

GAIL (INDIA) LTD.

COMPANY DESCRIPTION:

GAIL (India) Limited, is India's flagship Natural Gas company, integrating all aspects of the Natural Gas value chain (including Exploration & Production, Processing, Transmission, Distribution and Marketing) and its related services. In a rapidly changing scenario, we are spearheading the move to a new era of clean fuel industrialisation, creating a quadrilateral of green energy corridors that connect major consumption centres in India with major gas fields, LNG terminals and other cross border gas sourcing points. GAIL is also expanding its business to become a player in the International Market.

COMPANY INFORMATION:

| | |
|------------------------------|----------------------|
| Industry | Natural Gas Industry |
| Sector | Natural Gas Sector |
| Country | INDIA |
| Current Market Price | RS.420.65 |
| Ticker | NSE |
| Market Capitalization (\$MM) | 5,335,861.0 |
| Relative Index (S&P 500) | (S&P 500) |
| Year end | 31-Mar |
| Reporting currency | INDIAN (Rs.) |

PRODUCTS:

Natural Gas value chain and beyond including Exploration, Production, Transmission, Marketing, Extraction, Processing, Distribution, utilisation including Petrochemicals and Power and Natural Gas related infrastructure, products and services.

India's Premier Integrated Natural Gas Company since **1984**

150 MMSCMD+ Gas Transmission Cap

1.3+ MMT LHC Production Capacity

410+ TMT Polymer Production Capacity

30 E&P/CBM Blocks

2 : 100% Subsidiary

Presence in **4** Countries

12 : JVs/Associate Companies

India's Premier Integrated Natural Gas Company since **1984**

25+ Years of Experience & Expertise in Gas P/L

Baa2/A3 Moody's – Foreign/Domestic Rating

AAA ICRA & CRISIL for Bond Issue

57%+ Govt Stake

15%+ 10 Years Turnover CAGR

10%+ 10 Years PAT CAGR

3500+ Manpower Asset

COMPANY OVERVIEW

GAIL (India) Limited, is India's flagship Natural Gas company, integrating all aspects of the Natural Gas value chain (including Exploration & Production, Processing, Transmission, Distribution and Marketing) and its related services. In a rapidly changing scenario, we are spearheading the move to a new era of clean fuel industrialisation, creating a quadrilateral of green energy corridors that connect major consumption centres in India with major gas fields, LNG terminals and other cross border gas sourcing points. GAIL is also expanding its business to become a player in the International Market.

Leaders in Gas

Since inception, GAIL has been the undisputed leader in the marketing, transmission and distribution of Natural Gas in India. As India's leading Natural Gas Major, it has been instrumental in the development of the Natural Gas market in the country. Today, Natural Gas accounts for about 8% of the total primary commercial energy consumption in India. Consumption has grown significantly during the past two decades. In fact, in the 1990s, the demand for Natural Gas far outstripped its domestic production, leading to gas import initiatives and the subsequent development of LNG import projects at suitable coastal locations in Western and Southern India.

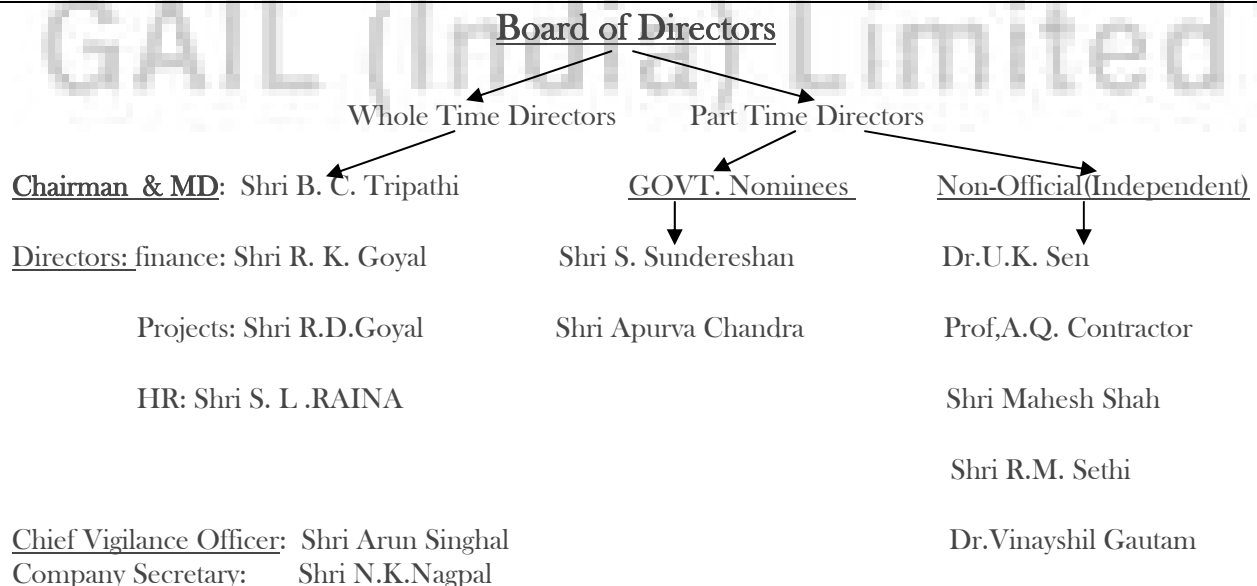
GAIL (India) Limited was incorporated on 16th August, 1984.

The Company recorded a Turnover(sales) of Rs.23776 Crores and a Net Profit of Rs.2804 Crores, in the year 2008-09.

Also, it employed 3480 Employees as on 31st March, 2009.

The Company has 78% Market Share in Natural Gas Transmission and 70% in Natural Gas Marketing.

MANAGEMENT



BUSINESS PORTFOLIO

1. NATURAL GAS

New-age Fuel

With only one carbon and four hydrogen atoms per molecule, Natural Gas has the lowest carbon to hydrogen ratio, hence it burns completely, making it the cleanest of fossil fuels. Natural Gas satisfies most of the requirements for fuel in a modern day industrial society, being efficient, non-polluting and relatively economical. The periodic uncertainties and volatility in both the price and supply of oil, have also helped Natural Gas emerge as a major fuel in the energy basket across countries.

2. GAS TRANSMISSION

GAIL has a market share of 78% of the gas transmission business and 70% of the gas marketing business in India
GAIL's vast operations and projects include:

6196 kms of Natural Gas high-pressure trunk pipelines

Trunk Pipelines with the capacity to carry 148 MMSCMD of Natural Gas across India

Supplying nearly 70 million cubic metres of Natural Gas per day as fuel to power plants for generation of about 5200 MW of power, as feedstock for gas-based fertilizer plants to produce about 11 MMTPA of urea and to over 500 other small, medium and large industrial units to meet their energy and process requirements.

Our 2,800 km long Hazira-Vijaipur-Jagadishpur (HVJ) pipeline and 610 km Dahej-Vijaipur pipeline (DVPL), between them, cater to all the gas based power plants, fertilizer plants, and industries along the entire West-North corridor of India.

We also provide access to our pipelines, to third parties, for the transmission of Natural Gas. Currently GAIL transports about 8 MMSCMD of Natural Gas on behalf of various shippers.

3. PETROCHEMICALS

4. LPG & LIQUID HYDROCARBONS

5. LPG TRANSMISSION

6. GAILTEL

7. DIVERSIFICATION

GAIL (India) Limited

HISTORY

GAIL (India) Ltd. (erstwhile Gas Authority of India Ltd), India's principal gas transmission and marketing company, was set up by the Government of India in August 1984 to create gas sector infrastructure for sustained development of the natural gas sector in the country.

The 2800-km Hazira-Vijaipur-Jagdishpur (HVJ) pipeline became operational in 1991. During 1991-93, three LPG plants were constructed and some regional pipelines acquired, enabling GAIL to begin its regional gas distribution in various parts of India.

GAIL began its city gas distribution in Delhi in 1997 by setting up nine CNG stations, catering to the city's vast public transport convoy.

In 1999, GAIL set up northern India's only petrochemical plant at Pata.

GAIL became the first Infrastructure Provider Category II Licensee and signed the country's first Service Level Agreement for leasing bandwidth in the Delhi-Vijaipur sector in 2001, through its telecom business GAILTEL. In 2001, GAIL commissioned world's longest and India's first Cross Country LPG Transmission Pipeline from Jamnagar to Loni.

GAIL today has reached new milestones with its strategic diversification into Petrochemicals, Telecom and Liquid Hydrocarbons besides gas infrastructure. The company has also extended its presence in Power, Liquefied Natural Gas re-gasification, City Gas Distribution and Exploration & Production through equity and joint ventures participations. Incorporating the new-found energy into its corporate identity, Gas Authority of India was renamed GAIL (India) Limited on November 22, 2002.

MILESTONES

2006-07

Mechanical completion of new HDPE (High Density Polyethylene) Plant with a capacity of 100,000 TPA at the Petrochemical Complex at PATA.

Commissioning of Dahaj-Panvel Pipeline

Brahmaputra Cracker and Polymer Limited- Joint Venture Company led by GAIL, formed for implementing Assam Gas Cracker Project

GAIL acquires stake in A7 Myanmar block

GAIL's Vijaipur-Kota pipeline commissioned

GAIL's Kailaras-Malanpur pipeline commissioned

GAIL consortium wins 3 CBM blocks in IIIrd round of bidding

GAIL HPCL Joint Venture- Avantika Gas Limited incorporated

GAIL ONGC ink Gas Supply Agreement

GAIL brings India's first spot LNG cargo at Dahej.

2005-06

GAIL, Oilex Australia, Videocon, HPCL and BPCL Consortium awarded Block No. 56 in Oman
GAIL was ranked 11th among top 15 of the world's largest listed gas utilities firms in the oil and gas industry, in terms of market capitalisation, for the year 2005.

GAIL gets Golden Icon award for e-governance

Inauguration of the National Gas Management Centre (NGMC) of GAIL at NOIDA.

GAIL bagged two Awards for Excellence in Cost Management from The Institute of Cost and Works Accountants of India (ICWAI)

2004 - 05

Incorporation of GAIL Global Singapore Pte. Ltd.

Acquisition of 15% equity stake in NatGas, Egypt.

Agreement signed for acquisition of 9% equity stake in China Gas Holdings Ltd., a Joint Venture for city gas projects in 42 cities of China.

Tripura Natural Gas Co. Ltd., a Joint Venture for city gas project in Tripura, incorporated.

UP Central Gas Ltd., a Joint Venture for city gas project with BPCL in Kanpur, incorporated.

De-bottlenecking of LLDPE Swing Unit from 150000 MT to 210000 MT at GAIL Pata.

Gas Management System commissioned for HVJ, DVPL and SGPL.

Commissioning of South Gujarat Pipeline Network.

Commissioning of Vizag-Secunderabad LPG Pipeline.

2003-04

GAIL has an initial success in the form of significant gas find in the block A-1 in Myanmar and discovery of Oil and Gas in the Cambay Block.

GAIL successfully secures participation in 2 retail gas companies in Egypt, Fayum Gas Company and Shell CNG.

Platts declares GAIL as the first among Global Gas Utilities based on Return on Invested Capital (ROIC) in its worldwide survey of Top 250 Energy Companies in 2004.

Vizag-Secunderabad LPG pipeline, the 580 km pipeline with a maximum throughput of 1.16

MMPTPA completed in June 2003.

Bhagyanagar Gas Limited, a joint venture of GAIL and HPCL, incorporated in August 2003, in the field of distribution and marketing of auto LPG, CNG for vehicles and retailing of natural gas in cities of Andhra Pradesh.

Phase I & II of 8000 km network GAILTEL projects connecting Delhi, Mumbai and 71 other cities, completed. This network provides a national communication backbone.

2001-02

GAIL picks up 12% equity in GSEGS 156MW power project in Gujarat as a strategic investment. Marketing function is restructured and decentralized at Zonal levels.

GAILTEL Phase-I commissioned, creating an OFC based DWDM network connecting Delhi-Mumbai, Delhi-Jaipur, Delhi-Ahmedabad, Delhi-Vijaipur, Meerut-Agra.

2000-01

GAIL conceptualizes a National Gas Grid to connect the supply and demand centres in the country with high pressure cross-country pipelines networks.

The Gas Processing Complex, Gandhar begins production in March 2001. The process capacity of this plant is 5 MMSCMD of gas and production capacity 2.02 lacs TPA of LPG, 0.43 Lacs MT of Pentane and SBP Solvent.

Jamnagar-Loni LPG Pipeline Project, the worlds longest and India's first Cross-Country LPG 1269 km long pipeline, which passes through Gujarat, Rajasthan, Haryana, and Delhi is completed. The capacity of the pipeline in its 1st Phase is 1.7 million TPA, to be upgraded to 2.5 million TPA in the 2nd Phase.

1999-00

GAIL participates in NELP bidding by submitting offer for 7 blocks in association with ONGC & IOC and Russian company Gazprom. Government of India approved award of 2 blocks to GAIL, one with ONGC in Orissa offshore and another with Gazprom in Bengal offshore.

LPG plant at Pata with a designed capacity of 2.58 lacs TPA of LPG commissioned for commercial production in March 2000.

1998-99

LPG Plants at Usar and Lakwa commissioned. The design capacity of Usar plant is 1.39 lacs TPA and that of the Lakwa plant is 0.85 lacs TPA.

Uttar Pradesh Petrochemical Complex (UPPC) at Pata commissioned with a design capacity of 3 lacs TPA of Ethylene to produce 2.60 lacs TPA of HDPE & LLDPE.

Indraprastha Gas Limited (IGL) incorporated for supply of gas to household sector, transport sector & commercial consumers in Delhi.

1997-98

Government of India grants Navratna status to GAIL, thereby entrusting greater autonomy to GAIL after restructuring of the Board.

Gas processing units (GPU), offsite utilities of the petrochemical plant at Pata, commissioned.

1994- 95

Joint venture Agreement signed with British Gas on December 6, 1994.Mahanagar Gas Limited incorporated to implement Bombay City Gas Distribution project.

1992-93

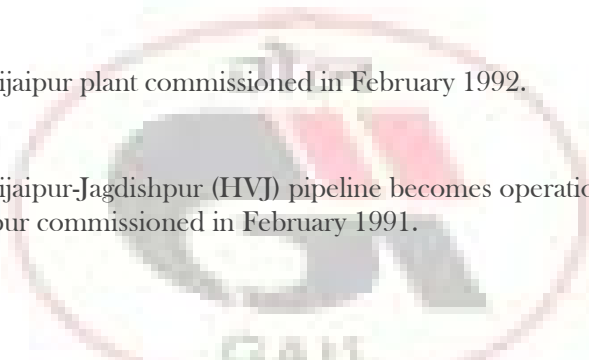
LPG project at Vaghodia commissioned in February 1993.

1991-92

Phase-II at LPG Vijaipur plant commissioned in February 1992.

1990-91

2800-km Hazira-Vijaipur-Jagdishpur (HVJ) pipeline becomes operational in 1991.
LPG phase-I plant at Vijaipur commissioned in February 1991.



GAIL – STRATEGY IMPLEMENTATION



GAS – DEMAND SUPPLY ASSESSMENT

(In MMSCMD)

| Sector wise Gas Demand Projection | | | Source wise Gas Supply Projection | | |
|---|------------|------------|-----------------------------------|---------|-------|
| Sector | 2009-10 | 2011-12 | Sources | 2009-10 | 11-12 |
| Power | 103 | 127 | ONGC+OIL (A) | 55 | 51 |
| Fertilizer | 56 | 76 | Pvt./ JVs (As Per DGH) (B) | 60 | 57 |
| City Gas / CNG | 14 | 16 | Projected Domestic Supply (A+B) | 115 | 108 |
| Industrial | 17 | 20 | Total LNG Supply (C) | 53 | 83 |
| Petrochemicals/ Refineries/Internal Consumption | 29 | 33 | Total Gas Supply (A+B+C) | 168 | 191 |
| Sponge iron/Steel | 7 | 8 | | | |
| Total | 226 | 280 | | | |

Large Demand Supply Gap indicates that there is ample opportunity for growth.

GAIL – EXISTING INFRASTRUCTURE

GAS PIPELINES

7200 KMS
(150 MMSCMD)

LPG PIPELINES

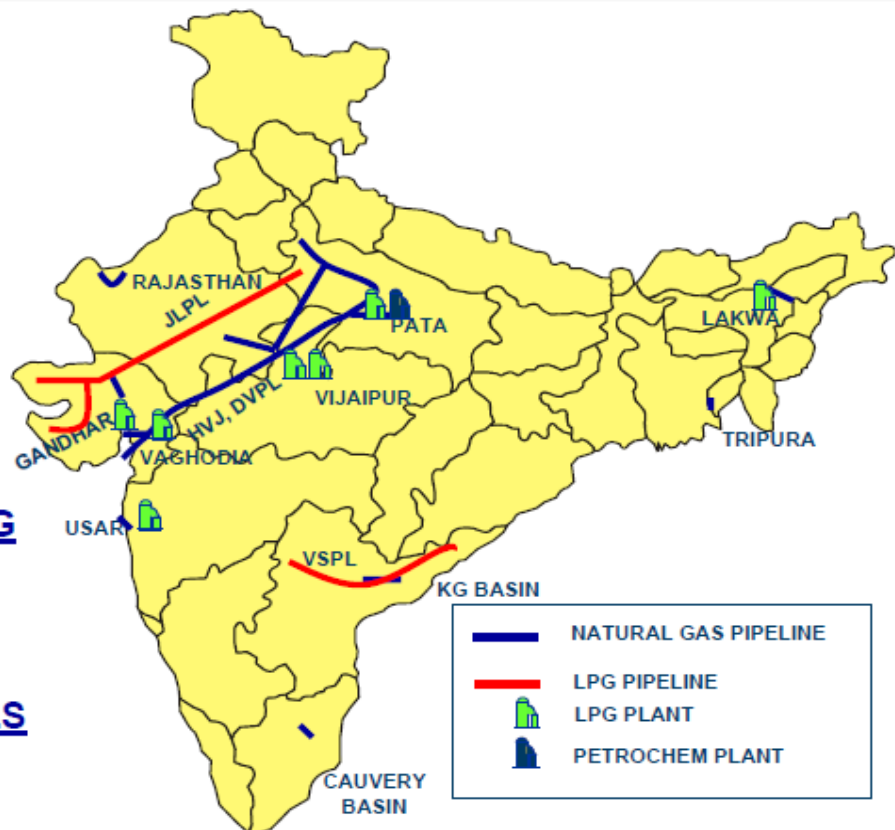
1900 KMS
(3.6 MMTPA)

GAS PROCESSING

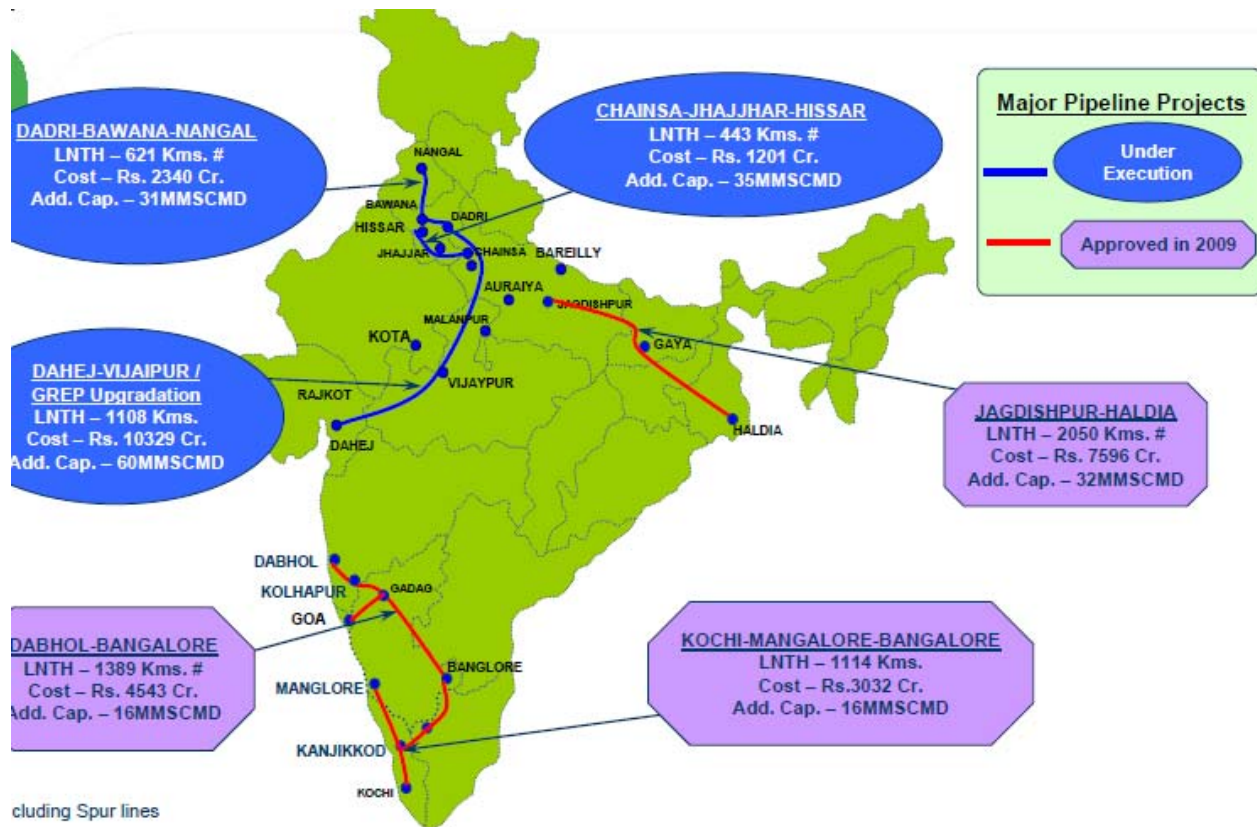
7 Plants
(1.3 MMTPA LPG)

PETROCHEMICALS

410,000 TPA



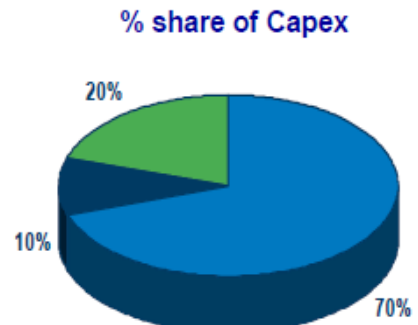
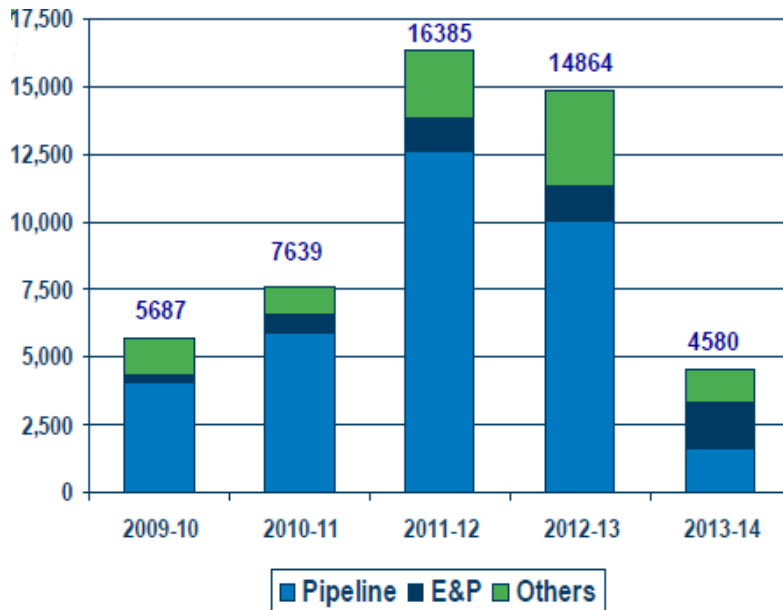
GAIL - APPROVED PIPELINE PROJECTS



PROJECTS ENVISAGED TO SECURE FUTURE

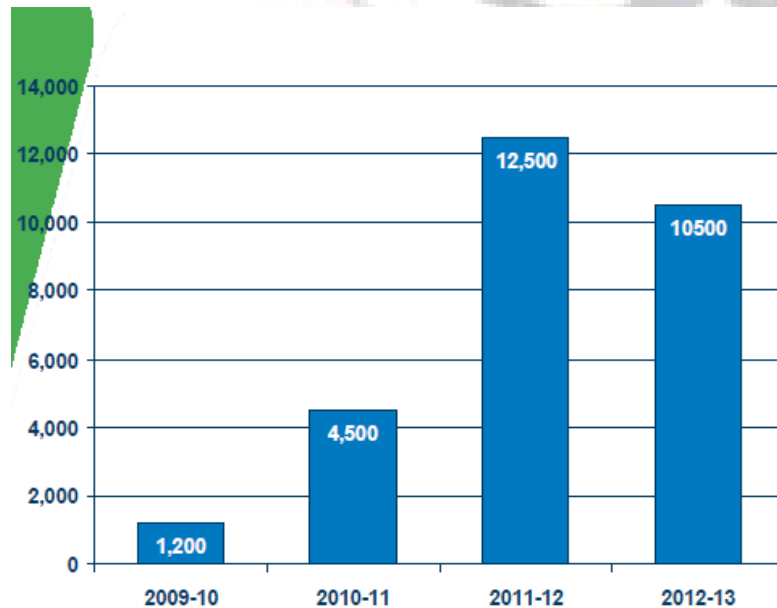
| | (Rs in Crores) | | | |
|--|----------------|--------------|--------------|--------------|
| FUTURE PROJECTS # | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
| NEW CROSS COUNTRY PIPELINE # | 2 | 10 | 2,000 | 4,000 |
| KOCHI KAYAMKULAM (SUB SEA) PIPELINE # | 5 | 40 | 600 | 105 |
| PIPELINE FOR PATA EXPANSION # | 2 | 5 | 600 | 600 |
| REGIONAL PIPELINE | 2 | 366 | 366 | - |
| Sub Total - Future Pipelines | 11 | 421 | 3,566 | 4,705 |
| Equity Contribution in JVs | | | | |
| GAIL GAS Ltd. | 335 | 200 | 200 | 200 |
| Brahmaputra Cracker & Polymers Ltd. (BCPL) | 188 | 240 | 205 | 60 |
| Ratnagiri Gas & Power (Pvt) Ltd. (RGPPL) | 135 | 70 | 50 | 28 |
| ONGC Petro Additions Ltd (OPAL) | 550 | 159 | - | - |
| Sub Total - Equity Contribution | 1,208 | 669 | 455 | 288 |
| PETROCHEMICALS - PATA CAPEX # | 61 | 148 | 1,710 | 2,850 |
| E&P INCLUDING MYANMAR # | 292 | 775 | 1,374 | 1,390 |
| DIVERSIFICATION/GLOBALISATION/OTHERS # | 54 | 120 | 249 | 297 |
| TOTAL CAPEX | 1,625 | 2,133 | 7,354 | 9,530 |

PROJECTED CAPEX

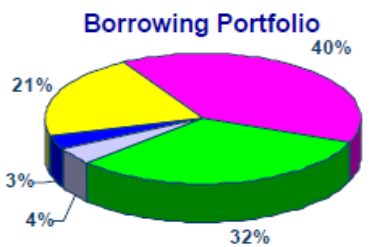
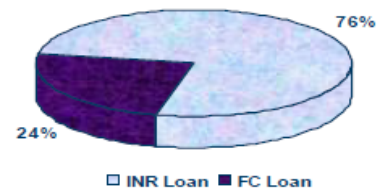


TOTAL PROJECTED CAPEX =
RS.49155 Cr.

PROJECTED BORROWINGS



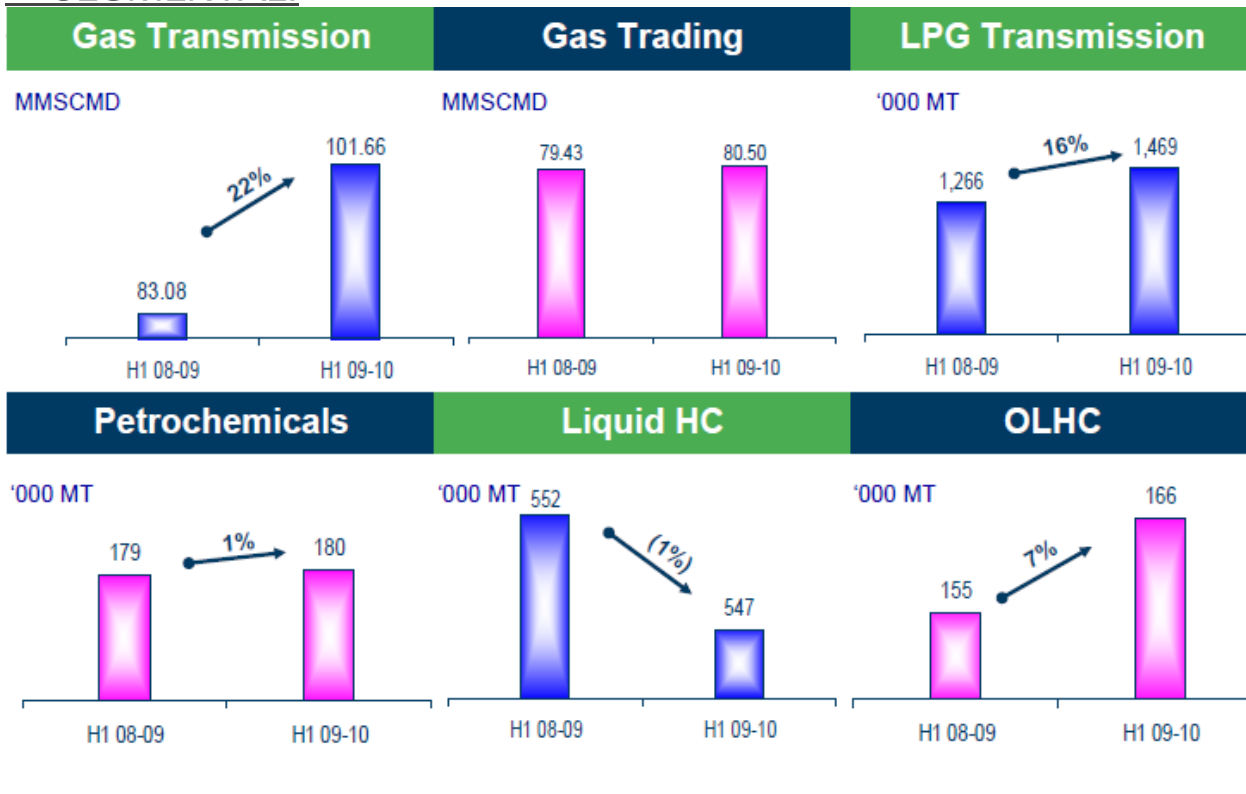
Borrowing Portfolio (INR Vs FC)



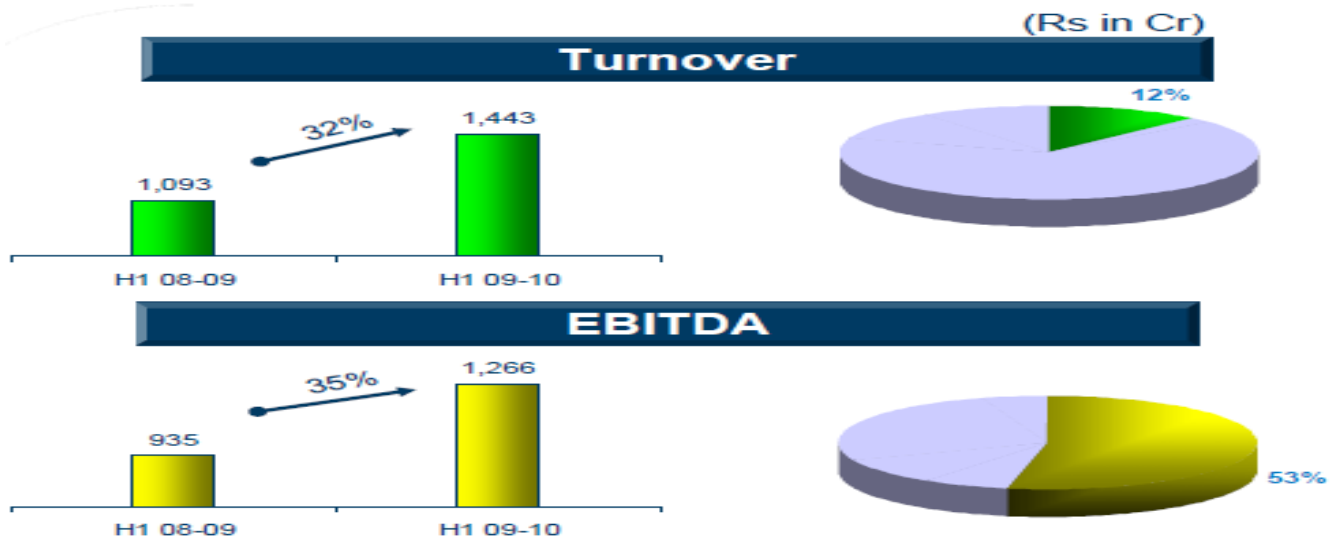
- Aggressive Capex Plan calls for Borrowings
- Leverage on GAIL's current very low debt Equity ratio (0.08:1)

FINANCIAL PERFORMANCE

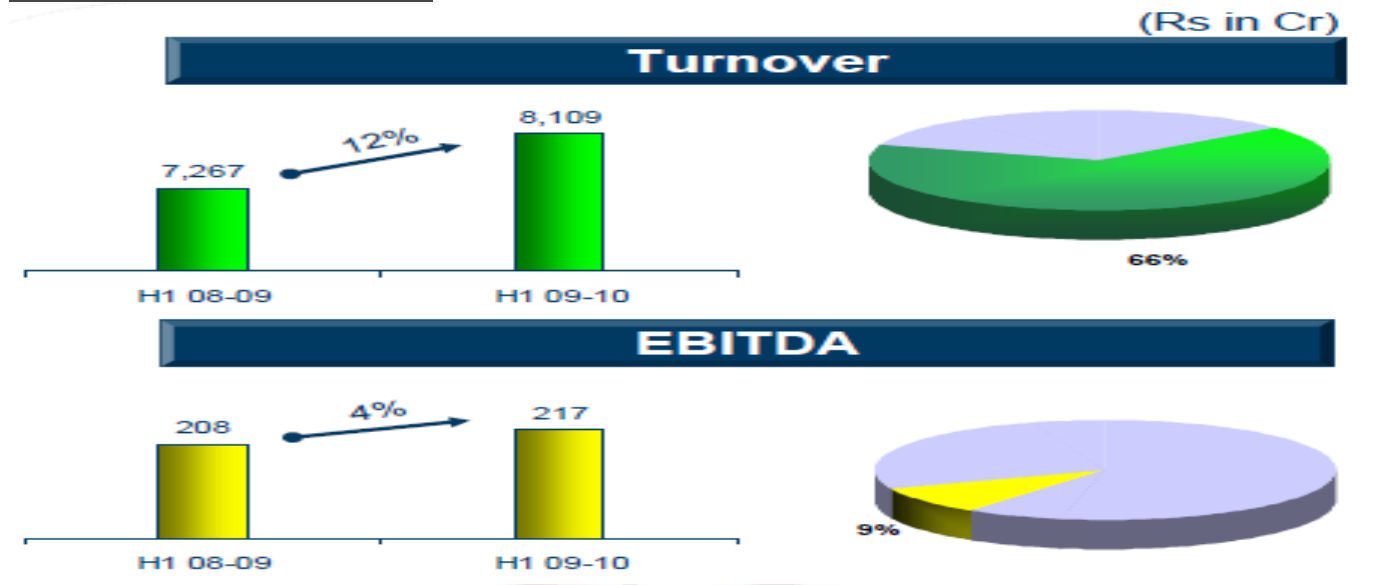
SEGMENTAL:



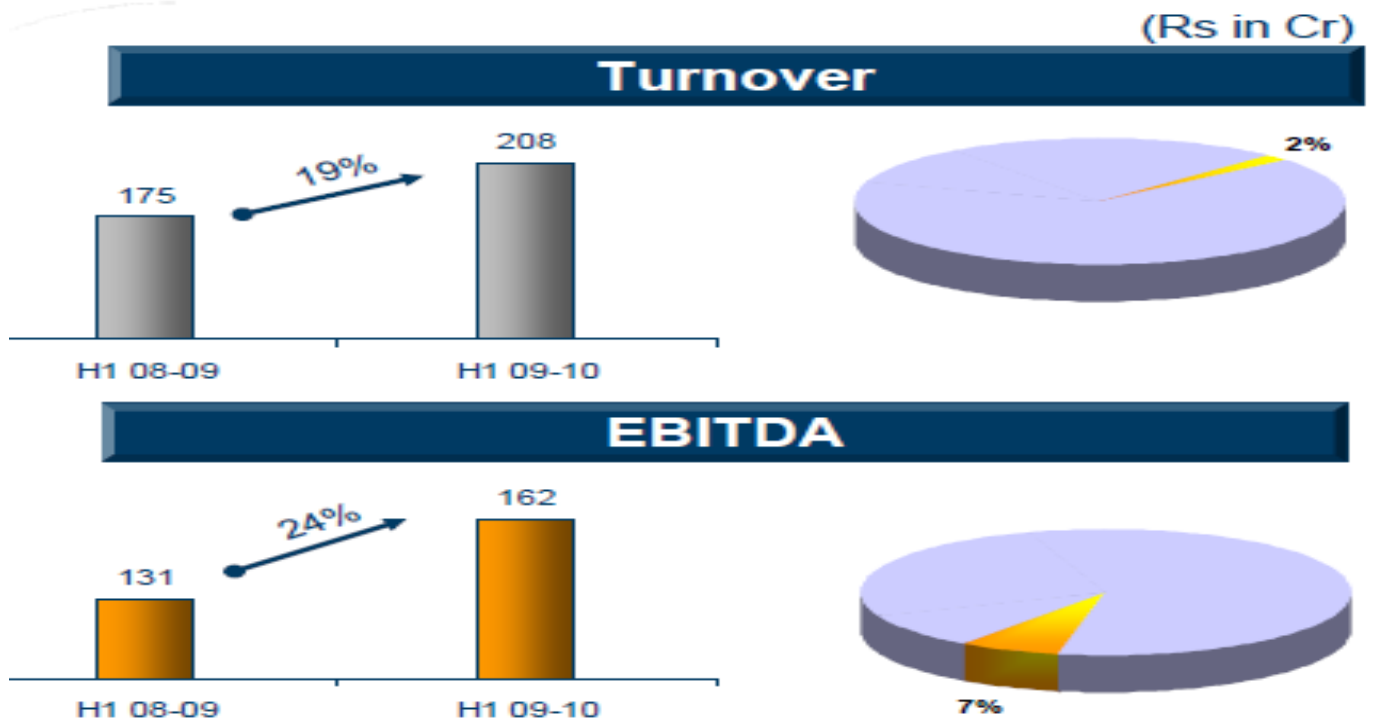
GAS TRANSMISSION SEGMENT



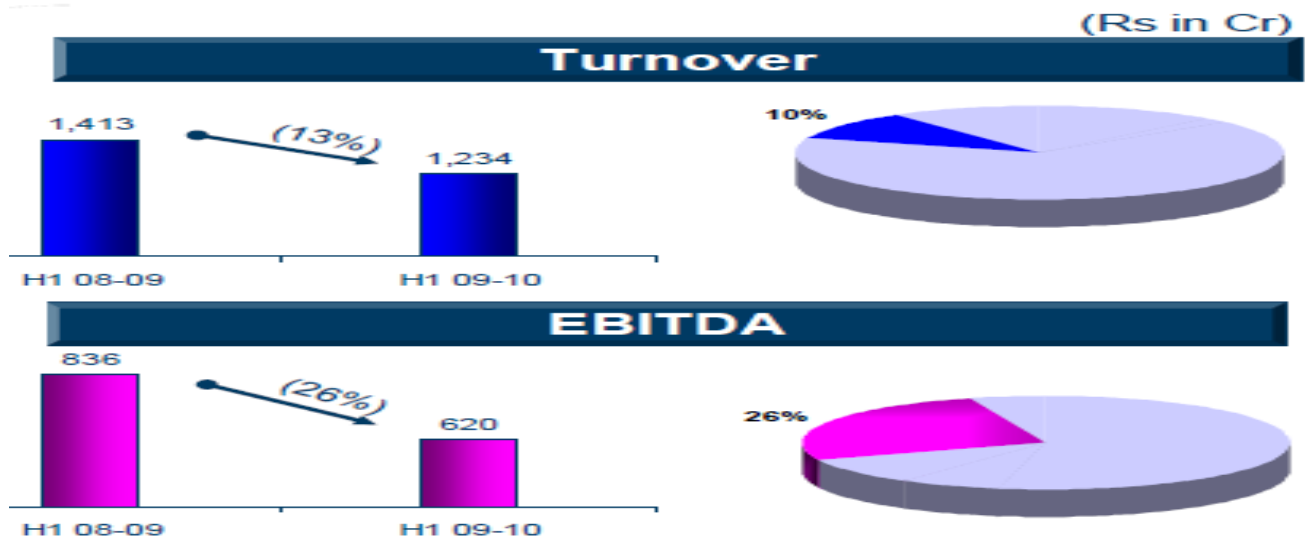
GAS TRADING SEGMENT



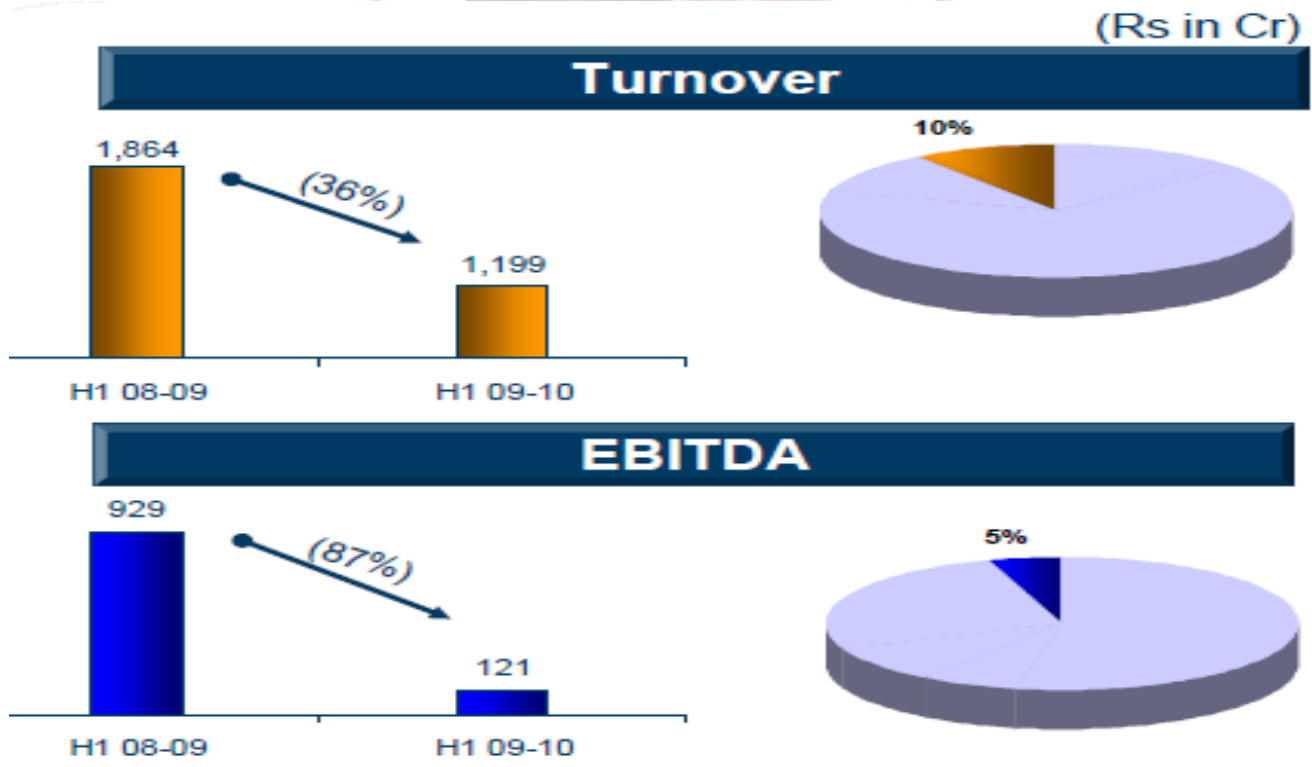
LPG TRANSMISSION SEGMENT



PETROCHEMICAL SEGMENT

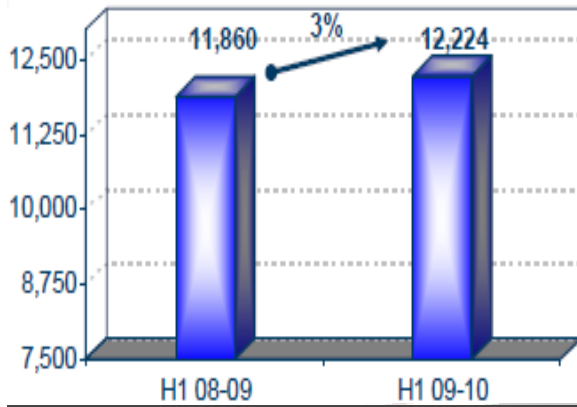


LIQUID HYDROCARBON SEGMENT

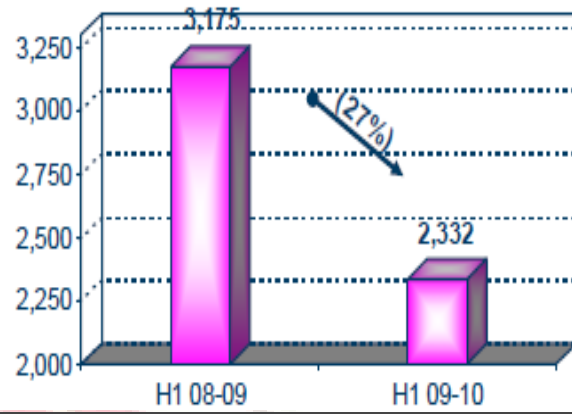


INCOME STATEMENT WISE

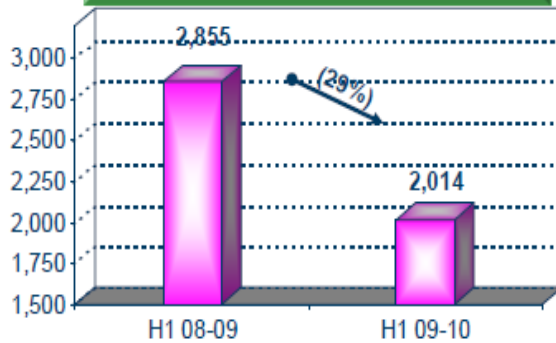
Sales (Net of ED)



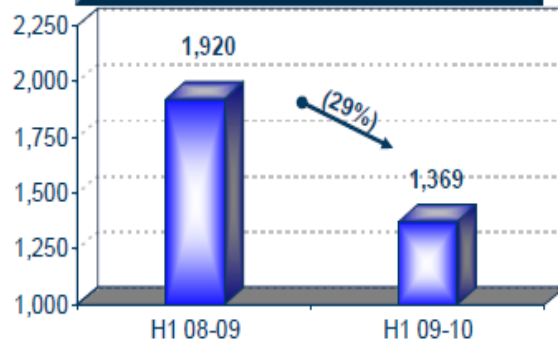
Gross Margin (EBITDA)



PBT



PAT



LPG Subsidy in H1 FY 09-10: Rs.533 Cr (Rs.876 Crs. in H1 FY 08-09)

FUTURE OUTLOOK

**Emerging as a Strong NG Trans Company
with diversified portfolio**

| | Unit | FY 2008-09 | FY 2012-13 |
|----------------------------------|-----------------|------------|-----------------------------|
| NG Trans Pipeline | KM | ~7000 | ~14000 |
| NG Trans Capacity | MMSCMD | ~150 | ~300 |
| Polymer Capacity (incl BCPL) | MMT | ~4 | ~8 |
| E&P Revenue Generating Blocks | Nos. | 1 | 3 <i>(5 in FY 13-14)</i> |
| Retail Gas Presence | No of Cities | 15 | ~50 |

IMMEDIATE GROWTH DRIVERS FROM FY 09-10 ONWARDS

- **Additional Gas availability:**
 - RIL – KG Basin gas from Q1 09-10 onwards
 - PLL - RLNG from Q4 09-10 onwards
 - Dabhol – RLNG from Q4 09-10 onwards
 - ONGC – Natural Gas Supply from marginal fields
 - FOCUS ENERGY – Natural Gas Supply from Rajasthan field
 - Spot LNG – ongoing basis
- **Enhanced Pata Petrochemical Production from Q1 of FY 10-11 onwards**
- **Upside in Polymer Product Prices**
- **Lower Subsidy expected as compared to FY 08-09 due to softening of Crude oil prices**