

Chapter-III

GAIL India Ltd.- Study of Company Profile and Growth

GAIL India Limited is a premier flagship integrated Energy Company of India and is placed in coveted 'Navratna' category of Indian public sector companies. The Navratna Companies are the brightest face of Indian public sector. It is a group of the most profitable and efficient central public sector undertakings having more financial and administrative autonomy. Erstwhile it was known as Gas Authority of India Limited.

As per the guidelines, set up under the Industrial Policy Resolutions in the initial years of national planning, the Government of India focused upon setting some major industries for national development and self sufficiency. Oil and Gas sector were also the major thrust areas and the government decided to follow a two point strategy for the effective regulation of oil and gas. It was:

- (i) Exploration and production of the gas, for which Oil and Natural Gas (Commission (ONGC) was set up;)
- (ii) The refining of the oil, for which the government established oil refining companies like Indian Oil Corporation (IOC), Hindustan

Petroleum Corporation Limited (HPCL) and Bharat Petroleum Corporation Limited (BPCL).

Over the years of exploration and refining processes these companies felt that a huge amount of natural gas was extracted and wasted. There was surely a need for a company which could take the responsibility in the form of production, transportation, marketing and distribution of natural gas. With such objectives regarding the optimum use of natural gas, the Government of India set up a company named Gas Authority of India Limited on August 16, 1984 to create gas sector infrastructure for sustained developed market in the country. Its objectives were: ¹

- a) Augmentation and setting up of necessary plants and infrastructure facilities for utilization of natural gas obtained from the country or sea or from other countries
- b) To transport, treat, fractionate, purify and market natural gas fraction.
- c) To formulate plans for proper utilization of natural gas fraction in close coordination with the government and concerned industries including industrial users.

1. *Annual Report-Winning Momentum*, 2006-07, GAIL India Limited Publication, New Delhi, 2007

- d) To plan, design and instruct pipelines; systems and related facilities for collection; treatment; fraction and marketing of natural gas fractions.
- e) To promote research and development in natural gas transmission, treatment and processing. Also to develop more efficient uses of natural gas.

These were the initial objectives of the company at the time of its commissioning i.e. on August 16, 1984. Later on the Company began to grow as a major dominant force in the market of natural gas. It started showing huge profits and its expansion and business diversification plans started taking shape with the hard work of its exceptionally talented human resources. It entered the areas of Gas processing, Petrochemicals, Liquefied Petroleum Gas (LPG) transmission, Tele-Communication (GAILTEL), Power, Liquefied Natural Gas (LNG) re-gasification, Citi Gas Distribution, Exploration and Production (E &P).² The company did not remain only a gas company or a regulatory authority, but very soon it reached to new milestones with its strategic

2. <http://www.gailonline.com/about us>.

diversification into various energy areas. Thus incorporating the new found energy to corporate identity, the Company was renamed GAIL (India) Limited on November 22, 2002.³

Vision & Mission

The company in its true corporate identity has well defined vision and mission⁴ which sets the guidelines for every job the employees perform or any project the company undertakes. Every individual working in the company follows the vision and mission which are as under:

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 optimize the effective and economic use of Natural Gas and its fractions to the benefits of national economy.

Following these work ethics and core values, the company is today the number one energy company of Asia and number two of the

3. http://www.gailonline.com/about_gail/milestones.

4. http://www.gailonline.com/about_gail.

world in gas utilities as per the reports of Platts Survey of 2010.⁵

Subsidiaries and Joint Ventures of GAIL (India) Limited.

GAIL (India) Limited has diversified into different business segments of energy sector and has a number of subsidiaries. It has also went into joint ventures with different energy companies. Today it can be named as GAIL group of companies in this regard. This growth oriented attitude of the company has made it the number one integrated energy company of India. A number of subsidiaries and joint ventures of company are explained in brief as under:

Subsidiaries of GAIL (India) Limited.

Brahmaputra Cracker and Polymer Limited (BCPL)

GAIL (India) Limited has about 70 percent equity share in BCPL, a subsidiary with Oil India Limited (OIL), Numaligarh Refinery Limited (NRL) and Government of Assam, each having a share of 10 percent. The Feedstock Supply Agreements have been signed with BCPL and all the three suppliers viz. Oil and Natural Gas Corporation (ONGC)

5. Platts Survey 2010, Platts is a UK based company which conducts survey of top energy companies of the world every year.

Limited, Oil India Limited (OIL) and Numaligarh Refinery Limited (NRL). Technology license agreements have been signed for cracker, polyethylene and polypropylene units.⁶

BCPL is setting up a 2, 80, 000 TPA polymer plant at an investment of Rs. 5,460 crores. Financial commitment to the extent of Rs. 3000 crores has been made and project execution is in progress.⁷

GAIL Gas Limited

It is a wholly owned subsidiary of GAIL (India) Limited. It has been entrusted the task of implementation of City Gas Distribution (CGD) of four cities viz. Kota, Dewas, Sonapat and Meerut in the first round of bidding by Petroleum and Natural Gas Regulatory Board (PNGRB)⁸

GAIL Gas Limited is coming up as a premier city gas distribution company in India. It has already started supply of CNG and PNG (Industrial Customers) in the city of Dewas from December 2009.⁹

6. Annual Report 2009-10, GAIL (India) Limited Publication. New Delhi, 2010, p. 26.

7. n. 6

8. *ibid.*

9. *ibid.*

Steel pipe line laying work is in progress in other three cities and is likely to be completed very soon. The total approved investment in all three cities is approximately Rs. 435 crores in phase-1¹⁰

GAIL Global (Singapore) Pte Limited.

This is also a wholly owned subsidiary of the company and has made GAIL (India) Limited an Indian Multinational Company (MNC). The basic objective of this subsidiary is to manage and plan the global business and investments of the company.

Joint Ventures of GAIL (India) Limited

GAIL (India) Limited has entered into a number of joint-ventures, both at national and global level in pursuance of its goal of 'Natural Gas and Beyond'. Following are its different joint-ventures (JV'S).

i. Avantika Gas Limited (AGL)

It is a joint venture with Hindustan Petroleum Corporation Limited (HPCL) for supplying CNG in transport sector in three cities viz Indore, Ujjain and Gwalior. This company is in operation in Indore and Ujjain and is supplying CNG to vehicles in both the cities. It has plans to set up five and two CNG stations in Gwalior and Ujjain respectively. Six stations are ready and waiting for MoPNG's final

10. *ibid.*

approval. GAIL (India) Limited has 22.5 percent stake in the company.¹¹

ii. Bhagyanagar Gas Limited. (BGL)

This company is currently operating 6 CNG stations in Vijaywada, 4 CNG stations in Hyderabad and one CNG station in Rajamundry. About 6000 vehicles get CNG from these stations. The company is also operating two auto LPG stations in Hyderabad and one auto LPG station in Tirupati. It has also received authorization from MoPNG. GAIL (India) Limited has 22.5 percent stake in the company along with Hindustan Petroleum Corporation Limited (HPCL) as an equal partner.¹²

iii. Central U.P. Gas Limited (CUGL)

This company is a joint venture of GAIL (India) Limited with Bharat Petroleum Corporation Limited (BPCL) and its share is 22.5 percent. It is currently operating 7 CNG stations in Kanpur and 2 CNG stations in Bareilly. It is catering to the need of about 12000 vehicles in these two cities.¹³

11. *Winning Momentum-Annual Report 2005-06* GAIL (India) Publication, New Delhi, 2006, p. 20.

12. no. 6 p. 27.

13. n. 6 p.27

The company has commenced its domestic supply of PNG with connections to 35 households in Kanpur.¹⁴

iv. *Green Gas Limited (GGL)*

This company is a joint venture of GAIL (India) Limited and Indian Oil Corporation Limited (IOCL). GAIL (India) Limited has a stake of 22.5 percent. GGL is currently operating 6 CNG stations in Lucknow and 3 CNG stations in Agra. It has tied up for commencement of domestic supply of PNG with connections to households, commercial and industrial establishments.¹⁵

v. *Indraprastha Gas Limited (IGL)*

IGL is the largest City Gas Distribution CGD entity in terms of CNG sales and the number of vehicles supplied by CNG in India.¹⁶

It has received authorization from MoPNG for CGD in Delhi and its suburbs viz. Noida, Greater Noida, Gurgaon, Faridabad and Ghaziabad. It is supplying piped gas to around 2 lakh domestic, 340 commercial, 20 small industrial consumers and CNG to over 3 lakh vehicles through its 200 plus CNG stations in NCR.

GAIL (India) Limited has entered into a joint-venture with Bharat

14. *ibid.*

15. *ibid.*

16. *ibid.*

Petroleum Corporation Limited (BPCL) as an equal partner with 22.5 percent stake in the Company.

vi. Mahanagar Gas Limited (MGL)

It is a joint venture of GAIL (India) Limited with British Gas. MGL has set up 140 CNG stations catering to over 2 lakh vehicles spread around Mumbai, Thane, Mira-Bhayandar and Navi-Mumbai areas besides supplying PNG to over 4.5 lakh domestic customers, more than 1000 small industrial and commercial consumers.¹⁷

GAIL (India) Limited has 49.75 percent stake in the company with British Gas as an equal partner.

vii. Maharashtra Natural Gas Limited (MNGL)

MNGL is a joint venture of GAIL (India) Limited and Bharat Petroleum Corporation Limited (BPCL) for implementation of City Gas Projects in Pune city and surrounding areas like Pimpri, Chinchwad, Talegaon, Hinjewadi and Chakan areas. It has started 10 stations which are supplying CNG to nearly 5000 vehicles.

GAIL (India) Limited has 22.5 percent stake along with Bharat Petroleum Corporation Limited (BPCL) as an equal partner.

17. *ibid*

viii. *ONGC Petro-additions Limited (Opal)*

GAIL (India) Limited is in process of acquiring equity stake in this company, which is a joint-venture of GAIL (India) Limited, Oil and Natural Gas Corporation Limited and Gujrat State Petroleum Corporation Limited for setting up a Petrochemical Project at Dahej in Gujrat.¹⁸ It will be a green field petrochemical complex of 1.1MMTPA ethylene capacity.

ix. *Petronet LNG Limited (PLL)*

It is a joint-venture of GAIL (India) Limited, BPCL, ONGC and IOCL as equal partners with 12.5 percent stake.

PLL has been formed for setting up of LNG import and regasification facilities. PLL has also a long term LNG supply contract with Ras Gas, Qatar for import of 7.5 MMTPA of LNG. Its terminal at Dahej (Gujrat) has been expanded with a capacity of 10 MMTPA of LNG. It has successfully implemented a pilot project for supplying LNG through cryogenic road tankers. PLL is also coming up with a LNG

terminal at Kochi (Kerala) with an initial capacity of 2.5 MMTPA and further to be expanded to 5 MMTPA.¹⁹

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

It is a joint-venture of GAIL (India) Limited, NTPC, Financial institutions and MSEB. It has the largest gas based power generation unit in the country with a capacity of 2150 MW of power.²⁰

RGPPL is in the process of commissioning an LNG import terminal of 5 MMTPA capacity.

GAIL (India) Limited and National Thermal Power Corporation (NTPC) are the biggest partners with 32.88 percent stake each.

xi. *Tripura Natural Gas Company Limited (TNGCL)*

TNGCL is presently supplying gas to around 7500 domestic, 170 commercial and industrial consumers.²¹ It has set up one CNG station in Agartala which caters to the need of more than 1400 vehicles. GAIL (India) Limited has 29 percent stake in the company.

xii. *GAIL China Gas Global Energy Holdings Limited.*

GAIL (India) Limited and China Gas are equal partners with 50

19. ibid

20. ibid

21. ibid

percent equity each in this company. This joint venture has been formed with an objective to pursue gas sector opportunities in China. This is an important benchmark in the global presence of GAIL (India) Limited.

All these subsidiaries and joint ventures of GAIL (India) Limited form GAIL Group of Companies and make it a proud Navratna Indian Multinational Company, which has become the number one integrated gas company in India.

Global Presence of GAIL (India) Limited.

Presently GAIL (India) Limited is a full fledged global energy company listed in Fortune 2000 companies. It has its presence in five countries viz. China, Egypt, Myanmar, Oman and Singapore.

It is dealing in the business of Citi Gas Distribution (CGD) and Compressed Natural Gas (CNG) in different countries. It has equity participation in the three companies of Egypt (Fayum Gas, Shell CNG and NAT gas) one from China (China Gas Holdings). It has its share in two offshore blocks (A-1 and A-3) in Myanmar and one Offshore block (56) in Oman. Commercial production of gas from Myanmar will start from May 2013. Further it is also participating in an onshore pipeline project for transportation of gas from Myanmar to China.

Truly, GAIL (India) Limited has done India, a proud being such a large scale energy company.

Locations of GAIL (India) Limited in India.

Corporate office

The corporate office or the head office of GAIL (India) Limited is situated at New Delhi with following details:

Address: 16, Bhika Ji Cama Place, R.K. Puram, New Delhi-110066

EPABX Number : 91-11-26172580/26182955

Fax Number : 91-11-26185941

GAILNET Number : 875

Website : www.gailonline.com

The 'Delhi Corporate' is name given to Company's corporate office. It has following major departments:

- Business Development
- Business Information System
- Company Secretariat
- Contract and Procurement
- Corporate Affairs
- Corporate Planning
- Corporate Communication and CSR

- Finance and Accounts
- Human Resource Development
- Human Resource
- Internal Audit
- Marketing
- Petrochemical
- Pricing
- Project
- Project C&P
- Project Development
- Project F& A
- Regulatory Affairs
- Security
- Vigilance
- Nodal officer for Superannuation/PF/Pension Group

Further the company has following six major plants in India:

- 1. U.P. Petrochemical Complex, Pata
P.O. Pata-206241, District Auriya, U.P.**
- 2. LPG Recovery Plant, Vijaipur
GAIL Complex, Vijaipur-473112, District Guna, M.P.**
- 3. LPG Recovery Plant, Lakwa
Sivasagar-785688 ,Assam**
- 4. LPG Recovery Plant, Usar
P.O. Malyan-402203 Taluka Alibag, District Raigarh, Maharashtra**

5. LPG Recovery Plant, Vaghodia**GIDC Industrial Estate Vaghodia-391760 District-Baroda, Gujarat****6. LPG Recovery Project, Gandar****Village Rojan Tankaria ,Taluka AMOD, District Bharuch-392140, Gujarat**

The different zonal offices and work centers situated in India are listed alphabetically in the following ^{Table 3.1}

Table- 3.1 Zonal offices and Work Centre of GAIL (India) Limited in India.

1. ABU ROAD	26. G KONDURU
2. AGARTALA	27. GADEPAN TRML
3. AGRA	28. GANDHAR
4. AGTL-NEEPCO TML	29. GAZIABAD TML
5. AHMEDABAD	30. GTI JAIPUR
6. ANTA TRML	31. GTI NOIDA
7. AONLA TRML	32. GUDIVADA
8. BABRALA TML	33. GWALIOR
9. BAHADURGARH TML	34. HAZIRA
10. BANGLORE	35. HYDERABAD ZNL
11. BAIRELLY CUGL	36. JAGDISHPUR TRML
12. BELAPUR	37. JAIPUR
13. BHARUCH TRML	38. JAMNAGAR
14. BHOPAL ZNL	39. JHABUA
15. CHANDIGARH ZNL	40. JHANSI MAINT.
16. CHENNAI ZNL	41. KADI TRML
17. CHERLAPALLI	42. KAKINADA TRML
18. DADRI TML	43. KANDLA
19. DAHEJ TRML	44. KANPUR
20. DELHI BRANCH OFFICE	45. KARAİKAL
21. DELHIC PPAC-CO	46. KHERA
22. DESU TML	47. KOCHI
23. DHOLPUR	48. KOLKATA ZNL
24. FARIDABAD TML	49. KUTHALAM
25. FEROSABAD	50. LAKWA

51. LANCO TRML	71. PITHAMPUR
52. LONI	72. PIYALA
53. LUCKNOW ZNL	73. PONDICHERRY
54. MADANPUR KHADAR	74. RAJAMUNDRY
55. MALANPUR	75. SAMAKHIALI
56. MANSRAMPURA-IPS	76. SAMCORE TRML
57. MARUTI-GURGAON	77. SHAHJAHANPUR TR
58. MATHURA TML	78. SOLAPUR
59. MEERUT GAIL GAS	79. SONIPAT GAIL GAS
60. MEHSANA TRML	80. TATIPAKA TRML
61. MUMBAI ZNL	81. THIRUMOKOTTAI
62. NASIK TRML	82. TROMBAY(O&M Office Mumbai)
63. NASIRABAD	83. UNDERA TRML
64. NCR-GAIL	84. USAR
65. NOIDA	85. VODODARA
66. NOIDA PARC	86. VAGHODIA
67. NOIDA PARC BCPL	87. VIJAIPUR
68. NOIDA PDIL	89.VIJJESWARAM TML
69. PATA	90. VIZAG
70. PERUNGULAM	

Source : GAIL Diary, 2011, GAIL (India) Limited, New Delhi.

This thick network of different stations, zonal offices, terminal offices and plants make GAIL (India) Limited a very vast company having its presence in all parts of India. All these offices are connected to each other with company's own communication network through GAILTEL and centrally co-ordinated by its corporate office at New Delhi.

Administrative Machinery and Board of Directors

GAIL (India) Limited works under the Ministry of Petroleum and Natural Gas (MoPNG), Government of India, New Delhi. The cabinet minister is the political head, whereas Principal Secretary of the ministry has the administrative control. The MoPNG has not much to do with daily routine administration. The company's general policies and administrative matters are finalized by the Board of Directors. The Board of Directors have special enhanced powers as the company is listed as a Navratna Company. The functional and financial autonomy of the company is enhanced time to time with Government of India's notifications regarding Navratna public sector companies of India.

The present Chairman cum Managing Director of the company is Mr. B.C. Tripathi. The other Functional Directors are Mr. R.K. Goel, Mr. R.D. Goyal, Mr. S.L. Raina and Mr. Prabhat Singh. There are two Government nominated Directors viz. Mr. Sudhir Bhargava and Mr. Apurava Chandra. There are five independent directors viz. Dr. U.K. Sen, Prof. A.D. Contractor, Mr. Mahesh Shah, Mr. R.M. Sethi and Dr. Vinayshri Gautam. So there are 11 directors other than the Chairman cum Managing Director. The Directors are appointed by President of India through Ministry of Petroleum and

Natural Gas (MpPNG). The number of Directors can not be less than three and not more than twenty.

The list of statutory committees and other sub committees of the Company is given in Table- 3.2 & 3.3

Table 3.2- Statutory Committee of GAIL (India) Limited

Sr. No.	Name of the Committee	Members
1.	Audit Committee	Dr. U.K. Sen (Chairman) Prof. A.Q. Contractor (Member) Sh. Mahesh Shah Sh. R.M. Sethi
2.	Shareholders/ investors Grievance Committee	Sh. Mahesh Shah (Chairman) Sh. Prabhat Singh (Member) Sh. S. L. Raina (Member) Company Secretary (Compliance officer)

Source: Annual Report 2009-10

Table-3.3 Non Statutory Committee of GAIL (India) Limited

Sr. No.	Name of Committee(s)	Constitution	Power(s)
1.	Business Development & Marketing Committee	1. Sh. R.M.Sethi- Chairman 2. Director (Finance) 3. Director (BD) 4. Director (Marketing) 5. Shri Apurva Chandra 6. Dr. U.K. Sen 7. Prof. A.Q. Contractor	Proposals of business development and marketing groups that fall within powers of Board like strategic planning, strategic alliance, joint ventures and acquisition/merger Globalization through business participation in a foreign country, opening of offices abroad, bid application to PNGRB, Consideration of new areas of business, issue related to Policy/rules/regulations relating to marketing of natural gas. LPG, polymers, GAILTEL and other products and services, subject to DPE circular dated 22nd July, 1997
2.	Compensation Committee	1. Director (Finance)- Chairman 2. Director (HR) 3. Dr. U.K. Sen	Formulation of ESOP Scheme.
3.	Corporate Social Responsibility Committee	1. CMD-Chairman 2. Director (HR) 3. Shri Apurva Chandra 4. Prof. A.Q. Contractor	To approve the proposals of CSR

4.	Employee Disciplinary Committee	1. CMD-Chairman 2. Director (HR) 3. Director (Project) 4. Independent Director	
5.	Empowered C&P Committee	CMD and all the Functional Directors, CMD is the Chairman of the Committee	
6.	Ethics Committee	1. Dr. Vinayshil Gautam-Chairman 2. Shri Apurva Chandra 3. Dr. U.K. Sen 4. Prof. A.Q. Contractor 5. Sh. Mahesh Shah	
7.	H.R. Committee		
8.	HSE Committee		
9.	Project Appraisal Committee		
10.	Redressal of Vendors Grievance Committee		
11.	Share Transfer Committee		

Present Business Segments and Portfolio of GAIL (India) Limited

GAIL (India) Limited started its business in natural gas areas in 1984. Later on it progressed as a leading integrated energy company having its presence in a number of energy areas. Today this company has following business segments.

- a) Natural Gas Marketing
- b) Natural Gas Transmission
- c) Natural Gas Pipeline Projects
- d) Petrochemicals
- e) LPG and other Liquid Hydro Carbons Production
- f) Exploration and Production (E &P)

- g) Coal Bed Methane
- h) Telecommunications
- i) Wind Energy

The present business portfolio of the Company includes :²²

- 7850 Km of Natural Gas high pressure trunk pipeline with a capacity of approximately 150 MMSCMD of natural gas across the Country.
- 7 LPG Gas Processing Units to produce 1.4 MMTPA of LPG and other Liquid Hydrocarbons.
- North India's only gas bas integrated Petrochemical complex at Pata (U.P) with a Capacity of producing 4,10,000 TPA of polymers
- 1900 Km of LPG Transmission pipeline network with a capacity to transport 3.8MMTPA of LPG.
- 27 Oil and Gas Exploration blocks and 1 Coal Bed Methane Block.
- 13,000 Km of OFC network offering highly dependable bandwidth for telecom service providers

Corporate Governance in GAIL (India) Limited.

Gail (India) Limited is a very professional, ethical and proud Navratna Public Sector Company of India, which maintains the highest standards of Corporate Governance.. The company strictly adheres to regulatory framework, financial prudence, transparent processes and reporting systems. Core Corporate Governance values include transparency fairness, accountability, trusteeship and ethics. . It has adopted the best practices in its functioning and is committed to enhance national income and stakeholder value. The top management ensures full transparency and follow merit based practices.

The concern for Corporate Governance is evident from its ***Code of Conduct for Board Members and Senior Management Personnel besides Code of Conduct for Prevention of Insider Trading.***

The company is driven by its core values viz ethical practices, concern for people at work and delight of customers. It uses best-in-class technology, promotes highest level safety in its operations, maintains better health of its employees and provides a clean environment for sustainable development.

Following some very important drives towards Total Quality Management (TQM) at its plants, the Company has taken world class initiatives like e-business, Bill watch System, File Movement System ,

Customer Relation Management, Customer Grievance Redressal System, e-Recruitment, e- Performance Management System (e-PMS) , Online Vigilance Complaint Registration System, e- Budgeting System, Management Information System.²³

There is a statutory Audit Committee having Board level members, which looks after every internal system and practice. The Company has also constituted Ethics Committee to ensure ethical conduct of business.

The Company received the coveted Scope Corporate Governance Award for 2007-08 for excellence in propagation and implementation of Corporate Governance. The award was given by President of India Smt Pratibha Devi Singh Patil in a function held at Vigyan Bhawan on April 10, 2010. Mr. B.C. Tripathi the Chairman Cum Managing Director of the company received the award.

The Company has SAP management System, Enterprise Resource Planning (ERP) System, Six Sigma System and a number of other best practices in its operations. The Company was rated the number one energy company in Asia by Platts a U.K. based company's survey of top

²³ *ibid.* p.47

energy companies of the world.²⁴

The vision and mission of the company contains core organizational values which are applied and followed by all of its employees from top to bottom level.

The Company has developed a Strategic Plan for the period 2007-12. The goal set includes doubling of its bottom line by the year 2011-12. The company has been very successful in achieving the desired targets.

The company has been consistently achieving the top-most all round 'Excellent' rating by the Government of India, since signing of the Memorandum of Understanding (MoU) with the Government of India on performance review. It has consistently maintained the ' Navratna' status accorded to it by Government of India, even since the commencement of Navratna Policy in 1997.

It is because of its excellent Corporate Governance practices that the company has become a Global company in its silver jubilee history.²⁵

24. No. 5

25. Commissioned on August 16, 1984 the company has celebrated its silver jubilee in 2009.

Coming Projects of GAIL (India) Limited

GAIL (India) Limited has its major focus to maintain the dominant position in the gas business, especially the transmission business. So the company is planning to construct 5000 Km of pipelines in the coming times. Those would include large trunk pipelines along with smaller pipelines which would provide connectivity among trunk lines so that it can achieve its mission of making a National Gas Grid. Its pipelines pass through 16 states in the country and it wants to expand its network.

It is implementing six new natural gas pipelines²⁶ in the country which are :

- i) 610 Km Dadri- Bawana- Nangal pipeline passing through U.P, Delhi, Haryana and Punjab.
- ii) 450 Km Chainsa -Gurgaon-Jhajjar-Hisar pipeline passing through Haryana and Rajasthan.
- iii) 2050 Km Jagdishpur Haldia pipeline passing through West Bengal, Jharkhand, Bihar and U.P.
- iv) 1389 Km Dhabol- Bengaluru pipeline passing through Maharashtra and Karnataka.

- v) 1114 Km Kochi- Kanjirhad- Bengluru (Manglore) pipeline passing through Kerala, Tamilnadu and Karnatka.
- vi) 275 Km Karampur- Moradabad- Kashipur-Rudrapur pipeline passing through U.P.

In addition to this, the company plans to augment the capacities of two of its existing pipelines, viz. Dahej (Gujarat) Vijaipur (Madhya Pradesh) pipeline and Vijaipur (Madhya Pradesh) Dadri (Uttar Pradesh) pipeline.

The estimated costs of these 5000Km pipelines will be around Rs 30,000 crores. After this implementation to capacity of gas transported will increase from 157 MMSCMD to 300 MMSCMD.

The company has the largest gas based Pertochemical plant in India at Pata (Uttar Pradesh) where 420,000 TPA of Ethylene and 410,000 TPA of Polymers (HDPE and LLDPE) are produced.²⁷ The company is planning to double the capacity of production at this plant. The extension part of plant will be completed soon.

Further the company plans to enhance the capacity of its LPG pipelines, exploration and production (E&P) and increase its overseas presence by looking for more joint ventures abroad.

27. www.gailonline.com.

Green Energy by GAIL (India) Limited

GAIL (India) Limited is probably the greenest company of India. It is spreading clean and green fuel and energy to households, commercial vehicles, small industries and big industrial sector in India and abroad. Way back in 1984, it began as dream company in India to explore clean and green energy to enrich growth in Indian economy and protecting environment and ecology of the country.

Today after twenty six years of its commissioning the company has been number one energy company of Asia in gas utilities. Today, this company accounts for nearly 82 percent of pipeline infrastructure and responsible for 72 percent of gas transmission in India. It has spread clean and green fuel which is almost smoke free in a diverse set of industries, households and vehicles. It is providing fuel to nearly 650 industries related to power, fertilizers, refineries, petrochemicals , LPG , Citi Gas Distribution, glass, picture tubes, boilers and furnaces etc. It is on a track to enhance this number and capacity. Traditional fuel like wood, coal or crude oil contributes in maximum air pollution and the Company aims to replace it with Green Fuel.

It has done greatest service to the nation by helping the preservation of beauty of Taj Mahal at Agra. It transformed the ways of fuel usage in much of the industries there by providing counseling and

infrastructure for using gas as fuel. It is providing gas to a number of power plants and today it is a contributor in production of more than 7000 Mega Watt of power in India.

It is supplying natural gas as PNG to more than ten lakh housing and commercial establishments. It is playing a vital role in creating 'Green Kitchen' in India. Currently it is supplying this gas to some selected cities but it has plans to reach nearly 298 cities very shortly. Whilst joint ventures in Delhi, Mumbai, Hyderabad, Kanpur, Agra, Lucknow, Indore, Gwalior, Ujjain, Agartala and Pune it is distributing CNG to large number of vehicles. It plans to reach nearly 230 cities very soon.

The company is leader in polymer industry in India and helps to stop cutting of trees and helping the eco system balance. Both its seven LPG plants, the company produces propane and LPG which are clean, green and smoke free gases.

It is rightly ranked as number one energy company in Asia in gas utilities and is the most diversified Navratna public company having a proud Green Company tag to it.

Best Human Resource Management (HRM) Practices of GAIL (India) Limited

GAIL (India) Limited has adopted best of the kind practices in the area of Human Resource Management (HRM). Its owes its success to continuous commitment of its workforce to which the company proudly refers to as 'Team GAIL'. Presently there are about 3878 employees working in the company as per the record on March 31, 2011.²⁸ The company being a public sector company follows the reservation policy as well. Out of the 3878 employees, there were 16.9 percent Scheduled Cast (SC), 6.60 percent Scheduled Tribes (ST) , 17.7 percent other backward classes (OBC) and 2.24 percent were physically challenged. During the year 2010-11 about 220 employees joined the company. Total men work force on March 31, 2011 was 218. The break of employees is depicted in ^{table3.4}

Table 3.4

Group	Employee on roll	SC	ST	OBC
A	2261	422	158	422
B	495	105	65	59
C	664	113	28	191
D	58	17	5	14
	657			
Total	3878	256	256	686

28. Annual Report 2010-11, GAIL (India) Limited, New Delhi.

29. *ibid*

The company has a well designed e-Recruitment System in practice where in the posts are advertised through company's website, applications are received online, processed and scrutinized online and all other important recruitment business is done electronically. The details are explained in chapter iv.

The company has world class training institutes at Noida and Jaipur which are known as GAIL Training Institutes (GTI). These institutes work through out the year with a number of training programs for all level of employees. The company makes very heavy investments on its Human Resource Development (HRD) and training initiatives.

The company is managed rather being administered. The job satisfaction level of employees is very high as there are no reported cases of strike or protest at any of company's plant or work plane.

The company has a very advance Health, Safety and Environment (HSE) policy. All the three indicators are taken care with greatest sensitivity and there are no compromises on these issues. The three standards are truly world class and are certified by various international organizations. The excellence levels in these parameters is maintained in a sustained developed manner.

The company being a very responsible 'Corporate Citizen'³⁰ aims to ensure safety of its employees, plants and work places, society, equipments and it very strictly follows all the statutory rules and regulations in this regard. It is because of its serious concern for its human resource issues that the company excels in its performance consistently. Prof. Biswajeet very rightly opines , " The world-class organizations , those are ahead of competition, have managed to maintain sustainable competitive growth.

The success stories of these organizations have proud that people make the difference, not the technology."³¹

All the human resource issues are dealt with best of the management systems like Human Resource Planning (HRP),e-Recruitment, Human Resource Development (HRD) Human Resource Information System (HRIS) Open House with top management Grievance Redressal, Best Pass Structure, Total Quality Management (TQM),Reward System etc.There is a total transparency in the management and working of the company.

The next chapters (Chapter iv & v) with these issues in detail.

30. GAIL (India) Limited terms itself a Corporate Citizen. This term is a popular term in corporate world.

31. Biswajeet Pattanayak, HR Perspective in Sustainable Competitive Development; A Proposed Model,IndianJournal of Industrial Relations Vol 38, No.3 January 2003 336

Awards and accolades won by GAIL (India) Limited

GAIL (India) Limited has an impeccable record of consistently winning national and international awards and laurels in all areas of Corporate Governance , management, production , health safety and environmental (HSE) standards, customer relationship, wealth creation and a number of other areas. That is why it is the most diversified and one of the excellent Navratna energy Company of India.

The company has won a big number of awards during its history of twenty seven years. It is comparatively a new energy Company in comparison to other Navratna and Maharatna companies like ONGC, IOCL, BPCL, HPCL, yet it is never behind in winning different awards in all categories. The various awards and accolades won by the company are shown in ^{Table 3.3.}

Table 3.3 Awards and Accolades won by GAIL (India) Limited in recent years

Awarding Authority	Award Details
British Safety Council, (UK)	Achievement of 100% Safety Index @ duly recognized by BSC, UK. GPU-Gandhar was conferred ' International Safety Award ' for 4 th time from
Platts	GAIL (India) Limited has been ranked no.1 company among gas utilities in Asia in the Platts Global Ranking of Energy Companies.
The Department of Public Enterprises, Government of India	GAIL (India) Limited was conferred " MOU EXCELLENCE AWARD " by the Department Of Public Enterprises for the year 2008-09 in the petroleum sector.
Institute of Company Secretaries of India	GAIL (India) Limited was conferred a Certificate of Recognition for Excellence in Corporate Governance in the 10th ICSI National Award for Excellence in Corporate Governance 2010 as one of the Top Companies adopting Excellent Practices in Corporate Governance.

The Institute of Cost and Works Accountants of India (ICWAI)	National Award for Excellence in Cost Management 2009 GAIL won the Third Award in the public sector Manufacturing (Large) category
SCOPE, Government of India	SCOPE Meritorious Award to GAIL (India) Limited for Corporate Governance for the year 2007-08.
The Economic Times and Avaya Global Connect	India's Most Customer Responsive Company in Manufacturing sector
Dalal Street Investment Journal	Highest Wealth Creator in Manufacturing sector
Bureau of Indian Standards	Rajiv Gandhi National Quality Award as the best performer among the Large Scale Manufacturing Industry
Petroleum Federation Of India	The PetroFed oil & Gas pipeline Transportation - Company of the Year for 2007-2008 Award honours the leading performance in transporting crude oil, petroleum products and natural gas through pipelines in India during the year. This award honours GAIL (India) Limited for their leading performance towards growth of infrastructure, optimal utilisation during hydrocarbons transportation in India in 2007-08 while meeting the norms of health, safety and environment protection.
Oil Industry Safety Directorate	Oil Industry Safety Award for HVJ Pipeline and LPG Recovery Plant Vijaipur for 2007-08
Greentech Foundation	Gold Award to Vizag-Secundrabad pipeline and Silver Award to K.G.Basin for outstanding achievement in safety management
OISD (Oil Industry Safety Directorate)	Oil Industries Safety Award for the 11th consecutive year to GAIL's HVJ pipeline(first position in safety standard under Cross Country Pipelines group) and GAIL's Gas Processing Unit at Vijaipur (first position in safety standard under Other Processing Organizations group)
The Institute Of Cost And Works Accounts Of India (ICWAI)	National Award for Excellence in Cost Management
Institution of Engineers	Safety Innovation Award 2007 to GAIL Agartala, GAIL Gandhar, GAIL Hazira, GAIL Vaghodia and GAIL Vijaipur
Quality Council of India	Quality Council Award for the year 2006
Greentech Foundation , New Delhi	Greentech Safety Award 2007- Platinum Award for GAIL Pata Plant and Gold Award for GAIL Gandhar Plant
Quality Council of India	High standards of quality control initiatives
Oil Industry Safety Directorate	Oil Industry Safety Award – Awarded in the Cross Country Pipeline category on 10th Nov 2006 at Mumbai.
British Safety Council	British Council Safety Award 2005 – Awarded for the seventh consecutive time to GAIL, Pata on 18th
International Project Management Association (IPMA)	Awarded the Silver Medal to DVPL Project in “Mega Projects Category”. The award was presented at IPMA World Congress Meet–2006 held between 15th - 7th Oct'06 at Shanghai, China.
Dun & Bradstreet	Dun & Bradstreet – American Express Corporate Award 2006 – Received on 19th August by CMD in Mumbai
SCOPE, Government Of India	SCOPE Excellence Award 2005 -Awarded Individual and Institutional Categories – (Received in July 2006).
Wisitex Foundation	Wisitex International Excellence Award “ IT Infrastructure Provider” – A Ratna of the year 2005 -Received on 18th Feb 2006 by GM (Business Information System)

Department of Administrative Reforms & Public Grievances; Ministry of Personnel, Public Grievances and Pensions in association with Department of Information Technology, Govt. of Kerala	Golden Icon Award for e Governance Initiatives- Received by Director (Finance) on 2nd Feb 2006.
PCRA	OGCF (Oil & Gas Conservation Fortnight) Award 2005. – Awarded for Best Overall Performance amongst Upstream Sector Oil Companies. Received by Director (Mktg) on 31st Jan 2006.
SCOPE, Government of India	SCOPE – MOU award for Excellence in Performance for 2003-04 given by Vice President of India on 10th Jan 2006. Received by CMD.
PFC	PFC Energy Ranking - Gail Has Been Ranked 11th Among Top 15 Of The World's Largest Listed Gas Utilities Firms In The Oil & Gas Industry in January 2006.
Greentech Foundation, Delhi	Greentech Safety Gold Award 2006 – for third consecutive year to GAIL Vijaypur, for second consecutive year to GPU Gandhar, to GPU Vaghodia.
Bureau of Energy Efficiency under Ministry of Power	National Energy Conservation Award — Pata.
Greentech Foundation, Delhi	GREENTECH Environmental Excellence Gold Award - Gail Hazira and Vijaiapur bags environmental excellence gold award for the second consecutive year-2006.
Oil Industry Safety Directorate	Oil Industry Safety Award - GAIL-HVJ has been selected as winner in Group-5(Cross country pipelines) category for the year 2005-2006.
Computer Society of India	Young IT Professional Award 2005 –for e-investments of surplus funds by Debendra Bera.
SCOPE, Government of India	Excellence and Outstanding Contribution to Public Sector Management (2002-03 and 2003-04)
British Safety Council	Five Star for Health & Safety Sword of Honour
Hewitt Associates	One of the 25 best employers in India
Platts	Global Industry Leadership Award , Hydrocarbon Industry (2005)
Greentech Foundation, Delhi	Greentech Safety Gold Award - Fourth consecutive year (2005-2006)
British Safety Council	International Safety Award 2004 for Six Years – Awarded by the to Pata Plant
NPMP, National Petroleum Management Programme	Financial Management (1997-98) Project Management (2001-02) Human Resources Management (2002-03) Project Management (2002-03) - for the Dahej - Vijaiapur Pipeline Project
Global Platts Survey	No. 1 Company among global gas utilities in terms of Return on Invested Capital (2002-03)

Source: www.gailonline.com/awards

However the different awards won during 2009-10 are listed as under category wise :

a) Corporate Awards

The company won Scope Corporate Governance Award for excellence in propagation and implementation of Corporate Governance practices. Her Excellency Smt. Pratibha Devi Singh Patial, Hon'ble President of India, gave away the award to CMD, GAIL (India) Ltd. In April 2010.

- Dahej- Panvel-Dabhol pipeline project awarded 3rd position in IPMA project excellence award 2009.
- International Safety Award from British Safety Council.
- India Pride Awards-Silver Award in Oil and Gas Category.
- Conferred 'Managing India Award ' for outstanding PSU of the year' by All India Management Association (AIMA). First PSU to get this award in India.
- Platts 'Top 250'- Ranked 148th during 2009 and 5th among gas utility companies at global level. During 2010 it was ranked number one in Asia in gas utilities, and number two in the world.

- India's most Customer Responsive Company in the manufacturing category. by the Avaya Global Connect.
- Conferred "MOUExcellence Award" by Department of Public Enterprises for 2008-09. Prize given by Dr. Manmohan Singh , the Hon'ble Prime Minister of India.

b) HSE Awards

In the area of Health ,Safety and Environment , the company maintains excellent position and has won many awards viz :

- Three top awards from Oil Industry Safety Directorate for Gas Processing Unit, Vijiapur (First), Auriya (Second) and Cross Country Pipeline for HVJ Pipeline (First)
- Safety Innovation Award for 9 units from Institution of Engineers to Vijaipur, Vaghodia, Gandhar, Khera, JLPL (Mansorampura and Vasirabad) ,Agra, Maharastra, Region Pipeline, Usar unit.
- International Safety Award from British Safety Council for units at Pata, Vijiapur,Gandhar, Vaghodia, Lakwa and Rajamundry.
- Golden Peacock Award for Occupational Health and Safety from Institute of Directors for Haziva Gas Compressor Station.

- Golden Peacock Environment Management Award to Gandhar Plant.
- Shrestha Suraksha Purskar for 2008 from National Safety Council to Vijiapur LPG plant and HVJ compressor stations.
- Prashansa Patra_from National Safety Council , Mumbai to GPU Gandhar and Mumbai Region Pipeline.
- Gujarat State Safety Award 2008 from Gurjarat Safety Council to Baroda unit.
- Certificate of Appreciation from Gujarat Safety Council to Vaghodia LPG plant.
- Amity Corporate Excellence Award for Health and Safety Practices during International Business Summit (INBUSID) being organized on 24th Feb, 2010.
- Greentech Silver Award for outstanding achievement in safety management for the year 2010 to Agartala unit.

Others:

- Best Customer Friendly Company_by Economic Times.
- PSU wealth creation by Dalal Street Journal.³¹

So these awards won during last year and a plethora of other in table make GAIL (India) Limited a distinguished Navratna company.

Apart from its employees, spouses and children are also imparted safety training . Further the contract workers, tanker drivers, nearby villages residents are also provided necessary safety training.

Physical Growth and Strength of GAIL (India) Limited

GAIL (India) Limited was born on August 16, 1984 as Gas Authority of India Limited (GAIL) to work as a Company to work in natural gas sector in India with an equity of Rs 1000 Crore by the Government of India. Later on it aimed for business beyond natural gas and diversified into a number of energy areas. A company of Rs 1000 crore in 1984 has the turnover of Rs 32, 459 crore in 2010-11. In a journey of around twenty five years its high turnover speaks in high volumes about its growth . This turnover could have been much more if it had not to bear the burden of oil subsidies.

The company was renamed as GAIL (India) Limited in 2002 so as to acquire a new corporate identity as a major energy company.

Today the GAIL Group Companies account for.³²

32. ibid p.8

- About $\frac{3}{4}$ thof natural gas transmitted in India through pipelines.

- More than ½ of the natural gas sold in India.
- Almost ¼th (24 %) of polyethylene produced in the country.
- LPG produced for every 10th cylinder in the country.
- Pipeline transmission of around ¼th of the country's total LPG.
- Gas Supply for about ½ of the India fertilizer produced.
- Gas Supply for about ½ of country's gas based power generation.
- Operating more than 2/3rd of country's CNG stations.
- More than ½ of country's piped natural gas supply.

Although its physical achievements and strengths are very high in number, still some important are highlighted as under :

Year	Strength
1984	Birth as Gas Authority of India Limited.
1985	HVJ Gas pipeline commissioned
1989	First year of profits
1990	LPG plant at Vijaipur commissioned.
1992	Gas Marketing functions transferred to GAIL
1993	Maiden dividend of Rs 20 crore.

1994	Mahanagar Gas Limited incorporated.
1995	Propane recovery plants at Vijaipur Commissioned.
1996	Listing at NSE, BSE, DSE.
1997	Navratna Status acquired.
1998	Indraprastha Gas Limited in corporate.
1998-99	LPG plant at Usar and Lakwa in corporate.
1999	Petrochemical Plant at Pata (U.P) commissioned.
2000	2 Blocks awarded under NELP-1
2001	Jamnagar -Loni LPG pipeline commissioned.
2001	LPG plant at Gandhar commissioned
2002	Renamed GAIL (India) Limited.
2003	Discovery in A1 block in Myanmar, Discovery of oil and gas in Combay block.
2004	Dahej- Vijaipur pipeline commissioned.
2007	MoPNG authorization for 5 new pipelines received.
2008	Dahej- Panvel- Dabhol pipeline commissioned.
2009	celebrated silver jubilee by completing 25 glorious years.
2010	Ranked number 1 company in gas utilities in Asia and number 2 in the world by Platts.

It has a large number of subsidiaries and joint ventures which have been mentioned in previous pages. It is ranked among top energy companies of the world and its scope of growth is still very large as India has just begun its journey towards using "Green Energy". More and more industries and households will opt for this clean energy in future where the company will play a dominant role both as a producer and service provider.

Shareholding Profile of GAIL (India) Limited

GAIL (India) Limited was known as Gas Authority of India Limited (GAIL) erstwhile and was incorporated as a 100 percent Government company. Later on with the ongoing Liberalization , Globalization and Privatization (LPG) process under economic reforms after 1992, the company had some other shareholders as well although majority of those were still government companies. Its shareholding profile available latest as on March 31. 2010 explains that 57.35 percent shares are in the name of President of India 9.64 percent with LIC, 4.83 percent with ONGC, 2.42 percent with IOCL and rest with other groups and financial institutions. It is depicted in following ^{table. 3.4}

Table : 3.4 Shareholding Profile of (GAIL) India Limited

Shareholders	Percentage
President of India	57.35%
LIC	9.64%
GDRs	1.16%
ONGC	4.83%
IoC	2.42%
FLLs	11.87%
Others	12.74%

Source: Annual Report 2009-10 GAIL (India) Limited

The Government of India had disinvested 135 million equity shares out of its holding in 1999-2000 under disinvestment policy, yet it holds the maximum percentage till date as the Government of India does not want to lose its control in high profit making Navrantna public companies.

Major Products and Brands of GAIL (India) Limited

The company was working initially in the gas sector only and later on went for a newer goal of moving " Beyond Gas'.

It diversified into a number of other areas and started manufacturing a number of products like Petrochemical, Liquid Hydro Carbons and marketing of Citi Gas and Tele communication network.

All the products and their brand names with their usage areas are explained in ^{Table 3.5}

Table: 3.5 Major Products and Brands**Petrochemicals****G-Lex**

Pressure Pipes, OFC Ducts,
Blow Molded Containers,
Thin Films, Monofilament,

G-Lene

Raffia etc.
Raffia, Wire and cable, Pipe
coating, Injection Moulding,
Film, Rotomoulding,
Coating/ Lamination

Liquid Hydrocarbons**G-Propane**

Manufacture of Textiles, Glass, Picture
Tubes, Automobile, Bearings, Forging,
casting, melting industry, Paint shops
of major car manufacturers, Ceramics, Brick Klins,
Drying Ovens, Metal Industry, Refrigerant in AC, etc.

G-Pentane

Artificial ice formation,
L o w t e m p e r a t u r e
thermometers, Solvent extraction processes,
Blowing agent in plastics, Pesticides,
Production of Iso and normal Pentane

City Gas Distribution**CNG Automobiles****PNG**

Cooking, Water heating, Air
Conditioning, Space Heating, Steam
Generation, Power Generation, Dryers,
Furnaces, Boilers

Telecom**GAILTEL**

Bandwidth Leasing
Infrastructure Leasin

It has a big marketing network spread over the country with
locations at New Delhi, Pata, Noida, Jaipur, Ahmedabad, Bhopal,

Mumbai, Hyderabad, Kochi, Chandigarh, Chennai, Kolkatta, Lucknow and Bengaluru.³³

Credit Rating of GAIL (India) Limited

GAIL (India) Limited is a very big corporate entity with an excellent credit ranking. The company has been assigned the highest domestic credit Ratings of AAA from ICRA and CARE. It speaks in high volumes about the company's credit rating. The international rating agency, Moody's International, Hongkong has assigned the company a rating of Baa2 in corporate rating and A3 rating in local currency issuer rating. This rating is even higher than the country's own sovereign rating.³⁴

Such high ratings reflect the sound position and ranking of GAIL (India) Limited at national as well as global level as a leading company in energy business with lowest business risk and a robust profit generating corporate entity.

33. GAIL Polymer News, GAIL (India) Limited Publication, New Delhi, 2010

34. n.6 p.21

Financial Performance of GAIL (India) Limited

GAIL (India) Limited is a consistently profit making company of India. Each year its profits go up and higher in value.

It is a diversified energy company and has a number of subsidiary and joint venture companies with it. It is an integrated company involving a big group of companies each running in profits. Its financial performance is explained under different financial parameters as under :

Income: In the year 2010-11 the Company registered a turnover of Rs. 32,459 crores as against Rs 24,996 crores in financial year 2009-10. Thus it showed an increase of 5 percent in its turnover in one financial year, despite of a subsidies provision of Rs 1327 crores in financial year 2009-10. The total income of the company in financial year 2010-11 was Rs. crores against Rs. 25,558 crore in financial year 2009-10 which showed an increase of 3 percent.³⁵

Cost of Sales: In the financial year 2010-11 the cost of sales including depreciation and interest was Rs 27,870 crores as against Rs 20,980 crores during 2008-09. It registered a growth of 30 percent.³⁶

35. ibid p.44

36. ibid

It was because of multiple reasons like increase in volume PMT gas purchase, increase in wage structure due to recent pay revisions.

Profitability: Gail (India) Limited achieved a profit after tax (PAT) of Rs 35610 cores in 2010-11 against Rs 3140 cores in 2009-10 with an increase of 12 percent.³⁷

The financial performance of the Company

The segment wise turnover is depicted in ^{Table 3.6}

Table: 3.6 Segment Wise Turnover (Net of ED) (in crore)

S.NO.	PARTICULARS	2010-11	2009-10
1	Transmission Services		
	a) Natural Gas	3,544	2,926
	b) LPG Transmission	475	447
2	Gas Trading	22,654	15,821
3	Petrochemicals	2,939	2,904
4	LPG & Other Liquid Hydrocarbons	2,786	2,833
6	Unallocated	61	65
	TOTAL SALES	32,459	24,996

Source: Annual Report 2010-11, GAIL (India) Limited

The five year profile of company's financial performance is depicted in ^{Table 3.7} It shows that company profit after tax (PAT) rose from Rs 2310.07 crores in 2005-06 to Rs 3561 crores in 2010-11. The net worth after paying all taxes and dividends was Rs. 9874.81 crores in 2005-06 and it rose to Rs. 16607.48 crores in 2009-10.

37. *ibid*

Table : 3.7 Five Year Profile of GAIL (India) Limited

A. Financial	2006-07	2007-08	2008-09	2009-10	2010-11
PAID-UP CAPITAL	845.65	845.65	1,268.48	1,268.48	1,268.48
RESERVES & SURPLUS	10,547.26	12,159.23	13,501.15	15,530.52	17,984.86
SECURED LOANS	1,100.00	1,100.00	1,100.00	1,446.00	2,310.00
UNSECURED LOANS	237.85	165.87	100.13	34.38	
DEFERRED TAX LIABILITY (NET)	1,318.67	1,319.69	1,325.93	1,389.56	1,633.24
	14,049.43	15,590.44	17,295.69	19,668.94	23,196.58
REPRESENTED BY:					
GROSS BLOCK	14,932.56	16,957.86	17,603.98	21,037.67	22,144.38
LESS: DEPRECIATION	7,478.19	8,024.57	8,553.66	9,106.57	9,740.81
NET FIXED ASSETS	7,454.37	8,933.29	9,050.32	11,931.10	12,403.57
CAPITAL WORK IN PROGRESS	1,936.94	816.66	2,426.33	2,330.49	5,879.17
INVESTMENTS/ADVANCES FOR INVESTMENT (PENDING ALLOTMENT)	1,463.84	1,490.88	1,737.27	2,073.03	2,582.52
NET CURRENT ASSETS MISCELLANEOUS EXPENDITURE	3,194.28	4,349.61	4,081.77	3,334.32	2,331.32
	14,049.43	15,590.44	17,295.69	19,668.94	23,196.58
GROSS SALES	16,545.85	18,580.21	24,414.67	25,375.80	32,907.90
GROSS MARGIN	3,54.05	4,508.47	4,850.92	5,210.37	5,973.08
DEPRECIATION	575.19	573.90	559.90	561.90	650.23
PRELIMINARY/DEFERRED REVENUE					
EXPENSES WRITTEN-OFF					
INTEREST	107.08	79.75	87.00	70.00	82.86
PROFIT/(LOSS) BEFORE TAX	2,859.78	3,855.00	4,204.02	4,578.47	5,239.99
PROFIT/(LOSS) AFTER TAX					
DIVIDEND INCL INTERIM	2,386.67	2,601.46	2,803.70	3,139.84	3,561.13
DIVIDEND	845.65	845.65	887.93	951.36	951.36
CORPORATE DIVIDEND TAX					

INTERNAL GENERATION	123.62	143.72	150.90	158.99	155.32
NET WORTH					
CAPITAL EMPLOYED	2,961.86	3,175.36	3,363.60	3,701.74	4,211.36
INCLUDING ASSETS	11,262.42	12,842.38	14,575.12	16,607.48	19,054.12
UNDER CONSTRUCTION & INVESTMENTS	14,049.43	15,590.44	17,295.69	19,668.94	213,196.58
(B) GAS THROUGHPUT/PRODUCTION	2006-07	2007-08	2008-09	2009-10	2010-11
NATURAL GAS (MMSCMD)	77.29	82.10	83.29	106.73	117.91
LPG (M/T)	1026413	1042597	1087986	1099554	1068156
SBP SOLVENT/NAPHTHA (M/T)	65469	75126	101493	102479	111140
PENTANE (M/T)	72826	73505	58392	58551	34523
PROPANE (M/T)	178736	155873	152671	179274	155152
ETHYLENE (M/T)	367150	393389	431580	429992	428444
HDPE/LLDPE (M/T)	353921	385593	420108	417147	416396
(C) FINANCIAL RATIOS					
NET WORTH PER RUPEE OF PAID-UP CAPITAL (RS)	13.32	15.19	11.49	13.09	15.02
BORROWING TO NET WORTH (RS)	0.12	0.10	0.08	0.09	0.12
PROFIT BEFORE TAX TO CAPITAL EMPLOYED (%)	20.36	24.73	24.31	23.28	22.59
PROFIT BEFORE TAX TO GROSS SALES (%)	25.39	30.02	28.84	27.57	27.50
PROFIT BEFORE GROSS FIXED ASSETS (%)	17.28	20.75	17.22	18.04	15.92
GROSS SALES TO CAPITAL EMPLOYED (%)	19.15	22.73	23.88	21.76	23.66
EARNING PER SHARE (RS)	117.77	119.18	141.16	129.01	141.86
DIVIDEND PER SHARE (RS)	28.22	30.76	22.10	24.75	28.07
DIVIDEND PAYOUT RATIO (INCLUDING DIVIDEND TAX)	10.00	10.00	7.00	7.50	7.50
	40.61	38.03	37.05	35.36	31.08

GAIL (India) Limited showed a Compound Annual Growth Rate (CAGR) in its Turnover of 13 percent and CAGR in profit after tax as 14 percent during last 10 years of performance . This period includes the great recession period during 2006-07, therefore it can be concluded that the company is showing a tremendous growth rate during previous years. The company aims for still higher growth rates which is a great satisfying factor for the growth of Indian economy as well.

Significance of GAIL (India) Limited in Indian Economic Growth and Future Prospects

Indian economy is growing at second fastest rate after China in the world. After growing at an impressive rate of nearly a percent during 2004-08, it slipped down to about 6.5 percent due to global economic slow down. Then it recovered to about 7.4 percent in 2009-10 and nearly 8 percent in 2010-11.

In the coming years it is expected to grow at a rate of a percent. This strong economic growth gives a sharp rise to the energy demands of the country. India is 5th largest consumer of energy in the world and is expected to be at number three (after USA and China) by 2020. Still India has a very low per capita energy consumption rate in the world. It is expected to grow in the coming years with the development of economy.

India had made a voluntary choice of reducing its carbon emissions by 20 percent by 2020. So India has to shift to using cleaner fuel and green energy areas with a new approach and usage technology. Natural Gas will gain more importance in Indian energy sector. At present, as per various energy records, natural gas as a fuel constitutes about 24 percent in world, whereas it is only 9 percent in India. India still does not use much of green energy but the process has started. Use of natural gas and its components is expected to grow at a rapid rate. The role of GAIL (India) Limited as a producer and transporter of natural gas is going to assume a great significance among coming years. At present GAIL (India) Limited is the market leader in the areas of gas transportation with a commanding share of 72 percent of total gas in the country,

The Government of India is richly benefited by the huge profits of GAIL (India) Limited . Its growth rate in terms of profits is accelerating year after year. The chairman cum managing director (CMD) of the company Mr.B.C. Tripathi remarked in AGM of 2009-10 ."Foreseeing the immense potential in the Indian gas sector, GAIL developed a well conceived strategic blue print with ambitions goals for its growth and has accordingly started executing various pipelines projects at an

investment of around Rs 30,000 crores covering 16 different states, to establish a truly pan- Indian presence."³⁸

GAIL (India) Limited is a Navratna Public Company of India and it consistently maintains its position in top 10 most profit making Central Public Sector Undertakings (CPSU'S). About 70 percent of the total profit of Indian Public Sector comes from top 10 profit making companies, of which GAIL (India) Limited is one. Its contribution to Indian economy is quite laudable. Further its scope in Indian energy market is going to be prominent one. Presently it is operating its City Gas Distribution (CGD) facility in 42 cities.⁴¹ It is likely to increase in number in coming times. Till now power, fertilizers and city gas distribution are the major consumers of gas but the gas demand is going to raise its volume and it is estimated that by the end of 2015 the gas demand in the country will be more than double in its volume now.

The scope for polymer industry is also very broad in the country. The company has the largest gas based polymer plant of India at Pata (U.P) which is going to enhance its capacity of production due to enhancing demands. The more use of LPG in the country, the greater its demand is

38. Speech of Mr. B.C. Tripathi (CMD,GAIL (India) Limited in Annual General Meeting of 2009-10 at

New Delhi.

for its pipeline transportation. GAIL (India) Limited has also made investments in the areas of wind energy and communication network which will increase its profits in the coming years. The high cost of petrol and diesel for automobiles will shift the focus towards use of CNG as alternate fuel which is a Green Fuel in itself. To sum up, the profits and rankings of GAIL (India) Limited are likely to increase which will be a big boost to Indian economy as well. More details are covered in next chapters.