



GAIL (India) Limited

Investors' & Analysts' Meet 2020

New Delhi, June 25th, 2020



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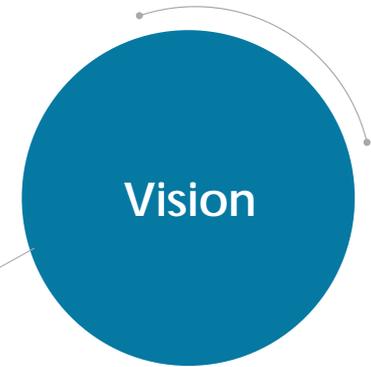
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Enhancing quality of life through clean energy and beyond



Be the leader in natural gas value-chain and beyond, with global presence, creating value for stakeholders with environmental responsibility



1

Company Overview

2

Performance Highlights

3

Industry Outlook & Strategy

4

Questions & Answers

Major Business Portfolio



Gas Transmission & Marketing

- Over **12,400** KM of Network
- Long Term Portfolio of **~14 MMTPA**



Petrochemicals

- **~17.5%** domestic market share
- Capacity of **810 KTA** at Pata & **280 KTA** at BCPL



Liquid Hydrocarbons

- **Five** LHC Processing Plants
- **1,425** KTA of Capacity
- **3.8 MMTPA** of LPG Tran Capacity through Pipeline network over 2,000 KM.



E&P

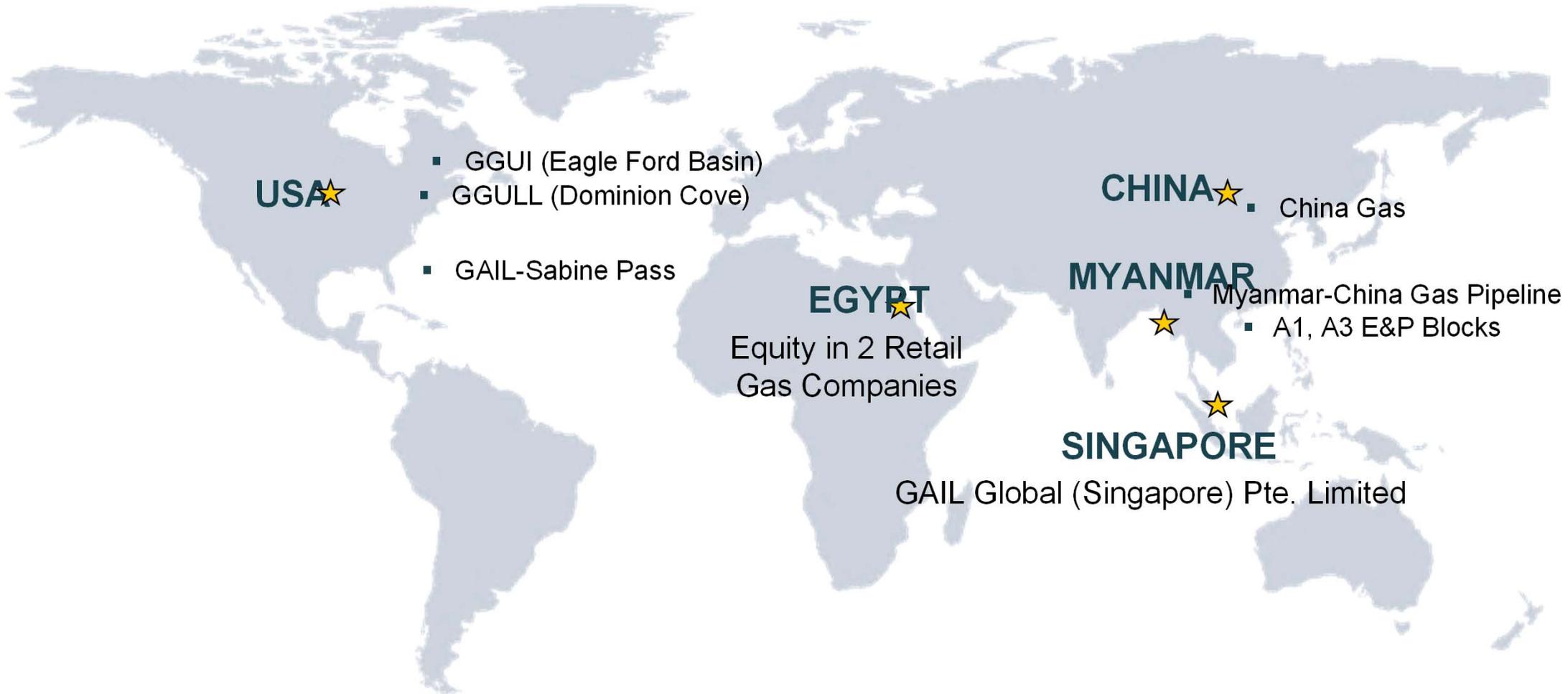
- Participation in **12** Blocks
- Presence in US & Myanmar



Renewables

- **118 MW** of Wind Power Capacity
- **12.3 MW** of Solar Power Capacity

Global Presence



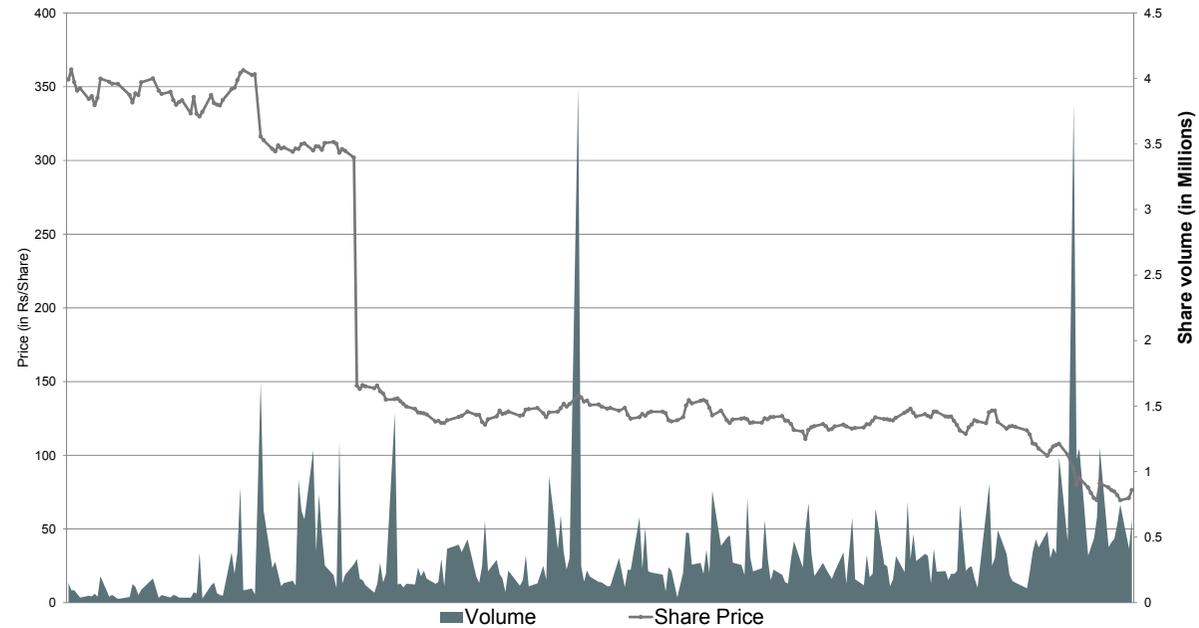
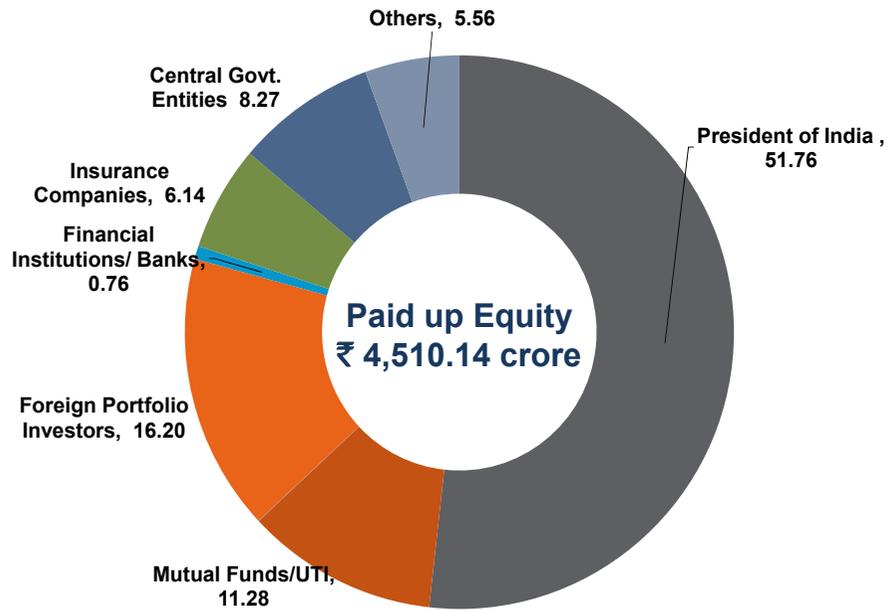
Sustainable Development

- ❑ In FY 19-20, GAIL has embarked upon journey of adoption of Green Co Rating. This rating helps in making products, services and operations greener.
- ❑ GAIL has published externally assured 10 Annual Sustainability Reports based on the GRI Sustainability Reporting Standards
- ❑ Total renewable Energy portfolio of GAIL is around 128 MW
- ❑ More than 40 % of GAIL Land Holdings are covered by Green Belt and Water Bodies across all Locations
- ❑ GAIL has been included in the "FTSE4 Good Emerging Index" for 3rd year in a row
- ❑ GAIL revised its Sustainability Policy considering the new national and international developments such as UN Sustainable Development Goals (SDGs), India's Nationally Determined Commitments (NDCs) among others.



Shareholding Pattern

Market Capitalization as on 31st Mar'20 : ₹ 34,525 crore



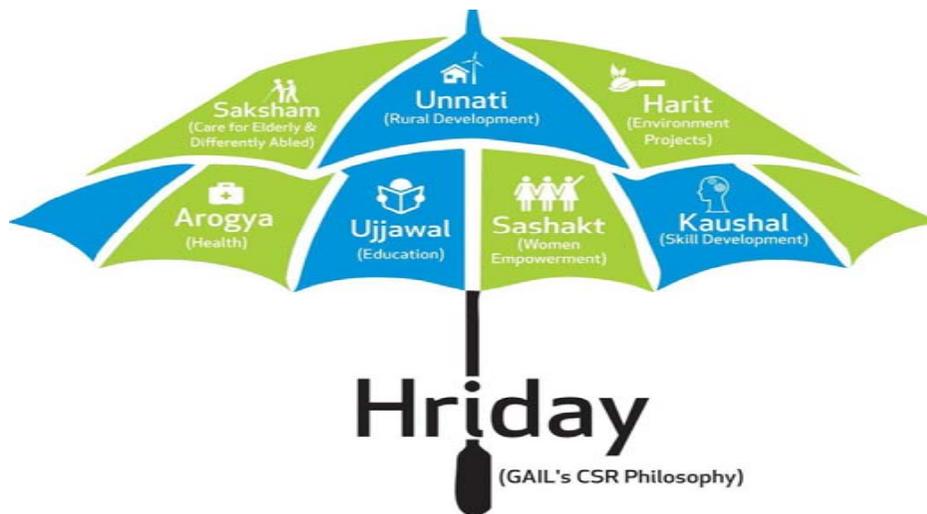
- GAIL issued bonus share in the ratio of **1:1** during the year
- Shareholding of President of India came down from 52.19 % to 51.76 % as on 31st of March'20 on account of divestment via Bharat 22 ETF

Year	FY15	FY16	FY17	FY18	FY19	FY20
Dividend Declared (₹/Share)	6.00	5.50	9.08	7.18	8.02	6.40

Source: BSE Website; Note: Shareholding pattern & other data as on 31st Mar 2020 as per BSE website; Dividend per share is calculated as per the closing paid-up capital for the respective year.

Corporate Social Responsibility

Our CSR Umbrella



GAIL CSR endeavours are embodied under GAIL Hriday Umbrella.

GAIL has achieved spends of Rs. 125.30 crs (2.01%), against mandated 2% (Rs. 124.79 crs.).

MAJOR HIGHLIGHTS

1. GAIL UJJAWAL (Education Centric Initiatives):

- **200 meritorious & marginalized students** received residential coaching at **GAIL Utkarsh centres** for admission into IITs/NITs and other Engineering colleges.

2. GAIL KAUSHAL (Skill Initiatives):

- **432 candidates trained** at GAIL Institute of Skills at Nagaram (Rajahmundry) and Guna (MP) in skill trades related to Hydro Carbon Sector
- **221 candidates trained in Plastic Product Manufacturing** from 07 centres of Central Institute of Plastic Engineering & Technology (CIPET).
- **Provided support towards collaborative project with MoP&NG and PSEs on contribution to 06 Skill Development Institutes (SDIs)** at Rae Bareli, Bhubaneshwar, Kochi, Vishakhapatnam, Ahmedabad & Guwahati.

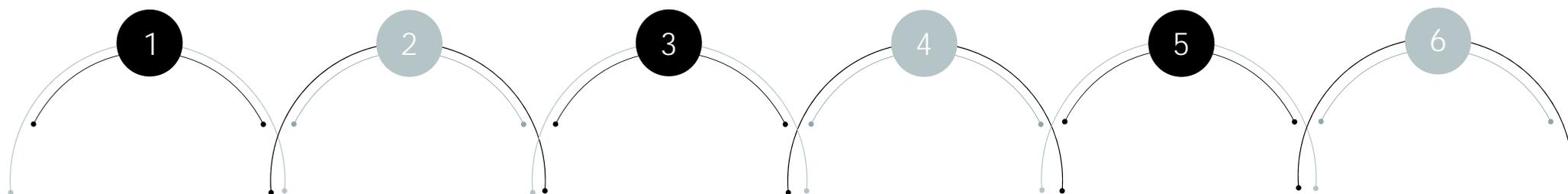
3. GAIL AROGYA (Health & Sanitation Initiatives):

- **67 Mobile Medical Units (MMUs) operated across 51 districts in 15 States of India.**
- **TB Eradication programme:** Support provided for eradication of TB in villages around Auraiya & Firozabad districts in Uttar Pradesh and in villages around Barpeta & Darrang districts in Assam.
- **Supported construction of 203 Toilets** in Government schools in Assam, Uttar Pradesh, Madhya Pradesh & Jharkhand.
- **Supported installation of 1400 Handpumps & 75 RO Plants** in interiors of Uttar Pradesh, Assam, Telangana and Bihar .

4. GAIL UNNATI (Rural Development Initiatives):

- **GAIL Neer-Nidhi:** Support being provided for watershed management and livelihood promotion activities in 17 villages of District Guna (MP).
- **Supported development of 03 Live Stock Centres (ILDCs) at Guna (Madhya Pradesh).**

Major Highlights for FY 2019-20



1
GAIL's Registered Turnover of ₹ **71,730 crore** and Net Profit of ₹ **6,621 crore** in FY 2019-20

2
GAIL opted for new corporate income tax rate @ 25.17%

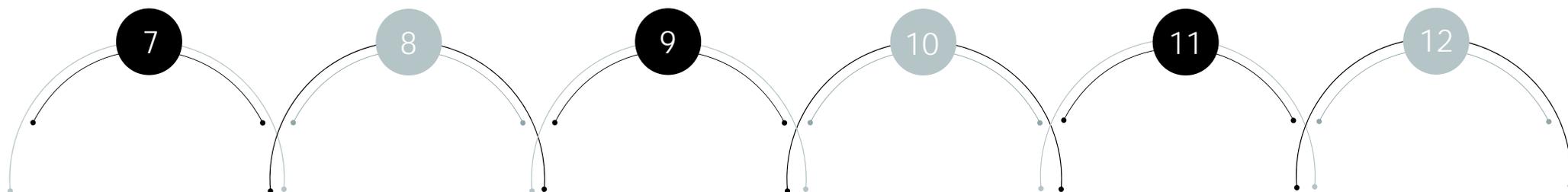
3
KLL has become subsidiary of GAIL, with 69.06 % shareholding of GAIL

4
Settlement of 44 income tax cases involving 21 years under "Vivad se Vishwas Scheme" resulting in reduction of Contingent liability of ₹ 1,900 crore and Increase in tax expense by ₹ 918 crore

5
Received Capital Grant of ₹ 1,552 crore in FY20 (Cumulative ₹ 3,609 cr. out of ₹ 5,176 crore)

6
Received NIL Comments from C&AG for FY 2018-19, 10th Year in a row.

Major Highlights for FY 2019-20



Part of KKMBPL-II; Gorakhpur & Patna Spurline under JHBDPL. Capitalised. Capex for FY 2019-20 ~ ₹ 6,100 crore

All the Six CGD's awarded to GAIL under JHBDPL Pipeline are now operational.

Loan taken during the year ₹ 4,350 crore (Loan outstanding ₹ 5,257 crore) including Short Term Loan

GAIL, Pata received 16th National Awards for Excellence in Cost Management-2018 from Institute of Cost Accountants of India (ICAI)

Digitization Initiatives:

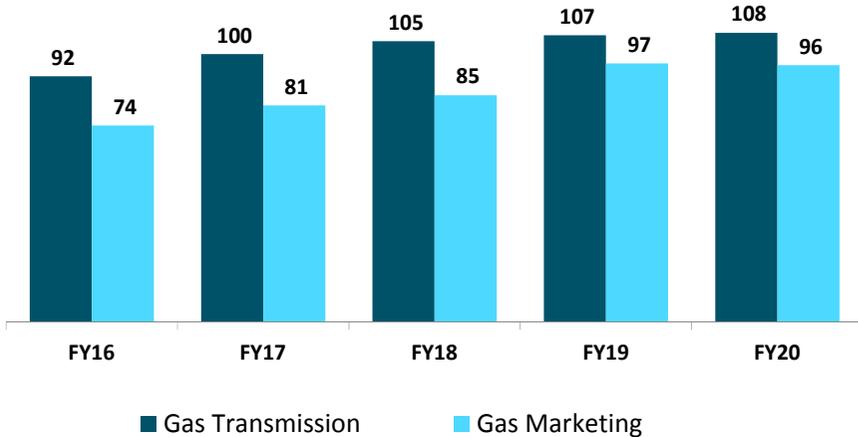
- Digitization of employee claims (Medical and Travel)
- e - Measurement portal (Anjani),
- Automation in capitalization and buyback of employee assets
- Remote DD printing

Credit Rating – Domestic “AAA”, International - Moody's : “Baa3” Negative Outlook, Fitch : “BBB -” Negative Outlook

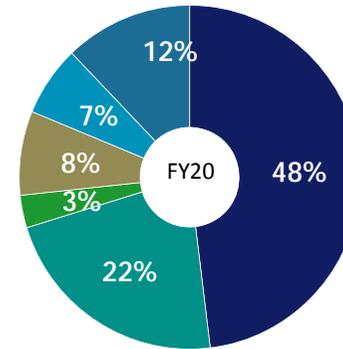
Physical Performance

Gas Volume Trend

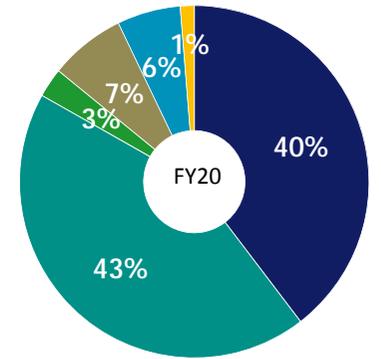
(MMSCMD)



Gas Marketing Mix



Gas Transmission Mix

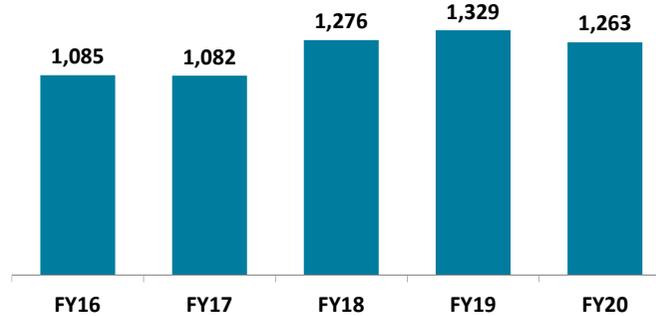


Legend: ■ APM/NAPM ■ RLNG ■ PMT ■ Spot ■ Mid Term ■ Overseas Sales

Petrochemicals Sales

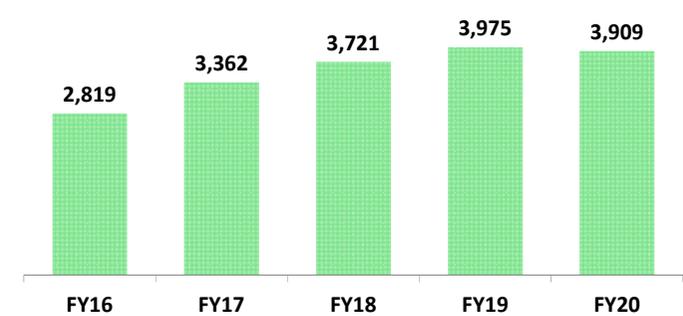


Liquid Hydrocarbons Sales



LPG Transmission

(TMT)

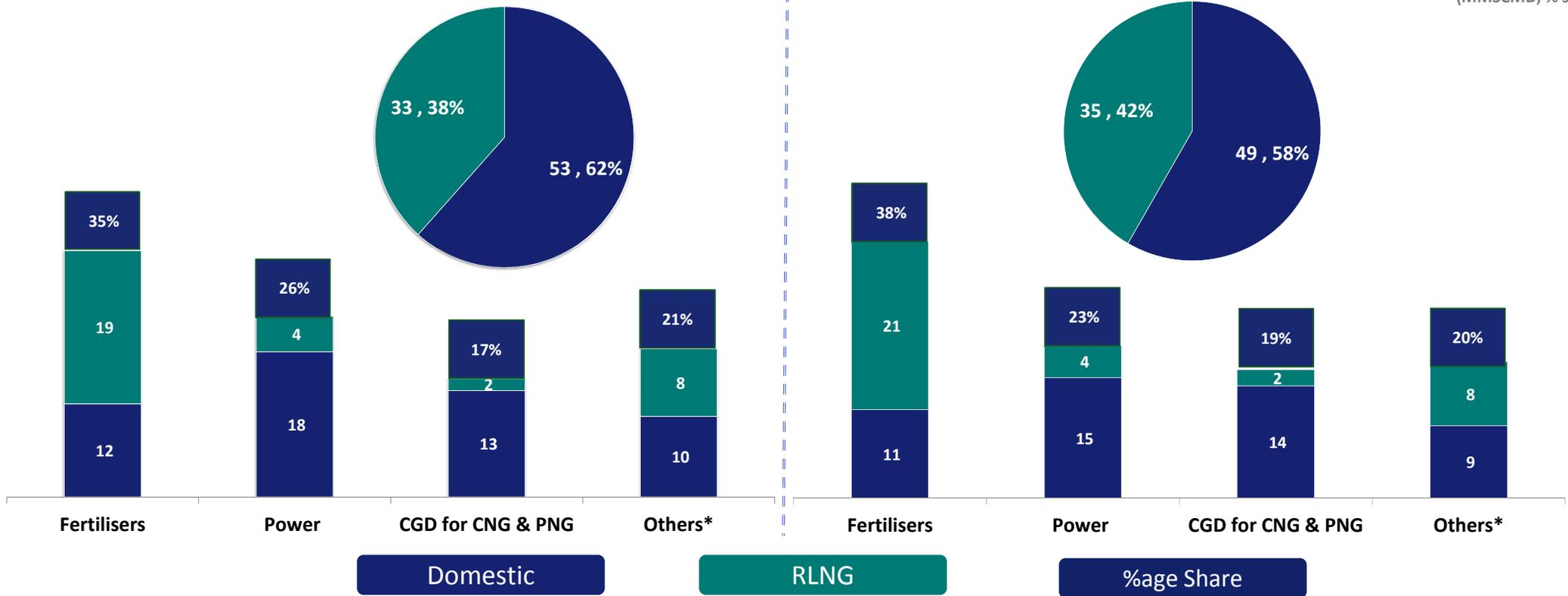


Gas Sourcing & Sector Wise Supply

FY 2018-19

FY 2019-20

(MMSCMD, % share)

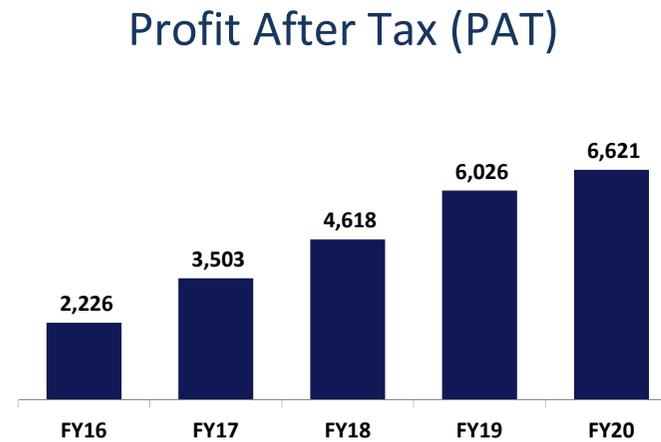
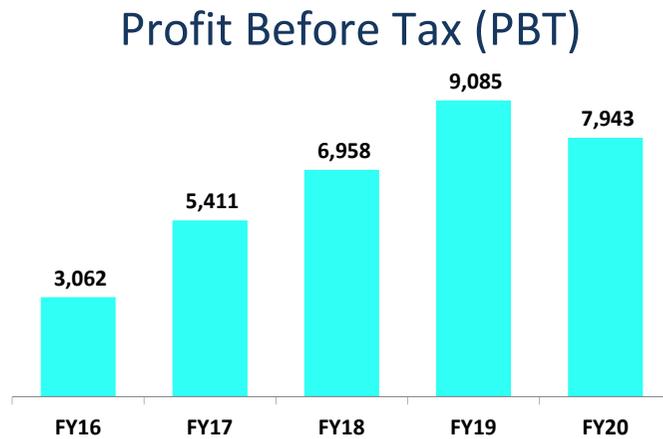
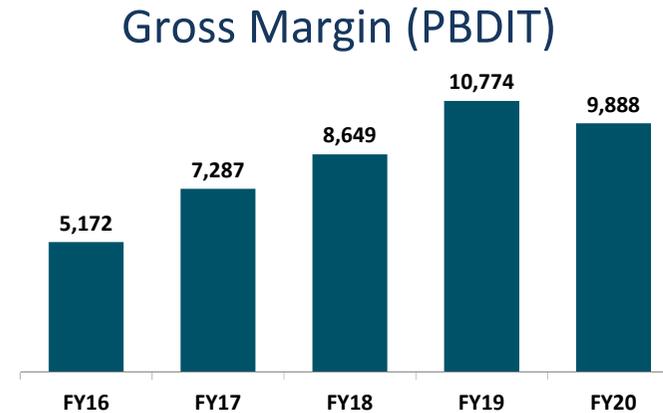
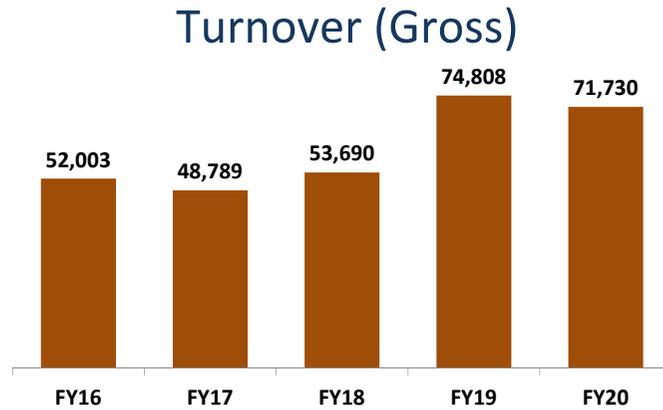


- Imported Gas primarily consists of Long Term RLNG, Mid Term RLNG and Spot
- Major sources for domestic gas are ONGC(APM & Non APM), Ravva, Ravva satellite etc.
- Highest demand of Natural Gas from Power & Fertilizer companies
- The above number excludes Gas Volume sold in the international markets ~10.5 MMSCMD for FY 19 & ~11.7 MMSCMD For FY 20

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

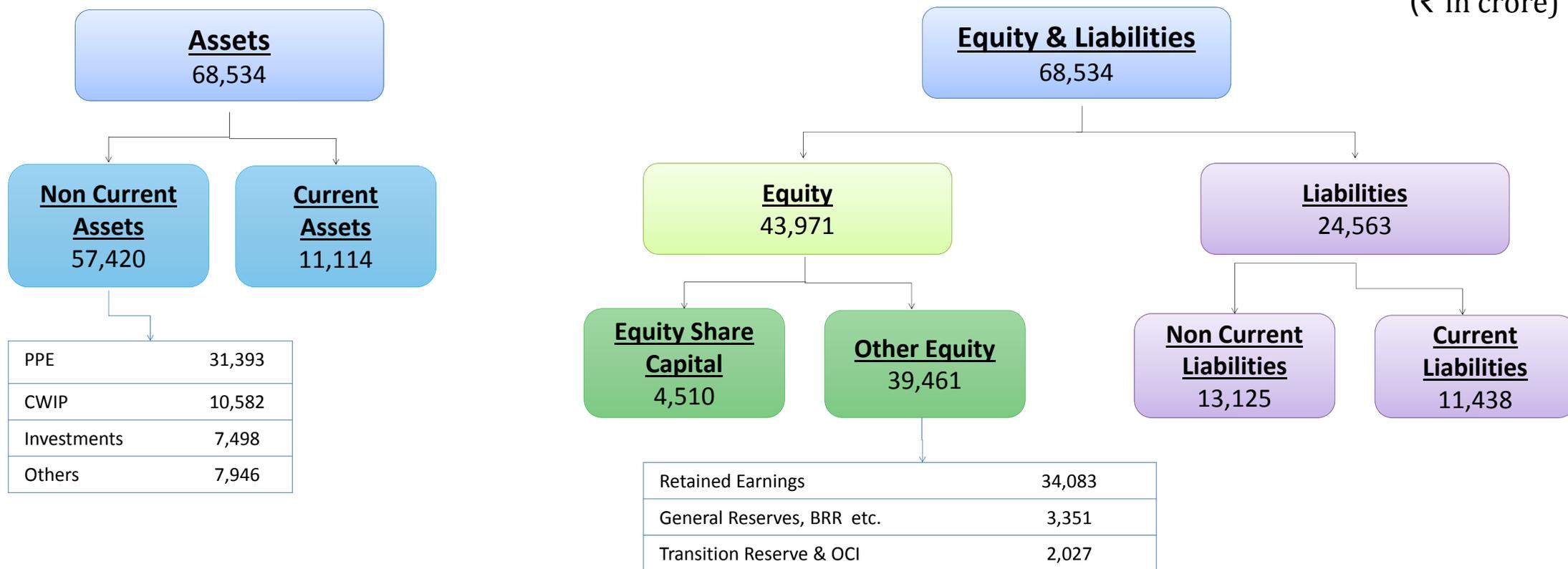
Financial Performance (Standalone)

(in Rs. crore)



Balance Sheet as on 31st March 2020

(₹ in crore)

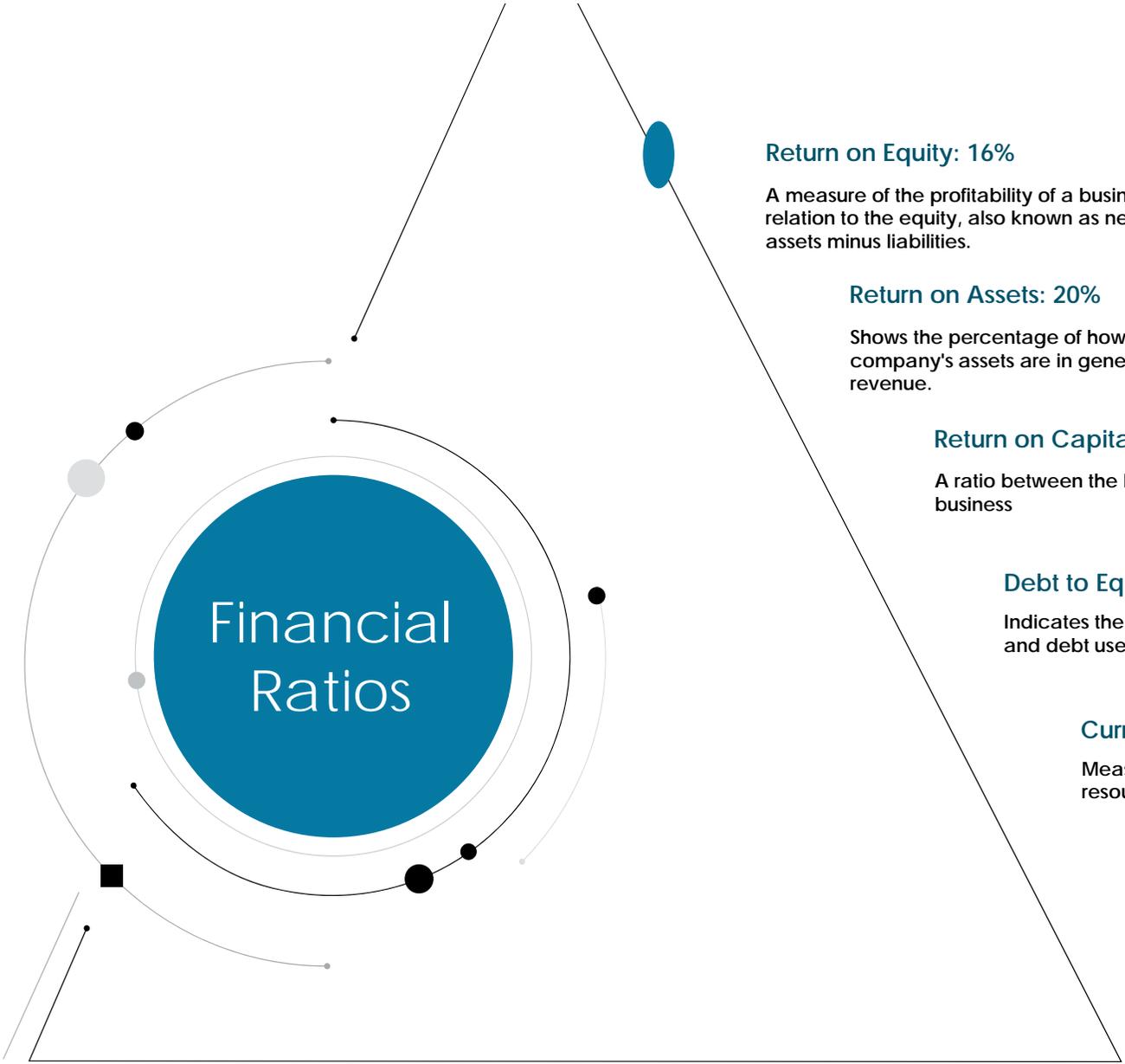


Capital Employed
₹ 52,431 crore

Net Worth*
₹ 41,854 crore

Loan Outstanding#
₹ 5,257 crore

* As per companies' Act # Includes Short term loan of Rs. 1,500 crore



Financial Ratios

Return on Equity: 16%

A measure of the profitability of a business in relation to the equity, also known as net assets or assets minus liabilities.

Return on Assets: 20%

Shows the percentage of how profitable a company's assets are in generating revenue.

Return on Capital Employed: 15%

A ratio between the PBIT and Capital invested in the business

Debt to Equity: 0.09

Indicates the relative proportion of shareholders' equity and debt used to finance a company's assets.

Current Ratio: 1%

Measures whether or not a firm has enough resources to meet its short-term obligations

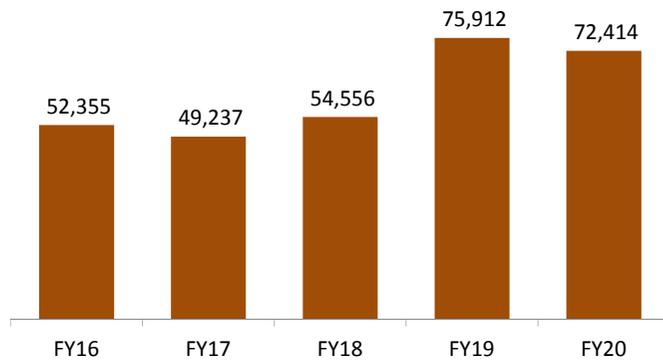
P/E Ratio: 5

The price/earnings ratio is the ratio of a company's share price to the company's earnings per share.

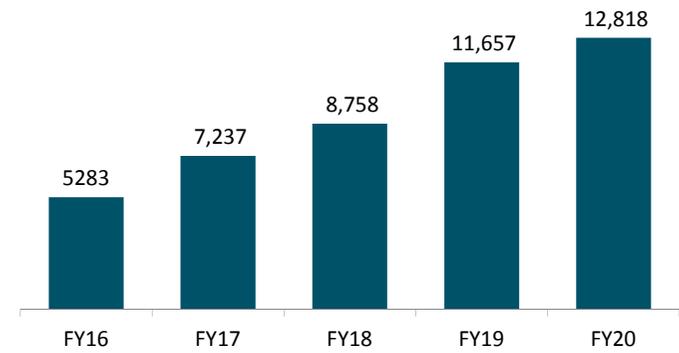
Financial Performance (Consolidated Basis)

(in ₹ crore)

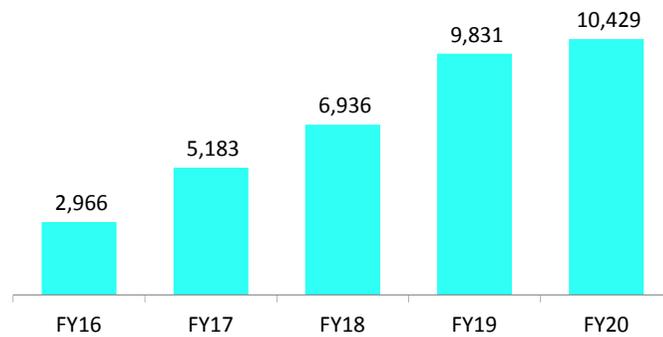
Turnover (Gross)



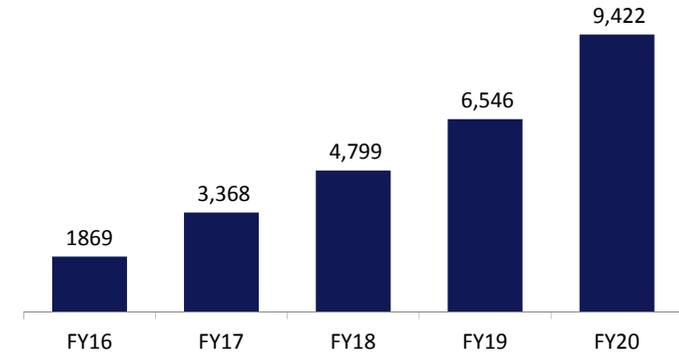
Gross Margin (PBDIT)



Profit Before Tax



Profit after Tax



Turnover (Gross) Reconciliation (Consolidated Basis)

(in ₹ crore)

Particulars	FY 20		Consolidated Turnover (Gross)
	Turnover (Gross)	Eliminations	
Standalone	71,876	9,681	62,195
GAIL Gas	5,144		5,144
GGSPPL	5,365	377	4,988
GGUI	5,408	5,286	122
BGCL	-	-	-
KLL	485	485	-
TNGCL	118		118
Less : Other Operating Income and discontinued operations			153
Total	88,396	15,828	72,414

PAT Reconciliation (Consolidated Basis)

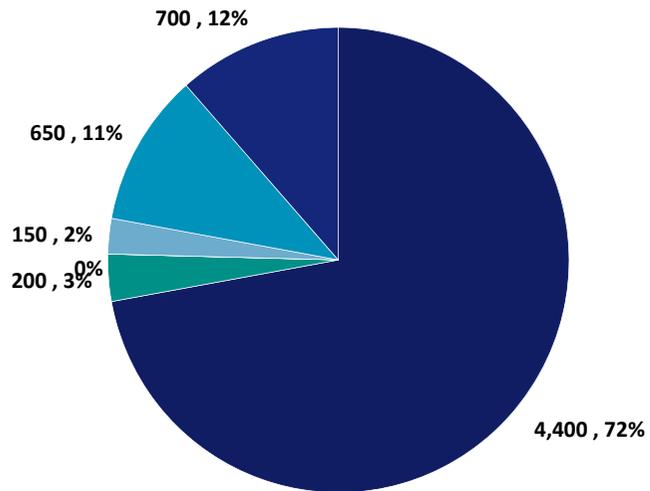
(in ₹ crore)

Particulars	% Share holding as on 31 st March 20	Investment (Net) as on 31 st March 20	FY'20
GAIL	NA	NA	6,621
Subsidiaries	-	2,069	342
GAIL GAS	100%	1,286	157
GG SPL	100%	42	5
GGUI	100%	11	(16)
Bengal Gas Company Limited	50%	25	(1)
Konkan LNG Limited (Less Non-Controlling Interest)	69.05%	690	187
TNGCL (Less Non-Controlling Interest)	48.98%	15	9
Associates		2,443	2,113
MGL	32.50%	32	245
PLL	12.50%	99	307
BCPL	70.00%	992	1,055
IGL	22.50%	32	273
Opal	49.21%	995	-
China Gas	2.87%	97	237
Fayum Gas	19.00%	8	2
Ramagundam Fertilizer	14.46%	188	(6)
Joint Ventures (JVs)	-	545	133
CGD JVs & Others (BGL, CUGL, GGL, MNGL, AGL, VGL, TAPI, IGGL)	-	545	133
Adjustments			214
Elimination of Dividend	-	-	(359)
Elimination Profit/Loss recognized from investments	-	-	(102)
Others	-	-	675
Consolidated	-	-	9,422

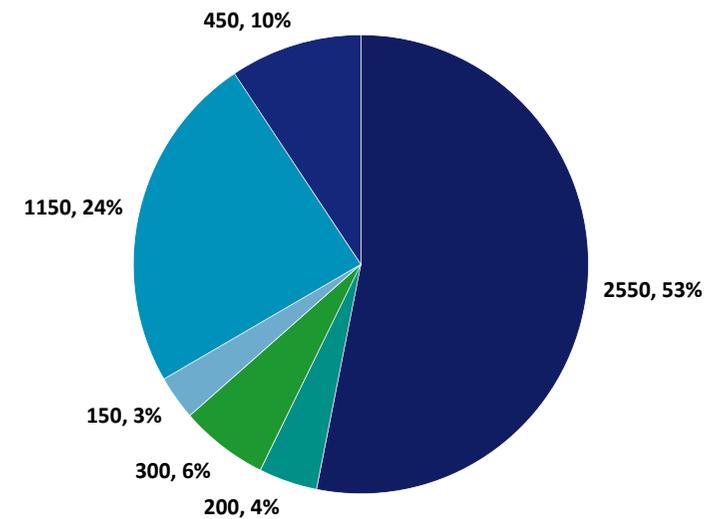
Capital Expenditure Profile

(in ₹ crore)

FY 2019-20
~ 6,100 crore



FY 2020-21E
~ 4,800 crore



■ Pipeline

■ City Gas Distribution

■ Petrochemical

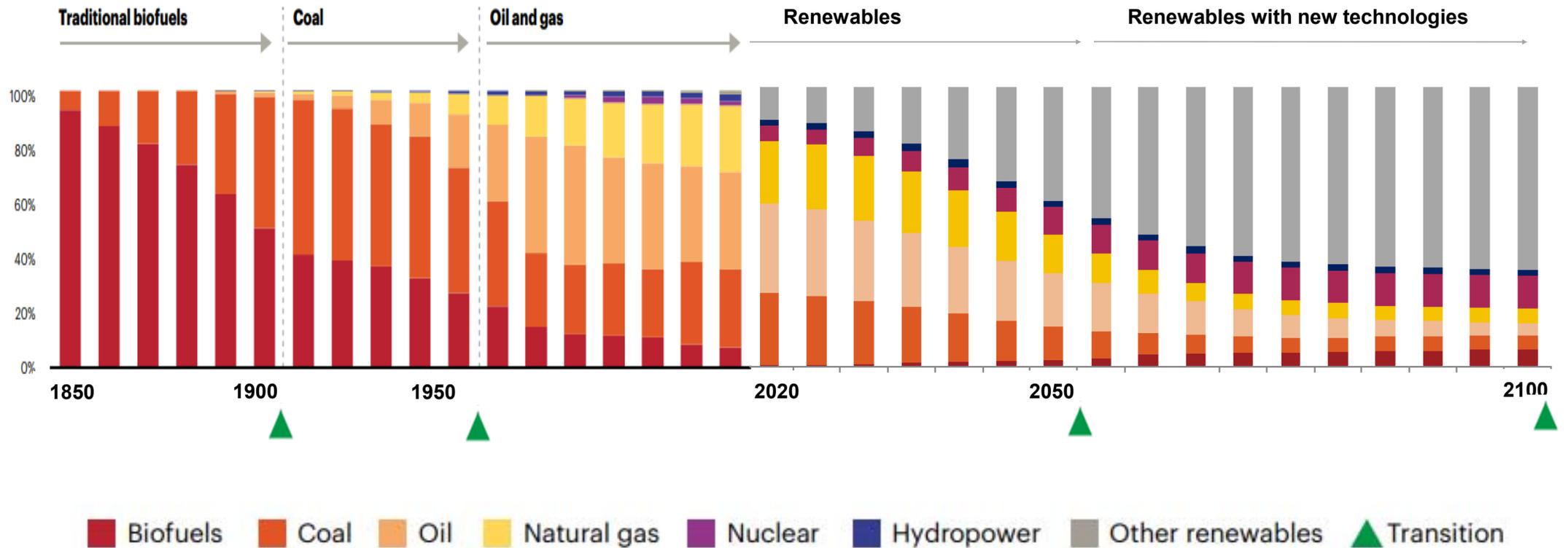
■ E&P

■ Equity Investments

■ Operational Capex

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

On-going Transition in Energy Mix



Source: Shell past data and Shell Scenarios – Sky

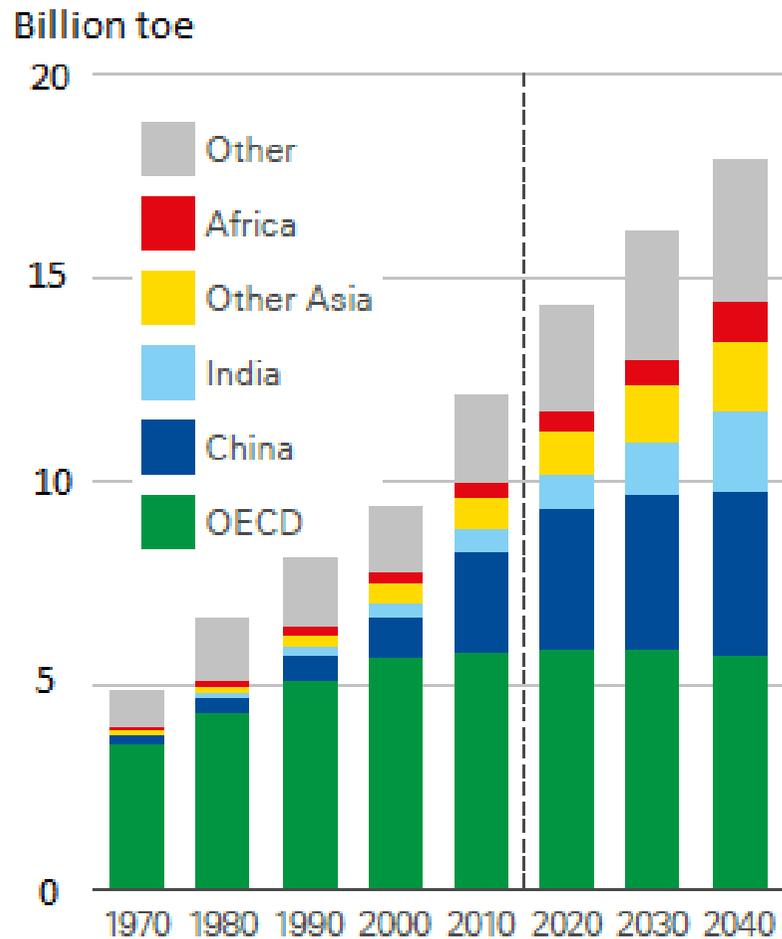
Gas to peak last among fossil fuels



- Varied estimates on oil, though oil usage for transport will peak by 2025-2030
- Gas is the last fossil fuel to peak and remains longer than other fossil in all estimates
- Coal unanimously peaks in 2020

Source: McKinsey Global Energy perspectives, BP Energy Outlook 2019, Shell Sky Scenario

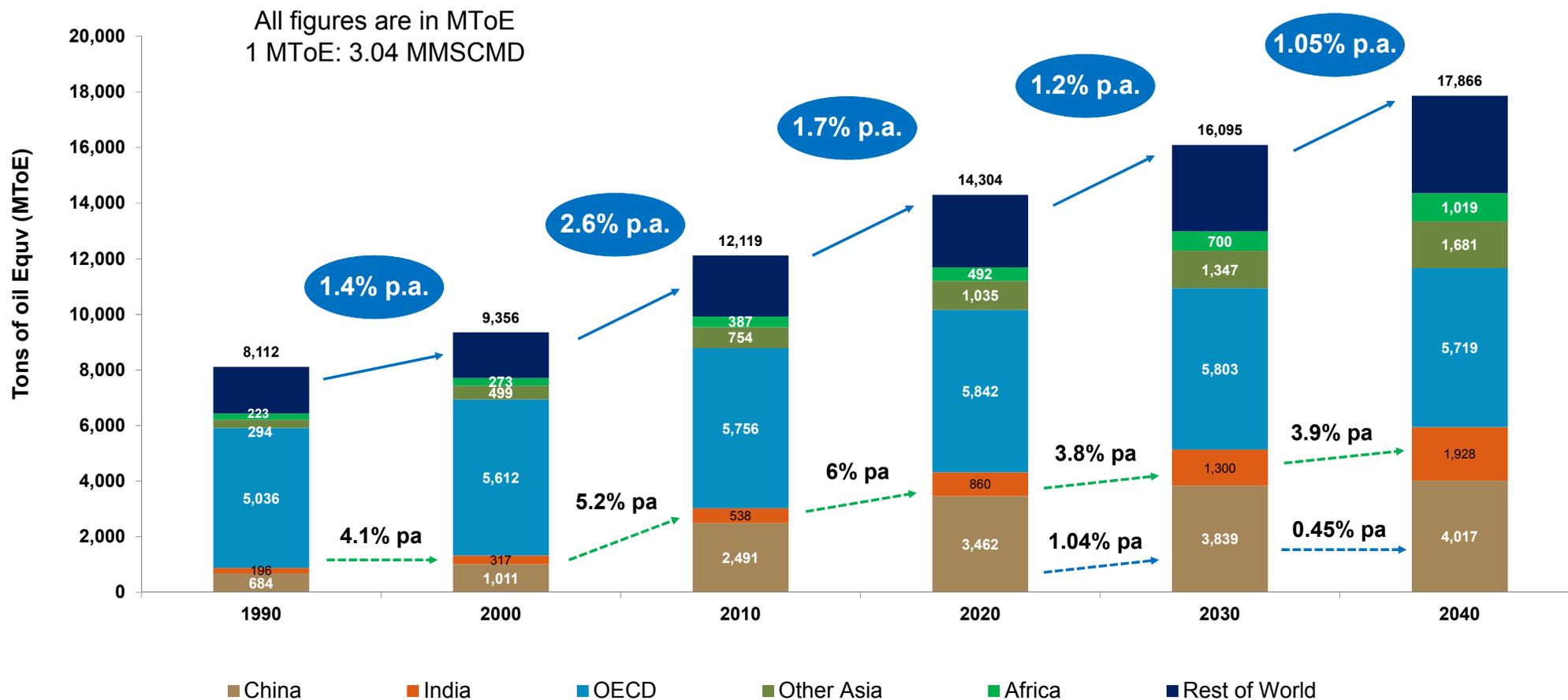
Energy Consumption Trend: World



Source: BP Energy Outlook 2019

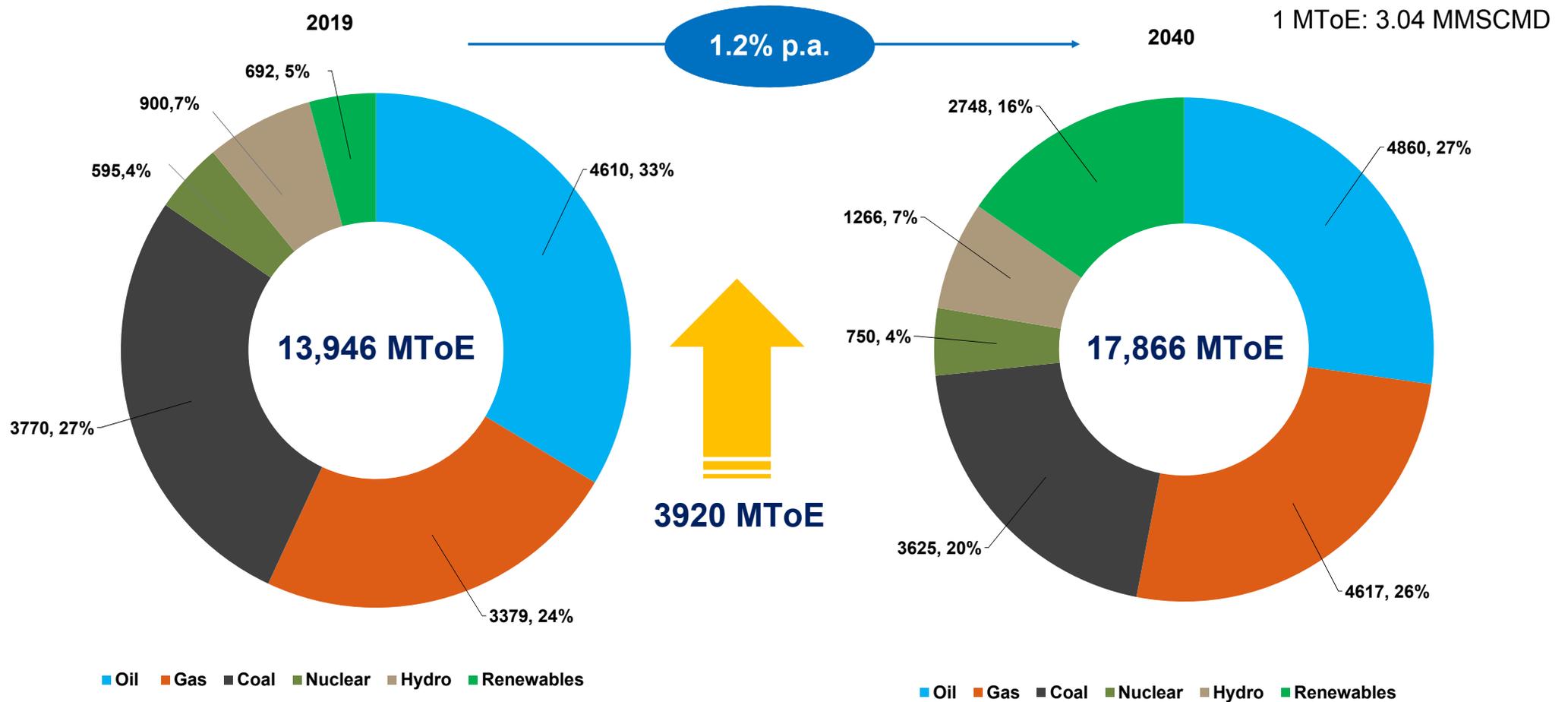
- ❑ World economy is expected to almost double over the next 20 years, with growth averaging 3.4% p.a. largely driven by increases in productivity (i.e. GDP per person)
- ❑ The world's population is projected to increase to reach nearly 9 billion people by 2035
- ❑ Expected growth in the global economy 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)

Region-wise primary energy consumption - growing demand from India



Source: BP energy Outlook 2019

Global future energy requirement - Gas and RE



India's Energy Outlook 2040

+156%

Growth in India's energy
Consumption

11%

Share of Global energy
consumption in 2040

+207%

Growth in India's power
generation

16%

Share of renewables in
primary energy mix 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
- ❑ Share of Oil in India's energy mix shows marked decline of 96 percentage points during period 2017-2040 over 1995-2017

- ❑ India's demand growth of 156% outpaces each of the BRIC countries: China (+28%), Brazil (+65%), and Russia (+7%)
- ❑ Demand of gas increased by +240% by 2040 over 2017 implying continuing reliance on gas imports although domestic gas production increases by 155% in 2040 over 2017.
- ❑ The share of coal in the energy mix falls from 56% in 2017 to 48% by 2040, while the share of renewables rises from 3% to 16%
- ❑ Power consumption more than trebles (+191%) with coal remaining the dominant fuel source still accounting for 80% of power generation in 2040.
- ❑ Industry continues remains the strongest source of energy demand along with the transport sector.

Global Primary Energy Mix

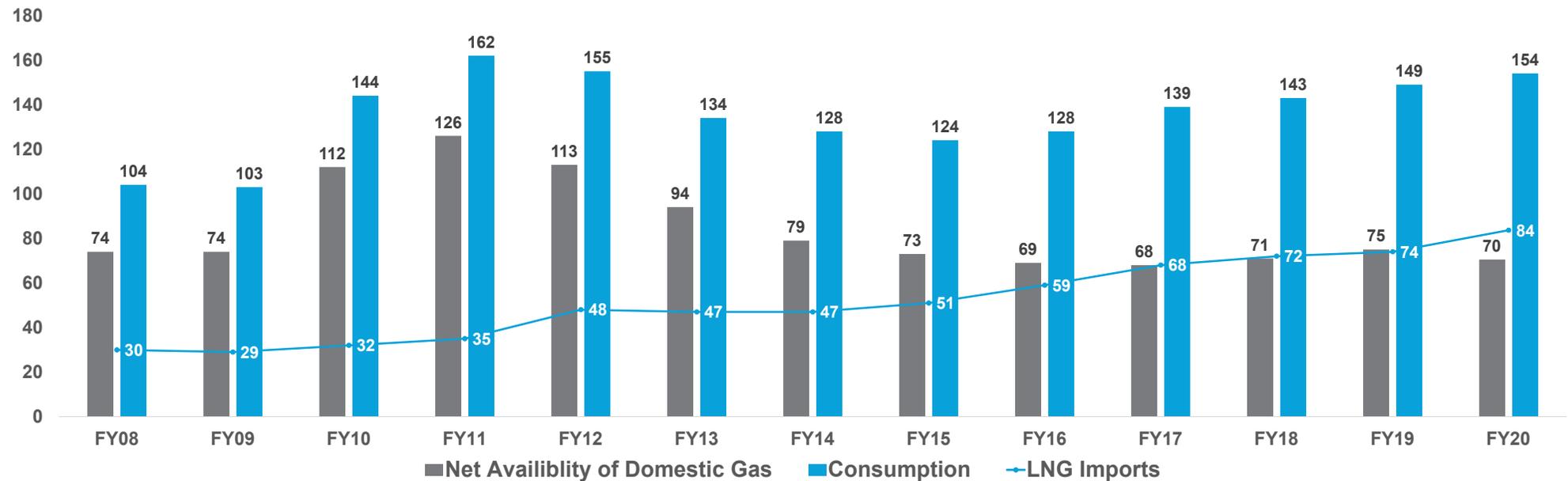
Region	Oil	Natural Gas	Coal	Nuclear Energy	Hydro electric	Renewables	TPE (MTOE)
World	33.1%	24.2%	27.0%	4.3%	6.5%	5.0%	13,946
OECD	38.4%	27.8%	13.8%	7.6%	5.3%	7.2%	5,575
Non- OECD	29.5%	21.9%	35.9%	2.0%	7.2%	3.5%	8,371
Asia Pacific	27.8%	12.2%	47.5%	2.2%	6.2%	4.2%	6,152
China	19.7%	7.8%	57.6%	2.2%	8.0%	4.7%	3,384
India	30.1%	6.3%	54.7%	1.2%	4.2%	3.6%	814
Bangladesh	21.0%	70.5%	8.0%	0.0%	0.6%	0.0%	42
Pakistan	25.4%	46.2%	15.5%	2.3%	9.0%	1.7%	85

(Source: BP Statistical World Energy Review, 2020)

- India is the 3rd largest energy consumer after China and US, 2nd in Coal and 3rd in Oil.
- Natural gas consumption in India is 6.31% (12th largest consumer)

Historical production & consumption pattern

All fig. in MMSCMD



Net availability of Domestic gas is domestic gas available for sale to downstream sectors
Consumption does not include internal consumption of upstream domestic gas producers
Note.: Numbers for FY 2019-20 are provisional

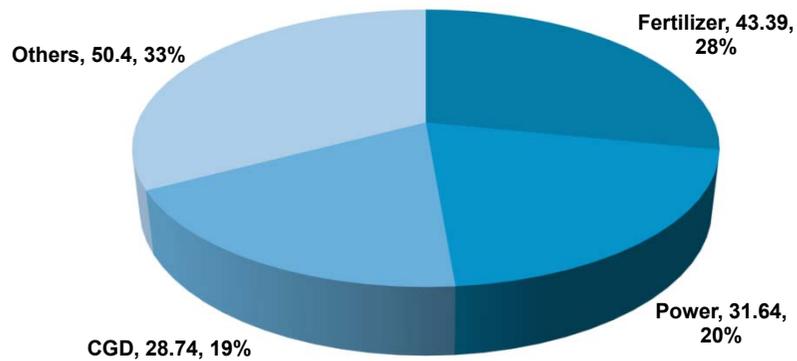
- ❑ LNG imports are increasing consistently over years.
- ❑ LNG consumption has increased but price affordability has historically been a challenge for Indian Gas market.

Natural Gas consumption pattern – India (2019-20)

Gas consumption during FY (2019-20), ~154 MMSCMD

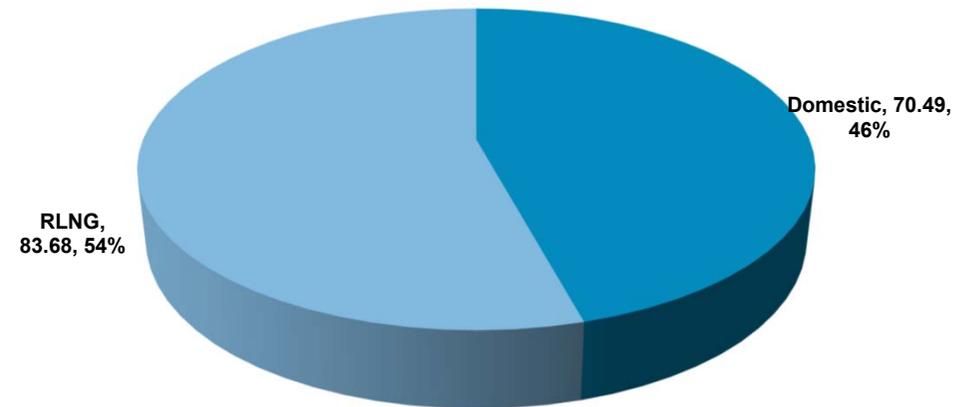
Sector-wise Break-up

Volume in MMSCMD



Gas-wise Break-up

Volume in MMSCMD



Power and Fertiliser - Anchor Markets

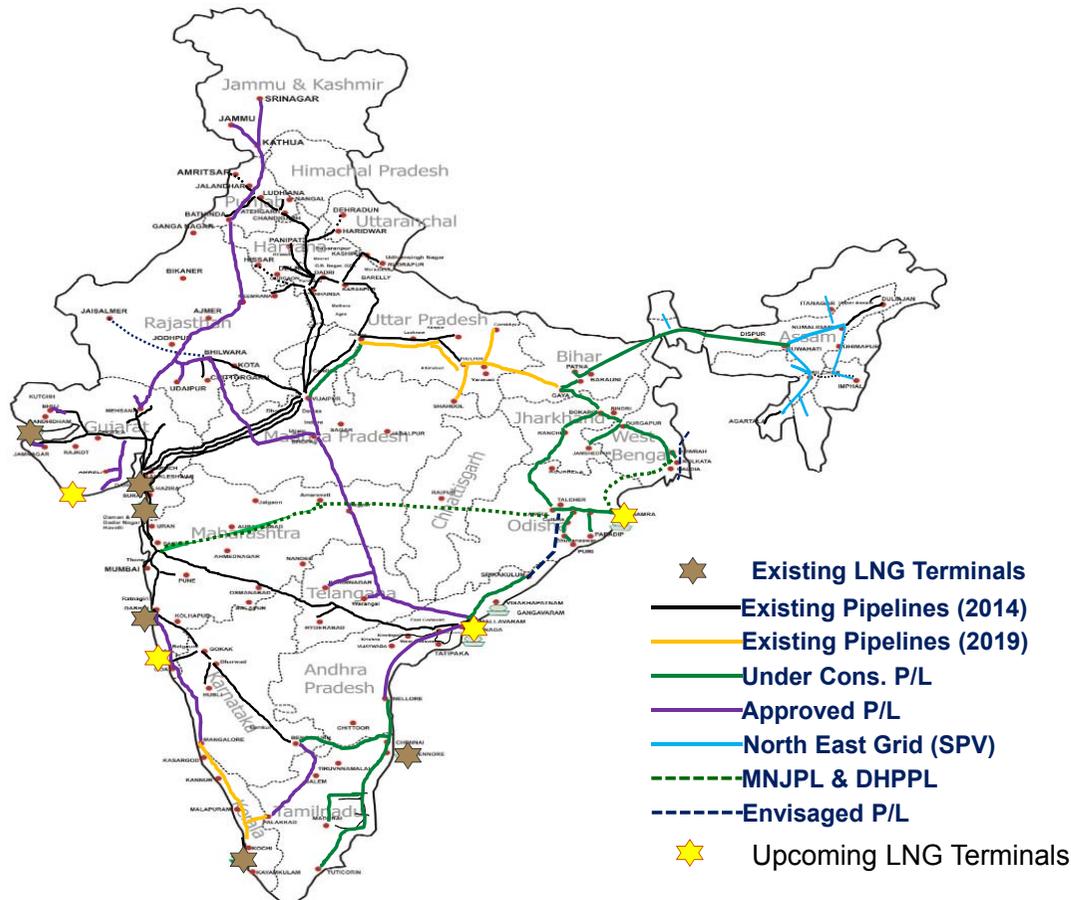
Industrial and City Gas - Growing Markets

Source: PPAC

Note.: Numbers for FY 2019-20 are provisional. 154 MMSCMD excludes internal gas consumption of domestic gas producing companies.

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

India Gas Infrastructure – One Nation One Grid



Pipeline Length (kms)	Existing	Under Constn. & Approved
All India P/L Length	~ 17,500	~ 17000
GAIL P/L length	~ 12,400	~ 6700
Planned by PNGRB		~ 600

Total investment being made in gas pipelines: ~ INR 92,000 Cr for creation of gas grid

Transmission System Operator – being envisaged for gas grid

~ 18 MMTPA of Re-gasification capacity under construction on both coasts

4 Fertiliser units & 5 Refineries to be anchor loads along gas grid in Eastern & North Eastern India

Anchor loads in South India also getting connected through KKMBPL and Ennore – Tuticorin pipelines

Petrochemical Business Outlook

- ❑ 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 ~5-6% p.a: Upside for Plastics in general and GAIL in particular

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

Major Highlights of GAIL's Petrochemical Business in FY 2019-20

- ❑ Sold 1010 KTA of polymers (737 KTA - GAIL & 273 KTA - BCPL)
- ❑ Exports of polymers - 10,150 MTs during the year. (GAIL- 9,070 MTs & BCPL – 1,080 MTs)
- ❑ **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

*Source: Study by Assocham & Industry Estimates

Petrochemical Business Outlook

Indian HDPE&LLDPE
Demand v/s Capacity

HDPE+LLDPE (in KTA)	Actual		Projections
	2018-19	2019-20	2020-21
Demand			
HDPE (1)	2,440	2,500	2,650
LLDPE (2)	2,105	2,227	2,360
HDPE + LLDPE	4,545	4,727	5,010
Capacity*			
HDPE + LLDPE	5,000	5,000	5,000

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

- ❑ PE demand grew at 4%
- ❑ Indian PE consumption to Surpass its Capacity by 2020-21
- ❑ HMEL's PE plant (1,250 KTA) is likely to be commissioned by 2022-23
- ❑ Future demand drivers for 5-6% growth in PE
 - ✓ *Packaging Industry*
 - ✓ *Ecommerce driving packaging*
 - ✓ *Automobile /Construction Industry*
 - ✓ *Agriculture Industry*

G-Lex

G-Lene

*Source: Study by CPMA & Industry Estimates

New Growth Areas from Gas & Govt. Thrust

Enhancing domestic gas Production



- **National Seismic Programme**
- **HELP** Policy
- **Pricing guidelines, 2014**
- **Marketing & pricing freedom** from difficult & new fields (HPHT)
- **Discovered Small Field** Policy
- **Coal Bed Methane** policy

Developing gas infrastructure



- Completion of **National Gas Grid**
- North East Gas grid (**IGGL**)
- Building new **LNG import** facilities
- Development of **CGD networks**
- Promoting Bio-CNG (**SATAT**)

Improved market access



- **Gas Trading Exchange (GTE)**
- Transport System Operator (**TSO**)
- Boost consumption through supporting **core industries**
-

Market penetration



- Gas supply to LNG-run trucks
- Building a network of fuelling stations to ensure the supply of LNG is major challenge
- Commencement of CGD supply in cities through transportation of CNG/LNG through cascades

On-going COVID Related Impact in FY 20-21

Lockdown & other COVID related disruptions, did have a significant impact during first 2 months of Q1.

Particulars	Gas Marketing within India (MMSCMD)	Gas Transmission (MMSCMD)
Pre – Disruption	86.00	108.7
Post – Disruption (Max impact) on 01.04.2020	58.59	76.49
Maximum Impact (%)	31%	30%
Current levels	81.39	105.45
Current Impact (%)	5%	3%

Petrochemical Plant at Pata was also shut down for 20 days, but now operating normally.

With restart of business activities; Gas Sales, Transmission & PC Segments have returned to near normal levels. LPG & LHC Segment remained un-affected even during lockdowns.

Our Touch Points

For Institutional Investors
& Analysts



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Questions & Answers

