



गेल (इंडिया) लिमिटेड

(भारत सरकार का उपक्रम – महारत्न कंपनी)

GAIL (India) Limited

(A Government of India Undertaking - A Maharatna Company)

गेल भवन,
16 भीकाएजी कामा प्लेस
नई दिल्ली-110066, इंडिया

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ND/GAIL/SECTT/2016

May 25, 2016

Listing Department
National Stock Exchange of India Limited
Exchange Plaza, 5th Floor,
Plot No. C/1, G Block,
Bandra-Kurla Complex, Bandra (East),
Mumbai – 400051

Sub.: Audited Financial Results for the FY ended on 31st March, 2016 and recommendation of final dividend FY 2015-16

Dear Sir,

This is in continuation of our letter of even no. dated May 10, 2016.

The Board of Directors of the Company in its meeting held today i.e. **May 25, 2016**, inter-alia, approved the audited financial results of the Company for the quarter/ Financial Year ended **31st March, 2016** and recommended the payment of final dividend @ 30 % (Rs. 3 /- per share) on the paid-up equity share capital of the Company for the FY 2015-16, subject to approval of shareholders in the ensuing Annual General Meeting. The date on which dividend shall be paid/dispatched to entitled shareholders will be intimated separately.

In this regard, please find enclosed herewith a copy of the said audited financial results of the Company along with Auditors Report of M/s G.S. Mathur & Co. and M/s O.P. Bagla & Co., Joint Statutory Auditors of the Company on the financial statements and Form A

Disclosure in accordance with Regulation 52(4) and 54(2) of SEBI (LODR) Regulations, 2015 is also attached.

The Board meeting commenced at 2.00 p.m. and concluded at 4:40 p.m.

The above is for your information and records please.

Thanking You
Yours faithfully

(N.K. Nagpal)
Company Secretary
E-mail: nknagpal@gail.co.in

Encl.: As above

Copy to:

Listing Department
BSE Limited
Floor 1, Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai – 400001

सीआईएन/CIN
L40200DL1984G01018976
www.gailonline.com



GAIL (INDIA) LIMITED

STATEMENTS OF FINANCIAL RESULTS FOR THE QUARTER AND FINANCIAL YEAR ENDED 31ST MARCH, 2016

(₹ In Lakhs)

		Stand Alone Results					Consolidated Results	
Particulars		For the Quarter ended			For the Year ended		For the Year ended	
		31.03.2016 Unaudited	31.12.2015 Unaudited	31.03.2015 Unaudited	31.03.2016 Audited	31.03.2015 Audited	31.03.2016 Audited	31.03.2015 Audited
PART - I								
1	Income from Operations							
	a) Net Sales/Income from operations (Net of excise duty)	11,62,720	13,38,005	14,23,541	51,61,427	56,56,945	54,57,198	60,51,473
	b) Other Operating Income	10,516	7,153	3,521	29,988	17,253	31,568	18,923
	Total Income from Operations (Net)	11,73,236	13,45,158	14,27,062	51,91,415	56,74,198	54,88,766	60,70,396
2	Expenses							
	a) Consumption of raw materials	80,228	87,544	1,18,029	3,33,516	4,97,398	3,58,351	5,12,339
	b) Purchase of Stock - in - trade	8,30,236	9,94,695	8,90,541	38,44,797	40,34,833	39,84,917	42,76,160
	c) (Increase)/decrease in Inventories of Finished Goods, Work in Progress and Stock in Trade	7,152	2,215	83,817	41,155	23,217	38,080	23,163
	d) Employees benefits expense	22,707	26,296	20,218	99,606	90,640	1,10,425	98,539
	e) Depreciation & amortisation expenses	34,966	33,297	25,283	1,31,309	97,426	1,85,090	1,43,257
	f) Other expenses	1,10,544	1,18,784	2,50,117	4,45,518	5,58,490	4,87,501	5,95,147
	Total Expenses	10,85,833	12,62,831	13,88,005	48,95,901	53,02,004	51,64,364	56,48,605
3	Profit / (Loss) from Operations before other income, finance costs and exceptional Items (1-2)	87,403	82,327	39,057	2,95,514	3,72,194	3,24,402	4,21,791
4	Other Income	22,046	25,691	25,933	85,770	86,086	82,913	86,342
5	Profit / (Loss) from ordinary activities before finance costs and exceptional Items (3±4)	1,09,449	1,08,018	64,990	3,81,284	4,58,280	4,07,315	5,08,133
6	Finance Costs	15,462	15,833	9,141	64,004	36,130	98,091	65,183
7	Profit / (Loss) from ordinary activities after finance costs but before exceptional items (5±6)	93,987	92,185	55,849	3,17,280	4,22,150	3,09,224	4,42,950
8	Exceptional Items	-	-	-	-	6,286	-	6,286
9	Profit/ (Loss) from Ordinary Activities before tax (7±8)	93,987	92,185	55,849	3,17,280	4,28,436	3,09,224	4,49,236
10	Tax expenses :							
	Current Tax							
	- Current Year (Net of Mat Credit Entitlement)*	3,777	8,817	(43,807)	18,743	47,984	33,753	62,901
	- Earlier Year	(5,196)	-	2,185	(5,196)	(2,200)	(6,188)	(4,016)
	Deferred Tax	18,407	16,942	46,396	73,843	78,735	76,845	83,207
11	Net Profit/(Loss) from Ordinary Activities after tax (9±10)	76,999	66,426	51,075	2,29,890	3,03,917	2,04,814	3,07,144
12	Extraordinary Items (Net of tax expenses)	-	-	-	-	-	-	-
13	Net Profit/(Loss) for the period (11±12)	76,999	66,426	51,075	2,29,890	3,03,917	2,04,814	3,07,144
14	Share of Profit/ (Loss) of Associates	-	-	-	-	-	10,834	8,812
15	Minority Interest	-	-	-	-	-	(9,514)	(49)
16	Net Profit/ (Loss) after Taxes, Minority Interest and Share of Profit/ (Loss) of Associates (13±14-15)	-	-	-	-	-	2,25,162	3,16,005
17	Paid up Equity Share Capital (Face value of ₹ 10/- per share)	1,26,848	1,26,848	1,26,848	1,26,848	1,26,848	1,26,848	1,26,848
18	Reserves excluding Revaluation Reserves	-	-	-	29,31,639	27,85,104	34,12,776	32,75,419
19.I	Earnings Per Share (before extraordinary items) (of ₹ 10 each)- not annualised							
	(a) Basic	6.07	5.24	4.03	18.12	23.96	17.75	24.91
	(b) Diluted	6.07	5.24	4.03	18.12	23.96	17.75	24.91
19.II	Earnings Per Share (after extraordinary items) (of ₹ 10 each)- not annualised							
	(a) Basic	6.07	5.24	4.03	18.12	23.96	17.75	24.91
	(b) Diluted	6.07	5.24	4.03	18.12	23.96	17.75	24.91
20	Debt Service Coverage Ratio**				1.88	3.18	1.39	2.25
21	Interest Service Coverage Ratio				6.10	6.48	3.25	3.56

Note : Definition for Coverage Ratio :

1. Debt Service Coverage Ratio (DSCR) - Earning Before Interest & Tax / (Interest Expense+ Principal Repayment**)

2. Interest Service Coverage Ratio (ISCR) - Earning Before Interest & Tax / Interest Expense

* MAT Credit Entitlement for Current Year ₹ 59578/- Lakhs (Corresponding P.Y ₹ 35707/- Lakhs) on standalone basis.

** Principal repayment excludes pre-payment of loan during the Current Year ₹ NIL (Corresponding P.Y ₹ 90000 Lakhs) on standalone basis.

PARTICULARS		Stand Alone Results					Consolidated Results	
		For the Quarter ended			For the Year ended		For the Year ended	
		31.03.2016 Unaudited	31.12.2015 Unaudited	31.03.2015 Unaudited	31.03.2016 Audited	31.03.2015 Audited	31.03.2016 Audited	31.03.2015 Audited
1	Segment Revenue (Net Sales/Income)							
	A. Transmission Services							
	I) Natural Gas	1,02,834	97,893	92,657	3,99,228	3,34,914	3,99,228	3,34,914
	II) LPG	12,468	11,272	12,420	48,602	44,055	48,602	44,055
	B. Natural Gas Marketing	9,20,428	11,68,653	12,51,928	43,68,990	49,17,404	45,50,512	51,79,383
	C. Petrochemicals	1,02,594	72,866	1,20,006	3,06,897	4,72,008	3,07,147	4,72,008
	D. LPG And Liquid Hydrocarbons	74,632	82,760	1,03,523	3,25,084	5,05,275	3,25,084	5,05,275
	E. Other Segment *	18,597	21,203	19,721	82,144	76,268	3,25,009	1,63,918
	F. City Gas Distribution	-	-	-	-	-	3,38,875	2,88,611
	Total	12,31,553	14,54,647	16,00,255	55,30,945	63,49,924	62,94,457	69,88,164
	Less : Inter- Segment Revenue	68,833	1,16,642	1,76,714	3,69,518	6,92,979	8,37,259	9,36,691
	Sales / Income from Operations	11,62,720	13,38,005	14,23,541	51,61,427	56,56,945	54,57,198	60,51,473
2	Segment Results (Profit/(Loss) before Interest and Tax)							
	A. Transmission Services							
	I) Natural Gas	45,097	42,769	32,212	1,84,793	1,31,560	1,84,793	1,31,560
	II) LPG	6,933	5,430	6,706	26,388	23,795	26,388	23,795
	B. Natural Gas Marketing	37,664	48,342	9,341	1,39,496	56,086	1,51,100	67,118
	C. Petrochemicals	(10,893)	(16,056)	(15,430)	(80,662)	13,059	(1,04,475)	12,934
	D. LPG And Liquid Hydrocarbons	16,420	23,275	28,268	74,586	1,92,171	74,586	1,92,171
	E Other Segment *	9,788	(1,212)	7,430	26,399	22,500	26,399	15,099
	F City Gas Distribution	-	-	-	-	-	28,951	39,705
	Total	1,05,009	1,02,548	68,527	3,71,000	4,39,171	3,87,742	4,82,382
	Less : (I) Interest	15,462	15,833	9,141	64,004	36,130	98,091	65,183
	(ii) Other Un-allocable Expenditure	17,949	19,791	29,003	75,640	68,640	95,478	96,518
	(iii) Other Un-allocable Income	(22,389)	(25,261)	(25,466)	(85,924)	(94,035)	(1,15,051)	(1,28,555)
	Total Profit before Tax	93,987	92,185	55,849	3,17,280	4,28,436	3,09,224	4,49,236
3	Capital Employed (Segment Assets - Segment Liabilities)							
	A. Natural Gas Transmission / Marketing	19,35,618	19,21,730	20,38,308	19,35,618	20,38,308	20,38,822	21,38,562
	B. LPG Transmission	75,316	73,708	71,004	75,316	71,004	75,316	71,004
	C. Petrochemicals	9,41,574	8,54,941	7,88,270	9,41,574	7,88,270	18,17,131	8,35,232
	D. LPG And Liquid Hydrocarbons	73,379	85,526	84,133	73,379	84,133	73,379	84,133
	E Other Segment *	1,62,468	1,68,185	1,55,469	1,62,468	1,55,469	1,61,557	1,55,284
	F City Gas Distribution	-	-	-	-	-	1,54,184	1,34,904
	G Un Allocable	10,86,594	12,22,244	10,61,225	10,86,594	10,61,225	16,16,631	23,42,882
	Total	42,74,949	43,26,334	41,98,409	42,74,949	41,98,409	59,37,020	57,62,001

*Note : Other Segment includes GAILTel, E&P, City Gas & Power Generation. However, in consolidation City Gas is a separate segment.

Statement of Assets & Liabilities as at 31st March, 2016

(Rs in Lakhs)

PARTICULARS	Stand Alone Results		Consolidated Results	
	As at		As at	
	31.03.2016 (Audited)	31.03.2015 (Audited)	31.03.2016 (Audited)	31.03.2015 (Audited)
A EQUITY AND LIABILITIES				
1 Shareholders' Funds				
(a) Share Capital	1,26,848	1,26,848	1,26,848	1,26,848
(b) Reserves and Surplus	29,31,639	27,85,104	34,12,776	32,75,419
Sub Total - Shareholders' Funds	30,58,487	29,11,952	35,39,624	34,02,267
2 Share Application Money Pending Allotment	-	-	-	-
3 Minority Interest	-	-	1,66,316	1,75,830
4 Non Current Liabilities				
(a) Long Term Borrowings	5,78,128	7,81,449	12,66,987	14,75,238
(b) Deferred Tax Liabilities (net)	4,04,708	3,30,865	4,32,083	3,54,769
(c) Other Long Term Liabilities	1,08,123	2,07,941	1,33,639	2,25,969
(d) Long Term Provisions	61,753	57,892	63,181	59,207
Sub Total - Non Current Liabilities	11,52,712	13,78,147	18,95,890	21,15,183
5 Current Liabilities				
(a) Short Term Borrowings	-	23,380	1,96,698	1,17,416
(b) Trade Payables	2,86,160	3,32,048	3,08,494	3,41,374
(c) Other Current Liabilities	7,03,074	5,36,109	8,46,350	6,73,371
(d) Short Term Provisions	98,993	1,07,687	1,45,617	1,39,084
Sub Total - Current Liabilities	10,88,227	9,99,224	14,97,159	12,71,245
TOTAL - EQUITY AND LIABILITIES	52,99,426	52,89,323	70,98,989	69,64,525
B ASSETS				
1 Non Current Assets				
(a) Fixed Assets	32,14,927	32,11,971	50,96,412	47,65,598
(b) Goodwill on Consolidation	-	-	12,625	12,625
(c) Non Current Investments	4,53,433	4,32,236	1,22,313	1,13,289
(d) Deferred Tax Assets (Net)	-	-	-	-
(e) Long Term Loans and Advances	4,43,928	3,44,587	4,71,284	5,94,325
(f) Other Non Current assets	1,11,554	2,40,995	1,12,796	2,42,325
Sub Total - Non Current Assets	42,23,842	42,29,789	58,15,430	57,28,162
2 Current Assets				
(a) Current Investments	1,235	-	13,587	13,928
(a) Inventories	1,74,485	2,08,105	2,20,532	2,35,456
(c) Trade Receivables	2,72,761	3,09,452	2,87,271	3,20,994
(d) Cash and Cash Equivalents	1,79,387	1,14,164	2,39,815	1,55,825
(e) Short Term Loans and Advances	3,27,859	3,51,170	3,97,681	4,15,217
(f) Other Current Assets	1,19,857	76,642	1,24,673	94,943
Sub Total - Current Assets	10,75,584	10,59,533	12,83,559	12,36,363
TOTAL - ASSETS	52,99,426	52,89,323	70,98,989	69,64,525

Notes

1. The audited financial results were reviewed by the Audit Committee and approved by the Board of Directors at its meetings held on 25th May 2016.
2. In terms of the decision of the Government of India to share the under recoveries on LPG, the company has provided provisional discount of ₹ NIL for the quarter ended 31st March, 2016 (Previous year corresponding quarter : ₹ NIL Lakhs) and ₹ NIL Lakhs for the year ended 31st March, 2016 (Previous year : ₹ 100,000 Lakhs).
3. Final Dividend @ ₹ 3/- per Equity Share of ₹ 10/- each amounting to ₹ 38054 Lakhs (excluding dividend Tax) during 2015-16 has been recommended subject to approval by shareholders in the Annual General Meeting. In addition, the Interim Dividend @ ₹ 2.50/- per Equity Share amounting to ₹ 31,712 Lakhs has already been paid. The total of Interim and recommended final dividend for the year is ₹ 5.50/- per Equity share amounting to ₹ 69766 Lakhs (excluding dividend tax).
4. Petroleum and Natural Gas Regulatory Board (PNGRB) has issued various provisional transportation tariff orders in respect of pipeline tariff. Some of these orders have been contested by the Company with Competent Authority, i.e., Appellate Tribunal for Electricity (APTEL), which were remanded back by APTEL to PNGRB for review. Further adjustment on account of review, if any, will be recognized as and when the matters are decided.
5. Investment in equity shares of Ratnagiri Gas and Power Private Ltd. (RGPPL) (A joint venture of the Company) of ₹ 97,431 Lakhs has been stated at book value as at 31st March, 2016, as diminution in the value of the investment is considered of non-permanent nature by the management in view of future plans of the JV company. Further to this, during the period RGPPL has obtained in-principle approval of its Board of Directors for demerger of its Power generation business and LNG business into separate companies.
6. Ministry of Corporate Affairs (MCA) vide notification dated 29th August 2014 has amended Schedule II to the Companies Act 2013 requiring mandatory componentization of assets and ascertaining different useful life of such components for financial statements in respect of financial years commencing on or after 1st April 2015. The Company has reviewed and implemented the componentization of its assets during the year ended 31st March 2016. Due to the same, depreciation has increased by ₹ 99 Lakhs and profit has decreased to that extent.
7. The statement of assets and liabilities has been disclosed along with audited financial results as per requirement of Listing Agreement.

8. Figures of last quarter are the balancing figures between audited figures in respect of the full financial year and the published year to date figures up to the third quarter of the current financial year.
9. Previous period / year figures have been regrouped / reclassified, wherever required.
10. The Audited results for the year ended 31st March 2016 are subject to review by the Comptroller and Auditor General of India u/s 143 (6) of the Companies Act, 2013.

For GAIL (India) Limited



**(Subir Purkayastha)
Director (Finance)**

**Place: New Delhi
Date : 25.05.2016**

Independent Auditors' Report

To the Members of GAIL (India) Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of GAIL (India) Limited ('the Company'), which comprise the balance sheet as at 31 March 2016, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone 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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 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 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the 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 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 financial statements.



Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, of the state of affairs of the Company as at 31 March 2016 and its profit and its cash flows for the year ended on that date.

Emphasis of Matter

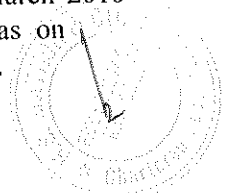
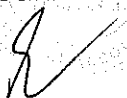
We draw attention to the following matters in Notes to Financial Statement:-

1. Note No: 42(iii) -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: 47 - in respect of stating the investment in a joint venture entity at book value whereas net worth of the entity has been eroded and management has considered the diminution in value of investment as non- permanent.
3. Note No: - 51-in respect of revenue recognition during the year for ship or pay charges where the customer has disputed the claim of the company and final outcome is uncertain,

Our opinion is not modified in respect of these matters.

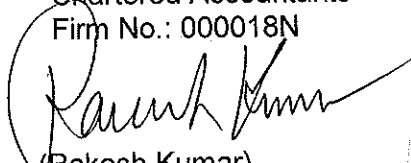
Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure "A" statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by C&AG of India through directions/sub-directions dated 11.12.2015 and 29.04.2016 and 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 and the cash flow statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) On the basis of the written representations received from the directors as on 31 March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164 (2) of the Act.



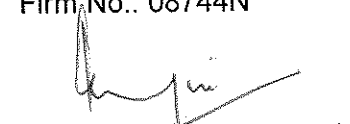
- (f) We are enclosing herewith a report in "**Annexure C**" for our opinion on adequacy of internal financial controls system in place in the company and the operating effectiveness of such controls; and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with 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:
- the Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 33(1)(a) and 34 to the financial statements;
 - the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

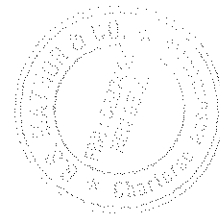
For **O.P.Bagla & Co.**
Chartered Accountants
Firm No.: 000018N


(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: **25th May, 2016**

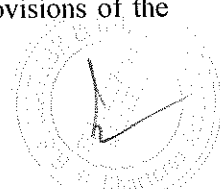
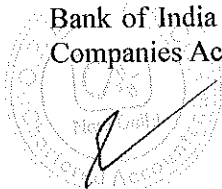
ANNEXURE TO THE AUDITORS' REPORT OF GAIL (INDIA) LIMITED

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 financial statements for the year ended March 31, 2016.

- 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 disclosed in Note no 45(b) & (c).
- 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. However repayment of principal and payment of interest has not been regular in one of the loan given to Bhagyanagar Gas Limited. Please refer Note No.50 to the financial statements in this regard.
 - 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. In respect of business activities of the company maintenance of cost records has been specified by the Central Government under sub-section (I) of section 148 of the Companies Act read with rules framed thereunder and in our opinion, prima facie, prescribed accounts and records have been made and maintained by the company.
- 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 and the forum where the dispute is pending are given below:

List of Cases of Unpaid Disputed Demand under various Statutes as on 31.03.2016

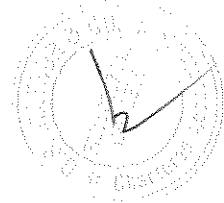
(₹ In Crores)

Sl. No.	Statute		Subject Matter of Dispute	Amount (2015-16)	Period of Dispute	Status - Forum
1	Entry Tax	(a)	Demand of Entry Tax on Natural Gas in U.P.	203.00	1999-00 to 2009-10	Allahabad High Court, Trade Tax Tribunal & Joint Commissioner
		(b)	Demand of Entry Tax on Natural Gas in Rajasthan	5.69	2002-03 to 2005-06	Dy. Commissioner (Appeals), Ajmer
		(c)	Demand of Entry Tax on Natural Gas in Madhya Pradesh	5.38	2008-09, 2011-12 & 2012-13	Tribunal, Bhopal
2	Sales Tax & VAT	(a)	Non-acceptance of declaration form for concessional sales tax	0.38	1995-96 & 1996-97	Tribunal, Bhopal
		(b)	Demand of VAT on account of disallowance of Credit Note	31.88	2005-06, 2006-07 & 2009-10	Joint Commissioner (Appeals), Mumbai
		(c)	VAT demand on inter unit transfer of material	5.52	2011-12	Tribunal, Bhopal
		(d)	Demand of CST on account of disallowance of LPG absorption credit notes	1.39	2011-12 & 2012-13	Tribunal, Bhopal
		(e)	Demand of VAT on account of disallowance of input tax credit	2.77	2010-11	Joint Commissioner (Appeals), Mumbai
		(f)	Demand of VAT on account of disallowance of LPG subsidy	14.92	2005-06	Joint Commissioner (Appeals), Mumbai
		(g)	Demand of VAT on sale of Natural Gas to Power	129.54	2007-08	Joint Commissioner

						Mumbai
		(h)	Demand of VAT on bandwidth charges	2.71	2008-09	Joint Commissioner (Appeals), Mumbai
		(i)	Demand of VAT on High Sea Sale	28.59	2011-12	Joint Commissioner (Appeals), Mumbai
		(j)	Demand of VAT on sale of LPG by treating it as non domestic	56.59	2006-07 to 2011-12	Joint Commissioner (Appeals), Mumbai
		(k)	Penalty for delay in payment of sales tax	0.60	2003-2004	High Court, Mumbai
		(l)	Demand of VAT on account of rate change	0.54	Oct 2011 to Dec 2011	Joint Commissioner, Trichy
		(m)	Demand of CST on account of disallowance of LPG subsidy discount	51.84	2005-06	High Court, Gwalior
		(n)	Demand for treating CST sale as local sale	0.15	2003-2004	High Court, Guwahati
		(o)	Revised Sales Tax demand as per assessment order	2.76	2003-04	Joint Commissioner (Appeals), Vadodara
3	Customs, Excise and Service Tax	(a)	LPG valuation Dispute	19.64	Jan 2001 to Feb 2005	CESTAT Mumbai
		(b)	Dispute on Pentane Classification	99.45	Aug.2005 to Dec 2006 & Oct 2007 to July 2009	CESTAT Ahmedabad
		(c)	Dispute on MFO Classification	79.77	July 2004 to March 2011	CESTAT Ahmedabad
		(d)	Demand of duty under Rule 6(3) of CCR, 2004 for credit taken on input services	14.71	April 2008 to March 2010	CESTAT Kolkata
		(e)	Demand of Service Tax on Marketing Margin	965.85	Oct. 2006 to Mar 2014	CESTAT Delhi
		(f)	Demand of Service Tax on deputation of employees to JVs & Govt. Deptt.	41.20	Oct. 2006 to June 2012	CESTAT Delhi
		(g)	Demand of differential service tax based on service tax returns	0.13	Oct.2006 to March 2007	CESTAT Ahmedabad

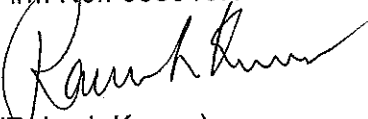
		(h)	Demand raised by denying Cenvat & service tax credit taken at Hazira	9.30	Aug. 2005 to Sept 2009	CESTAT Ahmedabad
		(i)	Demand raised by denying Cenvat credit taken on input services	0.22	2008-09 & Dec. 2010 to March 2011	CESTAT Delhi & CESTAT Allahabad
		(j)	Demand raised in respect of service tax on import of service	0.14	2008-09 to 2011-12	Commissioner (Appeals), Delhi
		(k)	Demand of CVD on purchase of SAP software	0.07	March 2006	CESTAT Delhi
			SUB-TOTAL	1774.73		
4	Income Tax	(a)	Unpaid demand	6.23	AY- 1999-00	CIT (Appeals)
		(b)	Demand of TDS	3.10	AY- 2008-09 to AY - 2016-17	ITO (TDS)
5	Other taxes		Notified Area Tax & GIDC Tax on revised value (incl. interest)	4.16	1998-99 to 2005-06 & 1985-86 to 2009-10	Ahmedabad High Court
			TOTAL	1788.22		

- 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 during the year by way of initial public offer or further public offer (including debt instrument). As informed to us the company has not raised any money by way of term loans during the year.
- x. According to the information and explanation given to us there has been no fraud noticed or reported during the year on the company or by the company by its officers or employees.
- xi. In our opinion the managerial remuneration paid/provided during the year is in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V of Companies Act 2013.
- 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. According to the information and explanation given to us 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.



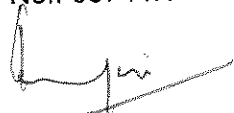
- xv. As informed to us, during the year the company has not entered into any non-cash transactions with any of its directors or persons connected with the directors.
- xvi. The company is not required to get registered under section 45-1A of Reserve Bank of India Act 1934.

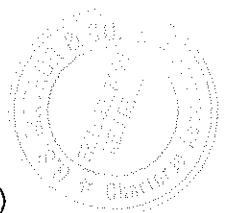
For **O.P.Bagla & Co.**
Chartered Accountants
Firm No.: 000018N


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



For **G.S Mathur & Co.**
Chartered Accountants
Firm No.: 08744N


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



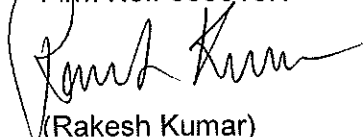
Place: **New Delhi**
Dated: **25th May, 2016**

ANNEXURE TO THE AUDITORS' REPORT OF GAIL (INDIA) LIMITED

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, 2016.

Sl. 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. 45(b) and (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 lying 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
4.	Independent verification may be made of information/inputs furnished to Actuary, viz number of employees, average salary, retirement age and assumptions made by the Actuary regarding discount rate, future cost increase, mortality rate etc for arriving at the provision for liability of retirement benefits, viz gratuity, leave encashment, post retirement medical benefits etc.	As directed, independent verification has been done in respect of information/inputs furnished to the actuary for various components. Also assumption on different aspects made by actuary has been verified. Entries made towards provision for liability of retirement benefits, viz gratuity, leave encashment, postretirement medical benefits etc are on the basis of actuarial valuation.	Nil

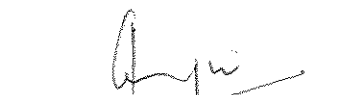
For O.P.Bagla & Co.
Chartered Accountants
Firm No.: 000018N


(Rakesh Kumar)
(Partner)

Membership No.:087537
Place: **New Delhi**
Dated: **25th May, 2016**



For G.S Mathur & Co.
Chartered Accountants
Firm No.: 08744N


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



ANNEXURE 'C'

ANNEXURE TO THE AUDITORS' REPORT OF GAIL (INDIA) LIMITED

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, 2016.

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, 2016 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.

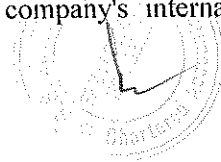
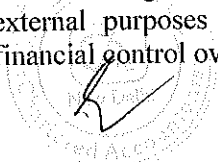
Auditors' Responsibility

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

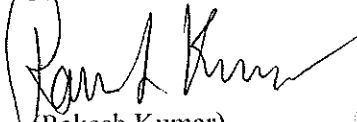
Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal 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, 2016, 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.**
Chartered Accountants

Firm No.: 000018N


(Rakesh Kumar)
(Partner)

Membership No.: 087537

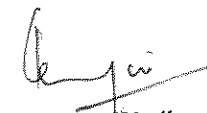
Place: **New Delhi**

Dated: **25th May, 2016**

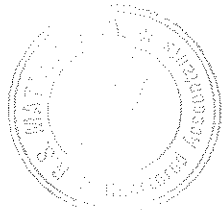


For **G.S Mathur & Co.**
Chartered Accountants

Firm No.: 08744N


(Rajiv Kumar Wadhawan)
(Partner)

Membership No.: 091007



O.P. Bagla & Co.
Chartered Accountants

G.S. Mathur & Co.
Chartered Accountants

Independent Auditor's Report

TO THE MEMBERS OF GAIL (India) LIMITED

Report on the Consolidated Financial Statements

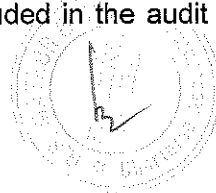
We have audited the accompanying consolidated financial statements of GAIL (India) Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") its associates and jointly controlled entities comprising of the Consolidated Balance Sheet as at 31st March, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter 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 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 financial position, consolidated financial performance and consolidated cash flows of the Group including its Associates and Jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 there under.



O.P. Bagla & Co.
Chartered Accountants

G.S. Mathur & Co.
Chartered Accountants

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 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 financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 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 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 (d) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

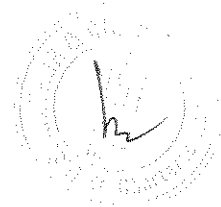
In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates and jointly controlled entities as at 31st March, 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to the following matters in Notes to Financial Statement:-

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. - 41-in respect of revenue recognition during the year for ship or pay charges where the customer has disputed the claim of the company and final outcome is uncertain.

We have not modified our opinion on these matters.



Other Matters

(a) We did not audit the financial statements / financial information of following subsidiaries:

- (i) GAIL Gas Limited and GAIL Global (Singapore) PTE Ltd whose financial statements / financial information reflect total assets of Rs 1,156.21 crores as at March 31, 2016, total revenues of Rs 3,581.83 crores and net cash inflow amounting to Rs 9.02 crores for the year ended on that date, as considered in the consolidated financial statements
- (ii) GAIL Global (USA) Inc whose financial statement reflect total asset of Rs 1,090.43 crores as at December 31, 2015, total revenue of Rs 145.51 crores and net cash outflow of Rs 4.07 crores for the year ended on that date.

These financial statements have been audited by other auditors whose reports have been furnished to us by the management upto 23rd May 2016.

- (iii) Brahmaputra Cracker and Polymers Limited whose financial statement/information are unaudited and reflect total assets of Rs 9,644.14 crores, as at March 31, 2016 total revenue of Rs 2.61 crores and net cash outflow of Rs 84.08 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.

- (b) The consolidated financial statements also include the Group's share of net profit of Rs. 108.34 crores in respect of associates, as considered in the consolidated financial statements, namely Fayum Gas Company, National Gas company "NATGAS" and China Gas Holding Limited whose financial statements / financial information have not been audited by us. These financial statements / financial information have been audited by other auditors for the year ended 31st December 2015 except China Gas Holding whose statements are unaudited as at 30th September 2015. The reports of audited financial statements have been furnished to us by the Management upto 23rd May 2016. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these associates, 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, is based solely on the reports of the other auditors and unaudited financial statements as the case may be.
- (c) 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, 2016 which require any adjustment.



(d) We did not audit the financial statements / financial information of following jointly controlled entities whose financial statements reflect the details given below:

(i)

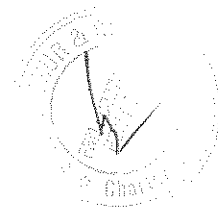
S No.	Name of the Company	Assets	Total Revenue	Rs. in crores
				Net Cash Flow
1	Indraprastha Gas Limited	3,430.45	3,763.61	222.56
2	Bhagyanagar Gas Limited	388.50	109.91	6.95
3	Central UP Gas Limited	209.54	205.37	20.02
4	Green Gas Limited	253.40	183.29	0.76
5	Maharashtra Natural Gas Ltd	643.86	466.04	(17.51)
6	Petronet LNG Limited	12,710.10	27,393.26	1,820.20
7	Aavantika Gas Limited	226.49	115.18	(0.90)

These financial statements have been audited by other auditors whose reports have been furnished to us by the management upto 23rd May 2016.

(ii)

S No.	Name of the Company	Assets	Total Revenue	Rs. in crores
				Net Cash Flow
1	Mahanagar Gas Limited	2,355.35	2,121.63	27.17
2	Ratnagiri Gas & Power (Private) Ltd	9,958.87	1,137.80	16.19
3	Tripura Natural Gas Co Ltd	85.50	63.93	2.31
4	ONGC Petro-additions Ltd	25,410.98	3.83	(161.07)
5	Rashtriya Coal Gas Fertilizer Ltd	0.05	0.00	0.05

These financial statement/financial information are unaudited and have been furnished to us by the management.



O.P. Bagla & Co.
Chartered Accountants

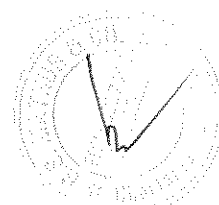
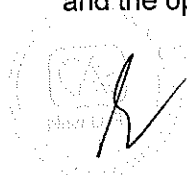
G.S. Mathur & Co.
Chartered Accountants

Our opinion on the consolidated financial statements in so far as it relates to the amount and disclosures included in respect of aforesaid jointly controlled entities 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 jointly controlled entities is based solely on the reports of the other auditors and/or such unaudited financial statements/financial information as the case may.

Our opinion on the consolidated 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 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, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, associate companies and jointly controlled companies which are incorporated in India, none of the directors of the Group companies, its associate companies and jointly controlled companies incorporated in India is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (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.



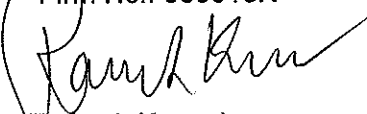
O.P. Bagla & Co.
Chartered Accountants

G.S. Mathur & Co.
Chartered Accountants

(f) 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:

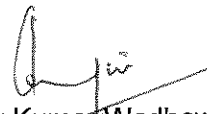
- (i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and jointly controlled entities— Refer Note 33 to the consolidated financial statements.
- (ii) The Group, its associates and jointly controlled entities did not have any material foreseeable losses 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.

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: **25th May, 2016**



O.P. Bagla & Co.
Chartered Accountants

G.S. Mathur & Co.
Chartered Accountants

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 financial statements of the company as of and for the year ended March 31, 2016, 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



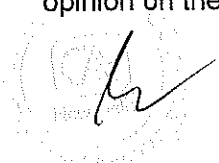
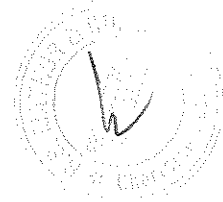
The respective Board of Directors of the of the Holding company, its subsidiary companies, its associate companies and jointly controlled companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over 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

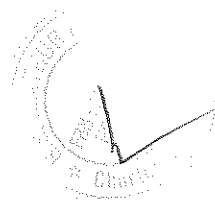
- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance 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, 2016, 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.



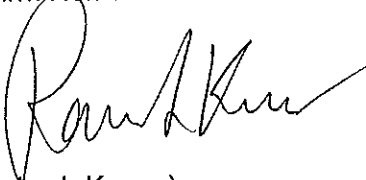
O.P. Bagla & Co.
Chartered Accountants

G.S. Mathur & Co.
Chartered Accountants

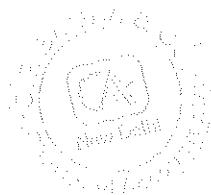
Other Matters

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 insofar as it relates to 1(One) subsidiary company, and 7(Seven) jointly Controlled companies, which are companies 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 auditors 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.**
Chartered Accountants
Firm No.: 000018N

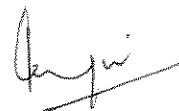


(Rakesh Kumar)
(Partner)
Membership No.: 087537

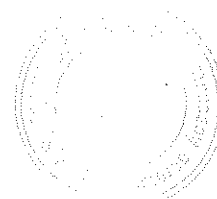


Place: **New Delhi**
Dated: **25th May, 2016**

For **G.S. Mathur & Co.**
Chartered Accountants
Firm No.: 08744N



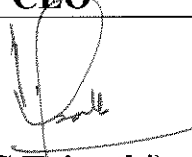

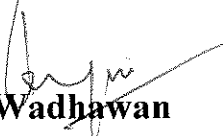
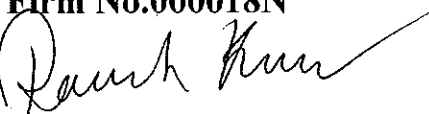
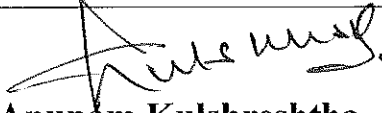
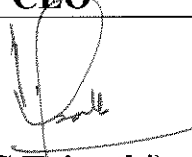

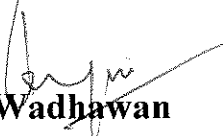
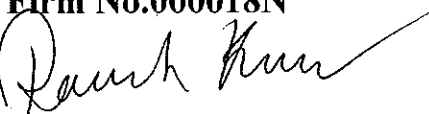
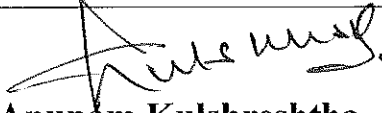
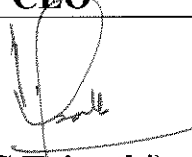

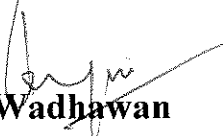
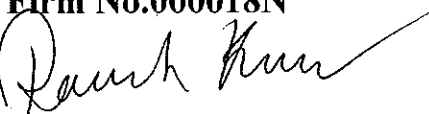
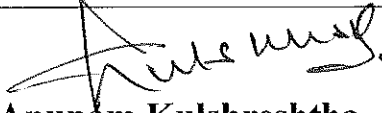
(Rajiv Kumar Wadhawan)
(Partner)
Membership No.: 091007



FORM A

(Clause 33 (3) (d) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

(For audit report with unmodified opinion)

1.	Name of the Company	GAIL (India) Limited										
2.	Annual financial statements for the year ended	31 st March 2016										
3.	Type of Audit observation	Matter of Emphasis Report										
4.	Frequency of observation	Appeared third time										
5.	Signatures :											
<table border="1"> <tr> <td> CEO  (B.C. Tripathi) Chairman and Managing Director </td> <td> CFO  (Subir Purkayastha) Director (Finance) </td> </tr> <tr> <td colspan="2" style="text-align: center;">Auditors of the Company</td> </tr> <tr> <td> For M/s G.S.Mathur & Co. Chartered Accountants Firm No: 008744N  Rajiv Kumar Wadhawan (Partner) Membership No. 091007 </td> <td> For M/s O.P.Bagla & Co. Chartered Accountants Firm No.000018N  Rakesh Kumar (Partner) Membership No. 087537 </td> </tr> <tr> <td colspan="2" style="text-align: center;">Audit Committee Chairman</td> </tr> <tr> <td colspan="2">  Anupam Kulshreshtha (Independent Director) </td> </tr> </table>			CEO  (B.C. Tripathi) Chairman and Managing Director	CFO  (Subir Purkayastha) Director (Finance)	Auditors of the Company		For M/s G.S.Mathur & Co. Chartered Accountants Firm No: 008744N  Rajiv Kumar Wadhawan (Partner) Membership No. 091007	For M/s O.P.Bagla & Co. Chartered Accountants Firm No.000018N  Rakesh Kumar (Partner) Membership No. 087537	Audit Committee Chairman		 Anupam Kulshreshtha (Independent Director)	
CEO  (B.C. Tripathi) Chairman and Managing Director	CFO  (Subir Purkayastha) Director (Finance)											
Auditors of the Company												
For M/s G.S.Mathur & Co. Chartered Accountants Firm No: 008744N  Rajiv Kumar Wadhawan (Partner) Membership No. 091007	For M/s O.P.Bagla & Co. Chartered Accountants Firm No.000018N  Rakesh Kumar (Partner) Membership No. 087537											
Audit Committee Chairman												
 Anupam Kulshreshtha (Independent Director)												

DISCLOSURE IN ACCORDANCE WITH REGULATION 52(4) AND REGULATION 54(2) OF SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATION, 2015

1. Credit Rating in respect of Secured Taxable Redeemable Non Convertible Bonds are as under :

Bond Series	Rating	Rating Agencies
INR Bond Series I - 2010	AAA	CARE, ICRA
INR Bond Series I - 2012	AAA	CARE, CRISIL
INR Bond Series I - 2015	AAA	CARE, India Rating

2. Asset cover available : Bonds are secured by way of first pari passu charge on the fixed and/or current assets of the Company with minimum security cover of 1.10 times.

3. Debt Equity Ratio : 0.27:1

4. Previous due date for the payment of interest/principal: The Company has paid the interest on due date. The payment of principal is not due during the year. Details of Previous due date for the payment of interest/principal are as under :

S. No.	Particulars	INR Bond Series I - 2010	INR Bond Series I - 2012	INR Bond Series I - 2015
1	Interest	14 th December ,2015	11 th June, 2015	23 rd February, 2016
2	Principal	Not Applicable	Not Applicable	Not Applicable

5. Next due date for the payment of interest/principal :

S. No.	Particulars	INR Bond Series I - 2010	INR Bond Series I - 2012	INR Bond Series I - 2015
1	Interest	14th December ,2016	13th June, 2016	23 rd February, 2017
2	Principal	13 th December ,2017	11 th June, 2017	23 rd February, 2022

6. Debt Service Coverage Ratio * :1.88

7. Interest Service Coverage Ratio ** : 6.10



8. Outstanding Redeemable Preference Shares : Nil

9. Bond Redemption Reserve : ₹ 23872 lakhs

10. Net Worth : ₹ 3031384 lakhs

11. Net Profit after Tax : ₹ 229890 lakhs

12. Earnings Per Share : ₹ 18.12

13. The extent and nature of security created and maintained with respect to secured listed non-convertible debt securities : **INR Bond Series I – 2010, INR Bond Series I – 2012 and INR Bond Series I – 2015** are secured on pari passu basis, by charge on freehold non agricultural land at village Tandalja, Vadodra together with the entire building constructed thereon both present & future and the whole of the plant and machinery, spares, tools and accessories and other movables of the company pertaining to its projects at Vijaipur Dadri Pipeline Projects excluding the compressor stations at Vijapur both present and future and whether installed or not and lying or in store.

* Debt Service Coverage Ratio (DSCR) - Earning Before Interest & Tax / (Interest Expense+ Principal Repayment).

** Interest Service Coverage Ratio (ISCR) - Earning Before Interest & Tax / Interest Expense.

