



GAIL (India) Ltd.

India's Youngest Maharatna

Investors & Analysts Meet

May 23, 2017, Mumbai



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Agenda

Introduction

Performance Highlights

Industry Outlook & Strategy

Q&A



Introduction



Overview: GAIL (India) Ltd.



- Over 11,000 Km of network (206MMSCMD)
- Pursuing for expansion, Participation in RGPPL (5 MMTPA LNG Regasification Facility)
- Long-term Import Portfolio: 24 MMTPA



- Domestic market share ~ 15%
- Petrochemical Plant in Pata(UP) with capacity of 0.81 MMTPA



- 6 Gas Processing Plants producing LPG, Propane, Pentane, Naphtha etc.
- LPG Transport Capacity 3.8 MMTPA (2038 Km.)



- A part of vertical integration
- Participation in 12 blocks (operator-1 blocks)
- Presence in Myanmar & US



- 118 MW Wind Power Plant and 5 MW Solar Power Plant
- Participation in RGPPL (Capacity 1967 MW)



Operates
3/4th
of the total NG
transmission in India



Contribute s more
than
3/5th
of the natural gas
sold in India



Produces
1/5th
of the polyethylene
produced in India



Responsible for
1/6th
of India's total LPG
transmission



Produces every
20th
LPG Cylinder
in India



Supplies gas for
about
3/5th
of India's fertilizer
produced



Supplies gas for
about
3/4th
of India's gas based
power



Operating more
than
2/3rd
of India's total CNG
stations

GAIL's Sustainability Aspiration 2020



Target of 33% reduction in GHG emission intensity from the base of FY2010-11



Target of 5% reduction in specific energy consumption (petrochemical & LHC segment product)



Target of 45% reduction in water consumption intensity from the base of FY2010-11



Target of increasing waste water recycling by 5% of waste water generated



Target of imparting sustainability awareness training to 100% of employees

15 Million Digital Reach gathered in one Year for Mass Awareness against Air Pollution

HOME ABOUT PARTNERS BUZZ CAMPAIGNS STORIES JOIN US SOLUTION

Hawa Badlo: We Shall Over...

Time to ACT is NOW!

DO YOU HAVE THE ANSWER TO THEIR QUESTIONS?

...She is 3 years old, but winni...

THIS 3 YEAR OLD WILL WIN YOUR HEART ALL OVER

HELP A SUPERHERO BE A TRUE FAN TO A REAL SUPERHERO

Hawa Badlo: The Air Seller WILL YOU BUY FRESH AIR? THE AIR SELLER

Hawa Badlo: Raavan Ko Ro... RAAVAN KO ROKO HAWA BADLO



Dharmendra Pradhan

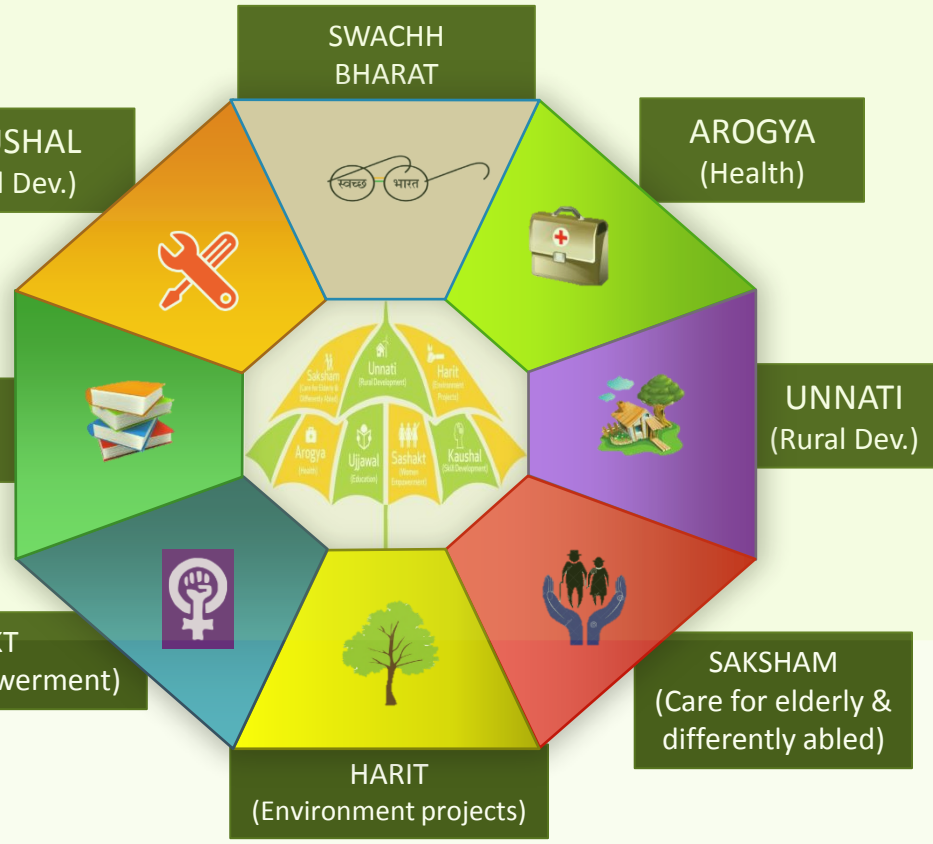
@dpradhanbjp

Glad to see GAIL(India) Ltd's efforts towards creating awareness among general public to switch to cleaner fuels like natural gas [#hawabadlo](#)

7:40 pm · 12 Feb 16

[#HawaBadlo](#)

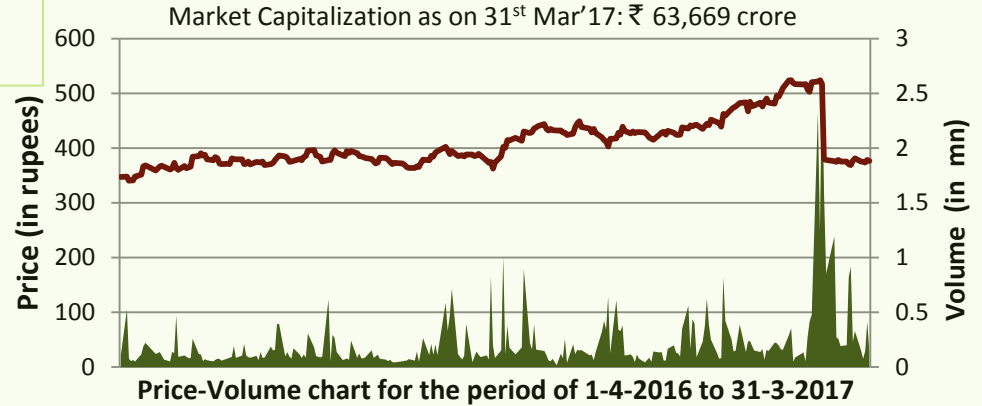
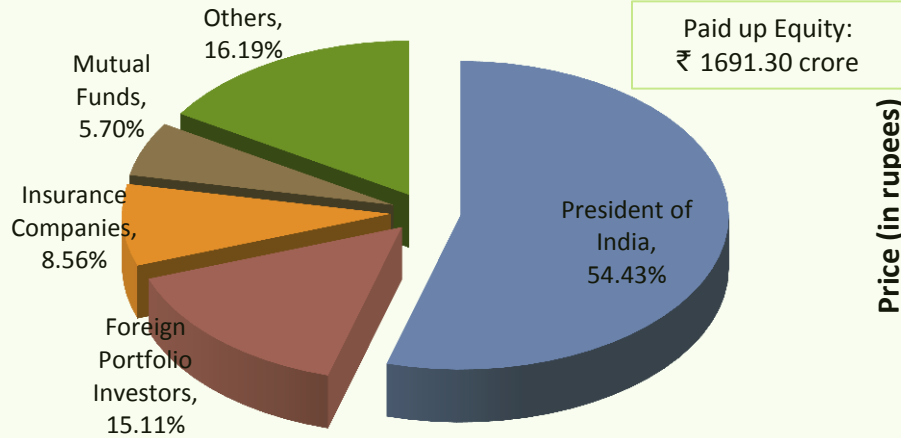
GAIL HRIDAY: Corporate Social Responsibility



- Over 8 Lac lives touched by various initiatives taken up in 2016-17
- Over 6000 candidates skilled through various Livelihood Generation and Skill Development Initiatives
- Preventive Healthcare Extended to in over 420 villages (covering ~4.5 Lac people through 32 Mobile Medical Units)
- Construction/Renovation of 3614 toilets with water facility under "Swachh Bharat, Swachh Vidyalaya" program
- Project GAIL Indian Speedstar: 09 athletes selected to provide training for Olympics 2020

CSR spending for FY 2016-17 ~Rs. 124 crore

Shareholding Structure & Share price movement



Top Shareholders other than Gol % Shareholding

| Top Shareholders other than Gol | % Shareholding |
|---------------------------------|----------------|
| LIC | 6.53% |
| ONGC | 4.83 % |
| IOCL | 2.41 % |
| LIC P&GS Fund | 1.81 % |
| Matthews Pacific Tiger Fund | 1.76 % |

Dividend History(₹)

| Year | Amount (₹/share) |
|-------------|------------------|
| FY 2016-17* | 8.5 |
| FY 2015-16 | 5.5 |
| FY 2014-15 | 6 |
| FY 2013-14 | 10.4 |
| FY 2012-13 | 9.6 |
| FY 2011-12 | 8.7 |

- GAIL Issued one bonus share for every three shares held in FY 2016-17
- Shareholding of President of India came down from 56.11 % to 54.43 % on account of divestment via CPSE ETF

52 Wk. High/Low

| | |
|-------------|-------|
| 8 Mar 2017 | ₹ 534 |
| 29 Sep 2016 | ₹ 359 |

Source: BSE Website; Note: All data as on 31st March 2017 as per BSE website

* Excluding Final dividend proposed at ₹ 2.7/share (on post bonus equity) subject to approval of shareholders ** 52 Weeks high/Low is not adjusted for bonus shares

Performance Highlights



Major Highlights of FY 2016-17

- ❑ GAIL signs swap deal for U.S. LNG to swap ~0.6 MMTPA of LNG
- ❑ Imported 55 LNG cargoes in FY 17 (15 at Dabhol, 39 at Dahej and 1 at Hazira)
- ❑ NG Marketing and Transmission volumes are up by 10% & 9 % to 81.2 & 100.4 MMSCMD respectively
- ❑ Highest ever sale of ~ 577 KTA of Polymer including export of ~14 KTA
- ❑ PSDF volume ~ 4.14 MMSCMD
- ❑ CCEA approved JHBDPL (Urja Ganga Project) costing ~₹ 12,940 crore, capital grant of ₹ 5176 crore
- ❑ GAIL received CCEA approval for development of CGD network in Six cities (Varanasi, Patna, Ranchi, Jamshedpur, Bhubaneshwar, Cuttack)
- ❑ Kolkata CGD is also being done by GAIL in JV with Greater Calcutta Gas Supply Corporation Limited (GCGSCL)

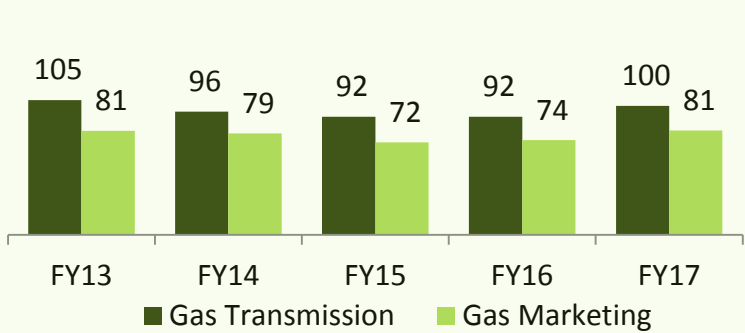
Major Highlights of FY 2016-17

- ❑ IND-AS Implemented successfully
- ❑ GAIL clocked Gross Turnover of ₹ 48,789 crore and PBT of ₹ 5,411 crore
- ❑ Partial Impairment of Investment in RGPPL ₹ 783 crore
- ❑ PNGRB revised Tariff of six pipelines i.e. KG Basin, DBPL, KKMBPL, DBNPL, CJHPL, Cauvery with positive Impact ~ ₹ 360 crore
- ❑ Turnaround in profitability of Petrochemical Segment - ₹ 216 crore vs. ₹(1,155) crore in FY16
- ❑ Earned profit of ~ ₹ 489 crore on stakes sales in Mahanagar Gas Limited (MGL)
- ❑ Total Dividend @ 5% of Networth* (subject to approval of shareholders)
- ❑ Bonus Shares Issued - 1 Equity share for every 3 Equity shares
- ❑ Capex of ₹ 2,180 crore
- ❑ Loan Repayment of ₹ 2,938 crore
- ❑ Liability of ₹ 94 crore pertaining to increase in Salary on account of 3rd Pay Revision Committee report (PRC) on estimated basis is made in Q4 FY17
- ❑ Provision made for increase in Salary and Gratuity ceiling (3rd Pay Revision Committee) - ~ ₹ 94 crore & ~ ₹ 149 crore

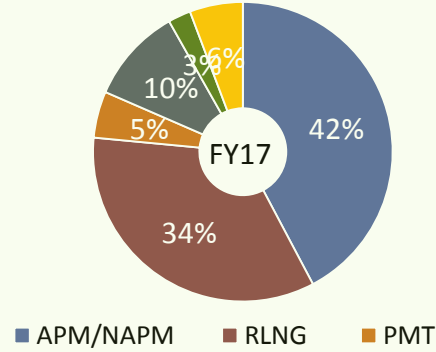
Physical Performance

Gas Volume Trend

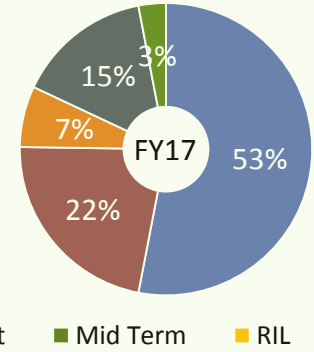
(MMSCMD)



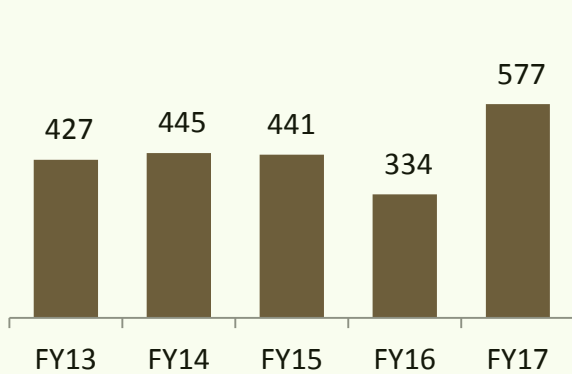
Gas Transmission Mix



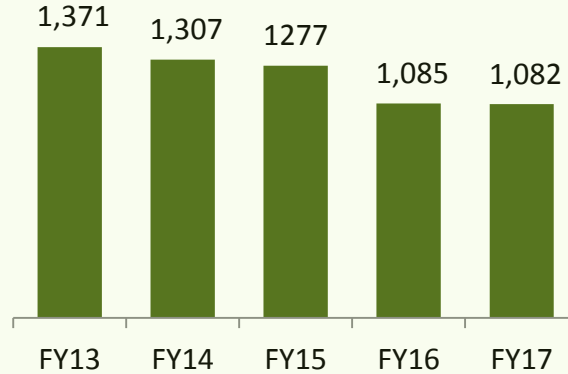
Gas Marketing Mix



Petrochemicals Sales

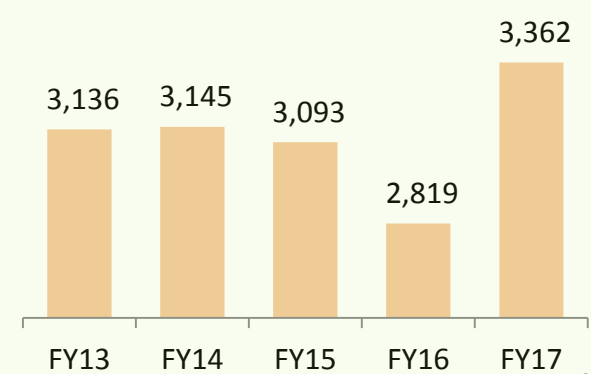


Liquid Hydrocarbons Sales



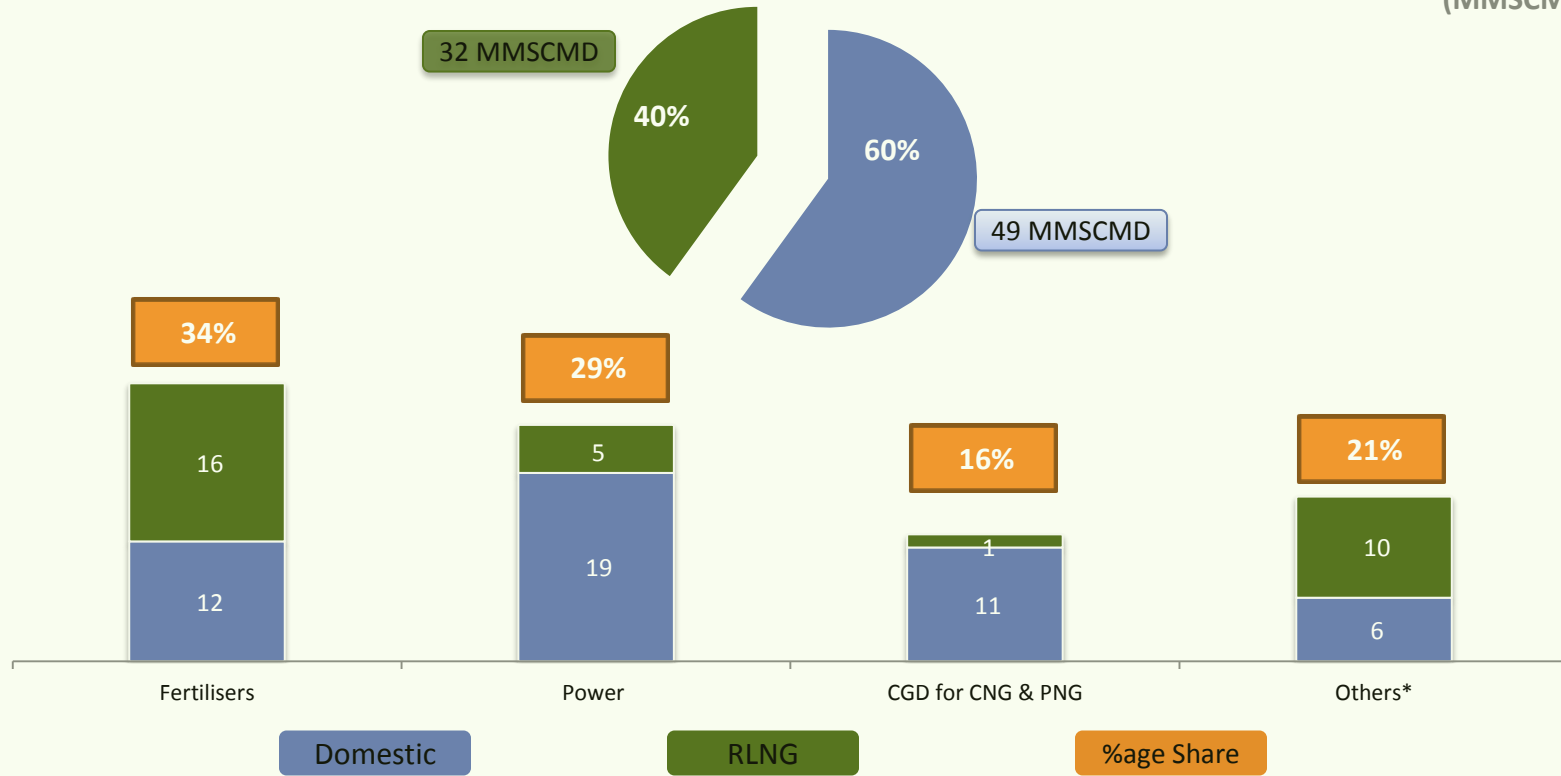
LPG Transmission

(TMT)



Gas Sourcing & Sector Wise Supply – FY17

(MMSCMD, % share)



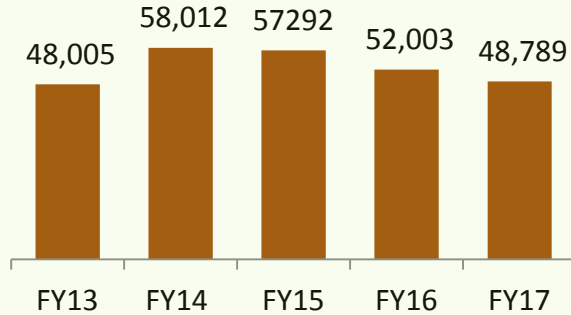
- Imported Gas primarily consists of Long Term RLNG, Mid Term RLNG and Spot
- Major sources for domestic gas are ONGC(APM & Non APM), PMT at APM & PSC prices ,Ravva, Ravva satellite etc.
- Highest demand of Natural Gas from Power & Fertilizer companies

* Others include Steel, Refineries, Sponge Iron, Petrochemicals, GAIL Internal consumption etc.

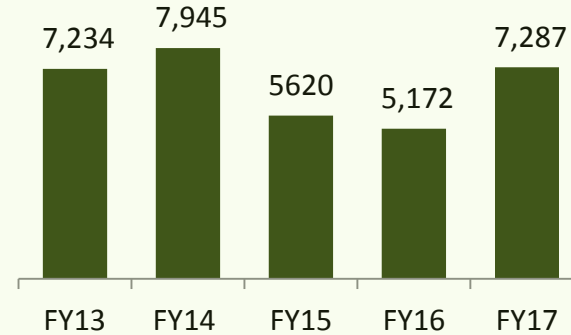
Financial Performance (Standalone)

(in ₹ crore)

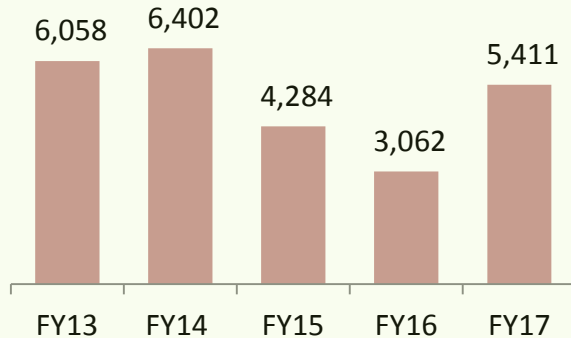
Turnover (Gross) *



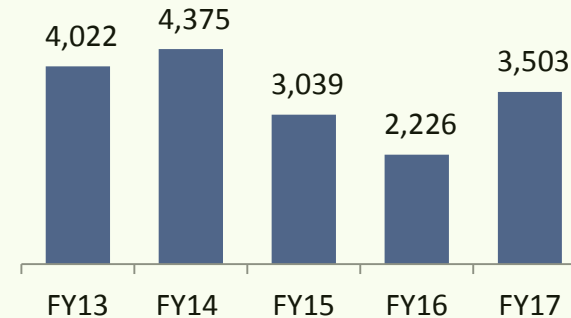
Gross Margin* (PBDIT)



Profit Before Tax (PBT)*



Profit After Tax (PAT) *



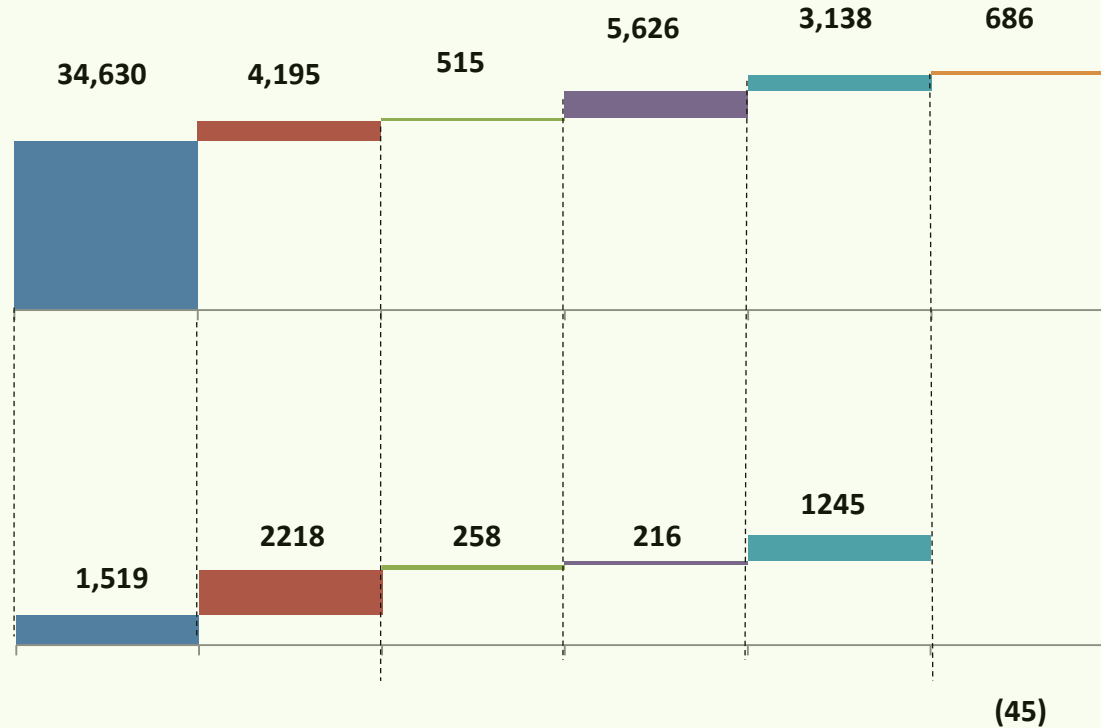
*Figures from FY 16 onward are as per Ind-AS

Segment wise Share for FY2016-17 in Turnover & PBT

(in ₹ crore)

Turnover
(₹ 48,789 crore)

Profit Before Tax
(₹ 5,411 crore)



Gas Marketing

NG Transmission

LPG Trans

Petchem

LHC

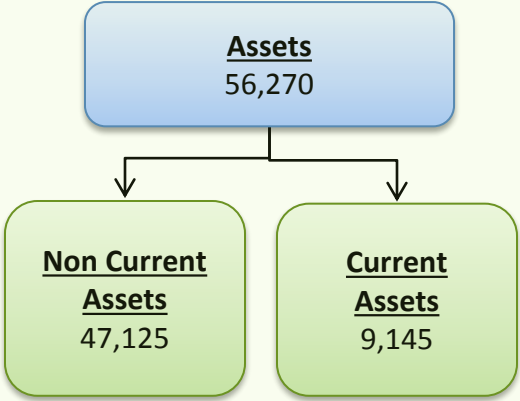
Unallocated incl. E&P

Major Variance in Profitability – FY16 vs. FY17

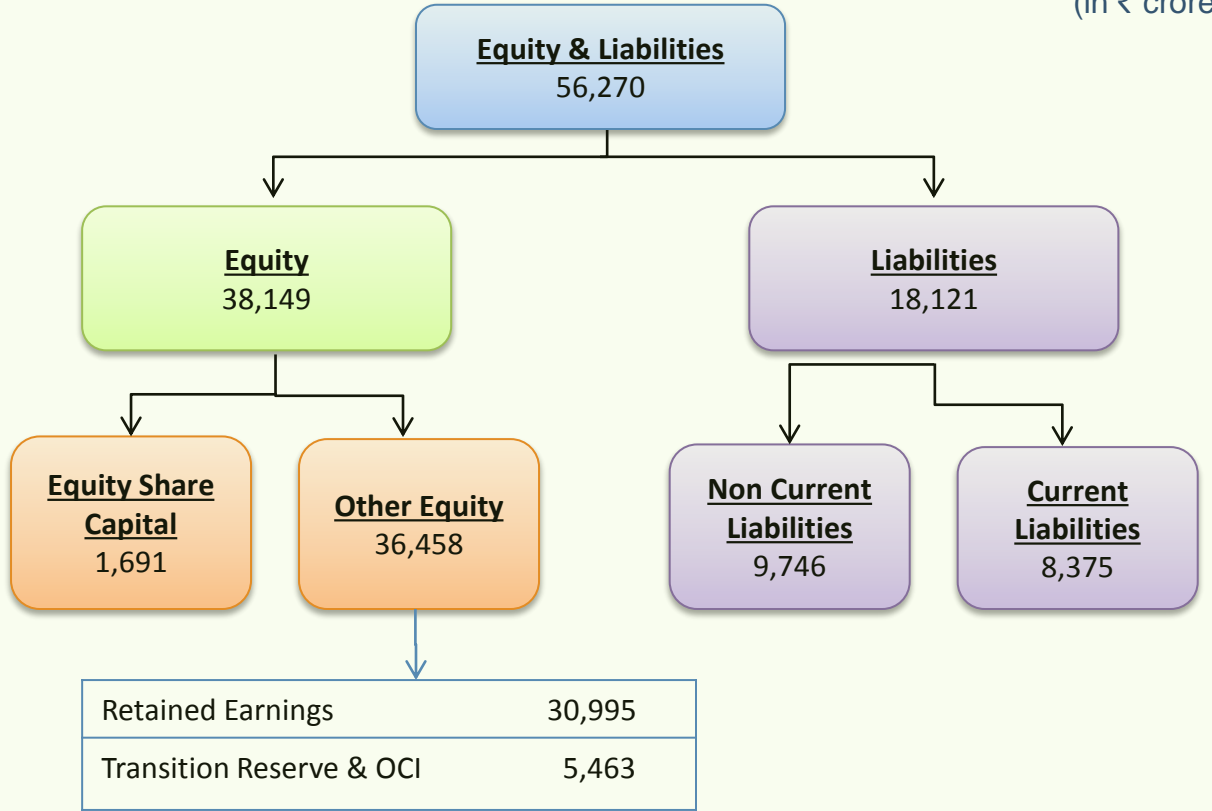
- ❑ Decrease in cost of Raw Material & Fuel ~ ₹ 1600 crore
- ❑ Increase in Petrochemical Sales by 73% - Incremental Margin ~ ₹ 900 crore
- ❑ Increase in Gas Transmission Quantity by ~ 9% led to incremental income of ~ ₹ 500 crore
- ❑ Upward revision in Tariff of six pipeline Networks - ~ ₹ 360 crore
- ❑ Profit from stake sale in MGL ~ ₹ 489 crore
- ❑ Increase in Dividend Income by ~ ₹ 110 crore
- ❑ Decrease in Finance Cost by ~ ₹ 320 crore
- ❑ Partial Impairment of investment in RGPPL - ₹ 783 crore
- ❑ Decrease in Avg. LHC & Avg. Petchem Price by 5% & 4% respectively in FY17 Vs. FY16 - ~ ₹ 400 crore
- ❑ Fall in E&P Revenue ~ ₹ 140 crore

Balance Sheet – 31.03.2017

(in ₹ crore)



| | |
|-------------|--------|
| PPE | 27,763 |
| CWIP | 3,585 |
| Investments | 9,510 |
| Others | 6,767 |



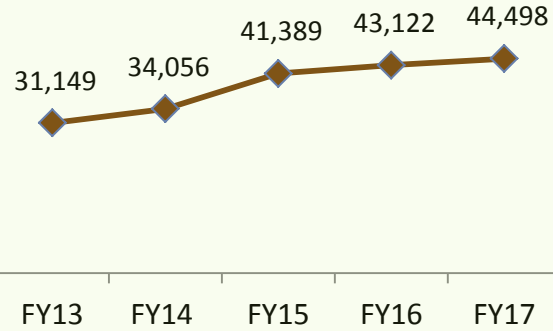
Capital Employed
₹ 47,868 crore

Net Worth
₹ 32,349 crore

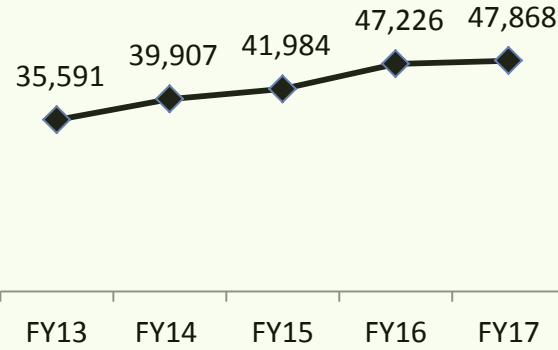
Loan Outstanding
₹ 5,062 crore

Financial Profile

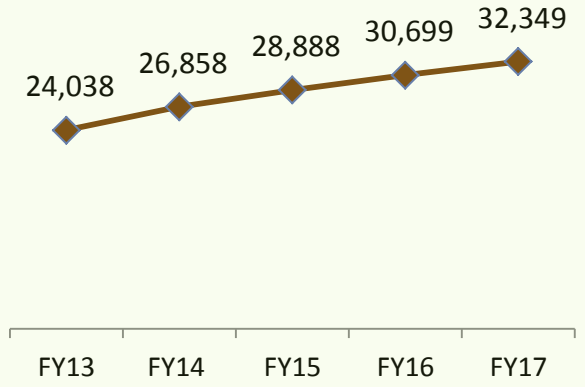
Gross Block (in ₹ crore)



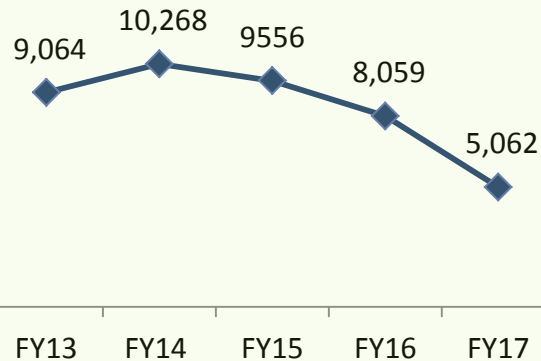
Capital Employed (in ₹ crore)



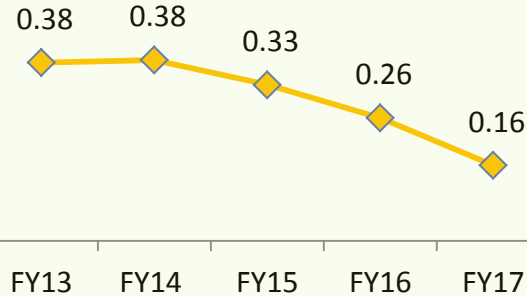
Net Worth (in ₹ crore)



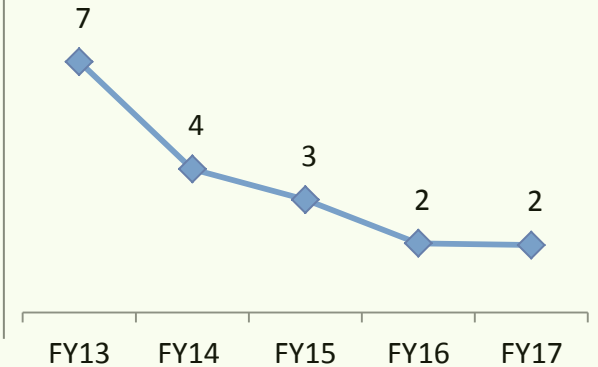
Loans (in ₹ crore)



Debt to Equity Ratio



Debt Service Coverage Ratio (DSCR)

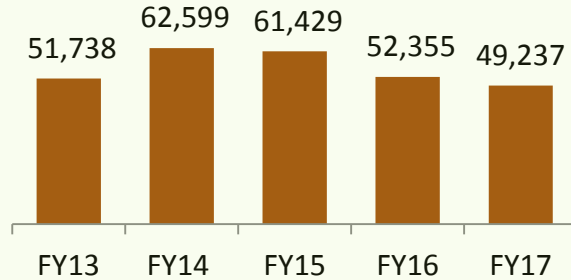


*Figures from FY 16 onward are as per Ind-AS, Network as per Companies Act 2013

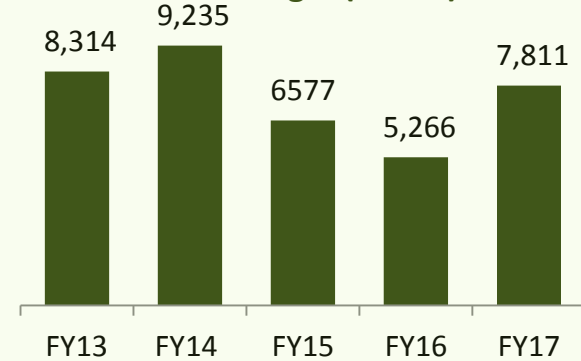
Financial Performance on Consolidated basis

(in ₹ crore)

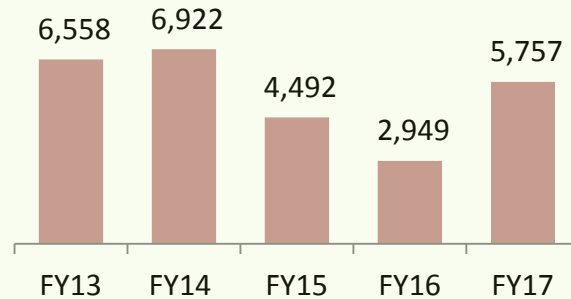
Turnover (Gross)



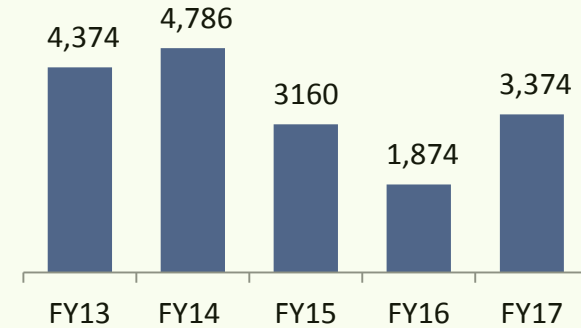
Gross Margin (PBDIT)



Profit Before Tax



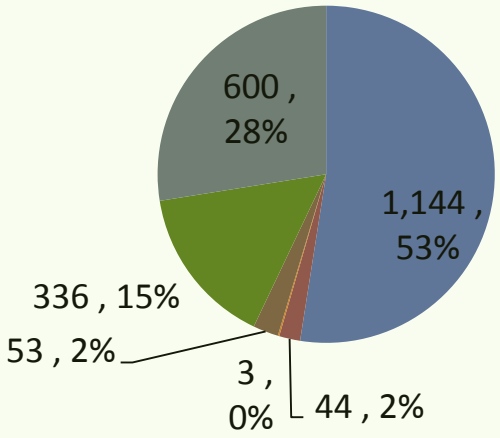
Profit after Tax



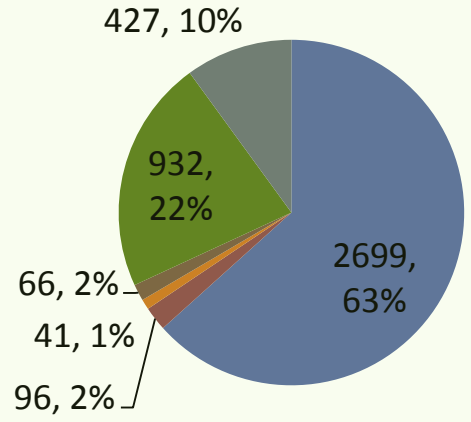
Capital Expenditure

(in ₹ crore)

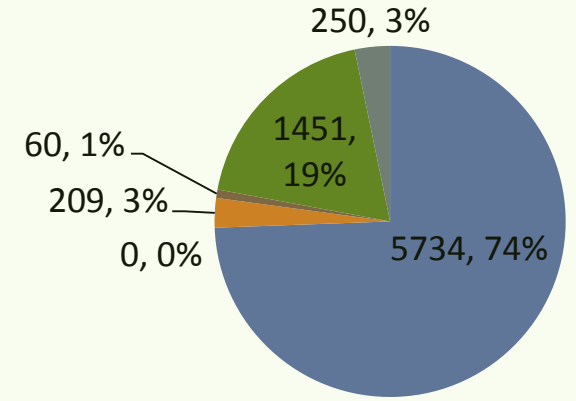
FY16-17
₹ 2,180 crore



FY17-18E
₹ 4,261 crore



FY18-19E
₹ 7,704 crore

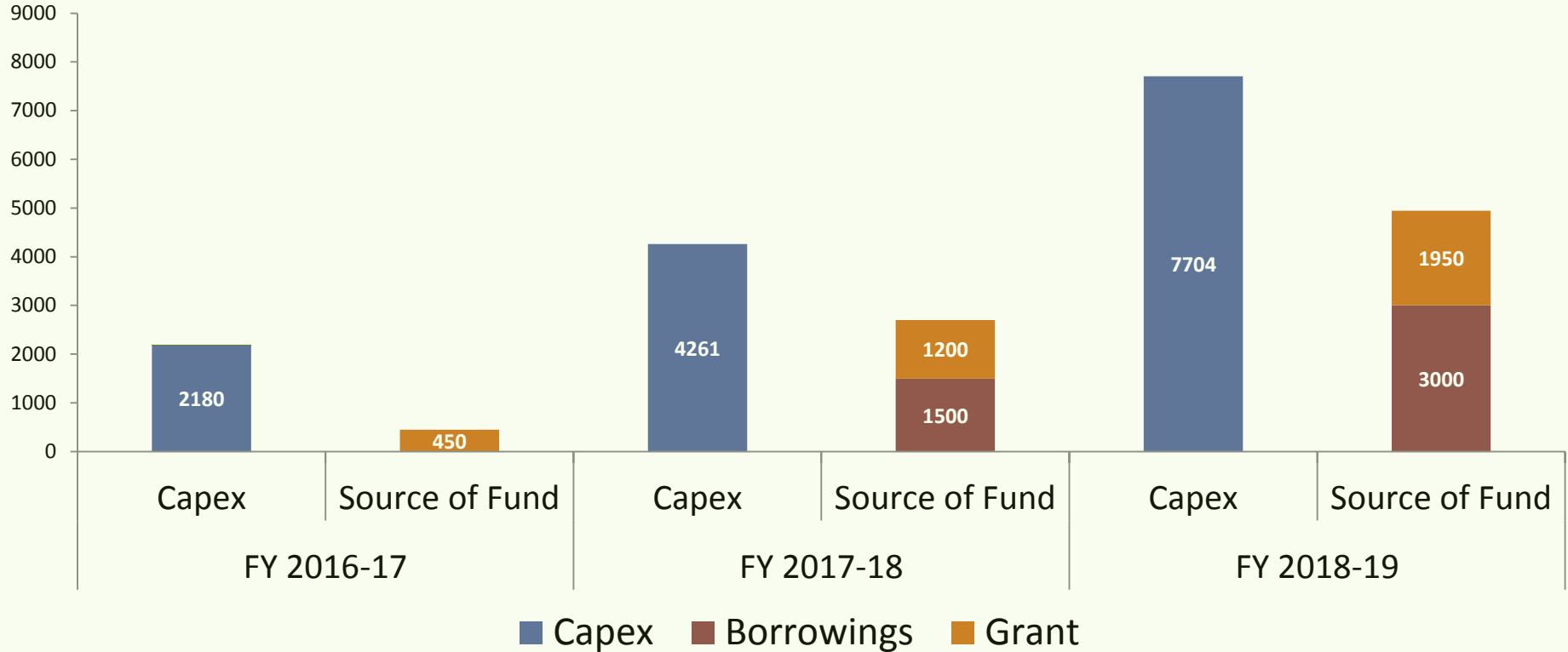


■ Pipeline ■ Petrochemical ■ BD/PD/Marketing/Process Plants ■ E&P ■ Equity Investments ■ Operational Capex

* capital expenditure include plan, non-plan and operational capex

Capex & Source of Funds

(in ₹ crore)



Industry Outlook



Energy Overview

- Natural Gas accounts for approximately 6.5% of total primary energy mix in India against the global average of 24%
- India: 3rd largest energy consumer in the world after China and USA
- Fastest growing energy consumer

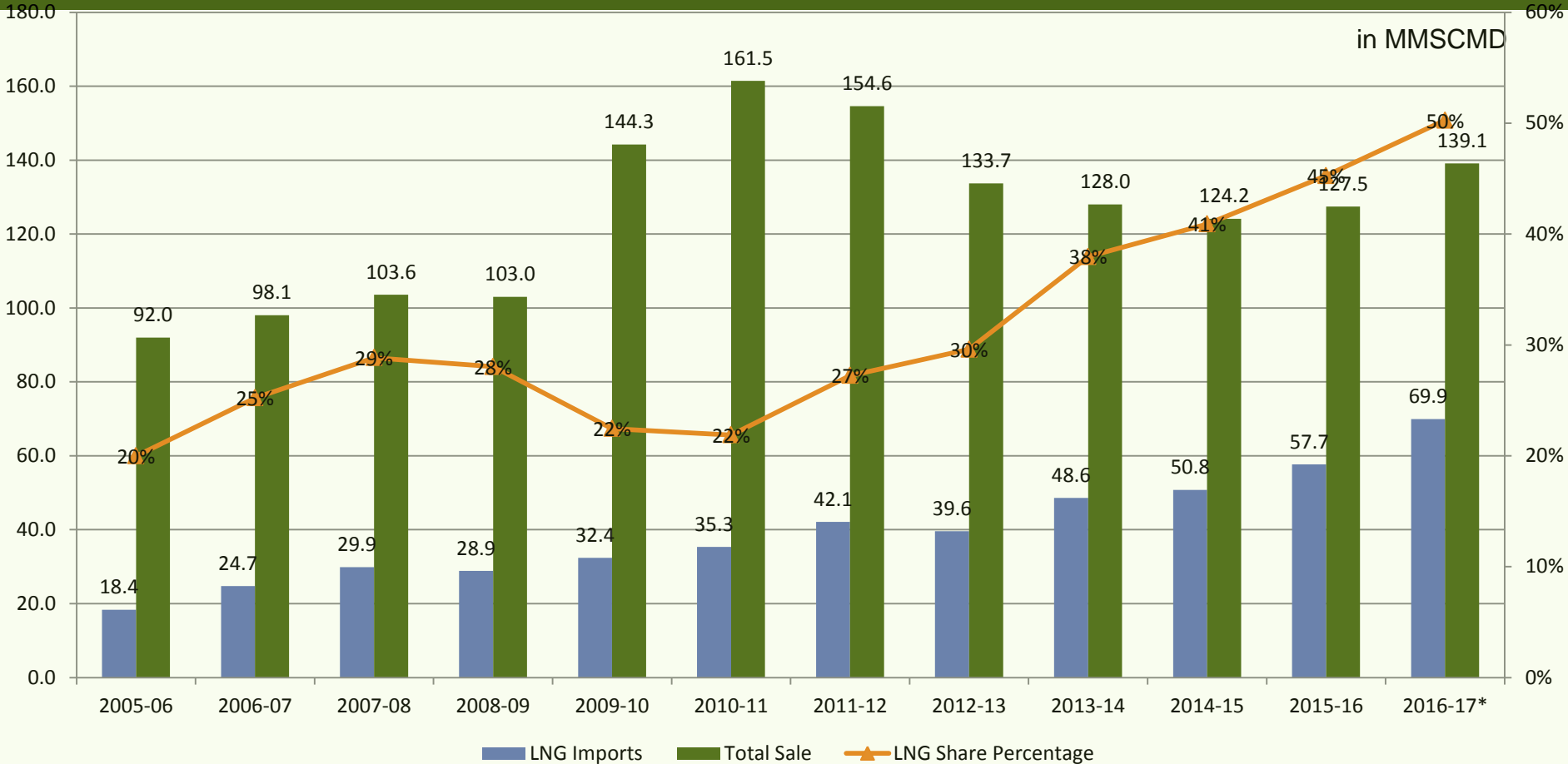
| Fuel Consumption | India's Global Rank |
|------------------------------|---------------------|
| Coal | 2 nd |
| Oil | 3 rd |
| Hydel / Nuclear / Renewables | 7 th |
| Natural Gas | 14 th |

Primary Energy Consumption

| Region | Oil | Natural Gas | Coal | Nuclear Energy | Hydro electric | Renewables |
|--------------|-------|-------------|-------|----------------|----------------|------------|
| World | 32.9% | 23.8% | 29.2% | 4.4% | 6.80% | 2.8% |
| Asia Pacific | 27.3% | 11.5% | 50.9% | 1.7% | 6.6% | 2.0% |
| China | 18.6% | 5.9% | 63.7% | 1.3% | 8.5% | 2.1% |
| India | 27.9% | 6.5% | 58.1% | 1.2% | 4.0% | 2.2% |

(Source: BP Statistical World energy Review, 2016)

Natural Gas Sales Profile



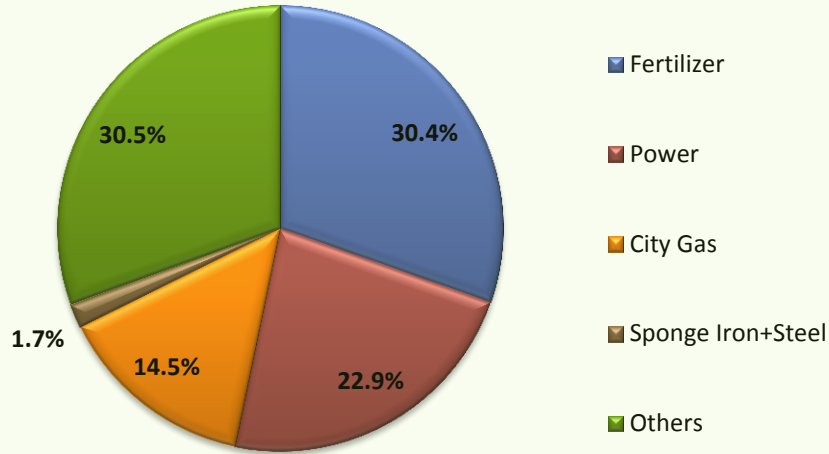
in MMSCMD

LNG Imports Total Sale LNG Share Percentage

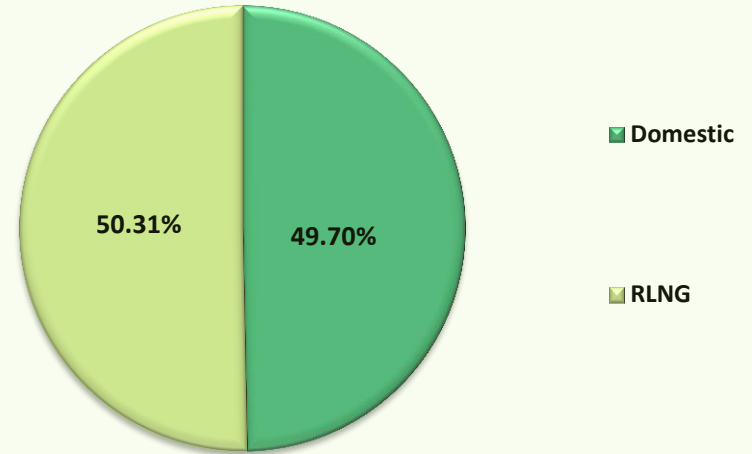
2016-17 figures are provisional

Consumption Pattern : India

Sector-wise Break-up



Gas-wise Break-up



Provisional Gas consumption during FY (2016-17), ~139 MMSCMD

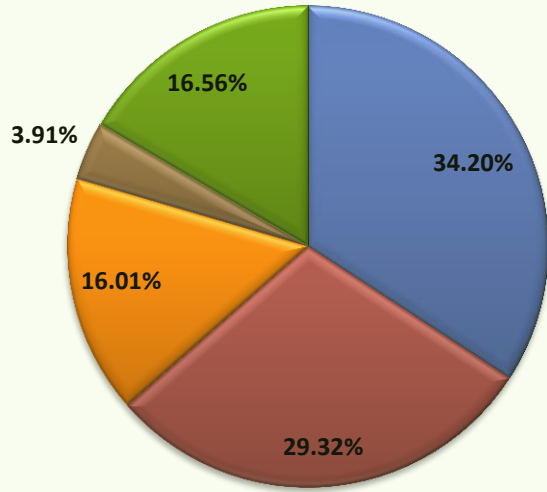
Power and Fertiliser - Anchor Markets

Industrial and City Gas - Growing Markets

Others includes Refinery, Petrochemicals, LPG, IC and Manufacturing etc.

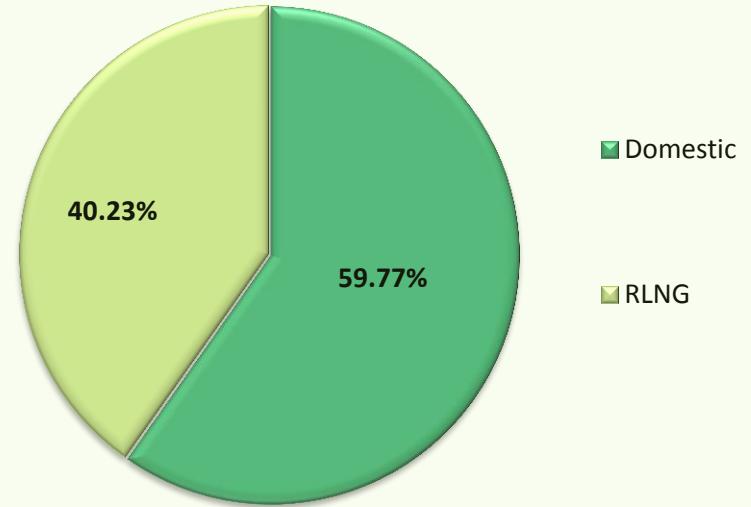
Natural Gas Sales: GAIL

Sector-wise Break-up



- Fertilisers
- Power
- CGD
- Steel+ Sponge Iron
- Others

Gas-wise Break-up

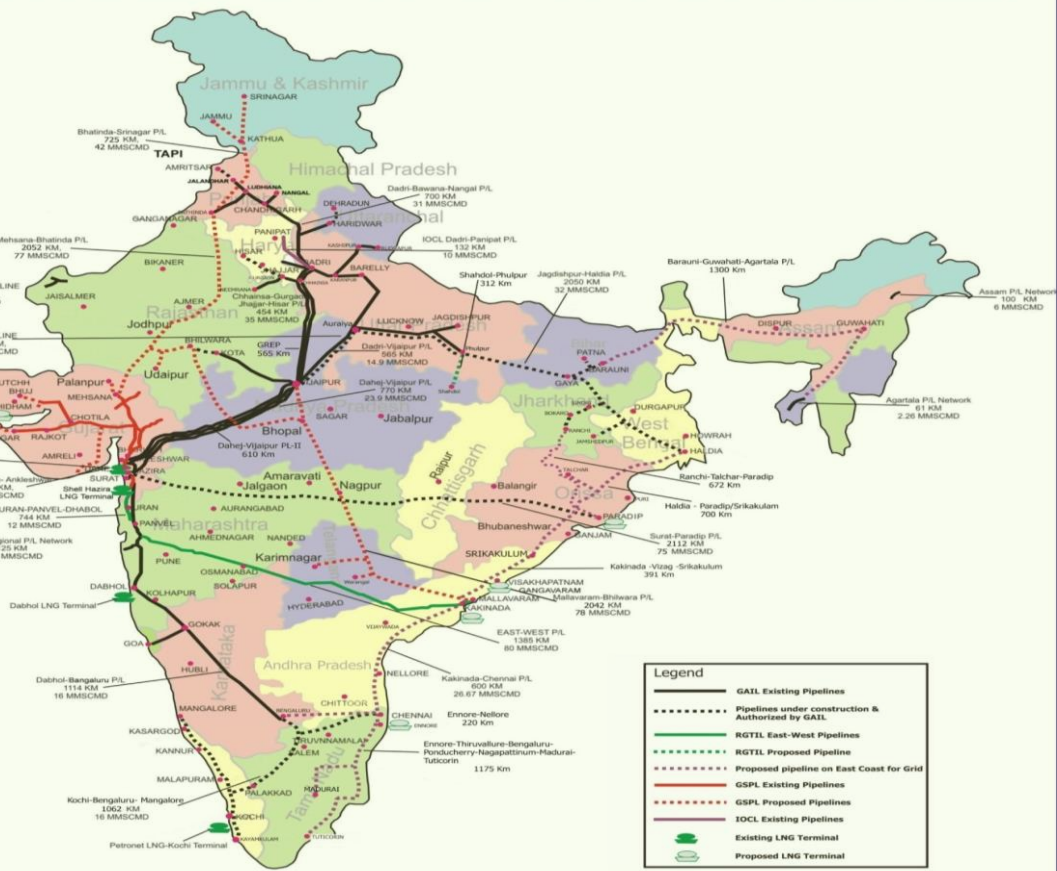


- Domestic
- RLNG

Others includes Refinery, Petrochemicals, LPG, IC and Manufacturing etc.

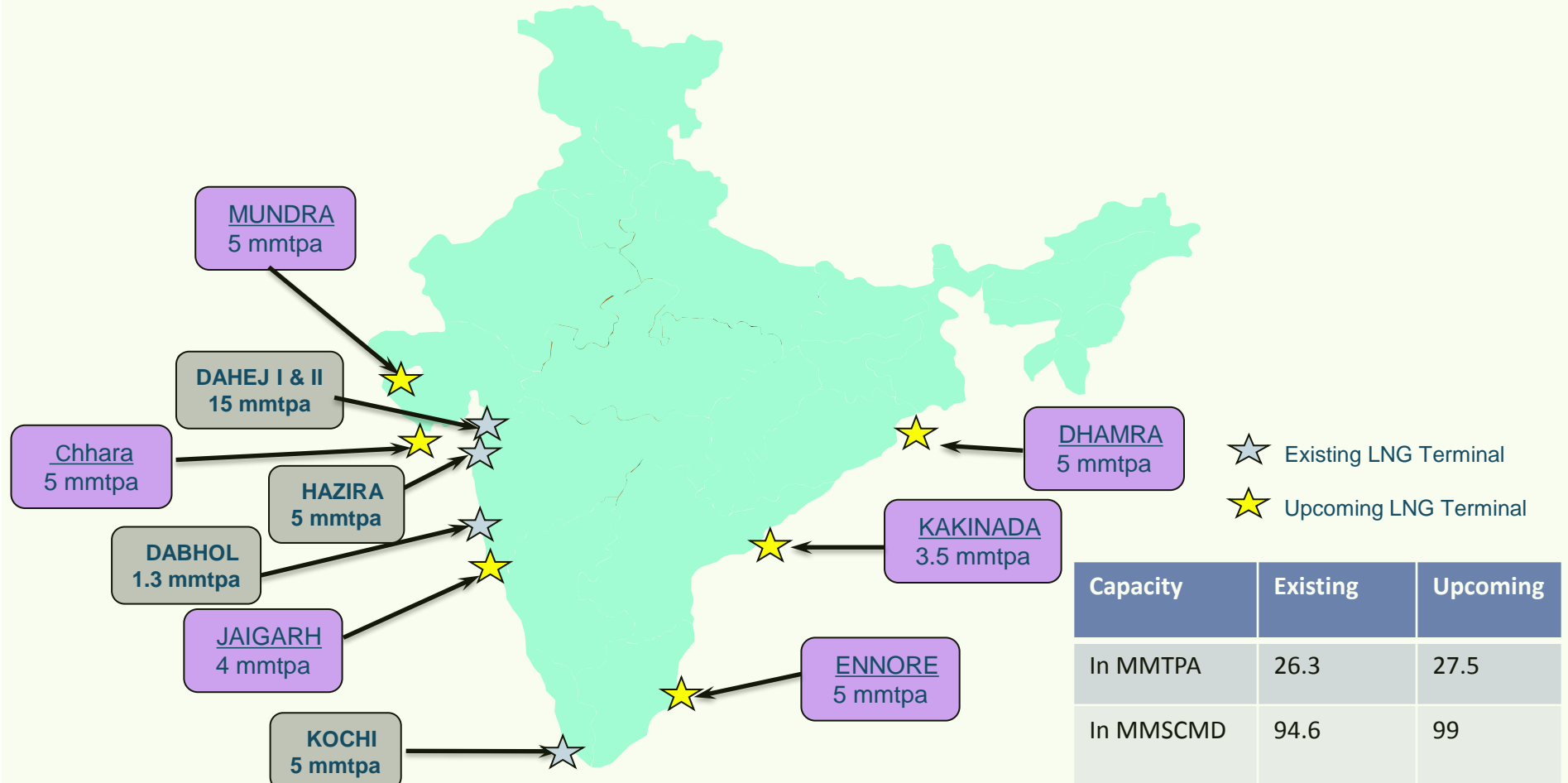
Natural Gas GRID Network

NATURAL GAS GRID NETWORK



| Category | Length & including Spurlines (Km) | Design Capacity (MMSCMD) |
|---|-----------------------------------|--------------------------|
| Existing Network | ~ 16550 | 434 |
| GoI authorized Pipelines being executed by GAIL | ~ 4300 | 32 |
| PNGRB authorized Pipelines since 2011 | 9240 | 485 |
| Pipelines yet to be authorized | 2000 | 24 (min.) |
| Total | ~ 32000 | 975 |

Re-gasification Capacity



Petrochemical business Outlook

- ❑ India's per capita consumption of plastics is just 11 kg vs. China per capita consumption of 38 kg.
- ❑ World average of per capita consumption of Plastics is around 28 Kg with US consuming as high as 60-70 Kg per capita
- ❑ Polymer demand growth is estimated to be 8-9% per annum and this represents huge upside for Plastics in general and GAIL in particular

*India's per capita is one of the lowest in Asia
India has big potential to grow & many opportunities*

Indian PE Demand v/s Capacity-Evenly matching

| | Actual | Projections | | |
|------------------|---------|-------------|---------|---------|
| (in KTA) | 2016-17 | 2017-18 | 2018-19 | 2019-20 |
| Demand | | | | |
| HDPE (1) | 2,105 | 2,557 | 2,761 | 2,982 |
| LLDPE (2) | 1,638 | 1,652 | 1,784 | 1,926 |
| PE (1+2) | 3,742 | 4,208 | 4,545 | 4,909 |
| Capacity* | | | | |
| PE (1+2) | 3,006 | 4,114 | 4,326 | 4,538 |

Major Highlights of GAIL's Petrochemical Business in FY 2016-17

- ❑ Sold 577 KTA of polymers, which is highest ever sales with estimated Sales Turnover of Rs. 5,710 crore
- ❑ Started Exports of polymers & sold 14,249 MTs during the year.
- ❑ GAIL's petrochemical segment turned profitable from PBT of Rs. (1,155) crore in FY 16 to Rs. 216 crore in FY 17

Growth drivers coupled with Capacity addition will result in growth in Top line as well as Bottom line for GAIL.

*Source: Study by ASSOCHAM & Industry Estimates

New Developments



Eastern India Development – Urja Ganga

- 2540 Km Gas pipeline project at the Cost of Rs 12940 Crore.
- Govt. of India will provide Capital Grant of Rs. 5176 Crore (i.e. 40% of Rs 12940 Crore) to GAIL.
- 5 States viz. Uttar Pradesh, Bihar, Jharkhand, Odisha and West Bengal, covering 40 Districts and 2600 Villages.
- Synchronized development of 7 City Gas Distribution Network (CGD) projects viz Varanasi, Patna, Jamshedpur, Kolkata, Ranchi, Bhubaneswar and Cuttack .
- For long term energy security, the first LNG Terminal in East Coast is also coming up in Dhamra (Odisha) under a joint venture of Public and Private Sector Companies.
- Revival of 3 Fertilizer Plants located at Gorakhpur, Barauni and Sindri and development of additional new City Gas Projects in Eastern India.

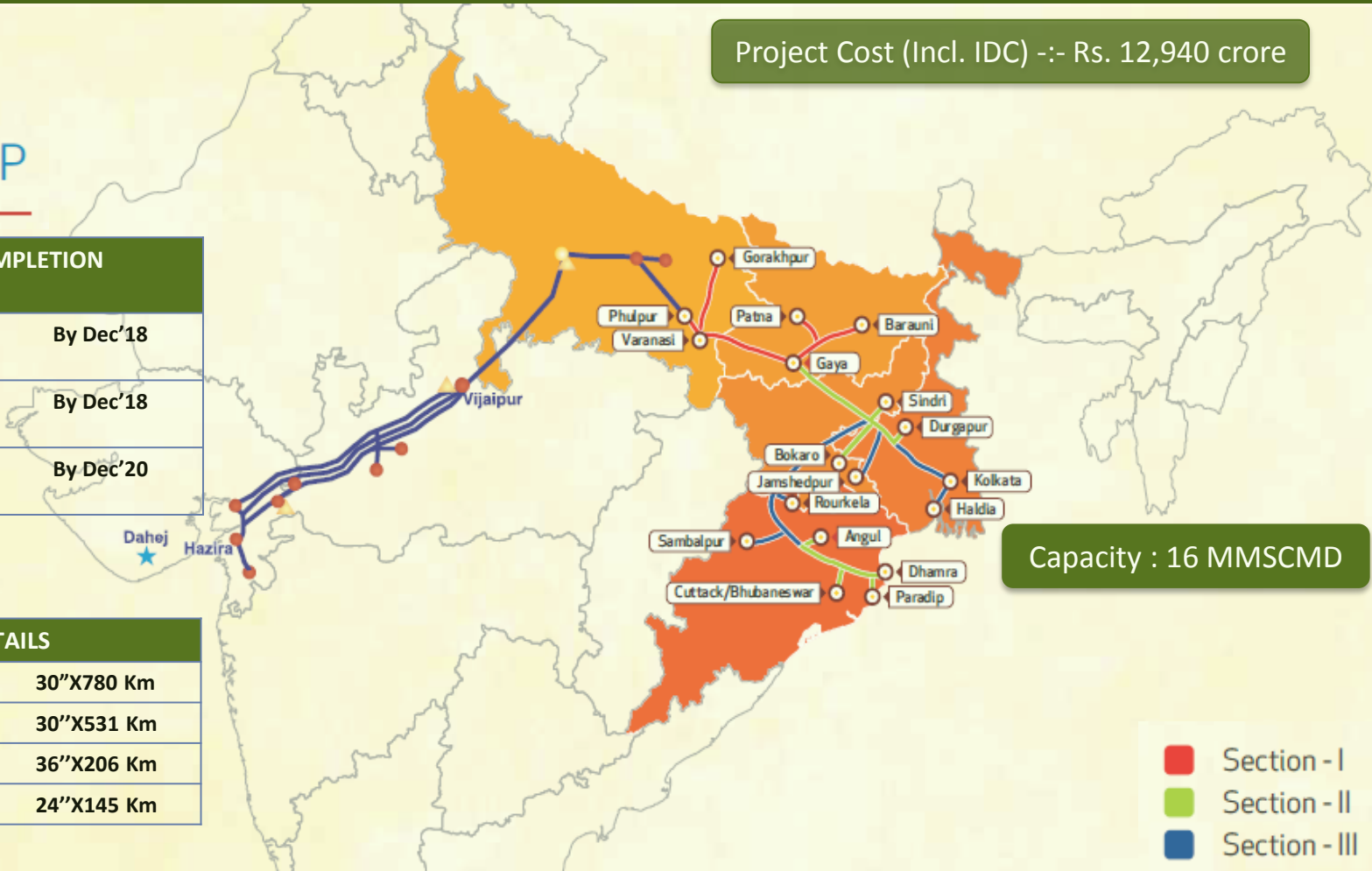
Jagdishpur - Haldia & Bokaro - Dhamra Pipeline (JHBDPL)

Project Cost (Incl. IDC) :- Rs. 12,940 crore

PROJECT ROUTE MAP

| SCHEDULED COMPLETION | |
|-----------------------|-----------|
| Section-I (759 Km) | By Dec'18 |
| Section-II (341 Km) | By Dec'18 |
| Section-III (1520 Km) | By Dec'20 |

| PIPELINE DETAILS | |
|------------------------|------------|
| Phulpur-Bokaro-Kolkata | 30"X780 Km |
| Bokaro-Ranchi-Angul | 30"X531 Km |
| Angul-Dhamra | 36"X206 Km |
| Kolkata TOP-Haldia | 24"X145 Km |



Capacity : 16 MMSCMD

Map Not to scale

CGD Infrastructure for Eastern India



Varanasi CGD

- ✓ CGD at Varanasi with initial investment of Rs. 350 Cr. for first five Years and Overall investment of Rs. 1000 Cr.
- ✓ 50000 PNG and 20000 CNG connection in 5 years.



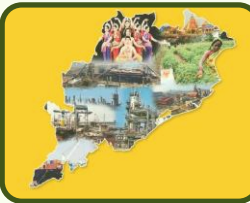
Patna CGD

- ✓ CGD at Patna with initial investment of Rs. 400 Cr. for first five Years and Overall investment of Rs. 800 Cr.
- ✓ 58000 PNG and 20000 CNG connection in 5 years.



Ranchi & Jamshedpur CGD

- ✓ CGD's with initial investment of Rs. 300 Cr. each for first 5 years and Overall investment of Rs. 800 Cr. each
- ✓ 58000 PNG and 20000 CNG connection in 5 years.



Bhubaneswar and Cuttack CGD

- ✓ CGD's with initial investment of Rs. 350 & 400 Cr. for first 5 years and Overall investment of Rs. 800 Cr. each
- ✓ 49000 PNG and 45000 CNG connection in 5 years.



Kolkata CGD

- ✓ CGD at Kolkata with initial investment of Rs. 700 Cr. for first 5 years and Overall investment of Rs. 2500 Cr.
- ✓ 140000 PNG and 50000 CNG connection in 5 years.

Future Demand Drivers



Future Growth Drivers

- Targeted policy framework for increasing the share of natural gas in energy basket to 15%
- 33%-35% reduction in Emission intensity of GDP by 2030 vis-à-vis 2005 levels – COP 21 NDC.
- Air Quality Concerns – Focus on replacement of HSD & FO by CNG/NG
- Tax reforms

Gas can play an important role as a Bridging Fuel during the transition to a lower emission intensity GDP regime

E&P: Vertical Integration

Portfolio of 12 blocks (2 in Myanmar)

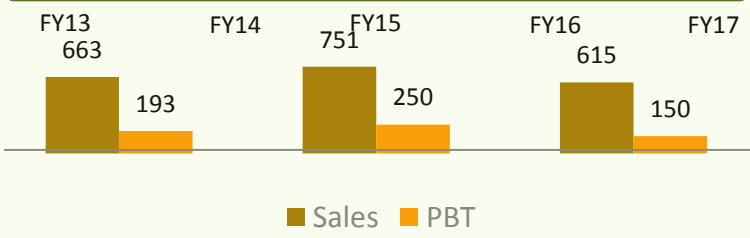


Reserves (as on 1st April 2017)

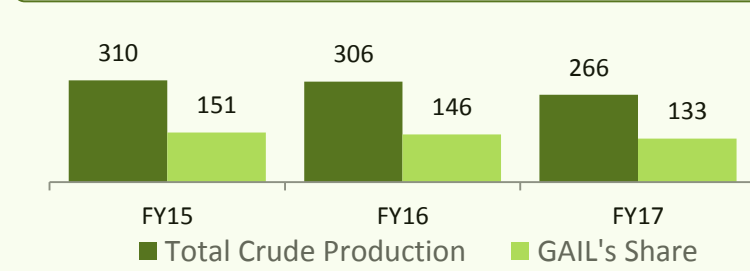
| | |
|-----------------------------|------|
| Crude Oil, India ('000 bbl) | 797 |
| Natural Gas, Myanmar (BCM) | 4.92 |
| Natural Gas, India (BCF) | 52 |



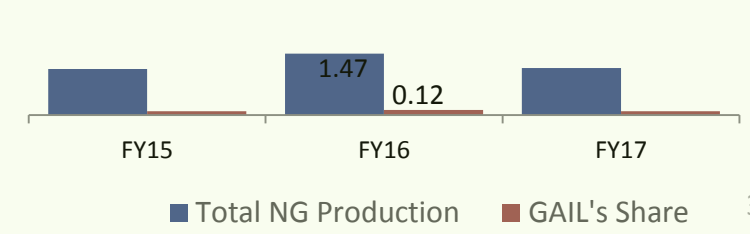
Net Sales & PBT (in ₹ Cr.)



Crude Production (in '000 bbl.)



NG Production (in BCM.)



Recent Key Developments

- Hydrocarbon discoveries have been notified in two NELP-IX Blocks (Cambay Onland and Gujarat Kutch Offshore)
- Activities commenced as per approved Field Development Plan of Tripura Onland block
- Drilling of 7 Exploratory Wells completed in GAIL Operated CB-ONN-2010/11 (NELP-IX) block (Gujarat)

Way Forward

- ❑ Developing new markets to increase share of Natural Gas in primary energy mix from current 6.5% to 15% by 2030
- ❑ Pipeline infrastructure expansion in East, North-East and Southern regions in synchronization with market development
- ❑ Focus on Last Mile Connectivity
- ❑ Advocacy for Natural Gas and Proactive role in shaping policies for gas based economy
- ❑ CGD expansion through JVs / subsidiaries for additional 40-60 cities
- ❑ Developing green corridor by setting up of CNG stations on National Highways/State Highways
- ❑ Setting up LNG regasification terminals & booking re-gas capacities
- ❑ Sourcing through transnational pipelines
- ❑ Focus on Returns through disciplined capital investment and sustainable cost efficiency
- ❑ Capturing opportunities in the energy's transition to a low-carbon economy

GAIL to be an Integrated Hydrocarbon Major with significant upstream & downstream presence

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Thank you

