

Investors' & Analysts' Meet

May 26, 2016, Mumbai



GAIL (India) Ltd.

India's Youngest Maharatna



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Agenda

Introduction

Performance Highlights

Industry Outlook & Strategy

Q&A



Overview: GAIL (India) Ltd.

India's No. 1 Natural Gas & youngest Maharatna Company with visibility across entire gas value chain



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

- Domestic market share ~ 15%
- Commissioned Petrochemical Plant expansion in Pata(UP) with capacity of 0.4 MMTPA (taking total capacity to 0.81)
- Participation in BCPL & OPAL

- 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 15 blocks (operator-2 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



Contributes more than **2/3rd** of the natural gas sold in India



Produces **1/5th** of the polyethylene produced in India



Responsible for **1/4th** of India's total LPG transmission



Produces every **13th** LPG Cylinder in India



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



Supplies gas for about **4/5th** of India's gas based power



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

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

Dedicated sustainability development policy with board level committee chaired by independent directors

2013 vs 2014 Rankings

Rank	Company (2014)	Rank	Company (2013)
1	M&M	1	Tata Steel
2	Tata Power Co	2	Tata Chemicals
3	Tata Steel	3	M&M
4	Larsen & Toubro	4	Maruti Suzuki India
5	Tata Chemicals	5	Tata Motors
6	Tata Motors	6	Siemens
7	GAIL (India)	7	Larsen & Toubro
8	BPCL	8	Coca-Cola India
9	Infosys	9	SAIL
10	Jubilant Life	10	Infosys

ETEnergyworld.com
An initiative of The Economic Times

Oil & Gas Coal Power Renewable Industry Policy Reports & Data

#Infosys #LarsenTco #GAIL (Corporate Planning) #GAIL #CCP India Climate Change 2015 Report #Carbon Disclosure Project CCP India

#Carbon Disclosure Leadership Index

GAIL emerges highest ranking PSU in Carbon Disclosure Leadership Index

GAIL emerges highest ranking PSU in Carbon Disclosure Leadership Index, secures 98 out of maximum 100, an increase of 12 points in one year.

ETEnergyWorld | 07 November 2015, 2:21 PM IST

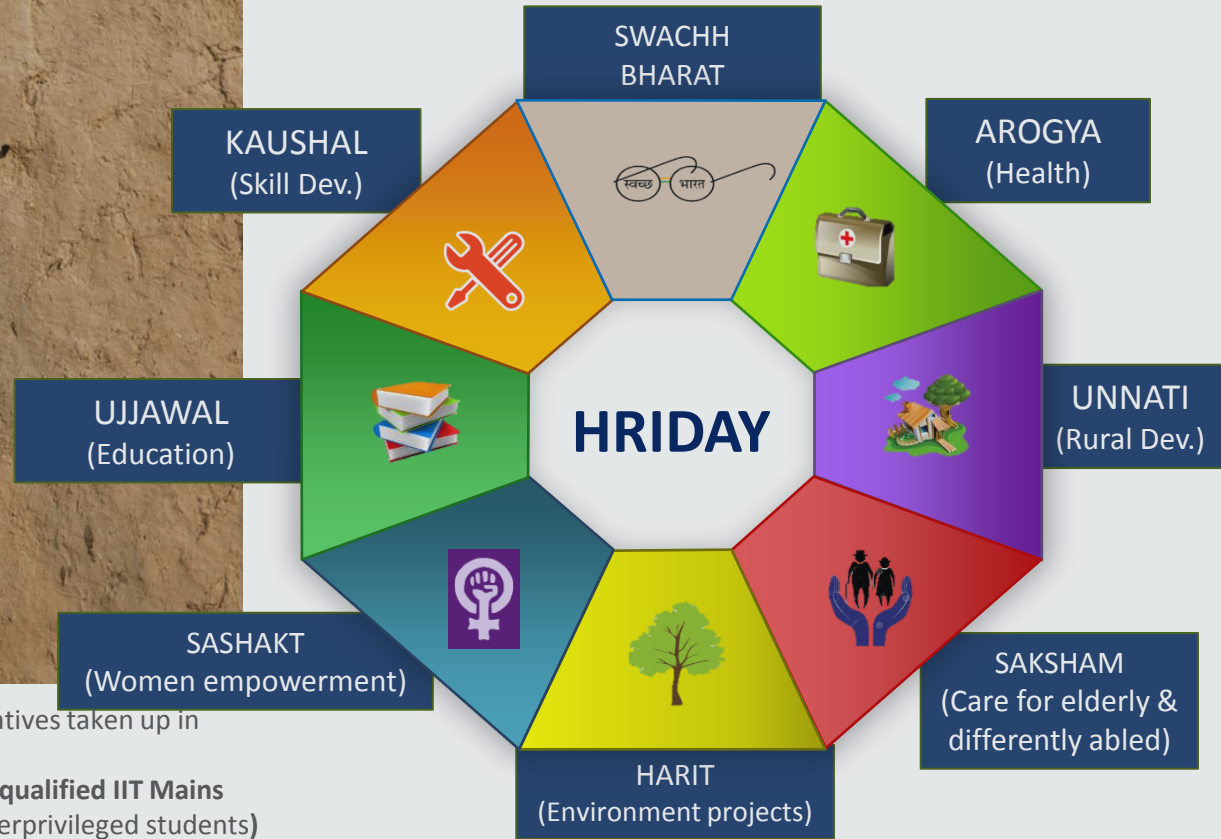


GAIL ranks amongst Top 10 Companies for CSR by The Economic Times

GAIL: 1st amongst PSUs & Utility Sector

GAIL @ COP 21 Paris
Only O&G PSU to join energy majors to highlight the steps by Indian O&G industry to combat climate change, releases corporate vision on climate change and became chapter lead for Improving Energy Efficiency

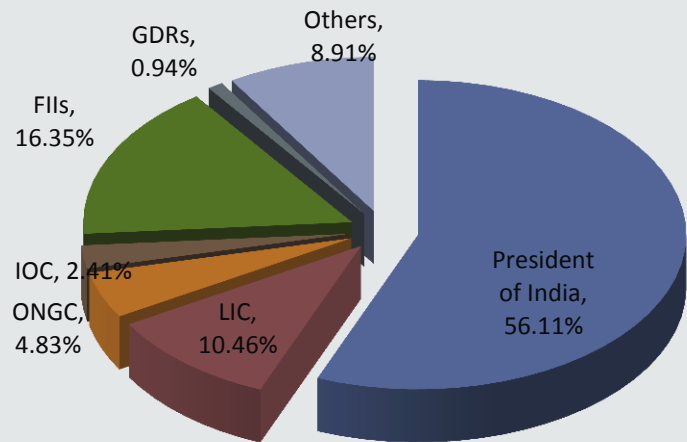
GAIL HRIDAY: Corporate Social Responsibility



- More than 8 Lac lives touched through various initiatives taken up in 2015-16.
- 94 out of 100 students from GAIL Utkarsh project qualified IIT Mains (the project extends free residential coaching to underprivileged students)
- Over 5000 candidates skilled through various Livelihood Generation and Skill Development Initiatives
- Preventive Healthcare Extended to in over 420 villages covering nearly 4.5 Lac people through 20 Mobile Medical Units in 07 states

CSR spending for FY 2015-16 : Rs. 161 Cr

Shareholding Structure & Share price movement



Top Shareholders other than GoI % Shareholding

Top Shareholders other than GoI	% Shareholding
LIC	10.46 %
ONGC	4.83 %
IOCL	2.41 %
LIC P&GS Fund	2.18 %
Matthews Pacific Tiger Fund	1.76 %

Dividend History(₹)

Year	Amount (₹/share)
FY 2015-16*	2.5
FY 2014-15	6
FY 2013-14	10.4
FY 2012-13	9.6
FY 2011-12	8.7
FY 2010-11	7.5

52 Wk. High/Low

25 Jun 2015	₹418
25 Aug 2015	₹260

Nearly 20 million shares of Rs. 10 face value is held by individual share holders

Performance Highlights



Major Highlights of FY 2015-16

Sales Turnover of ₹ 51,614 Cr & PBT of ₹ 3,173 Cr

Renegotiated Long Term RLNG contract with PLL ; Contracted additional volume of 0.3 MMPTA

Implemented Gas Pooling scheme for stranded power plants. Marketed 5.87 MMSCMD in FY 2015-16

Imported 55 LNG cargoes in FY16 (22 at Dhabol), RGPPL Power Block Supplied 1187 MUs to Railways under PSDF scheme

BCPL Commissioned – Dedicated to Nation by Hon'ble PM on 5th Feb 2016

Shareholders Agreement (SHA) & Investor Agreement (IA) of TAPI signed; GAIL's Equity 5%

Consortium of GAIL GAS and BPCL got authorization for CGD in Haridwar & North Goa

E&P Revenue from Myanmar (Net of Royalty & Govt. Share) ₹ 536 Cr

Capital expenditure - ~ Rs. 1512 Cr. in FY15-16

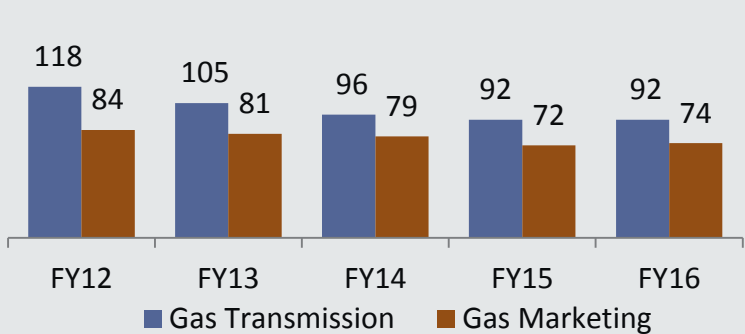
Loan Repayment during FY 2015-16 - ₹ 1,400 Cr

Credit Rating – Domestic 'AAA', International 'Baa2' (Moody) , BBB- (Fitch)

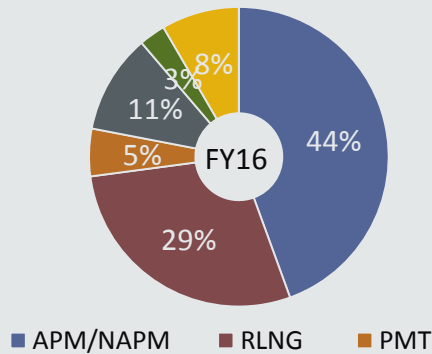
Physical Performance

Gas Volume Trend

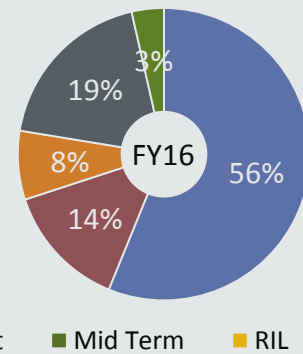
(MMSCMD)



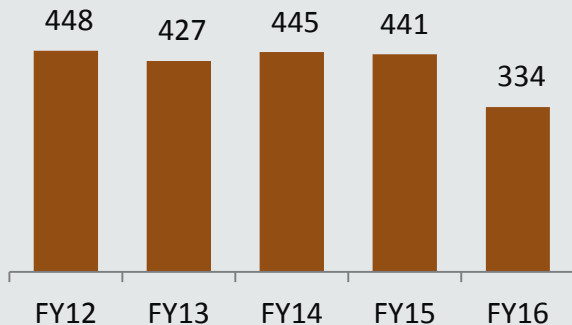
Gas Transmission Mix



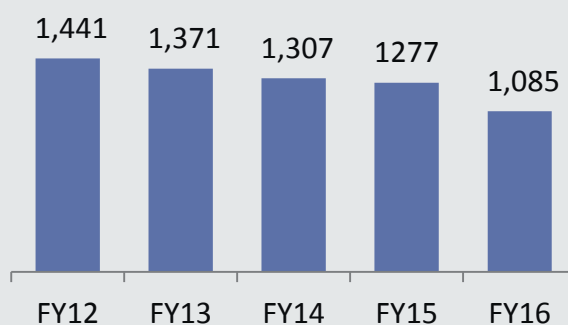
Gas Marketing Mix



Petrochemicals Sales

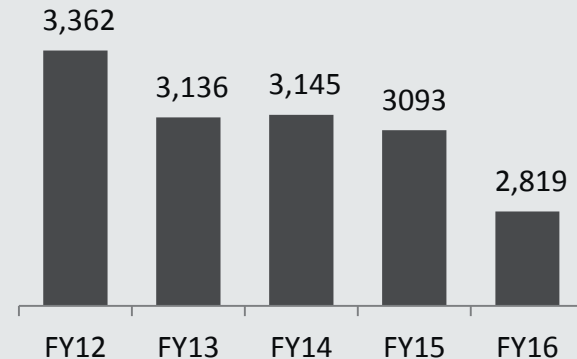


Liquid Hydrocarbons Sales



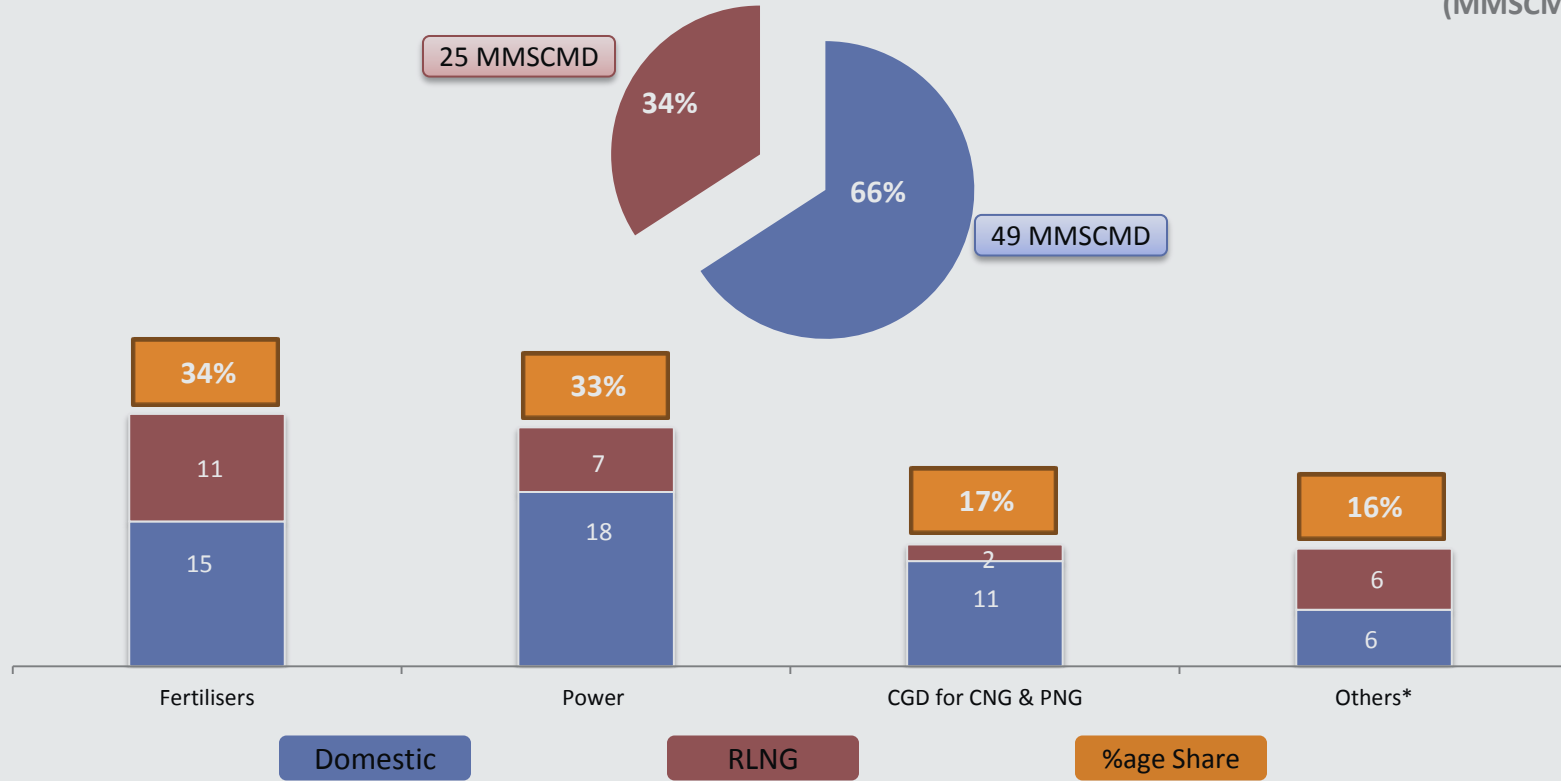
LPG Transmission

(TMT)



Gas Sourcing & Sector Wise Supply – FY16

(MMSCMD, % share)

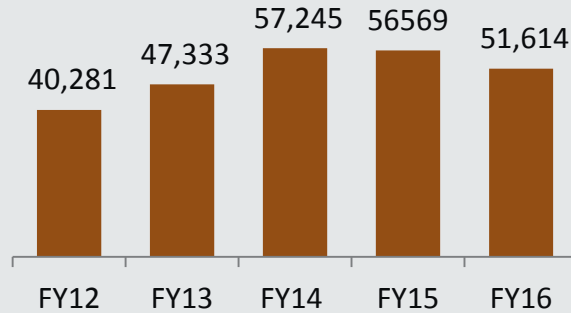


- Imported Gas primarily consists of Long Term RLNG, Mid Term RLNG and Spot
- Major sources for domestic gas are ONGC(APM & Non APM), PMT at APM & PSC prices ,Ravva, Ravva satellite etc.
- Highest demand of Natural Gas from Power & Fertilizer companies

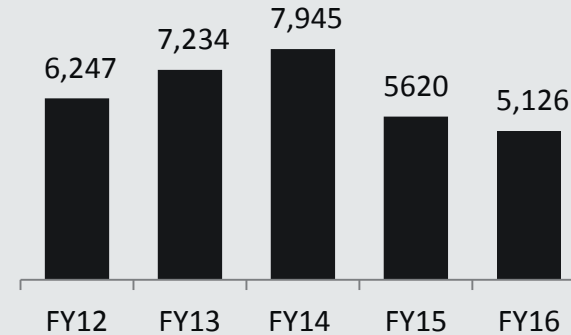
* Others include Steel, Refineries, Sponge Iron, Petrochemicals, GAIL Internal consumption etc.

Financial Performance (Standalone)

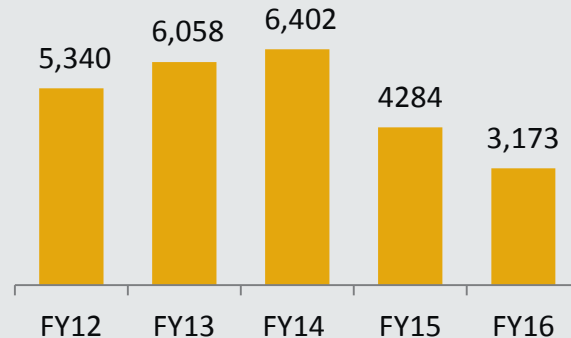
Sales (net of ED, in ₹ Cr.)



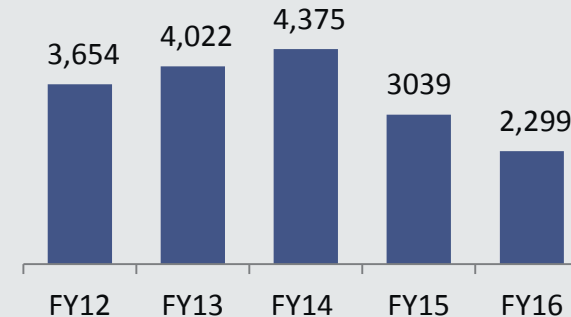
Gross Margin* (PBDIT, in ₹ Cr.)



PBT* (in ₹ Cr.)



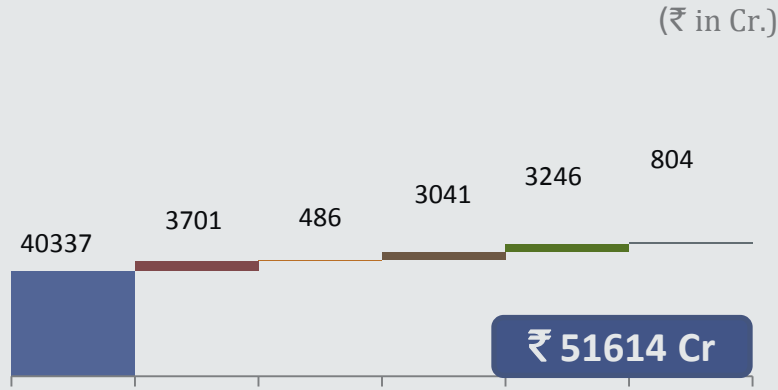
PAT (in ₹ Cr.)



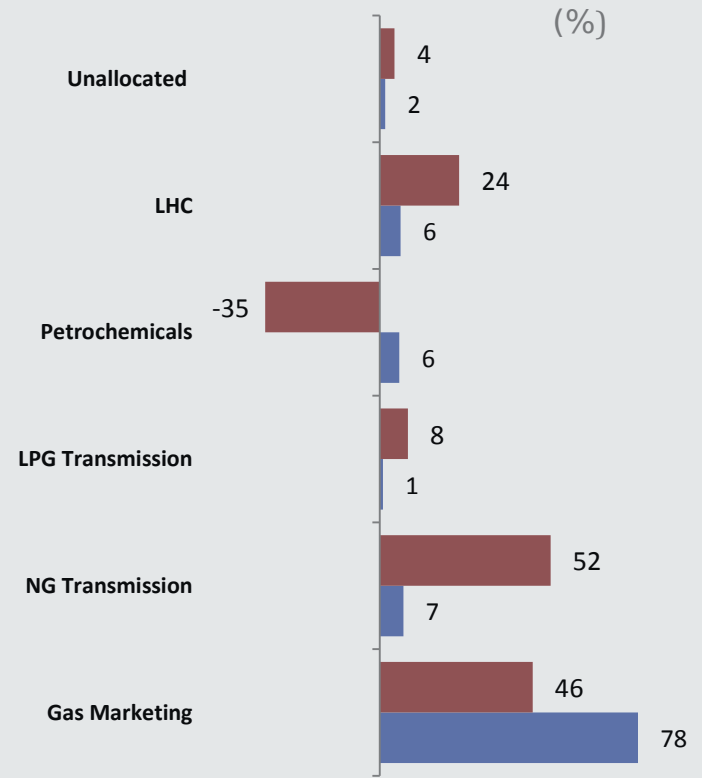
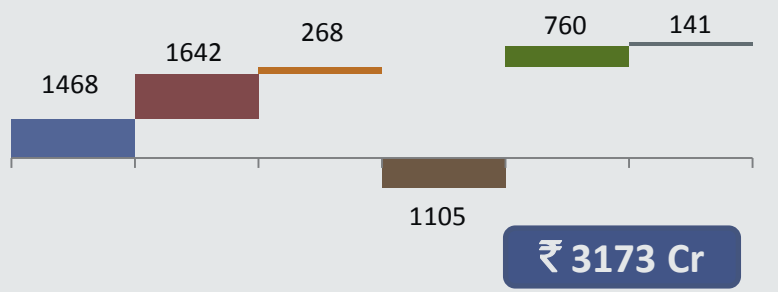
* Incl. exceptional items

Segment-Wise Breakup – FY16

Turnover (Net of ED)



Profit before Tax



■ Profit Before Tax ■ Turnover

Major Variance in Profitability – FY15 vs. FY16

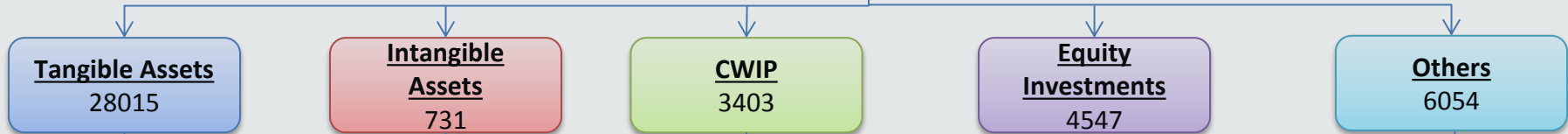
- ❑ Increase in Profitability of Gas Marketing Segment by ~ ₹ 800 Cr
- ❑ Increase in Gas Transmission Income due to Power Pooling by ~ ₹ 120 Cr
- ❑ No retrospective tariff reversal in FY2015-16 vis-à-vis FY2014-15. Impact ₹ 409 cr.
- ❑ Decrease in Petchem sales volume by 24 % led to impact of ~ ₹ (1100) Cr in Turnover.
- ❑ Decrease in Avg. Polymer Price by 12% in FY16 Vs. FY15-Impact ~ ₹ (400) cr.
- ❑ Decrease in Gas & Power cost of Petrochemicals by ~ ₹ 1100 Cr
- ❑ Decrease in LHC sales volume by 15 % led to a impact of ~ ₹ (900) Cr in Turnover .
- ❑ Decrease in Avg. LHC Price by 37% in FY16 Vs. FY15- Impact~ (1900) cr.
- ❑ Decrease in Gas cost of LHC by ~ ₹ 600 Cr
- ❑ Decrease in LPG Subsidy by ₹ 1000 Cr
- ❑ Increase in E&P revenues (Net of Govt. share & Royalty) by ~₹ 200 Cr
- ❑ Increase in Depreciation by ~ ₹ 300 cr.
- ❑ Increase in Interest expense by ~ ₹ 300 cr.
- ❑ Increase in CSR expense by ~ ₹ 100 cr.

Balance Sheet – 31.03.2016

(₹ in Cr.)



Capital Employed
42,749



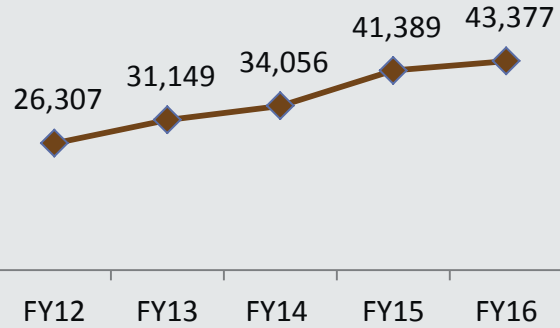
NG Pipelines incl. Comp.	25263
Petrochemicals	12177
LPG Pipeline	1791
LHC Plants	1471
E&P assets	1274
Wind Power	767
Others	633
Gross Block	43378
Less Accumulated Depreciation	14631
Net block	28746

Line pipes & related facilities	2832
Petrochemicals	124
Exploratory & Development Well in Progress	285
Others	162
CWIP	3403

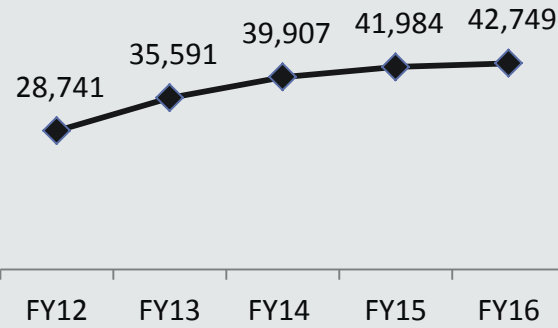
Working capital	2197
Non Current assets less Non Current Liability	3856
Others	6054

Financial Profile

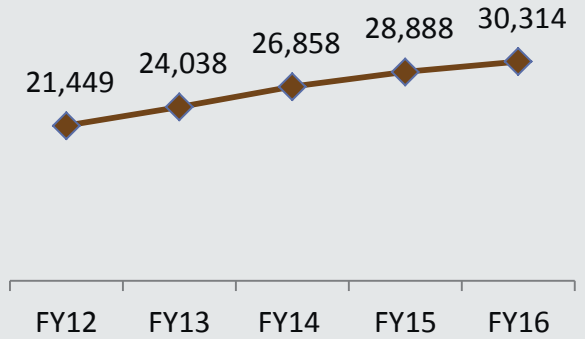
Gross Block (in ₹ Cr.)



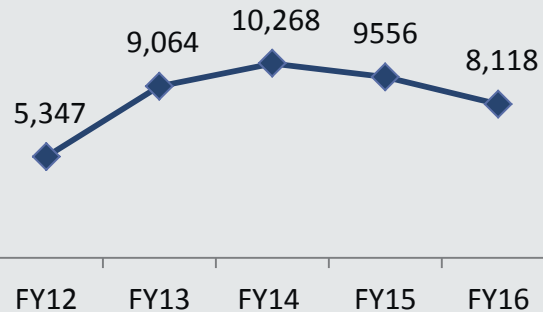
Capital Employed (in ₹ Cr.)



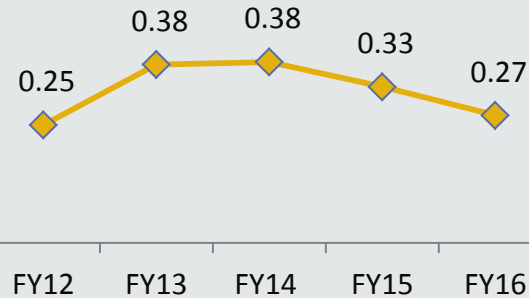
Net Worth (in ₹ Cr.)



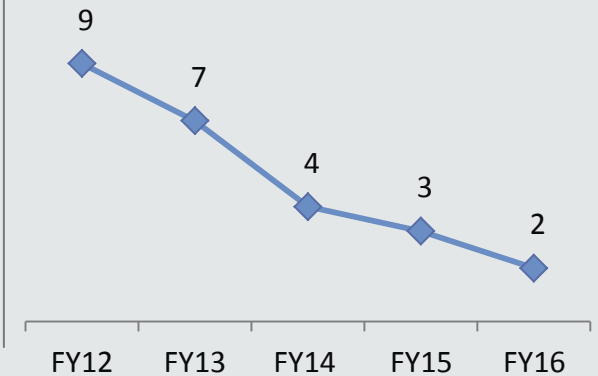
Loans (in ₹ Cr.)



Debt to Equity Ratio



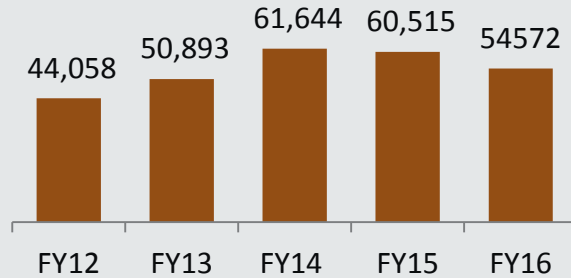
Debt Service Coverage Ratio (DSCR)



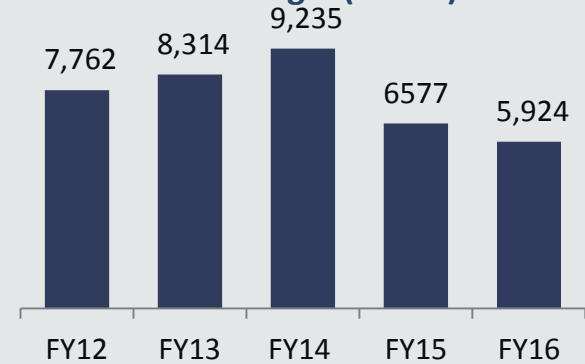
Financial Performance on Consolidated basis

(₹ in Cr.)

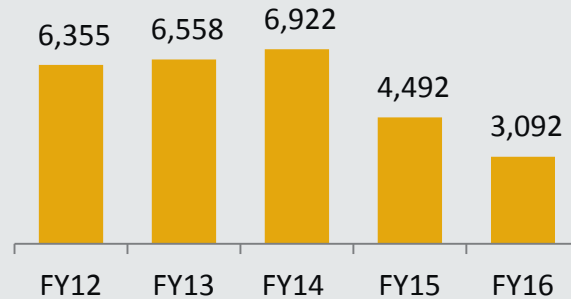
Sales(net of ED)



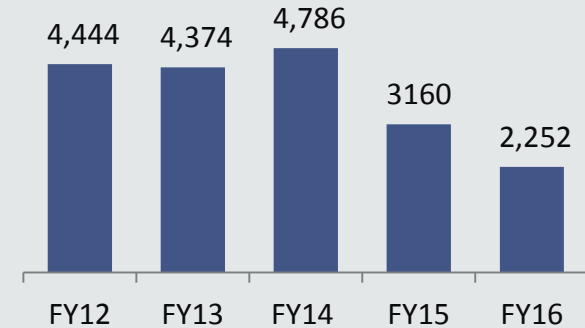
Gross Margin (PBDIT)



Profit before Tax

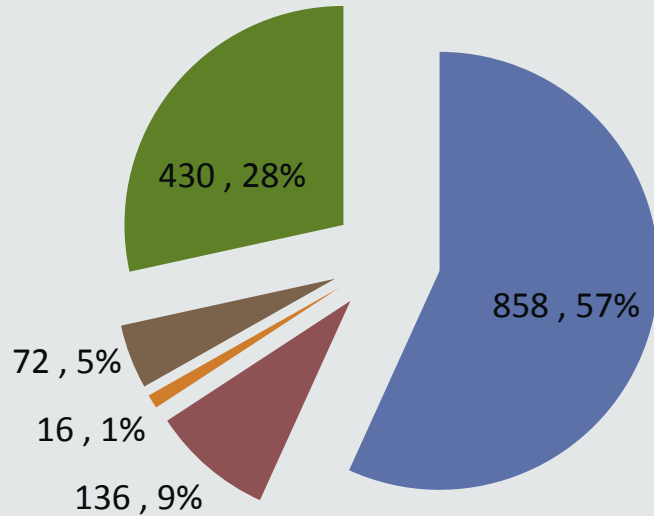


Profit after Tax



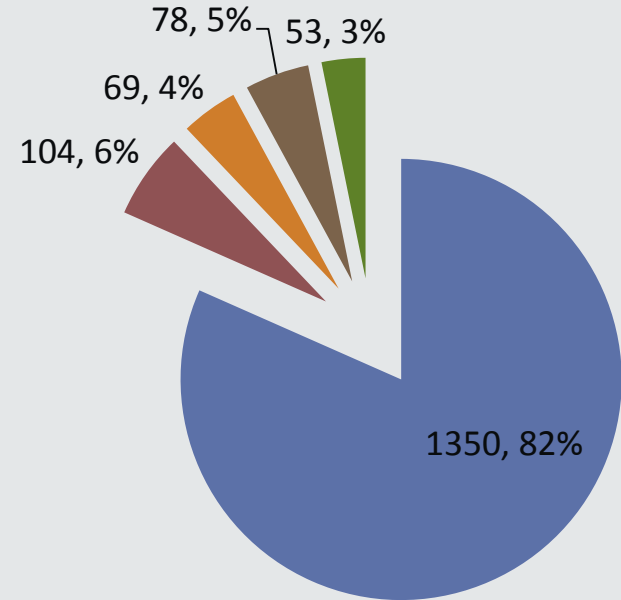
Capex & Borrowings

FY15-16
₹ 1512 Cr



FY16-17E
₹ 1650 Cr

(₹ in Cr.)



■ Pipeline ■ CGD ■ BD/INT SOURCES/PROJECT DEVELOPMENT ■ E&P ■ Petrochemical

Borrowings- Actual for FY 2015-16 is 'NIL'; Estimated for FY 2016-17 is 'NIL'

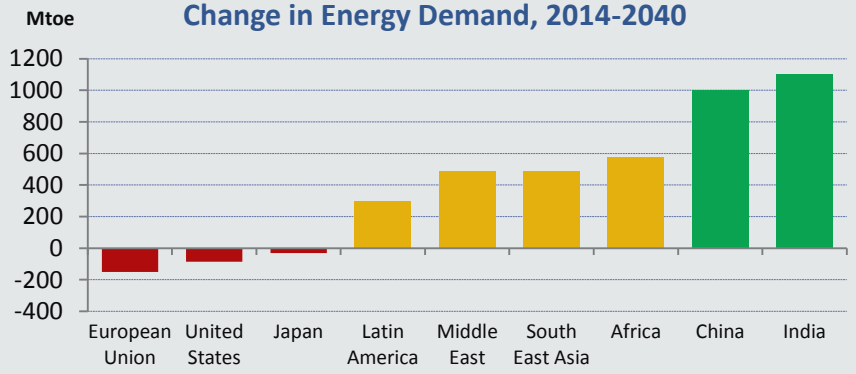
Industry Outlook & Strategy



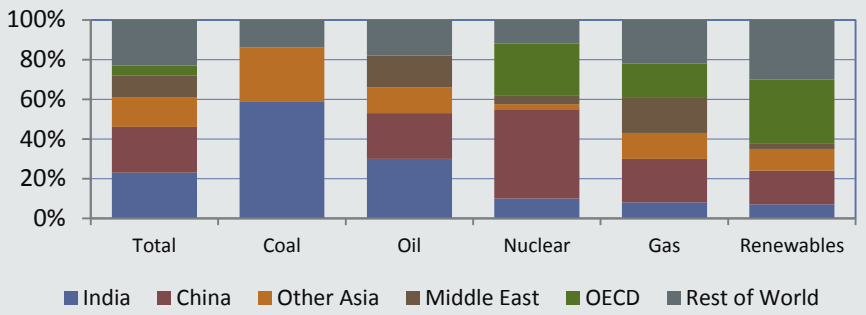
Projected Energy Demand: Role of Natural Gas

Source: World Energy Outlook 2015/IEA, 2015

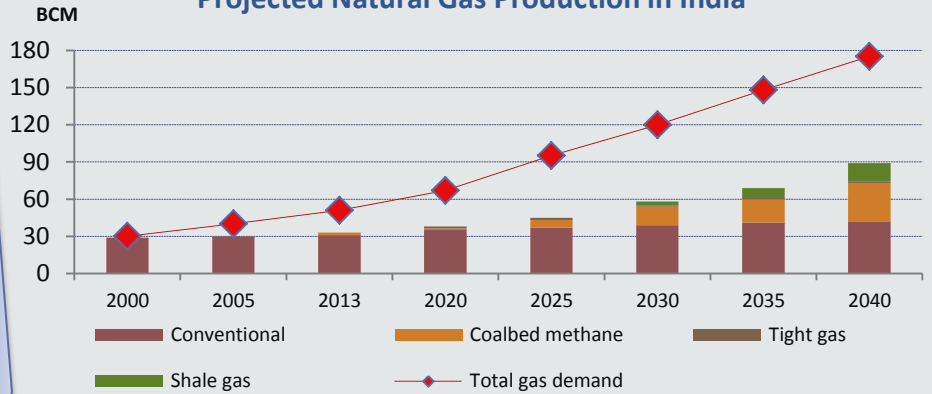
Change in Energy Demand, 2014-2040



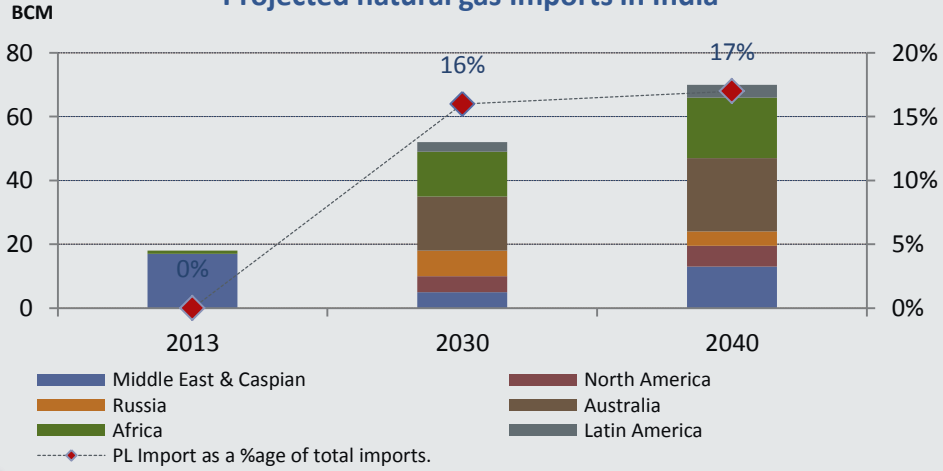
India's Share in world energy consumption growth by fuel, 2013-2040



Projected Natural Gas Production in India

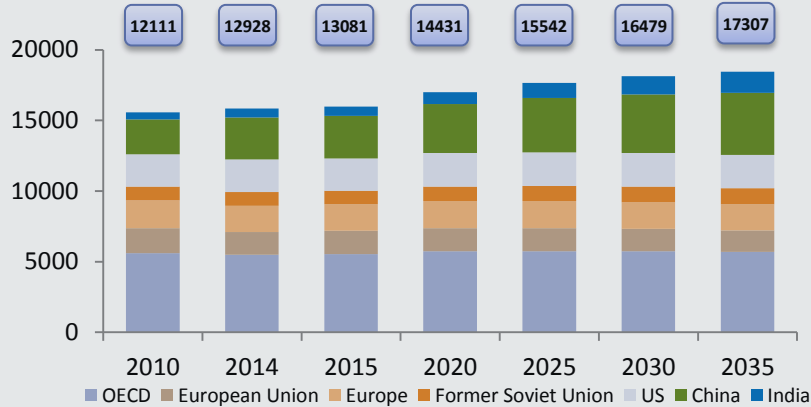


Projected natural gas imports in India

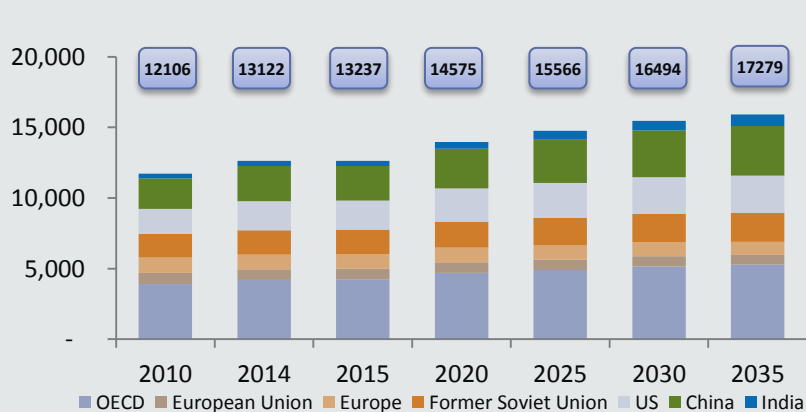


Energy Outlook 2035 : India & World

Incremental Energy Demand Outlook



Incremental Energy Production Outlook



India shows the fastest energy consumption growth among all major economies and remains import dependent.

+136%

Growth in India's energy consumption

9%

Share of global energy consumption in 2035

+123%

Growth in India's energy production

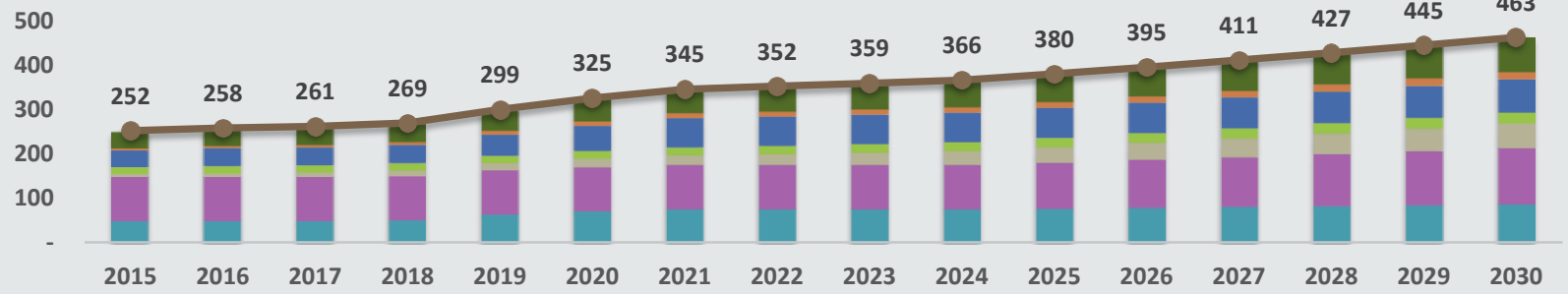
5%

Share of global energy production in 2035

- By year 2035, in India, demand for gas expands by 155%, followed by coal (+121%) and oil (+118%), while renewables rise by 656%, nuclear by 334%, and hydro by 99%.
- India's energy mix evolves very slowly over the Outlook, with fossil fuels accounting for 87% of demand in 2035, compared to a global average of 79%. This is down from 92% in 2014.
- Decline in oil production (-24%) is offset by increases in gas (+68%) and coal (+120%).
- India's energy production as a share of consumption declines from 57% in 2014 to 54% by 2035 as imports rise by 153%.

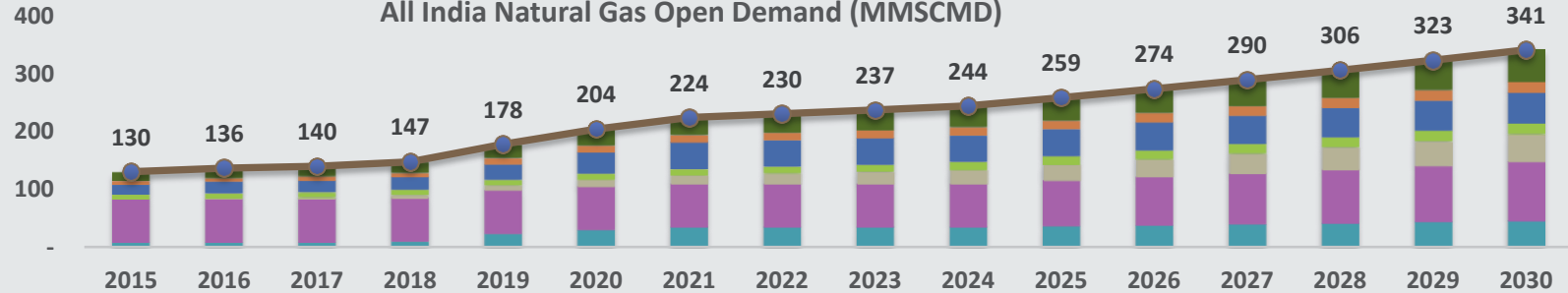
Demand Potential of Natural Gas in India

All India Natural Gas Demand Potential (MMSCMD)



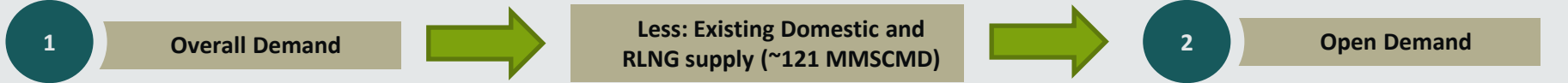
1

All India Natural Gas Open Demand (MMSCMD)



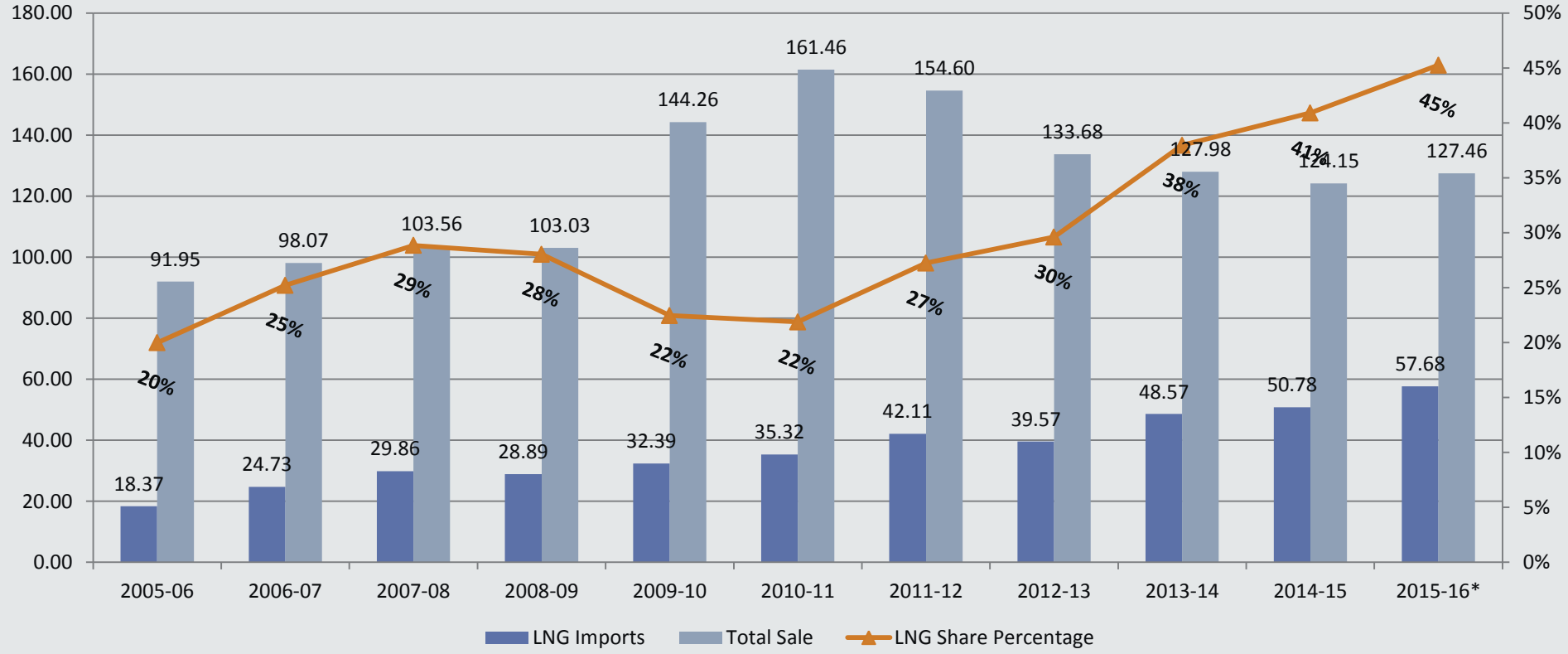
2

Fertilizer Power CGD (Dom&CNG) CGD (Com&Ind) Refinery/Pet. Captive Power Bulk Industrial - Grand Total



LNG Share in Gas Sales

in MMSCMD



Source: PPAC website data

Total gas sale = Domestic gas sale+ LNG imports. *Provisional data for 2015-16. It also includes sale of CBM of around 0.63MMSCMD.

Reliance LNG Import Data is included from 2013-14 to 2014-15 in LNG Imports.

Rising Petrochemical business

- ❑ CAGR of growth in \$40 billion Indian Petrochemicals industry ~ 14 %
- ❑ Indian Petrochemicals industry likely to reach \$100 billion by 2020
- ❑ 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)	2015-16	2016-17	2017-18	2018-19	2019-20
Demand					
HDPE (1)	2,192	2,367	2,557	2,761	2,982
LLDPE (2)	1,416	1,529	1,652	1,784	1,926
PE (1+2)	3,608	3,897	4,208	4,545	4,909
Capacity*					
PE (1+2)	2,630	3,902	4,114	4,326	4,538

Growth Drivers

- ❑ Robust economy
- ❑ Strong domestic market & shift from unorganized to organized
- ❑ Infrastructure development
- ❑ Urbanization/Rise of middle class
- ❑ Skilled work force
- ❑ More subsidy for Agriculture sector

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

Major Projects (On-going & Upcoming)

Vijaipur Auriya P/L (VAPPL)**
Length:- 672 Km,
Cost:-Over ₹4500 Cr.
Cap:- 8.9 MMSCMD

PHULPUR-DHAMRA-HALDIA-PIPELINE**
Length:- 2539 Km,
Cost:-Over ₹12190 Cr.
Cap:- 16 MMSCMD

Phenol-Acetone-Project*
Cost:-Over ₹ 2000 Cr.
Cap:- 108 KTPA(Phenol)
& 67 KTA (Acetone)



KKMBPL (Ph.-II)
Length:- 879 Km, Cost:-Over ₹ 2900 Cr.
Cap:- 16 MMSCMD

Map Not to scale
*Phenol-Acetone-Project
**To be commissioned in synchronization with anchor load customers

E&P: Vertical Integration

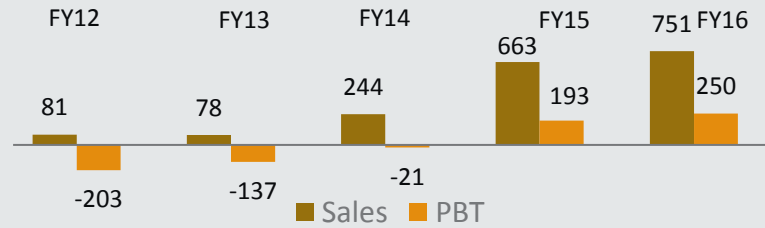
Portfolio of 15 blocks(2 in Myanmar)



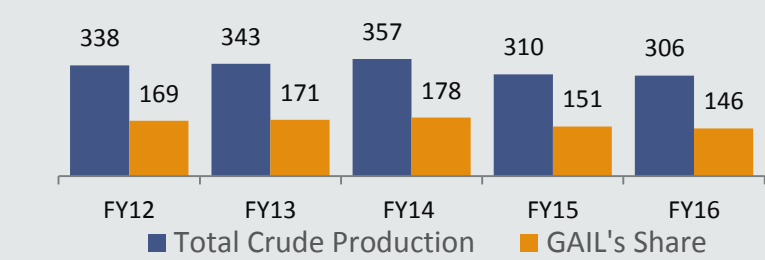
Reserves	
Crude Oil, India ('000 bbl)	930
Natural Gas, Myanmar (BCM)	5.34
Natural Gas, India (BCF)	52



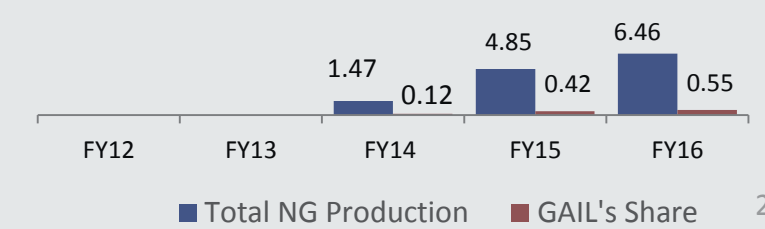
Net Sales & PBT (in ₹ Cr.)



Crude Production (in '000 bbl.)



NG Production (in BCM.)



Key Developments during FY 2015-16

1. Field Development Plan of Tripura Onland approved by Govt. - Gas in place 1.2 TCF & Recoverable Reserves 65 BCF. (GAIL's share 80%)
2. Drilling of 1st Exploratory Well started in GAIL Operated CB-ONN-2010/11 (NELP-IX) block (Gujarat)
3. Drilling initiated in 3 other NELP-IX Blocks

Way Forward

- ❑ JVs / subsidiaries for CGD expansion to 40-60 cities
- ❑ Sourcing through transnational pipelines
- ❑ Domestic tie-ups with operators of NELP-blocks
- ❑ Continues pipeline expansion
- ❑ Set up LNG regasification terminals & book re-gas capacities
- ❑ Unlock demand across customer segments
- ❑ Focus on Last Mile Connectivity
- ❑ Reduce carbon footprint – Create renewable portfolio

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

Thank You



Our Touch Points

For Institutional Investors & Analysts



Shri R C Gupta,
Executive Director (Finance & Accounts)
E-mail ID: rcgupta@gail.co.in

For Retail Investors



Shri A K Jha,
Company Secretary
E-mail ID: ak.jha2@gail.co.in



GAIL (India) Ltd.

India's **Youngest** Maharatna

16, Bhikaiji Cama Place, R.K. Puram, New Delhi-110066

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