GAIL (India) Limited

**(India's Youngest Maharatna)**

*Touching lives through green Energy*

# Analysts' & Investors' Meet Presentation

**29th May 2013**

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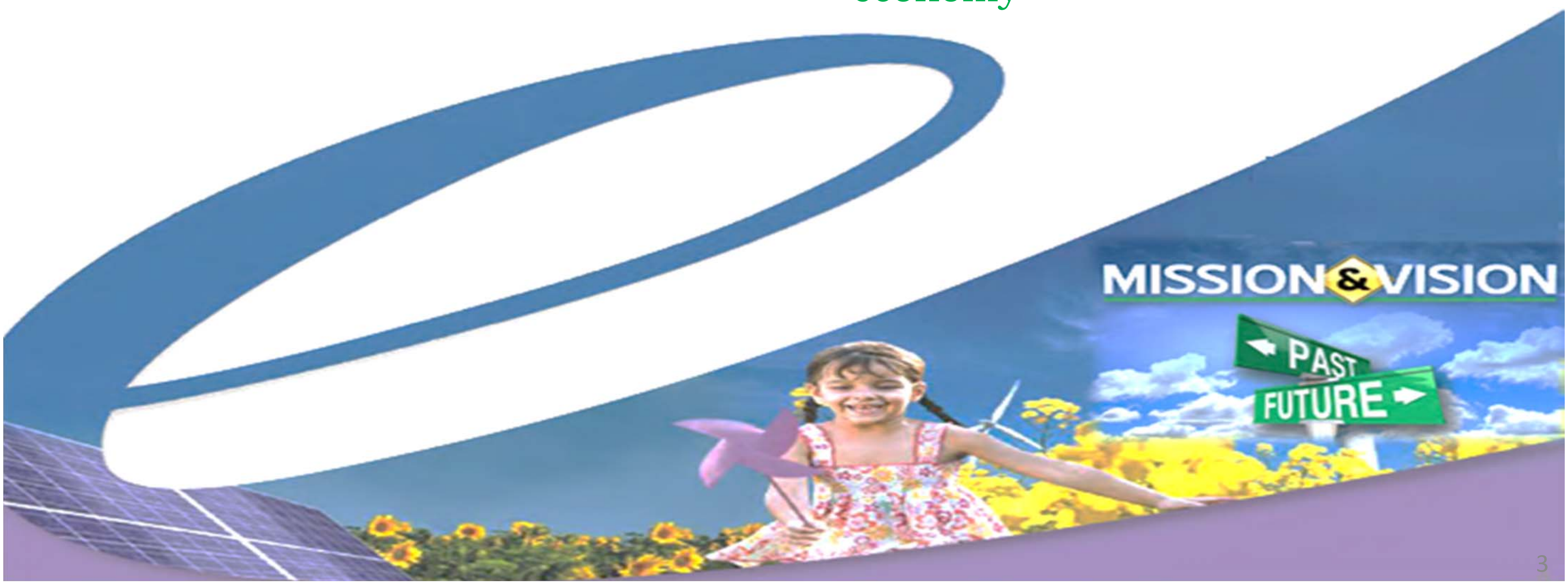
## Vision

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



# India's No. 1 Natural Gas Company
# Asia's No. 1 Gas Utility*
# World's No. 1 Downstream Company*

**1984**
- Birth of GAIL for NG Trans. & Mktg

**1987**
- India's first Gas Pipeline - HVJ Commissioned

**1990**
- First LPG plant at Vijaipur commissioned

**1993**
- Maiden Dividend of Rs 20 Cr.
- CNG pilot project

**1997**
- Navratna Status

**1999**
- First Petrochemical Plant at Pata

**2001**
- Asia's largest JLPL LPG transmission Pipeline

**2003**
- Discovery in cambay basin & A1 Block in Myanmar

**2004**
- Dahej Vijaipur Pipeline (RLNG Mktg)
- Subsidiary company in Singapore

**2008**
- Dahej-Panvel-Dabhol Pipeline
- GAIL Gas Ltd. incorporated

**2011**
- First PSU to acquire shale gas acreage in US
- Subsidiary in US
- Signed Henry Hub linked LNG deal

**2012**
- Signed GSPA for TAPI Pipeline
- 2200 km Dahej-Dadri-Bhathinda-Nangal pipeline

**2013**
- Commissioned Dabhol Terminal
- Capacity Booking in Cove Point LNG liqu. terminal

**Maharatna Status Granted**

## Now becomes India's Youngest Maharatna

** Platts Ranking*

# Team GAIL

- **Functional Directors : 6**
- **Govt. Nominee Director : 1**
- **Independent Director : 3**
- **Total Manpower : 3950+**

Sh B C Tripathi,
Chairman & Managing Director

**Functional Directors**

# Part Time Directors

## Government Nominee Director

Sh P K Singh (IAS), JS, MOP&NG

## Independent Directors

Dr A K Khandelwal

Sh Arun Aggarwal

Smt Shyamala Gopinath

# GAIL Story

About **3/4th** of the Total Natural Gas Transmitted though pipelines in India

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

Almost **1/5th** of Poly-ethelene produced in country

LPG produced for every **10th** LPG cylinder in the country

Pipeline Transmission of around **1/4th** of country's total LPG

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

# GAIL Story

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

**17%+** 10 year Turnover CAGR

**9%+** 10 year PAT CAGR

**3950+** Manpower Asset

# Business Portfolio

**Natural Gas**
- Over 10,700 kms of network
- Expanding to 14,500 kms
- Sophisticated Gas management System
- Pursuing for expansion of markets

**Petrochemical**
- Domestic market share – ~20%
- Petrochemical Plant in Pata (UP) with capacity of 450 TPA
- Expanding to 900 TPA by FY2014
- Participation in BCPL & OPaL

**Exploration & Production**
- As part of vertical integration – strategically important
- Participation in 30 blocks (Operator – 3 blocks)
- Presence in Myanmar & US

**Liquid Hydrocarbons**
- 7 Gas Processing units producing LPG, Propane, Pentane & Naphtha etc.
- LPG Transport Capacity 3.8 MMTPA (~2050 Kms.)

**City Gas Distribution**
- Serving over 10 lakh vehicles & 10 lakh households through Subsidiaries & JVs
- GAIL Gas Ltd., 100% subsidiary, expanding in Dewas, Sonepat, Agra, Firojabad, Vadodara & Panvel

**Power & Renewables**
- Commissioned 115MW Wind Power Units and 5 MW Solar Power plant
- Participation in RGPPL (Capacity 2150 MW)
- Planning to expand more

# GAIL Group

## Subsidiary

GAIL Gas

BCPL

GAIL Global, Singapore

GAIL Global, USA

GAIL LNG, USA

## JVs

**<u>CGD - JVs</u>**

Maharashtra Nat Gas

Avantika gas

Bhagyanagar Gas

Central UP Gas

Green Gas Ltd.

Mahanagar Gas

Indraprastha Gas

Tripura NGCL

OPAL

PLL

RGPPL

## Associates

GSEG

Fayum Gas, Egypt

NATGAS, Egypt

China Gas Holding Ltd.

# Performance Highlights

# Major Highlights of FY13

Granted **Maharatna** Status

Added **34 MMSCMD/1800Km** NG Transmission Capacity

Commissioned **Dabhol LNG Terminal**

Signed **2 Mid Term LNG** Sourcing Deals

Regasification capacity booked in **2 RLNG Terminals**

Liquefaction capacity booked in **Dominion Cove Point, US**

Imported **12** LNG Cargoes

# Major Highlights of FY13

Highest Ever **Sales** Turnover ₹47,333 Cr – YoY **Growth 18%**

Highest Ever **EBITDA** ₹7,233 Cr – YoY **Growth 16%**

Highest Ever **PAT** ₹4,022 Cr – YoY **Growth 10%**

Subsidy shared **Rs.2687 Cr** towards under-recoveries of OMCs

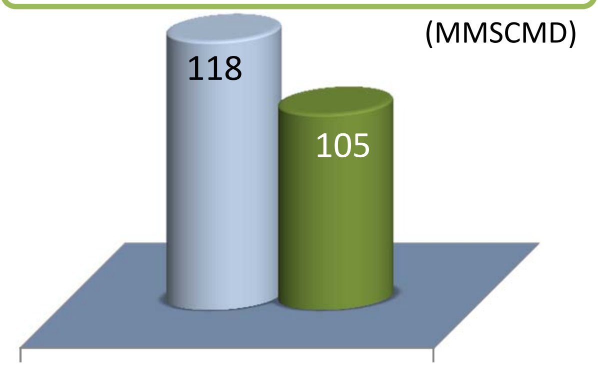
Cash Capital Expenditure of over **Rs.5900 Cr**

Loan drawn - **Rs.4048 Cr** (ECB - Rs.2508 Cr)

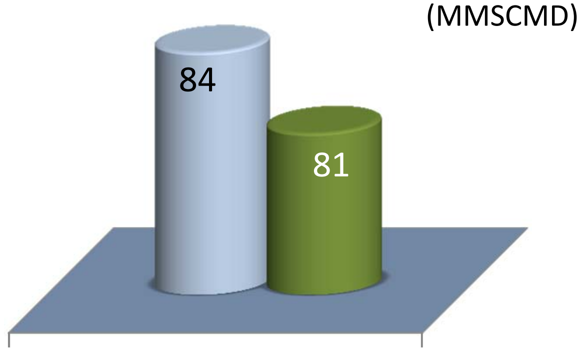
Capitalized over **Rs.4200 Cr** towards NG Pipelines

# Segmental Physical Performance (Sales)

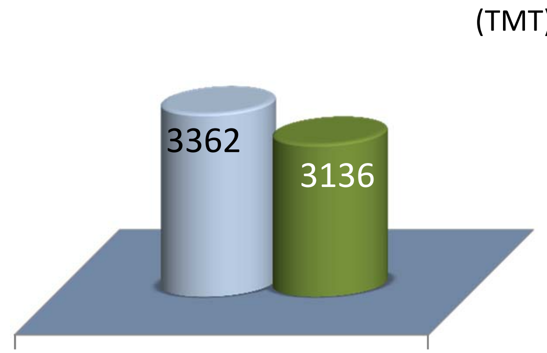
**Gas Transmission**



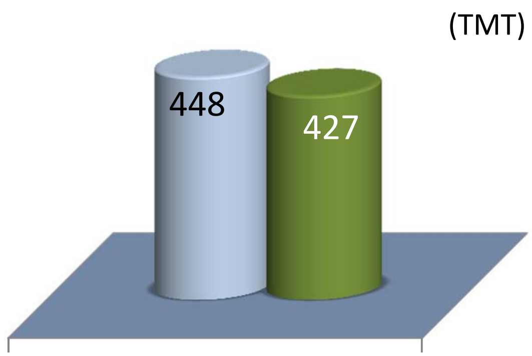

**Gas Trading**



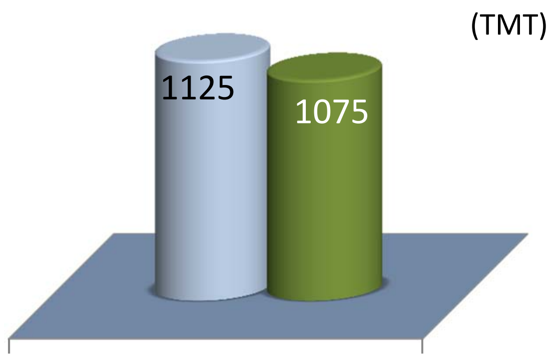

**LPG Transmission**



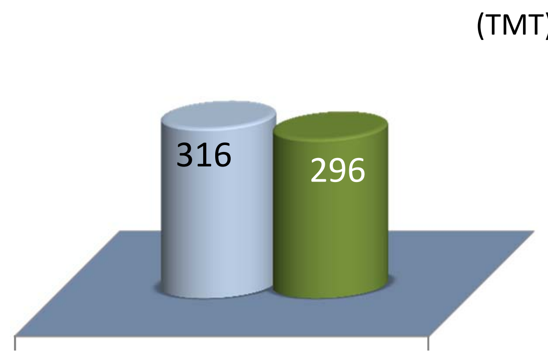

**Petrochemicals**




**LPG**




**OLHC**

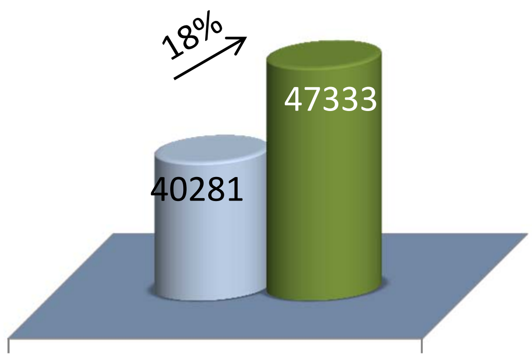



FY 2011-12 FY 2012-13

# Financial Performance (Standalone)

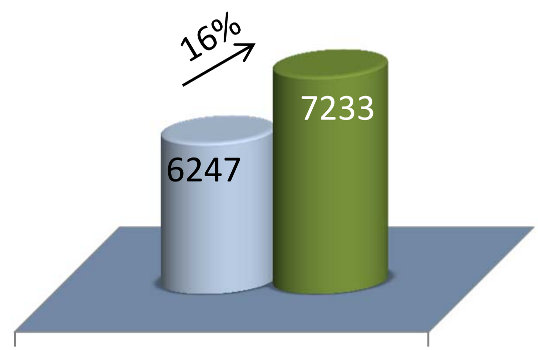
**Sales (Net of ED)**

(₹ in Crores)



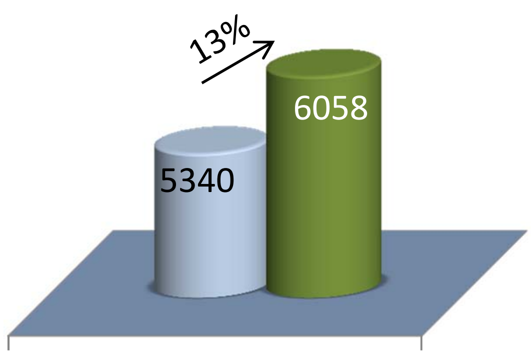

**Gross Margin (PBDIT)**

(₹ in Crores)



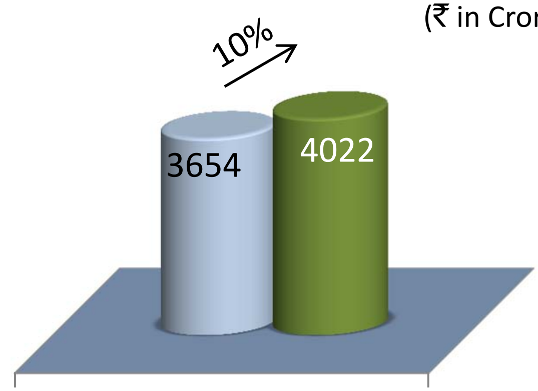

**PBT**

(₹ in Crores)




**PAT**

(₹ in Crores)



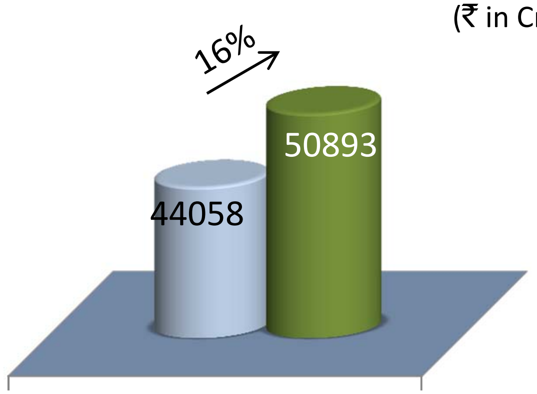

FY 2011-12 FY 2012-13

**LPG Subsidy for FY 12-13: ₹ 2687 Cr (₹ 3183 Cr for FY 11-12)**

# Financial Performance (Consolidated)

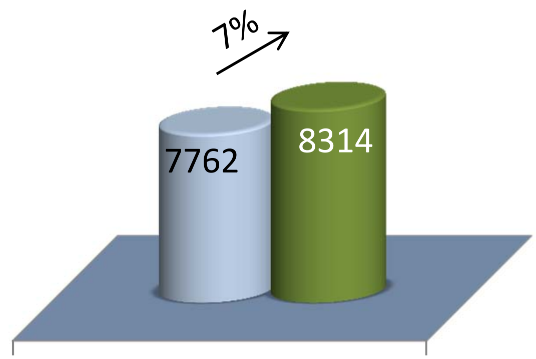
**Sales (Net of ED)**

(₹ in Crores)



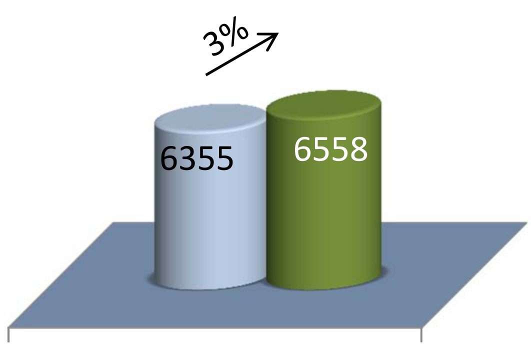

**Gross Margin (PBDIT)**

(₹ in Crores)



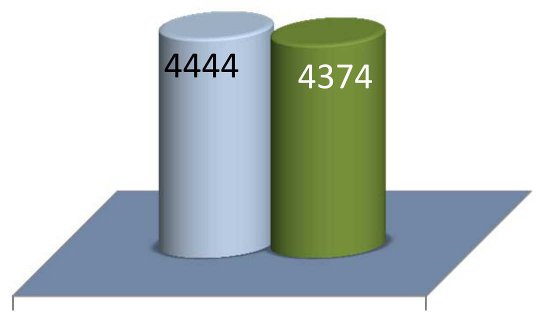

**PBT**

(₹ in Crores)




**PAT**

(₹ in Crores)



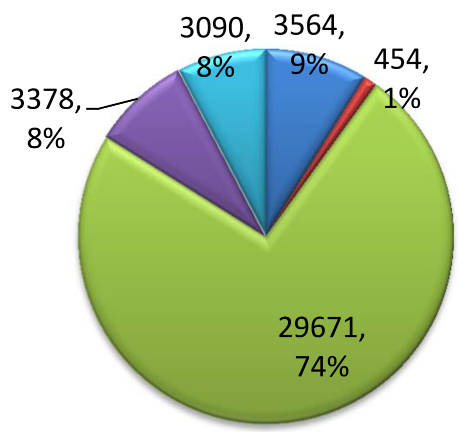

FY 2011-12 FY 2012-13

# Financial Highlights

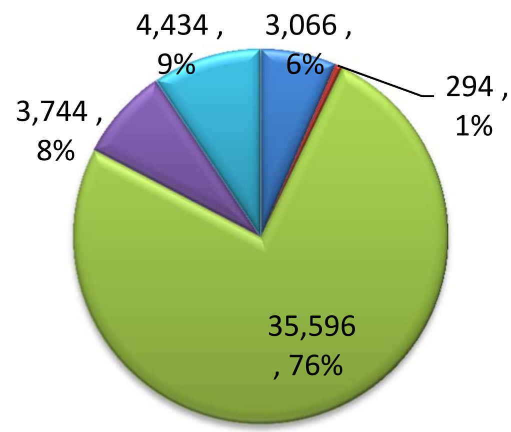
## Segment-wise Breakup of Turnover (%)

(₹ in Crores)

### FY 2011-12



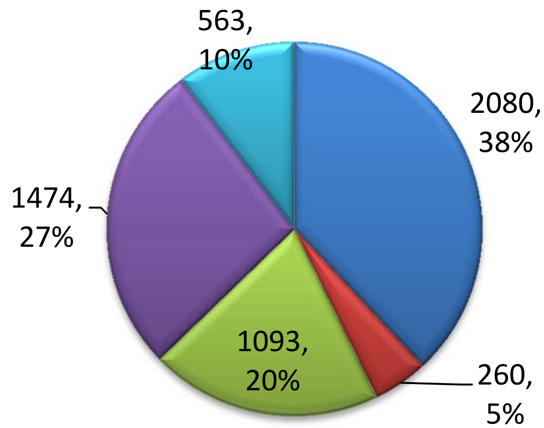

### FY 2012-13



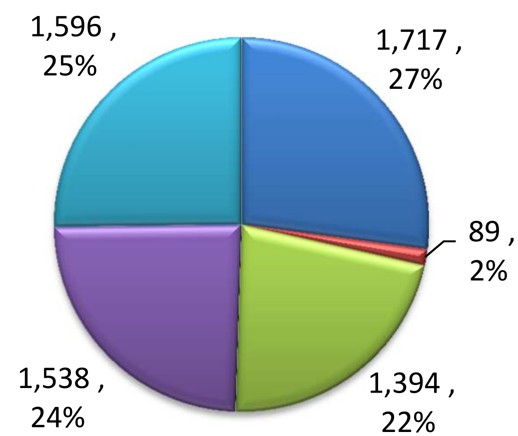

## Segment-wise Breakup of Profit Before Tax (%)

(₹ in Crores)

### FY 2011-12




### FY 2012-13




■ NG Transmission ■ LPG Transmission ■ NG Trading ■ Petrochemicals ■ LHC

*% share in Turnover & PBT is Excluding Unallocated Segment*

# Financial Highlights

(₹ in Crores)

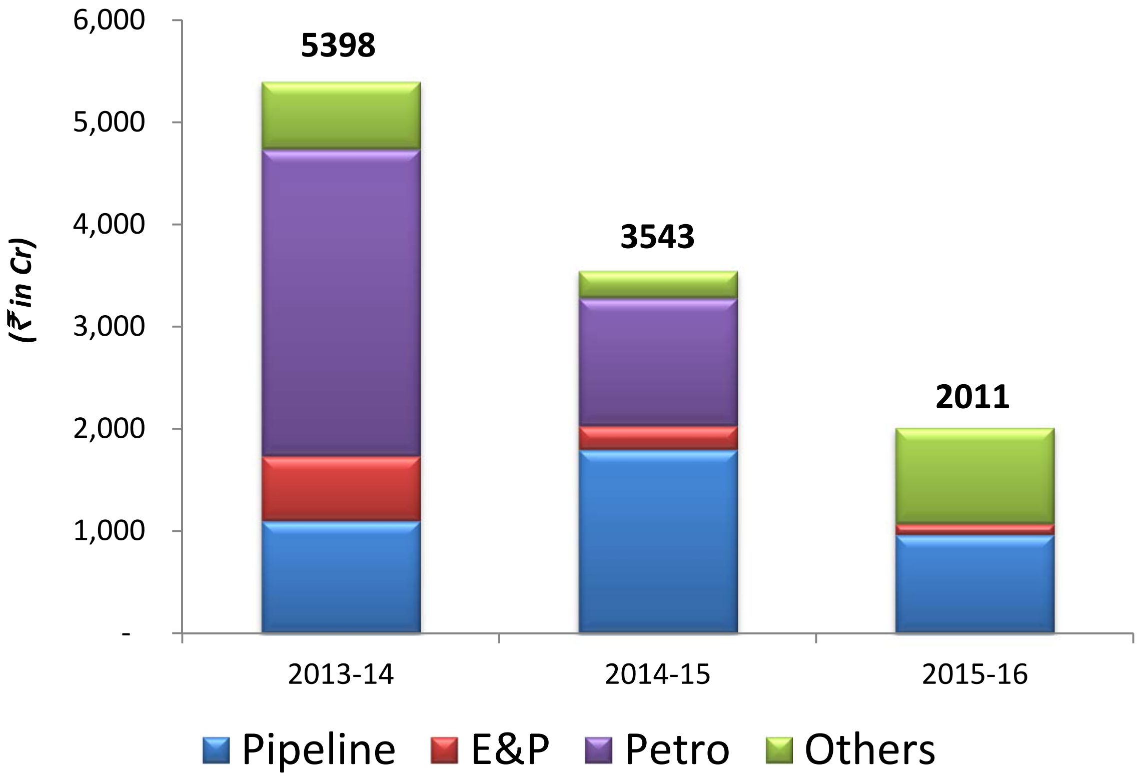
| Particulars | FY12 | FY13 |
|---|---|---|
| Capital Employed | 28,741 | 35,591 |
| Gross Block | 26,307 | 31,149 |
| Net Worth | 21,449 | 24,038 |
| Loan Outstanding | 5,347 | 9,064 |
| Debt : Equity Ratio | 0.25:1 | 0.38:1 |

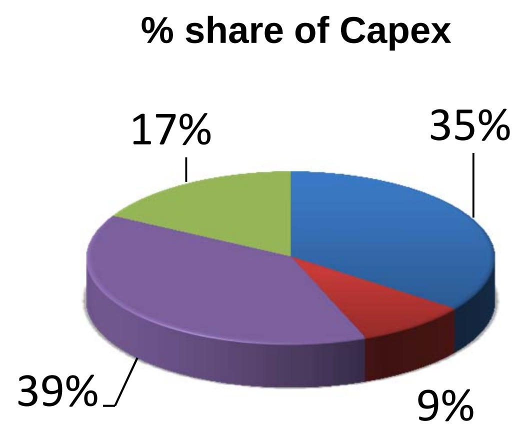
**Strong Balance sheet to support future Capex**

# Projected Capex

## Planned Capex from 2013-14 to 2015-16

## ₹10,952 Cr #



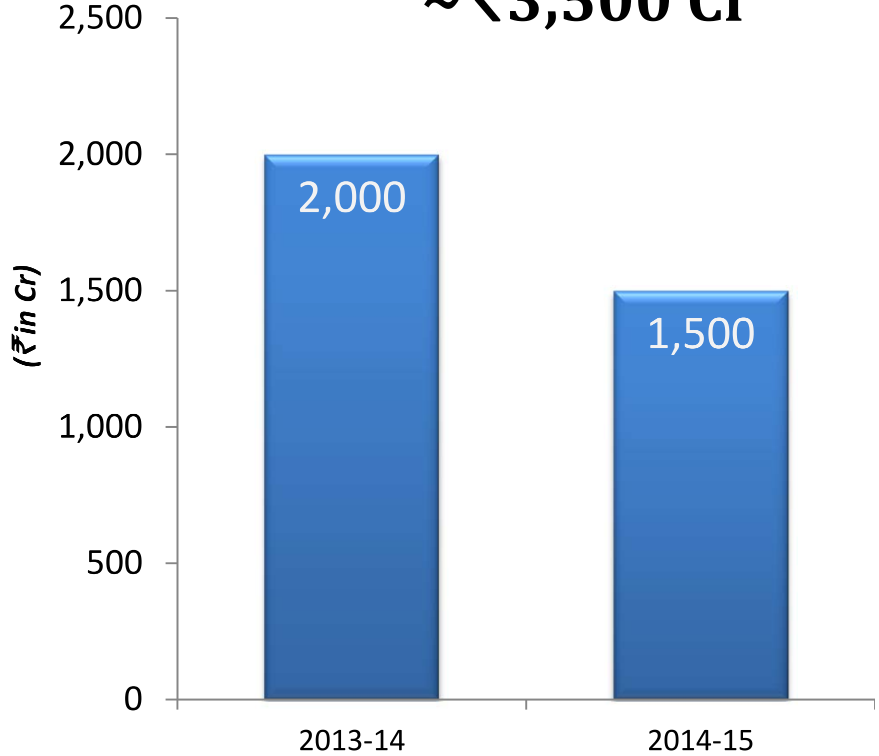




**GAIL has a history of Excellent Project Management to execute the Project within given time frame and without cost over run**

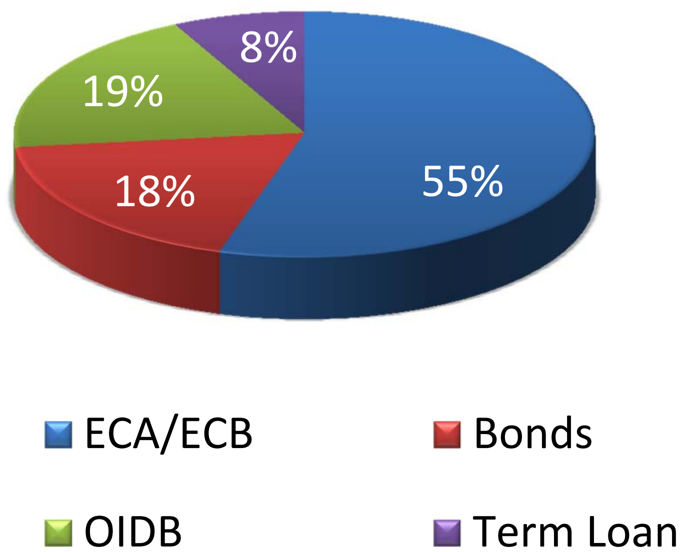
***# Projected Capex Excluding M&A***

# Projected Borrowing

## Planned Borrowings
## ~ ₹3,500 Cr

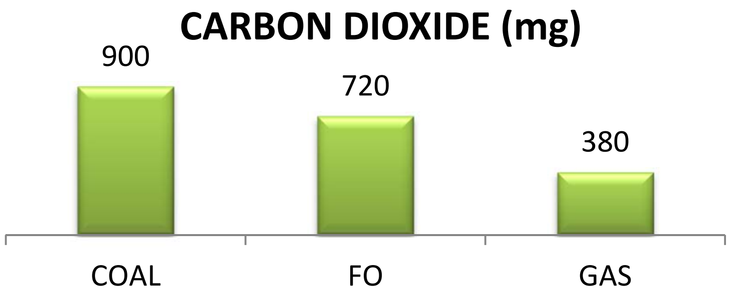


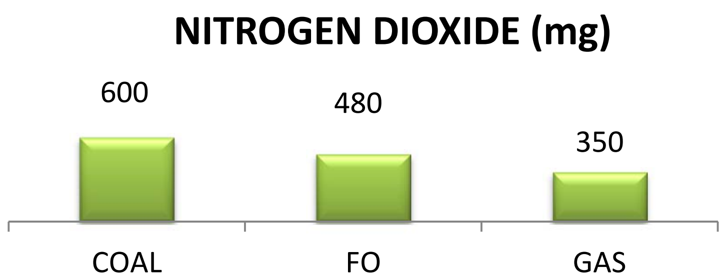

## Borrowing Portfolio
## (31.03.2013)

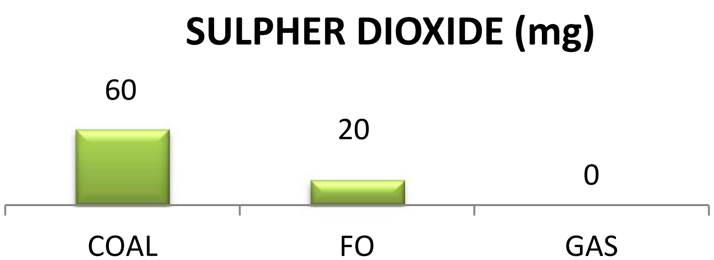



- **Very Comfortable level of debt Equity (0.38:1) & DSCR (5X) as on Mar 13**
- **33% of Foreign Currency loans are Naturally/Fully hedged**

# Industry Outlook & GAIL's Strategy




**SOLID PARTICULATES**

Coal – Very Large
Fuel Oil – Traces
Gas – Nil

*SOURCE : UN – ESCAP*

**19th CENTURY - COAL**

**20th CENTURY - OIL**

# 21ST CENTURY - GAS


**GAS – THE MOST ECO FRIEDNLY FUEL**

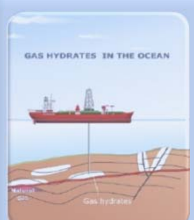
# Sources Of Natural Gas Production & Supplies

## Domestic

On-land Sedimentary Basins

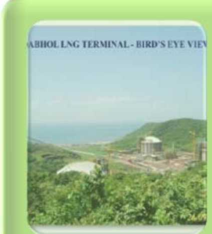
Offshore Sedimentary Basins

Coal Bed Methane/ Coal Gasification




Offshore Hydrates

## Imports



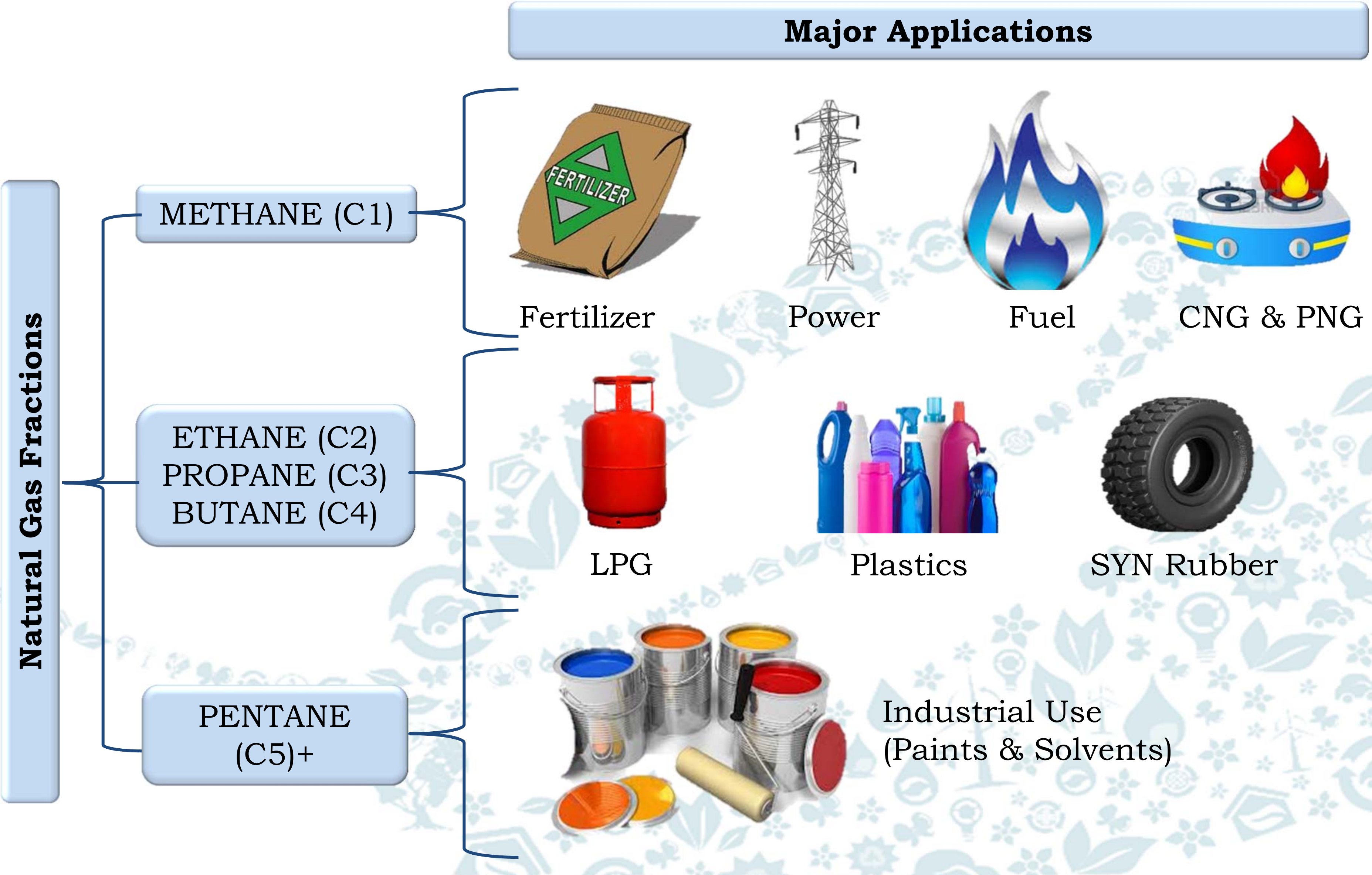
Fixed LNG Terminal

Floating Storage & Regasification Unit (FSRU)

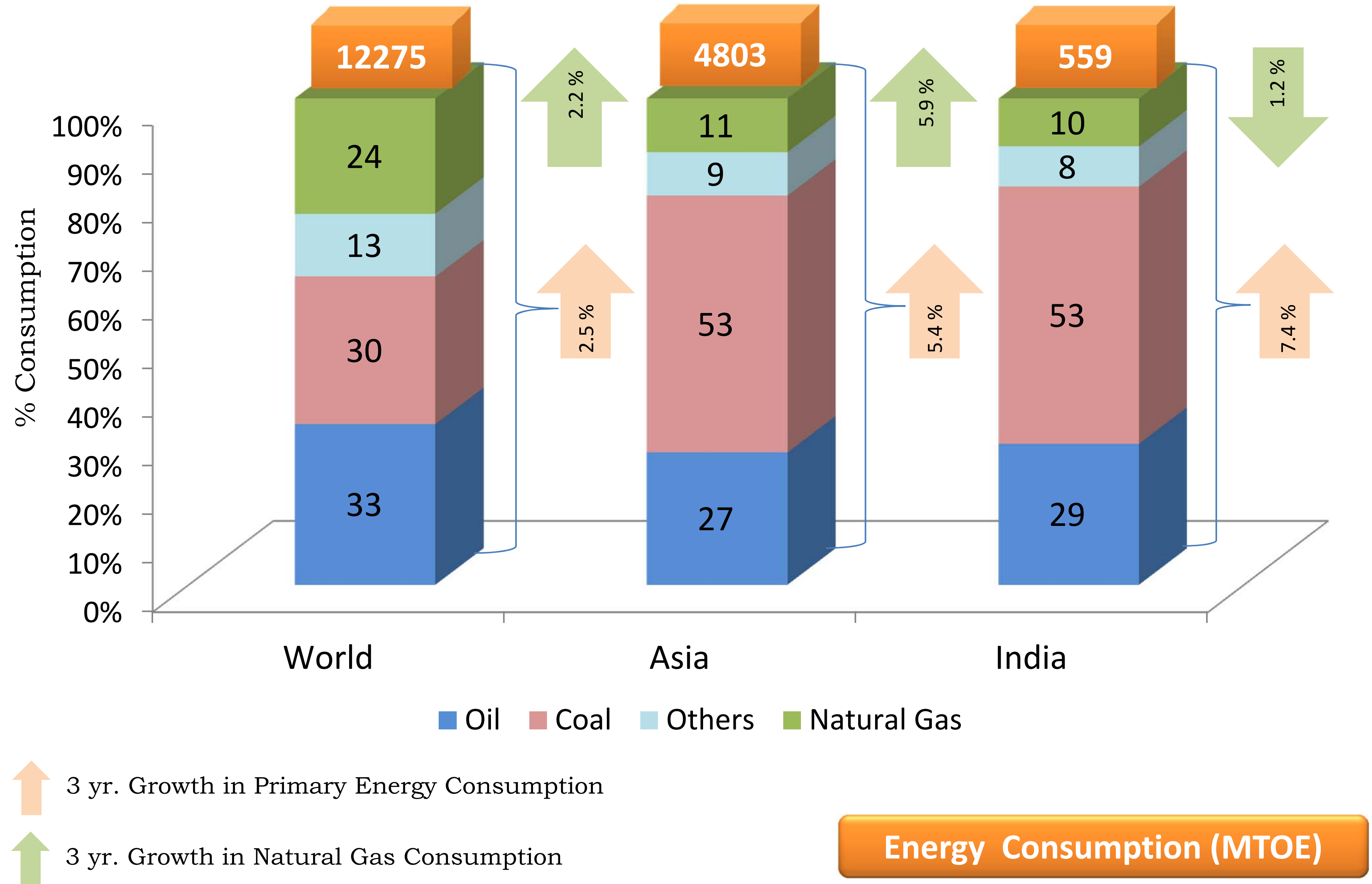
Trans-national Gas Pipelines

CNG By Ship

# Gas Fractions and their Use



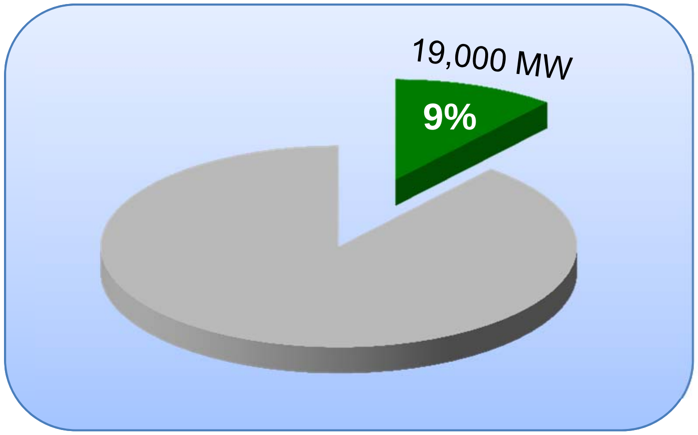
# Indian Energy Sector: An overview



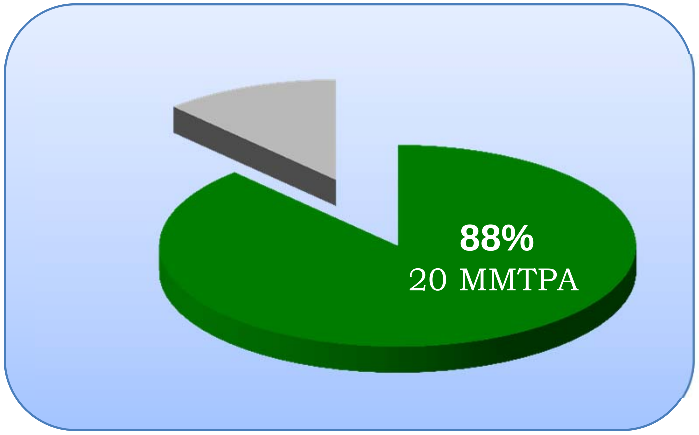

*Source : BP Statistical Review of World Energy June 2012*

# Role of Gas in Indian Industry

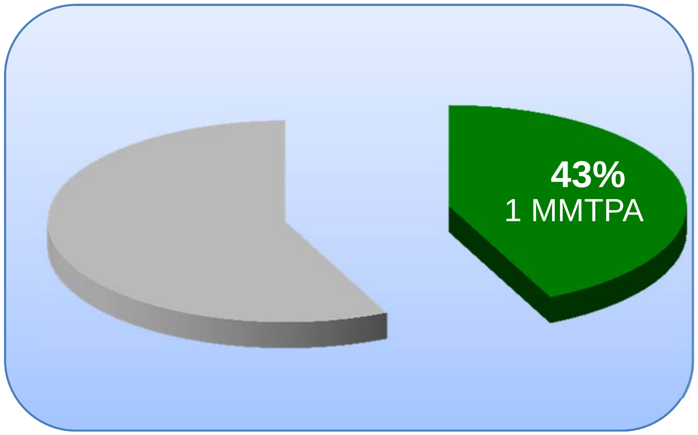
**POWER (1,95,000 MW)**



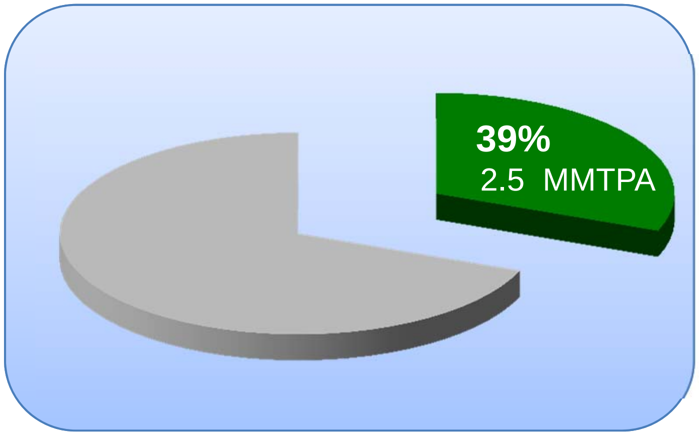

**FERTILISER (25 MMTPA)**




**PETROCHEMICALS (2.3 MMTPA)**

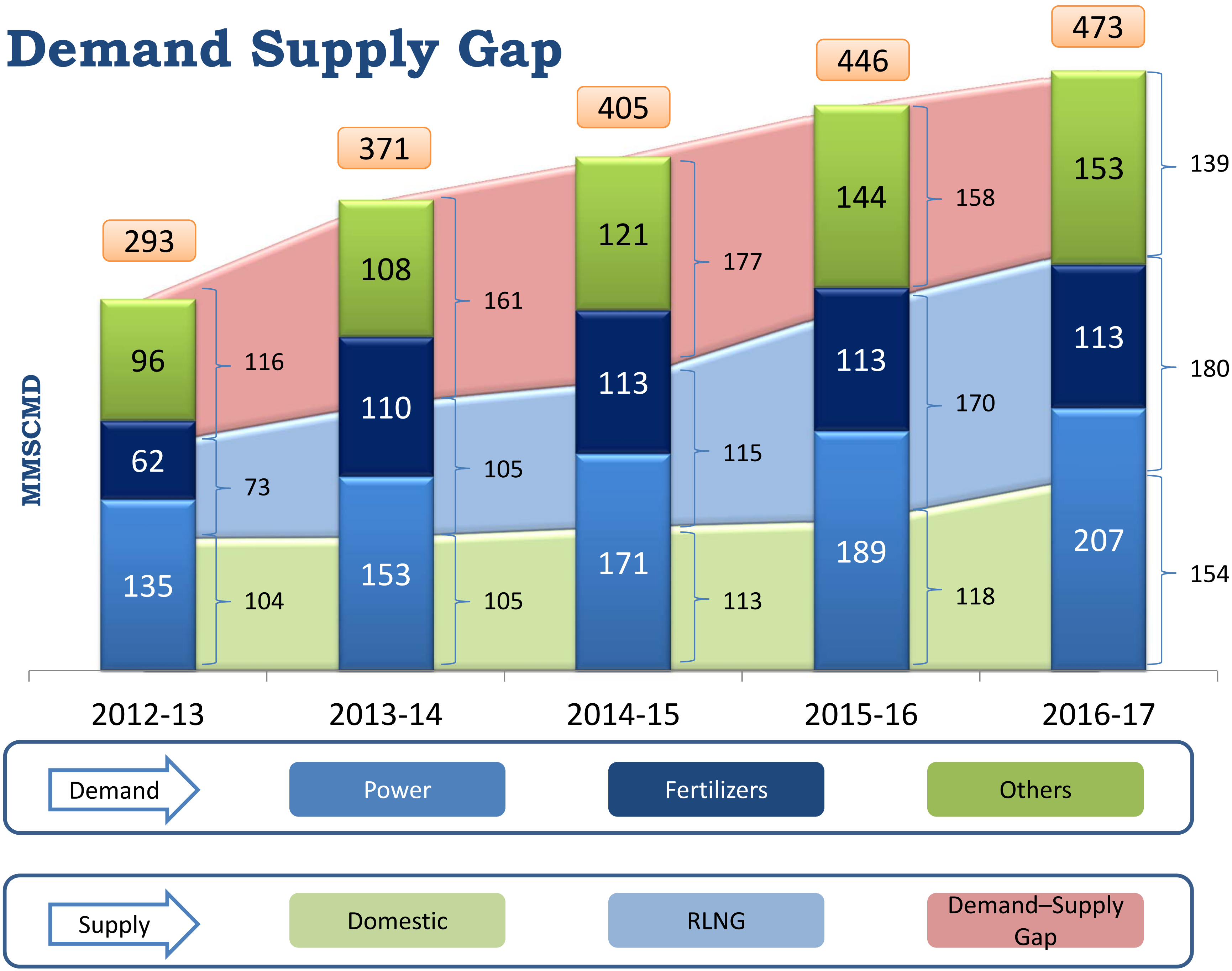



**LIQUID HYDROCARBON (8 MMTPA)**



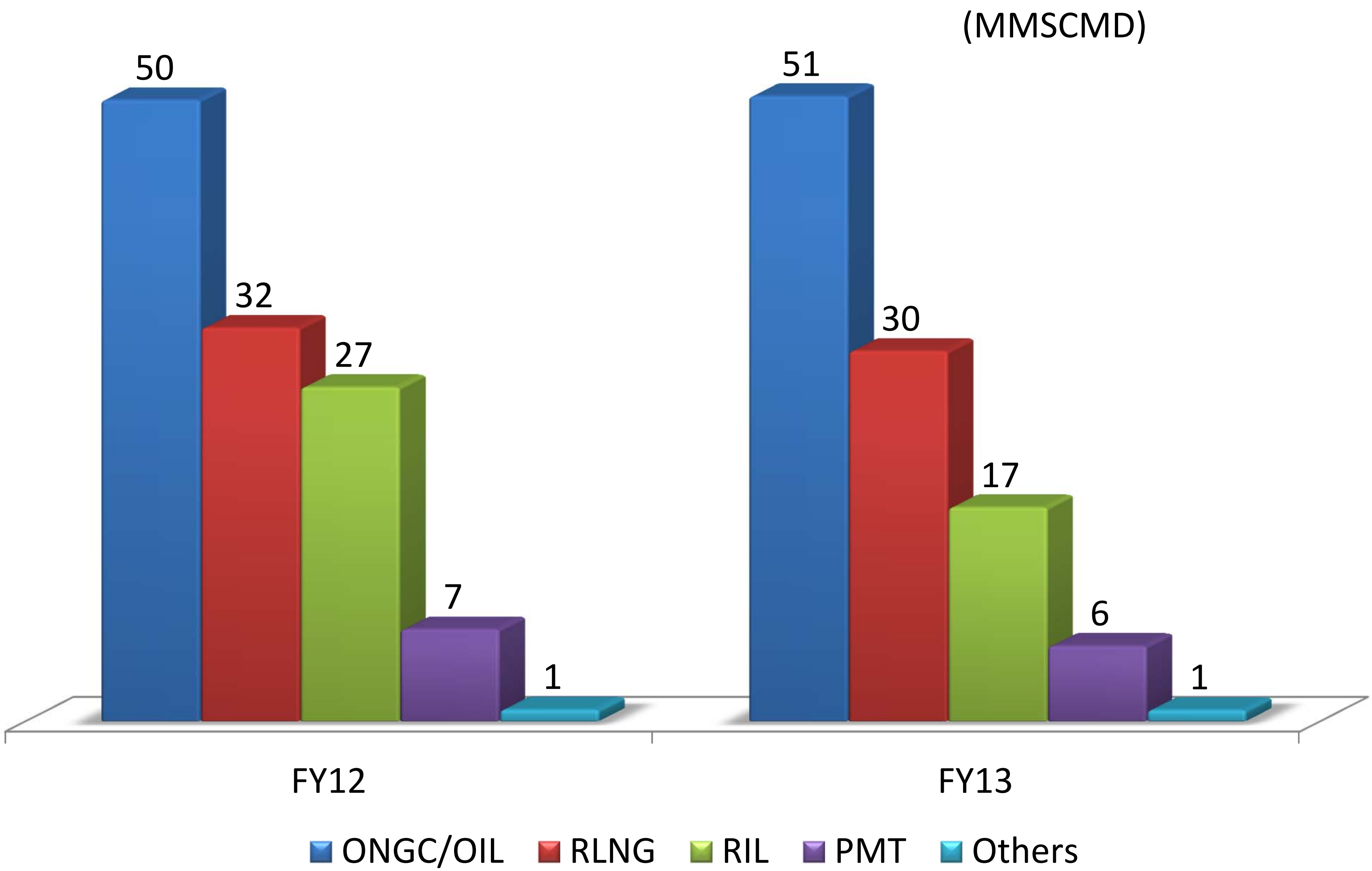

**Significant Potential For Gas In All End Use Segments**

# Demand Supply Gap

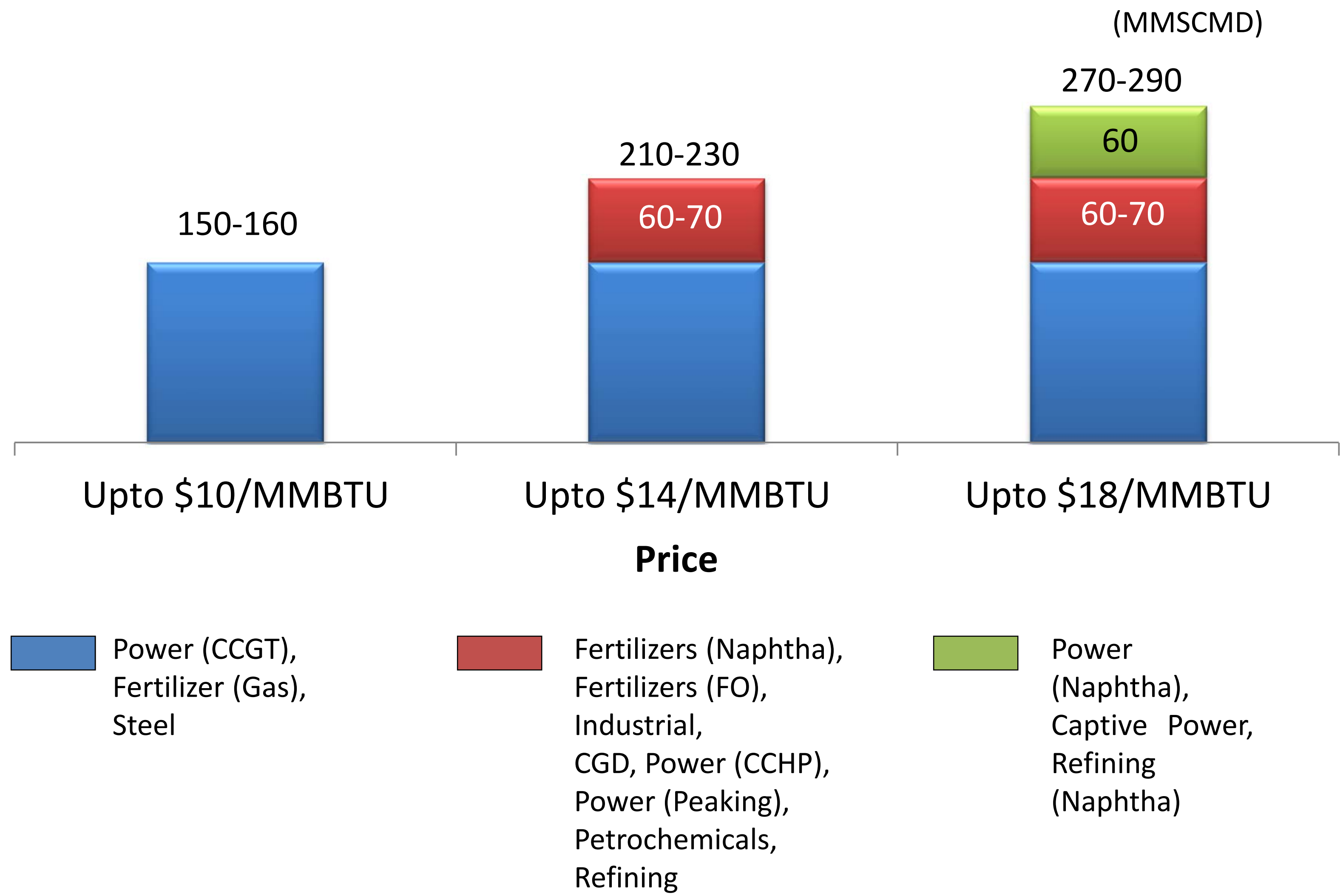



*Source – XIIth Five year plan*

# Current Natural Gas Sources for Transmission



# 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.**

*Source: McKinney, assuming crude @$90/BBL*

# Gas Sourcing

Dominion Cove Point : 2.3 MMTPA (EYS – 2017 for 20 Yrs)

Sabine Pass Liquification, USA : 3.5 MMTPA (EYS – 2017 for 20 Yrs)

Gazprom, Russia: 2.5 MMTPA (EYS – 2020 for 20 Yrs)

TAPI project : 10 MMTPA (EYS – 2020 for 30 Yrs)

Mid Term Deals with GDF & GNF
(Supply started in 2013 for 2/3 Yrs)

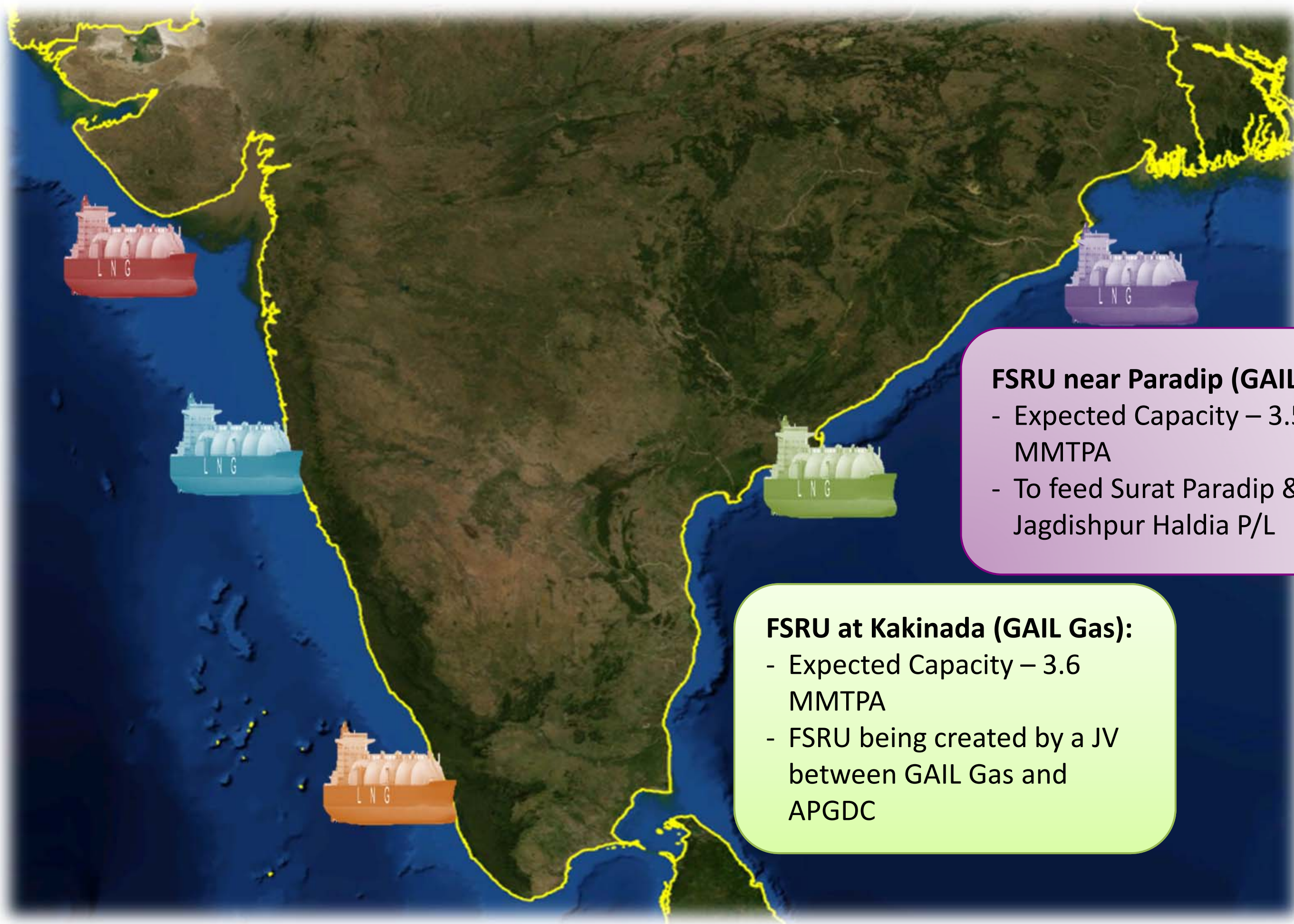

*EYS- Estimated Year of Supply*

# GAIL's Participation in LNG Re-gasification Infrastructure

**Dahej (PLL):**
- Capacity – 10 MMTPA
- Expansion – 5 MMTPA
- GAIL's share in Expansion (2.5 MMTPA) to start in FY16

**Dabhol (GAIL):**
- Capacity – 5 MMTPA
- GAIL's share 5 MMTPA
- Commissioned in 2013
- Term sheet executed with RGPPL

**Kochi (PLL):**
- Capacity – 5 MMTPA
- GAIL's share 2.5 MMTPA
- To be commissioned in FY14



**FSRU near Paradip (GAIL):**
- Expected Capacity – 3.5 MMTPA
- To feed Surat Paradip & Jagdishpur Haldia P/L

**FSRU at Kakinada (GAIL Gas):**
- Expected Capacity – 3.6 MMTPA
- FSRU being created by a JV between GAIL Gas and APGDC

# Pan India Presence

# Petrochemicals Outlook

## Petrochemical Expansion at Pata

- Expansion of Petrochemical complex from existing 0.45 MTPA to 0.9 MTPA
- Scheduled Completion : Feb 2014
- Approved Project Cost: Rs. 8140 Crores
- Cumulative Physical Progress of 86 % against schedule of 75 % as on Apr 13
- GAIL is transmitting unutilized 20 MMSCMD which is having Ethane content of about 6% which will be utilized as feedstock for expansion project.

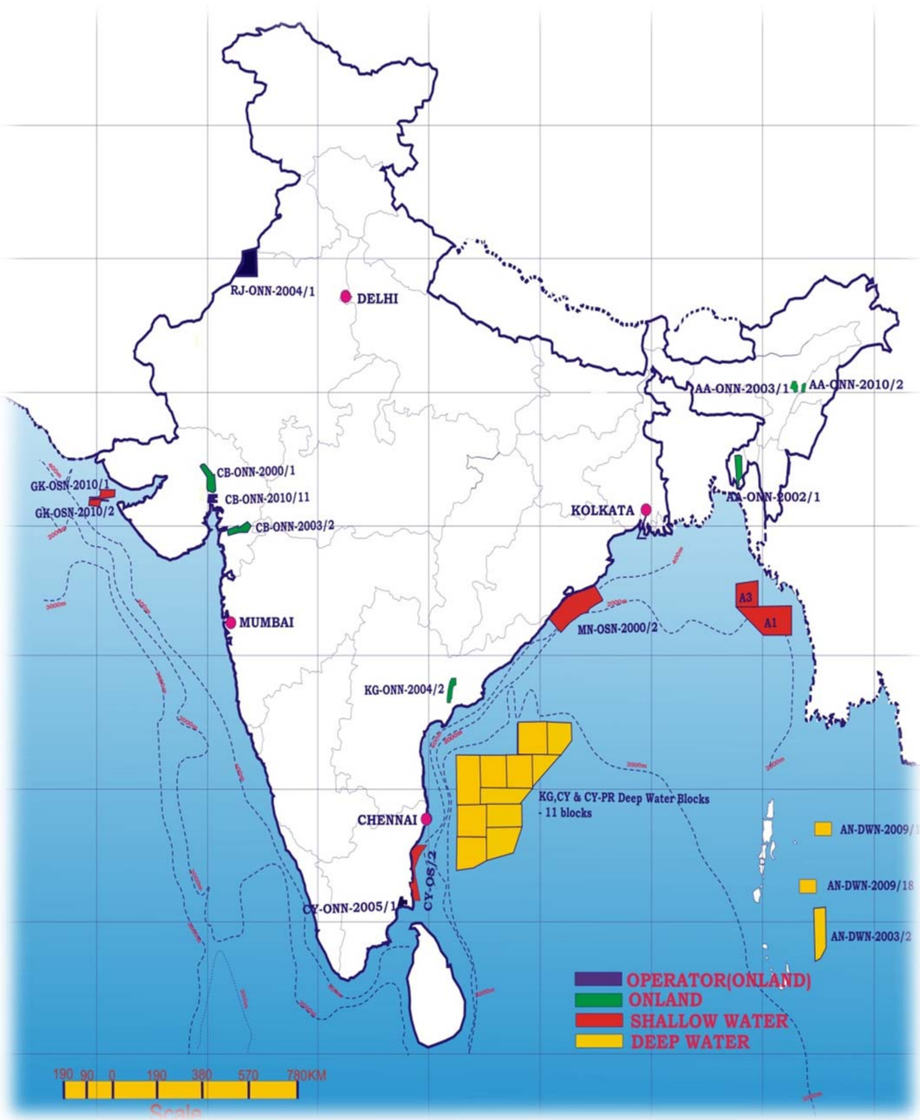
## Brahmaputra Cracker & Polymers Ltd.

- Scheduled Completion : Dec 2013
- The plant will process 7 MMSCMD of gas and 160,000 TPA Naphtha.
- BCPL will produce 0.22 MTPA of HDPE/LLDPE, 0.06 MTPA of Polypropylene
- Cumulative physical progress of the project is 92% as on 15th May 13

## ONGC Petro-additions Ltd.

- OPaL is implementing dual feed cracker petrochemical project at Dahej
- GAIL has 15.5% equity stake (investment of ~Rs. 995 crore) along with co-promoter status in ONGC Petro-additions Limited (OPaL).
- Scheduled Completion : Jan 2014
- Capacity – 1.1 MTPA of Ethylene and 0.4 MMTPA Propylene
- Shareholders Agreement (SHA) and Sponsor Support Agreement (SSA) among GAIL, ONGC and OPaL executed

# E&P Outlook




- Participation in **30 Blocks**
- GAIL is **Operator in 3 onland blocks**
- Revenue from **Cambay Onland** block – Rs. 78 Crores in FY13
- **A-1 & A-3 Blocks in Myanmar** under development. Production expected to start from July 2013.
- Declaration of Commerciality submitted for **Mahanadi offshore, Tripura Onland** gas discovery

# Vision for the Future

**UPSTREAM**

- Thrust on global sourcing & acquisitions
- LNG from traditional sources & equity linked LNG
- Sourcing through transnational pipelines
- Domestic tie-ups with operators of NELP-blocks

**MIDSTREAM**

- Continue pipeline expansion (NG+LPG)
- Set up LNG regas terminals / FSRUs & book additional regasification capacities
- Establish international trading desk
- LNG Shipping

**DOWNSTREAM**

- Support JVs/subsidiaries for rolling out CGD network to 40-60 additional cities
- Continue expansion of petrochemical capacities & strengthen petrochemical trading capability
- Evaluate Fertilizer unit
- Create a portfolio of renewable businesses

**Aspiring to be an Integrated Energy company in NG value chain & beyond as its portfolio**

# Our Touch Points

**For Institutional Investors & Analysts**

Shri Subir Purkayastha,
Executive Director (Finance & Accounts)
E-mail ID: subirp@gail.co.in

**For Retail Investors**

Shri N K Nagpal,
Company Secretary
E-mail ID: nknagpal@gail.co.in

GAIL (India) Limited

(India's Youngest Maharatna)

*Touching lives through green Energy*

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