



GAIL (India) Ltd.

India's Youngest Maharatna

Investors' Presentation

April 21-28, 2018

Abu Dhabi | London | New York | Boston | San Francisco



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Agenda

Introduction

Performance Highlights

Industry Outlook & Opportunities

Q&A



Introduction



Overview: GAIL (India) Ltd.



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



- Domestic market share ~ 15%
- Petrochemical Plant in Pata(UP) with capacity of 0.81 MMTPA + 0.28 MMTPA in BCPL



- 6 Gas Processing Plants producing LPG, Propane, Pentane, Naphtha etc. (1308 TMT)
- LPG Transport Capacity 3.8 MMTPA (2038 Km.)



- E&P-a part of vertical integration
- Participation in 10 blocks (operator-1 blocks)
- Presence in Myanmar & US



- 118 MW Wind Power Plant and 10.7 MW Solar Power
- Participation in RGPPL (Capacity 1967 MW)



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



Contributes
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
21th
LPG Cylinder
in India



Supplies gas for
about
3/4th
of India's fertilizer
produced



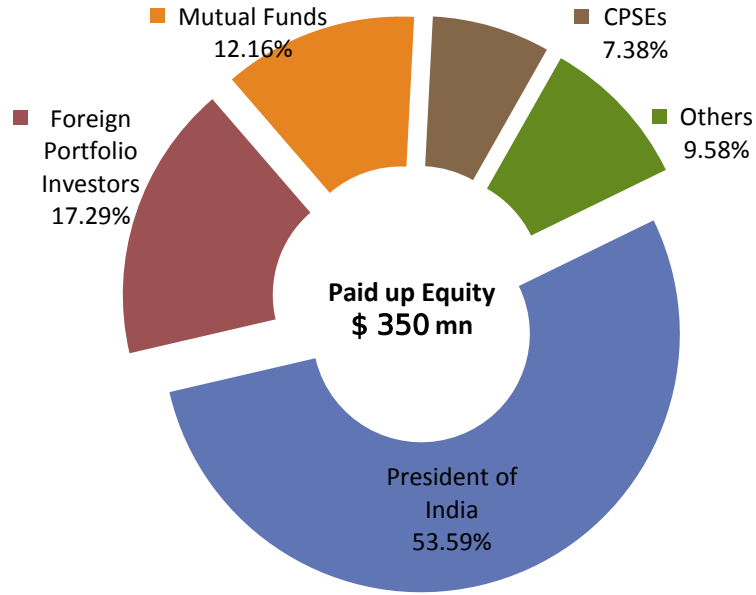
Supplies gas for
about
3/4th
of India's gas based
power



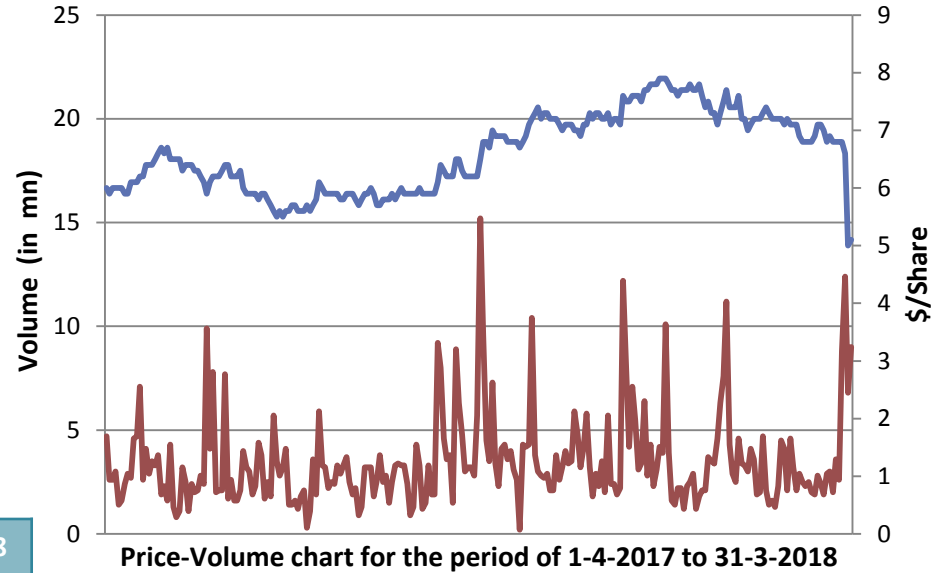
Operating more
than
2/3rd
of India's total CNG
stations



Shareholding Structure & Share price movement



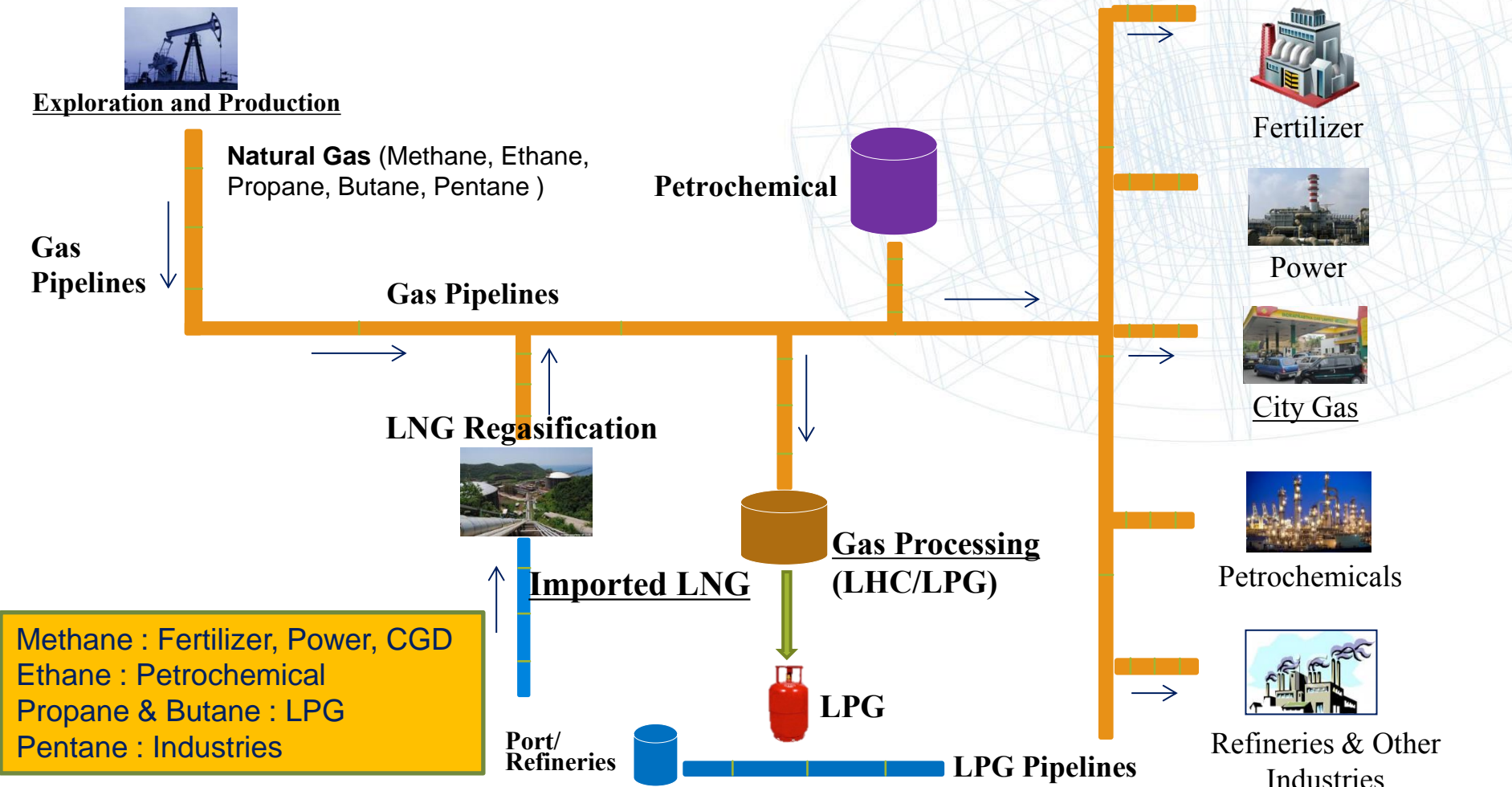
Market Capitalization as on 31st Mar'18: \$ 11,506 mn



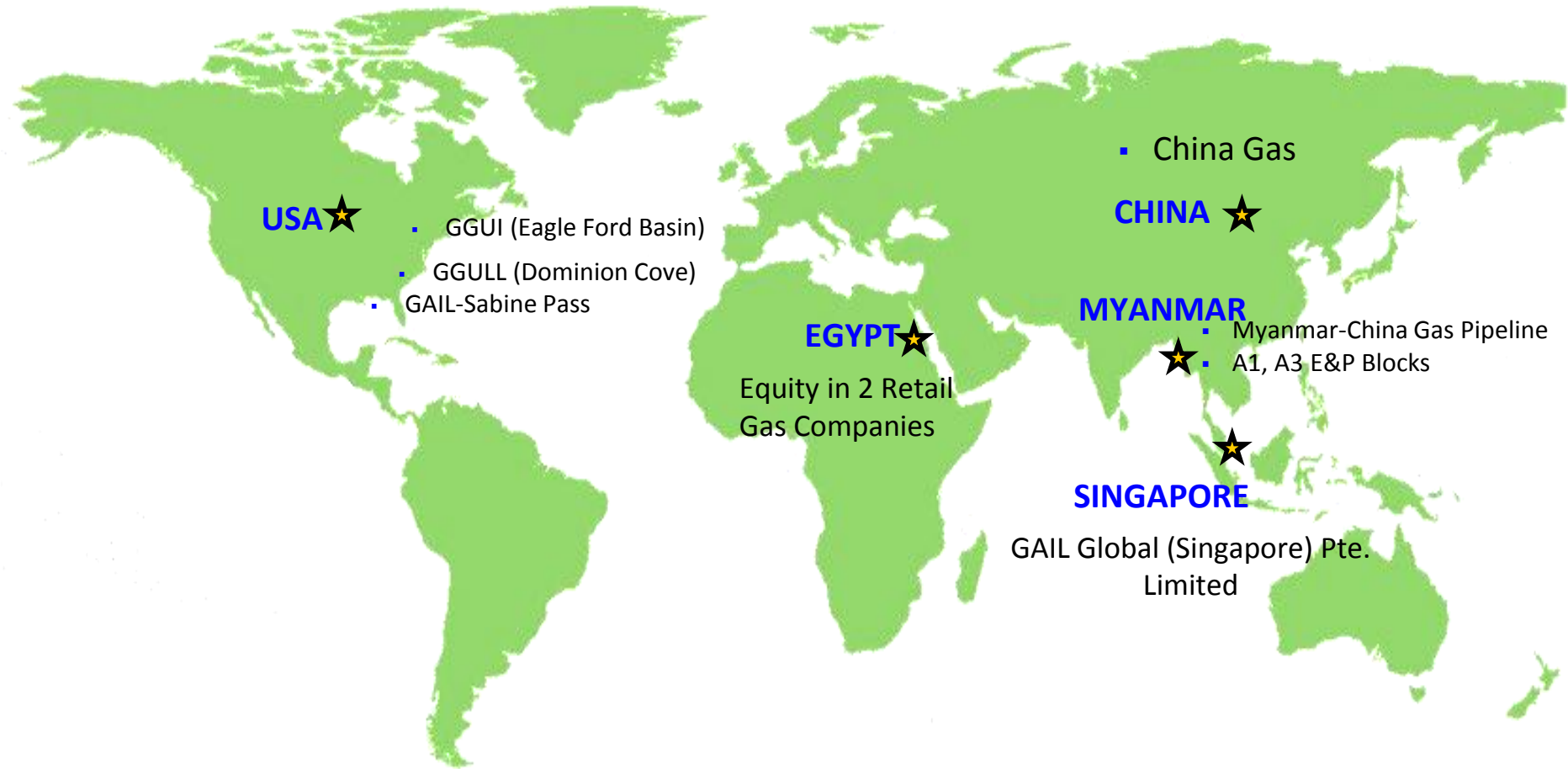
Year	13-14	14-15	15-16	16-17	17-18
Dividend Declared (\$/Share)	0.17	0.10	0.08	0.17	0.12*
Dividend Pay-out Ratio	30	25	31	44	

- GAIL Issued one bonus share for every three shares held in FY 2017-18
- Shareholding of President of India came down from 54.43 % to 53.59 % on account of divestment via CPSE ETF

Presence in Gas Value Chain

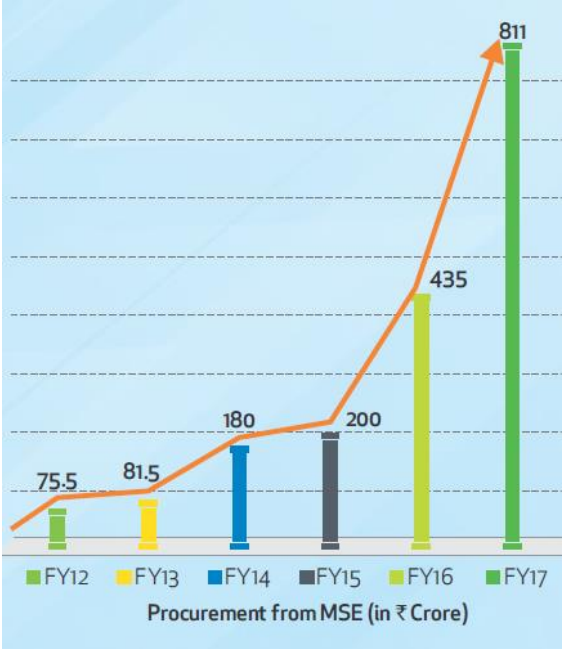


Global Presence



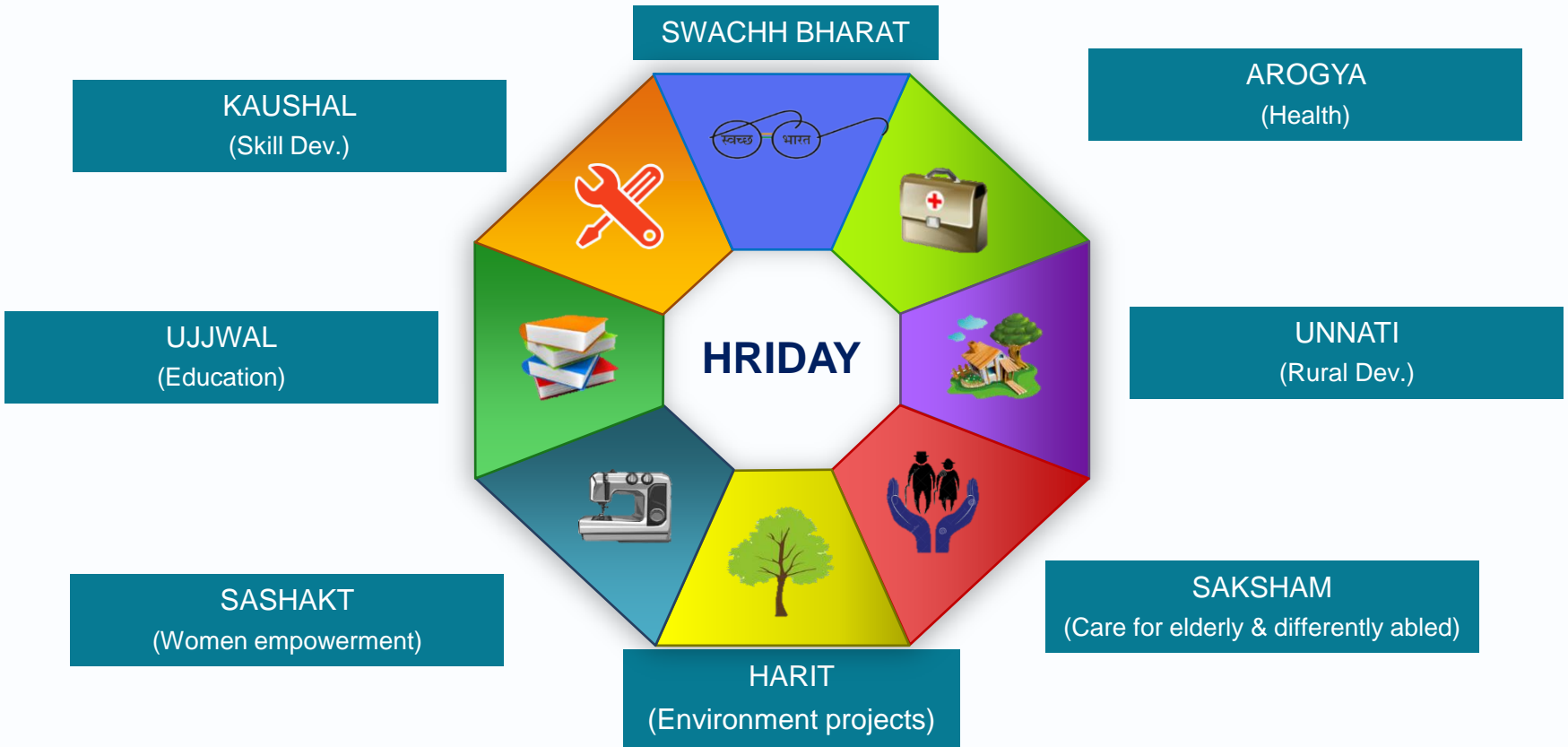
GAIL's Commitment to Sustainable Development

- ❑ In FY 17-18 GAIL installed India's second largest solar PV rooftop of 5.76MW at the country's largest natural gas based petrochemical complex at Pata.
- ❑ This led to total renewable portfolio of GAIL to over 128 MW
- ❑ GAIL is now the a part of 'FTSE4 Good Emerging Market Index'
- ❑ GAIL is committed to Sustainable Development Goals





GAIL Hriday – CSR Initiative of GAIL



GAIL has incurred 2.26% and 2.6% of the average Profit of the preceding 3 years on CSR in FY 2016-17 and FY 2017-18 respectively against the stipulated 2% spend as per the statute.

Performance Highlights



Major Highlights of FY 2017-18

GAIL's First LT-LNG cargo from USA to India - 'Meridian Spirit' received at Dabhol on 30th March 2018

GAIL favourably renegotiated LT Gas Purchase Contracts with Exxon Mobile & Gazprom

De-merger of LNG Block at RGPPL is approved; New Entity Konkan LNG Pvt Ltd. commenced business

Commissioning of Bhubaneswar CGD Operations, many more to follow in coming months

Gross Turnover of ~ \$ 5,946 mn and PAT of ~ \$ 559 mn for the period up to Q3 FY18

Received Capital Grant of \$ 62 mn in Q3 FY18 (Cumulative Grant \$ 130 mn) for PM Urja Ganga Project

Interim Dividend paid @ 76.5% of paid up equity share capital for FY 2017-18

Bonus Shares Issued - 1 Equity share for every 3 Equity shares held

Capex of ~ \$ 621 mn in FY 2017-18

Major Highlights of FY 2017-18

Loan Repayment of ~ \$ 468 mn including prepayment of ~ \$ 140 mn

PNGRB Authorized Barauni-Guwahati P/L (1,300 km) to GAIL

New Long Term Tie-ups for Sale of Natural Gas ~ 3.36 MMTPA

Additional Long Term Tie-up with existing Customers ~ 1.67 MMTPA

Sale of Gorgon RLNG commenced from Kochi Terminal

RLNG Supply commenced to RGPPL ~ 0.5 MMTPA

Major Contracts for PM Urja Ganga Project Awarded, Execution in full swing

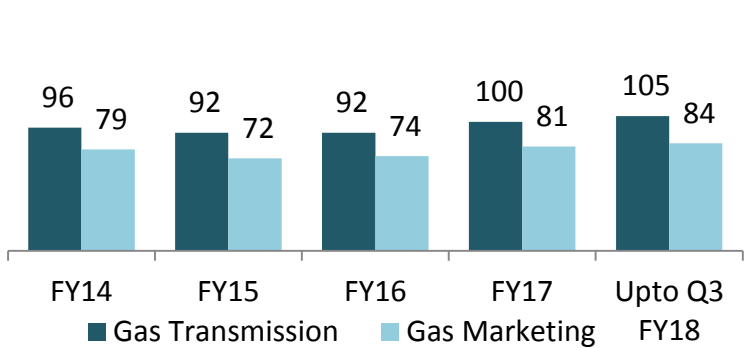
Highest ever Polymer sales achieved of 674 TMT

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

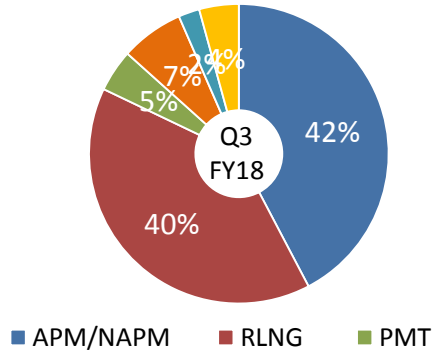
Physical Performance up to Q3 FY 2017-18

Gas Volume Trend

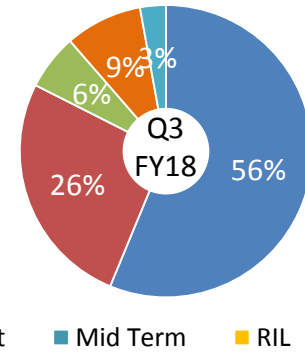
(MMSCMD)



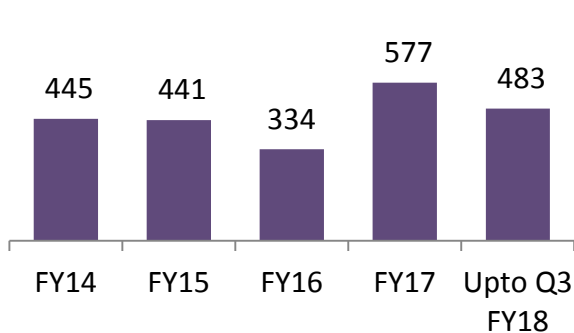
Gas Transmission Mix



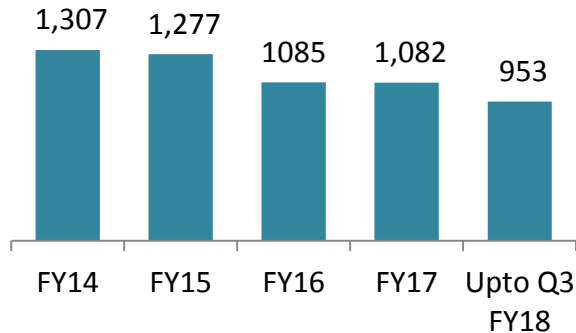
Gas Marketing Mix



Petrochemicals Sales

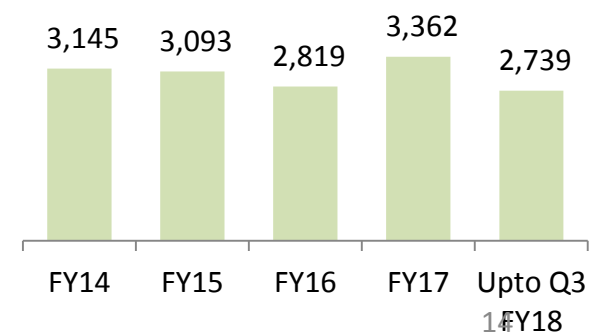


Liquid Hydrocarbons Sales



LPG Transmission

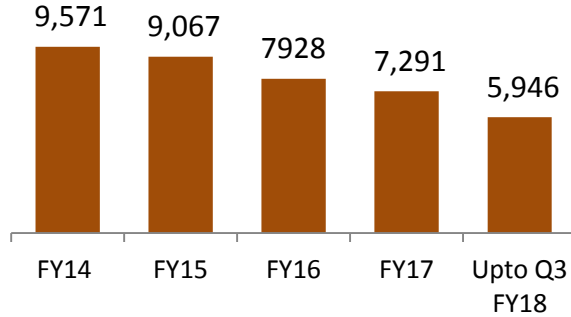
(TMT)



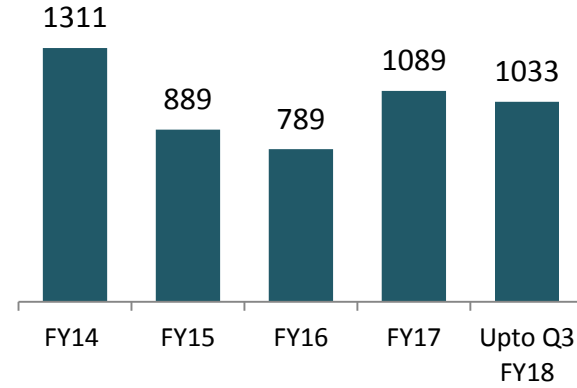
Financial Performance (Standalone)

(in \$ mn)

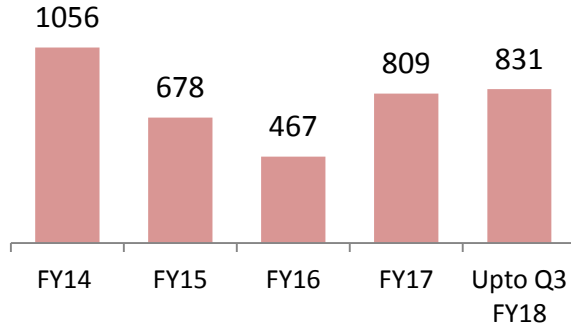
Turnover (Gross)*



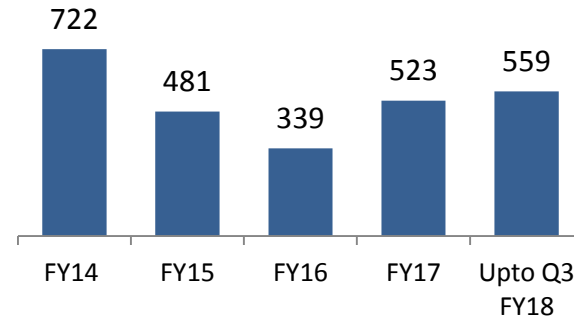
Gross Margin (PBDIT)*



Profit Before Tax (PBT)*



Profit After Tax (PAT)*



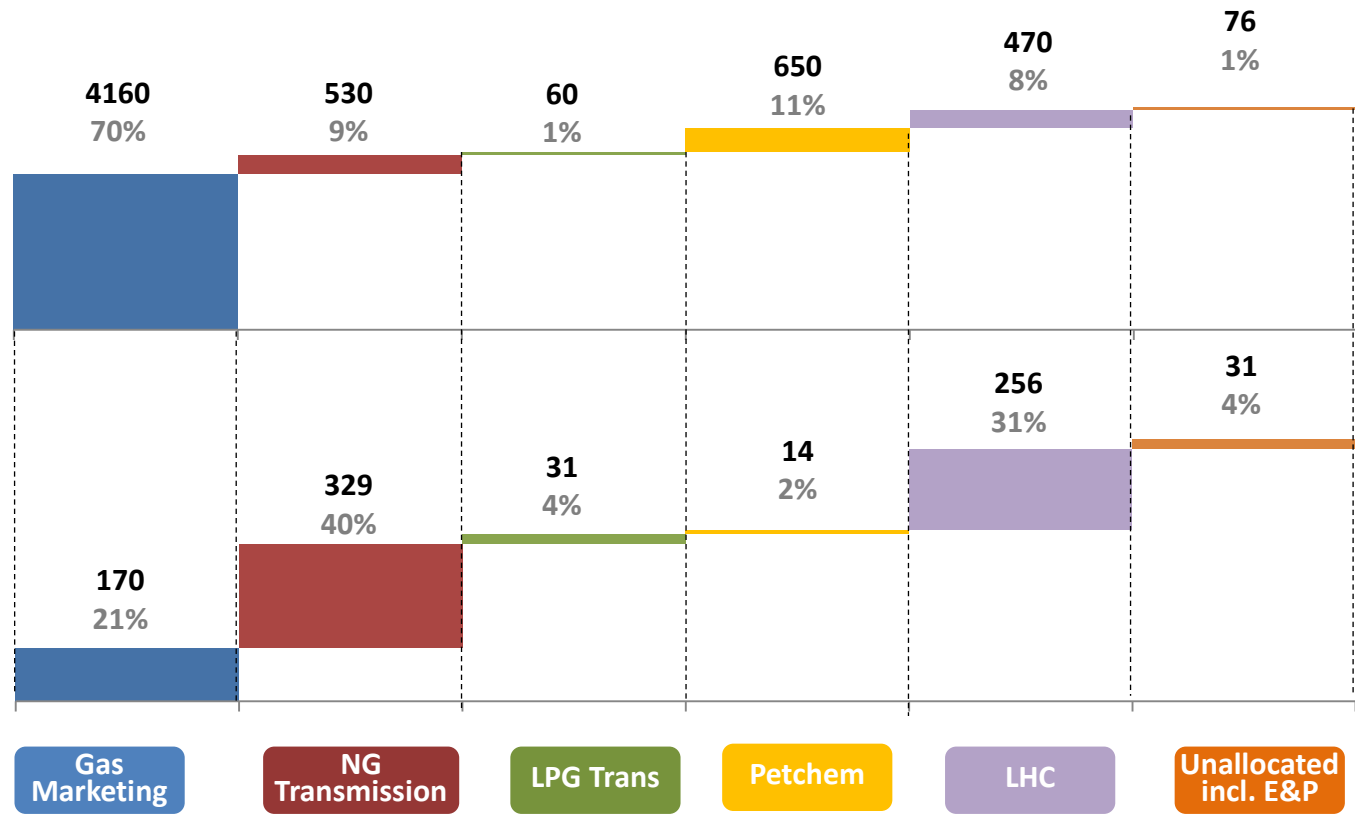
*Figures from FY 16 onward are as per Ind-AS

Segment Wise Share of Turnover & PBT (up to Q3 FY18)

(in \$ mn)

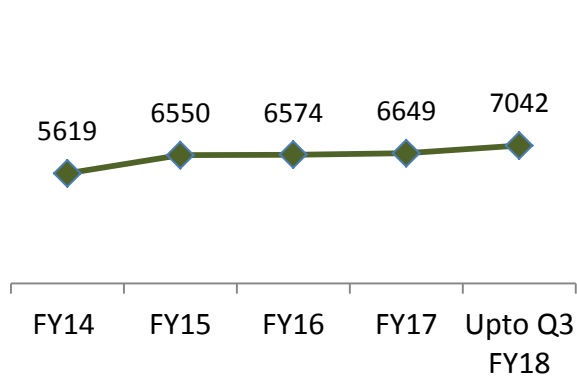
Turnover
\$ 5,946 mn

Profit before Tax
\$ 831 mn

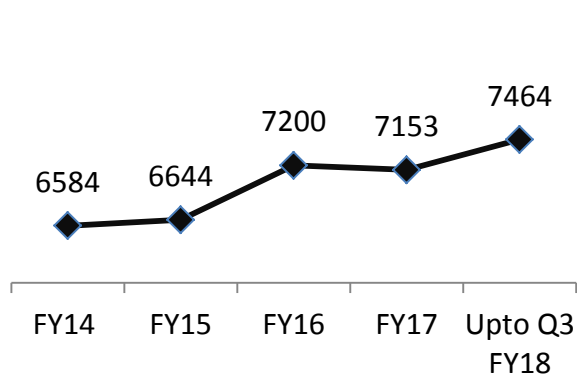


Financial Profile

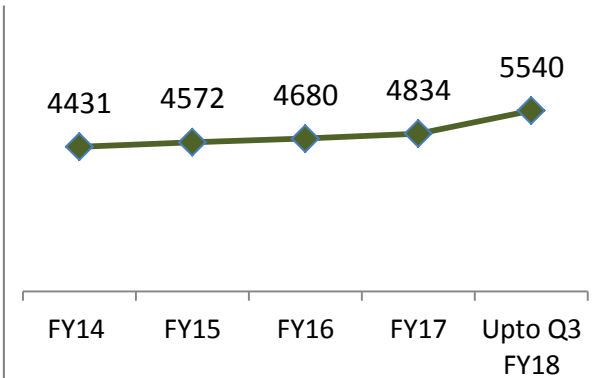
Gross Block (in \$ mn)



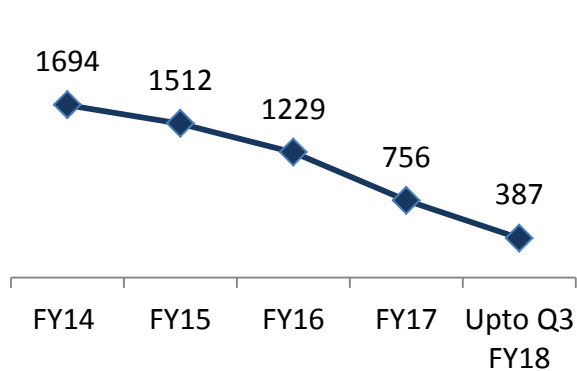
Capital Employed (in \$ mn)



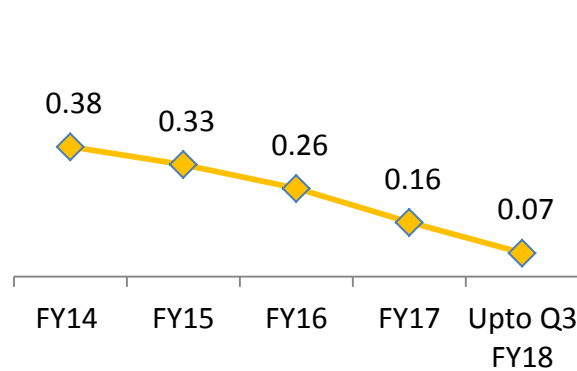
Net Worth (in \$ mn)



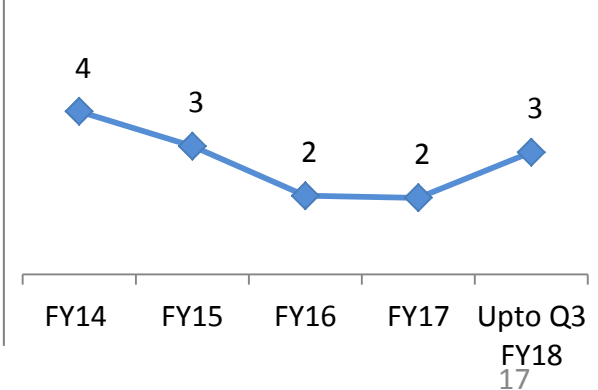
Loans (in \$ mn)



Debt to Equity Ratio



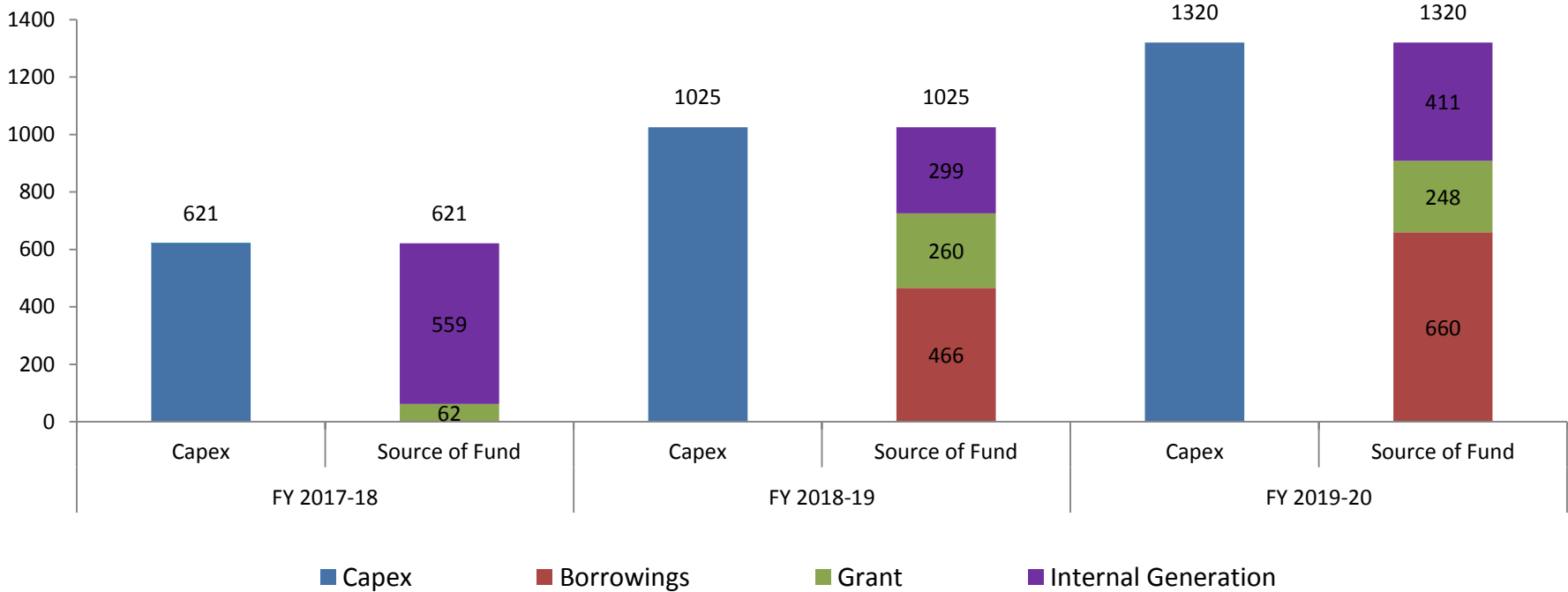
Debt Service Coverage Ratio (DSCR)



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

Capex & Source of Funds

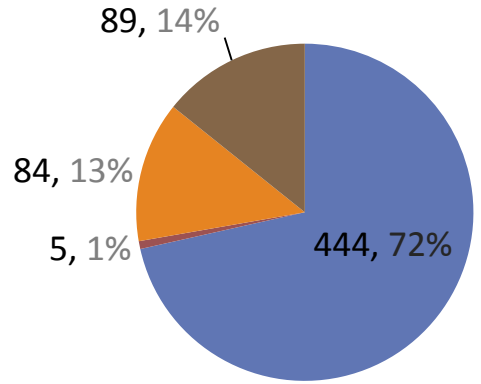
(in \$ mn)



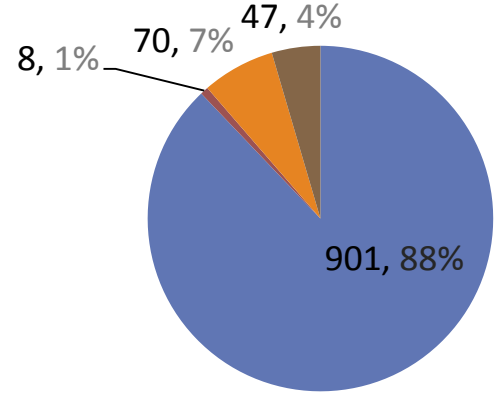
Capital Expenditure

(in \$ mn)

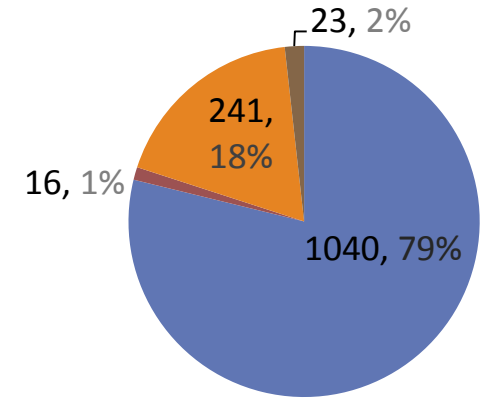
FY17-18
\$ 621 mn



FY18-19E
\$ 1,025 mn



FY19-20E
\$1,320 mn



■ Pipeline

■ E&P

■ Equity Investments

■ Operational Capex

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

Projects / Initiatives (Ongoing & Upcoming)

- **4000+ Km gas pipelines under execution in Eastern and Southern India**
- **Jamnagar-Loni LPG Pipeline Expansion (2.5 MTPA to 3.25 MTPA)**
- **Greenfield Petrochemical Project in Andhra Pradesh in JV with HPCL (Under Study)**
- **Coal Gasification at Talcher in JV with RCF/CIL**
- **Equity Participation in Fertilizer Plant**

Industry Outlook



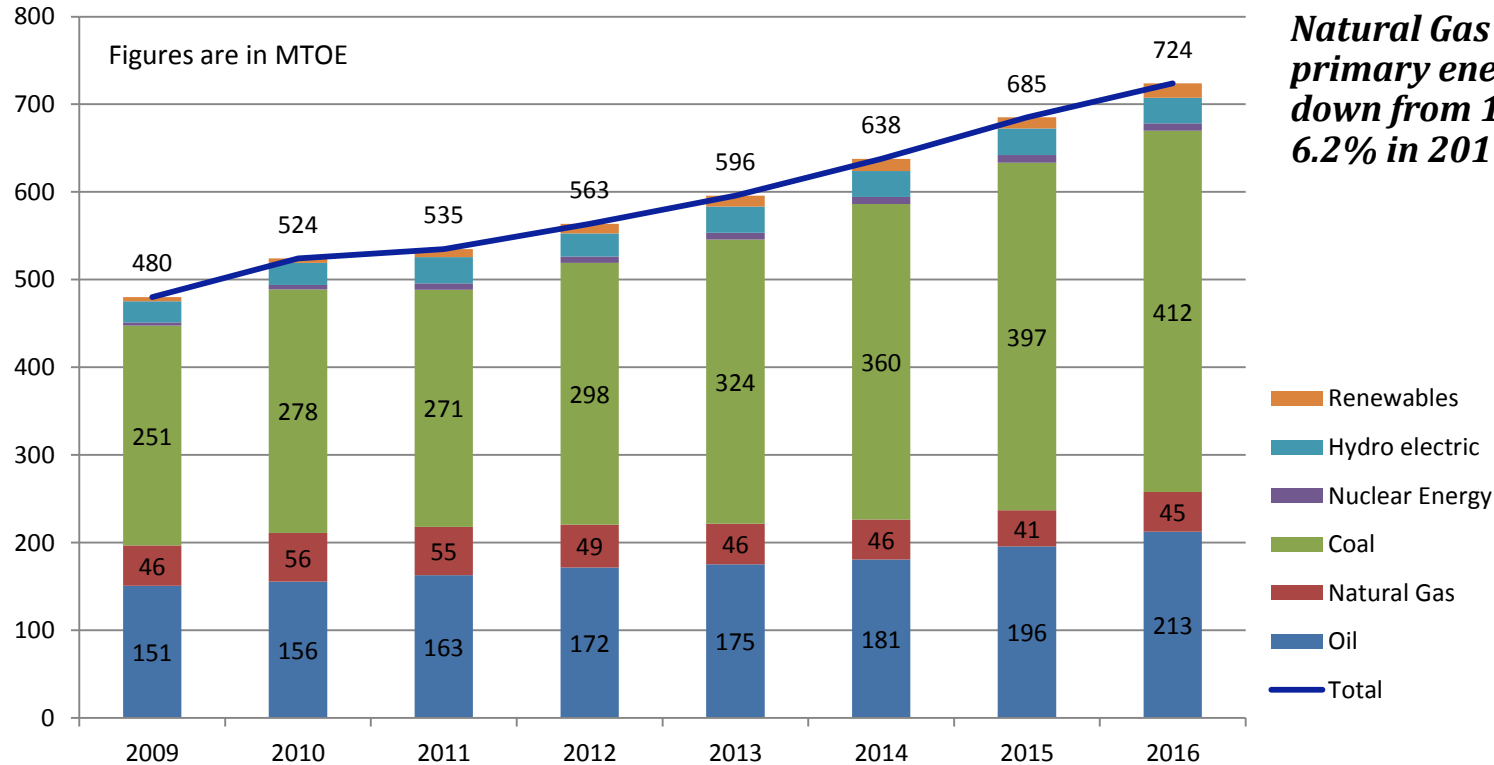
Global Primary Energy Basket – A Comparison

Region	Oil	Natural Gas	Coal	Nuclear Energy	Hydro electric	Renewables	TPE (MTOE)
World	33.3%	24.2%	28.0%	4.5%	6.8%	3.2%	13376
OECD	37.7%	27.0%	16.5%	8.1%	5.7%	4.9%	5529
Non- OECD	30.1%	22.1%	36.4%	1.9%	7.7%	1.9%	7747
Asia Pacific	27.9%	11.7%	49.4%	1.9%	6.6%	2.6%	5579
China	19.0%	6.2%	61.8%	1.6%	8.6%	2.8%	3053
India	29.4%	6.2%	56.9%	1.2%	4.0%	2.3%	724
Bangladesh	20.3%	76.4%	2.5%	-	0.6%	0.1%	32
Pakistan	33.0%	49.2%	6.5%	1.5%	9.3%	0.5%	83

(Source: BP Statistical World energy Review, 2017)

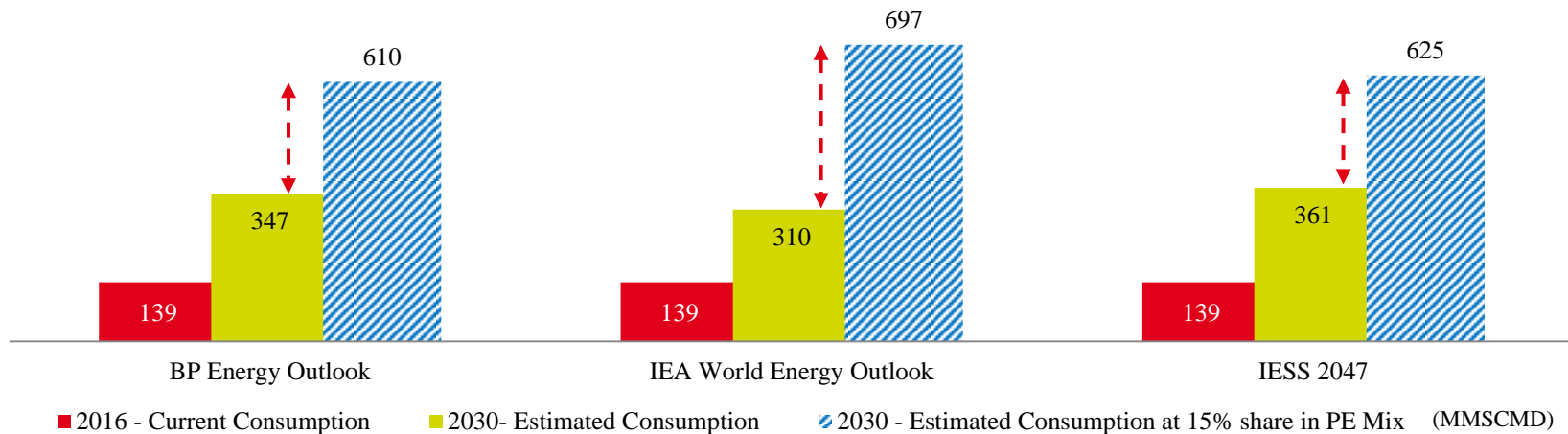
- India is the 3rd largest energy consumer after China and US, 2nd in Coal and 3rd in Oil.
- Natural gas consumption in India is 6.2% against World average of 24% (14th largest consumer)

India's Primary Energy



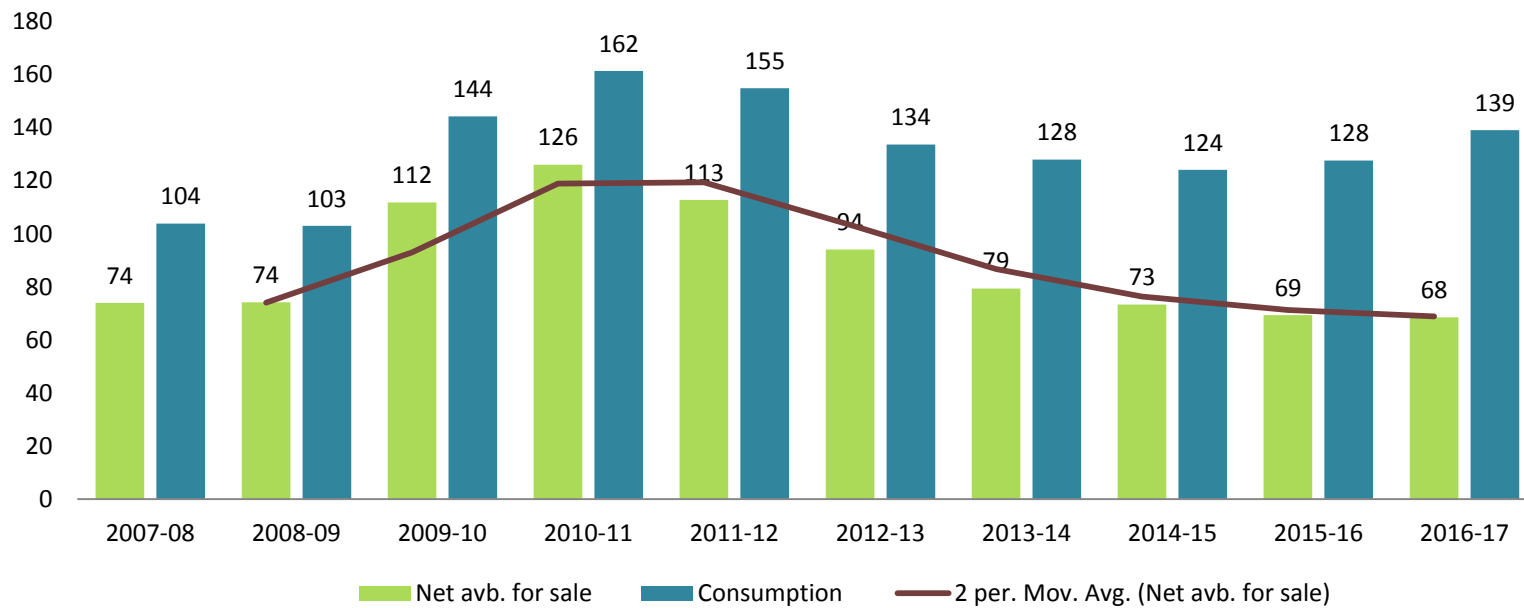
Natural Gas Share in India's primary energy mix has gone down from 11% in 2010 to 6.2% in 2016.

15% Share of Gas in Primary Energy Mix – What it Translates to



- As per various projections, gas consumption is likely to grow at CAGR of around 6% from 2015 to 2030 with marginal change of share in primary energy basket
- Consumption will increase from ~140 MMSCMD in 2016 to > **300 MMSCMD in 2030** at current momentum
- To achieve gas share of 15% in primary energy mix, a **CAGR of 10%** in gas consumption needs to be achieved which implies >**600 MMSCMD consumption of gas by 2030**

Historical Production & Consumption Pattern



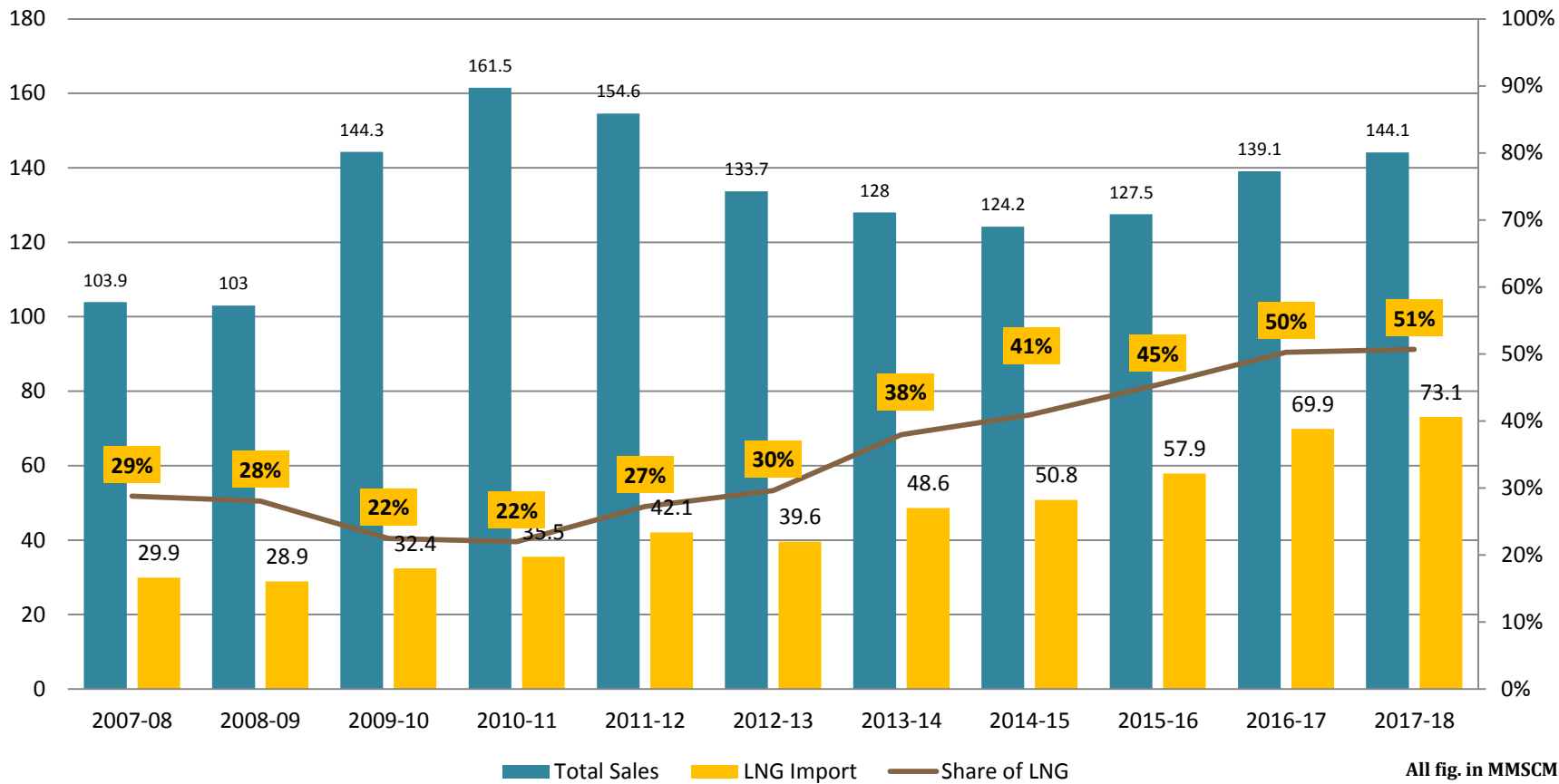
Declining domestic production is a major concern for Indian gas market

All fig. in MMSCMD

LNG consumption has increased but price affordability is still a challenge for Indian Gas market

Source: PPAC . Volumes available for sale in domestic market are approx. 80% of gross production

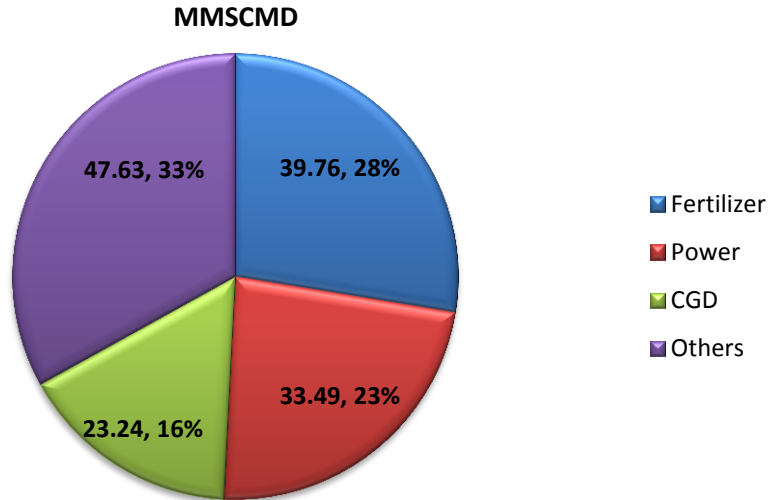
LNG imports have consistently increased over the years



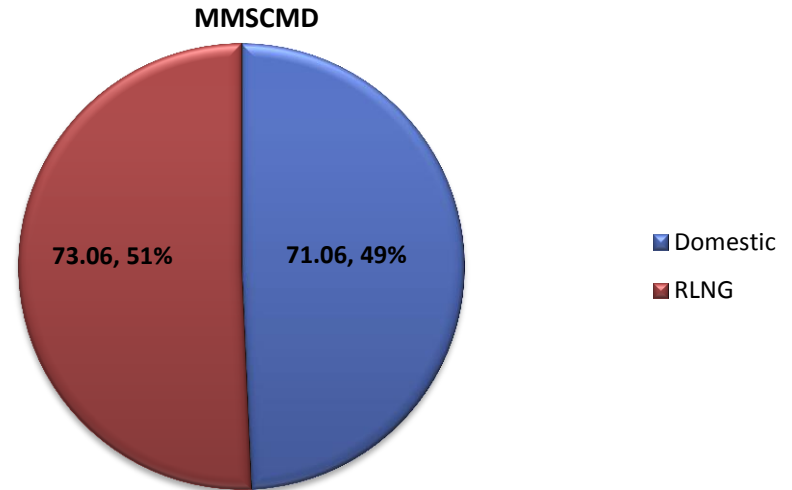
All fig. in MMSCMD

Natural Gas Consumption Pattern - India (2017-18)

Sector-wise Break-up



Gas-wise Break-up



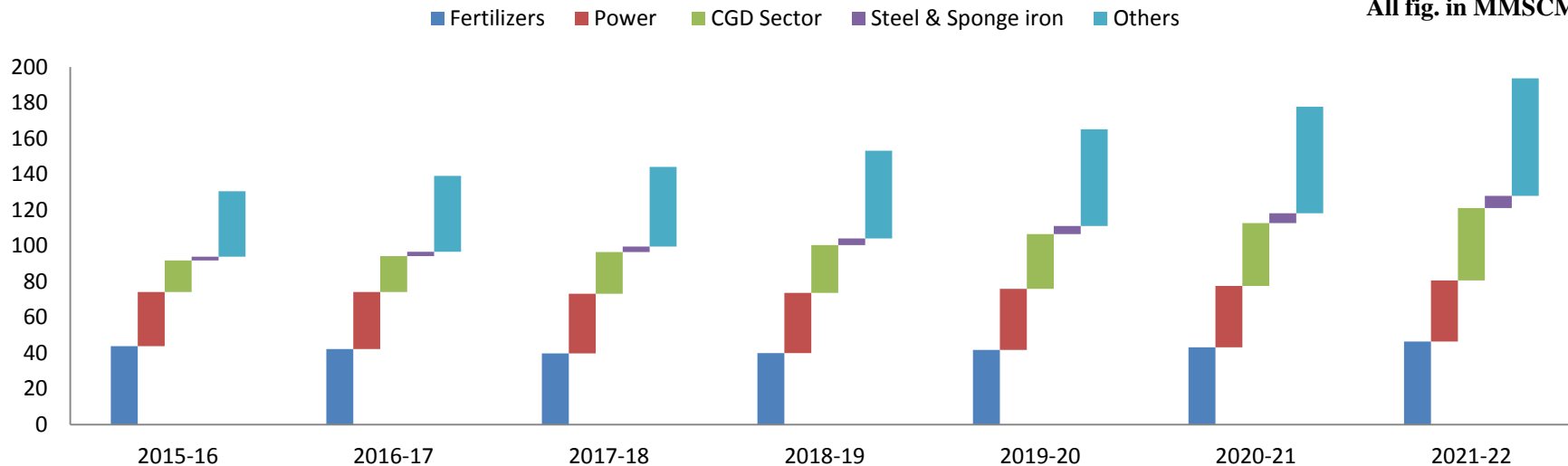
Gas consumption during FY (2017-18), ~144 MMSCMD

Power and Fertiliser - Anchor Markets

Industrial and City Gas - Growing Markets

India Gas Sectoral Demand Projections till 2021-22

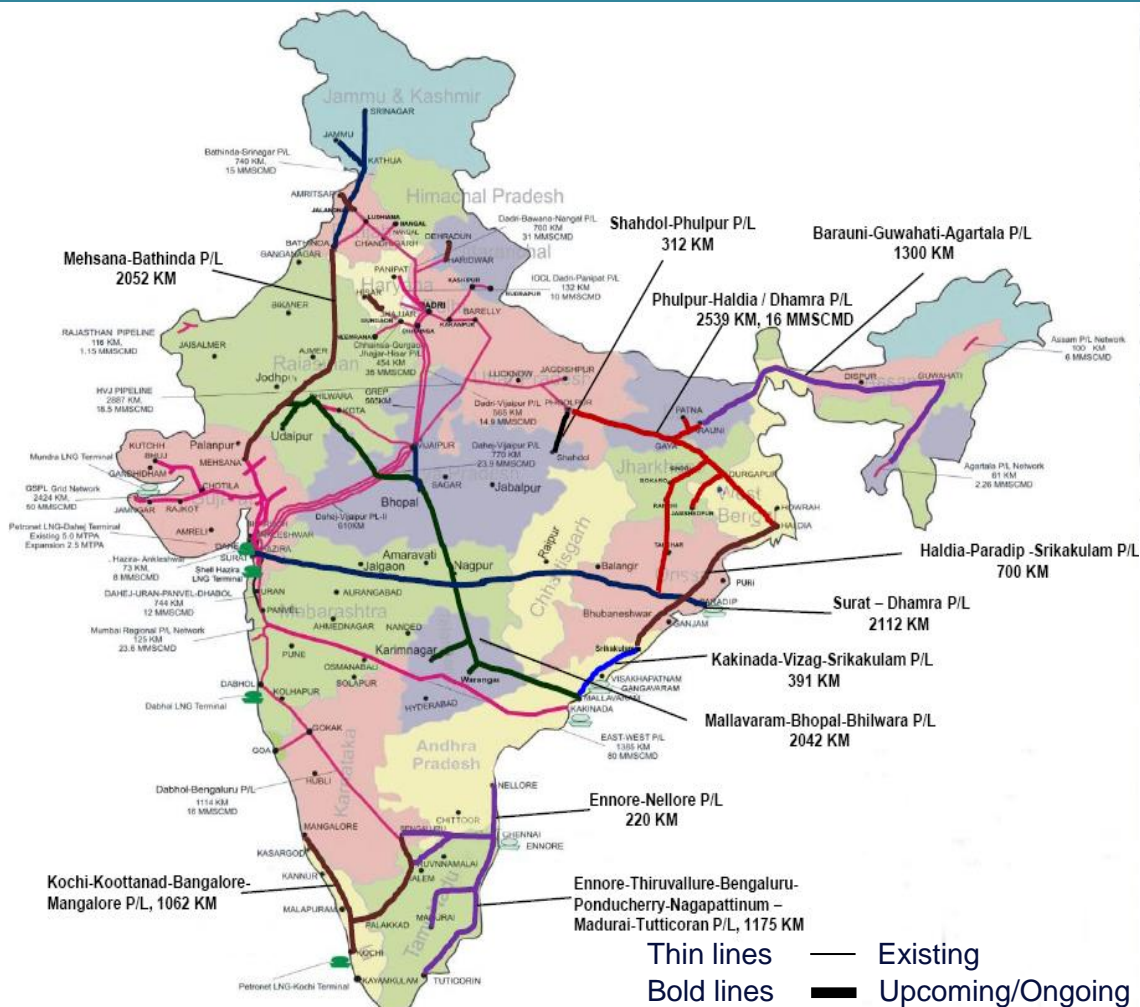
All fig. in MMSCMD



Sector	Actuals				Projection			
	2015-16	2016-17	2017-18	3 year CAGR	2018-19	2019-20	2020-21	2021-22
Fertilizers	43.83	42.27	39.76	-5%	39.91	41.7	43.3	46.5
Power	30.35	31.82	33.49	5%	33.74	34.19	34.19	34.19
CGD Sector	17.62	20.14	23.24	15%	26.69	30.65	35.2	40.43
Steel & Sponge iron	2.09	2.43	3.1	22%	3.78	4.6	5.6	6.82
Others	36.67	42.46	44.54	10%	49.09	54.1	59.62	65.71
Total (MMSCMD)	130.56	139.12	144.13	5%	153.2	165.24	177.915	193.65
Total (BCM per annum)	47.65	50.77	52.6	5%	55.91	60.31	64.93	70.67

Focus of GoI on increasing gas consumption resulting in increasing consumption in CGD and Others (Refinery, Petrochemical, Steel, LPG shrinkage and Industrial sectors)

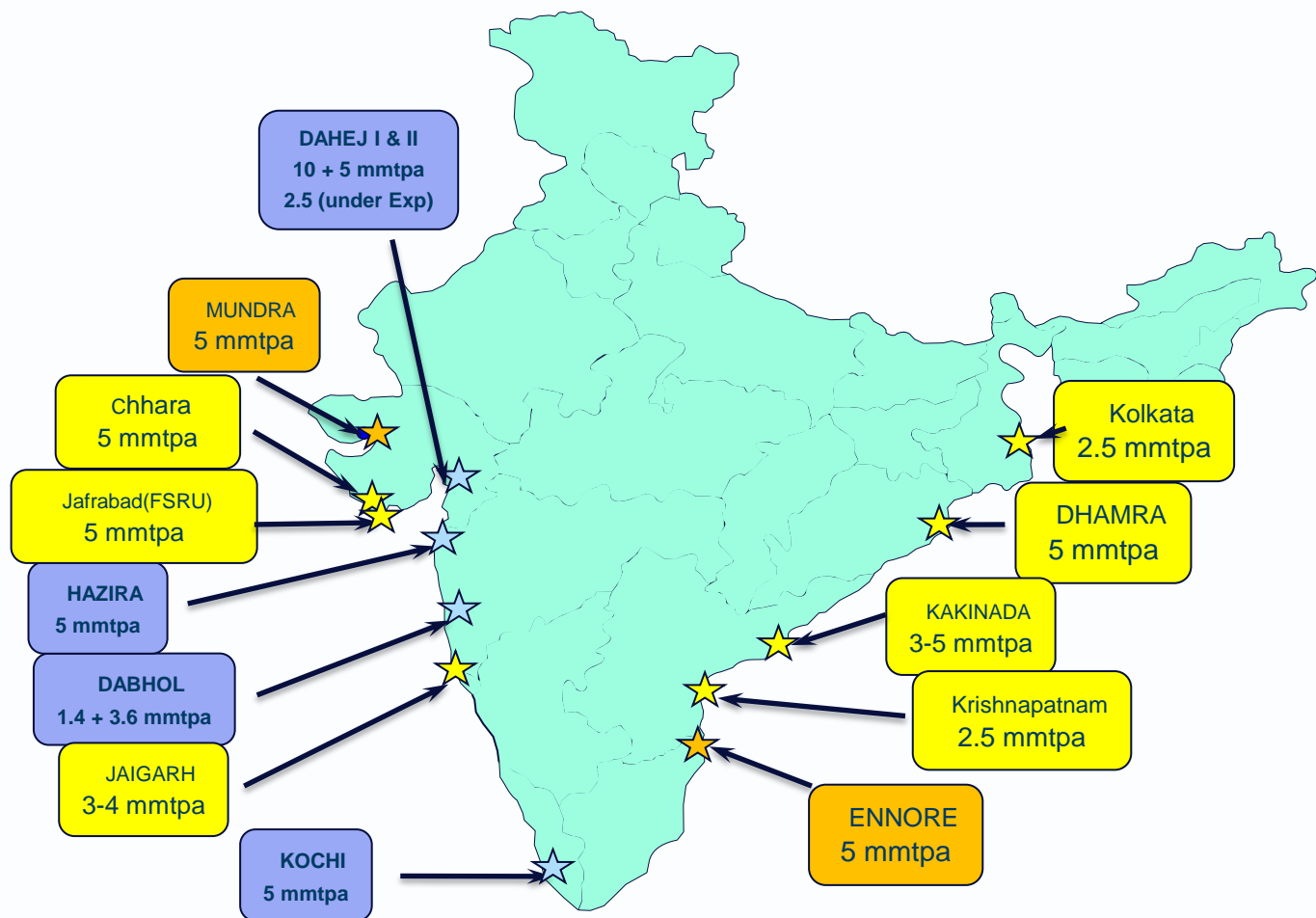
Gas pipeline infrastructure in India



Category	Length & including Spurlines (Km)	Design Capacity (MMSCMD)
Existing Network (GAIL's -68%)	~ 16000	423
GoI authorized Pipelines being executed by GAIL	~ 4300	32
PNGRB authorized Pipelines since 2011	~9200	485
Total	~29500	940



Regasification Terminals in India



- ★ Existing LNG Terminal (30 MMTPA)
- ★ Under Construction (12.5 MMTPA)
- ★ Planned/Upcoming LNG Terminal (30 MMTPA)

Petrochemical business Outlook...

- ❑ 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)	2017-18	2018-19	2019-20	2020-21
Demand				
HDPE (1)	2,338	2,525	2,727	2,945
LLDPE (2)	1,820	1,966	2,123	2,293
HD+LLD	4,158	4,491	4,850	5,238
Capacity*				
HD+LLD	5,000	5,000	5,050	5,450

Major Highlights of GAIL's Petrochemical Business in FY 2017-18

- ❑ Sold 674 KTA of polymers, which is highest ever sales
- ❑ Exports of polymers - 56,498 MTs during the year.

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

Petrochemical business Outlook

(in KTA)

Particulars		Actual	Projections		
		2017-18	2018-19	2019-20	2020-21
PE	Demand	5017	5400	5850	6320
	Capacity	5655	5655	5655	6055
PP	Demand	4765	5145	5560	6000
	Capacity	5120	5120	5120	5120
PVC	Demand	3287	3485	3700	3915
	Capacity	1482	1482	1482	1482
Total	Demand	13069	14030	15110	16235
	Capacity	12257	12257	12257	12657

- PE /PP & PVC demand grew at 8% and 6% respectively
- HMEL's PE plant (400 KTA) is expected to be commissioned by 2020-2021
- No new PP, PVC capacity is expected by 2020-21
- PE includes HDPE, LLDPE & LDPE

Opportunities



Opportunities

- **Share of Natural Gas in Indian energy mix declined from 10.23% in 2010 to 6.2% in 2015**
- **Gol has targeted increasing the gas share from 6.2% to 15% in the Primary Energy mix**
 - Gas consumption of ~300 MMSCMD is needed to reach 15% of PE mix at 2016 level
- **Huge investments are being made across the Natural Gas value chain :**
 - **Gas Pipelines: \$ 9,500- 11,000 Mn.**
 - Existing capacity ~ 384 MMSCMD; Being executed by GAIL – ~32 MMSCMD;
 - Authorized by PNGRB since 2011 & yet to be executed - ~ 531 MMSCMD.
 - **LNG terminals: \$ 4,000 Mn.**
 - Increase in capacity by ~ 24 MMTPA from existing of ~ 30 MMTPA
 - **Gas based Fertilizer sector : \$ 4,500 Mn.**
 - 4 revival units, 1 expansion unit, 1 greenfield unit
 - **CGDs : \$ 11,000- 12,500 Mn.**
 - 91 existing Gas (~50 operational); another 225+ cities are expected to come
- **E&P:** out of total 41,872 MMTOE estimated hydrocarbon reserves 29,796 MMTOE (3/4th) is still undiscovered.
- **Petrochemicals** : India's per capita consumption of plastics is just 11 kg vs. China per capita consumption of 38 kg.

New Growth Areas for Gas



LNG for Heavy vehicles

LNG-run trucks represent a significant improvement over diesel fuel

Building a network of fuelling stations to ensure the supply of LNG is major challenge



Railways on LNG/CNG

Railway to substitute 40% diesel by CNG in DEMUs under mission 41k

Railways have launched their first CNG train in Jan'2015

Options are being explored to use LNG in locomotives



Sagar Mala/National Waterway

Government trying to start LNG barges on Ganga by 2018-end

Globally, growing number of ship-owners turning to natural gas due to stringent emission rules and economic benefits

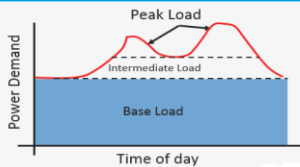
Government Thrust

Smart Cities



- NITI Aayog's 3 year agenda suggests extension of CGD to 100 smart cities
- NITI Aayog advocates to use gas for PNG and CNG
- Gas is ideal solution for assured and quality power with clean environment
- Essential to ban petcoke, diesel based power within city limits

Peaking Power



- Gas-fired plants - most responsive and flexible; Ideal for peaking power
- With growing renewables, gas based power can be positioned to balance grid
- Current installed capacity is 25,185 MW with only 22.5% PLF

CGD



- CGD has become the fastest growing sector in recent years
- Regulations like declaration of LPG Free zones, Public Utility status, Single window clearance can facilitate CGD sector growth

Reforms such as **Peaking Power Policy, Gas Purchase Obligations (GPO), LPG Free Zones, Hybrid Power, taxation etc. required** to facilitate Gas Sector growth

Thank you

