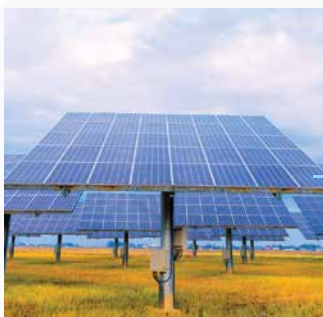
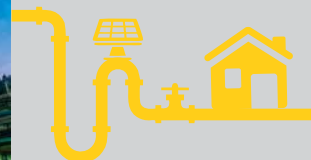


Synergy for Green Energy



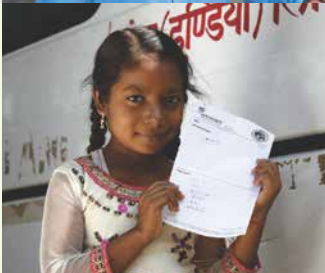
ANNUAL REPORT
2021-22

Energizing Possibilities



Synergy for Green Energy

The world's growing concerns regarding global warming and climate change call for a concerted global transition to sustainable energies. As an Energy Leader, GAIL has been playing a significant role in India's energy security with a focus on clean & affordable fuels. GAIL's relentless pursuit to expand Natural Gas network in India continues to yield visible results in shape of CGD reaching new towns and cities. The Company has further opened up its energy basket with forays into Wind, Solar, CBG and Hydrogen towards shaping a greener future for our coming generations. With this 'Synergy with Green Energy', GAIL ushers in the winds of change towards a better world.



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A portrait of Manoj Jain, a middle-aged man with dark hair, a mustache, and glasses. He is wearing a dark blue suit jacket, a white shirt, and a red tie with a small blue and white pattern. He is smiling slightly and looking towards the camera. A small yellow and black circular pin is visible on his left lapel.

MESSAGE FROM CMD

“
Your Company believes in
benefitting communities and
protecting the environment
that will ultimately determine
the sustainability of
continued progress.
”

Manoj Jain

Chairman & Managing Director

Dear Shareholders,

Global events that unfolded during the previous year have the potential to alter the structural landscape of the energy sector and by all standards, the year gone by has been a challenging one for energy and commodity sectors, which witnessed extreme volatility in prices. Adding to it, as COVID-19 restrictions around much of the world are relaxed and economic activity recovers, energy consumption is expanding sharply, putting available energy supplies under strain and highlighting fragilities in the system. Your Company has successfully steered its course during this demanding period, emerging only stronger and resilient.

Unprecedented growth in times of global uncertainty and turmoil

Despite the global uncertainty and testing times, your Company has yet again surpassed its previous records and clocked a 62% increase in Revenue from Operations to ₹ 91,646 crore in FY22 as against ₹ 56,738 crore in FY21, Profit Before Tax (PBT) increased by 113% to ₹ 13,590 crore in FY 22 as against ₹ 6,386 crore in FY21. The Profit After Tax (PAT) increased by 112% to ₹ 10,364 crore in FY22 as against ₹ 4,890 crore in FY21 mainly on account of increased gas marketing and transmission volume, better gas marketing spread and higher product prices. Your Company has exceeded the highest ever Revenue, PBT and PAT achieved in any of the previous financial years.

Your Company has been working tirelessly to strengthen its core business and today owns and operates about 14,500 km of trunk natural gas pipeline representing nearly two-third of the country's existing network. Work is progressing at a good pace on construction of nearly 5,000 km of additional natural gas pipelines, which is expected to bolster transmission quantities once completed and provide extensive geographical reach within the country. Your Company is also actively scouting additional gas sourcing opportunities to serve its clientele, both existing and new accretions. To stimulate and fortify core business, in particular, your Company incurred a Capex of ₹ 7,738 crore mainly on Pipelines, Petrochemicals and Equity to JVs. You will also be delighted to know that your Company has acquired 26% stake from ILF&S in ONGC Tripura Power Company. This acquisition would encourage synergy and enable GAIL to stronghold its presence in North East region of the country.

Your Company is also aware of the transformational changes happening in the global energy sector and has been taking initiatives to get a foothold in such space. It is my honor to announce that your Company has, in line with the National Hydrogen Mission commenced India's first-of-its-kind project of mixing hydrogen into natural gas system at Indore, Madhya Pradesh. The hydrogen blended natural gas is being supplied to Aavantika Gas Limited, one of GAIL's Joint Venture (JV) Company with HPCL, operating in Indore. This project marks the stepping stone of India's journey towards hydrogen based and carbon neutral future. The grey hydrogen would subsequently be replaced by green hydrogen. Your Company has always been committed to the growth of a gas-based economy in India and to

India's vision of a greener and a cleaner environment. As our country is moving forward with ambitious goal of achieving a carbon-neutral and self-reliant future, this project is a significant step in that direction.

Growth and returns go hand in hand

The support of our shareholder has been consistently rewarded through regular dividends and also buyback of shares at premium. Your Company takes pride in being a consistent dividend-paying Company. The Board of Directors of your Company had approved payment of two interim dividends during the financial year, 1st and 2nd Interim Dividend @ 40% and 50% respectively on equity share of ₹ 10 each (₹ 4.00 and ₹ 5.00 per equity share each) amounting to ₹ 3,996.35 crore on the paid-up equity share capital of the Company. The Board of Directors of your Company has also recommended the payment of Final Dividend @ 10% (₹ 1/- per equity share) for the FY 2021-22 on the paid-up equity share capital of the Company.

During FY 2021-22, your Company made Buyback of 5,69,85,463 (Five Crore Sixty Nine Lakh Eighty Five Thousand Four Hundred And Sixty Three) fully paid-up equity shares of face value of ₹ 10 each (representing 1.28 % of the total number of fully paid-up equity shares) at a price of ₹ 190 (Rupees One Hundred Ninety Only) per equity share payable in cash for an aggregate consideration of ₹ 1082,72,37,970 (Rupees One Thousand Eighty Two Crore Seventy Two Lakh Thirty Seven Thousand Nine Hundred and Seventy only) excluding taxes. Buyback offer was successful and oversubscribed by 9.04 times. Total number of Shares tendered were 51.52 crore against 5.69 crore shares offered. The paid-up equity share capital of the Company thus reduced from ₹ 4,440.39 crore to ₹ 4,383.40 crore.

Endeavors for the collective good

Your Company believes in benefitting communities and protecting the environment that will ultimately determine the sustainability of continued progress

Your Company with a turnover over US \$ 12 billion is India's largest natural gas company and ranked as the top gas utility in Asia. But GAIL is more than just a gas company. As a conscious corporate citizen, the organization believes that it has a social purpose. The rigor and strategic thought that drives GAIL to be consistently ranked among the top gas utilities in the world, also drives its CSR initiatives. GAIL's motto statement 'Energizing Possibilities' is also a reflection of the hopes, aspirations and dreams of the many beneficiaries of the CSR initiatives. Your Company is at the forefront of countless welfare projects that further its CSR objectives namely through ventures like GAIL Utkarsh-which provides support for specialized residential coaching for Engineering/ Medical entrance exams, GAIL Vidya- which provides support towards promoting education to underprivileged girl students from rural and semi-urban localities, Project Arogya- Health Care facilities through operation of Mobile Medical Units in various states etc. The Company is always dedicated

towards CSR activities and has spent more than the prescribed CSR budget in last three financial years in a wide array of fields including health, education, environment and fitness.

Onwards and upwards

Your Company in a first-of-its-kind endeavor in the country plans to enter into distributed LNG production with the vision to cater to the demand from off-grid locations and the transport sector. With these goals in mind your Company has placed an order for two small-scale liquefaction skids capable of producing LNG on a pilot basis. Liquefaction will be achieved through proprietary technology-based mobile liquefaction skids. This in turn shall help in the distribution of natural gas through liquefaction in new cities areas, liquefaction of gas at isolated fields and will support setting up of LNG fueling stations and bunkering. It will be the first-of-its-kind in the country to introduce portable and scalable liquefaction units. Further, your company is also under discussion for manufacturing liquefaction skids in India.

The future is green

With its existing LNG portfolio of over 14 MMTPA and diversity in supply sources and price indices, GAIL is well poised to cater to the needs of its customers. While, additional gas sourcing opportunities are being scouted to further consolidate the gas portfolio and strengthen the core business, so as to, actively contribute towards the national goal of a 'gas-based' economy, your Company has also embarked upon alternate energies like green hydrogen, renewables and bio-fuels projects which are of national importance and would likely provide a transition to the future.

In line with Government of India's 'National Hydrogen Energy Mission', your Company is setting up a Green Hydrogen Production unit with a capacity of 4.3 Ton per day at Vijaipur (M.P.). The unit will produce Green Hydrogen using Polymer Electrolyte Membrane (PEM) technology based on water electrolysis. Also, study on technical feasibility of H₂ blending in NG/CGD network has been initiated.

Further, your Company has also taken few initiatives in line of Compressed Bio-Gas (CBG) such as (i) 24 TPAs executed with City Gas Distribution (CGD) & CBG producers – Gas supply commenced to 6 GAs; (ii) MoP&NG has mandated GAIL for operationalization of CBG CDG synchronization for usage in CNG(T) and PNG(D); (iii) Support

announced for 400 CBG plants and consequently 253 LOIs for CBG plants issued.

Your Company is setting Up 10 MW PEM Electrolyser for producing Green Hydrogen and has also entered into MoU with Gujarat Alkalies and Chemicals Limited (GACL) to explore the feasibility of setting up 500 KLPD Bio Ethanol Plant in Gujarat and other business opportunities related to petrochemical/chemical plant, solar and wind assets.

Your Company has also taken initiatives for development of solar energy such as (i) MOU with BHEL for development of solar power projects; (ii) Opportunities explored for manufacturing of solar cells/modules; (iii) collaborated with International Solar Alliance (ISA) as a corporate partner.

Acknowledgement

Before I conclude, on behalf of the Board of Directors, I wish to convey our sincere regards and deep gratitude to our valued stakeholders for continued support and trust. You always have been the motivational force that has facilitated us to move ahead and achieve targets despite the numerous challenges. I also put my heartfelt appreciation for all GAIL employees who took on a courageous responsibility with a commitment to ensure energy and feedstock supplies even during the worst COVID-19 situation. They are the backbone of this Company and they have put their best effort day after day to transform your Company and to make it more competitive.

I would like to conclude by saying that your Company is not only resilient enough to go through this tough time but also ready to shape the energy future. We will keep working to make a difference in your life and to enhance the quality of your life through clean energy and beyond.

Thank you,

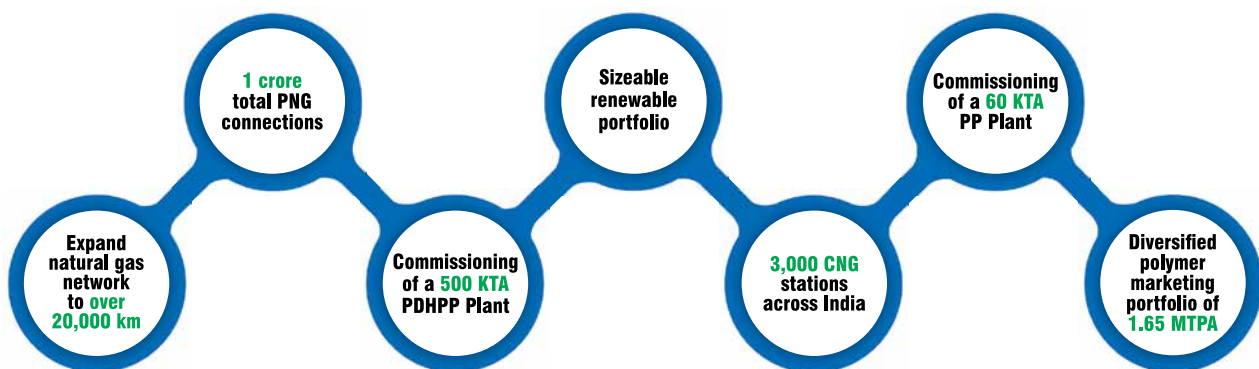


Manoj Jain

Chairman & Managing Director



Target 2025*



*All targets are inclusive of contribution from group companies

MISSION

Enhancing quality
of life through
clean energy and
beyond



VISION

Be the leader in the natural
gas value chain and beyond,
with global presence,
creating value for stakeholders
with environmental responsibility

GAIL'S ASPIRATIONS TO ACHIEVE ITS VISION:



Quality of Life

The Company strives to transform the lives of the people it touches by providing improved and environment-friendly products and services in a sustainable way.



Stakeholders

The Company aspires to fulfil the aspirations of its larger stakeholder community, from its employees to customers, partners and society by creating sustainable value. It is accountable for delivering superior results, creating value and generating economic opportunities for the deprived section.

Clean Energy and Beyond

The Company promotes use of superior, sustainable, environment-friendly and efficient energy sources including natural gas, renewables and other clean alternative energies.



Environmental Responsibility

The Company promotes highest levels of operational safety, employee health and cleaner environment. It further strives to minimise its negative impact on the environment and the community.



GAIL's CORE VALUES

INTEGRITY & ETHICS



It is transparent, fair and consistent in dealing with people. It insists on honesty, integrity and trustworthiness in all its activities and seeks to exhibit highest levels of personal and institutional integrity.

SAFETY



It aims at providing a safe workplace for its workforce and the communities around it, along with respecting the environment.

TECHNOLOGY & INNOVATION



It acknowledges entrepreneurial spirit and constantly supports development of newer technologies, introduction of new ideas/products, improved processes, better services and management practices.

EXCELLENCE



It seeks to achieve the pinnacle of excellence in all the business verticals where it has significant presence with continuous improvement and learning.

RESPECT



It believes in people, recognises its responsibility towards the employees and respects their unique contribution, teamwork, dignity, rights and privacy.

CUSTOMER



It strives relentlessly to exceed the expectations of its customers and to be their first preference by delivering superior products and services, and creating sustainable value.

GAIL'S JOURNEY

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



2017

- Bengaluru CGD project inaugurated
- CNG stations Inaugurated in Bhubaneswar
- PNG and CNG supply launched in Bhubaneswar



1984

Birth of GAIL :
Natural Gas
transmission &
marketing Company

1987

India's first natural gas
pipeline-HVJ commissioned

1999

First Petrochemical
Plant at Pata



Operates

74%

of the total Natural Gas
transmission
pipelines in India



Produces every

33rd LPG

cylinder sold in India