गेल GAIL

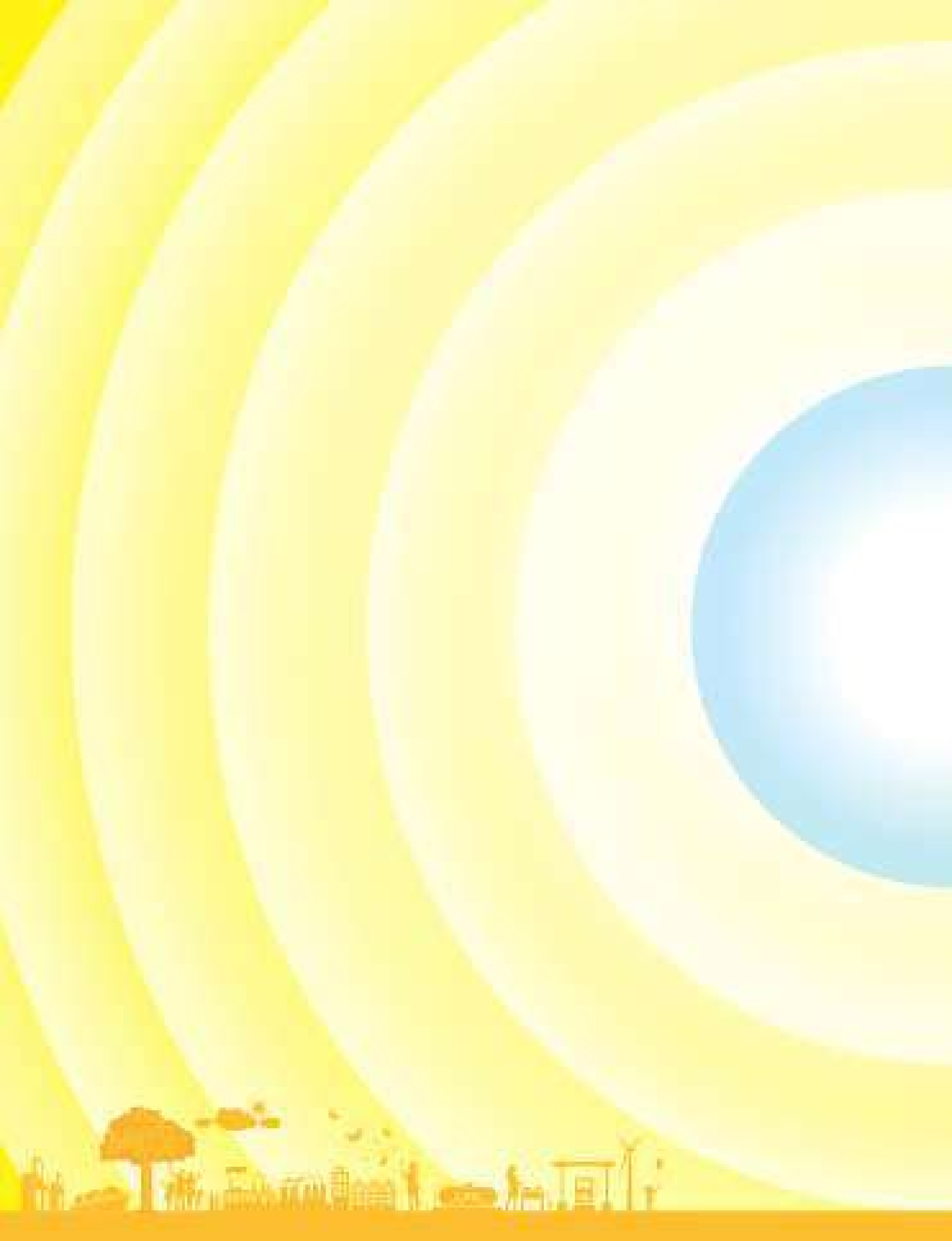
GAIL (India) Limited

India's Youngest Maharatna

India's No.1 Natural GAS Company

Annual Report 2016-17

Rejuvenate • Resonate • Redefine



Contents

Message from CMD

"I am confident that your Company's close knit working with the policy makers as a pioneer of the gas industry in India, would help expand and mature the gas based economy in the country in an equitable and transparent manner."

Shri B. C. Tripathi
Chairman & Managing Director

Dear Shareholders,

GAIL (India) Limited registered record profits during the last fiscal year reflecting growth across business segments. The petrochemicals segment delivered doubling of marketed volumes with additional volumes from Pata expansion and Assam subsidiary. Successful re-negotiation of the long-term LNG contracts with suppliers brought stability and growth in the gas markets. The year was significant for GAIL as it was authorized the prestigious 'Pradhan Mantri Urja Ganga' pipeline project in East India for implementation by 2020. This encouraging development has unleashed a fresh wave of capex cycle by GAIL to capitalize upon promising opportunity of growth in newer markets.

Operating Environment

Last fiscal year, your Company's business continued to operate in an uncertain environment on many accounts triggered by domestic and international factors. The Asian marker price for LNG hovered around $5.5/mmbtu during CY 2016, signifying an average drop of 40% in LNG spot trade prices over the previous year. Newer markets across the globe and Asia in particular seized the opportunity to grow LNG consumption by 5% on a year-on-year basis supported by copious flow of volumes from sources in Australia and USA. Influence of a fragile understanding of OPEC members to control flow of crude oil had little to negligible impact on the LNG trade as gas flowed in surplus. Globally, the industry rued lack of sufficient interest by participants to embark upon the next cycle of capex as the end consumers have settled into a here-and-now decision making approach for buying gas/LNG. Industry for now remains on a wait-and-watch mode.

On several accounts, markets remained on tenterhooks due to geopolitical developments such as Britain's exit from the European Union, changes in outlook on trade policy of USA marked by a transition in the political leadership and growing universal fondness for electric vehicles and solar power.

On the back of the bullish buying spree by Asian economies, India too imported a record 19 MMTPA of LNG supported by consumption in the power sector under the PSDF scheme and registered a near equal share of domestic and imported gas consumption during the fiscal period. Gas consumers in India, cutting across categories, are now mirroring global trend of contracting supplies for short to medium term basis. Alongside, domestic producers are experimenting auction based marketing of gas from newer finds on medium term basis. At the same time, the nodal Ministry is also keen to establish a gas trading hub. These developments, though at an exploratory stage, signify a movement towards structural shift for natural gas business in India.

Growth was witnessed in the petrochemicals portfolio of your Company amidst short-term volatility triggered by game-changing policies by Government of India (GoI) spanning across industries to usher greater transparency and ease of doing business. Also, the much anticipated transition towards Goods & Service Tax (GST) based tax code necessitated operational changes during the year to gear-up for imminent change-over. Consumer sentiments prevailing in the market during closing quarter of the year against the backdrop of macro-economic developments led to buoyant sales of petrochemicals and created new record.

Growth amidst Odds

Amidst the uncertainties and challenges, the year gone by has been path-breaking and eventful on several fronts for your Company. Physical performance across all the business segments registered an impressive uptrend over the previous year and contributed to the growth in the Company's net profit by about 73%. Several cost optimization and revenue maximization efforts too yielded healthy returns. Your Company had to re-work the sales strategy such as re-opening exports market options in the wake of demonetization to maintain growth momentum in the segment and achieve record sales. GAIL having switched to electronic payment system in the earlier years welcomes the digitalization drive of GoI. The digital infrastructure that your Company has nurtured over the years has also enabled easier switch-over of operations in the GST regime.

In a historic move, GAIL received an approval for construction of the prestigious 'Pradhan Mantri Urja Ganga' natural gas pipeline project spanning 2600 kilometers from Jagdishpur to Haldia-Bokaro-Dhamra covering five States with a thrust to connect eastern India with the gas grid network. GoI accorded 40% capital grant for financially supporting the project, a first of its kind move in the natural gas infrastructure development in the country. Additionally, city gas distribution at seven locations enroute the pipeline and an in-principle nod for suitable implementation of unified tariff mechanism for the pipeline grid of GAIL were also included in the comprehensive package to ensure high rate of utilization from the very commissioning of the project. Execution of the pipeline network is underway in phases and is expected to be within schedule to connect the three fertilizer plants under revival mode at Gorakhpur, Barauni and Sindri and also the urea manufacturing unit at Durgapur. GAIL has initiated synchronous measures to ensure adequate flow of gas from both ends of the pipeline by tying up 1.5 MMTPA liquefaction capacity at the upcoming regas terminal at Dhamra, Odisha and also upgrading the Vijaipur-Auraiya-Phulpur section for ensuring feed at times from the western coast sources. Along with these projects in east India, GAIL is pursuing completion of other major pipeline projects including Kochi-Mangaluru segment and has an aggregate capital outlay of over ₹17,000 crores to be executed by 2020. This wave of common carrier pipeline infrastructure addition of your Company shall be a significant engine of growth once completed, as it tends to expand market base for natural gas in the country.

The year also brought renewed hope for the RLNG segment with novel and market savvy contract structuring for supply of gas to fertilizer sector and for RGPPL in the power sector. Your Company also exploited the current conditions prevailing in the shipping market to put in place a swap contract concept for reducing charter rates to India from the upcoming volumes from USA to ensure competitive delivery of LNG for Indian consumers. Initiatives have also been taken to de-risk exposure of USA contracted LNG by tying up innovative time-swap options with international parties for significant volumes. At the same time, GAIL strives to orient customer relationships led by shifting realities underpinning the market so as to provide unmatched service based on trust and maintenance of contractual sanctity that form the bedrock of international trade practices in this industry.

Your Company's petrochemicals division clocked over 70% higher sales during the year over the earlier fiscal on the back of additional ramp-up volumes available from the new capacity at Pata and BCPL, Assam. Development of niche grades is underway and in the quarters to come, GAIL shall continue to roll-out products for niche applications to consumers across India and overseas. Petrochemical exports to the neighbouring Asian countries were resumed by your Company to strategically spread into international markets as we continue to deeply engage and create value for home-grown consumers. Your Company is currently engaged in examining the next wave of investments into the petrochemicals business in southern India, as the expansion at Pata unit and green-field BCPL plant have now stabilized operations post their commissioning.

Leveraging Growth Opportunities

Considering the incremental gas in the main grid system, your Company is taking several operational measures to enhance extraction of rich hydrocarbons for expanding market-share of mainly LPG and Propane products. Your Company is also engaged in exploring setting-up greenfield value added petrochemicals plant around Kakinada area, Andhra Pradesh in collaboration with other partners. New project investments across NG/LPG pipelines, petrochemicals, regasification terminals and coal gasification project for Talcher Fertilizer revival are expected to run concurrent in the ensuing wave of capex cycle, under active consideration.

Authorisation of city gas distribution at seven towns/cities of eastern India to your Company and the recent inauguration of the Bengaluru city gas project by the Hon'ble Minister of State (I/C) for Petroleum & Natural Gas, denote the growing thrust of GoI for ensuring rapid reach of natural gas for consumption by the general public as a clean and convenient fuel.

The apex think-tank institution, NITI Aayog has envisioned in its series reports released during the recent months that natural gas will inevitably make progressive strides for usage as a fuel for domestic cooking and transport sectors in the medium to long-term.This serves as an encouraging reference for the industry's growth story in serving India's energy mix. During the last year, gas retailing segment constituting PNG and CNG recorded double digit growth, ranging 12-15% in consumption of gas across various distribution companies. An impressive spell is expected from this sunrise sector to upstage gas consumption by the power sector. Sixty-five times over-subscription of your Company's joint venture company - Mahanagar Gas Limited - during the last fiscal year and currently trading at 2.5X its offer price is an encouraging sign for the promise that the sector, as a whole, is going forward.

Your Company is also actively involved in supporting and shaping policies for spur growth of natural gas in the country across various sectors including the anchor industry segments of power and fertilizers. Your Company has also been submitting various reports to the GoI for inclusion of natural gas under the reformist GST structure since transmission services are already covered for ensuring competitiveness of the environment friendly fuel vis-à-vis other polluting fuels. I am confident that your Company's close knit working with the policy makers as a pioneer of the gas industry in India, would help expand and mature the gas based economy in the country in an equitable and transparent manner.

Continuing Trust & Investments for Value Creation

In this exciting journey of your Company in the midst of uncertainties around the gas markets in an increasingly competitive landscape, I express my gratitude for your unshaken faith in continuing your investments in the Company's management and employees. 'NIL' report for the eighth successive year by the Comptroller & Auditor General of India is yet another convincing fact on the accounting standards devoutly followed by your Company.

I would like to place on record my indebtedness to the various communities that we engage across the country and for their overwhelming response to the 'Hawa Badlo' awareness campaign that has now swelled to over two million strong advocates for natural gas.

Your Company appreciates the unwavering faith of the consumers to continue with their conviction of using our diverse range of natural gas, petrochemicals, liquid hydrocarbon products and transmission services towards the creation of a better tomorrow.

As the Board strives to create value for the enterprise, on behalf of the entire Board, I take the opportunity to acknowledge the support of central and state governments, regulators, vendors, partners and other stakeholders for supporting our devout push to expand clean energy solutions.

On behalf of the Board, I record my appreciation to all the employees for their invaluable contribution in shaping growth of your Company.

B. C. Tripathi
Chairman & Managing Director

Vision

Be the Leading Company in Natural Gas and Beyond, with Global Focus, Committed to Customer Care, Value Creation for all Stakeholders and Environmental Responsibility

Mission

To accelerate and optimise the effective and economic use of Natural Gas and its fractions to the benefit of national economy

Encompassing the Entire Gas Value Chain

A commitment to environment friendly India

Natural Gas

- Over 11,000 Km of network (206 MMSCMD)
- Pursuing for expansion to 15,000 Km
- Participation in RGPPL (5 MMTPA LNG Regasification Facility)
- Long-term Import Portfolio: 14 MMTPA

City Gas Distribution

- Serving over 19 lakh vehicles & 19 lakh households through Subsidiary & Joint Ventures
- GAIL Gas Limited, 100% subsidiary, has set up CGD networks in Bengaluru, Dewas, Sonepat, Kota, Meerut & Taj Trapezium zone

Petrochemicals

- Domestic market share ~ 15%
- Petrochemical Plant in Pata (UP) with capacity of 0.81 MMTPA
- Participation in BCPL & OPAL

Liquid Hydrocarbons

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

Power & Renewables

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

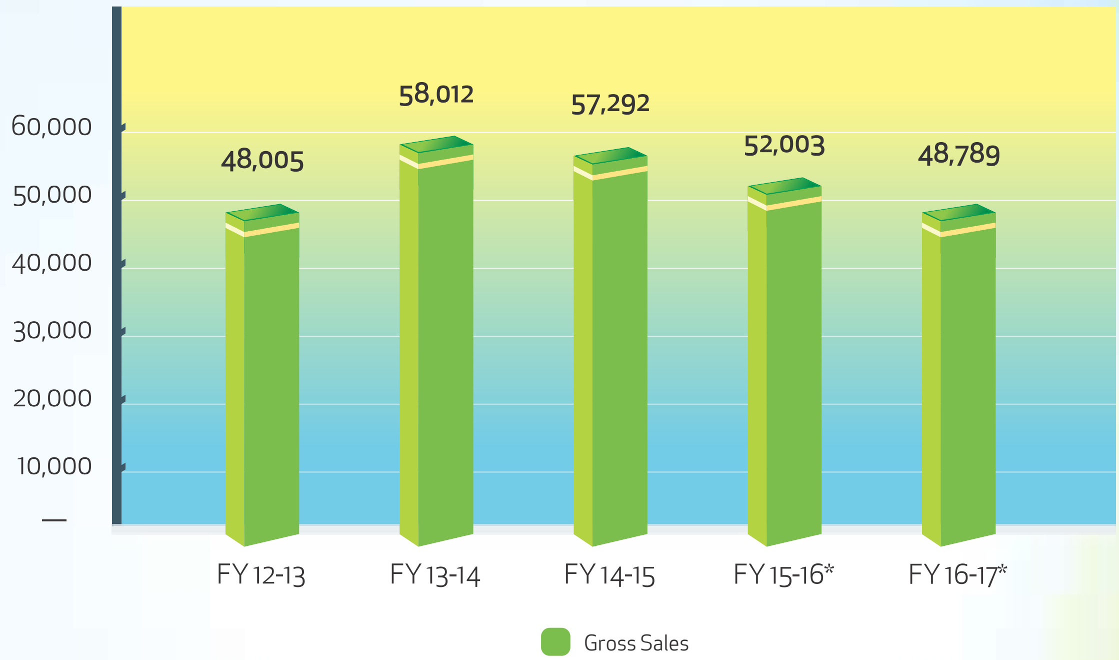
Exploration & Production

- Participation in 12 blocks (operator-1 block)
- Presence in Myanmar & US

Key Financial Highlights

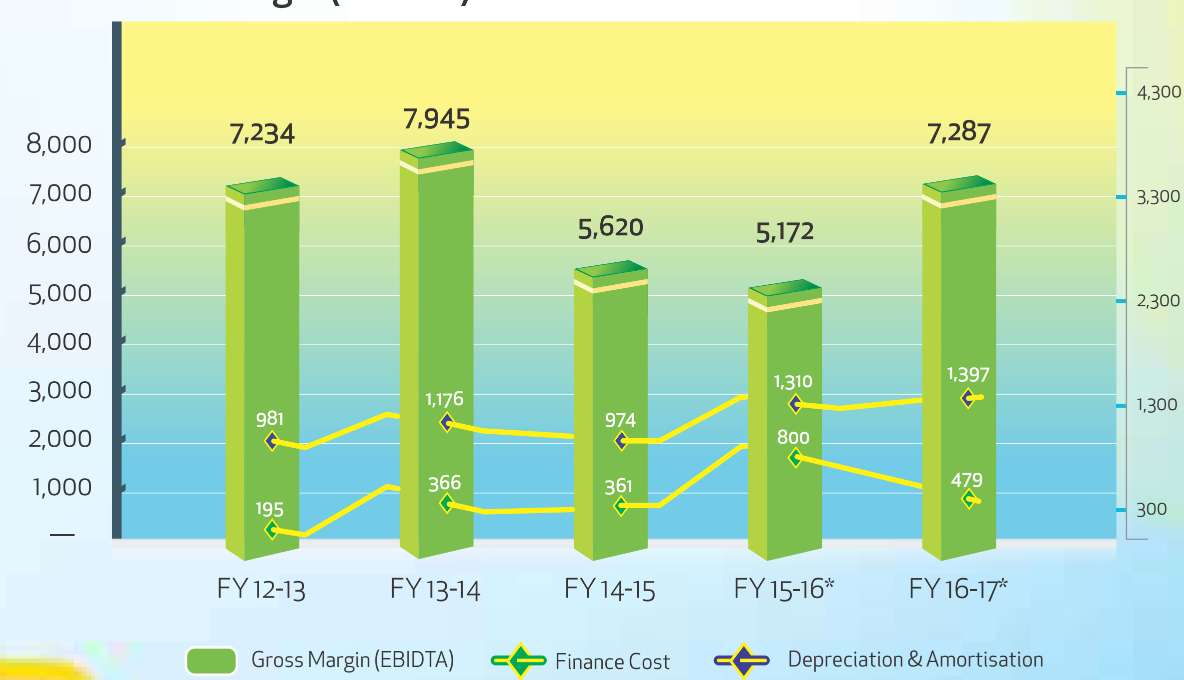
Gross Sales

[in ₹ Crores]



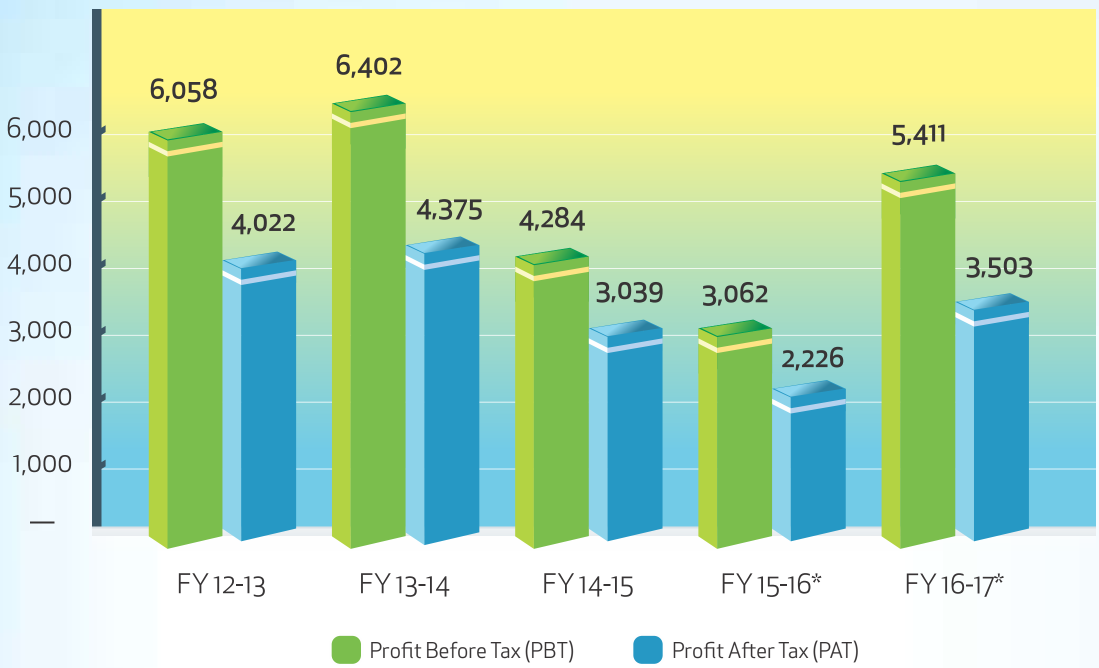
Gross Margin (EBIDTA)

[in ₹ Crores]



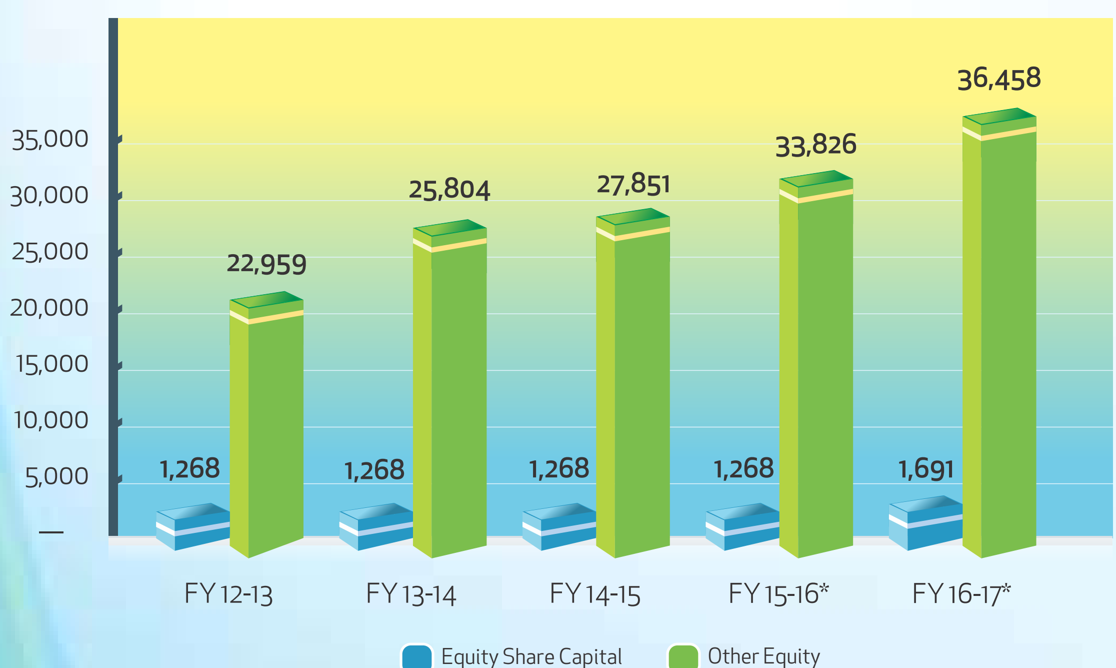
Profitability

[in ₹ Crores]

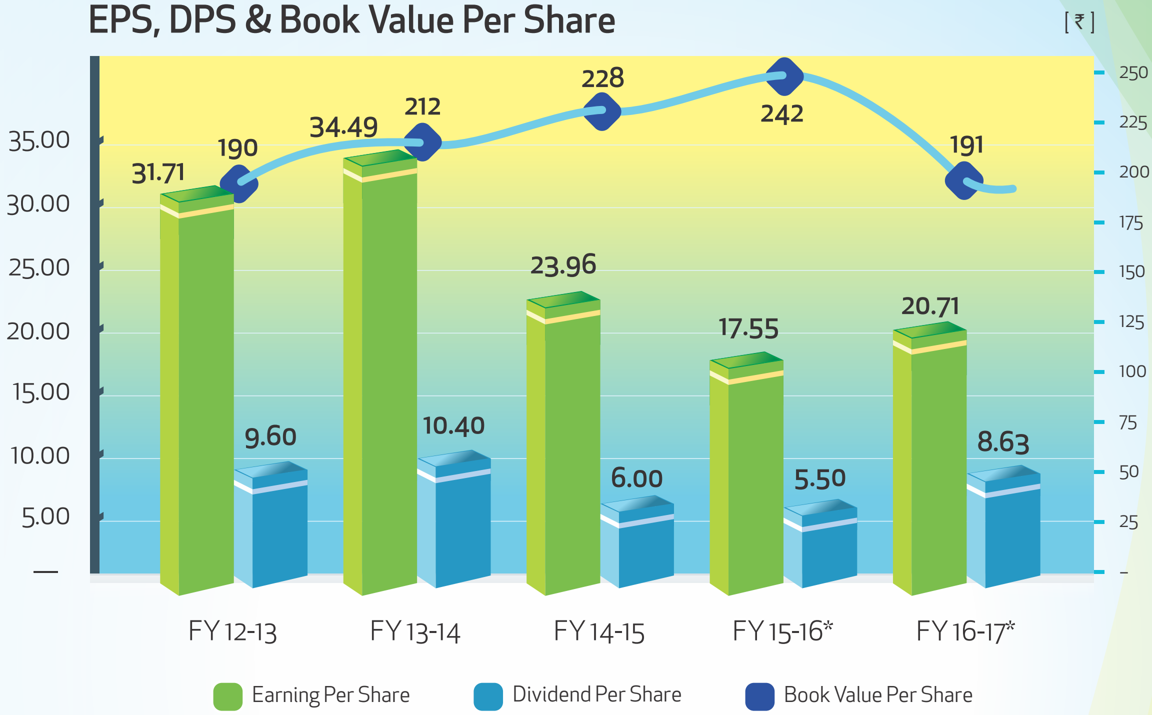


Shareholder's Fund

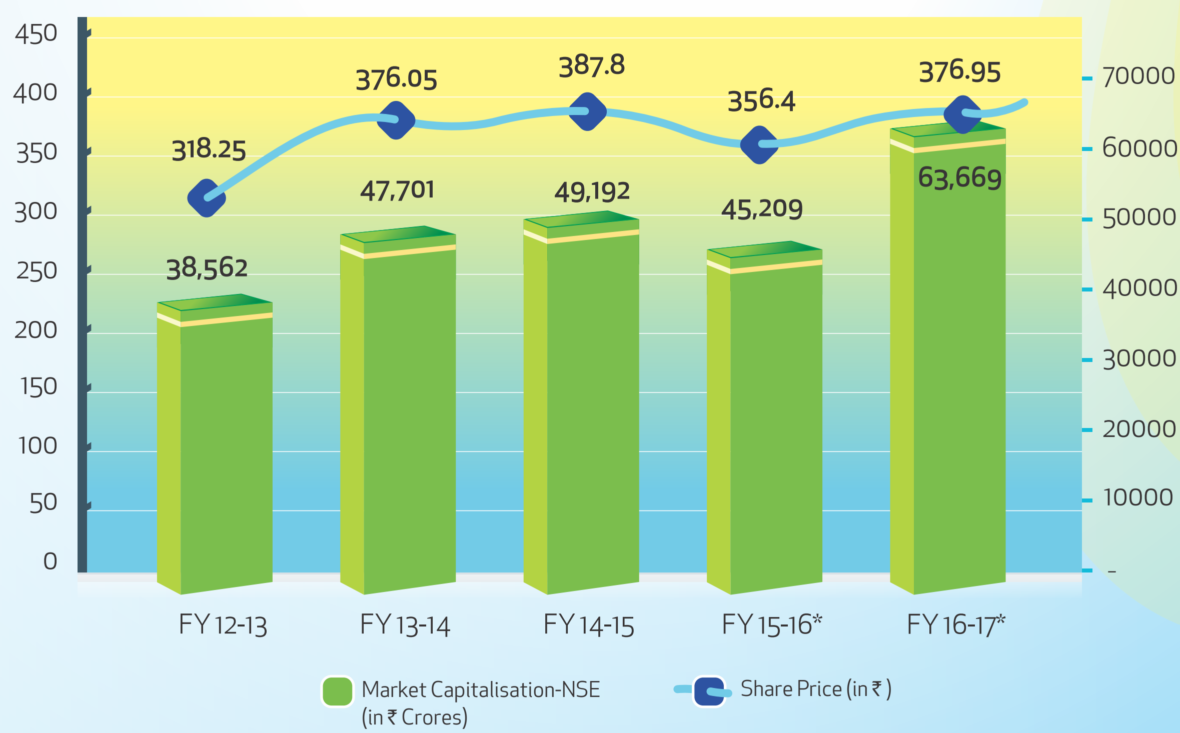
[in ₹ Crores]



EPS, DPS & Book Value Per Share

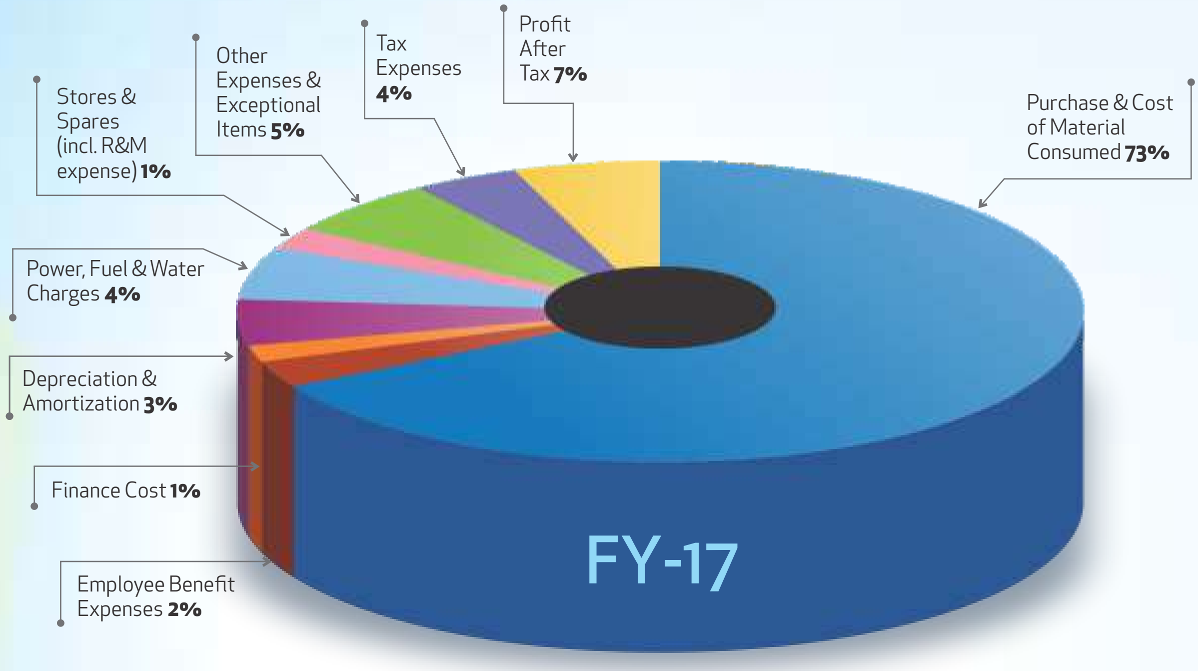


Market Capitalisation-NSE

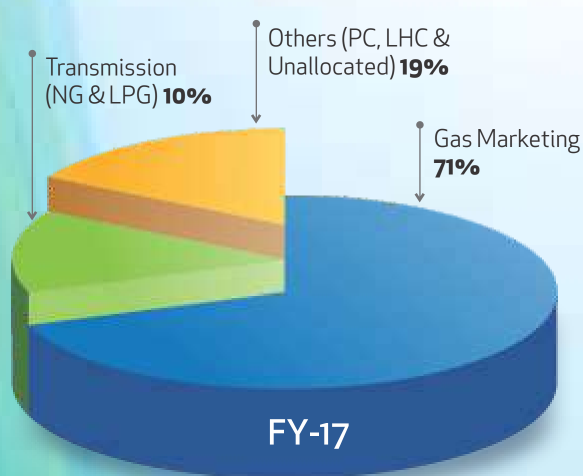


* *Figures for these years are as per new accounting standard (Ind AS) and Schedule III of the Companies Act, 2013. All the ratios for these years are computed on the basis of figures as per Ind AS. Hence these numbers are not fully comparable with previous years.*

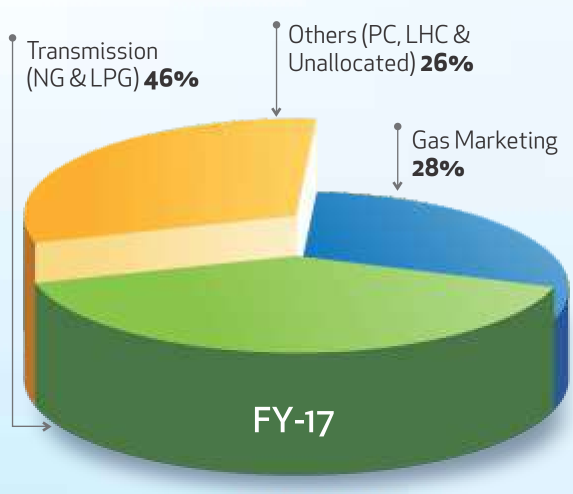
Cost & Profit as a Percentage of Total Revenue



Revenue & Profit Profile in FY 2016-17



Revenue Profile

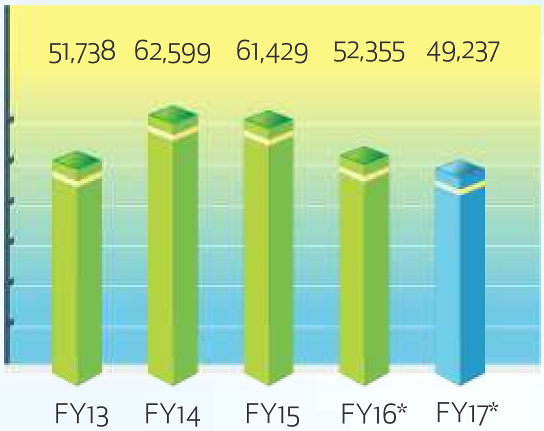


Profit Profile

Consolidated Financial Performance

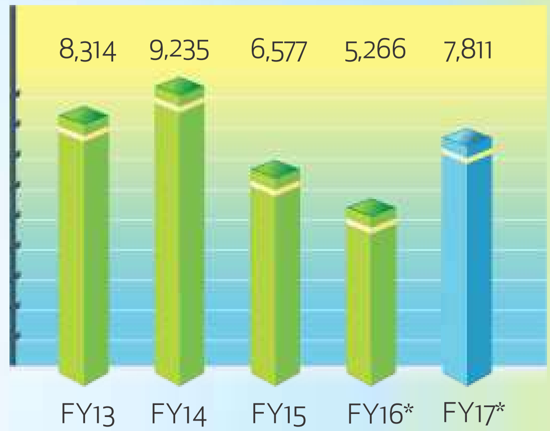
Turnover (Gross)

[in ₹ Crores]



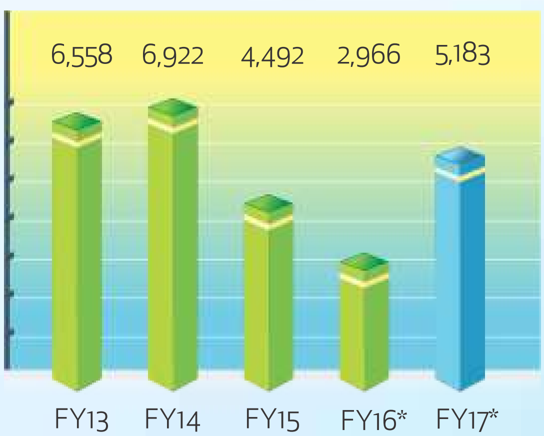
Gross Margin (PBDIT)

[in ₹ Crores]



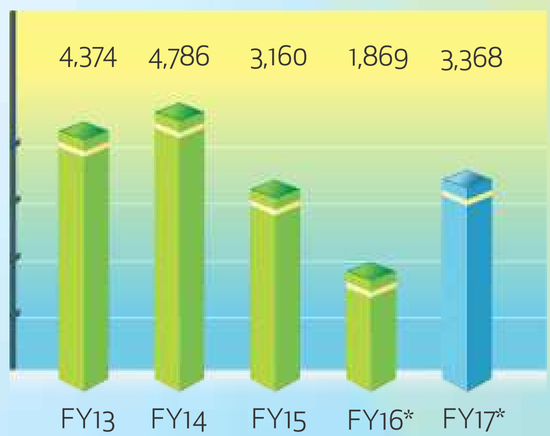
Profit Before Tax (PBT)

[in ₹ Crores]



Profit After Tax (PAT)

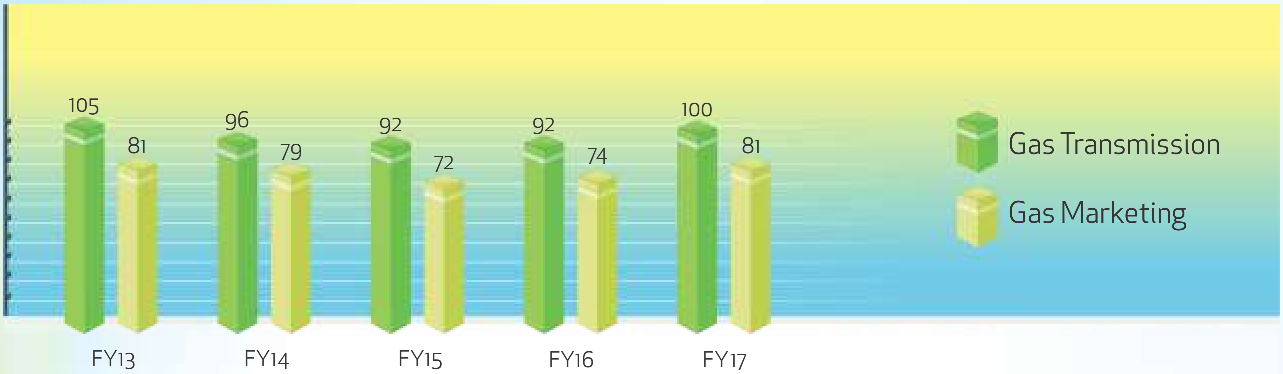
[in ₹ Crores]



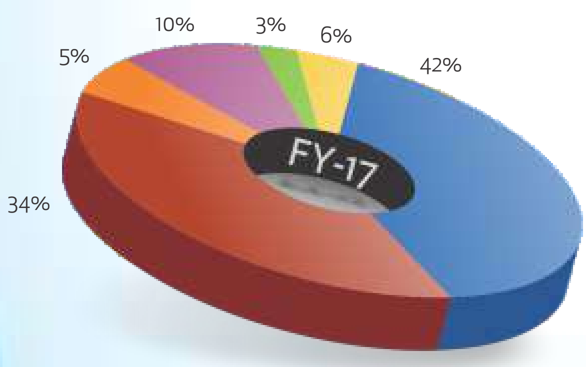
** Figures for these years are as per new accounting standard (Ind AS) and Schedule III of the Companies Act, 2013.*

Operational Performance Highlights

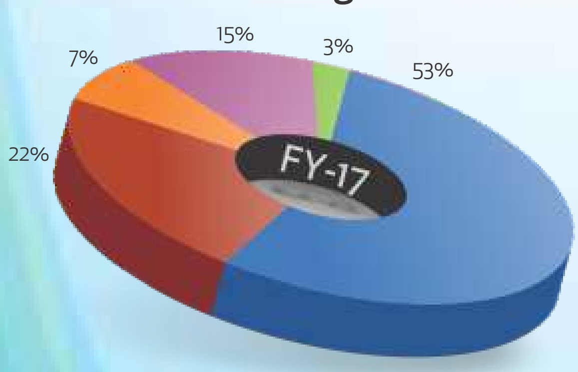
Gas Volume Trend (MMSCMD)



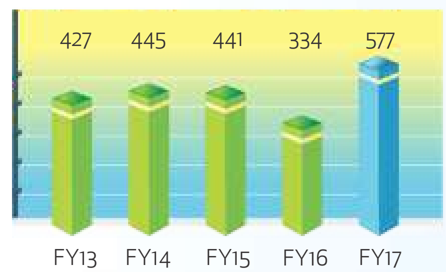
Gas Transmission Mix



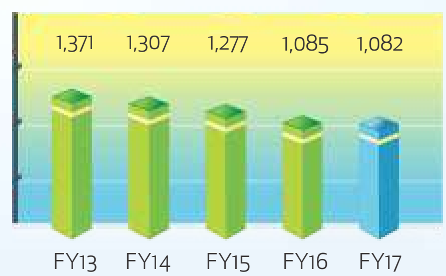
Gas Marketing Mix



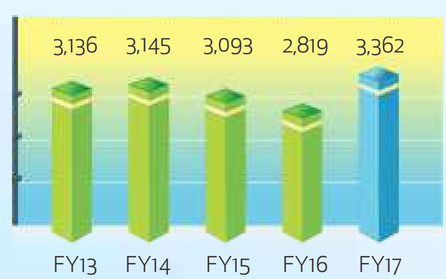
Petrochemicals Sales (TMT)



Liquid Hydrocarbons Sales (TMT)



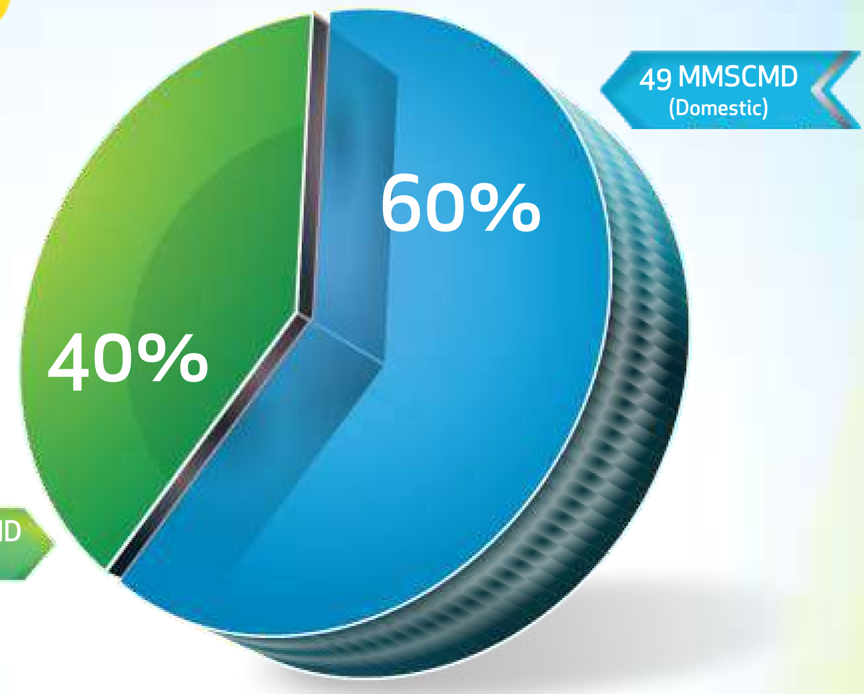
LPG Transmission (TMT)



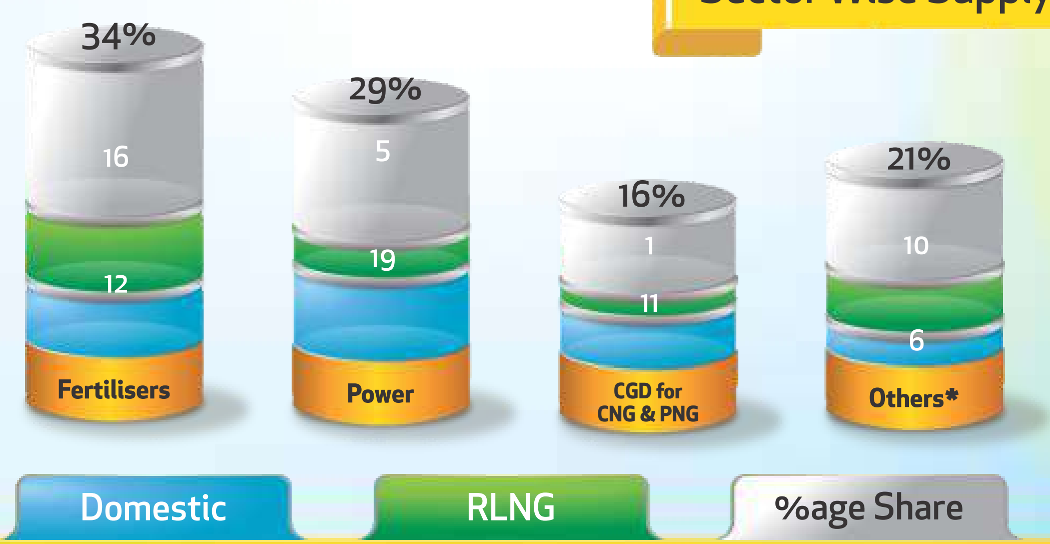
Gas Sourcing & Sector Wise Supply (FY 2017)

Gas Sourcing

(MMSCMD, % share)



Sector Wise Supply



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

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

The Journey of GAIL

Three decades of value creation

1984
Birth of GAIL : Natural Gas Transmission & Marketing Company

1987
India's first NG Pipeline-HVJ Commissioned

1999
First Petrochemical Plant at Pata

2001
JLPL, World's Longest LPG transmission Pipeline, commissioned

2011
- First PSU to acquire shale gas acreage in US
- Subsidiary in US

2012
- 2200 Km Dahej-Vijaipur- Bhatinda pipeline dedicated to the Nation
- Became only company to be included in BSE Greenex

2013
- Achieved Maharatna Status
- Commissioned Dabhol Terminal & Dabhol -Bengaluru Natural Gas Pipeline
- Capacity Booking in Cove Point LNG Terminal in US

2014
- TAPI Pipeline Company Ltd. incorporated

2015
- Construction work of Jagdishpur - Haldia & Bokaro-Dhamra Pipeline project launched
- Doubled petrochemical production capacity at Pata

2016
- Brahmaputra Cracker & Polymer Ltd. Petrochemical Complex dedicated to the Nation
- Foundation stone laid for Varanasi CGD Project

2017
- CGD Project implementation in Bhubaneswar and Cuttack launched
- Bengaluru CGD project inaugurated

Leading India's Natural Gas Sector

- Operates 3/4th of India's Natural Gas Transmission pipelines
- Contributes more than 3/5th of the Natural Gas sold in India
- Supplies gas for about 3/5th of India's fertilizer produced
- Supplies gas for about 3/4th of India's gas based power
- Operates more than 2/3rd of India's total CNG stations through alliances
- Produces 1/5th of India's polyethylene
- Responsible for 1/6th of India's total LPG transmission
- Produces LPG for every 20th LPG Cylinder in India

Our World

Securing Sustainable Energy Sources to Fuel India's Growth

Subsidiaries

GAIL Gas Limited

Brahmaputra Cracker and Polymer Limited

GAIL Global (Singapore) Pte. Limited

GAIL Global (USA) Inc.

GAIL Global (USA) LNG LLC

Joint Ventures

Aavantika Gas Limited
Bhagyanagar Gas Limited
Central U.P. Gas Limited
GAIL China Gas Global Energy Holdings Limited
Green Gas Limited
Indraprastha Gas Limited
Mahanagar Gas Limited
Maharashtra Natural Gas Limited
ONGC Petro-additions Limited
Petronet LNG Limited
Ratnagiri Gas and Power Pvt. Limited
Talcher Fertilizers Limited
TAPI Pipeline Company Limited
Tripura Natural Gas Company Limited

GAIL's Sustainability Aspiration 2020

Target of 33% reduction in GHG emission intensity from the base of FY2010-11

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

Target of 45% reduction in water consumption intensity from the base of FY2010-11

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

Target of imparting sustainability awareness training to 100% of employees

Board of Directors

From left to right:

Shri Gajendra Singh, Director (Marketing) (w.e.f.: 05.04.2017)
Shri P. K. Gupta, Director (Human Resources) (w.e.f.: 01.02.2017)
Shri Subir Purkayastha, Director (Finance)
Dr. Ashutosh Karnatak, Director (Projects)
Shri B. C. Tripathi, Chairman & Managing Director
Shri Ashish Chatterjee, Director (Government Nominee) (w.e.f.: 23.12.2016)
Shri S. K. Srivastava, Independent Director
Shri Anupam Kulshreshtha, Independent Director
Shri Sanjay Tandon, Independent Director
Shri Dinkar Prakash Srivastava, Independent Director (w.e.f.: 31.01.2017)
Dr. Anup K. Pujari, Independent Director (w.e.f.: 31.01.2017)

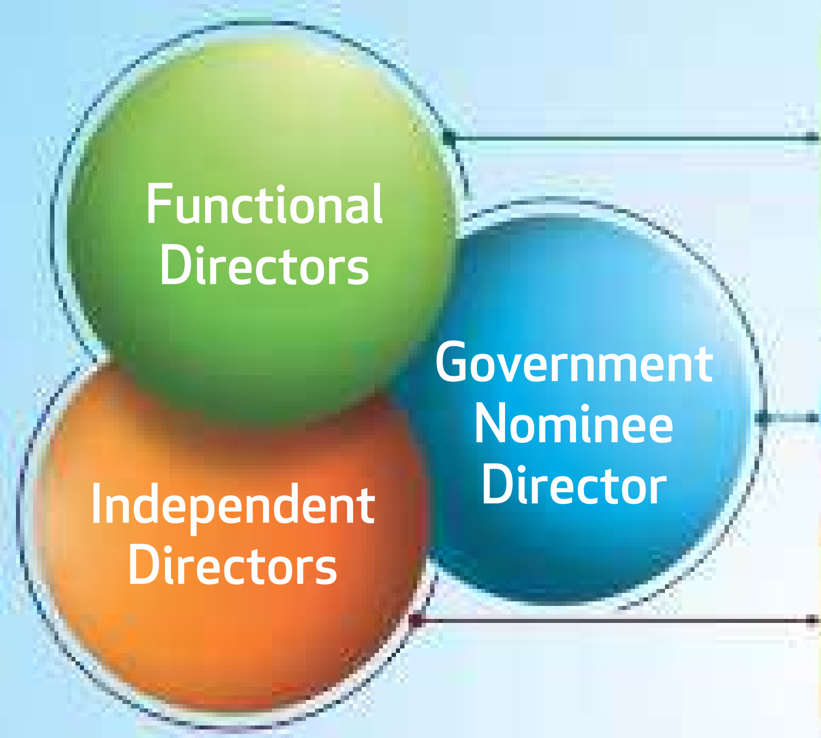
Shri M. Ravindran
Director (Human Resources)
(upto 31.01.2017)

Shri Anant Kumar Singh
Director (Government Nominee)
(upto 11.05.2017)

Shri Ashutosh Jindal
Director (Government Nominee)
(upto 23.12.2016)

Smt. Anupama Jaiswal
Independent Director
(from 31.01.2017 to 18.03.2017)

Board Structure



Functional Directors

Shri B.C. Tripathi
Chairman & Managing Director
DIN 01657366

Shri Subir Purkayastha
Director (Finance)
DIN 06850526

Shri Gajendra Singh
Director (Marketing)
DIN 03290248

Dr. Ashutosh Karnatak
Director (Projects)
DIN 03267102

Shri P.K Gupta
Director (HR)
DIN 01237706

Government Nominee Director

Shri Ashish Chatterjee
DIN 07688473

Independent Directors

Shri S.K. Srivastava
DIN 02163658

Shri Sanjay Tandon
DIN 00484699

Dr. Anup K. Pujari
DIN 02556335

Shri Anupam Kulshreshtha
DIN 07352288

Shri Dinkar Prakash Srivastava
DIN 07418753

Details of the Committees of the Board

Audit Committee

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

Invitee:

a. Director (Finance)
b. Director (HR)
c. Head of IA

Business Development & Marketing Committee

- Shri S.K. Srivastava –**Chairperson**
- Director (Finance)
- Director (HR)
- Director (Marketing)
- JS, MoP&NG
- Shri Dinkar Prakash Srivastava

Corporate Social Responsibility Committee (CSR)

- CMD-**Chairperson**
- Director (HR)
- Shri Anupam Kulshreshtha
- Shri Sanjay Tandon

Empowered Contracts & Procurement Committee

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

Empowered Committee (Natural Gas, LNG & Polymers)

- CMD – **Chairperson**
- Director (Finance)
- Director(HR)
- Director (Marketing)

Finance Committee

- Shri S.K. Srivastava – **Chairperson**
- Director (Finance)
- Shri Sanjay Tandon
- Dr. Anup K Pujari

H.R. Committee

- CMD - **Chairperson**
- All the Functional Directors
- Shri Anupam Kulshreshtha
- Dr. Anup K Pujari

Project Appraisal Committee

- CMD-**Chairperson**
- Director (Finance)
- Concerned Functional Director
- Shri S.K. Srivastava
- Shri Dinkar Prakash Srivastava

Nomination and Remuneration Committee

- Shri Sanjay Tandon -**Chairperson**
- Shri Dinkar Prakash Srivastava
- Dr. Anup K Pujari

Invitee:

a. Director (Finance)
b. Director (HR)

Stakeholders Relationship Committee

- Shri Dinkar Prakash Srivastava - **Chairperson**
- Director (Projects)
- Director (HR)

Stakeholders Grievance Redressal Committee

- Shri Anupam Kulshreshtha- **Chairperson**
- Director (Finance)
- Concerned Functional Director not involved w.r.t. subject disputes, such as:

i) For Projects related dispute – Director (HR)
ii) For Marketing related dispute– Director (Projects)
iii) For HR related dispute – Director (Finance) and
iv) For BD related disputes – Director (Marketing)

Sustainable Development Committee

- Dr. Anup K Pujari - **Chairperson**
- Director (Projects)
- Director (HR)

Directors' Report

DIRECTORS' REPORT

DEAR SHAREHOLDERS,

On behalf of the Board of Directors of your Company, we are delighted to present the 33rd Annual Report of your Maharatna Company, along with Audited Financial Statements for the financial year 2016-17.

PARTNER IN INDIA'S GROWTH-NATURAL GAS LEADER

You will be glad to know that your Company, GAIL (India) Limited is today counted amongst the top Natural Gas (NG) companies in the world. It marks its presence in the entire gas value chain from exploration, processing of gas for value-added products such as LPG, Propane, Pentane, Naphtha, Marketing and Transmission as well as Petrochemicals.

Your Company has an extensive Pipeline network consisting of above 11,000 kms of NG pipeline and above 2000 kms of LPG pipeline. Besides, it has followed business opportunities beyond geographical frontiers to establish its presence globally. Your Company has an office in the USA for shale gas, LNG operations trading office in Singapore and City Gas Distribution (CGD) joint ventures (JVs) in Egypt and China to promote the use of natural gas. Further your Company is also sourcing gas through international Sale Purchase Agreement (SPAs).

Your Company's environmental friendly business plays a vital role in the social and economic development of the country and makes substantial contribution towards its energy security.

Urja Ganga: Government of India (GoI) has entrusted your Company the task to execute the 2600 km long Jagdishpur Haldia & Bokaro-Dhamra Pipeline project connecting the eastern states of the country to the National Gas Grid. Five states, namely Uttar Pradesh, Bihar, Jharkhand, Odisha and West Bengal will benefit from gaining access to natural gas on affordable and equitable basis. Once completed, the project will help to revive fertilizer plants & CGD project activities in these states, thus giving momentum to their socio-economic growth. Your Company has also been authorized with the task to develop the CGD infrastructure of seven cities namely Varanasi, Patna, Ranchi, Bhubaneswar, Cuttack, Jamshedpur and Kolkata to access to cleaner fuel i.e., natural gas as Piped Natural Gas (PNG) for household purposes and Compressed Natural Gas (CNG) for fuelling vehicles and transforming the quality of life.

FINANCIAL HIGHLIGHTS

Ministry of Corporate Affairs (MCA) vide notification dated 16 February 2015 notified the Companies (Indian Accounting Standards) Rules, 2015 laying down the roadmap for application of IFRS converged standards IND AS to Indian companies other than banking companies, insurance companies and non-banking finance companies (NBFCs). As per the notification, all listed companies having net worth of ₹ 500 crore or more shall mandatorily transit from 1st April 2016.

Your Company is covered under IND AS w.e.f 1st April 2016. In compliance to Companies (Indian Accounting Standards) Rules, 2015, your Company has prepared its financial statements for FY 2016-17 with comparative figures for FY 2015-16. The Company has adjusted the impact of transition from Indian General Acceptable Accounting Principal to IND AS in the opening reserve of 1st April 2015 and in the Statement of Profit & Loss for FY 2015-16. Further as per the provision of IND AS, the holding, subsidiaries, joint ventures, or associate companies of your Company need to also transit towards IND AS w.e.f. 1st April 2016.

The important financial highlights for the year 2016-17 are as under:

Particulars	2016-17		2015-16*	
	US $ Million	(₹ in Crores)	US $ Million	(₹ in Crores)
Gross sales	7,457	48,789	7,773	52,003
Other income (including other operating income)	194	1,271	162	1,084
Cost of sales (excluding interest and depreciation including extraordinary items)	6,491	42,474	7,162	47,915
Net Exceptional Items (Profit on Sale of Investments & Impairment of Assets)	(46)	(299)	-	-
Gross margin	1,114	7,287	773	5,172
Finance Cost	73	479	120	800
Depreciation	213	1,397	196	1,310
Profit Before Tax (PBT)	827	5,411	457	3,062
Provision for tax	292	1,908	125	836
Profit After Tax (PAT)	535	3,503	333	2,226
Appropriations	-		-	
Final Dividend	58	381	57	381
Interim Dividend	165	1,078	47	317
Corporate Dividend Tax	45	295	21	142
Net transfer to/from Bond Redemption Reserve	15	98	5	35
Transfer to CSR Reserve	-	-	(0)	(1)
Transfer to General Reserve	54	350	34	230
Net surplus after Appropriations	199	1,301	168	1,122
1 US $ in INR converted at the exchange rate as on 31st March of the respective financial year	65.43		66.9	

*IND-AS has been implemented in FY 2016-17, financial figures for FY 2015-16 reinstated as per IND-AS

Hon'ble Prime Minister Shri Narendra Modi laid the foundation stone of the City Gas Distribution (CGD) project in Varanasi in the presence of Hon'ble Governor, Uttar Pradesh Shri Ram Naik, Hon'ble Union Minister of State (Independent Charge) for Petroleum and Natural Gas, Shri Dharmendra Pradhan and a host of dignitaries

DISINVESTMENT BY PRESIDENT OF INDIA

The government of India disinvested 1,53,15,380 shares on January 01, 2017 through CPSE ETF-II. After disinvestment, the President of India shareholding is 69,63,80,452 equity shares, representing 54.90% of paid-up share capital of GAIL.

Again GoI disinvested 78,55,657 shares during March, 2017 through CPSE ETF-III post-bonus allotment of shares. After disinvestment, the President of India shareholding as on date is 92,06,51,612 equity shares, representing 54.43% of paid-up share capital of GAIL.

DIVIDEND

Your Company has a consistent track-record of dividend payment. So far, it has disbursed dividend of over ₹ 15,120 Crores to its shareholders including ₹ 9,120 Crores as dividend to the GoI.

The Board of Directors of your Company had earlier approved payment of an interim dividend @ 85% on equity share of ₹ 10 each (₹ 8.50 per equity share) amounting to ₹ 1078 crores on then paid-up equity share capital of the Company (₹ 1268.48 Crores), which was paid in February, 2017. Further, the Board has recommended payment of final dividend @ 27% on equity share of ₹ 10 each (₹ 2.70 per equity share on expanded equity post issue of Bonus shares i.e. ₹ 1691.30 Crores) for the FY 2016-17 amounting to ₹ 457 Crores.

With this, the total dividend payment for the fiscal year 2016-17 shall be ₹ 1,535 Crores on a paid-up equity capital of ₹ 1691.30 Crores which is 43.81% of PAT and equals to 5% of opening net worth of ₹ 30,699 Crores 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 ₹ 295 Crores.

Capital expenditure to the tune of ₹ 17,000 crore (net of capital subsidy) is planned for spending by your Company in next 2-3 years mainly on Pipelines (Urja Ganga Pipeline and others), CGDs and other business expansions through JV route etc. Accordingly, the company requires to plough back from the profits/internal resources to partly fund capex.

CONTRIBUTION TO EXCHEQUER

Your Company has contributed over ₹ 5,909 crores in 2016-17 to the exchequer through dividend, duties, taxes and others, as compared to ₹ 4,929 crores in 2015-16.

CREDIT RATING

- **Domestic Rating**

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

- **International Rating**

The International rating agency, Moody's International, Singapore, has also reaffirmed the corporate issuer rating of Baa3 with a positive 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 sovereign rating of India improves.

BUSINESS STRATEGY

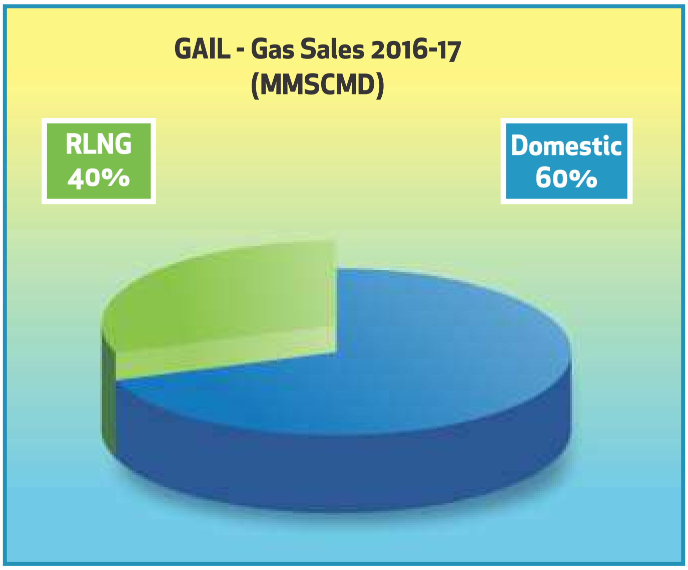
Your Company is aligned to the path of growth levers as identified in the master strategy envisioned for the decade spanning upto 2020. Although the strategy undergoes periodic reviews with requisite course corrections, GAIL has been progressing in expanding its foot-prints along the natural gas value chain very scrupulously.

- **National Gas Grid**

Your Company has been actively engaged in developing the natural gas pipeline network and working towards development of a National Gas Grid structure as a backbone for expanding the infrastructure reach across the country. Government of India is focused to accelerate the grid development for ushering maturity in the domestic gas market. In this endeavor your Company is working on multiple pipeline to its network of over 11,000 kms. Over 60% of the network addition is expected to be achieved from the Jagadishpur-Haldia-Bokaro-Dhamra Pipeline (JHBDPL) at an estimated project cost of ₹ 12,940 crores. Project work is under progress as per phase-wise schedule. GoI has already approved 40% capital grant for this project and the first installment of the grant of ₹ 450 crore was disbursed during FY 2016-17. Your Company is also working to execute the Vijaipur–Auraiya–Phulpur pipeline (VAPPL) of 672 Km to ensure feed gas supply to JHBDPL. Further, Kochi-Koottanad-Mangalore-Bangalore pipeline (KKMBPL) project of 873 Km is also under execution. With these projects, your Company shall further strengthen its leadership position in natural gas transmission segment.

- **LNG Marketing**

Gas consumption of the country for the year 2016-17 was around 139 MMSCMD with contribution from domestic producers about 68 MMSCMD. For the first time in India's energy consumption, the last fiscal year holds significance as natural gas sales from domestic and imported sources was in equal proportion. Your Company, had a sales mix of domestic gas and RLNG in 60:40 ratio. GAIL as a leading player of the commodity holds a market share of about 60% in India.



Your Company tied-up significant LNG from international sources and 5.8 MMTPA of the volumes are expected to commence from Calender Year (CY) 2018 from Sabine Pass Liquefaction and Dominion Cove Point at USA. Over the last few quarters, your Company has concluded various deals towards de-risking the portfolio significantly and also executed swap structures to ensure competitive delivery based pricing at Indian terminals. Residual volumes too are expected to be tied-up based on the encouraging response received from the domestic and overseas market participants. Your Company's subsidiary, GAIL Global Singapore Pte. Limited, is also pursuing LNG trading activities in international markets.

Your Company executed a non-binding tolling Term Sheet with Dhamra LNG Terminal Private Limited (DLTPL) for booking of 1.5 MMTPA regas capacity at the proposed LNG Terminal at Dhamra, Odisha. Further, your Company is also exploring the possibility of taking equity in DLTPL.

Your Company is in the process of tying up charter hiring LNG ships and also working on logistics optimization models to ensure efficient haulage of LNG from various sources especially USA.

- **City Gas Distribution**

In order to provide clean fuel for domestic, vehicular and commercial use and to facilitate development of smart cities, your Company plans to expand its city gas distribution network. GAIL Gas Limited, your Company's wholly owned subsidiary, is implementing CGD projects in the cities of Kota, Dewas, Meerut, Sonepat, Bengaluru & Taj Trapezium and through its JVs in Haridwar, North Goa & Vadodara. Further, as a part of the Urja Ganga Project (Jagdishpur Haldia Bokaro Dhamra pipeline Project), your Company shall on its own or through its subsidiary also implement CGD in six new cities in eastern India. CGD in Kolkata shall be operated through our JV. Your company through its Subsidiary and JV companies over 63% of the CNG stations and 50% share of the domestic PNG connections.

- **Petrochemicals**

Your Company has a marketing portfolio of polyethylene and polypropylene products over 1 Million Tonnes per annum from the unit 810 KTA unit at Pata and 280 KTA plant operated by the subsidiary, Brahmaputra Cracker & Polymer Limited (BCPL). Your Company and its subsidiary have a combined production share of 25% of the High Density and Liner Low Density polyethylene market in the country.

Further, your company's petrochemical joint venture namely ONGC Petro-Additions at Dahej was also commissioned during the year.

- **Human Resource Development**

Your Company realizes the criticality of aligning human resource development initiatives with strategic objectives to achieve organizational goals. Significant steps towards skill development and capability build-up, talent acquisition, development and retention strategies are continuously undertaken for being an employer of choice.

BUSINESS PERFORMANCE

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

- **Natural Gas Marketing**

Natural gas trading constitutes 70% of the business turnover and continues to be your Company's core business. During FY 2016-17, gas sales clocked 81.21 MMSCMD, compared to 73.67 MMSCMD in the previous financial year. Domestic gas availability remained stagnant at 48.5 MMSCMD while Long-Term imported volumes witnessed increased consumption vis-à-vis the previous financial year. Consumption of gas by CGD sector at 20 MMSCMD emerged to be the fastest growing segment.

- **Transmission**

➢ **Natural Gas**

Your Company owns and operates a network of about 11000 kms of natural gas high pressure trunk pipeline with a pan-India capacity to handle volumes of around 206 MMSCMD. The average gas transmission during the year 2016-17 was 100.38 MMSCMD, compared to 92.09 MMSCMD in the previous financial year. The share of third party transmission was 22.18 MMSCMD.

- **Fertilizer Sector**

During FY 2016-17, your Company achieved total sales of Natural Gas (Domestic + RLNG) in the Fertilizer Sector of 25.74 MMSCMD (including 12.09 MMSCMD of Domestic Gas). Your Company is in discussion with upcoming/ revived fertilizer units for supply of gas and it is expected that agreement for supplying gas shall be firmed up during CY 2017.

- **Power Sector**

During FY 2016-17, your Company achieved total sales of Natural Gas (Domestic + RLNG) in the Power Sector of 23.81 MMSCMD (including 19 MMSCMD of Domestic gas). The PSDF Scheme of Ministry of Power for the gas based power sector continued during FY 16-17 and your Company as Pool Operator supplied around 4.0 MMSCMD of incremental RLNG to gas based power plants which is included in the total sales to the Power Sector. The Scheme discontinued on 31st March 2017 and your Company continues to explore opportunities for supply of natural gas to gas based power generation units at affordable prices.

- **LPG**

Your Company is unique in India to own and operate 2038 Kms of exclusive pipelines for LPG transmission for third-party usage across two major networks. Jamnager-Loni and the Vizag-Secunderabad pipeline networks achieved a throughput of 3.36 MMTPA during the year against 2.82 MMTPA in the previous fiscal year.

- **Petrochemicals**

The overall production of polymers in 2016-17 was 6.04 lakh MT while your Company marketed 5.77 lakh MT during this period. The total polymers marketed including polymer produced by your Company's subsidiary, Brahmaputra Cracker & Polymer Limited (BCPL) stood at 6.65 lakh MT, which represents almost a 100% increase over FY 2015-16.

- **LPG and Other Liquid Hydrocarbon Production**

Your Company has LPG plants at five locations in the country having a production capacity of 1.3 million MT. In 2016-17, total liquid hydrocarbon production was about 1.11 Million MT, of which over 80% constitutes LPG and Propane.

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

As a result of continued portfolio optimization, your Company now has participating interest in 12 E&P blocks of which 10 blocks are in India and the remaining two blocks in Myanmar. Out of these, your Company is Operator in one onland block namely CB-ONN-2010/11 in Cambay basin awarded during the NELP-IX bidding round. Drilling activities continued in four (out of five) blocks.

Hydrocarbon discoveries have been notified to the government in two blocks namely GK-OSN-2010/1 and CB-ONN-2010/8. Survey activities are in progress in the remaining NELP-IX block AA-ONN-2010/2.

The E&P business has continued to be revenue self-sustainable for the third consecutive year due to earnings from four blocks (two blocks each in Myanmar and Cambay basin). Your company earned revenues to the tune of ₹ 615.28 crores from these blocks during the year.

The implementation of the City Gas Distribution project in Bhubaneswar and Cuttack was launched by Hon'ble Minister of State (Independent Charge) for Petroleum & Natural Gas Shri Dharmendra Pradhan (centre) in the presence of Hon'ble Member of Parliament (Bhubaneswar) Dr. Prasanna Kumar Patasani (3rd from left), Hon'ble Member of Parliament (Cuttack) Shri Bhartruhari Mahtab (3rd from right) and other dignitaries

INITIATIVES FOR FUTURE GROWTH

- **Petrochemicals**

In order to establish your Company as a significant petrochemical player, especially in Asia, focus was given to develop export capability. GAIL exported 14,000 MT of polymers as a step in this direction. Your Company targets to continue exports based on opportunities in the region.

Your Company along with Hindustan Petroleum Corporation Limited (HPCL) is carrying out various studies for setting up a Greenfield Naphtha/ Ethane-based petrochemical complex in Andhra Pradesh.

- **LNG Regasification Terminals**

Your Company is evaluating various opportunities for setting-up/booking LNG Regasification capacity in the country. It has signed a non-binding Tolling Term Sheet with Dhamra LNG Terminal Private Limited (DLTPL) for booking of 1.5 MMTPA capacity in the proposed Dhamra LNG Terminal. This is over and above the capacity already booked at Dabhol and Dahej of 6.5 MMTPA.

- **LNG Shipping**

Currently, your Company is in the process of charter hiring of ocean carriers for evacuating FOB contracted LNG volumes from east coast of USA. Company has engaged the services of Shipping Corporation of India in this regard. Number of ships for hire shall be fixed based on the residual volume to be brought directly to India from USA after considering international sales and swap transactions.

- **Natural Gas Pipeline Projects**

During the financial year, your Company completed 14 pipeline projects including Last mile connectivity of approximately 437 kms, to harness the commercial utilization of various pipeline networks in the states of Karnataka, Gujarat, Goa, Haryana, Rajasthan, Maharashtra and Punjab. The pipeline revamp projects in KG and Cauvery Basin are completed over 90% and over 80% in Gujarat and are targeted for completion during the current year.

- **Non-Conventional Energy**

Your Company is committed to reduce the carbon emission and implement renewable energy projects. Your Company has a total installed capacity of 118 MW of Wind Energy Generation Projects (WEG) and has recorded 43% growth in the revenue from wind energy.

As part of its commitment towards sustainable development, your Company is also installing a 5.76 MW grid connected roof top solar power plant at its petrochemical complex at Pata, U.P. The power generated shall be consumed within the petrochemical complex and substitute the power drawn from the grid to generate significant cost reduction and also carbon footprint of GAIL.

- **Coal Gasification**

Your Company is also entering into coal gasification by setting up surface coal gasification based urea project at Talcher. The project, with an estimated cost of ₹ 8000 crores is envisaged for the production of 2200 MTPD ammonia and 3850 MTPD urea. A joint venture company Talcher Fertilizers Limited was formed with consortium partners namely GAIL, Coal India Limited (CIL), Rashtriya Chemicals and Fertilizers (RCF) and Fertilizer Corporation of India Limited (FCIL). Pre-project activities are on full swing with M/s Shell being selected the Licensor. Approvals from CCEA /GoI are targeted to be completed to lay foundation for starting the project activities during the current fiscal year.

RELATED PARTIES - SUBSIDIARIES/ ASSOCIATES/ JOINT VENTURES

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

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

The details of subsidiaries/ associates/ joint venture companies operations are provided as:

NATURAL GAS, LNG AND POWER

- **GAIL Global (Singapore) Pte. Limited (wholly owned subsidiary)**

GAIL Global (Singapore) Pte. Ltd. (GGSPL), primarily started as an overseas investment arm of your Company and was operationalized for LNG trading in 2012. It commenced its business operations in May 2012. GGSPL is now actively involved in business activities in the area of LNG Trading. Until March 31, 2017, GGSPL has traded 54 LNG cargoes so far out of which 23 were traded during the financial year 2016-17. The turnover for 2016-17 was USD 494 million.

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

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

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

During the year, seven wells came online, taking the total number of online wells to 106 as on December 31, 2016. The gross production volume of GGUI during calendar year 2016 was 669 million barrel of oil equivalent (Mboe).

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

GAIL Global (USA) LNG LLC (GGULL) signed a contract with Dominion Cove Point LNG, LP (DCP) to book LNG tolling capacity of 2.3 MMTPA in its Cove Point terminal. It also signed Gas Sales & Purchase Agreement (GSPA) with WGL Midstream, Inc. for sourcing of gas for liquefaction at the terminal. The construction activities at the terminal are on track and it is expected to be in service by December 2017.

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

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

- **Petronet LNG Limited (PLL)**

PLL was formed in 1998 to set up LNG import and re-gasification facilities in India. It currently owns and operates a 15 MMTPA capacity LNG re-gasification terminal at Dahej, Gujarat. The capacity is being expanded to 17.50 MMTPA. PLL has also setup an LNG re-gasification terminal at Kochi, Kerala with a name plate capacity of 5 MMTPA.

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

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

RGPPL was formed as a joint venture with NTPC for taking over and operating the erstwhile Dabhol Power Project assets consisting of 1967.08 MW gas based combined cycle Power Block and 5 MMTPA LNG Block. The assets were transferred to RGPPL in October, 2005.

Your Company currently has 25.51% equity stake in RGPPL along with NTPC holding 25.51%, MSEB Holding Company Limited holding 13.51% and Indian Financial institutions holding 35.47%.

The power block was revived and has been under commercial operation since May 19, 2009. However, it could not be operated in FY 2014-15 due to the non-availability of domestic gas.

With support of the GoI for stressed power plant under the Power System Development Fund (PSDF) scheme, RGPPL commenced power generation on November 26, 2015 for supply to the railways in the states of Maharashtra, Gujarat, Jharkhand and Madhya Pradesh to the tune of 500 MW. The PSDF scheme was available till March 31, 2017 only. During the financial Year 2016-17, a total of 4426 BUs were supplied to the Indian Railways using 857.4 MMSCM of natural gas. Total revenue earned from sale of energy in FY 16-17 was ₹ 2105.67 Crores.

RGPPL signed a 5-year Power Purchase Agreement with railways for 500 MW and Gas Sales Agreement with GAIL for 5 years w.e.f April 01, 2017. As a result, the power plant is presently running and generating approximately 470 MW of power, which is being supplied to the railways.

The LNG Terminal commercial operations commenced in May, 2013. RGPPL entered into a framework agreement with GAIL as Commercial Operator for 25 years on tolling basis. A total of sixty three cargos have been successfully unloaded since it's commissioning with fifteen being unloaded during FY 2016-17. The total revenue earned from the plant by LNG Terminal during 2016-17 was ₹ 266.69 Crores and from commissioning till 31st March 2017 is about ₹ 1007 crores. However, the terminal is still operating at partial capacity (about 1.5 MMTPA as against 5 MMTPA), due to the absence of breakwater facilities. The breakwater construction process has been initiated and the terminal is expected to become fully operational during 2019-20.

The process of the demerger of the power and LNG blocks is also under progress under the revised RBI norms and to enable availability of funds for the construction of breakwater to achieve the full potential of the LNG terminal.

CITY GAS DISTRIBUTION (CGD)

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

GAIL Gas was incorporated in the year 2008 GAIL Gas has achieved a phenomenal growth of 82 % in volume on year on year basis. The Company achieved gas sales volume of 1356 MMSCM during FY 2016-17.

The Profit Before Tax (PBT) of the Company has increased by ₹ 39 crores over the previous year while the sales revenue increased by ₹ 1248 crores. The additional customer base of industrial, commercial and transport sectors have been expanded with rigorous marketing efforts. Company has entered into agreements with OMCs for setting up retail outlets of CNG to expand the reach and cater to the increasing demand and availability of CNG. GAIL Gas has set up additional 10 CNG stations at Sonepat, Meerut, Dewas & TTZ Geographical Areas in FY 2016-17 which will create enhanced availability of Green Fuel. The company has taken various marketing initiatives to reach out to prospective consumers for Domestic PNG Connections.

The Bengaluru City Gas Distribution Project was inaugurated by Hon'ble Minister for Parliamentary Affairs and Chemicals & Fertilizers Shri Ananth Kumar (3rd from left) in the presence of Hon'ble Minister for Statistics & Programme Implementation Shri D V Sadananda Gowda (4th from left), Hon'ble Minister of State (Independent Charge) for Petroleum & Natural Gas Shri Dharmendra Pradhan (2nd from left) and other dignitaries

Company has also strengthened its various interfaces with Customers through development of digital platforms i.e (1) Online Registration for Domestic Customers (2) Online Payment Gateway (3) Mobile Application (4) Online Feedback submission (5) Online Industrial PNG Request System etc. The CNG sales of GAIL Gas has grown 30 % on year on year basis.

In Bengaluru GA, GAIL Gas has laid 42 KM of steel Pipeline and 245 KM of MDPE Pipeline network. 19,370 Domestic customers have been connected during the year. Company also commissioned 03 CNG station in Bengaluru and commercial operations has started at 01 CNG station. Further, 10 CNG stations are planned in FY 2017-18.

- **Aavantika Gas Limited (AGL)**

AGL was incorporated to implement CGD projects in Madhya Pradesh. As on March 31, 2017, AGL operated 22 CNG stations including 9 daughter stations, 9 online stations and 4 mother stations in Indore GA (including Ujjain) and Gwalior GA.

Further, as on March 31, 2017, AGL supplied PNG to around 12658 Domestic, 58 commercial & 75 industrial customers in its authorized geographical regions. AGL is also catering to the fuel requirement of around 22,190 CNG vehicles operating in the region. GAIL has 49.97% stake along with HPCL as an equal partner.

- **Bhagyanagar Gas Limited (BGL)**

BGL was incorporated to implement CGD projects in the united Andhra Pradesh. As on March 31, 2017, BGL operated 41 CNG stations including 33 daughter stations, 5 online stations and 3 mother stations.

Further, as on March 31, 2017, BGL supplied PNG to 6608 households, 59 commercial & 5 industrial customers in its authorized geographical regions. BGL is also catering to the fuel requirement of around 39246 CNG vehicles operating in the region. GAIL has 49.97% stake along with HPCL as an equal partner.

- **Central UP Gas Limited (CUGL)**

CUGL was incorporated to implement CGD projects in Uttar Pradesh. As on March 31, 2017, CUGL is operated 18 CNG stations including 3 daughter stations, 11 online stations and 4 mother stations.

Further, as on March 31, 2017, CUGL supplied PNG to 19333 domestic, 177 commercial & 51 industrial customers in its authorized geographical regions. CUGL is also catering to the fuel requirement of around 56599 CNG vehicles operating in the region. GAIL has 25% stake along with BPCL as an equal partner.

- **Green Gas Limited (GGL)**

GGL was incorporated to implement CGD projects in Uttar Pradesh. As on March 31, 2017, GGL operated 19 CNG stations including 7 daughter stations, 6 online stations & 6 mother stations.

Further, as on March 31, 2017, GGL supplied PNG to around 16200 domestic, 23 commercial & 8 industrial customers in its authorized geographical regions. GGL is also catering to the fuel requirement of around 41318 CNG vehicles operating in the region. GAIL has 49.97% stake along with IOCL as an equal partner.

- **Indraprastha Gas Limited (IGL)**

IGL was incorporated to implement CGD projects in Delhi's the National Capital Territory (NCT) and cities in adjoining National Capital Region (NCR). As on March 31, 2017, IGL operated 421 CNG Stations including 45 daughter stations, 306 online stations & 70 mother stations.

Further, as on March 31, 2017, IGL supplied PNG to 742206 domestic, 1816 commercial & 932 industrial customers in its authorized geographical region. IGL is also catering to fuel requirement of 892319 CNG vehicles operating in the region. GAIL has 22.5% stake along with BPCL as an equal partner.

- **Mahanagar Gas Limited (MGL)**

MGL was incorporated to implement CGD projects in Mumbai & adjoining areas. As on March 31, 2017, MGL operated 203 CNG stations including 32 daughter stations, 151 online stations & 20 mother stations.

Further, as on March 31, 2017, MGL supplied PNG to 9,48,892 domestic, 3220 commercial & 62 industrial customers in its authorized geographical region. MGL is also catering to the fuel requirement of 5,45,505 CNG vehicles operating in the region.

Your Company accorded approval to Mahanagar Gas Ltd.(MGL), to issue fully paid up unsecured Compulsory Convertible Debentures(CCDs) at par to the Government of Maharashtra (GoM) due to which equity holding of GoM increased to 10% of the total paid-up equity capital. Further, your Company also accorded approval to off-load the equity shares held by it and BG Asia Pacific Holdings Pte. Limited (BGAPH) each upto 12.5% of MGL equity through the Initial Public Offering (IPO). MGL equity shares were listed on NSE and BSE. Your Company's equity holding in MGL post-IPO is 32.5% along with BGAPH as an equal partner.

- **Maharashtra Natural Gas Limited (MNGL)**

MNGL was incorporated to implement CGD projects in and around Pune. As on March 31, 2017, MNGL operated 42 CNG Stations including 17 daughter stations, 20 online stations & 5 mother stations.

Further, as on March 31, 2017, MNGL supplied PNG to 5,08,51 domestic, 169 commercial and 129 industrial consumers in its authorized geographical region. MNGL is also catering to the fuel requirement of 1,40,378 CNG vehicles operating in the region. GAIL has 22.5% stake along with BPCL as an equal partner.

- **Tripura Natural Gas Company Limited (TNGCL)**

TNGCL was incorporated to implement CGD projects in Agartala. As on March 31, 2017, TNGCL operated 6 CNG stations including 3 daughter stations and 3 mother stations.

Further, as on March 31, 2017, TNGCL supplied PNG to 28669 Domestic, 354 commercial & 50 industrial customers in its authorized geographical region. TNGCL is also catering to the fuel requirement of 9103 CNG vehicles operating in the region. GAIL has 48.98% stake in TNGCL.

- **Vadodara Gas Limited (VGL)**

Your Company holds 32.93% stake in VGL in lieu of transfer of CNG stations and associated pipeline laid in the city for connecting CNG station at market value on Slump Sale basis against the issue of shares at par along with GAIL Gas Ltd. and VMSS holding 17.07% and 50% stake respectively. VGL operates 9 CNG stations in Vadodara with compression capacity more than 98,550 kg/day.

VGL also caters to the Piped Natural Gas (PNG) requirements of its consumers in domestic and commercial sectors. It supplies PNG to 84,432 houses and 2,456 commercial sectors in the city through a 940 km long PE pipeline distribution grid and 3 district pressure regulating system. It is also developing a new MDPE network in and around the city of Vadodara to cater to the PNG requirements of the domestic and commercial sectors.

PETROCHEMICALS

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

BCPL was incorporated in the year 2007. Your Company has 70% equity stake in Brahmaputra Cracker and Polymer Limited (BCPL), with Oil India Limited (OIL), Numaligarh Refinery Limited (NRL) and the Government of Assam each having 10% equity share. BCPL has set up 2,80,000 TPA polymer plant in Assam.

During the FY-2016-17, 99540 MT polymer and 14129 MT liquid hydrocarbons have been produced. The polymers produced by BCPL are marketed by GAIL under Marketing Agreement.

- **ONGC Petro-additions Limited (OPaL)**

ONGC Petro-additions Limited (OPaL), a joint venture company promoted by GAIL, ONGC and GSPC has commissioned a green field petrochemical project at Dahej, Gujarat with a capacity to produce 1.4 MMTPA of polymers (Polyethylene-PE and Polypropylene-PP) as the final products. Hon'ble Prime Minister, Shri Narendra Modi dedicated the plant in service to the nation on March 07, 2017. Your Company has made an investment of ₹ 994.945 Crores in OPaL.

OTHERS

- **TAPI Pipeline Company Limited (TPCL)**

Your Company is pursuing the Turkmenistan–Afghanistan–Pakistan–India (TAPI) Pipeline project to receive natural gas supply from the Galkynysh fields of Turkmenistan. Gas Sale Purchase Agreement (GSPA) to import 38 MMSCMD gas into the country has already been signed. TPCL was incorporated in 'Isle of Man', to build, own and operate the proposed TAPI pipeline. It has engaged a consultant for providing Project Management and FEED Consultancy Services for the Afghanistan – Pakistan section of the pipeline. Your Company holds 5% equity in TPCL. The Shareholder's Agreement and Investment Agreement have also been signed. The project execution is subject to certain condition precedents.

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

SEAGP was formed in the year 2010 to transport natural gas from A1/A3 blocks in Myanmar to the Myanmar-China border. During 2016-17, this pipeline transported an average of 14 MMSCMD of natural gas. Your Company has a 4.17% equity stake in SEAGP.

- **Talcher Fertilizers Limited**

A consortium comprising of your Company, CIL, RCF and FCIL was formed in 2015 to revive the FCIL Talcher fertilizer unit in the Angul district of Odisha. The MoU was signed by the consortium partners on September 05, 2013. Subsequently, the joint venture company, Rashtriya Coal Gas Fertilizers Limited, was incorporated on November 13, 2015. The company was renamed as “Talcher Fertilizers Limited” in May 31, 2016. Your Company holds 29.67% in this JVC. In principle approval of allocation of North Arkhapal Coal Mine (50%) has been received.

PARTICULARS OF LOANS, INVESTMENTS AND CORPORATE GUARANTEES

Details of investments, loans and guarantees covered under Section 186 of the Companies Act, 2013 forms part of financial statements, as a separate section in the Annual Report FY 2016-17.

IT ADVANCEMENTS & FUNCTIONAL EXCELLENCE

Your Company has started 'Digital GAIL' initiative with a vision to leverage the benefits of state-of-the-art Analytics, Mobility and Collaboration Platforms to support different business functions of GAIL including Plant Operations & Maintenance by integrating IT Systems with Plant & Pipeline Systems.

To align Your Company's ERP system for Regulatory and Statutory Compliance, successful migration to the latest tax procedure was done as a pre-requisite for Goods and Services Tax (GST) readiness.

Your company has successfully implemented GST at all locations from 1st July 2017. The other business segments of the company such as Gas Transmission, Petrochemical, and LPG/LHC etc. are covered under GST. Your company has organised GST awareness workshops at different work centres for vendors & customers with a view to spread awareness among the stakeholders for GST.

Your Company has implemented next generation unified communications & collaboration platform with audio-video capability for enhanced employee collaboration.

After successful implementation of latest ISO 27001 Information Security Management System framework, a Security Operations Centre (SOC) was established along with Advanced Persistent Threat mitigation system to alleviate new types of cyber-security risks. Your Company has also implemented state-of-the-art Private Cloud infrastructure and initiated several new projects for improving network connectivity and information security.

A Project Monitoring System has been developed in your Company to digitize monitoring and control of the pipeline projects. This system will help the management to have better insight into the projects on a real-time basis through charts and reports and will facilitate decision making and early resolution of issues.

Your Company is in the process of implementing the SAP Treasury and Risk management (TRM) module which will help in mapping various treasury functions that are being operated centrally from Corporate Office. Apart from the above, the TRM will also include the implementation and management of provident fund & pension related investments.

In line with the 'Digi-Dhan' campaign of the Government of India, Your Company has taken an initiative to bring awareness on digital payments and cashless transactions among the employees, contract workers etc. at various GAIL locations.

- **Pipeline Intrusion Detection System (PIDS):**

In order to ensure real time surveillance of pipelines, GAIL has installed Pipeline Intrusion Detection System (PIDS) on trial basis at Piyala to Loni, 72 km. section and about 175 kms along Vizag to Secunderabad LPG pipeline netwroks. The detection system works on Distributed Acoustic sensing Technology utilizing the optical fiber cable (OFC) along the pipeline. Various events like manual excavation using hand tools, machine excavation, vehicle movements, agricultural activities, valve operation detection, fiber break, scrapper pig location etc. are identified automatically and alarm generated accordingly on the operators HMI graphics screen.

- **Integrated Security Command and Control Center:**

To enhance the safety and security of GAS/LPG pipelines in the densely populated NCR and across other north Indian states, an Integrated Security Command and Control Center has been established at Infohub, Noida. Round-the-clock monitoring of functions such as Pipeline ROU surveillance, live CCTV footage of pipeline facilities, critical pipeline maintenance activities etc. are being undertaken along 2000 kms of gas & LPG pipeline operating in the northern region.

HEALTH, SAFETY AND ENVIRONMENT (HSE) MANAGEMENT

- **Corporate HSE Policy:**

The HSE Best Practices in your Company are primarily driven through a Corporate HSE Policy which is a statement of commitment of the management of your Company. Your Company is committed to giving highest priority to Occupational Health, Safety of Plants and Pipelines & Personnel in a serene environment. Uniform well-designed HSE Management System is in place to support our commitment. Your Company conducts its business in harmony with nature and promotes sustainable development. Employees and contract workers are encouraged to adopt safe working habits and behavior to ensure an effective implementation of the HSE Policy and empowered to notify and stop any unsafe work / act, as may so arise.

- **Safety Performance**

Safety performance is measured in your Company through the "HSE Score" which is evaluated on the basis of important HSE Management System elements. Your Company achieved the HSE Score of 92.94% as against the MoU target of 90%.

- **Safety Training**

Training is a key to the safety of people and premises. Your Company imparts regular and structured HSE training including Behavior Based Safety training to its employees to upgrade their skills, knowledge and competence, in order to perform their HSE functions effectively and developing an effective safety culture. Regular training is also imparted to contract workers, tanker drivers and others to create awareness of the probable hazards in their work area so as to avoid and safeguard against unsafe actions.

- **Safety Audits**

Safety audits are regularly conducted to ensure the implementation of the HSE Management System Guidelines and Emergency Preparedness. These audits are performed by both external safety auditors and experienced in-house auditors.

- **Occupational Health**

Your Company has implemented occupational hygiene measures and medical surveillance programs to monitor and control the occupational health of its employees, based on defined guidelines. All employees at various work centers undertake periodic medical examination as per these guidelines. The Corporate Occupational Health Committee meets on a quarterly basis to monitor the occupational health program in your Company and the effectiveness is evaluated based on the outcome of the Health Audit undertaken through in-house multi-disciplinary teams.

GAIL and Silicon Valley-based Bloom Energy signed a Memorandum of Understanding to deploy revolutionary natural gas-based fuel cell technology to generate electricity in India. The MoU was signed by Shri B C Tripathi, Chairman and Managing Director (2nd from right) and Dr. K R Sridhar, CEO and Founder, Bloom Energy (left) in the presence of Shri Dharmendra Pradhan, Hon'ble Minister of State for Petroleum & Natural Gas (2nd from left) and Shri A P Sawhney, Additional Secretary, MoPNG (right)

SUSTAINABILITY INITIATIVES

This year your Company published its seventh Sustainability Report – 'Rejuvenate. Resonate. Redefine' for FY 16-17 based on the Global Reporting Initiative (GRI) G4 Guidelines. Sustainability reporting has helped in measuring and monitoring your Company's performance and move beyond the mandatory requirements to ingrain sustainability culture within the organization. It has served as an important management tool, helping us to revisit our systems, policies and procedures. Your Company's Sustainable Development Committee, comprising of Functional Directors and an Independent Director as the Chairman, regularly monitors performance under sustainability initiatives.

Your Company believes that it is important to collaborate with industry leaders, associations and peers to address national and global sustainability challenges and work towards a common goal. Your Company has collaborated in the study on "Climate Change Risks: Preparedness for Oil and Gas Sector"

Chairman and Managing Director Shri B C Tripathi (2nd from left) announced the Annual Results 2016-17 of the Company at a press conference in the presence of (from left to right) Shri Gajendra Singh, Director (Marketing), Shri Subir Purkayastha, Director (Finance), Dr. Ashutosh Karnatak, Director (Projects) and Shri P K Gupta, Director (Human Resources) at a press conference

undertaken by the Federation of Indian Petroleum Industry (FIPI) and The Energy and Resources Institute (TERI).

In line with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 requirements, Business Responsibility Report (BRR) 2016-17 is contained in a separate section of the Annual Report.

VIGILANCE

Corporate Vigilance department of your Company is ISO-9001:2008 certified for having adopted Quality Management System in compliance with the requirements of ISO. Various initiatives such as Bill Watch System, e-tendering, e-payments etc. have already been implemented in the past for the benefit of vendors and suppliers to bring transparency in its systems and processes. 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:

- Implementation of the system for pegging percentage fee payable to the Architect / Consultant on the original contract value.
- Timely appointment of Third Party Inspection Agency (TPIA) before award of the jobs / works as required.
- Implementation of several smart-phone enabled applications related to business transactions of the Company for increasing organizational efficiency.

The Vigilance Awareness Week-2016 was observed on the theme "Public participation in promoting integrity and eradicating corruption" at the corporate office and at all the work centers from October 31 to November, 05, 2016. In order to create better awareness on corruption and its effects amongst the youth and college students, various competitions such as debates, elocution, panel discussion were organized in colleges/schools at Kolkata, Chennai, Guna, Bengaluru, Jhabua, Jaipur, Noida, Dibiyapur and Vadodara. Topics on corruption and its ill effects, importance of morals and values, honesty and integrity, ethics, transparency in governance, ways in which the youth can participate in the fight against corruption and such related issues were the subject of debate in these competitions. In order to create awareness among GAIL employees and the related work force, various competitions including essay writing, slogan writing, poster paintings, online quiz and debates were held during the week. Other events including banners/ posters/ painting display, and marches and rallies were also organized at various work centers.

A magazine "JAGROOK" containing CVC circulars, vigilance related puzzles, cartoons, articles and case studies was also published. Customer interactive meet across business segments were organized at NCR Zonal office and Mangalore for their active engagement on related matters.

CAPABILITY BUILDING

- **Human Capital**

Your Company invests dedicated resources in order to be the preferred employer to attract and retain requisite talent. The Company's Intellectual Capital is carefully nurtured and channelized to cater to its business plans for maximising value. Value Added per Employee reflects our emphasis to make the optimal & productive use of the available resources and business opportunities. For the year under review, Value Added per Employee was ₹ 218.38 lacs.

- **Leadership Development Program**

Your Company gives priority to develop its Leadership capability. As part of the Leadership Development Program, we continued to undertake the Senior Management Development Centre (SMDC) exercise with great emphasis on the developmental aspects of individual executive. Your Company believes that capability building and enhancing competency of employees is the key to the successful execution of strategic plans. As on date, almost all the senior executives in E-6 Grade and above have been covered under the program.

To percolate the benefit of the SMDC Program, your Company has extended the same to executives in E-5 grades as well. In an initial spell during the year, over 300 executives were covered.

- **Capability Development**

The GAIL Training Institute (GTI) organizes systematic and structured programs for capability building across all levels within the organization on a continuous basis. In recognition of the initiatives taken, GTI was conferred with the prestigious Golden Peacock National Training Award-2016.

Your Company is also playing a proactive role to support the National Skill

Development Mission through active participation in the creation of Hydrocarbon Sector Skill Council (HSSC) and providing skill based training to create a pool of skilled manpower for City Gas Distribution network and mid-stream hydrocarbon industry.

- **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, 2017 have been given in Table below:

Group	Employees on Roll	SC	ST	OBC	PWD
A	3149	497	202	579	46
B	537	102	61	108	11
C	603	102	22	188	35
D	61	17	06	16	01
C&MD DIRECTORS & CVO	05	-	-	-	-
Total	**4355**	**718**	**291**	**891**	**93**

A total of 121 new employees joined your Company during the FY 2016-17, taking the total manpower as on March 31, 2017 to 4355 (including Whole-time Directors & CVO) with 16.48 % of its employees belonging to SC category, 6.68 % to ST category, 20.45% to the OBC category, 7.99 % to minorities and 2.13% to the PWDs category. Your Company's workforce comprised of 257 women employees as on March 31, 2017.

- **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 of achievement of targets fixed in the Annual Program issued by the Govt. of India.

Hindi workshops/trainings are organized on regular basis at GTI, Jaipur and Noida and at other work centres. Hindi computer training sessions are integral part of these programmes. During the year 2016-17, 1897 employees were provided formal training through 101 workshops.

Hindi Fortnight was celebrated from September 14 to 28, 2016 to promote the use of the official language. Your Company now uses special software to generate administrative orders in both Hindi and English. You will be glad to know that we are one of the few PSUs to implement this facility.

The 17th 'Rajbhasha Sammelan' was organized on November, 26 and 27, 2016 to promote the use of Hindi and 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 Pata, Bengaluru, Haridwar, Kochi and Mumbai offices to review the steps undertaken to promote the official language and were appreciative of our efforts undertaken.

A meeting of Hindi Salahkar Samiti was organized on April 22, 2017 at Srinagar (J&K) by the MoP&NG under the chairmanship of Minister of State for Petroleum & Natural Gas (I/C). Your Company also participated in this meeting and received Petroleum Rajbhasha Award (Consolation) for the year 2015-16.

- **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 2016-17, 3 (three) sexual harassment complaints were received and the same were disposed of.

INNOVATION, RESEARCH AND DEVELOPMENT (R&D)

To inculcate and encourage innovation and creativity in the organization, your Company has established a Suggestion Scheme to elicit ideas and process modification proposals from employees. The suggestions are evaluated by a committee and implemented based upon their feasibility. The best suggestion is awarded with the CMD trophy. Incremental innovations are also pursued through Quality Circle initiatives.

Chairman and Managing Director Shri B C Tripathi launched GAIL's Start-up initiative titled 'Pankh' with a corpus of ₹ 50 crores for investing in Start-ups and providing mentoring to them in core areas of the company, i.e., natural gas and its derivatives

Your Company is committed to spend over 1% of its PAT on Research and Development (R&D) efforts to address the important industry challenges of maintaining the safety and integrity of the gas processing & petrochemical plants, transmission and distribution systems, controlling costs and enhancing productivity, and maintaining environmental stewardship.

Currently your Company has engaged in greater R&D collaboration with various Engineering Institutes and CSIR laboratories to pursue a judicious portfolio of basic, applied and pilot R&D projects in the identified thrust areas. Various developmental projects are also undertaken at sites to improve safety and efficiency of existing installations.

The major research initiatives undertaken in FY 2016-17 include, the application of high resolution satellite imagery for pipeline monitoring, development of Robot for Health Monitoring of Pipeline, pilot testing of wireless sensor network for pipeline data transfer, setting-up of a Pilot plant for conversion of waste plastic to diesel, development of novel adsorbent materials for low pressure storage of natural gas, and testing of a 5 KW PEM fuel cell and projects on CO_2 conversion and utilization.

Your Company is also focused on augmenting the gas supply through new sources. Apart from carrying out bench-scale work on methane recovery from marine gas hydrates, your Company is also associated with the National Gas Hydrate Program. It has also become an industrial partner in the Indo-US strategic research initiative under the Solar Energy Research Institute for India and USA (SERIIUS) program.

Further, your Company is planning to invest in start-ups as they have the potential to improve existing businesses, create new business and increase manufacturing base. Given the government policies are also increasingly in favor of start-ups. Your Company has allocated a corpus of ₹ 50 Crores for taking up investments in this sector to give a fillip to the government's efforts and to reap benefits from the start-ups portfolios. The start-up initiatives are in the process of roll-out during the current calendar year.

TOTAL QUALITY MANAGEMENT

Your Company is committed to enhancing customer satisfaction and standarzing business processes through the implementation of a Quality Management System. We achieved a customer satisfaction level of 92% during FY 2016-17 and committed to further improve our rank. Your Company endeavors for continual and sustainable improvement through the implementation of effective quality practices, innovation and standardization. Management System and Energy Management System along various pipelines & process units and the Quality Management System at corporate and marketing offices has been implemented. Your Company undertakes Quality Circle projects with engagement of its employees resulting in high employee morale and increased productivity.

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 said policy, out of the total eligible value of annual procurement of approximately, total procurement made from MSEs was ₹ 811.63 crores constituting 25.85%.

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. The thrust while fixing MoU targets was on improving performance of the critical aspects of the Company including key financial parameters, gas marketing, gas transmission, project implementation, capital expenditure & polymer production etc. MoU for the year 2016-17 was signed between Chairman & Managing Director and Secretary (P&NG), Government of India on August 05, 2016.

Your Company achieved 'Very Good' MoU rating for the financial year 2015-16.

The evaluation of MoU 2016-17 is under progress and the final evaluated MoU score and rating is expected to be announced during December 2017.

LAURELS

- **Corporate**
  - o Dun & Bradstreet's 'India's Top PSUs & PSU Awards 2016' in the category 'Manufacturing: Gas - Processing, Transmission and Marketing'
  - o SCOPE Meritorious Awards 2014 – 15 in the category 'RTI Act – 2005 Compliance'
  - o ASSOCHAM 2nd Corporate Governance Summit cum Excellence Award 2015-16 as a winner under Listed Public Sector Category
  - o GAIL conferred with the "Economic Times 2 Good CSR Rating"- Only PSU to be feted in 'All Round Excellence' category
- **Health, Safety & Environment (HSE)**

  With its continued focus on HSE across its installations, your Company has won the following awards during the year 2016-17

  - ➢ Prestigious OISD awards for the Year 2014-15 from the Honorable Minister of State (IC),P&NG, Sh. Dharmendra Pradhan for the following categories:
    - Pata under category "Other Processing Plant"
    - Vijapur under category "Other Processing Plant"
    - Hazira- Vijaipur- Jagdishpur Natural Gas Pipeline under category "Cross Country Pipeline - LPG & Gas Pipeline"
    - Most Consistent Safety Performer - Gas Processing Unit, Gandhar Gas Processing Plant"
  - ➢ GAIL Vaghodia GPU and Compressor Station, Vaghodia- 4th Level Award: PRASHANSA PATRA, from the National Safety Council of India
  - ➢ HVJ Compressor Station, Vijaipur- 2nd Level Award: SHRESHTHA SURAKSHA PURUSKAR (Silver Trophy), from the National Safety council of India
  - ➢ GPU Gandhar Suraksha Puraskar (Bronze Trophy) from the National Safety council Mumbai for the year-2015
  - ➢ GPU Vijaypur received 14th National Award for Excellence in Cost Management-2016

RIGHT TO INFORMATION

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 country to provide information to citizens under the provisions of 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.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

CORPORATE GOVERNANCE

Your Company believes that good corporate governance is critical in establishing a positive organizational culture. A fact that is evident through the responsibility, accountability, consistency, fairness and transparency we show towards our stakeholders. Pursuant to the SEBI LODR 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 the establishment of whistle blower mechanism and other matters, etc. forms part of report on Corporate Governance.

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

The statutory auditors of the your Company have examined and certified its 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***.

GAIL was awarded the "ASSOCHAM 2nd Corporate Governance Summit-cum-Excellence Award" in 'Listed PSU Category' in recognition of the outstanding Corporate Governance practices undertaken by the Company. The award was presented by Shri Arjun Ram Meghwal, Hon'ble Minister of State for Finance and Corporate Affairs (4th from left) and received by Shri Subir Purkayastha, Director (Finance) (2nd from right)

AUDITORS

- **Statutory Auditors**

The statutory auditor of your Company is appointed by Comptroller & Auditor General of India (CAG). M/s G.S. Mathur & Co., Chartered Accountants, New Delhi and M/s O P Bagla & Co., Chartered Accountants, New Delhi were appointed as Joint Statutory Auditors of your Company for the FY 2016-17.

Review and comments of CAG, if any, on the Company's Financial Statements for the financial year ending March 31, 2017, forms part of Financial Statement. Notes on Financial Statement referred to in the Auditors' Report are self-explanatory and does not require any further comments.

Your Company, along with other oil sector PSEs, has taken up the following matters with the Ministry of Petroleum & Natural Gas:

a) Employer's Contribution to 'Employees Provident Fund Scheme' on leave encashment by the employees

b) Encashment of Half Pay Leave and Earned Leave to employees over and above 300 days on superannuation

- **Cost Auditors**

Your Company has appointed M/s Ramanath Iyer & Co., New Delhi for the Northern Region, M/s Bandyopadhyaya Bhaumik & Co., Kolkata for the Northern and Eastern Region, M/s A C Dutta & Co., Kolkata for the Southern Region, M/s Musib & Company, Mumbai for the Western Region Part-I, M/s N. D Birla & Co., Ahmedabad for the Western Region Part-II, and M/s Sanjay Gupta & Associates, New Delhi for the Central Region as cost auditors for FY 2016-17. M/s Ramanath Iyer & Co. is the lead cost auditor.

Cost audit reports for the financial year ended March 31, 2016 was filed at the Registrar of Companies on September 20, 2016.

- **Internal Auditor**

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

- **Secretarial Auditor**

Your Company has appointed M/s Agarwal S. & Associates as secretarial auditors for 2016-17. Secretarial Audit Report confirming compliance by Practicing Company Secretary to the applicable provisions of the Companies Act, 2013, SEBI LODR Regulations, 2015 and other applicable laws, forms part of this Report at ***Annexure- D***.

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

a. Non-compliance of Proviso to Section 149 (1) of the Companies Act 2013 read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 17 (1) (a) of Securities Exchange Board of India (Listing Obligation & Disclosure Requirements) Regulations, 2015 w.r.t. appointment of at least one woman Director on the Board of the Company.

b. Non-compliance of Regulation 17 (1) (b) of Securities Exchange Board of India (Listing Obligation & Disclosure Requirements) Regulations, 2015 and Clause 3.1.4 of the DPE Guidelines on Corporate Governance for Central Public Sector Enterprises w.r.t. Composition of the Board of Directors of the Company.

c. Non-compliance of Section 149(8) of the Companies Act 2013 read with Schedule IV (clause VIII) of Companies Act, 2013 and 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.

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

a. As on March 31, 2017, there was no woman Director on the Board of the Company. However, during the year, there was a Woman Director on the Board of the Company from January 31, 2017 to March 18, 2017.

b. As on march 31, 2017, GAIL's Board comprised of four whole-time Directors including CMD, two Government nominee Directors and five Independent Directors. GAIL is a Government Company under the administrative control of the Ministry of Petroleum and Natural Gas, Government of India; the Directors are nominated/appointed by the Government of India. The Company is continuously pursuing with the Government of India for the appointment of requisite number of Independent Directors on the Board in order to comply with the provisions of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, DPE Guidelines & the Companies Act, 2013.

   However, during period January 31, 2017 to March 18, 2017, the composition of GAIL's Board was as per provisions of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, DPE Guidelines & the Companies Act, 2013.

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

Further, as per notification dated 5th July, 2017 issued by the Ministry of Corporate Affairs, Government of India, provisions of clauses (a) and (b) of sub-paragraph (3) of paragraph VII and paragraph VIII of Schedule IV of the Companies Act 2013 shall not apply in the case of a Government Company, if the requirements in respect of matters specified in these paragraphs are specified by the concerned Ministries or Departments of the Central Government or as the case may be, the State Governments and such requirements are complied with by the Government companies.

CORPORATE SOCIAL RESPONSIBILITY

Your Company believes that Corporate Social Responsibility (CSR) plays a major role in the development of any country. Therefore, it has made CSR an integral part of its ethos and culture. To amplify its outreach efforts, GAIL has incurred an expenditure of 2.26% of the average net profit of the preceding three years on CSR projects/activities of 2016-17 (₹ 92.16 crores) against the stipulated 2% spend as per the statute (₹ 81.47 crores). The overall spends (₹ 123.58 crores) amount to 3.03% of the average net of profit of the preceding three financial years.

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

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION

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

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

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

Your Company has formulated the policy on dealing with Related Party Transactions and the same is hosted on your Company's website at *http://www.gailonline.com/final_site/pdf/InvestorsZone/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(1) 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. Also, 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 05, 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 annexed herewith as ***Annexure-I*** to this report and is also 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, 2017 your Company issued Bonus Share in ratio of one equity share of ₹ 10 each for every three equity shares of ₹ 10 each held. As a result the Paid-up Equity Capital has increased from ₹ 1,268.48 Crores to ₹ 1,691.30 Crores by capitalizing the General Reserves for ₹ 422.82 Crores.

Your Company has not accepted any fixed deposits during the financial year 2016-17 and, as such, no amount of principal or interest was outstanding as of the balance sheet date.

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, foreign exchange earnings were ₹ 785.07 Crores and foreign currency outgo was ₹ 8711.71 Crores.

Shri B C Tripathi, Chairman & Managing Director (2nd from left) and Shri Subir Purkayastha, Director (Finance) (centre) addressed the Investors and Analysts Meet 2017

KEY MANAGERIAL PERSONNEL AND DIRECTORS

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

- Shri P K Gupta, Director (HR) w.e.f. February 01, 2017.
- Shri Gajendra Singh, Director (Marketing) w.e.f. April 05, 2017.

During the period, the following were appointed on the Board of your Company as Directors:

- Shri Ashish Chatterjee, Government Nominee Director w.e.f. December 23, 2016.
- Shri Dinkar Prakash Srivastava, Independent Director w.e.f. January 31, 2017.
- Dr. Anup K Pujari, Independent Director w.e.f. January 31, 2017.
- Smt. Anupama Jaiswal, Independent Director w.e.f. January 31, 2017.

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

- Shri M Ravindran, Director (HR) w.e.f. January 31, 2017 upon attaining the age of superannuation.

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

- Shri Ashutosh Jindal, Government Nominee Director, w.e.f December 23, 2016.
- Smt. Anupama Jaiswal, Independent Director w.e.f. March 18, 2017.
- Shri Anant Kumar Singh, Government Nominee Director, w.e.f May 11, 2017.

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

CODE OF CONDUCT

Pursuant to the requirements of SEBI LODR Regulations, 2015 the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the financial year ending 31st March, 2017.

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 has been made by the Board of its own performance and that of its committees and individual directors should form part of the Directors' Report.

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

DIRECTORS RESPONSIBILITY STATEMENT

Yours Directors confirm that:

i) in the preparation of the annual accounts for the financial year ending March 31, 2017, the applicable accounting standards have been followed, along with proper explanation relating to material departures;

ii) selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;

iii) taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv) prepared the annual accounts for the financial year ending March 31, 2017 on a going concern basis;

v) had devised proper systems to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively and

vi) laid down internal financial controls to be followed by the Company and that such internal financial control are adequate and were operating effectively.

Dr. Ashutosh Karnatak, Director (Projects) (right) received the 9th Construction Industry Development Council Vishwakarma Award 2017 in the category 'Achievement Award for Public Officer'

ACKNOWLEDGMENT

Your Directors express their gratitude for 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 with confidence and stand committed to creating a bright future for all stakeholders.

For and on behalf of the Board

(B. C. Tripathi)
Chairman & Managing Director

Place: New Delhi
Dated: 08.08.2017

Management Discussion & Analysis

MANAGEMENT DISCUSSION AND ANALYSIS

ANNEXURE - A

ENERGY SECTOR: AN OVERVIEW

Adjusting to an era dominated by low price scenario, LNG trade registered a year on year strong growth of over 5% in 2016, whereas natural gas managed a tepid growth of about 1.5%, globally. As LNG supply from Australia showed a 25% increase, markets of India, China, Pakistan, Egypt etc. continued to dominate the incremental demand. The trend shows bullishness for LNG demand with 83 MTPA of regas capacities operating as FSRUs across several countries.

Crude oil demand is around 1.3% and is expected to maintain the momentum in 2017 as well. Major growth of crude oil consumption is continuum the non-OECD nations, led by India and China on relatively stronger GDP growth prospects.

In a growing drive towards a low carbon environment, share of renewable continued to be a third of the primary energy growth even though its overall share in the energy mix has been about 3-4 %, largely displacing coal across several countries. Coal registered a production decline of over 6% and its consumption reportedly dropped by over 50 million tonnes during the year.

Renewable energy steals the march with significant improvements along the cost and efficiency curve with solar power growing faster than wind. At the same time, EU nations witnessed variability in renewable energy to remind that a sustainable mix of alternatives is necessary to support underlying energy demand at all times. Countries extrapolating EU models for renewable energy growth need to closely look at integrating conventional power generation sources led by gas for ensuring a low carbon objective. USA continues with natural gas as its prime driver for electricity generation accounting for over a third of the consumption followed by a declining coal fired power generation and a growing adoption of renewables in the country.

In an expanding base of the global energy basket, natural gas and LNG continue to maintain a share of 25% in the primary energy mix. With more volumes of LNG anticipated to be added into the markets through 2017 and 2018 accompanied with a low price cycle, the commodity should find greater penetration world over.

NATURAL GAS IN INDIA

Recently released reports from the NITI Aayog on India's energy security scenarios combined with the National Energy Policy and a three year action agenda have definite pointers of an unfolding energy matrix. Role of natural gas under the energy security scenario is projected to increase four-five folds in the period 2040-2047. Even though a scenario with influences from emerging technologies, electric vehicles and renewables is captured, natural gas is seen to dominate as domestic cooking medium (PNG) and also as an urban transportation fuel (CNG) in addition to serving the mainstay sectors of fertilizer and power.

Thrust of GoI towards infrastructure expansion by way of pipeline and regas terminals has the capability of supporting 2-3 times the gas volumes by 2021-22. Coupled with the focus on augmenting gas supplies from reserves, indigenous volumes are projected to increase in the next couple of years. In the near to short term, City Gas Distribution holds promise of maintaining double digit growth, but structural issues impacting the power sector need greater policy focus for mainstreaming gas based power generation integrated with renewable power. Based on projections, demand for primary energy is set to double by 2030, India requires a matrix of clean energy forms to support its growing appetite. Globally, natural gas maintaining a share of over a quarter in the energy mix even as renewable energy grows, holds promise of replicating the model in emerging nations including India.

Growth of LNG demand is primarily on account of Asian economies and various projections indicate a continued momentum in the years to come as coal demand gradually treading on a path of decline. NITI Aayog has proposed in its report that the Government should extend purchase support to gas-based power as done for sustaining the wind/solar sector ecosystems and suggest a supportive regime for gas to be put in place for progressively increasing its share in the energy basket over the years. As we progress towards attaining this vision, it is imperative to maximize utilization of mid-stream infrastructure.

Indian market has consumed around 139 MMSCMD during the last fiscal period and net LNG and domestic gas sales stood nearly equal. India imported a record 19 MMTPA of LNG during last year and the volumes are expected to grow steadily in the near future. Whilst, India is now more exposed to global contracts as a result, domestic consumers too are opting short/medium tenure contracts. Domestic market witnessed invitation of bids from Indian producers for supply of domestic gas. These developments signify the dilemma of suppliers in an increasingly buyers' market. The gas market structure has undergone profound shift due to low price scenario and availability of abundant supplies.

To ensure a continued advantage for gas based growth, inclusion of natural gas /LNG under the Goods & Services Tax (GST) is essential. Competing solid and liquid fuels cutting across applications have transitioned into the GST structure and natural gas as an environment friendly fuel awaits its complete inclusion (transmission is under GST).

BUSINESS OVERVIEW

- **Sourcing & Trading of Gas and Re-gas Infrastructure**

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

The long-term LNG supply projects from the USA, namely Sabine Pass and Dominion Cove Point, have achieved significant project milestones and are on course to commence supplies between the fourth quarter of CY 2017 and first quarter of CY 2018. Your Company is also participating in the Turkmenistan-Afghanistan-Pakistan- India (TAPI) pipeline project by forming a JVC namely TAPI Pipeline Company Limited (TPCL) by member countries to build, own and operate the planned 1800 kms transnational pipeline. A diversified portfolio of LNG/gas sources provides your Company the flexibility to serve its customers in the best possible manner in a competitive business environment over the long-run.

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

Considering the various LNG tie-ups made by your Company that are expected to commence supplies from CY 2018 onwards, access to Dabhol LNG terminal of RGPPL provides greater operational flexibility to your Company in LNG business. During the financial year, 15 LNG cargoes were unloaded at the Dabhol Terminal.

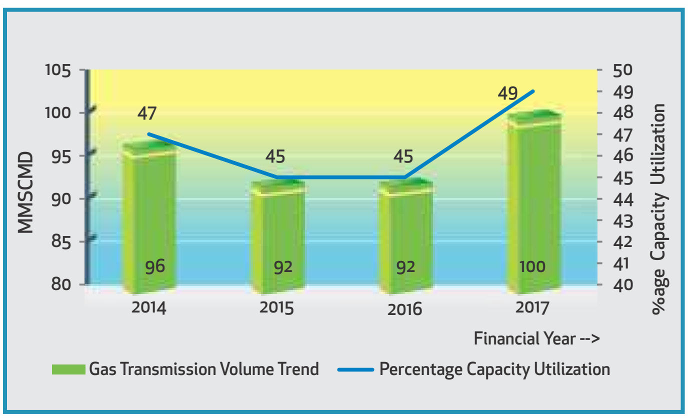
Your Company has also traded some of its LNG portfolio in the international market through the Singapore subsidiary, in line with the globalisation strategy and to calibrate supplies according as per requirement of domestic market.

Your Company has signed a non-binding Tolling Term Sheet with Dhamra LNG Terminal Private Limited (DLTPL) for booking of 1.5 MMTPA capacity at the proposed LNG Terminal at Dhamra, Odisha. A non-binding MOU has also been signed for taking equity in DLTPL.

RGPPL is working with all stakeholders for its long-term viability, which includes demerger of LNG terminal and power block assets to enable restructuring under the revised RBI norms which will enable availability of funds for the construction of breakwater and other facilities to achieve the full potential of the LNG terminal and loan restructuring to keep both assets viable. RGPPL will retain the Power Block and a new Company, M/s Konkan LNG Private Limited (KLPL) will own and operate the LNG block. Final order on the matter is awaited from the Hon'ble High Court of Delhi.

- **Natural Gas Transmission**

Your Company is the market leader in providing transmission services of natural gas and operates around 75% (over 11000 kms of natural gas pipelines) of the total Natural Gas transmission in India. During the year, transmission segment registered an increase of 9% growth in volumes over last fiscal year by clocking 100.4 MMSCMD. Gas Transmission volumes handled by your Company and percentage capacity utilization of all pipelines is provided at Table-



As a customer oriented Company, your Company has provisions in the gas transmission contracts to accommodate the requirement of small volume shippers. Your Company has also introduced an Imbalance Management Services for shippers to manage the imbalances efficiently.

To ensure higher utilization of the commissioned trunk pipelines, 23 new Last Mile Connectivity were rolled out to supply/transport gas during FY 2016-17.

- **National Gas Grid Implementation**

Your Company is implementing the following major Natural Gas pipelines (approx. 4150Kms) as a part of cross-country National Gas Grid:

1. Kochi-Koottanad-Bengaluru/Mangalore Pipeline (Phase-II, 870 kms): Kochi to Mangalore pipeline is under progress and is expected to be completed by December 2018
2. Vijaipur-Auraiya-Phulpur Pipeline: In order to de-bottleneck the upstream network of JHBDPL project, a parallel pipeline from Vijaipur to Auraiya and upto Phulpur (670 kms) is under execution.
3. Jagdishpur-Haldia & Bokaro Dhamra Pipeline (JHBDPL): 2,600 Kms. is under progress in phases.

Your Company shall connect the existing natural gas grid with eastern India under "Pradhanmantri Urja Ganga Pipeline Project". The pipeline shall pass through the eastern part of U.P., Bihar, Jharkhand, Odisha and West Bengal. This pipeline shall supply gas to fertilizer plants at Gorakhpur, Barauni and Sindri. The pipeline shall have two gas sources one at Phulpur (Allahabad, U.P.) and the other at Dhamra RLNG Terminal (Odisha). The capacity of the pipeline network is 16 MMSCMD. Physical progress is in line with envisaged schedule.

The pipeline endeavours to provide clean fuel to various cities along the pipeline. City Gas Distribution networks along the pipeline at Varanasi, Patna, Ranchi, Jamshedpur, Cuttack and Bhubaneshwar are being concurrently developed. Kolkata CGD is being developed through a JV of GAIL and Greater Calcutta Gas Supply Corporation Ltd (Government of West Bengal Enterprise).

On 21st September 2016, CCEA approved 40% capital grant to GAIL by GoI i.e. ₹ 5,176 Crores of the estimated project cost of ₹ 12,940 Crores for execution of JHBDPL project to support the Urja Ganga initiative of Hon'ble Prime Minister of India. Execution of phase-I of JHBDPL project i.e. Phulpur-Dobhi section with branch lines to Varanasi, Gorakhpur, Barauni and Patna has already commenced in the State of U.P. and Bihar, and the entire project is scheduled to be completed by December 2020.

This trunk pipeline investment could trigger cascading investments towards infrastructure creation in City Gas Distribution, LNG terminal, fertilizer plant revival etc. amounting to over ₹ 50,000 crore in the near future.

Your Company is also upgrading its LPG pipeline network capacity from 2.5 MMTPA to 3.5 MMTPA under capacity augmentation of Jamnagar Loni Pipeline.

Your Company has also conducted various efficiency enhancement projects such as the Rich-Lean Gas corridor and the waste heat recovery projects at Hazira & Vijaipur respectively. Pipeline replacement projects have been undertaken to maintain pipeline's health & integrity in the Cauvery Basin, KG basin and Gujarat region.

- **Petrochemicals**

Your Company doubled the polymer production capacity from 410 KTA to 810 KTA at Pata. Overall production from Petrochemicals complex in 2016-17 was 6,04,000 MT during the year. Your Company exported 14,000 MT of polymers in Asia.

Your Company's market share in the domestic polyethylene market has improved significantly and is the second largest player in the Indian market with a portfolio of over 1 MMTPA of polyethylene. A combined volume of 6.65 KTA including that of was marketed by GAIL during the year. Polymer prices though having made an initial recovery at sustained during the most part of the fiscal year, yet registered a decline on an overall basis by about 4% on a year on year basis.

- **LPG and Other Liquid Hydrocarbons**

Your Company has been able to increase LPG sales by about 15 – 20 % and expect this trend to be maintained.

Jamnagar-Loni Pipeline (JLPL) and Vizag- Secunderabad LPG pipeline (VSPL) are operating at full capacity. JLPL's design capacity is being augmented from 2.5 to 3.25 MMTPA and is expected to be commissioned by March 2018.

GAIL participated in the Swachh Bharat Fortnight through cleanliness and awareness drives at public places around the company's work centres. Chairman and Managing Director Shri B C Tripathi (2nd from left), Directors and senior executives joined company employees in a cleanliness drive at the Safdarjung Tomb in New Delhi during which a cleanliness pledge was administered to the employees

- **Exploration & Production**

Your Company's focus on preserving its capital and reducing operational/ administrative costs wherever possible has enabled reinforcement of the E&P business segment in pursuance of its vision. Your Company has also utilized its expertise to make its operations more efficient in Cambay fields.

Your Company has participating interest in 12 E&P blocks (10 in India and 2 overseas in Myanmar). While production of oil and gas is in progress in four blocks (2 domestic and 2 overseas), three blocks (where hydrocarbon discoveries have been made) are in various stages of development and appraisal. Hydrocarbon discoveries have been notified in two NELP-IX blocks.

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

Going forward, E&P will continue to pursue its disciplined approach and remain focused on production, appraisal, and utilization, as well as assessing exploration and acquisition opportunities in a diligent manner.

- **Renewables**

Your Company has a total installed capacity of 123.23 MW of alternative energy; out of which 118 MW is wind and 5.23 MW is solar energy plants. Your Company is setting up a 5.76 MW grid connected roof-top captive solar power plant at Pata Petrochemical Complex, Uttar Pradesh. Further, rooftop solar units are being installed at your Company's offices/ work centers for captive use.

FINANCIAL PERFORMANCE

- **Gross Sales**

  Gross sales decreased by 6 % from ₹ 52,003 crores during 2015-16 to ₹ 48,789 crores in 2016-17.

- **Profit After Tax (PAT)**

  Profit after Tax increased by 57% from ₹ 2,226 crores during 2015-16 to ₹ 3,503 crores in 2016-17.

- **Earnings Per Share (EPS)**

  In view of the increase in PAT, EPS (adjusted after Bonus issue in FY 16-17) has gone up from ₹ 13 per share as on March 31, 2016 to ₹ 21 per share as on March 31, 2017.

- **Price Earning (PE) Ratio**

  Price Earnings ratio of the Company was 18 as on March 31, 2017 and was 20 as on March 31, 2016, indicating investors' sustained confidence in the long-term growth of your Company.

- **Shareholders' Funds**

  The Reserves and Surplus (excluding Transition Reserve & Other Comprehensive Income) increased to ₹ 30,996 crores at the end of the current financial year as compared to ₹ 29,670 crores in the corresponding previous year. As on March 31, 2017, net worth of the Company as per the Companies Act, 2013 stood at ₹ 32,350 crores, as compared to ₹ 30,699 crores as on March 31, 2016.

- **Debt and Interest**

  Debt–Equity ratio of 0.16 as on March 31, 2017 as a compared to 0.26 as on March 31, 2016 has moved towards providing greater comfort and so is the Debt Service Coverage Ratio was at 2 times both as on March 31, 2017 and as on March 31, 2016.

  As against the total Foreign Currency Loans of ₹ 3313 crore as on March 31, 2017, around 84% (i.e. ₹ 2778 crore) is hedged with full currency swaps, 14% (i.e. ₹ 478) is naturally Hedged and only 2% (₹ 57 crore) remains un-hedged.

  Your Company has repaid the loan from Bank of Tokyo of US$ 150 million during FY 2016-17. Further, your Company has also refinanced existing ECB Loan of US$ 300 million by raising fresh ECB Loan of same amount for same tenure at lower interest rate. Your Company has also prepaid existing high cost term loans of ₹ 970 crore from Oil Industry Development Board (OIDB) towards saving in finance cost.

- **Ratio Analysis**

  Return to Net Worth (PAT/Net Worth) for the Company as on March 31, 2017 stood at 10.83% as compared to 7.20% as on March 31, 2016. Return on Capital Employed (PBIT/Capital Employed) was 12.30% as on March 31, 2017 as compared to 8.18% as on March 31, 2016.

- **Cash Flow**

(₹ in Crores)

Particulars	2016-17	2015-16
Cash Flow from Operating Activities	5629.30	4070.62
Cash Flow from Investing Activities	(698.43)	(670.88)
Cash Flow from Financing Activities	(4788.31)	(3318.03)
Net Increase in Cash & cash Equivalents	**142.56**	**81.71**

- **Segment-Wise Performance**

(₹ in Crores)

S. No.	PARTICULARS	2016-17		2015-16 *	
		Gross Sales	Gross Margin (EBIDTA)	Gross Sales	Gross Margin (EBIDTA)
1	Transmission Services				
	a) Natural Gas	4,195	3,137	3,701	2,646
	b) LPG Transmission	515	310	486	315
2	Gas Trading	34,630	1,519	40,337	1,432
3	Petrochemicals	5,626	892	3,041	(407)
4	LPG & Other Liquid Hydrocarbons	3,138	1,292	3,246	795
5	Unallocated Other Segment	686	138	804	390
	Total Sales	**48,789**	**7,287**	**51,615**	**5,172**

- **Physical Performance (Including Internal Consumption)**

Particulars	2016-17	2015-16
Natural Gas Throughput (MMSCMD)	100.38	92.09
Natural Gas Trading (MMSCMD)	81.21	73.67
Liquid Hydrocarbon Sales (TMT)	1,082	1,086
HDPE/LLDPE Sales (TMT)	577	334
LPG Transported (TMT)	3,362	2,819

- **Consolidated Financial Statements**

In accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India, your Company has prepared the Consolidated Financial Statements of its subsidiaries and joint venture entities. The highlights of the Consolidated Financial Results are as follows:

(₹ in Crores)

Particulars	2016-17	2015-16
Turnover	49334	52552
Profit Before Tax	5178	2961
Profit After Tax	3368	1869
Other Comprehensive Income	1300	1927

*IND-AS has been implemented in FY 2016-17, financial figures for FY 2015-16 reinstated as per IND-AS

- **Project Profit Maximization (Sanchay)**

Your Company launched a comprehensive initiative under "Project Sanchay" across all the business segments of your Company to optimize existing resources, improve operational and process efficiencies, reduce costs and maximize profitability. Benefits from the implemented initiatives under Project Sanchay have been more than the target benchmarks of ₹ 400 crore on NPV basis. Medium to long term initiatives are underway. In order to take forward the initiative and sustain operational excellence, a center of business excellence is now being established.

RISKS, CHALLENGES AND MITIGATION

- **Regulatory Framework**

The Petroleum & Natural Gas Regulatory Board (PNGRB) was established by the Central Government on October 01, 2007 for implementing the various provisions of the PNGRB Act, 2006. The PNGRB Act provides a legal framework for regulating the refining, processing, storage, transportation, distribution, marketing and sale of petroleum, petroleum products and natural gas, but excluding the activities of production of crude oil and natural gas, so as to protect the interests of consumers and entities engaged in these activities.

During the financial year 2016-17, the PNGRB notified various Amendments to Regulations in respect of Natural Gas Pipelines, CGD networks and Petroleum Product Pipelines and also issued various authorizations, orders, decisions in respect of Natural Gas Pipelines, Petroleum Product Pipelines and CGD networks. The details of the said regulations, amendments, authorizations, orders, and decisions are available on the official web-site of PNGRB (*www.pngrb.gov.in*) and have varying implications on business activities of the respective entities.

These regulations, amendments, authorizations, orders, and decisions of the PNGRB are appealable before the PNGRB Bench, Appellate Tribunal and Courts and, accordingly, some of them pertaining to your Company are also under various stages of appeals. The timing and content of any final changes in regulations made by the Regulator is not in your Company's control. However, regular interaction in public consultation exercises conducted by the Regulatory Board and making submissions to the Regulator in writing help us to anticipate or to minimize our risks associated with any sudden or unforeseen changes in regulations.

- **Natural Gas Prices**

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

The Government of India, vide its order dated October 25, 2014, had notified the New Domestic Natural Gas Pricing Guidelines, 2014. As per the notification w.e.f. November 01, 2014, the gas price is determined bi-annually as per a specific formula, which in essence, is a twelve month average price (minus transportation and treatment charges) of natural gas traded in the major hubs worldwide.

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

Further, the Government of India, vide its order dated March 21, 2016, has notified guidelines on marketing including pricing freedom for the gas produced from discoveries in deep water, ultra-deep water and high pressure-high temperature areas. As per the guidelines, the government has decided to ensure freedom of pricing for gas produced in these fields up to a ceiling price level calculated by taking lower of twelve month average of landed price of imported fuel oil, substitute fuels and LNG.

Your Company earns the marketing margin on the sale of domestic natural gas. Further, the Government of India, in its notification dated December 24, 2015, applicable from November 18, 2015, has put a ceiling on marketing margin for the supply of domestic gas to fertilizer (Urea) and LPG producers to ₹ 200 per 1000 SCM

In addition to the above, your Company purchases imported natural gas mainly from Petronet LNG Limited (PLL) at Dahej, Gujarat. The purchase and selling prices of such Natural Gas (RLNG) is based on international crude price indexes. Further, your Company also directly imports LNG through carriers from various suppliers worldwide and gets it regasified either at PLL's regasification terminal at Dahej, Gujarat or at Ratnagiri Gas and Power Private Limited (RGPPL) regasification terminal at Dabhol, Maharashtra.

Such LNG import is either under a medium-term agreement ranging up to three years or under spot cargo purchases. Under medium-term import, the selling price is largely based on the purchase price. However, under spot cargo imports, the selling price is dependent upon the demand and supply scenario and customer affordability. Import of LNG spot cargo is based on a thorough assessment of the affordability & requirement of the end consumers and availability of LNG in the international markets.

Your Company has been constantly endeavoring to meet the supply-demand gap of the natural gas in the country through long-term/medium-term and spot imports of LNG. While current supply deficit is primarily met through medium and spot deals, your Company and its subsidiaries / joint ventures / affiliates till date have executed two long-term LNG contracts in USA to meet the supply-demand gap and enhance capacity utilization of pipeline infrastructure:

- LNG Sale and Purchase Agreement with Sabine Pass Liquefaction LLC for sourcing of 3.50 MMTPA of LNG from Sabine Pass Liquefaction terminal, USA with supplies to commence from March 2018.
- Terminal service agreement for booking of 2.30 MMTPA liquefaction capacity in the Cove Point LNG liquefaction terminal, USA with supplies to

commence from December 2017 and Gas sale and Purchase Agreement with WGL Midstream for the commensurate gas quantities.

US LNG contracts were entered by your Company is with the primary objective of meeting the demand of a growing Indian economy and at the time of finalization of SPA, power sector was considered as one of the major long term buyer of LNG in the Indian market. However, power produced from LNG is not being scheduled by DISCOMs due to cheaper alternatives including renewables thereby leading to stranding of significant capacity out of 25,000 MW of installed gas based power plants.

To mitigate the above risks, your company is exploring opportunities to market HH indexed LNG volumes in the international markets either directly and/or through Singapore based subsidiary, GGSPL. Further, your Company has already concluded three time swap deals, where-in LNG volumes are purchased from international parties during financial year 2017-18 with an agreement to sell HH volumes during FY 2018-19.

In parallel, your Company is also making efforts to optimize HH LNG through destination swap transactions that could significantly reduce cost of shipping HH LNG to the Indian ports resulting in improved affordability for the Indian customers.

As a result of these transactions, your Company has already tied up / optimized substantial volumes of HH LNG in domestic and international markets for the year 2018. Your Company is in advance stage of discussions to tie up LNG supply for the upcoming/revived Fertilizer units in the domestic market. Efforts are also on to market RLNG to anchor customers like refineries and steel plants along upcoming and existing pipelines.

During FY 2016-17, your Company undertook hedging transactions for a part of LNG volume used for Company's internal consumption, to mitigate the price risk. Such mitigating measures of commodity hedging are underway based on the regular assessment of managing cash flows from trading transactions.

- **Unified/Pooled Tariff for the integrated Natural Gas Pipeline system:**

Present methodology of PNGRB requires tariff to be levied separately for each pipeline. However, based on market condition it is seen that consumers across far-flung regions along the pipeline demand tariff prevailing near to the sourcing region so as to manage input costs or in other words maintaining competitiveness of their end products/service. Integration of natural gas pipelines and determination of pooled tariff for such an integrated pipeline system provides an optimal solution to tide over wide variation in tariff structure across regions and emergence of equitable gas based economic development. Unified/Pooled tariff removes the distortion in the tariffs applicable to existing and new customers as the pipeline network expands.

To facilitate equitable growth of natural gas markets, the Cabinet Committee of Economic Affairs (CCEA) while according of 40% capital grant for the Jagdishpur-Haldia & Bokaro-Dhamra pipeline project, also inter-alia directed MoP&NG to examine your Company's request of devising Unified/Pooled tariff for all its inter-connected cross-country pipelines that shall be applicable uniformly to all customers along the integrated network of GAIL for ensuring financial viability and sustainability of such infrastructure projects. It also empowered MoPNG to decide either vest the responsibility of fixing such a tariff by the nodal Ministry itself or by PNGRB through suitable directions based on the parameters of- phase-wise actual/anticipated capacity utilization, operating expenses (including unaccounted gas, line loss), future capital costs for last mile connectivity etc. to ensure 12% post-tax return on GAIL's investment.

- **Renewables**

Domestic electricity market is undergoing a churn in the manner in which the Discoms are purchasing power. Given aggressive bids by solar power developers owing to several influencing factors, there is a growing tilt towards such sources for managing consumer expectations. Plant Load Factor (PLF) for conventional fuels is on a decline and natural gas based power plants continue to with structural issues requiring resolution through policy intervention. Your Company has been working on case to case basis and in close co-ordination with MoPNG and Ministry of Power to increase/revive offtake of natural gas by the power sector.

- **Polymer, LPG and other LHC**

Your Company is also marketing petrochemicals, LPG and other LHC products. The prices of these products are influenced and determined by global and domestic factors influencing demand, supply and price. Your Company has developed a range of market acceptable products to ensure steady consumption of the petrochemical products and optimizes strength of the portfolio from Pata and Assam facilities. LPG marketing is decided in close co-ordination with the PSU Oil Marketing Companies. Continuous measures are taken towards managing margins across its range of products.

- **Foreign Exchange Fluctuation Risk**

Your Company, largely imports capital goods and stores & spares for various new projects, and operation & maintenance. It has also taken loans in foreign currency for meeting the capex requirement and making overseas investments. The loan portfolio is hedged by way of derivative products (currency swap and interest rate swap) and through natural hedge. Your Company has an approved Foreign Currency & Interest Rate Risk Management Policy to manage the foreign exchange exposure. The short term and long-term exposure of foreign currency of your Company is being monitored as per the approved policy. Your Company also has approved Natural Gas Price Risk Management Policy to manage price risk of natural gas. The price risk of natural gas used for internal consumptions and as well as for customers is being monitored as per approved Policy. Your company is also in the process of installing the Treasury management module integrated in SAP platform for efficiently managing forex and commodity exposure risks.

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

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

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

- **Risk Management Framework**

Your Company has an approved Risk Management Policy & Procedure to protect and add value to the organization and its stakeholders with the objective to establish a risk intelligence framework for managing objectively expected risk exposures by the decision makers in compliance to prevailing statutory regulations so as to maintain financial stability of your Company.

A robust Risk Management Framework supports your Company's business strategy and operations. Risk Management Framework is constantly updated for new and emerging risks emanating from business expansion and interests. The risks are evaluated, quantified & prioritized and mitigation plans are reviewed & monitored at various stages. Corporate Level Risk Steering Committee oversees the implementation of the Risk Management Policy and Procedures which are periodically reviewed and monitored by the Risk Management Committee and by the Audit Committee before presenting it to the Board.

In the changing business scenario and expansion of your Company into various other activities, business risk and their mitigation plans is re-assessed on regular basis. Present, top key Corporate Level Risks are as under:

- Take or pay risk on long term LNG tie up.
- Enhancement of Corporate guarantee provided by GAIL to its subsidiaries and JVs.
- Under utilization of pipeline due to low downstream drawl and low pipeline capacity trade.
- Delay in Project Execution due to local resistance in ROU opening/ permanent land acquisition.
- Risk of Regulatory frame work.
- Reduction in profitability of Petrochemicals
- Uncertainty in shipping tie-up.

As covered in the preceding paras, identified risks have been deeply examined and reasonable mitigating measures and safeguards have been initiated so as to eliminate or minimize the impact of the identified risks. Your company endeavours to pro-actively initiate measures towards maintaining financial stability from its business operations.

GAIL was conferred the Best PSU Award under the category of Manufacturing Gas, Transmission and Marketing Company by Dun & Bradstreet. The award was received by Shri Gajendra Singh, Director (Marketing) (left) on behalf of the Company

INVESTOR RELATIONS AND ENGAGEMENT

The objectives of your Company's investor relations activities are to develop a long-term relationship of trust with stakeholders by fulfilling responsibilities not only towards shareholders but also include other stakeholders, investors and analysts, through fair process of information disclosure. Your company maintains channels of communication open as it engages with various stakeholders. In order to pursue these objectives at all times, your Company continuously discloses the necessary information and conducts various investor relations activities.

During FY 2016-17, to pursue the objective of effective communication with investors, your Company has taken following measures:

i) Organized Investors' & Analysts' Meet 2016

ii) Organized Conference Call immediately after announcement of the financial results for Q1 2016-17, H1 2016-17 and Q3 2016-17.

iii) Company participated in 7 domestic and 1 international investor conference organized by top brokerage houses of the country.

iv) The company also organized two day Plant visit (Auraiya Compressor Station and Pata Plant) for Investors in March 2017. Investors acknowledged the management interaction where most of the queries pertaining to the petrochemicals plant were satisfactorily answered.

All these meetings/ conferences were attended by Top Management/Senior Executives from Finance, Marketing, Business Development and Projects in addition to executives from site offices.

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

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

The investor presentation(s) and mentioned guidelines are hosted on the website of your Company and are also informed to stock exchanges.

Your Company will continue with its endeavor to provide world-class investor relations services in disseminating information to its investors & analysts at the right time and from the right people. In view of the above, the Investor Zone section of the corporate website has been reviewed and updated for ensuring informative and investor-friendly engagement as your company adheres to the ethos disseminating accurate information to stakeholders and capital market participants (including shareholders, investors, and securities analysts).

HUMAN RESOURCE AND INDUSTRIAL RELATIONS

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

In the Company's endeavor to meet the ever changing business requirements and to maintain a sustainable competitive advantage, review of HR strategies and policies is undertaken on a continuous basis to align with the Organizational Strategy.

During the year, a review of various HR Policies on Employees Compensation, Welfare, Social Security, General Terms and Condition of Service, Recruitment, Promotion for Executives and Non-Executives was undertaken to position your Company as an Employer of Choice.

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

Natural Gas and LPG pipelines that your Company operates have contributed to the cause of environment to a considerable extent by reducing tanker traffic on roads and contributed immensely towards creation of a better environment and have also promoted higher standards of safety.

- **Water and Wastewater Management**

Your Company's operations do not involve complex chemical reactions generating difficult-to-treat wastewaters. Physical separation of heavier hydrocarbons from natural gas is achieved by the cooling and condensation technique. Raw material used for the recovery of LPG and Propane is a clean and eco-friendly natural gas, which is received through a pipeline. After recovery, it is transported to downstream customers through the pipeline. The only effluents pertaining to the installations are floor wash, cooling water blow down and sewage water. The gas processing plants have an effluent treatment plant for necessary treatment of effluent water generated in the process. No effluent water is discharged outside the premises. Treated effluent water is recycled and used in-house for horticulture purposes within plant and township premises.

Your Company considers water as a precious natural resource and hence its consumption is closely monitored and controlled. State of the art technologies have been adopted to reduce and treat the wastewater generation. Your Company maximizes the concept of reuse and recycle of water. Discharge at all locations is compliant to the norms of the respective State Pollution Control Boards.

- **Air Quality Management**

Your Company uses one of the cleanest fuels available, i.e., sulphur free natural gas at the process plants. Since your Company uses natural gas for its feedstock as well as fuel requirements, the level of pollutants is consistently maintained much below the national stipulated norms. Adequate stack height has been provided for effective dispersion of pollutants. Low NOx burners are used in all the furnaces. Loading facilities are provided with vapor return circuits. Gas detectors have been installed to ensure quick detection of any gas leak.

Your petrochemical complex at Pata has the facility of monitoring the stack air and the ambient air on continuous basis. State-of-the-art permanent Ambient Air monitoring stations measure sulphur dioxide, oxides of nitrogen, hydrocarbons, carbon monoxide and noise levels on real time basis.

- **Solid Waste Management**

Your Company manages its waste in by efficiently segregating, treating and disposing based on the type of waste generated-hazardous and non-hazardous.

- **Greenbelt and Biodiversity**

All installations of your Company carry out extensive afforestation in their respective sites and maintain at least one third of the area as green belt. Your Company has been continuously taking initiatives to safeguard the environment and biodiversity along with its diverse business segment. Your Company understands the value of the green spaces present within its premises, and desires to feature the unique aspects of the flora and fauna to the general audience. Biodiversity assessment and documentation is the first and most essential step towards its conservation. With this in view, your Company has completed the assessment across five major process plants and Dhabol-Bengaluru pipeline installation covering over 150-200 species of flora and fauna at each installation.

- **Environment Monitoring and Audit**

Your Company monitors environmental parameters to assess the environmental quality on regular basis through an in-house team and as well as by independent third-party agencies. Updated and sophisticated instruments are used for monitoring environmental quality. The monitoring is done regularly and reports are sent to the respective State Pollution Control Boards. The water and waste water samples are also analyzed at the in-house laboratory as well as external laboratories on a regular basis. Audit is also conducted for the process plants and pipelines to ensure proper functioning of the environment management.

SUSTAINABILITY CHARTER

As a responsible corporate citizen, your Company is working on developing a Sustainability Charter. The Charter is being developed to follow an integrated approach for embedding environmental and social concerns into the corporate DNA. It aims to establish a leadership platform towards sustainability and climate action. This Charter shall serve as the guiding force to your Company's future objectives and action in meting envisaged aspiration.

CORPORATE SOCIAL RESPONSIBILITY

In alignment with the vision of your Company, the CSR initiatives strive to enhance value creation in the society/community in which it operates, through its services, conduct and initiatives, and to promote sustained growth in social well-being. In the year 2016-17, your Company has proactively incurred an enhanced expenditure of 3.03% of the average net profit of the preceding three financial years on CSR projects/activities. The Annual Report on CSR activities as per requirement of the Companies Act, 2013, forms part of the Directors' Report.

Your Company has adopted Taj Mahal, Agra under the "Swachh Iconic Place" (SIP) initiative of the Government of India which is inspired by the vision of Hon'ble Prime Minister to promote and enhance cleanliness across the top 10 heritage and iconic sites in the country. Your Company, in partnership with the district administration and Municipal Corporation, Agra, is supporting various initiatives for improving cleanliness around the Taj Mahal.

INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY

Your Company has a robust Internal Control System in place. It has a clearly defined organisational structure, manuals and operating procedures for its business units and service entities to ensure orderly, ethical and efficient conduct of its business.

The Company's internal control system ensures efficiency, reliability, completeness of accounting records and timely preparation of reliable financial and management information. In addition, it also ensures compliances of all applicable laws and regulations, optimum utilisation and protection of the Company's assets.

Your Company has an independent, in-house Internal Audit department, consisting of professionally qualified persons from the accounting and engineering fields. The Internal Audit department functionally reports to the Audit Committee and administraitively reports to the Chairman & Managing Director. This reporting is considered as the best global practice. Internal Audit, through risk-focused audits, audit the organization's risk management, the business processes and internal controls. The audit assignments are conducted as per the annual audit program approved by the Audit Committee. The Audit committee of the Board regularly reviews significant findings of the Internal Audit department and the CAG audit.

Your Company has also undertaken an exercise through a consultant to reassure adequacy and effectiveness of internal controls. The consultant has conducted IFC compliance study and framed Risk Control Matix (RCM) for several processes and RCMs of various business processes.

CAUTIONARY STATEMENT

Statements in the Directors' Report and Management Discussion & Analysis, describing the Company's objectives, projections and estimates, expectations, predictions etc. may be "forward looking statements" within the meaning of the applicable laws and regulations. Forward looking statements contained herein are subject to certain risks and uncertainties that could cause actual results to differ materially from those reflected in the forward-looking statements. Actual results, performances or achievements may vary materially from those expressed or implied, economic conditions, Government policies and other incidental factors such as litigation and industrial relation. Readers are cautioned not to place undue conviction on the forward looking statements.

REPORT ON CORPORATE GOVERNANCE

ANNEXURE - B

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Your Company has been one of the frontrunners in India having a sound governance framework, enjoins the highest standards of ethical and responsible conduct of business to create value for all stakeholders. Effective corporate governance practices provide strong foundation on which successful commercial enterprises are built to last.

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.

Corporate Governance is more a way of business life than a mere legal obligation. In commitment to practice strong governance principles, the Board of your Company constantly endeavors to set goals and targets aligned to the Company's vision and mission. During the year, your Company was bestowed as a winner of Corporate Governance Summit cum Excellence Award under Listed Public Sector Category by Assocham.

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 issued by the Department of Public Enterprises, 2010 (DPE Guidelines for Corporate Governance) etc. is periodically placed before the Board.

ii. Composition

Your Company is a Government Company under the administrative control of the Ministry of Petroleum and Natural Gas, Government of India, the Directors are, therefore, nominated/ appointed by the Government of India. The Articles of Association of the Company stipulates that the number of Directors shall not be less than 3 and not more than 20.

The Board of Directors has a combination of Executive (Functional) and Non-Executive Directors. As on 31st March, 2017, there were 11 Directors on the Board comprising of 4 Functional Directors including the Chairman & Managing Director, 7 Non-Executive Directors (comprising of 2 part time official nominee Directors and 5 part time non official Directors).

Your Company is complying with the SEBI (LODR) Regulations, 2015 except the requirement pertaining to composition of Board of Directors with respect to requisite number of Independent Directors and Woman Director. Further, there was a Woman Director during the period 31.01.2017 to 17.03.2017 on the Board of your Company.

Your Company has been taking up with the Ministry of Petroleum and Natural Gas, Government of India for appointing requisite number of Independent Directors on the Board of Company. However, the composition of the Board during the year 2016-17 did not comply with Regulation 17 of SEBI (LODR) Regulations, 2015.

Further the details of attendance, number of other Directorships and chairmanship/Memberships of Committees of each Director are as under:

Name and Designation of the Director	No. of Board Meetings attended during the Tenure	Attendance at last Annual General Meeting	Directorships held in Other 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	18	Yes	Public: 02 Private: Nil	Nil	Nil
Dr. Ashutosh Karnatak Director (Projects)	17	Yes	Public: 02 Private: Nil	02	Nil
Shri Subir Purkayastha Director (Finance) & CFO	18	Yes	Public: 04 Private: 01	Nil	02
Shri P. K. Gupta Director(HR) (w.e.f. 01.02.2017)	03	NA	Public: 01 Private: Nil	Nil	Nil
Shri M. Ravindran Director (HR) (upto 31.01.2017)	15	Yes	Public: 03 Private: 02	Nil	Nil
II. Non-Executive Directors (Government Nominee)					
Shri Anant Kumar Singh	10	No	Public: 02 Private: Nil	Nil	Nil
Shri Ashutosh Jindal (upto 23.12.2016)	06	No	Public: 01 Private: Nil	Nil	Nil
Sh. Ashish Chatterjee (w.e.f. 23.12.2016)	03	NA	Public:01 Private: Nil	Nil	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
III. Non-Executive Directors (Independent)					
Shri S. K. Srivastava	18	Yes	Public: 01 Private: Nil	01	Nil
Shri Anupam Kulshreshtha	17	Yes	Public: Nil Private: Nil	Nil	Nil
Shri Sanjay Tandon	15	No	Public: 01 Private: 02	01	Nil
Shri Dinkar Prakash Srivastava (w.e.f. 31.01.2017)	03	NA	Public: 01 Private: Nil	Nil	Nil
Dr. Anup K Pujari (w.e.f 31.01.2017)	03	NA	Public: Nil Private: Nil	Nil	Nil
Smt. Anupama Jaiswal (from 31.01.2017 to 18.03.2017)	01	NA	Public: Nil Private: Nil	Nil	Nil

Notes:

1. 32nd Annual General Meeting was held on 23.09.2016.
2. Based on disclosures received from concerned Director(s):
   a. Directors inter-se are not related to each other and also to other Key Managerial Person. Independent Directors have declared that they meet the criteria of independence as provided in SEBI (LODR) Regulations, 2015 and the Companies Act, 2013.
   b. 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.
   c. None of non-executive Directors hold any Equity Shares of the Company.
   d. None of the non-executive Directors had any pecuniary relationship or transactions with the Company during the FY ending on 31st March, 2017.
3. Directorship in Foreign companies is also included.

iii. Meeting Details

During 2016-17, 18 (Eighteen) meetings of the Board were held - 12th April, 25th April, 26th April, 25th May, 3rd June, 27th June, 12th August, 26th August, 7th September, 22nd September, 4th October, 17th October, 15th November in 2016 and 25th January, 31st January, 10th February, 1st March, 24th March in 2017.

iv. Independent Directors Meeting

A separate meeting of Independent Directors was held on 5th December, 2016 as per provisions of the Companies Act 2013 and SEBI (LODR) Regulation, 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 your Company's business and its activities.

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

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

3. COMMITTEES OF THE BOARD

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

Presently, there are 12 Committees of the Board including statutory committees viz. Audit Committee, Stakeholders Relationship Committee, Nomination & Remuneration Committee and Corporate Social Responsibility Committee. Details of 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 for Corporate Governance and 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 of the Company with related parties; scrutiny of inter-corporate loans and investments; valuation of undertakings or assets of the Company, wherever it is necessary; evaluation of internal financial controls and risk management systems. Further, it deals with all the aspects of ethics in the Company.

ii. Composition

As on 31st March, 2017, the Audit Committee comprised of Shri Anupam Kulshreshtha as the Chairman, Shri P. K. Gupta, Shri S. K.Srivastava and Shri Sanjay Tandon as the members. All members of the Committee have requisite experience in financial matters.

Director (Finance), Statutory Auditors and Head of Internal Audit are the permanent invitees to the meetings of Audit Committee. Other Functional Directors and senior functional executives are also invited, as and when required, to provide necessary information/ clarification to the Committee. The Committee holds post-audit discussions jointly with statutory auditors on accounting practice, policies followed by the Company etc. The representatives of the Cost Auditors are invited to meetings of the Audit Committee whenever matters relating to cost audit 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 2016-17, 13 (Thirteen) meetings of Audit Committee were held: 26th April, 10th May, 25th May, 11th June, 13th July, 7th September, 4th October, 15th November, 5th December in 2016 and 17th January, 10th February, 1st March, 24th March in 2017. 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 M. Ravindran (upto 31.01.2017)	10	09
3.	Shri P.K. Gupta (w.e.f. 01.02.2017)	03	03
4.	Shri S.K.Srivastava	13	13
5.	Shri Sanjay Tandon	13	13

iv. Risk Management

A robust Risk Management Framework supports your Company's business strategy and operations. Risk Management Framework is constantly updated for new and emerging risks emanating from business expansion and interests.

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

Your Company has implemented ***'Whistle Blower Policy'*** wherein employees are free to report any improper activity resulting in violations of laws, rules, regulations or code of conduct by any of the employees, to the competent authority. Central Vigilance Commission is authorized to inquire into the complaints from 'Whistle Blowers' and take requisite action.

The policy allows direct access to the Chairperson of the Audit Committee in exceptional cases. Further, while enquiry of any complaint, under the whistle blower policy, the identity of the complainant/informant is not disclosed by designated agency entrusted for investigation even to the Chairperson of the Audit Committee except the contents of the complaint.

Further, your Company has framed the Fraud Prevention Policy to prevent, detect and allow for speedy disposal of fraud or suspected fraud. Mechanism followed is appropriately communicated within the 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 on quarterly basis. During the year under review, no complaints were received under Whistle Blower Mechanism and Fraud Prevention Policy.

B. STAKEHOLDER'S RELATIONSHIP COMMITTEE

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, 2017, the Stakeholders Relationship Committee comprised of Shri Sanjay Tandon, as the Chairman, Dr. Ashutosh Karnatak and Shri P.K. Gupta as the member(s). The Company Secretary acts as the Compliance Officer of the Company.

iii. Meeting & Other Details

During 2016-17, a meeting of the Committee was held on 6th February, 2017 which was attended by all the members.

Letters of shareholders received through SEBI/Stock Exchanges/ MCA/ Depositories/other statutory authorities are considered as 'Complaints'. The day to day requests received from the shareholders are taken up by MCS Share Transfer Agent Limited, R&TA directly and are not included in the complaints. Status of the Complaints received and redressed during the respective quarters is being placed to the Board.

During the year 2016-17, 19 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 19 complaints were resolved.

Your 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* respectively. Further, there is a separate dedicated section on the Company's website www.gailonline.com captioned 'Investor Zone' for awareness of the shareholders about latest developments and updated information about annual reports, financial information, shareholding pattern, dividend declaration, IEPF transfer, unpaid dividend etc.

C. NOMINATION AND REMUNERATION COMMITTEE

Your Company is a Government Company; therefore, the remuneration of its Whole-time Directors is determined by the Government of India. The Part-time Director(s) (Government Nominee) do not receive any remuneration from the Company. Further, the Part-time non-official (Independent) Directors are being paid sitting fee of ₹ 40,000/- and ₹ 30,000/- for attending each meeting of the Board and Committee respectively in addition to expenses incidental thereto.

i. Terms of Reference

The terms of reference of this Committee is to:

a. Deliberate and decide on Performance Related Pay (PRP) pool and policy of distribution of PRP to employees.

b. Examination of issues relating to pay and perks other than PRP prior to consideration by the Board.

c. 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 as amended from time to time.

ii. Performance Evaluation of Board

The Directors of your Company are appointed by the Government of India, therefore the evaluation is also to be done by Government of India being appointing authority. Further, as per notification dated 5th June, 2015 issued by the Ministry of Corporate Affairs, Government of India, Government Companies are exempted from complying with provisions of section 134(3)(p) of the Companies Act, 2013 with respect to performance evaluation of Board and its Committees. However, performance evaluation is also required under Section 149(8) read with schedule IV (clause VIII) which has not been complied in view of aforesaid notification. Moreover, a policy is being framed for evaluation of the Board of its own performance.

iii. Composition

As on 31st March 2017, the Nomination and Remuneration Committee of the Company comprised of Shri Sanjay Tandon as the Chairman, Shri S.K. Srivastava and Shri Anupam Kulshreshtha, as the member(s). Director (Finance) and Director (HR) are the permanent invitees to the meetings of Nomination and Remuneration Committee.

iv. Meeting & Other Details

During 2016-17, two meetings of Nomination and Remuneration Committee were held on 23rd June, 2016 and 22nd September, 2016. All Committee members were present in both meetings.

v. Remuneration of Directors

The details of remuneration paid to Whole-time Directors of the Company for 2016-17 are as below:

(₹. in lacs)

S. No.	Name of the Director	Salary & Allowances	Contribution to PF	Other Benefits and Perquisites	Performance Related Payment	Total*
1.	Shri B.C. Tripathi Chairman and Managing Director	35.07	6.96	8.12	8.03	58.18
2	Dr. Ashutosh Karnatak Director (Projects)	30.92	5.93	12.56	5.34	54.75
3	Shri Subir Purkayastha Director (Finance)	41.60	5.89	6.72	5.07	59.28
4	Shri P.K.Gupta Director(HR) (w.e.f.01.02.2017)	5.31	0.96	1.89	0.49	8.65
5	Shri M. Ravindran Director (HR) (upto 31.01.2017)	64.63	5.09	6.55	5.52	81.79

*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. 45 to the financial statements in Annual Report). During the year under review, your Company had not introduced any stock-option scheme.

The service contract of Whole-time Directors is for five years or till superannuation, whichever is earlier. The notice period of three months or salary in lieu thereof is required in case of severance of service. Part-time non-official (Independent) Directors are usually appointed for three year period by Government of India. Further, Part-time Director (Government

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

During the year 2016-17, the details of sitting fees paid to the Independent Directors, excluding service tax paid by reverse charge mechanism by the Company, for attending the meetings of the Board of Directors and Committee(s) thereof 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	18	34	17.40
2.	Shri Anupam Kulshreshtha	17	32	16.40
3.	Shri Sanjay Tandon	15	21	12.30
4.	Shri Dinkar P Srivastava	03	NA	1.20
5.	Dr. Anup K Pujari	03	NA	1.20
6.	Smt. Anupama Jaiswal	01	NA	0.40

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, 2017)
1.	Shri P.K. Gupta	400

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, 2017 the CSR Committee of the Company comprised of Shri B.C.Tripathi as the Chairman, Shri P.K. Gupta, Shri Ashish Chatterjee, Shri Anupam Kulshreshtha and Shri Sanjay Tandon as the member(s).

iii. Meeting & Other Details

During 2016-17, 03 (Three) meetings of CSR Committee were held: 25th May & 5th October in 2016 and 24th March 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	3
2.	Shri M. Ravindran upto (31.01.2017)	2	2
3.	Shri P.K. Gupta (w.e.f. 01.02.2017)	1	1
4	Shri Ashutosh Jindal (upto 23.12.2016)	2	1
5	Shri Ashish Chatterjee (w.e.f. 23.12.2016)	1	0
6	Shri Anupam Kulshreshtha	3	3
7	Shri Sanjay Tandon	3	3

The details of the CSR activities and the expenditure incurred on the same have been detailed in Annual Report on CSR activities forming part of Directors' Report.

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	2013-14	2014-15	2015-16
AGM	30th	31st	32nd
Date & Time	17.09.2014 at 10:30 am	16.09.2015 at 10:30 am	23.09.2016 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 ₹ Debt through secured/ unsecured, redeemable, taxable Non-convertible Bond(s) upto ₹ 2000 crore and upto USD 750 million, till the conclusion of next AGM, in one or more tranches on private placement basis.	Borrowing of ₹ Debt through secured/ unsecured, redeemable, taxable Non-convertible Bond(s) upto ₹ 2500 crore and upto USD 750 million, till the conclusion of next AGM, in one or more tranches on private placement basis.	Borrowing of ₹ 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 ₹ Bonds in the nature of Non-convertible debenture upto ₹ 2000 crore and upto USD 750 million through Foreign Currency Bonds (Reg S Bonds)	Approval of shareholders of the Company was sought to authorize the Board of Directors to make offer(s) or invitation(s) for raising funds through Secured, Taxable, Redeemable, Non-convertible ₹ 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.

No Extraordinary General Meeting of the Members was held during the year 2016-17.

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 ₹ 10/- for existing 3 (three) equity shares of ₹ 10/- each fully paid up.

Accordingly, bonus shares were allotted to eligible shareholders based on shareholders data as on Record date i.e. 11.03.2017. 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 was 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:

i. **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 2016-17 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)
30.06.16	09.09.16		09.09.16
30.09.16	17.11.16		17.11.16
31.12.16	11.02.17	11.02.17	

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

ii. **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.

iii. **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.

iv. **Website:** The Company's website www.gailonline.com contains dedicated section 'Investor Zone' having updated relevant information for shareholders.

v. **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.

vi. **SCORES (SEBI Complaints Redressal System) –** SEBI processes investors complaints in a centralized web based complaints redressal system i.e. SCORES. Through this system, a shareholder can lodge complaint against a Company for his grievance, the Company uploads the action taken on the complaint which can be viewed by shareholder. The Company and shareholder can seek clarifications online through SEBI.

vii. Regular reminders are being sent to Shareholders for claiming unpaid/ unclaimed dividend every year.

viii. **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, your 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

i. Forthcoming Annual General Meeting (AGM): Date, Time and Venue

33rd Annual General Meeting of the Company is scheduled for **Tuesday, the 12th day of September, 2017 at 10.30 a.m. at Manekshaw Centre, Parade Road, Delhi Cantonment, New Delhi - 110010.**

ii. Dividend details

During 2016-17, 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- 25.01.2017	85 (₹ 8.5/- per share)	03.02.2017	06.02.2017
2.	Final Dividend (Proposed)	Shareholders, if approved in ensuing AGM – 12.09.2017	27 (₹ 2.7/- per share)	02.09.2017 to 12.09.2017	

With this, your Company has proposed a total dividend of 112% (₹ 11.2 per equity share) on the paid-up equity share capital, for FY 2016-17.

iii. Investor Education and Protection Fund (IEPF)

Pursuant to Section 125 of the Companies Act, 2013, dividend amount(s) remaining unclaimed and unpaid for a period of seven years, from the date they became due for payment, is required to be transferred to IEPF established by the Central Government in this behalf.

During the year, your Company has transferred an amount of ₹ 14.29 lacs and ₹ 12.32 lacs in the IEPF for unclaimed/unpaid final dividend for

FY 2008-09 and interim dividend for FY 2009-10 respectively. Till date ₹2.29 crores has been transferred to IEPF.

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

FY	Type of Dividend	Dividend (%)	Last date for claiming Unpaid Dividend	Due date for transfer to IEPF
2009-10	FINAL	55	21.10.2017	21.11.2017
2010-11	INTERIM	20	22.01.2018	22.02.2018

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/Companyfor issuance of demand draft(s) upon completion of necessary formalities in the said behalf in lieu of such warrant. However, shareholders whose unpaid/unclaimed dividend has been transferred to IEPF shall be entitled to get refund in respect of such claims in accordance with provisions of the Companies Act, 2013 and rules framed in this regard by Government of India.

The Company has uploaded the information in respect of the Unclaimed Dividends till the date of the 32nd AGM on the website of the Company as per IEPF (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012.

Moreover, pursuant to the requirement of section 124(6) and Rule 6(3)(a) 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 shall be transferred to IEPF. In this regard, the Company has completed the posting of specific communications to the concerned shareholders whose dividend has not been paid or claimed for seven consecutive years, at their latest available address. More details are available at *www.gailonline.com/Investor Zone*

iv. Other Details

For change of address/bank details/dividend mandate/ email Id, if any, members can approach-

i) if shares are held in ***physical mode***, to the R&TA/Company.

ii) 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'.

v. 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 LI GAILY US	GDRs

Further, the Non-Convertible Redeemable Bonds – Bond Series – I, 2010 (8.80%), Bond Series – I, 2012 (9.14%) and Bond Series – I, 2015 (8.30%) of the Company are listed at the Wholesale Debt Market (WDM) segment of NSE. IDBI Trusteeship Services Limited, Asian Building, Ground Floor 17, R Kamani Marg, Mumbai – 400001 (Tel No.: 022-40807000) is the Bond Trustee for the abovementioned Bond Series.

The Annual listing fees for the listed equity shares and Bonds of your Company, pertaining to the year 2016-17 has been paid to the concerned Stock Exchanges on demand. Your Company has also made the payment of the Annual Custody Fees to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), for the FY 2016-17.

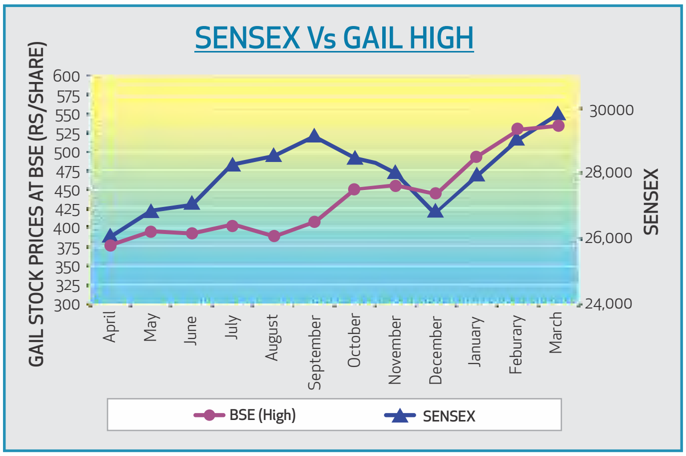
During 2016-17, the securities of the Company were not suspended from trading.

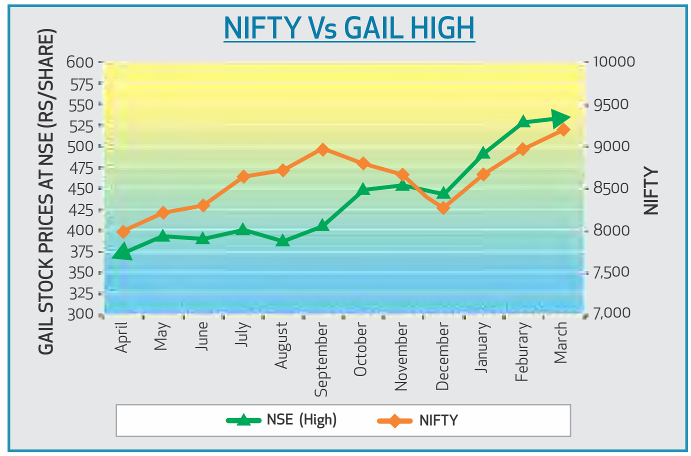
vi. Market Price Data

	Market Price Data: High, Low during each month in the financial year 2016-17									
MONTHS	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	376.4	335.25	2,715,456	377	335	715106	60938	60938	26101	7992
May	394.4	356.9	2,231,093	395	357	8064911	62722	62654	26837	8214
June	392	361.65	3,035,789	392	362	2113601	65149	65141	27105	8308
July	403	374.6	3,133,855	403	375	882533	64642	64565	28240	8645
August	389.85	362.35	2,151,364	390	362	1607971	64963	64929	28532	8728
September	407.8	359	4,881,812	408	358	1781208	63263	63365	29077	8969
October	450.45	371.35	4,578,573	451	372	87887	73073	73047	28478	8807

MONTHS	Market Price Data: High, Low during each month in the financial year 2016-17									
	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
November	455.7	401.3	4,868,087	456	401	2489595	71847	71838	28030	8670
December	444.9	410.9	2,789,090	445	411	2795932	74071	74282	26804	8275
January	493.8	434.1	6,360,128	494	434	7760191	79018	79178	27980	8673
February	530.2	463.65	3,202,376	531	434	2127130	87457	87423	29065	8982
March	534.4	366.6	15,227,842	534	367	1561982	63669	63754	29825	9218

Note: Bonus shares were allotted to eligible shareholders based on shareholders data as on Record date i.e. 11th March, 2017.





vii. Share Transfer System

The shares of your Company are being compulsorily traded in dematerialized form and are available for trading under both the depositories in India viz. NSDL and CDSL. MCS Share Transfer Agent Limited is the depository interface and Share Transfer Agent of the Company.

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.

viii. Distribution of Shareholding

The distribution of shareholding of the Company as on 31st March, 2017 is detailed below:

No. of Equity shares held	No. of Shares	% to Total	No. of Shareholders	% to Total
1	6027	0.00	6027	3.47
2-10	87278	0.01	15008	8.63
11-50	1523478	0.09	54646	31.43
51-100	2953452	0.17	38574	22.18
101-200	4478924	0.26	29043	16.70

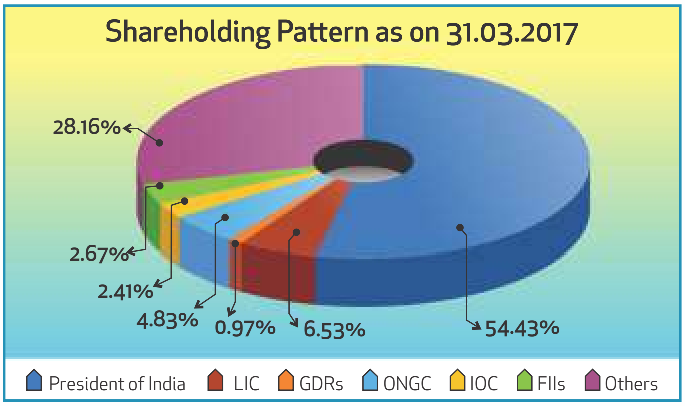
No. of Equity shares held	No. of Shares	% to Total	No. of Shareholders	% to Total
201-750	8577275	0.51	23867	13.73
751-5000	8355068	0.49	5299	3.05
5001-10000	2791609	0.17	388	0.22
10001-15000	1849376	0.11	148	0.09
15001 and above*	1660680713	98.19	875	0.50
TOTAL	**1691303200**	**100.00**	**173875**	**100.00**

*includes 920651612 equity shares held by President of India

ix. Top 10 Shareholders as on 31st March, 2017

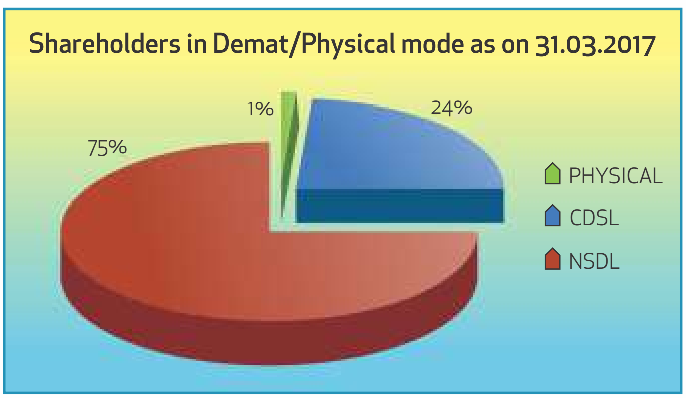
S. No.	Name of Shareholder(s)	Share(s)	%
1	PRESIDENT OF INDIA	920651612	54.43
2	LIFE INSURANCE CORPORATION OF INDIA	110445783	6.53
3	OIL AND NATURAL GAS CORPORATION LIMITED	81679097	4.83
4	INDIAN OIL CORPORATION LIMITED	40839548	2.41
5	LIFE INSURANCE CORPORATION OF INDIA P&GS FUND	30660453	1.81
6	MATTHEWS PACIFIC TIGER FUND	29709477	1.76
7	CPSE ETF	23049125	1.36
8	GOVERNMENT PENSION FUND GLOBAL	19283424	1.14
9	DEUTSCHE BANK TRUST AMERICAS	16345528	0.96
10	ICICI PRUDENTIAL LIFE INSURANCE LIMITED	11890484	.70

x. Shareholding Pattern as on 31st March, 2017



xi. Dematerialization of Shares and Liquidity

As on 31st March, 2017, your Company had 1,73,875 shareholders, out of which 1,72,643 shareholders were holding equity shares in demat mode and 1,232 shareholders were holding equity shares in physical mode. The demat ISIN at NSDL/CDSL of your Company's equity shares is INE129A01019 and Corporate Identification Number allotted to the Company by the Ministry of Corporate Affairs (MCA) is L40200DL1984GOI018976.



xii. Reconciliation of Share Capital Audit Report

A qualified 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 Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued / paid up capital is in agreement with total number of shares in physical forms and total number of dematerialized shares held with NSDL & CDSL.

xiii. Commodity price risk or foreign exchange risk and hedging activities

Your Company has an approved Natural Gas Price Risk Management Policy to manage the price risk on the import of natural gas for customers and internal consumption of Gas. Your company has undertaken crude based (dated Brent) swap transactions during the year to mitigate the price risk of imported LNG.

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

xiv. Outstanding GDRs/ADRs/Warrants or Convertible Instruments

As on 31st March, 2017, a total number of 2724255 GDRs representing 16345528 (0.97%) 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:

xv. Major Plant Locations

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

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

LPG Recovery Plant, Vijaipur
GAIL Complex
Vijaipur – 473112
Distt. Guna (M.P.)

LPG Recovery Plant, Vaghodia
GIDC Industrial Estate
Vaghodia – 391760
Distt. Baroda (Gujarat)

LPG Recovery Project, Gandhar
Village Rozantankaria Tal. AMOD
Distt. Bharuch – 392140
(Gujarat)

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

xvi. 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

a. The Company has formulated a Related Party Transactions 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/IZ-Policies.html*.

b. In pursuance of the Securities Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Board has laid down "Code of Conduct for Prevention of Insider Trading" and "a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information" with an objective of preventing purchase and/or sale of shares of the Company by any Insider including Directors/ KMP/ 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/IZ-Policies.html*.

c. 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/IZ-Policies.html*

B. AFFIRMATIONS & COMPLIANCES

a. Financial statements, for the year ended 31st March 2017 are the first financial Statements, the Company has prepared in accordance with Ind-AS. For periods up to and including the year ended 31st March 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). Accordingly, the Company has prepared financial statements which comply with Ind-AS applicable for periods ending on 31st March 2017, together with the comparative period data as at and for the year ended 31st March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1st April 2015, the Company's date of transition to Ind-AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements.

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. 48 (Annexure-B) to the financial statements 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. Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct of your Company for the financial year ending on 31st March, 2017.

c. Your 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. Your Company has implemented online legal compliance management system covering the compliance of the applicable laws to your Company. A compliance Report is generated and the same is put up bi-annually for review of the Board.

f. During the year under review, no Presidential Directives have been received by your 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 which are personal in nature.

Further, the administrative & office expenses and financial expenses constitute 4.12% and 1.08% respectively of total expenses for 2016-17 as against 2.95% and 1.60% in 2015-16.

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

a. Your 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 & Woman director on the Board of the Company during the financial year 2016-17 is as under:

Period	Requirement as per the SEBI (LODR) Regulation, as per DPE Guidelines on Corporate Governance	Requirement As per the Companies Act, 2013	Actual
01.04.2016-30.01.2017	6	4	3
31.01.2017–17.03.2017	6	4	6
18.03.2017-31.03.2017	6	4	5

Further, there was a Woman Director during the period 31.01.2017 to 17.03.2017 on the Board of your Company.

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 2016-17.

- The Company has an in-house Internal Audit Department functionally reporting to Audit Committee & administratively reporting to CMD.

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

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

b. Department of Public Enterprises has formulated Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010. Your Company is complying with these guidelines except composition of Board of Directors.

8. SUBSIDIARY COMPANIES - MONITORING FRAMEWORK

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

In terms of Regulation 16 of SEBI (LODR) Regulations, 2015, your 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 disclosures of the compliance with corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 has been made in the section on corporate governance of the annual report.

The statutory auditors of the Company have examined and certified your Company's compliance with respect to conditions enumerated in Part C of Schedule V of Regulation 34(3) and 53(f) of SEBI (LODR) Regulations, 2015 and DPE guidelines on Corporate Governance for Central Public Sector Enterprises, 2010. The certificate to this effect forms part of the Directors' Report.

Secretarial Compliance Report confirming compliance by Practicing Company Secretary of the applicable provisions of the Companies Act, 2013, SEBI (LODR) Regulations, 2015, DPE guidelines on Corporate Governance 2010, other related rules & regulations relating to capital market and other applicable laws forms part of the Directors' Report.

ANNEXURE - C

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF GAIL (INDIA LIMITED)

We have examined the compliance of conditions of Corporate Governance by GAIL (India) Limited ("the Company"), for the year ended March 31, 2017, as stipulated in SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010 issued by DPE (DPE Guidelines).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and in DPE Guidelines, except:

a) As stated in Para No. 2 (ii) of the Corporate Governance Report, the Company has not complied with the conditions of the Listing Regulations with regard to the minimum number of Independent Directors and Woman Directors in the composition of Board of Directors for the period mentioned therein.

b) As stated in Para No. 3 C (ii) of the Corporate Governance Report, the Company has not complied with the provisions of Section 149(8) read with Clause VIII of Schedule IV of the Companies Act 2013 in respect of performance evaluation of the Independent Directors.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **O. P. Bagla & Co.**
Chartered Accountants
Firm No.: 000018N

(Rakesh Kumar)
(Partner)
Membership No.: 087537

Place : **New Delhi**
Date : **22nd May, 2017**

For **G. S Mathur & Co.**
Chartered Accountants
Firm No.: 008744N

(Rajiv Kumar Wadhawan)
(Partner)
Membership No.: 091007

Place : **New Delhi**
Date : **22nd May, 2017**

ANNEXURE - D

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2017

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

To,
The Members,
GAIL (India) Limited.

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

Based on our verification of the GAIL's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board- processes and Compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by GAIL for the financial year ended on 31st March, 2017 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

(vi) Compliances/processes/systems under other specific applicable Laws (as applicable to the industry), as listed below, to the Company are being verified on the basis of periodic certificate under internal Compliance system submitted to the Board of Directors of the Company:

1) The Petroleum Act, 1934
2) The Petroleum Rules, 2002
3) The Oilfields (Regulation and Development) Act, 1948
4) The Petroleum and Natural Gas Rules, 1959
5) The Petroleum and Minerals Pipelines (Acquisition of Right of User in Land) Act, 1962
6) The Explosives Act 1884 and Indian Explosives Rules 1983
7) The Gas Cylinders Rules 2004
8) Oil Industry Development Act, 1974
9) The Petroleum and Natural Gas Regulatory Board Act, 2006
10) The Solvent, Raffinate and Slop (Acquisition, Sale, Storage and Prevention of Use in Automobiles) Order, 2000
11) The Petroleum and Natural Gas Regulatory Board (Exclusivity for City or Local Natural Gas Distribution Network) Regulations, 2008
12) The Petroleum Products (Maintenance of Production, Storage and Supply) Order, 1999
13) Environment Protection Act, 1986 and Environment (Protection) Rules, 1986
14) Hazardous Wastes (Management and Handling) Rules, 1989
15) The Noise Pollution (Regulation and Control) Rules, 2000
16) Water (Prevention and Control of Pollution) Cess Act, 1977 and Water (Prevention and Control of Pollution) Cess Rules, 1978
17) Batteries (Management and Handling) Rules, 2001
18) The Central Motor Vehicles Rules, 1989
19) The Water (Prevention and Control of Pollution) Act, 1974
20) The Air (Prevention and Control of Pollution) Act, 1974
21) Manufacture, Storage and Import of Hazardous Chemicals Rules, 1989
22) Static and Mobile Pressure Vessels (Unfired) Rules, 1981 as amended by the SMPV (U) Rules, 1999
23) Indian Forest Act, 1927
24) The Ozone Depleting Substances (Regulation and Control) Rules, 2000
25) The Information Technology Act, 2000
26) The Indian Telegraph Act, 1885 and the Indian Telegraph Rules, 1951
27) The Indian Wireless Telegraphy (Commercial Radio Operators

Certificate Proficiency and License to Operate Global Maritime Distress and Safety System) Rules, 1994

28) The Indian Wireless Telegraphy Act, 1933

29) The Mines Act, 1952.

30) The Arms Act, 1959.

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

(a) Secretarial Standards issued by the Institute of Company Secretaries of India generally complied with.

(b) the Securities Exchange Board of India (Listing Obligation & Disclosure Requirements) Regulations, Equity Listing Agreement with National Stock Exchange of India Limited & BSE Limited, Debt Listing Agreement with NSE and GDR Listing Agreement with London Stock Exchange and.

(c) DPE Guidelines on Corporate Governance for CPSE (DPE Guidelines).

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

Observation No. 1. Non-compliance of Proviso to Section 149 (1) read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 17 (1) (a) of Securities Exchange Board of India (Listing Obligation & Disclosure Requirements) Regulations, 2015 w.r.t. appointment of at least one Woman Director on the Board of the Company.

Company's Response: As on 31.03.2017, there was no Woman Director on the Board of the Company. However, during the year, there was a Woman Director on the Board of the Company from 31.01,2017 to 18.03.2017,

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

Company's Response; As on 31.03.2017, GAIL's Board comprised of four whole-time Director's including CMD, two Government nominee Directors and five Independent Directors,

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

However, during period 31.01.2017 to 18.03.2017, composition of GAIL's Board was as per provisions of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, DPE Guidelines & the Companies Act, 2013.

Observation No. 3. Non-compliance of Section 149(8) read with Schedule IV (clause VIII) of Companies Act, 2013 and 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.

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

We further report that in the absence of requisite number of independent Directors and Woman Director, the Company has not complied with the requirements pertaining to the composition of the Board of Directors, which is to be constituted as per the Companies Act, 2013, DPE Guidelines and SEBI (Listing Obligation & Disclosure Requirements) Regulations for the period 01.04.2017 till 30.01.2017 and for the period 19.03.2017 to 31.03.2017. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. Generally, adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. In case of convening of meeting including sending of agenda at shorter notice, consent of members present in the meeting were taken.

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

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

We further report that during the audit period, the Company has issued Bonus Equity Shares to its members in the ratio of One Equity Share each for Three Equity Shares held by them in compliance of applicable rules and regulations.

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

Date : May 29, 2017 FCS No.: 5774
Place : New Delhi C.P No.: 5910

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

"Annexure 1"

To,

The Members,

GAIL (India) Limited

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

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

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

Date : May 29, 2017
Place : New Delhi

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

ANNUAL REPORT ON CSR ACTIVITIES

ANNEXURE - E

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

Your Company remains committed to the principles of Corporate Social Responsibility (CSR) and strongly believes that CSR play a defining role in the development of the country. Your Company's vision of "value creation" for all stakeholders remains the guiding force behind the social interventions. A top-to-bottom, robust governance structure with a dedicated team of CSR professionals, helps in evaluating and selecting meaningful social programmes which are in alignment with the areas of intervention specified under the Companies Act, 2013.

Following a Project-based Approach towards all CSR interventions, as detailed in the CSR Policy, your Company has implemented CSR programmes primarily in the rural areas which are in close proximity to the major work centres/installations of your Company. As identified under Schedule VII of the Companies Act, 2013, your Company has identified seven broad areas of CSR intervention, each of which is titled by the objective they seek to achieve viz. ***Arogya*** (Wellness) - Nutrition, Health and Sanitation and Drinking Water projects , ***Ujjwal*** (Towards a Bright future) – Education initiatives, ***Kaushal*** (Skill) - Livelihood Generation and Skill development initiatives, ***Unnati*** (Progress)- Rural Development, ***Sashakt*** (Empowerment)- Women Empowerment initiatives, ***Saksham*** (Capable) - Care of the elderly and differently abled, and ***Harit*** (Green)-Environment centric initiatives.

Our CSR Umbrella

Your Company believes that, it is in responding to the needs of the people, benefitting communities and protecting the environment which will ultimately lead to the goal of sustainable progress of the larger community. CSR Policy of your Company is hosted on Company's website www.gailonline.com. As enshrined in the CSR Policy, your Company adopts a multi-stakeholder approach, collaborating with communities, governmental and non-governmental organisations, academic institutions and others, in an effort to identify emerging issues, develop projects and effectively respond to challenges. Your Company endeavours to follow best practices in identifying, implementing, sustaining and monitoring its CSR interventions to maximize sustainability, scalability and transparency. Your Company has allocated 2.7 percent of average net profit (Profit before Tax) of the previous three financial years for CSR interventions in the year 2016-17.

- **Key CSR Interventions**

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

GAIL Raftaar – Athletic Talent Hunt

Year 1 of the programme launched in 2015-16 saw over 25,000 students participating in trials held at 53 districts across the country. At the National Trials for the event, a total of 09 athletes with best timings were selected who are currently undergoing a rigorous training schedule involving National and International Training camps, with the ultimate aim of representing India at National and International athletic events. The rigorous training and motivation has started showing results for selected athletes of Season 1. All of them are winning laurels in various competitions and moving ahead with energy and enthusiasm.

The Grand Finale of the *GAIL Raftaar* was graced by Hon'ble Minister of Human Resource Development Shri Prakash Javadekar (3rd from left), Hon'ble Minister of State (Independent Charge) for Youth Affairs and Sports & Minister of State, Water Resources, River Development and Ganga Rejuvenation Shri Vijay Goel (2nd from left), Hon'ble Minister of State (Independent Charge) for Petroleum and Natural Gas Shri Dharmendra Pradhan (5th from left) and other dignitaries

The bigger goal is to promote sports culture amongst the youth of the country, which is the clarion call of Hon'ble Prime Minister Shri Narendra Modi. Hon'ble Prime Minister has been encouraging the youth to come forth and make sports a part of their life. **This initiative in its 2nd year started earlier this year with trials conducted at 107 districts/ locations across India in which 1, 13,478 athletes participated.**

After a series of trials across the country, the Season II culminated on 10th May 2017, with selection of 7 athletes, who will now be provided world class coaching for over a period of 4 years to compete in Olympics for 2020 and 2024.The grand finale of this grass root athletics program was held at Thyagaraj Sports Complex, New Delhi. Shri Prakash Javadekar, Hon'ble Minister of Human Resource Development, Government of India was the Chief Guest at the event. The Grand Finale was also graced by Shri Dharmendra Pradhan - Hon'ble Union Minister of State (I/C) for Petroleum and Natural Gas, Government of India, Shri Vijay Goel - Minister of State (Independent Charge) Youth Affairs and Sports & Minister of State, Water Resources, River Development and Ganga Rejuvenation, Government of India, and National Selection Committee members that includes legendary P.T. Usha, Olympians Rachita Mistry, Anuradha Biswal and Asian and Commonwealth Games medalist, Kavita Raut.

GAIL Shrijan

In 2013, a catastrophic flashflood occurred in Uttarakhand, which wreaked havoc and destroyed the valley completely. GAIL (India) Limited conceived Project Shrijan (Creation) to extend long term support to the affected community in an integrated manner adopting a multi-sectoral and multi-hazard approach. The project aimed at development of ten villages of Rudraprayag district of Uttarakhand and facilitate return to normalcy with an overall objective to minimize loss in case of future disaster situations.

Beneficiaries of Vulnerable Support Programme under *GAIL Shrijan*

The project addressed key issues of rehabilitation of communities, encouraging disaster proof construction technologies, livelihood sustenance and enterprise, increasing awareness about emergency response and facilitating other mitigating services for disasters. Since inception, the project has covered over 23,000 people directly and indirectly. Skills training have been extended to over 7000 individuals in 28 skills. 03 Community Resource Training Centres (CRTCs) have been established wherein various income generation units such as spice making, juice making, bakery etc. have been set up. Activities like training in usage of disaster resistant construction technology, construction of disaster resistant households and emergency shelters, mock drills, distribution of disaster relief kits, provision of toll free helpline, fully equipped disaster response vehicle and development of Evacuation Plans for villages, duly approved by District Disaster Management Authority, have been undertaken. Rain Water Harvesting structures have been constructed and training in and construction of Water powered grinding units (Gharaat) undertaken to decrease dependence on conventional sources. Training programmes have been conducted on environment conservation, Climate change, etc. Audio visual aids such as Radio Shows, Wall Paintings, banners and other IEC Material are being used on a regular basis.

A Community Radio Station is being set up, which shall cater to over 1 million people in 04 disaster prone districts of Uttarakhand. As an immediate relief measure, psychological counseling was provided to those in trauma through a trained counselor and psychologist through nearly two hundred counseling sessions.

The project has garnered many awards and accolades which include:

- FICCI CSR Award for post disaster rehabilitation
- DMA CSR Award

The project has been selected as a Finalist for UPS International Disaster Relief and Resilience Award, which is one of the awards given by Business in the Community (BITC) Network, UK. BITC is one of the charities supported by Prince Charles' Responsible Business Network.

Project Arogya – Mobile Medical Units (MMUs)

Recognizing the glaring lack of primary health infrastructure in the country, GAIL (India) Limited is making proactive efforts to address the issues of health and sanitation, by introducing interventions that make at least primary health care facilities accessible and affordable to the rural and marginalized communities. Today, under project Arogya, your Company operates 26 Mobile Medical Units (MMUs) across 18 districts in 7 states of India.

Project Arogya MMU vans also carries out awareness activities on health and hygiene in order to achieve health-seeking behavior among the villagers and community where they live. The Project Arogya MMU healthcare services include: Free Doctor's consultation, free distribution of medicines, basic diagnostic tests, and referral to other healthcare facilities. Information and awareness material on rights and entitlements, government social security schemes and health program is also provided.

GAIL Avant

While the enrolment in elementary education has improved over the years on a national level, the quality of education still remains the moot point in country's educational/literacy agenda. Understanding the desperate need of extending quality and relevant education, especially at elementary level, GAIL has started project Avant in 60 Govt. schools of Auraiya district of Uttar Pradesh. The programme focuses on making systemic improvements in the school system, strengthening of school science and mathematics laboratories, teacher development, formulation of assessment designs for students and teachers, provision of teaching-learning equipment and supplementary books/materials to enhance Science and Mathematics transactions in classrooms etc.

The objective is to improve learning outcomes of children at elementary level with special focus on Science, Mathematics and technology learning, using innovation and experimentation.

- **Major projects under Identified Focus Areas**

Ujjawal – Education centric initiatives

Education remains one of the major areas of intervention through CSR for GAIL. Your Company has facilitated infrastructure development and renovation programmes including setting up of smart classes at various schools and junior colleges across the states of Karnataka, Telangana, Uttarakhand, Punjab, Uttar Pradesh, Andhra Pradesh, Madhya Pradesh, Rajasthan and Gujarat.

A flagship programme of your Company ***Utkarsh,*** aimed at meritorious children from marginalized communities; provides all-expense paid, specialised residential coaching/intensive mentoring so that they can compete for engineering entrance examinations such as IIT/JEE, AIEEE and UPTU. For the year 2016-17, ***100*** students were identified for this programme through a meticulous selection process. Of these, ***96*** have qualified IIT Mains and further 70 qualified the JEE Advance, as declared on 11.06.2017

GAIL has also supported construction of hostel for children from tribal families at Bhubaneswar, Odisha.

Apart from education centric interventions carried out under the ***Ujjawal*** thrust area, your Company has also set up the **GAIL Charitable and Education Trust to take** up initiatives exclusively focussed in the domain of Education. In the last Financial Year, your Company extended scholarships to 187 Utkarsh beneficiaries studying in various IITs and NITs extended scholarships. Scholarship is also being provided to 404 violence affected children in Assam, J&K and Odisha in partnership with National Foundation for Communal Harmony.

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

Health, Sanitation, Water and Nutrition have been major areas of interventions of the Government over the last few years. Supplementing Government's efforts in these domains, your Company is making proactive efforts to address the issues as above through its various initiatives. GAIL has augmented its network of Mobile Medical Units to 26 vans spread out in 18 districts of 7 states, covering an estimated 20,000 beneficiaries per van. Understanding the role and significance of Transporters/ Drivers/Truckers in furthering the business operation and to address the problem of HIV/AIDS associated with this segment, your Company has been promoting HIV Prevention through Mass Awareness, STI Treatment & HIV Testing through STI Clinic for Truckers visiting GAIL installations in Pata (Auraiya, UP) and Vijaipur (Guna, MP).

Mobile Medical Units under *GAIL Arogya* operate across the Company's work centres

Understanding the relevance of leading a healthy lifestyle and appreciating the benefits of Yoga in achieving the same, your company has also extended support to Center for Yoga, Naturopathy & Research, New Delhi

United Nations has declared that clean drinking water and sanitation are essential to the realization of all human rights. In an effort to uphold the right to water of thousands residing in remote rural pockets of the nation, your Company has facilitated installation of bore-wells, tube-wells, hand pumps, overhead tanks and promoted rain water harvesting and check dams/ irrigation systems in various villages across the country. More than 700 hand pumps are being installed in various districts of Uttar Pradesh and Bihar to improve access to potable water for thousands of families.

Activities undertaken in the domain of sanitation have been included separately under the focus area Swachh Bharat.

KAUSHAL-Livelihood Generation and Skill development initiatives

Enabling and empowering the marginalized, so that they become agents of change lies at the very heart of your Company's Skill development centric initiatives. Your Company is operating 3 Skill Schools in Guna (MP), Dediapada (Narmada, Gujarat), and Mamidikuduru (East Godavari, Andhra Pradesh) with over 2,000 candidates trained in skills ranging from General Engineering programs including Welder, Fitter, Electricians, Solar Technicians, CMC Operator, Instrument Technician, Assistant Surveyor, Assistant Mason, Welding Assistant, Auto CAD etc.

Training in plastic products manufacturing, injection molding and raffia plant processing was extended to 214 candidates at 07 centres of Central Institute of Plastics Engineering and Technology (CIPET.)

Skills training in Hydrocarbon sector are being extended to nearly 2000 candidates in 13 district of Andhra Pradesh over a period of 02 years. Your company along with other CPSEs has also contributed for setting up of Skill Development Institutes in Vizag (Andhra Pradesh), Kochi (Kerala) and Bhubaneswar (Odisha).

Other short term skill development initiatives such as setting up of book binding unit in Rajahmundry prison, training and establishment of Sanitary napkin unit etc. have also been taken up during the course of the year.

SASHAKT – Women Empowerment initiatives

Your Company firmly believes that a woman's position is a true reflection of a society's progress. While women were always included as part of the beneficiaries, your Company has now created a new thrust area specially focused for the empowerment of women. In the last FY, 355 adolescent girls & women from urban slums of Delhi were given Gender Sensitization, Legal Awareness and Employability Skill Training. Further, a reading hall for women is being constructed at Shaheed Veerangana Avantibai Memorial Library at village Sehud, Auraiya, Uttar Pradesh.

Skill Training is being extended to over 2000 women through various initiatives spread over focus areas Kaushal and Unnati. Skills imparted include apparel design, food processing, bee keeping, organic farming, product design, financial literacy etc.

SAKSHAM - Care of the elderly and differently abled

Your Companyis sensitive to the fact that the interventions must address the needs of communities at the periphery of development and recognises its responsibility towards various stakeholder groups, for holistic development of all. Four assessment Camps were organized to identify the people in requirement of aids and assistive devices.

UNNATI – Rural Development & Infrastructure Initiatives

Your Company is guided by the **triple bottom line i.e. people, profit, planet** and takes cognizance of the fact that society's economic competitiveness is interlinked to its social, economic and environmental health. Your Company's interventions under this thrust area have therefore been designed to schematically meet all three goals. Integrated Watershed Development and Management Programme, Project ***Jaldhar*** since inception , has resulted in integration of over **192** Self Help Groups which have in turn facilitated Income generation and promote saving among tribal women of Jhabua, creation of 60 Water retaining Structures, installation of 4 fluoride mitigation with 8 liter/minute outflow and plantation of over **75000** trees/saplings. ***The project has won the CII Water Awards 2016.***

Your Company made investments in asset creation through construction of roads, community centre, Water Tanks, Embankments etc. at Guntur (Andhra Pradesh), Gandhar (Bharuch, Gujarat), Morena (Madhya Pradesh), Saharanpur, Ghazipur and Auraiya (Uttar Pradesh), East Godavari (Andhra Pradesh) and Guna (Madhya Pradesh). 4150 solar street units including street lights, lanterns and individual lighting systems have been installed in identified villages of Uttar Pradesh, Bihar, Telangana, West Bengal and Uttarakhand.

Swachh Bharat Initiatives

As a part of Hon'ble Prime Minister's call for a movement towards a cleaner India, GAIL, as a part of Swachh Bharat Swachh Vidyalaya initiative, had undertaken construction/renovation of 3614 school toilets in over 2534 schools, spread over ten districts in Odisha, two districts in Andhra Pradesh and one district in Madhya Pradesh in the last two years. Your company undertake the maintenance for sanitation infrastructure created in these schools in order to ensure continuous usage of the assets created.

Swachh Bharat Pakhwada

A series fortnight activities were organised by GAIL as part of Swachh Bharat Pakhwada from 16.06.2016 to 30.06.2016. The inaugural function of the

Pakhwada was held at Purana Quila which is one of the heritage monument adopted by GAIL for upkeep & maintenance as part of Swachh Bharat. Swachhata pledge was administered by CMD to all employees.

Acknowledging the silent role that Safai-Karamcharis/Cleanliness staff and helpers play in maintaining the necessary cleanliness and hygiene at work space, mementoes were distributed to SafaiSathis for their contribution to Swachhta.

Special Health Camps were organized for each and every Safai-Sathi and Free health Check-ups and medicines were distributed for occupational, life-style and other diseases as part of Swachh Bharat Pakhwada. This has been done through the integration of another flagship project of GAIL CSR project : Arogya with the mission of Swachh Bharat.

Safdarjung Tomb is another Monument adopted by GAIL for maintaining cleanliness under Swachh Bharat Abhiyan. GAIL employees from DELHI & NCR on voluntary basis come forward to do "Shrama Dan" at this iconic place to spread the message of the Swachhta.

Further, in the year 2016-17, GAIL has taken up a number of initiatives focusing on sanitation and cleanliness. Over 350 toilets including School toilets, Individual Household Toilets, Community Toilets, Bio- Toilets and Pre-Fab toilets are being constructed in villages across states of Telangana, Bihar, Andhra Pradesh, Karnataka and Gujarat. Nearly 1600 swing dustbins with a 100 Ltr capacity have been provided to Municipal Corporation Chandigarh and to District Collector Bharuch (Gujarat) as a part of Swachha Bharat Abhiyan.

GAIL was conferred with the prestigious 'Economic Times 2 Good CSR Rating' in the 'All-Round Excellence' category, the only Public Sector Undertaking to earn the recognition. The certificate was received by Shri P K Gupta, Director (Human Resources) (2nd from left) and Ms Vandana Chanana, Executive Director (Corporate Communication & Corporate Social Responsibility) (left)

- **Employee Engagement and showcasing CSR initiatives**

GAIL took multiple strides in showcasing its CSR initiatives to its internal as also external stakeholders this year. A number of events/activities were organized to involve employees in various CSR activities.

Abhyudaya, an exhibition cum sale of products made by female beneficiaries of various CSR programmes of GAIL was organized at GAIL Corporate Office in November 2016. The exhibition saw participation of many GAIL employees with an extremely positive response

Spread the warmth was a week long drive wherein employees donated clothes, woolens and other winter essentials for the underprivileged, homeless and needy people in and around Delhi. The employees participated with full enthusiasm and donated woollens, blankets, clothes for men, women and children, shoes etc. for the lesser privileged and homeless people.

GAIL's CSR initiatives were appreciated and rewarded at multiple forums with big wins at the 15th FICCI CSR Awards (Post Rehabilitation work in Rudraprayag), Golden Peacock Award, DMA CSR Award and CII Water Awards (Outside the Fence Category) for Project Jaldhar. One of the big achievements for your company in the domain of CSR has been that GAIL's project Shrijan has been selected as a finalist in the Business in the Community's (BITC) Responsible Business Awards in the category ' UPS International Disaster Relief and Resilience Award'. BITC is one of the charities supported by Prince Charles' Responsible Business Network.

2. CSR COMMITTEE OF BOARD

In compliance with the provisions of Section 135(1) of the Companies Act, 2013, as on 31.03.2017, the CSR Committee of the Board comprises of Sh. B.C.Tripathi as the Chairman, Sh. P.K. Gupta, Sh. Ashish Chatterjee, Sh. Sanjay Tandon, and Sh. Anupam Kulshreshtha as the member(s).

3. AVERAGE NET PROFIT FOR LAST THREE FINANCIAL YEARS

Financial Year	Net profit before tax (₹ in Crore)*
2013-14	6014
2014-15	3653
2015-16	2554
Total (A)	12221
Average of 03 Financial Years = (A)/3	**4074**

*Net profit befor tax for CSR is as per the provisions of the Companies Act, 2013

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

The prescribed CSR expenditure for FY 2016-17 as per provisions of Companies Act, 2013 was ₹ 81.47 crores.

5. DETAILS OF CSR SPENDS DURING THE FINANCIAL YEAR

(a) **Total amount to be spent for the financial year** – As per provisions of Companies Act, 2013, GAIL was mandated to spend ₹ 81.47 crores in FY 2016-17 (2% of avg. PBT of preceding 03 F/Ys) on its CSR activities. GAIL made allocation of ₹ 118.93crores on CSR activities of 2016-17, which is 2.7% of the avg. net profit of the preceding three financial years and carry forward of ₹ 8.95 crores from previous years. Against this, GAIL has incurred a total expenditure of ₹ 123.58 crores, out of which ₹ 92.16crores have been incurred on CSR projects/activities of FY 2016-17. This amounts to 2.26% of the avg. net profit of the preceding three financial years.

(b) **Amount unspent, if any** – Nil. Against the prescribed spends of ₹ 81.47 crores, an expense of ₹ 92.16 crores has been incurred on CSR projects of FY 2016-17.An amount of ₹ 25.26 crores is committed unspent amount, for CSR projects of FY 2016-17 which are under various stages of implementation.

(c) **Manner in which the amount spent during the financial year is detailed below:**

GAIL has allocated 2.7% of the avg. net profit of the preceding three F/Ys towards CSR projects and activities of FY 2016-17. Factoring the increased allocation (2.7% of the avg. net profit of the preceding three financial years) as also carry forward available from previous years (as CSR budget is non – lapsable as per GAIL CSR Policy), the total budgetary allocation made for CSR projects/activities in FY 2016-17 was ₹ 118.93 crores. In the Financial Year 2016-17, a total of ₹ 123.58 crores was spent on CSR activities, out of which ₹ 92.16 crores was spent exclusively on CSR projects/activities of FY 2016-17.

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

(Amount in ₹ lakhs)

S. No.	CSR PROJECT OR ACTIVITY IDENTIFIED	SECTOR IN WHICH THE PROJECT IS COVERED (ACTIVITIES AS PER SCHEDULE VII OF THE COMPANIES ACT, 2013)	PROJECTS OR PROGRAMMES (1) LOCAL AREA OR OTHER (2) STATE OR DISTRICT WHERE PROJECTS OR PROGRAMME WAS UNDERTAKEN	AMOUNT OUTLAY (BUDGET) PROJECT OR PROGRAMME WISE (FOR FY 2016-17 ONLY)	AMOUNT SPENT ON THE PROJECT OR PROGRAMMES SUBHEADS: (1) DIRECT EXPENDITURE ON PROJECTS OR PROGRAMS (2) OVERHEADS	CUMULATIVE EXPENDITURE UP TO THE REPORTING PERIOD	AMOUNT SPENT: DIRECT OR THROUGH IMPLEMENTING AGENCY
FOCUS AREA – AROGYA (Health, Nutrition, Drinking Water and Sanitation)							
1	Project Arogya- Mobile Health Care facilities through operation of 18 Mobile Medical Units in various states	(i) Promoting Preventive Health Care	Local Area 1) East Godavari (Andhra Pradesh) 2) Guna, Jhabua, Ujjain, Morena (MP) 3) Ludhiana (Punjab) 4) Gandhar (Bharuch, Gujarat) 5) Haridwar (Uttarakhand) 6) Pata (Auraiya, Uttar Pradesh)	590.35	589.48	589.48	Through Implementing Agency
2	Construction of (i) Prefab Bio toilets in Govt Schools /Community Centres / Public Places at Villages in Bihar; (ii) toilets in Govt. Schools at Gandeed Mandal, Ranga Reddy Dist, Telangana; (iii) Junior Colleges in Guntur Distt. Andhra Pradesh;(iv) Govt. Schools at Davanagre , Karnataka	(i) Sanitation	Local Area Gaya, Nalanda, Patna, Sheikhpur, Lakhim Sarai and Begu Sarai (Bihar), Distt. Ranga Reddy (Telangana), Distt. Guntur (Andhra Pradesh); Distt Davanagre & Chitradurg, Karnataka	646.86	631.86	631.86	Through Implementing Agencies
3	Infrastructure development of JLN Medical College, Ajmer, Rajasthan	(i) Promoting Preventive Health Care	Local Area Ajmer (Rajasthan)	165.00	74.00	74.00	Through Implementing Agency
FOCUS AREA – KAUSHAL (SKILL DEVELOPMENT AND LIVELIHOOD INITIATIVES)							
4	Job Linked Skill Development Training to youth in (i) Guna, Madhya Pradesh and (ii) Dediapada (Narmada), Gujarat	(ii) Skill Development	Local Area Guna (Madhya Pradesh) Dediapada (Narmada, Gujarat)	478.79*	395.17*	395.17*	Through Implementing Agency
5	Skill Development Programme in "Plastic Product Manufacturing" for unemployed youth in 07 nos. of centres of Central Institute of Plastics Engineering and Technology	(ii) Skill Development	Local Area Guwahati (Assam) Mysore (Karnataka) Jaipur (Rajasthan) Ahmedabad (Gujarat) Others Imphal(Manipur) Balasore (Odisha) Aurangabad (Maharashtra)	200.00	194.39	194.39	Through Implementing Agency
6	Contribution for Skill Development Institute - Visakhapatnam, AP	(ii) Skill Development	Local Area Visakhapatnam (Andhra Pradesh)	225.00	225.00	225.00	Through Implementing Agency – SDIVishakhapatnam, Andhra Pradesh

(Amount in ₹ lakhs)

S. No.	CSR PROJECT OR ACTIVITY IDENTIFIED	SECTOR IN WHICH THE PROJECT IS COVERED (ACTIVITIES AS PER SCHEDULE VII OF THE COMPANIES ACT, 2013)	PROJECTS OR PROGRAMMES (1) LOCAL AREA OR OTHER (2) STATE OR DISTRICT WHERE PROJECTS OR PROGRAMME WAS UNDERTAKEN	AMOUNT OUTLAY (BUDGET) PROJECT OR PROGRAMME WISE (FOR FY 2016-17 ONLY)	AMOUNT SPENT ON THE PROJECT OR PROGRAMMES SUBHEADS: (1) DIRECT EXPENDITURE ON PROJECTS OR PROGRAMS (2) OVERHEADS	CUMULATIVE EXPENDITURE UP TO THE REPORTING PERIOD	AMOUNT SPENT: DIRECT OR THROUGH IMPLEMENTING AGENCY
7	Contribution for Skill Development Society, Kochi, Kerala	(ii) Skill Development	Local Area Kochi (Kerala)	225.00	225.00	225.00	Through Implementing Agency – SDI, Kochi, Kerala
OTHERS - TRAINING TO PROMOTE OF RURAL SPORTS, NATIONALLY RECOGONIZED SPORTS AND OLYMPIC SPORTS							
8	GAIL Indian Speed star-Athletic Talent Hunt for year 1 (Training of selected athletes of Season 1)	(vii) Training to promote rural sports, nationally recognized sports and Olympic sports	Local Area and others 53 districts covered in more than 10 states	139.15*	99.25*	99.25*	Through Implementing Agency
9	GAIL Indian Speed Star-Athletic Talent Hunt Season-II	- As above -	Local Area and others 107 districts/locations across India	1207.50*	1025.92*	1025.92*	Through Implementing Agency
UNNATI – RURAL DEVELOPMENT PROJECTS							
10	Project Jaldhara - Integrated Watershed Development and Management Programme for various villages in Jhabua, MP	(x) Rural Development	Local Area Jhabua (Madhya Pradesh)	312.60	12.41	12.41	Through implementing Agency
11	Contribution to Pradhan mantri Ujjawala Yojana for provisions of free LPG cylinders to BPL families (contribution for F/Y 2015-16)	(x) Rural Development	Local Area and others LPG connections distributed Pan India through nodal Agency (IOCL)	1216.00	1216.00	1216.00	Through implementing Agency – M/s IOCL
12	Installation of Solar Lights in (i) Ghazipur, UP(ii) Palakurthy area, Warangal, Telangana (iii)Bhadohi, UP (iv) West Godavari Dist/Krishna Dist (AP)/Nalgonda Dist, (Telangana)	(x) Rural Development	Local Area Ghazipur (Uttar Pradesh) Warangal (Telangana) Bhadohi (Uttar Pradesh) West Godavari, Krishna, Nalgonda (Andhra Pradesh)	425.00	404.92	404.92	Through implementing Agency
13	Developmental work in Village Dharmavaram in Durgi Mandal, Guntur, Andhra Pradesh	(x) Rural Development	Local Area Guntur (Andhra Pradesh)	100.00	36.03	36.03	Through - Executive Engineer PR Division, Dharmavaram
14	Developmental work at Nagaram, Mamidikuduru Mandal, East Godavari Dist., AP	(x) Rural Development	Local Area East Godavari (Andhra Pradesh)	100.00	47.50	47.50	Through Government Agency

(Amount in ₹ lakhs)

S. No.	CSR PROJECT OR ACTIVITY IDENTIFIED	SECTOR IN WHICH THE PROJECT IS COVERED (ACTIVITIES AS PER SCHEDULE VII OF THE COMPANIES ACT, 2013)	PROJECTS OR PROGRAMMES (1) LOCAL AREA OR OTHER (2) STATE OR DISTRICT WHERE PROJECTS OR PROGRAMME WAS UNDERTAKEN	AMOUNT OUTLAY (BUDGET) PROJECT OR PROGRAMME WISE (FOR FY 2016-17 ONLY)	AMOUNT SPENT ON THE PROJECT OR PROGRAMMES SUBHEADS: (1) DIRECT EXPENDITURE ON PROJECTS OR PROGRAMS (2) OVERHEADS	CUMULATIVE EXPENDITURE UP TO THE REPORTING PERIOD	AMOUNT SPENT: DIRECT OR THROUGH IMPLEMENTING AGENCY
15	Contribution to Pradhan mantri Ujjawala Yojana for provisions of free LPG cylinders to BPL families (contribution for F/Y 2016-17)	(x) Rural Development	Local Area and others LPG connections distributed Pan India through nodal Agency (IOCL)	1629.40	1629.40	1629.40	Through implementing Agency – M/s IOCL
UJJAWAL – EDUCATION CENTRIC INITIATIVES							
16	Project Utkarsh-specialized residential IITJEE students from under privileged families at Kanpur	(ii) promoting education	Local Area Kanpur (Uttar Pradesh)	208.60	192.93	192.93	Through implementing Agency
17	Establishment of Tribal Hostel at Bhubaneswar, Odisha	(ii) promoting education	Local Area Bhubaneswar (Odisha)	100.00	100.00	100.00	Through implementing Agency
SAKSHAM – CARE OF ELDERLY AND DISABLED							
18	Supplying Aids and Assistive Devices to Persons with Disability through 3-4 camps around GAIL work centres	(ii) Care of Elderly & disabled	Local Area West Godavari (Andhra Pradesh) Guna (Madhya Pradesh) Auraiya (Uttar Pradesh) Nalanda (Bihar)	100.00	100.00	99.91	Through implementing Agency
		TOTAL (A)		**8069.25**	**7199.17**	**7199.17**	

***Includes service tax**

Other Expenditure Heads	Total No. of projects	Amount Outlay (₹ in Lakhs)	Expenditure (₹ in Lakhs)
Capacity Building, Overheads and other miscellaneous Expenses **(B)**	NA	407.35	375.44
Projects under Implementation below ₹.1 cr **(C)**	71	2405.47	1641.05
Projects under implementation with no expenditure as on 31.03.2017	32	786.67	0.00
TOTAL SPENDS ON CSR, 2016-17 (A+B+C)			**9215.65**

6. REASONS FOR LESS THAN STIPULATED EXPENDITURE

Requisite amount as per provisions of the Companies Act, 2013 has been spent during the year 2016-17, hence, it is Not Applicable.

RESPONSIBILITY STATEMENT OF THE CSR COMMITTEE OF THE BOARD

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

(P. K. Gupta)
Director (HR)
Date: 08.08.2017

(B. C. Tripathi)
Chairman, CSR Committee

ANNEXURE - F

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

A. CONSERVATION OF ENERGY

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

1 **Use of Grid Power at Pipeline installations in place of TEGs:** Modification in the existing power system at 06 Nos. pipeline installations in Mumbai region has been done for utilization of Grid power instead of TEGs (Thermo Electric Generation) for power requirement. The existing captive power generation through TEGs had stopped resulting in significant Fuel Gas saving.

2 **Replacement of Air conditioners with rating 5 star BEE air conditioners:** Existing air conditioners have been replaced at across various installations of GAIL viz. 12 numbers in NCR region, 30 numbers at RT Cherlapalli - VSPL,18 numbers in Tripura region and 03 numbers in Assam with Energy Efficient 5 star BEE (Bureau of Energy Efficiency) ratings for low energy consumption.

3 **Replacement of conventional lights with more efficient lights (LEDs):** Convectional lightning systems; T-5 tube-light/T8 tube lights/ FTL/MLL/HPSV; have been replaced with LEDs having lower energy consumption across various installations of GAIL viz. 2640 no. T8 tube lights at GAIL Pata, 86 nos. of T5 tube-lights at Jamnagar, 08 nos. of FTL (Fluorescent tube light lamps) and 02 nos. of MLL (Mixed light lamps) at Kandla, 150 nos. of FTL at Abu Road, conventional tube-lights at Mansarampura & Loni in JLPL and at 37 installation under Mumbai region, 25 nos. of HPSV (High Pressure Sodium Vapour) Lamps at gas terminals (NEEPCO, ROKHIA, Konaban GCS, Konaban Tapoff, Dome, Anand Nagar, Maharajganj) in Agartala region.

4 **Installation of Motion Sensors:** Motion sensors have been installed at Mansarampura to switch-off AC power in rooms to avoid wastage of energy.

5 **Reduction in vehicle movement for surveillance by installation of CCTVs Cameras:** CCTVs cameras have been installed at all NCR pipeline installations for surveillance which has replaced the earlier practice of surveillance through visiting at site physically. As a result, it has resulted in reduction of vehicle movement which in turn reduced the fuel consumption with significant reduction in carbon emission.

6 Installation of Pump Motor of 350 KW instead of 500 KW in Mist Cooling system of GCU-1 unit of GAIL Pata resulting in annual energy saving of 164003 KWH.

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

The company has taken various steps for utilizing alternate sources of energy

- 65 Numbers of Pole mounted stand-alone LED solar lights has been installed at SV stations under NCR pipelines.
- 4KW Solar Photovoltaic Panel (SPV) system has been installed for outdoor lighting of GAIL Bhawan Building, Mumbai.
- One Solar based field mounted power source for Flow Computer at Khayerpur in Agartala has been installed & commissioned successfully to ensure round the clock operation of Flow computer.
- The company has installed Solar Power Plants at various locations. Solar power plants of 10 KWh each at 03 SV stations (Deepakheri, Karanpur, & Saifurpulla) under NCR region, 7.5 KWh solar power systems each at SV 61 & 62 stations under Loni Region, JLPL and Roof Top Solar power plant of 200KWh at TOT-G.Konduru, VSPL have been installed and commissioned.

(iii) The capital investment on energy conservation equipment's:

- ₹ 38.0 lakhs modification of the system for availability of grid power at Mumbai.
- ₹ 46.93 lakhs for replacement of conventional lights with LEDs.
- ₹ 284.79 lakhs for supply, installation and commissioning of solar power systems.
- ₹ 34.30 lakhs for replacement of old AC with BEE 5 star AC rating at various locations.

(B) Technology Absorption:

(i) the efforts made towards technology absorption

- Several initiatives taken for strengthening of Pipeline Integrity Management are as follows:

➤ **Pipeline Intrusion detection System (PIDS):**

For a real time surveillance of pipelines and to protect them from third party damage, your company has installed Pipeline Intrusion detection System (PIDS) on Pilot basis in 72 Km Piyala - Loni section (Part of Jamnagar Loni LPG Pipeline) and approx. 175 Km of Vizag to IP-1 section (Part of Vizag-Secunderabad LPG pipeline). The system works on Distributed Acoustic sensing Technology using existing optical fibre cable (OFC) along the pipeline. Through this system various events like manual excavation using hand tools, machine excavation, vehicle movements, agricultural activities, valve operation, fibre break, scrapper pig location etc. are identified automatically and alarm is generated for the operation team to respond as required.

➤ **Integrated Security Command and Control Center:**

For further enhancing the safety and security of GAS/LPG pipelines in densely populated NCR, an Integrated Security Command and Control Center has been established at GAIL, Noida. Round the clock monitoring functions such as Pipeline ROU surveillance, live CCTV coverage of pipeline facilities, critical pipeline maintenance activities etc are being done for about 2000 Km of natural Gas & LPG Pipeline operating in Northern region. Quick response teams (QRT) are deployed round the clock at strategic locations to respond to any emergency at shortest possible time.

- **Geographical Information System (GIS):**

  Your company has completed mapping of all the pipeline assets in GIS platform. This was accomplished by an extensive field work in creating base maps from satellite images by photogrammetry, surveying centerline alignment of pipeline & measuring its depth, surveying cadastral parcels with geo reference & collecting pertinent point of interest along and nearby the pipeline corridor.

- **Pipeline Integrity Database Application**

  In order to capture, monitor and evaluate various pipeline integrity data such as gas quality parameters of Natural Gas and LPG at source, Cathodic protection, corrosion monitoring, pigging debris analysis, In line inspection (ILI), Direct Assessment (DA) etc., a number of data base applications have been developed with in-house engineering and deployed through Intranet Portal. With this, the various pipeline data which were maintained at local departmental level have been integrated into a company wide database on a single platform. This has enabled integrity assessment at across the Units and at central level.

- **GAIL Sahyogi**

  Your company has started a scheme by the name 'GAIL Sahyogi Scheme' to engage with involve the villagers residing in nearby area of GAIL pipelines. They will report any unwanted activities such as excavation, encroachment, washout, exposure, drilling, boring, leakage (if any), construction in or nearby pipeline ROU and attempt of any pilferage etc. to nearby maintenance base of GAIL or Toll free number. Sahyogis will get suitable incentive/reward during their association with GAIL. Currently this scheme is being implemented at four GAIL locations on pilot basis and based on the outcome it will be implemented at other locations also.

- **Hand Holding**

  Your company has started Hand Holding exercise to mentor, motivate and sensitize the site level officials at Pipeline Terminals and Maintenance Bases about various Systems and Procedures in GAIL O&M. A team of highly experienced senior employees at each regional bases has been formed to undertake this exercise.

- **Delta Initiative**

  Your company has taken a Delta initiative to encourage employees to choose any area for improvement of self or others, improvement in process and Plant. Delta means a Positive change by delivering Experimental Learning through Application. This will initiate a chain of continuous improvement in the process and behaviour management of people.

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

Latest Technologies have been adopted for enhancing the monitoring and security of the pipelines. These technologies like PIDS have enabled monitoring of various real time activities that are threats for the integrity of pipeline like manual digging, Mechanize digging, Fiber cut data etc. Also, adoption of technology in automation like conversion of manual valves to auto closure and communication systems have put forward in taking the prompt action as well as enable to have an established coordination among various stakeholders in case any emergency arises.

(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year), following information may be furnished:

a.	Technology imported	: NA
b.	Year of import	:
c.	Has technology been fully absorbed?	:
d.	If not fully absorbed, areas where this has not taken place, reasons therefore	:

(iv) Expenditure on R&D

a.	Capital	: ₹ 16.76 Crore
b.	Recurring/ Revenue	: ₹ Nil
c.	Total	: ₹ 16.76 Crore

(C) Foreign exchange earnings and Outgo-

During the year, foreign exchange earnings were ₹ 785.07 crore and the Foreign Exchange outgo (expenditure) was ₹ 8,711.71 crore, out of which ₹ 7,223 crores towards purchase of LNG cargoes.

ANNEXURE - G

Form No. AOC-2

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

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

1. Details of contracts or arrangements or transactions not at arm's length basis

a. Name(s) of the related party and nature of relationship – Indraprastha Gas Limited (IGL) and it is an Associate/ Joint Venture Company of GAIL

b. Nature of contracts/arrangements/transactions – Transfer of pipelines by GAIL to IGL.

c. Duration of the contracts / arrangements/transactions - NA

d. Salient terms of the contracts or arrangements or transactions including the value, if any - Transfer of GAIL's Desu-Maruti Pipeline and Desu-Kherkalan pipeline (upto SV-03) to IGL at book values (i.e. written down value) of ₹ 78,12,220.00 and ₹ 46,06,281.00 as at 31.03.2015.

e. Justification for entering into such contracts or arrangements or transactions – These pipelines are interconnected and integrated with IGL's City Gas Distribution network.

f. Date of approval by the Board – 12.08.2016

g. Amount paid as advances, if any:- Nil

h. Date on which the special resolution was passed in general meeting as required under first proviso to section 188 – Value of GAIL's pipelines transferred to IGL is less than ₹ 100 Crores, therefore, approval of shareholders was not required.

2. Details of material contracts or arrangement or transactions at arm's length basis

a. Name(s) of the related party and nature of relationship - Petronet LNG Limited (PLL) and it is a joint venture of GAIL (India) Limited.

b. Nature of contracts/arrangements/transactions -Purchase of Regasified Liquefied Natural Gas (RLNG) and utilization of Regasification facilities of LNG gasification Terminal(s)

c. Duration of the contracts / arrangements/transactions–Regasification Agreement(s) dated 26.09.2009, 31.03.2010,31.12.2015 and Gas Purchase Agreement(s) dated 26.08.2009, 06.09.2012 which is ongoing.

d. Salient terms of the contracts or arrangements or transactions including the value, if any– Petronet LNG Limited to provide regasification facilities, supply of RLNG (Long term and Spot). Transactions with Petronet LNG Limited for FY 2016-17 were ₹ 14880 Crores approx. (with Tax).

e. Date(s) of approval by the Board, if any - Not applicable, since the contract was entered into in the ordinary course of business and on arm's length basis.

f. Amount paid as advances, if any – NIL

For and on behalf of the Board

B.C. Tripathi
Chairman & Managing Director

Place: New Delhi
Date: 08.08.2017

ANNEXURE - H

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.03.2017

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

I. REGISTRATION AND OTHER DETAILS :

CIN	L40200DL1984GOI018976
Registration Date	16.08.1984
Name of the Company	GAIL (India) Limited
Category/Sub-Category of the Company	Government Company
Address of the registered office and contact details	16, Bhikaiji Cama Place, R. K. Puram New Delhi -110066 Contact No. (s): 011-26182955/ 26172580
Whether listed company (Yes/No)	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	MCS Share Transfer Agent Limited F-65, Okhla Industrial Area, Phase-I, New Delhi-110020 Contact No. (s)- 011-41406149/50/51/52

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

S. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	Gas Marketing	Not Applicable	82

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

S. No.	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
1.	GAIL Global (Singapore) Pte. Limited	Wangz Business Centre # 43-01, Suntec Tower One, 7 Temasek, Boulevard, Singapore - 038987	NA	Wholly owned Subsidiary	100	2(87)
2.	GAIL Global (USA) Inc.	333, Clay Street, Suite 700, Houston, Texas - 77002	NA	Wholly owned Subsidiary	100	2(87)
3.	GAIL Global (USA) LNG LLC [Wholly Owned Subsidiary of GAIL Global (USA) Inc.]	333, Clay Street, Suite 700, Houston, Texas - 77002	NA	Subsidiary	-	2(87)
4.	GAIL Gas Limited	16, Bhikaiji Cama Place, R. K. Puram, New Delhi-110066	U40200DL2008GOI178614	Wholly owned Subsidiary	100	2(87)
5.	Brahmaputra Cracker & Polymer Limited	Hotel Brahmaputra Ashok , M. G. Road, Guwahati, Assam. 781001	U11101AS2007GOI008290	Subsidiary	70	2(87)
6.	GAIL China Gas Global Energy Holdings Limited	Claredon House, 2 Church Street, Hamilton HM 11, Bermuda	NA	Joint Venture/ Associate	50	2(6)
7.	Aavantika Gas Limited	Aavantika Gas Limited 202-B, 2nd Floor, NRK Business Park Vijay Nagar Square A. B. Road Indore - 452 008	U40107MP2006PLC018684	Joint Venture/ Associate	49.97	2(6)
8.	Tripura Natural Gas Company Limited	33 Office Lane Agartala, Tripura , 799001.	U23201TR1990SGC003451	Joint Venture/ Associate	48.98	2(6)
9.	Bhagyanagar Gas Limited	Parishram Bhawan , Basheerbagh, Hyderabad, Telangana. 500004	U40200TG2003PLC041566	Joint Venture/ Associate	49.97	2(6)
10.	Ratnagiri Gas and Power Private Limited	NTPC Bhawan, Core 7, SCOPE Complex, 7 Institutional Area, Lodhi Road, New Delhi - 110003	U40105DL2005PTC138458	Joint Venture/ Associate	25.50	2(6)

S. No.	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
11.	Central U.P Gas Limited	A-1/4 Lakhanpur UPSID Complex, Kanpur Uttar Pradesh - 208024	U40200UP2005PLC029538	Joint Venture/ Associate	25	2(6)
12.	Green Gas Limited	Fortuna Towers, 2nd Floor ,10, Rana Pratap Marg, Lucknow, Uttar Pradesh - 226001	U23201UP2005PLC030834	Joint Venture/ Associate	49.97	2(6)
13.	Indraprastha Gas Limited	IGL Bhawan, Plot No 4 ,Community Centre, Sector 9, R K Puram New Delhi - 110022	L23201DL1998PLC097614	Joint Venture/ Associate	22.5	2(6)
14.	Mahanagar Gas Limited	MGL House, Block No G-33, Bandra Kurla Complex, Bandra (E), Mumbai, Maharashtra - 400051	U40200MH1995PLC088133	Joint Venture/ Associate	32.50	2(6)
15.	Maharashtra Natural Gas Limited	Plot No 27, Narveer Tanaji Wadi, PMT Bus Depot, Commercial Building, First Floor, Shivaji Nagar, Pune Maharashtra - 411005	U11102PN2006PLC021839	Joint Venture/ Associate	22.5	2(6)
16.	ONGC Petro-additions Limited	1st Floor, Omkara Building , Sai Chokdi, Manjalpur, Vadodra Gujarat - 390011	U23209GJ2006PLC060282	Joint Venture	49.21	2(6)
17.	Petronet LNG Limited	First Floor, World Trade Centre, Babar Road, New Delhi- 110001	L74899DL1998PLC093073	Joint Venture	12.5	2(6)
18.	TAPI Pipeline Company Limited	C/o Cains Fiduciaries Limited Fort Anne Douglas Isle of Man IM1 5PD	NA	Joint Venture/ Associate	5	2(6)
19.	South-East Asia Gas Pipeline Company Limited	SEDONA HOTEL (Mandalay) No.1, Junction of 26th street & 66th street, Chan Aye Tharzan Township Mandalay Myanmar	NA	Joint Venture/ Associate	4.17	2(6)
20.	Vadodara Gas Limited	Shri Muni Commi Gas Office, Building Dandia Bazaar Vadodara - 390001	U40106GJ2013PLC076828	Joint Venture/ Associate	32.93	2(6)
21.	Talcher Fertilizers Limited	Plot 2/H, Kalpana Area, BJB Nagar, Khurda Bhubneswar Khordha	U24120OR2015PLC019575	Joint Venture/ Associate	29.67	2(6)

IV. SHARE HOLDING PATTERN

(Equity Share Capital Breakup as percentage of Total Equity)

I) Category-wise Share Holding

Category of shareholders	No. of shares held at the beginning of the Year (As on 1st April, 2016)				No. of shares held at the end of the year (As on 31st March, 2017)				% of change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Shareholding of Promoter and Promoter Group									
(1) Indian									
a) Individuals/ Hindu Undivided Family	0	0	0	0.00	0	0	0	0.00	0.00
b) Central Government	711695832	0	711695832	56.11	920651612	0	920651612	54.43	-1.67
c) State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
e) Financial Institutions/ Banks	0	0	0	0.00	0	0	0	0.00	0.00

Category of shareholders	No. of shares held at the beginning of the Year (As on 1st April, 2016)				No. of shares held at the end of the year (As on 31st March, 2017)				% of change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
f) Any Other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
Trust	0	0	0	0.00	0	0	0	0.00	0.00
Society	0	0	0	0.00	0	0	0	0.00	0.00
Educational Institute	0	0	0	0.00	0	0	0	0.00	0.00
Total Shareholding of Promoter(A)	**711695832**	**0**	**711695832**	**56.11**	**920651612**	**0**	**920651612**	**54.43**	**-1.67**
B. Public shareholding									
1. Institutions									
a) Mutual Funds/ UTI	19365772	14350	19380122	1.53	96358985	19133	96378118	5.70	4.17
b) Financial Institutions/ Banks	36263865	1050	36264915	2.86	45213493	1400	45214893	2.67	-0.19
c) Central Government	91888984	0	91888984	7.24	123593819	0	123593819	7.31	0.06
d) State Govt.(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	157433644	0	157433644	12.41	144791105	0	144791105	8.56	-3.85
g) Foreign Portfolio Investors	207373059	2450	207375509	16.35	255636198	3266	255639464	15.11	-1.23
h) Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
i) Any Other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total (B)(1)	512325324	17850	512343174	40.39	665593600	23799	665617399	39.36	-1.04
Non-institutions									
a) Bodies Corporate									
Indian	9376282	450	9376732	0.74	42819631	400	42820031	2.53	1.79
b) Individuals -									
i) Individual shareholders holding nominal share capital up to ₹ 1 lakh.	18877196	83672	18960868	1.49	25552796	110896	25663692	1.52	0.02
ii) Individual shareholders holding nominal share in excess of capital ₹ 1 lakh.	960527	0	960527	0.08	13170171	0	13170171	0.78	0.70
Other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
Non Resident Individual	781800	5452	787252	0.06	1013793	7284	1021077	0.06	0.00
OCBs	0	0	0	0.00	0	0	0	0.00	0.00
Foreign Companies	0	0	0	0.00	0	0	0	0.00	0.00
Clearing Members	0	0	0	0.00	0	0	0	0.00	0.00
Trust & Foundations	2461969	0	2461969	0.19	5895465	36990	5932455	0.35	0.16
Cooperative Societies	0	0	0	0.00	0	0	0	0.00	0.00
NBFCs Registered with RBI	0	0	0	0.00	81235	0	81235	0.00	0.00
Sub-Total (B)(2)	32457774	89574	32547348	2.57	88533091	155570	88688661	5.24	2.67
Total Public Shareholding (B)= (B)(1)+(B)(2)	544783098	107424	544890522	42.95	754126691	179369	754306060	44.60	1.64
Total (A)+(B)	1256478930	107424	1256586354	99.06	1674778303	179369	1674957672	99.03	-0.03
Shares held by Custodians and against which Depository Receipts have been issued	11891046	0	11891046	0.94	16345528	0	16345528	0.97	0.03
Grand Total (A)+(B)+(C)	**1268369976**	**107424**	**1268477400**	**100.00**	**1691123831**	**179369**	**1691303200**	**100.00**	**0.00**

(ii) Shareholding of Promoters

S. No.	Shareholder's Name	No. of Shares held at the beginning of the year [As on 1st April 2016]			No. of Shares held at the end of the year [As on 31st March2017]			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	PRESIDENT OF INDIA	711695832	56.11	0	920651612	54.43	0	1.68
	Total	**711695832**	**56.11**	**0**	**920651612**	**54.43**	**0**	**1.68**

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

Name	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year (31-03-16 to 31-03-17)	
	No of Shares at the Beginning (31-03-16) /end of the Year (31-03-17)	% of total shares of the Company				Shares	% of total shares of the Company
PRESIDENT OF INDIA	**711695832**	**56.11**	**1-Apr-2016**				
			20-Jan-2017	-15315380	Government of India disinvested shares through CPSE ETF Units	696380452	54.90
			24-Mar-2017	232126817	BONUS	928507269	54.90
			24-Mar-2017	-7855657	Government of India disinvested shares through CPSE ETF	920651612	54.43
	920651612	**54.43**	**31-Mar-2017**				

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

Detail of Top 10 Shareholders as on 31-03-16 & 31-03-17 and their transactions (Other Than Directors, Promoters and Holders of GDRs and ADRs)								
S. No.	Name	Shareholding		Date	Increase / (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year (1st April 2016 to 31st March-17)	
		No of Shares at the Beginning (1st April 2016)/ end of the Year (31st March 2017)	% of total shares of the Company				Shares	% of total shares of the Company
1	LIFE INSURANCE CORPORATION OF INDIA	**132621001**	**10.46**	**1-Apr-2016**				
				8-Apr-2016	(1469485)	Sale	131151516	10.34
				15-Apr-2016	(483544)	Sale	130667972	10.30
				3-Jun-2016	(886468)	Sale	129781504	10.23
				10-Jun-2016	(622577)	Sale	129158927	10.18
				17-Jun-2016	(1349537)	Sale	127809390	10.08
				24-Jun-2016	(1245075)	Sale	126564315	9.98
				22-Jul-2016	(223941)	Sale	126340374	9.96
				29-Jul-2016	(1003759)	Sale	125336615	9.88
				5-Aug-2016	(1343286)	Sale	123993329	9.77
				12-Aug-2016	(679656)	Sale	123313673	9.72
				19-Aug-2016	(130000)	Sale	123183673	9.71

Detail of Top 10 Shareholders as on 31-03-16 & 31-03-17 and their transactions (Other Than Directors, Promoters and Holders of GDRs and ADRs)								
S. No.	Name	Shareholding		Date	Increase / (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year (1st April 2016 to 31st March-17)	
		No of Shares at the Beginning (1st April 2016)/ end of the Year (31st March 2017)	% of total shares of the Company				Shares	% of total shares of the Company
				9-Sep-2016	(1334437)	Sale	121849236	9.61
				16-Sep-2016	(1100786)	Sale	120748450	9.52
				23-Sep-2016	(2365671)	Sale	118382779	9.33
				30-Sep-2016	(1053651)	Sale	117329128	9.25
				7-Oct-2016	(1943052)	Sale	115386076	9.10
				14-Oct-2016	(1044625)	Sale	114341451	9.01
				21-Oct-2016	(2592999)	Sale	111748452	8.81
				28-Oct-2016	(2189361)	Sale	109559091	8.64
				4-Nov-2016	(1798686)	Sale	107760405	8.50
				11-Nov-2016	(400000)	Sale	107360405	8.46
				25-Nov-2016	(820265)	Sale	106540140	8.40
				2-Dec-2016	(5384322)	Sale	101155818	7.97
				9-Dec-2016	(2045419)	Sale	99110399	7.81
				16-Dec-2016	(908676)	Sale	98201723	7.74
				23-Dec-2016	(800318)	Sale	97401405	7.68
				31-Dec-2016	(1621925)	Sale	95779480	7.55
				6-Jan-2017	(3439757)	Sale	92339723	7.28
				13-Jan-2017	(3216181)	Sale	89123542	7.03
				20-Jan-2017	(1871066)	Sale	87252476	6.88
				17-Mar-2017	(930000)	Sale	86322476	5.10
				24-Mar-2017	26478286	BONUS	112800762	6.67
		110445783	**6.53**	**31-Mar-2017**	**(2354979)**	**Sale**		
2	OIL AND NATURAL GAS CORPORATION LIMITED	**61259323**	**4.83**	**1-Apr-2016**				
				24-Mar-2017	20419774	BONUS	81679097	4.83
		81679097	**4.83**	**31-Mar-2017**				
3	INDIAN OIL CORPORATION LIMITED	**30629661**	**2.41**	**1-Apr-2017**				
				24-Mar-2017	10209887	BONUS	40839548	2.41
		40839548	**2.41**	**31-Mar-2017**				
4	LIFE INSURANCE CORPORATION OF INDIA P &GS FUND	**27656670**	**2.18**	**1-Apr-2016**				
				31-Dec-2016	(283116)	Sale	27373554	2.16
				6-Jan-2017	(1713245)	Sale	25660309	2.02
				13-Jan-2017	(1493811)	Sale	24166498	1.91
				20-Jan-2017	(327337)	Sale	23839161	1.88
				17-Mar-2017	(320000)	Sale	23519161	1.39
				24-Mar-2017	7281387	BONUS	30800548	1.82
		30660453	**1.81**	**31-Mar-2017**	**(140095)**	**Sale**		
5	MATTHEWS PACIFIC TIGER FUND	**22282108**	**1.76**	**1-Apr-2016**				
				24-Mar-2017	7427369	BONUS	29709477	1.76
		29709477	**1.76**	**31-Mar-2017**				

Detail of Top 10 Shareholders as on 31-03-16 & 31-03-17 and their transactions (Other Than Directors, Promoters and Holders of GDRs and ADRs)								
S. No.	Name	Shareholding		Date	Increase / (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year (1st April 2016 to 31st March-17)	
		No of Shares at the Beginning (1st April 2016)/ end of the Year (31st March 2017)	% of total shares of the Company				Shares	% of total shares of the Company
6	CPSE ETF	**0**	**0**	**1-Apr-2016**				
				11-Nov-2016	5128902	Purchase	5128902	0.40
				18-Nov-2016	(2468)	Sale	5126434	0.40
				25-Nov-2016	(11226)	Sale	5115208	0.40
				2-Dec-2016	102553	Purchase	5217761	0.41
				9-Dec-2016	(31600)	Sale	5186161	0.41
				16-Dec-2016	(17064)	Sale	5169097	0.41
				23-Dec-2016	(5688)	Sale	5163409	0.41
				31-Dec-2016	(18601)	Sale	5144808	0.41
				6-Jan-2017	83126	Purchase	5227934	0.41
				13-Jan-2017	(10948)	Sale	5216986	0.41
				20-Jan-2017	(3220)	Sale	5213766	0.41
				27-Jan-2017	15290264	Purchase	20504030	1.62
				3-Feb-2017	(3015187)	Sale	17488843	1.38
				10-Feb-2017	(850724)	Sale	16638119	1.31
				17-Feb-2017	102882	Purchase	16741001	1.32
				24-Feb-2017	(134550)	Sale	16606451	1.31
				3-Mar-2017	(1685069)	Sale	14921382	1.18
				10-Mar-2017	(1010059)	Sale	13911323	1.10
				17-Mar-2017	(845047)	Sale	13066276	0.77
				24-Mar-2017	12536461	BONUS	25602737	1.51
		23049125	**1.36**	**31-Mar-2017**	**(2553612)**	**Sale**		
7	GOVERNMENT PENSION FUND GLOBAL	**10616466**	**0.84**	**1-Apr-2016**				
				6-May-2016	146945	Purchase	10763411	0.85
				13-May-2016	1175417	Purchase	11938828	0.94
				20-May-2016	401707	Purchase	12340535	0.97
				27-May-2016	74182	Purchase	12414717	0.98
				3-Jun-2016	353208	Purchase	12767925	1.01
				24-Jun-2016	319811	Purchase	13087736	1.03
				30-Jun-2016	305742	Purchase	13393478	1.06
				29-Jul-2016	(270823)	Sale	13122655	1.03
				26-Aug-2016	(973625)	Sale	12149030	0.96
				2-Sep-2016	(61059)	Sale	12087971	0.95
				10-Oct-2016	738000	Purchase	12825971	1.01
				4-Nov-2016	300000	Purchase	13125971	1.03
				11-Nov-2016	775381	Purchase	13901352	1.10
				18-Nov-2016	119296	Purchase	14020648	1.11
				25-Nov-2016	250000	Purchase	14270648	1.13
				2-Dec-2016	428558	Purchase	14699206	1.16
				13-Jan-2017	422941	Purchase	15122147	1.19
				20-Jan-2017	196200	Purchase	15318347	1.21
				10-Feb-2017	200000	Purchase	15518347	1.22
				24-Feb-2017	(198874)	Sale	15319473	1.21
				3-Mar-2017	(558433)	Sale	14761040	1.16
				10-Mar-2017	(755181)	Sale	14005859	1.10

Detail of Top 10 Shareholders as on 31-03-16 & 31-03-17 and their transactions (Other Than Directors, Promoters and Holders of GDRs and ADRs)								
S. No.	Name	Shareholding		Date	Increase / (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year (1st April 2016 to 31st March-17)	
		No of Shares at the Beginning (1st April 2016)/ end of the Year (31st March 2017)	% of total shares of the Company				Shares	% of total shares of the Company
				24-Mar-2017	5009333	BONUS	19015192	1.12
		19283424	**1.14**	**31-Mar-2017**	**268232**	**Purchase**		
8	DEUTSCHE BANK TRUST COMPANY AMERICAS	**11891046**	**0.94**	**1-Apr-2016**				
				22-Apr-2016	(30000)	Sale	11861046	0.94
				29-Apr-2016	(184308)	Sale	11676738	0.92
				6-May-2016	(184362)	Sale	11492376	0.91
				13-May-2016	(148776)	Sale	11343600	0.89
				20-May-2016	(66000)	Sale	11277600	0.89
				27-May-2016	(94800)	Sale	11182800	0.88
				3-Jun-2016	(4884)	Sale	11177916	0.88
				10-Jun-2016	(108480)	Sale	11069436	0.87
				17-Jun-2016	(108000)	Sale	10961436	0.86
				30-Jun-2016	(900000)	Sale	10061436	0.79
				1-Jul-2016	(89598)	Sale	9971838	0.79
				15-Jul-2016	605406	Purchase	10577244	0.83
				22-Jul-2016	386262	Purchase	10963506	0.86
				5-Aug-2016	578616	Purchase	11542122	0.91
				12-Aug-2016	29358	Purchase	11571480	0.91
				26-Aug-2016	7584	Purchase	11579064	0.91
				2-Sep-2016	436710	Purchase	12015774	0.95
				9-Sep-2016	6000	Purchase	12021774	0.95
				21-Oct-2016	(360000)	Sale	11661774	0.92
				28-Oct-2016	(208572)	Sale	11453202	0.90
				4-Nov-2016	(156312)	Sale	11296890	0.89
				11-Nov-2016	(319782)	Sale	10977108	0.87
				18-Nov-2016	(136770)	Sale	10840338	0.85
				25-Nov-2016	(293844)	Sale	10546494	0.83
				2-Dec-2016	(20238)	Sale	10526256	0.83
				16-Dec-2016	(22800)	Sale	10503456	0.83
				23-Dec-2016	(6000)	Sale	10497456	0.83
				31-Dec-2016	1872	Purchase	10499328	0.83
				6-Jan-2017	(24000)	Sale	10475328	0.83
				13-Jan-2017	46200	Purchase	10521528	0.83
				20-Jan-2017	153000	Purchase	10674528	0.84
				27-Jan-2017	(2214)	Sale	10672314	0.84
				3-Feb-2017	49995	Purchase	10722309	0.85
				10-Feb-2017	61011	Purchase	10783320	0.85
				17-Feb-2017	46626	Purchase	10829946	0.85
				24-Feb-2017	554058	Purchase	11384004	0.90
				3-Mar-2017	995142	Purchase	12379146	0.98
				10-Mar-2017	(120000)	Sale	12259146	0.97
				24-Mar-2017	4086382	BONUS	16345528	0.97
		16345528	**0.97**	**31-Mar-2017**				

Detail of Top 10 Shareholders as on 31-03-16 & 31-03-17 and their transactions (Other Than Directors, Promoters and Holders of GDRs and ADRs)								
S. No.	Name	Shareholding		Date	Increase / (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year (1st April 2016 to 31st March-17)	
		No of Shares at the Beginning (1st April 2016)/ end of the Year (31st March 2017)	% of total shares of the Company				Shares	% of total shares of the Company
9	ICICI PRUDENTIAL LIFE INSURANCE COMPANY LIMITED	-	-	**1-Apr-2016**				
				17-Feb-2017	9114557	Purchase	9114557	0.72
				24-Feb-2017	18307	Purchase	9132864	0.72
				3-Mar-2017	(2990)	Sale	9129874	0.72
				10-Mar-2017	(5918)	Sale	9123956	0.72
				17-Mar-2017	(7200)	Sale	9116756	0.72
				24-Mar-2017	2992586	BONUS	12109342	0.72
		11890484	**0.70**	**31-Mar-2017**	**(218858)**	**Sale**		
10	HERMES INVESTMENT FUNDS PLC ON BEHALF OF HERMES EMERGING ASI	**8651958**	**0.68**	**1-Apr-2016**				
				29-Apr-2016	249345	Purchase	8901303	0.70
				30-Sep-2016	461589	Purchase	9362892	0.74
				10-Mar-2017	(617893)	Sale	8744999	0.69
				24-Mar-2017	2914999	BONUS	11659998	0.69
		11659998	**0.69**	**31-Mar-2017**				

v) Shareholding of Directors and Key Managerial Personnel:

S. No.	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (1st April 2016 to 31st March 2017)	
		No of shares at the Beginning (1st April 2016) /end of the Year (31st March 2017)	% of total shares of the company				No of Shares	% of total shares of the company
1	Shri M Ravindran	**75**	**0.00**	**1-Apr-2016**			**75**	**0.00**
				24-Mar-2017	25	Issuance of Bonus Shares	100	0.00
		100	**0.00**	**31-Mar-2017**			**100**	**0.00**
2	Shri P.K. Gupta	**300**	**0.00**	**1-Apr-2016**			**300**	**0.00**
				24-Mar-2017	100	Issuance of Bonus Shares	400	0.00
		400	**0.00**	**31-Mar-2017**			**400**	**0.00**
3	Shri N. K. Nagpal	**4**	**0.00**	**1-Apr-2016**			**4**	**0.00**
				24-Mar-2017	1	Issuance of Bonus Shares	5	0.00
		5	**0.00**	**31-Mar-2017**			**5**	**0.00**

V. INDEBTEDNESS

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

(₹ in Crores)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	2893.91	5165.04	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	72.66	33.54	-	106.2
Total (i +ii + iii)	**2966.57**	**5198.58**	**-**	**8165.15**
Change in Indebtedness during the financial year				
Addition*	0.22	2025.79*		2026.01
Reduction*	-1145	-3834.81*	-	-4979.81
Exchange Rate Fluctuation	-	-43.01	-	-43.01
Net Change	**-1144.78**	**-1852.03**	**-**	**-2996.81**
Indebtedness at the end of the financial year				
i) Principal Amount	1749.13	3313.01	-	5062.14
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	72.07	10.57	-	82.64
Total (i +ii + iii)	**1821.2**	**3323.58**		**5144.78**

*Includes INR equivalent of USD used in refinancing

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

i. Remuneration to Managing Director, Whole-time Directors and/or Managers:

(₹ in Lakhs)

S. No.	Particulars of Remuneration	Shri B.C Tripathi (CMD)	Shri P. K. Gupta (WTD) (w.e.f. 01.02.17)	Shri Subir Purkayastha (WTD) & CFO	Shri M. Ravindran (WTD) (upto 31.01.17)	Dr. Ashutosh Karnatak (WTD)	Total Amount
1.	**Gross salary** (a) Salary as per provisions contained in section 17 (1) of the Income-tax Act,1961	35.07	5.31	41.60	64.63	30.92	**177.53**
	(b) Value of perquisites u/s 17 (2) of the Income-Tax Act,1961	8.12	1.89	6.72	6.55	12.56	**35.84**
	(c) Profits in lieu of salary under section 17 (3) of the Income- taxAct,1961	-	-	-	-	-	-
2.	**Stock Option**	-	-	-	-	-	-
3.	**Sweat Equity**	-	-	-	-	-	-
4.	**Commission** - as%ofprofit - others, specify…	-	-	-	-	-	-
5.	**Others**	14.99	1.45	10.96	10.61	11.27	49.28
Total (A)		**58.18**	**8.65**	**59.28**	**81.79**	**54.75**	**262.65**
Ceiling as per the Act		**Not Applicable**					

ii. **Remuneration to other directors**

(₹ in Lakhs)

S. No.	Particulars of Remuneration	Name of Directors						Total Amount
1	Independent Directors	Shri S.K. Srivastava	Shri Anupam Kulshreshtha	Shri Sanjay Tandon	Shri Dinkar P Srivastava	Dr. Anup K Pujari	Smt. Anupama Jaiswal	
	Fee for attending Board and Committee meetings	17.40	16.40	12.30	1.20	1.20	0.40	48.90
	Commission	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-
	Total	**17.40**	**16.40**	**12.30**	**1.20**	**1.20**	**0.40**	**48.90**
Total Managerial Remuneration Overall Ceiling as per the Act		Not Applicable						

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

iii. **Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD**

(₹ in Lakhs)

S. No.	Particulars of Remuneration	KeyManagerialPersonnel		
		Company Secretary		Total
		Shri N. K. Nagpal (upto 26.05.16)	Shri A.K. Jha (w.e.f. 26.05.16)	
1.	**Gross salary**			
	(a) Salary as per provisions contained in section17(1)of the Income-Tax Act,1961	7.49	14.82	22.31
	(b) Value of perquisites u/s 17(2) of the Income-TaxAct,1961	0.45	3.58	4.03
	(c) Profits in lieu of salary under section 17(3) of the Income-TaxAct,1961	-	-	-
2.	**Stock Option**	-	-	-
3.	**Sweat Equity**	-	-	-
4.	**Commission**	-	-	-
	as% of profit	-	-	-
	Others, specify	-	-	-
5.	**Others, please specify**	1.39	4.38	5.77
	Total	**9.33**	**22.78**	**32.11**

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act, 2013	Brief Description	Details of Penalty / punishment/ Compounding Fees imposed	Authority (RD/NCLT/Court)	Appeal made, if Any (Give Details)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

ANNEXURE - I

Dividend Distribution Policy

1.0 Introduction

1.1. Pursuant to Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016 (the "Listing Regulations") dated 8th July 2016, the Board of Directors (Board) of GAIL (India) Limited (GAIL/ the Company) has adopted the Dividend Distribution Policy on 24th March 2017.

1.2. This Policy shall be known as GAIL Dividend Distribution Policy (the "Policy").

2.0 Effective Date

The Policy shall become effective from the date of its adoption by the Board, i.e., 24th March 2017.

3.0 Objective of the Policy

Dividend Distribution Policy reflects the intent of the Company to reward its shareholders by sharing a portion of its profits after retaining sufficient funds for growth of the Company. The Company is committed to deliver sustainable value to all its stakeholders.

4.0 Statutory Requirements

The Board shall comply with the following statutory requirements and Government guidelines while taking decision of a dividend payout during a particular year:

4.1. The Companies Act 2013 and rules applicable thereon including those with respect to mandatory transfer of a certain portion of profits to any specific reserve which may be applicable to the Company at the time of taking decision with regard to dividend declaration/retention of profit.

4.2. Guidelines on "Capital Restructuring of Central Public Sector Enterprises" issued by Department of Investment and Public Asset Management (DIPAM), Ministry of Finance, Department of Public Enterprises dated 27th May, 2016 which inter-alia states:

Quote

"In supersession of earlier guidelines, every CPSE would pay a minimum annual dividend of 30% of PAT or 5% of the net-worth, whichever is higher subject to the maximum dividend permitted under the extant legal provisions.

Nonetheless, CPSEs are expected to pay the maximum dividend permissible under the Act under which a CPSE has been set up, unless lower dividend proposed to be paid is justified after the analysis of the following aspects, on a case to case basis, at the level of Administrative Ministry/Department with the approval of Financial Advisers:

i. Net-worth of the CPSE and its capacity to borrow

ii. Long term borrowings

iii. Capital expenditure/Business Expansion needs

iv. Retention of profit for further leveraging in line with the capital expenditure needs

v. Cash and bank balance

The analysis should confirm that the retention of funds augmenting its net worth is being optimally leveraged to ensure higher investment by the CPSEs. The report for exemption, if any, in this regard will be submitted by the CPSEs through their Administrative Ministry to Secretary, Department of Economic Affairs and Secretary, DIPAM before the end of second quarter of the financial year."

Unquote

4.3. Any other laws/ guidelines/ regulation, to the extent applicable

5.0 Circumstances under which the shareholders of the Company may or may not expect dividend

The Company has been consistently paying out dividends to its shareholders and can be reasonably expected to continue declaring in future as well, unless the Company is restrained to declare dividends under following circumstances:

5.1. Inadequacy of profits - If during any financial year, the Board determines that the profits of the Company are inadequate, the Board may decide not to declare dividends for that financial year.

5.2. Dividend not to be declared out of reserves - In general, the Board shall not declare any dividends out of its reserves, except for reasons to be expressly laid down. Any decision in this regard shall be reflected in the Annual Report of the Company while declaring/ recommending dividend.

5.3. Previous Losses & Depreciation – As per section 123 (1) of Companies Act, 2013, Company shall not declare dividend unless carried over previous losses and depreciation not provided in previous year or years are set off against profit of the company for the current year.

6.0 Internal & External Factors/Parameters to be considered by the Board for recommending/ declaring dividend

Final Dividend is recommended by Board in meeting that considers and approves the annual financial statements, which is subject to approval of shareholders at the Annual General Meeting. The Board may also declare Interim Dividend(s).

Generally, the factors that may be considered by the Board before recommending/ declaring dividend include, but are not limited to:

6.1. Realized and Projected Profitability, Earnings per share, Net-worth & Cash flows of the Company during the year - If the Company cannot generate adequate operating cash flow, it may need to rely on outside funding to meet its financial obligations and sometimes to run the day-to-day operations.

6.2. Borrowing levels, loan covenants, cost of borrowings and capacity to borrow for meeting present & future capital expenditure plans of the Company including organic/inorganic growth avenues like M&A etc.

6.3. Obligations to creditors & lenders without much difficulty over a reasonable period of time - Company should be able to repay its debt obligations without much difficulty over a reasonable period of time.

6.4. Past performance/ Dividend history and impact of Dividend on reputation of the Company.

6.5. Dividend distribution tax or any tax deduction at source as required by tax regulations in India, as may be applicable at the time of declaration of dividend and its impact on the finances of GAIL.

6.6. Macroeconomic conditions - Considering the state of economy in the Country, the policy decisions that may be formulated by the Government and other similar conditions prevailing in the international market which may have a bearing on or affect the business of the Company, the management may consider retaining a larger part of the profits to have sufficient reserves to absorb unforeseen circumstances.

6.7. Guidelines issued by Government from time to time - DIPAM guidelines dated 27th May, 2016 on "Capital Restructuring of Central Public Sector Enterprises", the Company may seek exemption from payment of Dividend at the prescribed rate (as deliberated at Sl. 4.2 above) by submitting a report for exemption through Administrative Ministry to DIPAM before the end of second quarter of the financial year. These guidelines will be applied by the Company for seeking exemption, whenever required.

6.8. Any other factor as may be deemed fit by the Board.

7.0 Utilisation of Retained Earnings

The retained earnings will be deployed in line with the objects of the Company as detailed in the Memorandum of Association of the Company. The profits being retained in the business shall be continued to be deployed by the Company in various projects/ plans as considered appropriate by the Board of the Company.

8.0 Scope of Policy & Parameters to be adopted with regard to various classes of shares

8.1. The Policy would provide the guiding principle for the Board for recommending dividend, which is made every year after taking into consideration all the relevant circumstances enumerated above or other factors as may be decided as relevant by the Board. However, declaration of dividend on the basis of parameters in addition to the elements of this Policy or resulting in amendment of any element of the Policy, in the interest of the Company, will be disclosed in the Annual Report as well as on the website of the Company.

8.2. GAIL has presently only one class of shares, i.e., equity shares. As and when it proposes to issue any other class of shares, the Policy shall be modified accordingly.

8.3. The scope of Policy excludes:

8.3.1. Determination and declaring dividend on preference shares, if any to be issued by GAIL at a later date, as the same will be as per the terms of issue approved by the shareholders;

8.3.2. Distribution of dividend in kind, i.e., by issue of fully or partly paid bonus shares or other securities, subject to applicable law;

8.3.3. Distribution of cash as an alternative to payment of dividend by way of buyback of equity shares.

9.0 Manner and timelines for Dividend Payout

9.1. Interim dividend

9.1.1. Interim dividend(s), if any, shall be declared by the Board.

9.1.2. In case no final dividend is declared, interim dividend paid during the year, if any, will be regarded as final dividend in the annual general meeting.

9.2. Final dividend

9.2.1. Recommendation, if any, shall be done by the Board, usually in the Board meeting that considers and approves the annual financial statements, subject to approval of the shareholders of the Company.

9.2.2. The dividend as recommended by the Board shall be approved/ declared at the Annual General Meeting of the Company.

9.3. The payment of dividends shall be made within 30 days from the date of declaration to the shareholders entitled to receive the dividend on the record date/book closure period as per the applicable law.

10.0 Amendment

10.1. In the event of the Policy being inconsistent with any new regulatory provision, such regulatory provision shall prevail upon the corresponding provision of this Policy and the Policy shall be construed to be amended accordingly from the effective date of such provision.

10.2. All changes and amendments to this Policy shall be made following a decision passed by the Company's Board of Directors.

Business Responsibility Report

Business Responsibility Report (BRR) FY 2016-17 of GAIL (India) Ltd.

Section A: General Information about the Company

1 **Corporate Identity Number (CIN) of the Company**
L40200DL1984GOI018976

2 **Name of the Company**
GAIL (India) Limited

3 **Registered address**
16 Bhikaiji Cama Place, R. K. Puram, New Delhi - 110066

4 **Website**
http://www.gailonline.com

5 **E-mail id**
shareholders@gail.co.in

6 **Financial Year reported**
2016-2017

7 **Sector(s) that the Company is engaged in (industrial activity code-wise)**
As per National Industrial Classification, Ministry of Statistics & Programme Implementation, the Company is engaged in activities as grouped below:

493	Transport via pipeline
201	Manufacture of basic chemicals, fertilizer and nitrogen compounds, plastics and synthetic rubber in primary forms,
061	Extraction of crude petroleum,
062	Extraction of natural gas,
351	Electric power generation, transmission and distribution

8 **List three key products/services that the Company manufactures/ provides (as in balance sheet)**

1. Natural Gas & LPG Marketing and Transmission
2. Petrochemicals (Polyethylene and polypropylene)
3. Other Liquid Hydrocarbons Production- (LPG, Propane, Pentane, Naphtha etc.)

9 **Total number of locations where business activity is undertaken by the Company**

i. Number of International Locations (Provide details of major 5) Singapore and USA

The 3 international wholly owned subsidiaries are

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

ii. Number of National Locations

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

- LPG plants (6) - Two plants at Vijaipur (M.P.), one each at Vaghodia (Gujarat), Auraiya (U.P.), Gandhar (Gujarat) and Usar (Maharashtra)
- Petrochemical Plant at Pata (U.P.), and C2/C3 Plants at Pata (U.P.), Vijaipur (M.P.)
- Compressor stations- Vijaipur, Khera, Jhabua & Kailaras (M.P.), Hazira, Vaghodia (Gujarat), Auraiya(U.P.), Chhainsa (Haryana)
- LPG Pipeline Network & Pumping Stations- Jamnagar, Kandla, Samakhiali (Gujarat), Nasirabad, Mansarampura (Rajasthan), Loni (U.P.), Visakhapatnam, GKonduru (Andhra Pradesh), Cherlapally (Telangana)
- Regional pipelines network & Offices- Agartala (Tripura), Vadodara (Gujarat), Mumbai (Maharashtra), Rajahmundry (Andhra Pradesh), Delhi-NCR, Karaikal (Puducherry)
- 13 Zonal Marketing Offices at Delhi, Kolkata (West Bengal), Chennai (Tamil Nadu), Bengaluru (Karnataka), Bhopal (M.P.), Chandigarh (Haryana), Jaipur (Rajasthan), Hyderabad (Andhra Pradesh), Lucknow (U.P), Mumbai (Maharashtra), Ahmedabad (Gujarat), Bhubaneswar (Orissa) and Amaravati (Andhra Pradesh)
- 2 GAIL Training Institutes at Noida (U.P.) and Jaipur (Rajasthan)

10 **Markets served by the Company – Local/ State/ National/ International**

National

Section B: Financial Details of the Company

1 **Paid up Capital (INR)** ₹ 1691.31 crore

2 **Total Turnover (INR)** ₹ 48,789crore

3 **Total profit after taxes (INR)** ₹ 3,503crore

4 **Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)**

As per provisions of Companies Act, 2013, GAIL was mandated to spend ₹ 81.47 Crore in FY 2016-17. 2% of average net profit of the preceding 03 years on its CSR activities. To achieve the defined target, GAIL made commitments to the tune of ₹ 118.93 Crore on CSR activities of 2016-17. Against the said commitment, GAIL has incurred a total expenditure of ₹ 123.58 Crore, out of which ₹ 92.16 Crore have been spent exclusively on CSR projects/ programmes approved in FY 2016-17 which amounts to 2.26% of the average net profit of the preceding three financial years.

5 **List of activities in which expenditure in 4 above has been incurred:-**

The details of CSR expenditure incurred on activities under identified focus areas, is as under:-

a) UNNATI - Rural Development Initiative – ₹ 3781.44 Lakhs

b) AROGYA (Total) - Nutrition, Health and Drinking Water and Sanitation initiatives, including Swachh Bharat – ₹ 1963.01 Lakhs

- o AROGYA - Drinking Water- ₹ 312.55 Lakhs
- o AROGYA – Health- ₹ 969.00 Lakhs
- o AROGYA - Sanitation initiatives- ₹ 681.66 Lakhs

c) GAIL KAUSHAL - Skill Development and Livelihood Generation Initiatives – ₹ 1194.92 Lakhs

d) UJJAWAL – Education centric initiatives – ₹ 562.00 Lakhs

e) SAKSHAM – Care for the elderly and Differently-abled – ₹ 117.91 Lakhs

f) SASHAKT - Women Empowerment – ₹ 60.35 Lakhs

g) HARIT- ₹ 35.41 Lakhs

h) Others- Training to promote of Rural sports, Nationally recognized sports, Paralympic Sports and Olympics Sports – ₹ 1125.17 Lakhs

Section C: Other Details

1 **Does the Company have any Subsidiary Company/ Companies?**

Yes.

The number of subsidiary companies of GAIL as on 31st March, 2017 was 5. Out of 5 subsidiaries, 3 Subsidiaries are operating out of India and 2 Subsidiaries are India based.

2 **Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)**

Yes

Both subsidiaries of GAIL which are operating in India- BCPL and GAIL Gas have taken up CSR and other BR initiatives.

3 **Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]**

Yes.

The Business Responsibility initiatives taken by GAIL (India) Ltd. has the collaboration of all its stakeholders such as Govt. of India, employees, contractors, suppliers, customers and the community at large and these stakeholders are involved with GAIL(India) Ltd. in achieving their business responsibilities. The percentage of such stakeholders is<30%.

Following is the list of Principles referred in Section D and Section E:

Principle No.	Principles to assess compliance with Environmental, Social and Governance norms (NVG-SEE) Issued by Ministry of Corporate Affairs
Principle 1: (P1)	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability
Principle 2: (P2)	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
Principle 3: (P3)	Businesses should promote the wellbeing of all employees
Principle 4: (P4)	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
Principle 5: (P5)	Businesses should respect and promote human rights
Principle 6: (P6)	Business should respect, protect, and make efforts to restore the environment
Principle 7: (P7)	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
Principle 8: (P8)	Businesses should support inclusive growth and equitable development
Principle 9: (P9)	Businesses should engage with and provide value to their customers and consumers in a responsible manner

Section D: BR Information

1 **Details of Director/Directors responsible for BR**

Sustainable Development Committee of Board of Directors

a. Details of the Director/Directors responsible for implementation of the BR policy/policies

(i)	DIN Number	02309551
	Name	Shri M. Ravindran (upto 31.01.2017)
	Designation	Director (HR)
(ii)	DIN Number	01237706
	Name	Shri P K Gupta (w.e.f. 01.02.2017)
	Designation	Director (HR)
(iii)	DIN Number	6850526
	Name	Shri Subir Purkayastha
	Designation	Director (Finance)
(iv)	DIN Number	3267102
	Name	Dr. Ashutosh Karnatak
	Designation	Director (Projects)
(v)	DIN Number	07352288
	Name	Shri Anupam Kulshreshtha
	Designation	Part-time Non-official (Independent) Director

b. Details of the BR head

1.	DIN Number (if applicable)	3267102
2.	Name	Dr. Ashutosh Karnatak
3.	Designation	Director (Projects)
4.	Telephone number	011-43090758
5.	e-mail id	akarnatak@gail.co.in

2 Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)										
	Questions	**P1**	**P2**	**P3**	**P4**	**P5**	**P6**	**P7**	**P8**	**P9**
1	Do you have a policy/ policies for.	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?									
	Response to above question - Yes, the policies being formulated in consultation with the all Relevant Stakeholders	Y	Y	Y	Y	Y	Y	Y	Y	Y
	Note- GAIL (India) Ltd. being Central Public Sector Enterprise is governed by policies, circulars, guidelines, procedures issued by the Government of India. The policies have been formulated after wide consultations and discussions amongst all the relevant stakeholders. In the dynamic business environment GAIL (India) Ltd. reviews its business policies and practices from time to time.									
3	Does the policy conform to any national /international standards? If yes, specify? (50 words)	Y Ref: A	Y Ref: B	Y Ref: C	Y Ref: A	Y Ref: D	Y Ref: E	N	Y Ref: F	Y Ref: A
		A: Section 135 of Companies Act 2013 and CSR Rules thereof, DPE Guidelines on Corporate Social Responsibility (CSR) and Sustainability of 2014, DPE guidelines on R&D, DPE guidelines on Corporate Governance, Listing Regulations, PIDPI Resolution No. 89 of GOI Transparency International **B, C:** National Policy on Safety, Health and Environment at Work Place, Ministry of Labour and Employment, Government of India, The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 **D:** The Contract Labour (Regulation and Abolition) Act 1970, The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 **E:** National Policy on Safety, Health and Environment at Work Place, Ministry of Labour and Employment, Government of India **F:** The Contract Labor (Regulation and Abolition) Act 1970 and DPE Guidelines on Corporate Social Responsibility (CSR) and Sustainability of 2014								
	Questions	**P1**	**P2**	**P3**	**P4**	**P5**	**P6**	**P7**	**P8**	**P9**
4	Has the policy been approved by the Board?	Y	Y	Y	Y	Y	Y	Y	Y	Y
	If yes, has it been signed by MD/owner/CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
	Note- The policies are approved by the Board/Competent Authority to which requisite authority has been delegated by the Board.									
5	Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	Y Ref: A,B,C, G-1,2,3	Y Ref: D	Y Ref: F	Y Ref: D	Y Ref: F	Y Ref: D	N	Y Ref: E, D	Y Ref: D
		All policies relevant to External Stakeholders are hosted on GAIL Website- *http://gailonline.com/final_site/index.html*, on following addresses: **A.** Code of Conduct: *http://www.gailonline.com/final_site/pdf/InvestorsZone/Code_of_Conduct_2014.pdf* **B.** Fraud Prevention Policy: *http://www.gailonline.com/final_site/pdf/others/Drfat_Policy2012.pdf*								

		C. MoU between GAIL (India) Ltd and TII *http://www.gailonline.com/final_site/pdf/CSR/final_policy2010.pdf* **D.** Sustainable Development Policy: *http://www.gailonline.com/final_site/pdf/Sustainability/GAIL_Sustainable_Development_Policy-English.pdf* **E.** GAIL CSR Policy: http://gailonline.com/final_site/pdf/ final_policy 2010.pdf **F.** 'Constitution of internal Complaints Committee post notification of 'Policy for Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace' *http://www.gailonline.com/final_site/pdf/others/Sexual_Harassment_Women_Workplace.pdf* **G.** (1) **GAIL Material Subsidiary policy** *http://www.gailonline.com/final_site/pdf/Inv estorsZone/GAIL_Material_Subsidiary_policy.pdf* **G.** (2) **GAIL Related Party Transaction Policy** *http://www.gailonline.com/final_site/pdf/Inv estorsZone/GAIL_Related_Party_Transaction_Policy.pdf* **G.** (3) **GAIL Policy for Determination of Materiality and Disclosure** *http://www.gailonline.com/final_site/pdf/InvestorsZone/GAIL_Determination_Material_Policy_Disclosure.pdf* **H.** **Dividend Distribution Policy** *http://www.gailonline.com/final_site/pdf/InvestorsZone/GAIL%20Dividend%20Distribution%20Policy.pdf* All policies that are relevant to internal stakeholders are available at GAIL Intranet Portal.								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?									
	All Relevant Stakeholders (Communicated through Website, meetings, emails, circulars etc.)	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
	Questions	**P1**	**P2**	**P3**	**P4**	**P5**	**P6**	**P7**	**P8**	**P9**
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y
2a	If answer to S. No. 1 against any principle, is 'No', please explain why: (Tick up to 2 options)									
	Questions	**P1**	**P2**	**P3**	**P4**	**P5**	**P6**	**P7**	**P8**	**P9**
1	The company has not understood the Principles	**Not Applicable**								
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3	The company does not have financial or manpower resources available for the task									
4	It is planned to be done within next 6 months									
5	It is planned to be done within the next 1 year									
6	Any other reason (please specify)									

3	Governance related to BR
	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year In FY 16-17 total 2 meetings held by Sustainable Development Committee, further GAIL has various sub committees of Board which meets from time to time to review aspects related to Business Responsibility.

S. No.	Committees of the Board	Number of Meetings Held in FY 16-17
1	Corporate Social Responsibility Committee	03
2	Audit Committee	13
3	HR Committee	04
4	Project Appraisal Committee	02
5	Stakeholders Relationship Committee	01
6	Stakeholders' Grievance Redressal Committee	01
7	Business Development & Marketing Committee	09
8	Finance Committee	03
9	Nomination and Remuneration Committee	02

	Does the Company publish a BR or a Sustainability Report?	Yes, GAIL publishes an Externally assured Sustainability Report annually as per the GRI guidelines.
	What is the hyperlink for viewing this report?	*http://www.gailonline.com/final_site/SB-Sustainability.html*
	How frequently it is published?	Yearly

The following section provides information in line with suggested BRR format; however for further details on Sustainability activities, GAIL's Sustainability Report 2016-17 may be referred which would be available at this link: *http://www.gailonline.com/final_site/SB-Sustainability.html*

Section E: Principle-Wise Performance

Principle 1

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

1. **Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No.**

   Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/ NGOs /Others?

   No, apart from company, it is also extended to GAIL Employees on secondment or deputation in any subsidiary or Joint Venture Company

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

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

   'Integrity Pact' and "Fraud Prevention Policy" extend to Suppliers, contractors etc. GAIL adheres to the principles of United Nations Global Compact (UNGC) which also enlist principle on anti –corruption

2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?**

   If so, provide details thereof, in about 50 words or so.

Stakeholders	Complaints Received	Complaints Pending	% Resolved
Shareholder/Investors	19	0	100
Customers	52	0	100
Employees	17	0	100
Vigilance	97	20	79.38
Contractors & Suppliers (Relating to Integrity Pact)	3	0	100
Public at large	140	06	95.71
Total	**328**	**26**	**92.07**

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

A MoU was signed with M/s Transparency International India for implementation of Integrity Pact in GAIL thereby bringing transparency in the procurement processes. Independent External Monitors have been appointed, who are responsible for overseeing the implementation of Integrity Pact Program to prevent corruption, bribery or any un-ethical practices at GAIL.

Principle 2

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

1 **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

   i. Natural Gas & LPG Transmission

   ii. Liquid Hydrocarbon

   iii. Petrochemicals (HDPE & LLDPE)

Note- Procedure for adopting new Products/Process/Services-

Detailed Engineering, Detailed Feasibility study including Cost estimation & investment approval for new Gas Processing and Petrochemical plants, Renewable Energy projects, trunk pipelines and Last Mile Connectivity to various customers enroute these trunk pipelines.

All above projects are being developed and executed taking into consideration environmental and social concerns, risks & opportunities by incorporating the following activities.

- EMP (Environmental Management Plan)
- EIA (Environment Impact Assessment)
- SIA (Social Impact Assessment)
- RRA (Rapid Risk Assessment)
- CCOE clearance (Chief Controller of Explosives)
- HAZOP (Hazard & Operability study)
- Market study

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

i. Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?

i. Natural Gas & LPG Transmission:

In the entire value chain, the company is having the responsibility of transmission of Natural Gas (NG) & LPG from source to customers through pipeline & Compressor/Pumping stations by following industry best practices, safety standards with integrated management.

GAIL's system of transmission of NG & LPG is supported by SCADA system with central control system for overall monitoring.

ii. Liquid Hydrocarbon:

GAIL's LPG plants converts the Natural Gas to its value added products i.e. Liquid Hydrocarbons. The plants are designed by adopting state of the art technology with best industry standards, practices and norms such as OISD. The state of the art control system is adopted in all LPG plants.

LPG is sold in bulk to LPG retailing companies (OMCs) and other liquid hydrocarbon products are sold to industrial customers for their consumption.

iii. Petrochemicals (HDPE & LLDPE):

In GAIL's petrochemical plant, ethane-propane (C2/C3) is recovered from natural gas in the Gas Processing Unit and is cracked in the Gas Cracker Unit to produce ethylene and propylene. Ethylene is converted to final products - HDPE (High Density Polyethylene) and LLDPE (Linear Low-Density Polyethylene) in the three polymer units.

The procedure followed results in optimisation of energy, raw material, water etc. for the desired level of production.

Refer to Note 2

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

In FY 16-17, gas sold or supplied by GAIL is increased to 81 MMSCMD from previous year's 74 MMSCMD gas sold or supplied to its customers. Some new customers have also switched from liquid & other fuels to Natural Gas. As Natural Gas is the most benign fossil fuel, this has led to reduction of GHG Emissions at customers end.

Please also Refer to Note 3

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

GAIL has introduced e-tendering which is based on the principle of competitiveness. The procurement practices are executed in a manner that is transparent, fair, competitive and cost effective. This process is a green initiative of the organization, also contributes towards saving of paper.

Our IT team continuously works with various departments to provide solutions to the internal and external customers, and automates the processes through IT enabled services across the entire organisation.

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

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

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

ii) Star rating electrical equipment.

iii) Green building concept in all new building projects.

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

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

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

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

Yes, GAIL has implemented Public Procurement Policy for Micro and Small Enterprises (MSEs). The policy targets 20% of procurement from MSEs with a sub target of 4% from MSEs owned by the Scheduled Caste or the Scheduled Tribe entrepreneurs for the Goods and Services rendered by such organizations. In addition, GAIL implements all policies of the Government which contributes sustainable sourcing. All the bidders are required to confirm acceptance to our General Conditions of Contracts wherein they confirm abiding to all provisions relating to impact on (a) society, (b) environment, (c) labor practice (d) human rights aspects.

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

Yes,

GAIL has implemented "Public Procurement Policy" for Micro and Small Enterprises (MSEs) which extends various benefits like waiver from tender fee and EMD, Purchase Preference etc. to MSEs. The policy targets 20% of procurement from MSEs with a sub target of 4% from

MSEs owned by the Scheduled Caste or the Scheduled Tribe entrepreneurs for the Goods and Services rendered by such organizations. These industries are generally local & small producers from the surrounding communities near the place of work.

Further, Policy for providing the Preference to Domestically Manufactured Electronic Products (DMEP) has been implemented in GAIL to boost domestically manufactured electronic products. INDEG Groups have also been constituted in GAIL to promote indigenisation. Quite a few indigenous sources have been developed in GAIL i.e.

(i) "Meter Prover Facility" at Hazira (Gujarat) for proving meters of GAIL or other Pipeline companies in India and

(ii) Several indigenous substitutes for Chemicals. To develop indigenous pipe manufactures, provision of qualification of Indian bidders through "Demo Route" is kept for those bidders who do not have PTR (Proven Track-record). There was no domestic bidder for line pipe in year 1985 whereas now there are 19 domestic bidders for the same.

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

GAIL has implemented Public Procurement Policy for Micro and Small Enterprises (MSEs) which extends various benefits like waiver from tender fee and EMD, Purchase Preference etc. to MSEs. This reduces the transaction cost of the suppliers or vendors involved in the tendering process. Further, GAIL has already introduced e-procurement to reduce the paper work and to speed up the tendering process. This also helps the local and small vendors to quote in large numbers with ease and reduces their tendering cost involved in submission of bulky bid documents. In all tenders' pre-tender or pre-bid meeting is conducted to ensure wider participation and to educate vendors on the tendering process.

GAIL also interacts with the small and local vendors at various forums like vendors meet or MSEs meet or Industry Conclave etc. and takes initiatives to make them aware of its requirements. GAIL has also started a unique initiative of vendor coaching wherein the bidders are given coaching on the process of participation in GAIL's tender. Further, all the relevant terms and conditions (both pre-award and post award) are informed to the bidders.

5 **Does the company have a mechanism to recycle products and waste?**

If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%).

Also, provide details thereof, in about 50 words or so.

Yes

Covered under Sustainable Development Policy

Natural Gas (NG) is the major input for GAIL's process plants. After processing NG, it is sent to customers and only a small fraction of NG is flared as per safety requirements. This process leaves us with limited scope for reusing/recycling NG as input or raw material. Further, products and processes are designed for NIL/ minimum wastage.

GAIL endeavours to optimise the resource productivity through initiatives like installations of Heat Recovery Steam Generation (HRSG), Effluent Treatment Plant (ETP), Sewage Treatment Plants (STP), Waste Water Treatment Plant (WWTP), rainwater harvesting, etc.

Water Management

The Waste water generated as part of miscellaneous activities is treated through effluent treatment plants (ETP). The treated waste water is used for various non-potable uses like horticulture etc.

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

Waste Management

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

E-Waste Management

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

Refer to Note 2

Principle 3

Businesses should promote the wellbeing of all employees

1 **Please indicate the Total number of employees.**

4355 (as on 31.03.2017 including Board of Whole-Time Directors and CMD, including CVO)

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

18249

3 **Please indicate the Number of permanent women employees.**

257

4 **Please indicate the Number of permanent employees with disabilities.**

93

5 **Do you have an employee association that is recognized by management?**

Yes,

GAIL upholds the Freedom of Association and Collective Bargaining by recognising and supporting the Workers' Unions, Officers' Associations, Women's Forums, SC/ST Employees etc.

In GAIL, there are two Unions representing the interests of their respective workmen/ staff. GAIL Employees Association (GEA) is a representative body of non-executives posted at various Field Offices/ Plants/ Installations across the Country except Corporate Office. Non-executives posted at Corporate Office are represented through GAIL Karamchari Sangh (GKS).

6 **What percentage of your permanent employees is members of this recognized employee association?**

Percentage of regular employees as members of these recognized employee union is 20.41%

7 **Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year**

	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year
A	Child labour/ forced labour/ involuntary labour	Nil	Nil
B	Sexual harassment	03	Nil
C	Discriminatory employment	Nil	Nil

8 What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

A	Permanent Employees	Total: 94%
B	Permanent Women Employees	Total: 87%
C	Casual/Temporary/Contractual Employees	Sites/Projects: –100% safety awareness.
D	Employees with Disabilities	Total: 88%

Note – 94 % Male Permanent Employees were given safety & skill up-gradation training in the last year

All employees who were posted at sites and projects are given mandatory Safety Awareness training. Apart from these scheduled trainings, employees are also imparted inputs regarding Safety & Skill up gradation in functional areas and behavioral aspects through knowledge sharing programs, online Quizzes and Competitive events organized on various occasions like Safety Week, National Safety Day etc.

Principle 4

Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

1 Has the company mapped its internal and external stakeholders? Yes/No

Yes,

GAIL has identified internal and external stakeholders for the company which include external stakeholders like Government/ Regulators, customers, investors, suppliers, implementing agencies, service providers, local communities, civil society, media, consumers, advocacy groups etc. and internal Stakeholders (i.e. employees).

2 Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders

Yes,

GAIL identified disadvantaged, vulnerable and marginalized stakeholders as per the extant CSR Policy of the company. The same have been identified in terms of the provisions of the Section 135 of the Companies Act, 2013 and CSR Rules, thereof. Further, the DPE CSR and Sustainability Guidelines of 2014 are also followed. These include people affected by natural calamities, people with disabilities, women, and children, tribals, SC-STs, OBCs, minorities, disadvantaged youths, senior citizens, HIV afflicted people, and people affected by violence. In addition to above a compassionate approach towards the community lies at the heart of operations at GAIL.

All CSR projects undertaken at GAIL are aimed at providing a better life to the disadvantaged, vulnerable and marginalized stakeholders. Specific interventions have been designed and implemented by GAIL to bring about holistic and sustainable development of the marginalised stakeholder groups and the community at large.

3 Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

Yes,

GAIL undertakes CSR projects in areas defined in Schedule VII of the Companies Act 2013, with focussed interventions in seven areas identified in the CSR policy of GAIL, which is in alignment with the Section 135 of Companies Act 2013 and CSR Rules thereof.

As per the principle which advocates inclusive and equitable development it can be noted that GAIL's CSR presence is pan-India - North, South, East, West and North East.

Specific interventions have been designed and implemented by GAIL to bring about holistic and sustainable development of the marginalised stakeholder groups and the community at large.

One such example is projects like GAIL-AFWWA for the support to Umeed Asha Kiran Schools for special children with an idea to empower and educate specially-abled children. GAIL has facilitated this via contributing for various articles like furniture, teaching aids etc.

Principle 5

Businesses should respect and promote human rights

1 Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/ Contractors/NGOs/ Others?

Yes,

GAIL complies to all the legal requirements pertaining to Human Rights and the same is also followed by its Joint Ventures, Subsidiaries, Contractors etc. in letter and true spirit.

At GAIL, it is always prioritized to uphold human rights across all our operations. A global commitment was made by GAIL to support human rights by becoming a signatory to UNGC principles. GAIL's policies are suitably designed and fully conform to human right principles, the Constitution of India and labour laws. A dedicated grievance redressal system in place to address issues raised by all our stakeholders. GAIL supports the Government of India's efforts in development of minorities and economically underprivileged sections of the society. Gender main streaming, inclusiveness and affirmative programs are also introduced in the company.

GAIL Women Cell has been established to look after the developmental needs of women employees. The cell focuses on reaching out to the women workforce, initiate discussions and adequately address their concerns including discrimination and sexual harassment at workplace. GAIL remains committed to equal rights for all gender and the same is reflected in our compensation policy for employees. Minimum wage requirements in accordance to the applicable norms in each state where of GAIL's operations are also ensured.

At GAIL, work contracts and agreements are embedded with clauses to uphold human rights. At GAIL, a non-tolerant approach is followed on child or forced labour in any of its operations.

Collective Bargaining, an important worker right is upheld at GAIL across all our operations through recognition and promotion of worker unions. Several initiatives have been taken by GAIL such as:

- regular interaction with employee collectives
- coordination with labour authorities
- settlement of industrial disputes
- recording and analysis of work centre level issues
- long term settlement with Unions.

2 How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?

If so, provide details thereof, in about 50 words or so.

Please Refer Principle -1, Answer- 2

Principle 6

Business should respect, protect, and make efforts to restore the environment

1 **Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/ NGOs/others.**

The policy not only covers the company but also extends to its other stakeholders excluding Joint Ventures.

2 **Does the company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc? Y/N.**

If yes, please give hyperlink for webpage etc.

Yes,

GAIL's Sustainability Report 2016-17 may be referred for details which would be available at this link:

http://www.gailonline.com/final_site/SB-Sustainability.html

3 **Does the company identify and assess potential environmental risks? Y/N**

Yes,

The Enterprise Risk Management Policy has been rolled out across the organization in all assets except a few plants and offices. The Chief Risk Officer, Unit/Site Committee Chairman and Risk Management Committee review various types of risks whether existing and/ or anticipated in short, medium, and long term in future. Risk Management Department apprises the Corporate Level Risk Steering Committee (CLRSC) of Executive Directors chaired by Director (BD) quarterly, Risk Management Committee (RMC) of functional Directors chaired by Director (Marketing) bi-annually, Audit Committee bi-annually and Board annually.

Unit level risks including Social & Environmental risks are mapped and being monitored quarterly through Site/Unit level Risk Steering Committee headed by unit OIC's/ Function Heads. Mitigation measures are also devised and monitored by respective units. GAIL has identified top Corporate Key Risks which includes Market, Logistic, Strategic, JV/ Subsidiary and Financial Risks.

GAIL is an active participant in the "Climate Change Risks: Preparedness for Oil and Gas Sector" by TERI through Memorandum of Understanding (MoU) with FIPI (erstwhile PetroFed). The study will provide a comprehensive analysis of threats posed by Climate change to Oil & Gas sector, participating companies and shall provide a way forward to tackle the challenges, risks posed by climate change. The study will suggest suitable measures for the Oil & Gas sector to achieve India's INDC target of reducing emission intensity of GDP by 33 – 35 per cent below the levels in 2005 by 2030. The study would further highlight how the global market and technological options are likely to change as a result of global climate policy measures; and how the 1.5 degree and 2 degree scenarios of global warming are likely to affect the infrastructure and operations in different climatic zones of India.

4 **Does the company have any project related to Clean Development Mechanism?**

If so, provide details thereof, in about 50 words or so.

Also, if Yes, whether any environmental compliance report is filed?

Yes, GAIL has two CDM projects described as follows-

i) Utilisation of Landfill Gas Project at Ghazipur, Delhi: GAIL has implemented a pilot LandFill Gas (LFG) Project at Ghazipur Landfill site. Currently, part of the recovered LFG is being safely destroyed in an enclosed flare system and a part of it is also being used to generate electricity through a Micro-Turbine. Methane in the LFG is a Green House Gas (GHG) and 25 times more potent than CO2 in causing Global Warming.

The LFG Project not only prevents the escape of Methane into atmosphere but also destroys it, thus helping in the reduction of GHG emissions. The LFG Project has been successfully validated and registered with UNFCCC in Sep'2014 for availing carbon credits under CDM mechanism.

The project has improved the living conditions of the local populace and demonstrates GAIL's commitment to the Society.

Yes, environmental clearance was obtained for as 'Consent to Establish' and 'Consent to Operate' from has been granted by the Delhi Pollution Control Committee (DPCC).

ii) 5 MW Solar Power Plant Project installed by GAIL at Jaisalmer: This project was registered with UNFCCC as CDM project.

Yes,

All the regulatory clearances were taken for the commencement of the project

5 **Has the Company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc. Y/N.**

If yes, please give hyperlink for web page etc.

Yes

Clean technology, energy efficiency:

1. R&D Initiative on Conversion of CO_2 to Valuable Chemicals
2. R&D Initiative on 'Conversion of Waste plastic to valuable hydrocarbons (Diesel)';
3. 4 Star GRIHA rating for green building at Chhainsa Unit and RGMC & Office building at Belapur.
4. Implementation of Energy Management System ISO 50001 at Gandhar Gas Processing Unit.
5. Implementation of LED based lighting systems, BEE Star rating air conditioners at across GAIL sites.

(For more information Refer to Sustainability Report 2012-13, 2013-14, 2014-15, 2015-16, 2016-17)

GAIL's Sustainability Reports can be found at: *http://www.gailonline.com/final_site/SB-Sustainability.html*

6 **Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

Yes

7 **Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

Zero

Principle 7

Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

1 **Is your company a member of any trade and chamber or association?**

If Yes, Name only those major ones that your business deals with:

Yes

a. International Gas Union (IGU)
b. Standing Conference of Public Enterprises (SCOPE)
c. Transparency International India (TII)
d. Global Compact Network India
e. TERI Council for Business Sustainability
f. Federation of Indian Petroleum Industry (FIPI)
g. Confederation of Indian Industry (CII)
h. GIIGNL, The International Group of Liquefied Natural Gas Importers
i. Federation of Indian Chambers of Commerce and Industry (FICCI)
j. Global Reporting Initiative (GRI) Focal Point India & South Asia Founding Member
k. India GHG* Program run by WRI*, TERI* & CII
l. CPMA Chemicals & Petrochemicals Manufacturers' Association

2 **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No;**

if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

Yes

GAIL being a Public-Sector Enterprise, formal and informal feedbacks to various government bodies like MoPNG, PPAC, OISD, PCRA etc. are provided on regular basis. This forms a significant basis for advancement of public good. In addition, GAIL is part of various prestigious industry bodies and associations which provide a platform to discuss industry issues and convey the industry voices to the government in a collective way to make better inclusive policies and bring reforms. This forms a significant basis for advancement of public good.

GAIL also regularly interacts with PNGRB, the regulatory body, to update them on current status and industry viewpoint.

In FY 2016-17, GAIL was part of following associations - International Gas Union (IGU) which is a global association aimed at promoting the technical and economic progress of the gas industry and it has close association with GAIL for development of gas sector in India. GAIL represents India as 'Charter Member' at IGU. GAIL along with IGU promotes the "Asia Gas Partnership Summit", a bi-annual global conference aimed at discussing industry issues and developing gas market in Asia. During 2016-17, GAIL collaborated with IGU to host the 5th IEF-IGU (International Energy Forum-International Gas Union) Ministerial Gas Forum in New Delhi with the theme "Gas for Growth; improving economic prosperity and living standards". GAIL is one of the three full members of International Group of Liquefied Natural Gas Importers (GIIGNL) in India. GIIGNL offers GAIL a forum for exchange of information and experience among industry counterparts to enhance safety, reliability and efficiency of LNG imports activities and the operation of LNG imports terminals. GAIL is 'Category A' member of the FIPI (erstwhile PetroFed) and part of the Governing Council. FIPI has many specific executive committees of GAIL's interest having member representations from GAIL. FIPI functions as oil industry interface with the Government, regulatory authorities, public and representative bodies of traders in India to work on issues such as optimization of resources, promoting Safety, Tariff, Investments, Healthy Environment and Energy conservation among other issues related to industry.

GAIL is an active member of Standing Conference of Public Enterprises (SCOPE) which is the apex body representing entire spectrum of public sector enterprises (PSEs) in India. SCOPE has representations in various high-level Committees/Boards and helps its member PSUs to reach their voice in various platforms. CMD, GAIL is the member of Federation of Indian Chambers of Commerce & Industry (FICCI) Executive Committee and Co-Chair of FICCI Hydrocarbon Committee. Hydrocarbon committee endeavours to deliberate on issues related to energy security of the country and supplement various efforts of the Government of India and other bodies engaged in this area through its intellectual input. CMD, GAIL also a member of the Oil Industry Development Board (OIDB).

GAIL is a member of Governing Body of World Energy Council (WEC) India, country member of WEC and takes active participation in activities of WEC for development of natural gas in India. GAIL is the founding member of the Global Reporting Initiative (GRI) Focal Point India's Sustainability & Transparency Consortium that helps us in engaging with business leaders, national governments, regulators, sustainability experts, think tank bodies and professional institutes to discuss issues related to sustainability reporting. GAIL is also a part of GRI Corporate Leadership Group on Reporting 2025, GRI Gold Community and GRI South Asia Advisory Group.

GAIL is a member of TERI-CBS (TERI- Council for Business Sustainability) which is an industry led consortium of sustainability practitioners. GAIL along with TERI has developed a document which outlines the Indian corporate vision on various aspects of tackling climate change and aligning the vision with Government schemes in this direction which was launched at India Pavilion of Conference of Parties (COP) 21 held in Paris.

GAIL is a member of CPMA (Chemicals & Petrochemicals Manufacturers' Association) which is the apex forum representing the Indian Petrochemical Industry. Established in 1993, the Association offers its members a podium to collectively present their ideas, voice concerns, and offer suggestions on relevant issues. It provides a linkage between the industry, the Government, and the society. It interacts with the policy authorities and industry associations to develop and maintain harmonious and conducive business conditions.

Further, GAIL is also a signatory to the United Nations Global Compact (UNGC) working in the domain of Human Rights, Labour standards, Environment, and Anti-Corruption.

GAIL has taken up with Ministry of Finance and state government for inclusion of Natural Gas under GST. The matter was taken up by GAIL directly as well as through Federation of Indian Petroleum Industry (FIPI). Senior officers of GAIL also met with the ministers and senior officials of Bihar, AP, Gujarat. and UP governments for requesting the respective government to consider inclusion of Natural Gas under GST.

*GHG – Green House Gas Emissions; *WRI – World Resources Institute; *TERI- The Energy and Resources Institute

Principle 8

Businesses should support inclusive growth and equitable development

1 **Does the company have specified programmes/ initiatives/ projects in pursuit of the policy related to Principle 8?**

If yes details thereof.

Yes,

GAIL ensures inclusive and equitable growth in pursuit of the goals as listed in Principle 8. GAIL 's affirmative policies which are in compliance with Government of India guidelines promote diversity and equity and recognize people on their merits and skill sets irrespective of their race, caste, religion, colour, ancestry, marital status, gender, age and nationality. It also follows strict regulations related to industry in terms of minimum wage compensation for semi - skilled and non- skilled contract personnel. Since all CSR projects at GAIL target the most disadvantaged and vulnerable sections of the population of the country, all of them support/promote inclusive growth and equitable development.

As per GAIL CSR Policy (Clause 2.2.1) GAIL undertakes CSR projects especially focusing on target groups recognized in the clause e.g. BPL, SCs, STs, OBS, PwDs, and Communities around work centres of GAIL etc.

GAIL's social investment has been in 7 identified focus areas , each of which is titled by the objective they seek to achieve viz Arogya (Wellness) - Nutrition, Health and Sanitation and Drinking Water projects, Ujjwal (Towards a Bright future) – Education centric initiatives, Kaushal (Skill) - Livelihood Generation and Skill development initiatives, Unnati (Progress)- Rural Development, Sashakt (Empowerment)- Women Empowerment initiatives, Saksham (Capable) - Care of the elderly and differently abled, and Harit (Green) - Environment centric initiatives. The CSR interventions are designed to address the various needs of the marginalised sections and are in adherence to the goals of inclusive growth and equitable development.

The GAIL CSR Policy provisions for a specific focus area Ujjawal aimed at undertaking Education Centric initiatives for the underprivileged segments of the population. Special Education initiatives for Persons with Disability are undertaken through the focus area Saksham. Further, the initiative taken up under focus area Kaushal endeavours to provide employment enhancing vocational skills to the population in disadvantaged segments, especially youth and women.

Apart from education centric interventions carried out under the Ujjawal thrust area, Company has also set up the GAIL Charitable and Education Trust to extend financial assistance to needy children on merit basis.

2 Are the programmes/ projects undertaken through in-house team/ own foundation/external NGO/ government structures/ any other organization?

CSR projects at GAIL, are implemented through specialized external agencies such as agencies such as NGOs, Trusts, Foundations, Govt. agencies, PSUs, Pvt. Companies etc. with an established track record of 03 years as mandated in the Companies (Corporate Social Responsibility) Rules, 2014.

To attain its social commitments, GAIL adopts a multi-stakeholder approach for implementation of its interventions: collaborating with communities, governmental and non-governmental organisations, academic institutions and others to identify emerging issues, develop projects and effectively respond to challenges. Once interventions/ initiatives are identified, they are closely monitored by dedicated CSR professionals of GAIL both at the corporate and on-site level.

Further, GAIL through its GAIL Charitable and Education Trust has undertaken many education centric initiatives over the last few years, in partnership with Government bodies and NGOs etc.

3 **Have you done any impact assessment of your initiative?**

Yes,

Subsequent to the revision of GAIL CSR Policy, third party Independent Impact Evaluation has been mandated for all CSR Projects with a cumulative value of INR 2 Crore (Clause 5.2 and 5.3). The process of conducting Impact Evaluation Study for projects undertaken in FY 2015-16 has been initiated. GAIL prefers govt. agencies and reputed institutes to take up the impact assessment of its CSR projects like M/s Delhi School of Social Work, M/s Madras School of Social Work, M/s Hardicon, and M/s HIMCON etc. The Third-Party Assessor provides feedback pertaining to the strengths, weaknesses, opportunities of improvement augmentation or modification of the programme (if any) and challenges or threats (if any) pertaining to each programme.

Generally, feedback in the form of case studies and analysis for programmes is provided by the Third-Party Assessor for understanding; or feedback on sustainability of the programmes or any further suggestions to make it sustainable to be provided. The recent impact assessment study of Arogya founds that almost 98.3% people reported that they got cured after the treatment given by the MMUs. Also, the MMUs have become the first point of connect for 94.24% of the people. This shows the level of dependence and trust people have on the said flagship programme.

Almost 98.3% people reported that they got cured after the treatment given by the MMUs. IA is taken up post-completion of a project so that a clear-cut picture of the project's impact is construed – both positive and negative. Therefore, projects executed in FY 2015-16 are under for IA in FY 2016-17. Data collection, choice of primary and secondary stakeholder is conducted through the independent third-party Assessor according to their prerequisite.

The same is shared with GAIL in the assessment report after the completion of valuation. Impact Assessment involves accounting of the expenditure of the programme fund with review of bills, vouchers, invoices, or any other document pertaining to the project to ensure transparency and accountability. Based on the documents furnished, the Assessor also provides inputs on rationalization of project expenditure and a comprehensive comparative analysis with the current scenario in case of programme where baseline or need identification study is available.

4 **What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?**

A community initiative pertains to projects undertaken to address a 'community' challenge or need. People sharing similar geography or socio-political conditions share parallel problems. Schemes facilitating a community initiative are therefore, utilitarian in nature.

GAIL has taken up several CSR projects for implementation to develop communities primarily around GAIL installations.

Project Jaldhar is taken up by GAIL in Jhabua (M.P.) for water management and thus, address the water scarcity in the region. The project took up construction of an array of watersheds, dams, check-dams, reservoirs to ensure a continuous supply of water throughout the year. GAIL received prestigious CII-Triveni Award, 2016 for Jaldhar.

Other than this, Project Arogya has provision of MMUs (Mobile Clinics) for free and preventive healthcare for local population. Under Swachh Bharat, Swach Vidyalaya GAIL has constructed 3614 toilets in over 2534 schools across Odisha, A.P. and M.P.

The details of CSR expenditure incurred on activities under identified focus areas, is as under:-

a) UNNATI - Rural Development Initiative – ₹ 3781.44 Lakhs

b) AROGYA (Total) - Nutrition, Health and Drinking Water and Sanitation initiatives, including Swachh Bharat – ₹ 1963.01 Lakhs

   I. AROGYA - Drinking Water- ₹ 312.55 Lakhs

   II. AROGYA – Health- ₹ 969.00 Lakhs

   III. AROGYA - Sanitation initiatives- ₹ 681.66 Lakhs

c) GAIL KAUSHAL - Skill Development and Livelihood Generation Initiatives – ₹ 1194.92 Lakhs

d) UJJAWAL – Education centric initiatives – ₹ 562.00 Lakhs

e) SAKSHAM – Care for the elderly and Differently-abled – ₹ 117.91 Lakhs

f) SASHAKT - Women Empowerment – ₹ 60.35 Lakhs

g) HARIT - ₹ 35.41 Lakhs

Others- Training to promote of Rural sports, Nationally recognized sports, Paralympic Sports and Olympics Sports – ₹ 1125.17 Lakhs

5 Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

Yes,

For every CSR project, an Agreement/MOU is signed with the Implementing partner detailing the scope of work, milestones, and documentation to be submitted by the agency for release of payments (including videos/photographs, fund utilization, progress reports etc.), number of instalments, details of Coordination Team from GAIL and implementing partner etc.

The agreement also contains a clause wherein a written commitment is to be obtained from the beneficiary Organization the utility/facility provided under the program, shall be used for the specific purpose that it is intended for and that the maintenance of the CSR Project and its rightful use for which it has been established, will be continued after the same has been handed over to them, at least for a period of two-three years.

All community development initiatives try and incorporate a dimension of community involvement/interaction, awareness generation, engagement, stakeholder interaction and capacity building. The initiatives are taken up through a collaborative effort and a process of engagement with the local community, including local governance structures and institutions. The company also insists on the implementing agency participating in the community in a phase wise manner, while simultaneously building the community motivation and capability to operate the programme or the service on their own.

Principle 9

Businesses should engage with and provide value to their customers and consumers in a responsible manner

1 What percentage of customer complaints/consumer cases are pending as on the end of financial year.

Customer	Complaints Received	Complaints Pending	% Pending
	52	0	0

2 Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information)

In case of Polymers the logo of GAIL, Product name, lot Number, mfg. date, plant address mark of grade name and batch number are mentioned on the bags. GAIL's polymer products are being packed in 25 kg woven bags at PATA Plant.

Further, the detailed specification, product application etc. are available on printed product brochure and on GAIL's web site having link: *http://www.gailonline.com/final_site/BV-Petrochemicals.html*

Liquid Hydrocarbon products are marketed by GAIL in bulk only and sold on ex-works basis by loading in Road Tankers and / or Railway Wagons deployed by customers. Technical / safety related information on the product being carried is displayed on the truck tanker / rail wagon itself as per local laws and is ensured by the customer / transporter concerned. Being liquid hydrocarbon products in bulk, there are no separate labels for display of product information.

When LHC is transported through road tankers. If the product is inflammable it is clearly written on the tankers (nominated by the customers). Product name, safety signage, Hazardous chemicals signage, emergency contact no, transporters name and contact no are displayed on the tankers.

Further Company try to voluntarily engages Customers various forums such as meets, one to one interaction, and telephonic conversation to provide product information, over and above mandatory requirement. Customers concerns regarding Polymer product quality are also addressed by GAIL Polymer Technology Centre (GPTC) by providing quality certificate on the case basis.

3 Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

Yes,

We submit the status of the following cases which were settled/pending with regard to unfair trade practices, anti-competitive behavior, monopolization as identified against GAIL:

i. GSPCL filed a case against GAIL before PNGRB claiming Restrictive Trade Practice (RTP) for not allowing to change connectivity from GAIL-PLL to GSPL-PLL connectivity. PNGRB held against GAIL. GAIL challenged the same before APTEL which decided in favor of GAIL. GSPCL appealed against that order before Supreme Court which is pending

ii. GSPC Gas filed a case against GAIL claiming RTP before PNGRB but the same was held in favor of GAIL. GSPC Gas has filed appeal against the said order before APTEL and the order of PNGRB has been reversed. Now GAIL has pressed appeal before Supreme Court, which is pending.

iii. GSPCL filed a case against GAIL before PNGRB claiming RTP alleging that their request for booking capacity on Reasonable Endeavour (RE) Basis has been rejected by GAIL which amounts to RTP. PNGRB held against GAIL. GAIL appealed against the judgment in APTEL and Supreme Court which vide order dated 13.01.2016 set aside the order of PNGRB and remanded the complaint back to PNGRB for re-considerations. PNGRB again held against GAIL against which GAIL has preferred appeal before APTEL which is pending.

iv. Sabarmati Gas Limited filed a case against GAIL & BPCL before PNGRB claiming RTP, which PNGRB held RTP on part of BPCL and not on the part of GAIL. BPCL has appealed against the judgment in APTEL and has made GAIL a party and same is pending for disposal.

v-vii Sravanthi Energy Pvt. Ltd., Beta Infratech Pvt. Ltd. and Gamma Infraprop Pvt. Ltd. have filed complaint before PNGRB alleging RTP against GAIL which was decided against GAIL by PNGRB vide order dated 11.04.2016 and imposed a penalty of ₹ 10 lacs against GAIL and directed GAIL to cease RTP and pay cost of ₹ 2 lacs each to each of the party. Also directed to return the BG and SD to the parties. GAIL has filed appeal before APTEL which is pending.

viii-x Omax Autos and Rico Casting and Rico Auto Industries complaint before CCI against GAIL alleging abuse of dominant position in the market. CCI vide order dated 16.10.2016 directed DGI to conduct investigation against GAIL for such abuse. The investigation is pending before DGI, CCI.

xi. GIPCL: GIPCL had also complaint Against GAIL before CCI alleging abuse of dominant position in the market. However, CCI declined the complaint. But GIPCL appealed against that order before COMPAT which directed investigation by DGI against GAIL for such abuse. GAIL has filed appeal against the said order before Supreme Court wherein the direction for investigation has been stayed and is pending before Supreme Court.

xii. A RTP complaint has been filed by Reliance Industries Ltd. against GAIL. GAIL filed application before PNGRB for referring the dispute to Arbitration which was rejected by PNGRB vide order dated 22.12.2016, therefore, GAIL has preferred an appeal before APTEL against the said order of PNGRB. Now both complaint before PNGRB and appeal before APTEL are pending.

xiii. A RTP complaint has been filed by Pacific Development Corporation Limited against GAIL. The said complaint is pending before PNGRB.

xiv-xv. Mohan Meakins and Rathi Steels Daksheen Limited before CCI against GAIL alleging abuse of dominant position in the market. CCI vide order dated 14/7/2017 in Rathi Steels Daksheen Limited matter directed for investigation by Director General for abuse of dominant position.

4 Did your company carry out any consumer survey/ consumer satisfaction trends?

Yes,

Customer Satisfaction Index (CSI) is the tool to obtain the customer perspective on company products & services in various business segments. GAIL has an on-line SAP based system for obtaining customer feedback through Customer Satisfaction Survey. Customers are forwarded a link in their email to fill up the survey and customer feedback on various parameters related to quality, delivery, service, technical support etc. is obtained in the scale of 1 to 10 representing increasing level of customer satisfaction. CSI is derived from the score given by the customers on above parameters. Customer Satisfaction Survey is carried out on half yearly basis. For FY 2016-17, weightage average CSI score is 92.10 against excellent target of 89.

Note 2:

The data presented covers the following GAIL units:

- Gas Processing Units (GPUs) at Gandhar, Pata, Usar, Vaghodia and Vijaipur;
- Petrochemical unit at Pata and C2/C3 plants at Pata and Vijaipur;
- Natural Gas compressor stations at Dibiyapur, Chainnsa, Kailaras, Hazira, Jhabua, Khera, Vaghodia and Vijaipur;
- LPG pumping / receiving stations at Abu Road, Cherlappali, G Konduru, Jamnagar, Kandla, Loni, Mansarampura, Nasirabad, Samakhiali and Vizag;
- Regional pipeline offices at Agartala, Baroda, Mumbai, Cauvery and Rajahmundry;
- E&P Noida;
- GAIL Training Institute (GTI) at Jaipur and Noida;
- Corporate Office at New Delhi;
- Jubilee Tower/Info Hub at Noida; and
- 11 Zonal Marketing Offices at Delhi, Kolkata (W.B), Chennai (T.N), Bangalore (Karnataka), Bhopal (M.P.), Chandigarh (Haryana), Jaipur (Rajasthan), Hyderabad (A.P), Lucknow (U.P), Mumbai (Maharashtra), Ahmedabad (Gujarat).

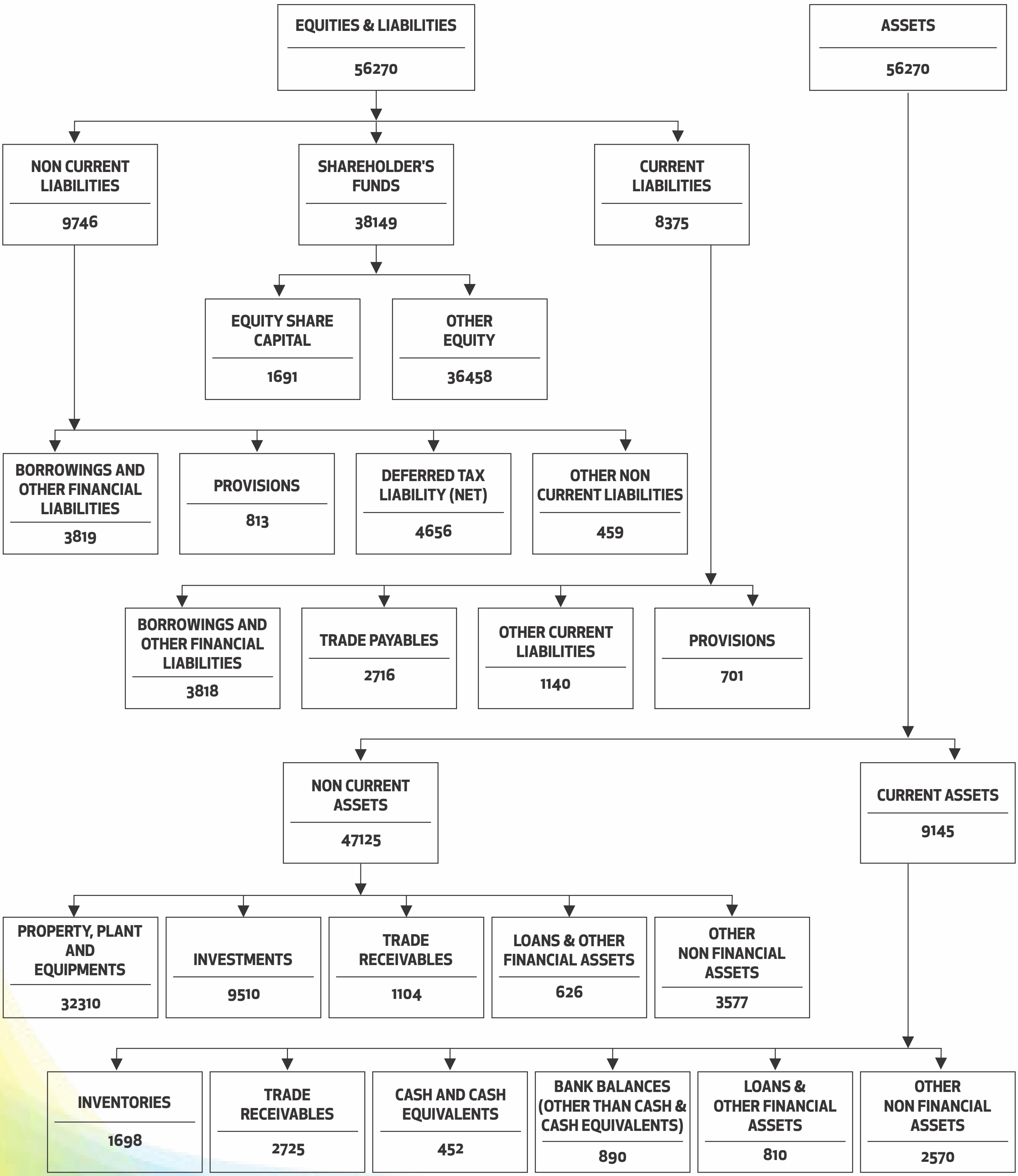
Note 3:

Consumer wise reduction of usage of energy, material, and water not detailed out because currently GAIL doesn't have mechanism to track reduction in energy, material, and water usage at consumer end.

Five Year Profile

STATEMENT OF ASSETS AND LIABITIES AS AT 31ST MARCH 2017

(₹ in Crores)



FIVE YEAR PROFILE (STANDALONE)

(₹ in Crores)

Particulars	2012-13	2013-14	2014-15	2015-16*	2016-17*
(A) PHYSICAL PERFORMANCE					
1. Natural Gas Marketing (in MMSCMD)	81.44	79.18	72.07	73.67	81.21
2. Natural Gas Transmission (in MMSCMD)	104.90	96.22	92.10	92.09	100.38
Installed Capacity (in MMSCMD)	206.03	206.03	206.03	206.03	206.03
Capacity Utilization %	50.91%	46.70%	44.70%	44.70%	48.72%
3. LPG Transmission (in TMT)	3136	3145	3093	2819	3362
Installed Capacity (in TMT)	3780	3780	3780	3780	3780
Capacity Utilization %	82.96%	83.20%	81.83%	74.57%	88.93%
4. LPG Production (in TMT)	1,078	1,027	1,039	855	862
Installed Capacity (in TMT)	1,112	1,112	1,112	1,112	1,040
Capacity Utilization %	96.90%	92.28%	93.45%	76.84%	82.83%
5. SBP Solvent/Naphtha Production (in TMT)	148	120	99	83	82
Installed Capacity (in TMT)	128	128	128	128	98
Capacity Utilization %	115.82%	93.69%	77.28%	65.16%	83.93%
6. Pentane Production (in TMT)	21	22	23	23	24
Installed Capacity (in TMT)	74	74	74	74	74
Capacity Utilization %	28.20%	29.46%	30.94%	30.89%	32.17%
7. Propane Production (in TMT)	130	134	116	128	144
Installed Capacity (in TMT)	201	201	201	201	306
Capacity Utilization %	64.44%	66.84%	57.59%	63.68%	46.99%
8. Polymer (in TMT)	441	440	452	344	604
Installed Capacity (in TMT)	410	410	810	810	810
Capacity Utilization %	107.57%	107.35%	55.76%	42.49%	74.58%
(B) INCOME STATEMENT					
Gross Sales	**48,005.27**	**58,012.06**	**57,291.97**	**52,003.40**	**48,788.75**
Excise Duty	672.60	766.96	722.52	474.71	734.14
Net Sales	**47,332.67**	**57,245.10**	**56,569.45**	**51,528.69**	**48,054.61**
Gross Margin (EBIDTA)	**7,233.73**	**7,944.66**	**5,619.92**	**5,171.62**	**7,286.96**
Depreciation & Amortisation	980.94	1,176.15	974.26	1,309.79	1,396.78
Finance Cost	195.02	366.19	361.30	799.86	479.36
Profit/(Loss) Before Tax	**6,057.77**	**6,402.32**	**4,284.36**	**3,061.97**	**5,410.82**
Profit/(Loss) After Tax	**4,022.20**	**4,375.27**	**3,039.17**	**2,226.43**	**3,502.91**
Dividend Including Interim Dividend	1,217.74	1,319.21	761.08	697.66	1,458.75
Corporate Dividend Tax	203.03	224.20	153.56	142.03	295.33
(C) EQUITY, LIABILITIES AND ASSETS					
EQUITY					
Equity Share Capital	1,268.48	1,268.48	1,268.48	1,268.48	1,691.30
Other Equity	22,959.32	25,803.85	27,851.04	33,826.07	36,458.07
Shareholder's Fund	**24,227.80**	**27,072.33**	**29,119.52**	**35,094.55**	**38,149.37**
LIABILITY					
Secured Loans	4,106.00	4,679.75	3,651.00	2,893.91	1,749.13
Unsecured Loans	4,957.50	5,588.33	5,904.92	5,165.34	3,313.01
Deferred Tax Liability (Net)	2,300.06	2,566.37	3,308.65	4,071.38	4,655.91
Other Non Current Liabilities	1,044.65	1,175.21	2,658.33	1,728.52	2,086.28
Current Liabilities (Excluding Current Maturities of Long Term Debt)	8,048.18	8,729.34	8,250.81	6,843.70	6,316.29
Total Equity And Liability	**44,684.19**	**49,811.33**	**52,893.23**	**55,797.40**	**56,269.99**
ASSETS					
Net Plant Property & Equipment (Including Intangible Assets)	19,707.45	21,476.63	27,759.69	28,466.95	28,506.19
Capital Work-In-Progress	9,118.99	9,757.19	4,360.03	3,420.20	3,803.39

FIVE YEAR PROFILE (STANDALONE)

(₹ in Crores)

Particulars	2012-13	2013-14	2014-15	2015-16*	2016-17*
Investments / Advances For Investment (Including Pending Allotment & Short Term Investments)	3,955.15	4,288.70	4,322.36	8,572.38	9,509.64
Other Non Current Assets	2,848.41	3,038.49	5,855.82	5,929.42	5,306.26
Current Assets	9,054.19	11,250.32	10,595.33	9,408.45	9,144.51
Total Assets	**44,684.19**	**49,811.33**	**52,893.23**	**55,797.40**	**56,269.99**
Net Worth	**24,038**	**26,858**	**28,888**	**30,699**	**32,350**
Capital Employed (Including Assets Under Construction & Investments)	**35,591**	**39,907**	**41,984**	**47,226**	**47,868**
Contribution To National Exchequer (₹ Crore)	**5,780**	**6,993**	**5,788**	**4,929**	**5,909**
Market Capitalisation-NSE (₹ Crore)	**38,562**	**47,701**	**49,192**	**45,209**	**63,669**
No. of Employees	**3,961**	**4,022**	**4,267**	**4,321**	**4,355**
Value Added	**9,046**	**9,663**	**7,413**	**7,129**	**9,510**
Value Added Per Employee (₹ Lakhs)	**228**	**240**	**174**	**165**	**218**
Capex during the Year	**4,385**	**4,398**	**3,392**	**1,460**	**1,929**
(D) CASH FLOW					
NET CASH PROVIDED BY / (USED IN)					
Operating Activities	5,033.41	4,921.57	2,444.07	4,070.62	5,629.30
Investing Activities	(5,472.15)	(3,231.73)	(964.43)	(670.88)	(698.43)
Financing Activities	1,865.35	(1,396.80)	(2,988.98)	(3,318.03)	(4,788.31)
(E) KEY FINANCIAL INDICATORS					
Net Worth Per Rupee of Paid-Up Capital (₹)	18.95	21.17	22.77	24.20	19.13
Debt to Equity Ratio	0.38	0.38	0.33	0.26	0.16
EBIDTA/Gross Turnover (%)	15.07	13.69	9.81	9.94	14.94
Return On Capital Employed (%)	17.57	16.96	11.07	8.18	12.30
Return on Net Worth (%)	16.73	16.29	10.52	7.25	10.83
Gross Sales To Capital Employed (%)	134.88	145.37	136.46	110.12	101.92
Dividend Payout Ratio (%) (Including Dividend Tax)	35.32	35.28	30.10	37.71	50.07
Earning Per Share (₹)	31.71	34.49	23.96	17.55	20.71
Dividend Per Share (₹)	9.60	10.40	6.00	5.50	8.63

* Figures for these years are as per new accounting standard (Ind AS) and Schedule III of the Companies Act, 2013. All the ratios for these years are computed on the basis of figures as per Ind AS. Hence these numbers are not fully comparable with previous years.

Notes

Borrowing	Both Secured and Unsecured Loans are inclusive of Current Maturities of Long Term Debt & Current Loans
Capital Employed	Equity Share Capital+Other Equity+Long Term Borrowing+Deferred Tax Liability (Net)+Current Maturities of Long Term Debt
Net Worth	Equity Share Capital+Other Equity (Excluding Transition Reserves, Other Comprehensive Income & Bond Redemption Reserve)
Net Worth Per Rupee of Paid-Up Capital	Net Worth / Equity Share Capital
EBIDTA/Gross Turnover (%)	EBDITA / Gross Turnover
Return On Capital Employed (%)	PBIT / Capital Employed
Return on Net Worth (%)	PAT / Net Worth
Gross Sales To Capital Employed (%)	Gross Sales / Capital Employed
Dividend Payout Ratio (%) (Including Dividend Tax)	(Dividend + Corporate Dividend Tax) / PAT
Earning Per Share (₹)	PAT / Weighted Average No of Equity Share Outstanding During the Period
Dividend Per Share (₹)	Dividend / No. of Equity Shares

FIVE YEAR PROFILE (STANDALONE)

(In US$ Millions)

Particulars	2012-13	2013-14	2014-15	2015-16*	2016-17*
(A) INCOME STATEMENT					
Gross Sales	**8,729.82**	**9,571.37**	**9,066.62**	**7,773.30**	**7,456.63**
Excise Duty	122.31	126.54	114.34	70.96	112.20
Net Sales	**8,607.51**	**9,444.83**	**8,952.28**	**7,702.35**	**7,344.43**
Gross Margin (EBIDTA)	**1,315.46**	**1,310.78**	**889.37**	**773.04**	**1,113.70**
Depreciation & Amortisation	178.39	194.05	154.18	195.78	213.48
Finance Cost	35.46	60.42	57.18	119.56	73.26
Profit/(Loss) Before Tax	**1,101.61**	**1,056.31**	**678.01**	**457.69**	**826.96**
Profit/(Loss) After Tax	**731.44**	**721.87**	**480.96**	**332.80**	**535.37**
Dividend Including Interim Dividend	221.45	217.66	120.44	104.28	222.95
Corporate Dividend Tax	36.92	36.99	24.30	21.23	45.14
(B) EQUITY, LIABILITIES AND ASSETS					
EQUITY					
Equity Share Capital	230.67	209.29	200.74	189.61	258.49
Other Equity	4,175.18	4,257.36	4,407.51	5,056.21	5,572.07
Shareholder's Fund	**4,405.86**	**4,466.64**	**4,608.25**	**5,245.82**	**5,830.56**
LIABILITY					
Secured Loans	746.68	772.11	577.78	432.57	267.33
Unsecured Loans	901.53	922.01	934.47	772.10	506.34
Deferred Tax Liability (Net)	418.27	423.42	523.60	608.58	711.59
Other Non Current Liabilities	189.97	193.90	420.69	258.37	318.86
Current Liabilities (Excluding Current Maturities of Long Term Debt)	1,463.57	1,440.25	1,305.71	1,022.97	965.35
Total Equity And Liability	**8,125.88**	**8,218.34**	**8,370.51**	**8,340.42**	**8,600.03**
ASSETS					
Net Plant Property & Equipment (Including Intangible Assets)	3,583.82	3,543.41	4,393.05	4,255.15	4,356.75
Capital Work-In-Progress	1,658.30	1,609.83	689.99	511.24	581.29
Investments / Advances For Investment (Including Pending Allotment & Short Term Investments)	719.25	707.59	684.03	1,281.37	1,453.41
Other Non Current Assets	517.99	501.32	926.70	886.31	810.98
Current Assets	1,646.52	1,856.18	1,676.74	1,406.35	1,397.60
Total Assets	**8,125.88**	**8,218.34**	**8,370.51**	**8,340.42**	**8,600.03**
Net Worth	**4,371.37**	**4,431.30**	**4,571.66**	**4,588.85**	**4,944.18**
Capital Employed (Including Assets Under Construction & Investments)	**6,472.33**	**6,584.19**	**6,644.10**	**7,059.20**	**7,315.95**
Contribution To National Exchequer	**1,051.10**	**1,153.77**	**915.97**	**736.77**	**903.10**
Market Capitalisation (NSE)	**7,012.55**	**7,870.15**	**7,784.78**	**6,757.70**	**9,730.86**
No. of Employees	**3,961**	**4,022**	**4,267**	**4,321**	**4,355**
Value Added	**1,645.03**	**1,594.29**	**1,173.13**	**1,065.62**	**1,453.46**
Value Added Per Employee	**0.42**	**0.40**	**0.27**	**0.25**	**0.33**
Capex during the Year	**797.51**	**725.69**	**536.82**	**218.29**	**294.85**
(C) CASH FLOW					
NET CASH PROVIDED BY / (USED IN)					
Operating Activities	915.33	812.01	386.78	608.46	860.35
Investing Activities	(995.12)	(533.20)	(152.62)	(100.28)	(106.74)
Financing Activities	339.22	(230.46)	(473.01)	(495.97)	(731.82)
# ₹ Converted in US$ at the exchange rate prevalent on 31st March of respective financial year	**54.99**	**60.61**	**63.19**	**66.90**	**65.43**

* Figures for these years are as per new accounting standard (Ind AS) and Schedule III of the Companies Act, 2013. All the ratios for these years are computed on the basis of figures as per Ind AS. Hence these numbers are not fully comparable with previous years.

FIVE YEAR PROFILE (CONSOLIDATED)

(₹ in Crores)

Particulars	2012-13	2013-14	2014-15	2015-16*	2016-17*
(A) INCOME STATEMENT					
Gross Sales	**51,737.86**	**62,598.79**	**61,428.73**	**52,355.08**	**49,236.70**
Excise Duty	845.15	955.29	914.00	499.80	761.80
Net Sales	**50,892.71**	**61,643.50**	**60,514.73**	**51,855.28**	**48,474.90**
Gross Margin (EBIDTA)	**8,329.06**	**9,254.63**	**6,576.76**	**5,283.16**	**7,237.28**
Depreciation & Amortisation	1,333.90	1,663.50	1,432.57	1,495.60	1,543.01
Finance Cost	437.31	668.71	651.83	821.83	510.99
Profit/(Loss) Before Tax	**6,557.85**	**6,922.42**	**4,492.36**	**2,965.73**	**5,183.28**
Profit/(Loss) After Tax	**4,373.60**	**4,786.22**	**3,160.05**	**1,869.22**	**3,368.16**
Dividend Including Interim Dividend	1,217.74	1,319.21	761.08	697.66	1,458.75
Corporate Dividend Tax	203.03	224.20	153.56	142.03	295.33
(B) EQUITY, LIABILITIES AND ASSETS					
EQUITY					
Equity Share Capital	1,268.48	1,268.48	1,268.48	1,268.48	1,691.30
Other Equity	27,526.18	31,188.47	32,754.19	35,134.93	37,613.59
Shareholder's Fund	**28,794.66**	**32,456.95**	**34,022.67**	**36,403.41**	**39,304.89**
Non Controlling Interest	**1,456.62**	**1,758.78**	**1,758.30**	**27.24**	**33.00**
LIABILITY					
Secured Loans	9,281.57	11,793.64	11,237.71	2,893.91	1,914.22
Unsecured Loans	7,190.75	6,743.30	7,053.64	6,156.86	4,096.28
Deferred Tax Liability (Net)	2,426.49	2,730.35	3,547.69	4,824.81	5,293.07
Other Non Current Liabilities	1,118.16	1,314.52	2,851.76	1,751.04	2,112.24
Current Liabilities (Excluding Current Maturities of Long Term Debt & Short Term Borrowings)	9,518.30	10,044.39	9,173.48	6,980.31	6,465.37
Total Equity And Liability	**59,786.55**	**66,841.93**	**69,645.25**	**59,037.59**	**59,219.07**
ASSETS :					
Net Property, Plant & Equipment (Including Intangible Assets)	24,303.40	27,779.37	33,850.05	29,946.45	30,091.84
Capital Work-In-Progress	19,894.30	20,400.43	16,247.80	3,406.14	3,956.08
Investments / Advances For Investment (Including Pending Allotment & Short Term Investments)	1,525.96	1,476.85	1,633.06	9,844.40	10,268.13
Other Non Current Assets	2,884.07	3,032.90	5,550.71	6,228.24	5,524.29
Current Assets	11,178.82	14,152.38	12,363.63	9,612.36	9,378.73
TOTAL ASSETS	**59,786.55**	**66,841.93**	**69,645.25**	**59,037.59**	**59,219.07**
NET WORTH	**26,007**	**28,958**	**30,420**	**31,989**	**33,492**
Capital Employed (Including Assets Under Construction & Investments)	**49,150**	**55,483**	**57,620**	**50,307**	**50,642**
(C) CASH FLOW					
NET CASH PROVIDED BY / (USED IN)					
Operating Activities	6,603.04	4,615.18	4,214.12	3,960.36	6,078.90
Investing Activities	(8,442.69)	(4,142.13)	(2,115.66)	(903.73)	(833.73)
Financing Activities	3,641.70	(2.59)	(3,058.47)	(3,027.60)	(4,830.34)
(D) KEY FINANCIAL INDICATORS					
Net Worth Per Rupee of Paid-Up Capital (₹)	20.50	22.83	23.98	25.22	19.80
EBIDTA/Gross Turnover (%)	16.10	14.78	10.71	10.09	14.70
Return On Capital Employed (%)	14.23	13.68	8.93	7.53	11.24
Return on Net Worth (%)	16.82	16.53	10.39	5.84	10.06
Gross Sales To Capital Employed (%)	105.27	112.83	106.61	104.07	97.22
Dividend Payout Ratio (%) (Including Dividend Tax)	32.49	32.25	28.94	44.92	52.08
Earning Per Share (₹)	34.48	37.73	24.91	14.74	19.91
Dividend Per Share (₹)	9.60	10.40	6.00	5.50	8.63

* Figures for these years are as per new accounting standard (Ind AS) and Schedule III of the Companies Act, 2013. All the ratios for these years are computed on the basis of figures as per Ind AS. Hence these numbers are not fully comparable with previous years.

Please refer five year profile (standalone) for formula of various ratios

FIVE YEAR PROFILE (CONSOLIDATED)

(In US$ Millions)

Particulars	2012-13	2013-14	2014-15	2015-16*	2016-17*
(A) INCOME STATEMENT					
Gross Sales	**9,408.59**	**10,328.13**	**9,721.27**	**7,825.87**	**7,525.10**
Excise Duty	153.69	157.61	144.64	74.71	116.43
Net Sales	**9,254.90**	**10,170.52**	**9,576.63**	**7,751.16**	**7,408.67**
Gross Margin (EBIDTA)	**1,514.65**	**1,526.91**	**1,040.79**	**789.71**	**1,106.11**
Depreciation & Amortisation	242.57	274.46	226.71	223.56	235.83
Finance Cost	79.53	110.33	103.15	122.84	78.10
Profit/(Loss) Before Tax	**1,192.55**	**1,142.13**	**710.93**	**443.31**	**792.19**
Profit/(Loss) After Tax	**795.34**	**789.67**	**500.09**	**279.40**	**514.77**
Dividend Including Interim Dividend	221.45	217.66	120.44	104.28	222.95
Corporate Dividend Tax	36.92	36.99	24.30	21.23	45.14
(B) EQUITY, LIABILITIES AND ASSETS					
EQUITY					
Equity Share Capital	230.67	209.29	200.74	189.61	258.49
Other Equity	5,005.67	5,145.76	5,183.45	5,251.86	5,748.68
Shareholder's Fund	**5,236.34**	**5,355.05**	**5,384.19**	**5,441.47**	**6,007.17**
Non Controlling Interest	**264.89**	**290.18**	**278.26**	**4.07**	**5.04**
LIABILITY					
Secured Loans	1,687.87	1,945.82	1,778.40	432.57	292.56
Unsecured Loans	1,307.65	1,112.57	1,116.26	920.31	626.06
Deferred Tax Liability (Net)	441.26	450.48	561.43	721.20	808.97
Other Non Current Liabilities	203.34	216.88	451.30	261.74	322.82
Current Liabilities (Excluding Current Maturities of Long Term Debt & Short Term Borrowings)	1,730.91	1,657.22	1,451.73	1,043.39	988.14
Total Equity And Liability	**10,872.26**	**11,028.20**	**11,021.56**	**8,824.75**	**9,050.75**
ASSETS :					
Net Property, Plant & Equipment (Including Intangible Assets)	4,419.60	4,583.30	5,356.87	4,476.30	4,599.09
Capital Work-In-Progress	3,617.80	3,365.85	2,571.26	509.14	604.63
Investments / Advances For Investment (Including Pending Allotment & Short Term Investments)	277.50	243.66	258.44	1,471.51	1,569.33
Other Non Current Assets	524.47	500.40	878.42	930.98	844.31
Current Assets	2,032.88	2,334.99	1,956.58	1,436.83	1,433.40
TOTAL ASSETS	**10,872.26**	**11,028.20**	**11,021.56**	**8,824.75**	**9,050.75**
NET WORTH	**4,729.33**	**4,777.69**	**4,813.99**	**4,781.62**	**5,118.78**
Capital Employed (Including Assets Under Construction & Investments)	**8,938.01**	**9,154.10**	**9,118.53**	**7,519.75**	**7,739.92**
(C) CASH FLOW					
NET CASH PROVIDED BY / (USED IN)					
Operating Activities	1,200.77	761.46	666.90	591.98	929.07
Investing Activities	(1,535.31)	(683.41)	(334.81)	(135.09)	(127.42)
Financing Activities	662.25	(0.43)	(484.01)	(452.56)	(738.25)
# ₹ Converted in US$ at the exchange rate prevalent on 31st March of respective financial year	**54.99**	**60.61**	**63.19**	**66.90**	**65.43**

*Figures for these years are as per new accounting standard (Ind AS) and Schedule III of the Companies Act, 2013. All the ratios for these years are computed on the basis of figures as per Ind AS. Hence these numbers are not fully comparable with previous years.

Standalone Financial Statement

Independent Auditors' Report

To the Members of GAIL (India) Limited

This revised Independent Auditor's Report is being issued in supersession of our earlier Independent Auditors' Report dated 22nd May 2017, at the instance of Comptroller & Auditor General (C&AG) of India. The revised report is being issued in view of certain modification in Annexure "A" of Companies (Auditors Report) Order 2016, as pointed out by C&AG of India in our earlier report. Further, we confirm that these changes do not affect true & fair view and our opinion as expressed earlier and also none of the figures have undergone any change in the Standalone financial Statements of the Company as at 31st March 2017.

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying Standalone Ind AS financial statements of GAIL (India) Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS financial statements, that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Standalone Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit of the Standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at 31st March, 2017, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matter

We draw attention to the following matters in the Notes to the financial statements:

1. Note No: 35(c)-regarding various provisional transportation tariff orders issued by Petroleum and Natural Gas Regulatory Board (PNGRB), these orders have been contested by the company at Appellate Tribunal for Electricity (APTEL) and adjustment if any will be recognized as and when matter is finally decided.
2. Note No: 39–regarding provision of impairment loss amounting to ₹ 783 Crores out of carrying value of investment of ₹ 974.31 Crores in a Joint Venture Entity on the basis of impairment study of such entity. Such case has been included in exceptional item in the statement of Profit & Loss.
3. Note No: 42-in respect of revenue recognition in previous year for ship or pay charges where the customer has disputed the claim of the company and final outcome is still uncertain.

Our opinion is not modified in respect of above matter.

Other Matters

The comparative financial information of the Company for the year ended 31st March 2016 and the transition date opening balance sheet as at 1st April 2015 included in these Standalone Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by us/the predecessor auditors, whose audit report for the year ended 31st March 2016 & 31st March 2015 dated 25th May 2016 & 27th May 2015 respectively expressed an unmodified opinion on those Standalone financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

Our opinion is not modified in respect of above matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in "Annexure -A" a statement on the matters specified in paragraphs 3 and 4 of the said Order.
2. As required by Comptroller and Auditor General of India through directions/sub-directions issued under Section 143(5) of the Companies Act 2013, on the basis of written representation received from the management, we give our report on the matter specified in the "Annexure -B" attached.
3. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   (c) The Balance Sheet, the Statement of Profit and Loss (including the Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
   (d) In our opinion, the aforesaid Standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended.
   (e) Being a Government Company pursuant to the Notification No. GSR 463(E) dated 5 June 2015 issued by the Ministry of Corporate Affairs, Government of India, provisions of sub-section (2) of Section 164 of the Companies Act, 2013, are not applicable to the Company.
   (f) We are enclosing herewith a report in "Annexure - C" for our opinion on adequacy of internal financial controls system in place in the company and the operating effectiveness of such controls;
   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
   i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Ind AS financial statements. Refer Note 29 (I)(a)to the financial statements.
   ii. The Company has made provision, as required under the applicable law or Indian accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
   iv. The Company has provided requisite disclosures in Note no9A of its financial statements as to holdings as well as dealings in Specified Bank Notes (SBN) during the period from 8th November 2016 to 30th December 2016. Based on the audit procedures and relying on the management representation, we report that the disclosures are in accordance with the books of accounts and records maintained by the Company.

For **O. P. Bagla & Co.**
Chartered Accountants
Firm No.: 000018N

(Rakesh Kumar)
(Partner)
Membership No.:087537

For **G. S. Mathur & Co.**
Chartered Accountants
Firm No.: 08744N

(Rajiv Kumar Wadhawan)
(Partner)
Membership No.:091007

Place : **New Delhi**
Dated : **20th July, 2017**

ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 1 to "Report on Other legal and regulatory requirements" of the Independent Auditors' Report of even date to the members of GAIL (INDIA) LIMITED on the Standalone Ind AS Financial Statements for the year ended March 31, 2017.

(i) (a) As informed to us the company has generally maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) According to information and explanation given to us there is a regular programme of physical verification of these fixed assets by the management which in our opinion is reasonable having regard to the size of the company and nature of its assets. As informed to us no material discrepancies were noticed on such verification.

(c) As informed to us and as verified by us during the course of our audit the title deeds of immovable properties are held in name of the company except for the cases as follows.

Description of Asset	No. of cases	Area in Hectares	Gross block as on 31.03.2017 (₹ in Cr.)	Net block as on 31.03.2017 (₹ in Cr.)
Land				
- Freehold	10	4.81	19.43	19.43
- Leasehold	6	175.31	27.36	26.48
- Leasehold– stated at carrying value (classified as prepayment under non-financial assets)	2	22.01	9.39	9.39
Building & Structures	10	-	1.67	1.00

(ii) As informed to us physical verification of inventory has been conducted at reasonable intervals by the management except the store and spares lying with Engineers India Limited and other contractors. We have been explained that the stock of gas at the end of the year has been taken with reference to reading of Turbine Flow Meter/Gas Chromatograph installed at Terminals, Stock of LPG/Pentane/SBP Solvent are determined with reference to Tank Level Gauge measurement which are converted into tonnage by measurement of density and applying correction factor for temperature. LPG vapors volume is converted to tonnage by standard formulae. As informed to us no material discrepancies were noticed on physical verification of inventory.

(iii) As informed to us the company has granted unsecured loans to companies covered in the register maintained under section 189 of the Companies Act 2013. In respect of such loans:

a) As informed to us and as verified by us the terms and conditions of grant of such loans are not prejudicial to the interest of the company.

b) Repayment of the principal amount and payment of interest on such loans have been stipulated and the parties are making payments as per stipulation.

c) As informed to us, no amount of loan is overdue as at end of the year for a period more than ninety days.

(iv) According to the information and explanations given to us, the company has complied with the provisions of Section 185 and 186 of Companies Act 2013 in respect of loans/investment/guarantee/security granted during the year.

(v) The company has not accepted any deposits, in terms of the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under.

(vi) We have broadly reviewed the accounts and records maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Companies Act, 2013 read with Companies (Cost Records & Audit) Rules, 2014 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made detailed examination of the records with a view to determine whether they are accurate and complete.

(vii) (a) According to records of the company and information and explanation given to us the company has generally been regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities. According to information and explanation given to us there are no outstanding statutory dues as referred above as at the last day of the financial year under audit for a period of more than six months from the date they became payable.

(b) As certified by the management on which we have relied upon the dues of income tax or sale tax or service tax or duty of custom or duty of excise or value added tax or cess which have not been deposited on account of dispute or deposited under protest and the forum where the dispute is pending are given below:

S. No.	Name of Statute	Nature of the Dues	Period to which the amount relates	Forum where the dispute is pending	Gross disputed amount (₹In Crores)	Amount deposited under protest/ appeal (₹ In Crores)	Amount not deposited (₹ In Crores)
1	Entry Tax Act of respective State	Entry Tax / Penalty / Interest	2002-03 to 2004-05	Hon. High Court, Allahabad	18.83	-	18.83
			1999-00 to 2009-10	Commercial Tax Tribunal, UP	205.34	6.41	198.93
			2008-09	Additional Commissioner (Appeals), Commercial Taxes	0.47	-	0.47
			2002-03 to 2005-06	Dy. Commissioner (Appeals), Commercial Tax, Ajmer	6.19	-	6.19
			2011-12 & 2012-13	MP Commercial Tax Appellate Board, Bhopal	4.76	1.77	2.99
		SUB-TOTAL			**235.59**	**8.18**	**227.41**

S. No.	Name of Statute	Nature of the Dues	Period to which the amount relates	Forum where the dispute is pending	Gross disputed amount (₹In Crores)	Amount deposited under protest/ appeal (₹ In Crores)	Amount not deposited (₹ In Crores)
2	Central Sales Tax Act, 1956 and respective State Sales Tax / VAT Act	CST / Sales Tax / VAT/ Penalty / Interest	2011-12 & 2012-13	MP Commercial Tax Appellate Board, Bhopal	12.26	4.01	8.25
			2005-06 to 2011-12	Joint Commissioner (Appeals), Sales Tax, Mumbai	313.30	24.03	289.27
			2003-2004	Hon. High Court, Mumbai	0.63	0.03	0.60
			Oct 2011 to Dec 2011	Joint Commissioner of Commercial Taxes, Trichy	0.59	-	0.59
			2003-2004	Hon. High Court, Guwahati	0.29	0.14	0.15
			2014-15	Dy.Commissioner (Appeals), Commercial Taxes, Ernakulam	2.85	0.07	2.78
			2003-04 2008-09 2009-10 2012-13	Joint Commissioner (Appeals), Commercial Tax, Vadodara	93.44	82.98	10.46
			1995-96 to 1996-97	Dy Commissioner, Commercial Tax, Gwalior	0.16	0.16	-
		SUB-TOTAL			**423.52**	**111.42**	**312.10**
3	Central Excise Act 1944	Central Excise Duty / Interest / Penalty	Mar 2000 to Feb 2002, April 2002 to March 2003 & Nov 2004 to Feb 2005	Supreme Court	54.24	-	54.24
			Sept 2006 to Feb 2014	Customs, Excise and Service Tax Appellate Tribunal, Delhi	2646.90	-	2646.90
			Jan 2001 to Feb 2005	Customs, Excise and Service Tax Appellate Tribunal, Mumbai	196.09	-	196.09
			July 2004 to March 2011	Customs, Excise and Service Tax Appellate Tribunal, Ahmedabad	188.44	-	188.44
			April 2008 to March 2010 & July 2010 to Nov 2010	Customs, Excise and Service Tax Appellate Tribunal, Kolkata	77.72	-	77.72
		SUB-TOTAL			**3163.39**	**0.00**	**3163.39**
4	Finance Act 1994 (Service Tax)	Service Tax / Interest / Penalty	Oct. 2006 to Mar 2015	Customs, Excise and Service Tax Appellate Tribunal, Delhi	1216.80	23.61	1193.19
			Aug. 2005 to Sept 2009	Customs, Excise and Service Tax Appellate Tribunal, Ahmedabad	9.88	-	9.88
			July 2010 to Nov 2010	Customs, Excise and Service Tax Appellate Tribunal, Delhi	0.37	-	0.37
			2008-09	Customs, Excise and Service Tax Appellate Tribunal, Allahabad	0.03	-	0.03

S. No.	Name of Statute	Nature of the Dues	Period to which the amount relates	Forum where the dispute is pending	Gross disputed amount (₹In Crores)	Amount deposited under protest/ appeal (₹ In Crores)	Amount not deposited (₹ In Crores)
			Apr 2007 to Mar 2009 & Oct 2009 to Mar 2015	Commissioner (Appeals), Customs, Excise and Service Tax, Delhi	1.18	-	1.18
		SUB-TOTAL			**1228.26**	**23.61**	**1204.65**
5	Customs Act, 1962	Customs Duty/ Interest / Penalty	March 2006	Customs, Excise and Service Tax Appellate Tribunal, Delhi	0.53	0.46	0.07
			Oct 2015 to Mar 2016	Commissioner of Customs, Excise and Service Tax, (Appeals), Pune	0.77	0.65	0.12
			March 2013 to July 2014	Commissioner of Customs, Excise and Service Tax, (Appeals), Ahmedabad	7.78	7.78	-
		SUB-TOTAL			**9.08**	**8.89**	**0.19**
6	Income Tax Act, 1961	Income Tax / Interest / Penalty	2008-09 to 2017-18	Jurisdictional Assessing Officer (TDS)	4.94	-	4.94
			1999-00, 2013-14 & 2014-15	Commissioner Income Tax (Appeals) – 22, New Delhi	152.20	152.20	-
			1996-97 to 1998-99 & 2000-01 to 2012-13	Income Tax Appellate Tribunal, Delhi	1808.28	1180.19	628.09
			1997-98 & 1998-99	Hon. Supreme Court	0.26	0.26	-
		SUB-TOTAL			**1965.68**	**1332.65**	**633.03**
7	Gujarat Municipalities Act, 1963	Notified Area Tax / GIDC Tax / Interest	1998-99 to 2005-06 & 1985-86 to 2009-10	Hon. High Court, Ahmedabad	4.33	-	4.33
		TOTAL			**7029.85**	**1484.75**	**5545.10**

(viii) Based on our audit procedures and in accordance with the information and explanations given to us by the management the company has not defaulted in repayment of dues to a bank or government or bonds holders.

(ix) The Company has not raised any money by way of initial public offer or further public offer or further public offer (including debt instrument). Term Loans obtained during the year were applied for the purpose for which those were obtained by the company.

(x) According to the information and explanations given to us and as represented by the Management and based on our examination of the books and records of the Company and in accordance with generally accepted auditing practices in India, no case of frauds by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) As per notification no. GSR 463(E) dated 5 June 2015 issued by the Ministry of Corporate Affairs, Government of India, Section 197 is not applicable to the Government Companies. Accordingly, provisions of clause 3 (xi) of the Order are not applicable to the Company.

(xii) The company is not a nidhi company and therefore clause 3(xii) of the Order related to such companies is not applicable to the Company.

(xiii) The company has complied with in respect of all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.

(xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.

(xv) As informed to us, during the year the company has not entered into any non-cash transactions with any of its directors or persons connected with the Directors.

(xvi) The company is not required to get registered under section 45-IA of Reserve Bank of India Act'1934.

For **O. P. Bagla & Co.**
Chartered Accountants
Firm No.: 000018N

(Rakesh Kumar)
(Partner)
Membership No.: 087537

For **G. S. Mathur & Co.**
Chartered Accountants
Firm No.: 08744N

(Rajiv Kumar Wadhawan)
(Partner)
Membership No.: 091007

Place : **New Delhi**
Dated : **20th July, 2017**

ANNEXURE - B TO THE INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 2 to "Report on Other legal and regulatory requirements" of the Independent Auditors' Report of even date to the members of GAIL (INDIA) LIMITED on the financial statements for the year ended March 31, 2017.

S. No.	Directions / Sub Directions	Action taken	Impact on financial statement
1	Whether the company has clear title/lease deed for freehold and leasehold respectively? If not please state the area of freehold and leasehold land for which title/lease deed are not available?	As informed to us and as verified by us during the course of our audit the title deeds of immovable properties are held in name of the company except for the cases as disclosed in Note no. 37(b) & (c)along with area of these lands.	Nil
2	Whether there are any cases of waiver/ write off of debts/loans/interest etc., if any, the reason there for and amount involved.	We have been informed that there has been no case of waiver, write off of debt/interest/loans etc.	Nil
3	Whether proper records are maintained for inventories laying with third parties & assets received as gift from Govt. or other authorities.	The company has maintained proper records of inventories including inventory lying with the third parties. The inventories have been physically verified at reasonable intervals by the Management, except the stores & spares lying with Engineers India Ltd. and other contractors. We have been informed that no asset has been received as gift from government or other authorities.	Nil

For **O. P. Bagla & Co.**
Chartered Accountants
Firm No.: 000018N

(Rakesh Kumar)
(Partner)
Membership No.: 087537

For **G. S. Mathur & Co.**
Chartered Accountants
Firm No.: 08744N

(Rajiv Kumar Wadhawan)
(Partner)
Membership No.: 091007

Place : **New Delhi**
Dated : **20th July, 2017**

ANNEXURE - C TO THE INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 3(f) to "Report on Other legal and regulatory requirements" of the Independent Auditors' Report of even date to the members of **GAIL (INDIA) LIMITED** on the financial statements for the year ended March 31, 2017.

Report on the Internal Financial Controls under Clause (i) of Sub section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of GAIL (INDIA) LIMITED ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence I/we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **O. P. Bagla & Co.**	For **G. S. Mathur & Co.**
Chartered Accountants	Chartered Accountants
Firm No.: 000018N	Firm No.: 08744N
(Rakesh Kumar)	(Rajiv Kumar Wadhawan)
(Partner)	(Partner)
Membership No.:087537	Membership No.:091007

Place : **New Delhi**
Dated : **20th July, 2017**

GAIL (INDIA) LIMITED
Standalone Balance Sheet as at 31st March 2017

(₹ in Crores)

S.No.	Particulars	Note	As at 31st March 2017	As at 31st March 2016	As at 01st April 2015
	ASSETS				
1	**Non current assets**				
	a) Property, Plant and Equipment	2	27,762.80	27,728.24	26,929.16
	b) Capital work-in-progress	3	3,585.20	3,134.27	3,994.76
	c) Intangible assets	4	743.39	738.71	743.94
	d) Intangible assets under development	4	218.19	285.93	365.06
	e) Financial Assets				
	i - Investments	5A	9,509.64	8,572.38	10,390.14
	ii - Trade receivables	6A	1,103.66	1,100.58	2,395.56
	iii - Loans	7A	619.21	694.83	680.49
	iv - Others financial assets	7B	6.87	219.09	116.06
	f) Other Non Current Assets (Non Financial)	10A	3,576.52	3,914.92	2,939.87
	Subtotal (1)		**47,125.48**	**46,388.95**	**48,555.04**
2	**Current Assets**				
	a) Inventories	8	1,698.38	1,609.44	1,931.27
	b) Financial Assets				
	i - Investments	5B	-	12.35	-
	ii - Trade receivables	6B	2,724.54	2,708.96	3,076.18
	iii - Cash and cash equivalents	9A	451.88	309.32	227.61
	iv - Bank balances other than (iii) above	9B	889.97	1,484.55	914.04
	v - Loans	7A	752.83	642.53	551.06
	vi -Others financial assets	7B	57.39	46.94	90.87
	c) Other Current Assets (Non Financial)	10B	2,569.52	2,594.36	2,825.00
	Subtotal (2)		**9,144.51**	**9,408.45**	**9,616.03**
	Total Assets (1+2)		**56,269.99**	**55,797.40**	**58,171.07**
	EQUITY AND LIABILITIES				
1	**EQUITY**				
	a) Equity Share Capital	11	1,691.30	1,268.48	1,268.48
	b) Other Equity	12	36,458.07	33,826.07	34,367.32
	Total Equity (1)		**38,149.37**	**35,094.55**	**35,635.80**
2	**LIABILITIES**				
	Non Current Liabilities				
	a) Financial Liabilities				
	i - Borrowings	13A	3,004.55	5,737.30	7,745.66
	ii - Other Financial Liabilities	14A	814.09	1,108.37	2,160.57
	b) Provisions	15A	812.60	618.36	579.54
	c) Deferred Tax Liabilities (net)	18	4,655.91	4,071.38	3,359.35
	d) Other Non Current Liabilities	17A	458.75	0.92	0.92
	Subtotal (2)		**9,745.90**	**11,536.33**	**13,846.04**
3	**Current Liabilities**				
	a) Financial Liabilities				
	i - Borrowings	13B	-	-	233.80
	ii - Trade Payables	16	2,716.01	2,861.60	3,320.48
	iii - Other Financial Liabilities	14B	3,818.31	4,658.12	3,656.89
	b) Other Current Liabilities	17B	1,139.66	1,114.87	859.21
	c) Provisions	15B	700.74	531.93	618.85
	Subtotal (3)		**8,374.72**	**9,166.52**	**8,689.23**
	Total Equity and Liabilities (1+2+3)		**56,269.99**	**55,797.40**	**58,171.07**

Significant Accounting Policies and the accompanying notes 1 to 69 form an integral part of Standalone Financial Statements

For and on behalf of the Board of Directors

A. K. Jha
Company Secretary

Subir Purkayastha
Director (Finance)

Dr. Ashutosh Karnatak
Director (Projects)

B. C. Tripathi
Chairman & Managing Director

As per separate Report of even date

For **O. P. Bagla & Co.**
Chartered Accountants
Firm No.: 000018N

(Rakesh Kumar)
(Partner)
Membership No.: 087537

For **G. S. Mathur & Co.**
Chartered Accountants
Firm No.: 08744N

(Rajiv Kumar Wadhawan)
(Partner)
Membership No.: 091007

Place : **New Delhi**
Dated : **22nd May, 2017**

Notes to Financial Statements for the year ended 31st March 2017

Corporate Information

GAIL (India) Limited ("GAIL" or "the company") is a limited company domiciled in India and was incorporated on August 16, 1984. Equity shares of the Company are listed in India on the Bombay Stock Exchange and the National Stock Exchange. Also Global Depository Receipts (GDRs) of the company are listed at London Stock Exchange. The Government of India holds 54.43% in the paid-up equity capital of the company as on 31st March 2017. The registered office of the Company is located at 16, Bhikaji Cama Place, R K Puram, New Delhi-110066.

GAIL is the largest state-owned natural gas processing and distribution company in India. The company has a diversified business portfolio and has interests in the sourcing and trading of natural gas, production of LPG, Liquid hydrocarbons and petrochemicals, transmission of natural gas and LPG through pipelines, etc. GAIL has also participating interest in India and overseas in Oil and Gas Blocks.

The financial statements of the company for the year ended 31st March 2017 were authorized for issue in accordance with a resolution of the directors on 22nd May 2017.

Basis of Preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind-AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

For and upto the year ended 31st March 2016, the Company prepared its financial statements in accordance with Indian GAAP, including accounting standards notified under section 133 of the Companies Act 2013, read together with para 7 of the Companies (Accounts) Rules 2014 (Indian GAAP). The financial statements for the year ended 31st March 2017 have been prepared in accordance with Ind-AS.

The financial statements have been prepared as a going concern on accrual basis of accounting. The company has adopted historical cost basis for assets and liabilities except for certain items which have been measured on a different basis and such basis is disclosed in the relevant accounting policy.

The financial statements are presented in Indian Rupees ('₹') and the values are rounded to the nearest crore (₹ 0,000,000), except when otherwise indicated.

1. Significant Accounting Policies

1.1 Property, Plant and Equipments (PPE)

A. Tangible Assets

(i) Property, Plant and Equipment are stated at original cost net of tax/duty credit availed, less accumulated depreciation. All costs relating to acquisition of fixed assets till commissioning of such assets are capitalized. In the case of commissioned assets where final payment to the Contractors is pending, capitalization is made on provisional basis, including provisional liability pending approval of Competent Authority, subject to necessary adjustment in cost and depreciation in the year of settlement.

(ii) Stores & Spares which meet the definition of PPE (whether as component or otherwise) and satisfy the recognition criteria, are capitalized as PPE in the underlying asset. Major inspection/ overhaul/repair is recognized in the carrying amount of respective assets as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the Statement of Profit and Loss as incurred.

(iii) Technical know-how/license fee incurred at the time of procurement of PPE are capitalized as part of the underlying asset.

B. Intangible Assets

(iv) Intangible assets like Right of Use (RoU), Software, Licenses which are expected to provide future enduring economic benefits are capitalized as Intangible Assets and are stated at their cost of acquisition less accumulated amortization and any accumulated impairment loss.

1.2 Capital Work in Progress

(i) Crop compensation is accounted for under Capital Work-in-Progress on the basis of actual payments/estimated liability, as and when work commences where ROU is acquired.

(ii) The capital work in progress includes Construction Stores including Material in Transit/ Equipment / Services, etc. received at site for use in the projects.

(iii) All revenue expenses incurred during Construction Period, which are exclusively attributable to acquisition / construction of the asset, are capitalized at the time of commissioning of such assets.

1.3 Exploration and Development Costs

a. The Company follows Successful Efforts Method for accounting of Oil & Gas exploration and production activities carried out through Joint Ventures in the nature of Production Sharing Contracts (PSC) with respective host government and various body corporates for exploration, development and production activities, which includes:

(i) Survey Costs are recognized as revenue expenditure in the year in which these are incurred.

(ii) Cost of exploratory/development wells are carried as Intangible assets under development/Capital work in progress. Such exploratory wells in progress are capitalized in the year in which the Producing Property is created. Such costs are written off in the year when determined to be dry / abandoned.

(iii) Cost of all "exploratory wells in progress" is debited to Statement of Profits and Loss except of those wells for which there are reasonable indications of sufficient quantity of reserves and the enterprise is making sufficient progress assessing the reserves and the economic and operating viability of the project.

b. Capitalization of Producing Properties

(i) Producing Properties are capitalized as "completed wells / producing wells" when the wells in the area / field are ready to commence commercial production on establishment of proved developed oil and gas reserves.

(ii) Cost of Producing Properties includes cost of successful exploratory wells, development wells, initial depreciation of support equipments& facilities and estimated future abandonment cost.

c. Depletion of Producing Properties

Producing Properties are depleted using the "Unit of Production Method (UOP)". The depletion or unit of production charged for all the capitalized cost is calculated in the ratio of production during the year to the proved developed reserves at the year end.

d. Production cost of Producing Properties

Company's share of production costs as indicated by Operator consists of pre well head and post well head expenses including depreciation and applicable operating cost of support equipment and facilities.

e. Accounting for joint operations

In relation to its interests in joint operations entered through Production Sharing Contracts (PSC), the company recognizes its proportionate share in assets, liabilities, revenue from the sale of the output, expenses of the joint operation entity, in the financial statements.

1.4 Foreign Currency Transaction

(i) Functional Currency of the Company is Indian Rupee (₹).

(ii) Transactions in foreign currency are initially accounted at the exchange rate prevailing on the transaction date.

(iii) Monetary items (such as Cash, Receivables, Loans, Payables, etc.) denominated in foreign currencies, outstanding at the year end, are translated at exchange rates (BC Selling Rate for Payables and TT Buying Rate for Receivables) prevailing at year end.

(iv) Non-monetary items (such as Investments, Property plant and equipment, etc.), denominated in foreign currencies are accounted at the exchange rate prevailing on the date of transaction(s).

(v) Any gains or loss arising on account of exchange difference either on settlement or on translation is adjusted in the Statement of Profit & Loss.

(vi) Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items is recognized in line with the gain or loss of the item arising on determination of fair value of such item, either in other comprehensive income or the Statement of Profit and Loss as the case may be.

1.5 Borrowing Cost

Borrowing cost of the funds specifically borrowed for the purpose of obtaining qualifying assets and eligible for capitalization along with the cost of the assets, is capitalized up to the date when the asset is ready for its intended use after netting off any income earned on temporary investment of such funds. Other borrowing costs are recognized as expense in the year of incurrence.

1.6 Grants

In case of depreciable assets, the cost of the assets is shown at gross value and grant thereon is taken to deferred income which is recognised as income in the Statement of Profit and Loss over the useful life of the asset.

1.7 Inventories

a) Stock of Liquefied Natural Gas (LNG) and Natural Gas in pipelines is valued at cost on First in First out (FIFO) basis or net realizable value, whichever is lower.

b) Raw materials and finished goods are valued at weighted average cost or net realizable value, whichever is lower. Finished goods include excise duty and royalty wherever applicable.

c) Stock in process is valued at weighted average cost or net realisable value, whichever is lower. It is valued at weighted average cost where the finished goods in which these are to be incorporated are expected to be sold at or above the weighted average cost.

d) Stores and spares and other material for use in production of inventories are valued at weighted average cost or net realisable value, whichever is lower. It is valued at weighted average cost where the finished goods in which they will be incorporated are expected to be sold at/or above cost.

e) Surplus / Obsolete Stores and Spares are valued at cost or net realisable value, whichever is lower.

f) Surplus / Obsolete Capital Stores, other than held for use in construction of a capital asset, are valued at lower of cost or net realisable value.

g) Imported LNG in transit is valued at CIF value or net realizable value whichever is lower.

h) Renewable Energy Certificates (RECs) are valued at cost on First in First out (FIFO) basis or net realizable value, whichever is lower.

1.8 Revenue recognition

a) Sales are recognized on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sales include excise duty but exclude value added tax. Any retrospective revision in prices is accounted for in the year of such revision. It is measured at fair value of consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

b) Income from Consultancy/Contract Services, if any, is recognized based on percentage Completion Method.

c) Dividend income is accounted for when the right to receive is established.

d) Claims (including interest on delayed realization from customers) are accounted for, when there is significant certainty that the claims are realizable.

e) Insurance claims are accounted for on the basis of claims admitted by the insurers.

f) Liability in respect of Minimum Guaranteed Offtake (MGO) of Natural gas is not provided for where the same is secured by MGO recoverable from customers. Payments/receipts during the year on account of MGO are adjusted on receipt basis.

g) Minimum charges relating to transportation of LPG are accounted for on receipt basis.

h) Contributions by customers towards items of Property, Plant and Equipment, realized in pursuance of a contract after 01/04/2015 are credited to deferred revenue and are amortized over the period of contract. Any tangible assets built/to be built, wherever applicable, under such contract are stated at gross value thereof.

1.9 Depreciation / Amortisation

A. Tangible Assets

Depreciation on Tangible PPE (including enabling assets) is provided in accordance with the manner and useful life as specified in Schedule II of the Companies Act, 2013, on straight line method (SLM) on pro-rata basis (monthly pro-rata for bought out assets), except for the assets as mentioned below where different useful life has been taken on the basis of external/internal technical evaluation:

(i)

Particulars	Years
Furniture and Electrical Equipment's provided for the use of employees	6 years
Mobile Phones provided for the use of employees	2 years

(ii) Cost of the leasehold land is amortised over the lease period except perpetual leases.

(iii) Depreciation due to price adjustment in the original cost of fixed assets is charged prospectively.

B. Intangible Assets

(i) Intangible assets comprising software and licences are amortised on Straight Line Method (SLM) over the useful life from the date of capitalization which is considered not exceeding five years.

Right of use (ROU) having indefinite life (for which there is no foreseeable limit to the period over which they are expected to generate net cash flows given the fact that these rights can be used even after the life of respective pipelines) are not amortized, but are tested for impairment annually.

(ii) After impairment of assets, if any, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

C. Capital assets facilities installed at the consumers' premises

Capital assets facilities installed at the consumers' premises on the land whose ownership is not with the company, has been depreciated on SLM basis in accordance with the useful life as specified in Schedule II of the Companies Act, 2013.

1.10 Employees Benefits

(a) All short term employee benefits are recognized at the undiscounted amount in the accounting period in which they are incurred.

(b) The Company's contribution to the Provident Fund is remitted to a separate trust established for this purpose based on a fixed percentage of the eligible employee's salary and debited to Statement of Profit and Loss. Further, the company makes provision as per actuarial valuation towards any shortfall in fund assets to meet statutory rate of interest in the future period, to be compensated by the company to the Provident Fund Trust.

(c) Employee Benefits under Defined Benefit Plans in respect of leave encashment, compensated absences, post-retirement medical scheme, long service award and other terminal benefits are recognized based on the present value of defined benefit obligation, which is computed on the basis of actuarial valuation using the Projected Unit Credit Method. Actuarial liability in excess of respective plan assets is recognized during the year.

(d) Re-measurement including actuarial gains and losses are recognized in the balance sheet with a corresponding debit or credit to retained earnings through Statement of Profit and Loss or Other Comprehensive Income in the year of occurrence, as the case may be. Re-measurements are not reclassified to the Statement of Profit and Loss in subsequent periods.

(e) Liability for gratuity as per actuarial valuation is funded with a separate trust.

1.11 Impairment of non-financial assets

The Carrying amount of cash generating unit are reviewed at each reporting date. In case there is any indication of impairment based on Internal/External factors, impairment loss is recognized wherever the carrying amount of asset exceeds its recoverable amount.

1.12 Provisions, Contingent Liabilities, Contingent Assets & Capital Commitments

(a) Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities/ assets exceeding ₹ 5 Lacs in each case are disclosed by way of notes to accounts except when there is remote possibility of settlement/realization.

(b) Estimated amount of contracts remaining to be executed on capital accounts are disclosed in each case above ₹ 5 lacs.

1.13 Taxes on Income

Provision for current tax is made as per the provisions of the Income Tax Act, 1961. Minimum Alternate Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal Income Tax during the specified period.

Deferred tax is provided, using the balance sheet method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes considering the tax rate and tax laws that have been enacted or substantively enacted as on the reporting date.

Deferred tax relating to items recognized outside Statement of Profit and Loss is recognized outside Statement of Profit and Loss (either in Other Comprehensive Income or in Equity).

The carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

1.14 R&D Expenditure

Revenue expenditure on Research and Development is charged to Statement of Profit and Loss in the year in which it is incurred. Capital expenditure on Research and Development is capitalized in case the same qualifies as an asset.

1.15 Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and in hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value

1.16 Segment reporting

The Management of the company monitors the operating results of its business Segments for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements.

The Operating segments have been identified on the basis of the nature of products/services.

a) Segment revenue includes directly identifiable with/allocable to the segment including inter-segment revenue.

b) Expenses that are directly identifiable with / allocable to segments are considered for determining the segment result.

c) Expenses which relate to the Company as a whole and not allocable to segments are included under unallocable expenditure.

d) Income which relates to the Company as a whole and not allocable to segments is included in unallocable income.

e) Segment assets and liabilities include those directly identifiable with the respective segments. Unallocable assets and liabilities represent the assets and liabilities that relate to the Company as a whole and not allocable to any segment.

1.17 Earning per share

Basic earnings per equity share is computed by dividing the net profit after tax attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed by dividing adjusted net profit after tax by the aggregate of weighted average number of equity shares and dilutive potential equity shares during the year.

1.18 Leases

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership of the Company is classified as a finance lease.

(A) Company as a lessee

Assets acquired on leases where a significant portion of the risks and rewards of ownership are retained by lessor are classified as operating leases. Lease rentals are charged to the Statement of Profit and Loss on straight line basis. However, rent expenses shall not be straight-lined, if escalation in rentals is in line with expected inflationary cost.

Finance leases are capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the Statement of Profit and Loss.

(B) Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Leases are classified as finance leases when substantially all of the risks and rewards incidental to ownership is transferred by the Company to the lessee.

1.19 Liquidated damages/ Price Reduction Schedule

Amount recovered towards Liquidated Damages/Price Reduction Schedule are adjusted/appropriated as and when the matter is settled.

1.20 Fair value measurement

The Company measures financial instruments including derivatives and specific investments (other than subsidiary, joint venture and associates), at fair value at each balance sheet date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

(i) Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities

(ii) Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

(iii) Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the balance sheet on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

1.21 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(A) Financial assets

(i) Classification

The Company classifies financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through Statement of Profit and Loss on the basis of its business model for managing the financial assets and the contractual cash flows characteristics of the financial asset.

(ii) Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through Statement of Profit and Loss, transaction costs that are attributable to the acquisition of the financial asset.

(iii) Subsequent measurement

For purposes of subsequent measurement financial assets are classified in below categories:

(a) Financial assets carried at amortised cost

A financial asset other than derivatives and specific investments, is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(b) Financial assets at fair value through other comprehensive income

A financial asset comprising specific investment is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model.

(c) Financial assets at fair value through Statement of Profit and Loss

A financial asset comprising derivatives which is not classified in any of the above categories are subsequently fair valued through profit or loss.

(iv) Derecognition

A financial asset is primarily derecognized when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

(v) Investment in subsidiaries, joint ventures and associates

The company has accounted for its investment in subsidiaries, joint ventures and associates at cost. The company assesses whether there is any indication that these investments may be impaired. If any such indication exists, the investment is considered for impairment based on the fair value thereof.

(vi) Impairment of other financial assets

The Company assesses impairment based on expected credit losses (ECL) model for measurement and recognition of impairment loss on the financial assets that are trade receivables or contract revenue receivables and all lease receivables etc.

(B) Financial liabilities

(i) Classification

The Company classifies all financial liabilities as subsequently measured at amortized cost, except for financial liabilities at fair value through Statement of Profit and Loss. Such liabilities, including derivatives shall be subsequently measured at fair value.

(ii) Initial recognition and measurement

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

(iii) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

(a) Financial liabilities at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognized in Statement of Profit and Loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the Statement of Profit and Loss.

(b) Financial liabilities at fair value through Statement of Profit and Loss

Financial liabilities at fair value through Statement of Profit and Loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through Statement of Profit and Loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category comprises derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the Statement of Profit and Loss.

(iv) Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

(a) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously

(b) Derivative financial instruments

The Company uses derivative financial instruments, such as forward currency contracts, interest rate swaps, full currency swaps and forward commodity contracts, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to Statement of Profit and Loss.

1.22 Standards Issued but not yet Effective

a) Ind - AS 115 "Revenue from Contract with Customers

Ind AS 115 was issued in February, 2015. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to the customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

This standard will come into force from accounting period commencing on or after 1st April, 2018. The company will adopt the new standard on the required effective date. The Company is in the process of making an assessment of the impact of Ind - AS 115 upon initial application, which is subject to changes arising from a more detailed ongoing analysis.

b) Amendments to Ind AS 7 "Statement of cash flows"

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

This amendment is effective for accounting period commencing on or after 1st April, 2017. The Company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

GAIL (INDIA) LIMITED

Standalone Statement of Profit and Loss for the year ended 31st March 2017

(₹ in Crores)

S.No.	Particulars	Note	Year Ended 31st March 2017	Year Ended 31st March 2016
I.	**Income**			
	Revenue from Operation (Gross)	19	48,882.99	52,195.97
	Other Income	20	1,176.27	891.57
	Total Revenue (I)		**50,059.26**	**53,087.54**
II.	**Expenses**			
	Cost of Materials Consumed		3,151.24	3,388.52
	Purchase of Stock in trade		33,199.67	38,406.76
	Changes in Inventories of Finished Goods, Stock in Trade and Work in Progress	21	42.29	412.09
	Employee benefits expense	22	1,257.53	958.44
	Finance costs	23	479.36	799.86
	Depreciation and amortization expense	24	1,396.78	1,309.79
	Excise Duty		734.14	474.71
	Other expenses	25	4,088.70	4,275.40
	Total expenses (II)		**44,349.71**	**50,025.57**
III.	**Profit/ (Loss) before exceptional items and tax (I-II)**		**5,709.55**	**3,061.97**
IV.	Exceptional Items :-			
	Add : Profit on sale of Investment (Refer Note No.52)		489.31	-
	Less : Impairment of Investment (Refer Note No.53 (iv & v))		788.04	-
V.	**Profit/(loss) before tax (III-IV)**		**5,410.82**	**3,061.97**
VI.	Tax expense:			
	(1) Current tax		1,319.52	187.43
	(2) Deferred tax		573.38	700.07
	(3) Adjustment of tax relating to earlier periods		15.01	(51.96)
			1,907.91	835.54
VII.	**Profit (Loss) for the period from continuing operations (V-VI)**		**3,502.91**	**2,226.43**
	Other comprehensive income not to be reclassified to profit or loss in subsequent periods:	"A"		
	Remeasurement gains /(losses) on defined benefit plans		32.23	34.58
	Income tax effect thereon		(11.15)	(11.96)
			21.08	**22.62**
	Net gain /(loss) on FVTOCI of Investment		1,284.97	(1,950.62)
	Income tax effect thereon		-	
			1,284.97	**(1,950.62)**
	Net other comprehensive income not to be reclassified to profit or loss in subsequent periods:		**1,306.05**	**(1,928.00)**
	Total Comprehensive Income for the period (Profit and Loss and OCI, net of tax)		**4,808.96**	**298.43**
VIII.	Earnings per equity share (for continuing operation): (in ₹)	"B"		
	(1) Basic		20.71	13.16
	(2) Diluted		20.71	13.16
IX.	Earnings per share from continuing and discontinued operations (in ₹)			
	(1) Basic		20.71	13.16
	(2) Diluted		20.71	13.16

Significant Accounting Policies and the accompanying notes 1 to 69 form an integral part of Standalone Financial Statements

For and on behalf of the Board of Directors

A. K. Jha	**Subir Purkayastha**	**Dr. Ashutosh Karnatak**	**B. C. Tripathi**
Company Secretary	Director (Finance)	Director (Projects)	Chairman & Managing Director

As per separate Report of even date

For **O. P. Bagla & Co.**	**(Rakesh Kumar)**	For **G. S. Mathur & Co.**	**(Rajiv Kumar Wadhawan)**
Chartered Accountants	(Partner)	Chartered Accountants	(Partner)
Firm No.: 000018N	Membership No.: 087537	Firm No.: 08744N	Membership No.: 091007

Place : **New Delhi**
Dated : **22nd May, 2017**

Statement of change in equity for the year ended 31st March 2017

Equity Share Capital (Issued, Subscribed and Paid up Equity Share of ₹ 10 each) (₹ in Crores)

Particulars	Note No	Amount
As at 1st April 2015	**11**	**1,268.48**
Changes during the year		-
As at 31st March 2016	11	1,268.48
Changes during the year by issue of Bonus Shares		422.82
As at 31st March 2017	**11**	**1,691.30**

Other Equity (Refer Note 12)

For The Year Ended 31st March, 2017 (₹ in Crores)

Particulars	Reserve and Surplus							Total other Equity
	Security premium	Bond redemption reserve	CSR Reserve	General reserve	Transition Reserve	Other Comprehensive Income	Retained earnings	
Balance as at 1st April, 2016	**0.27**	**238.72**	**-**	**4,425.68**	**6,084.44**	**(1,927.99)**	**25,004.95**	**33,826.07**
Profit for the year	-	-	-	-		-	3,502.91	**3,502.91**
Transfer to Reserve during the Period	-	98.46	-	350.29		-	(448.75)	**-**
Interim Dividends	-	-	-	-		-	(1,078.24)	**(1,078.24)**
Dividend							(380.54)	**(380.54)**
Corporate Dividend Tax							(295.35)	**(295.35)**
-Remeasurement gains (losses) on defined benefit plans	-					21.08	-	**21.08**
-Net (loss)/gain on FVTOCI equity Securities	-					1,284.97	-	**1,284.97**
-Issue of Bonus Shares				(422.82)				**(422.82)**
Balance as at 31st March, 2017	**0.27**	**337.18**	**-**	**4,353.14**	**6,084.44**	**(621.94)**	**26,304.98**	**36,458.07**

For The Year Ended 31st March, 2016 (₹ in Crores)

Particulars	Reserve and Surplus							Total other Equity
	Security premium	Bond redemption reserve	CSR Reserve	General reserve	Transition Reserve	Other Comprehensive Income	Retained earnings	
Balance as at 1st April, 2015	**0.27**	**204.04**	**1.00**	**4,195.79**	**6,084.44**	**-**	**23,881.78**	**34,367.32**
Profit for the Period	-	-	-	-		-	2,226.43	**2,226.43**
Transfer to Reserve during the Period	-	34.68	(1.00)	229.89			(263.57)	**-**
Interim Dividends							(317.12)	**(317.12)**
Dividend							(380.54)	**(380.54)**
Corporate Dividend Tax							(142.03)	**(142.03)**
-Remeasurement gains (losses) on defined benefit plans						22.62		**22.62**
-Net (loss)/gain on FVTOCI equity Securities						(1,950.62)		**(1,950.62)**
Balance as at 31st March, 2016	**0.27**	**238.72**	**-**	**4,425.68**	**6,084.44**	**(1,927.99)**	**25,004.95**	**33,826.07**

Note : For the year, the Company has proposed Final Dividend of ₹ 2.70 per share (Previous Year: ₹ 3.00)

For and on behalf of the Board of Directors

A. K. Jha
Company Secretary

Subir Purkayastha
Director (Finance)

Dr. Ashutosh Karnatak
Director (Projects)

B. C. Tripathi
Chairman & Managing Director

As per separate Report of even date

For **O. P. Bagla & Co.**
Chartered Accountants
Firm No.: 000018N

(Rakesh Kumar)
(Partner)
Membership No.: 087537

For **G. S. Mathur & Co.**
Chartered Accountants
Firm No.: 08744N

(Rajiv Kumar Wadhawan)
(Partner)
Membership No.: 091007

Place : **New Delhi**
Dated : **22nd May, 2017**

Notes to Financial Statements for the year ended 31st March 2017 Note "A"

Components of other comprehensive income (OCI)

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

During the year ended 31st March 2017 (₹ in Crores)

	Retained Earnings	Total
Remeasurement gains (losses) on defined benefit plans	32.23	32.23
Income tax effect thereon	(11.15)	(11.15)
Total	**21.08**	**21.08**
Net (loss) / gain on FVTOCI of Investments	1,284.97	1,284.97
Income tax effect thereon	-	-
Total	**1,284.97**	**1,284.97**

During the year ended 31st March 2016

	Retained Earnings	Total
Remeasurement gains (losses) on defined benefit plans	34.58	34.58
Income tax effect thereon	(11.96)	(11.96)
Total	**22.62**	**22.62**
Net (loss) / gain on FVTOCI of Investments	(1,950.62)	(1,950.62)
Income tax effect thereon	-	-
Total	**(1,950.62)**	**(1,950.62)**

Notes to Financial Statements for the year ended 31st March 2017 Note "B"

Earnings Per Share (EPS)

Basic earnings per equity share is computed by dividing the net profit after tax attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed by dividing adjusted net profit after tax by the aggregate of weighted average number of equity shares and dilutive potential equity shares during the year

The following reflects the income and share data used in the basic and diluted EPS computations:

(₹ in Crores)

Particulars	**31st March 2017**	**31st March 2016**
Profit for the year as per Statement of Profit & Loss	3,502.91	2,226.43
Profit attributable to equity holders of the Company for basic earnings	**3,502.91**	**2,226.43**
	No. crores	**No. crores**
Weighted average number of equity shares in calculating basic EPS	169.13	169.13
(includes 42,28,25,800 Bonus Shares issued on 15th March 2017)		
Weighted average number of equity shares in calculating diluted EPS	**169.13**	**169.13**
Earnings per equity share in ₹		
Basic	20.71	13.16
Diluted	20.71	13.16
Face Value of each equity share in ₹	**10**	**10**

Notes to Financial Statements for the year ended 31st March 2017

Note 2 - Property, plant and equipment

(₹ in Crores)

Cost	Land		Buildings		Bunk Houses	Plant and Machinery	Railway Lines & Sidings	Electrical Equipments	Furniture & Fixtures	Transport Equipments	Office Equipments	Other Equipments	E&P Assets		Total
	Freehold	Leasehold	Office/ Others	Residential									Producing Property	Support Equipment & Facilities	
At 1st April 2015	**173.41**	**71.43**	**611.92**	**252.90**	**0.47**	**24,509.72**	**0.27**	**261.71**	**73.09**	**4.31**	**67.06**	**66.70**	**834.50**	**1.66**	**26,929.16**
Additions/ Adj for the Period	54.30	0.07	105.01	19.26	0.20	1,988.57	-	28.10	25.32	1.05	47.09	46.42	141.05	3.06	2,459.50
Disposals / Adj for the Period	(43.23)	(9.19)	(24.05)	(18.54)	(0.14)	(530.43)	-	(7.65)	(8.86)	(0.29)	(17.52)	(16.20)	(0.04)	-	(676.14)
At 31st March 2016	**184.47**	**62.31**	**692.88**	**253.62**	**0.53**	**25,967.86**	**0.27**	**282.16**	**89.55**	**5.07**	**96.62**	**96.93**	**975.51**	**4.72**	**28,712.51**
Additions/ Adj for the Period	46.46	25.28	48.07	11.07	0.31	1,067.26	-	32.84	23.17	0.13	22.96	28.58	-	-	1,306.13
Disposals / Adj for the Period	0.08	(0.79)	(15.28)	(0.10)	(0.19)	108.87	-	(4.95)	(3.65)	0.03	(10.98)	(8.53)	(2.45)	-	62.03
At 31st March 2017	**231.01**	**86.80**	**725.67**	**264.59**	**0.66**	**27,143.98**	**0.27**	**310.04**	**109.07**	**5.24**	**108.60**	**116.98**	**973.06**	**4.72**	**30,080.67**
Depreciation and impairment															
At 1st April 2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation expense	-	0.09	29.83	10.07	0.28	1,066.31	-	34.48	10.02	0.80	27.55	20.57	90.05	0.34	1,290.40
Impairment	-	-	-	-	-	8.05	-	-	-	-	-	-	-	-	8.05
Impairment-Reversal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposal / Adj. during the period		(1.49)	(11.10)	(5.46)	(0.14)	(256.02)	-	(7.02)	(6.03)	(0.28)	(16.21)	(10.40)	-	-	(314.15)
At 31st March 2016	-	**(1.40)**	**18.73**	**4.61**	**0.14**	**818.34**	-	**27.46**	**3.99**	**0.51**	**11.34**	**10.18**	**90.05**	**0.34**	**984.29**
Depreciation expense	-	0.65	34.83	10.75	0.30	1,144.49	-	40.98	12.23	0.69	28.55	22.67	82.46	0.34	1,378.93
Impairment	-	-	-	-	-	7.22	-	-	-	-	-	-	-	-	7.22
Impairment-Reversal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposal / Adj. during the period	-	0.02	(0.68)	(0.09)	(0.19)	(24.44)	-	(6.55)	(3.24)	(0.06)	(9.94)	(7.40)	-	-	(52.57)
At 31st March 2017	-	**(0.73)**	**52.88**	**15.28**	**0.25**	**1,945.62**	-	**61.88**	**12.98**	**1.14**	**29.94**	**25.45**	**172.51**	**0.67**	**2,317.88**
Net Book value															
At 1st April 2015	173.41	71.43	611.92	252.90	0.47	24,509.72	0.27	261.71	73.09	4.31	67.06	66.70	834.50	1.66	26,929.16
At 31st March 2016	184.47	63.71	674.15	249.01	0.39	25,149.54	0.27	254.69	85.56	4.56	85.29	86.75	885.45	4.38	27,728.24
At 31st March 2017	231.01	87.53	672.79	249.31	0.41	25,198.36	0.27	248.15	96.08	4.10	78.65	91.53	800.55	4.04	27,762.80

Note : During the year, an amount of ₹ 5.84 crore (Previous Year ₹ 3.03 crore) has been capitalised towards Research & Development.

Note 3 : Capital Work in Progress

(₹ in Crores)

Particulars		As at 31st March 2017		As at 31st March 2016		As at 01st April 2015
A. Tangible						
I. Plant & Machinery						
Linepipe Construction and related facilities including Cathodic Protection	1,931.69		1,425.49		1,074.97	
Less : Provision for abandonment of Linepipe & Related Facilities	124.52	1,807.17	111.58	1,313.91	95.70	979.27
Despatch/Receiving Terminals		14.62		14.88		12.17
Compressor Stations		66.83		0.08		12.09
Telecom/Telesupervisory System		28.67		15.65		8.20
Petrochemicals		131.05		123.54		1,248.78
Others		151.46		77.26		80.27
Development Well in Progress		11.37		3.80		95.72
II. Buildings	32.15		40.26		91.76	
Less : Provision for abandonment of Building	5.28	26.87	5.28	34.98	5.28	86.48
III. Linepipes, Capital Items in Stock/Transit	1,325.92		1,525.40		1,469.29	
Less : Provision for losses/obsolescence	10.81	1,315.11	9.88	1,515.52	6.55	1,462.74
B. Intangibles						
ROU		5.13		5.13		-
Software and others		26.92		29.52		9.04
Total (A+B)		**3,585.20**		**3,134.27**		**3,994.76**

Note 4 : Intangible Assets

(₹ in Crores)

Cost/ Valuation	Intangible Assets			Intangible Assets under development
	Right of Use	Software / Licenses	Total	
At 1st April 2015	**718.81**	**25.13**	**743.94**	**365.06**
Additions/ Adj for the Period	(5.40)	13.37	7.97	37.81
Disposals / Adj for the Period	(0.07)	(0.33)	(0.40)	(116.94)
At 31st March 2016	**713.34**	**38.16**	**751.51**	**285.93**
Additions/ Adj for the Period	7.89	10.97	18.86	42.75
Disposals / Adj for the Period	-	(2.63)	(2.63)	(110.49)
At 31st March 2017	**721.23**	**46.51**	**767.74**	**218.19**
Depreciation and impairment				
At 1st April 2015				
Depreciation expense	-	12.70	12.70	
Impairment	-	-	-	
Impairment-Reversal	-	-	-	
Disposal / Adj. during the period	(0.02)	0.13	0.10	
At 31st March 2016	**(0.02)**	**12.82**	**12.80**	
Depreciation expense	0.07	11.17	11.24	
Impairment	-	-	-	
Impairment-Reversal	-	-	-	
Disposal / Adj. during the period	-	0.31	0.31	
At 31st March 2017	**0.05**	**24.30**	**24.35**	
Net Book value				
At 1st April 2015	718.81	25.13	743.94	365.06
At 31st March 2016	713.37	25.34	738.71	285.93
At 31st March 2017	721.18	22.21	743.39	218.19

Note 5 : Investments

(₹ in Crores)

	Investments	As at 31st March 2017		As at 31st March 2016		As at 1st April 2015	
		Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount
	Investment in equity shares						
	Unquoted, fully paid						
(a)	**In subsidiary companies:**						
1	- GAIL Global (Singapore) Pte. Ltd.	71,00,000 (USD 1 each)	41.94	21,00,000 (USD 1 each)	9.64	21,00,000 (USD 1 each)	9.64
2	- GAIL Gas Ltd.	627,000,000 (₹ 10 each)	627.00	402,000,000 (₹ 10 each)	402.00	300,000,000 (₹ 10 each)	300.00
3	- Gail Global USA Inc.	36,000,000 (USD 1 each)	179.17	36,000,000 (USD 1 each)	179.17	36,000,000 (USD 1 each)	179.17
4	- Tripura Natural Gas Company Ltd.	1,92,000 (₹ 100 each)	1.92	1,92,000 (₹ 100 each)	1.92	1,92,000 (₹ 100 each)	1.92
	Pending Allotment;-						
5	- GAIL Gas Ltd.		-		34.00		-
	Total (a)		**850.03**		**626.73**		**490.73**
(b)	**In Joint Venture Companies:**						
1	- Ratnagiri Gas And Power Pvt. Ltd.	97,43,08,300 (₹ 10 each)	974.31	97,43,08,300 (₹ 10 each)	974.31 -	97,43,08,300 (₹ 10 each)	974.31 -
	Less : Provision for Impairment Loss (Refer Note No 39)		(783.00)				
2	- ONGC Petro Additions Ltd.	99,49,45,000 (₹ 10 each)	994.95	99,49,45,000 (₹ 10 each)	994.95	99,49,45,000 (₹ 10 each)	994.95
3	- Central UP Gas Ltd.	1,50,00,000 (₹ 10 each)	15.00	1,50,00,000 (₹ 10 each)	15.00	1,50,00,000 (₹ 10 each)	15.00
4	- Green Gas Ltd.	2,30,42,250 (₹ 10 each)	23.04	2,30,42,250 (₹ 10 each)	23.04	2,30,42,250 (₹ 10 each)	23.04
5	- Maharashtra Natural Gas Ltd.	2,25,00,000 (₹ 10 each)	22.50	2,25,00,000 (₹ 10 each)	22.50	2,25,00,000 (₹ 10 each)	22.50
6	- Aavantika Gas Ltd.	2,25,00,000 (₹ 10 each)	22.50	2,25,00,000 (₹ 10 each)	22.50	2,25,00,000 (₹ 10 each)	22.50
7	- Bhagyanagar Gas Ltd.	2,25,00,000 (₹ 10 each)	22.50	2,25,00,000 (₹ 10 each)	22.50	2,25,00,000 (₹ 10 each)	22.50
8	-Vadodara Gas Limited	7,91,37,831 (₹ 10 each)	79.14	7,91,37,831 (₹ 10 each)	79.14	7,91,37,831 (₹ 10 each)	79.14
9	- Talcher Fertilizers Ltd.	15,000 (₹ 10 each)	0.02	15,000 (₹ 10 each)	0.02	-	-
10	- Tapi Pipeline Company Ltd. (Refer Note No. 50)	25	-	25	-	25	-
11	Pending Allotment:-						
	- Tapi Pipeline Company Ltd. (Refer Note No. 50)		26.87		9.18		-
	Total (b)		**1,397.83**		**2,163.14**		**2,153.94**
	Total (a+b)		**2,247.86**		**2,789.87**		**2,644.67**

(₹ in Crores)

	Investments	As at 31st March 2017 Number of Shares	Amount	As at 31st March 2016 Number of Shares	Amount	As at 1st April 2015 Number of Shares	Amount
(c)	**In Associate companies:** **Quoted**						
1	- China Gas Holding Ltd. China	15,00,00,000 (HK$0.01 each)	97.37	15,00,00,000 (HK$0.01 each)	97.37	15,00,00,000 (HK$0.01 each)	97.37
2	- Petronet LNG Ltd. (includes 1,00,00,000 equity shares allotted at a premium of ₹ 5/- per share)	9,37,50,000 (₹ 10 each)	98.75	9,37,50,000 (₹ 10 each)	98.75	9,37,50,000 (₹ 10 each)	98.75
3	- Mahanagar Gas Ltd. (Current Investment : Current Yr. Nil, Previous Yr ₹ 12.35 Cr. for 1,23,47,250 shares @ 10/- share)	3,21,02,750 (₹ 10 each)	32.10	4,44,50,000 (₹ 10 each)	44.45	4,44,50,000 (₹ 10 each)	44.45
4	- Indraprastha Gas Ltd.	3,15,00,000 (₹ 10 each)	31.50	3,15,00,000 (₹ 10 each)	31.50	3,15,00,000 (₹ 10 each)	31.50
	Unquoted						
1	- Fayum Gas Company Ltd.	19,000 (LE 100 each)	8.10	19,000 (LE 100 each)	8.10	19,000 (LE 100 each)	8.10
	Less : Provision for Impairment Loss (Refer Note No. 53(iv))		(5.04)		-		-
2	- Brahmaputra Cracker & Polymer Ltd.	99,23,69,000 (₹ 10 each)	992.37	79,30,10,083 (₹ 10 each)	793.01	79,30,10,083 (₹ 10 each)	793.01
	Total (c)		**1,255.15**		**1,073.18**		**1,073.18**
(d)	**Other Investments** Fully paid up **Unquoted**						
	- South East Asia Gas Pipeline Ltd. (Refer Note No. 51)	8347 (USD 1 each)	0.11	8347 (USD 1 each)	0.11	8347 (USD 1 each)	0.13
	- Pending allotment						
	- South East Asia Gas Pipeline Ltd. (Refer Note No. 51)		286.51		294.95		338.71
	- Gujarat State Energy Generation Ltd.*	2,07,60,000 (₹ 10 each)	7.14	2,07,60,000 (₹ 10 each)	6.73	2,07,60,000 (₹ 10 each)	20.76
	- Darpan Co-operative Housing Society Ltd., Vadodara	30 (₹ 50 each)	-	30 (₹ 50 each)	-	30 (₹ 50 each)	-
	- Ashoka Apartments Co-operative Housing Society Ltd., Vadodara	50 (₹ 50 each)	-	50 (₹ 50 each)	-	50 (₹ 50 each)	-
	- Sanand Members Association, Ahmedabad	400 (₹ 10 each)	-	400 (₹ 10 each)	-	400 (₹ 10 each)	-
	- Green Field (B) Co-operative Housing Society Ltd., Mumbai	55 (₹ 50 each)	-	55 (₹ 50 each)	-	55 (₹ 50 each)	-
	- Avillion Greenfields Co-Op Hsg. Society Ltd., Mumbai	50 (₹ 5 each)	-	50 (₹ 5 each)	-	50 (₹ 5 each)	-
	- Suraj Heights A Co-Op Hsg. Society Ltd, Mumbai	50 (₹ 30 each)	-	50 (₹ 30 each)	-	50 (₹ 30 each)	-
	- Sheel Jeet Co-Operative Hsg Society Ltd., Mumbai	10 (₹ 5 each)	-	10 (₹ 5 each)	-	10 (₹ 5 each)	-

(₹ in Crores)

Investments		As at 31st March 2017		As at 31st March 2016		As at 1st April 2015	
		Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount
	Quoted						
	- Gujarat Industries Power Co. Ltd. (*includes 1,90,200 Equity Shares acquired at a premium of ₹ 15/- per share)	5,70,600 (₹ 10 each)	5.90	5,70,600 (₹ 10 each)	4.61	5,70,600 (₹ 10 each)	4.85
	- Oil and Natural Gas Corporation Ltd. (*Acquired 3,42,66,845 shares of ₹ 10/-each during 1999-2000 at a price of ₹ 162.34 per Share, 1,71,33,422 bonus shares of ₹ 10/- each received during 2006-07,During the year 2010-11, 5,14,00,267 Equity shares of ₹ 10/- each were splitted into Equity shares of ₹ 5/- each and bonus issue of 1:1 equity shares of ₹ 5/- each after split received during 2010-11, further during the year 2016-17 bonus issue of 1:2 equity shares has been received)	30,84,01,602 (₹ 5 each)	5,706.97	20,56,01,068 (₹ 5 each)	4,415.28	20,56,01,068 (₹ 5 each)	6,307.84
	Total (d)		**6,006.63**		**4,721.68**		**6,672.29**
	Total (a+b+c+d)		**9,509.64**		**8,584.73**		**10,390.14**
	Note 5A-Non current		**9,509.64**		**8,572.38**		**10,390.14**
	Note 5B-Current		**-**		**12.35**		**-**

	31st March 2017	31st March 2016	1st April 2015
Aggregate amount of quoted investments			
- Book Value (at carrying cost)	5,972.59	4,691.96	6,584.76
- Market Value	17,120.84	10,023.51	10,770.05
Aggregate amount of unquoted investments (Gross of Impairment provision)	4,325.09	3,880.42	3,805.38

a) Out of aforesaid investments in Subsidiary/ JV/ Associate, few shares were held in the name of GAIL officials jointly with GAIL.

b) Investment are valued in accordance with Accounting Policy No. 1.21 given in Note No.1.

c) Aggregate amount of impairment in value of investments. 788.04 - -

d) Investment other than subsidiary, associate and joint ventures are valued at fair value through OCI at each Balance Sheet date.

e) Gujarat State Energy Generation Ltd ceased to be associate w.e.f 14.08.2015.

Note 6 : Trade Receivables

(₹ in Crores)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 01st April 2015
Trade receivables	4,531.72	4,607.17	6,032.32
Less: Provision for Doubtful Debts	703.52	797.63	560.58
	3,828.20	**3,809.54**	**5,471.74**
Note 6A-Non current	1,103.66	1,100.58	2,395.56
Note 6B-Current	2,724.54	2,708.96	3,076.18
	3,828.20	**3,809.54**	**5,471.74**

Break-up of Trade Receivables:

(₹ in Crores)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 01st April 2015
Non Current (Unsecured)			
Considered good	1,118.67	1,115.54	2,409.89
Considered doubtful	671.86	764.02	527.85
	1,790.53	**1,879.56**	**2,937.74**
Less: Provision for bad and doubtful debts	671.86	764.02	527.85
Less: Provision for Expected Credit Loss	15.01	14.96	14.33
Note 6A - Total Non Current (Unsecured) Net	**1,103.66**	**1,100.58**	**2,395.56**
Current (Unsecured)			
Considered good	2,741.19	2,727.61	3,094.58
	2,741.19	**2,727.61**	**3,094.58**
Less: Provision for Expected Credit Loss	16.65	18.65	18.40
Note 6B - Total Current (Unsecured) Net	**2,724.54**	**2,708.96**	**3,076.18**
Total Trade Receivables	**3,828.20**	**3,809.54**	**5,471.74**

Note : No trade receivable are due from Directors or Other Officers of the Company either severally or jointly with any other person or from firm or Private Companies in which any Director is a Partner, Director or a Member.

Note 7A : Loans

(₹ in Crores)

Particulars		As at 31st March 2017		As at 31st March 2016		As at 1st April 2015
Loans and other receivables to related parties (Unsecured considered good)						
- To subsidiaries		19.13		60.60		59.65
- To associates		15.02		98.96		3.17
- To joint ventures		165.67		129.05		148.06
- Loan to others		235.47		262.66		269.84
Other loans and receivables:						
- Loan to employees:						
- Secured, considered good (including dues from Directors and officers ₹ 0.68 Cr. (Previous Year : ₹ 0.34 Cr.)	306.76		201.52		138.61	
- Unsecured, considered good	53.75	360.51	91.13	292.65	109.59	248.20
- Security deposits paid (Unsecured)						
- Considered Good	544.56		455.50		465.65	
- Considered Doubtful	6.62		7.23		6.58	
Less : Provision for Doubtful Deposits	6.62	544.56	7.23	455.50	6.58	465.65
Finance lease receivables		21.88		23.80		25.91
Interest accrued but not due on Loans		9.80		14.14		11.07
Total Loans		**1,372.04**		**1,337.36**		**1,231.55**
Non current		**619.21**		**694.83**		**680.49**
Current		**752.83**		**642.53**		**551.06**

Note 7B : Other Financial Assets

(₹ in Crores)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Receivables for Derivative Contracts not designated as hedges	64.26	266.03	206.93
Total derivative instruments at fair value through Profit or Loss	**64.26**	**266.03**	**206.93**
Non current	**6.87**	**219.09**	**116.06**
Current	**57.39**	**46.94**	**90.87**

Break-up of Loans to Related Parties

(₹ in Crores)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
- Loan & Receivables to Subsidiaries			
GAIL Global Singapore Pte. Ltd.	16.25	56.22	53.89
GAIL Global USA Inc.	0.06	0.26	0.15
GAIL Gas Ltd.	2.66	4.04	5.57
Tripura Natural Gas Ltd.	0.16	0.08	0.04
	19.13	**60.60**	**59.65**
- Receivables to Associates			
Brahmaputra Cracker and Polymer Ltd.	9.44	98.81	2.03
Indraprastha Gas Ltd.	-	0.11	1.12
Petronet LNG Ltd.	0.04	-	-
Mahanagar Gas Ltd.	5.54	0.04	0.02
	15.02	**98.96**	**3.17**
- Loan & Receivables to Joint Ventures			
Bhagyanagar Gas Ltd.	144.40	106.80	99.74
Ratnagiri Gas And Power Pvt. Ltd.	19.87	21.01	46.37
ONGC Petro Additions Ltd.	1.07	0.14	0.11
Green Gas Ltd.	0.04	0.64	0.64
Central UP Gas Ltd.	0.05	0.24	0.51
Maharashtra Natural Gas Ltd.	0.04	0.22	0.08
Aavantika Gas Ltd.	0.20	-	0.61
	165.67	**129.05**	**148.06**

Note 8 : Inventories (as taken, valued and certified by the Management)

(₹ in Crores)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 01st April 2015
Raw materials:			
Stock of gas (after adjustment of calorific value)	-	29.89	-
Work in progress:	9.89	13.13	10.69
Finished goods:			
Polymers / LPG and Other Products	395.40	264.59	193.00
Stock in Trade:			
Natural Gas including Liquified Natural Gas *(after adjustment of calorific value)	482.50	622.47	1,138.47
Including Renewable Energy Certificate ₹ 0.49 crore (Previous Year 0.06 crore)			
Stores and spares:			
Stores and spares**	830.46	704.49	612.37
Provision for obsolescence	(19.87)	(25.13)	(23.28)
Total	**1,698.38**	**1,609.44**	**1,931.27**

*** Includes ₹ Nil (Previous Year : ₹ 100.89 Cr.) in transit**

**** Includes ₹ 47.69 Cr. (Previous Year : ₹ 21.80 Cr.) in transit.**

Valuation of Inventories are done in accordance with Accounting Policy No 1.7 given in Note No. 1.

Note 9A : Cash and Cash Equivalents

(₹ in Crores)

Particulars		As at 31st March 2017		As at 31st March 2016		As at 1st April 2015
Balances with banks:						
- Current accounts	15.76		34.17		4.26	
- Deposits with original maturity less than three months	435.72	451.48	274.80	308.97	223.02	227.28
Cash in hand		0.38		0.33		0.31
Stamps in hand		0.02		0.02		0.02
Total		**451.88**		**309.32**		**227.61**

Note 9B : Bank Balances other than above

Deposit with original maturity more than three months		**251.37**		**451.00**		**0.92**
Other Bank Balances in Earmarked accounts:						
- Current Account - unpaid Dividend	2.66		2.32		2.62	
- Short Term Deposits - Gas Pool Money (including interest accrued but not due ₹ 4.55 Cr. (Previous Year ₹ 14.91 Cr.) (Refer Note No.38(b))	267.17		925.12		800.08	
- Short Term Deposits - Imbalance & Over run ((including interest accrued but not due ₹ 3.82 Cr. (Previous Year ₹ 3.93 Cr.) (Refer Note No.38(d))	97.98		85.71		79.92	
- Short Term Deposits -JV Consortium ((including interest accrued but not due ₹ 0.15 Cr (Previous Year ₹ 0.26 Cr.) (Refer Note No.38(a))	21.80		20.40		30.50	
- Short Term Deposits - Post Retirement Medical Scheme (Refer Note No.45(III)(b))	248.99	638.60	-	1,033.55	-	913.12
Total		**889.97**		**1,484.55**		**914.04**

Specified Bank Notes (SBN) disclosure

Disclosure related to details of Specified Bank Notes (SBN) held and transacted during the period from 08th November 2016 to 30th December 2016:

(₹ in Crores)

Particulars		SBNs		Other denomination notes		Total
Closing cash in hand as on 08.11.2016		0.02		0.01		0.03
(+) Withdrawal from Bank accounts		-		-		-
(+) Permitted receipts		0.03		0.05		0.08
(-) Permitted payments		-		-		-
(-) Amount deposited in Banks		(0.05)		(0.03)		(0.08)
Closing cash in hand as on 30.12.2016		-		0.03		0.03

Note : For the purposes of this clause, the term "specified bank notes" shall have the same meaning provided in the Notification number S.O.3407 (E) dated 08th November 2016 of Government of India, Ministry of Finance, Department of Economic Affairs.

Note 10 : Other Non Financial Assets

(₹ in Crores)

Particulars		As at 31st March 2017		As at 31st March 2016		As at 1st April 2015
Mat credit entitlement		933.03		952.85		357.07
Advance income tax against pending demand						
- Unsecured considered good	1,158.11		1,294.74		1,256.09	
- Unsecured considered doubtful	162.21		107.57		107.57	
Less : Provision for doubtful income tax against pending demand	162.21	1,158.11	107.57	1,294.74	107.57	1,256.09
Advance tax	1,613.58		1,026.97		2,935.65	
Less : Provision for tax	1,359.20	254.38	785.40	241.57	2,628.08	307.57
Balance with Government Authorities						
Unsecured, Considered Good:						
CENVAT Credit Receivable	111.23		119.55		113.82	
VAT Credit Receivable	2,129.99		2,481.28		2,359.02	
Service Tax Credit Receivable	25.03	2,266.25	22.04	2,622.87	19.96	2,492.80
Claims recoverables (Unsecured)						
- considered good	44.65		57.31		62.75	
- considered doubtful	18.15		14.77		1.13	
Less : Provision for doubtful claims	18.15	44.65	14.77	57.31	1.13	62.75
Other advances recoverable in cash or in kind (including ₹ 552.25 crore (Previous Year ₹ 561.80 Crore) to Petronet LNG Ltd (Refer Note No. 57)		1,101.07		987.39		878.65
Capital advances:						
- Unsecured considered good	48.23		4.03		11.37	
- Unsecured considered doubtful	0.35		0.35		0.35	
Less: Provision for doubtful advances	0.35	48.23	0.35	4.03	0.35	11.37
Advances to suppliers/contractors/others						
- Unsecured considered good	33.78		27.32		70.06	
- Unsecured considered doubtful	9.69		8.91		0.99	
Less: Provision for doubtful advances	9.69	33.78	8.91	27.32	0.99	70.06
Gold coins in hand		0.09		0.09		0.09
Prepayments						
Prepaid expenses		57.99		62.67		68.17
Prepaid rent		77.87		81.99		83.36
Prepaid employee benefits (loans to employees)		170.59		176.45		176.89
Total		**6,146.04**		**6,509.28**		**5,764.87**
Total 10A-Non current		**3,576.52**		**3,914.92**		**2,939.87**
Total 10B-Current		**2,569.52**		**2,594.36**		**2,825.00**

Note 11 : Equity Share Capital

(₹ in Crores)

Particulars	31st March 2017	31st March 2016	1st April 2015
Authorised: **200,00,00,000 equity shares of ₹10 each (31st March 2016: 200,00,00,000, 1st April 2015: 200,00,00,000, equity shares of ₹ 10 each)**	2,000.00	2,000.00	2,000.00
Issued subscribed and paid up: **169,13,03,200 equity shares of ₹ 10 each (31st March 2016: 126,84,77,400 1st April 2015: 126,84,77,400, equity shares of ₹ 10 each)**	1,691.30	1,268.48	1,268.48

a) Reconciliation of the shares outstanding at the beginning and at the end of the year

(₹ in Crores)

	31st March 2017		31st March 2016		1st April 2015	
	No of shares	Amount	No of shares	Amount	No of shares	Amount
At the beginning of the year	126,84,77,400	1,268.48	126,84,77,400	1,268.48	126,84,77,400	1,268.48
Issued during the year						
Bonus Share*	422,825,800	422.82		-		-
Outstanding at the end of the year	169,13,03,200	1,691.30	126,84,77,400	1,268.48	126,84,77,400	1,268.48

b) Details of Shareholders holding more than 5% shares in the company

	31st March 2017		31st March 2016	
	Numbers	% Holding	Numbers	% Holding
Equity shares of ₹10/- each fully Paid Up				
(i) President of India (Promoter)	92,06,51,612	54.43%	711,695,832	56.11%
(ii) Life Insurance Corporation of India	11,04,45,783	6.53%	132,621,001	10.46%

b) The Company has only one class of equity shares having a par value of ₹10/- per share. The holders of the equity shares are entitled to receive dividends as declared from time to time and are entitled to voting rights proportionate to their share holding at the shareholders meetings.

c) 1,63,45,528 (Previous Year 1,18,91,046) shares are held in the form of Global Depository Receipts

d) *During the year the Company has issued 4,22,825,800 Bonus share in ratio of one equity share for every three shares held by capitalization of General Reserve

e) The Company has not issued any shares for a consideration other than cash in immediately preceding five year except aforesaid Bonus Shares

Note 12 : Other Equity

(₹ in Crores)

Particulars		As at 31st March 2017	As at 31st March 2016	As at 01st April 2015
Other equity:				
Security Premium - As per last Balance Sheet	**A**	**0.27**	**0.27**	**0.27**
Retained earnings - Opening Balance		25,004.95	23,881.78	23,881.78
Add: Profit for the Period		3,502.91	2,226.43	
Less: Appropriations				
- Transfer to Bond Redemption Reserve		98.46	34.68	
- Transfer to General Reserve		350.29	229.89	
- Transfer to CSR Reserve		-	(1.00)	
- Dividend		380.54	380.54	
- Corporate Dividend Tax		295.35	142.03	
- Interim Dividend		1,078.24	317.12	
Retained earnings-Total	**B**	**26,304.98**	**25,004.95**	**23,881.78**
Other reserves:				
- Bond redemption reserves				
- Opening Balance		238.72	204.04	204.04
'Changes during the year		98.46	34.68	
- Closing Balance	I	337.18	238.72	
- CSR Reserves				
- Opening Balance			1.00	1.00
- Changes during the year			(1.00)	
- Closing Balance	ii	-	-	
- General reserves				
- Opening Balance		4,425.68	4,195.79	4,195.79
- Çhanges during the year				
- Transferred during the year from the statement of Profit & Loss		350.29	229.89	
- Issue of Bonus shares		(422.82)	-	
- Closing Balance	iii	4,353.14	4,425.68	
- Transition Reserve	iv	6,084.44	6,084.44	6,084.44
- Other Comprehensive Income	v	(621.94)	(1,927.99)	-
Total C (i+ii+iii+iv+v)	**C**	**10,152.82**	**8,820.85**	**10,485.27**
Total (A+B+C)		**36,458.07**	**33,826.07**	**34,367.32**

During the year, the company has paid Interim Dividend of ₹ 8.50 per share (Previous Year: ₹ 2.50)

Note 13 : Borrowings

(₹ in Crores)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 01st April 2015
Note 13 A Non current borrowings			
Secured Bonds:			
Bonds 2010 Series - I* (8.80% Secured Non-convertible redeemable Bonds 2010 -Series - I are redeemable in 4 equal installments commencing from the end of the 7th year upto the end of the 10th year from the deemed date of allotment December 13, 2010 with a call option at the end of the 7th year)	374.98	499.95	499.94
Bonds 2012 Series- I* (9.14% Secured Non-convertible redeemable Bonds 2012 -Series - I are redeemable in 4 equal installments commencing from the end of the 5th year upto the end of the 8th year from the deemed date of allotment June 11, 2012 with a call option at the end of the 5th year)	562.36	749.62	749.50
Bonds 2015 Series- I* (8.30% Secured Non-convertible redeemable Bonds 2015 -Series - I are redeemable in 4 equal installments commencing from the end of the 7th year upto the end of the 10th year from the deemed date of allotment Feb 23, 2015 with a call option at the end of the 7th year)	499.41	499.34	499.28
*Bonds are secured on pari passu basis, by charge on freehold non agricultural land at village Tandalja, Vadodara together with the entire building constructed thereon both present & future and whole of plant and machinery, spares, tools and accessories and other movables of the company pertaining to its projects at Vijaipur Dadri Pipeline Projects excluding compressor stations at Vijaipur both present and future and whether installed or lying in store			
Unsecured Term loans:			
- Bank of Tokyo Mitsubishi UFJ Ltd. (Bullet repayment at the end of the 5th year from the last date of drawl i.e Aug'2016. Loan carries floating rate of interest linked to 6 Months LIBOR plus spread)	-	-	943.22
- Bank of Tokyo Mitsubishi UFJ Ltd. (1/3 rd repayment at the end of the 4th, 5th & 6th year from the last date of drawl i.e Dec 2015, Dec 2016 & Dec 2017. Loan carries floating rate of interest linked to 6 Months LIBOR plus spread)	-	222.17	418.18
- Mizuho Corporate Bank (1/3 rd repayment at the end of the 4th, 5th & 6th year from the last date of drawl i.e Jan 2016 Jan 2017 & Jan 2018. Loan carries floating rate of interest linked to 6 Months LIBOR plus spread)	-	222.37	418.88
- Sumitomo Mitsui Banking Corporation (1/3 rd repayment at the end of the 4th, 5th & 6th year from the last date of drawl i.e Feb 2016 Feb 2017 & Feb 2018. Loan carries floating rate of interest linked to 6 Months LIBOR plus spread)	-	222.45	419.36
- Sumitomo Mitsui Banking Corporation (1/2 repayment at the end of the 5th & 6th year from the last date of drawl i.e Nov 2017, Nov 2018 with floating rate of interest linked to 6 Months LIBOR plus spread)	-	1,985.62	1,864.11
- KFW Germany (Coperion Facility) (Repayment in 14 half yearly equal Instalments starting from November 2014. Loan carries fixed rate of interest)	44.45	58.13	66.44
- Societe Generale (Repayment in 20 half yearly equal Instalments starting from 22nd October 2012. Loan carries floating rate of interest linked to 6 Months LIBOR plus spread)	214.21	266.87	295.82

(₹ in Crores)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 01st April 2015
- Japan bank for International Cooperation(JBIC) (Repayable in 20 half yearly equal Instalments starting from June'2013. Loan carries fixed rate of interest)	**150.74**	**184.39**	**189.37**
- KFW Germany (Siemens Facility) (Repayment in 20 half yearly equal Instalments starting from March 2014. Loan carries fixed rate of interest)	**178.93**	**215.52**	**232.53**
- SMBC, Mizuho Bank Ltd., DBS Bank Ltd. ($ 100 million each) (Loan raised for refinancing existing SMBC Loan with 1/2 repayment in Nov 2017 and Nov 2018 . Loan carries floating rate of interest linked to 3 Months LIBOR plus spread)	**978.63**	**-**	**-**
Secured loans from other parties:			
- Oil Industry Development Board (Secured by way of first charge on whole pipeline, spur lines, plant & machinery, spares, equipments, tools & accessories and other movables both present & future, whether installed or not and whether now lying loose or in cases or which are now lying or stored in or about or shall hereinafter from time to time during the continuance of the security of these presents be brought into or upon or be stored or be in or about the Borrower's project of Dadri–Bawana--Nangal Pipeline including spur lines or wherever else the same may be or be held by any party to the order or disposition of the borrower or in the course of transit or on high seas or on order or delivery , howsoever or wheresoever in the possession of borrower and either by way of substitution or addition) Repayable in four equal instalments after expiry of moratorium of one year from the date of disbursement. Loan disbursed in installment from July 2011 to June 2013 with rate of interest from 7.67% to 8.98% p.a. depending on date of disbursement.	**-**	**372.50**	**788.75**
- Oil Industry Development Board (Secured by way of first pari passu charge on whole pipeline, spur lines, plant & machinery, spares, equipments, tools & accessories and other movables both present & future, whether installed or not and whether now lying loose or in cases or which are now lying or stored in or about or shall hereinafter from time to time during the continuance of the security of these presents be brought into or upon or be stored or be in or about the Borrower's project of Dahej Vijaipur Pipeline-II including spur lines or wherever else the same may be or be held by any party to the order or disposition of the borrower or in the course of transit or on high seas or on order or delivery , howsoever or wheresoever in the possession of borrower and either by way of substitution or addition excluding the plant & machinery of Compressor Stations at Jhabua & Vijaipur). Repayable in four equal instalments after expiry of moratorium of one year from the date of disbursement. Loan disbursed in installment from Nov 2013 to March 2014 with rate of interest from 8.94% to 9.27% p.a. depending on date of disbursement.	**-**	**237.50**	**356.25**
Long term maturities of finance lease obligations:			
Obligations under finance leases	0.84	0.87	4.03
Total Non Current Borrowings	**3,004.55**	**5,737.30**	**7,745.66**
Note 13B Current borrowings			
Unsecured			
Buyer's Credit Facility from Bank	-	-	233.80
Total current borrowings	**-**	**-**	**233.80**
Total Borrowings	**3,004.55**	**5,737.30**	**7,979.46**
Aggregate secured loans	**1,436.75**	**2358.91**	**2,893.72**
Aggregate unsecured loans	**1,567.80**	**3378.39**	**5,085.74**

Note 14 : Other Financial Liabilities

(₹ in Crores)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 01st April 2015
Payables for Derivative Contracts not designated as hedges	134.46	55.78	89.27
Current maturities of finance lease obligations:			
Obligations under finance leases	0.06	-	0.02
Current maturity of long term debts			
Secured Bonds			
- Bonds Series - I	-	-	99.99
- Bonds 2010 Series - I	124.99	-	-
- Bonds 2012 Series - I	187.39	-	-
- Bond series 2015	-	-	-
Sub-total	**312.38**	**-**	**99.99**
Unsecured Term loans:			
- Bank of Tokyo Mitsubishi UFJ Ltd.	-	1,002.29	-
- Bank of Tokyo Mitsubishi UFJ Ltd.	217.14	220.90	207.31
- Mizuho Corporate Bank	217.37	221.37	208.14
- Sumitomo Mitsui Banking Corporation	217.47	221.74	208.70
- KFW Germany (Coperion Facility)	12.26	12.41	11.50
- Societe Generale	46.28	47.03	43.81
- Japan bank for International Cooperation (JBIC)	29.88	30.45	26.75
- KFW Germany (Siemens Facility)	31.12	31.63	29.35
- SMBC, Mizuho Bank Ltd., DBS Bank Ltd. ($ 100 million each)	974.53	-	
Sub-total	**1,746.05**	**1,787.82**	**735.56**
Secured loans from Oil Industry Development Board:	-	535.00	656.00
Sub-total	**-**	**535.00**	**656.00**
Deposits/Retention Money from Customers/contractors/others	485.16	507.54	438.57
Other payables			
Interest accrued but not due on borrowings and others	85.52	110.38	111.90
Unpaid/unclaimed dividend	2.66	2.32	2.62
Gas Pool money provisional (Refer Note No 38©))	655.48	1,006.79	1,998.33
Gas Pool Money (Refer Note No.38(b))	268.56	927.87	816.81
Imbalance and overrun charges (Refer Note No.38(d))	99.74	85.81	80.38
Payable for capital expenditure	274.61	145.58	118.87
Adjustment in pipeline tariff	56.82	252.43	236.10
E&P expenditure payable	59.18	83.82	160.51
Employee benefits payable	196.92	54.50	50.92
Other payables (Including Metering Charges, LPG consumption & Misc. Payment etc.)	254.80	210.85	221.61
Total other financial liabilities	**4,632.40**	**5,766.49**	**5,817.46**
Total 14 A - Non current	**814.09**	**1,108.37**	**2,160.57**
Total 14 B - Current	**3,818.31**	**4,658.12**	**3,656.89**
Total	**4,632.40**	**5,766.49**	**5,817.46**

Note 15 : Provisions

(₹ in Crores)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 01st April 2015
Provisions			
Provisions for employee benefits (Refer Note No.45)	872.83	651.58	621.13
Provision for probable obligations	639.62	497.87	576.65
Liability for abandonment costs	0.90	0.84	0.61
Total	**1,513.34**	**1,150.29**	**1,198.39**
Total 15A - Non current	**812.60**	**618.36**	**579.54**
Total 15B - Current	**700.74**	**531.93**	**618.85**
Total	**1,513.34**	**1,150.29**	**1,198.39**

Disclosure of movement in provision as required in Ind AS 37 is given in Note No. 54

Note 16 : Trade Payables

(₹ in Crores)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 01st April 2015
Trade payables	2,716.01	2,861.60	3,320.48
Total	**2,716.01**	**2,861.60**	**3,320.48**

Disclosure with respect to Micro, Small & Medium Enterprises Development Act, 2006 is given in Note No. 60

Note 17 : Other Non Current Liabilities

(₹ in Crores)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 01st April 2015
Advances from customers	707.91	843.62	601.56
Statutory dues payables	298.34	225.41	257.27
Other liabilities	132.01	45.84	0.27
Deferred income	9.34	-	-
Government Grant			
- from Danish Govt for construction of Gas Technology Institute of India	0.81	0.92	1.03
- Capital Grant (Refer Note No. 61)	450.00	-	-
Total	**1,598.41**	**1,115.79**	**860.13**
Total 17A - Non current	**458.75**	**0.92**	**0.92**
Total 17B - Current	**1,139.66**	**1,114.87**	**859.21**
Total	**1,598.41**	**1,115.79**	**860.13**

Note 18 : Deferred Taxation

Income Taxes

The major components of income tax expense for the years ended 31st March 2017 and 31st March 2016 are:

A. Statement of Profit and Loss: (₹ in Crores)

(I) Profit or loss section	31st March 2017	31st March 2016
Current income tax:		
Current income tax charge	1,319.52	187.43
Adjustments in respect of current income tax of previous year	15.01	(51.96)
Deferred tax:		
Relating to origination and reversal of temporary differences	573.38	700.07
Income tax expense reported in the statement of profit or loss	**1907.91**	**835.54**
(ii) OCI Section	**31st March 2017**	**31st March 2016**
Deferred tax related to items recognised in OCI during the year:		
Net loss/(gain) on remeasurements of defined benefit plans	11.15	11.96
Income tax charged to OCI	**11.15**	**11.96**

B. Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31st March 2016 and 31st March 2017: (₹ in Crores)

Particulars	31st March 2017	31st March 2016
Accounting profit before tax from continuing operations	5,410.82	3,057.90
Profit/(loss) before tax from discontinued operation	-	-
Accounting profit before income tax	**5,410.82**	**3,057.90**
At India's statutory income tax rate of 34.608% (31st March 2015: 34.608%)	1,872.58	1,058.28
Adjustments in respect of previous years	15.01	(51.96)
Expenses not allowed as deduction	341.11	70.72
Other temporary differences of earlier years	-	(84.43)
Deductions not leading to timing differences	-	(68.05)
Profit on sale of long term shares	(169.34)	
Exempt income	(151.45)	(89.02)
Impact of change in effective tax rate in B/F tax liability	-	
Effective rate of income tax: 35.26% (31st March 2016: 27.32%)	**1,907.91**	**835.54**
Income tax expense reported in the statement of profit and loss	1,907.91	835.54
Income tax attributable to discontinued operation	-	-
Total	**1907.91**	**835.54**

Deferred tax

Deferred tax relates to the following: (₹ in Crores)

Particulars	Balance Sheet			Statement of Profit and Loss	
	31st March 2017	31st March 2016	1st April 2015	31st March 2017	31st March 2016
Accelerated depreciation for tax purposes	5,737.80	5,110.42	4,190.49	627.38	919.93
Other liabilities	8.84	1.73	3.48	7.11	(1.75)
Ind AS adjustments	35.46	24.30	50.70	11.16	(26.40)
Prov for doubtful debts, deposits ,probable obligation etc.	(511.79)	(489.72)	(226.18)	(22.07)	(263.54)
Prov for employee benefits	(302.07)	(225.50)	(205.55)	(76.57)	(19.95)
Others adjustments	(312.33)	(349.85)	(453.59)	37.52	103.74
Deferred tax expense/(income)					
Net deferred tax assets/(liabilities)	**4,655.91**	**4,071.38**	**3,359.35**	**584.53**	**712.03**

Reflected in the balance sheet as follows:

(₹ in Crores)

Particulars	31st March 2017	31st March 2016
Deferred tax assets (continuing operations)	1,126.19	1,065.07
Deferred tax liabilities (continuing operations)	(5,782.10)	(5,136.45)
Deferred tax liabilities, net	**(4,655.91)**	**(4,071.38)**

Reconciliation of deferred tax liabilities (net):

(₹ in Crores)

Particulars	31st March 2017	31st March 2016
Opening balance as at 1st April	**4,071.38**	**3,359.35**
Tax (income)/expense during the period recognised in profit or loss	573.38	700.07
Tax (income)/expense during the period recognised in OCI	11.15	11.96
Closing balance as at 31st March	**4,655.91**	**4,071.38**

Note 19 : Revenue from Operations

(₹ in Crores)

Particulars	Year Ended 31st March, 2017	Year Ended 31st March, 2016
a) Sale of Products		
Gas	38,213.13	43,613.35
Polymers	5,625.57	3,354.32
LPG	2,399.76	2,534.48
Propane/Pentane/SBPS/Naptha	737.95	787.45
Crude Oil	34.23	34.87
Power	68.05	49.56
b) Sale of Service		
LPG Transmission / RLNG Shippers Charges	1,707.33	1,626.63
c) Income from Telecom services	2.73	2.74
Total	**48,788.75**	**52,003.40**
Add: Other Operating Income	94.24	192.57
TOTAL	**48,882.99**	**52,195.97**

Note 20 : Other Income

(₹ in Crores)

Particulars		Year Ended 31st March, 2017		Year Ended 31st March, 2016
Interest on :				
- Deposits with Banks	148.47		99.21	
- Income Tax / Vat Refund	104.07		88.74	
- Customer for delayed payment	36.13		42.53	
- Loan to Joint Ventures, Subsidiaries and Associates etc.	1.18		0.83	
- Loan to Employees	55.57		56.55	
- Others	33.20		50.57	
Less : Transferred to Expenditure during construction period (Refer Note no -26)	0.84	377.78	0.69	337.74
Dividend from Investments		433.43		320.07
Amount transferred from government Grant		0.12		0.12
Net Gain on Foreign Currency Transaction and Translation		96.77		92.33
Excess Provision Written Back		196.83		97.62
Miscellaneous Income	71.75		44.11	
Less : Transferred to Expenditure during construction period (Refer Note no - 26)	0.41	71.34	0.42	43.69
TOTAL		**1,176.27**		**891.57**

Note 21 : Change in Inventories of Finished Goods, Stock in Trade & Work in Progress

(₹ in Crores)

Particulars	Year Ended 31st March, 2017	Year Ended 31st March, 2016
Inventories at the end of the period:-		
Work-in-Progress	9.89	13.13
Finished Goods	395.40	264.59
Stock in Trade	482.50	652.36
Total	**887.79**	**930.08**
Inventories at the beginning of the period:-		
Work-in-Progress	13.13	10.69
Finished Goods	264.59	193.00
Stock in Trade	652.36	1,138.47
Total	**930.08**	**1,342.16**
TOTAL	**42.29**	**412.09**

Note 22 : Employee Benefits Expense

(₹ in Crores)

Particulars		Year Ended 31st March, 2017		Year Ended 31st March, 2016
Salaries, Wages and Allowances	853.48		736.67	
Contribution to Provident and Other Funds	337.70		183.89	
Staff Welfare Expenses	162.50		153.50	
Less :				
- Employees Benefit Expenses transferred to Capital Work-in-Progress ((refer note no -26))	41.67		27.98	
- Reimbursements for employees on deputation	54.48	1,257.53	87.64	958.44
TOTAL		**1,257.53**		**958.44**

Note 23 : Finance Cost

(₹ in Crores)

Particulars		Year Ended 31st March, 2017		Year Ended 31st March, 2016
Interest on:				
- Term Loans	365.68		544.68	
- Bonds	153.83		156.86	
- Others	2.20	521.71	4.38	705.92
Net Gain/(Loss) on changes in fair value of Derivatives		49.82		136.28
Net Gain / (Loss) on foreign currency transactions on Borrowings		(43.01)		-
Less : Interest and Finance Charges transferred to Capital Work-in-Progress ((refer note no -26))		49.16		42.34
TOTAL		**479.36**		**799.86**

Note 24 : Depreciation and Amortization Expenses

(₹ in Crores)

Particulars	Year Ended 31st March, 2017	Year Ended 31st March, 2016
Depreciation and Amortization Expenses	1,390.17	1,303.09
Impairment Loss (Refer Note No. 53 (i) & (ii)	7.22	8.05
Less : Depreciation and Amortization Expenses transferred to Capital Work-in-Progress (Refer Note No 26)	0.61	1.35
TOTAL	**1,396.78**	**1,309.79**

Note 25 : Other Expenses

(₹ in Crores)

Particulars		Year Ended 31st March, 2017		Year Ended 31st March, 2016
Gas Pool Expenses		14.55		79.56
Stores and Spares consumed		343.44		308.11
Power, Fuel and Water Charges				
Power Charges		487.90		381.12
Gas used as Fuel		1,407.59		1,629.30
Water Charges		12.93		8.96
Rent		23.42		19.07
Repairs and Maintenance				
Plant and Machinery	321.34		320.53	
Buildings	51.98		39.68	
Others	63.96	437.28	60.02	420.23
Insurance		36.89		29.95
Rates and Taxes		9.65		6.90
Miscellaneous Expenditure :				
- Travelling Expenses		101.97		102.47
- Advertisement and Publicity		44.38		52.56
- Vehicle Hire and Running Expenses		37.05		33.18
- Survey Expenses		33.87		21.08
- Dry Well Expenses written off		112.44		101.20
- Oil & Gas Producing Expenses (Operators)		64.34		78.87
- Royalty on Crude Oil (including share of Govt in Profit Petroleum)		150.30		180.43
- Consultancy Charges		84.29		53.05
- Donation		2.02		1.14
- Research and Development Expenses		13.44		73.46
- Loss on sale / written off of assets/ (net)		6.07		22.24
- Claims/Advances/Stores written off		2.85		2.80
- Provision for Doubtful Debts, Advances, Claims, Deposits and - Obsolescence of Stores and Capital Items		115.08		286.69
- Provision for Probable Obligations / Contingencies		116.34		41.75
- Expenses on Enabling Facilities		0.54		1.90
- Selling & Distribution Expenses		45.33		30.79
- Commission on Sales		21.01		12.45
- Security Expenses		126.02		106.28
- Corporate Social Responsibility Expenses		123.58		160.56
- Other Expenses		132.96		129.13
Payment to Auditors				
Audit Fees	0.61		0.55	
Tax Audit fees	0.10		0.09	
Other Services (for issuing certificates, etc.)	0.28		0.26	
Travelling & Out of Pocket Expenses	0.52	1.51	0.61	1.51
Less : Incidental Expenditure during construction transferred to Capital Work-in-Progress (refer note no -26)		20.34		101.34
TOTAL		**4,088.70**		**4,275.40**

Note 26 : Expenditure During Construction Period

(₹ in Crores)

Particulars		Year Ended 31st March, 2017		Year Ended 31st March, 2016
Employees Remuneration and Benefits				
Salaries, Wages and Allowances	32.99		21.06	
Contribution to Provident and Other Funds	5.70		4.41	
Welfare Expenses	2.99	41.68	2.50	27.97
Interest and Finance Charges		49.16		42.34
Depreciation & Amortization expenses		0.61		1.35
Power Charges		14.92		90.15
Stores and Spares Consumed		-		0.11
Insurance		0.01		0.01
Rent		0.19		0.32
Repairs and Maintenance				
Plant and Machinery	0.03		0.05	
Others	0.33	0.36	6.30	6.35
Miscellaneous Expenditure :				
- Travelling Expenses		3.88		3.17
- Vehicle Hire and Running Expenses		0.03		0.09
- Consultancy Charges		0.04		0.09
- Other Expenses		0.91		1.05
- Interest Income	(0.84)		(0.69)	
- Misc. Income	(0.41)	(1.25)	(0.42)	(1.11)
Net Expenditure		**110.54**		**171.89**
Less :Transferred to Capital Work-in-progress				
a) Employees Benefits Expenses	41.68		27.97	
b) Interest & finance Charges	49.16		42.34	
c) Depreciation	0.61		1.35	
d) Other Expenses	20.34		101.34	
e) Other Income	(1.25)	**110.54**	(1.11)	**171.89**
Balance Carried over to Balance Sheet		-		-

GAIL (INDIA) LIMITED
Standalone Cash Flow Statement For The Financial Year Ended 31st March 2017

(₹ in Crores)

		YEAR ENDED 31ST MARCH, 2017		YEAR ENDED 31ST MARCH, 2016	
A.	**CASH FLOW FROM OPERATING ACTIVITIES**				
1	**Net Profit Before Tax and Extraordinary Items**		**5410.82**		**3061.97**
2	**ADD :**				
	Depreciation and amortisation expenses	1396.78		1309.79	
	Exchange Rate Variation on Foreign Currency Loan	(65.95)		223.43	
	Finance Cost	479.36		799.86	
	Dividend Income on Investments	(433.43)		(320.07)	
	Interest Income	(377.78)		(337.74)	
	Provision for Employees Benefits	253.48		65.02	
	Provision for Doubtful Debts	(94.11)		237.05	
	Provision for Probable Obligations	141.75		(78.78)	
	Other Provisions	(1.65)		24.30	
	Profit / Loss on Sale of Assets (Net)	6.07		22.24	
	Exceptional Item-(Profit) /Loss on Sale of Investment (Net)	(489.31)		0.00	
	Exceptional item-Provision for Impairment	788.04		0.00	
			1603.25		**1945.10**
3	**Operating Profit Before Working Capital Changes (1 + 2)**		**7014.07**		**5007.07**
4	**Changes in Working Capital (Excluding Cash & Cash Equivalent)**				
	Trade and Other Receivables	977.05		557.82	
	Inventories	(83.68)		319.96	
	Trade and Other Payables	(1087.25)		(1110.33)	
			(193.88)		(232.55)
5	**Cash Generated from Operations (3+4)**		**6820.19**		**4774.52**
6	**Direct Taxes Paid**		**(1190.89)**		**(703.90)**
	NET CASH FROM OPERATING ACTIVITIES (5+6)		**5629.30**		**4070.62**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Purchase of Fixed Assets	(1694.67)		(1213.81)	
	Sale of Fixed Assets	2.54		9.35	
	Sale of Investments /Business	501.66		0.00	
	Investment in Other Companies	(312.74)		(145.21)	
	Loans & Advances to Related Parties	(11.61)		24.74	
	Interest Received	382.96		333.98	
	Dividend Received	433.43		320.07	
	NET CASH FROM INVESTING ACTIVITIES		**(698.43)**		**(670.88)**
			4930.87		**3399.74**
C	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Government Grant for Jagdishpur Haldia Bokaro Dhamra Pipeline Project (JHBDPL)	450.00		0.00	

GAIL (INDIA) LIMITED
Standalone Cash Flow Statement For The Financial Year Ended 31st March 2017

(₹ in Crores)

	YEAR ENDED 31ST MARCH, 2017		YEAR ENDED 31ST MARCH, 2016	
Repayment of Long Term Borrowings	(2931.19)		(1400.52)	
Repayment/Proceeds from Short Term Borrowings	0.00		(233.80)	
Finance Cost Paid	(553.38)		(843.72)	
Dividend & Dividend Tax Paid	(1753.74)		(839.99)	
NET CASH FROM FINANCING ACTIVITIES		**(4788.31)**		**(3318.03)**
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)		**142.56**		**81.71**
Cash and cash equivalents as at the beginning of the year (Refer Note 9 A)		309.32		227.61
Cash and cash equivalents as at the end of the year (Refer Note 9 A)		451.88		309.32

Previous Year's figure have been regrouped /re-classified wherever necessary to correspond with current year's classification/disclosure.

For and on behalf of the Board of Directors

A. K. Jha
Company Secretary

Subir Purkayastha
Director (Finance)

Dr. Ashutosh Karnatak
Director (Projects)

B. C. Tripathi
Chairman & Managing Director

As per separate Report of even date

For **O. P. Bagla & Co.**
Chartered Accountants
Firm No.: 000018N

(Rakesh Kumar)
(Partner)
Membership No.: 087537

For **G. S. Mathur & Co.**
Chartered Accountants
Firm No.: 08744N

(Rajiv Kumar Wadhawan)
(Partner)
Membership No.: 091007

Place : **New Delhi**
Dated : **22nd May, 2017**

Notes to Financial Statements for the year ended 31st March 2017

27. Significant accounting judgements, estimates and assumptions

The preparation of the Company's standalone financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities/assets at the date of the standalone financial statements. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In particular, the Company has identified the following areas where significant judgements, estimates and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the financial statements. Changes in estimates are accounted for prospectively.

27.1 Judgements

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the standalone financial statements:

Contingencies

Contingent liabilities and assets which may arise from the ordinary course of business in relation to claims against the Company, including legal, contractor, land access and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence and potential quantum, of contingencies inherently involve the exercise of significant judgments and the use of estimates regarding the outcome of future events.

27.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

a) Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

b) Defined benefit plans

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

c) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

d) Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgments in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Impairment of investment in subsidiaries, joint ventures or associates is based on the impairment calculations using discounting cash flow/net asset value method, valuation report of external agencies, Investee Company's past history etc.

28 First time adoption - Ind AS 101

28.1 Notes to first time adoptions of Ind-AS

(a) Transition to Ind-AS

These financial statements, for the year ended 31st March 2017 are the first financial Statements, the Company has prepared in accordance with Ind-AS. For periods up to and including the year ended 31st March 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31st March 2017, together with the comparative period data as at and for the year ended 31st March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1st April 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements.

(b) Exemptions and exceptions availed:

Ind AS 101 'First time Adoption of Indian Accounting Standards' allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

Ind-AS optional exemptions

Deemed cost for Property, Plant and Equipments/Intangible assets: Ind-AS 101 permits a first time adopter to elect to continue with the carrying value for all of its Property, Plant and Equipments (PPE) as recognised in the financial statements at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. Since there is no change in the functional currency, the Company has elected to continue with the carrying value for all of its PPE and intangible assets as recognised in its Indian GAAP financials as deemed cost at the transition date.

Leases: The Company has applied Appendix C of Ind AS 17 'Determining whether an Arrangement contains a Lease' to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.

Investment in subsidiary, joint ventures and associates: Ind AS 101 permits a first time adopter to elect to continue with the carrying value for all of its investments in subsidiaries, joint ventures and associates as recognised in the financial statements at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. The Company has elected to continue with the carrying value for all of its investments in subsidiaries, joint ventures and associates as recognised in its Indian GAAP financials as deemed cost at the transition date.

Designation of previously recognised financial instruments: Ind AS 101 permits an entity to designate particular equity investments (other than equity investments in subsidiaries, associates and joint arrangements) as at fair value through other comprehensive income (FVOCI) based on facts and circumstances at the date of transition to Ind AS (rather than at initial recognition). The Company has opted to avail this exemption to designate certain equity investments as FVOCI on the date of transition.

Business Combination: Ind AS 101 provides the option to apply Ind AS 103 'Business Combinations' prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date. The Company has elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date. Business combinations occurring prior to the transition date have not been restated.

Ind-AS mandatory exemptions

Estimates: As per Ind-AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind-AS at the end of the comparative period presented in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error. The Company has determined that the estimates as at 1st April 2015 and at 31st March 2016 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies).

Classification and measurement of financial assets: Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable. Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition.

De-recognition of financial assets and financial liabilities: As per Ind-AS 101, an entity should apply the de-recognition requirements in Ind-AS 109, Financial Instruments, prospectively for transactions occurring on or after the date of transition to Ind-AS. The Company has elected to apply the de-recognition requirements for financial assets and financial liabilities in Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS.

Reconciliation between Previous GAAP and Ind AS

Reconciliation of total equity as at 31st March 2016 and 1st April 2015

(₹ in Crores)

Particulars	31st March 2016	1st April 2015
Total equity (shareholder's funds) as per previous GAAP (A)	30,584.87	29,119.52
Adjustments:		
Net Gain/(Loss) arising on financial assets / liabilities measured at fair value	4,259.24	6187.24
Impact due to reversal of proposed dividend (including tax thereon)	458.01	458.01
Net Gain/(Loss) arising on adjustments in Property, Plant & Equipments	(110.81)	(39.74)
Others	(45.66)	(38.53)
Tax Impacts	(50.70)	(50.70)
Total adjustments (B)	**4,510.08**	**6,516.28**
Total equity as per Ind AS (A+B)	**35,094.95**	**35,635.80**

Reconciliation of total comprehensive income for the year ended 31st March 2016

(₹ in Crores)

Particulars	31st March 2016
Profit after tax as per previous GAAP (A)	**2,298.90**
Adjustments:	
Effect of adjustments in Property, Plant and Equipments	(170.94)
Effect of fair valuation of derivative contracts	92.59
Effect of measuring financial assets/financial liabilities at fair value through statement of profit and loss	7.78
Amortised cost measurement of financial assets/ financial liabilities	(18.26)
Remeasurement of defined benefit plans recognised in other comprehensive income	(34.57)
Others	12.55
Tax impact	38.38
Total adjustments (B)	**(72.47)**
Profit after tax as per Ind AS (C=A+B)	**2226.43**
Other comprehensive income (net of taxes)(D)	(1928.00)
Total comprehensive income (after taxes) (C+D)	**298.43**

Note-1

- Under the previous GAAP, investments in equity instruments were classified as long-term investments or current investments based on the intended holding period and realisability. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. Under Ind AS, these investments, other than investments in Joint ventures, Subsidiaries and Associates are required to be measured at fair value. The resulting fair value changes of these investments have been recognised in retained earnings as at the date of transition and subsequently in the other comprehensive income for the year ended 31 March 2016.
- Under the previous GAAP, in respect to foreign currency forward contracts covered under AS -11, The Effects of Changes in Foreign Exchange Rates, the premium or discount arising at inception of foreign currency forward contracts is amortised as expense or income over the life of the contract. Derivative instruments not covered under AS 11 are accounted based on the guidance provided by the ICAI. Under Ind AS, derivatives which are not designated as hedging instruments are fair valued with resulting changes being recognised in profit or loss. Accordingly, the resulting fair value changes of all derivatives have been recognised in retained earnings as at the date of transition and subsequently in the statement of profit and loss for the year ended 31st March 2016.
- Under the previous GAAP, foreign currency borrowings were accounted for by combining a derivative and the underlying liabilities together as a single package. Treating the loan and swap as one single contract is termed as 'synthetic accounting' and this approach is not permitted under the Ind AS. Under AS, loan liabilities are recognised separately from the swap contracts. Accordingly, the resulting changes has been adjusted in retained earnings as at the date of transition and subsequently in statement of profit and loss for the year ended 31st March 2016.

Note-2

- Under the previous GAAP, dividends proposed by the board of directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, provision for proposed dividend was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting. Accordingly, the liability for proposed dividend included under provisions has been reversed with corresponding adjustment to retained earnings. Consequently, the total equity increased by an equivalent amount.

Note-3

- Under the previous GAAP, machinery spares are usually charged to the statement of profit and loss as and when consumed. Under Ind AS, spare parts are, retrospectively, recognized in accordance with Ind AS 16 when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory. Depreciation of an asset begins when it is available for use. Spare parts are generally available for use from the date of its purchase. Accordingly, spares that meet the definition of PPE are capitalized, with depreciation calculated retrospectively from the date of its purchase.
- Under the previous GAAP, capital expenditure on the assets (enabling facilities), the ownership of which is not with the company, was charged off to statement of profit and loss. Ind AS 16 requires the company to capitalise the capital expenses (e.g. roads, culverts, electricity transmission lines, over bridge, water and drainage system etc.) incurred on land not owned by the entity, which are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management. Consequently, expenditures incurred by the company on enabling facilities have been capitalised from the date of transition.
- Under the previous GAAP, repairs and overhaul expenditure incurred was charged off to the statement of profit and loss in most cases. However, major repairs and overhaul expenditure are capitalized under Ind AS 16 as replacement costs, if they satisfy the recognition criteria of property, plant and equipment.

Note-4

- Under the previous GAAP, transaction costs incurred in connection with borrowings are amortised upfront and charged to profit or loss for the period. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to the statement of profit and loss/capitalised using the effective interest method.
- Under the previous GAAP, discounting of provisions was not allowed. Under Ind AS, provisions are measured at discounted amounts, if the effect of time value is material. Accordingly, non-current provisions for decommissioning liability have been discounted to their present values. Impact for the same as at 1st April 2015, has been adjusted with retained earnings; and for the year ended on 31st March 2016 has been recognized in the statement of profit and loss.
- Under the previous GAAP, the Company has created provision for impairment of receivables consists only in respect of specific amount for incurred losses. Under Ind AS, impairment allowance has been determined based on Expected Loss model (ECL). Due to ECL model, the Company impaired its trade receivable on 1st April 2015 which has been eliminated against retained earnings. The impact for year ended on 31st March 2016 has been recognized in the statement of profit and loss.
- Under the previous GAAP, the Company has recognized the government grant related to non-monetary assets under Reserves and Surplus as capital reserves. Under Ind AS, same is not allowed. Government grant is disclosed under non-current financial liabilities.
- Under the previous GAAP, company was following the accounting treatment as per paragraph 46/ 46A of AS 11 'The Effects of Changes in Foreign Exchange Rates', with respect to exchange differences arising on restatement of long term foreign currency monetary items. Exchange differences on account of depreciable assets was added/ deducted from the cost of the depreciable asset, which was depeciated over the balance life of the asset. In other cases, the exchange difference was accumulated in Foreign Currency Monetary Items Translation Difference Account (FCMITDA) and amortised over the balance period of such asset. Under Ind AS, company has discontinued the accounting as per paragraph 46/ 46A of AS 11 and FCMITDA has been adjusted with retained earnings as on 1st April 2015 and Statement of profit and loss on 31st March 2016.
- Under the previous GAAP, lease accounting is normally applied to transactions, which are structured as lease. However, in accordance with Appendix C to Ind AS 17, where the company is lessor and the arrangement is determined as finance lease, the asset shall be derecognised from property, plant and equipment and the corresponding finance lease receivables shall be recognised. Consequently, the Company has retrospectively applied the lease accounting and resultant changes have been made in retained earnings as at the date of transition and subsequently in the statement of profit and loss.
- Under the previous GAAP, the useful life of an intangible asset may not be indefinite. Under Ind AS, useful life of an intangible asset may be finite or indefinite. Ind AS 38 does not allow amortization of an intangible asset with indefinite life. Accordingly, depreciation on intangible asset with indefinite life has been reversed in financial year 2015-16.

- Under the previous GAAP, loans to employees were recorded at their transaction value. Under Ind AS, all financial assets are required to be recognized initially at fair value. Accordingly, the Company has fair valued these loans given to employees under Ind AS at the date of transition. Difference between the fair value and transaction value of the loans to employee has been recognized as prepaid employee costs. Subsequent to initial recognition, these loans are measured at amortized cost using the effective interest method. The amount of increase in carrying amount of loan to employees is recognized as interest income. Prepaid benefit is amortized on a straight line basis over the loan period as employee benefit expense.

Note-5

- Previous GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.
- In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Company has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

Note-6

- Both under the previous GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, remeasurements (comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through Other Comprehensive Income (OCI).

Note-7

- Under previous GAAP, the Company has not presented Other Comprehensive Income (OCI) separately. Hence, the Statement of Profit and Loss under previous GAAP has been reconciled with profit and loss statement and total Other Comprehensive Income as per Ind-AS.

  In the preparation of these Ind AS Financial Statements, the Company has made several presentation differences between previous GAAP and Ind AS. These differences have no impact on reported profit or total equity. Accordingly, some assets and liabilities have been reclassified into another line item under Ind AS at the date of transition. Further, in these Financial Statements, some line items are described differently under Ind AS compared to previous GAAP, although the assets and liabilities included in these line items are unaffected.

29 Contingent Liabilities and Commitments:

I. Contingent Liabilities:

(a) Claims against the Company not acknowledged as debts:

(i) Legal cases for claim of ₹ 1,622.61 crore (Previous Year: ₹ 1,908.80 crore) by vendors/suppliers/contractors etc. on account of liquidated damages/price reduction schedule, natural gas price differential etc. and by customers for natural gas transmission charges etc.

(ii) Income tax demand of ₹ 1,128.26 crore (net of provision) (Previous Year ₹ 1,303.67 crore against which the Company has filed appeals before appellate authorities/court. Further, the Income Tax Department has also filed appeals before ITAT against the relief granted to the company by CIT (Appeals) amounting to ₹ 628.09 crore (including interest) (Previous Year: ₹ 354.33 crore).

(iii) Disputed Indirect tax demands are as under:

(₹ in Crores)

S.No.	Particulars	As at 31st March 2017	As at 31st March 2016
1	Custom Duty	8.55	0.06
2	Excise Duty	3,296.34	3,135.32
3	Sales Tax/VAT	358.91	440.77
4	Entry Tax	11.42	16.16
5	Service Tax	1,363.99	1,272.91
	Total	**5,039.21**	**4,865.22**

(iv) Miscellaneous claims of ₹162.84 crore (Previous Year: ₹238.29 crore)

(b) Corporate Guarantees

The Company has issued Corporate Guarantees for ₹ 2,203 crore (Previous Year: ₹ 2,352.00 crore) on behalf of related parties for raising loan(s). The amount of loans outstanding as at the end of the year under these Corporate Guarantees are ₹ 1,306 crore (Previous Year: ₹ 1,390 crore).

II. Capital Commitments:

(a) Estimated amount of contracts (Net of advances) remaining to be executed on capital account as at 31st March 2017 is ₹ 3,128.92 crore (Previous Year: ₹ 2,036.26 crore).

(b) Other Commitments:

(i) The Company has commitment of ₹ 1525.31 crore (Previous Year: ₹ 1775.46 crore) towards further investment and disbursement of loan in the subsidiaries, Joint Ventures, Associates and other companies.

(ii) Commitments made by the Company towards the minimum work programme in respect of Jointly Controlled Assets have been disclosed in Note 49(B)(v).

30 Sales Tax Department has raised a demand of ₹ 3,449.18 crore (Previous Year: ₹ 3,449.18 crore) and interest thereon ₹ 1,513.04 crore (Previous Year: ₹ 1,513.04 crore) in respect of Hazira unit in Gujarat, treating the transfer of natural gas from the State of Gujarat to other states, as inter-state sales, during the period from April 1994 to March 2001. Aggrieved by the order of the Tribunal in favour of the company, the Sales Tax Department has filed petition in Hon'ble High Court of Gujarat. Final hearing in the matter has concluded in the month of November 2016 and the order of Hon'ble high court is awaited. In the opinion of the management, there is a remote possibility of crystalizing this liability.

31 In terms of the Gas Sales Agreement with the customers, value of Annual Take or Pay Quantity (ATOPQ) of Gas is accounted for on the basis of realization and shown as liability till make up Gas is delivered to customer as per the contract.

32 Disclosure under CSR expenses:

As per Section 135 of the Companies Act 2013 read with DPE guidelines, the Company is required to spend ₹ 81.47 crore (Previous Year ₹ 102.34 crore) during the current year. Amount incurred during the year is ₹ 123.58 crore (Previous Year ₹ 118.64 crore), as per details given below:

(₹ in Crores)

S. No.	Particulars	In Cash	Yet to be paid in cash	Total
(i)	Construction/acquisition of any asset	- (-)	- (-)	- (-)
(ii)	On purposes other than (i) above	95.09 (106.88)	28.49 (11.76)	123.58 (118.64)
	Total	**95.09 (106.88)**	**28.49 (11.76)**	**123.58 (118.64)**

Note: Figure in brackets pertains to previous year.

33 In respect of certain customers towards Ship or Pay charges being sub-judice/under dispute, the Company has been issuing claim letters, aggregate amount of which is ₹ 1725.43 crore (Previous Year ₹ 762.47 crore) as at the end of the year. Income in respect of the same shall be recognized on final disposal of the matter.

34 Pending court cases in respect of certain customers for recovery of invoices raised by the company for use of APM gas for non-specified purposes by fertilizer companies pursuant to guidelines of Ministry of Petroleum & Natural Gas (MOP & NG), the Company has issued claim letters amounting to ₹ 1975.62 crore on the basis of information provided to company by FICC.

35 Pricing and Tariff

(a) Petronet LNG Ltd (PLL), a supplier of R-LNG, has been raising invoices on the company on provisional basis on certain matters and considering the same the Company has been raising provisional invoices for sale of R-LNG to its customers. Impact of any changes in such provisional invoices is taken as and when settled.

(b) With effect from 1st April 2002, Liquefied Petroleum Gas (LPG) prices has been deregulated and is now based on the import parity prices fixed by the Oil Marketing Companies. However, the pricing mechanism is provisional and is yet to be finalized by the MoPNG. Impact on pricing, if any, will be recognized as and when the matter is finalized.

(c) Natural Gas Pipeline Tariff and Petroleum and Petroleum Products Pipeline Transportation Tariff is subject to various Regulations issued by Petroleum and Natural Gas Regulatory Board (PNGRB) from time to time. Impact on profits, if any, is being recognized consistently as and when the pipeline tariff is revised by orders of PNGRB.

(d) As per directions of Appellate Tribunal (APTEL), PNGRB has issued 06(Six) final tariff orders applicable for financial year 2016-17. The Company has filed appeal(s) before Appellate Tribunal (APTEL), against various moderations done by PNGRB in these tariff orders. Aforesaid appeals are pending for disposal. Nonetheless, the company has recognized net revenue of ₹ 360 crore during the year in pursuance of these orders. As regards rest of the provisional orders, PNGRB is yet to issue its final orders.

(e) The Company has filed a Writ Petition, during the financial year 2015-16, before the Hon'ble Delhi High Court challenging the jurisdiction of PNGRB on fixation of transmission tariff for pipelines. The Hon'ble Delhi High Court has dismissed the aforesaid Writ Petition vide its Order dated 11.04.2017. In this regard, the Company has filed a Review Petition before the Hon'ble Delhi High Court on 12th May 2017 against the said Order.

36 Pending disposal of cases in relation to transportation charges for Uran Trombay Pipeline, the liability of ONGC Ltd., amounting to ₹ 188.3 crore (Previous year ₹ 222.14 crore) and corresponding debtors for the same amounting to ₹ 186.13 crore (Previous year ₹ 171.65 crore) have been continued as at the end of the current financial year. During the year, ONGC in a meeting with the Company has agreed that transportation charges for the said Pipeline be paid only after collection from the respective customers by the Company. In view of this the provision made in the previous year towards doubtful recovery of aforesaid debtors of ₹ 171.65 crore has been withdrawn during the year.

37 Land & Building

(a) Freehold and Leasehold Land amounting to ₹ 26.14 crore and ₹ 40.45 crore (Previous Year: ₹ 13.15 crore and ₹ 18.29 crore) respectively are capitalized on provisional basis.

(b) Title deeds for freehold (4.81 hectares) and leasehold (197.32 hectares) land amounting to ₹19.43 crore and ₹ 36.75 crore (Previous Year: ₹ 7.68 crore and ₹ 16.96 crore) respectively are pending execution for transfer in the name of the Company. This includes ₹ 9.39 crore amount of Lease hold Land shown under 'Prepayments' in Note no 10 (Other Non-Current Assets - Non financial)

(c) Title Deeds in respect of ten residential flats at Asiad Village, New Delhi, amounting to ₹ 1.67 crore (Previous Year: ₹ 1.67 crore) are pending for transfer from ONGC to GAIL. The Hon'ble High court of Delhi has referred the matter to cabinet secretary for settlement.

(d) Net Block for "Building" includes an amount of ₹ 2.04 Crore (Previous Year ₹ 0.50 Crore) earmarked for disposal but in use.

38 Earmarked Balances

(a) The balance retention from Panna Mukta Tapti (PMT) JV consortium amounting to ₹ 21.80 crore (Previous Year: ₹ 20.40 crore) (shown in Note No 9B) is kept as Earmarked Balance in short term deposit in banks. It includes interest accrued but not due amounting to ₹ 0.15 crore (Previous Year: ₹ 0.26 crore). This interest income does not belong to the Company and not accounted for as income.

(b) Liability on account of "Gas Pool Account" amounting to ₹ 268.56 crore (Previous Year: ₹ 927.87 crore) (shown in Note No. 14) represents amount held by the Company as custodian pursuant to directions of MOPNG. The amount received is kept as Earmarked Fund in the form of Short Term Deposits in banks (shown in Note No 9B). It includes interest accrued but not due amounting to ₹ 4.55 crore (Previous Year: ₹ 14.91 crore). This interest does not belong to the Company and not accounted for as income.

(c) Gas Pool Money (Provisional) shown under "Other Long Term Liabilities" amounting to ₹ 655.48 crore (Previous Year: ₹ 1,006.79 crore) (shown in Note No 14) with a corresponding debit thereof under Trade Receivable (after reversal during the year in case of certain customers) will be invested/paid as and when said amount is received from the customers.

(d) Liability on account of Pipeline Overrun and Imbalance Charges amounting to ₹ 99.74 crore (Previous Year: ₹ 85.81 crore) (shown in Note No 14) represents amount held by the Company as custodian pursuant to directions of PNGRB. The amount received is kept as Earmarked Fund in the form of Short Term Deposits in banks (shown in Note No.9B). It includes interest accrued but not due amounting to

₹ 3.82 crore (Previous Year: ₹ 3.93 crore) on short term deposits. This interest does not belong to the Company and not accounted for as income.

39 The Company has an equity investment amounting to ₹ 974.31 crore, in a joint venture company, Ratnagiri Gas and Power Private Limited (RGPPL), which is equivalent to 25.50% of the paid up equity capital of RGPPL as on 31st March 2017.

RGPPL is in the process of restructuring its business by way of de-merger of its LNG business into a separate company effective from 1st January 2016. The scheme of Demerger has been approved by the Board of RGPPL, all the Shareholders including GAIL & NTPC, as well as by the majority of Lenders and has been filed with National Company Law Tribunal, New Delhi on 23rd December 2016 for approval.

In order to comply with the provisions of Ind AS 36 on "Impairment of Assets" and for ascertaining the amount to be impaired as on 31st March 2017 from aforesaid investments the company has, along with RGPPL and other shareholder NTPC Ltd, undertaken impairment study of assets of RGPPL. Based upon the impairment study a provision of ₹ 783 crore is made during the year towards impairment loss in carrying value of aforesaid investment. Amount of impairment has been shown as exceptional item in the statement of profit & loss.

40 GAIL is acting as pool operator in terms of the decision of Government of India for pooling of natural gas for Urea Plants. The scheme envisages uniform cost of gas for urea production by settlement of difference in weighted average price of gas of each plant to the weighted average price for the industry. Accordingly, an amount of ₹ 78.34 crore (Previous Year ₹ 604.27 Crore) is payable to and correspondingly receivable from Urea Plants, as on 31st March 2017. After netting of the payable and receivable amounts, there is no impact in the financial statements.

41 GAIL is acting as pool operator in terms of the decision of the Government of India for capacity utilisation of the notified gas based power plants. The Scheme, which was applicable till 31st March 2017, envisaged support to the power plants from the Power Sector Development Fund (PSDF) of the Government of India. The gas supplies were on provisional / estimated price basis which were to be reconciled based on actual cost. Accordingly, current liabilities include a sum of ₹ 87.63 Crore (Previous Year ₹ 510.89 Crore) on this account, as on 31st March 2017 which is payable to the above said power plants and / or to the Government of India.

42 Trade Receivables continued to (shown in Note No 6) include an amount of ₹ 255.36crore(Previous Year ₹ 255.36 Crore), from Indian Oil Corporation Ltd (IOCL) towards ship or pay charges for shortfall in the Annual Contracted Quantity (for the period from 2010 to 2015), in pursuance of Gas Transmission Agreement dated 7th October 2005. IOCL, on 22nd March 2016, has disputed the claim of the Company. As per the legal opinion obtained by the Company in the matter, the dispute raised by IOCL is not tenable and hence no provision has been made during the year. IOCL vide letter dated 28th April 2017 has come forward for an amicable settlement. Adjustments, if any, shall be done on final outcome of the matter.

43 PNGRB on 19.02.2014 notified insertion in Affiliate Code of Conduct that an entity engaged in both marketing and transportation of natural gas shall create a separate legal entity for transportation of natural gas by 31.03.2017 and the right of first use shall, however, remain with the affiliate of such entity. The Company has challenged the said PNGRB notification before Hon' ble Delhi High Court by way of writ and the same is pending adjudication.

44 Pay Revision of the employees of the company is due w.e.f. 1st January 2017. Pending finalization of pay revision by Government of India, a provision of ₹ 93.95 Crores has been made based on 3rd Pay Revision Recommendation for CPSEs on estimated basis.

45 Disclosure under the Ind AS 19 on Employee Benefits is given as below:

I. Superannuation Benefit Fund (Defined Contribution Fund)

The Company has paid for an amount of ₹55.83 crore (Previous Year: ₹ 65.66 crore) towards contribution to Superannuation Benefit Fund Trust and charged to statement of profit and loss.

II. Provident Fund

The Company has paid contribution of ₹ 54.98 crore (Previous Year ₹ 53.23 crore) to Provident Fund Trust at predetermined fixed percentage of eligible employees' salary and charged to statement of profit and loss. Further, the obligation of the Company is to make good shortfall, if any, in the fund assets based on the statutory rate of interest in the future period. During the year, surplus in the fund is more than the interest rate guaranteed liability of the Company hence, the Company has reversed a provision of ₹ Nil (Previous Year Nil), as per actuarial valuation and the balance provision to meet any short fall in the future period to be compensated by the Company to the Provident Fund Trust as at the end of the current financial year is Nil (Previous Year Nil).

III. Other Benefit Plans

a) Gratuity:

15 days salary for every completed year of service. Vesting period is 5 years and payment is limited to ₹ 10 lakh. However, in view of 3rd pay revision recommendations applicable from 01.01.2017, the provision towards for enhanced limit of ₹ 20 lakhs has been made during the year. Actual disbursement would be made based on the final order w.r.t. aforesaid pay revision.

b) Post-Retirement Medical Scheme (PRMS)

The Company contributes to the defined benefit plans for Post-Retirement Medical Scheme using projected unit credit method of actuarial valuation. Under the scheme eligible ex-employees are provided medical facilities. During the year the Company has earmarked ₹ 248.99 crore (previous year Nil) towards the PRMS in a separate bank account.

c) Earned Leave Benefit (EL)

Accrual 30 days per year. Encashment while in service 75% of accumulated Earned Leave balance subject to maximum of 90 days at a time; provided a minimum balance of 15 days is left over in the respective employee's account. Encashment on retirement or superannuation maximum 300 days.

d) Terminal Benefits (TB)

At the time of superannuation, employees are entitled to settle at a place of their choice and they are eligible for Transfer Traveling Allowance.

e) Half Pay Leave (HPL)

Accrual 20 days per year. The encashment of unavailed HPL is allowed as per approved Company rule.

f) Long Service Award (LSA)

On completion of specified period of service with the company and also at the time of retirement, employees are rewarded monetarily based on the duration of service completed.

The following table summarizes the components of net benefit expenses recognized in the statement of profit and loss based on actuarial valuation.

(₹ in Crores)

	Gratuity Funded		PRMS Non Funded		EL Non Funded		Terminal Benefits Non Funded		HPL Non Funded		LSA Non Funded	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
A. Expenses recognized in the statement of Profit & Loss Account												
Current Service Cost	38.28	37.46	17.36	11.35	49.81	21.06	0.57	0.75	10.83	12.48	0.87	1.50
Past service cost	144.07	-	10.86	-	-	-	-	-	-	-	-	-
Interest on Benefit Obligation	10.80	10.72	16.35	15.38	15.75	16.75	0.84	0.74	12.05	11.31	1.39	1.37
Expected Return on Plan Assets	(10.60)	(10.79)	-	-	-	-	-	-	-	-	-	-
Net actuarial (Gain)/Loss recognized in the year	(19.32)	(37.35)	(12.92)	2.77	(15.13)	18.95	(0.93)	0.95	(10.48)	(0.63)	2.69	1.36
Other Comprehensive Income	19.31	37.35	12.92	(2.77)								
Expenses recognized in P&L Account for FY 2016-17	182.54	37.39	44.57	26.73	50.43	56.76	0.48	2.44	12.40	23.16	4.95	4.23
B. Reconciliation of fair value of plan assets and Present value of defined benefit obligation												
Present value of Obligation as at 31.03.2017	316.17	150.93	254.74	226.13	257.66	225.44	11.79	11.61	176.42	167.03	21.70	21.36
Fair value of Plan Assets as at31.03.2017	153.08	145.54	-	-	-	-	-	-	-	-	-	-
Difference	(163.09)	(5.39)	(254.74)	(226.13)	(257.66)	(225.44)	(11.79)	(11.61)	(176.42)	(167.03)	(21.70)	(21.36)
Net Asset/(Liability) recognized in the Balance Sheet	(163.09)	(5.39)	(254.74)	(226.13)	(257.66)	(225.44)	(11.79)	(11.61)	(176.42)	(167.03)	(21.70)	(21.36)
C. Reconciliation of the changes in the Present Value of the Defined Benefit Obligations:												
Present value of Obligations as at 01.04.2016	150.93	140.21	226.13	197.80	225.44	250.11	11.61	9.89	167.03	146.19	21.36	17.13
Interest Cost	10.80	10.72	16.35	15.38	15.75	16.75	0.84	0.74	12.05	11.31	1.39	1.37
Current Service Cost	38.28	37.46	17.36	11.35	49.81	21.06	0.57	0.75	10.83	12.48	0.87	1.50
Past service cost	144.07	-	10.86	-	-	-	-	-	-	-	-	-
Benefit Paid	(4.94)	(5.48)	(3.04)	(1.17)	(18.21)	(81.44)	(0.30)	(0.72)	(3.01)	(2.32)	(4.61)	-
Net Actuarial Gain/(Loss) on Obligation	(22.97)	(31.98)	(12.92)	2.77	(15.13)	18.95	(0.93)	0.95	(10.48)	(0.63)	2.69	1.36
Present Value of the Defined Benefit Obligation as at 31.03.2017	316.17	150.93	254.74	226.13	257.66	225.44	11.79	11.61	176.42	167.03	21.70	21.36
D. Reconciliation of the changes in the Fair Value of Plan Assets												
Fair Value of Plan Assets as at 01.04.2016	145.54	134.82	-	-	-	-	-	-	-	-	-	-
Expected return on Plan Assets	10.60	10.79	-	-	-	-	-	-	-	-	-	-
Contributions by Employer	5.53	0.04	-	-	-	-	-	-	-	-	-	-
Benefit Paid	(4.94)	(5.48)	-	-	-	-	-	-	-	-	-	-
Actuarial Gain/(Loss)	(3.65)	5.37	-	-	-	-	-	-	-	-	-	-
Fair Value of Plan Assets as at 31.03.2017	153.08	145.54	-	-	-	-	-	-	-	-	-	-
E. Principal actuarial assumption at the Balance Sheet Date												
Discount rate	7.28%	7.80%	7.28%	7.80%	7.28%	7.80%	7.28%	7.80%	7.28%	7.80%	7.28%	7.80%
Expected return on plan assets	7.28%	8.00%	-	-	-	-	-	-	-	-	-	-
Annual increase in costs	-	-	10%	10%	-	-	10%	10%	-	-	10%	10%
Annual increase in salary	10%	12%	-	-	10%	12%	-	-	10%	12%	-	-

F. Other Disclosure

(i) Net Asset / (Liability) recognised in the Balance Sheet (including experience adjustment impact)

Gratuity	31.03.2017	31.03.2016	31.03.2015	31.03.2014	31.03.2013
Present Value of Defined Benefit Obligation as at 31.03.2017	316.17	150.93	140.21	128.36	123.05
Fair Value of Plant Asset as at 31.03.2017	153.08	145.54	134.82	125.93	121.60
Status [Surplus / (Deficit)}	(163.09)	(5.39)	(5.38)	(2.43)	(1.43)
Experience Adjustment of Plan Assets [Gain / (Loss)]	(3.65)	4.02	2.05	3.35	5.62
Experience Adjustment of Obligation [Gain / (Loss)]	(22.96)	(34.90)	(32.31)	31.18	20.12
PRMS	**31.03.2017**	**31.03.2016**	**31.03.2015**	**31.03.2014**	**31.03.2013**
Present Value of Defined Benefit Obligation as at 31.03.2017	254.74	226.13	197.80	73.76	55.21
Experience Adjustment of Obligation [Gain / (Loss)]	(22.18)	(5.45)	87.17	(16.12)	(2.31)
Earned Leave	**31.03.2017**	**31.03.2016**	**31.03.2015**	**31.03.2014**	**31.03.2013**
Present Value of Defined Benefit Obligation as at 31.03.2017	257.66	225.44	250.11	230.52	202.18
Experience Adjustment of Obligation [Gain / (Loss)]	(3.10)	12.64	(0.65)	(5.93)	(10.42)
Terminal Benefits	**31.03.2017**	**31.03.2016**	**31.03.2015**	**31.03.2014**	**31.03.2013**
Present Value of Defined Benefit Obligation as at 31.03.2017	11.79	11.61	9.89	7.90	6.28
Experience Adjustment of Obligation [Gain / (Loss)]	(0.88)	0.70	(0.30)	(0.94)	(0.05)
HPL	**31.03.2017**	**31.03.2016**	**31.03.2015**	**31.03.2014**	**31.03.2013**
Present Value of Defined Benefit Obligation as at 31.03.2017	176.42	167.03	146.19	123.96	98.53
Experience Adjustment of Obligation [Gain / (Loss)]	18.12	(4.39)	(5.59)	(9.06)	10.74
Long Service Award	**31.03.2017**	**31.03.2016**	**31.03.2015**	**31.03.2014**	**31.03.2013**
Present Value of Defined Benefit Obligation as at 31.03.2017	21.70	21.36	17.13	13.13	11.21
Experience Adjustment of Obligation [Gain / (Loss)]	1.87	(0.17)	(3.93)	(1.31)	(1.13)

(ii) The effect of increase/decrease of cost

Sensitivity Analysis	GRATUITY				PRMS			
	Funded				Non - Funded			
	2016-17		2015-16		2016-17		2015-16	
	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount Rate (-/+ 0.5%)	301.54	331.96	143.81	158.61	235.46	274.95	206.29	248.49
%Change Compared to base due to sensitivity	-4.63%	5.00%	-4.71%	5.09%	-7.57%	7.93%	-8.77%	9.88%
Salary Growth (-/+ 0.5%)	317.69	314.54	151.23	150.58	N/A	N/A	N/A	N/A
%Change Compared to base due to sensitivity	0.48%	-0.52%	0.20%	-0.23%	N/A	N/A	N/A	N/A
Attrition Rate (-/+ 0.5%)	316.41	315.93	151.21	150.64	254.85	254.65	226.24	226.03
%Change Compared to base due to sensitivity	0.07%	-0.07%	0.19%	-0.19%	0.04%	-0.04%	0.05%	-0.05%
Mortality Rate (-/+ 10%)	316.78	315.56	151.37	150.49	253.40	256.20	224.45	227.83
%Change Compared to base due to sensitivity	0.19%	-0.19%	0.29%	-0.29%	-0.53%	0.57%	-0.75%	0.75%

Sensitivity Analysis	EARNED LEAVE Non - Funded 2016-17 Increase	Decrease	2015-16 Increase	Decrease	HALF PAY LEAVE Non - Funded 2016-17 Increase	Decrease	2015-16 Increase	Decrease
Discount Rate (-/+ 0.5%)	241.48	275.46	210.09	242.38	167.59	185.95	157.87	176.96
%Change Compared to base due to sensitivity	-6.28%	6.90%	-6.80%	7.52%	-5.00%	5.40%	-5.48%	5.95%
Salary Growth (-/+ 0.5%)	274.85	241.85	241.58	210.63	185.61	167.80	176.49	158.20
%Change Compared to base due to sensitivity	6.67%	-6.14%	7.16%	-6.57%	5.21%	-4.88%	5.66%	-5.29%
Attrition Rate (-/+ 0.5%)	257.53	257.80	225.14	225.74	176.86	175.97	167.45	166.61
%Change Compared to base due to sensitivity	-0.05%	0.05%	-0.13%	0.14%	0.25%	-0.25%	0.25%	-0.25%
Mortality Rate (-/+ 10%)	257.32	258.02	224.99	225.89	177.50	175.33	168.04	166.02
%Change Compared to base due to sensitivity	-0.14%	0.14%	-0.20%	0.20%	0.62%	-0.62%	0.60%	-0.60%

Sensitivity Analysis	TERMINAL BENEFITS Non - Funded 2016-17 Increase	Decrease	2015-16 Increase	Decrease	LONG SERVICE AWARD Non - Funded 2016-17 Increase	Decrease	2015-16 Increase	Decrease
Discount Rate (-/+ 0.5%)	11.18	12.46	11.02	12.25	20.91	22.54	20.61	22.17
%Change Compared to base due to sensitivity	-5.21%	5.66%	-5.07%	5.50%	-3.63%	3.90%	-3.52%	3.77%
Salary Growth (-/+ 0.5%)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
%Change Compared to base due to sensitivity	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Attrition Rate (-/+ 0.5%)	11.79	11.79	11.61	11.62	21.65	21.74	21.33	21.40
%Change Compared to base due to sensitivity	-0.02%	0.02%	-0.02%	0.02%	-0.20%	0.20%	-0.14%	0.15%
Mortality Rate (-/+ 10%)	11.70	11.88	11.54	11.67	21.58	21.81	21.26	21.47
%Change Compared to base due to sensitivity	-0.74%	0.74%	-0.49%	0.49%	-0.54%	0.54%	-0.05%	0.49%

(iii) Details of the investment pattern of Plan Assets of Gratuity Trust

Particulars	(%age of investment) 31st March 2017	31st March 2016
Central Govt. Securities	6.57	11.73
State Govt. Securities	5.54	5.56
PSU Bonds	7.82	7.87
Private Bonds	0.31	0.34
Insurance Investment	79.77	74.50
Total	**100.00**	**100.00**

Mortality table referred	AGE	IALM 2006-2008 ULTIMATE Withdrawal Rate% (2016-17)	IALM 2006-2008 ULTIMATE Withdrawal Rate % (2015-16)
Withdrawal Rate/Employee Turnover Rate	UPTO 30 YEARS	3%	3%
	UPTO 44 YEARS	2%	2%
	ABOVE 44 YEARS	1%	1%

Note:

i. The actuarial valuation takes into account the estimates of future salary increases, inflation, seniority, promotion and other relevant factors.

ii. The management has relied on the overall actuarial valuation conducted by the actuary.

46. Disclosure as per Ind AS 23 on 'Borrowing Costs':

Borrowing costs capitalized in assets including amount allocated towards Capital Work in Progress during the year was ₹ 49.16 crore (Previous Year: ₹ 42.34 crore).

47. In compliance of Ind AS 108 on "Operating Segment", the Company has adopted following Business segments as its reportable segments:

(i) Transmission services
  a) Natural Gas
  b) LPG
(ii) Natural Gas Marketing
(iii) Petrochemicals
(iv) LPG and other Liquid Hydrocarbons
(v) Other Segments (include GAIL TEL, E&P and Power Generation)

There are no geographical segments in the Company.

The disclosures of segment wise information is given as per **Annexure-A.**

48. In compliance of Ind AS 24 on "Related Party Disclosures", the names of related parties, nature of relationship and detail of transactions entered therewith are given in **Annexure – B**.

49. Disclosure under Ind AS 112 on "Disclosure of Interests in Other Entities":

A) Subsidiaries/ Joint Venture/ Associates

S. No.	Name of companies	Relation	Proportion of ownership as on		
			31st March 2017	31st March 2016	1st April 2015
1	GAIL Global (Singapore) PTE Ltd (GGSPL)	Subsidiary	100%	100%	100%
2	GAIL Global (USA) Inc. (GGUI)	Subsidiary	100%	100%	100%
3	GAIL Gas Limited	Subsidiary	100%	100%	100%
4	Tripura Natural Gas Co Ltd. (TNGCL)	Subsidiary	48.98%	48.98%	48.98%
5	Central UP Gas Limited (CUGL)	Joint Venture	25.00%	25.00%	25.00%
6	Green Gas Limited (GGL)	Joint Venture	49.97%	49.97%	49.97%
7	Ratnagiri Gas & Power (Private) Ltd (RGPPL)	Joint Venture	25.50%	25.50%	28.91%
8	ONGC Petro-additions Limited (OPaL)	Joint Venture	49.21%	49.21%	49.21%
9	Maharashtra Natural Gas Limited (MNGL)	Joint Venture	22.50%	22.50%	23.68%
10	Aavantika Gas Limited (AGL)	Joint Venture	49.97%	49.97%	49.97%
11	Bhagyanagar Gas Limited (BGL)	Joint Venture	49.97%	49.97%	49.97%
12	Talcher Fertilizers Limited (TFL)	Joint Venture	30.00%	30.00%	-
13	TAPI Pipeline Company Limited (TPCL)	Joint Venture	5.00%	25.00%	25.00%
14	Vadodara Gas Limited (VGL)	Joint Venture	50.00%	50.00%	50.00%
15	Indraprastha Gas Limited (IGL)	Associate	22.50%	22.50%	22.50%
16	Petronet LNG Limited (PLL)	Associate	12.50%	12.50%	12.50%
17	Mahanagar Gas Limited (MGL)	Associate	32.50%	49.75%	49.75%
18	Brahmaputra Cracker & Polymer Ltd (BCPL)	Associate	70.74%	70.00%	67.56%
19	Gujarat State Energy Generation Limited (GSEG)	Associate	5.96%	5.96%	5.96%
20	Fayum Gas Company S.A.E	Associate	19.00%	19.00%	19.00%
21	National Gas Company S.A.E (Nat Gas)	Associate	5.00%	15.00%	15.00%
22	China Gas Holding Limited	Associate	3.02%	2.99%	2.99%

The Company's share in the assets and liabilities and in the income and expenditure for the year in respect of above Subsidiaries/Joint Ventures/ Associates, based on audited/unaudited financial statements, as furnished by these companies, is as under:

(₹ in Crores)

S. No.	Particulars	2016-17	2015-16
A.	**Summary of Balance Sheet**		
1	**Assets**		
	Non-Current Assets	27,648.22	27,091.81
	Current Assets	3,754.25	2,540.48
	Total	**31,402.47**	**29,632.28**
2	**Liabilities & Provisions**		
	Non-Current Liabilities	17,322.08	15,427.68
	Current Liabilities & Provisions	9,623.36	14,341.62
	Total	**26,945.44**	**29,769.30**
B.	**Summary of Profit and Loss A/c**		
1	Income	13,420.56	10732.51
2	Expenditure	14,206.64	10512.30
C.	**Contingent Liability (*)**	**7,723.08**	**6,202.09**

(*) To the extent of information available with the Company

B) Jointly Controlled Assets

I) The Company has participating interest in blocks offered under New Exploration Licensing Policy (NELP), in 10 Blocks (Previous Year: 12 Blocks) for which the Company has entered into Production Sharing Contract(s) with respective host Governments along with other partners for exploration and production of oil and gas. The Company is a non-operator, except in Block CB-ONN-2010/11, where it is the operator. The expenses, incomes, assets and liabilities are shared by the company based upon its participating interest in production sharing contract(s) of respective blocks.

The participating interest in the ten NELP Blocks in India as at the end of the current financial is as under:

S. No.	Name of Block	Participating Interest
1	MN-OSN-2000/2	20%
2	CB-ONN-2000/1	50%
3	AA-ONN-2002/1	80%
4	CB-ONN-2003/2	20%
5	AN-DWN-2003/2	15%
6	CB-ONN-2000/1-RING FENCED CONTRACT	50%
7	CB-ONN-2010/11	25%
8	AA-ONN-2010/2	20%
9	GK-OSN-2010/1	10%
10	CB-ONN-2010/8	25%

ii) In addition to above, the Company has farmed-in as non – operator in the following blocks:

No.	Name of the Block	Participating Interest
1	A-1, Myanmar*	8.5%
2.	A-3, Myanmar*	8.5%
3.	CY-OS/2	25%

* In addition, the Company has 8.5% participating interest in SHWE Offshore Midstream pipeline project in Myanmar for the purpose of transportation of gas from the delivery point in offshore, Myanmar to landfall point in Myanmar.

iii) The Company's share in the assets, liabilities, income and expenditure for the year in respect of joint operations project blocks has been incorporated in the Company's financial statements based upon un-audited financial statements submitted by the operators and are as given below : (Final adjustments are effected during the year in which audited financial statements are received):

(₹ in Crores)

Particulars	2016-17	2015-16
Income	615.68	752.59
Expenses	466.37	502.01
Fixed Assets (Gross block)	208.52	207.95
Producing Property (Gross block)	1,064.02	1,066.51
Other Assets	338.24	390.01
Liabilities	141.39	123.60

The above value includes the following amounts pertaining to 32 E&P Blocks relinquished till 31st March, 2017 (including 30 Blocks relinquished till 31st March, 2016) where the Company is non-operator.

(₹ in Crores)

Particulars	2016-17	2015-16
Income	-	-
Expenses	29.09	2.48
Fixed Assets (Gross block)	0.01	0.01
Other Assets	0.70	6.17
Liabilities	23.01	25.37

iv) The Company has relinquished operated E&P block during the year as below:

S. No.	Name of the Block	Participating Interest	Date of Relinquishment
1	CY-ONN-2005/1	40%	02.06.2016
2	GK-OSN-2010/2	10%	09.11.2016

v) Share of Minimum work program committed under various production sharing contracts in respect of E&P joint ventures is ₹ 174.64 crore (Previous Year ₹ 361.30 crore).

vi) Quantitative information:

a) Details of the Company's Share of Production of Crude Oil and Natural Gas during the year ended 31st March 2017:

i) Crude Oil Block No. CB-ONN-2000/1 & CB-ONN-2003/2:

Particulars	Opening stock		Production (Treated & processed crude)		Sales*		Closing Stock	
	Qty	Value	Qty	Value	Qty	Value	Qty	Value
Crude Oil	(MT)	₹ Crore	(MT)		(MT)	₹ Crore	(MT)	₹ Crore
Year ended 31/03/17	746.70	0.73	16503.21	-	16522.99	34.28	726.91	0.68
Year ended 31/03/16	750.71	0.96	18306.42	-	18310.43	35.06	746.70	0.73

*Includes test production sales for ₹ 0.07 crore (Previous Year ₹ 0.19 crore)

ii) Natural Gas Block No. A1 and A3 (Myanmar)

Particulars	Opening stock		Production		Sales		Closing Stock	
	Qty	Value	Qty	Value	Qty	Value	Qty	Value
Natural Gas	(Million M3)	₹ Crore	(Million M3)		(Million M3)	₹ Crore	(Million M3)	₹ Crore
Year ended 31/03/17	0.57	0.28	421.25	-	414.33	504.44	0.55	0.24
Year ended 31/03/16	0.510	0.27	438.08	-	438.02	622.14	0.57	0.28

b) Net Quantities of the Company's interest in proved reserves and proved developed reserves:

Particulars	Proved Reserves		Proved Developed Reserves	
	2016-17	2015-16	2016-17	2015-16
Crude Oil : in 000'MT				
Beginning of the year	125.62	145.44	125.61	145.43
Additions	21.37	-	0.88	-
Deletion	-	-	-	-
Production	18.10	19.82	18.10	19.82
Closing Balance	128.89	125.62	108.39	125.61
Natural Gas : in Million M3				
a) Myanmar				
Beginning of the year	5,342.40	5,787.88	4,943.40	5,388.88
Additions	-	-	-	-
Deletion	-	-	-	-
Production	421.25	445.48	421.25	445.48
Closing Balance	4,921.15	5,342.40	4,522.15	4,943.40
b) India				
Beginning of the year	1,462.25	1,609.52	-	-
Additions	-	-	-	-
Deletion*	-	147.27	-	-
Production	-	-	-	-
Closing Balance	1,462.25	1,462.25	-	-
Closing Balance Total (a+b)	6,383.40	6,804.65	4,522.15	4,943.40

*As per approval of Field Development Plan by Director General of Hydrocarbons.

Notes:

i. The Company is Non-operating partner in E&P blocks for which reserves are disclosed.

ii. The initial oil and gas reserve assessment was made through expert third party agency / internal expert assessment by respective Operator of E&P blocks. The year-end oil reserves are estimated based on information obtained from Operator / on the basis of depletion during the year. Re-assessment of oil and gas reserves carried out by the respective Operator as and when new significant data or discovery of hydrocarbon in the respective block.

iii. The Company's share of crude oil production for the year 2016-17 is 1,28,836 barrels (Previous year 1,45,613 barrels).

iv. E&P blocks are assessed individually for impairment.

c) The Company's share of balance cost recovery is ₹ 970.92 crore (Previous year ₹ 1,196.56 crore) to be recovered from future revenues from E&P blocks having proved reserves as per Production sharing contracts.

50. TAPI Pipeline Company Limited (TPCL), a Joint Venture of the Company was incorporated in November, 2014 to construct, operate and maintain Turkmenistan-Afghanistan-Pakistan-India (TAPI) Gas Pipeline. GAIL currently holds 25 equity shares of Nil value in TPCL as shown in Note no.5 (b)10.

As at 31st March 2017, GAIL has made a total payment of ₹ 26.87 crore, equivalent to USD 4.15 million (Previous Year ₹ 9.17 crore, equivalent to USD 1.5 million) towards Pre Project Expenditure of the aforesaid project. This amount has been shown as Advance against Equity in Note no.5(b)11.

51. The Company has an equity shareholding of 4.1735% in South East Asia Gas Pipeline Company Limited (SEAGP). During the period from November 2010 to April 2012 Company has remitted US$ 22,536,899 to SEAGP towards equity contribution. Out of this, SEAGP has issued 8347 shares of Face Value of US$ 1 each amounting to US$ 8347 to GAIL and the balance amount of US$ 22,528,552 has been shown as advance against equity in the Company books. As per the latest audited accounts available as on 31st March 2016 of SEAGP, the amount of advance against equity are unsecured, interest free and not repayable. This amount has been shown as Other Investment in Note no. 5(d).

52. Exceptional item of ₹ 489.31 crore (net of expenses) (Previous Year Nil) represents profit on sale of long term investment from partial off-load of 1,23,47,250 equity shares of Mahanagar Gas Limited (An Associate Company) through Initial Public Offer in June 2016, shown in Note No 5(c)3.

53. In compliance of Ind AS 36 on Impairment of Assets, the Company has carried out an assessment of impairment in respect of its following assets as on 31.03.2017:

i) During the year the Company has made net impairment of ₹0.40 crore (Previous Year:- ₹ 0.14 crore) in respect of its GAIL Tel assets and the same has been recognized as impairment loss in the statement of profit and loss.

ii) During the year the Company has made net impairment of ₹ 6.82 crore (Previous Year ₹ 7.91 crore) in respect of its unused dedicated pipelines and the same has been recognized as impairment loss in the statement of profit and loss.

iii) No impairment loss was considered necessary by the management of the Company in respect of Gas Processing Unit, Usar which is under shutdown condition since 16th July 2014 due to non-availability of rich feed gas. The management has decided to keep the plant in preservation mode till the availability of rich feed gas in the future.

iv) During the year the Company has provided loss on impairment of ₹ 5.04 crore (Previous Year Nil) out of carrying value of investment in Fayum Gas Company S.A.E., Egypt.

v) During the year the Company has provided loss on impairment of ₹ 783 crore (Previous Year Nil) out of carrying value of investment in Ratnagiri Gas and Power Private Limited (RGPPL) as mentioned at Note no 5(b)1.

Aggregate amount of iv) and v) above of ₹ 788.04crore has been shown as exceptional item in statement of profit & loss.

54. In compliance of Ind AS 37 on "Provisions, Contingent liabilities and Contingent Assets", the required information on provision for probable obligation is as under:

(₹ in Crores)

Provisions	Opening Balance	Addition during the year (incl OCI)	Reversal/ adjusted during the year (incl OCI)	Closing Balance
Direct Tax	785.40	1302.94	729.14	1359.20
Deferred Tax	4071.38	584.53	-	4655.91
Indirect Tax	205.87	79.77	-	285.64
Employee Benefit	651.58	282.75	61.50	872.83
Legal & Arbitration Cases	292.00	82.16	20.18	353.98

55. Foreign Currency exposure not hedged by a derivative instrument or otherwise.

(₹ in Crores)

Particulars	Currencies	Amount	
		31.03.2017	31.03.2016
Borrowings, including interest	USD	62.08*	88*
accrued but not due	EURO Others	- -	- -
Trade payables/deposits and retention monies	USD EURO Others	295.28 30.94 9.53	588.92 35.09 10.96
Trade/Other receivables and bank balances	USD EURO Others	130.94 - 0.26	100.91 - 0.44
Unexecuted amount of contracts remaining to be executed	USD EURO Others	431.75 37.66 16.66	83.59 5.30 5.08

*excludes amount which is naturally hedged against foreign currency inflows.

56. Details of Loans, Investments, Guarantee and Security given by the Company covered U/S 186 (4) of the Companies Act 2013.

a. Investments made and Loans given are disclosed under the respective notes No 5 and 7.

b. Corporate Guarantees given by the Company in respect of loans as at the end of the current financial year are as under:

(₹ in Crores)

S. No.	Name of the Company	As at 31st March 2017	As at 31st March 2016
1	GAIL Gas Ltd	-	118.00
2	GAIL Global (USA) Inc	745.90	762.66
3	Brahmaputra Cracker and Polymer Ltd	802.34	802.34
4	GAIL Global Singapore Pte Ltd.	654.30	669.00

c. There is no security provided by the Company.

57. Interest free advance has been given to Petronet LNG Ltd. (PLL) for booking of regasification capacity to the tune of ₹ 561.80 crore upto 31.03.2017 (Previous year ₹ 561.80 crore). The said advance is to be adjusted within 15 years against regasification invoices of PLL. Out of above advance, PLL has adjusted ₹ 9.55 crore from Oct'16 to Mar'17. Balance amount of ₹ 552.25 crore (Previous year ₹ 561.80 crore) has been carried over as advance in Note No 10.

58. Out of the outstanding loan of US $ 7,500,000 given by the company to its wholly owned subsidiary, GAIL Global (Singapore) Pte Ltd. (GGSPL), US $ 5,000,000 has been converted to 5,000,000 equity shares of US $ 1 each at par value during the year.

59. In respect of corporate guarantees provided by the company to its related parties for obtaining loans, the company has opined that fair value of these guarantees is Nil as the beneficiary companies have not been provided any concession in the rate of interest by the lender.

60. In some cases, the Company has received intimation from Micro and Small Enterprises regarding their status under "The Micro, Small and Medium Enterprises Development Act, 2006". As per practice, the payment to all suppliers has been made within 7 -10 days. The amount remaining unpaid to Micro and Small suppliers as at the end of the financial year is ₹ 33.28 crore. No interest for delay was paid or payable under the Act.

61. Cabinet Committee on Economic Affairs (CCEA), Government of India in its meeting held on 21st September 2016 has approved 40% capital grant of estimated capital cost of ₹ 12,940 crore i.e. ₹ 5,176 crore to the Company for execution of Jagdishpur Haldia Bokaro Dhamra Pipeline Project (JHBDPL). During the year, the Company has received ₹ 450 crore towards capital grant on above account.

62. During the year the company has changed the estimated useful life for depreciation on furniture and electrical equipments provided for the use of employees (Tangible assets) from 7 years to 6 years and residual value is depreciated accordingly. However, this change has no material impact on financial statements of the company.

63. In compliance with Regulation 34(3) and 53(f) of Listing Obligations and Disclosure Requirements (LODR) of SEBI, the required information is given in Annexure-C.

64. Financial Risk management

The company is exposed to a number of different financial risks arising from natural business exposures as well as its use of financial instruments including market risks relating to commodity prices, foreign currency exchange and interest rates; credit risk; and liquidity risk.

1. Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, and derivative financial instruments.

a. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the long-term foreign currency loans with floating interest rates. The Company manages its interest rate risk according to its Board approved Foreign Currency and Interest Rate Risk Management policy'. Market interest rate risk is mitigated by hedging through appropriate derivatives products ,such as interest rate swaps & full currency swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

Interest rate sensitivity

With all other variables held constant, the following table demonstrates the sensitivity to a reasonably possible change in interest rates on floating rate portion of **forex loans and borrowings** after considering the impact of swap contracts.

Particulars	31st March 2017			31st March 2016		
	US Dollar (LIBOR)		Others	US Dollar (LIBOR)		Others
Increase/decrease (**in Basis Points**)	+10	-10	Nil	10	-10	Nil
Effect on profit before Tax (**₹ in Crs.**)	-0.49	0.49		-1.43	1.43	

*LIBOR- London Interbank Offer Rate

With all other variables held constant, the following table demonstrates the sensitivity to a reasonably possible change in interest rates on Corporate Linked Deposit Scheme (CLTD):

Particulars	31st March 2017			31st March 2016		
	₹ (MIBOR)		Others	₹ (MIBOR)		Others
Increase/decrease (**MIBOR**)	+100	-100	Nil	+100	-100	Nil
Effect on profit before Tax (**₹ in Crs.**)	1.36	-1.36		+0.25	-0.25	

*MIBOR- Mumbai Interbank Offer Rate

b. Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Company transacts business in local currency and in foreign currency, primarily U.S. dollars. Company has obtained foreign currency loans and has foreign currency trade payables and receivables and is therefore, exposed to foreign exchange risk. As per its Board approved policy, Company may mitigate its foreign currency risk through plain vanilla derivative products such as foreign exchange option contracts, swap contracts or forward contracts towards hedging such risks. These foreign exchange contracts, carried at fair value, may have varying maturities depending upon the underlying contract requirement and risk management strategy of the Company.

Foreign Currency Sensitivity

The following table demonstrates the sensitivity in the USD, Euro and other currencies to the functional currency of Company, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including foreign currency derivatives.

Particulars	31st March 2017				31st March 2016			
	USD		Other Currency		USD		Other Currency	
Increase/decrease in Exchange Rate (%)	1%	-1%	1%	-1%	1%	-1%	1%	-1%
Effect on profit before Tax (₹ in Crs)	-45.62	45.62	-1.86	1.86	-63.65	63.65	-2.22	2.22

c. Commodity Price risk

Company imports LNG for marketing and for its internal consumption on an on-going basis and is not exposed to the price risk to the extent it has contracted with customers in India on back to back basis. However, a part of imported volume is not contracted on back to back basis. As most of the LNG purchase contract prices are based on crude based index, therefore Company is exposed to volatility in crude prices. In order to mitigate this crude linked price risk, Company has been taking appropriate derivative products in line with the Board approved 'Natural Gas Price Risk Management Policy'

As on 31st March 2017, there is no significant risk with respect to the open derivative contract.

d. Equity Price Risk

The Company's listed and non-listed equity investments are susceptible to market price risk arising from uncertainties about future values of these investments. The Company manages the equity price risk through review of investments by Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all the equity investment decisions of the Company.

At the reporting date, the exposure to unlisted equity investments at fair value was ₹ 293.76 Crore (Previous Year ₹ 301.79 Crore).

At the reporting date, the exposure to listed equity investments at fair value was ₹ 5712.87 Crore (Previous Year ₹ 4419.89 Crore). A variation of (+/-) 10% in share price of equity investments listed on the stock exchange could have an impact of approximately (+/-) ₹ 571 Crore (Previous Year ₹ 442 Crore) on the OCI and equity investments of the Company. These changes would not have an effect on profit or loss.

2. Liquidity Risk

Liquidity is the risk that suitable sources of funding for Company's business activities may not be available. The Company's objective is to maintain optimum level of liquidity to meet its cash and collateral requirements. The Company closely monitors its liquidity position and deploys a robust cash management system. It also maintains adequate sources to finance its short term and long term fund requirement such as overdraft facility and Long term borrowing through domestic and international market.

Liquidity risk - Maturity profile as on 31st March 2017

(₹ In Crores)

Particulars	On demand	Less than 3 months	3 to 12 months	>1 to 5 years	> 5 years	Total
Borrowings (Non-current) #	-	-	-	2652.22	391.20	3043.42
Borrowings (current) #	-	235.97	1837.86	-	-	2073.83
Interest on Borrowings##	-	126.47	239.72	499.82	62.95	928.96
Trade Payables	-	2716.01	-	-	-	2,716.01
Other Financial Liabilities (Current)	-	1744.48	-	-	-	1744.48
Other Financial Liabilities (Non-Current)	-	-	-	609.45	-	609.45
Total	**-**	**4822.93**	**2077.58**	**3761.49**	**454.15**	**11116.15**

Borrowings include impact of derivative contracts.

includes interest accrued but not due as on 31st March 2017 as well as interest to be paid till maturity.

Liquidity risk - Maturity profile as on 31st March 2016

(₹ In Crores)

Particulars	On demand	Less than 3 months	3 to 12 months	>1 to 5 years	> 5 years	Total
Borrowings (Non-current) #	-	-	-	4863.65	604.87	5468.52
Borrowings (current) #	-	190.43	2126.37	-	-	2316.80
Interest on Borrowings##	-	199.45	309.60	873.15	110.98	1493.18
Trade Payables	-	2,861.60	-	-	-	2,861.60
Other Financial Liabilities (Current)	-	1776.13	565.19	-	-	2341.32
Other Financial Liabilities (Non-Current)	-	-	-	936.19	-	936.19
Total	**-**	**5027.61**	**3001.16**	**6672.99**	**715.85**	**15417.61**

Borrowings include impact of derivative contracts.

includes interest accrued but not due as on 31st March 2016 as well as interest to be paid till maturity.

Liquidity risk - Maturity profile as on 1st April 2015

(₹ In Crores)

Particulars	On demand	Less than 3 months	3 to 12 months	>1 to 5 years	> 5 years	Total
Borrowings (Non-current) #	-	-	-	6573.13	1033.06	7606.19
Borrowings (current) #	-	421.69	1213.50	-	-	1635.19
Interest on Borrowings##	-	220.66	399.05	1283.71	194.31	2097.73
Trade Payables	-	3,320.48	-	-	-	3,320.48
Other Financial Liabilities (Current)	-	1,410.91	610.79	-	-	2,021.70
Other Financial Liabilities (Non-Current)	-	-	-	2103.02	-	2103.02
Total	**-**	**5373.74**	**2223.34**	**9959.86**	**1227.37**	**18784.31**

Borrowings include impact of derivative contracts.

includes interest accrued but not due as on 1st April 2015 as well as interest to be paid till maturity.

3. Credit risk

Credit risk is the risk that a customer or counter party to a financial instrument will fail to perform or fail to pay amounts due, causing financial loss to the company and arises from cash and cash equivalents, derivative financial instruments and deposits with financial institutions and principally from credit exposures to customers relating to outstanding receivables. Credit exposure also exists in relation to guarantees issued by company. Each segment is responsible for its own credit risk management and reporting. Credit risk is considered as part of the risk-reward balance of doing business. On entering into any business contract the extent to which the arrangement exposes the company to credit risk is considered.

Trade receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored. An impairment analysis is performed at each reporting date on an individual basis for major clients.

(₹ In Crores)

Particulars	Neither past due not impaired	Past due but not impaired				Total
		Less than 30 days	30 to 60 days	60 to 90 days	Above 90 days	
As on 31st March 2017	2,259.71	153.46	311.37	-	1,103.66	3,828.20
As on 31st March 2016	2,246.79	152.57	309.60	-	1,100.58	3,809.54
As on 01st April 2015	2,551.35	173.27	351.56	-	2,395.56	5,471.74

Provision for Doubtful Debts

The following table summarizes the changes in the allowances for doubtful accounts for trade receivables:

(₹ In Crores)

Particulars	31st March 2017	31st March 2016
Start of the year	797.63	629.83
Provision for Impairment		
Receivables written off during the year as uncollectible	-94.12	167.80
Unused amounts reversed		
End of year	703.52	797.63

Financial Instruments and Cash Deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with approved limits of its empanelled bank for the purpose of Investment surplus funds and foreign exchange transactions. Foreign exchange transaction and Investments of surplus funds are made only with empanelled Banks. Credit limits of all Banks are reviewed by the Management on regular basis.

4. Capital Management

For the purpose of the capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the reporting years.

65. Accounting classifications and fair value measurements

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

As at 31st March 2017, the Company held the following financial instruments carried at fair value on the statement of financial position:

(₹ In Crores)

Particulars	Carrying Amount	Fair value		
	31st March 2017	Level 1	Level 2	Level 3
Financial assets at amortised cost:				
Non-current				
Trade receivables	1103.66	-	-	-
Loans and receivables	619.21	-	-	-
Investments	3503.01	-	-	-
Current				
Trade receivables	2724.54	-	-	-
Loans and receivables	752.83	-	-	-
Investments	-			
Cash and Cash Equivalents	451.88	-	-	-
Earmarked Bank Deposits	889.97	-	-	-
Financial assets at fair value through statement of profit and loss:				
Non-current				
Derivative instruments	6.87	-	6.87	-
Current				
Derivative instruments	57.39	-	57.39	-
Financial assets at fair value through other comprehensive income:				
Investments	6006.63	5712.87	-	293.76

(₹ In Crores)

Particulars	Carrying Amount	Fair value		
	31st March 2017	Level 1	Level 2	Level 3
Financial liabilities at amortised cost:				
Non-current				
Finance lease obligations	0.84			
Interest-bearing loans and borrowings	3003.71			
Other payables	738.94			
Current				
Trade payables	2716.01			
Finance lease obligations	0.06			
Interest-bearing loans and borrowings	2058.43			
Interest Accrued but not due	85.52			
Other payables	1614.99			
Financial liabilities at fair value through statement of Profit and loss:				
Non-current				
Derivatives instruments	75.15		75.17	
Current				
Derivatives instruments	59.31		59.31	

Note: The carrying cost of Interest-bearing loans & borrowings is approximately equal to their Fair Market Value

As at 31st March 2016, the Company held the following financial instruments carried at fair value on the statement of financial position:

(₹ In Crores)

Particulars	Carrying Amount	Fair value		
	31st March 2016	Level 1	Level 2	Level 3
Financial assets at amortised cost:				
Non-current				
Trade receivables	1100.58			
Loans and receivables	694.83			
Investments	3863.05			
Current				
Trade receivables	2708.96			
Loans and receivables	642.53			
Investments	-			
Cash and Cash Equivalents	309.32			
Earmarked Bank Deposits	1484.55			
Financial assets at fair value through statement of profit and loss:				
Non-current				
Derivative instruments	219.09		219.09	
Investments				
Current				
Derivative instruments	46.94		46.94	
Investments				
Financial assets at fair value through other comprehensive income:				
Investments	4721.68	4419.89		301.79
Financial liabilities at amortised cost:				
Non-current				
Trade payables	-			

(₹ In Crores)

Particulars	Carrying Amount	Fair value		
	31st March 2016	Level 1	Level 2	Level 3
Finance lease obligations	0.87			
Interest-bearing loans and borrowings	5736.43			
Other payables	1079.89			
Current				
Trade payables	2861.60			
Finance lease obligations	0.00			
Interest-bearing loans and borrowings	2322.82			
Interest Accrued but not due	110.38			
Other payables	2197.62			
Financial liabilities at fair value through statement of Profit and loss:				
Non-current				
Derivatives instruments	28.48		28.48	
Current				
Derivatives instruments	27.30		27.30	

Note: The carrying cost of Interest-bearing loans and borrowings is approximately equal to their Fair Market Value

As at 01st April 2015, the Company held the following financial instruments carried at fair value on the statement of financial position:

(₹ In Crores)

Particulars	Carrying Amount	Fair value		
	1st April 2015	Level 1	Level 2	Level 3
Financial assets at amortised cost:				
Non-current				
Trade receivables	2395.56			
Loans and receivables	680.49			
Investments	3738.61			
Current				
Trade receivables	3076.18			
Loans and receivables	551.06			
Investments				
Cash and Cash Equivalents	227.61			
Earmarked Bank Deposits	914.04			
Financial assets at fair value through statement of profit and loss:				
Non-current				
Derivative instruments	116.06		116.06	
Investments				
Current				
Derivative instruments	90.87		90.87	
Investments				
Financial assets at fair value through other comprehensive income:				
Investments	6651.53	6312.69		338.84
Financial liabilities at amortised cost:				
Non-current				
Trade payables	0			

(₹ In Crores)

Particulars	Carrying Amount	Fair value		
	31st March 2015	Level 1	Level 2	Level 3
Finance lease obligations	4.03			
Interest-bearing loans and borrowings	7741.63			
Other payables	2078.28			
Current				
Borrowings	233.80			
Trade payables	3320.48			
Finance lease obligations	0.02			
Interest-bearing loans and borrowings	1491.55			
Interest Accrued but not due	111.90			
Other payables	2046.44			
Financial liabilities at fair value through statement of Profit and loss:				
Non current				
Derivatives instruments	82.29		82.29	
Current				
Derivatives instruments	6.98		6.98	

Note: The carrying cost of Interest-bearing loans and borrowings is approximately equal to their Fair Market Value

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Description for significant unobservable inputs to valuation:

The following table shows the valuation techniques and inputs used for financial instruments:

	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Investments	Discounted Cash flow method using risk adjusted discount rate		

The following table shows a reconciliation of opening balances to the closing balances for Level 3 fair values:

Particulars	Amount (in ₹ Crores)
Balance as at 1st April 2015	**338.84**
Add: Reclassification from Investment in Associates to Financial Assets at Fair Value through other Comprehensive Income (FVOCI)	20.76
Less: Fair Value loss recognized in Other Comprehensive Income	57.81
Balance as at 31st March 2016	**301.79**
Less: Fair Value loss recognized in Other Comprehensive Income	8.03
Balance as at 31st March 2017	**293.76**

66.

a. Confirmation of balances has been received in majority of cases for trade receivables and payables. These confirmations are subject to reconciliation and consequential adjustments, which in the opinion of the management are not material.

b. In the opinion of management, the value of assets, other than fixed assets and non-current investments, on realization in the ordinary course of business, will not be less than the value at which these are stated in the Balance Sheet.

67. Value of Raw Materials, Stores / spares and Components consumed during the year.

S. No.	Particulars	2016-17			2015-16		
		Qty.	₹ in crores	%	Qty.	₹ in crores	%
i)	Raw Material consumed Gas (MMSCM)						
	- Indigenous	1,208.45	2,427.05	77	999.32	2,802.50	82
	- Imported	268.78	724.19	23	197.78	586.02	18
Sub Total (A)		**1,477.23**	**3,151.24**	**100**	**1,197.10**	**3,388.52**	**100**
ii)	Stores, spares component consumed						
	- Indigenous		210.00	61		193.57	63
	- Imported		133.44	39		114.54	37
	Sub Total (B)		**343.44**	**100**		**308.11**	**100**
	Total	**1,477.23**	**3,494.68**		**1,197.10**	**3,696.63**	

68. Other Quantitative details are given in Annexure-D.

69. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board of Directors

A. K. Jha	**Subir Purkayastha**	**Dr. Ashutosh Karnatak**	**B. C. Tripathi**
Company Secretary	Director (Finance)	Director (Projects)	Chairman & Managing Director

As per separate Report of even date

For **O. P. Bagla & Co.**	For **G. S. Mathur & Co.**
Chartered Accountants	Chartered Accountants
Firm No.: 000018N	Firm No.: 08744N
(Rakesh Kumar)	**(Rajiv Kumar Wadhawan)**
(Partner)	(Partner)
Membership No.: 087537	Membership No.: 091007

Place : **New Delhi**
Dated : **22nd May, 2017**

INFORMATION ABOUT BUSINESS SEGMENTS FOR FINANCIAL YEAR 2016-17

(Annexure - A)

(₹ in Crores)

S. No.	SEGMENTS	TRANSMISSION SERVICES *		NATURAL GAS MARKETING *	PETRO-CHEMICALS	LPG & LIQUID HYDROCARBONS	OTHER SEGMENT **	UN-ALLOCABLE	TOTAL	ELIMINATION	CONSOLIDATED TOTAL
		NATURAL GAS	LPG								
1	**REVENUE**										
	External Sales/Other Income	4,194.53	514.52	34,630.35	5,625.58	3,137.72	686.05	-	48,788.75	-	48,788.75
	Intersegment sales	411.31	-	2,747.34	20.44	53.96	17.77	-	3,250.82	3,250.82	-
	Total revenue	**4,605.84**	**514.52**	**37,377.69**	**5,646.02**	**3,191.68**	**703.82**	**-**	**52,039.57**	**3,250.82**	**48,788.75**
2	**RESULTS**										
	Segment Result (Profit before Interest &Tax)	2,345.69	252.00	1,320.68	449.63	1,236.84	199.33	-	5,804.17	-	5,804.17
	Unallocated expenses (Net)	-	-	-	-	-	-	725.20	725.20	-	725.20
	Operating Profit	**2,345.69**	**252.00**	**1,320.68**	**449.63**	**1,236.84**	**199.33**	**(725.20)**	**5,078.97**	**-**	**5,078.97**
	Interest Expenses	-	-	-	-	-	-	479.36	479.36	-	479.36
	Interest/ Dividend Income	-	-	-	-	-	-	811.21	811.21	-	811.21
	Provision for Taxation	-	-	-	-	-	-	1,907.91	1,907.91	-	1,907.91
	Profit/(Loss) from Ordinary Activities	**2,345.69**	**252.00**	**1,320.68**	**449.63**	**1,236.84**	**199.33**	**(2,301.26)**	**3,502.91**	**-**	**3,502.91**
	Extra Ordinary Items	-	-	-	-	-	-	-	-	-	-
	Net Profit/(Loss)	**2,345.69**	**252.00**	**1,320.68**	**449.63**	**1,236.84**	**199.33**	**(2,301.26)**	**3,502.91**	**-**	**3,502.91**
3	**OTHER INFORMATION**										
	Segment Assets *	24,488.03	814.94	-	9,964.20	946.39	1,682.53	-	37,896.09	-	37,896.09
	Unallocated Assets	-	-	-	-	-	-	18,373.90	18,373.90	-	18,373.90
	Total Assets	**24,488.03**	**814.94**	**-**	**9,964.20**	**946.39**	**1,682.53**	**18,373.90**	**56,269.99**	**-**	**56,269.99**
	Segment Liabilities	4,949.89	82.11	-	675.32	209.04	149.58	-	6,065.94	-	6,065.94
	Unallocated Liabilities	-	-	-	-	-	-	12,054.68	12,054.68	-	12,054.68
	Total Liabilities	**4,949.89**	**82.11**	**-**	**675.32**	**209.04**	**149.58**	**12,054.68**	**18,120.62**	**-**	**18,120.62**
	Cost to acquire fixed assets	1,015.10	44.98	-	173.07	54.08	4.57	33.19	1,324.99	-	1,324.99
	Depreciation	723.45	51.44	-	414.80	46.36	116.16	44.57	1,396.78	-	1,396.78
	Non Cash expenses other than Depreciation	133.78	1.23	23.26	9.92	67.46	113.47	791.71	1,140.83	-	1,140.83

Sales including Excise Duty

* Assets & Liability of Gas Trading Business included in Gas Transmission Business

** other Segment includes GAILTel, E&P & Power Generation

INFORMATION ABOUT BUSINESS SEGMENTS FOR FINANCIAL YEAR 2015-16

(Annexure - A)

(₹ in Crores)

S. No.	SEGMENTS	TRANSMISSION SERVICES *		NATURAL GAS MARKETING *	PETRO-CHEMICALS	LPG & LIQUID HYDROCARBONS	OTHER SEGMENT **	UN-ALLOCABLE	TOTAL	ELIMINATION	CONSOLIDATED TOTAL
		NATURAL GAS	LPG								
1	**REVENUE**										
	External Sales/Other Income	3,700.66	486.01	40,336.68	3,354.32	3,321.93	803.80	-	52,003.40	-	52,003.40
	Intersegment sales	291.63	-	3,353.23	27.58	5.22	17.52	-	3,695.18	3,695.18	-
	Total revenue	**3,992.29**	**486.01**	**43,689.91**	**3,381.90**	**3,327.15**	**821.32**	**-**	**55,698.58**	**3,695.18**	**52,003.40**
2	**RESULTS**										
	Segment Result(Profit before Interest &Tax)	1,848.60	263.49	1,393.99	(789.29)	741.48	265.06	-	3,723.33	-	**3,723.33**
	Unallocated expenses (Net)	-	-	-	-	-	-	519.31	519.31	-	**519.31**
	Operating Profit	**1,848.60**	**263.49**	**1,393.99**	**(789.29)**	**741.48**	**265.06**	**(519.31)**	**3,204.02**	**-**	**3,204.02**
	Interest Expenses	-	-	-	-	-	-	799.86	799.86	-	**799.86**
	Interest/ Dividend Income	-	-	-	-	-	-	657.81	657.81	-	**657.81**
	Provision for Taxation	-	-	-	-	-	-	835.54	835.54	-	**835.54**
	Profit/(Loss) from Ordinary Activities	**1,848.60**	**263.49**	**1,393.99**	**(789.29)**	**741.48**	**265.06**	**(1,496.90)**	**2,226.43**	**-**	**2,226.43**
	Extra Ordinary Items	-	-	-	-	-	-	-	-	-	-
	Net Profit/(Loss)	**1,848.60**	**263.49**	**1,393.99**	**(789.29)**	**741.48**	**265.06**	**(1,496.90)**	**2,226.43**	**-**	**2,226.43**
3	**OTHER INFORMATION**										
	Segment Assets	24,622.83	838.22	-	10,103.47	702.78	1,771.32	-	38,038.62	-	38,038.62
	Unallocated Assets	-	-	-	-	-	-	17,758.78	17,758.78	-	17,758.78
	Total Assets	**24,622.83**	**838.22**	**-**	**10,103.47**	**702.78**	**1,771.32**	**17,758.78**	**55,797.40**	**-**	**55,797.40**
	Segment Liabilities	5,291.24	83.21	-	568.21	155.94	131.40	-	6,230.00	-	6,230.00
	Unallocated Liabilities	-	-	-	-	-	-	14,472.66	14,472.66	-	14,472.66
	Total Liabilities	**5,291.24**	**83.21**	**-**	**568.21**	**155.94**	**131.40**	**14,472.66**	**20,702.66**	**-**	**20,702.66**
	Cost to acquire fixed assets	486.45	39.27	-	1,717.20	32.11	138.51	53.93	2,467.47	-	2,467.47
	Depreciation	682.27	47.21	-	367.48	39.60	128.04	45.19	1,309.79	-	1,309.79
	Non Cash expenses other than Depreciation	118.30	2.41	201.81	8.20	4.20	113.19	6.59	454.70	-	454.70

Sales including Excise Duty

* Assets & Liability of Gas Trading Business included in Gas Transmission Business

** Other Segment includes GAILTel, E&P & Power Generation

RELATED PARTY DISCLOSURES

(Annexure -B)

I) Relationship

A) Joint Venture Companies/Associates/Employees trust

1) Mahanagar Gas Limited
2) Indraprastha Gas Limited
3) Petronet LNG Limited
4) Bhagyanagar Gas Limited
5) Tripura Natural Gas Corporation Limited
6) Central UP Gas Limited
7) Green Gas Limited
8) Maharashtra Natural Gas Limited
9) Aavantika Gas Ltd.
10) GAIL China Gas Global Energy Holding Ltd.
11) ONGC Petro Additions Ltd (OPAL)
12) Tapi Pipeline Company Ltd
13) National Gas Company "Nat Gas"
14) Fayum Gas Company
15) China Gas Holdings Ltd.
16) Andhra Pradesh Gas Distribution Corporation Limited
17) Kerala GAIL GAS Limited
18) Rajasthan State Gas Limited
19) Vadodara Gas Limited
20) Haridwar Gas Private Limited
21) GOA Natural Gas Private Limited
22) GAIL (India) Ltd. Employees Provident Fund Trust
23) GAIL Employees Superannuation Benefit Fund
24) GAIL (India) Ltd. Employees Death-cum-Superannuation Gratuity Scheme

B) Key Management Personnel

i) Whole time Directors(KMP):

1) Shri B C Tripathi, Chairman and Managing Director
2) Shri M Ravindran (Up to 31.01.2017)
3) Dr. Ashutosh Karnatak
4) Shri Subir Purkayastha, Director (Finance) and CFO
5) Shri P K Gupta, Director (HR) w.e.f. (01.02.2017)

ii) Company Secretary

1) Shri N K Nagpal (Up to 25.05.2016)
2) Shri Anil Kumar Jha w.e.f. (26.05.2016)

C) Unincorporated Joint venture for Exploration & Production Activities:

1)	NEC - OSN - 97/1	(Non-operator with participating interest: 50%, GAIL has relinquished from the Block)
2)	A-1, Myanmar	(Non-operator with participating interest: 8.5%)
3)	A-3, Myanmar	(Non-operator with participating interest: 8.5%)
4)	SHWE Offshore Pipeline	(Non-operator with participating interest: 8.5%)
5)	CY-OS/2	(Non-operator with participating interest: 25%)
6)	RM-CBM-2005/III	(Non-operator with participating interest: 35%) GAIL has relinquished from the Block)
7)	TR-CBM-2005/III	(Non-operator with participating interest: 35%) GAIL has relinquished from the Block)
8)	MR-CBM-2005/III	(Non-operator with participating interest: 45%) GAIL has relinquished from the Block)
9)	AD-7, Myanmar	(Non-operator with participating interest: 10%) GAIL has relinquished from the Block)
10)	BLOCK-56, Oman	(Non-operator with participating interest: 25%) GAIL has relinquished from the Block)

II) The following transactions were carried out with the related parties in the ordinary course of business:

(₹ In Crores)

		2016-17	2015-16
A)	**Details relating to parties referred to in item no. I (A) above:**		
1)	Sales		
	Indraprastha Gas Limited	1,870.08	2,023.01
	Mahanagar Gas Limited	964.86	1,145.50
	Others	628.42	574.98
2)	Amount receivable as at Balance Sheet Date for (1) above		
	Indraprastha Gas Limited	82.57	78.49
	Mahanagar Gas Limited	160.97	156.51
	Others	31.53	32.89
3)	Purchases		
	Petronet LNG Limited	13,078.18	12,685.96
	Others	2.19	2.95
4)	Amount payable as at Balance Sheet Date for (3) above		
	Petronet LNG Limited	675.16	501.87
	Others	0.07	0.07
5)	Reimbursement for other expenditure received/receivable	14.74	8.75
6)	Amount receivable as at Balance Sheet Date for (5) above	1.54	1.44
7)	Dividend Income		
	Mahanagar Gas Limited	81.86	77.78
	Indraprastha Gas Limited	29.93	18.90
	Petronet LNG Limited	23.44	18.75
	China Gas Holdings Ltd.	25.17	24.02
	Others	9.02	2.82
8)	Other Income		
	Bhagyanagar Gas Limited	8.40	7.58
	Indraprastha Gas Limited	3.09	15.36
	Others	0.79	0.58
9)	Amount receivable as at Balance Sheet Date for (8) above		
	Bhagyanagar Gas Limited	8.40	7.58
	Others	0.06	0.16
10)	Provision Created against Debtors	2.64	3.16
11)	Investment as at Balance Sheet date	1,372.33	1,389.31
12)	Advances for allotment of Equity as at Balance Sheet date	26.87	9.17
13)	Advances / loan given as at Balance Sheet date	703.79	670.09

(₹ In Crores)

		Key Management Personnel (KMP)		Relatives of KMP	
		2016-17	2015-16	2016-17	2015-16
B)	**Details relating to parties referred to in item no.- 1 (B) above**				
1)	Remuneration	-	-	0.89	0.75
	B C Tripathi	0.58	0.60	-	-
	M Ravindran	0.82	0.51	-	-
	Ashutosh Karnatak	0.48	0.46	-	-
	Subir Purkayastha	0.59	0.40	-	-
	Prabhat Singh	-	0.31	-	-
	P K Jain	-	0.04	-	-
	P K Gupta	0.07	-	-	-
	N K Nagpal	0.09	0.43	-	-
	Anil Kumar Jha	0.22	-	-	-
2)	Interest bearing outstanding loans receivable	0.30	0.02	0.11	0.11
3)	Interest accrued on loans given	0.26	0.13	0.12	0.08
4)	Self lease	0.07	0.10	-	-

* Remuneration includes Basic, Allowances, reimbursements, contribution to PF and perquisites. In addition, whole time directors are allowed use of staff car including for private journeys upto a ceiling of 1000 Kms per month on payment in accordance with the Bureau of Enterprises Circular

(₹ In Crores)

	2016-17	2015-16
C) Details relating to parties referred to in item no. I (C) above:		
1) Minimum work program commitment	**-**	-
2) Survey, Production, Royality and other expenses	**198.58**	249.38
3) CWIP & Other assets	**(1.87)**	52.81
4) Amount outstanding on Balance Sheet date(net of advance)	**23.58**	29.03
5) Amount written Off- Dry well expenditure	**-**	0.57
6) Sales/Income from operation	**581.16**	716.63
7) Amount outstanding on Balance Sheet date (against sales)	**48.82**	43.36

Disclosure as required by Regulation 34(3) and 53(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

(Annexure - C)

(₹ In Crores)

A Subsidiary	Current Year		Previous Year	
	Amount as on 31.03.2017	Maximum amount outstanding during the year ended 31.03.2017	Amount as on 31.03.2016	Maximum amount outstanding during the year ended 31.03.2016
1 Loans and advances in the nature of loans:				
a To subsidiary Company: GAIL (Global) Singapore PTE Limited	16.11	57.08	56.03	56.03
b To Companies in which Directors are interested	Nil	Nil	Nil	Nil
2 Investment by the Subsidiary Company in the shares of GAIL (India) Limited and its subsidiaries	Nil	Nil	Nil	Nil

(₹ In Crores)

B Joint Venture	Current Year		Previous Year	
	Amount as on 31.03.2017	Maximum amount outstanding during the year ended 31.03.2017	Amount as on 31.03.2016	Maximum amount outstanding during the year ended 31.03.2016
1 Loans and advances in the nature of loans:				
a To Joint Venture Company: Bhagyanagar Gas Limitd	105	105	75	75
b To Companies in which Directors are interested	Nil	Nil	Nil	Nil
2 Investment by the Joint Venture Company in the shares of GAIL (India) Limited and its subsidiaries	Nil	Nil	Nil	Nil

V. Licensed Capacity, Installed Capacity and Actual Production

(Annexure - D)

	CURRENT YEAR -2016-17				PREVIOUS YEAR - 2015-16			
	Licensed Capacity	Installed Capacity	Gas Throughput	Production	Licensed Capacity	Installed Capacity	Gas Throughput	Production
I) Natural Gas (MMSCMD)	206.03	206.03	100.38	-	206.03	206.03	92.09	-
ii) LPG (M /T)	1,085,376	1,040,182	-	861,576	1,170,376	1,112,373	-	854,757
iii) Propane (M/T)	201,085	306,000	-	143,783	201,085	201,085	-	128,041
iv) Ethylene (M/T)**	850,000	896,000	-	617,403	850,000	896,000	-	355,619
v) HDPE/LLDPE (M/T)*	810,000	810,000	-	604,064	810,000	810,000	-	344,168
vi) Pentane	73,545	73,545	-	23,663	73,545	73,545	-	22,720
vii) Naptha	97,773	97,773	-	82,060	127,773	127,773	-	83,261
viii) Crude Oil (MT)	-	-	-	-	-	-	-	-
ix) CNG (000'KG)	-	-	-	-	-	-	-	-
x) C2/C3**	-	1,242,594	-	841,535	-	562,800	-	511,905
xi) Butene-1**	30,000	30,000	-	22,033	30,000	30,000	-	9,416

Notes :

* includes L P Wax, GPE Shreds, Poly Lumps

** Internally consumed

QUANTITATIVE INFORMATION

ANNEXURE-D

(Amount ₹ In Crores)

S. No.	PARTICULARS	OPENING STOCK		PURCHASES		SALES		INTERNAL CONSUMPTION		CLOSING STOCK	
		QTY	VALUE	QTY	VALUE	QTY	VALUE	QTY	VALUE	QTY	VALUE
1	Natural Gas including LNG and RLNG (MMSCM)										
	Year Ended 31.03.2017	**291.29**	**622.41**	**29,849.37**	**36,350.91**	**27,098.06**	**38,213.13**	**2,545.10**	**4,558.83**	**277.50**	**482.01**
	Year Ended 31.03.2016	313.13	1,138.47	27,095.19	41,795.28	24,791.65	43,613.35	2,069.57	5,017.82	291.29	622.41
2	LPG (M/T)										
	Year Ended 31.03.2017	**4,455.44**	**10.18**	**-**	**-**	**858,329.77**	**2,399.76**	**-**	**-**	**8,166.99**	**12.35**
	Year Ended 31.03.2016	5,446.24	13.29	-	-	855,514.83	2,534.48	-	-	4,455.44	10.18
3	Pentane (M/T)										
	Year Ended 31.03.2017	**998.10**	**2.56**	**-**	**-**	**22,153.10**	**93.74**	**2,394.97**	**-**	**267.00**	**0.52**
	Year Ended 31.03.2016	242.11	0.59	-	-	21,645.28	97.22	424.29	-	998.10	2.56
4	Propane (M/T)										
	Year Ended 31.03.2017	**2,322.23**	**6.00**	**-**	**-**	**118,468.83**	**397.76**	**25,050.99**	**-**	**2,516.15**	**4.70**
	Year Ended 31.03.2016	2,258.93	6.16	-	-	124,822.11	428.20	-	-	2,322.23	6.00
5	Naptha (MT)										
	Year Ended 31.03.2017	**700.89**	**1.54**	**-**	**-**	**82,702.87**	**246.45**	**-**	**-**	**396.53**	**0.71**
	Year Ended 31.03.2016	977.05	2.29	-	-	83,289.37	262.03	-	-	700.89	1.54
6	Polymers (M/T)										
	Year Ended 31.03.2017	**20,354.62**	**181.04**	**-**	**-**	**577,577.76**	**5,377.28**	**4,253.46**	**-**	**42,584.05**	**327.87**
	Year Ended 31.03.2016	12,951.23	114.99	-	-	333,758.08	3,248.85	2,996.48	-	20,354.62	181.04
7	C2/C3 (M/T)*										
	Year Ended 31.03.2017	**3,825.59**	**16.03**	**-**	**-**	**-**	**-**	**1,187,686.46**	**-**	**3,309.98**	**10.46**
	Year Ended 31.03.2016	3,563.12	18.84	-	-	-	-	511,904.90	-	3,825.59	16.03
8	Ethylene (M/T)*										
	Year Ended 31.03.2017	**1,339.81**	**9.01**	**-**	**-**	**-**	**-**	**617,739.97**	**-**	**1,002.46**	**5.23**
	Year Ended 31.03.2016	1,161.66	8.57	-	-	-	-	355,441.24	-	1,339.81	9.01
9	Butene-1 (M/T)*										
	Year Ended 31.03.2017	**1,248.82**	**12.37**	**-**	**-**	**2,644.63**	**26.00**	**20,013.12**	**-**	**624.25**	**4.83**
	Year Ended 31.03.2016	531.85	5.08	-	-	-	-	8,699.44	-	1,248.82	12.37
10	Crude Oil (MT)										
	Year Ended 31.03.2017	**746.70**	**0.73**	**-**	**-**	**16,522.99**	**34.23**	**-**	**-**	**726.91**	**0.68**
	Year Ended 31.03.2016	750.71	0.96	-	-	18,310.43	34.87	-	-	746.70	0.73
11	CNG (000'KG)										
	Year Ended 31.03.2017	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Year Ended 31.03.2016	-	-	-	-	-	-	-	-	-	-
12	Power(KWH)										
	Year Ended 31.03.2017	**-**	**-**	**-**	**-**	**205,048,522**	**68.05**	**28,633,021**	**-**	**-**	**-**
	Year Ended 31.03.2016	-	-	-	-	139,354,919	49.56	24,400,682	-	-	-
13	Other Products(M/T)										
	Year Ended 31.03.2017	**3,841.41**	**25.13**	**-**	**-**	**59,327.36**	**222.29**	**10,077.64**	**-**	**5,172.56**	**28.05**
	Year Ended 31.03.2016	3,267.13	22.23	-	-	-	105.47	8,467.52	-	3,841.41	25.13

Note : (i) Difference in reconciliation of opening stock, purchase, sales and closing stock is on account of measurement tolerance

(ii) Natural Gas used for Fuel & Raw Material.

(*) Ethylene, Butene 1 and C2/C3 are consumed internally for manufacture of final products at PATA

Statement pursuant to Section 129 (3) of Companies Act, 2013 related to financial statement of subsidiaries / associate companies / joint ventures

Part "A": Subsidiaries

S. No.	PARTICULARS	GAIL GOLBAL SINGAPORE PTE. LTD.	GAIL (GLOBAL) USA INC. (Consolidated)	GAIL GAS LTD.	TNGCL
		(₹ in crores)	(₹ in crores)	(₹ in crores)	(₹ in crores)
1	The financial year of the subsidiary Company ended on	31st March, 2017	31st December 2016	31st March, 2017	31st March, 2017
2	(a) Reporting Currency	USD	USD	₹	₹
	(b) Exchange rate as on last date of the relevant Financial Year	65.43	68.53	NA	NA
3	Share Capital	41.94	179.17	627.00	1.92
4	Reserves & Surplus	47.30	92.46	152.11	62.77
5	Total Assets	381.89	1,023.68	1,258.32	110.47
6	Total Liabilities	292.65	752.05	479.21	45.77
7	Investments	83.62	-	102.90	-
8	Turnover	3,227.28	110.50	2,816.47	66.98
9	Profit before Taxation	(27.36)	(82.70)	99.43	17.17
10	Provision for Taxation	2.06	(27.25)	34.41	5.87
11	Profit after Taxation	(29.42)	(55.45)	63.73	11.30
12	Proposed Dividend	-	-	-	-
13	% of shareholding	100%	100%	100%	48.98%

Note :

1 Name of the subsidiaries which are yet to commence operations: Not Applicable

2 Name of the subsidiaries which have been liquidated or sold during the year: Not Applicable

For and on behalf of the Board of Directors

A.K. Jha	**Subir Purkayastha**	**Dr. Ashutosh Karnatak**	**B. C. Tripathi**
Company Secretary	Director (Finance)	Director (Projects)	Chairman & Managing Director

Statement pursuant to Section 129 (3) of Companies Act, 2013 related to Associate Companies and joint ventures

Part "B": Associates and Joint Ventures

Particulars	Mahanagar Gas Ltd	Indraprastha Gas Ltd	Central UP Gas Ltd	Green Gas Ltd	Maharashtra Natural Gas Ltd	Avantika Gas Ltd	Bhagyanagar Gas Ltd	China Gas Holdings Ltd	Petronet LNG Ltd
1 Latest audited Balance Sheet Date	(₹ in Crores) **31-03-16**	(₹ in Crores) **31-03-16**	(₹ in Crores) **31-03-17**	(₹ in Crores) **31-03-17**	(₹ in Crores) **31-03-17**	(₹ in Crores) **31-03-17**	(₹ in Crores) **31-03-17**	**31-03-16**	(₹ in Crores) **31-03-17**
2 No of Shares of Associate/ joint Ventures held by the Company on the year end-	32,102,740	31,500,000	15,000,000	23,042,250	22,500,000	22,500,000	22,500,000	150,000,000	93,750,000
Amount of Investment in Associates / Joint Venture	32.10	31.50	15.00	23.04	22.50	22.50	22.50	97.37	98.75
Extend of Holding %	32.50%	22.50%	25%	49.97%	22.50%	49.97%	49.97%	3.02%	12.50%
3 Joint Control / Significant influence	Associate	Associate	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Representation on the board of directors or corresponding governing body of the investee	Associate
4 Reason for not cosolidated	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
6 Profit / Loss for the year*									
(i) Considered in Consolidation	111.15	122.37	11.42	22.38	16.00	9.54	6.54	82.87	212.93
(ii) Not Considered in Consolidation	-	-	-	-	-	-	-	-	-

Particulars	Talcher Fertilizer Ltd	Brahamputra Creckers and polymers Ltd.	Gail China Gas Global Energy Holding Ltd	TAPI Pipeline Company Limited	ONGC Petro additions Ltd	Ratnagiri Gas & Power (private) Ltd	Vadodra Gas Ltd.	National Gas Company "Nat Gas"	Fayum Gas Company
1 Latest audited Balance Sheet Date	**31-03-16**	(₹ in Crores) **31-03-16**	**Not Applicable**	**Not Applicable**	(₹ in Crores) **31-03-16**	(₹ in Crores) **31-03-16**	(₹ in Crores) **31-03-16**	**31-12-16**	**31-12-16**
2 No of Shares of Associate/ joint Ventures held by the Company on the year end-	0	992,369,000	0	25	994,945,000	974,308,300	79,137,831	3,000,000	19,000
Amount of Investment in Associates / Joint Venture	-	992.37	-	-	994.95	191.31	79.14	83.62	8.10
Extend of Holding %	29.67%	71%	50%	5%	49.21%	25.50%	32.93%	5%	19%
3 Joint Control / Significant influence	Joint Venture	Associatae	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Representation on the board of directors or corresponding governing body of the investee	
4 Reason for not cosolidated	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
6 Profit / Loss for the year*									
(i) Considered in Consolidation	(0.01)	(387.24)	Not Applicable	Not Applicable	(733.40)	(47.02)	0.90	(2.53)	1.69
(ii) Not Considered in Consolidation	-	-	-	-	-	-	-	-	-

* Includes Other Comprehensive Income

Note :

1 Name of the associates or joint ventures which are yet to commence operations:
- a) Gail China Gas Global Energy Holding Ltd
- b) TAPI Pipeline Company Limited

2 Name of associates or joint ventures which have been liquidated or sold during the year: Not Applicable

For and on behalf of Board of Directors

A K Jha	**Subir Purkayastha**	**Dr. Ashutosh Karnatak**	**B. C. Tripathi**
Company Secretary	Director (Finance)	Director(Projects)	Chairman & Managing Director

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (B) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF GAIL (INDIA) LIMITED FOR THE YEAR ENDED 31 MARCH 2017

The preparation of financial statements of GAIL (India) Limited for the year ended 31 March 2017 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under section 139(5) of the Act are responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 20 July 2017.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6) (a) of the Act of the financials statements of GAIL (India) Limited for the year ended 31 March 2017. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquires of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report.

For and on behalf of the
Comptroller and Auditor General of India

(Nandana Munshi)
Director General of Commercial Audit
& Ex-officio Member, Audit Board-II,
New Delhi

Place : New Delhi
Date : 24.07.2017

Schedule of Fixed Assets (Township)

(₹ in Lakhs)

DESCRIPTION	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As at 01.04.2016	Additions / Adjustments during the Year	Sales / Adjustments during the Year	As at 31.03.2017	As at 01.04.2016	For The Year	Adjustments during the Year	As at 31.03.2017	As at 31.03.2017	As at 31.03.2016
LAND : FREEHOLD	1,918.57	-	-	1,918.57	-	-	-	-	1,918.57	1,918.57
LAND : LEASEHOLD	1,415.04	128.16	67.07	1,476.13	320.59	35.10	26.29	329.40	1,146.73	1,094.45
BUILDING, ROADS ETC.	35,402.13	237.71	(10.15)	35,649.99	11,190.05	1,292.21	12.59	12,469.67	23,180.32	24,212.08
DRAINAGAE, SEWAGE & WATER SUPPLY SYS. ETC.	1,720.01	54.21	(63.16)	1,837.38	837.12	59.55	(25.09)	921.76	915.62	882.89
FURNITURE, FIXTURES & OTHER EQP.	2,348.99	369.62	(14.77)	2,733.38	1,484.06	166.90	28.04	1,622.92	1,110.46	864.93
TRANSPORT EQUIPMENTS	23.85	-	-	23.85	16.88	4.35	0.03	21.20	2.65	6.97
TOTAL	**42,828.59**	**789.70**	**(21.01)**	**43,639.30**	**13,848.70**	**1,558.11**	**41.86**	**15,364.95**	**28,274.35**	**28,979.89**

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2017 ON PROVISIONS OF TOWNSHIP, EDUCATION, MEDICAL AND OTHER FACILITIES.

(₹ in Lakhs)

S. No.	PARTICULARS	YEAR ENDED 31st MARCH, 2017	YEAR ENDED 31st MARCH, 2016
	INCOME		
1	RECOVERY OF HOUSE RENT	203.15	231.92
2	RECOVERY OF UTILITIES	324.43	270.72
3	OTHER RECOVERIES	41.68	47.59
4	EXCESS OF EXPENDITURE OVER INCOME	7,141.59	6,211.16
	TOTAL	**7,710.85**	**6,761.39**
	EXPENDITURE		
1	SALARIES, WAGES & PF CONTRIBUTION	984.06	870.83
2	CONSUMABLES, STORES & MEDICINES	41.36	31.96
3	SUBSIDIES FOR SOCIAL & CULTURAL ACTIVITIES	111.58	85.61
4	REPAIRS & MAINTENANCE	1,445.96	1,156.25
5	DEPRECIATION	1,558.11	1,339.36
6	UTILITIES: POWER, GAS & WATER	1,563.81	1,465.23
7	LAND RENT	18.37	22.66
8	WELFARE - SCHOOL	1,098.01	946.66
9	BUS HIRE CHARGES	79.76	92.56
10	CLUB & RECREATION	86.11	74.64
11	MISC EXPENSES - TAXES, LICENSE FEES, INS ETC.	283.62	279.39
12	HORTICULTURE EXPENSES	440.09	396.24
	TOTAL	**7,710.85**	**6,761.39**

Consolidated Financial Statement

Independent Auditors' Report

TO THE MEMBERS OF GAIL (India) LIMITED

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated financial statements of GAIL (India) Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") its associates and jointly controlled entities comprising of the Consolidated Balance Sheet as at 31st March, 2017, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement and the statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (here in after referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated state of affairs (financial position), consolidated profit or loss (financial performance including other comprehensive income), consolidated cash flows and statement of Changes in Equity of the Group including its Associates and Jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standard) Rules, 2015 as amended. The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the respective companies and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements, that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a), (b) and (c) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the consolidated state of affairs (financial position) of the Group, its associates and jointly controlled entities as at 31st March, 2017, and their consolidated profit (financial performance including other comprehensive income), and their consolidated cash flows and the changes in Equity for the year ended on that date.

Emphasis of Matter

We draw attention to the following matters in Notes to the Financial Statement:-

1. Note No.- 32(a) - regarding various provisional transportation tariff orders issued by Petroleum and Natural Gas Regulatory Board (PNGRB), these orders have been contested by the company at Appellate Tribunal for Electricity (APTEL) and adjustment if any will be recognized as and when matter is finally decided.
2. Note No.- 36- in respect of revenue recognition in previous year for ship or pay charges where the customer has disputed the claim of the company and final outcome is still uncertain.

   We have not modified our opinion on these matters.

Other Matters

(a) The comparative financial information of the Group for the year ended 31st March 2016 and the transition date opening balance sheet as at 1st April 2015 included in these Consolidated Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by us/the predecessor auditors, whose audit report for the year ended 31st March 2016 & 31st March 2015 dated 25th May 2016 & 27th May 2015 respectively expressed an unmodified opinion on those Consolidated financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

(b) We did not audit the financial statements of following subsidiaries:

(i) GAIL Global (Singapore) PTE Ltd. whose financial statements are audited reflect total assets of ₹ 381.89 crore as at March 31, 2017, total revenues of ₹ 3227.28 crore and net cash inflow amounting to ₹ 0.23 crores for the year ended on that date, as considered in the consolidated Ind AS financial statements.

(ii) GAIL Global(USA) Inc whose financial statement are audited reflect total asset of ₹ 1023.68 crore as at December 31, 2016, total revenue of ₹ 110.50 crore and net cash inflow of ₹ 7.95 crores for the year ended on that date. Management has not provided figures for the subsequent period upto 31st March 2017 and is of the opinion that they are not significant and will not have any material impact on the consolidated Ind AS financial statements.

(iii) Tripura Natural Gas Corporation Limited whose financial statement/ information are audited and reflect total assets of ₹ 110.47 crores, as at March 31, 2017 total revenue of ₹ 66.98 crores and net cash inflow of ₹ 12.68 crores for the year ended on that date. These financial statement/financial information have been furnished to us by the management.

(iv) GAIL Gas Limited whose financial statement/information are unaudited and reflect total assets of ₹ 1258.32 crores, as at March 31,2017 total revenue of ₹ 2816.47 crores and net cash in flow of ₹ 110.24 crores for the year ended on that date. These financial statement/financial information have been furnished to us by the management.

Our opinion on the consolidated financial statements in so far as it relates to the amount and disclosures included in respect of aforesaid subsidiaries and our report in terms of sub-section 3 and 11 of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors and/or such unaudited financial statements/financial information as the case may be furnished to us by the management.

(c). The consolidated financial statements also include the Group's share of net profit/(loss) of ₹ (572.09) crores and Other Comprehensive Income/(Loss) of ₹ (0.87) crores in respect of associates and Jointly controlled entities as considered in the consolidated Ind AS financial statements as per chart given below whose financial statements / financial information have not been audited by us/ are unaudited. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these associates and Jointly controlled entities, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid associates and Jointly Controlled entities, is based solely on the reports of the other auditors and unaudited financial statements as the case may be furnished to us by the management.

Name of the Company	Audited/ Unaudited	Date of Balance Sheet*	Net Profit	Other Comprehensive Income	Elimination of Profit on Stocks
			(₹ in crores)	(₹ in crores)	(₹ in crores)
Associates					
China Gas Holding Limited	Unaudited	31.12.2016	2744.80	-	-
Mahanagar Gas Limited	Unaudited	31.03.2017	393.43	(0.66)	0.01
Inderaprashtha Gas Limited	Unaudited	31.03.2017	570.96	(0.870	0.01
Petronet LNG Limited	Audited	31.03.2017	1723.13	(1.79)	0.34
Fayum Gas Company	Audited	31.12.2016	8.91	-	-
National Gas Company "Nat Gas"	Audited	31.12.2016	154.70	-	-
BCPL	Unaudited	31.03.2017	(547.40)	(0.19)	-
Joint Ventures					-
Central UP Gas Limited	Audited	31.03.2017	48.49	(0.12)	0.005
Green Gas Limited	Audited	31.03.2017	44.80	(0.02)	0.01
Maharashtra Natural Gas Limited	Audited	31.03.2017	76.56	(0.28)	-
Avantika Gas Limited	Audited	31.03.2017	19.07	0.01	-
Bhagyanagar Gas Limited	Audited	31.03.2017	13.10	-	0.005
Ratnagiri Gas and Power Pvt Ltd.	Unaudited	31.03.2017	(3081.13)	-	-
ONGC Petro Additions Limited	Unaudited	31.03.2017	(1490.35)	-	-
Talcher Fertilizers Limited	Unaudited	31.03.2017	(0.02)	-	-
Vadodara Gas Limited	Unaudited	31.03.2017	2.74	-	-

*As per the information and explanation given to us by the management, no significant transactions or other events occurred between the reporting date of the aforesaid entities and March 31, 2017 which require any adjustment. The management is of the opinion that the transactions are not significant and will not have any material impact on the consolidated Ind AS financial statements.

The status of Audited and Unaudited Financial Statements as mentioned above is based on Audit Reports of other Auditors furnished to us by the management till 20th May 2017.

Our opinion on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements/financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act is not applicable on Consolidated Financial Statements as referred in proviso to para 2 of the Order.
2. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.

   (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

   (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (Including the other comprehensive income), the Consolidated Cash Flow Statement and the consolidated statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.

   (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standard) Rules, 2015 as amended.

   (e) Being a Government Company pursuant to the Notification No. GSR 463(E) dated 5 June 2015 issued by the Ministry of Corporate Affairs, Government of India, provisions of sub-section (2) of Section 164 of the Companies Act, 2013, are not applicable to the Company.

   (f) We are enclosing herewith a report in Annexure - A for our opinion considering the opinion of other auditors of subsidiary companies, associate companies and jointly controlled companies incorporated in India on adequacy of internal financial controls system in place and the operating effectiveness of such controls.

   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      (i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and jointly controlled entities– Refer Note 33(I) to the consolidated Ind AS financial statements.

      (ii) The Holding Company and its subsidiary companies, associate

companies and jointly controlled companies has made provision, as required under the applicable law or Indian accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

(iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies, associate companies and jointly controlled companies incorporated in India.

(iv) The Holding Company and its subsidiary companies, associate companies and jointly controlled companies incorporated in India have provided requisite disclosures in Note no 12 of its financial statements as to holdings as well as dealings in Specified Bank Notes (SBN) during the period from 8th November 2016 to 30th December 2016. Based on the audit procedures and relying on the management representation and considering the opinion of other auditors of subsidiary companies, associate companies and jointly controlled companies incorporated in India, we report that the disclosures are in accordance with the books of accounts and records maintained by the Company.

For **O. P. Bagla & Co.**	For **G. S. Mathur & Co.**
Chartered Accountants	Chartered Accountants
Firm No.: 000018N	Firm No.: 08744N
(Rakesh Kumar)	**(Rajiv Kumar Wadhawan)**
(Partner)	(Partner)
Membership No.: 087537	Membership No.: 091007

Place : **New Delhi**
Dated : **22nd May, 2017**

ANNEXURE A

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of the company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of GAIL (INDIA) LIMITED (hereinafter referred to as "the Holding Company") and its subsidiary companies, its associate companies and jointly controlled companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company, its subsidiary companies, its associate companies and jointly controlled companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company;

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company, its subsidiary companies, its associate companies and jointly controlled companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to 1(one) subsidiary and 6 (six) jointly controlled / associate company which is incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India. In one of the report of a joint venture entity Green Gas Limited, the auditor has given qualified opinion raising serious doubts and has reported material weakness and deficiency on "internal financial control over financial reporting".

For **O.P. Bagla & Co.**	For **G.S. Mathur & Co.**
Chartered Accountants	Chartered Accountants
Firm No.: 000018N	Firm No.: 08744N
(Rakesh Kumar)	**(Rajiv Kumar Wadhawan)**
(Partner)	(Partner)
Membership No.: 087537	Membership No.: 091007

Place : **New Delhi**
Dated : **22nd May, 2017**

Consolidated Balance Sheet as at 31st March, 2017

(₹ in Crores)

S. No.	Particulars	Note No.	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
	ASSETS				
1	**Non Current Assets**				
	a) Property, Plant and Equipment	2	29,334.08	29,206.08	28,289.47
	b) Capital work-in-progress	3	3,907.85	3,402.11	4,164.26
	c) Intangible assets	4	757.76	740.37	747.20
	d) Intangible assets under development	4	218.19	285.93	365.06
	e) Financial Assets				
	i-Investments	5	10,268.13	9,844.40	11,872.00
	ii-Trade receivables	6	1,103.66	1,100.58	2,398.76
	iii-Loans	7A	623.92	699.15	680.49
	iv-Other Bank Balance	9B	4.91	10.73	2.30
	v-Others financial assets	7B	6.87	219.09	116.06
	f) Other Non Current Assets (Non Financial)	10	3,614.97	3,916.79	2,939.96
	Subtotal (1)		**49,840.34**	**49,425.23**	**51,575.56**
2	**Current Assets**				
	a) Inventories	8	1,708.14	1,618.30	1,938.39
	b) Financial Assets				
	i-Trade receivables	6	2,750.73	2,723.46	3,117.75
	ii-Cash and cash equivalents	9A	519.68	104.85	75.82
	iii-Bank balances other than (iii) above	9B	901.28	1,740.88	1,124.63
	iv- Loans	7A	739.93	584.76	498.03
	v-Others financial assets	7B	57.39	46.94	90.87
	c) Other Current Assets (Non Financial)	10	2,701.58	2,793.18	2,940.67
	Subtotal (2)		**9,378.73**	**9,612.36**	**9,786.16**
	Total Assets (1+2)		**59,219.07**	**59,037.59**	**61,361.72**
	EQUITY AND LIABILITIES				
1	**EQUITY**				
	a) Equity Share Capital	11	1,691.30	1,268.48	1,268.48
	b) Other Equity	12	37,613.59	35,134.93	36,028.84
	c) Non - Controlling Interests		33.00	27.24	18.99
	Total Equity (1)		**39,337.89**	**36,430.66**	**37,316.32**
2	**LIABILITIES**				
	Non Current Liabilities				
	a) Financial Liabilities				
	i-Borrowings	13A	3,179.84	5,864.85	7,887.63
	ii-Other Financial Liabilities	14A	814.34	1,108.60	2,160.71
	b) Provisions	15A	820.47	625.22	585.04
	c) Deferred Tax Liabilities (net)	18	5,293.07	4,824.81	3,874.87
	d) Other Non Current Liabilities	17A	476.59	16.35	11.57
	Subtotal (2)		**10,584.31**	**12,439.84**	**14,519.82**

(₹ in Crores)

S. No.	Particulars	Note No.	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
3	**Current Liabilities**				
	a) Financial Liabilities				
	i-Borrowings	13B	729.19	811.68	835.68
	ii-Trade Payables	16	2,740.65	2,909.15	3,415.91
	iii-Other Financial Liabilities	14B	3,940.49	4,768.40	3,774.26
	b) Other Current Liabilities	17B	1,147.88	1,121.07	867.47
	c) Provisions	15B	738.66	556.80	632.27
	Subtotal (3)		**9,296.87**	**10,167.10**	**9,525.59**
	Total Equity and Liabilities (1+2+3)		**59,219.07**	**59,037.59**	**61,361.72**

Significant accounting policies and the accompanying notes 1 to 51 form an integral part of consolidated financial statements

For and on behalf of the Board of Directors

A. K. Jha
Company Secretary

Subir Purkayastha
Director (Finance)

Dr. Ashutosh Karnatak
Director (Projects)

B. C. Tripathi
Chairman & Managing Director

As per separate Report of even date

For **O. P. Bagla & Co.**
Chartered Accountants
Firm No.: 000018N

(Rakesh Kumar)
(Partner)
Membership No.: 087537

For **G. S. Mathur & Co.**
Chartered Accountants
Firm No.: 08744N

(Rajiv Kumar Wadhawan)
(Partner)
Membership No.: 091007

Place : **New Delhi**
Dated : **22nd May, 2017**

Notes Accompanying Consolidated Financial Statement for the year ended 31st March, 2017

CORPORATE INFORMATION

GAIL (India) Limited ("GAIL" or "the Company" or "Parent") is a Limited Company domiciled in India and was incorporated on August 16, 1984. Equity shares of the Company are listed in India on the Bombay stock exchange and the National stock exchange. In addition, GAIL GDRs are listed with London Stock Exchange. The registered office of the Company is located at 16 Bhikaji Cama Place, R. K. Puram, New Delhi - 110066.

The Company along with Subsidiary(the group) and its Joint ventures and Associate is the largest state-owned natural gas processing and distribution Company in India. The Company has a diversified business portfolio and has interests in the sourcing and trading of natural gas, manufacturing of LPG, Liquid hydrocarbons and Petrochemicals, transmission of natural gas and LPG through pipelines, City Gas, etc. GAIL is also engaged in the business of Oil and Gas Exploration and Production to increase the access to gas supplies through equity and joint venture participations.

The Consolidated Financial Statements of the Company for the year ended 31st March 2017 were authorized for issue in accordance with a resolution of the directors of the Company on 22nd May 2017.

BASIS OF PREPARATION

The Consolidated Financial Statements of the Group along with its Associates and Joint venture have been prepared in accordance with Indian Accounting Standards (Ind-AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended. For all periods up to and including the year ended 31st March 2016, the Group prepared its financial statements in accordance with Indian GAAP, including accounting standards notified under section 133 of the Companies Act 2013, read together with Companies (Accounts) Rules 2014 (Indian GAAP).

The Consolidated Financial Statements have been prepared on accrual basis of accounting and on historical cost basis. Where there are assets and liabilities calculated on a different basis, this fact is disclosed in the relevant accounting policy.

The financial statements are presented in Indian Rupees ('₹') which is functional currency of the company and the values are rounded to the nearest crore, except otherwise indicated.

BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries along with its joint ventures and associates as at 31st March 2017. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

The financial statements of the Group and its subsidiaries have been consolidated using uniform accounting policies for like transactions and other events in similar circumstances. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies if material.

The financial statements of the subsidiary companies used in the consolidation are drawn up to the same reporting date as that of the parent i.e. year ended 31st March 2017, except as stated in Note 30.

Consolidation Procedure

a) The consolidated financial statements of the Company and its subsidiaries are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating intra-Group balances and intra-Group transactions resulting in unrealized profits or losses.

b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary.

c) Eliminate in full intragroup assets and liabilities, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

d) Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group's investments in its associate and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit and loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture. The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit and loss.

The financial statements of the Group's associate and joint venture are prepared for the same reporting period as the Group except as stated in Note28. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

1. Significant Accounting policies:-

1.1 Property, plant and equipment

A) Tangible Assets

i) Property, Plant and Equipment are stated at original cost net of tax / duty credit availed, less accumulated depreciation. All costs relating to acquisition of fixed assets till commissioning of such assets are capitalized. In the case of commissioned assets where final payment to the Contractors is pending, capitalization is made on provisional basis, including provisional liability pending approval of Competent Authority, subject to necessary adjustment in cost and depreciation in the year of settlement.

ii) Stores & Spares which meet the definition of PPE (whether as component or otherwise) and satisfy the recognition criteria, are capitalized as PPE in the underlying asset. Major inspection/ overhaul/repair is recognized in the carrying amount of respective assets as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the Statement of Profit and Loss as incurred.

iii) Technical know-how/license fee incurred at the time of procurement of PPE are capitalized as part of the underlying asset.

B) Intangible Assets

Intangible assets like Right of Use (RoU), Software, Licenses which are expected to provide future enduring economic benefits are capitalized as Intangible Assets and are stated at their cost of acquisition less accumulated amortization and any accumulated impairment loss.

1.2 Capital Work in Progress

i) Crop compensation is accounted for under Capital work in progress on the basis of actual payments/estimated liability, as and when work commences where ROU is acquired.

ii) Capital work in progress includes construction stores including material in transit/ equipment / services, etc. received at site for use in the projects.

iii) All revenue expenses incurred during construction period, which are exclusively attributable to acquisition / construction of the assets, are capitalized at the time of commissioning of such assets.

1.3 Exploration and development costs

a) The Company follows Successful Efforts Method for accounting of Oil & Gas exploration and production activities carried out through Joint Ventures in the nature of Production Sharing Contracts (PSC) with respective host government and various body corporates for exploration, development and production activities, which includes:

i) Survey costs are recognized as revenue expenditure in the year in which these are incurred

ii) Cost of exploratory/development wells are carried as Intangible assets under development/Capital work in progress. Such exploratory wells in progress are capitalized in the year in which the Producing Property is created. Such costs are written off in the year when determined to be dry / abandoned.

iii) Cost of all "exploratory wells in progress" is debited to Statement of Profits and Loss except of those wells for which there are reasonable indications of sufficient quantity of reserves and the enterprise is making sufficient progress assessing the reserves and the economic and operating viability of the project.

b) Capitalization of producing properties

i) Producing properties are capitalized as 'completed wells/ producing wells' when the wells in the area/field are ready to commence commercial production on establishment of proved developed oil and gas reserves.

ii) Cost of producing properties include cost of successful exploratory wells, development wells, initial depreciation of support equipments and facilities and estimated future abandonment cost.

c) Depletion of producing properties

Producing Properties are depleted using the "Unit of Production Method (UOP)". The depletion or unit of production charged for all the capitalized cost is calculated in the ratio of production during the year to the proved developed reserves at the year end.

d) Production cost of Producing Properties

Company's share of production costs as indicated by Operator consists of pre well head and post well head expenses including depreciation and applicable operating cost of support equipment and facilities.

e) Accounting for joint operations

In relation to its interests in joint operations entered through Production Sharing Contracts (PSC), the company recognizes its proportionate share in assets, liabilities, revenue from the sale of the output, expenses of the joint operation entity, in the financial statements.

1.4 Foreign Currency Transaction

i) Functional Currency of the Company is Indian Rupee (₹).

ii) Transactions in foreign currency are initially accounted at the exchange rate prevailing on the transaction date.

iii) Monetary items (such as Cash, Receivables, Loans, Payables, etc.) denominated in foreign currencies, outstanding at the year end, are translated at exchange rates (BC Selling Rate for Payables and TT Buying Rate for Receivables) prevailing at year end.

iv) Non-monetary items (such as Investments, Property plant and equipment, etc.), denominated in foreign currencies are accounted at the exchange rate prevailing on the date of transaction(s).

v) Any gains or loss arising on account of exchange difference either on settlement or on translation is adjusted in the Statement of Profit & Loss.

vi) Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items is recognized in line with the gain or loss of the item arising on determination of fair value of such item, either in other comprehensive income or the Statement of Profit and Loss as the case may be.

1.5 Borrowing Cost

Borrowing cost of the funds specifically borrowed for the purpose of obtaining qualifying assets and eligible for capitalization along with the cost of the assets, is capitalized up to the date when the asset is ready for its intended use after netting off any income earned on temporary investment of such funds. Other borrowing costs are recognized as expense in the year of incurrence.

1.6 Grants

In case of depreciable assets, the cost of the assets is shown at gross value and grant thereon is taken to deferred income which is recognised as income in the Statement of Profit and Loss over the useful life of the asset.

1.7 Inventories

Stock of Liquefied Natural Gas (LNG) and Natural Gas in pipelines is valued at cost on First in First out (FIFO) basis or net realizable value, whichever is lower.

Raw materials and finished goods are valued at weighted average cost or net realizable value, whichever is lower. Finished goods include excise duty and royalty wherever applicable.

Stock in process is valued at weighted average cost or net realisable value, whichever is lower. It is valued at weighted average cost where the finished goods in which these are to be incorporated are expected to be sold at or above the weighted average cost.

Stores and spares and other material for use in production of inventories are valued at weighted average cost or net realisable value, whichever is lower. It is valued at weighted average cost where the finished goods in which they will be incorporated are expected to be sold at/or above cost.

Surplus / Obsolete Stores and Spares are valued at cost or net realisable value, whichever is lower.

Surplus/Obsolete Capital Stores, other than held for use in construction of a capital asset, are valued at lower of cost or net realisable value.

Imported LNG in transit is valued at CIF value or net realizable value whichever is lower.

Renewable Energy Certificates (RECs) are valued at cost on First in First out (FIFO) basis or net realizable value, whichever is lower.

1.8 Revenue recognition

(i) Sales are recognized on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sales include excise duty but exclude value added tax. Any retrospective revision in prices is accounted for in the year of such revision. It is measured at fair value of consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

(ii) Income from Consultancy/Contract Services, if any, is recognized based on percentage Completion Method.

(iii) Dividend income is accounted for when the right to receive is established.

(iv) Claims (including interest on delayed realization from customers) are accounted for, when there is significant certainty that the claims are realizable.

(v) Insurance claims are accounted for on the basis of claims admitted by the insurers.

(vi) Liability in respect of Minimum Guaranteed Off take (MGO) of Natural gas is not provided for where the same is secured by MGO recoverable from customers. Payments/receipts during the year on account of MGO are adjusted on receipt basis.

(vii) Minimum charges relating to transportation of LPG are accounted for on receipt basis.

(viii) Contributions by customers towards items of Property, Plant and Equipment, realized in pursuance of a contract after 01/04/2015 are credited to deferred revenue and are amortized over the period of contract. Any tangible assets built/to be built, wherever applicable, under such contract are stated at gross value thereof.

1.9 Depreciation / Amortisation

A) Tangible Assets

Depreciation on Tangible PPE (including enabling assets) is provided in accordance with the manner and useful life as specified in Schedule II of the Companies Act, 2013, on straight line method (SLM) on pro-rata basis (monthly pro-rata for bought out assets), except for the assets as mentioned below where different useful life has been taken on the basis of external / internal technical evaluation:

(ix)

Particulars	Years
Furniture and Electrical Equipment's provided for the use of employees	6 years
Mobile Phones provided for the use of employees	2 years

ii) Cost of the leasehold land is amortised over the lease period except perpetual leases.

iii) Depreciation due to price adjustment in the original cost of fixed assets is charged prospectively.

B) Intangible Assets

i. Intangible assets comprising software and licences are amortised on Straight Line Method (SLM) over the useful life from the date of capitalization which is considered not exceeding five years.

ii. Right of use (ROU) having indefinite life (for which there is no foreseeable limit to the period over which they are expected to generate net cash flows given the fact that these rights can be used even after the life of respective pipelines) are not amortized, but are tested for impairment annually.

iii. After impairment of assets, if any, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

C) Capital assets facilities installed at the consumers' premises

Capital assets facilities installed at the consumers' premises on the land whose ownership is not with the company, has been depreciated on SLM basis in accordance with the useful life as specified in Schedule II of the Companies Act, 2013

1.10 Employees Benefits

a) All short term employee benefits are recognized at the undiscounted amount in the accounting period in which they are incurred.

b) The Company's contribution to the Provident Fund is remitted to a separate trust established for this purpose based on a fixed percentage of the eligible employee's salary and debited to Statement of Profit and Loss. Further, the company makes provision as per actuarial valuation towards any shortfall in fund assets to meet statutory rate of interest in the future period, to be compensated by the company to the Provident Fund Trust.

c) Employee Benefits under Defined Benefit Plans in respect of leave encashment, compensated absences, post-retirement medical scheme, long service award and other terminal benefits are recognized based on the present value of defined benefit obligation, which is computed on the basis of actuarial valuation using the Projected Unit Credit Method. Actuarial liability in excess of respective plan assets is recognized during the year.

d) Re-measurement including actuarial gains and losses are recognized in the balance sheet with a corresponding debit or credit to retained earnings through Statement of Profit and Loss or Other Comprehensive Income in the year of occurrence, as the case may be. Re-measurements are not reclassified to the Statement of Profit and Loss in subsequent periods.

e) Liability for gratuity as per actuarial valuation is funded with a separate trust

1.11 Impairment of non-financial assets

The Carrying amount of cash generating unit are reviewed at each reporting date. In case there is any indication of impairment based on Internal / External factors, impairment loss is recognized wherever the carrying amount of asset exceeds its recoverable amount.

1.12 Provisions, Contingent Liabilities, Contingent Assets & Capital Commitments

a) Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities/assets exceeding ₹ 5 Lacs in each case are disclosed by way of notes to accounts except when there is remote possibility of settlement/realization.

b) Estimated amount of contracts remaining to be executed on capital accounts are disclosed in each case above ₹ 5 lacs

1.13 Taxes on Income

Provision for current tax is made as per the provisions of the Income Tax Act, 1961. Minimum Alternate Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal Income Tax during the specified period.

Deferred tax is provided, using the balance sheet method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes considering the tax rate and tax laws that have been enacted or substantively enacted as on the reporting date.

Deferred tax relating to items recognized outside Statement of Profit and Loss is recognized outside Statement of Profit and Loss (either in Other Comprehensive Income or in Equity).

The carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

1.14 R&D Expenditure

Revenue expenditure on Research and Development is charged to Statement of Profit and Loss in the year in which it is incurred. Capital expenditure on Research and Development is capitalized in case the same qualifies as an asset.

1.15 Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and in hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value

1.16 Segment reporting

The Management of the company monitors the operating results of its business Segments for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements.

The Operating segments have been identified on the basis of the nature of products / services.

a) Segment revenue includes directly identifiable with/allocable to the segment including inter-segment revenue.

b) Expenses that are directly identifiable with / allocable to segments are considered for determining the segment result.

c) Expenses which relate to the Company as a whole and not allocable to segments are included under unallocable expenditure.

d) Income which relates to the Company as a whole and not allocable to segments is included in unallocable income.

e) Segment assets and liabilities include those directly identifiable with the respective segments. Unallocable assets and liabilities represent the assets and liabilities that relate to the Company as a whole and not allocable to any segment.

1.17 Earnings per share

Basic earnings per equity share is computed by dividing the net profit after tax attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed by dividing adjusted net profit after tax by the aggregate of weighted average number of equity shares and dilutive potential equity shares during the year.

1.18 Leases

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

A) Company as a lessee

Assets acquired on leases where a significant portion of the risks and rewards of ownership are retained by lessor are classified as operating leases. Lease rentals are charged to the Statement of Profit and Loss on straight line basis. However, rent expenses shall not be straight-lined, if escalation in rentals is in line with expected inflationary cost.

Finance leases are capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the Statement of Profit and Loss

B) Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Leases are classified as finance leases when substantially all of the risks and rewards of ownership is transferred from the Company to the lessee.

1.19 Liquidated damages/ Price Reduction Schedule

Amount recovered towards Liquidated Damages/Price Reduction Schedule are adjusted/appropriated as and when the matter is settled.

1.20 Fair value measurement

The Company measures financial instruments including derivatives and specific investments (other than subsidiary, joint venture and associates), at fair value at each balance sheet date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

a) Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

b) Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

c) Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the balance sheet on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

1.21 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

A) Financial assets

(i) Classification

The Company classifies financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through Statement of Profit and Loss on the basis of its business model for managing the financial assets and the contractual cash flows characteristics of the financial asset.

(ii) Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through Statement of Profit and Loss, transaction costs that are attributable to the acquisition of the financial asset.

(iii) Subsequent measurement

For purposes of subsequent measurement financial assets are classified in below categories:

a) Financial assets carried at amortised cost

A financial asset other than derivatives and specific investments, is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b) Financial assets at fair value through other comprehensive income

A financial asset comprising specific investment is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model.

c) Financial assets at fair value through Statement of Profit and Loss

A financial asset comprising derivatives which is not classified in any of the above categories are subsequently fair valued through profit or loss.

iv) Derecognition

A financial asset is primarily derecognized when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

v) Investment in subsidiaries, joint ventures and associates

The company has accounted for its investment in subsidiaries, joint ventures and associates at cost. The company assesses whether there is any indication that these investments may be impaired. If any such indication exists, the investment is considered for impairment based on the fair value thereof.

vi) Impairment of other financial assets

The Company assesses impairment based on expected credit losses (ECL) model for measurement and recognition of impairment loss on the financial assets that are trade receivables or contract revenue receivables and all lease receivables etc.

B) Financial Liabilities

(i) Classification

The Company classifies all financial liabilities as subsequently measured at amortized cost, except for financial liabilities at fair value through Statement of Profit and Loss. Such liabilities, including derivatives shall be subsequently measured at fair value.

(ii) Initial recognition and measurement

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instrument

(iii) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

a) Financial liabilities at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognized in Statement of Profit and Loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the Statement of Profit and Loss.

b) Financial liabilities at fair value through Statement of Profit and Loss

Financial liabilities at fair value through Statement of Profit and Loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through Statement of Profit and Loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category comprises derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the Statement of Profit and Loss.

(iv) Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires

a) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously

b) Derivative financial instruments

The Company uses derivative financial instruments, such as forward currency contracts, interest rate swaps, full currency swaps and forward commodity contracts, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to Statement of Profit and Loss.

1.22 Standards Issued but not yet Effective

a) Ind - AS 115 "Revenue from Contract with Customers

Ind AS 115 was issued in February, 2015. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to the customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

This standard will come into force from accounting period commencing on or after 1st April, 2018. The company will adopt the new standard on the required effective date. The Company is in the process of making an assessment of the impact of Ind - AS 115 upon initial application, which is subject to changes arising from a more detailed ongoing analysis.

b) Amendments to Ind AS 7 "Statement of cash flows"

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

This amendment is effective for accounting period commencing on or after 1st April, 2017. The Company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

Consolidated Statement of Profit and Loss for the Year ended 31st March, 2017

(₹ in Crores)

S.No.	Particulars	Note	Year Ended 31st March, 2017	Year Ended 31st March, 2016
I.	**Income**			
	Revenue from Operation (Gross)	19	49,333.81	52,552.31
	Other Income	20	1,006.46	751.87
	Total Revenue (I)		**50,340.27**	**53,304.18**
II.	**Expenses**			
	Cost of Materials Consumed		3,226.34	3,383.66
	Purchase of Stock in trade		33,215.68	38,374.24
	Changes in Inventories of Finished Goods, Stock in Trade and WIP	21	42.29	412.08
	Employee benefits expense	22	1,286.65	987.70
	Finance costs	23	510.99	821.83
	Depreciation and amortization expense	24	1,543.01	1,495.60
	Excise Duty		761.80	499.80
	Other expenses	25	4,206.86	4,380.39
	Total expenses (II)		**44,793.62**	**50,355.29**
III.	**Profit/ (Loss) before exceptional items and tax (I-II)**		**5,546.65**	**2,948.88**
IV.	Exceptional Items			
	Add: Profit on sale of investment (Ref Note. No. 42)		210.65	-
V.	**Profit/(loss) before tax (III-IV)**		**5,757.30**	**2,948.88**
VI.	Tax expense:			
	(1) Current tax		1,337.62	206.68
	(2) Deferred tax		456.73	936.62
	(3) Adjustment of tax relating to earlier periods		15.01	(51.96)
			1,809.36	**1,091.34**
VII.	**Profit after Tax, before Share of associate (V-VI)**		**3,947.94**	**1,857.54**
VIII.	Share of Profit / (Loss) in JV's/Associates for the year		(574.02)	16.85
IX.	**Profit for the year (VII+VIII)**		**3,373.92**	**1,874.39**
X.	**Other comprehensive income**	**A**		
	Other comprehensive income to be reclassified to profit or loss in subsequent periods:		**-**	**-**
	Exchange differences on translation of foreign operations		(5.33)	(13.38)
	Income tax effect		-	-
	Net other comprehensive income to be reclassified to profit or loss in subsequent periods		**(5.33)**	**(13.38)**
XI.	**Other comprehensive income not to be reclassified to profit or loss in subsequent periods:**			
	Remeasurement gains (losses) on defined benefit plans		32.23	34.58
	Income tax effect		(11.15)	(11.96)
			21.08	**22.62**

(₹ in Crores)

S.No.	Particulars	Note	Year Ended 31st March, 2017	Year Ended 31st March, 2016
	Revaluation of land and buildings		-	-
	Income tax effect		-	-
	Net (loss)/gain on FVTOCI equity Securities		1,284.97	(1,936.59)
	Income tax effect		-	-
			1,284.97	**(1,936.59)**
	Net other comprehensive income not to be reclassified to profit or loss in subsequent periods:		**1,306.05**	**(1,913.97)**
	Share of Other Comprehensive income in Associates/JV's for the year		(0.87)	0.80
	Other comprehensive income for the year, net of tax		**1,299.85**	**(1,926.55)**
XII.	**Total Comprehensive Income for the period Profit and Loss and OCI , net of tax attributable to:**		**4,673.77**	**(52.16)**
	Profit for the year		**3,373.92**	**1,874.39**
	Attributable to:			
	Equity holders of the parent		3,368.16	1,869.22
	Non-controlling interests		5.76	5.17
	Total other comprehensive income for the year		**1,299.85**	**(1,926.55)**
	Attributable to:			
	Equity holders of the parent		1,299.85	(1,926.55)
	Non-controlling interests		-	-
XIII.	**Earnings per share for continuing operations (in ₹)**			
	Basic, attributable to equity holders of the parent		19.91	11.05
	Diluted, attributable to equity holders of the parent		19.91	11.05
XIV.	**Earnings per share for discontinuing operations (in ₹)**			
	Basic, attributable to equity holders of the parent		-	-
	Diluted, attributable to equity holders of the parent		-	-
XV.	**Earnings per share from continuing and discontinued operations (in ₹)**			
	Basic, attributable to equity holders of the parent		19.91	11.05
	Diluted, attributable to equity holders of the parent		19.91	11.05

The significant accounting policies and accompanying notes 1 to 51 form an integral part of Consolidated Financial Statements

For and on behalf of the Board of Directors

A. K. Jha
Company Secretary

Subir Purkayastha
Director (Finance)

Dr. Ashutosh Karnatak
Director (Projects)

B. C. Tripathi
Chairman & Managing Director

As per separate Report of even date

For **O. P. Bagla & Co.**
Chartered Accountants
Firm No.: 000018N

(Rakesh Kumar)
(Partner)
Membership No.: 087537

For **G. S. Mathur & Co.**
Chartered Accountants
Firm No.: 08744N

(Rajiv Kumar Wadhawan)
(Partner)
Membership No.: 091007

Place : **New Delhi**
Dated : **22nd May, 2017**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017 - A

Components of other comprehensive income (OCI)

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

During the year ended 31st March 2017

(₹ in Crores)

Particulars	Retained Earnings	Total
Exchange differences on translation of foreign operations	(5.33)	(5.33)
Income tax effect	-	-
Total	**(5.33)**	**(5.33)**
Remeasurement gains (losses) on defined benefit plans	32.23	32.23
Income tax effect thereon	(11.15)	(11.15)
Total	**21.08**	**21.08**
Net (loss) / gain on FVTOCI of Investments	1,284.97	1,284.97
Income tax effect thereon	-	-
Total	**1,284.97**	**1,284.97**

During the year ended 31st March 2016

(₹ in Crores)

Particulars	Retained Earnings	Total
Exchange differences on translation of foreign operations	(13.38)	(13.38)
Income tax effect	-	-
Total	**(13.38)**	**(13.38)**
Remeasurement gains (losses) on defined benefit plans	34.58	34.58
Income tax effect thereon	(11.96)	(11.96)
Total	**22.62**	**22.62**
Net (loss) / gain on FVTOCI of Investments	(1,936.59)	(1,936.59)
Income tax effect thereon	-	-
Total	**(1,936.59)**	**(1,936.59)**

Consolidated Statement of Changes in Equity for the Year Ended 31st March, 2017

A. Equity Share Capital

For The Year Ended 31st March, 2017

Equity share capital for issued, subscribed and paid up equity share of ₹ 10 each

(₹ in Crores)

Particulars	Note. No.	As at 1st April, 2016	Changes in equity share capital during the year*	As at 31st March, 2017
Attributable to owners of the parent	11	1,268.48	422.82	1,691.30
Total		**1,268.48**	**422.82**	**1,691.30**

*** During the year the company has issued bonus share in the ratio of one equity share of ₹ 10 each for every three equity shares held by equity shareholders**

For The Year Ended 31st March, 2016

Particulars	Note. No.	As at 1st April, 2015	Changes in equity share capital during the year	As at 31st March, 2016
Attributable to owners of the parent	11	1,268.48	-	1,268.48
Total		**1,268.48**	**-**	**1,268.48**

B. Other Equity (Refer Note No.12)

For The Year Ended 31st March, 2017

Particulars	Reserve and Surplus					Other Comprehensive Income	Total other Equity	Non Controlling Interest
	Retained earnings	Security premium	Bond redemption reserves	CSR Reserve	General reserves			
Balance as at 1st April, 2016	**32,379.04**	**0.27**	**238.72**	**-**	**4,425.68**	**(1,908.77)**	**35,134.93**	**27.24**
Adjustment in opening balance on consolidation	(2.78)						**(2.78)**	-
Profit /(Loss) for the Period	3,368.16	-	-	-	-	-	**3,368.16**	5.76
Exchange differences on translating the financial statements of a foreign operation*	-	-	-	-	-	(5.33)	**(5.33)**	
Transfer to Reserve during the Period	(98.46)	-	98.46	-	-	-	-	
Issue of Bonus Shares					(422.82)		**(422.82)**	
Dividends	(1,763.76)	-	-	-	-	-	**(1,763.76)**	
Other Comprehensive Income/(loss) for the Year								
-Remeasurement gains (losses) on defined benefit plans						20.21	**20.21**	
-Net (loss)/gain on FVTOCI equity Securities						1,284.97	**1,284.97**	
Balance as at 31st March, 2017	**33,882.20**	**0.27**	**337.18**	**-**	**4,002.86**	**(608.92)**	**37,613.59**	**33.00**

Cont.

For The Year Ended 31st March, 2016

(₹ in Crores)

Particulars	Reserve and Surplus					Other Comprehensive Income	Total other Equity	Non Controlling Interest
	Retained earnings	Security premium	Bond redemption reserves	CSR Reserve	General reserves			
Balance as at 1st April, 2015	**31,609.97**	**0.27**	**204.04**	**1.00**	**4,195.79**	**17.77**	**36,028.84**	**18.99**
Adjustment in opening balance on consolidation	3.11	-	-	-	-	-	**3.11**	3.08
Profit /(Loss) for the Period	1,869.22	-	-	-	-	-	**1,869.22**	5.17
Exchange differences on translating the financial statements of a foreign operation*	-	-	-	-	-	(13.38)	**(13.38)**	-
Transfer to Reserve during the Period	(263.57)	-	34.68	(1.00)	229.89	-	**-**	-
Dividends	(839.69)	-	-	-	-	-	**(839.69)**	-
Other Comprehensive Income/(loss) for the Year								
-Remeasurement gains (losses) on defined benefit plans	-	-	-	-	-	23.42	**23.42**	-
-Net (loss)/gain on FVTOCI equity Securities	-	-	-	-	-	(1,936.59)	**(1,936.59)**	-
Balance as at 31st March, 2016	**32,379.04**	**0.27**	**238.72**	**-**	**4,425.68**	**(1,908.77)**	**35,134.93**	**27.24**

For the year , the company has proposed Final Dividend of ₹ 2.70 per share (Previous Year ₹ 3 per share)

*Foreign currency translation reserve included in Other comprehensive income

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

For and on behalf of the Board of Directors

A. K. Jha
Company Secretary

Subir Purkayastha
Director (Finance)

Dr. Ashutosh Karnatak
Director (Projects)

B. C. Tripathi
Chairman & Managing Director

As per separate Report of even date

For **O. P. Bagla & Co.**
Chartered Accountants
Firm No.: 000018N

(Rakesh Kumar)
(Partner)
Membership No.: 087537

For **G. S. Mathur & Co.**
Chartered Accountants
Firm No.: 08744N

(Rajiv Kumar Wadhawan)
(Partner)
Membership No.: 091007

Place : **New Delhi**
Dated : **22nd May, 2017**

Note 2 - Property Plant and Equipment

For The Year Ended 31st March, 2017

(₹ in Crores)

Cost/ Valuation	Land		Buildings		Bunk Houses	Plant and Machinery	Railway Lines & Sidings	Electrical Equipment's	Furniture & Fixtures	Transport Equipment's	Office Equipment's	Other Equipment's	E&P Assets			Total
	Freehold	Lease hold	Office/ Others	Residential									Producing Property	Support Equipment & Facilities	Unproved Leasehold Cost	
Balance at 1st April 2015	**187.70**	**75.23**	**630.15**	**252.90**	**0.47**	**24,832.33**	**0.27**	**261.75**	**73.91**	**4.32**	**68.38**	**66.70**	**1,832.99**	**1.66**	**0.72**	**28,289.47**
Additions/ Adj for the Period	54.30	7.22	123.07	19.26	0.20	2,043.97	-	28.1	125.38	1.05	48.26	46.42	312.93	3.06	-	2,713.23
Disposals / Adj for the Period	(43.23)	(9.19)	(24.05)	(18.54)	(0.14)	(537.75)	-	(7.65)	(8.86)	(0.29)	(17.58)	(16.20)	70.56	-	0.03	(612.89)
At 31st March 2016	**198.77**	**73.26**	**729.17**	**253.62**	**0.53**	**26,338.55**	**0.27**	**282.20**	**90.43**	**5.08**	**99.06**	**96.92**	**2,216.48**	**4.72**	**0.75**	**30,389.81**
Additions/ Adj for the Period	46.63	25.28	58.02	11.07	0.31	1,232.30	-	32.85	23.50	0.13	28.96	28.58	39.36	-	-	1,527.00
Disposals / Adj for the Period	0.08	(0.79)	(15.28)	(0.10)	(0.19)	108.69	-	(4.95)	(3.65)	0.03	(10.97)	(8.53)	31.96	-	(0.75)	95.55
At 31st March 2017	**245.48**	**97.75**	**771.91**	**264.59**	**0.65**	**27,679.54**	**0.27**	**310.11**	**110.28**	**5.24**	**117.04**	**116.97**	**2,287.81**	**4.72**	**-**	**32,012.36**
Depreciation and impairment																
Depreciation expense	-	0.20	31.04	10.07	0.28	1,084.03	-	34.50	10.17	0.80	28.25	20.57	254.25	0.34	-	1,474.50
Impairment	-	-	-	-	-	8.05	-	-	-	-	-	-	-	-	-	8.05
Disposal / Adj. during the period	-	(1.49)	(10.25)	(5.46)	(0.14)	(264.72)	-	(7.02)	(6.03)	(0.28)	(16.14)	(10.40)	23.10	-	-	(298.82)
At 31st March 2016	**-**	**(1.29)**	**20.79**	**4.61**	**0.14**	**827.36**	**-**	**27.48**	**4.14**	**0.52**	**12.11**	**10.17**	**277.35**	**0.34**	**-**	**1,183.73**
Depreciation expense	-	0.76	36.31	10.75	0.30	1,164.02	-	41.00	12.36	0.69	29.34	22.67	205.73	0.34	-	1,524.28
Impairment	-	-	-	-	-	7.22	-	-	-	-	-	-	-	-	-	7.22
Disposal / Adj. during the period	-	0.02	(0.61)	(0.09)	(0.19)	(24.26)	-	(6.55)	(3.24)	(0.06)	(9.93)	(7.40)	15.37	-	-	(36.94)
At 31st March 2017	**-**	**(0.51)**	**56.49**	**15.27**	**0.25**	**1,974.34**	**-**	**61.93**	**13.26**	**1.16**	**31.52**	**25.44**	**498.45**	**0.68**	**-**	**2,678.28**
Net Book value																
At 1st April 2015	**187.70**	**75.23**	**630.15**	**252.90**	**0.47**	**24,832.33**	**0.27**	**261.75**	**73.91**	**4.32**	**68.38**	**66.70**	**1,832.99**	**1.66**	**0.72**	**28,289.47**
At 31st March 2016	**198.77**	**74.55**	**708.38**	**249.01**	**0.39**	**25,511.19**	**0.27**	**254.73**	**86.29**	**4.55**	**86.94**	**86.75**	**1,939.13**	**4.38**	**0.75**	**29,206.08**
At 31st March 2017	**245.48**	**98.26**	**715.42**	**249.32**	**0.40**	**25,705.20**	**0.27**	**248.17**	**97.02**	**4.08**	**85.52**	**91.53**	**1,789.36**	**4.04**	**-**	**29,334.08**

Note 3 : Capital Work in Progress

(₹ in Crores)

Particulars		As at 31st March, 2017		As at 31st March, 2016		As at 01st April, 2015
A. Tangible						
I. Plant & Machinery						
Line pipe Construction and related facilities including Cathodic Protection	2,250.84		1,690.97		1,224.06	
Less : Provision for Line pipe and Related Facilities	124.52	2,126.32	111.58	1,579.39	95.70	1,128.36
Dispatch/Receiving Terminals		14.62		14.88		12.17
Compressor Stations		66.83		0.08		12.09
Telecom/Tele supervisory System		28.67		15.65		8.20
Petrochemicals		134.55		124.47		1,255.85
Others		151.46		77.26		80.27
Development Well in Progress		11.37		5.22		109.06
Railway Sidings		-		-		-
II. Buildings	32.15	-	40.26		91.77	
Less : Provision for abandonment of Building	5.28	26.87	5.28	34.98	5.28	86.49
III. Line pipes, Capital Items in Stock/Transit	1,325.92	-	1,525.40		1,469.29	
Less : Provision for losses/obsolescence	10.81	1,315.11	9.88	1,515.52	6.55	1,462.74
B. Intangibles						
ROU		5.13		5.13		-
Software and Others		26.92		29.52		9.04
TOTAL (Net)		**3,907.85**		**3,402.11**		**4,164.26**

Note 4 : Intangible Assets

(₹ in Crores)

Particulars	Right of Use	Software / Licenses	Total	Intangible Assets under development
At 1st April 2015	**719.16**	**28.04**	**747.20**	**365.06**
Additions/ Adj for the Period	(5.40)	13.45	8.05	37.81
Disposals / Adj for the Period	(0.07)	1.31	1.24	(116.94)
At 31st March 2016	**713.69**	**42.80**	**756.49**	**285.93**
Additions/ Adj for the Period	7.89	24.57	32.46	42.75
Disposals / Adj for the Period	-	(2.64)	(2.64)	(110.49)
At 31st March 2017	**721.58**	**64.73**	**786.31**	**218.19**
Depreciation and impairment				
Depreciation expense	-	14.39	14.39	-
Impairment	-	-	-	
Disposal / Adj. during the period	(0.02)	1.75	1.73	-
At 31st March 2016	**(0.02)**	**16.14**	**16.12**	**-**
Depreciation expense	0.07	12.06	12.13	-
Disposal / Adj. during the period	-	0.30	0.31	-
At 31st March 2017	**0.05**	**28.50**	**28.56**	**-**
Net Book value				
At 1st April 2015	**719.16**	**28.04**	**747.20**	**365.06**
At 31st March 2016	**713.71**	**26.66**	**740.37**	**285.93**
At 31st March 2017	**721.53**	**36.23**	**757.76**	**218.19**

Note 5 : Investments

(₹ in Crores)

S. No.	Particulars		As at 31st March, 2017		As at 31st March, 2016		As at 01st April, 2015
(a)	**In Joint Venture Companies:**						
	Unquoted Investments						
1	**- Central UP Gas Ltd.**	43.67		37.90		15.00	
	1,50,00,000 Equity shares of ₹ 10 each fully paid up (at 31st March 2016; 150,00,000, at 01.04.2015; 150,00,000)						
	Add: Share of Profit	11.42		7.87		22.90	
	Less: Dividend Received	3.30	51.79	2.10	43.67	-	37.90
2	**- Green Gas Ltd.**	103.97		86.75		23.04	
	2,30,42,250 Equity shares of ₹ 10 each fully paid up (at 31.03.2016;- 2,30,42,250, at 01.04.2015;- 2,30,42,250)						
	Add: Share of Profit	22.38		17.22		63.71	
	Less: Dividend Received	-	126.35	-	103.97	-	86.75
3	**- Ratnagiri Gas Power Pvt. Ltd**	47.02		237.27		974.31	
	97,43,08,300 Equity shares of ₹ 10 each fully paid up (at 31.03.2016-; 97,43,08,300, at 01.04.2015;- 97,43,08,300)						
	Add: Share of Profit/(Loss)	(47.02)		(190.25)		(737.04)	
	Less: Dividend Received	-	-	-	47.02	-	237.27
4	**- ONGC Petro Additions Ltd.**	1,300.18		1,385.91		994.95	
	99,49,45,000 Equity shares of ₹ 10 each fully paid up (at 31.03.2016;- 99,49,45,000, at 01.04.2015;- 99,49,45,000)						
	Add: Share of Profit/(Loss)/ Adj during the period	(733.40)		(85.73)		390.96	
	Less: Dividend Received	-	566.78	-	1,300.18	-	1,385.91
5	**- Maharashtra Natural Gas Ltd.**	64.46		49.63		22.50	
	2,25,00,000 Equity shares of ₹ 10 each fully paid up (at 31.03.2016;- 2,25,00,000, at 01.04.2015;- 2,25,00,000)						
	Add: Share of Profit	16.01		15.55		27.13	
	Less: Dividend Received	5.72	74.75	0.72	64.46	-	49.63
6	**- Aavantika Gas Ltd.**	35.31		26.83		22.50	
	2,25,00,000 Equity shares of ₹ 10 each fully paid up (at 31.03.2016;- at 01.04.2015;- 2,25,00,000)						
	Add: Share of Profit	9.54		8.48		4.33	
	Less: Dividend Received	-	44.85	-	35.31	-	26.83
7	**- Bhagyanagar Gas Ltd.**	38.53		36.15		22.50	
	2,25,00,000 Equity shares of ₹ 10 each fully paid up (at 31.03.2016;- 2,25,00,000, at 01.04.2015;- 2,25,00,000)						
	Add: Share of Profit	6.56		2.38		13.65	
	Less: Dividend Received	-	45.09	-	38.53	-	36.15
8	**- Vadodara Gas Limited**	123.88		119.07		79.14	
	7,91,37,831 Equity shares of ₹ 10 each fully paid up (PY pending allotment)						
	Add: Share of Profit	1.36		4.81		-	
	Less: Dividend Received	-	125.24	-	123.88	-	79.14
9	**Talchar Fertilizers Ltd.**	0.02		0.02		-	
	15,000 Equity shares of ₹ 10 each fully paid up (PY 15,000 at at 01st April 2015: NIL)						
	Add: Share of Profit	(0.01)		-		-	
	Less: Dividend Received	-	0.01	-	0.02	-	-
	Cont.						

(₹ in Crores)

S. No.	Particulars		As at 31st March, 2017		As at 31st March, 2016		As at 01st April, 2015
10	**Tapi Pipeline Company Ltd.**	-	-	-	-	-	-
	Pending Allotment:-						
	Tapi Pipeline Company Ltd.	26.87	26.87	9.18	9.18	-	-
	Through GAIL Gas Ltd						
11	**- Andhra Pradesh Gas Distribution Corporation Limited**	14.23		14.23		9.52	
	100,00,000 Equity shares of ₹ 10 each fully paid up (at 31.03.2016;- 100,00,000, at 01.04.2015;- 100,00,000)						
	Add: Share of Profit	(0.65)		-		-	
	Less: Dividend Received	-	13.58	-	14.23	-	9.52
12	**- Kerala GAIL GAS Ltd**	12.58		12.58		12.08	
	119,28,000 Equity shares of ₹ 10 each fully paid up (31.03.2016;- 119,28,000, at 01.04.2015, 119,28,000)						
	Add: Share of Profit	0.51		-		-	
	Less: Dividend Received	-	13.09	-	12.58	-	12.08
13	**- Rajasthan State Gas Limited**	7.63		7.63		-	
	25,000 Equity shares of ₹ 10 each fully paid up (at 31.03.2016;- 25,000, at 01.04.2015;- 25000)						
	Add: Share of Profit	5.74		-		-	
	Less: Dividend Received	-	13.37	-	7.63	-	-
14	**- Haridwar Gas Private Limited**						
	(75,00,000 equity shares of ₹ 10 each fully paid (PY: NIL)		7.15		-		-
15	**- GOA Natural Gas Private Limited**		2.50		-		-
	(25,00,000 Equity shares of ₹ 10 each fully paid (PY: NIL)						
	Advance for Investment (Pending Allotment)		-		-		-
	-Rajasthan State Gas Limited		2.97		7.00		10.00
	-APGDC: 2.97 Crore)		7.50		7.50		-
	-Vadodra Gas Limited: 2.97 Crore		-		-		40.98
	Total (a)		**1,121.89**		**1,815.16**		**2,012.16**
b)	**In Associate companies:**						
	Quoted						
1	**- China Gas Holding Ltd. China**						
	15,00,00,000 Equity shares of HK$0.01 each fully paid up (at 31.03.2016;- 15,00,00,000, at 01.04.2015;- 15,00,00,000)	398.84		360.25		97.37	
	Add: Share of Profit/(Loss)	51.16		62.61		262.88	
	Less: Dividend Received	25.17	424.83	24.02	398.84	-	360.25
2	**- Indraprastha Gas Ltd.**	566.09		494.71		31.50	
	3,15,00,000 Equity shares of ₹ 10 each fully paid up (31.03.216;- 3,15,00,000, at 01.04.2015;- 3,15,00,000)						
	Add: Share of Profit	122.17		90.28		463.21	
	Less: Dividend Received	29.93	658.33	18.90	566.09	-	494.71
3	**- Petronet LNG Ltd.**	832.81		739.40		98.75	
	9,37,50,000 Equity shares of ₹ 10 each fully paid up (at 31.03.2016,;-9,37,50,000,at 01.04.2015;- 9,37,50,000)						
	Cont.						

(₹ in Crores)

S. No.	Particulars		As at 31st March, 2017		As at 31st March, 2016		As at 01st April, 2015
	Add: Share of Profit/(Loss)	212.93		112.16		640.65	
	Less: Dividend Received	23.44	1,022.30	18.75	832.81	-	739.40
4	**- Mahanagar Gas Ltd.**	859.95		798.05		44.45	
	3,21,02,750 Equity shares of ₹ 10 each fully paid up (at 31.03.2016;- 4,44,50,000, at 01.04.2015;- 4,44,50,000)						
	Addition/ Disposal during the period	(12.35)		-		-	
	Add: Share of Profit	(167.73)		139.68		753.60	
	Less: Dividend Received	81.86	598.01	77.79	859.94	-	798.05
	Unquoted						
1	**- Fayoum Gas Company**						
	19,000 Equity shares of LE 100 each fully paid up (at 31.03.2016;- 19,000, at 01.04.2015;- 19,000)	4.24		2.56		8.10	
	Add: Share of Profit/(Loss)	(1.32)		1.68		(5.15)	
	Less: Dividend Received	-	2.92	-	4.24	0.39	2.56
2	**- National Gas Company "Nat Gas" (Through GGSPL)**						
	3,000,000 (at 31.03.2016;- 3,000,000, at 01.04.2015;- 3,000,000) Equity shares of LE 5/- per share						
	acquired at a premium LE 34.5 per Equity Share	38.61		22.16		83.62	
	Add: Share of Profit/(Loss)	(24.41)		16.45		(53.90)	
	Less: Dividend Received	-	14.20	-	38.61	7.56	22.16
3	**- Brahmaputra Cracker & Polymer Ltd.**						
	a) 99,23,69,000 Equity shares of ₹ 10 each fully paid up (at 31.03.2016;- 79,30,10,083, at 01.04.2015;- 79,30,10,083)	607.03		791.18		793.01	
	Additions/ (Disposal During the Period)	199.36		-		-	
	Add: Share of Profit/(Loss)	(387.37)		(184.15)		(1.83)	
	Less: Dividend Received	-	419.02	-	607.03	-	791.18
	Total (b)		**3,139.60**		**3,307.56**		**3,208.31**
(c)	**Other Investments**						
	Investments at fair value through Other comprehensive Income (fully paid):						
	Unquoted						
	- South East Asia Gas Pipeline Ltd. (Registered in Hong Kong).		0.04		0.04		0.04
	Advance for Investment (Pending allotment - South East Asia Gas Pipeline Co. Ltd.)		286.59		295.02		338.80
	- Darpan Co-operative Housing Society Ltd., Vadodara (₹ 1,500/-).						
	- Ashoka Apartments Co-operative Housing Society Ltd., Vadodara (₹ 2,500/-).						
	- Sanand Members Association, Ahmedabad (₹ 4,000/-).						
	- Green Field (B) Co-operative Housing Society Ltd., Mumbai (₹ 2,750/-)						
	- Avillion Greenfields Co-Op Hsg. Society Ltd, Mumbai (₹ 250/-)						
	- Suraj Heights A Co-Op Hsg. Society Ltd, Mumbai (₹ 1,500/-)						
	Cont.						

(₹ in Crores)

S. No.	Particulars		As at 31st March, 2017		As at 31st March, 2016		As at 01st April, 2015
	- Sheel Jeet Co-Operative Hsg Society Ltd., Mumbai (₹ 50/-)						
	- Gujarat State Energy Generation Ltd.		7.14		6.73		-
	2,07,60,000 Equity shares of ₹ 10 each fully paid up (PY: 5,70,600) (includes 1,90,200 equity shares acquired at a premium of ₹ 15/- per share)						
	Add: Share of Profit/(Loss)						
	Less: Dividend Received						
	Quoted						
	-Oil and Natural Gas Corporation Ltd.		5,706.97		4,415.28		6,307.84
	30,84,01,602 Equity shares of ₹ 5 each fully paid up (*Acquired 3,42,66,845 shares of ₹ 10/-each during 1999-2000 at a price of ₹ 162.34 per Share, 1,71,33,422 bonus shares of ₹ 10/- each received during 2006-07, During the year 2010-11,5,14,00,267 Equity shares of ₹ 10/- each were splitted into Equity shares of ₹ 5/- each and bonus issue of 1:1 equity shares of ₹ 5/- each after split received during 2010-11, further during the year 2016-17 bonus issue of 1:2 equity shares has been received)						
	-Gujarat Industries Power Co. Ltd.		5.90		4.61		4.85
	5,70,600 Equity shares of ₹ 10 each fully paid up (*includes 1,90,200 Equity Shares acquired at a premium of ₹ 15/- per share)						
	Total (c)		**6,006.64**		**4,721.68**		**6,651.53**
	Total Current		**-**		**-**		**-**
	Total Non current		**10,268.13**		**9,844.40**		**11,872.00**

Aggregate amount of quoted investments	------------------	------------------	------------------
- Book Value (at carrying cost)	8,410.44	7,072.96	8,700.25
- Market Value	17,120.84	10,023.51	10,770.05
	------------------	------------------	------------------
Aggregate amount of unquoted investments	1,857.69	2,771.44	3,171.75

a) Out of aforesaid investments in Joint ventures and Associate, few shares are held in the name of GAIL officials jointly with GAIL.

b) Investment are valued in accordance with accounting policy no. 1.21 in Note 1 to consolidated financial statements

c) Investment other than subsidiary, associate and joint ventures are valued at fair value through OCI at each Balance sheet date

d) Gujarat State Energy Generation Ltd. ceased to be associate w.e.f 14.08.2015

Note 6 : Trade Receivables

(₹ in Crores)

Particulars		As at 31st March, 2017		As at 31st March, 2016		As at 01st April, 2015
Trade receivables		4,559.16		4,622.75		6,077.09
Less: Provision for Doubtful Debts		704.77		798.71		560.58
Total Trade and other receivables		**3,854.39**		**3,824.04**		**5,516.51**
Current		2,750.73		2,723.46		3,117.75
Non current		1,103.66		1,100.58		2,398.76

Break-up for security details of Trade Receivables

Particulars		As at 31st March, 2017		As at 31st March, 2016		As at 01st April, 2015
Non Current (Unsecured)						
Considered good	1,118.67		1,115.54		2,413.09	
Considered doubtful	686.87		778.98		545.38	
	1,805.54		**1,894.52**		**2,958.47**	
Less: Allowance for bad and doubtful debts	686.87		778.98		545.38	
Less: Allowance for Expected credit loss	15.01	**1,103.66**	14.96	**1,100.58**	14.33	**2,398.76**
Current (Unsecured)						
Considered good	2,767.38		2,742.11		3,136.15	
Considered doubtful	17.90		19.73		19.48	
	2,785.28		**2,761.84**		**3,155.63**	
Less: Allowance for bad and doubtful debts	17.90		19.73		19.48	
Less: Allowance for Expected credit loss	16.65	**2,750.73**	18.65	**2,723.46**	18.40	**3,117.75**
Total Trade and other receivables		**3,854.39**		**3,824.04**		**5516.51**

Note;- No trade receivable are due from Directors or other officers of the company either severally or jointly with any other person or from firm or private companies in which director is a partner, director or member

Note 7A : Financial Assets

(₹ in Crores)

Particulars		As at 31st March, 2017		As at 31st March, 2016		As at 01st April, 2015
Loans and other receivables to related parties (Unsecured considered good)						
- to associates		15.02		98.96		3.04
- to joint ventures		171.88		131.77		150.58
- Loan to others		235.47		262.72		269.84
Other loans and receivables:						
- Loan to employees:						
- Secured, considered good		360.51		292.65		248.20
- Unsecured, considered good		0.02		0.02		0.02
- Security deposits paid:						
- Unsecured, Considered Good	547.99		458.93		469.24	
- Unsecured, Considered Doubtful	3.54		3.54		3.54	
Less : Provision for Doubtful Deposits	3.54	547.99	3.54	458.93	3.54	469.24
Other Receivable						
Finance lease receivables		21.88		23.80		25.91
Interest accrued but not due		11.08		15.06		11.69
Total Loans and receivables		**1,363.85**		**1,283.91**		**1,178.52**
Current		739.93		584.76		498.03
Non current		623.92		699.15		680.49
		1,363.85		**1,283.91**		**1,178.52**

Note 7B : Other Financial Assets

(₹ in Crores)

Particulars		As at 31st March, 2017		As at 31st March, 2016		As at 01st April, 2015
Derivative instruments						
Derivatives not designated as hedges:						
Receivables for Derivative Contracts (Forward/SWAP/ Commodity)		64.26		266.03		206.93
Total derivative instruments at fair value through profit or loss		**64.26**		**266.03**		**206.93**
Current		57.39		46.94		90.87
Non current		6.87		219.09		116.06

Note 8 : Inventories (as taken valued certified by the management)

(₹ in Crores)

Particulars		As at 31st March, 2017		As at 31st March, 2016		As at 01st April, 2015
Raw materials:						
Stock of gas (after adjustment of calorific value)		-		29.89		-
Work in progress:						
Stock in process		10.65		13.45		11.12
Finished goods:						
Polymers / LPG and Other Products		395.40		264.59		193.00
Stock in trade						
Natural gas including Liquefied natural gas (after adjustment of calorific value)		481.98		622.15		1,138.52
including renewable energy certificate ₹ 0.49 crore (PY 0.06 crore)						
Stores and spares:						
Stores and spares**		839.98		713.35		619.02
Less: Provision for obsolescences		19.87		25.13		23.27
Total		**1,708.14**		**1,618.30**		**1,938.39**

* Stock of gas includes ₹ Nil (Previous Year : ₹ 100.89 Cr.) in transit.

** Stores and Spares includes ₹ 48.51 Cr. (Previous Year : ₹ 22.12 Cr.) in transit.

Valuation of Inventories are done in accordance with Accounting policy no. 1.7 given in Note No. 1

Note 9A : Cash and Bank Balance

(₹ in Crores)

Particulars		As at 31st March, 2017		As at 31st March, 2016		As at 01st April, 2015
Balances with banks:						
- Current accounts		68.22		70.88		45.77
- Deposits with original maturity less than three months		449.32		32.72		29.34
Cash in hand		**2.12**		**1.23**		**0.69**
Stamps in hand		0.02		0.02		0.02
Total		**519.68**		**104.85**		**75.82**

Note 9B : Bank Balances Other Then Above

(₹ in Crores)

Particulars	As at 31st March, 2017		As at 31st March, 2016		As at 01st April, 2015
Deposit with original maturity more then three months	**256.28**		**708.33**		**206.61**
Other bank balances in Earmarked accounts:	-		-		-
- Current Account - Dividend Payable	2.66		2.32		2.62
- Short Term Deposits - Gas Pool Money	267.17		925.12		800.08
(including interest accrued but not due ₹ 4.55 cr. (previous year ₹ 14.91 cr.)					
- Short Term Deposits - Imbalance & Over run	346.96		85.71		79.92
(including interest accrued but not due ₹ 3.82 cr. (previous year ₹ 3.93 cr.)					
- Short Term Deposits -JV Consortium (including interest accrued but not due ₹ 0.15 cr. (previous year ₹ 0.26 cr.)	21.80		20.40		30.50
- Others	11.32		9.73		7.20
Total	**906.19**		**1,751.61**		**1,126.93**
Current	**901.28**		**1,740.88**		**1,124.63**
Non current	**4.91**		**10.73**		**2.30**

Specified Bank Notes (SBN) Disclosure

Disclosure related to details of Specified Bank Notes (SBN) held and transacted during the period 08th November 2016 to 30th December 2016:

(₹ in Crores)

Particulars	SBN's*	Other Denomination Notes	Total
Closing cash in hand as on 08.11.2016	0.51	0.25	0.76
(+) Withdrawal from bank accounts	-	-	-
(+) Permitted receipts	10.22	12.95	23.16
(-) Permitted payments	-	-	-
(-) Amount deposited in Banks	(10.73)	(11.69)	(22.41)
Closing cash in hand as on 30.12.2016	-	1.51	1.51

***for the purposes of this clause, the term "specified bank notes" shall have the same meaning provided in the notification of Govt. of India, in the ministry of finance, department of economic affairs number S.O.3407 ('E) dated 08th November 2016.**

Note 10 : Other Non Financial Assets

(₹ in Crores)

Particulars		As at 31st March, 2017		As at 31st March, 2016		As at 01st April, 2015
Mat credit entitlement		948.00		968.15		372.25
Advance income tax against pending demand						
- Unsecured considered good	1,158.11		1,294.74		1,256.09	
- Unsecured considered doubtful	162.21		107.57		107.57	
Less : Provision for doubtful income tax against pending demand	162.21	1,158.11	107.57	1,294.74	107.57	1,256.09
Advance tax	1,650.44		1,041.70		2,951.58	
Less : Provision for tax	1,393.51	256.93	797.81	243.89	2,638.21	313.37
Balance with Government Authorities						
Unsecured, Considered Good:						
CENVAT Credit Receivable		111.24		119.66		113.84
VAT Credit Receivable		2,129.99		2,481.28		2,359.02
Service Tax Credit Receivable		25.05		22.04		19.96
Claims recoverable (Unsecured):						
- considered good	192.84		232.87		153.95	
- considered doubtful	18.15		14.77		1.13	
Less : Provision for doubtful claims	18.15	192.84	14.77	232.87	1.13	153.95
Other advances recoverable in cash or in kind (including ₹ 552.25 crore (Previous Year ₹ 561.80 Crore) to Petronet LNG Ltd)		1,104.70		992.58		881.47
Capital advances (Unsecured):						
- considered good	48.23		4.03		11.37	
- considered doubtful	0.35		0.35		0.35	
Less: Provision for doubtful advances	0.35	48.23	0.35	4.03	0.35	11.37
Other advances		0.22		0.03		-
Advances to suppliers/contractors (Unsecured):						
- considered good	33.80		27.33		70.08	
- considered doubtful	9.69		8.91		0.99	
Less: Provision for doubtful advances	9.69	33.80	8.91	27.33	0.99	70.08
Gold coins in hand		0.09		0.09		0.09
Prepayments						
Prepaid expenses		58.81		64.75		68.80
Prepaid rent		77.95		82.08		83.45
Prepaid employee expenses (loans to employees)		170.59		176.45		176.89
Total		**6,316.55**		**6,709.97**		**5,880.63**
Current		**2,701.58**		**2,793.18**		**2,940.67**
Non current		**3,614.97**		**3,916.79**		**2,939.96**

Note 11 : Equity Share Capital

(₹ in Crores)

Particulars		As at 31st March, 2017		As at 31st March, 2016		As at 01st April, 2015
Share capital						
Authorized						
200,00,00,000 Equity Shares of ₹ 10 each		2,000.00		2,000.00		2,000.00
(Previous year 200,00,00,000 Equity shares of ₹ 10 each, as on 01st April 2015; 200,00,00,000 Equity shares of ₹ 10 each)						
Issued, subscribed and fully paid up						
169,13,00,039.184 Equity shares of ₹ 10 each		1,691.30		1,268.48		1,268.48
(Previous year 126,84,77,400 Equity shares of ₹ 10 each; as on 01st April 2015 1268477400 equity shares of ₹ 10 each)						
		1,691.30		**1,268.48**		**1,268.48**

Related Information:-

a) Details of Shareholders holding more than 5% shares in the parent company

(₹ in Crores)

Particulars	31st March, 2017		31st March, 2016		01st April, 2015	
	Numbers	% of Holding	Numbers	% of Holding	Numbers	% of Holding
i) President of India (Promoter)	920,651,612	54.43%	711,695,832	56.11%	711,733,651	56.11%
ii) Life Insurance Corporation of India	110,445,783	6.53%	132,621,001	10.46%	116,105,407	9.15%

b) The Company has only one class of equity shares having par value of ₹ 10/- per share. The Holders of the equity shares are entitled to receive dividends as declared from time to time and are entitled to voting rights proportionate to their shareholding at the shareholders meetings.

c) 1,63,45,528 (Previous Year : 1,18,91,046, as at 1st April 2015 ; 1,79,47,027) shares are held in the form of Global Depository Receipts

d) Reconciliation of the shares outstanding at the beginning and at the end of the year

(₹ in Crores)

Particulars	31st March, 2017		31st March, 2016		01st April, 2015	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
At the beginning of the year	1,268,477,400	1,268.48	1,268,477,400	1,268.48	1,268,477,400	1,268.48
Issued during the year						
Bonus Share*	422,825,800	422.82	-	-	-	-
Outstanding at the end of the year	1,691,303,200	1,691.30	1,268,477,400	1,268.48	1,268,477,400	1,268.48

* During the year the parent company has issued bonus share in the ratio of one equity share of ₹ 10 each for every three equity shares held by equity shareholders

Note 12 : Other Equity

(₹ in Crores)

Particulars		As at 31st March, 2017		As at 31st March, 2016		As at 01st April, 2015
Security Premium - As per last Balance Sheet		**0.27**		**0.27**		**0.27**
Retained earnings		**32,379.04**		**31,609.97**		**27,884.54**
Add: Profit for the Period		3,368.16		1,869.22		2,668.48
Add: Adjustment Retained Earnings Associate/JV's		(2.77)		3.11		1,824.34
Less: Appropriations						
- Transfer to Bond Redemption Reserve		(98.46)		(34.68)		(36.76)
- Transfer to General Reserve		(350.29)		(229.89)		(304.00)
- Transfer to CSR Reserve		-		1.00		30.00
- Dividend		(388.58)		(380.54)		-
- Corporate Dividend Tax		(296.97)		(142.03)		(76.09)
- Interim Dividend		(1,078.21)		(317.12)		(380.54)
Total		**33,532.19**		**32,379.31**		**31,610.24**
Other reserves:						
- Bond redemption reserves						
- Op Balance	238.72		204.04			
- Changes during the year	98.46	337.18	(34.68)	238.72		204.04
- CSR Reserves						
- Op Balance	-		1.00		1.00	
- Changes during the year	-	-	(1.00)	-	-	1.00
- Foreign Currency Translation Reserve		(0.93)		4.40		17.77
- General reserves (Including transition reserve)						
- Op Balance	4,425.68		4,195.79			
-Issue of Bonus Shares	(422.82)		-			
-Transfer during the period from statement of P&L	350.29	4,353.14	229.89	4,425.68		4,195.79
- Other Comprehensive Income	(1,913.17)					
Add: OCI for The Period (Other then FCTR)	1,305.18	(607.99)		(1,913.17)		-
Total		**4,081.40**		**2,755.63**		**4,418.60**
G. Total		**37,613.59**		**35,134.93**		**36,028.84**

Note 13A : Borrowings

(₹ in Crores)

Particulars		As at 31st March, 2017		As at 31st March, 2016		As at 01st April, 2015
Non current borrowings						
Secured Bonds:						
- Bonds 2010 Series - I*		374.98		499.95		499.94
(8.80% Secured Non-convertible redeemable Bonds 2010 - Series - I are redeemable in 4 equal installment commencing from the end of the 7th year up to the end of the 10th year from the deemed date of allotment December 13, 2010 with a call option at the end of the 7th year)						
- Bond series 2012*		562.36		749.62		749.50
(9.14% Secured Non-convertible redeemable Bonds 2012 -Series - I are redeemable in 4 equal installment commencing from the end of the 5th year up to the end of the 8th year from the deemed date of allotment June 11, 2012 with a call option at the end of the 5th year)						
Cont.						

(₹ in Crores)

Particulars		As at 31^{st} March, 2017		As at 31^{st} March, 2016		As at 01^{st} April, 2015
- Bond series 2015*		499.41		499.34		499.28
(8.30% Secured Non-convertible redeemable Bonds 2015 -Series - I are redeemable in 4 equal installment commencing from the end of the 7^{th} year up to the end of the 10th year from the deemed date of allotment Feb 23, 2015 with a call option at the end of the 7^{th} year).						
*Bonds are secured on pari passu basis, by charge on freehold non agricultural land at village Tandalja, Vadodara together with the entire building constructed thereon both present & future and whole of plant and machinery , spares, tools and accessories and other movables of the stations at Vijaipur both present and future and whether installed or not and lying or in store						
Unsecured Term loans:						
- Bank of Tokyo Mitsubishi UFJ Ltd. (Bullet repayment at the end of the 5^{th} year from the last date of drawl i.e. Aug'2016. Loan carries floating rate of interest linked to 6 Months LIBOR plus spread)		-		-		943.22
- Bank of Tokyo Mitsubishi UFJ Ltd. (1/3 rd repayment at the end of the 4^{th}, 5^{th} & 6^{th} year from the last date of drawl i.e. Dec 2015, Dec 2016 & Dec 2017) Loan carries floating rate of interest linked to 6 Months LIBOR plus spread		-		222.17		418.18
- Mizuho Corporate Bank (1/3 rd repayment at the end of the 4^{th}, 5^{th} & 6^{th} year from the last date of drawl i.e. Jan 2016, Jan 2017 & Jan 2018) Loan carries floating rate of interest linked to 6 Months LIBOR plus spread		-		222.37		418.88
- Sumitomo Mitsui Banking Corporation (1/2 repayment at the end of the 5^{th} & 6^{th} year from the last date of drawl i.e. Nov 2017, Nov 2018 with floating rate of interest linked to 6 Months LIBOR plus spread)		-		222.45		419.36
- Sumitomo Mitsui Banking Corporation (1/2 repayment at the end of the 5^{th} & 6^{th} year from the last date of drawl i.e. Nov 2017 Nov 2018 with floating rate of interest linked to 6 Months LIBOR plus spread)		-		1,985.62		1,864.11
- KFW Germany (Coperion Facility) (Repayment in 14 half yearly equal Instalments starting from November 2014) Loan carries fixed rate of interest)		44.45		58.13		66.44
- Societe Generale (Repayment in 20 half yearly equal Instalments starting from 22^{nd} October 2012) Loan carries floating rate of interest linked to 6 Months LIBOR plus spread).		214.21		266.87		295.82
- Japan bank for International Cooperation (JBIC) (Repayable in 20 half yearly equal Instalments starting from June'2013) Loan carries fixed rate of interest)		150.74		184.39		189.37
- KFW Germany (Siemens Facility) (Repayment in 20 half yearly equal Instalments starting from March 2014) Loan carries fixed rate of interest)		178.93		215.52		232.54
- Syndication of Banks for Refinancing		978.63		-		-
(In Syndication SMBC, Mizuho Bank Ltd., DBS Bank Ltd., $ 100 million each) (Loan raised for refinancing existing SMBC Loan with 1/2 repayment in Nov 2017 and Nov 2018. Loan carries floating rate of interest linked to 3 Months LIBOR plus spread)						
Cont.						

(₹ in Crores)

Particulars		As at 31st March, 2017		As at 31st March, 2016		As at 01st April, 2015
Secured loans from other parties: - Oil Industry Development Board (Secured by way of first charge on whole pipeline, spur lines, plant & machinery, spares, equipment's, tools & accessories and other movables both present & Future, whether installed or not and whether now lying loose or in cases or which are now lying or stored in or about or shall hereinafter from time to time be stored or be in or about the Borrower's project of Dadri– Bawana--Nangal Pipeline including spur lines or wherever else the same may be or be held by any party to the order or disposition of the borrower or in the course of transit or on high seas or on order or delivery, howsoever or whosesoever in the possession of borrower and either by way of substitution or addition)		-		372.50		788.75
Repayable in four equal instalments after expiry of moratorium of one year from the date of disbursement. Loan disbursed in installment from July 2011 to June 2013 with rate of interest from 7.67% to 8.98% p.a. depending on date of disbursement.						
- Oil Industry Development Board (Secured by way of first pari passu charge on whole pipeline, spur lines, plant & 'machinery, spares, equipment's, tools & accessories and other movables both present & Future, whether installed or not and whether now lying loose or in cases or which are now lying or stored in or about or shall hereinafter from time to time during the continuance of the security of these presents be brought into or upon or be stored or be in or about the Borrower's project of Dahej Vijaipur Pipeline-II including spur lines or wherever else the same may be or be held by any party to the order or disposition of the borrower or in the course of transit or on high seas or on order or delivery, howsoever or wheresoever in the possession of borrower and either by way of substitution or addition excluding the plant & machinery of Compressor Stations at Jhabua & Vijaipur).		-		237.50		356.25
Repayable in four equal instalments after expiry of moratorium of one year from the date of disbursement. Loan disbursed in installment from Nov 2013 to March 2014 'with rate of interest from 8.94% to 9.27% p.a. depending on date of disbursement.						
Other Borrowings*		175.29		127.55		141.96
Long term maturities of finance lease obligations: Obligations under finance leases		0.84		0.87		4.03
Total Non Current Borrowings		**3,179.84**		**5,864.85**		**7,887.63**

Note 13B : Borrowings

(₹ in Crores)

Particulars		As at 31st March, 2017		As at 31st March, 2016		As at 01st April, 2015
Current borrowings						
Buyers credit from Kotak Mahindra Bank repayable in 90 days		-		-		233.80
Unsecured						
Other Short term Borrowings#		729.19		811.68		601.88
Total current borrowings		**729.19**		**811.68**		**835.68**
Total Borrowings		**3,909.03**		**6,676.53**		**8,723.31**
Aggregate secured loans		**1,601.84**		**2,358.91**		**3,013.93**
Aggregate unsecured loans		**2,307.19**		**4,317.62**		**5,709.38**

*Includes loans by GAIL Gas Ltd. from OIDB ₹ 118.11 cr. (PY 51.32 Cr.) and from HDFC Bank ₹ 51.11 cr. (PY; 71.56 cr.).

Includes short term loan by GAIL Global USA Inc. for ₹ 719.71 Cr. including others (PY; 699.73 Cr.)

Note 14 : Other Financial Liabilities

(₹ in Crores)

Particulars		**As at 31st March, 2017**		**As at 31st March, 2016**		**As at 01st April, 2015**
Derivatives not designated as hedges:						
Payables for Derivative Contracts (Forward/SWAP/ Commodity)		134.46		55.78		89.27
Total financial liabilities at fair value through profit and loss		**134.46**		**55.78**		**89.27**
Current maturities of finance lease obligations:						
Obligations under finance leases		0.06		-		0.02
Current maturity of long term loans:						
Secured Bonds						
- Bonds Series - I	-		-		99.99	
- Bonds 2010 Series - I	124.99		-		-	
- Bond series 2012	187.39	312.38	-	-	-	99.99
Unsecured Term loans:						
- Bank of Tokyo Mitsubishi UFJ Ltd.	-		1,006.11		-	
- Bank of Tokyo Mitsubishi UFJ Ltd.	217.14		220.90		207.31	
- Mizuho Corporate Bank	217.37		221.37		208.14	
- Sumitomo Mitsui Banking Corporation	217.47		221.74		208.70	
- Sumitomo Mitsui Banking Corporation	-		-		-	
- KFW Germany (Coercion Facility)	12.26		12.41		11.50	
- Societe Generale	46.28		47.03		43.81	
- Japan bank for International Cooperation (JBIC)	29.88		30.45		26.75	
- KFW Germany (Siemens Facility)	31.12		31.63		29.35	
- New Syndication Loan	974.53	1,746.05	-	1,791.64	-	735.56
Secured loans from other parties:						
- Oil Industry Development Board		-		535.00		656.00
- Other loans		43.88		48.47		62.01
Deposits/Retention Money from Customers/contractors/others		558.23		561.65		491.66
Other payables						
Interest accrued but not due on borrowing and others	85.52		110.47		112.10	
Unpaid/unclaimed dividend	2.66		2.32		2.62	
Gas Pool Money	268.56		927.87		816.81	
Gas Pool money provisional	655.48		1,006.79		1,998.33	
Imbalance and overrun charges	99.74		85.81		80.38	
Payable for capital expenditure	274.61		145.58		118.87	
Adjustment in pipeline tariff	56.82		252.43		236.10	
Cont.						

(₹ in Crores)

Particulars		As at 31st March, 2017		As at 31st March, 2016		As at 01st April, 2015
E&P expenditure payable	59.18		83.82		160.51	
Employee benefits payable	196.92		54.50		50.92	
Other payables (Including Metering charges, LPG Consumption & Misc Payment etc.	188.77	1,888.26	144.64	2,814.23	155.93	3,732.57
Other liabilities		**71.51**		**70.23**		**67.89**
Total other financial liabilities at amortized cost		**4,620.37**		**5,821.22**		**5,845.70**
Total other financial liabilities		**4,754.83**		**5,877.00**		**5,934.97**
Total 14B - Current		3,940.49		4,768.40		3,774.26
Total 14A - Non current		814.34		1,108.60		2,160.71
Total		**4,754.83**		**5,877.00**		**5,934.97**

Note 15 : Provisions

(₹ in Crores)

Particulars		As at 31st March, 2017		As at 31st March, 2016		As at 01st April, 2015
Provisions						
Provisions for employee benefits		882.06		652.92		622.28
Provision for probable obligations		639.62		497.87		576.65
Liability for abandonment costs		7.23		6.35		4.97
Other Provisions		30.22		24.88		13.41
Total		**1,559.13**		**1,182.02**		**1,217.31**
Total 15B Current		738.66		556.80		632.27
Total 15A Non current		820.47		625.22		585.04
Total		**1,559.13**		**1,182.02**		**1,217.31**

Note 16 : Trade Payables

(₹ in Crores)

Particulars		As at 31st March, 2017		As at 31st March, 2016		As at 01st April, 2015
Trade payables		2,740.65		2,909.15		3,415.91
Total		**2,740.65**		**2,909.15**		**3,415.91**

Note 17 : Other Non Financial Liabilities

(₹ in Crores)

Particulars		As at 31st March, 2017		As at 31st March, 2016		As at 01st April, 2015
Advances from customers		707.91		843.62		601.56
Statutory payables		436.34		275.98		263.08
Other liabilities		0.58		1.25		1.70
Deferred income		27.59		14.28		10.14
Government Grant						
-Capital Grant (for JHBDPL by GOI)		450.00		-		(0.00)
-from Danish Govt. for construction of Gas Technology Institute of India		0.81		0.92		1.03
-Capital Grant (by TIDCL for PNG Supply to Industrial growth centre)		1.24		1.37		1.53
Total		**1,624.47**		**1,137.42**		**879.04**
Total 17B - Current		1,147.88		1,121.07		867.47
Total 17A - Non current		476.59		16.35		11.57
Total		**1,624.47**		**1,137.42**		**879.04**

Note 18 : Deferred Taxation

A) Deferred Tax relates to following

(₹ in Crores)

Particulars		As at 31st March, 2017		As at 31st March, 2016		As at 01st April, 2015
Deferred tax liabilities						
Depreciation		5,896.36		5,217.41		4,264.30
Other Liabilities		8.84		1.63		2.67
Ind AS Adjustment		35.75		24.52		50.70
Provision for bad debts and probable obligation		(513.45)		(491.32)		(226.18)
Provision for employee benefits		(302.07)		(225.50)		(205.55)
Other Adjustments		(419.87)		(403.09)		(455.15)
Deferred tax on unrealised profit in associates		587.51		701.16		444.08
Deferred tax liability		**5,293.07**		**4,824.81**		**3,874.87**

B) Statement of Profit and Loss

Particulars		As at 31st March, 2017		As at 31st March, 2016
Current Income Tax				
Current Income Tax Charge		1,337.62		206.68
Adjustment in respect of current income tax of previous year		15.01		(51.96)
Deferred Tax				
Relating to origination and reversal of temporary differences		456.73		936.62
Income tax expenses reported in the statement of Profit and loss		**1,809.36**		**1,091.34**

OCI Section

Particulars		As at 31st March, 2017		As at 31st March, 2016
Deferred tax related to items recognised in OCI during the year				
Net loss (gain) on remeasurements of defined benefit plans		(11.15)		(11.96)
Income tax expenses reported in the statement of Profit and loss		**(11.15)**		**(11.96)**

Note 19 : Revenue From Operations

(₹ in Crores)

Particulars		As at 31st March, 2017		As at 31st March, 2016
a) Sale of Products				
Gas		35,670.00		42,185.29
Polymers		5,625.57		3,354.32
LPG		2,399.76		2,534.48
Propane/Pentane/SBPS/Naphtha		737.95		787.45
Crude Oil		144.73		187.13
City Gas		2,816.80		1,559.16
Power		68.05		49.56
b) Sale of Service				
LPG Transmission / RLNG Shippers Charges		1,771.11		1,694.95
c) Income from Telecom services		2.73		2.74
Total		**49,236.70**		**52,355.08**
Add: Other Operating Income		97.11		197.23
TOTAL		**49,333.81**		**52,552.31**

Note 20 : Other Income

(₹ in Crores)

Particulars		As at 31st March, 2017		As at 31st March, 2016
Interest on :				
- Deposits with Banks	148.47		99.21	
- Customer for delayed payment	32.71		42.45	
- Loan to Employees	55.57		56.55	
- Others	143.36		141.10	
Less : Transferred to Expenditure during construction period (refer note no - 26)	0.84	379.27	0.69	338.62
Dividend from Investments		265.66		177.80
Profit on Sale of Investments		-		6.73
Amount of grant transfer from Capital Reserve		0.12		0.12
Net Gain on Foreign Currency Transaction and Translation		92.19		92.10
Excess Provision Written Back		196.83		97.62
Amortization of Government. Grant		1.44		1.58
Miscellaneous Income	71.36		37.72	
Less : Transferred to Expenditure during construction period (refer note no - 26)	0.41	70.95	0.42	37.30
TOTAL		**1,006.46**		**751.87**

Note 21 : (Increase) / Decrease in Inventories of Stock in Trade Finished Goods, Work in Progress

(₹ in Crores)

Particulars		As at 31st March, 2017		As at 31st March, 2016
Inventories at the end of the period:-				
Work-in-Progress		9.89		13.13
Finished Goods		395.40		264.59
Stock in Trade		482.50		652.36
Total		**887.79**		**930.08**
Inventories at the beginning of the period:-				
Work-in-Progress		13.13		10.69
Finished Goods		264.59		193.00
Stock in Trade		652.36		1,138.47
Total		**930.08**		**1,342.16**
TOTAL		**42.29**		**412.08**

Note 22 : Employee Benefits Expense

(₹ in Crores)

Particulars		As at 31st March, 2017		As at 31st March, 2016
Salaries, Wages and Allowances		887.31		775.85
Contribution to Provident and Other Funds		340.96		186.38
Staff Welfare Expenses		171.58		156.84
Less :				
- Employees Benefit Expenses transferred to Capital Work-in-Progress (Ref Note No. 26)		58.72		43.73
- Reimbursements for employees on deputation		54.48		87.64
TOTAL		**1,286.65**		**987.70**

Note 23 : Finance Cost

(₹ in Crores)

Particulars		As at 31st March, 2017		As at 31st March, 2016
Interest on:				
- Term Loans		365.68		544.68
- Bonds		153.83		156.86
- Others		36.24		30.59
Gain/(Loss) on changes in fair value of Derivatives		49.82		136.28
Net gain / loss on foreign currency transactions on Borrowings		(43.01)		-
Less : Interest and Finance Charges transferred to Capital Work-in-Progress (Ref Note No. 26)		51.57		46.58
TOTAL		**510.99**		**821.83**

Note 24 : Depreciation and Amortization Expenses

(₹ in Crores)

Particulars		As at 31st March, 2017		As at 31st March, 2016
Depreciation and Amortization Expenses		1,536.40		1,488.90
Impairment Loss (Refer Note No. 2-3)		7.22		8.05
Less : Depreciation and Amortization Expenses transferred to Capital Work-in-Progress (Ref Note No. 26)		0.61		1.35
TOTAL		**1,543.01**		**1,495.60**

Note 25 : Other Expenses

(₹ in Crores)

Particulars		As at 31st March, 2017		As at 31st March, 2016
Gas Pool Expenses		14.55		79.56
Stores and Spares consumed		346.95		309.37
Power, Fuel and Water Charges				
Power Charges	488.96		381.97	
Gas used as Fuel	1,410.47		1,632.15	
Water Charges	12.96	1,912.39	9.01	2,023.13
Rent		71.04		61.78
Repairs and Maintenance				
Plant and Machinery	340.84		333.83	
Buildings	52.19		40.24	
Others	64.07	457.10	60.02	434.09
Insurance		37.28		30.39
Rates and Taxes		16.14		13.10
Miscellaneous Expenditure :				
- Travelling Expenses		104.94		106.06
- Advertisement and Publicity		45.63		53.43
- Vehicle Hire and Running Expenses		38.83		34.82
- Survey Expenses		33.87		21.08
- Dry Well Expenses written off		112.44		101.20
- Oil & Gas Producing Expenses (Operators)		64.34		78.87
- Royalty on Crude Oil (including share of Govt in Profit Petroleum)		150.30		180.43
- Consultancy Charges		86.96		55.33
- Donation		2.02		1.14
- Research and Development Expenses		13.44		73.46
- Loss on sale / written off of assets (net)		6.07		22.24
- Bad Debts/Claims/Advances/Stores written off		2.85		2.80
- Provision for Doubtful Debts, Advances, Claims, Deposits and		115.08		286.69
- Provision for Probable Obligations / Contingencies		116.34		41.75
- Selling & Distribution Expenses		50.89		38.34
- Commission on Sales		24.30		15.18
- Security Expenses		128.42		108.28
- Corporate Social Responsibility Expenses		123.58		160.56
- Other Expenses		154.75		153.45
Payment to Auditors				
Audit Fees	0.69		0.61	
Tax Audit fees	0.10		0.09	
Other Services (for issuing certificates, etc.)	0.28		0.26	
Travelling & Out of Pocket Expenses	0.56	1.63	0.63	1.59
Net Loss on Sale of Investments		-		-
Less : Incidental Expenditure during construction transferred to Capital Work-in-Progress (Ref Note No. 26)		25.27		107.72
TOTAL		**4,206.86**		**4,380.39**

Note 26 : Expenditure During Construction Period

(₹ in Crores)

Particulars		As at 31st March, 2017		As at 31st March, 2016
Employees Remuneration and Benefits				
Salaries, Wages and Allowances	32.99		21.06	
Contribution to Provident and Other Funds	5.70		4.41	
Welfare Expenses	2.99	41.68	2.50	27.97
Interest and Finance Charges		49.16		42.34
Depreciation		0.61		1.35
Power, Fuel and Water Charges				
Power Charges	14.92		90.15	
Water Charges	-	14.92	-	90.15
Stores and Spares Consumed		-		0.11
Insurance		0.01		0.01
Rent		3.22		3.79
Repairs and Maintenance				
Plant and Machinery	0.03		0.05	
Buildings	-		-	
Others	0.33	0.36	6.30	6.35
Miscellaneous Expenditure :				
- Travelling Expenses	4.83		4.85	
- Vehicle Hire and Running Expenses	0.37		0.63	
- Consultancy Charges	0.04		0.09	
- Security Expenses	0.61		0.55	
- Other Expenses	0.91	6.76	1.19	7.31
Less : - Interest Income	0.84		0.69	
- Misc. Income	0.41		0.42	
- Sales	-	1.25	-	1.11
Net Expenditure		**115.47**		**178.27**
Less : Transferred to Capital Work-in-progress				
a) Employees Benefits Expenses		41.68		27.97
b) Interest & finance Charges		49.16		42.34
c) Depreciation		0.61		1.35
d) Other Expenses		25.27		107.72
Less:				
e) Other Income		1.25		1.11
Balance Carried over to Balance Sheet		**115.47**		**178.27**

Notes Accompanying Consolidated Financial Statement for the year ended 31st March, 2017

27) Significant accounting judgements, estimates and assumptions

The preparation of the Company's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities/assets at the date of the consolidated financial statements. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In particular, the Company has identified the following areas where significant judgements, estimates and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the financial statements. Changes in estimates are accounted for prospectively.

27.1 Judgements:-

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the standalone financial statements

27.2 Contingencies:-

Contingent liabilities and assets which may arise from the ordinary course of business in relation to claims against the Company, including legal, contractor, land access and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgments and the use of estimates regarding the outcome of future events.

27.3 Estimate and assumptions:-

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

a) **Impairment of non-financial assets:-** The Company assesses at each reporting date whether there is an indication that an asset may be impaired. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

b) **Defined Benefits plans:-** The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

c) **Fair value measurement of financial instruments:-** When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

d) **Impairment of financial assets:-** The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgments in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Impairment of investment in subsidiaries, joint ventures or associates is based on the impairment calculations using discounting cash flow/net asset value method, valuation report of external agencies, Investee Company's past history etc.

28) The Consolidated Financial Statements represent consolidation of accounts of the Company, its subsidiaries, joint venture companies and associates as detailed below with summarized financial information of Partly owned Subsidiaries, Joint Ventures and Associates:-

A) Group Information :-

Sr. No.	Name of companies	Country of Incorporation	Principal Activity	Relation	Proportion of ownership as on 31.03.2017	Proportion of ownership as on 31.03.2016	Proportion of ownership as on 01.04.2015
1	GAIL Global (Singapore) PTE Ltd	Singapore	LNG Trading	Subsidiary	100%	100%	100%
2	GAIL Global (USA) Inc. (Refer*1)	USA	E&P	Subsidiary	100%	100%	100%
3	GAIL GAS Limited (Refer*2)	India	City Gas	Subsidiary	100%	100%	100%
4	Tripura Natural Gas Co Ltd. (TNGCL)	India	Petrochemical	Subsidiary	48.98%	48.98%	48.98%
5	Central UP Gas Limited	India	City Gas	Joint Venture	25.00%	25.00%	25.00%
6	Green Gas Limited	India	City Gas	Joint Venture	49.97%	49.97%	49.97%
7	Ratnagiri Gas & Power (Private) Ltd. (RGPPL)	India	LNG terminal & Power	Joint Venture	25.50%	25.50%	28.91%
8	ONGC Petro-additions Limited (OPaL)	India	Petrochemical	Joint Venture	49.21%	49.21%	49.21%
9	Maharashtra Natural Gas Limited (MNGL)	India	City Gas	Joint Venture	22.50%	22.50%	23.68%
10	Aavantika Gas Limited	India	City Gas	Joint Venture	49.97%	49.97%	49.97%
11	Bhagyanagar Gas Limited	India	City Gas	Joint Venture	49.97%	49.97%	49.97%
12	Talcher Fertilizers Limited	India	Fertilizers	Joint Venture	30.00%	30.00%	-
13	TAPI Pipeline Company Limited #	Isle of Man	Gas Pipeline	Joint Venture	5.00%	25.00%	25.00%
14	Vadodra Gas Limited	India	City Gas	Joint Venture	50.00%	50.00%	50.00%
15	Indraprastha Gas Limited (Refer*3)	India	City Gas	Associate	22.50%	22.50%	22.50%
16	Petronet LNG Limited (Refer*4)	India	LNG Terminal	Associate	12.50%	12.50%	12.50%
17	Mahanagar Gas Limited	India	City Gas	Associate	32.50%	49.75%	49.75%
18	Brahmaputra Cracker & Polymer Ltd.	India	Petrochemical	Associate	70.74%	70.00%	67.56%
19	Gujrat State Energy Generation Limited*5	India	Power	Associate	5.96%	5.96%	5.96%
20	Fayum Gas	Egypt	City Gas	Associate	19.00%	19.00%	19.00%
21	National Gas Company "Nat Gas"	Egypt	City Gas	Associate	5.00%	15.00%	15.00%
22	China Gas Holding Limited	Bermuda	City Gas	Associate	3.02%	2.99%	2.99%

*1: Consolidated financial statement of GAIL Global (USA) Inc includes its 100% subsidiary, Gail Global (USA) LNG LLC,.

*2: Consolidated financial statement of GAIL GAS Ltd includes its 50%, 17.07%, 50%, 50%, 50% & 50%interest in joint venture companies, i.e., Andhra Pradesh Gas Distribution Corporation Ltd, Vadodara Gas Ltd., Rajasthan State Gas Ltd, Kerala GAIL GAS Ltd, Haridwar Natural Gas Pvt. Ltd., and Goa Natural Gas Pvt. Ltd. respectively.

*3: Consolidated financial statement of Indraprastha Gas Limited includes two of its associate companies.

*4: Consolidated financial statement of Petronet LNG Limited includes its 26% interest in Joint Venture company, i.e., Adani Petronet (Dahej) Port Pvt. Ltd.

*5: Consolidated as associate upto 14.08.2015

Financial statements have not been made / available.

B) The accounts of all Group Companies, its joint ventures and associates are drawn upto the same reporting date as the parent entity (i.e. Financial Year ended 31st March, 2017), except Gail Global (USA) Inc., Fayum Gas and National Gas Company "Nat Gas" (for which the accounts drawn up as at 31st December, 2016, due to local reporting requirements in respective countries) and for China Gas Holding Limited having its reporting period ending 31st March 2017 but due to local legal requirements could not provide the financials till the time of consolidation hence management provided the financial information up to 31st December, 2016 and same have been used in consolidation. No adjustments (except dividend and intra group transaction) have been done for the period subsequent to that date, since there are no significant material transactions, as informed by respective company's management.

C) Information about Partially owned Subsidiaries having material non-controlling interest is given in **Annexure - A.**

D) Summarized financial information of joint ventures and associates is given in **Annexure - B.**

29) First time adoption of – Ind AS 101

a) Transition to Ind AS

These financial statements, for the year ended 31st March 2017 are the first financial Statements, the Group has prepared in accordance with Ind AS. For periods up to and including the year ended 31st March 2016, the Group prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Group has prepared financial statements which comply with Ind AS applicable for periods ending on 31st March 2017, together with the comparative period data, as at and for the year ended 31st March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Group's opening balance sheet was prepared as at 1st April 2015, the Group's date of transition to Ind AS. This note explains the principal adjustments made by the Group in restating its Indian GAAP financial statements.

b) Exemptions and exceptions availed:

Ind AS 101 'First time Adoption of Indian Accounting Standards' allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Group has applied the following exemptions:

(i) Ind AS optional exemptions

Deemed cost for Property, Plant and Equipments/Intangible assets: Ind AS 101 permits a first time adopter to elect to continue with the carrying value for all of its Property, Plant and Equipments (PPE) as recognised in the financial statements at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. Since there is no change in the functional currency, the Group has elected to continue with the carrying value for all of its PPE and intangible assets as recognised in its Indian GAAP financials as deemed cost at the transition date.

Leases: The Group has applied Appendix C of Ind AS 17 'Determining whether an Arrangement contains a Lease' to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.

Cumulative translation differences: Ind AS 101 permits cumulative translation gains and losses to be reset to zero at the transition date. This provides relief from determining cumulative currency translation differences in accordance with Ind AS 21 from the date a subsidiary or equity method investee (Associate or Joint Venture) was formed or acquired. The Group has elected to reset all cumulative translation gains and losses to zero by transferring it to opening retained earnings at its transition date.

Joint ventures: Ind AS 101 provides an exemption for changing from proportionate consolidation to the equity method. As per the exemption, when changing from proportionate consolidation to the equity method, an entity should recognise its investment in the joint venture at transition date to Ind AS. That initial investment should be measured as the aggregate of the carrying amounts of the assets and liabilities that the entity had previously proportionately consolidated, including any goodwill arising from acquisition. The balance of the investment in joint venture at the date of transition to Ind AS, determined in accordance with the above is regarded as the deemed cost of the investment at initial recognition. The Group has elected to apply this exemption for its joint venture.

Designation of previously recognised financial instruments: Ind AS 101 permits an entity to designate particular equity investments (other than equity investments in subsidiaries, associates and joint arrangements) as at fair value through other comprehensive income (FVOCI) based on facts and circumstances at the date of transition to Ind AS (rather than at initial recognition). The Group has opted to avail this exemption to designate certain equity investments as FVOCI on the date of transition.

Business Combination: Ind AS 101 provides the option to apply Ind AS 103 'Business Combinations' prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date. The Group has elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date. Business combinations occurring prior to the transition date have not been restated.

(ii) Ind AS mandatory exemptions

Estimates: As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS at the end of the comparative period presented in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error. The Group has determined that the estimates as at 1st April 2015 and at 31st March 2016 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies).

Classification and measurement of financial assets: Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable. Accordingly, the Group has determined the classification of financial assets based on facts and circumstances that exist on the date of transition.

Derecognition of financial assets and financial liabilities: As per Ind AS 101, an entity should apply the derecognition requirements in Ind AS 109, Financial Instruments, prospectively for transactions occurring on or after the date of transition to Ind AS. The Group has elected to apply the derecognition requirements for financial assets and financial liabilities in Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS.

Non-controlling interests: Ind AS 110 requires entities to attribute the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests. This requirement needs to be followed even if this results in the non-controlling interests having a deficit balance. Ind AS 101 requires the above requirement to be followed prospectively from the date of transition. Consequently, the Group has applied the above requirement prospectively.

Reconciliation between Previous GAAP and Ind AS

Reconciliation of total equity as at 31st March 2016 and 1st April 2015

Particulars	31st March 2016	1st April 2015
Total equity (shareholder's funds) as per previous GAAP (A)	**35,396.24**	**34,022.67**
Adjustments:		
Net Gain/ (Loss) arising on financial assets / liabilities measured at fair value	4,259.24	6187.24
Impact due to reversal of proposed dividend (including tax thereon)	467.69	458.01
Net Gain/ (Loss) arising on adjustments in Property, Plant & Equipments	(110.71)	-39.74
Others	(44.66)	(37.35)
Tax Impacts	(45.23)	(49.93)
Adjustment in consolidated figures due to Ind AS implementation in Group companies	(3,464.67)	(3,224.58)
Total adjustments (B)	**1,034.42**	**3,293.65**
Total equity as per Ind AS (A+B)	**36,430.66**	**37,316.32**

Reconciliation of total comprehensive income for the year ended 31st March 2016

Particulars	31st March 2016
Profit after tax as per previous GAAP (A)	2,251.62
Adjustments:	
Effect of adjustments in Property, Plant and Equipment's	(171.18)
Effect of fair valuation of derivative contracts	92.59
Effect of measuring financial assets/financial liabilities at fair value through statement of profit and loss account	7.78
Amortised cost measurement of financial assets/ financial liabilities	(18.26)
Measurement of defined benefit plans recognised in other comprehensive income	(34.57)
Others	14.17
Tax impact	37.83
Adjustment in consolidated figures due to Ind AS implementation in Group companies	(305.59)
Total adjustments (B)	(377.23)
Profit after tax as per Ind AS (C= A+B)	**1,874.39**
Other comprehensive income (net of taxes) (D)	(1,926.55)
Total comprehensive income (after taxes) (C+D)	(52.16)

Note-1

- Under the previous GAAP, investments in equity instruments were classified as long-term investments or current investments based on the intended holding period and realisability. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments have been recognised in retained earnings as at the date of transition and subsequently in the other comprehensive income for the year ended 31st March 2016.
- Under the previous GAAP, in respect to foreign currency forward contracts covered under AS -11, The Effects of Changes in Foreign Exchange Rates, the premium or discount arising at inception of foreign currency forward contracts is amortised as expense or income over the life of the contract. Derivative instruments not covered under AS 11 are accounted based on the guidance provided by the ICAI. Under Ind AS, derivatives which are not designated as hedging instruments are fair valued with resulting changes being recognised in profit or loss. Accordingly, the resulting fair value changes of all derivatives have been recognised in retained earnings as at the date of transition and subsequently in the statement of profit and loss for the year ended 31st March 2016.
- Under the previous GAAP, foreign currency borrowings were accounted for by combining a derivative and the underlying liabilities together as a single package. Treating the loan and swap as one single contract is termed as 'synthetic accounting' and this approach is not permitted under the Ind AS. Under AS, loan liabilities are recognised separately from the swap contracts. Accordingly, the resulting changes has been adjusted in retained earnings as at the date of transition and subsequently in statement of profit and loss for the year ended 31st March 2016.

Note-2

- Under the previous GAAP, dividends proposed by the board of directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, provision for proposed dividend was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting. Accordingly, the liability for proposed dividend included under provisions has been reversed with corresponding adjustment to retained earnings. Consequently, the total equity increased by an equivalent amount.

Note-3

- Under the previous GAAP, machinery spares are usually charged to the statement of profit and loss as and when consumed. Under Ind AS, spare parts are, retrospectively, recognized in accordance with Ind AS 16 when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory. Depreciation of an asset begins when it is available for use. Spare parts are generally available for use from the date of its purchase. Accordingly, spares that meet the definition of PPE are capitalized, with depreciation calculated retrospectively from the date of its purchase.
- Under the previous GAAP, capital expenditure on the assets (enabling facilities), the ownership of which is not with the Group, was charged off to statement of profit and loss. Ind AS 16 requires the Group to capitalise the capital expenses (e.g. roads, culverts, electricity transmission lines, over bridge, water and drainage system, etc.) incurred on land not owned by the entity, which are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management. Consequently, expenditures incurred by the Group on enabling facilities have been capitalised from the date of transition.
- Under the previous GAAP, repairs and overhaul expenditure incurred was charged off to the statement of profit and loss in most cases. However, major repairs and overhaul expenditure are capitalized under Ind AS 16 as

replacement costs, if they satisfy the recognition criteria of property, plant and equipment.

Note-4

- Under the previous GAAP, transaction costs incurred in connection with borrowings are amortised upfront and charged to profit or loss for the period. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss/capitalised using the effective interest method.
- Under the previous GAAP, discounting of provisions was not allowed. Under Ind AS, provisions are measured at discounted amounts, if the effect of time value is material. Accordingly, non-current provisions for decommissioning liability have been discounted to their present values. Impact for the same as at 1st April 2015, has been adjusted with retained earnings; and for the year ended on 31st March 2016 has been recognized in the statement of profit and loss.
- Under the previous GAAP, the Group has created provision for impairment of receivables consists only in respect of specific amount for incurred losses. Under Ind AS, impairment allowance has been determined based on Expected Loss model (ECL). Due to ECL model, the Group impaired its trade receivable on 1st April 2015 which has been eliminated against retained earnings. The impact for year ended on 31st March 2016 has been recognized in the statement of profit and loss.
- Under the previous GAAP, the Group has recognized the government grant related to non-monetary assets under Reserves and Surplus as capital reserves. Under Ind AS, same is not allowed. Government grant is disclosed under non-current financial liabilities.
- Under the previous GAAP, Group was following the accounting treatment as per paragraph 46/ 46A of AS 11 'The Effects of Changes in Foreign Exchange Rates', with respect to exchange differences arising on restatement of long term foreign currency monetary items. Exchange differences on account of depreciable assets was added/ deducted from the cost of the depreciable asset, which was depeciated over the balance life of the asset. In other cases, the exchange difference was accumulated in Foreign Currency Monetary Items Translation Difference Account (FCMITDA) and amortised over the balance period of such asset. Under Ind AS, Group has discontinued the accounting as per paragraph 46/ 46A of AS 11 and FCMITDA has been adjusted with retained earnings as on 1st April 2015 and Statement of profit and loss on 31st March 2016.
- Under the previous GAAP, lease accounting is normally applied to transactions, which are structured as lease. However, in accordance with Appendix C to Ind AS 17, where the Group is lessor and the arrangement is determined as finance lease, the asset shall be derecognised from property, plant and equipment and the corresponding finance lease receivables shall be recognised. Consequently, the Group has retrospectively applied the lease accounting and resultant changes have been made in retained earnings as at the date of transition and subsequently in the statement of profit and loss.
- Under the previous GAAP, the useful life of an intangible asset may not be indefinite. Under Ind AS, useful life of an intangible asset may be finite or indefinite. Ind AS 38 does not allow amortization of an intangible asset with indefinite life. Accordingly, depreciation on intangible asset with indefinite life has been reversed in financial year 2015-16.
- Under the previous GAAP, loans to employee were recorded at their transaction value. Under Ind AS, all financial assets are required to be recognized initially at fair value. Accordingly, the Group has fair valued these loans given to employees under Ind AS at the date of transition. Difference between the fair value and transaction value of the loans to employee has been recognized as prepaid employee costs. Subsequent to initial recognition, these loans are measured at amortized cost using the effective interest method. The amount of increase in carrying amount of loan to employees is recognized as interest income. Prepaid benefit is amortized on a straight line basis over the loan period as employee benefit expense.

Note-5

- Previous GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.
- In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Group has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

Note-6

- Both under the previous GAAP and Ind AS, the Group recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, remeasurements (comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through Other Comprehensive Income (OCI).

Note-7

- Under previous GAAP, non-controlling interests were presented in the consolidated balance sheet separately from liabilities and the equity of the parent's shareholders. Under Ind AS, non-controlling interests are presented in the consolidated balance sheet within total equity, separately from the equity attributable to the owners of the parent. Further, under previous GAAP, the share of non-controlling interests in the profit or loss of subsidiaries is adjusted in order to arrive at the profit of the Group whereas under Ind AS, this is reflected as an allocation of the profit or loss for the period to the parent and non-controlling interests.
- Under previous GAAP, an entity controls another entity when it has ownership, directly or indirectly, of more than one-half of the voting power of the other entity or control over the composition of board of directors so as to obtain economic benefit from its activities. In the case of Tripura Natural Gas Company Limited (TNGCL), since the Company did not hold more than 50% equity shares of TNGCL, it was not considered as a subsidiary under the previous GAAP. However, since the Company held 48.98% of the equity shares of TNGCL, it was accounted for as joint venture of the Company using the proportionate method of consolidation of accounting under previous GAAP. Based on a control assessment carried out under Ind AS 110 'Consolidated Financial Statements', TNGCL is considered to be a subsidiary of the Company under Ind AS because the Company has a sufficiently dominant voting interest to direct the relevant activities of TNGCL.

- Further, in case of Brahmaputra Cracker and Polymer Limited (BCPL), since the Company held more than 50% of equity shares of BCPL, it was accounted for as subsidiary under the previous GAAP. Under Ind AS 110, BCPL is considered to be an associate because the Company does not have majority of directors in the Board of Directors of BCPL and it does not have absolute power over managing the relevant activities of BCPL.
- The Group elected to reset the balance appearing in the foreign currency translation reserve to zero as at 1st April 2015. Accordingly, translation reserve balance under previous GAAP has been transferred to retained earnings. There is no impact on total equity as a result of this adjustment.
- Under the previous GAAP, tax expense in the consolidated financial statements was computed by performing line by line addition of tax expense of the parent and its subsidiaries. No adjustments to tax expense was made on consolidation. Under Ind AS, deferred taxes are also recognised on undistributed profits of Group companies. Also, deferred tax have been recognised on the adjustments made on transition to Ind AS.

Note -8

- Under previous GAAP, the Group has not presented Other Comprehensive Income (OCI) separately. Hence, the statement of profit and loss under previous GAAP has been reconciled with statement of profit and loss and total Other Comprehensive Income as per Ind-AS.
- In the preparation of these Ind AS Financial Statements, the Group has made several presentation differences between previous GAAP and Ind AS. These differences have no impact on reported profit or total equity. Accordingly, some assets and liabilities have been reclassified into another line item under Ind AS at the date of transition. Further, in these Financial Statements, some line items are described differently under Ind AS compared to previous GAAP, although the assets and liabilities included in these line items are unaffected.

30) Contingent Liabilities and Commitments (To the extent not provided for):-

I. Contingent Liability

(a). Claims against the Company not acknowledged as debts:-

(i) Legal cases for claim of ₹ 1,622.61 Crores (Previous Year: ₹ 1,908.80 Crores) by trade payable on account of Liquidated Damages/Price Reduction Schedule, Natural Gas price differential etc. and by customers for Natural gas transmission charges etc.

(ii) Income tax demand of ₹ 1,128.26 crore (net of provision) (Previous Year: ₹ 1,303.67 crore) against which the Company has filed appeals with appellate authorities/court. Further, the Income Tax Department has also filed appeals befor ITAT against the relief granted to the company by CIT (Appeals) amounting to ₹ 628.09 crore (including interest) (Previous Year: ₹ 354.33 crore).

(iii) Disputed Indirect tax demands are as under:

S.No	Particulars	As at 31st March 2017	As at 31st March 2016
1	Custom Duty	8.55	0.06
2	Excise Duty	3,296.34	3,135.32
3	Sales Tax / VAT	358.91	440.77
4	Entry Tax	11.42	16.16
5	Service Tax	1,363.99	1,272.91
Total		**5,039.21**	**4,865.22**

(iv) Miscellaneous claims of ₹ 162.84 crore (Previous Year: ₹ 238.29 crore)

(b) Share in Contingent Liabilities of Group Companies based on their audited / unaudited financial statement are as follows:-

(₹ in Crores)

Particular		2016-17	2015-16
a)	Subsidiaries	6,765.45	5,273.11
b)	Joint Ventures	335.75	307.87
c)	Associates	621.88	621.12

II. Capital Commitments:-

(a) Estimated amount of contracts (Net of advances) remaining to be executed on capital account and not provided for: ₹ 3,128.92 Crores (Previous Year: ₹ 2,036.26 Crores).

(b) Company's share in estimated amount of contracts remaining to be executed on capital account and not provided for based on audited / unaudited financial statement of Group Companies:-

(₹ in Crores)

Particular		2016-17	2015-16
a)	Subsidiaries	280.54	328.41
b)	Joint Ventures	414.21	661.52
c)	Associates	205.74	316.97

c) Other commitments:-

i) The Company has commitment of ₹ 1525.31 crore (Previous Year: ₹ 1775.46 crore) towards further investment and disbursement of loan in the subsidiaries, Joint Ventures, Associates and other companies.

31) Pending disposal of cases in relation to transportation charges for Uran Trombay Pipeline, the liability of ONGC Ltd., amounting to ₹ 188.3 crore (Previous year ₹ 222.14 crore) and corresponding debtors for the same amounting to ₹ 186.13 crore (Previous year ₹ 171.65 crore) have been continued as at the end of the current financial year. During the year, ONGC in a meeting with the Company has agreed that transportation charges for the said Pipeline be paid only after collection from the respective customers by the Company. In view of this the provision made in the previous year towards doubtful recovery of aforesaid debtors of ₹ 171.65 crore has been withdrawn during the year.

32) Petroleum and Natural Gas Regulatory Board (PNGRB) related matters

a) Natural Gas Pipeline Tariff and Petroleum and Petroleum Products Pipeline Transportation Tariff is subject to various Regulations issued by Petroleum and Natural Gas Regulatory Board (PNGRB) from time to time. Impact on profits, if any, is being recognized consistently as and when the pipeline tariff is revised by orders of PNGRB.

b) As per directions of Appellate Tribunal (APTEL), PNGRB has issued 06 (Six) final tariff orders applicable for financial year 2016-17. The Company has filed appeal(s) before Appellate Tribunal (APTEL), against various moderations done by PNGRB in these tariff orders. Aforesaid appeals are pending for disposal. Nonetheless, the company has recognized net revenue of ₹ 360 crore during the year in pursuance of these orders. As regards rest of the provisional orders, PNGRB is yet to issue its final orders.

c) The Company has filed a Writ Petition, during the financial year 2015-16, before the Hon'ble Delhi High Court challenging the jurisdictionof PNGRB on fixation of transmission tariff for pipelines. The Hon'ble Delhi High Court has dismissed the aforesaid Writ Petition vide its Order dated 11.04.2017. In this regard, the Company has filed a Review Petition before the Hon'ble Delhi High Court on 12th May 2017 against the said Order.

d) PNGRB on 19.02.2014 notified insertion in Affiliate Code of Conduct that an entity engaged in both marketing and transportation of natural gas shall create a separate legal entity for transportation of natural gas by 31.03.2017 and the right of first use shall, however, remain with the affiliate of such entity. The Company has challenged the said PNGRB notification before Hon' ble Delhi High Court by way of writ and the same is pending adjudication.

33) a) The balance retention from Panna Mukta Tapti (PMT) JV consortium amounting to ₹ 21.80 crore (Previous Year: ₹ 20.40 crore) (shown in Note No 12b) is kept as Earmarked Balance in short term deposit in banks. It includes interest accrued but not due amounting to ₹ 0.15 crore (Previous Year: ₹ 0.26 crore). This interest income does not belong to the Company and not accounted for as income.

b) (i) Liability on account of "Gas Pool Account" amounting to ₹ 268.56 crore (Previous Year: ₹ 927.87 crore) (shown in Note No. 14) represents amount held by the Company as custodian pursuant to directions of MOPNG. The amount received is kept as Earmarked Fund in the form of Short Term Deposits in banks (shown in Note No 12B). It includes interest accrued but not due amounting to ₹ 4.55 crore (Previous Year : ₹ 14.91 crore). This interest does not belong to the Company and not accounted for as income.

(ii) Gas Pool Money (Provisional) shown under "Other Long Term Liabilities" amounting to ₹ 655.48 crore (Previous Year: ₹ 1,006.79 crore) with a corresponding debit thereof under Trade Receivable(shown in Note No 6) (after reversal during the year in case of certain customers) will be invested/paid as and when said amount is received from the customers.

c) Liability on account of Pipeline Overrun and Imbalance Charges amounting to ₹ 99.74 crore (Previous Year: ₹ 85.81 crore) (shown in Note No 14) represents amount held by the Company as custodian pursuant to directions of PNGRB. The amount received is kept as Earmarked Fund in the form of Short Term Deposits in banks (shown in Note No 12B). It includes interest accrued but not due amounting to ₹ 3.82 crore (Previous Year: ₹ 3.93 crore) on short term deposits. This interest does not belong to the Company and not accounted for as income.

34) GAIL is acting as pool operator in terms of the decision of Government of India for pooling of natural gas for Urea Plants. The scheme envisages uniform cost of gas for urea production by settlement of difference in weighted average price of gas of each plant to the weighted average price for the industry. Accordingly, an amount of ₹ 78.34 crore (Previous Year ₹ 604..27 Crore) is payable to and correspondingly receivable from Urea Plants, as on 31st March 2017. After netting of the payable and receivable amounts, there is no impact in the financial statements..

35) GAIL is acting as pool operator in terms of the decision of the Government of India for capacity utilisation of the notified gas based power plants. The Scheme, which was applicable till 31st March 2017, envisaged support to the power plants from the Power Sector Development Fund (PSDF) of the Government of India. The gas supplies were on provisional / estimated price basis which were to be reconciled based on actual cost. Accordingly, current liabilities include a sum of ₹ 87.63 crore (Previous Year ₹ 510.89 Crore) on this account, as on 31st March 2017 which is payable to the above said power plants and / or to the Government of India.

36) Trade Receivables continued to (shown in Note No 6) include an amount of ₹ 255.36 crore (Previous Year ₹ 255.36 Crore), from Indian Oil Corporation Ltd (IOCL) towards ship or pay charges for shortfall in the Annual Contracted Quantity (for the period from 2010 to 2015), in pursuance of Gas Transmission Agreement dated 7th October 2005. IOCL, on 22nd March 2016, has disputed the claim of the Company. As per the legal opinion obtained by the Company in the matter, the dispute raised by IOCL is not tenable and hence no provision has been made during the year. IOCL vide letter dated 28th April 2017 has come forward for an amicable settlement. Adjustments, if any, shall be done on final outcome of the matter.

37) Interest free advance has been given to Petronet LNG Ltd. (PLL) for booking of regasification capacity to the tune of ₹ 561.80 crore upto 31.03.2017 (Previous year ₹ 561.80 crore). The said advance is to be adjusted within 15 years against regasification invoices of PLL. Out of above advance, PLL has adjusted ₹ 9.55 crore from Oct'16 to Mar'17. Balance amount of ₹ 552.25 crore (Previous year ₹ 561.80 crore) has been carried over as advance in Note No 10.

38) Pay Revision of the employees of the company due w.e.f. 1st January 2017 is under approval of Department of Public Enterprises, Government of India. Based on the recommendation report submitted by 3rd Pay Revision Committee for CPSEs in respect of such pay revision, provision of ₹ 93.95 Crores (Previous Year ₹ NIL) has been made on estimated basis.

39) In respect of corporate guarantees provided by the company to its related parties for obtaining loans, the company has opined that fair value of these guarantees is Nil as the beneficiary companies have not been provided any concession in the rate of interest by the lender.

40) Cabinet Committee on Economic Affairs (CCEA), Government of India in its meeting held on 21st September 2016 has approved 40% capital grant of estimated capital cost of ₹ 12,940 crore i.e. ₹ 5,176 crore to the Company for execution of Jagdishpur Haldia Bokaro Dhamra Pipeline Project (JHBDPL). During the year, the Company has received ₹ 450 crore towards capital grant on above account.

41) TAPI Pipeline Company Limited (TPCL), a Joint Venture of the Company was incorporated in November, 2014 to construct, operate and maintain Turkmenistan-Afghanistan-Pakistan-India (TAPI) Gas Pipeline. GAIL currently holds 25 equity shares of Nil value in TPCL as shown in Note no.5 to CFS.

As at 31st March 2017, GAIL has made a total payment of ₹ 26.87 crore, equivalent to USD 4.15 million (Previous Year ₹ 9.17 crore, equivalent to USD 1.5 million) towards Pre Project Expenditure of the aforesaid project. This amount has been shown as Advance against Equity in Note No. 5

Pending receipt of Financial Statements of TPCL for the year ending 31.03.2017, Consolidated Financial Statements of the Company does not include the impact thereof. In the opinion of the management the same has an insignificant impact on the Consolidated Financial Statements of the Company as the Company will be having ~5% equity stake in the Joint Venture as per Investment Agreement executed among shareholders in April, 2016.

42) Other Exceptional items includes ₹ 210.65 crore (net of expenses) (Previous Year Nil) as profit on sale of long term investment from partial off-load of 1,23,47,250 equity shares of Mahanagar Gas Limited (An Associate Company) through Initial Public Offer in June 2016.

43) During the year the company has changed the estimated useful life for depreciation on furniture and electrical equipment's provided for the use of employees (Tangible assets) from 7 years to 6 years and residual value is depreciated accordingly. However, this change has no material impact on financial statements of the company.

44) In respect of Subsidiary and Joint Ventures, the following salient notes to accounts are disclosed.

I) GAIL Gas Limited

a) The Company has taken Term loan from OIDB and HDFC to finance the project activities in the TTZ, Bengaluru, Dewas, Kota, Meerut and Sonepat. Wherever the expenditure on the projects was incurred post disbursement of loan, the borrowing cost on the same was appropriately capitalized and in respect of projects completed out of the opening capital work in progress is assumed to be funded by equity. In terms of Ind AS16 "Borrowing Costs", the total finance cost pertaining to term loans amounting to ₹ 13.00 Crores (Previous Year ₹ 17.07 Crores) was incurred, out of which an amount of ₹ 2.41 Crores (Previous Year ₹ 4.24 Crores) was capitalized during the period.

b) Claim recoverable to the tune of ₹ 112.67 Crores (Previous Year ₹ 169.83 Crores) represent excess of VAT paid on purchase of gas over the amount of VAT recovered on sale of gas in the state of Haryana and Gujarat. The recovery of balance refund is being pursued and considered good.

c) During the year 2016-17, authorization for City Gas Distribution Network in the geographical area of North Goa district has been granted to the consortium of GAIL Gas Limited and Bharat Petroleum Corporation Limited (BPCL) by Petroleum and Natural Gas Regulatory Board. The consortium company namely Goa Natural Gas Limited has been registered with ROC on dated 13th Jan 2017. As per MOU entered into with BPCL all costs related to submission of joint bids such as Cost of developing PFR and/or DFR, Application money, Bid Bond, Bid Document, Maps etc, shall be shared equally by parties. The Performance Bank Guarantee to the tune of ₹ 1504 Crores has been submitted by GAIL Gas Ltd which is backed by Corporate Guarantee of ₹ 752 Crores each by BPCL and GAIL (India) Ltd.

d) The Incidental Expenditure during Construction amounting to ₹ 21.98 Crores (Previous Year ₹ 22.13 Crores) have been allocated to completed Project & Capital work in progress in the ratio of direct and indirect allocated cost of assets.

e) CWIP includes asset under construction which are under different stage of completion, capitalization will be made after scrutiny of all cases. An amount of ₹ 0.68 Crores (Previous Year ₹ 1.67 Crores) held under CWIP related to expenditure incurred for bidding conducted by PNGRB.

f) During the year company has charged to revenue expenses for ₹ 0.40 Crores incurred on account of survey and investigation expenses for the unsuccessful geographical area related to Sholapur and Bhopal. Since, these geographical areas had been awarded to different entities other than GAIL Gas Ltd, hence the operations in those geographical areas wouldn't be done by GAIL Gas Ltd.

g) The capital expenditure incurred to the tune of ₹ 4.05 Crores for one CNG Station at Mathura has been shown under Capital Work in Progress (CWIP). The permission from NHAI for laying of pipelines along the National Highway-2 has already been received and the construction is under-going and will be capitalized in due course.

h) All the lands appearing in the books are procured from various government agencies. Total Land value as on 31.03.2017 is of ₹ 23.88 Crores out of which ₹ 12.79 Crores is Freehold Land and ₹ 11.09 Crores is Leasehold Land. Out of ₹ 12.79 Crores of Freehold land, the execution of sale deed of the freehold land (3004.42 sq. mtr) of ₹ 1.90 Crores is pending. Mutation of Freehold Lands is in process.

i) Building of ₹ 4.14 Crores is constructed on the land (693 sq. mtr) provided by the BMTC at free of cost for the CNG Station installed at Bengaluru Municipal Transport Corporation (BMTC) bus depot. The documentation of which is pending for execution.

Building of ₹ 3.26 Crores is constructed on the land provided by the dealer, warehouse and developers.

Building of ₹ 2.24 Crores is constructed on the land (2080 sq. mtr) taken on lease for the period of 05 years ending 05 Oct 2019 from MPAKVN Ltd.

j) 14 CNG Stations have commenced their operation without completing the licensing requirement and other legal formalities.

II) Tripura Natural Gas Limited

a) Under previous GAAP Grant received from Tripura industrial development corporation limited (TIDCL) for the PNG supply to industrial growth center is credited to capital reserve. As per IND – AS 20, Government grant are received from a source other than shareholders. Accordingly, capital reserve balance has been reclassified by setting off grant as deferred income in balance sheet.

b) Company receives cash from customers and uses that amount of cash to construct an item of property plant and equipment and uses the item of property plant and equipment to provide the customer with ongoing access to a supply of goods and services. Under IND – AS, such assets shall be recognised in the books of company and amount of capital reserve shall be reclassified to deferred revenue. Same shall be recognised in the statement of profit and loss over a period no longer than the useful life of asset.

III) Mahanagar Gas Ltd.

a) Company has completed Initial Public Offer (IPO) in june 2016 through offer for sale by the selling shareholders, ("The Offer"). The equity share of the company got listed on stock exchanges (BSE&NSE) on July 1, 2016.

b) On January 05, 2016 existing shareholders were offered 94,92,545 unsecured compulsorily convertible debentures (UCCDs) (Face value ₹ 10 each), on rights basis in the proportion of 17 (seventeen) unsecured CCDs for every 160 (One Hundred and Sixty) equity share of face value ₹ 10 each. 9436178 unsecured CCDs were allotted to govt. of Maharashtra against there application and the balance 56,367 unsecured CCDs were cancelled. These unsecured CCDs allotted to the Government of Maharashtra were converted at par into equity shares of the same number on June 7, 2016.

IV) Indraprastha Gas Limited

a) The company has installed various CNG stations on land leased from various government authorities under lease for periods ranging one to five years. However, assets constructed/installed on such land are depreciated generally at the rates specified in Schedule II to the Companies Act, 2013, as the management does not foresee non-renewal of the above lease arrangements by the authorities.

V) ONGC Petro additions Limited

a) Out of several LSTK contracts awarded by Opal for its mega petrochemical complex, and allegations of fraud (i.e bogus completion certification for qualification has been reported against M/s Fernas Construction Inda Pvt. Ltd (FCIPL), one of the contractor of Opal, who was awarded integrated utility and off site package for Opal petrochemical project, after investigation by the competent authority.

As per information, criminal proceedings have been initiated against representatives of FCIPL and EIL and matter is sub judice further Opal has expelled FCIPL wide letter No. Opal/BDA/CEO/PCC/325/16-17 Dated 27th April 2017 pursuant to remedies available in the contract on account of "FCIPL" committing breach of contract etc.

b) The Company has certain office / residential premises on Operating Lease which are cancellable by giving appropriate notice as per respective agreements. During the year ₹ 29.53 million (Year ended March 2016: ₹ 27.3 million) has been paid towards cancellable operating lease.

VI) Brahmaputra Cracker and Polymer Ltd.

a) During the year the Company has received approval for its revised project cost of ₹ 9965 Crore along with funding pattern for the enhanced cost of ₹ 1045 Crore. Based on the approved funding pattern from Government of India (GOI), the Company has received equity contribution from its promoters except from Govt. of Assam to the tune of ₹ 14.87 Crore. The Company has submitted its requirement to Administrative Ministry for release of entire Capital Subsidy as part of funding pattern approved, however, Government of India has sanctioned ₹ 100 Crore in the budget allocation which will be released in the FY 2017-18 and balance is expected to be allocated in the RE for FY 2017-18 or BE 2018-19. The debt component of the approved funding pattern will be drawn only either after complete drawl of equity and capital subsidy or based on the requirement. The proposal has also been submitted for revenue subsidy of ₹ 678.78 Crore (provisional) for the initial period since 2nd January, 2016 till 31st March, 2017 to meet the cash losses incurred on account of reasons beyond control of the Company viz. stabilization period after commissioning and feed stock constraints.

b) The Company has commissioned its GSU and C2+recovery Unit at Lakwa, Dist.: Shivsagar Assam, on 04th December, 2016 and accordingly, the expenditure on modification and acquisition cost of plant assets, from GAIL, total amounting to ₹ 344.19 Crore. (Previous year ₹ 216.53 Crore considered under capital work-in-progress) has been capitalized.

c) As per long term agreement with M/s. Oil India Limited (one of the promoter) for supply of Natural Gas (feedstock) for 15 years, the Company is in process of ascertaining amount adjustable towards short supply of Natural Gas in quantity and quality through a Joint Committee of both Companies. On finalization of amount, the Company will carry out necessary adjustment in the accounts in subsequent year.

VII) Green Gas Limited

a) The company's contractor M/s Torrent Project Limited was awarded three contracts for steel pipeline laying and associated work at agra. Contractor had subsequently raised a claim of ₹ 5.32 crore to misc. charges related to the said project company is of the view that said claims are not tenable and are based on arbitrary and imaginary facts. Further company had lodged a counter claim of ₹ 104 crore on the contractor for delay in project and loss of profit to the company and the case is under arbitration with sole arbitrator. The proceedings are continuing since December 2016.

VIII) Bhagyanagar Gas Limited

a) At the 11th Annual General Meeting of the company held on August 20, 2014, consent of the Company was accorded to the Board to create, offer, issue and allot, from time to time, one or more tranches, up to an aggregate of 5 crores equity shares of face value of ₹ 10 each at a price of ₹ 10 per equity share aggregating to ₹ 50 crore on a preferential basis. Accordingly 2,24,87,500 shares each were issued and allotted to GAIL and HPCL. Allotment of shares to APIIC is pending for transfer of title to the parcels of land allotted by them to the company. Aggrieved by the above decision of the Company, Kakinada Seaports Ltd., one of the shareholders approached the Company Law Board (CLB), Chennai Bench, seeking various reliefs including stay of the aforesaid issue and allotment of shares which was dismissed by CLB the same on 14th September 2014 in favour of the company. Against this dismissal order, the aggrieved shareholder has filed an appeal in the High Court of Judicature in Hyderabad and also an application, inter alia, seeking stay of allotment of said shares. The High Court has admitted the Appeal, it has not granted any stay against the order of the CLB. The matter is sub-judice.

b) Sale deed in respect of the following land has not yet been executed:-

- Land at mother station, Shamirpet, Hyderabad admeasuring 2.18 acres allotted by APIIC ₹ 218 lakhs.
- Land at Medhcal Village, R. R. Dist, Hyderabad admeasuring 180 Sq. Mtrs allotted by APIIC ₹ 10.80 lakhs.

- Land at mother Station, Sarpavaram, Vaklapudi, Kakinada admeasuring 1.50 acres allotted by APIIC ₹ 145.68 lakhs.

IX) Other Relevant information

a) The unaudited Financial statements and relevant notes to accounts available up to 21st May, 2017 has been taken in to account in preparing consolidated financial statements in respect of subsidiary, GAIL Gas Limited, and in respect of Joint ventures and associates namely China Gas Holding Limited, Mahanagar Gas Limited, Indraprashtha Gas Limited, Brahamputra Crackers and Polymers Limited, Ratnagiri Gas and Power Private Limited, ONGC Petro Additions Limited, Talcher Fertilizers Limited and Vadodara Gas Limited.

45) In compliance of Ind – AS 108 on "Operating Segments" as notified under section 133 of the Companies Act 2013, the required information is given as per **Annexure – C** to this schedule. **Operating Segments:** The operating segments have been identified as:-

(i) Transmission services

a) Natural Gas

b) LPG

(ii) Natural Gas Trading

(iii) Petrochemicals

(iv) LPG and other Liquid Hydrocarbons

(v) City Gas Distribution

(vi) Un-allocable

46) In compliance of Ind – AS 24 on "Related party Disclosures", the name of related parties, nature of relationship and details of transaction entered therewith are given in **Annexure – D.**

47) In compliance to Ind AS – 33 on "Earning Per Share" Basic and Diluted EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the company by the weighted average number of Equity shares outstanding during the year. Diluted EPS are calculated by dividing the profit for the year attributable to the equity holders of the company by weighted average number of Equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

Particular	Current Year	Previous Year
Net Profit after tax used as numerator – (₹ crores)	3,368.17	1,869.22
Weighted average numbers of equity shares used as denominator	1,69,13,03,200	1,69,13,03,200
Face value of each equity share	10	10
Earnings per share (Basic and Diluted) – (₹)	19.91	11.05
Nominal Value per Equity Share – (₹)	19.91	11.05

48) Additional information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiaries / Associates / Joint Ventures is given as per **Annexure – E.**

49) Financial Risk management

The company is exposed to a number of different financial risks arising from natural business exposures as well as its use of financial instruments including market risks relating to commodity prices, foreign currency exchange and interest rates; credit risk; and liquidity risk.

I) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, and derivative financial instruments.

a) Interest Rate Risk:-

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the long-term foreign currency loans with floating interest rates. The Company manages its interest rate risk according to its Board approved Foreign Currency and Interest Rate Risk Management policy'. Market interest rate risk is mitigated by hedging through appropriate derivatives products, such as interest rate swaps & full currency swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

Interest rate sensitivity

With all other variables held constant, the following table demonstrates the sensitivity to a reasonably possible change in interest rates on floating rate portion of forex loans and borrowings after considering the impact of swap contracts:-

Particulars	31st March 2017			31st March 2016		
	US Dollar (LIBOR)		Others	US Dollar (LIBOR)		Others
Increase/decrease **(in Basis Points)**	+10	-10	Nil	10	-10	Nil
Effect on profit before Tax (₹ **in Crores**)	-0.49	0.49		-1.43	1.43	

*LIBOR-London Interbank Offer Rate

With all other variables held constant, the following table demonstrates the sensitivity to a reasonably possible change in interest rates on Corporate Linked Deposit Scheme (CLTD):-

Particulars	31st March 2017			31st March 2016		
	₹ (MIBOR)		Others	₹ (MIBOR)		Others
Increase/decrease **(MIBOR)**	+100	-100	Nil	+100	-100	Nil
Effect on profit before Tax (₹ **in Crores**)	1.36	-1.36		+0.25	-0.25	

The table below summarizes the impact of a potential increase or decrease on the Group's profit before tax, as applied to the variable element of interest rates on loans and borrowings. The increase/decrease is based on management estimates of potential interest rate movements in ₹ loans.

(₹ in Crores)

Particulars	31st March 2017		31st March 2016	
	Increase Decrease in IR basis point		Increase Decrease in IR basis point	
Increase/decrease **(in Basis Points)**	**+100**	-100	**+100**	-100
Effect on profit before Tax **(₹ in Crores)**	**-0.82**	0.82	-2.15	2.15

b) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Company transacts business in local currency and in foreign currency, primarily U.S. dollars. Company has obtained foreign currency loans and has foreign currency trade payables and receivables and is therefore, exposed to foreign exchange risk. As per its Board approved policy, Company may mitigate its foreign currency risk through plain vanilla derivative products such as foreign exchange option contracts, swap contracts or forward contracts towards hedging such risks. These foreign exchange contracts, carried at fair value, may have varying maturities depending upon the underlying contract requirement and risk management strategy of the Company.

Foreign Currency Sensitivity

The following table demonstrates the sensitivity in the USD, Euro, and other currencies to the functional currency of Company, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including foreign currency derivatives.

Particulars	31st March 2017				31st March 2016			
	USD		Other Currency		USD		Other Currency	
Increase/decrease in Exchange Rate (%)	1%	-1%	1%	-1%	1%	-1%	1%	-1%
Effect on profit before Tax (₹ in Crores)	-45.62	45.62	-1.86	1.86	-63.65	63.65	-2.22	2.22

c) Commodity price risk

Company imports LNG for marketing and for its internal consumption on an on-going basis and is not exposed to the price risk to the extent it has contracted with customers in India on back to back basis. However, a part of imported volume is not contracted on back to back basis. As most of the LNG purchase contract prices are based on crude based index, therefore Company is exposed to volatility in crude prices. In order to mitigate this crude linked price risk, Company has been taking appropriate derivative products in line with the Board approved ' Natural Gas Price Risk Management Policy'

As on 31st March 2017, there is no significant risk with respect to the open derivative contract.

d) Equity Price Risk

The Company's listed and non-listed equity investments are susceptible to market price risk arising from uncertainties about future values of these investments. The Company manages the equity price risk through review of investments by Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all the equity investment decisions of the Company.

At the reporting date, the exposure to unlisted equity investments at fair value was ₹ 293.76 Crore (Previous Year ₹ 301.79 Crore).

At the reporting date, the exposure to listed equity investments at fair value was ₹ 5712.87 Crore (Previous Year ₹ 4419.89 Crore). A variation of (+/-) 10% in share price of equity investments listed on the stock exchange could have an impact of approximately (+/-) ₹ 571 Crore (Previous Year ₹ 442 Crore) on the OCI and equity investments of the Company. These changes would not have an effect on profit or loss.

II) Liquidity Risk

Liquidity is the risk that suitable sources of funding for Company's business activities may not be available. The Company's objective is to maintain optimum level of liquidity to meet its cash and collateral requirements. The Company closely monitors its liquidity position and deploys a robust cash management system. It also maintains adequate sources to finance its short term and long term fund requirement such as overdraft facility and Long term borrowing through domestic and international market.

Liquidity risk - Maturity profile as on 31st March 2017

(₹ in Crores)

Particulars	On demand	Less than 3 months	3 to 12 months	>1 to 5 years	> 5 years	Total
Borrowings (Non-current) #	-	-	0	2825.80	428.18	**3253.98**
Borrowings (current) #	9.48	253.78	1878.96	-	-	**2142.22**
Interest on Borrowings##	-	126.47	239.72	499.82	62.95	**928.96**
Trade Payables	-	2828.40	-	-	-	**2828.40**
Other Financial Liabilities (Current)	54.84	1750.25	17.93	-	-	**1823.02**
Other Financial Liabilities (Non-Current)	-	-	-	609.69	-	**609.69**
Total	**64.32**	**4958.89**	**2136.61**	**3935.31**	**491.13**	**11,586.27**

\# Borrowings include impact of derivative contracts.

\## includes interest accrued but not due as on 31st March 2017 as well as interest to be paid till maturity.

Liquidity risk - Maturity profile as on 31st March 2016

(₹ in Crores)

Particulars	On demand	Less than 3 months	3 to 12 months	>1 to 5 years	> 5 years	Total
Borrowings (Non-current) #	-	-	-	5013.41	604.87	5618.28
Borrowings (current) #	111.50	208.84	2174.15	-	-	2494.94
Interest on Borrowings##	-	199.45	309.6	873.15	110.98	1493.18
Trade Payables	-	2935.73	-	-	-	2,935.73
Other Financial Liabilities (Current)	43.25	1780.18	579.91	-		2403.34
Other Financial Liabilities (Non-Current)	-	-	-	936.37	-	936.37
Total	**155.20**	**5124.21**	**3063.66**	**6822.93**	**715.85**	**15881.85**

\# Borrowings include impact of derivative contracts.

\## includes interest accrued but not due as on 31st March 2016 as well as interest to be paid till maturity.

Liquidity risk - Maturity profile as on 1st April 2015

(₹ in Crores)

Particulars	On demand	Less than 3 months	3 to 12 months	>1 to 5 years	> 5 years	Total
Borrowings (Non-current) #	-	-	-	6744.99	1033.6	7778.05
Borrowings (current) #	33.67	441.35	1272.40	-	-	1747.41
Interest on Borrowings##	-	220.66	399.05	1283.71	194.31	2097.73
Trade Payables	-	3381.71	-	-	-	3381.71
Other Financial Liabilities (Current)	40.96	1413.45	622.84	-	-	2077.25
Other Financial Liabilities (Non-Current)	-	-	-	2103.16	-	2103.16
Total	**74.63**	**5457.17**	**2294.29**	**10131.86**	**1227.37**	**19185.32**

\# Borrowings include impact of derivative contracts.

\## includes interest accrued but not due as on 1st April 2015 as well as interest to be paid till maturity.

III) Credit risk

Credit risk is the risk that a customer or counter party to a financial instrument will fail to perform or fail to pay amounts due, causing financial loss to the company and arises from cash and cash equivalents, derivative financial instruments and deposits with financial institutions and principally from credit exposures to customers relating to outstanding receivables. Credit exposure also exists in relation to guarantees issued by company. Each segment is responsible for its own credit risk management and reporting. Credit risk is considered as part of the risk-reward balance of doing business. On entering into any business contract the extent to which the arrangement exposes the company to credit risk is considered.

Trade receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored. An impairment analysis is performed at each reporting date on an individual basis for major clients.

Particulars	Neither past due not impaired	Past due but not impaired				Total
		Less than 30 days	30 to 60 days	60 to 90 days	Above 90 days	
As on 31st March 2017	2276.69	156.78	311.92	.49	1108.51	**3854.39**
As on 31st March 2016	2251.37	157.23	310.26	0.28	1104.90	**3824.04**
As on 1st April 2015	2581.51	181.99	352.82	0.30	2399.89	**5516.51**

Provision for Doubtful Debts

The following table summarizes the changes in the allowances for doubtful accounts for trade receivables:

Particulars	31st March 2017	31st March 2016
Start of the year	798.71	630.91
Provision for Impairment		
Receivables written off during the year as uncollectible	-93.94	167.80
Unused amounts reversed		
End of year	704.77	798.71

Financial Instruments and Cash Deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with approved limits of its empanelled bank for the purpose of Investment surplus funds and foreign exchange transactions. Foreign exchange transaction and Investments of surplus funds are made only with empanelled Banks. Credit limits of all Banks are reviewed by the Management on regular basis.

IV) Capital management

For the purpose of the capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders, or issue new shares. No changes were made in the objectives, policies or processes during the reporting years.

50) Accounting classifications and fair value measurements

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

As at 31st March 2017, the Company held the following financial instruments carried at Fair value on the statement of financial position:

(₹ in Crores)

Particulars	Carrying Amount 31st March 2017	Fair value Level 1	Level 2	Level 3
Financial assets at amortised cost:				
Non-current				
Trade receivables	1,103.66	-	-	-
Investment	4261.49			
Loans and receivables	623.92	-	-	-
Current				
Trade receivables	2,750.73	-	-	-
Loans and receivables	739.93	-	-	-
Cash and Cash Equivalents	519.68	-	-	-
Earmarked Bank Deposits	649.91	-	-	-
Financial assets at fair value through profit and loss account:				
Non-current				
Derivative instruments	6.87	-	6.87	-
Current				
Derivative instruments	57.39	-	57.39	-
Financial assets at fair value through other comprehensive income:				
Investments	6006.63	5712.87	-	293.76
Financial liabilities at amortised cost:				
Non current				
Finance lease obligations	0.84			
Interest-bearing loans and borrowings	3179.00			
Other payables	814.34			
Current				
Trade payables	2,740.65			
Finance lease obligations	0.06			
Interest-bearing loans and borrowings	2102.31			
Interest Accrued but not due	85.52			
Other payables	2481.79			
Financial liabilities at fair value through Profit and loss account:				
Non current				
Derivatives instruments	75.15		75.17	
Current				
Derivatives instruments	59.31		59.31	

Note: The carrying cost is approximately equal to their Fair Market Value

As at 31st March 2016, the Company held the following financial instruments carried at Fair value on the statement of financial position:

(₹ in Crores)

Particulars	Carrying Amount 31st March 2016	Fair value Level 1	Level 2	Level 3
Financial assets at amortised cost:				
Non-current				
Trade receivables	1,100.58			
Investments	5122.72			
Loans and receivables	699.15			
Current				
Trade receivables	2,723.46			
Loans and receivables	584.76			
Cash and Cash Equivalents	104.85			
Earmarked Bank Deposits	1043.28			
Financial assets at fair value through profit and loss account:				
Non-current				
Derivative instruments	219.09		219.09	
Investments	5122.72			
Current				
Derivative instruments	46.94		46.94	
Investments				
Financial assets at fair value through other comprehensive income:				
Investments	4721.68	4419.89		301.79
Financial liabilities at amortised cost:				
Non-current				
Trade payables	-			
Finance lease obligations	0.87			
Interest-bearing loans and borrowings	5,864.85			
Other payables	1107.73			
Current				
Trade payables	2,909.15			
Finance lease obligations	0.00			
Interest-bearing loans and borrowings	3186.79			
Interest Accrued but not due	110.47			
Other payables	2282.82			
Financial liabilities at fair value through Profit and loss account:				
Non-current				
Derivatives instruments	28.48		28.48	
Current				
Derivatives instruments	27.30		27.30	

Note: The carrying cost of Interest-bearing loans and borrowings is approximately equal to their Fair Market Value

As at 31st March 2015, the Company held the following financial instruments carried at fair value on the statement of financial position:

(₹ in Crores)

Particulars	Carrying Amount 31st March 2015	Fair value Level 1	Fair value Level 2	Fair value Level 3
Financial assets at amortised cost:				
Non-current				
Trade receivables	2,398.76			
Loans and receivables	680.49			
Investments	5220.47			
Current				
Trade receivables	2,398.76			
Loans and receivables	680.49			
Investments				
Cash and Cash Equivalents	75.82			
Earmarked Bank Deposits	920.32			
Financial assets at fair value through profit and loss account:				
Non-current				
Derivative instruments	116.06		116.06	
Investments				
Current				
Derivative instruments	90.87		90.87	
Investments				
Financial assets at fair value through other comprehensive income:				
Investments	6651.53	6312.69		338.84
Financial liabilities at amortised cost:				
Non-current				
Trade payables	-			
Finance lease obligations	4.03			
Interest-bearing loans and borrowings	7,887.63			
Other payables	2156.68			
Current				
Trade payables	3,415.91			
Finance lease obligations	0.02			
Interest-bearing loans and borrowings	2389.24			
Interest Accrued but not due	112.20			
Other payables	2108.48			
Financial liabilities at fair value through Profit and loss account:				
Non-current				
Derivatives instruments	82.29		82.29	
Current				
Derivatives instruments	6.98		6.98	

Note: The carrying cost of Interest-bearing loans and borrowings is approximately equal to their Fair Market Value

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Description for significant unobservable inputs to valuation:

The following table shows the valuation techniques and inputs used for financial instruments:

	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Investments	Discounted Cash flow method using risk adjusted discount rate		

The following table shows a reconciliation of opening balances to the closing balances for Level 3 fair values:

Particulars	Amount (₹ In Crores)
Balance as at 1st April 2015	**338.84**
Add: Reclassification from Investment in Associates to Financial Assets at Fair Value through other Comprehensive Income (FVOCI)	20.76
Less: Fair Value loss recognized in Other Comprehensive Income	57.81
Balance as at 31st March 2016	**301.79**
Less: Fair Value loss recognized in Other Comprehensive Income	8.03
Balance as at 31st March 2017	**293.76**

51) Previous year's (PY) figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board of Directors

A. K. Jha	**Subir Purkayastha**	**Dr. Ashutosh Karnatak**	**B. C. Tripathi**
Company Secretary	Director (Finance)	Director (Projects)	Chairman & Managing Director

As per separate Report of even date

For **O. P. Bagla & Co.**	For **G. S. Mathur & Co.**
Chartered Accountants	Chartered Accountants
Firm No.: 000018N	Firm No.: 08744N
(Rakesh Kumar)	**(Rajiv Kumar Wadhawan)**
(Partner)	(Partner)
Membership No.: 087537	Membership No.: 091007

Place : **New Delhi**
Dated : **22nd May, 2017**

Annexure-A

A) Information About Partially owned Subsidiaries having material non controlling interest:-

The following table summarises the information relating to TNGCL that has material Non controlling interest before any intra group elimination for the Financial year ending 31st March 2017:-

(₹ in Crores)

Particulars	31st March 2017	31st March 2016	1st April 2015
A.) Proportion of equity Interest held by non controlling Interest			
Tripura Natural Gas Limited	51.02%	51.02%	51.02%
B) Summarised financial Information of partly owned subsidiary			
Balance Sheet			
Non-Current Assets	73.63	75.49	49.47
Current Assets (Other than cash and cash equivalent)	18.14	12.60	15.52
Cash and Cash Equivalent	18.70	6.02	8.35
Non-Current Liabilities	22.54	25.61	21.98
Current Liabilities	23.23	15.11	14.13
Equity	64.69	53.39	37.23
Attributable to non controlling interest	33.00	27.24	18.99
Profit and Loss			
Revenue	66.98	65.85	-
Expenses	49.81	50.12	-
Pre-tax Profit / (Loss)	17.17	15.73	-
Income Tax expenses	5.87	5.60	-
Post-tax Profit / (Loss)	11.30	10.13	-
Other Comprehensive Income	-	-	-
Total comprehensive profit / (loss)	11.30	22.92	-
Attributable to non controlling interest	5.76	5.17	-
Dividend paid to Non controlling interest	-	-	-

Annexure-B

A) Summarised financial information of joint ventures for the Financial year ending 31st March 2017

(₹ in Crores)

Particulars	Total	Central UP Gas Limited	Green Gas Limited	Mahanagar Natural Gas Limited	Aavantika Gas Limited	Bhagya-nagar Gas Ltd.	Ratnagiri Gas and Power Pvt. Ltd.	ONGC Petro-Addition Ltd.	Talcher Fertilizers Ltd.	Vadodara Gas Limited
Status of Accounts		**Audited**	**Audited**	**Audited**	**Audited**	**Audited**	**Unaudited**	**Unaudited**	**Unaudited**	**Unaudited**
Assets										
Non-Current Assets	**36,271.59**	**153.07**	**223.63**	**650.00**	**254.97**	**336.66**	**6,497.17**	**28,156.08**	**0.01**	**261.78**
Current Assets										
Cash and cash Equivalents	507.25	87.05	4.65	13.57	1.59	44.44	350.67	5.24	0.05	12.83
Other Current Assets (Excluding cash and cash equivalents)	2,159.47	14.45	79.47	86.34	22.17	40.19	687.34	1,229.49	0.01	39.56
Total current assets	**2,666.72**	**101.50**	**84.12**	**99.91**	**23.76**	**84.63**	**1,038.01**	**1,234.74**	**0.05**	**52.39**
Liabilities										
Non-Current Liabilities										
Non Current Financial Liabilities (Other than trade and other payables and provisions)	25,091.11	-	-	249.89	157.25	53.95	5,519.19	19,110.84	-	13.17
Other Non Current Liabilities	451.18	12.58	15.71	33.15	7.85	8.55	9.09	364.24	-	15.33
Total non current liabilites	**25,542.29**	**12.58**	**15.71**	**283.04**	**165.10**	**62.50**	**5,528.28**	**19,475.08**	**-**	**28.49**
Current Liabilities										
Current Financial Liabilities (Other than trade and other payables and provisions)	11,283.12	26.60	30.66	111.02	19.41	262.38	2,487.75	8,345.29	0.02	5.62
Other Current Liabilities	2,885.72	8.20	8.56	23.66	4.46	6.19	2,415.94	418.69	0.01	29.55
Total Current Liabilities	**14,168.84**	**34.80**	**39.22**	**134.68**	**23.87**	**268.58**	**4,903.69**	**8,763.98**	**0.03**	**35.17**
Equity	(772.83)	207.18	252.83	332.20	89.75	90.21	(2,896.79)	1,151.76	0.03	250.50
Percentage of Group's ownership interest		25.00%	49.97%	22.50%	49.97%	49.97%	25.50%	49.21%	30.00%	50.00%
Interest in joint venture/associate	170.83	51.80	126.35	74.74	44.85	45.08	(738.79)	566.78	0.02	125.25
Carrying amount of interest in Joint Venture	**170.83**	**51.80**	**126.35**	**74.74**	**44.85**	**45.08**	**(738.79)**	**566.78**	**0.02**	**125.25**
Revenue	3,736.31	240.61	219.50	535.83	131.44	131.21	2,368.27	109.45	-	124.61
Depreciation	3,225.98	9.37	6.80	28.48	7.29	8.22	2,828.63	337.19	-	3.37
Finance Income	114.68	-	-	-	-	-	-	114.68	-	-
Finance Cost	1,488.56	-	-	17.03	7.29	17.58	749.30	697.35	-	2.01
Income tax expenses	425.74	26.35	24.07	41.37	13.76	5.26	-	314.93	-	7.79
Other Expenses	2,850.81	156.40	143.83	372.39	84.03	87.05	1,871.47	135.65	-	108.70
Profit for the year	**(4,369.46)**	**48.49**	**44.80**	**76.56**	**19.07**	**13.10**	**(3,081.13)**	**(1,490.35)**	**-**	**2.74**
Other Comprehensive Income	(0.40)	(0.12)	(0.02)	(0.28)	0.01	(0.00)	-	-	-	-
Group's share in joint venture's/ associates profit for the year	(712.70)	12.09	22.38	17.16	9.54	6.54	(47.02)	(733.40)	-	1.37
Consolidation adjustments	(10.84)	(3.97)	-	(6.87)	-	0.01	-	-	(0.01)	-
Group's share in joint venture's/ associates profit recognised	**(723.55)**	**8.12**	**22.38**	**10.29**	**9.54**	**6.56**	**(47.02)**	**(733.40)**	**(0.01)**	**1.37**
Dividends received from associate	9.02	3.30	-	5.72	-	-	-	-	-	

* Unrecognised Loss amount restriction for RGPPL

Summarised financial information of joint ventures for the Financial year ending 31st March 2016

(₹ in Crores)

Particulars	Total	Central UP Gas Limited	Green Gas Limited	Mahanagar Natural Gas Limited	Aavantika Gas Limited	Bhagya-nagar Gas Ltd.	Ratnagiri Gas and Power Pvt. Ltd.	ONGC Petro-Addition Ltd.	Talcher Fertilizers Ltd.	Vadodara Gas Limited
Assets										
Non-Current Assets	**36,047.24**	**135.69**	**191.02**	**555.31**	**196.23**	**327.28**	**9,285.10**	**25,356.61**	**-**	**254.66**
Current Assets										
Cash and cash Equivalents	146.09	64.27	3.91	22.90	4.43	22.20	27.68	0.66	0.05	7.33
Other Current Assets (Excluding cash and cash equivalents)	901.17	12.10	60.34	70.64	17.96	30.04	612.21	97.88	0.00	43.98
Total current assets	**1,047.26**	**76.37**	**64.24**	**93.54**	**22.39**	**52.24**	**639.89**	**98.54**	**0.05**	**51.31**
Liabilities										
Non-Current Liabilities										
Non Current Financial Liabilities (Other than trade and other payables and provisions)	22,238.92	-	-	216.86	120.14	42.06	7,784.96	14,074.90	-	13.17
Other Non Current Liabilities	177.24	10.84	13.33	21.00	1.12	7.32	8.28	115.35	-	7.54
Total non current liabilities	**22,416.16**	**10.84**	**13.33**	**237.86**	**121.27**	**49.38**	**7,793.24**	**14,190.25**	**-**	**20.70**
Current Liabilities										
Current Financial Liabilities (Other than trade and other payables and provisions)	9,284.27	19.25	23.33	103.38	22.18	248.23	245.97	8,621.93	0.00	11.08
Other Current Liabilities	1,750.54	7.28	10.55	21.13	4.50	4.79	1,701.43	0.86	-	26.43
Total Current Liabilities	**11,034.81**	**26.52**	**33.88**	**124.51**	**26.68**	**253.02**	**1,947.40**	**8,622.80**	**0.00**	**37.50**
Equity	3,643.53	174.70	208.05	286.49	70.67	77.11	184.35	2,642.11	0.05	247.76
Percentage of Group's ownership interest		25.00%	49.97%	22.50%	49.97%	49.97%	25.50%	49.21%	30.00%	50.00%
Interest in joint venture/associate	1,633.17	43.67	103.97	64.46	35.31	38.53	47.02	1,300.18	0.02	123.88
Carrying amount of interest in associates	**1,633.17**	**43.67**	**103.97**	**64.46**	**35.31**	**38.53**	**47.02**	**1,300.18**	**0.02**	**123.88**
Revenue	2,298.37	221.29	203.29	507.84	124.90	122.27	1,115.00	3.78	-	127.85
Depreciation	653.86	8.34	4.80	15.79	5.19	7.63	587.36	24.76	-	2.98
Finance Income	-	-	-	-	-	-	-	-	-	-
Finance Cost	864.37	-	0.29	7.22	7.49	19.65	798.54	31.17	-	1.71
Income tax expenses	194.70	17.76	18.87	41.54	4.43	1.49	-	110.61	-	2.13
Other Expenses	1,681.47	162.32	144.93	367.64	90.80	88.75	815.57	11.45	-	107.24
Profit for the year	**(1,096.02)**	**32.87**	**34.40**	**75.66**	**16.98**	**4.75**	**(1,086.47)**	**(174.21)**	**-**	**13.79**
Other Comprehensive Income	0.19	0.12	0.06	(0.01)	0.00	0.01	-	-	-	-
Group's share in joint venture's/ associates profit for the year	(309.46)	8.25	17.22	17.02	8.49	2.38	(277.09)	(85.73)	-	6.89
Consolidation adjustments	82.17	(2.48)	-	(2.19)	-	-	86.84	-	-	(2.27)
Group's share in joint venture's/ associates profit recognised	**(227.30)**	**5.77**	**17.22**	**14.83**	**8.48**	**2.38**	**(190.25)**	**(85.73)**	**-**	**4.62**
Dividends received from associate	2.82	2.10	-	0.72	-	-	-	-	-	

B) Summarised financial information of Associates for the Financial year ending 31st March 2017

(₹ in Crores)

Particulars	Total	China Gas Holding Ltd.	Mahanagar Gas Limited	Indraprastha Gas Limited	Petronet LNG Limited	Fayoum Gas Company	National Gas Company	BCPL
Assets								
Non-Current Assets	**56,850.81**	**34,352.37**	**1,828.32**	**2,742.90**	**9,010.96**	**1.24**	**214.02**	**8,701.00**
Current Assets								
Cash and cash Equivalents	4,889.93	3,880.85	146.66	496.10	320.99	12.21	33.08	0.04
Other Current Assets (Excluding cash and cash equivalents)	15,128.15	7,728.20	649.27	852.34	4,581.64	101.58	480.58	734.54
Total current assets	**20,018.08**	**11,609.05**	**795.93**	**1,348.44**	**4,902.63**	**113.79**	**513.67**	**734.58**
Liabilities								
Non-Current Liabilities								
Non Current Financial Liabilities (Other than trade and other payables and provisions)	20,347.39	10,417.73	2.90	1.58	2,835.79	-	-	7,089.40
Other Non Current Liabilities	1,809.13	653.48	151.63	202.86	736.74	0.04	-	64.37
Total non current liabilities	**22,156.52**	**11,071.21**	**154.53**	**204.44**	**3,572.53**	**0.04**	**-**	**7,153.77**
Current Liabilities								
Current Financial Liabilities (Other than trade and other payables and provisions)	12,691.96	9,162.26	427.89	685.02	1,208.63	1.26	134.13	1,072.77
Other Current Liabilities	11,853.76	9,264.29	201.80	275.91	954.04	98.37	309.56	749.79
Total Current Liabilities	**24,545.72**	**18,426.56**	**629.68**	**960.93**	**2,162.67**	**99.63**	**443.69**	**1,822.56**
Equity	30,166.65	16,463.65	1,840.04	2,925.97	8,178.39	15.36	284.00	459.25
Percentage of Group's ownership interest		3.02%	32.50%	22.50%	12.50%	19%	5%	70.74%
Interest in joint venture/associate	3,045.48	424.83	598.01	658.34	1,022.30	2.92	14.20	324.88
Carrying amount of interest in associates	**3,046.76**	**424.83**	**598.01**	**658.34**	**1,022.30**	**2.92**	**14.20**	**324.88**
Revenue	57,581.19	25,327.73	2,239.07	4,222.51	24,616.03	43.31	354.05	778.49
Depreciation	1,013.47	-	95.13	193.57	369.07	0.35	3.66	351.68
Finance Income	21.23		-	16.33	-	4.90	-	-
Finance Cost	1,174.84	659.01	1.02	1.21	209.65	0.05	1.13	302.77
Income tax expenses	1,140.31	-	207.23	288.83	654.52	2.75	51.52	(64.54)
Other Expenses	49,182.81	21,923.92	1,542.26	3,151.61	21,659.66	26.34	143.04	735.98
Profit for the year	**5,048.53**	**2,744.80**	**393.43**	**570.96**	**1,723.13**	**8.91**	**154.70**	**(547.40)**
Other Comprehensive Income	(3.51)	-	(0.66)	(0.87)	(1.79)	-	-	(0.19)
Group's share in joint venture's/ associates profit for the year	176.00	82.87	127.65	128.27	215.17	1.69	7.74	(387.38)
Consolidation adjustments	(530.96)	(56.88)	(377.23)	(36.02)	(25.68)	(3.01)	(32.14)	-
Group's share in joint venture's/ associates profit recognised	**(354.96)**	**25.99**	**(249.59)**	**92.25**	**189.49**	**(1.32)**	**(24.41)**	**(387.37)**
Dividends received from associate	160.39	25.17	81.86	29.93	23.44	-	-	-

Summarised financial information of Associates for the Financial year ending 31st March 2016

(₹ in Crores)

Particulars	Total	China Gas Holding Ltd.	Mahanagar Gas Limited	Indraprastha Gas Limited	Petronet LNG Limited	Fayoum Gas Company	National Gas Company	BCPL
Assets								
Non-Current Assets	**53,187.63**	**30,815.50**	**1,631.45**	**2,556.62**	**8,888.72**	**20.43**	**156.48**	**9,118.42**
Current Assets								
Cash and cash Equivalents	7,638.39	4,543.32	22.19	453.76	2,176.71	22.37	393.93	26.11
Other Current Assets (Excluding cash and cash equivalents)	10,584.51	6,816.96	716.84	368.71	1,409.20	168.73	616.22	487.85
Total current assets	**18,222.89**	**11,360.28**	**739.03**	**822.47**	**3,585.91**	**191.10**	**1,010.14**	**513.96**
Liabilities								
Non-Current Liabilities								
Non Current Financial Liabilities (Other than trade and other payables and provisions)	21,466.30	10,564.22	4.84	-	3,632.92	3.85	-	7,260.47
Other Non Current Liabilities	1,529.05	615.39	131.13	179.11	594.18	0.06	-	9.19
Total non current liabilities	**22,995.35**	**11,179.61**	**135.97**	**179.11**	**4,227.10**	**3.90**	**-**	**7,269.65**
Current Liabilities								
Current Financial Liabilities (Other than trade and other payables and provisions)	10,979.14	8,399.03	355.88	522.16	803.09	2.15	-	896.83
Other Current Liabilities	9,389.39	6,635.51	150.20	161.86	781.98	183.16	909.24	567.43
Total Current Liabilities	**20,368.53**	**15,034.54**	**506.08**	**684.02**	**1,585.07**	**185.32**	**909.24**	**1,464.26**
Equity	28,046.64	15,961.63	1,728.43	2,515.96	6,662.46	22.32	257.39	898.46
Percentage of Group's ownership Interest		2.99%	49.75%	22.50%	12.50%	19%	15%	67.56%
Interest in joint venture/associate	3,291.12	398.84	859.94	566.09	832.81	4.24	22.16	607.04
Carrying amount of interest in associates	**3,292.09**	**398.84**	**859.94**	**566.09**	**832.81**	**4.24**	**22.16**	**607.04**
Revenue	59,373.76	25,426.47	2,285.13	4,064.21	27,133.42	69.31	393.30	1.92
Depreciation	684.14	0	82.61	184.15	321.60	0.29	4.53	90.96
Finance Income	7.05	0	-	1.87	-	5.18	-	-
Finance Cost	821.82	500.59	2.22	9.92	238.75	0.83	0.90	68.61
Income tax expenses	704.81	0	160.74	218.88	285.98	2.68	30.04	6.49
Other Expenses	53,488.74	22,766.55	1,728.67	3,230.72	25,359.24	55.89	239.29	108.38
Profit for the year	**3,667.20**	**2,159.32**	**310.89**	**418.67**	**927.85**	**4.44**	**118.54**	**(272.51)**
Other Comprehensive Income	1.27	0	1.69	(0.35)	(0.03)	-	-	(0.04)
Group's share in joint venture's/ associates profit for the year	264.60	64.51	155.52	94.12	115.98	0.84	17.78	(184.15)
Consolidation adjustments	(165.34)	(25.92)	(93.63)	(22.74)	(22.57)	0.84	(1.33)	-
Group's share in joint venture's/ associates profit recognised	**99.26**	**38.59**	**61.90**	**71.38**	**93.41**	**1.68**	**16.45**	**(184.15)**
Dividends received from associate	139.45	24.02	77.79	18.90	18.75	-	-	-

(Annexure - C)

INFORMATION ABOUT BUSINESS SEGMENTS FOR FINANCIAL YEAR 2016-17

(₹ in Crores)

S. No.	SEGMENTS	TRANSMISSION SERVICES *		NATURAL GAS MARKETING **	PETRO-CHEMICALS	LPG & LIQUID HYDROCARBONS	CITY GAS	OTHER SEGMENT ***	UN-ALLOCABLE	TOTAL	ELIMI-NATION	CONSOLIDATED TOTAL
		NATURAL GAS	LPG	Note 1			Note 2	Note 3				
1	**REVENUE**											
	External Sales/Other Income	4,194.53	514.52	34,630.35	5,625.58	3,137.72	337.45	796.55	-	49,236.70	-	49,236.70
	Intersegment sales	411.31	-	5,974.62	20.44	53.96	2,543.13	17.77	-	9,021.23	9,021.23	-
	Total revenue	**4,605.84**	**514.52**	**40,604.97**	**5,646.02**	**3,191.68**	**2,880.58**	**814.32**	**-**	**58,257.93**	**9,021.23**	**49,236.70**
2	**RESULTS**											
	Segment Result (Profit before Interest &Tax)	2,345.63	251.12	1,294.02	449.64	1,237.72	134.95	(40.18)	-	5,672.90	-	5,672.90
	Unallocated expenses (Net)	-	-	-	-	-		-	49.55	49.55	-	49.55
	Operating Profit	**2,345.63**	**251.12**	**1,294.02**	**449.64**	**1,237.72**	**134.95**	**(40.18)**	**(49.55)**	**5,623.36**	**-**	**5,623.36**
	Interest Expenses	-	-	-	-	-	-	-	510.99	510.99	-	510.99
	Interest/ Dividend Income	-	-	-	-	-	-	-	644.93	644.93	-	644.93
	Provision for Taxation	-	-	-	-	-	-	-	1,809.36	1,809.36	-	1,809.36
	Profit/(Loss) from Ordinary Activities	**2,345.63**	**251.12**	**1,294.02**	**449.64**	**1,237.72**	**134.95**	**(40.18)**	**(1,724.96)**	**3,947.94**	**-**	**3,947.94**
	Share of Profit (Loss) from Associates & JV's								(574.02)	(574.02)		(574.02)
	Extra Ordinary Items	-	-	-	-	-	-	-	-	-	-	-
	Net Profit/(Loss)	**2,345.63**	**251.12**	**1,294.02**	**449.64**	**1,237.72**	**134.95**	**(40.18)**	**(2,298.98)**	**3,373.92**	**-**	**3,373.92**
3	**OTHER INFORMATION**											
	Segment Assets	24,536.27	814.06	-	9,964.21	947.27	260.87	2,526.64	-	39,049.32	-	39,049.32
	Unallocated Assets	-	-	-	-	-		-	19,582.24	19,582.24	-	19,582.24
	Total Assets	**24,536.27**	**814.06**	**-**	**9,964.21**	**947.27**	**260.87**	**2,526.64**	**19,582.24**	**58,631.56**	**-**	**58,631.56**
	Segment Liabilities	4,934.63	82.11	-	677.10	207.26	192.30	181.00	-	6,274.40	-	6,274.40
	Unallocated Liabilities	-	-	-	-	-	-	-	13,019.27	13,019.27	-	13,019.27
	Total Liabilities	**4,934.63**	**82.11**	**-**	**677.10**	**207.26**	**192.30**	**181.00**	**13,019.27**	**19,293.67**	**-**	**19,293.67**
	Cost to acquire fixed assets	1,015.10	44.98	-	173.07	54.08	248.38	42.53	33.19	1,611.32	-	1,611.32
	Depreciation*	723.45	51.44	0.05	414.80	46.36	22.91	239.43	44.57	1,543.01	-	1,543.01
	Non Cash expenses other than Depreciation*	133.78	1.23	23.26	9.92	67.46	-	113.47	791.71	1140.83	-	1140.83

Sales net of Excise Duty

* Excluding Prior period adjustments

** Assets & Liability of Gas Trading Business included in Gas Transmission Business

*** Other Segment includes GAIL Tel, E&P, City Gas & Power Generation

Notes (to the extent information available at the time of consolidation)

1. Includes subsidiary GGSPL
2. Includes Subsidiaries GAIL Gas and TNGCL
3. Includes Subsidiary GGUI

INFORMATION ABOUT BUSINESS SEGMENTS FOR FINANCIAL YEAR 2015-16

(₹ in Crores)

S. No.	SEGMENTS	TRANSMISSION SERVICES *		NATURAL GAS MARKETING **	PETRO-CHEMICALS	LPG & LIQUID HYDROCARBONS	CITY GAS	OTHER SEGMENT ***	UN-ALLOCABLE	TOTAL	ELIMI-NATION	CONSOLIDATED TOTAL
		NATURAL GAS	LPG	Note 1			Note 2	Note 3				
1	**REVENUE**											
	External Sales/Other Income	3,700.66	486.01	40,336.68	3,354.32	3,321.93	199.42	956.06	-	52,355.08	-	52,355.08
	Intersegment sales	291.63	-	5,373.00	27.58	5.22	1,428.06	17.52	-	7,143.01	7,143.01	-
	Total revenue	**3,992.29**	**486.01**	**45,709.68**	**3,381.90**	**3,327.15**	**1,627.48**	**973.58**	**-**	**59,498.09**	**7,143.01**	**52,355.08**
2	**RESULTS**											
	Segment Result (Profit before Interest & Tax)	1,848.57	262.61	1,418.76	(789.32)	742.36	94.38	53.87	-	3,631.23	-	3,631.23
	Unallocated expenses (Net)	-	-	-	-	-		-	376.94	376.94	-	376.94
	Operating Profit	**1,848.57**	**262.61**	**1,418.76**	**(789.32)**	**742.36**	**94.38**	**53.87**	**(376.94)**	**3,254.29**	**-**	**3,254.29**
	Interest Expenses	-	-	-	-	-	-	-	821.83	821.83	-	821.83
	Interest/ Dividend Income	-	-	-	-	-	-	-	516.42	516.42	-	516.42
	Provision for Taxation	-	-	-	-	-	-	-	1,091.34	1,091.34	-	1,091.34
	Profit/(Loss) from Ordinary Activities	**1,848.57**	**262.61**	**1,418.76**	**(789.32)**	**742.36**	**94.38**	**53.87**	**(1,773.70)**	**1,857.54**	**-**	**1,857.54**
	Share of Profit (Loss) from Associates & JV's								16.85	16.85		16.85
	Extra Ordinary Items	-	-	-	-	-	-	-	-	-	-	-
	Net Profit/(Loss)	**1,848.57**	**262.61**	**1,418.76**	**(789.32)**	**742.36**	**94.38**	**53.87**	**(1,756.85)**	**1,874.39**	**-**	**1,874.39**
3	**OTHER INFORMATION**											
	Segment Assets	24,661.56	837.34	-	9,944.20	862.90	290.38	2,673.36	-	39,269.74	-	39,269.74
	Unallocated Assets	-	-	-		-		-	19,066.70	19,066.70	-	19,066.70
	Total Assets	**24,661.56**	**837.34**	**-**	**9,944.20**	**862.90**	**290.38**	**2,673.36**	**19,066.70**	**58,336.43**	**-**	**58,336.43**
	Segment Liabilities	5,235.49	83.21	-	568.21	155.94	145.76	196.70	-	6,385.31	-	6,385.31
	Unallocated Liabilities	-	-	-	-	-	-	-	15,520.47	15,520.47	-	15,520.47
	Total Liabilities	**5,235.49**	**83.21**	**-**	**568.21**	**155.94**	**145.76**	**196.70**	**15,520.47**	**21,905.78**	**-**	**21,905.78**
	Cost to acquire fixed assets	486.45	39.27	-	1,717.20	32.11	191.72	301.10	53.93	2,821.78	-	2,821.78
	Depreciation*	682.27	47.21	0.05	367.48	39.60	21.56	292.24	45.19	1,495.60	-	1,495.60
	Non Cash expenses other than Depreciation*	118.30	2.41	201.81	8.20	4.20	-	113.19	6.59	454.70	-	454.70

Sales net of Excise Duty

* Excluding Prior period adjustments

** Assets & Liability of Gas Trading Business included in Gas Transmission Business

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

Notes (to the extent information available at the time of consolidation)

1. Includes subsidiary GGSPL
2. Includes Subsidiaries GAIL Gas and TNGCL
3. Includes Subsidiary GGUI

RELATED PARTY DISCLOSURES

(Annexure -D)

I) Relationship

A) Joint Venture Companies/Associates/Employees trust

1) Mahanagar Gas Limited
2) Indraprastha Gas Limited
3) Petronet LNG Limited
4) Bhagyanagar Gas Limited
5) Tripura Natural Gas Corporation Limited
6) Central UP Gas Limited
7) Green Gas Limited
8) Maharashtra Natural Gas Limited
9) Aavantika Gas Ltd.
10) GAIL China Gas Global Energy Holding Ltd.
11) ONGC Petro Additions Ltd (OPAL)
12) Tapi Pipeline Company Ltd
13) National Gas Company "Nat Gas"
14) Fayum Gas Company
15) China Gas Holdings Ltd.
16) Andhra Pradesh Gas Distribution Corporation Limited
17) Kerala GAIL GAS Limited
18) Rajasthan State Gas Limited
19) Vadodara Gas Limited
20) Haridwar Gas Private Limited
21) GOA Natural Gas Private Limited
22) GAIL (India) Ltd. Employees Provident Fund Trust
23) GAIL Employees Superannuation Benefit Fund
24) GAIL (India) Ltd. Employees Death-cum- Superannuation Gratuity Scheme

B) Key Management Personnel

i) Whole time Directors(KMP):

1) Shri B C Tripathi ,Chairman and Managing Director
2) Shri M Ravidran (Up to 31.01.2017)
3) Dr. Ashutosh Karnatak
4) Shri Subir Purkayastha, Director (Finance) and CFO
5) Shri P K Gupta, Director (HR) w.e.f. (01.02.2017)
6) N Gangopadhyay
7) V Shivasankar
8) E S Ranganathan
9) Ashok Kumar Das
10) Anil Kumar
11) Vinay Kumar Shukla
12) Jiledar
13) Rajeev Kumar Mathur
14) Pankaj Patel
15) Arvind Madhukar Tambekarr

ii) Independent Directors

1) Shri Ashish Chatterjee
2) Shri S K Srivastava
3) Shri Anupam Kulshreshtha
4) Shri Sanjay Tandon
5) Shri Dinkar Prakash Srivastava
6) Dr. Anup K Pujari

iii) Company Secretary

1) Shri N K Nagpal (Up to 25.05.2016)
2) Shri Anil Kumar Jha w.e.f. (26.05.2016)

C) Unincorporated Joint venture for Exploration & Production Activities:

1)	NEC - OSN - 97/1	(Non-operator with participating interest: 50%, GAIL has relinquished from the Block)
2)	A-1, Myanmar	(Non-operator with participating interest: 8.5%)
3)	A-3, Myanmar	(Non-operator with participating interest: 8.5%)
4)	SHWE Offshore Pipeline	(Non-operator with participating interest: 8.5%)
5)	CY-OS/2	(Non-operator with participating interest: 25%)
6)	RM-CBM-2005/III	(Non-operator with participating interest: 35%) GAIL has relinquished from the Block)
7)	TR-CBM-2005/III	(Non-operator with participating interest: 35%) GAIL has relinquished from the Block)
8)	MR-CBM-2005/III	(Non-operator with participating interest: 45%) GAIL has relinquished from the Block)
9)	AD-7, Myanmar	(Non-operator with participating interest: 10%) GAIL has relinquished from the Block)
10)	BLOCK-56, Oman	(Non-operator with participating interest: 25%) GAIL has relinquished from the Block)

The following transactions were carried out with the related parties in the ordinary course of business:

(₹ in Crores)

A)		Details relating to parties referred to in item no. I (A) above:	2016-17	2015-16
	1)	Sales		
		Indraprastha Gas Limited	**1,870.08**	2,023.01
		Mahanagar Gas Limited	**964.86**	1,145.50
		Others	**628.42**	574.98
	2)	Amount receivable as at Balance Sheet Date for (1) above		
		Indraprastha Gas Limited	**82.57**	78.49
		Mahanagar Gas Limited	**160.97**	156.51
		Others	**31.53**	32.89
	3)	Purchases		
		Petronet LNG Limited	**13,078.18**	12,685.96
		Others	**2.19**	2.95
	4)	Amount payable as at Balance Sheet Date for (3) above		
		Petronet LNG Limited	**675.16**	501.87
		Others	**0.07**	0.07
	5)	Reimbursement for other expenditure received/receivable	**14.74**	8.75
	6)	Amount receivable as at Balance Sheet Date for (5) above	**1.54**	1.44
II)	7)	Dividend Income		
		Mahanagar Gas Limited	**81.86**	77.78
		Indraprastha Gas Limited	**29.93**	18.90
		Petronet LNG Limited	**23.44**	18.75
		China Gas Holdings Ltd.	**25.17**	24.02
		Others	**9.02**	2.82

(₹ in Crores)

		2016-17	2015-16
8)	Other Income		
	Bhagyanagar Gas Limited	**8.40**	7.58
	Indraprastha Gas Limited	**3.09**	15.36
	Others	**0.79**	0.58
9)	Amount receivable as at Balance Sheet Date for (8) above		
	Bhagyanagar Gas Limited	**8.40**	7.58
	Others	**0.06**	0.16
10)	Provision Created against Debtors	**2.64**	3.16
11)	Investment as at Balance Sheet date	**1,372.33**	1,389.31
12)	Advances for allotment of Equity as at Balance Sheet date	**26.87**	9.17
13)	Advances / loan given as at Balance Sheet date	**703.79**	670.09

(₹ in Crores)

B)Details relating to parties referred to in item no.- 1 (B) above		Key Management Personnel (KMP)		Relatives of KMP	
		2016-17	2015-16	2016-17	2015-16
1)	Remuneration	5.58	6.63	**0.89**	0.75
2)	Interest bearing outstanding loans receivable	0.30	0.29	**0.11**	0.11
3)	Interest accrued on loans given	0.26	0.57	**0.12**	0.08
4)	Self lease	0.07	0.10	**-**	-

* Remuneration includes Basic, Allowances, reimbursements, contribution to PF and perquisites. In addition, whole time directors are allowed use of staff car including for private journeys upto a ceiling of 1000 Kms per month on payment in accordance with the Bureau of Enterprises Circular

(₹ in Crores)

C)	Details relating to parties referred to in item no.- 1 (C) above	2016-17	2015-16
1)	Minimum work program commitment	**-**	-
2)	Survey, Production, Royalty and other expenses	**198.58**	249.38
3)	CWIP & Other assets	**(1.87)**	52.81
4)	Amount outstanding on Balance Sheet date(net of advance)	**23.58**	29.03
5)	Amount written Off- Dry well expenditure	**-**	0.57
6)	Sales/Income from operation	**581.16**	716.63
7)	Amount outstanding on Balance Sheet date (against sales)	**48.82**	43.36

Additional Information as Required by Schedule III of Companies Act 2013

Annexure - E

S. No.	Name of the Entity	Proportion of ownership interest as on 31st March 2017	Net Asset * (i.e., Total Asset minus Total Liabilities)		Share of Profit or Loss**		Share in Other Comprehensive Income (OCI)		Share in Total Comprehensive Income	
			As % of Total Consolidated Net Asset	Amount (₹ Crores)	As % of Consolidated Profit or Loss	Amount (₹ Crores)	As % of Consolidated OCI	Amount (₹ Crores)	As % of Total Comprehensive Income	Amount (₹ Crores)
1	**GAIL (India) Ltd. (Equity holders of Parent)**		**97.06%**	**38,149**	**117.25%**	**3,955.85**	**100.07%**	**1,300.72**	**112.47%**	**5,256.58**
2	**Subsidiaries**									
A)	**Indian**									
i)	GAIL GAS Limited	**100.00%**	1.98%	779	1.89%	63.73	0.00%	-	1.36%	63.73
ii)	Tripura Natural Gas Limited	**48.98%**	0.08%	32		5.54	0.00%	-	0.12%	5.54
B)	**Foreign**									
i)	GAIL Global (Singapore) PTE Ltd	**100.00%**	0.23%	89	-0.87%	(29.42)	0.00%	-	-0.63%	(29.42)
ii)	GAIL Global (USA) Inc.	**100.00%**	0.69%	272	-1.64%	(55.45)	0.00%	-	-1.19%	(55.45)
3	**Minority Interests in All subsidiaries**		0.08%	33	0.17%	5.76	0.00%	-	0.12%	5.76
4	**Associates (Investment as per the Equity Method)**									
A)	**Indian**									
i)	Mahanagar Gas Ltd.	**32.50%**	Equity Method	Equity Method	3.29%	111.15	-0.02%	(0.22)	2.37%	110.93
ii)	Petronet LNG Ltd.	**12.50%**	Equity Method	Equity Method	6.32%	213.15	-0.02%	(0.22)	4.56%	212.93
iii)	Brahmaputra Cracker & Polymer Ltd.	**70.74%**	Equity Method	Equity Method	-11.48%	(387.24)	-0.01%	(0.13)	-8.29%	(387.37)
iv)	Indraprastha Gas Limited	**22.50%**	Equity Method	Equity Method	3.63%	122.37	-0.02%	(0.20)	2.61%	122.17
B)	**Foreign**									
i)	Fayum Gas	**19.00%**	Equity Method	Equity Method	0.05%	1.69	0.00%	-	0.04%	1.69
ii)	Natural Gas Company "Nat Gas "	**5.00%**	Equity Method	Equity Method	-0.07%	(2.53)	0.00%	-	-0.05%	(2.53)
iii)	China Gas Holding Limited	**3.02%**	Equity Method	Equity Method	2.46%	82.87	0.00%	-	1.77%	82.87
5	**Joint Ventures**									
A)	**Indian**									
i)	Bhagyanagar Gas Limited	**49.97%**	Equity Method	Equity Method	0.19%	6.55	0.00%	(0.00)	0.14%	6.55
ii)	Central UP Gas Limited	**25.00%**	Equity Method	Equity Method	0.34%	11.45	0.00%	(0.03)	0.24%	11.42
iii)	Green Gas Limited	**49.97%**	Equity Method	Equity Method	0.66%	22.39	0.00%	(0.01)	0.48%	22.38
iv)	Maharashtra Natural Gas Limited (MNGL)	**22.50%**	Equity Method	Equity Method	0.48%	16.06	0.00%	(0.06)	0.34%	16.00
v)	Aavantika Gas Limited	**49.97%**	Equity Method	Equity Method	0.28%	9.53	0.00%	0.01	0.20%	9.54
vi)	Talcher Fertilizers Limited	**30.00%**	Equity Method	Equity Method	0.00%	(0.01)	0.00%	-	0.00%	(0.01)
vii)	Vadodara Gas Limited	**32.93%**	Equity Method	Equity Method	0.03%	0.90	0.00%	-	0.02%	0.90
viii)	Ratnagiri Gas Power Pvt. Ltd	**25.50%**	Equity Method	Equity Method	-1.39%	(47.02)	0.00%	-	-1.01%	(47.02)
ix)	ONGC Petro Additions Ltd.	**49.21%**	Equity Method	Equity Method	-21.74%	(733.40)	0.00%	-	-15.69%	(733.40)
B)	**Foreign**									
i)	TAPI Pipeline Company Limited #	**5.00%**	NA	NA		-	NA	NA	NA	NA
ii)	GAIL China Gas Global Energy Holdings Ltd. #	**50.00%**	NA	NA		-	NA	NA	NA	NA

*** Net Assets in Group Companies is considered on basis of total net assets of Subsidiaries, on gross basis without eliminating common transactions among group companies, if any.**

**** Share of profit from Parent company is shown after adjustment of consolidation adjustment of elimination transactions pertaining to consolidation**

 # No equity infusion / investment has been made so far and hence financial statements have not been made.

Consolidated Cash Flow Statement For The Financial Year Ended 31st March, 2017

(₹ in Crores)

Particulars	2016-2017		2015-2016	
A. CASH FLOW FROM OPERATING ACTIVITIES				
1 Net Profit Before Tax and After share in associates'/Joint Ventures Profit		**5,183.28**		**2,965.73**
2 ADD :				
Depreciation	1,543.01		1,495.60	
Exchange Rate Variation on Foreign Currency Loan	(65.95)		223.43	
Effect of Exchange Difference on translation of Foreign Subsidiaries	48.88		(10.99)	
Interest Expenditure	461.17		685.55	
Dividend Income on Investments	(265.66)		(177.80)	
Interest Income	(379.27)		(338.62)	
Provision for Employees Benefits	261.37		65.22	
Provision for Doubtful Debts	(93.94)		238.13	
Provision for Probable Obligations	141.75		(78.78)	
Other Provisions	5.12		36.27	
(Profit) / Loss on Sale of Investment (MGL)	(210.65)		(6.73)	
Profit / Loss on Sale of Assets (Net)	6.07		(22.24)	
Share of Loss / (Profit) of JV's and Associate companies	574.02		(16.85)	
Non Controlling Profit	5.76		5.17	
		2,031.68		2,097.36
3 Operating Profit Before Working Capital Changes (1 + 2)		7,214.96		5,063.09
4 Changes in Working Capital (Excluding Cash & Cash Equivalents)				
Trade and Other Receivables	1,245.51		445.36	
Inventories	(84.84)		317.85	
Trade and Other Payables	**(1,087.83)**		**(1,146.15)**	
		72.84		(382.95)
5 Cash Generated from Operations (3+4)		7,287.80		4,680.15
6 Direct Taxes Paid		(1,208.89)		(719.79)
NET CASH FROM OPERATING ACTIVITIES (5+6)		**6,078.90**		**3,960.36**
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(2,041.70)		(1,451.18)	
Sale of Fixed Assets	46.47		(9.35)	
Sale of Investments /Business	501.66		-	
Investment in Other Companies	(228.72)		(27.85)	
Loans & Advances to Related Parties	71.08		(69.98)	
Interest Received	382.41		334.56	
Dividend Received	**435.07**		**320.07**	
NET CASH FROM INVESTING ACTIVITIES		**(833.73)**		**(903.73)**

Consolidated Cash Flow Statement For The Financial Year Ended 31st March, 2017

(₹ in Crores)

Particulars	2016-2017		2015-2016	
C CASH FLOW FROM FINANCING ACTIVITIES				
Government Grant for Jagdishpur Haldia Bokaro Dhamra Pipeline Project (JHBDPL)	450.81		-	
Proceeds from Long Term Borrowings	810.53		848.92	
Repayment of Long Term Borrowings	(3,702.32)		(2,273.60)	
Repayment/Proceeds from Short Term Borrowings	(82.49)		(24.00)	
Interest Paid	(537.69)		(733.76)	
Dividend & Dividend Tax Paid	(1,763.42)		(839.99)	
Changes in Non Controlling Interest	(5.76)		(5.17)	
NET CASH FROM FINANCING ACTIVITIES		**(4,830.34)**		**(3,027.60)**
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)		**414.83**		**29.03**
CASH AND CASH EQUIVALENTS AS AT 01.04.2016 (OPENING BALANCE)		**104.85**		**75.82**
CASH AND CASH EQUIVALENTS AS AT 31.03.2017 (CLOSING BALANCE)		**519.68**		**104.85**

NOTES :

1 Cash & Cash Equivalents include (refer note no. 9 of consolidate financial statements for details)

Cash & Bank Balances As per Balance Sheet	**519.68**	**104.85**
Unrealized (Gain)/ loss on foreign Exchange	**-**	**-**
Total Cash & Cash Equivalents	**519.68**	**104.85**

2 Previous year's (PY) figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board of Directors

A. K. Jha
Company Secretary

Subir Purkayastha
Director (Finance)

Dr. Ashutosh Karnatak
Director (Projects)

B. C. Tripathi
Chairman & Managing Director

As per separate Report of even date

For **O. P. Bagla & Co.**
Chartered Accountants
Firm No.: 000018N

(Rakesh Kumar)
(Partner)
Membership No.: 087537

For **G. S. Mathur & Co.**
Chartered Accountants
Firm No.: 08744N

(Rajiv Kumar Wadhawan)
(Partner)
Membership No.: 091007

Place : **New Delhi**
Dated : **22nd May, 2017**

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) READ WITH SECTION 129(4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF GAIL (INDIA) LIMITED FOR THE YEAR ENDED 31 MARCH 2017

The preparation of consolidated financial statements of GAIL (India) Limited for the year ended 31 March 2017 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 139(5) read with section 129 (4) of the Act are responsible for expressing opinion on the financial statements under section 143 read with section 129(4) of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 22 May 2017.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 143(6)(a) read with section 129(4) of the Act of the consolidated financial statements of GAIL (India) Limited for the year ended 31 March 2017. We conducted a supplementary audit of the financial statements companies mentioned in Annexure –A but did not conduct supplementary audit of the financial statements of companies mentioned in Annexure – B for the year ended on that date. Further, Section 139 (5) and 143(6)(b) of the Act are not applicable to the companies mentioned in Annexure – C being private entities/ entities incorporated in Foreign countries under the respective laws, for appointment of their statutory auditor nor for conduct of statutory audit. Accordingly, C&AG has neither appointed the statutory auditors nor conducted the supplementary audit of these companies. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to the inquiries of the statutory auditors and the company personnel and a selective examination of some of the accounting records.

On the basis of my audit, nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report.

For and on behalf of the
Comptroller & Auditor General of India

(Nandana Munshi)
Director General of Commercial Audit
& Ex-officio Member, Audit Board – II,
New Delhi

Place: New Delhi
Date :28.07.2017

(Annexure - A)

Name of the Companies of which supplementary audit is conducted.

S. No.	Name of the Companies	Relation
1	GAIL Gas Limited	Subsidiary
2	ONGC Petro-Additions Limited (OPAL)*	Joint Venture
3	Maharashtra Natural Gas Limited	Joint Venture
4	Bhagyanagar Gas Limited	Joint Venture
5	Aavantika Gas Limited	Joint Venture
6	Brahamputra Cracker and Polymer Limited	Associate
7	Indraprastha Gas Limited	Associate

*Audit in Progress

Annexure - B

Name of the Subsidiaries/JVs/associate companies of which supplementary Audit not conducted:

S. No.	Name of the Companies	Relation
1.	Tripura Natural Gas Company Limited	Subsidiary
2.	Ratnagiri Gas & Power (Private) Ltd. (RGPPL)	Joint Venture
3.	Green Gas Limited	Joint Venture
4.	Central UP Gas Limited	Joint Venture

Annexure - C

List of all subsidiaries/Joint ventures/associates to which sec 139(5) and 143 (6)(b) of the Companies Act, 2013 are not applicable being.

Private Company

S. No.	Name of the Companies	Relation
1.	Mahanagar Gas Limited	Associate
2.	Petronet LNG Limited	Associate
3.	Vadodara Gas Limited	Joint Venture
4.	Talcher Fertilizers Limted	Joint Venture

Entities incorporated in foreign countries:

S. No.	Name of the company	Relation
1.	GAIL Global (Singapore) PTE Limited	Subsidiary
2.	GAIL Global (USA) Inc.	Subsidiary
3.	Fayum Gas	Associate
4.	National Gas Company "Nat Gas"	Associate
5.	China Gas Holding Limited	Associate

GLOSSARY

Gas Industry Specific Terminologies

CBM	Coal Bed Methane
CGD	City Gas Distribution
CNG	Compressed Natural Gas
DUPL	Dahej Urvan Panvel Pipeline
DGH	Director General Hydrocarbons
DVPL	Dahej-Vijaipur Pipeline
E&P	Exploration and Production
ESA	External Safety Audits
GREP	Gas Rehabiliation & Expansion Project
GPU	Gas Processing Unit
GTI	GAIL Training Institute
HDPI	High Density Polyethylene
HVJ	Hazira Vijaipur Jagdishpur
JLPL	Jamnagar-Loni Pipeline
LLDPE	Linear Low Density Polyethylene
LHC	Liquid Hydrocarbons
LNG	Liquified Natural Gas
LPG	Liquified Petroleum Gas
MDPE	Medium Density Polyethylene
MSCM	Million Standard Cubic Meter
MMBTU	Million Metric British Thermal Unit
MMSCMD	Million Metric Standard Cubic Meters Per Day
MMT	Million Metric Tonne
MMTPA	Million Metric Tonne Per Annum
MOP&NG	Ministry of Petroleum and Natural Gas
MOU	Memorandum of Understanding
MT	Metric Tonne
NELP	New Exploration & Licensing Policy
O&M	Operation and Maintenance
OLHC	Other Liquid Hydro-Carbon
PE	Poly-Ethylene
PNG	Piped Natural Gas
PNGRB	Petroleum & Natural Gas Regulatory Board
SBP Solvent	Special Boiling Point Solvent
TPA	Tonnes Per Annum
VSPL	Vizag-Secundarabad Pipeline

General abbreviations

BD	Business Development
BIS	Business Information System
CSR	Corporate Social Responsibility
ERP	Enterprise Resource Planning
HR	Human Resource
HSE	Health Safety and Environment
HRD	Human Resource Development
JVCs	Joint Venture Companies
MW	Mega-Watt
PSU	Public Sector Unit
QC	Quality Circle
SCADA	Supervisor Control and Data Acquisition
TQM	Total Quality Management

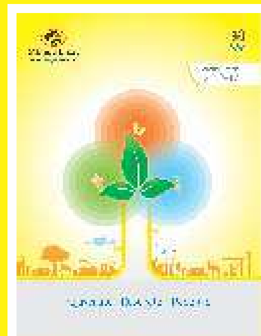
Financial Terms

BSE	Bombay Stock Exchange
CAGR	Compounded Annual Growth Rate
CAPEX	Capital Expenditure
EBIDTA	Earnings Before Interest Depreciation Tax and Amortization
ED	Excise Duty
EPS	Earning Per Share
GDP	Gross Domestic Product
NSE	National Stock Exchange
PAT	Profit After Tax
PBIDTA	Profit Before Interest Depreciation Tax and Amortization
PBIT	Profit Before Interest and Tax
PBT	Profit Before Tax
ROCE	Return on Capital Employed
ROIC	Return on Invested Capital
RONW	Return on Net-Worth

NOTES

GAIL's Pan-India Presence

Rejuvenate. Resonate. Redefine.



The cover of GAIL's Annual Report 2016-17 represents the idea - "Rejuvenate. Resonate. Redefine".

Using references from nature, the design of this year's Annual Report attempts to convey GAIL's commitment towards the national aspiration of achieving meaningful economic growth, through access to the clean fuel – natural gas.

The "Pipeline Tree" in the visual forms the central unifying feature of the design with the three icons of flower, butterfly and sapling, representing the three words of the concept. These icons are ensconced in three ripples of rediffusion, symbolizing energy distribution.

- **The flower** depicts the Rejuvenated efforts in operations and project roll-out of GAIL to promote sustainable energy policies
- **The butterfly** is symbolic of the Resonating positive energy as GAIL is set to become the harbinger of prosperity and socio-economic growth
- **The sapling** represents the unfolding of the gas grid in the eastern & southern parts of India which will Redefine the energy eco-system

GAIL (India) Limited

Regd. Off. : 16, Bhikaiji Cama Place, R.K. Puram, New Delhi-110066

Website : www.gailonline.com

Corporate Identification No.: L40200DL1984GOI018976