

GAIL (India) Limited



Growing with Green Energy

Analyst Presentation

31st May 2012





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viSion

Be the leading company in natural gas and beyond with global focus, committed to customer care, value creation for all stakeholders and environment responsibility

miSSion

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



GAIL Management



Sh B C Tripathi
C&MD



Sh R D Goyal
Director (Proj)



Sh S L Raina
Director (HR)



**Sh Sudhir
Bhargava**



Dr. Neeraj Mittal



Sh Prabhat Singh
Director (Mktg)



Sh S Venkatraman
Director (BD)



Sh P K Jain
Director (Fin)



**Dr A K
Khandelwal**



Sh R P Singh



**Dr. Vinayshil
Gautam**



Sh R M Sethi



**Sh Mahesh
Shah**



**Sh Arun
Aggarwal**



**Smt Shyamala
Gopinath**

C&MD

Functional Directors

Independent Directors

Govt. Nom. Directors

Three Decades of Growth

1984-1993

- Incorporated in 1984
- HVJ Pipeline commissioned (1987)
- Vijaipur LPG Plant (1990)
- Gas Marketing functions transferred to GAIL (1992)
- Maiden Dividend of ₹20 Cr. (1993)

1994-2003

- MGL & IGL Incorporated (1994 & 1998)
- LPG plant at Usar, Lakwa and Gandhar
- Petrochemical plant commissioned at Pata (1999)
- 2 blocks awarded under NELP I (2000)
- JLPL Commissioned (2001)
- Discovery in A1 Myanmar & Cambay Block (2003)

2004-2012

- Sale of RLNG (2004)
- DVPL and DPPL Commissioned (2004, 2007-08)
- MoPNG Authorization for 5 new Pipelines (2007)
- GAIL Gas Incorporated (2008)
- Start of Pata Expansion (2011)
- Equity Participation in Opal and BCPL to multiply the Petrochemical capacity
- Set up of wind power projects (2012)
- Strong foothold in LNG supply through Spot cargos and LTAs
- Acquisition of Shale Gas Assets in US
- Wholly owned subsidiary GAIL Global USA Inc. incorporated (2012)
- Bid won for Surat Paradip P/L (2012)
- Contract signed for import of LNG from US linked with **Henry Hub Index**

Particulars	(₹ Cr.)		
	1994	2004	2012
Gross Block	2,583	13,585	26,307
Net Worth	1,342	7,411	21,449
Turnover	3,106	10,826	40,281
PAT	321	1,869	3,654

Quick Facts

About $3/4^{\text{th}}$ of the Total Natural Gas Transmitted though pipelines in India

More than $1/2$ of the natural gas sold in India

Almost $1/5^{\text{th}}$ (21%) of Poly-ethelene produced in country

LPG produced for every 10^{th} LPG cylinder in the country

Pipeline Transmission of around $1/4^{\text{th}}$ of country's total LPG

Gas Supply for about $1/2$ of the country's Fertilizer produced

Quick Facts

Gas Supply for about **1/2** of the country's gas based power generation

Operating more than **2/3rd** of country's CNG stations

More than **1/2** of country's piped natural gas supply

16%+ 10 year Turnover CAGR

12%+ 10 year PAT CAGR

3900+ Manpower Asset

Business Portfolio



Natural Gas Transmission

- NG Transport Capacity 180 MMSCMD & ~9500kms – Current Throughput @ 120 MMSCMD
- Expanding the Pipeline Capacity to 300 MMSCMD & 14000 Kms
- Expanding further in Northern & Southern India



Natural Gas Trading

- Gas Trading volume @ 85 MMSCMD
- Higher SPOT LNG Trading to Boost trading volumes – 16 Cargo Purchased in FY12
- GoI approved Marketing Margin on APM Gas w.e.f May 2010



Petrochemicals (Predominantly Polyethylene)

- Significant Player – Market share ~20%
- Current Production Capacity 450 KTA Polymers
- Pata Expansion up to 0.9 MTPA
- Stake in BPCL (280 KTPA) & OPAL (1.1 MTPA)



Business Portfolio



Liquid Hydrocarbons (LHC)

- 7 LHC Processing Plants across India (Natural Gas is processed to produce LHC)
- LHC Production Capacity ~1.4 MMTPA – Current Production @1.4 MMTPA



LPG Transmission

- Largest LPG Pipeline (JLPL)
- LPG Transport Capacity 3.8 MMTPA & ~2000kms – Current Throughput @ 3.4 MMTPA
- Robust LPG growth, stable margins



E&P

- Participating interests in 31 E&P Blocks
- Commercially operations block - Kambay Basin @ 1200 bbl/day
- Operator in 3 Blocks – Rajasthan, Cauvery & Cambay
- Expected commercial operation of A1/A3 Block of Myanmar from Mid 2013

GAIL Group

Subsidiary

GAIL Gas

BCPL

GAIL Global,
Singapore

GAIL Global, USA

JVs

CGD - JVs

Maharashtra Nat Gas

Avantika gas

Bhagyanagar Gas

Central UP Gas

Green Gas Ltd.

Mahanagar Gas

Indraprastha Gas

Tripura NGCL

OPAL

PLL

RGPPL

GAIL China Gas Global
Energy Holding

Associates

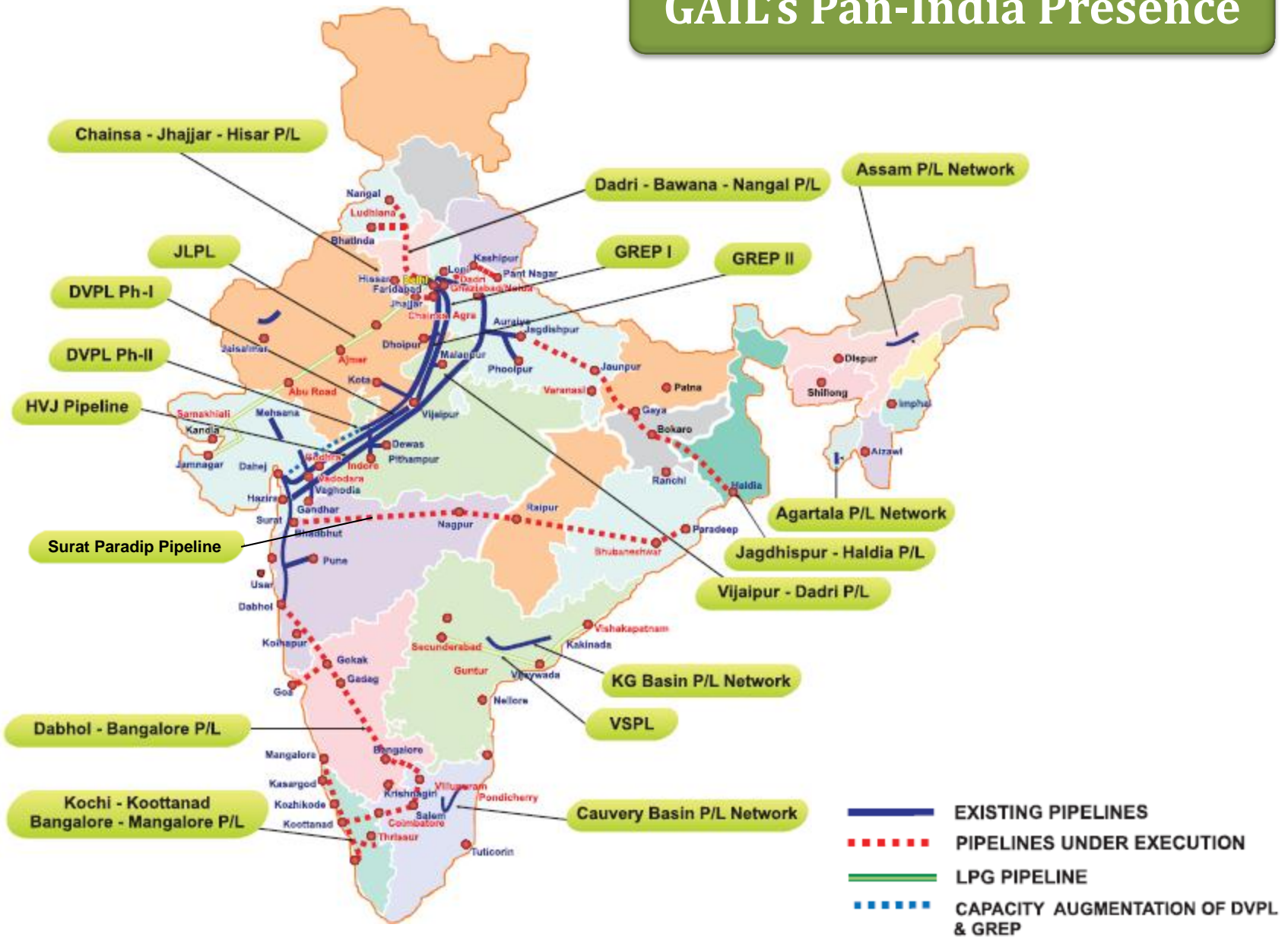
GSEG

Fayum Gas, Egypt

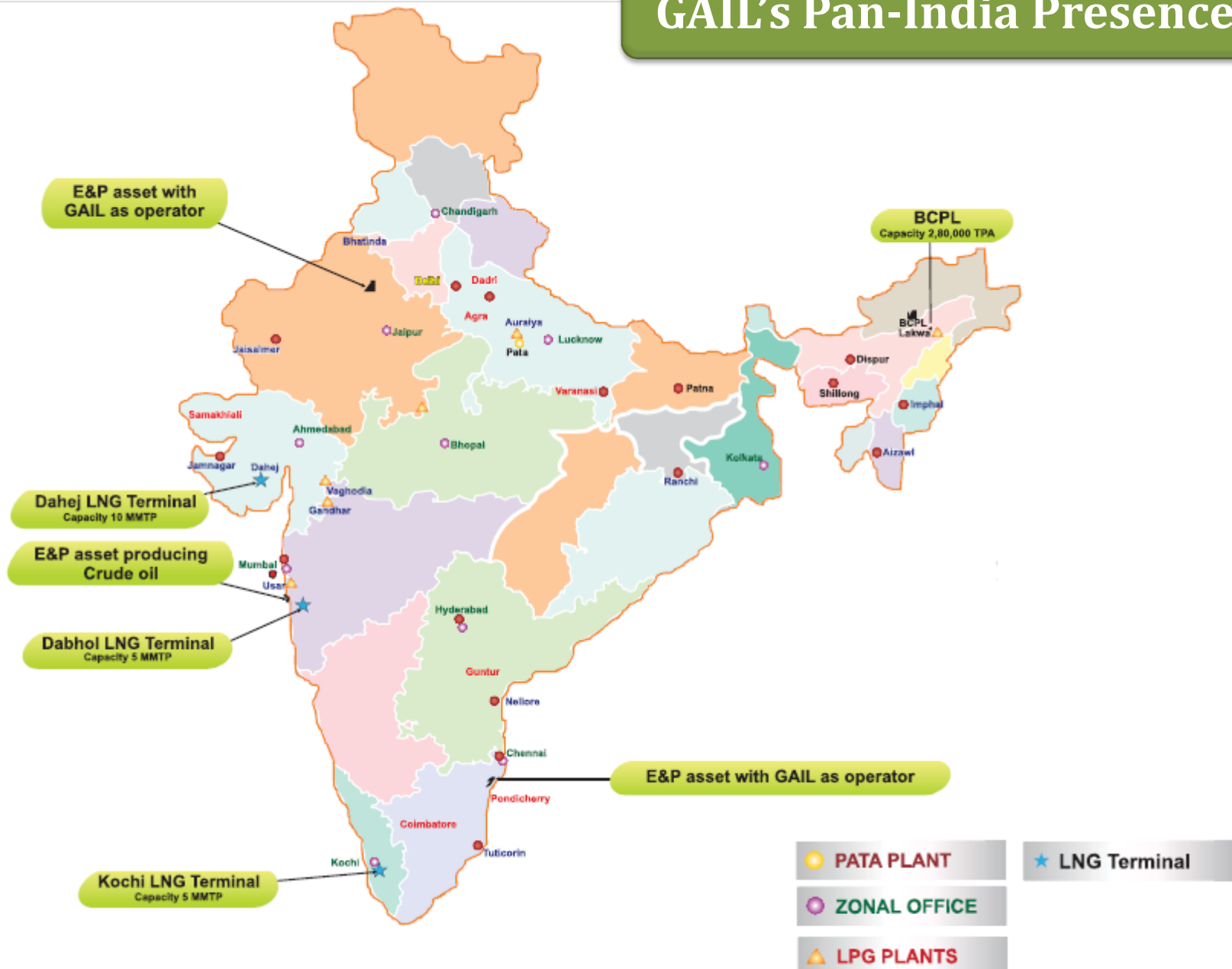
NATGAS, Egypt

China Gas Holding
Ltd.

GAIL's Pan-India Presence



GAIL's Pan-India Presence

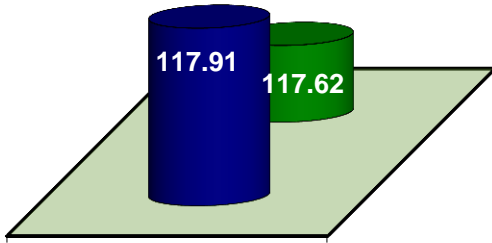


Performance Highlights

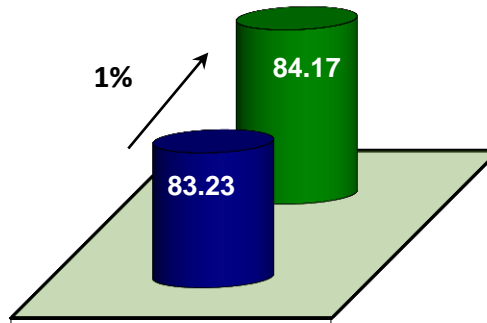


Segmental Physical Performance FY 11-12(Sales)

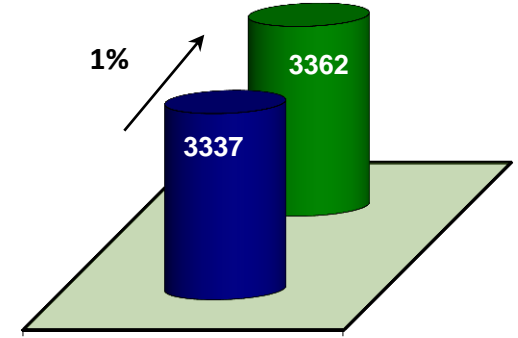
Gas Transmission



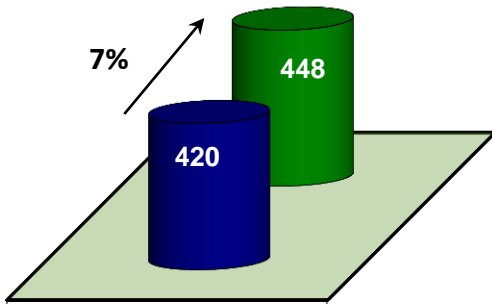
Gas Trading



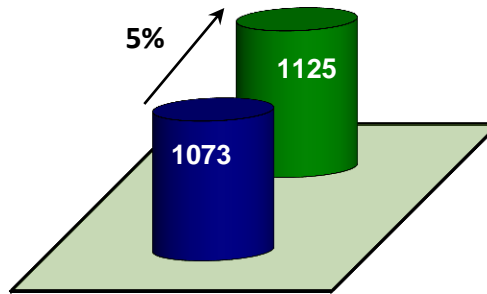
LPG Transmission



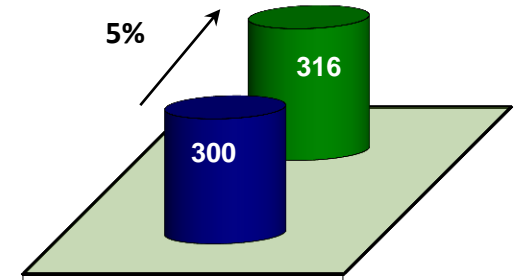
Petrochemicals



LPG



OLHC

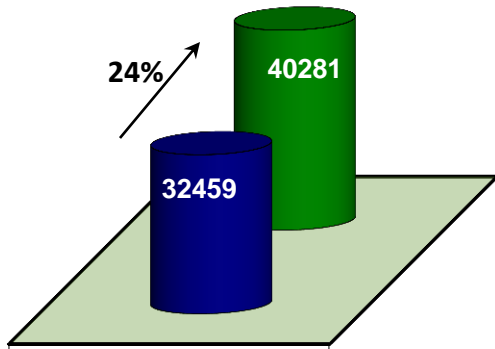


FY 2010-11

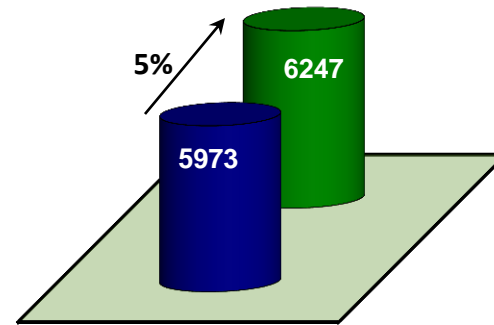
FY 2011-12

HIGHLIGHTS - FINANCIAL PERFORMANCE (₹ IN CR)

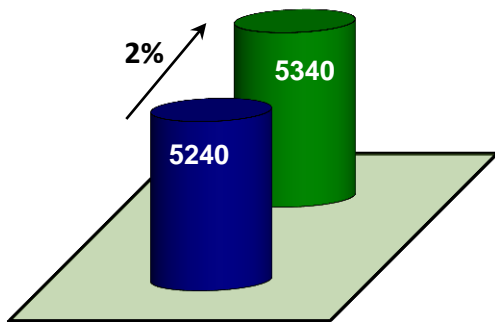
Sales (Net of ED)



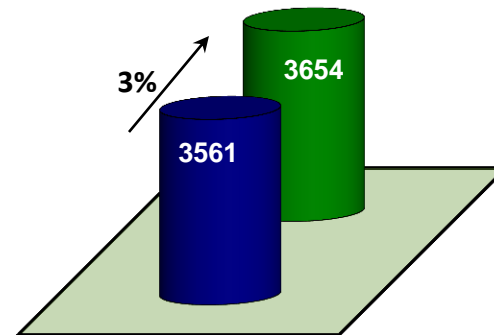
Gross Margin (PBDIT)



PBT



PAT



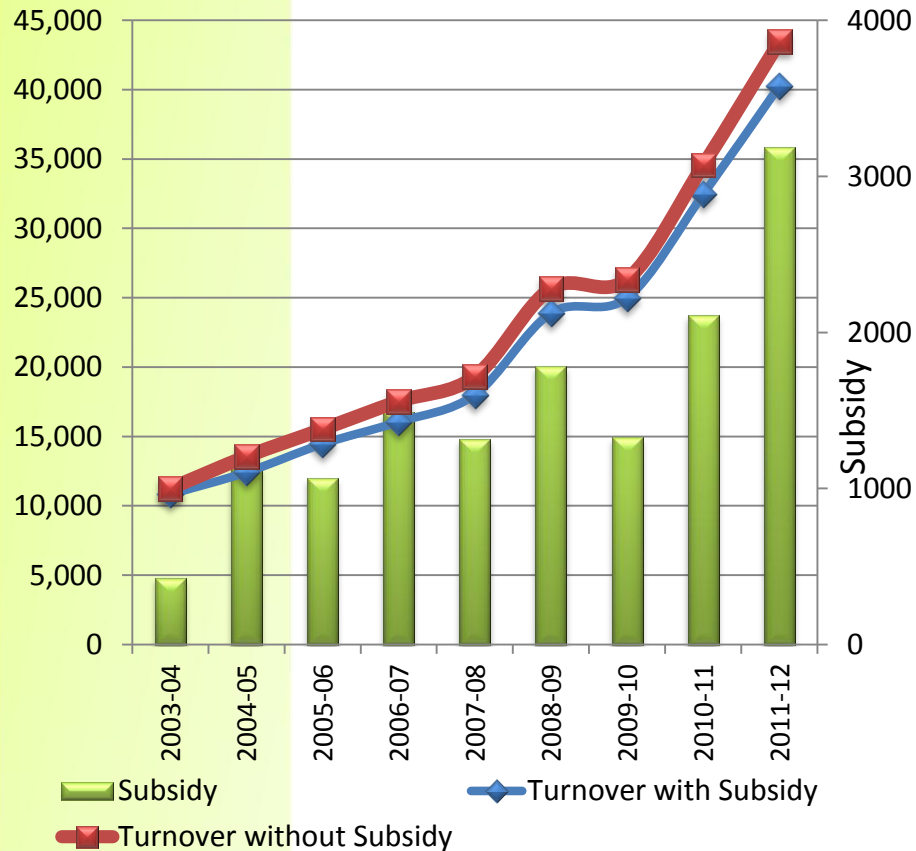
FY 2010-11

FY 2011-12

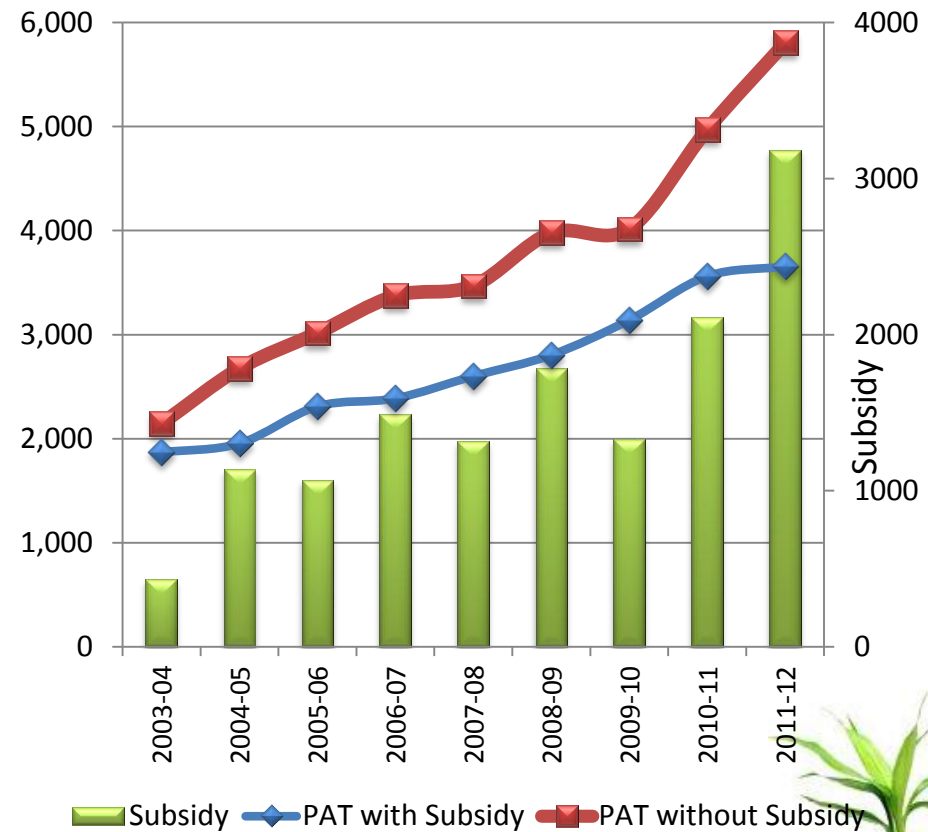
LPG Subsidy for FY 11-12: ₹ 3183 Cr (₹ 2111 Cr for FY 10-11)

Financials - With & Without Subsidy

Turnover



PAT



FY 2011-12 vs. FY 2010-11

Turnover with Subsidy - ₹ 40281 Cr. (24% ↑ YoY)

Turnover without Subsidy - ₹ 43464 Cr. (26% ↑ YoY)

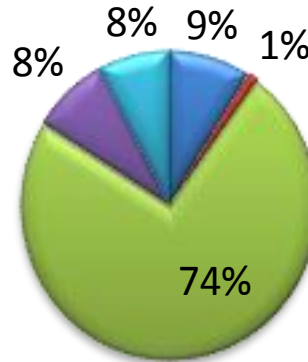
PAT with Subsidy - ₹ 3654 Cr. (3% ↑ YoY)

PAT without Subsidy - ₹ 5804 Cr. (17% ↑ YoY)

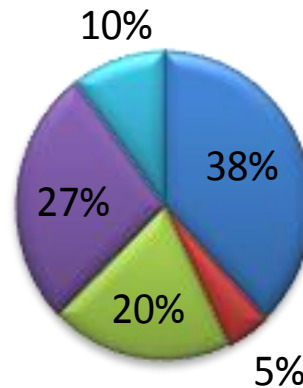


Financial Highlights

Breakup of Turnover - ₹ 40281 Cr



Breakup of Profit Before Tax - ₹ 5340 Cr



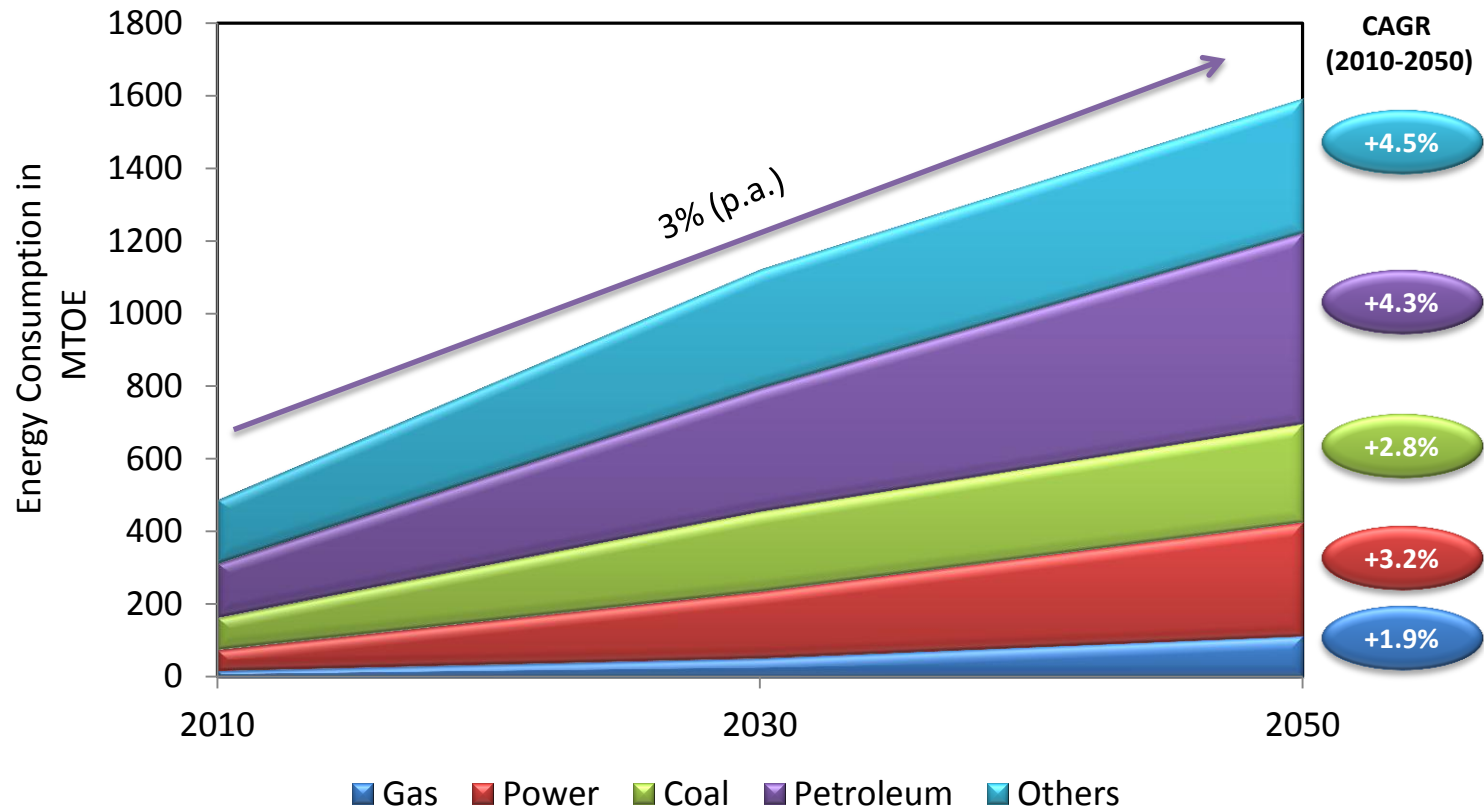
■ NG Trans ■ LPG Trans ■ NG Trad ■ Petro ■ LHC

% share in Turnover & PBT is Excluding Unallocated Segment

Gas Sector Analysis

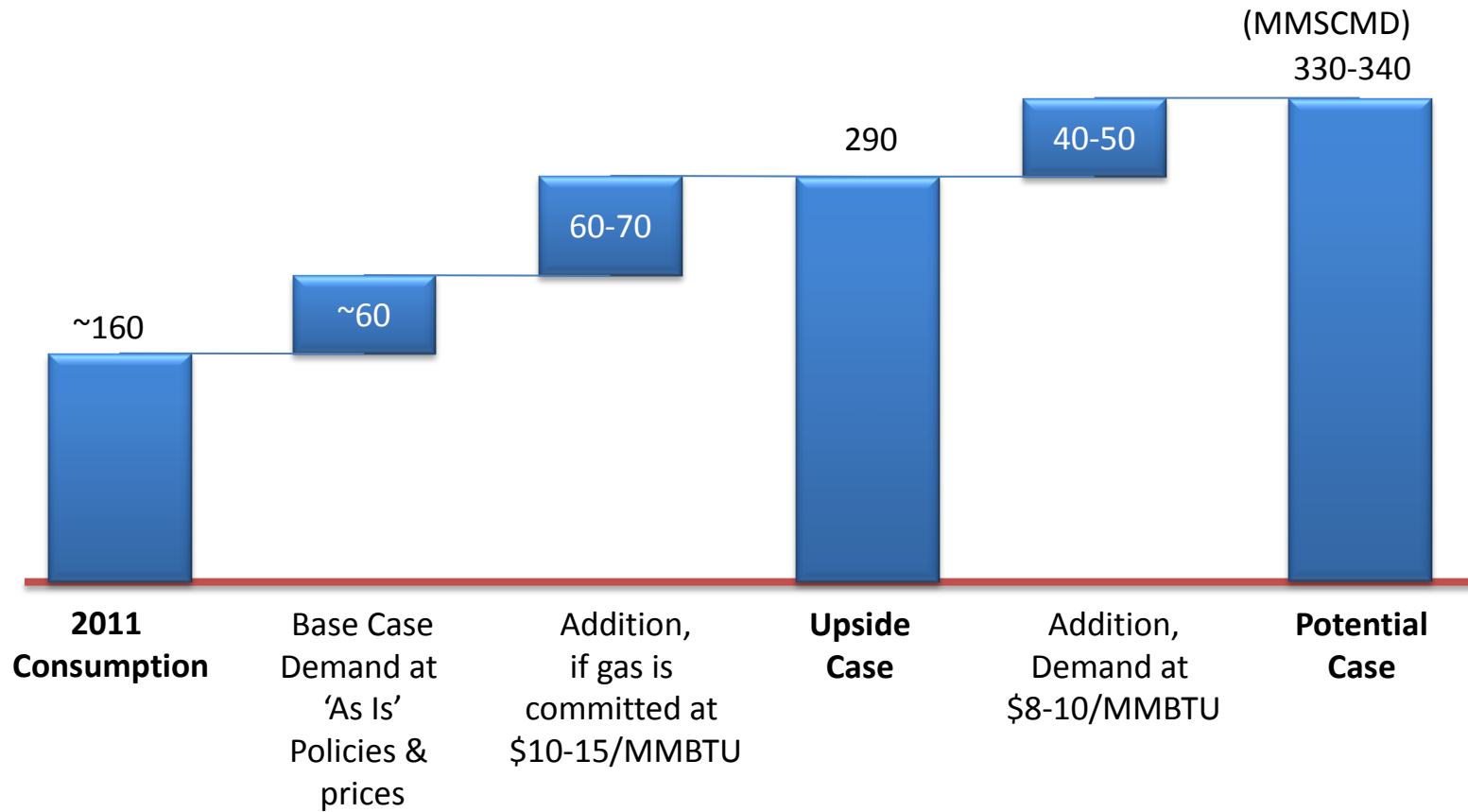


Energy Consumption in India



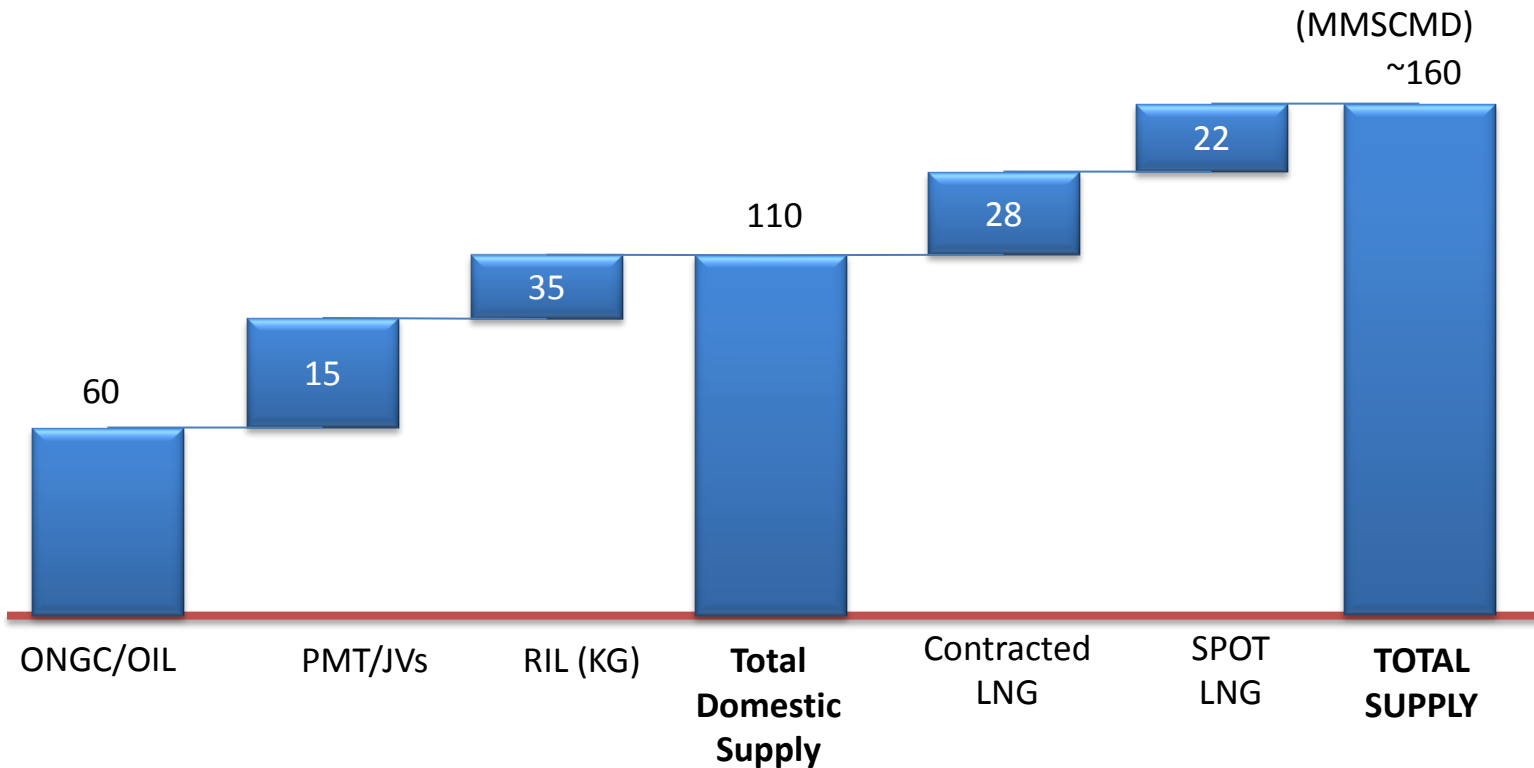
Energy consumption in India to grow by 3 per cent with natural gas growing the fastest at 4.5 per cent

India's Gas Demand in 2017




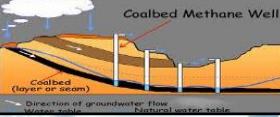



India's demand for gas could amount to 340 MMSCMD in 2017

Current Gas Supply (2012)



Current domestic gas supply is insufficient, necessitating imports

Future Gas Sources by 2017

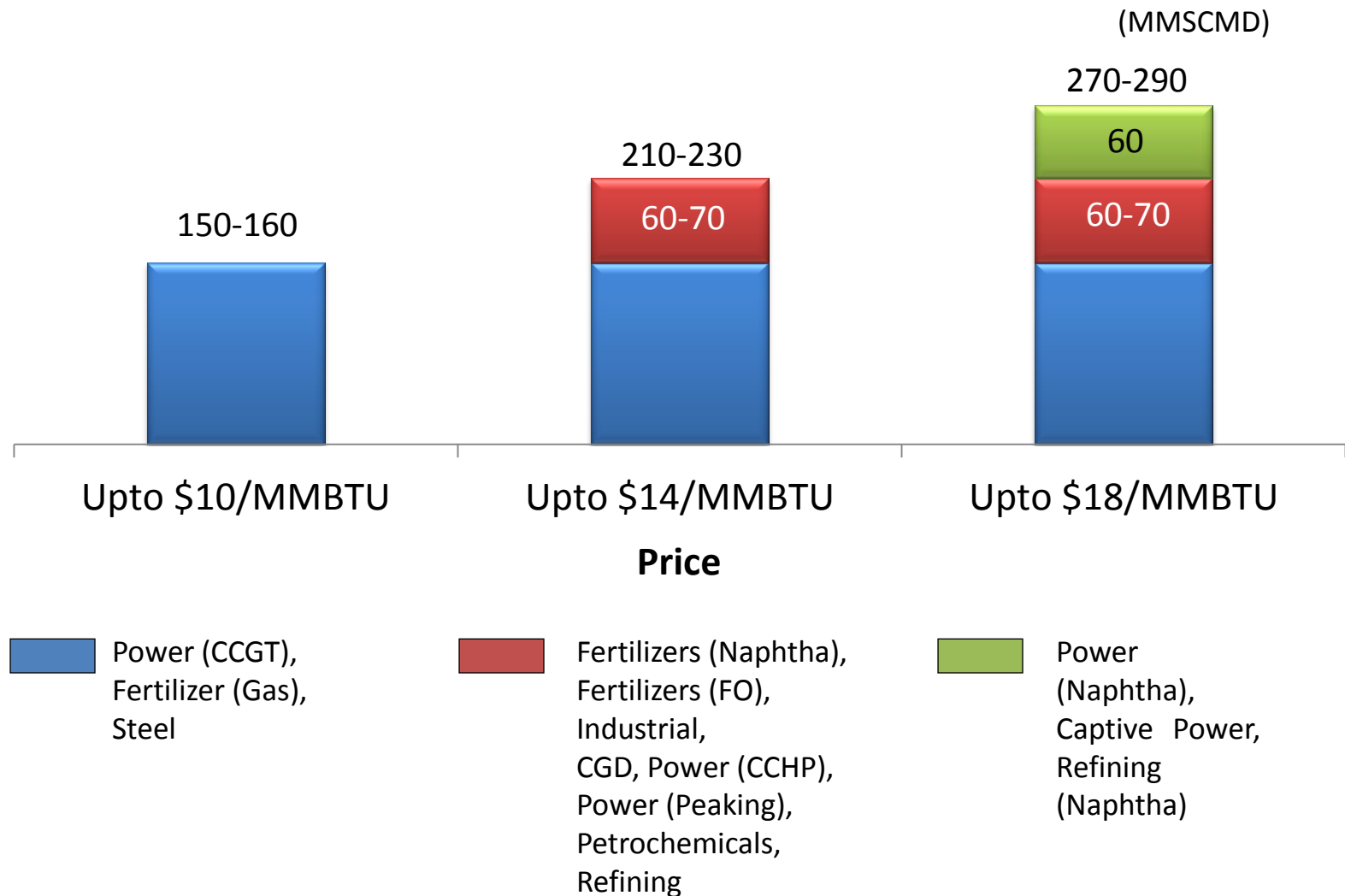
	Source	Potential Supply (MMSCMD)	Potential Landed Price (\$/MMBTU)
	Domestic (Conv.+D/W)	60-100	7-9
	CBM/Marginal fields	10-30	7-9
	TAPI	40	10-15
	Shale gas#	0-2	6-9
	LNG – HH linked	10-15	11-13
	LNG – spot + contracted	15-20	16-18
	TOTAL	135-200	

India can access an additional 70–100 MMSCMD from domestic sources of gas by 2017, but will still need to rely on LNG for the balance 35 MMSCMD

India's shale policy to be finalised only by 2013; unlikely that large-scale shale gas production would occur by 2017

Source: McKinney

Gas Price Segmentation

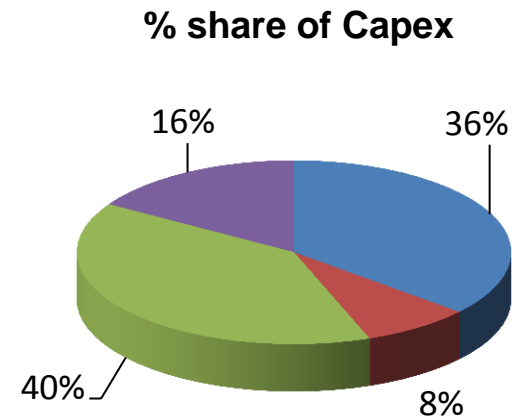
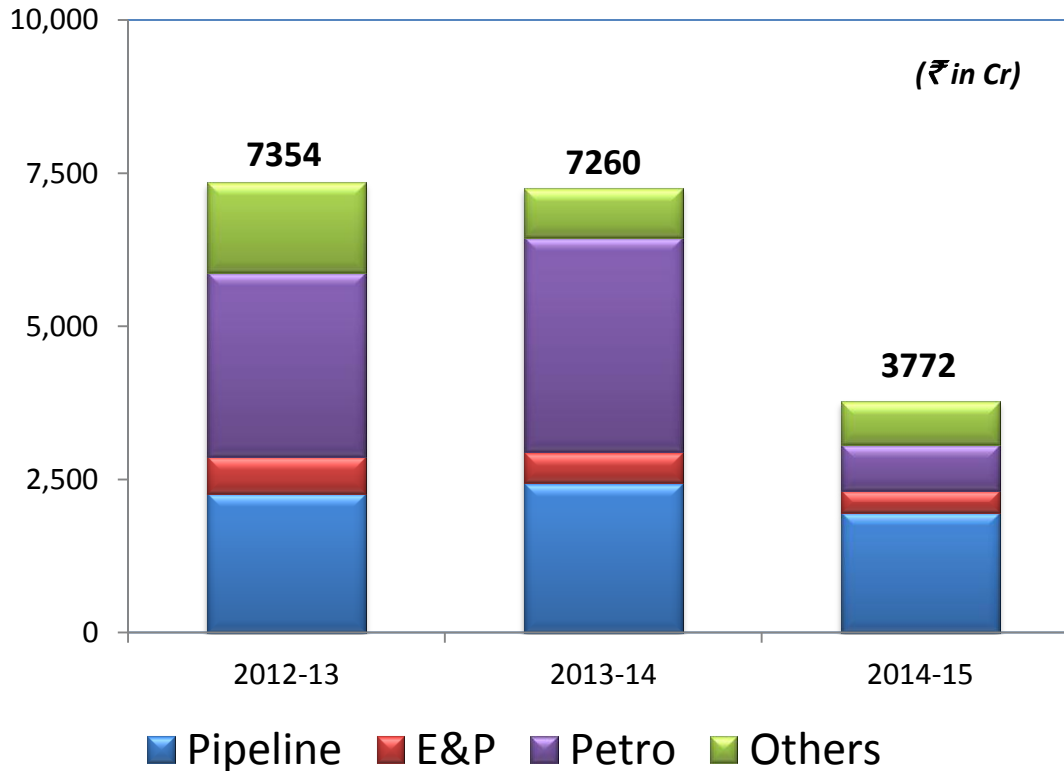


Three broad price segments exist in India's gas market, although the end user and geographic segments are many more in number.

Projected Capex

Planned Capex from 2012-13 to 2014-15

₹18,386 Cr

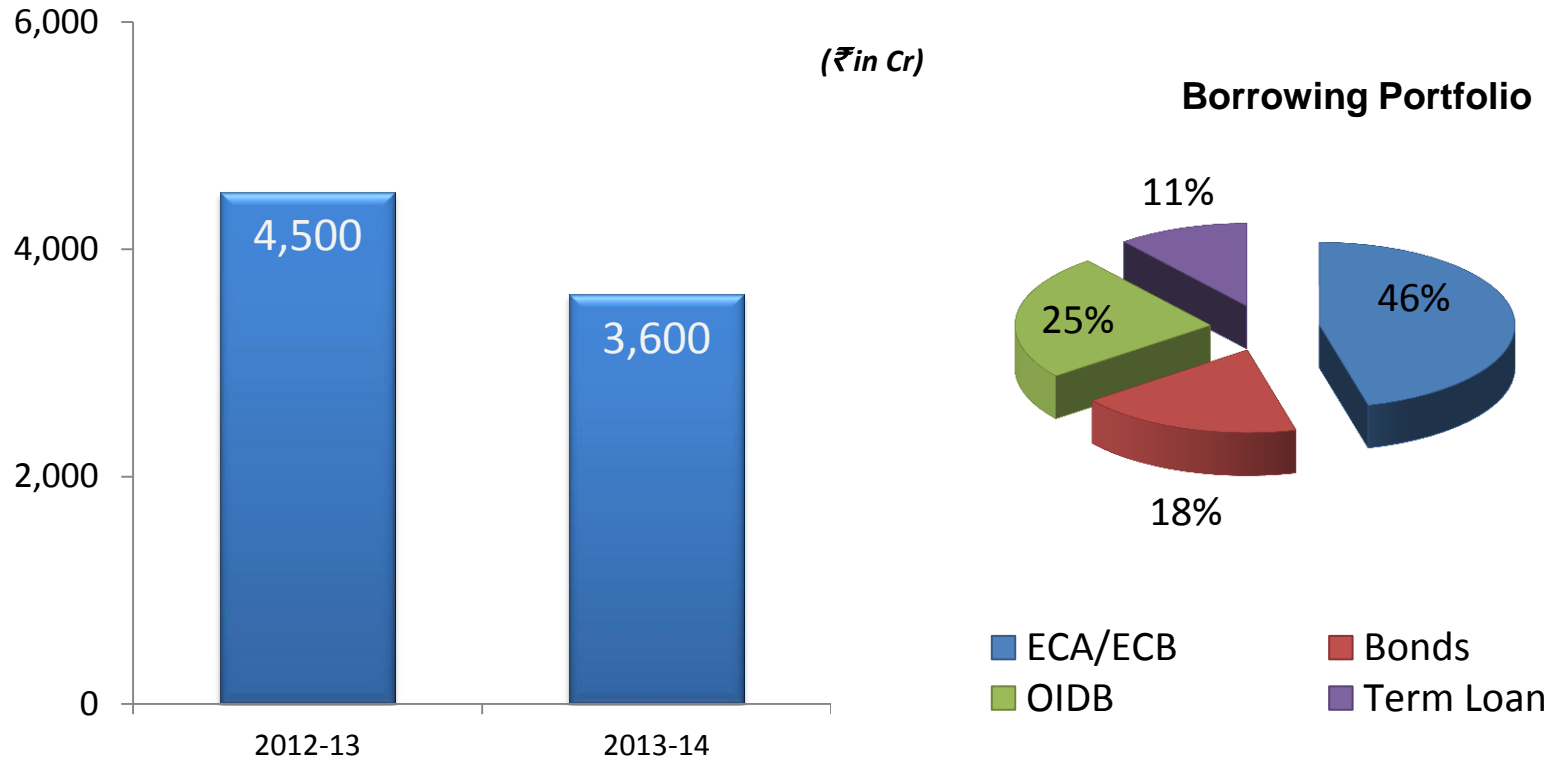


GAIL has a history of Excellent Project Management to execute the Project within given time frame and without cost over run

Projected Capex Funding

Planned Borrowings from 2012-13 to 2014-15

~ ₹8,100 Cr



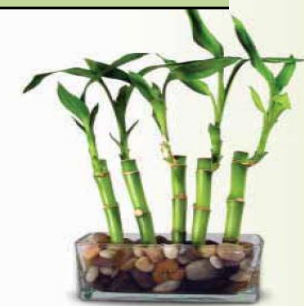
**Aggressive Capex Plan calls for Borrowings (Domestic & International)
Leverage on GAIL's very low debt Equity ratio (0.25:1) as on 31.03.2012**

New Pipeline Capacity Built-up

Pipeline Projects	Approved Cost (₹ Cr)	Capacity (MMSCMD)	Length (KM)	Anticipated Completion (Status)
DVPL PIPELINES - PHASE II (Incl. compressor at Jhabua & Vijaipur)	5837	24 to 78	610	DVPL-II Pipeline and Compressors (2+1: Jhabua; 2: Vijaipur) Commissioned
VIJAIPUR DADRI PIPELINES (Incl. Compressor at Kailaras & Chainsa)	4927	20 to 80	499	Vijaipur- Dadri Pipeline commissioned Compressor at Chainsa (1+1): Mainline Machine and standby Machine Mechanically Completed. Compressor at Kailaras (1+1): Mainline Machine Mechanically Completed.
DADRI-BAWANA-NANGAL PIPELINE	2358	31	594	Dadri Bawana Pipeline Commissioned. Bawana Nangal: to be Commissioned in 2012
CHAINSA-JHAJJAR- HISSAR PIPELINE	1315	35	349	Chainsa Sultanpur: Commissioned Sultanpur Neemrana: Commissioned
JAGDISHPUR-HALDIA PIPELINE	7596	32	2050	Being implemented in phased manner - 2012-13 onwards
DHABOL-BANGALORE PIPELINE	4994	16	1414	Phase I - Aug 2012 Phase II - March 2013 synchronizing with readiness of new customers
KOCHI-KOOTTANAD-MANGALORE / BANGALORE	3263	16	1126	Phase I - August 2012 Phase II - Dec 2013
TOTAL	30290		6642	

E&P Activities

Total Blocks	31
Onshore Blocks	9
Offshore Blocks	Deep 15 & Shallow - 7
Major Operators	ONGC, OIL, GSPC, Daewoo, Petrogas, Hardy, Eni, Jubilent, Dart Energy
Net investment	₹2854 Cr (upto 31.03.2011)
Hydrocarbons Discoveries where appraisal & Development activities are in progress	Hydrocarbons Discoveries in 7 Existing Blocks : Cambay onland, A1 & A3 blocks (Myanmar), Mahanadi offshore, Ankleshwar onland, Cauvery offshore & Tripura Onland
Operator in 3 blocks	RJ-ONN-2004/1 (NELP-VI), CY-ONN-2005/1 (NELP-VII) & CB-ONN-2010/11 (NELP-IX)
Commercial Block	Crude oil from Cambay Basin



Future Outlook

	FY 2011-12	FY 2014-15
NG Trans Pipeline (KM)	9000 +	14000 +
NG Trans Capacity (MMSCMD)	180 +	300 +
Polymer Capacity (incl. BCPL) (MMT)	0.4	1.6
E&P Revenue Generating Blocks (Nos.)	1	3
Power (MW) – Renewable Sources	120	425
Power (MW) – Non-Renewable	-	250

Growth Drivers

Additional Gas Availability

LNG (Dabhol & Kochi), Incremental RIL, ONGC- Marginal Fields, TAPI, NELP Blocks, FSRU, New LNG Terminals

Petro-chemical Expansion

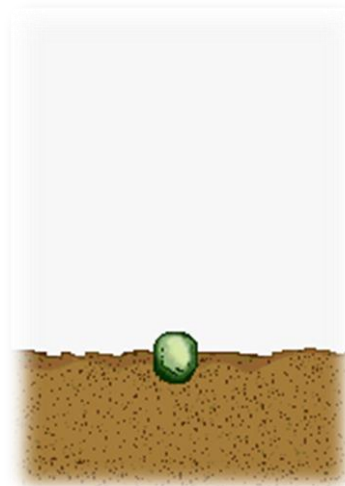
Pata Expansion, Participation in BCPL- Assam, OPaL- Dahej / participation overseas Petrochemical projects

City Gas Distribution

8 JVs already operational, GAIL Gas Ltd, a 100% Subsidiary incorporated ; More than 230 cities identified for CGD in a phased manner

Power Sector

Identified as a Thrust Area
Wind Power - 120 MW commissioned
Won bid for Solar Power
Strategy in place for Non-renewable





Growing with Green Energy

In almost all Asian cultures, the bamboo plant or more appropriate “bamboo grass” has been treated reverentially attributing to it several virtues such as creation, longevity, adaptability and humility. Bamboo’s long life makes it a Chinese symbol of longevity, while in India it is a symbol of friendship. In Japan, bamboo forests often surround Shinto Shrines as a sacred protection against evil spirits. In Vietnam, bamboo is a symbol for soul and often represents ideas of hard work, optimism, unity and adaptability. Some Asian cultures even believe that humanity emerged from a bamboo stem. In Hawaiian legend, bamboo is considered the corporal form of the Polynesian creator god, Kane Milohai.

Myths and Legends apart, bamboo commonly referred to as “Grass of steel” is a symbol of strength, versatility, flexibility, tenacity and endurance.

Which is why this mystical plant symbolizes GAIL in its myriad ways.

Among the many amazing facets of bamboo is its fast rate of growth. In fact, no other plant in the world grows faster than bamboo. The growth of GAIL is almost similar, and in spite of being one of the youngest PSUs in the country it has a proven track record of robust growth and performance.

And the growth story continues...

Thank You