

Gujarat Gas Company Limited

Investor Meet

26 March 2009
Mumbai

Disclaimer



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Ownership Structure

Gas Infrastructure & Gujarat's Economic Profile

GGCL - Business Profile

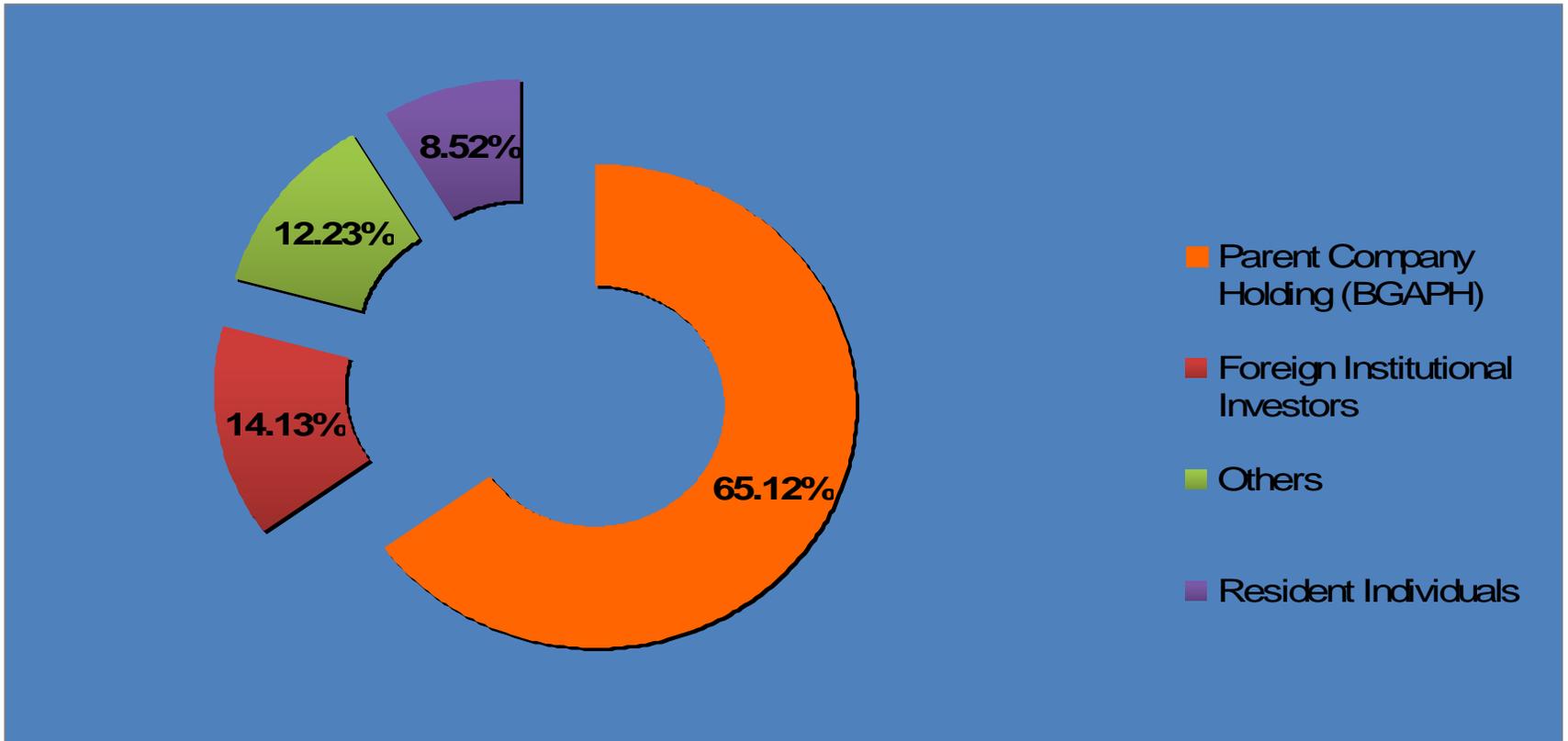
Financials

Regulation

Human Resources

Way Forward

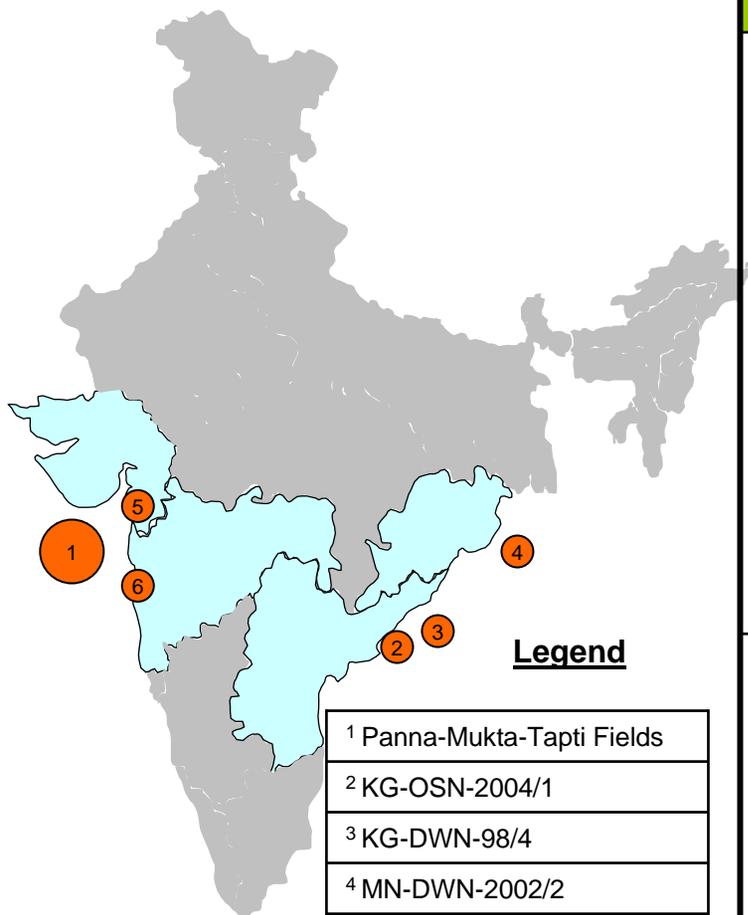
GGCL – Shareholding pattern



Shareholding as on 31st Dec. 2008
Market cap as on 13th March 2009. Source: GGCL

Market Capitalisation ~ Rs 16 Billion (\$ 320 Mn)

- Expertise across the gas chain
- A rapidly growing gas company with interests across five continents
- Turnover in 2008 was around \$24bn (using the avg US\$/£ exchange rate for the year)
- Operating profit was \$10.1bn
- Present in over 25 countries
- Listed on London Stock Exchange
- A FTSE 10 company with a market cap over \$50bn
- BG India is a “core asset” for BG Group



Legend

1 Panna-Mukta-Tapti Fields
2 KG-OSN-2004/1
3 KG-DWN-98/4
4 MN-DWN-2002/2
5 Gujarat Gas Comp. (GGCL)
6 Mahanagar Gas Ltd. (MGL)

Company Information		
BG India	BG E&P India Ltd	<ul style="list-style-type: none"> • Jointly operates Panna-Mukta-Tapti fields (BG-30%, RIL - 30% & ONGC - 40%) <ul style="list-style-type: none"> • Largest private oil & gas JV • Exploring KG-OSN-2004/1 with ONGC (55%) from NELP-VI Licensing round • Secured two deepwater exploration blocks: <ul style="list-style-type: none"> • KG-DWN-98/4 (BG-30%, ONGC-55%, OIL-15%) • MN-DWN-2002/2 (BG-25%, ONGC-75%)
	BGIES	<ul style="list-style-type: none"> • Gas/LNG marketing entity and aggregator of domestic supplies
	GGCL	<ul style="list-style-type: none"> • India's largest private CGD company (by volumes); 2008 sales: 1089 mmscm • BG has a controlling equity stake of 65.12%
	MGL	<ul style="list-style-type: none"> • India's largest private CGD company (by customers) • JV with GAIL (49.75%) and State Govt. (0.5%)

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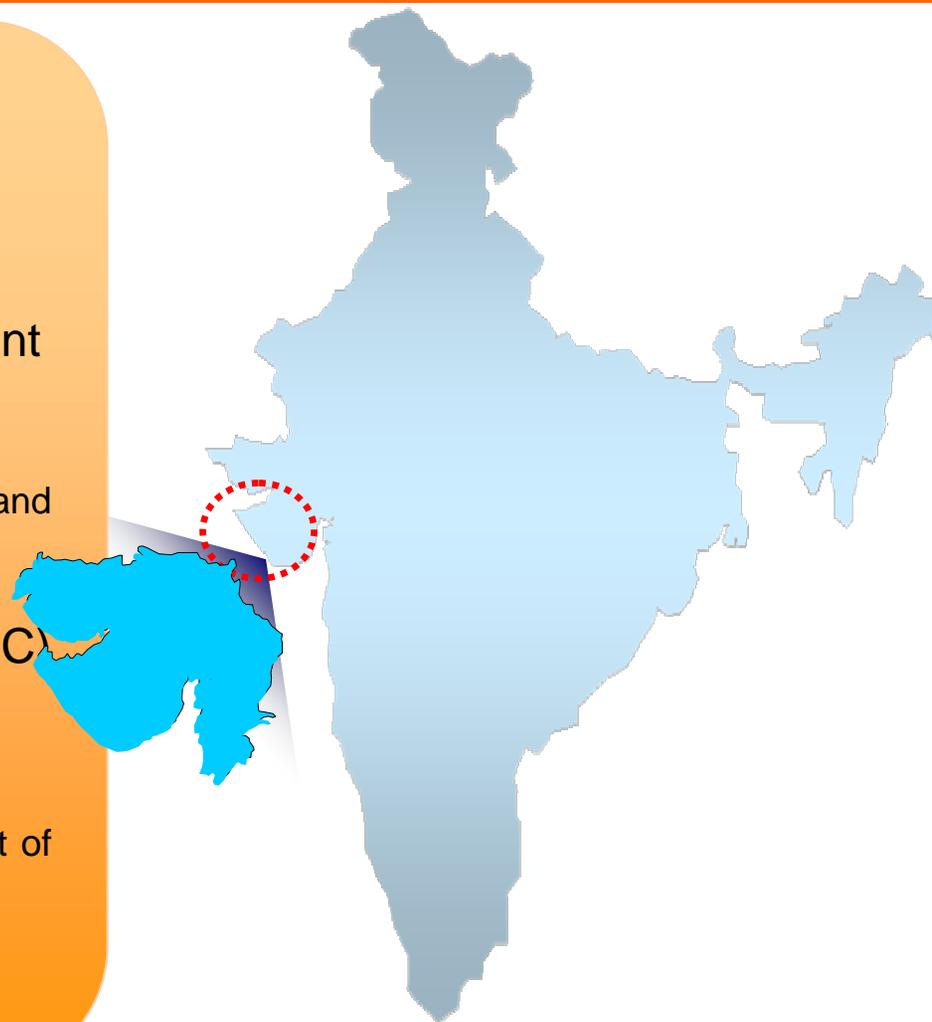
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Advantage Gujarat

- 2nd most industrialized state in India
 - Population ~ 55 million
 - 265 industrial clusters and estates
- 22% of India's private sector investment
- Vibrant Gujarat
 - Investment proposed > \$ 20 Billion in Surat and Bharuch districts
- Delhi-Mumbai Industrial Corridor (DMIC)
 - 38% of proposed freight corridor in Gujarat
 - Passes through GGCL areas of operations
 - Phase I - approved with proposed investment of \$ 90 bn



Source : vibrantgujarat.com & indextb.com

5% of India's population - 13% of industrial production & 19.2% of exports

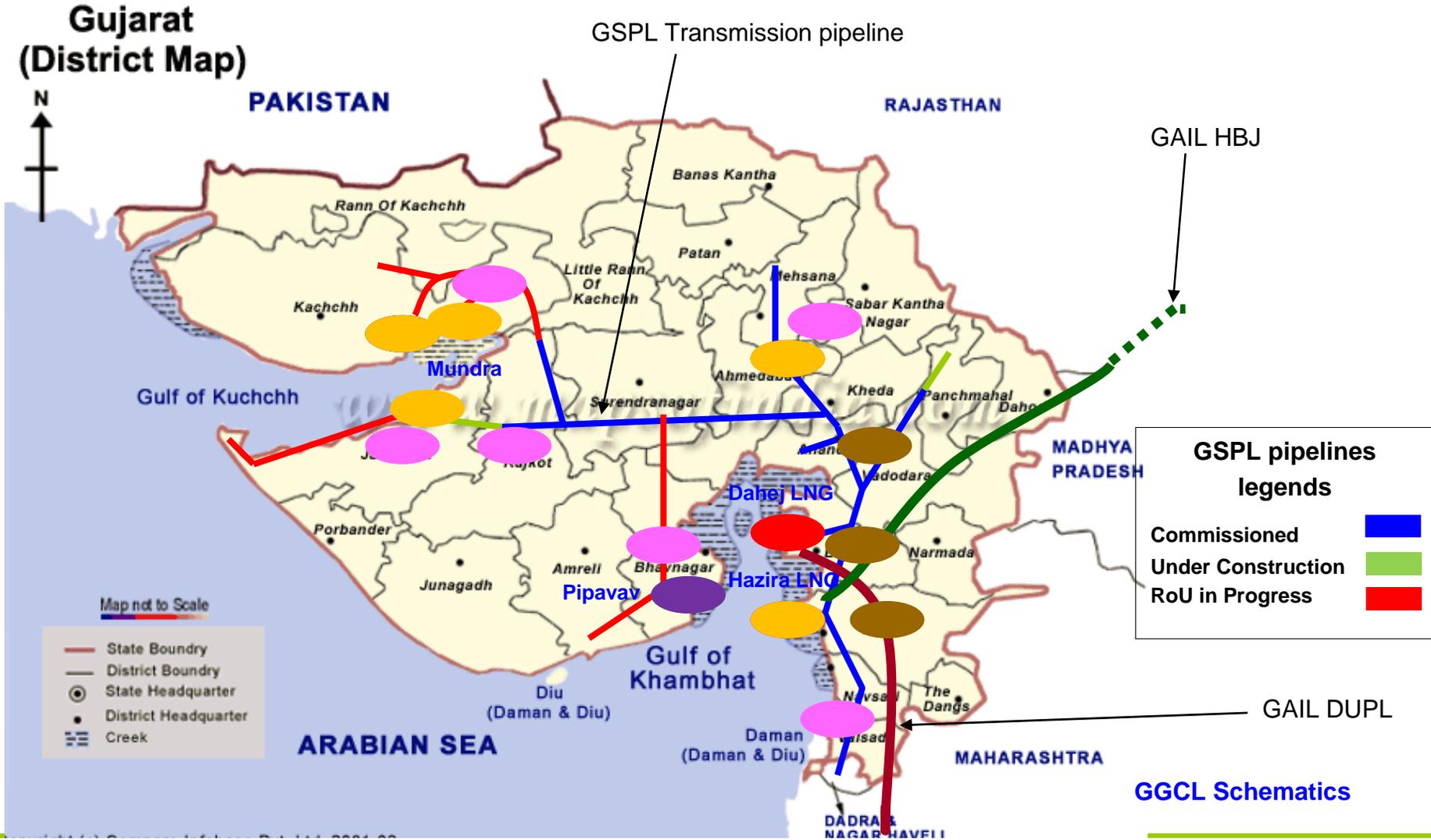
Gujarat – The nerve of DMIC

Gujarat (District Map)



GGCL in the heart of DMIC in Gujarat

Gujarat – the natural gas hub of India



Major SEZs

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Vision

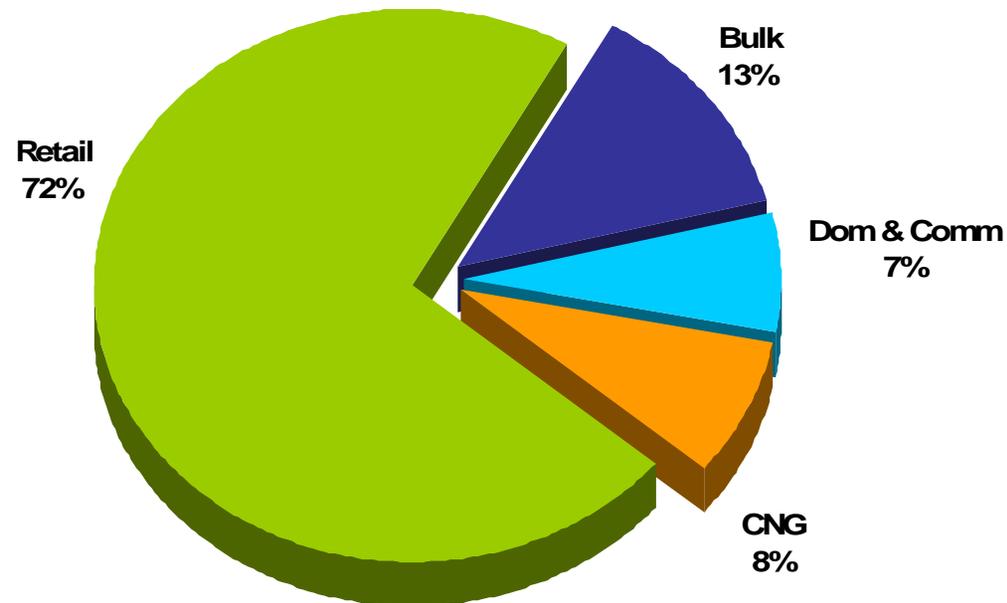


“We make natural gas the safe and preferred energy solution”



Sales mix (by volume)

Year 2008



1089 mmscm

Source: GGCL

Largest private sector CGD operator in India - by volume

Industrial retail segment

Profile

- Dispersed customer base across diverse industry sectors
- Low volume (< 50,000 scmd) high margin: large number of customers
- Low probability of gas-on-gas competition

Risk Profile

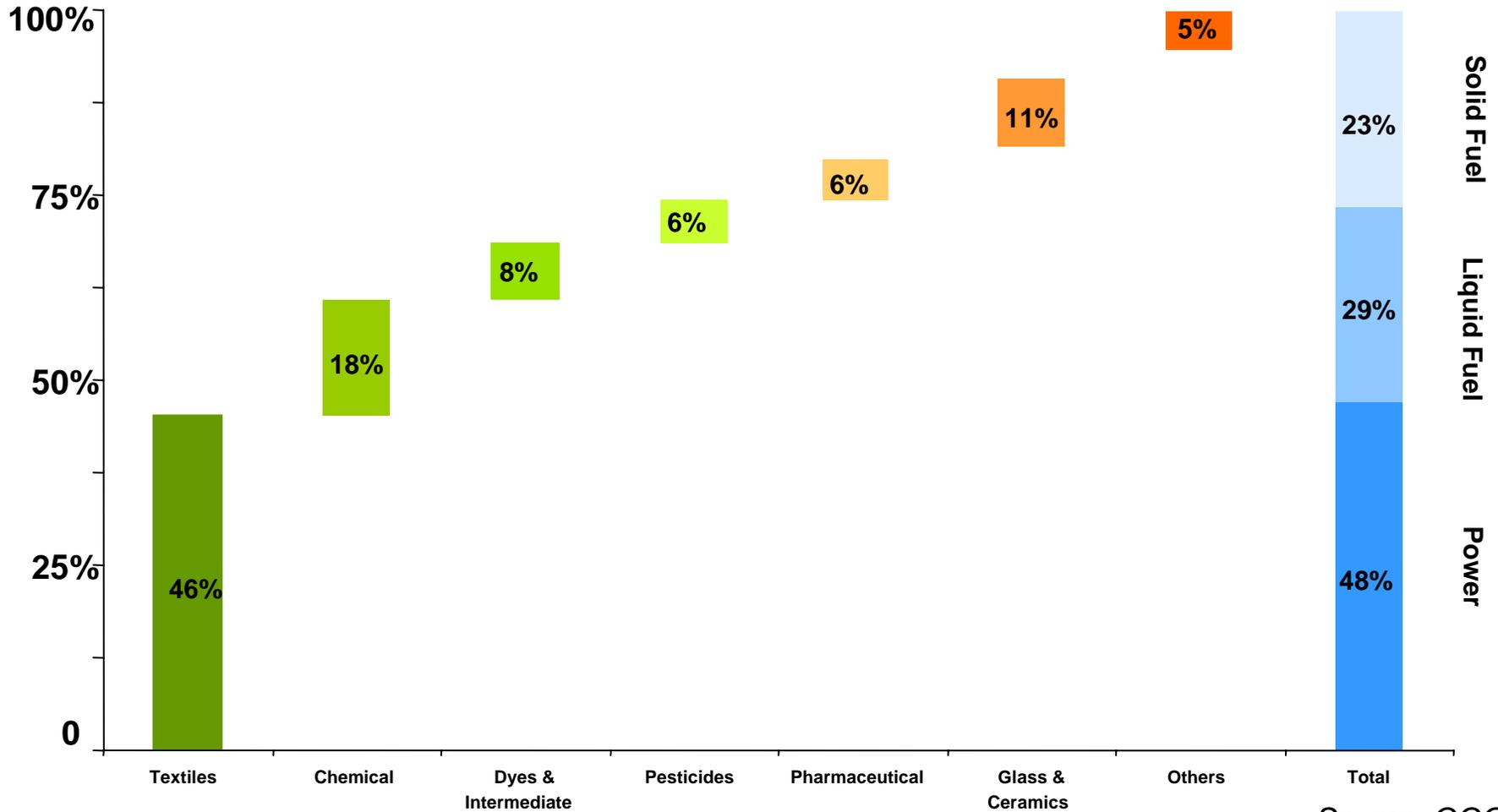
- Gas off-take risk mitigated by ToP liability clause
- Margin risk mitigated by gas cost pass-through clause
- Credit Risk mitigated by security deposits / bank guarantee

Growth drivers

- Geographical expansions and network extensions
- Captive Power demand

Core business segment driving growth

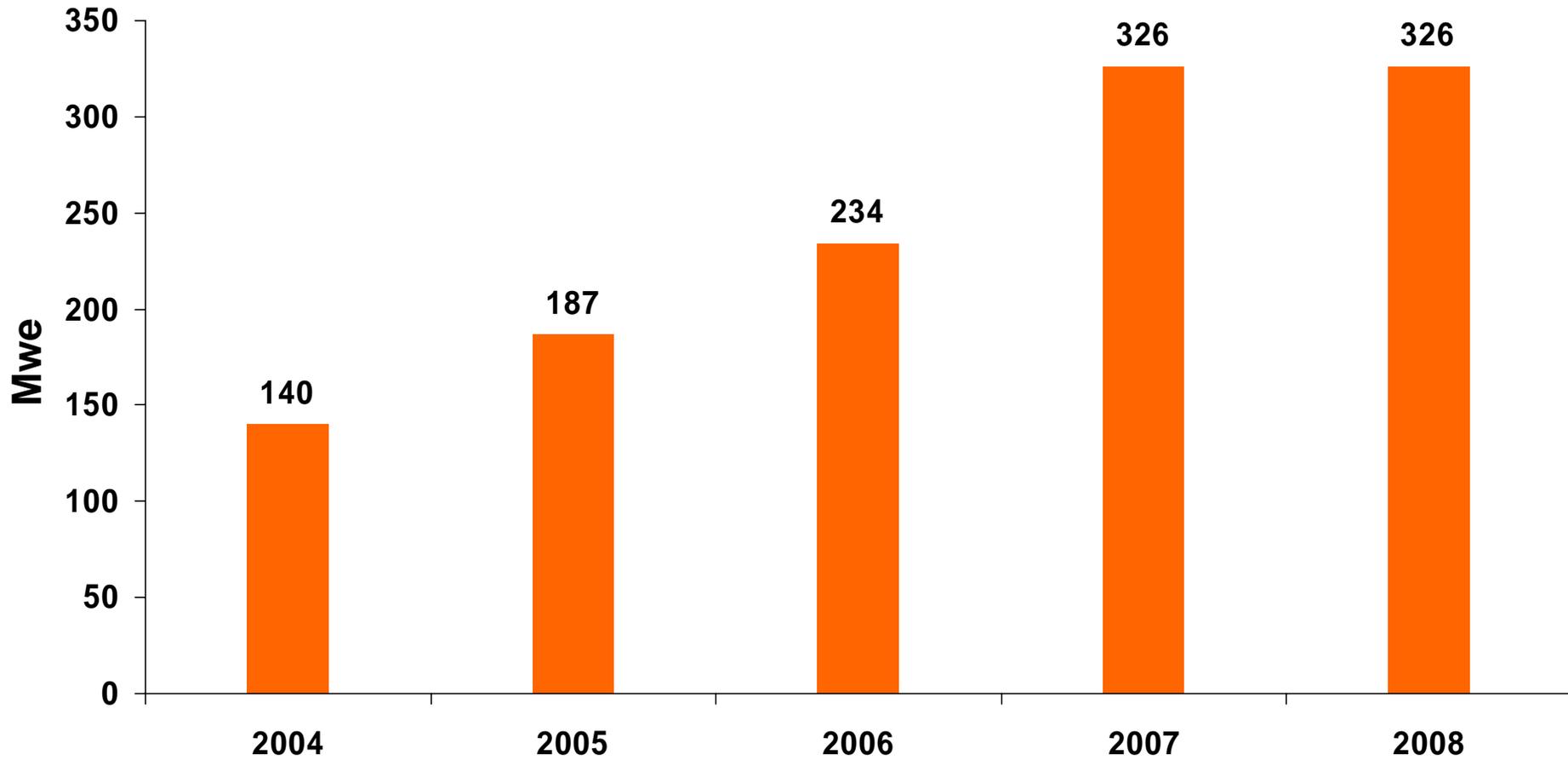
Industrial retail customer profile



Source: GGCL

Demand from textile and chemical industry remained firm

CHP (Mwe)

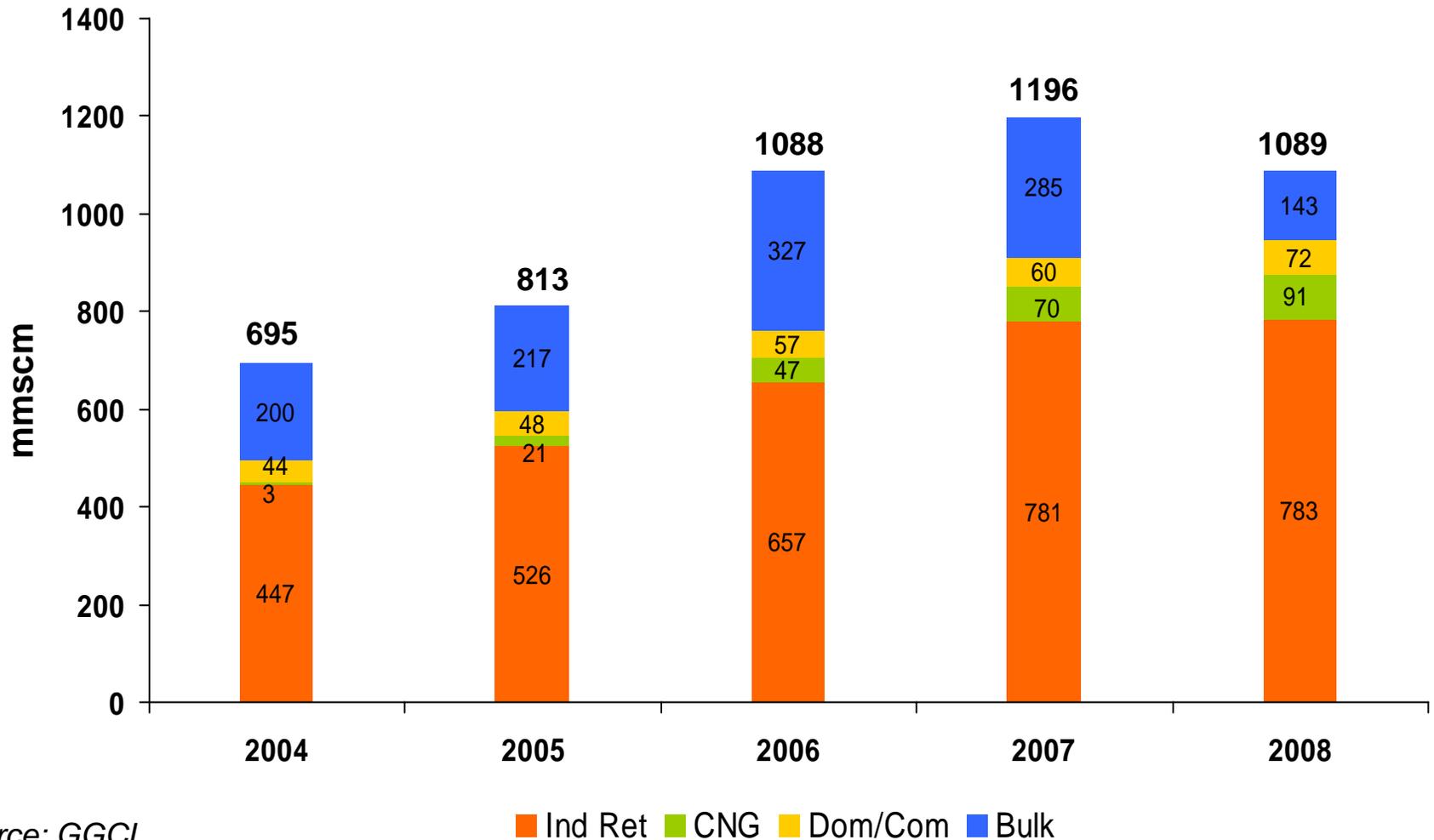


1 Mwe ~ 5000 scmd

Source: GGCL

Sustained focus on CHP

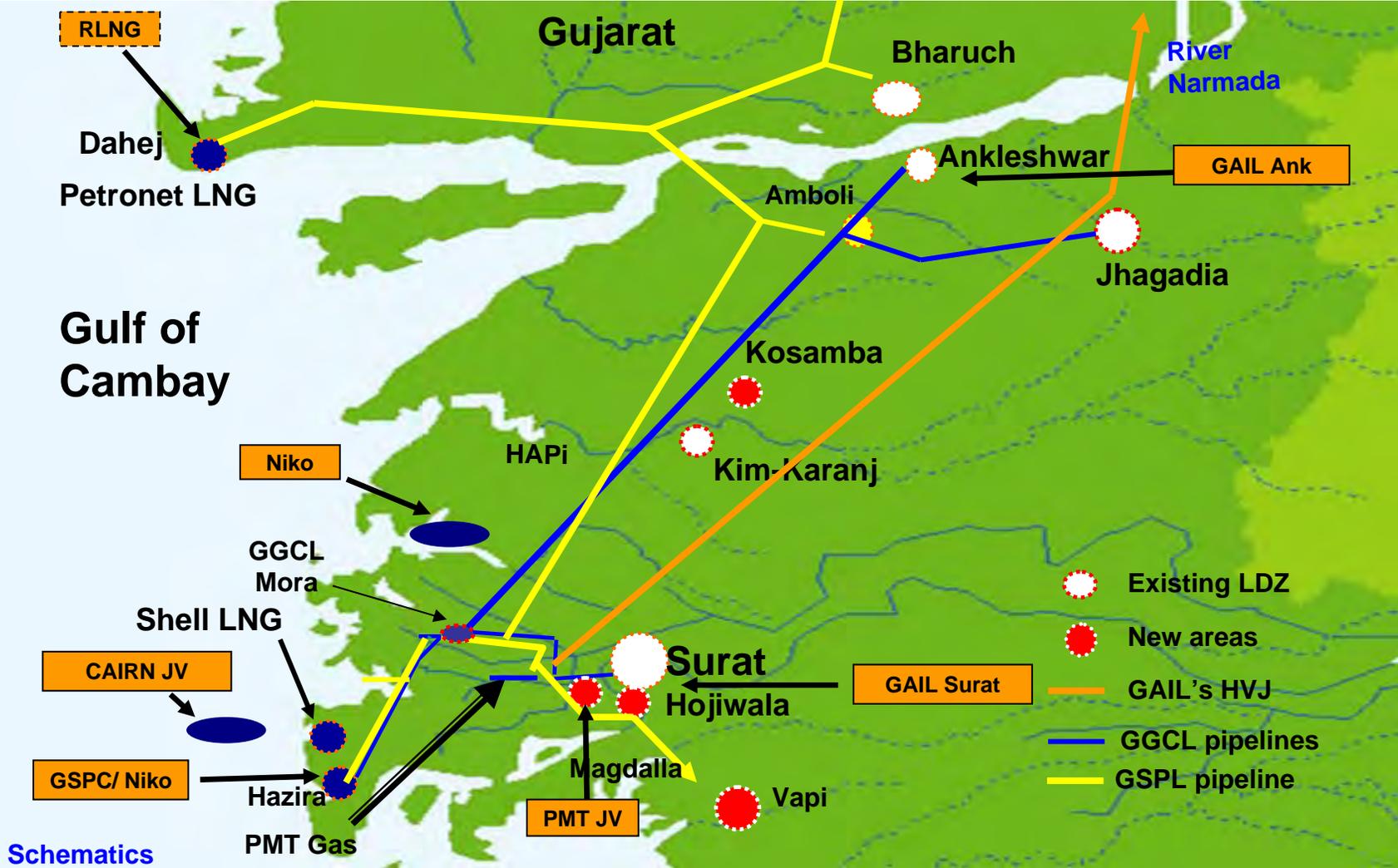
Distribution volumes



Added more than 26000 households and 23500 vehicles in 2008



Multiple gas sources



- Existing LDZ
- New areas
- GAIL's HVJ
- GGCL pipelines
- GSPL pipeline

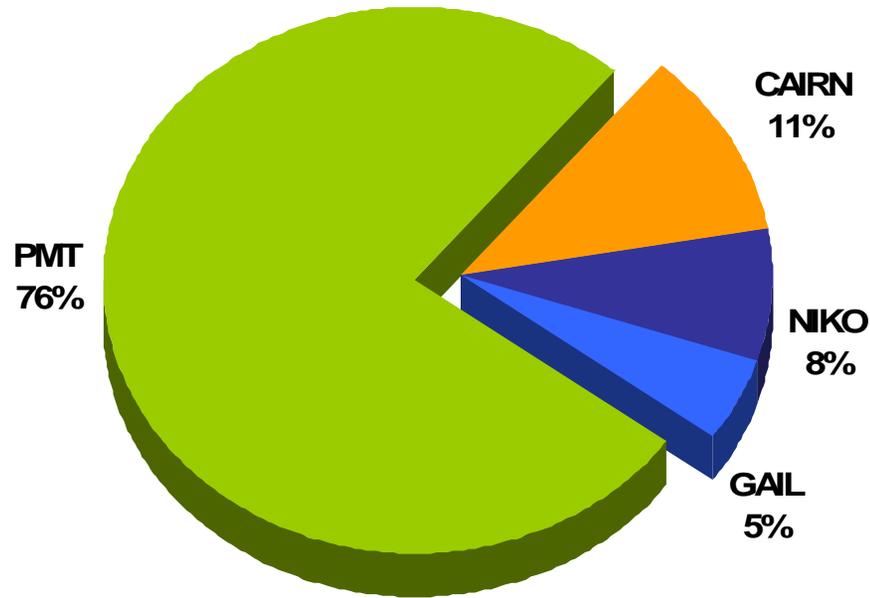
GGCL Schematics

Multiple receiving facilities

Gas sourcing mix



Year 2008



1095 mmscm

Source: GGCL

95% at market determined prices

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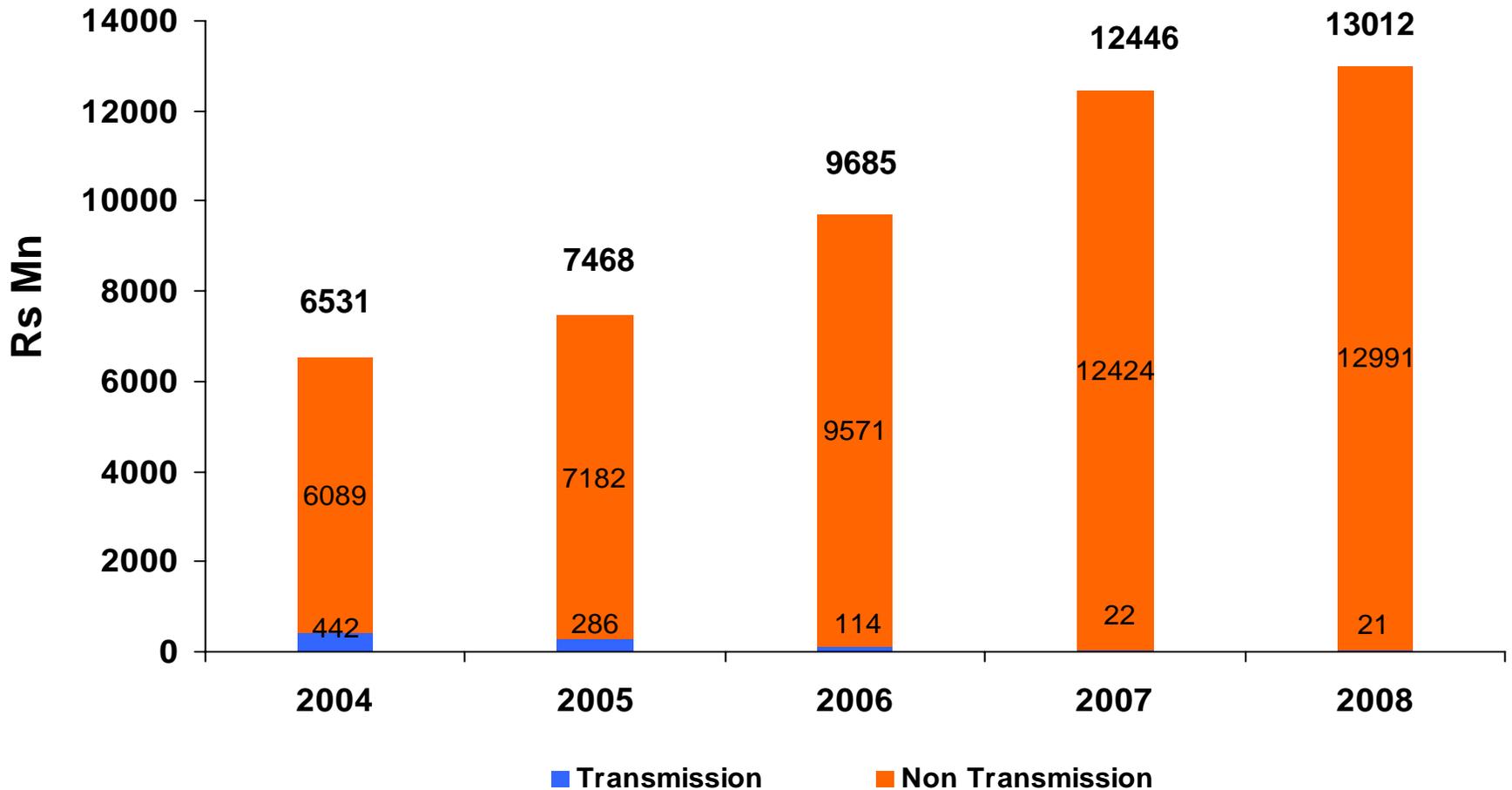
Human Resources

Way Forward

Growth vs 2007

- Top line 5%
- Distribution volume - 9%
- PAT 5%

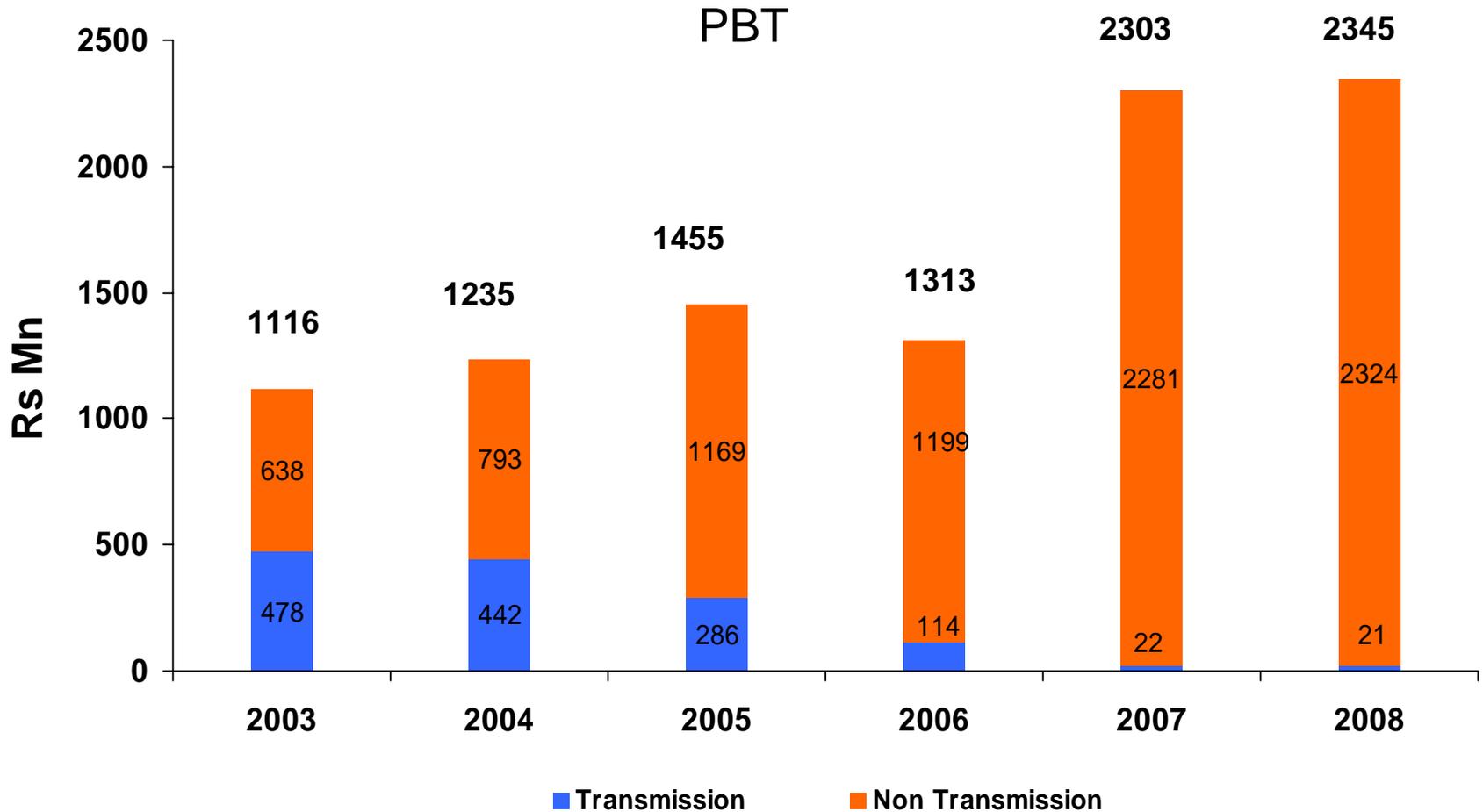
Revenue growth



Source: GGCL

Re-emergence of transmission revenues in Q4 of 2008

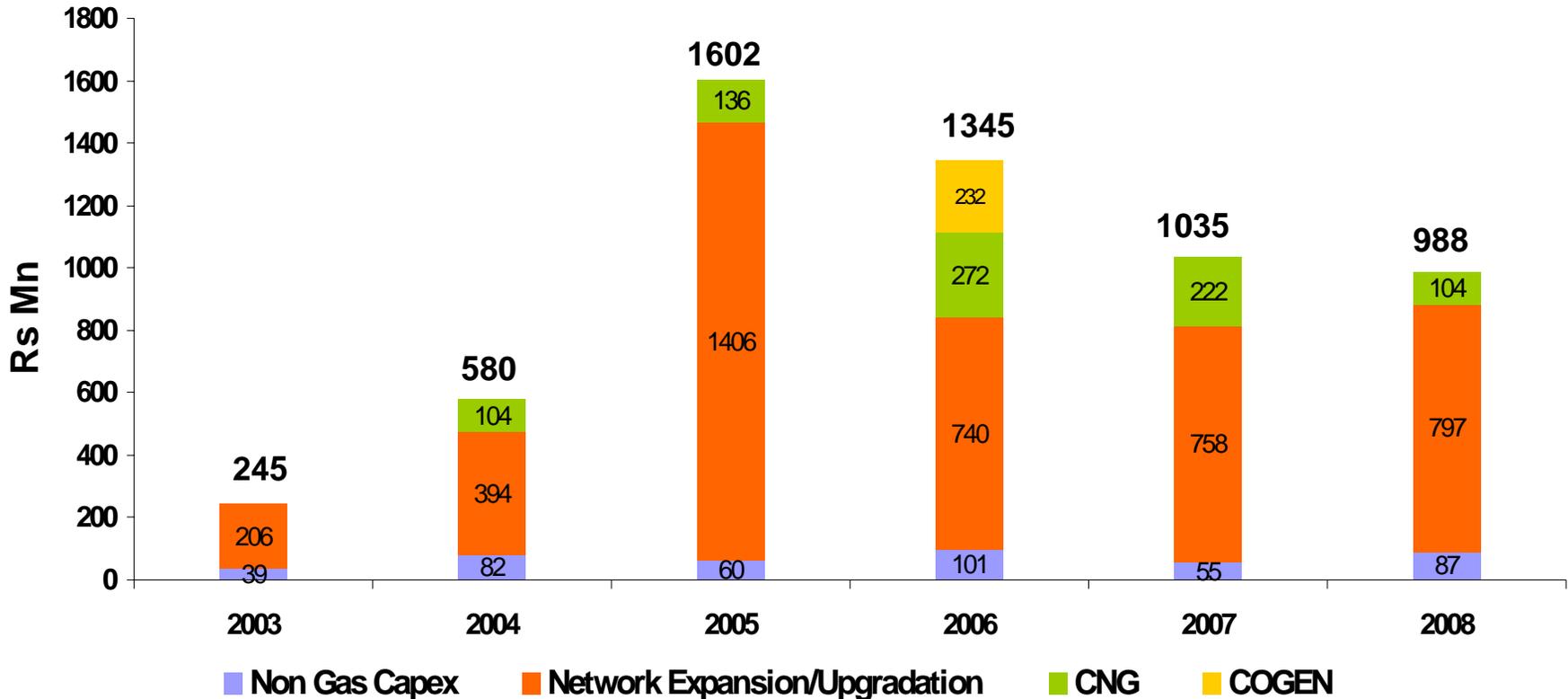
Profit growth



Source: GGCL

Profits driven by strong growth in distribution business

Capital investment



Source: GGCL

Investment – for sustained growth



Key factors which affected business in 2008

- **Gas supply**
 - PMT gas reduced by 30% from April '08
 - GAIL replaces PMT JV as supplier
 - Term Sheet with GAIL governs current supply
- **Sources aligned with market segments**
 - GAIL APM & PMT supply to Domestic and CNG segments
 - GAIL PMT gas to SMEs (< 50,000 scmd customers)
 - Non GAIL sources piped to larger customers
 - rLNG to meet peak customer demand
- **Depreciation of Rupee against USD impacted margins**
- **Optimized margins through improved customer mix**

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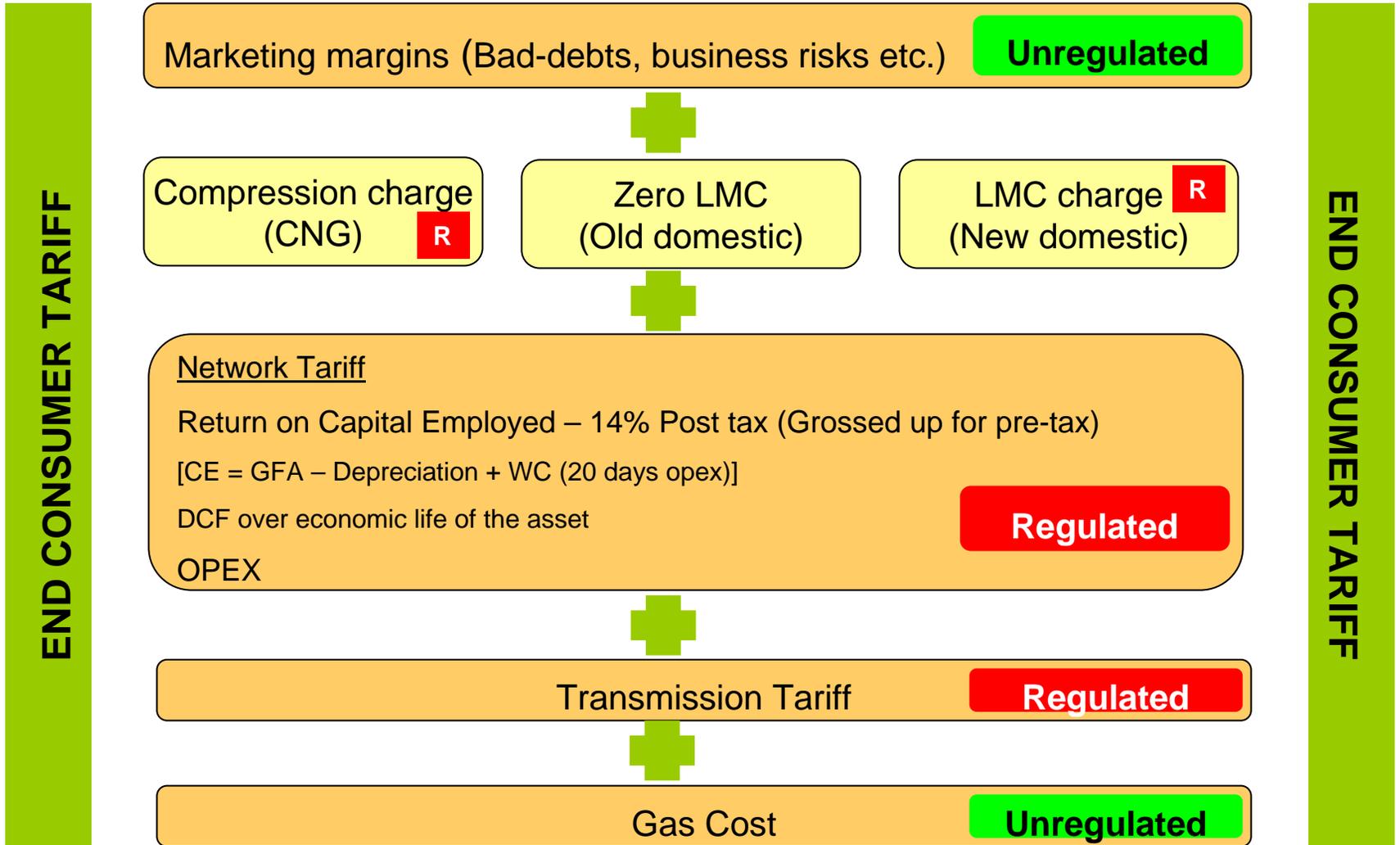
Regulations

- Application filed with PNGRB for authorisation in districts of Surat and Bharuch
- Letter from MoPNG confirming authorisation in Surat, Bharuch and Ankleshwar cities
- Application filed for Hazira -Ankleshwar pipeline authorisation
- Submitted “Expression of Interest” with PNGRB for areas in Kachch and Bhavnagar
- Permission received from PNGRB to continue construction in all the operational areas

High degree of engagement with the PNGRB



Regulatory framework – cost structure



“Marketing Margins” beyond purview of regulator

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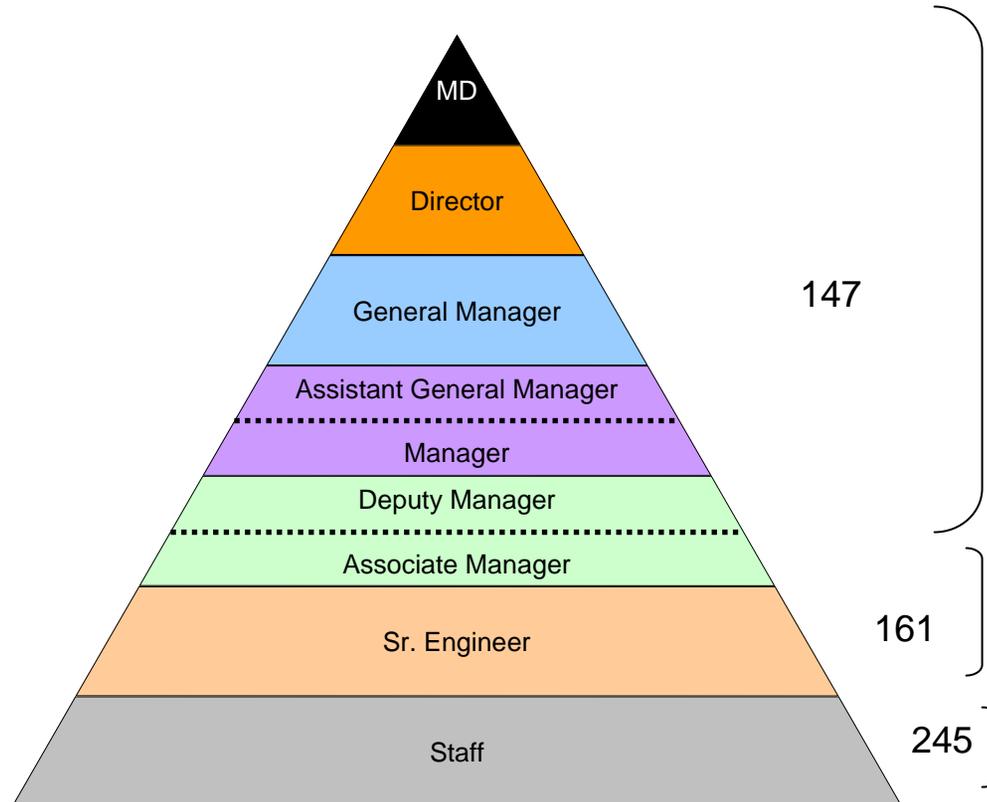
Human Resources

Way Forward

HR aligned with business needs

- 546 employees with a blend of experience and youth
- Senior Management Team deputed from BG Group
- Strong HSSE culture – driven by BG Group guidelines
- Focus on appraisal process, training programmes help maintain high standards
- Progressive HR policies towards high employee engagement and development
- ESOP introduced for select managerial talent w.e.f 1st Nov 08

Human resources pyramid



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Potential opportunities

- New license areas
 - Bid for new areas
 - Explore alliances
- Grow CNG business
- Expand sourcing portfolio with term rLNG

Key challenges



- Augmenting the gas sourcing portfolio to meet demand growth
- Securing regulatory licenses for new areas
- Growth in a competitive environment

To sustain and grow company's leadership position among CGDs

Key messages



- Positioned to grow gas distribution business in a regulated environment
- Robust business model and strategy in place
- Focus on growth

Strong business performance; Well positioned for further growth

Q & A Session
