



GAIL (India) Ltd.

India's Youngest Maharatna

Investors' & Analysts' Meet

May 25, 2018, 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 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
1/6th
of the polyethylene
produced in India



Transmits
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



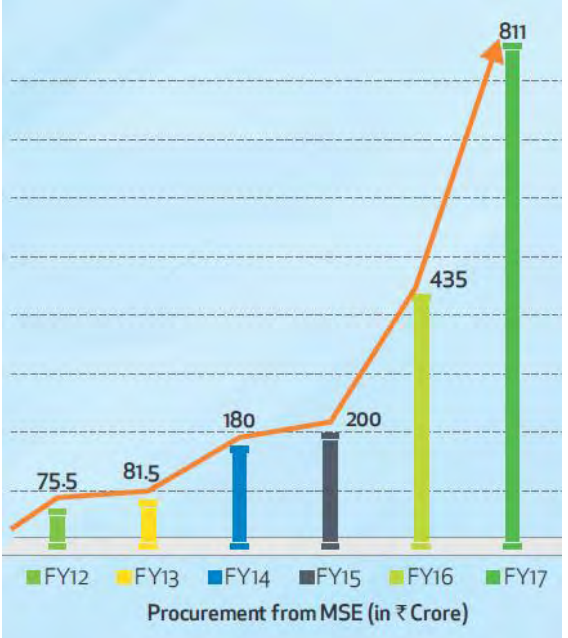
Supplies gas for
about
3/4th
of India's gas based
power



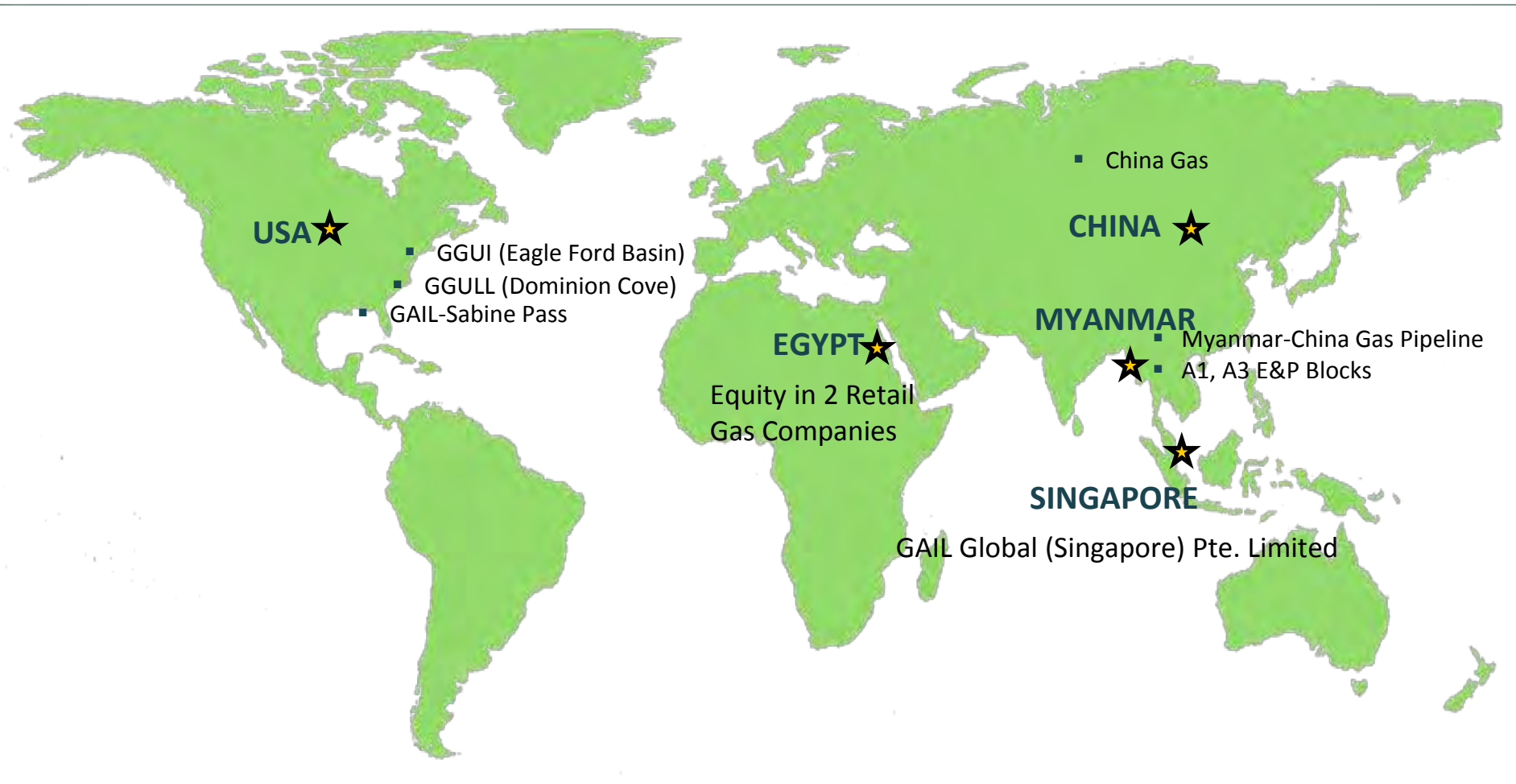
Operating more
than
2/3rd
of India's total CNG
stations

GAIL's Commitment to Sustainable Development

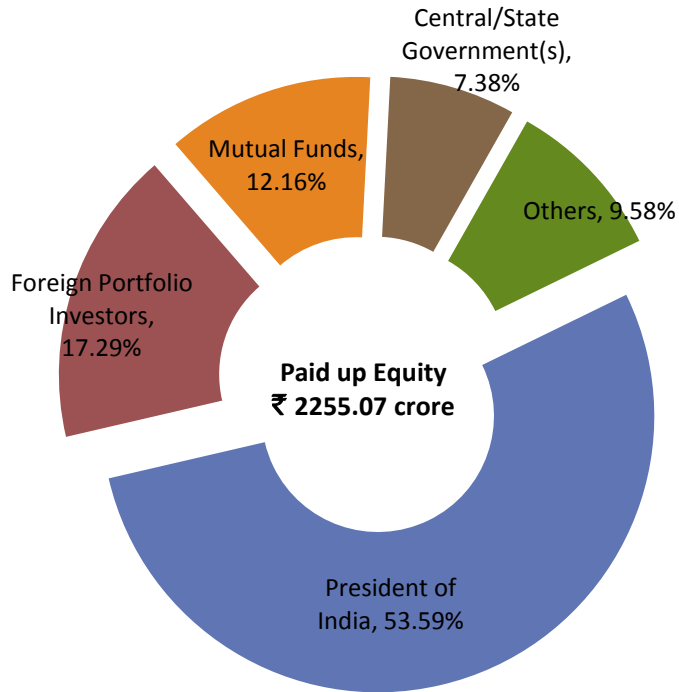
- ❑ In FY 17-18 GAIL installed India's second largest solar PV rooftop of 5.76MW at the country's largest natural gas based petrochemical complex at Pata.
- ❑ This led to total renewable portfolio of GAIL to over 128 MW
- ❑ GAIL is now the a part of 'FTSE4 Good Emerging Market Index'
- ❑ GAIL is committed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



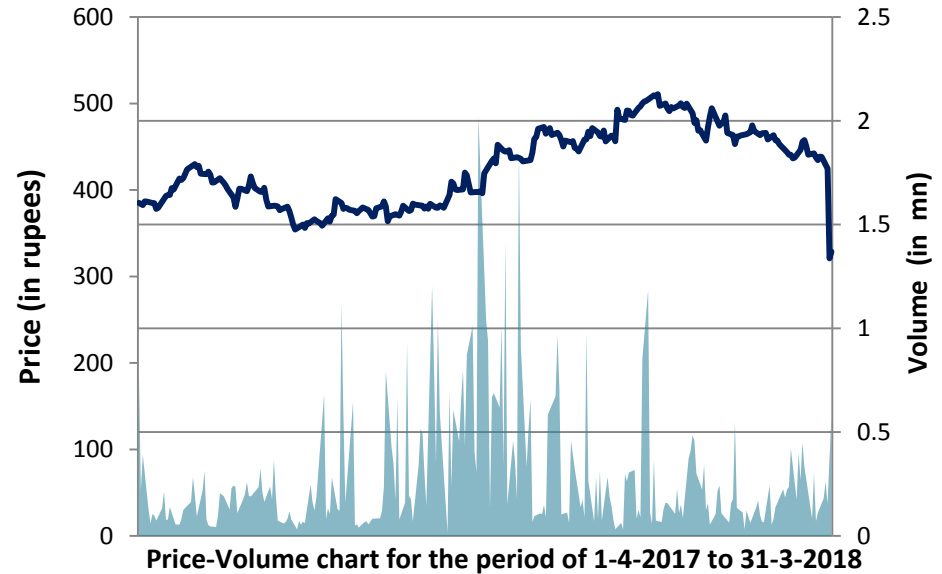
Global Presence



Shareholding Structure & Share price movement



Market Capitalization as on 31st Mar'18: ₹ 74,102 crore

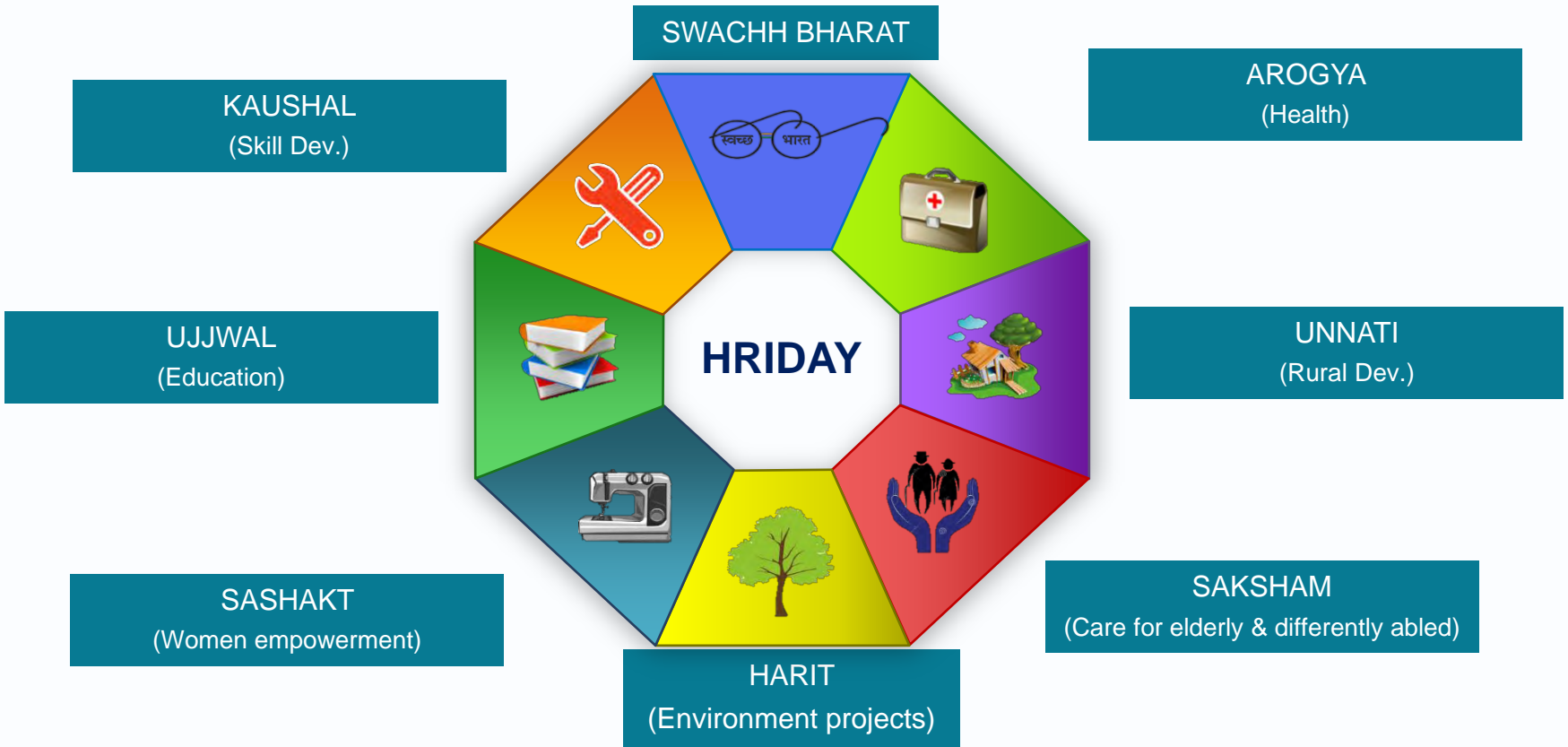


Year	2013-14	2014-15	2015-16	2016-17	2017-18
Dividend Declared (₹/Share)	5.85	3.37	3.09	6.81	7.18 *

- 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

Source: BSE website; Note: All data as on 31st March 2018 as per BSE website; above number are adjusted for bonus share issued in FY 2107-18 : * Includes Final dividend of Rs. 1.44/share recommended by Board subject to approval of the share holders.

GAIL Hriday – CSR Initiative of GAIL



GAIL has incurred 2.63% of the average Profit of the preceding 3 years on CSR in FY 2017-18

This is against the stipulated 2% spend as per the statute.

Performance Highlights



Major Highlights of FY 2017-18

GAIL's Registered Highest ever Profit in FY 2017-18 Rs. 4,618 crore and clocked Turnover of Rs. 53,690 crore

GAIL's First LT-LNG cargo from USA to India - 'Meridian Spirit' received at Dabhol on 30th March 2018 & Overseas LNG Sales ~ 1 MMSCMD

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

De-merger of LNG Block at RGPPL is finally approved by NCLT; Konkan LNG Pvt Ltd. has been formed

Major Contracts for PM Urja Ganga Project Awarded, Execution in full swing (Capital Commitment as on 31st March 2018 ~ Rs. 6,600 crore)

Commissioned Bhubaneswar CGD Operations; Varanasi, Cuttack, Patna, Ranchi etc. under fast execution

Part of JHBDPL Project (Phulpur-Varanasi 109 KM Section) capitalized, Capex for FY 2017-18 ~ Rs. 4,100 crore

Received Capital Grant of Rs. 400 crore in FY18 (Cumulative Grant Rs. 850 crore)

PNGRB Authorized Barauni-Guwahati P/L (1,300 km) – Estimated Capex ~ Rs. 3300 crore

New Long Term Tie-ups for Sale of Natural Gas ~ 3.36 MMTPA & Additional Long Term Tie-ups with existing Customers ~ 1.67 MMTPA

Gas Quantity hedged during FY 17-18 hedged ~ 85.02 TBTU (~ 27 cargoes)

Dividend for FY 2017-18 is 71.8 % (including final dividend) of post bonus paid up equity share capital

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

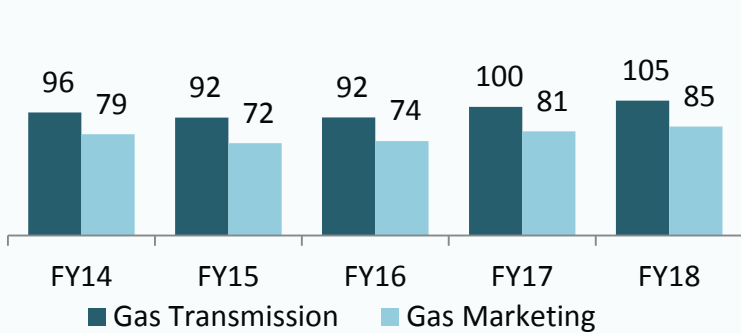
Loan Repayment of ~ Rs. 3,100 crore including prepayment of ~ Rs. 900 crore

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

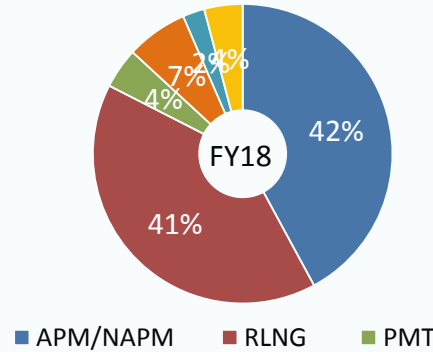
Physical Performance - FY 2017-18

Gas Volume Trend

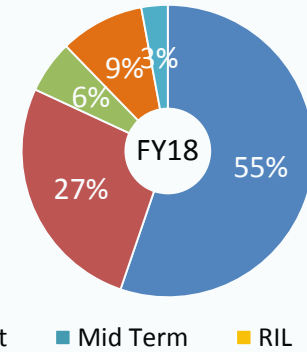
(MMSCMD)



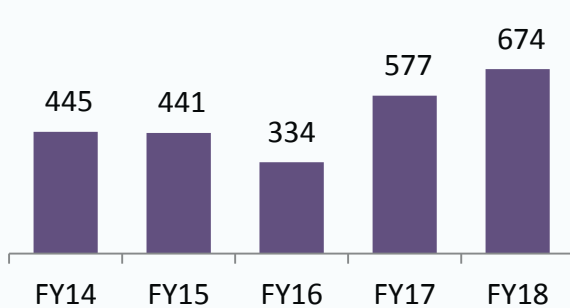
Gas Transmission Mix



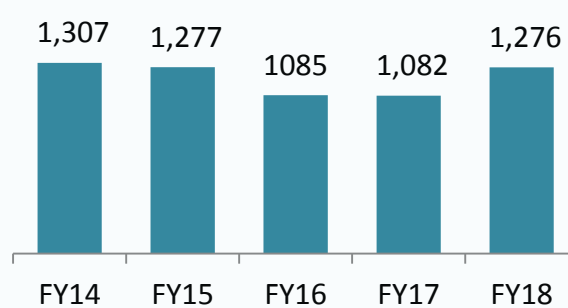
Gas Marketing Mix



Petrochemicals Sales

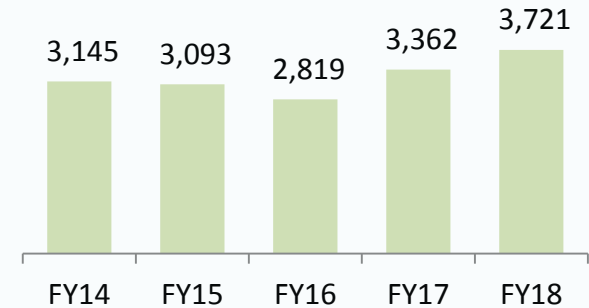


Liquid Hydrocarbons Sales



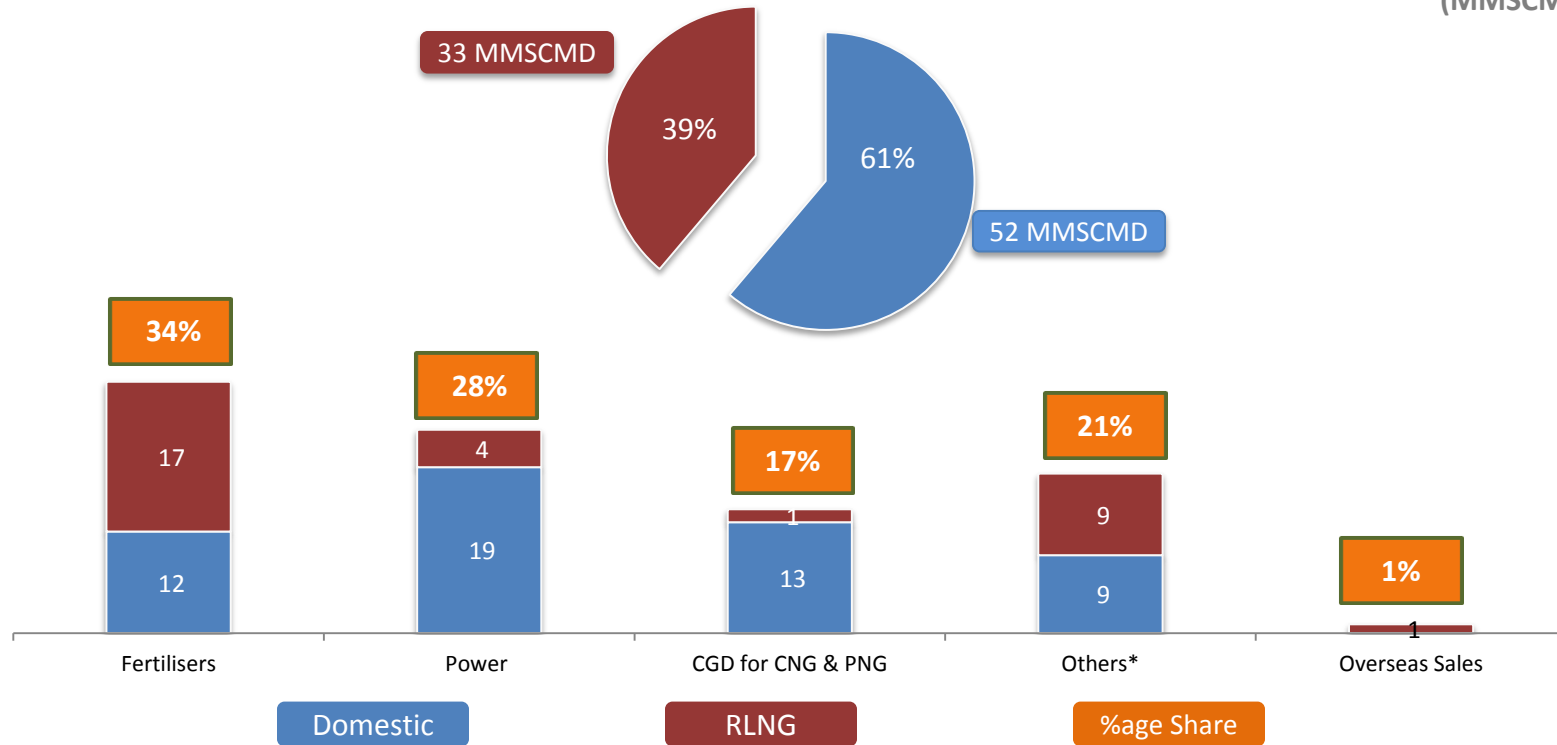
LPG Transmission

(TMT)



Gas Sourcing & Sector Wise Supply –FY18

(MMSCMD, % share)

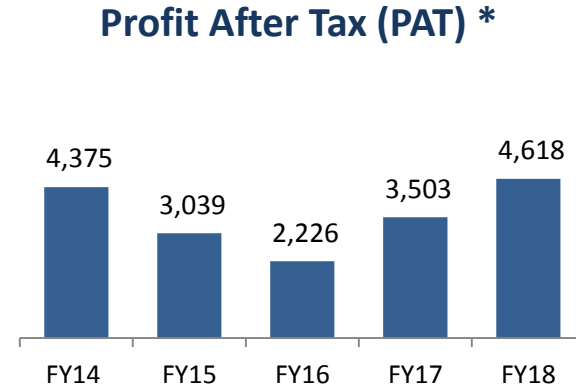
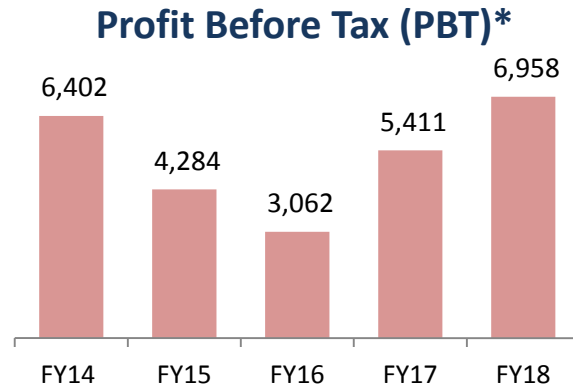
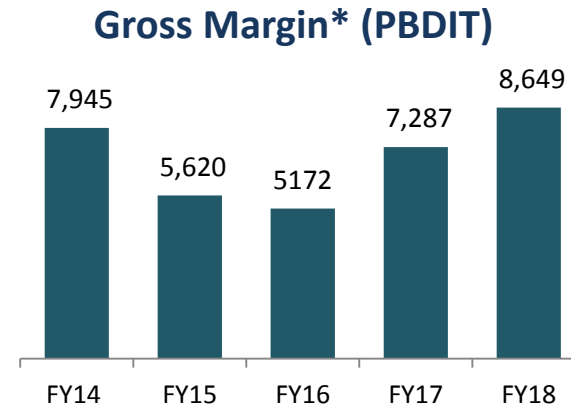
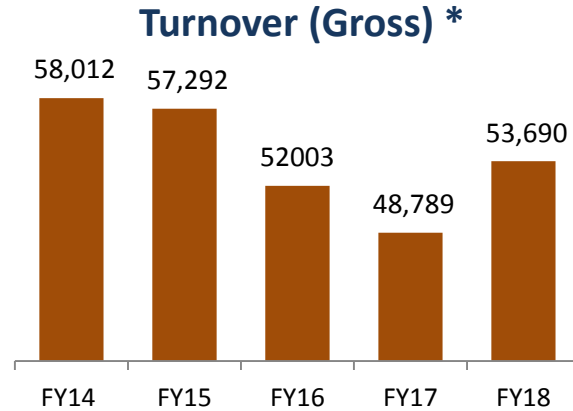


- Imported Gas primarily consists of Long Term RLNG, Mid Term RLNG and Spot
- Major sources for domestic gas are ONGC(APM & Non APM), PMT at APM & PSC prices ,Ravva, Ravva satellite etc.
- Highest demand of Natural Gas from Power & Fertilizer companies

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

Financial Performance (Standalone)

(in Rs crore)



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

Segment Wise Financial Performance

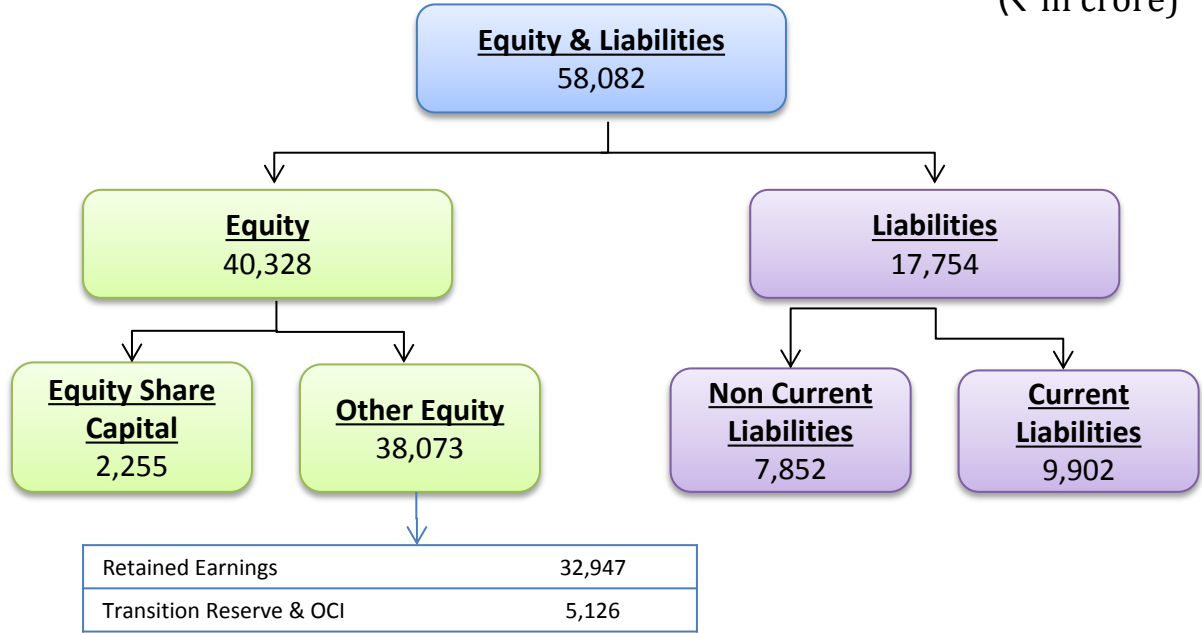
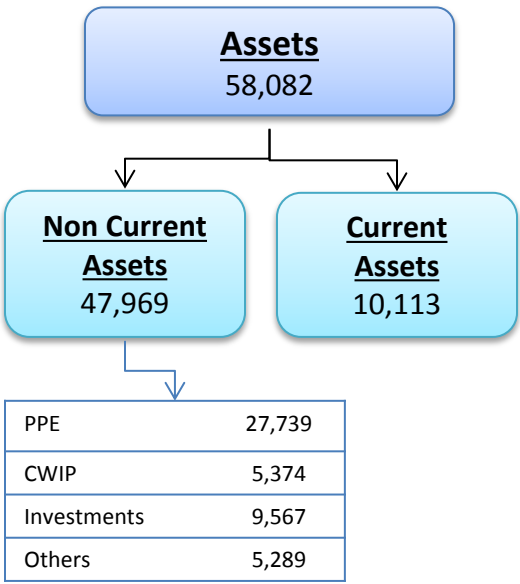
(₹ in crore)

Particulars	FY 2017-18	FY 2016-17
SALES TURNOVER (GROSS)		
Natural Gas Transmission	4,446	4,195
LPG Transmission	558	515
Gas Marketing	38,021	34,630
Petrochemicals	5,788	5,626
LPG & Other Liquid Hydro Carbons	4,179	3,138
Unallocated	698	686
Total Turnover	53,690	48,789

Particulars	FY 2017-18	FY 2016-17
PROFIT BEFORE TAX (PBT)		
Natural Gas Transmission	2,815	2,252
LPG Transmission	273	257
Gas Marketing	1,256	1,519
Petrochemicals	106	216
LPG & Other Liquid Hydro Carbons	2,304	1,246
Unallocated	204	(78)
TOTAL PBT	6,958	5,411

Balance Sheet as on 31st March 2018

(₹ in crore)



Capital Employed
₹ 47,039 crore

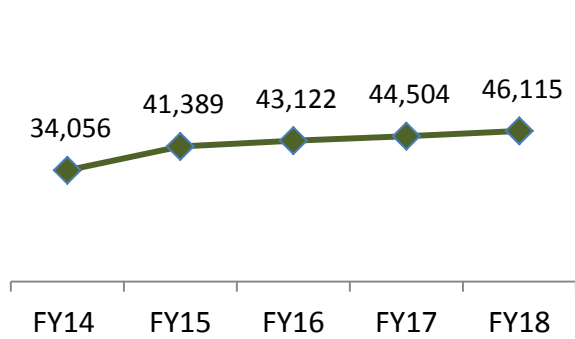
Net Worth*
₹ 35,142 crore

Loan Outstanding
₹ 2,080 crore

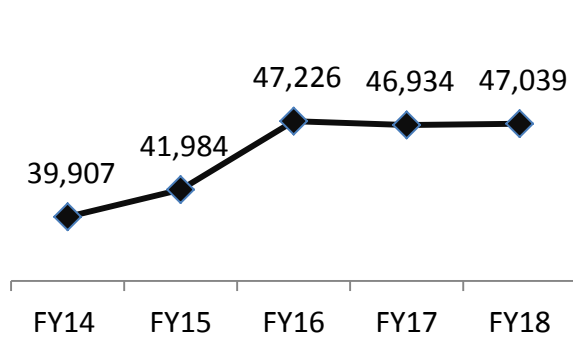
* as per companies' Act

Financial Profile

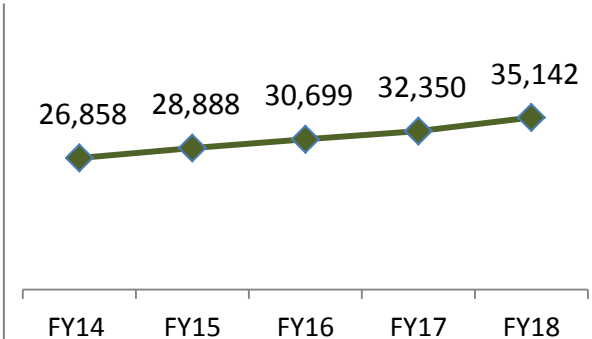
Gross Block (in Rs. crore)



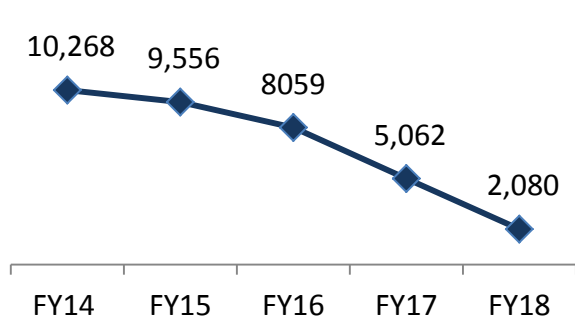
Capital Employed (in Rs. crore)



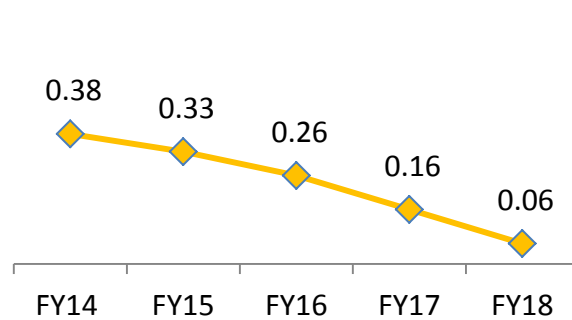
Net Worth (in Rs. crore)



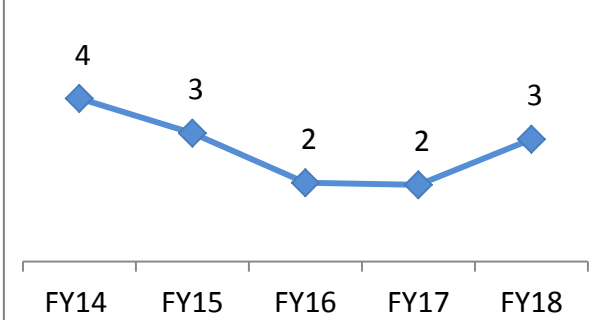
Loans (in Rs. crore)



Debt to Equity Ratio



Debt Service Coverage Ratio (DSCR)

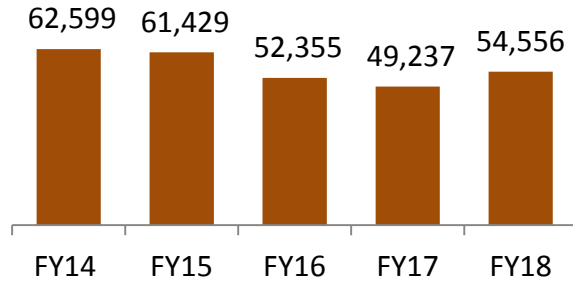


*Figures from FY 16 onward are as per Ind-AS, Network as per Companies Act 2013

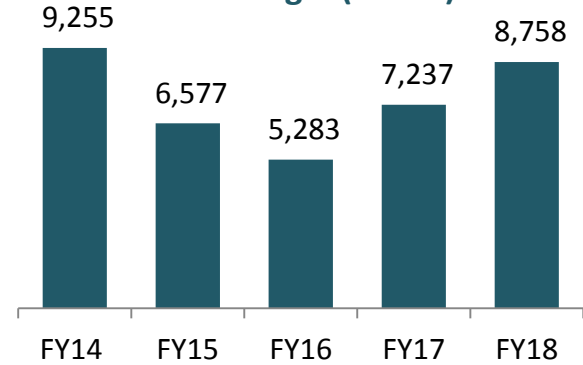
Financial Performance on Consolidated basis

(in ₹ crore)

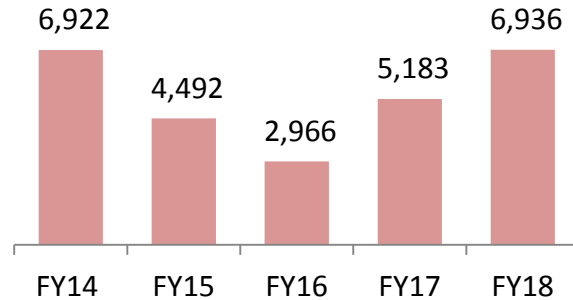
Turnover (Gross)



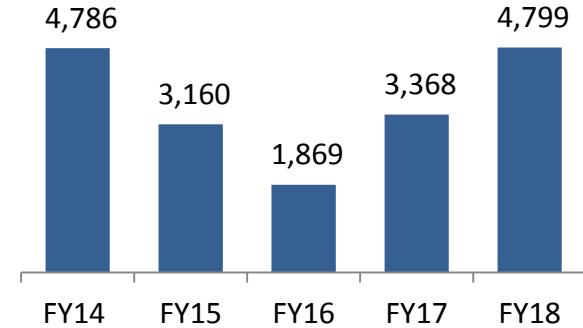
Gross Margin (PBDIT)



Profit Before Tax



Profit after Tax



Turnover (Gross) Reconciliation on Consolidated basis

(in ₹ crore)

Particulars	Turnover (Gross)	FY 18	
		Eliminations	Consolidated Turnover (Gross)
Standalone	53,825	-	53,825
GAIL Gas	4,602	3,902	700
GGSPPL	5,388	5,388	-
GGUI	116	-	116
TNGCL	76	23	53
Less : Other Operating Income and discontinued operations			138
Total	64,008	9,314	54,556

PAT Reconciliation on Consolidated basis

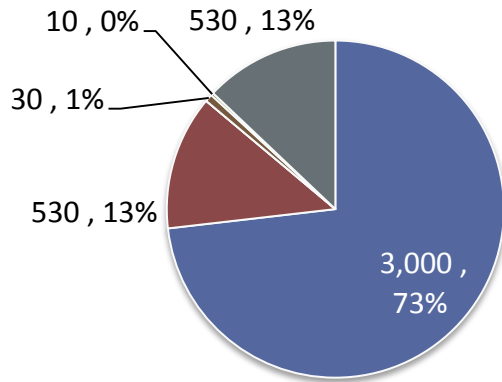
(in ₹ crore)

Particulars	% Share holding in FY18	Investment (Net)	FY18
GAIL	NA	NA	4,618
Subsidiaries		1100	49
GAIL GAS	100%	877	74
GG SPL	100%	42	2
GGUI	100%	179	(33)
TNGCL (less Non- controlling interest)	48.98%	2	6
Associates		2252	86
MGL	32.50%	32	144
PLL	12.50%	99	254
BCPL	70.74%	992	(57)
IGL	22.50%	32	159
Opal	49.21%	995	(567)
China Gas	3.02%	97	158
Fayum Gas	19.00%	5	(4)
Joint Ventures (JVs)		558	73
RGPPL/KLPL	25.50%	218	-
CGD JVs & Others (BGL, CUGL, GGL, MNGL, AGL ,VGL, TAPI)	-	340	73
Adjustments			(28)
Elimination of Dividend	-	-	(184)
Elimination Profit/Loss recognized from investments	-	-	(26)
Others	-	-	182
Consolidated	-	-	4,799

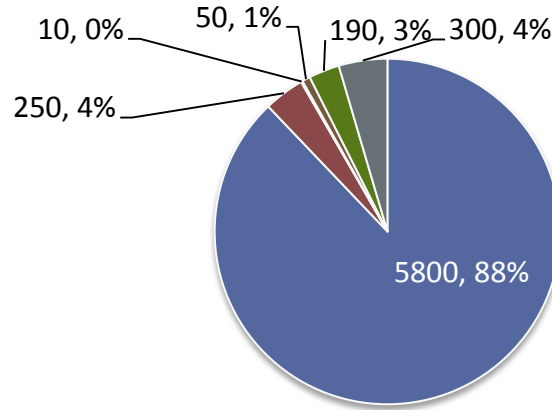
Capital Expenditure Profile

(in ₹ crore)

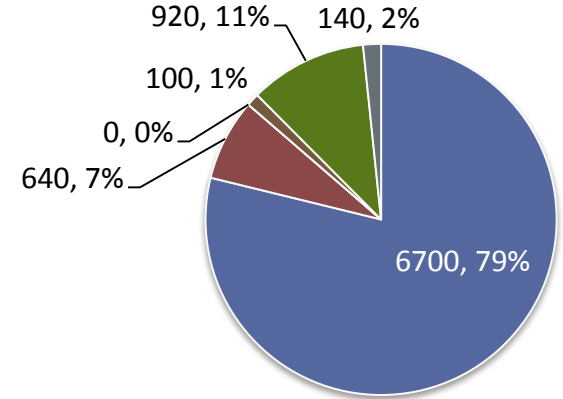
FY17-18
₹ 4,100 crore



FY18-19E
₹ 6,600 crore



FY19-20E
₹ 8,500 crore

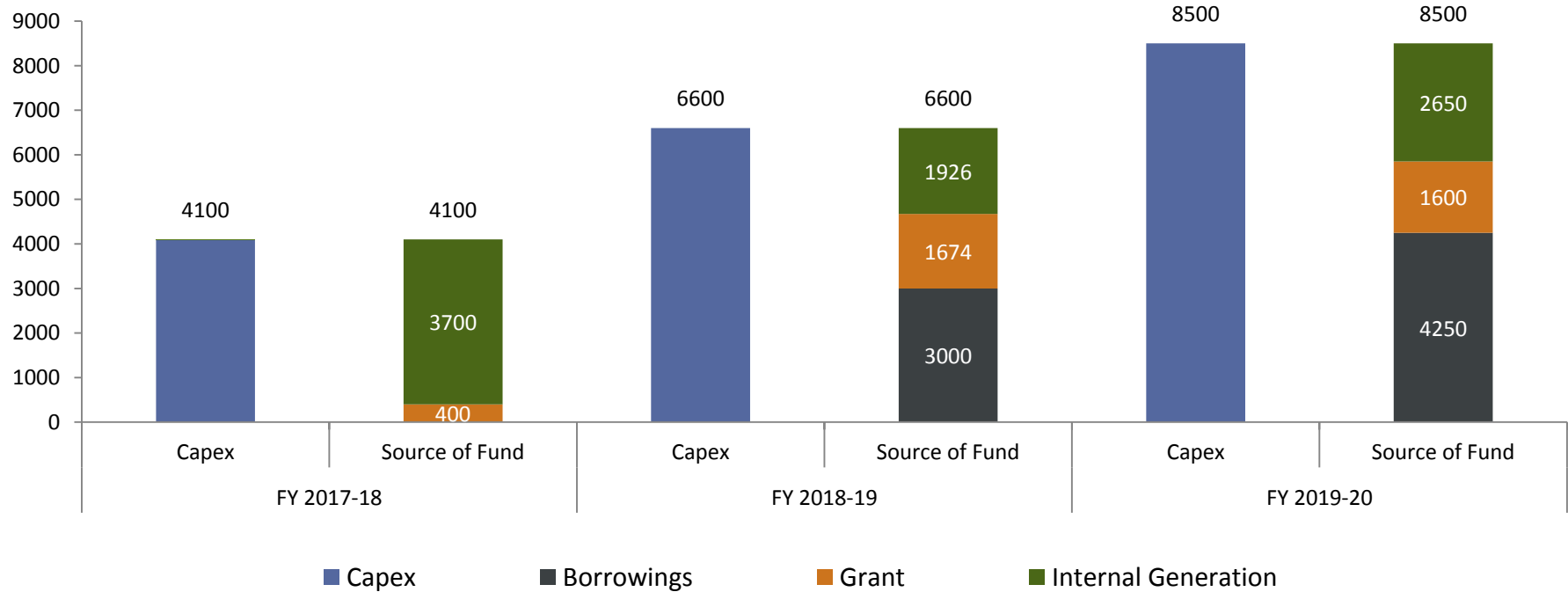


■ Pipeline
 ■ City Gas Distribution (Equity)
 ■ Petrochemical
 ■ E&P
 ■ Equity Investments
 ■ Operational Capex

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

Capex & Source of Funds

(in Rs. crore)



Actual Capex & Capital Commitment in Major Projects

(in Rs./crore)

Name of Projects	Lengths of Pipelines (Km)	Approved Cost	Expected Completion Date	Capital commitment	Actual capex up to 31.03.2018
JHBDPL	2,655	12,940	Progressively upto Dec'2020	6,597	2,310
Section I	753	3,397	December'2018 (110 Km Phulpur –Varanasi section completed on 31.03.18)	2,470	1,961
Section II (2A & 2B)	900	4,363	December'2019	2,877	254
Section III (3A & 3B)	1,002	5,180	December'2020	1,250	80
KKMBPL-II	879	2,915	Feb'2019	2,400	1,645
VAPPL	672	4,309	APPL section by Dec'2018 & VAPL section by September'2019	2,216	688
Barauni Guwahati P/L*	721	~3,300	November'2021	-	-

Industry Outlook



India's Energy Outlook 2040

+165%

Growth in India's energy
Consumption

11%

Share of Global energy
consumption in 2040

+184%

Growth in India's energy
production

22%

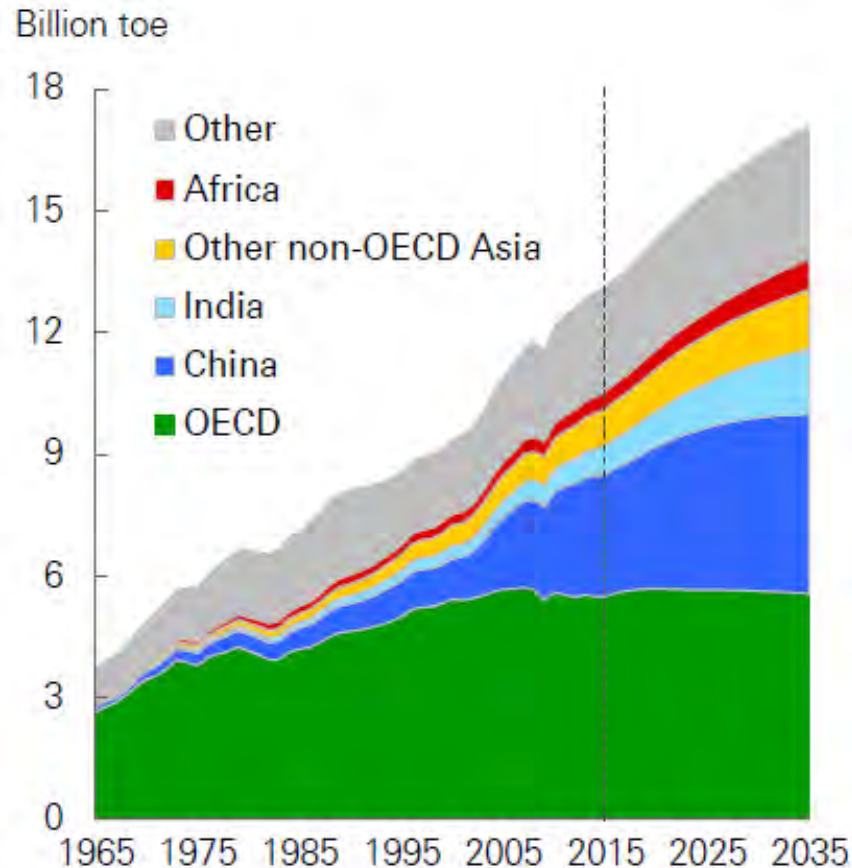
Share of renewables in
total production in 2040

India's energy consumption grows the fastest among all major economies by 2040 with coal contributing most to meeting this demand followed by renewables

- ❑ India's energy consumption grows by 4.2% p.a., faster than all major economies in the world
- ❑ India overtakes China as the largest growth market for energy by late 2020s
- ❑ Renewables become the second largest source of domestic energy production overtaking gas and then oil by 2020.

- ❑ India's demand growth of 165%, nearly three times the overall non-OECD growth of 61%, also outpaces each of the BRIC countries: China (+41%), Brazil (+60%), and Russia (+6%)
- ❑ The share of coal in the energy mix falls from 57% in 2016 to 50% by 2040, while the share of renewables rises from 2% to 13%
- ❑ Power consumption more than trebles (+241%) and while coal remains the dominant fuel source, its share of generation drops from 77% in 2016 to 64% in 2040 as renewables rise from 5% to 23%
- ❑ Energy production as a share of consumption increases from 56% in 2016 to 60% by 2040 while imports rise by 141%
- ❑ By 2040, India's energy intensity of GDP is 37% lower than in 2016 while carbon intensity of energy use is down by 13%

Energy Consumption Trend: World



- ❑ World economy is expected to almost double over the next 20 years, with growth averaging 3.4% p.a. largely driven by increases in productivity (i.e. GDP per person)
- ❑ The world's population is projected to increase to reach nearly 9 billion people by 2035
- ❑ Expected growth in the global economy is driven by emerging economies, with China and India accounting for around half of the increase
- ❑ Energy consumption is expected to grow less quickly (1.3% p.a.) than in the past (2.2% p.a. 1995 to 2015)

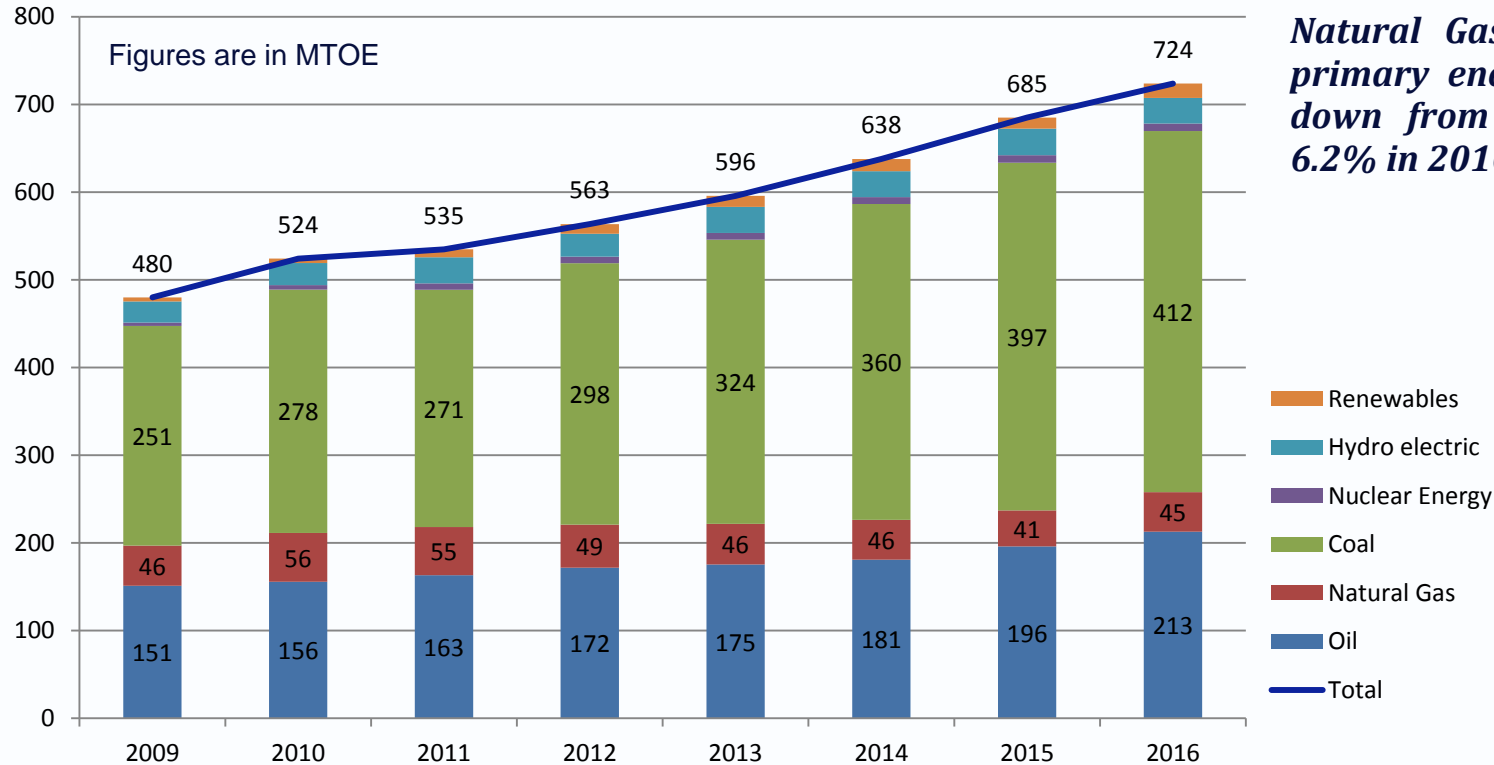
Global Primary Energy Basket – A Comparison

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)

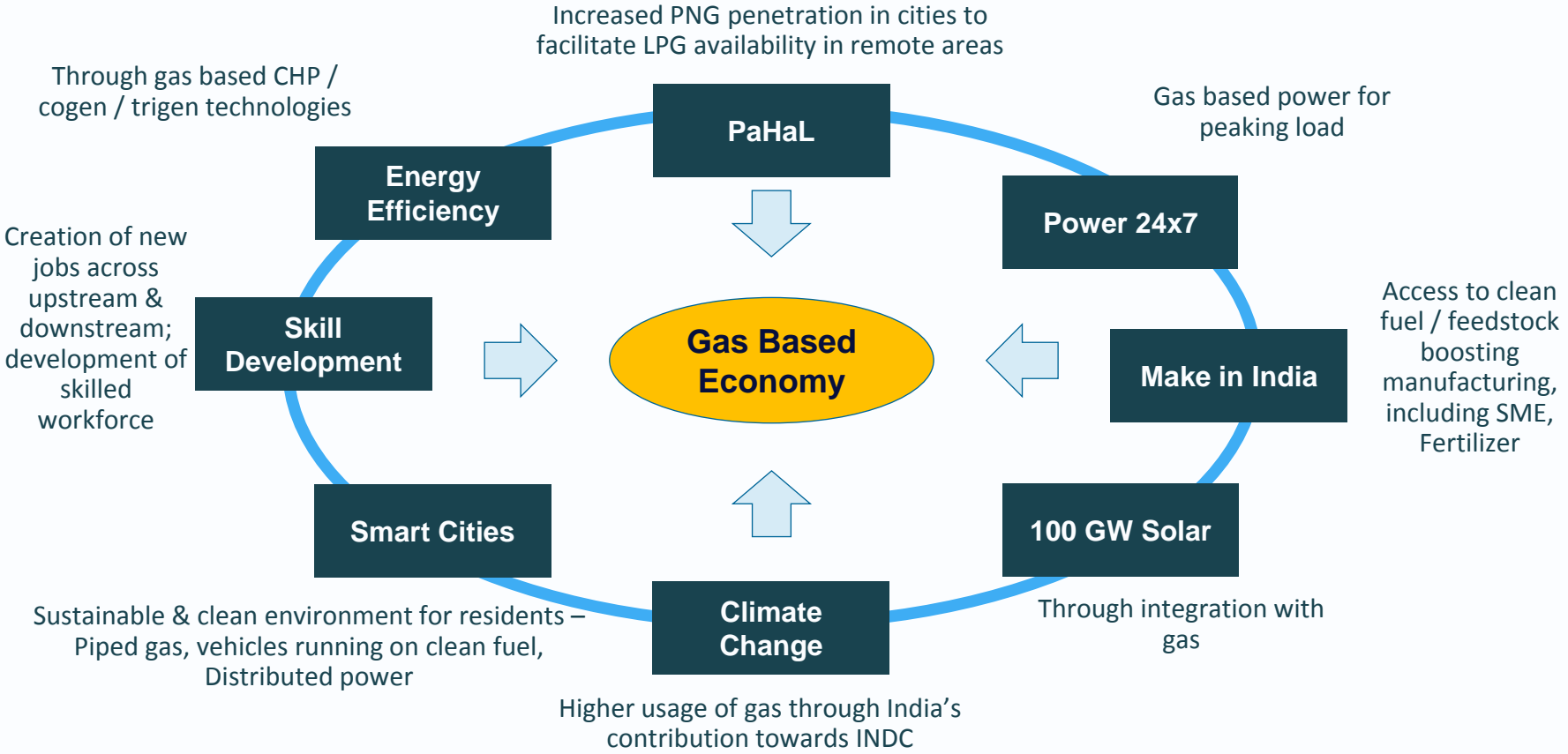
- India is the 3rd largest energy consumer after China and US, 2nd in Coal and 3rd in Oil.
- Natural gas consumption in India is 6.2% against World average of 24% (14th largest consumer)

India's Primary Energy

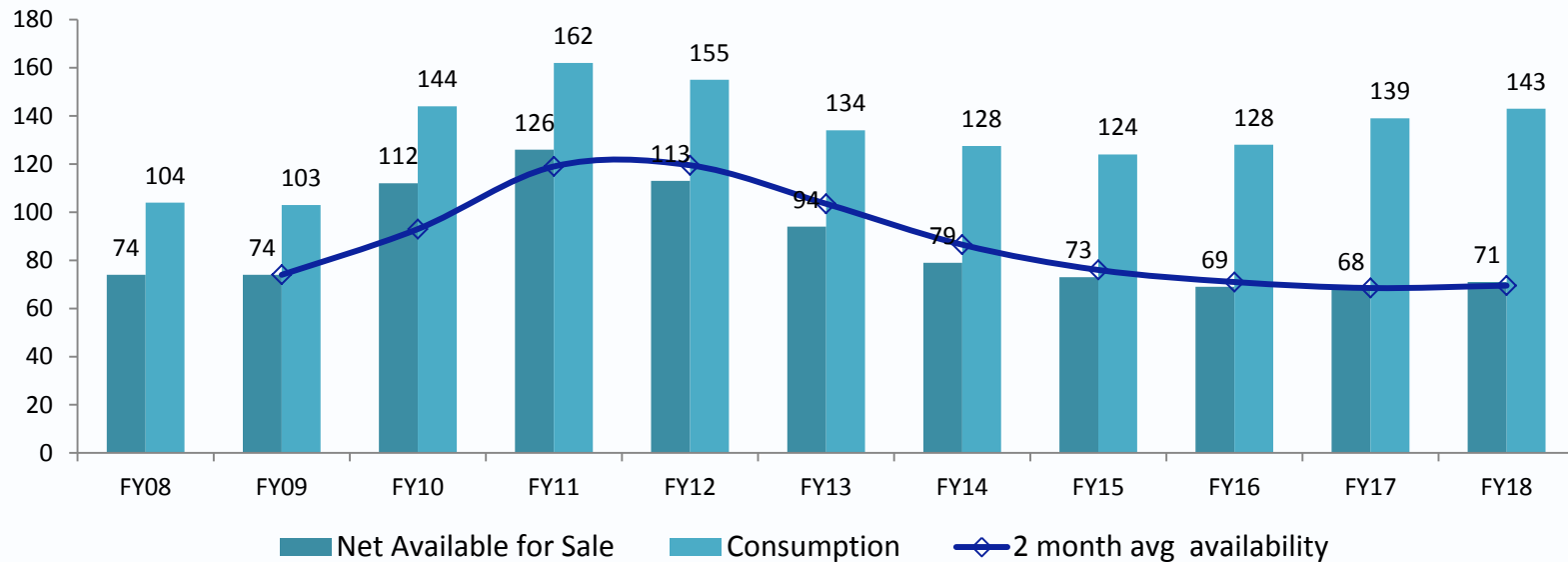


Natural Gas Share in India's primary energy mix has gone down from 11% in 2010 to 6.2% in 2016.

Gas Developments: Support to Major Initiatives of GoI



Historical Production & Consumption Pattern



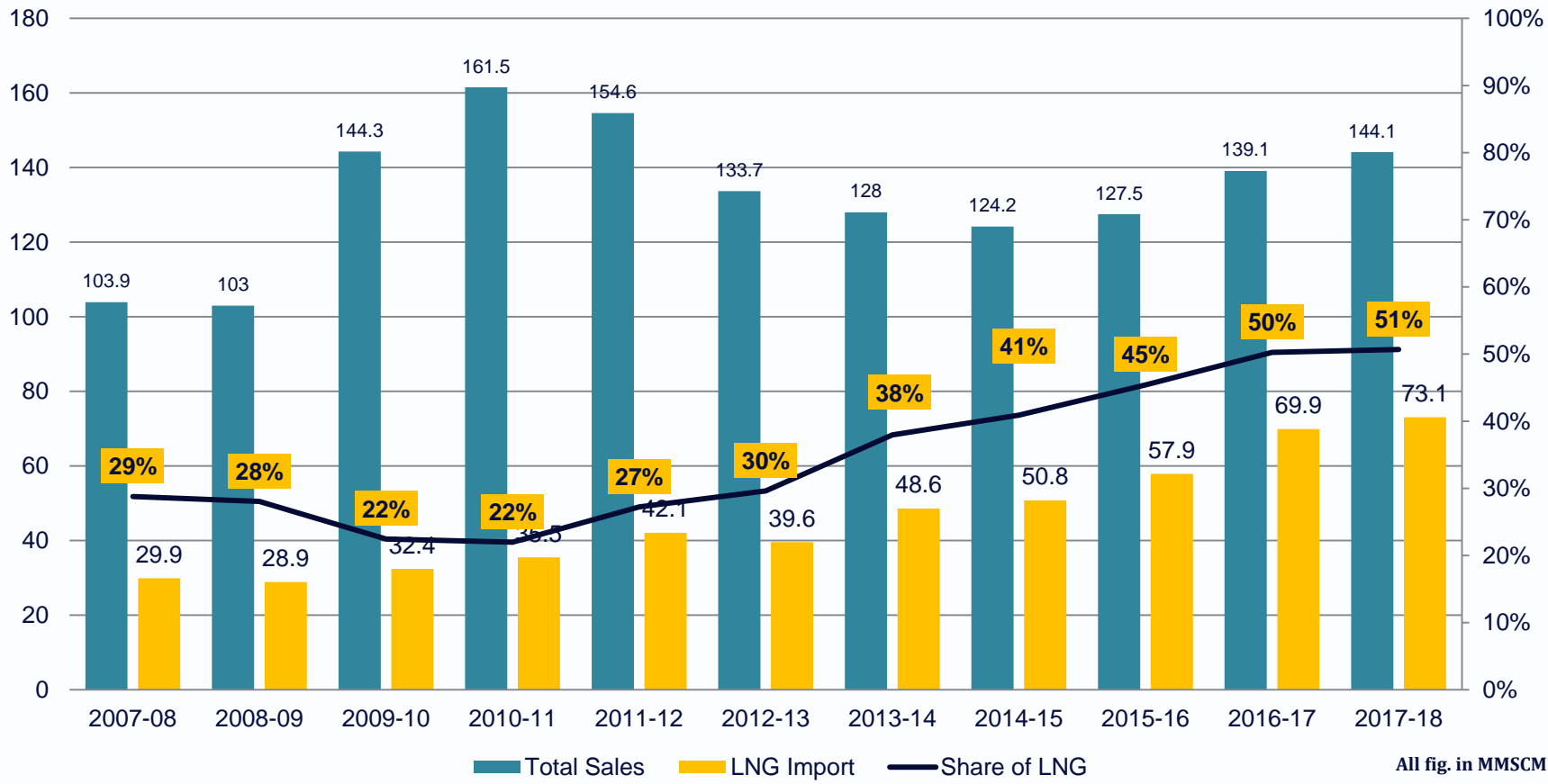
Declining domestic production is a major concern for Indian gas market

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

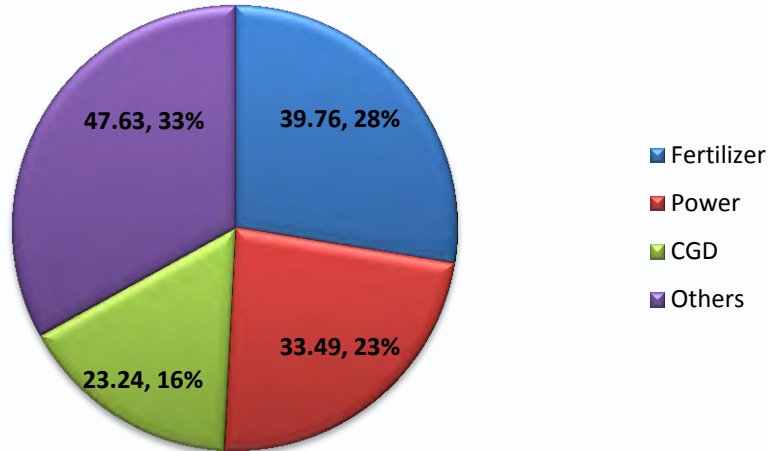
LNG imports have consistently increased over the years



All fig. in MMSCMD

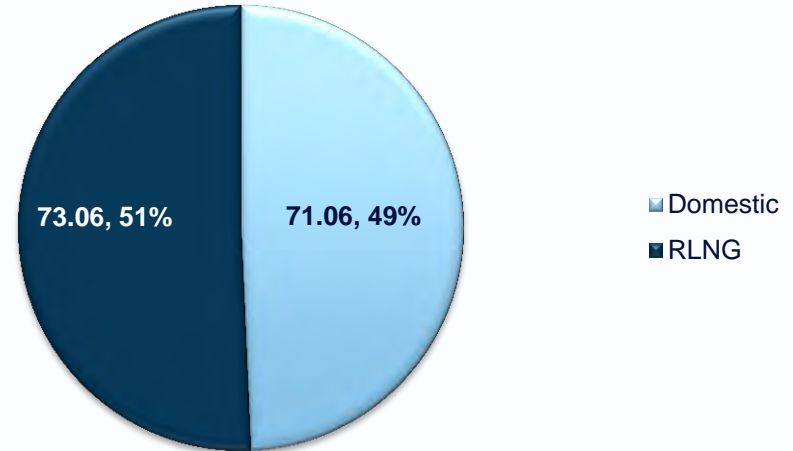
Natural Gas Consumption Pattern - India (2017-18)

Sector-wise Break-up



Gas-wise Break-up

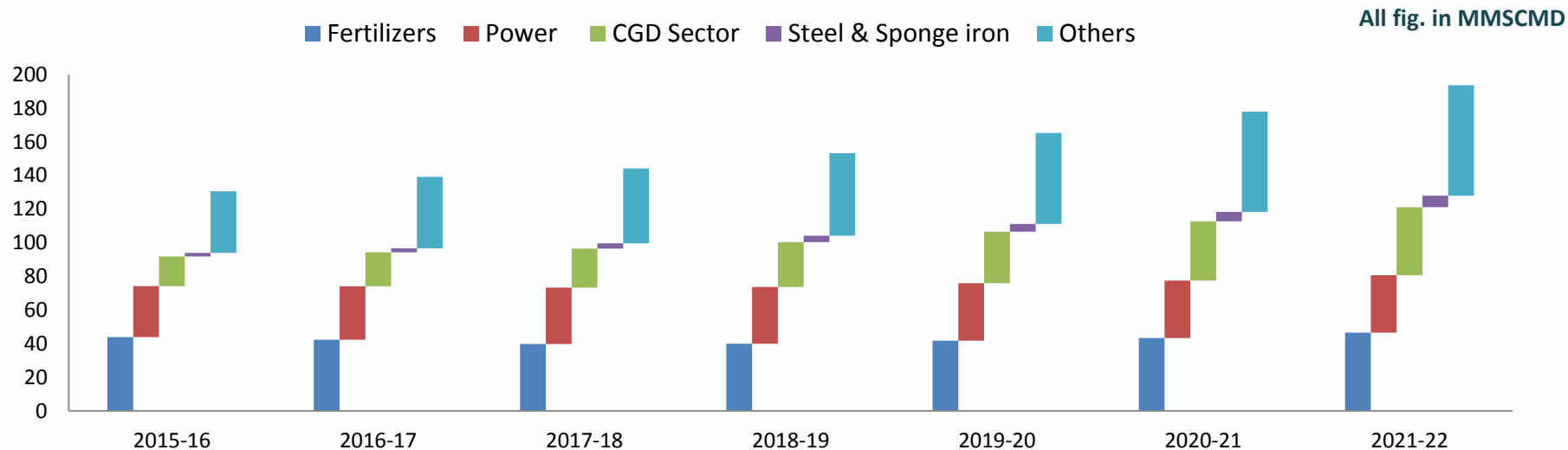
Volume in MMSCMD



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

Power and Fertiliser - Anchor Markets
Industrial and City Gas - Growing Markets

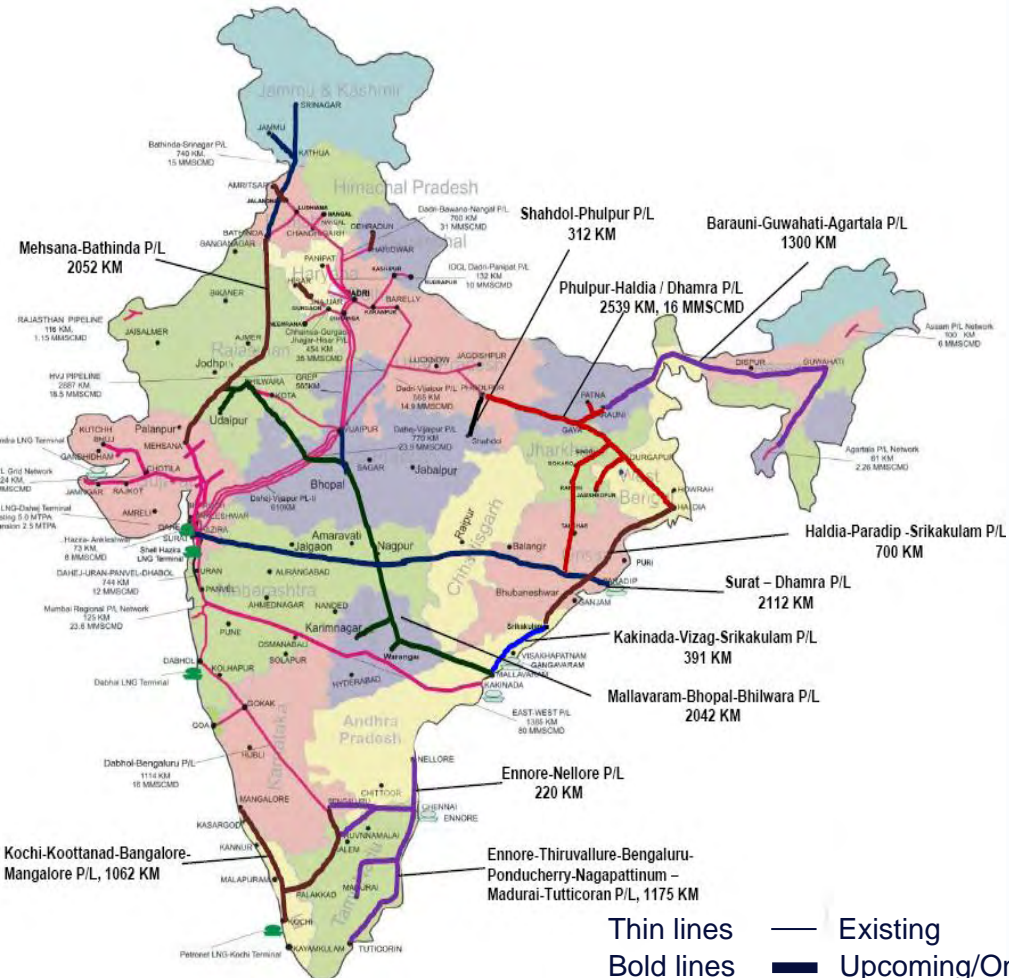
India Gas Sectoral Demand Projections till 2021-22



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)

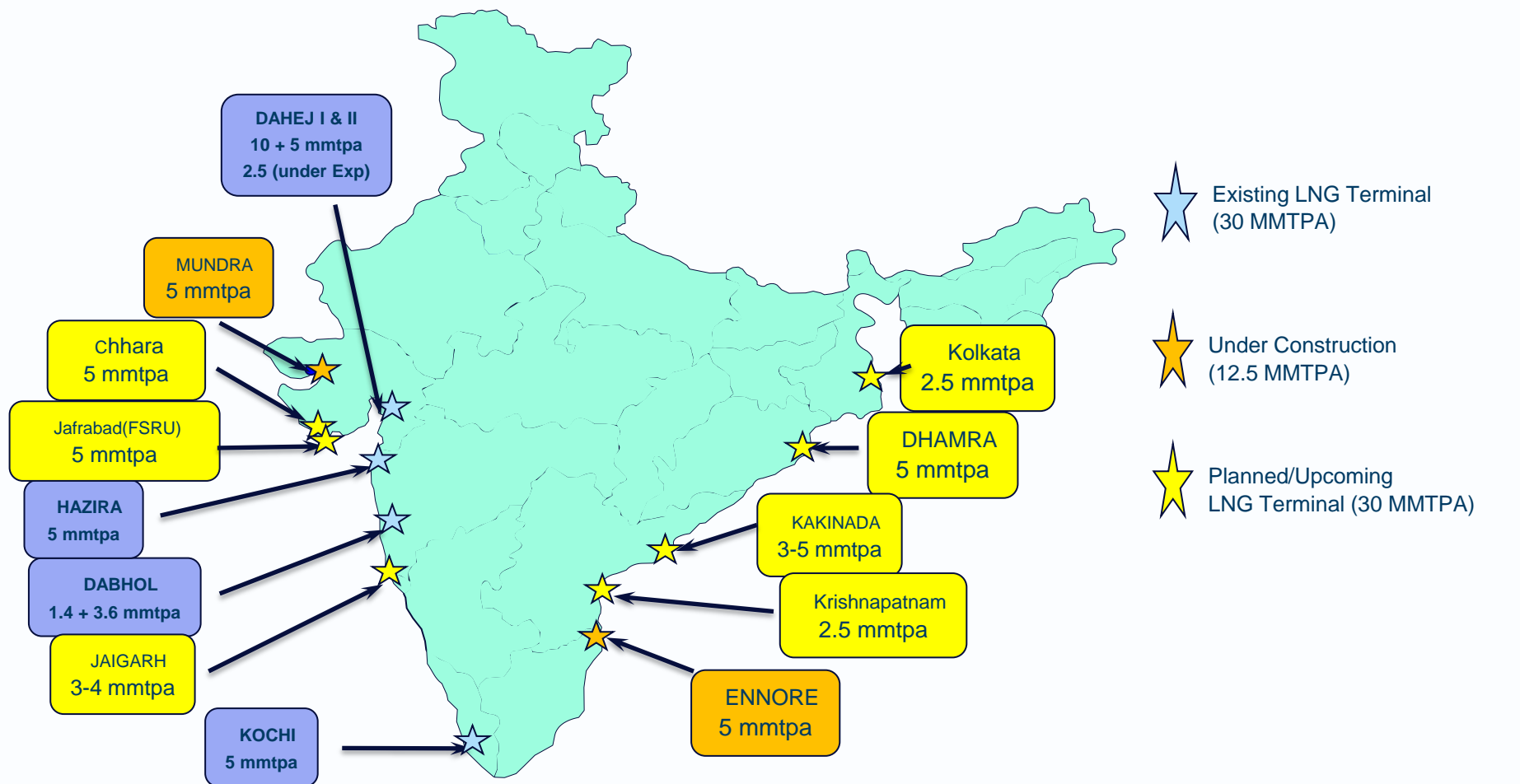
Gas pipeline infrastructure in India



Pipeline Length (kms)	Existing	Upcoming & Auth.
All India P/L Length	16667	13060
GAIL P/L length	11167	4878

Thin lines — Existing
 Bold lines — Upcoming/Ongoing

Regasification Terminals in India



Petrochemical Business Outlook

- ❑ CAGR (2013-17) growth in 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 45 kg.
- ❑ World average per capita consumption of Plastics is ~28 Kg with US consuming as high as 109 Kg per capita
- ❑ Future Polymer demand growth is estimated ~8-9% p.a: 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*

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.
- ❑ **Other Initiatives**
 - ❑ *Skill Development Program on "Plastic Product Manufacturing" with CIPET*
 - ❑ *Productivity Enhancement Program at customer premises*

G-Lex

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

G-Lene

Petrochemical Business Outlook

Indian HDPE&LLDPE
Demand v/s Capacity-

HDPE+LLDPE	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	5,000	5,000

Indian HDPE & LLDPE
Demand to Surpass Capacity
By 2020-21

- ❑ PE demand grew at 9%
- ❑ Indian PE consumption to Surpass its Capacity by 2020-21
- ❑ HMEI's PE plant (1250 KTA) is likely to be commissioned by 2021-22
- ❑ Future demand drivers for 8-9% growth in PE
 - ❑ *Packaging Industry*
 - ❑ *Ecommerce driving packaging*
 - ❑ *Automobile /Construction Industry*
 - ❑ *Agriculture Industry*



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: Rs. 60,000 cr to 70,000 cr**
 - ❑ Existing capacity ~ 384 MMSCMD; Being executed by GAIL – ~32 MMSCMD;
 - ❑ Authorized by PNGRB since 2011 & yet to be executed - ~ 531 MMSCMD.
 - ❑ **LNG terminals: ~ Rs. 25,000 cr**
 - ❑ Increase in capacity by ~ 24 MMTPA from existing of ~ 30 MMTPA
 - ❑ **Gas based Fertilizer sector : ~ Rs. 30,000 cr**
 - ❑ 4 revival units, 1 expansion unit, 1 greenfield unit
 - ❑ **CGDs : Rs. 70,000 cr - 80,000 cr**
 - ❑ 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 (*Source: DGH*)
- ❑ **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 & 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



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

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

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Thank you

