. C. Tripathi Chairman and Managing Director	10	Yes	Public-02 Private - Nil	Nil	Nil
Dr. Ashutosh Karnatak Director (Projects)	15	Yes	Public - Nil Private - Nil	Nil	Nil
Shri Subir Purkayastha Director (Finance) & CFO	14	Yes	Public - 04 Private - 00	01	01
Shri P.K. Gupta Director(HR)	14	Yes	Public - 01 Private - 02	Nil	Nil
Shri Gajendra Singh Director (Marketing) (w.e.f. 05.04.2017)	13	Yes	Public - 01 Private - 01	Nil	Nil
II. Non-Executive Directors (Government Nominee)					
Shri Anant Kumar Singh (upto 11.05.2017)	NA	NA	Public-02 Private-01	Nil	Nil
Sh. Ashish Chatterjee	12	No	Public - 01 Private-Nil	Nil	Nil
Ms. Indrani Kaushal (w.e.f. 22.09.2017)	7	No	Public-Nil Private-Nil	Nil	Nil
III. Non-Executive Directors (Independent)					
Shri S.K. Srivastava	15	No	Public -01 Private -Nil	01	Nil
Shri Anupam Kulshreshtha	15	Yes	Public -Nil Private -Nil	Nil	Nil
Shri Sanjay Tandon	12	No	Public - 01 Private - 02	02	Nil

Name and Designation of the Director	No. of Board Meetings attended during the Tenure	Attendance at last Annual General Meeting	Directorships held in Other Companies	Committee Membership in other Companies	Chairperson of Committees of other Companies
Shri Dinkar Prakash Srivastava	14	Yes	Public - 01 Private - Nil	Nil	Nil
Dr. Anup K Pujari	10	Yes	Public - Nil Private - Nil	Nil	Nil
Shri Jayanto Narayan Choudhury (w.e.f. 15.09.2017)	09	NA	Public - Nil Private - 01	Nil	Nil
Dr. Rahul Mukherjee (w.e.f. 15.09.2017)	05	NA	Public - Nil Private - Nil	Nil	Nil

Notes:

- 33rd Annual General Meeting was held on 12.09.2017.
- Based on disclosures received from concerned Director(s):
 - Directors inter-se are not related to each other and also to other Key Managerial Personnel. 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 of the Company.
 - None of the non-executive Directors had any pecuniary relationship or transactions with the Company during the FY ending on 31st March, 2018.
- Brief resume of directors appointed/reappointed at the forthcoming AGM is given in the Notice of AGM

iii. Meeting Details

During 2017-18, 15 (Fifteen) meetings of the Board were held - 06th April, 26th April, 22nd May, 18th July, 10th August, 15th September, 27th September, 11th October, 14th November, 12th December, 21st December in 2017 and 12th January, 12th February, 12th March and 21st March in 2018.

iv. Independent Directors Meeting

A separate meeting of Independent Directors was held on 12th January, 2018 as per requirement of The Companies Act 2013 and SEBI (LODR) Regulations, 2015.

v. 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. Newly appointed Independent Directors were given orientation presentation on the Company's business and its activities.

In addition, the Company has formulated a Training Policy for Board Members of the Company. The 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 reported back to the Committee(s) is also put up to the Committee on regular basis. Further all the information placed before the Board of Directors is in compliance with Regulation 17 of the SEBI (LODR) Regulations, 2015.

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

A. AUDIT COMMITTEE

i. 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 on Corporate Governance, as amended 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 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 and also review the budgeted capex on quarterly basis.

ii. Composition

As on 31st March, 2018, the Audit Committee comprised of Shri Anupam Kulshreshtha as the Chairman, Shri Gajendra Singh, Shri S.K. Srivastava and Shri Sanjay Tandon as the members. All members of the Committee have requisite experience in financial and management matters.

Director (Finance), Director (HR), 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 representatives of the Statutory Auditors attend the Committee meetings considering the quarterly financial result / annual financial statements. The representatives of the Cost Auditors are also invited to meetings of the Audit Committee whenever matters relating to cost audit report are considered. 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.

iii. Meeting Details

During 2017-18, 13 (Thirteen) meetings of Audit Committee were held: 26th April, 8th May, 22nd May, 17th July, 28th July, 10th August, 11th October, 9th November, 14th November, 15th December in 2017 and 30th January, 12th February, 21st March, in 2018. The attendance of the Members at the meetings was as under:

S. No.	Members	No. of Meetings	
		Held during the tenure	Attended
1.	Shri Anupam Kulshreshtha	13	13
2.	Shri P.K. Gupta (upto 22.05.2017)	03	02
3.	Shri S.K.Srivastava	13	13
4.	Shri Sanjay Tandon	13	12
5.	Shri Gajendra Singh (w.e.f. 23.05.2017)	10	09

iv. Risk Management

A robust Risk Management Framework supports the 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. All the functional Directors excluding CMD, Head of Treasury and Chief Risk Officer are the members of Risk Management Committee. Director (Marketing) is the Chairperson of Risk Management Committee.

v. Vigil Mechanism - Policy on Whistle Blower and Fraud Prevention

The 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, the Company has framed the Fraud Prevention Policy to prevent, detect and allow for speedy disposal of fraud or suspected fraud. Mechanism followed is appropriately communicated within organization across all levels and has been displayed on Company's website at http://www.gailonline.com/final_site/pdf/others/

[Drfat Policy2012.pdf](#)

Audit Committee reviews the complaints received under whistle blower mechanism and fraud prevention policy if and only if there is any complaint received under the said policies. During the year under review, no complaints were received under Whistle Blower Mechanism and Fraud Prevention Policy.

B. STAKEHOLDER'S RELATIONSHIP COMMITTEE

i. 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 approves issuance of duplicate share certificate.

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

ii. Composition

As on 31st March, 2018, the Stakeholders Relationship Committee comprised of Shri Dinkar Prakash Srivastava, as the Chairman, Dr. Ashutosh Karnatak, Shri P.K. Gupta and Dr. Rahul Mukherjee (w.e.f. 12.01.2018) as the member(s). The Company Secretary acts as the Compliance Officer of the Company.

iii. Meeting & Other Details

During 2017-18, one meeting of the Committee was held on 27th November 2017 which was attended by all members i.e. Shri Dinkar Prakash Srivastava, Dr. Ashutosh Karnatak and Shri P.K. Gupta.

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 placed to the Audit Committee and Board.

During the year 2017-18, 12 complaints were received from the shareholders/investors through SEBI/Stock Exchanges and other statutory bodies, which pertained to matters like non-receipt of dividend, annual report, etc. and all the 12 complaints were resolved.

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 by R&TA.

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 viz. annual reports, financial information, shareholding pattern, dividend declaration, Investor Education & Protection Fund (IEPF) transfer, unpaid dividend etc.

C. NOMINATION AND REMUNERATION COMMITTEE

GAIL being a Government Company, 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 Rs. 40,000/- and Rs. 30,000/- for attending each meeting of the Board and Committee respectively in addition to expenses incidental thereto.

i. 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.

The role of Nomination and Remuneration Committee is as per SEBI (LODR) Regulations, 2015; The Companies Act, 2013 and DPE guidelines on Corporate Governance for Central Public Sector Enterprises, 2010 as amended from time to time.

ii. Performance Evaluation of Board

GAIL being a Government Company, the performance evaluation is to be done by Government of India being the 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. Accordingly, the Company has requested SEBI to grant exemption from the provision of SEBI (LODR) Regulations, 2015 relating to Performance Evaluation in line with the exemption granted under the

Companies Act, 2013. Further, a draft policy has been formulated which will be considered for Board's approval on receipt of any specific directives from regulatory body in this regard.

iii. Composition

As on 31st March 2018, the Nomination and Remuneration Committee of the Company comprised of Dr. Rahul Mukherjee as the Chairman, Shri Dinkar Prakash Srivastava and Shri Jayanto Narayan Choudhury, as the member(s). Director (Finance) and Director (HR) are the permanent invitees to the meetings of Nomination and Remuneration Committee.

iv. Meeting & Other Details

During 2017-18, 4 (Four) meetings of Nomination and Remuneration Committee were held: 22nd September and 10th October and 21st December in 2017 & 26th February in 2018. The attendance of the Members at the meetings was as under:

S. No.	Members	No. of Meetings	
		Held during the tenure	Attended
1.	Dr. Rahul Mukherjee (w.e.f. 12.01.2018)	1	0
2.	Shri Dinkar Prakash Srivastava (w.e.f. 23.05.2017)	4	4
3.	Shri Jayanto Narayan Choudhury (w.e.f. 12.01.2018)	1	1
4.	Dr. Anup K. Pujari (23.05.2017-12.01.2018)	3	3
5	Shri Sanjay Tandon (upto 12.01.2018)	3	3

v. Remuneration of Directors

The details of remuneration paid to Whole-time Directors of the Company for 2017-18 are as below:

(₹ in Lakhs)

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	54.51	7.62	10.73	18.99	91.85
2	Dr. Ashutosh Karnatak Director (Projects)	50.06	6.51	16.72	12.15	85.44
3	Shri Subir Purkayastha Director (Finance)	43.42	6.45	6.65	12.02	68.54
4	Shri P.K. Gupta Director (HR)	48.29	6.51	7.42	13.16	75.38
5	Shri Gajendra Singh Director (Marketing) (w.e.f. 05.04.2017)	49.89	6.48	9.19	9.64	75.20

*includes self-lease amount paid during the period

The payment made to Whole-time Directors did not include provision for leave, gratuity and post retirement benefits as per Ind AS-19 since the same were not ascertained for individual employee (Refer note no. 47 to the accounts in Annual Report). During the year under review, the 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. 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.

The Company has issued formal appointment letters to the Independent Directors. Further, as required by Regulation 46 of the Listing Regulations - 2015, the terms and conditions of appointment of the Independent Directors is available on the Company's website at page <http://www.gailonline.com/IZ-IndependentDirector.html>

During the year 2017-18, the details of sitting fees paid to the Independent Directors, excluding Goods and Services Tax paid under reverse charge mechanism by the Company, for attending the meetings of the Board of Directors and Committee(s) thereof are as under:

S. No.	Name of the Independent Director(s)	No. of Meetings of the Board attended	No. of Meetings of the Committee(s) attended	Amount (₹ in lacs)
1.	Shri S.K. Srivastava	15	24	13.20
2.	Shri Anupam Kulshreshtha	15	23	12.90
3.	Shri Sanjay Tandon	12	18	10.20
4.	Shri Dinkar P Srivastava	14	14	9.80
5.	Dr. Anup K Pujari	10	10	7.00
6.	Shri Jayanto Narayan Choudhury	09	03	4.50
7.	Dr. Rahul Mukherjee	05	00	2.00

vi. Equity Shares held by Director

Except as stated hereunder, none of the Directors hold any Equity Shares in the Company as per the declarations made by them to the Company in their own names:

S. No.	Name of the Director(s)	No. of Shares held (as on 31st March, 2018)
1.	Shri P.K. Gupta	533

D. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

i. Terms of Reference

The terms of reference of CSR 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.

ii. Composition

As on 31st March, 2018 the CSR Committee of the Company comprised of Shri B.C.Tripathi as the Chairman, Shri P.K. Gupta, Shri Anupam Kulshreshtha and Shri Sanjay Tandon as the member(s).

iii. Meeting & Other Details

During 2017-18, 03 (Three) meetings of CSR Committee were held: 19th May, 6th July and 27th September in 2017. 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	2
2.	Shri P.K. Gupta	3	3
3.	Shri Anupam Kulshreshtha	3	3
4.	Shri Sanjay Tandon	3	1
5.	Shri Ashish Chatterjee	1	0

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

4. GENERAL BODY MEETINGS

i. Location and Time - Last Three AGMs

The location, time and details of special resolutions passed during last three AGMs are as follows:

Financial Year	2014-15	2015-16	2016-17
AGM	31st	32nd	33rd
Date & Time	16.09.2015 at 10:30 am	23.09.2016 at 10:30 am	12.09.2017 at 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	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.	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.	(1) Increase in the authorized share capital to ₹ 5,000 crore (Rupees Five Thousand Crore) divided into 500 crore (Five Hundred Crore) shares of ₹10 each (2) To amend the Articles to induct the enabling provision to carry out consolidation and re-issuance of debt securities, subject to the approval of Board of Directors pursuant to SEBI Circular No.: CIR/IMD/DF-1/67/2017, dated 30 June, 2017 (3) 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	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 ₹ 2500 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 ₹ 2500 crore.	1) Approval of shareholders of the Company was sought for amendment in Articles of Association of the Company for: (i) Increase in the authorized share capital to ₹ 5,000 crore (Rupees Five Thousand Crore) divided into 500 crore (Five Hundred Crore) shares of ₹10 each (ii) to authorize the Board of Directors including its Committee from time to time to issue, consolidate, re-issue etc. the debt securities of the Company including structured/market linked in such manner and upon such terms and conditions as may deem fit. (2) 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 ₹ 2500 crore

No Extraordinary General Meeting of the Members was held during the year 2017-18.

There is no immediate proposal for passing any resolution through Postal Ballot. None of the businesses proposed to be transacted at the ensuing Annual General Meeting require passing the resolution through Postal Ballot.

ii. Postal Ballot

During the year, shareholders approved the proposal by way of ordinary resolution for issue of bonus shares in the ratio of 1:3 i.e. issuance of 1 (one) bonus share of Rs. 10/- for existing 3 (three) equity shares of Rs. 10/- each fully paid up.

Accordingly, bonus shares were allotted to eligible shareholders based on shareholders data as on Record date i.e. 29.03.2018. Bonus shares were allotted by the Company on 31.03.2018. Since bonus shares were issued in the ratio of 1:3, there were certain shareholders whose entitlement came in fractional lot and such fractional shares were consolidated and sold in open market. The sale proceeds after adjusting the cost and expenses thereof were distributed among the respective shareholders.

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 were as under:

- **Quarterly/ Annual Financial Results:** The quarterly unaudited financial results and audited yearly results of the Company are announced within stipulated period from the end of respective quarter/year. In order to attain maximum shareholder reach, the financial results of the Company during the year 2017-18 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 (English)	Business Standard (Hindi)	Economic Times (Hindi)
30.06.2017	10.08.2017	-	10.08.2017
30.09.2017	16.11.2017	16.11.2017	-
31.12.2017	14.02.2018	-	14.02.2018
31.03.2018	25.05.2018	25.05.2018	-

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, Standalone Audited Financial Statements, Audited Consolidated Financial Statements, Directors' Report, Management Discussion and Analysis, Auditors' Report, Corporate Governance Report is circulated to the members and others entitled thereto. The same is also uploaded on the website of the Company.
- **Chairman's Speech** at AGM is distributed to all the members present. Same is also hosted at Company's website for information of shareholders.
- **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, Company/RTA 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/shares every year.
- **Green initiative – reaching important communication to shareholders through email.** In terms of the Green initiative launched by the Ministry of Corporate Affairs, to allow service of documents to the members through electronic mode, the Company from the last few years has been sending various communications/documents like Annual Report, Notice of AGM, NACH intimation etc. through e-mail to those shareholders who have registered their email id with the DP/R&TA.

6. GENERAL SHAREHOLDER INFORMATION

- **Forthcoming Annual General Meeting (AGM): Date, Time and Venue**

34th Annual General Meeting of the Company is scheduled for **Tuesday, the 11th day of September, 2018 at 10.30 a.m. at Manekshaw Centre, Parade Road, Delhi Cantonment, New Delhi - 110010.**

- **Dividend details:**

During 2017-18, 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	Date of approval of dividend	Dividend (%)	Record Date / Book Closure	Dividend Payment Date
1.	Interim Dividend	Board-12.01.2018	76.5 (₹ 7.65/- per share)	20.01.2018	23.01.2018
2.	Final Dividend (Proposed)	Shareholders, if approved in ensuing AGM – 11.09.2018	14.44 (₹ 1.44/- per share)	01.09.2018 to 11.09.2018	-

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, the Company has transferred an amount of ₹ 20.49 lacs and ₹ 9.24 lacs in the IEPF for unclaimed/unpaid final dividend for FY 2009-10 and interim dividend for FY 2010-11 respectively. Till date ₹ 2.92 crores has been transferred to IEPF. Pursuant to the requirement of section 124(6) and Rule 6(5) of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, all shares in respect of which dividend have not been paid or claimed for seven consecutive years or more to be transferred to IEPF Authority Account. In this regard, during the year 2016-17, 25,763 shares have been transferred to IEPF Authority account.

The subsequent due dates of transfer of unpaid/unclaimed dividend and shares to IEPF Authority Account 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
2010-11	FINAL	55	06.10.2018	06.11.2018
2011-12	INTERIM	30	22.02.2019	22.03.2019

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/ 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. More details are available at www.gailonline.com/InvestorZone.

The Company has uploaded the information in respect of the Unclaimed Dividend till the date of the 33rd 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 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 Automated Clearing House, wherever applicable. A detailed reference note on dividend related activities is also available at Company's website under 'Investor Zone'.

Listing of Securities 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 (NSE) Exchange Plaza, 5th 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	GAID LIGAILY US	GDRs

Further, the Non-Convertible Redeemable Bonds - 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 above mentioned Bond Series.

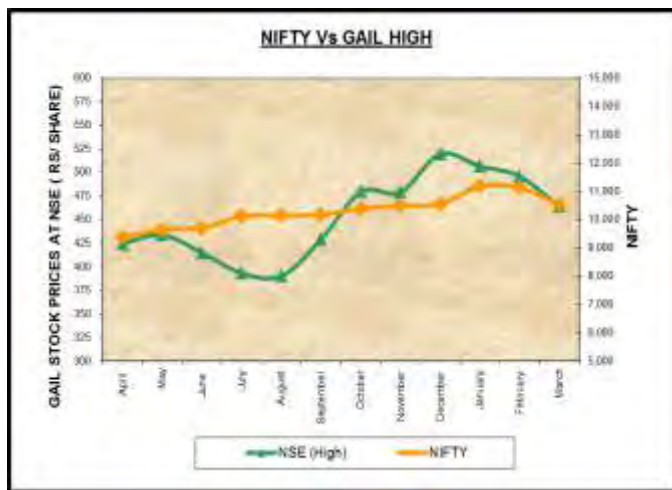
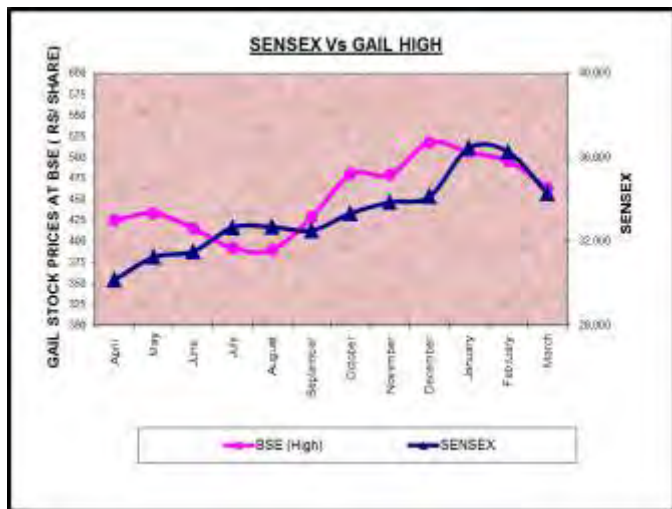
The annual listing fees for the listed equity shares and Bonds of the Company, pertaining to the year 2017-18 has been paid to the concerned stock exchanges on demand. The Company has also made the payment of the Annual Custody Fees to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), for the FY 2017-18.

During 2017-18, the securities of the Company were not suspended from trading.

Market Price Data

MONTH	BSE			NSE			MARKET CAPITALISATION (₹ 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	425	377	4662345	425	377	3778812	71669	71703	30184	9367
May	434	365	3013871	434	366	7712717	70299	70020	31255	9650
June	415	347	4443638	415	347	1359544	61056	61640	31523	9709
July	392	356	5024415	393	356	1916744	63711	63720	32673	10115
August	390	356	6731030	391	356	4316561	63982	63982	32686	10138
September	428	376	12571600	429	375	15174614	70883	70874	32524	10179
October	480	423	12964925	479	422	2770041	78637	78679	33340	10385
November	480	442	6162375	479	441	5701317	79271	79221	33866	10490
December	518	449	5507821	520	449	3904128	84092	84506	34138	10552
January	506	447	3316427	507	447	2470120	80895	80946	36444	11172
February	496	440	3143949	496	439	3198891	77301	77377	36257	11117
March	464	311	3034416	464	309	9038392	74102	74090	34279	10526

Note : Bonus shares were allotted to eligible shareholders based on shareholders data as on Record date i.e. 29th March, 2018.



Share Transfer System

The shares of the 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.

In order to expedite the process of share transfer and in line with Regulation 40 (2) of the SEBI (LODR) Regulations, 2015 the Company has delegated the power of share transfer to a Share Transfer Committee 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. Shares received in physical form are transferred within the stipulated period from the date of lodgement subject to documents being valid and complete in all respects.

Distribution of Shareholding

The distribution of shareholding of the Company as on 31st March, 2018 is detailed below:

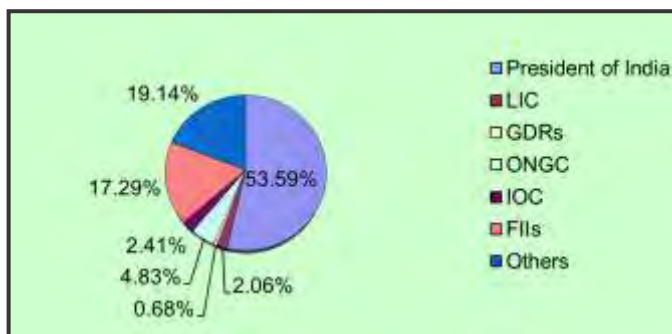
No. of Equity shares held	No. of Shares	% to Total	No. of Shareholders	% to Total
1	6384	0.00	6384	3.44
2-10	86286	0.00	14783	7.96
11-50	1564605	0.07	53040	28.57
51-100	2613073	0.12	34776	18.73
101-200	4982217	0.22	33922	18.27
201-750	12169045	0.54	33526	18.06
751-5000	11752320	0.52	7602	4.09
5001-10000	3178190	0.14	456	0.25
10001-15000	33942761	1.51	728	0.39
15001 and above*	2184776052	96.88	455	0.25
TOTAL	2255070933	100.00	185672	100.00

* includes 1208548124 equity shares held by President of India

Top 10 Shareholders as on 31st March, 2018

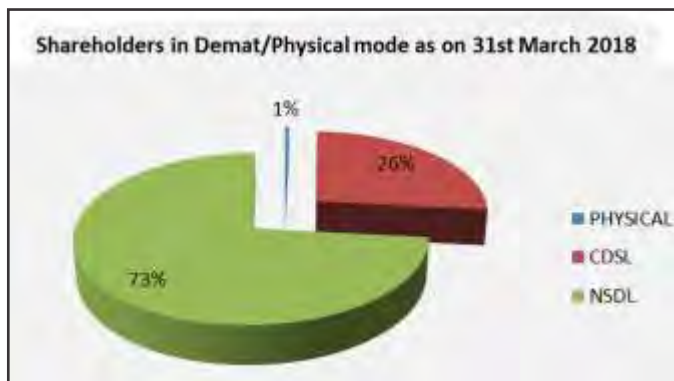
S. No.	Name of Shareholder(s)	Share(s)	%
1	PRESIDENT OF INDIA	1208548124	53.59
2	OIL AND NATURAL GAS CORPORATION LIMITED	108905462	4.83
3	INDIAN OIL CORPORATION LIMITED	54452730	2.41
4	LIFE INSURANCE CORPORATION OF INDIA	46414408	2.06
5	MATTHEWS PACIFIC TIGER FUND	29612492	1.31
6	HDFC TRUSTEE COMPANY LIMITED - HDFC PRUDENCE FUND	27030286	1.20
7	GOVERNMENT PENSION FUND GLOBAL	26024224	1.15
8	ICICI PRUDENTIAL LIFE INSURANCE COMPANY LIMITED	24389313	1.08
9	CPSE ETF	19407108	0.86
10	HDFC TRUSTEE COMPANY LIMITED-HDFC EQUITY FUND	16043778	0.71

Shareholding Pattern as on 31st March, 2018



Dematerialization of Shares and Liquidity

As on 31st March, 2018, the Company had 1,85,672 shareholders, out of which 1,84,899 shareholders were holding equity shares in demat mode and 773 shareholders were holding equity shares in physical mode. The demat ISIN at NSDL/CDSL of the Company's equity shares is INE129A01019 and Corporate Identification Number allotted to the Company by the Ministry of Corporate Affairs (MCA) is L40200DL1984G01018976.



Reconciliation of Share Capital Audit Report

Practicing Company Secretary carried out a reconciliation of share capital audit on quarterly basis to reconcile the total share capital with National Securities Depository Limited (NSDL), Central Depository Services (India) Limited (CDSL) and in physical mode with the total issued/paid-up capital. The audit confirms that the total issued/paid up capital is in agreement with total number of shares in physical mode and total number of dematerialized shares held with NSDL & CDSL.

Commodity price risk or foreign exchange risk and hedging activities

The Company has an approved Natural Gas Price Risk Management Policy to manage the price risk on the import of natural gas procured for customers and internal consumption of Gas. The company has undertaken various hedge transactions during the year to mitigate the price risk arising from the volatility of various indices linked to the purchase and sales of imported LNG.

Further, the Company has approved Foreign Currency and Interest Rate Risk Management Policy to manage interest and currency risk in respect of Forex Exposure. The Company has managed interest and currency risk related to Foreign currency loan taken during the year.

Outstanding GDRs/ADRs/Warrants or Convertible Instruments

As on 31st March, 2018, a total number of 2547258 GDRs representing 15283549 (0.68%) 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 the Company:-

U.P. Petrochemical Complex, PATA P.O. Pata – 206241 Distt. Auraiya (U.P.)	LPG Recovery Plant, Vijaipur GAIL Complex Vijaipur – 473112 Distt. Guna (M.P.)
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LPG Recovery Plant, Vaghodia GIDC Industrial Estate Vaghodia – 391760 Distt. Baroda (Gujarat)	LPG Recovery Project, Gandhar Village Rozantankaria Tal. AMOD Distt. Bharuch – 392140 (Gujarat)
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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. POLICIES

- The Company has formulated a Related Party Transaction Policy in terms of Regulation 23 of SEBI (LODR) Regulations, 2015. This policy is available at website of the Company at http://www.gailonline.com/final_site/LZ-Policies.html.
- 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 "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/LZ-Policies.html.
- 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/LZ-Policies.html.
- As per the requirement of Regulation 43A of SEBI (LODR) Regulations, 2015, Dividend Distribution policy is in place and

hosted at Company's website at <http://www.gailonline.com/IZ-Policies.html>.

B. AFFIRMATIONS & COMPLIANCES

- a. For periods up to and including the year ended 31st March 2018, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read with The Companies (Indian Accounting Standards) Rules, 2015, as amended. Accordingly, the Company has prepared financial statements which comply with Ind-AS applicable for periods ending on 31st March 2018, together with the comparative period data as at and for the year ended 31st March 2017, as described in the summary of significant accounting policies. During the year, there have been no material 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. 50 (Annexure-B) of the Financial Statement 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 IndAS-24 on related party transactions.
- b. The Board of Directors of the Company has adopted the Code of Conduct for Directors and Senior Management Personnel. The Code is applicable to Executive and Non-Executive Directors as well as Senior Management Personnel. As per the SEBI Regulations, the duties of Independent Directors have been suitably incorporated in the said Code as laid down in the Act. A copy of the code is available on Company's website <http://www.gailonline.com/pdf/InvestorsZone/Code of Conduct 2014.pdf> Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct of the Company for the financial year ending on 31st March, 2018.
- c. The Company has filed report on Corporate Governance in specified format(s) within stipulated time to Stock Exchanges/ MoPNG/DPE.
- d. 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.
- e. The Company has implemented online legal compliance management system covering the compliance of the applicable laws to the Company. A compliance Report is generated and the same is put up bi-annually for review of the Board.
- f. During the year under review, Presidential Directives on pay revision have been implemented. Except this, no other Presidential Directives have been received by the Company.
- g. No item of expenditure has been debited in the books of account, which are not for the purposes of the business or expenses and are personal in nature. Further, the administrative & office expenses and financial expenses constitute 4.60% and 0.6% respectively of total expenses for 2017-18 as against 4.24% and 1.08% in 2016-17.
- h. All applicable Secretarial Standards on Board Meeting and Annual General Meeting are duly complied.

C. DISCLOSURE OF PENDING CASES/ INSTANCES OF NON-COMPLIANCE

- a. The Company 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 on the Board of the Company during the financial year 2017-18 are as under:

Period	Requirement as per the SEBI (LODR) Regulations and DPE Guidelines on Corporate Governance	Requirement As per The Companies Act, 2013	Actual
01.04.2016-21.09.2017	7	4	5
22.09.2017-31.03.2018	7	4	7

Ms. Indrani Kaushal, Woman Director joined the Board of the Company w.e.f. 22.09.2017.

Besides the mandatory requirement of Part C of Schedule V of SEBI (LODR) Regulations 2015, the following discretionary/non-mandatory 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 2017-18.
- The Company has an in-house Internal Audit Department functionally reporting to Audit Committee & administratively reporting to CMD.
- There have been no penalties, strictures paid by the Company to stock exchange(s) or SEBI 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. The Company is complying with these guidelines.

8. SUBSIDIARY COMPANIES- MONITORING FRAMEWORK

The 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 (Listing Obligations & Disclosure Requirements) 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 Company's subsidiary companies

In terms of Regulation 46 of SEBI (LODR) Regulations, 2015, the Company has formulated a 'Policy for Material Subsidiary(s)'. The same is available at the website of the Company at <http://www.gailonline.com/final site/IZ-Policies.html>. The Company does not have any material unlisted subsidiary company in terms of the SEBI (LODR) Regulations, 2015 and DPE guidelines on Corporate Governance for Central Public Sector Enterprises, 2010.

9. COMPLIANCE CERTIFICATE

The Certificate from the Auditors of the Company, confirming compliance with the conditions of Corporate Governance as stipulated under Schedule V(E) of the SEBI (LODR) Regulations, 2015, is annexed to this Report.

Secretarial Audit 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, other related rules & regulations relating to capital market and other applicable laws forms part of the Directors' Report.