India's No.1 Natural GAS Company

GAIL (India) Limited
India's Youngest Maharatna

Tomorrow is Yours

With the eco-friendly fuel - Natural Gas

Analyst Presentation

May 2014

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Vision & Mission

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

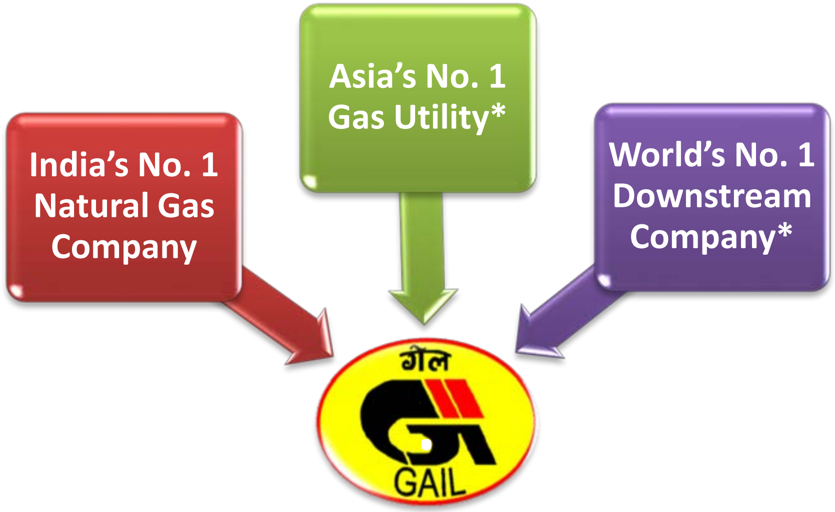
Mission

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

Youngest Maharatna

Global Presence	• Wholly owned subsidiaries in Singapore and USA for pursuing overseas business opportunities in LNG, Petrochemical trading and Shale Gas asset
Key Strategic position in India's Gas sector	• Largest Natural Gas Marketing & Transmission Company in the country. • Received Oil & Gas Company of the Year by Petrofed
Vertically Integrated with presence across the Value Chain	• Diversified into upstream and downstream businesses. • Extended presence in Power, LNG Re-gasification, City Gas Distribution and E&P through equity and joint venture participation
Strong Financial Position	• Consistent profitability having a CAGR of 10 years at 9+%. • Consistent increase in sales having a CAGR of 10 years at 18%.
Business Strategy for Growth	• Petro-chemical expansion and additional gas availability. • Delivering complex and large scale transformational projects.

GAIL – Leading the Way

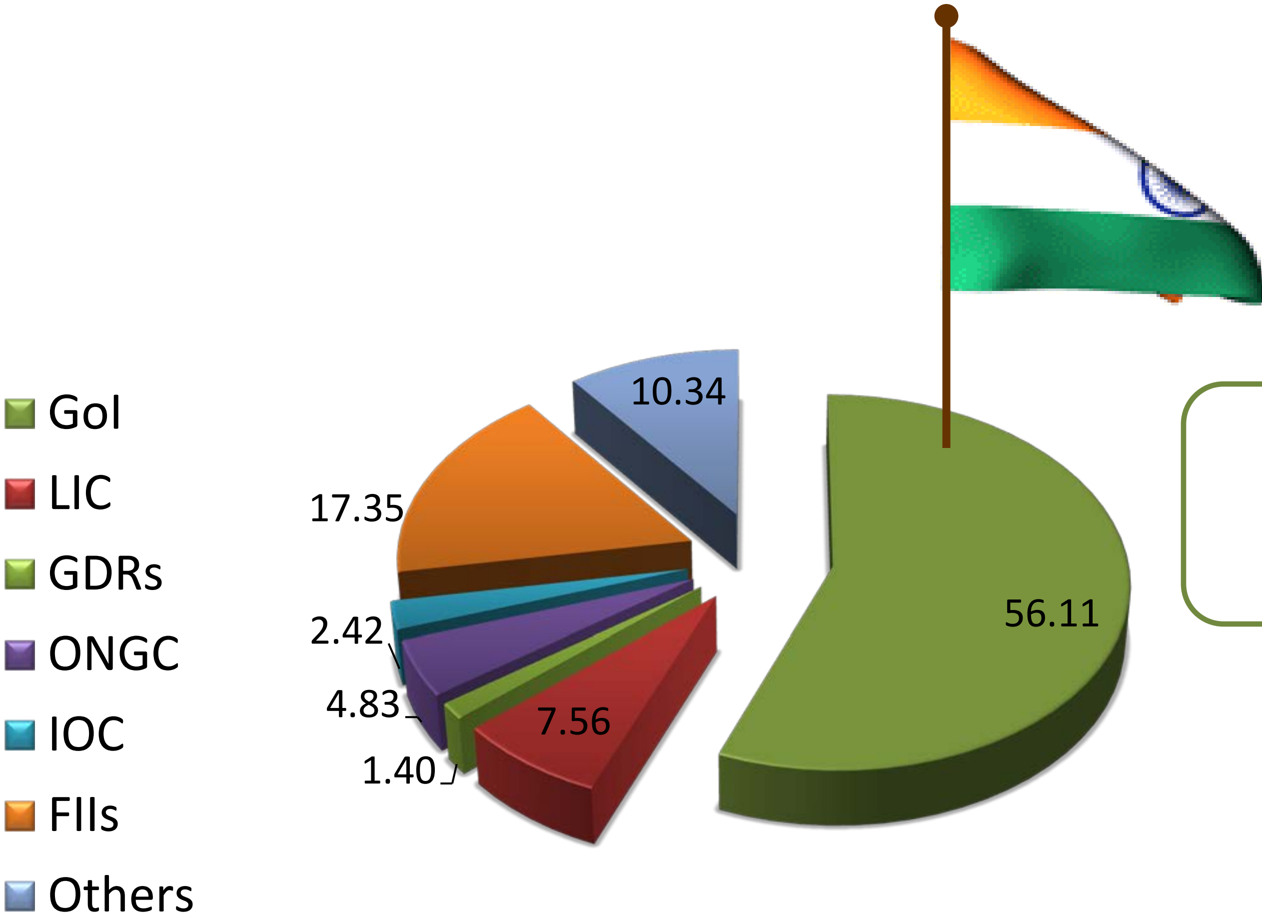


- AAA - Highest domestic credit rating from ICRA, CARE and CRISIL
- Corporate issuer rating of Baa2 by Moody's International and BBB- by Fitch Rating
- Externally assured Sustainability Report - 'Level A+' as per GRI guidelines
- Amongst 'India's 100 Best Companies to Work For', for the 2nd Consecutive Year#
- ICRA has assigned the Very Strong Fundamental Grade "5" and Moderately undervalued Valuation Grade "B" to the company

** Global Platts Ranking of Energy Companies*

 # As per India's Best Companies to Work For Study 2013' conducted by Great Places to Work For Institute, India.

Shareholding Pattern – 31st Mar’14



Government of India
is GAIL’s majority shareholder

Note: Government of India diluted its shareholding from 57.34% to 56.11% for CPSE ETFs during FY14

GAIL Business Portfolio

Power & Renewables
- Commissioned 115MW Wind Power Units and 5 MW Solar Power plant
- Participation in RGPPL (1967 MW)
- Planning to expand more

Petro-chemical
- Domestic market share – ~20%
- Petrochemical Plant in Pata (UP) with capacity of 410 TPA
- Expanding to 810 TPA Participation in BCPL & OPaL

Natural Gas
- Over 10,900 kms of network
- Expanding to 14,500 kms
- Sophisticated Gas management System
- Pursuing for expansion of markets for Gas Marketing

Visible across the entire Gas value chain

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

Exploration & Development
- As part of vertical integration
- strategically important
- Participation in 20 blocks (Operator – 3 blocks)
- Presence in Myanmar & US

City Gas Distribution
- Serving 2 Mn+ vehicles & 10 Mn+ households through Subsidiaries & JVs
- GAIL Gas Ltd., supplying to Dewas, Sonepat, Agra, Ferozabad, Vadodara & Panvel

GAIL Group

Business Segments

- Natural Gas Transmission
- Natural Gas Trading
- Liquid Hydrocarbons
- Petrochemical
- LPG Transmission
- Unallocated*

Subsidiaries - 4

- GAIL (Global) USA Inc. (100%)
- GAIL (Global) Singapore Pte (100%)
- Brahmaputra Crackers & Polymers Ltd (70%)
- GAIL GAS (100%)

Joint Ventures - 12

- CGD JVs
  - MGL (35%)
  - IGL (22.50%)
  - BGL (22.50%)
  - GGL (22.50%)
  - CUGL (25%)
  - MNGL (22.50%)
  - AGL (22.50%)
  - TNGL (29%)
- PLL (12.50%)
- OPAL(15.5%)
- RGPPL (32.88%)
- GAIL China Gas Global Energy Holding(32.88%)

Associates - 4

- Gujarat State Energy Generation Ltd (5.96%)
- Fayum Gas (19%)
- China Gas Holdings Ltd (3%)
- Natural Gas Company "NATGAS" (15%)

* Unallocated segment includes GAILTel, CGD, E&P, Power & Others

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Performance Highlights – FY13-14

Major Highlights of FY14

Highest Ever Sales Turnover ₹57,245 Cr – YoY Growth 21%

Highest Ever PAT ₹4,375 Cr – YoY Growth 9%

Subsidy shared ₹1900 Cr towards under-recoveries of OMCs

Maiden Gross revenue of ₹170 Cr from Myanmar Blocks

Cash Capital Expenditure of over ₹4000 Cr

Loan drawn* - ₹1702 Cr (ECA/ECB - ₹ 501 Cr)

Average LHC price realization for FY14 over ₹ 56,000/MT

Average Polymer price realization for FY14 over ₹ 96,000/MT

** excluding Bridge Loan of Rs 70 Cr drawn in Q1 FY14 and repaid in Q3 FY14*

Salient Points on Accounts – FY14

Provision for Kochi Mangalore Bangalore Pipeline – ₹ 103 Cr

Drywell Expenditure write-offs during FY14 - ₹ 41 Cr

Increase in Depreciation during FY14 by 20% at ₹ 1176 Cr

Increase in Finance Cost during FY14 by 88% at ₹ 366 Cr

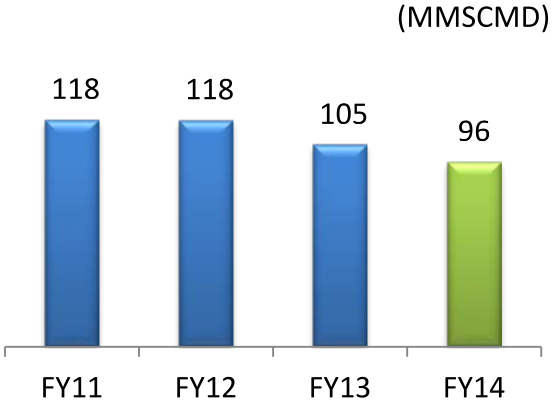
Borrowing costs capitalized during the year ₹ 351 Cr

Addition to Gross Block is more than ₹ 2900 Cr during FY14

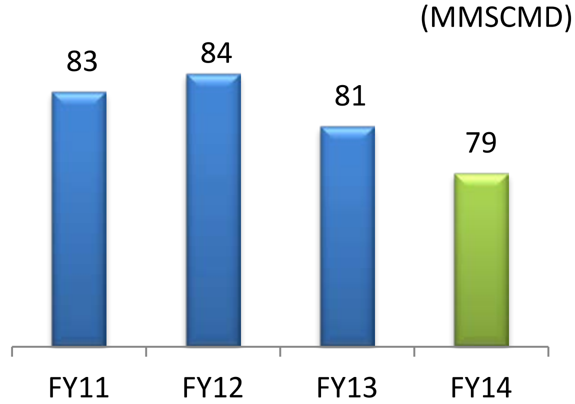
Exchange Rate difference capitalized is ₹ 502 Crores

Physical Performance

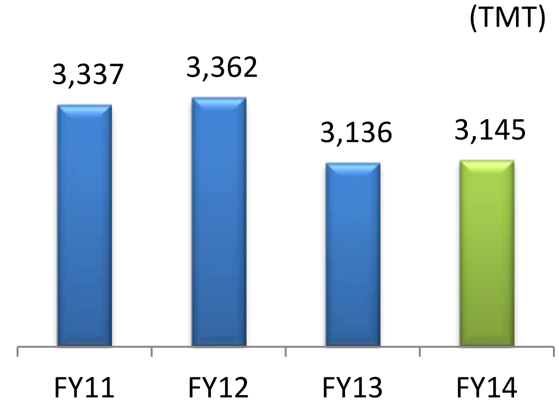
Gas Transmission



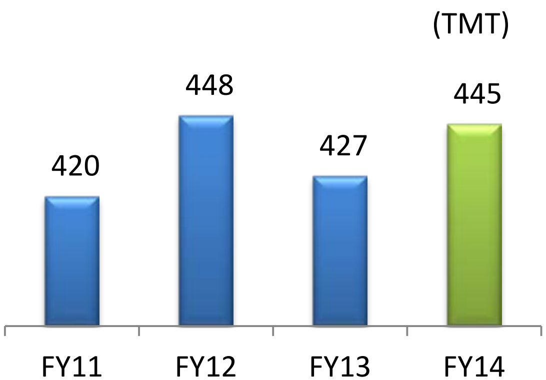
Gas Marketing



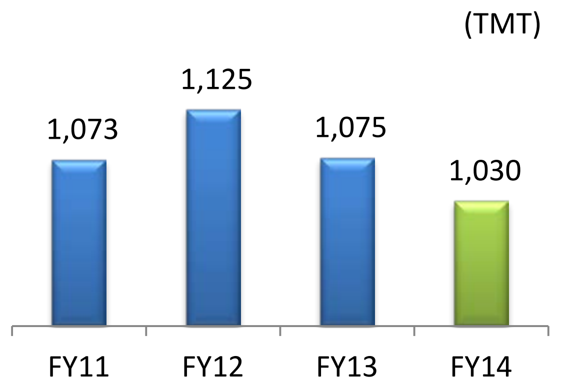
LPG Transmission



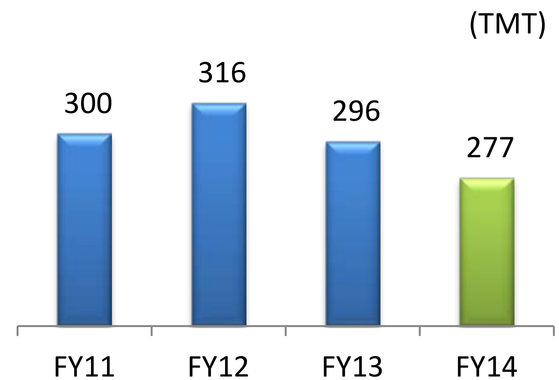
Petrochemicals



LPG



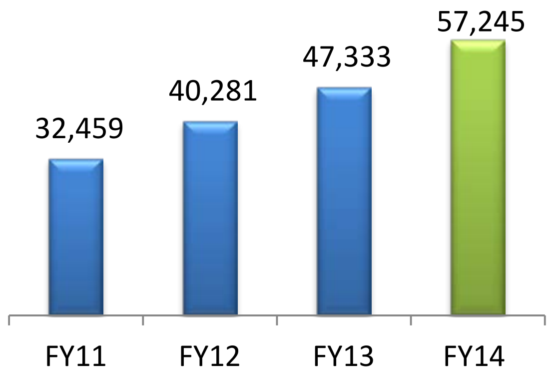
OLHC



Financial Performance (Standalone)

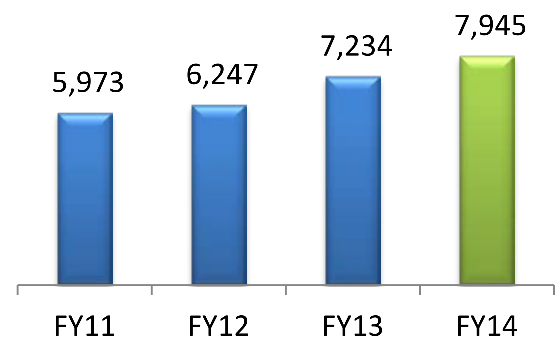
Sales (Net of ED)

(₹ in Crores)



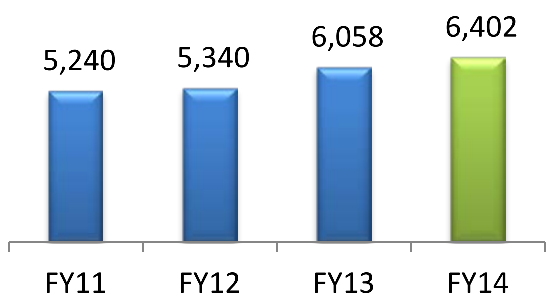
Gross Margin (PBDIT)

(₹ in Crores)



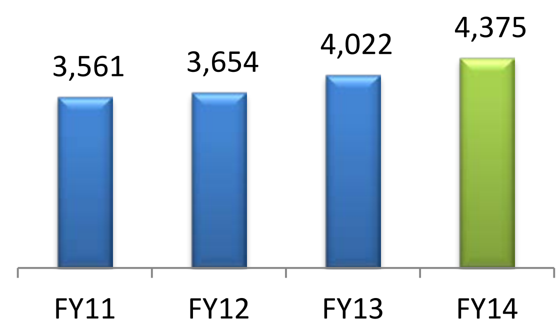
PBT

(₹ in Crores)



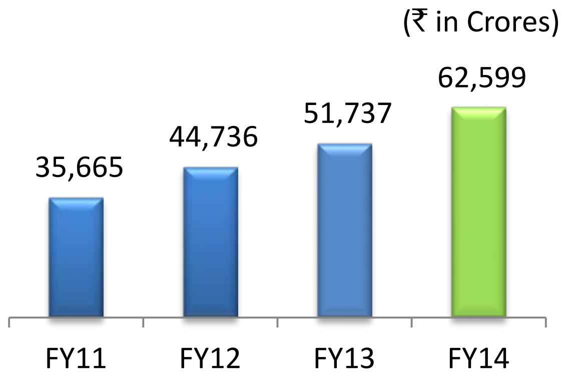
PAT

(₹ in Crores)

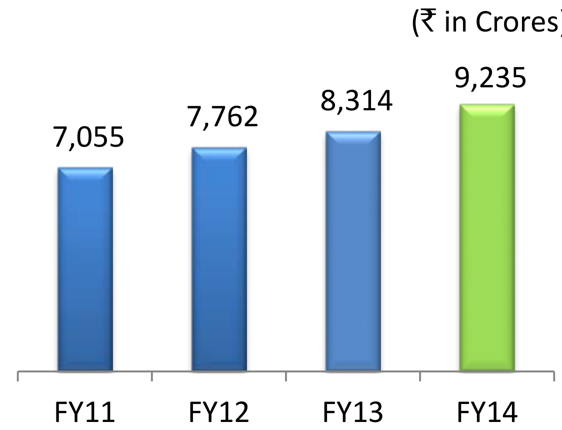


Financial Performance (Consolidated)

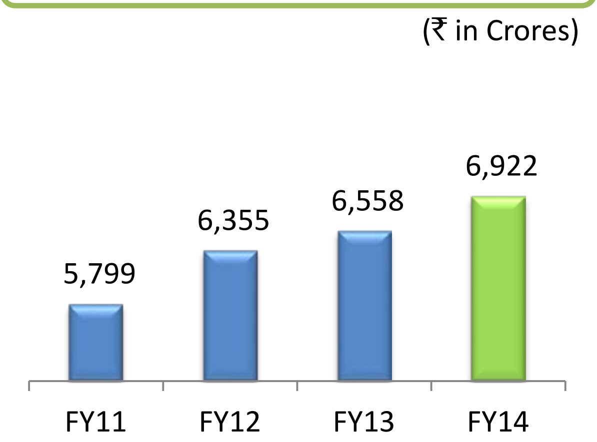
Gross Sales



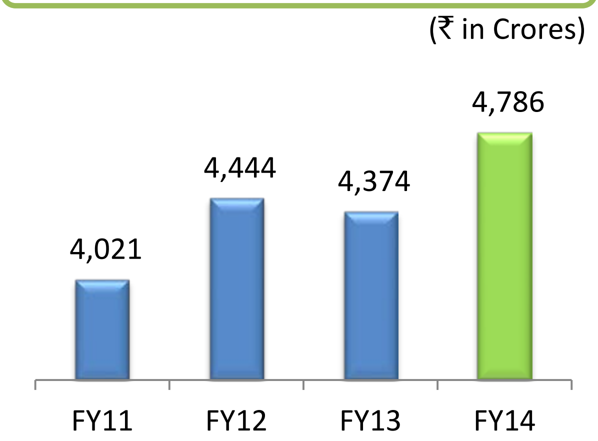
Gross Margin (PBDIT)



PBT



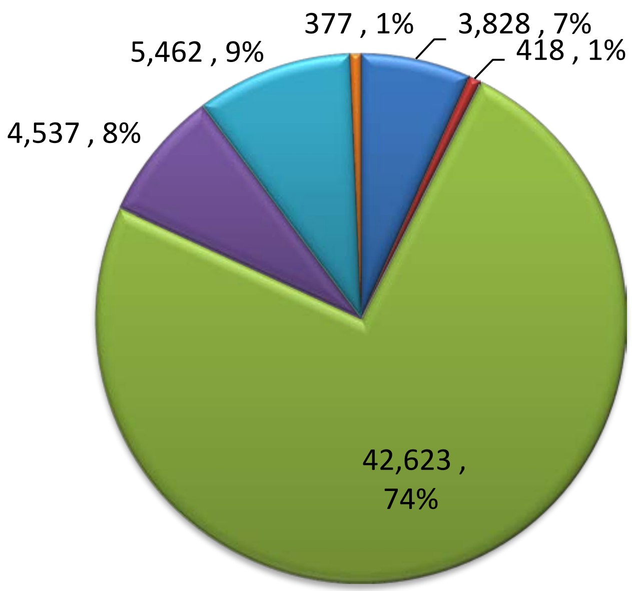
PAT



Segment-wise Breakup

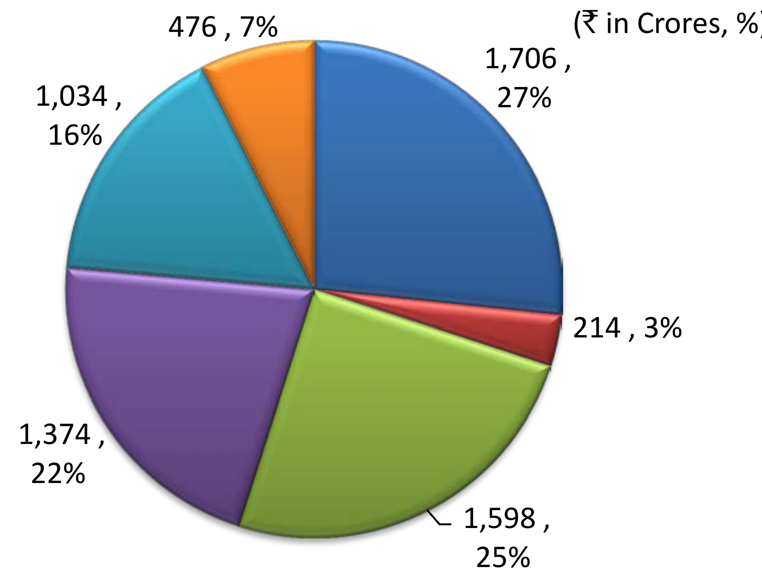
Segment-wise Breakup of Turnover - ₹57,245 Cr

(₹ in Crores, %)



Segment-wise Breakup of Profit Before Tax - ₹6,402 Cr

(₹ in Crores, %)



NG Transmission | LPG Transmission | NG Trading | Petrochemicals | LHC | Unallocated

Balance Sheet – FY 14

(₹ in Cr.)

Equity & Liabilities
49811

Shareholders' Funds	Non Current Liabilities	Current Liabilities
27072	13268	9471
Share Capital 1268	Long Term Borrowings 9526	Trade payables 3975
Reserves & Surplus 25804	Deferred Tax Liab. 2566	Other Current Liabilities 4048
	Other Long Term Liabilities 771	Short Term Provisions 1449
	Long Term Provisions 404	

Assets
49811

Non Current Assets	Current Assets
38561	11250
Fixed Assets 31205	Inventories 2255
Non Current Investments 4103	Trade Receivables 2812
Long Term Loans & Advances 2535	Cash & Cash Equivalents 2651
Other Non-current assets 718	Short Term Loans & Advances 3514
	Other Current Assets & Investments 18

Equity Investments

(₹ in Cr)

	Companies	FY14	upto FY14	Dividend – FY14
1	GAIL Global (Singapore)		10	
2	BCPL		793	
3	GAIL Gas Limited	12	266	
4	CGD JVs		182	99
5	OPAL	361	996	
6	PLL		99	23
7	RGPPL		974	
8	China Gas Holdings Limited	(39)	97	13
9	Fayum Gas, Egypt		8	
10	GSEG		21	
11	ONGC		556	200
12	GIPCL		1	0.14
13	SEAGP		106	
14	GAIL Global USA		179	
15	TNGCL		2	
	Total	**334**	**4289**	**336**

Financial Position

(₹ in Crores)

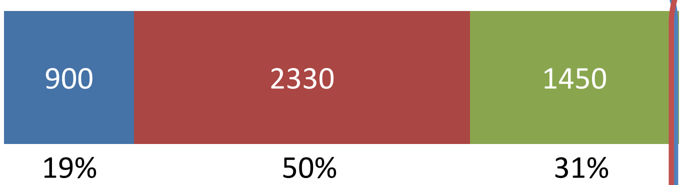
Particulars	FY13	FY14
Capital Employed	35,591	39,907
Gross Block	31,149	34,056
Net Worth	24,038	26,858
Loan Outstanding	9,064	10,268
Debt : Equity Ratio	0.38:1	0.38:1
DSCR (X)	5	4

Strong Balance sheet position

Borrowings as on 31st March 2014

Total Loan Outstanding : ₹10,268 Cr

Domestic : ₹4680 Cr ($772mln)



46%

- OIDB & Bonds fixed Int. Rate
- OIDB maturity 5 years and
- Others 10 years

Foreign Currency : $922mln (₹ 5588 Cr)

- ECA maturity 5 years
- ECA maturity 7-10 years

54%

Term Loan | OIDB | Bonds | Hedged | Natural Hedged | Unhedged

- **Comfortable level of Debt Equity (0.38:1) & DSCR (4x) as on 31st Mar' 14**
- **98% of Foreign Currency loans are Naturally/Fully hedged**

Note: Exchange Rate as on 31st Mar 14 – ₹60.61/$

% share

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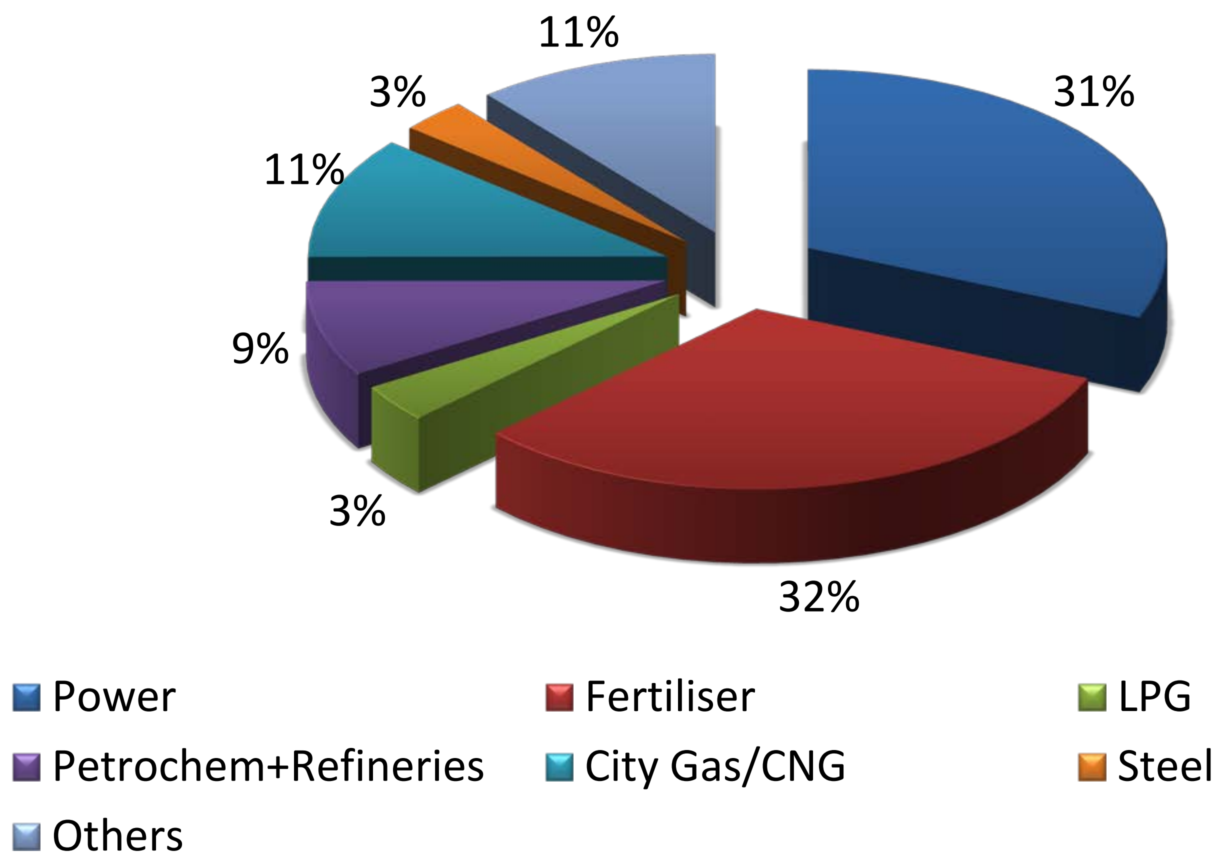
Industry Outlook & GAIL's Strategy

Gas Supply Pattern in FY14 - GAIL

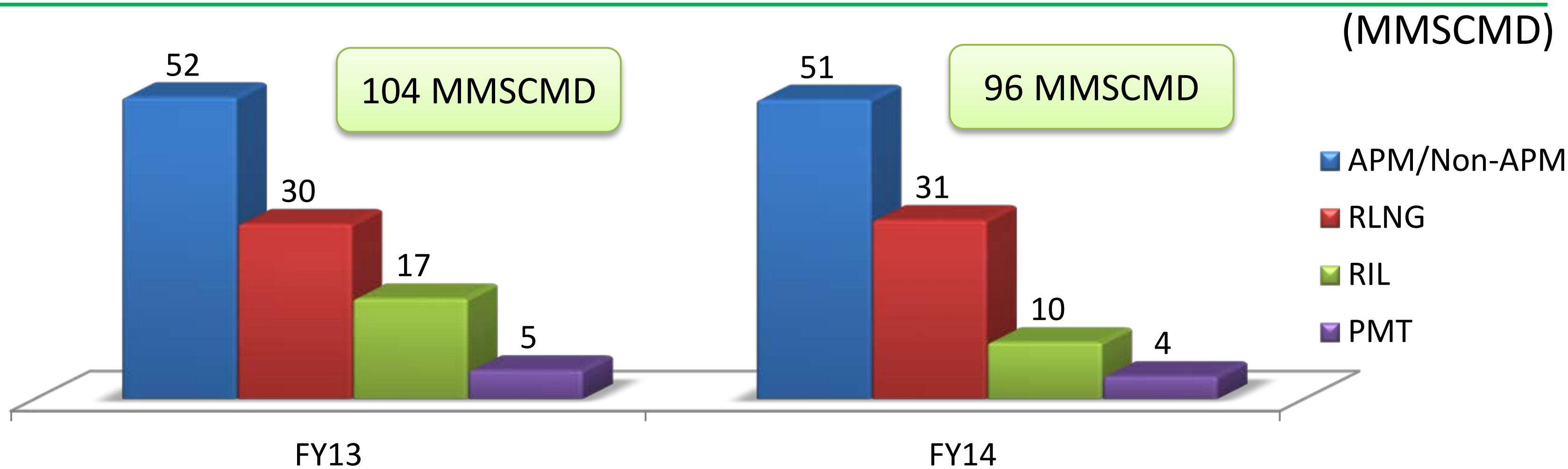
Gas Supply by GAIL during FY14 ~ 79 MMSCMD



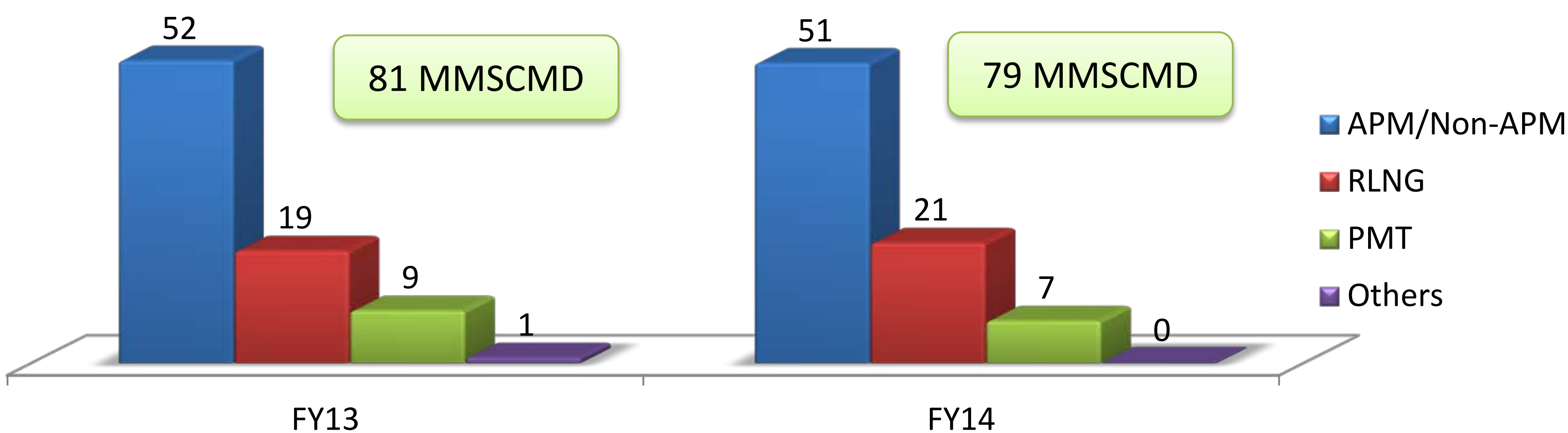
Power and Fertilizer - Anchor Markets

Industrial and City Gas - Growing Markets

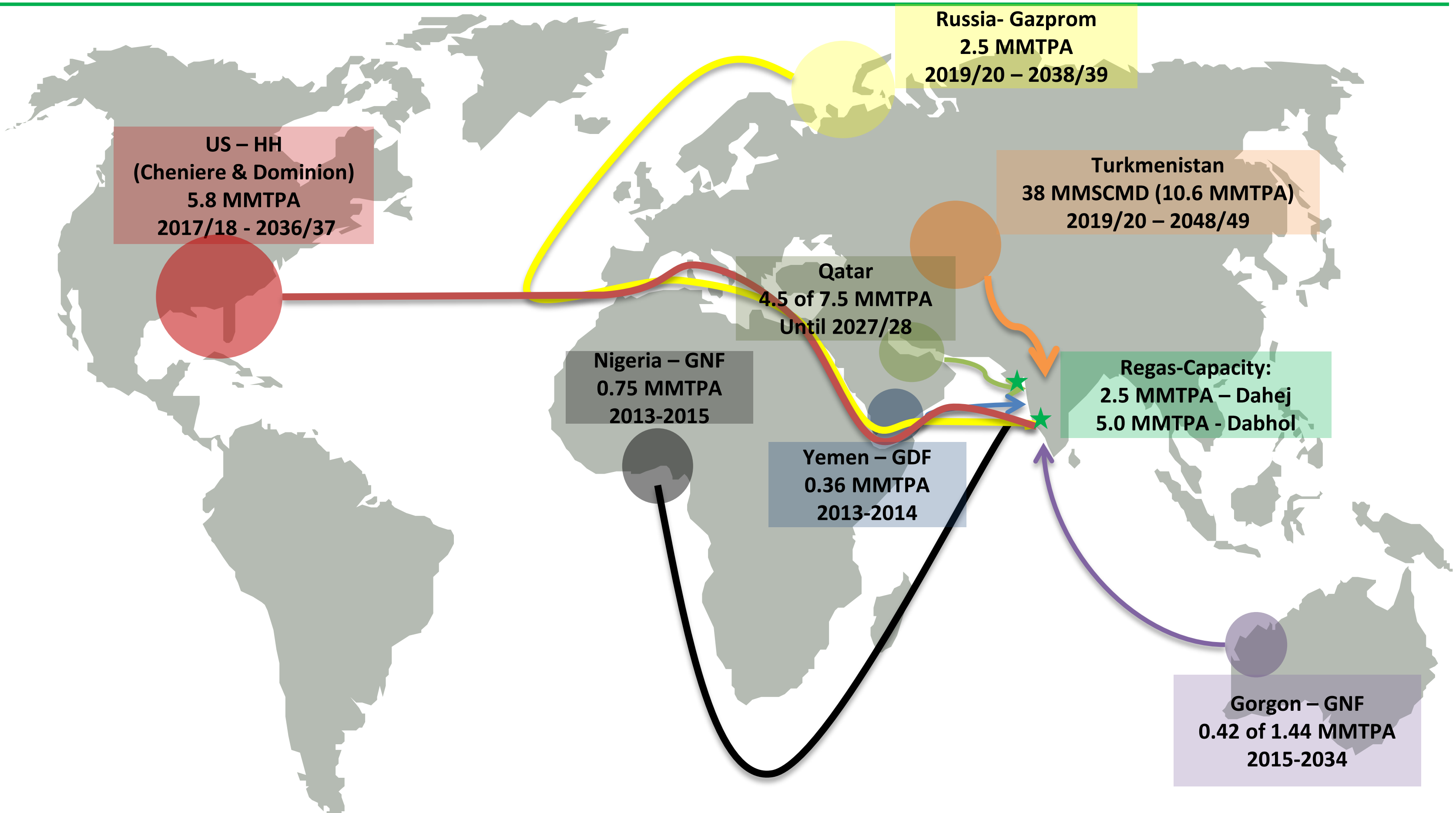
Natural Gas Transmission



Natural Gas Trading



Gas Sourcing Achievements



Long-term Import Portfolio
(23.8 MMTPA or 85.6 MMSCMD)
Diversified Supply Sources
Russia, Middle-East, Australia, USA

Diversified Price Indices
Henry Hub – 24.5% (5.8 MMTPA)
Japanese Crude C – 31% (7.42 MMTPA)
Oil – 44.5% (10.6 MMTPA)

Future Gas volume Growth

Domestic Supplies

- Expected to increase by ~4 MMSCMD by end of FY15

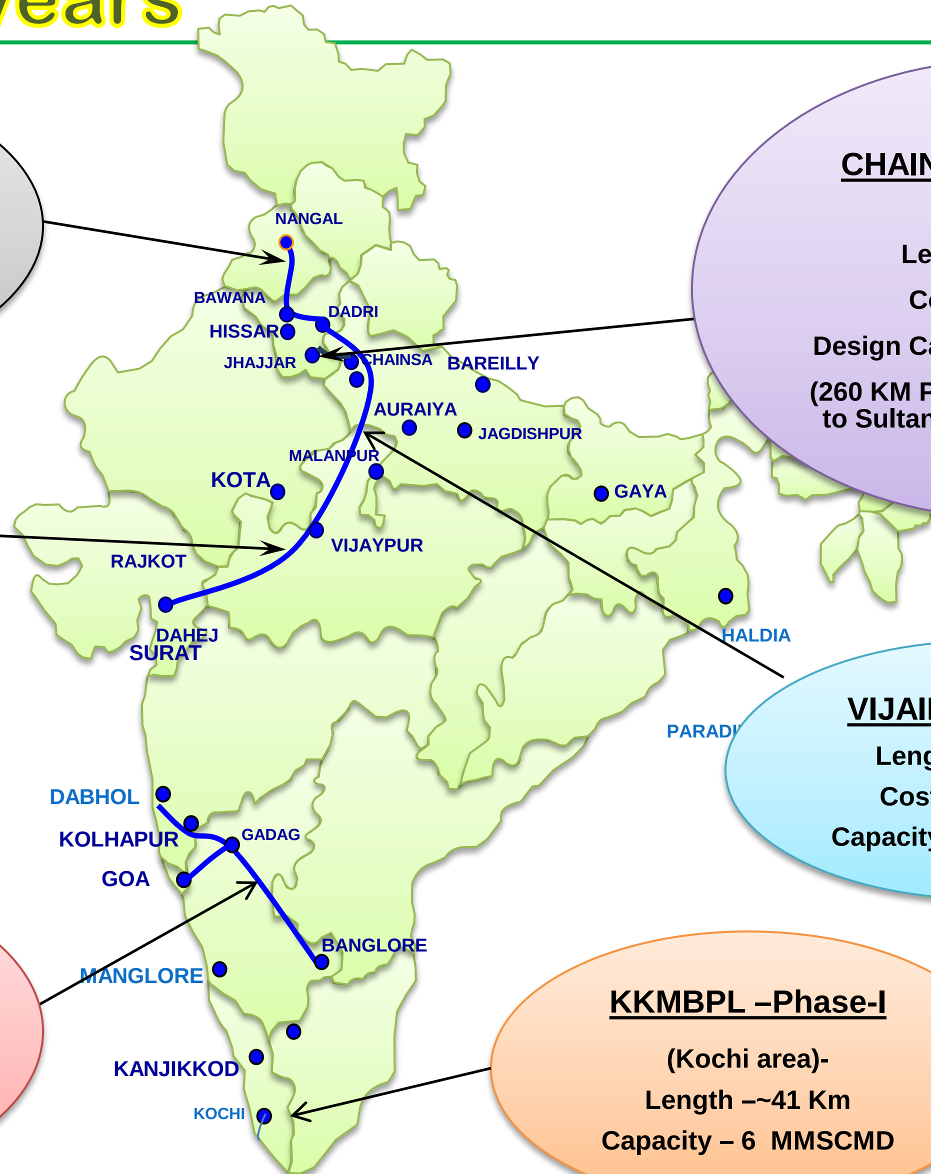
LNG cargoes at Dabhol / Dahej cargos

- No of cargos received in FY14 : 26 cargos
- Expected cargos in 2014-15 : 34 cargos

Henry hub linked volumes

- Total volumes – 5.80 MMTPA
- Quantity to be sold primarily in domestic market
- Part quantity to be sold in international market thru GGSPL Singapore

Major Pipelines Completed during last 3 years



DADRI-BAWANA-NANGAL & SPURLINES

Length – 760 Km

Cost – ₹ 2326 Cr.

Capacity – 31 MMSCMD

CHAINSA-JHAJJHAR-HISSAR

Length – 350 Km

Cost – ₹ 943 Cr.

Design Capacity – 35MMSCMD

(260 KM P/L Commissioned up to Sultanpur for 5 MMSCMD)

DAHEJ-VIJAIPUR (II)

Length – 610 Km

Cost – ₹ 4355 Cr.

Capacity – 54 MMSCMD

VIJAIPUR - DADRI

Length – 498 Km

Cost – ₹ 3776 Cr.

Capacity – 60 MMSCMD

DABHOL – BANGALORE

Length – 1000 Km

Cost – ₹ 4508 Cr.

Capacity – 16 MMSCMD

KKMBPL –Phase-I

(Kochi area)-

Length –~41 Km

Capacity – 6 MMSCMD

Map not to Scale

Major Projects in Future

Poly Butadiene Rubber (PBR)

Cost - ₹ 2575Cr.

Cap. - 110 KTPA

Phenol-Acetone Project

Cost - ₹ 2183Cr.

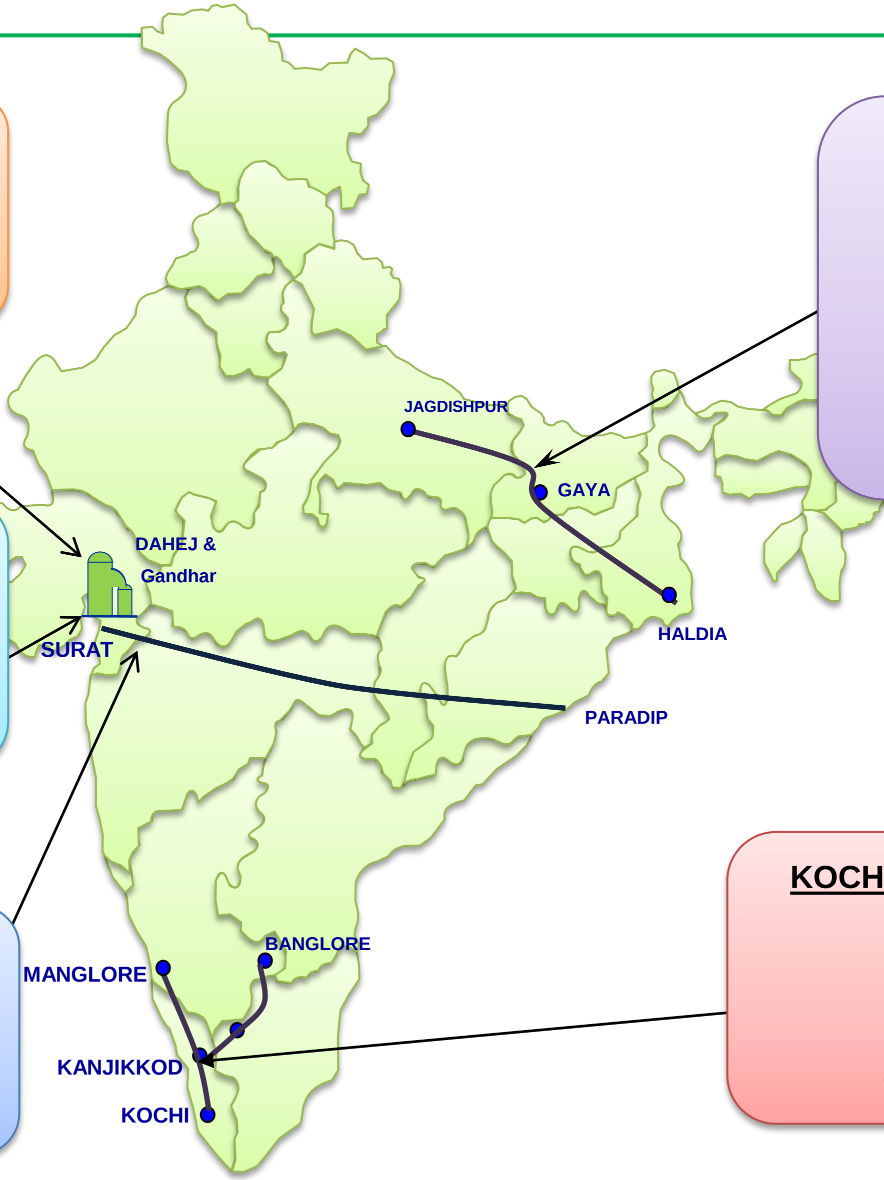
Cap. - 108 KTA Phenol and 67 KTA Acetone

SURAT-PARADIP

Length – 1990 Km

Cost - ₹ 8117Cr.

Cap. - 75 MMSCMD



JAGDISHPUR-HALDIA

Length – 2050 Km

Cost – ₹ 7596 Cr.

Capacity – 16 + 16 MMSCMD

(to be commissioned in synchronization with revival of en-route fertilizer units)

KOCHI-MANGALORE-BANGALORE (Ph-II)

Length - 925 Km

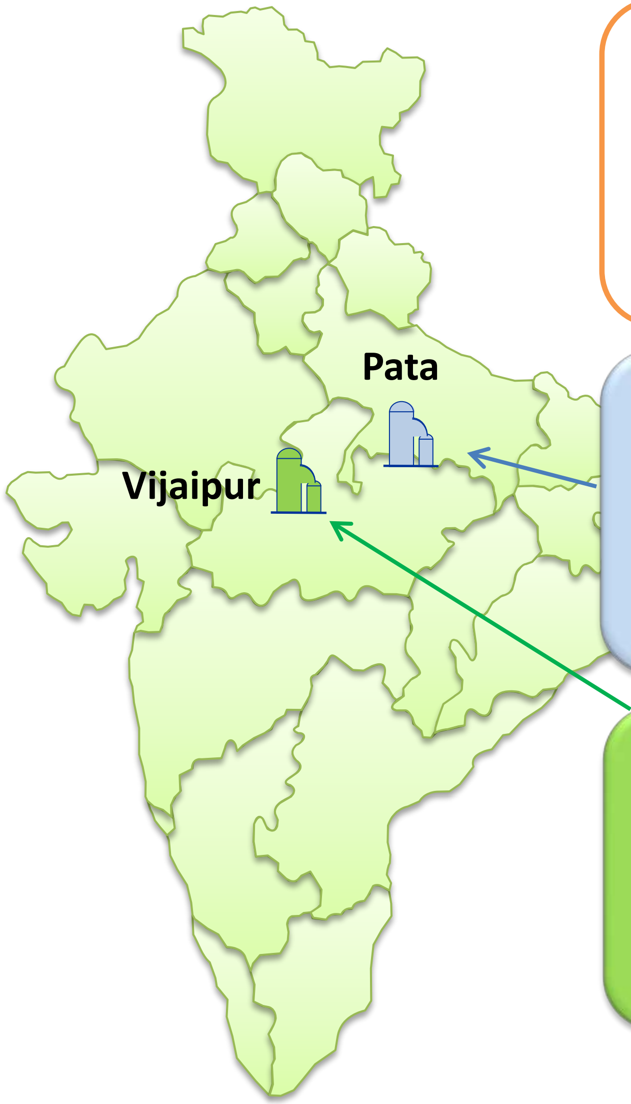
Cost - ₹ 3263 Cr.

Capacity - 16 MMSCMD

Map not to Scale

Petrochemical Expansion

- Expansion of Pata Petrochemical Complex from existing 0.4 MTPA to 0.8 MTPA.
- Expected Completion : 3rd Quarter FY 2014-15
- Approved Project Cost : ₹ 8140 Crores
- Overall Physical Progress : 97.5% (as on 15th Apr 2014)



- Biggest gas based Polymer Plant in Northern India
- Gas Cracker Unit at Pata is based on the State of the art Twin Cell Furnace Technology
- LLDPE/HDPE Swing Unit shall be the biggest gas based Polythene unit in India

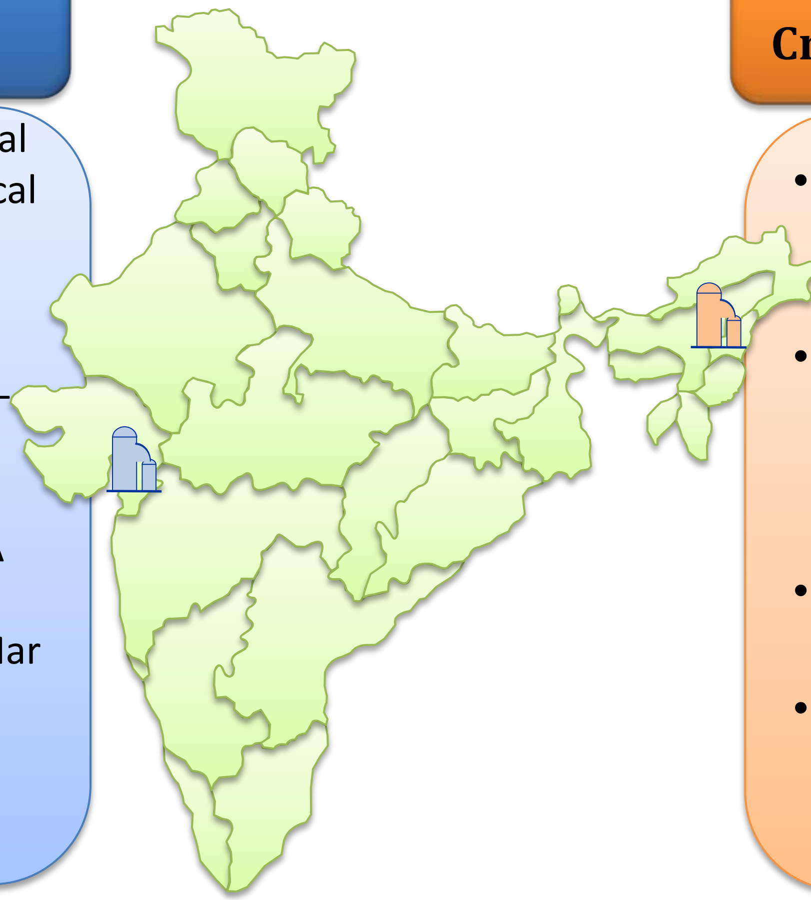
- Gas Processing Unit provides C2/C3 feedstock to the Petrochemical Plant at Pata
- With a processing capacity of 20 MMSCMD, Gas Processing facility at Vijaipur is set to be the largest in the country

Map not to Scale

Petrochemical Expansion

ONGC Petro Additions Ltd. (OPAL)

- OPaL is implementing dual feed cracker petrochemical project at Dahej
- GAIL has 15.5% equity stake (investment of ~ ₹ 995 crore) along with co-promoter status
- Capacity – 1.1 MTPA of Ethylene and 0.4 MMTPA Propylene
- Expected Completion : Mar 2015
- Cumulative physical progress of the project is 90% as of March 14



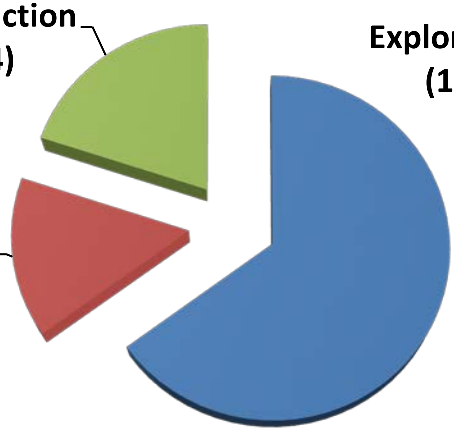
Brahmaputra Gas Cracker & Polymers Ltd.

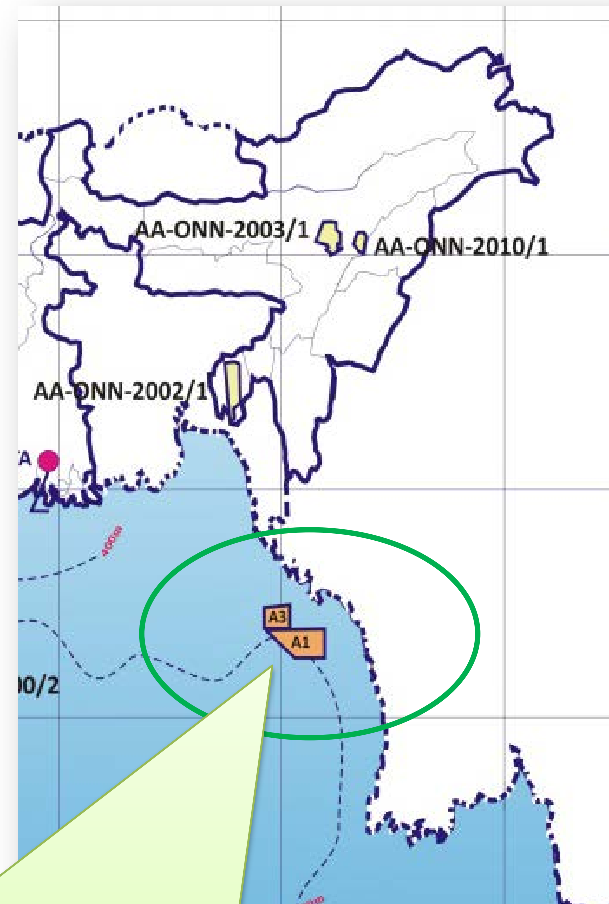
- The plant will process 7 MMSCMD of gas and 160,000 TPA Naphtha.
- BCPL will produce 0.22 MTPA of HDPE/LLDPE, 0.06 MTPA of Polypropylene
- Scheduled Completion : Sep 2014
- Cumulative physical progress of the project is 96% as of March 14

Map not to Scale

E&P : Self Sustainable

Balanced Portfolio
with Participation in 20 Blocks
GAIL is Operator in 3 onland blocks





Declaration of Commerciality:

- Submitted to DGH for Mahanadi offshore (0.72 TCF)
- Accepted by DGH for Tripura On-land (71 BCF)

Production started in **A-1 & A-3 Blocks in Myanmar** (Production during Mar'14 - ~0.6 MMSCMD)
Revenue from Myanmar Block expected to double during FY15

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

- Maintain leadership position in midstream sector
- Continue pipeline expansion
- Set up LNG regasification terminals & book regasification capacities
- Unlock demand across customer segments

Downstream

- Become diversified hydrocarbon major
- Continue expansion of petrochemical capacities
- Support JVs / subsidiaries for CGD expansion to 40-60 cities
- Reduce carbon footprint – Create renewable portfolio

GAIL aspire to Emerge as Integrated Hydrocarbon Major with significant upstream & downstream presence

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

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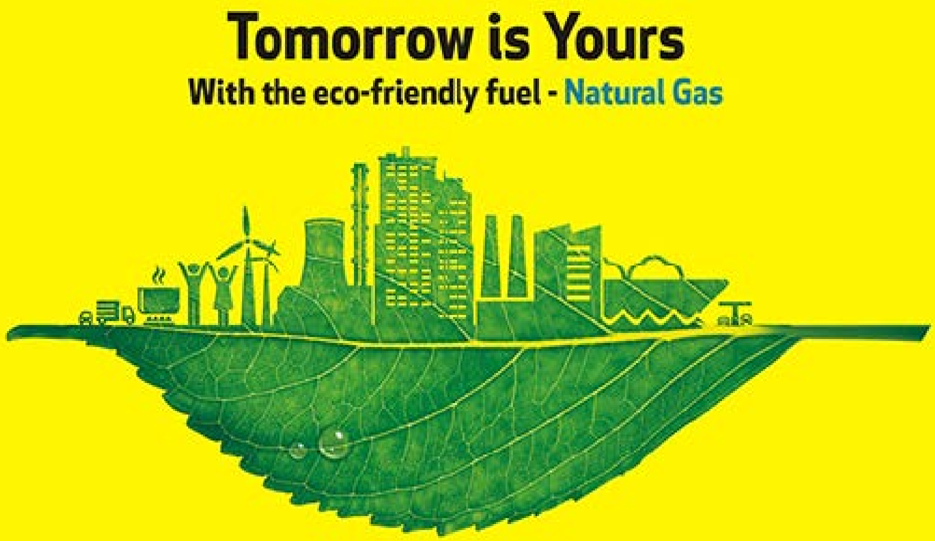

The cover slide depicts inclusive growth stemming from the GAIL pipeline. The same vein that powers industries, transport, energy and lives in general also helps in maintaining ecological balance. The visual underlines the fact that GAIL harnesses the environment and therefore it is vital that we are committed to the preservation of our very source. This dedication to both progress and preservation has enabled Asia's no. 1 gas utility to become India's Youngest Maharatna

Thank You