



GUJARAT GAS



Investor Meet 2010

Mumbai

25th March 2010

Disclaimer

Statements in this presentation may contain forward-looking information concerning Gujarat Gas Company Limited (GGCL)'s strategy, operations, financial performance or condition, outlook, growth opportunities or circumstances in the sectors or markets in which GGCL operates. By their nature, forward-looking statements involve uncertainty because they depend on future circumstances, and relate to events, not all of which are within GGCL's control or can be predicted by GGCL. Although GGCL believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Actual results could differ materially from those set out in the forward-looking statements. For a detailed analysis of the factors that may affect our business, financial performance or results of operations, we urge you to look at the relevant article on Risk Management included in GGCL's Annual Report and Accounts 2008. Nothing in these results should be construed as a profit forecast and no part of these results constitutes, or shall be taken to constitute, an invitation or inducement to invest in GGCL or any other entity, and must not be relied upon in any way in connection with any investment decision. GGCL undertakes no obligation to update any forward-looking statements.

Agenda

Introduction

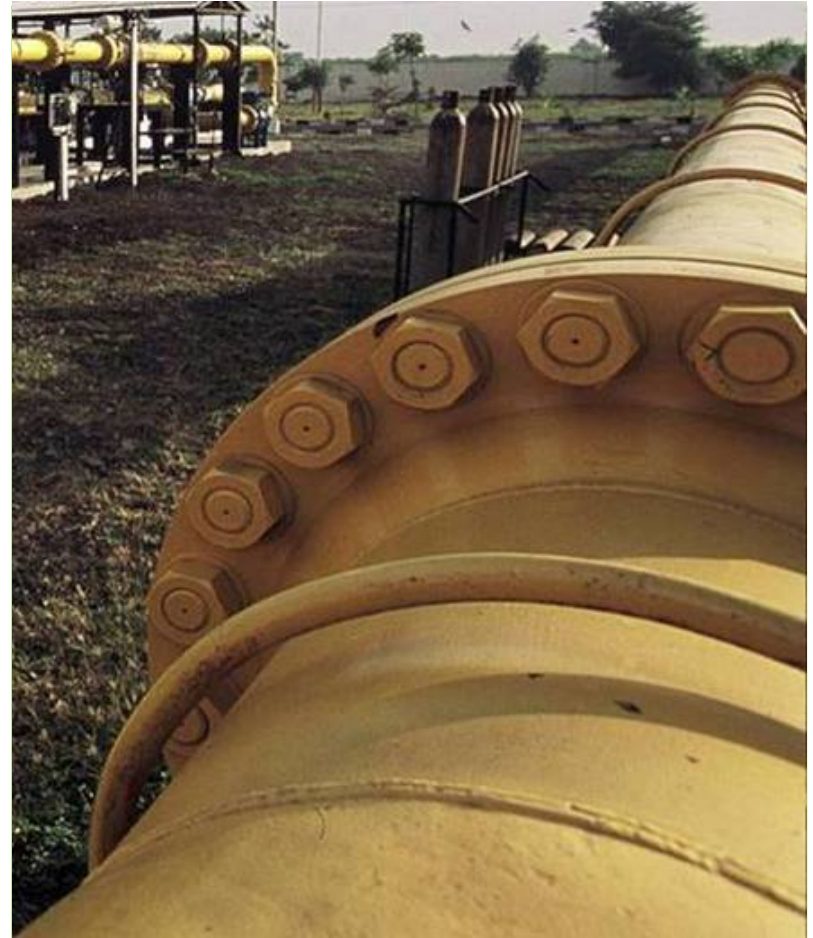
Performance Highlights

Business Profile

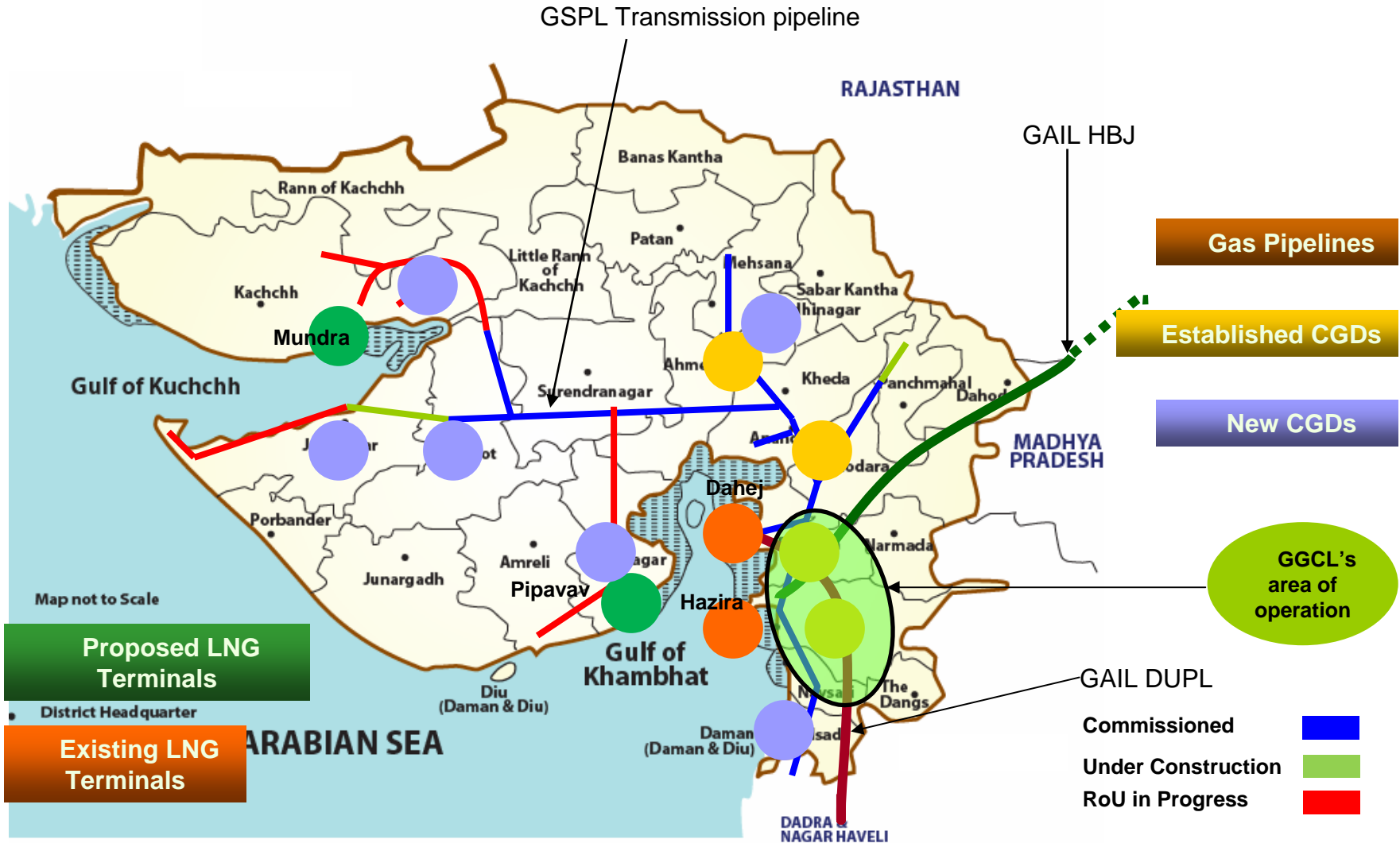
Regulation

Growth Opportunities

Way Forward

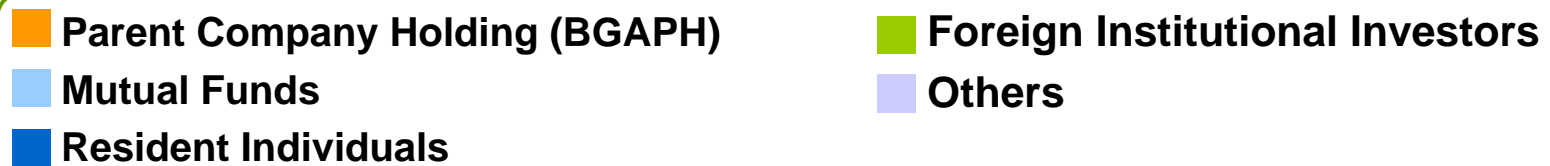
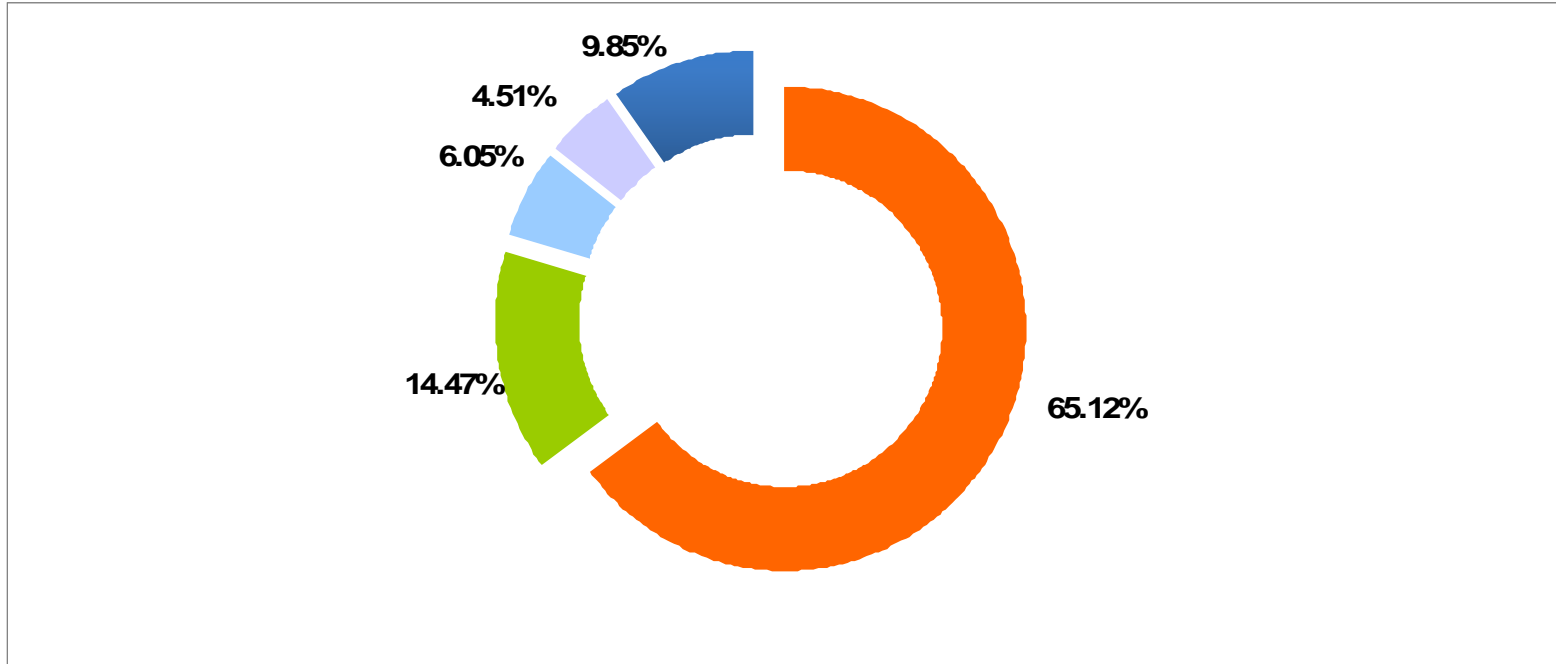


Gujarat: The gas hub of India



The best place to be in – for gas business

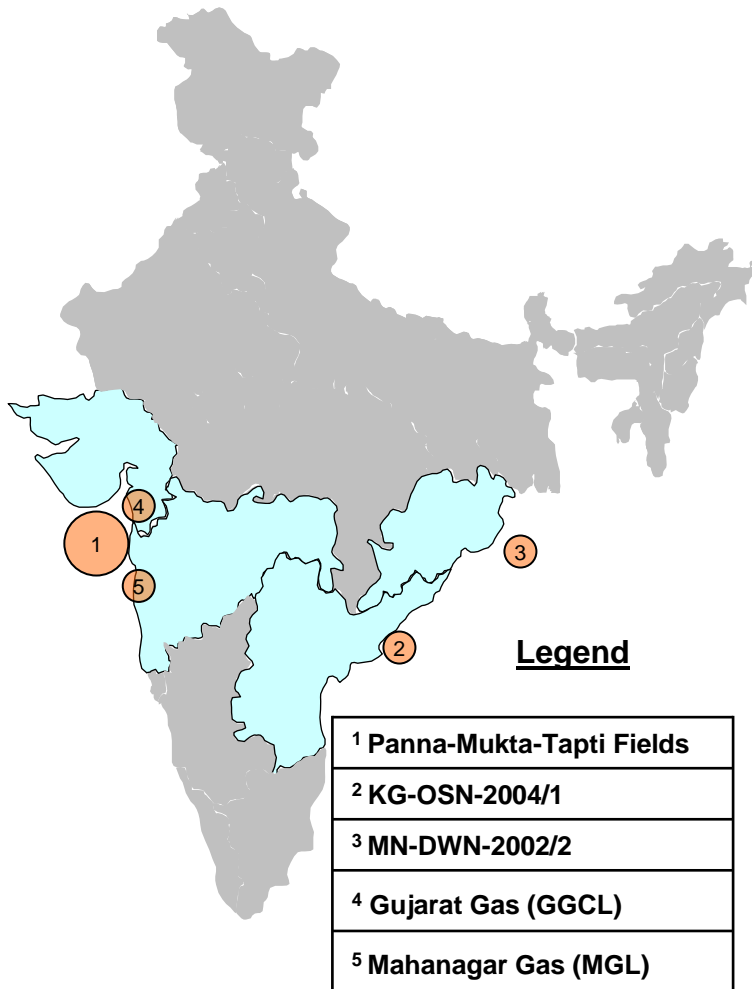
GGCL – Shareholding pattern



Shareholding as on 31st Dec. 2009
Market cap as on 19th March 2010

Market Capitalisation ~ Rs 35 Billion

BG India footprint



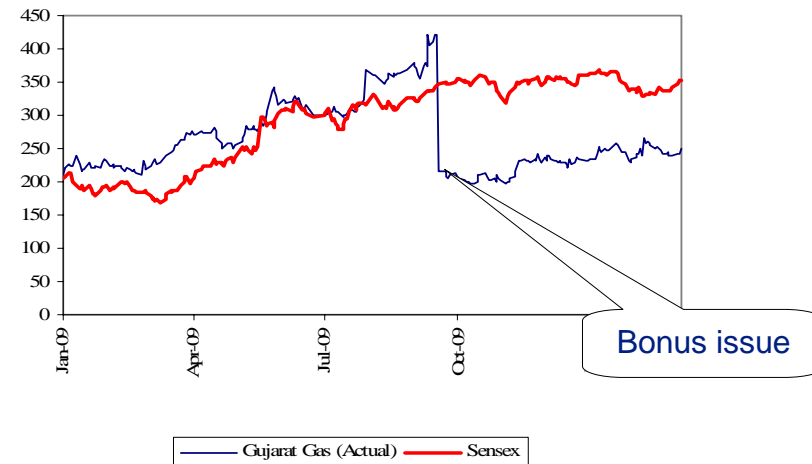
Company Information

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%) Exploring KG-OSN-2004/1 with ONGC (55%) from NELP-VI Licensing round Interest in deep water exploration blocks and MN-DWN -2002/2
	BGIES	<ul style="list-style-type: none"> Gas/ LNG marketing entity and aggregator of gas supplies
	GGCL	<ul style="list-style-type: none"> India's largest private CGD company (by volumes); 2009 sales: 1035 mmscm BG took over controlling stake in July 1997
	MGL	<ul style="list-style-type: none"> India's largest private CGD company (by customers) JV with GAIL (49.75% each), State Govt. (0.5%): started operations in April 1995

Present across the full hydrocarbon chain

Share performance

- Market capitalisation rose from Rs.1500 cr to 3000+ cr
- Bonus issue of 1:1
- Special dividend recommended
- Dividend payout increased >5 times



Shareholders' value almost doubled over one year

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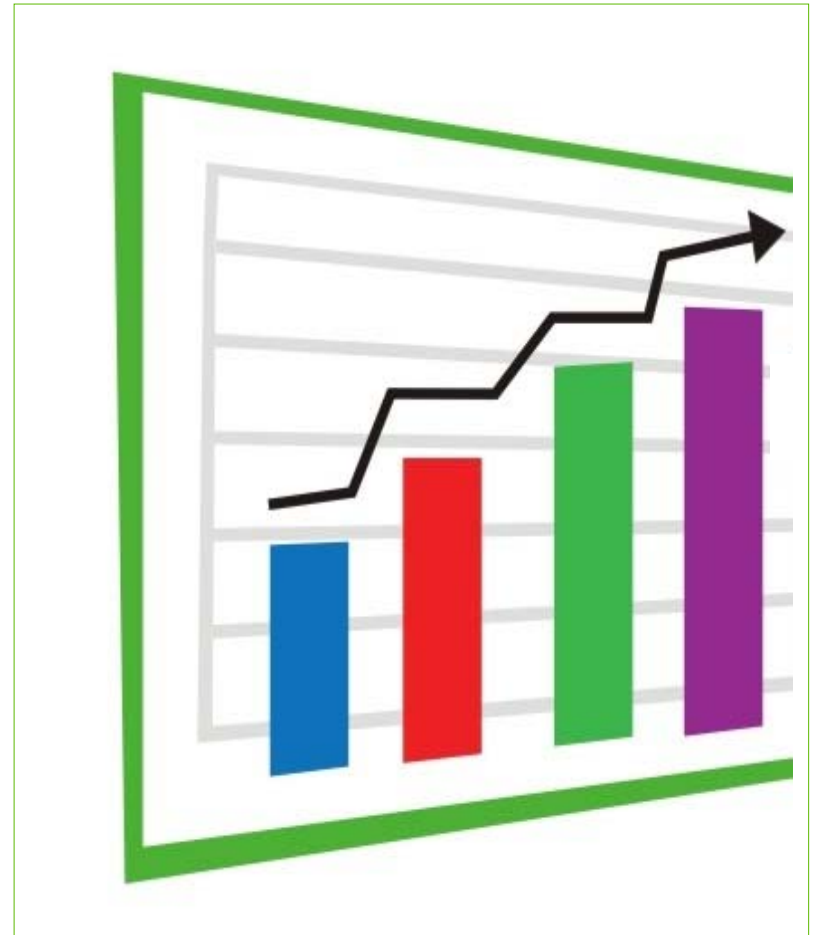
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Business Profile

Regulation

Growth Opportunities

Way Forward



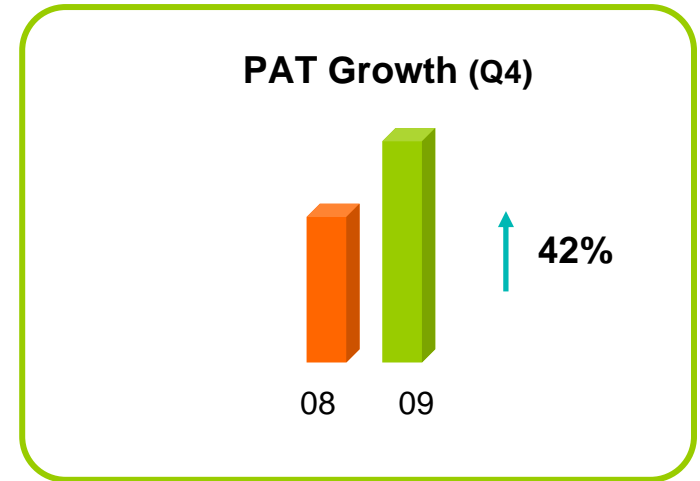
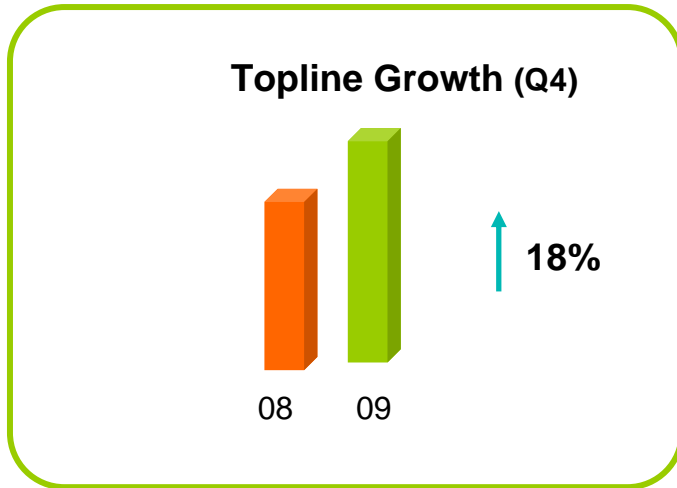
Key factors – that influenced our business

- Gas supply
 - rLNG - 13% of annual and 20% of Q4 sourcing portfolio
 - Reduced PMT supply from GAIL compared to 2008
 - KG D6 gas not allocated in 2009
- Focus on retail ensured 8% growth in retail volumes
- Stable margins through increase in selling prices
- Interim permission for capital works pending regulatory authorisation
 - Added 25 + km of steel and 300 km of PE pipelines
 - Invested in IT and land infrastructure

Significantly mitigated shortfall in market's requirement - with rLNG

Highlights 2009

Fourth Quarter



- Gas Volume increased by
- EBITDA Margins up by

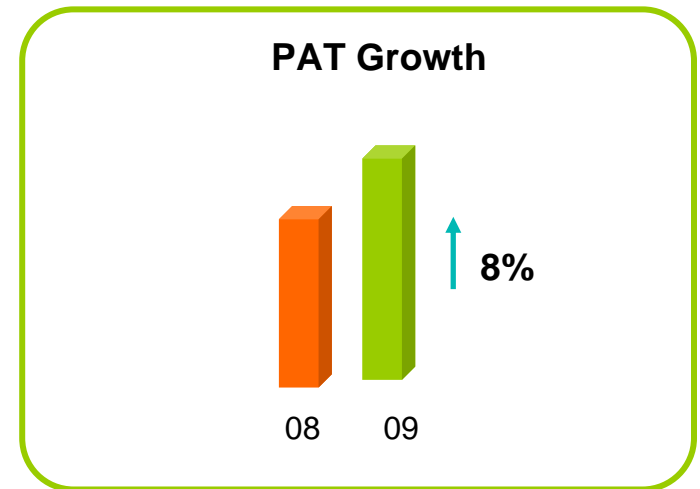
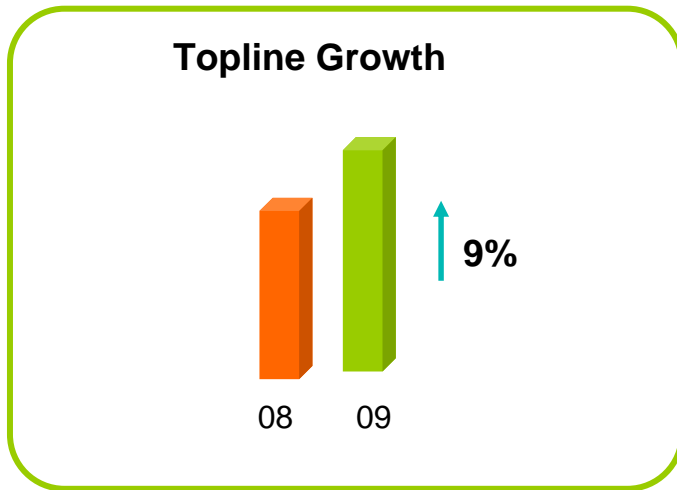
~ 10% ↑

~ 46% ↑

Availability of affordable rLNG –key to higher sales

Highlights 2009

FY 2009



- EBITDA margins up by
- Gas Volume
- Dividend
- Special Dividend

10%



5%



Rs 3 (on expanded capital base)

Rs. 5 (on expanded capital base)

Margins optimisation underpinned topline growth

Revenue growth

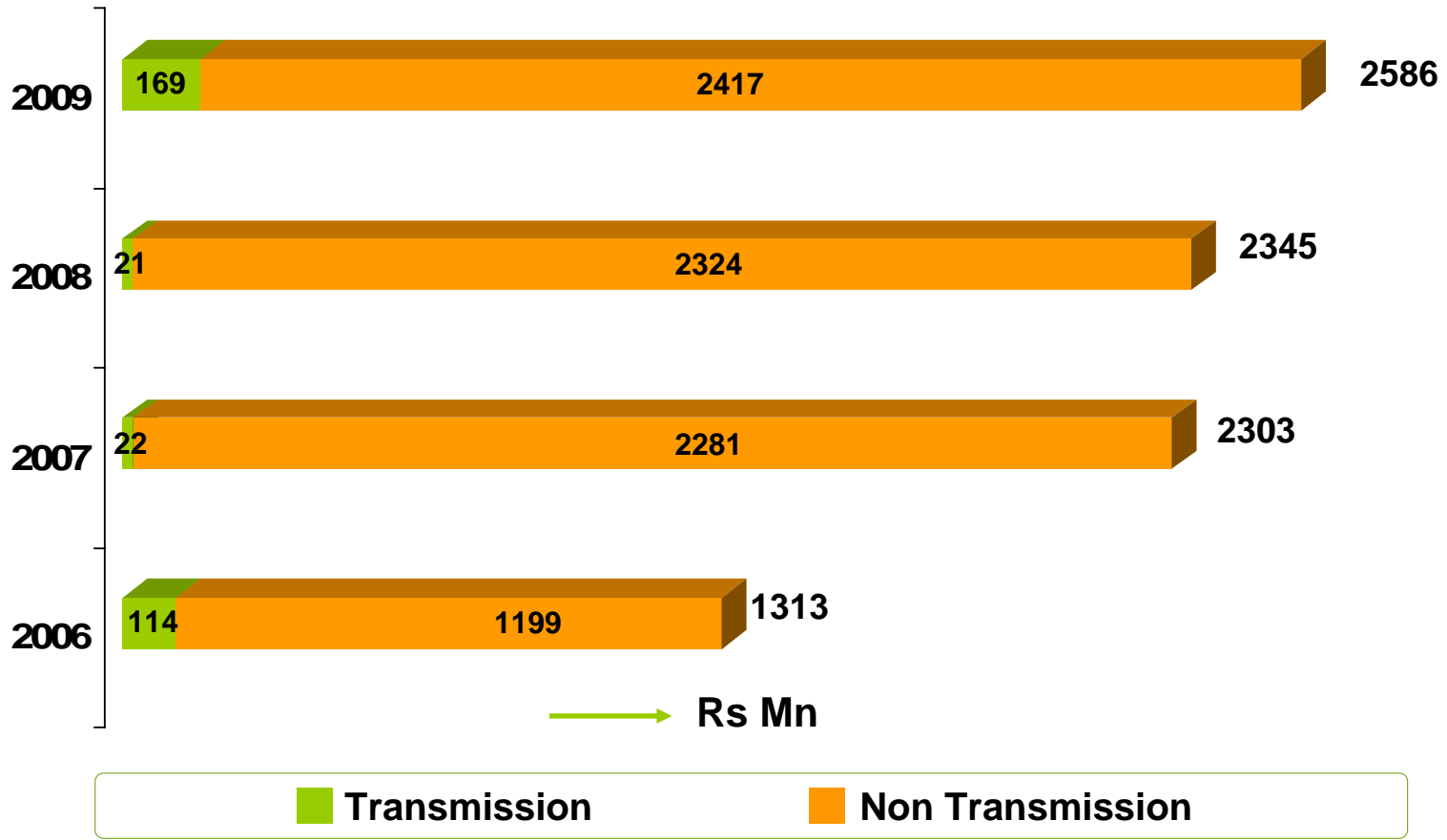


Source: GGCL 2009

Revenue growth despite sourcing challenges

Profit growth

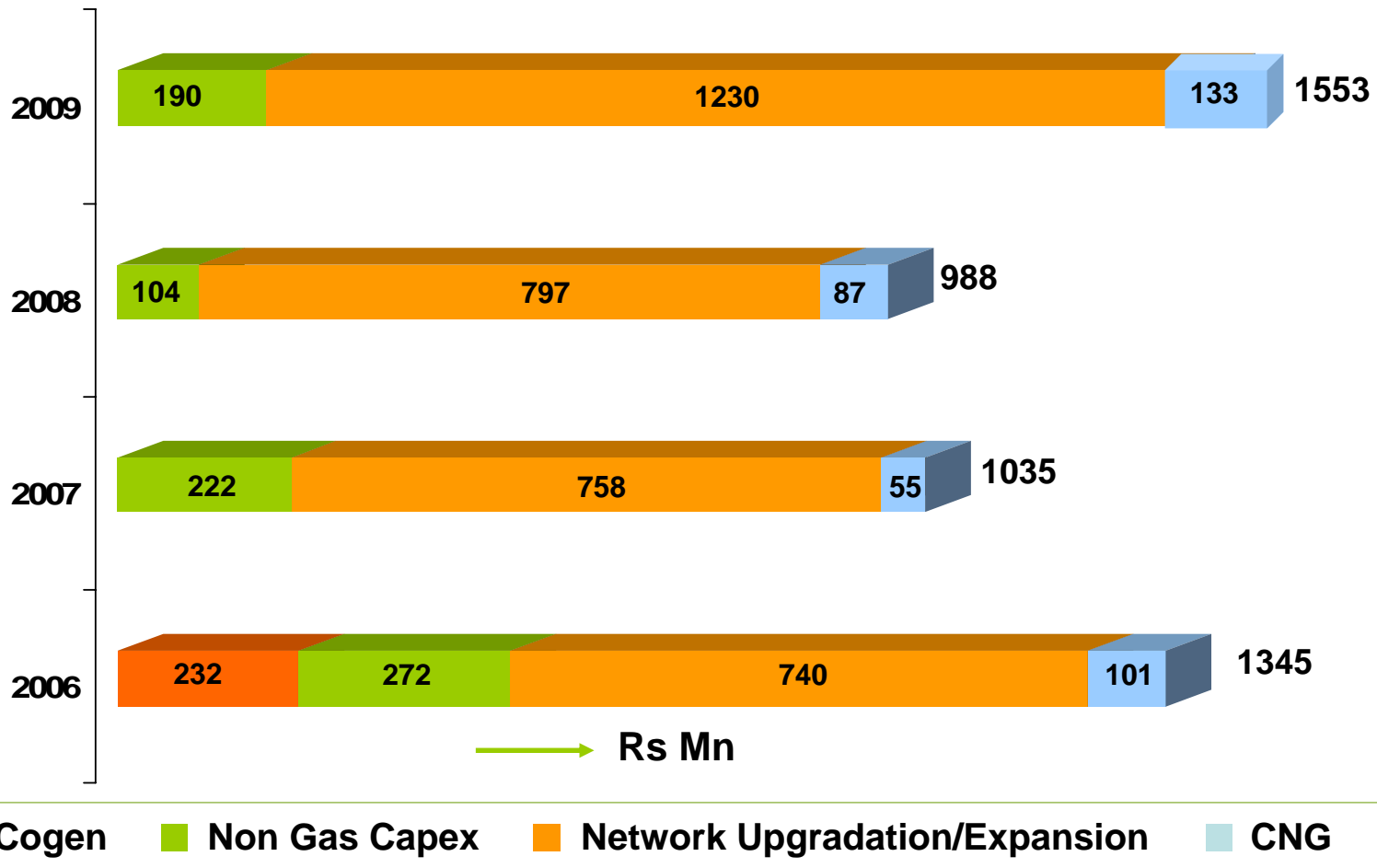
PBT



Source: GGCL 2009

Profits driven by efficient cost and price optimisation

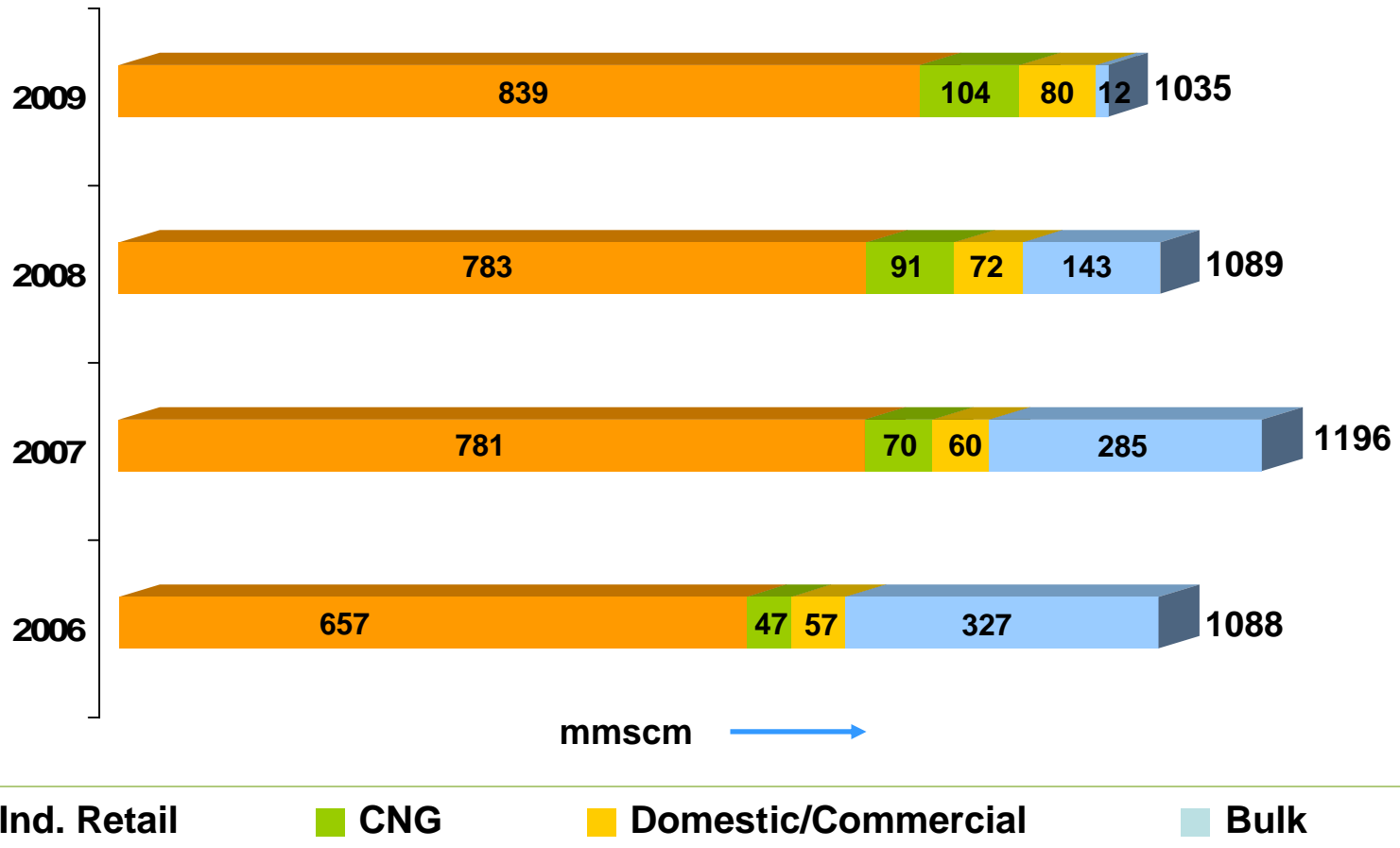
Capex 2009



Source: GGCL 2009

Investing in network and other infrastructure

Distribution volumes



Source: GGCL 2009

Sustainable growth in retail market; grew by 20% in Q4

Agenda

Introduction

Performance Highlights

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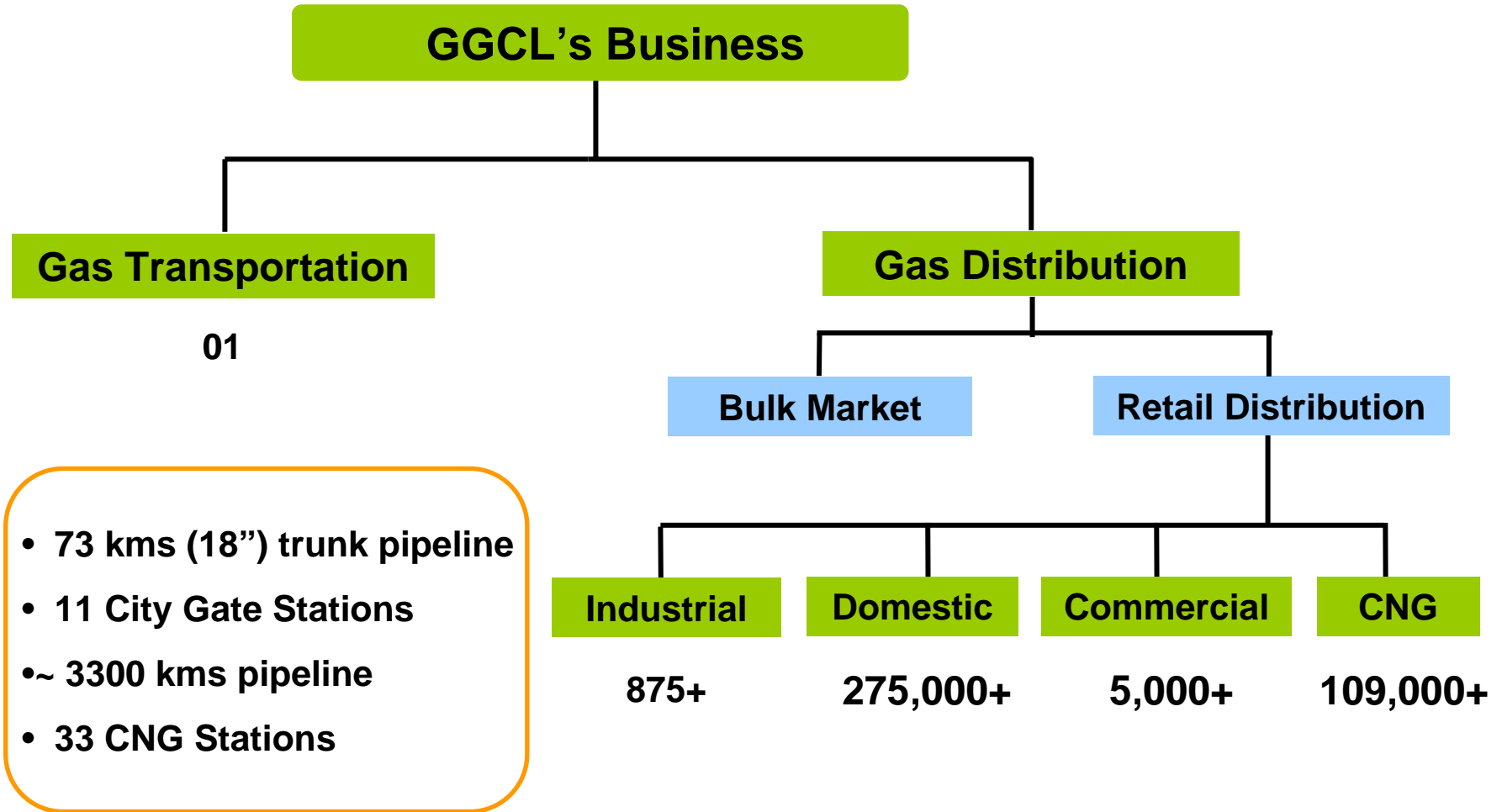
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Growth Opportunities

Way Forward



Customer profile

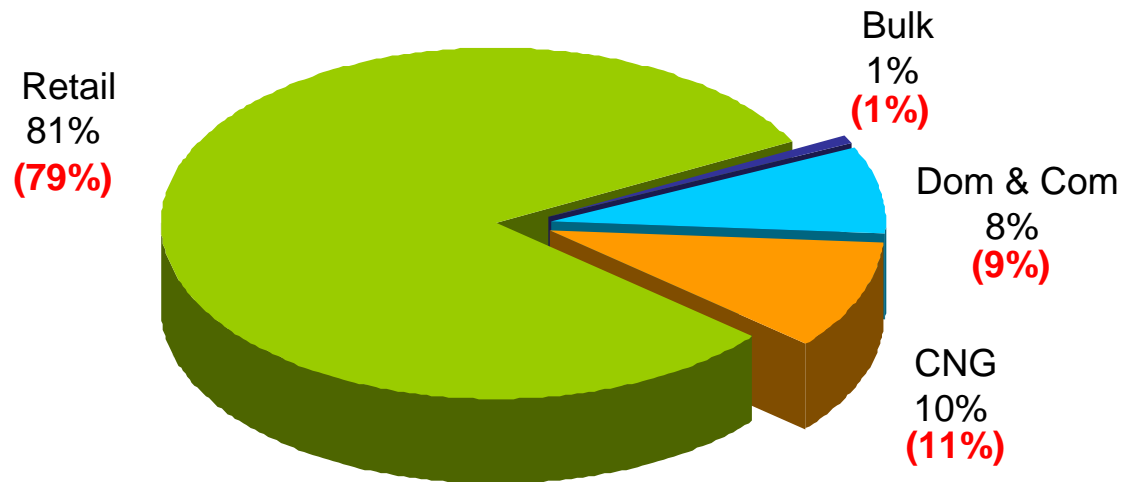


Source: GGCL 2009

Added more than 28,000 households and 22,000 vehicles in 2009

Sales mix

Year 2009



1035 mmscm

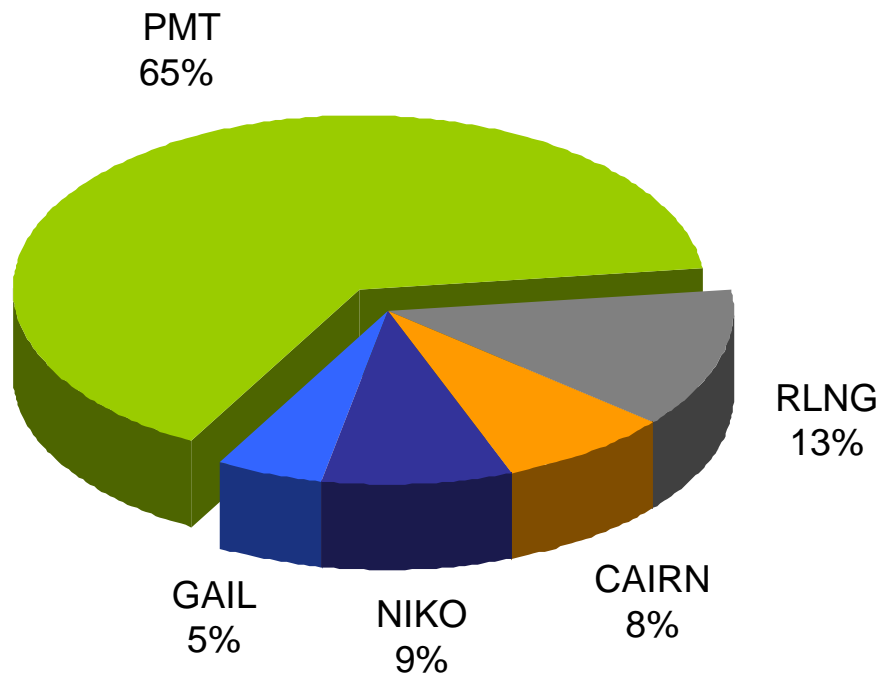
(%) – by realisation

Source: GGCL 2009

Largest private sector CGD operator in India - by volume

Gas sourcing mix

Year 2009

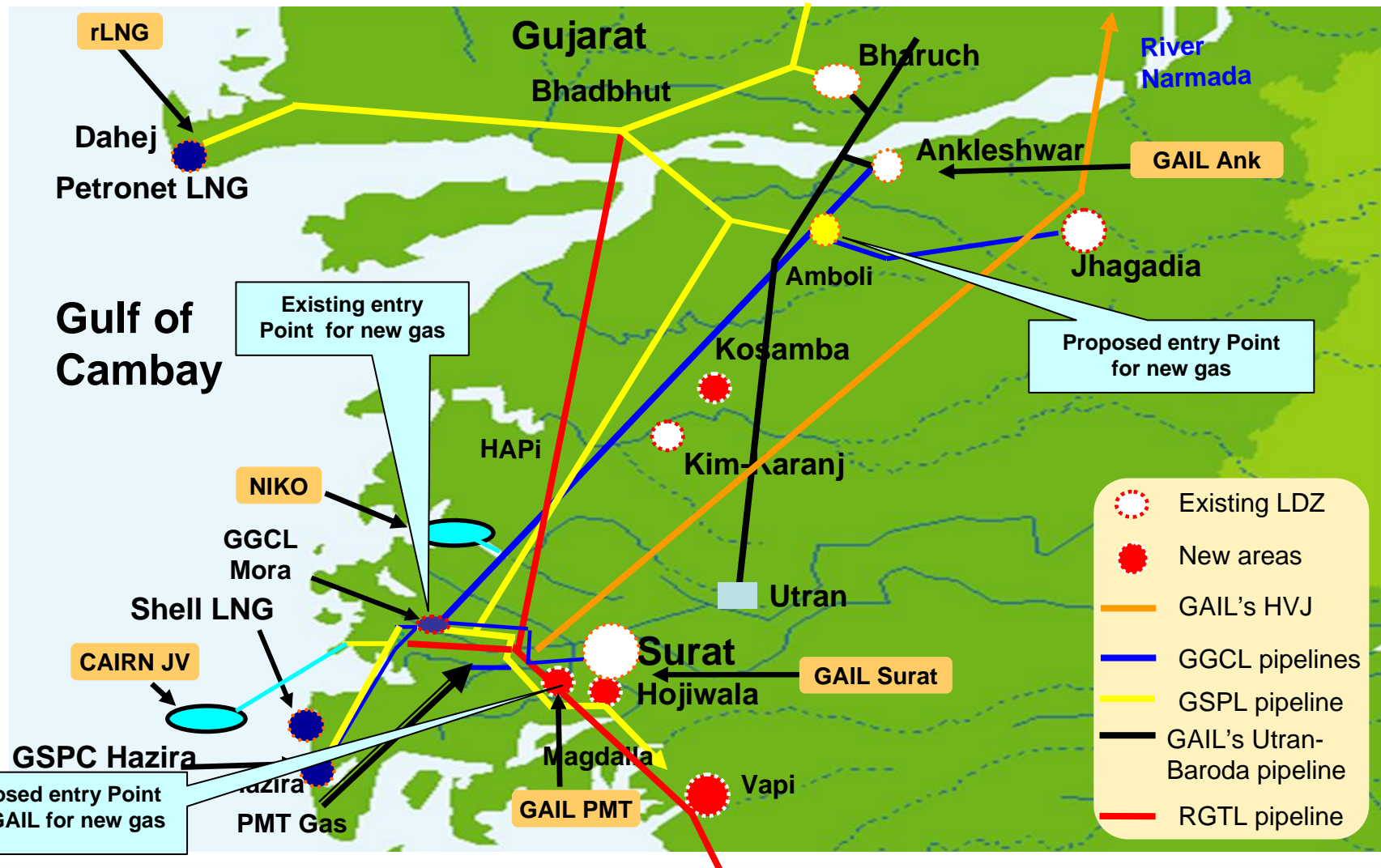


1051 mmscm

Source: GGCL 2009

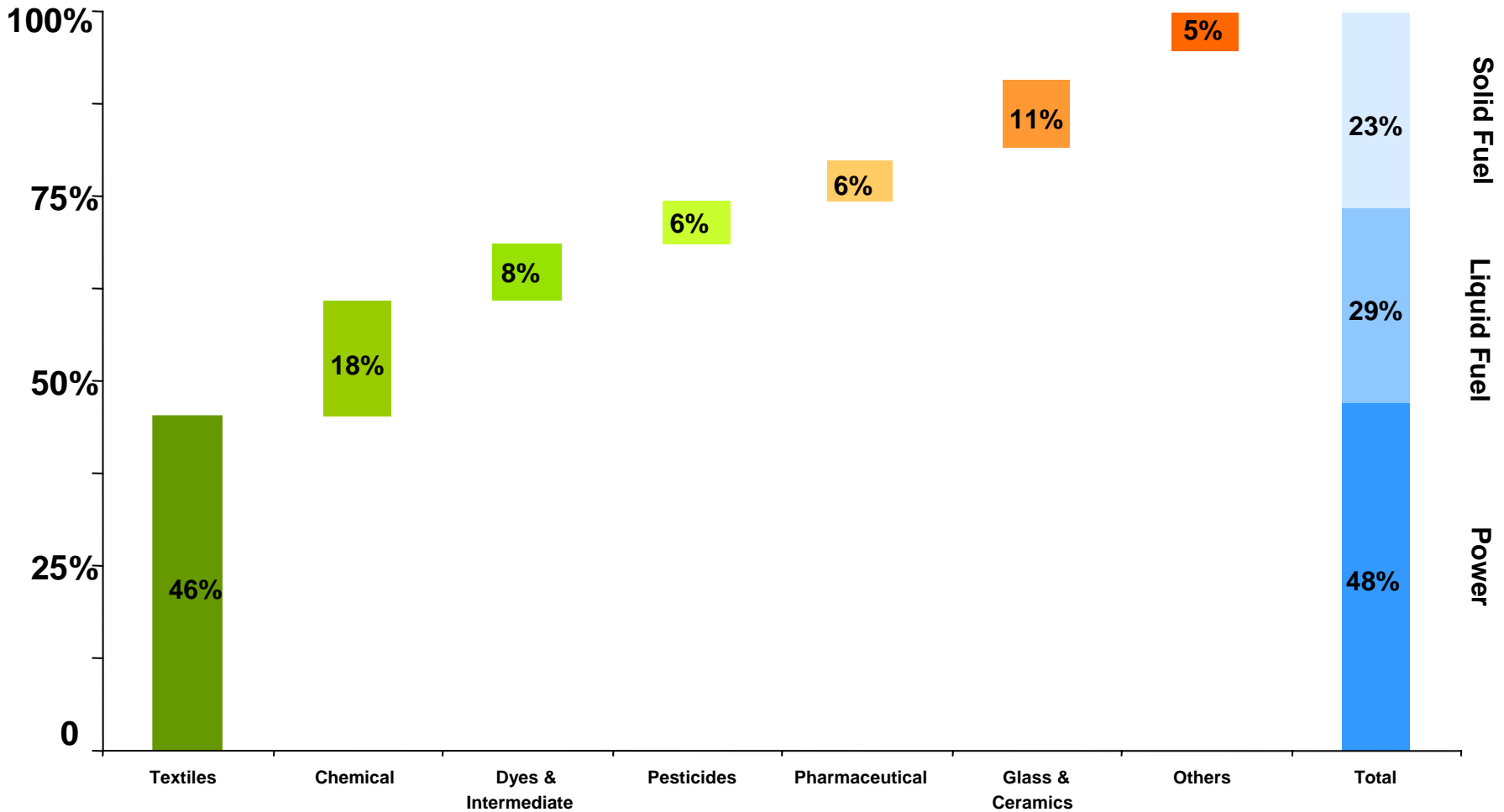
95% at market determined prices

Sourcing portfolio



Multiple sources – and receiving facilities

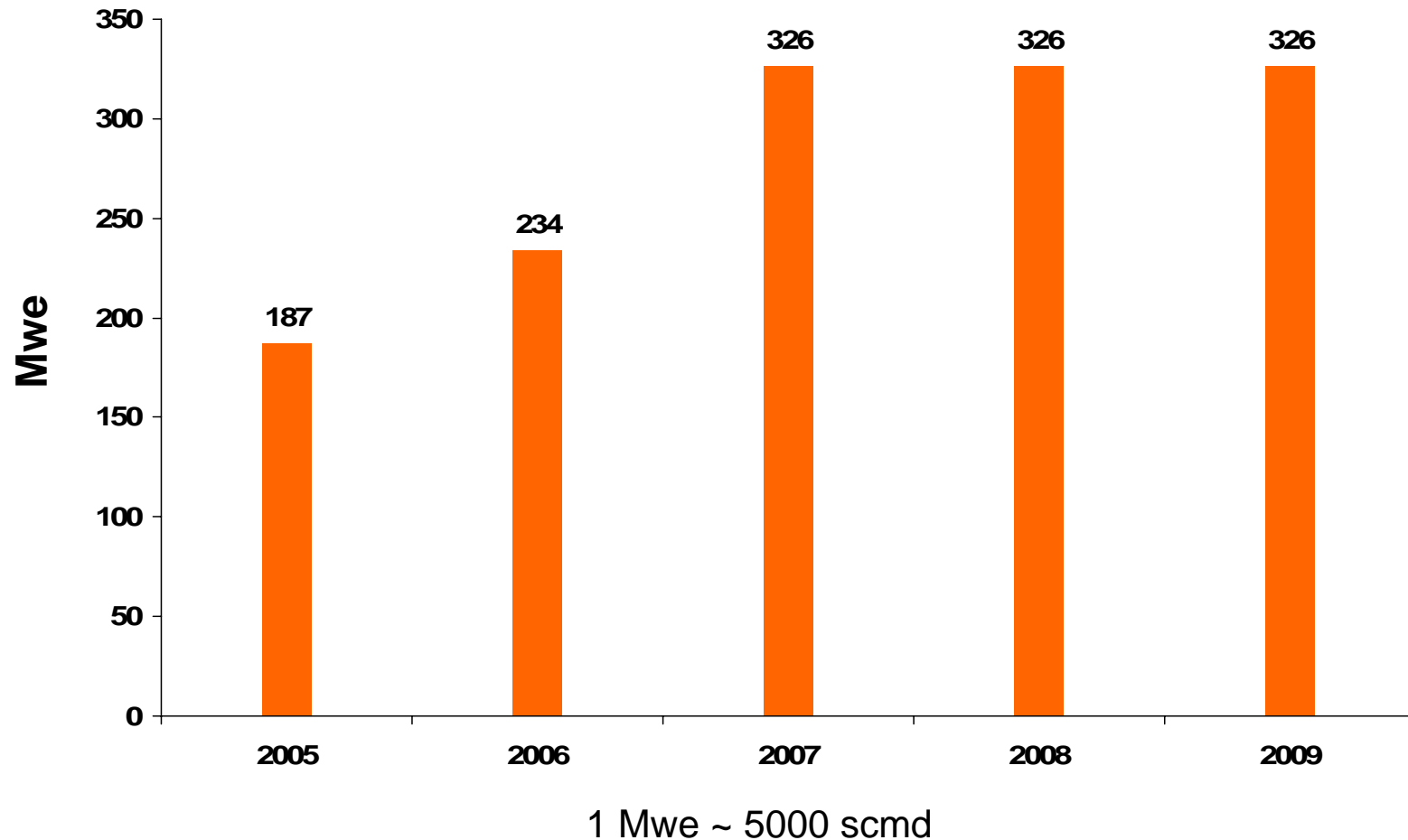
Industrial retail customer profile



Source: GGCL 2009

Textiles (Surat) and Chemicals (Ankleshwar) dominate

Combined Heat and Power (Mwe)



Source: GGCL 2009

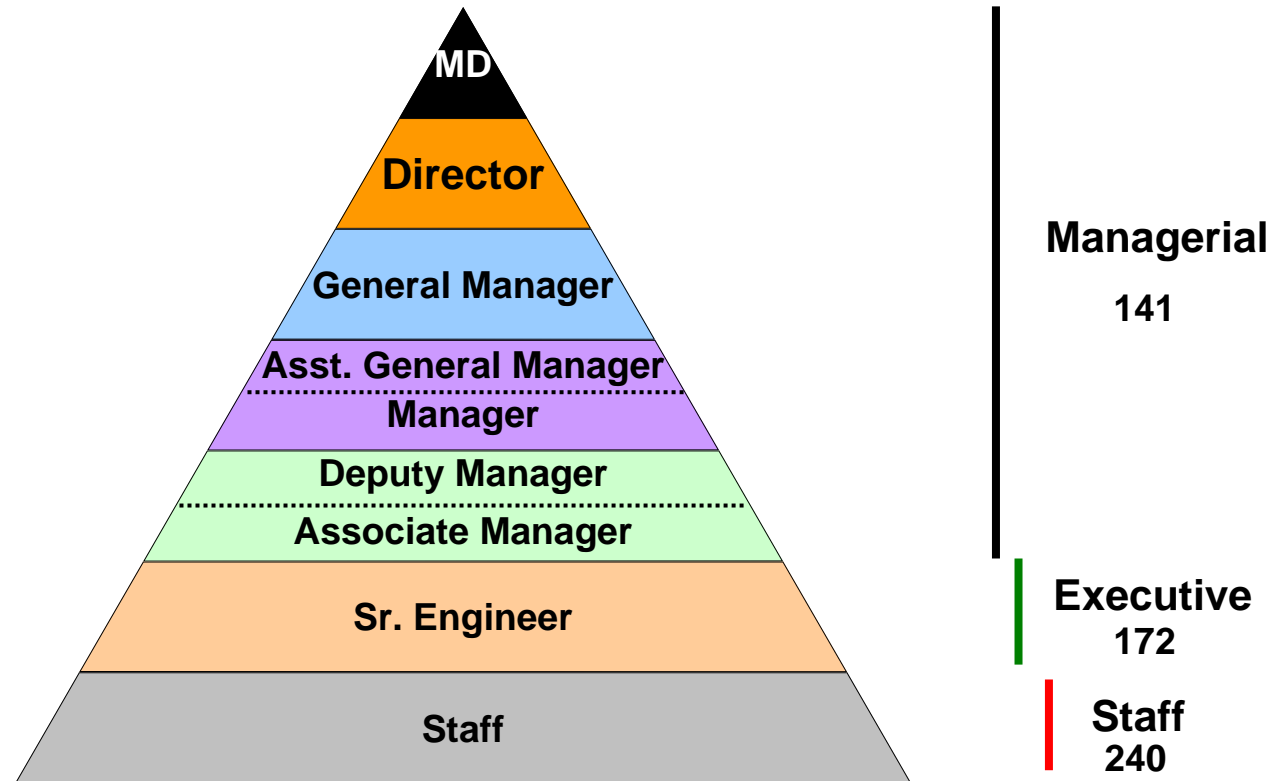
Sustained focus on CHP

Building a strong HR base

- 553 employees* - 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 last year, as a retention tool for select managerial talent

(* as at 31 Dec 2009)

People - at Gujarat Gas



Safety initiatives

- Enhanced leadership on safety
- Establishing “Safe Work” practices
 - Lower confined space entry risk
 - Safety roadshows: ~ 2,000 attended
 - “Excavation Safety” seminar for SMC contractors/ licensed plumbers
- Competency Assurance; focus on -
 - Migrant workers, mobile training van
 - Safety Passport, defensive driving certifications
 - Peer reviews
- Safer CNG business
 - Bar codes, RFID, CCTV, training to fillers
- Step Forward for Safety
 - Action plan rolled out
 - Life Saver campaign



Completed 10 million man-hours safely

Social investments



Skill development project to unemployed tribal youths at ITI Jhagadia



“Science is fun”; an entertainment based education program for school children



Environment Education Bus (Prakriti)

- Support for school enrollment drive for girl child education
- Leading utility coordination in Surat to minimise damages

Focus on sustainable development

Agenda

Introduction

Performance Highlights

GGCL – Business Profile

Regulation

Growth Opportunities

Way Forward



Regulations

- Authorisation* applications filed with PNGRB** awaiting final award
 - For CGD network in districts of Surat and Bharuch
 - For Hazira-Ankleshwar transmission pipeline
 - PNGRB public consultation process completed without any significant objections
- MoPNG authorisation received for Surat, Bharuch and Ankleshwar in 2008

* The Delhi High Court has held that the Regulator's powers to grant authorisations are subject to S 16 of the PNGRB Act being notified.

** Petroleum and Natural Gas Regulatory Board

Regulations(2)

- Interim permissions received from PNGRB to continue construction in all operational areas
- Two rounds of CGD bidding conducted by PNGRB
 - 13 Geographic Areas, primarily along HBJ and EWPL bid out
 - Bid round for Gujarat opportunities awaited

Agenda

Introduction

Performance Highlights

GGCL – Business Profile

Regulation

Growth Opportunities

Way Forward

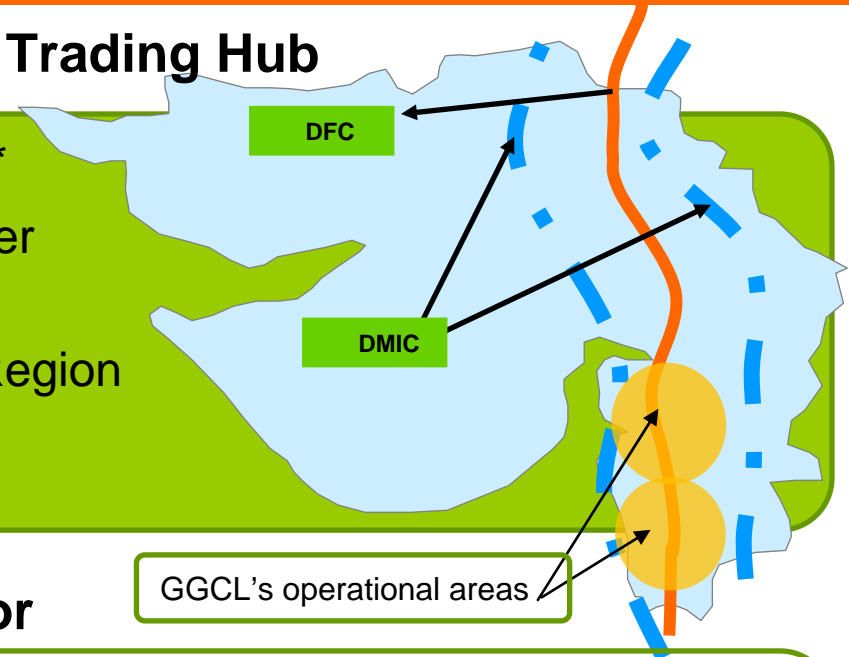




Gujarat – The focus of DMIC

DMIC - Global Manufacturing and Trading Hub

- 38% of DMIC passes through Gujarat*
- Phase I plan at Dholera identified under Early Bird Projects
- Investment regions : Bharuch-Dahej Region
Surat-Navsari Industrial Area and
Valsad-Umbergaon Industrial Area



DFC – Dedicated Freight Corridor

- DFC, a new rail transportation system with high axle loads and computerised features with Bharuch, Ankleshwar, Surat and Valsad as industrial nodes
- A high impact industrial area within 150 km distance on both sides
- Expected investment of ~ \$30 bn in the region*
- Expected to triple industrial output in five years*

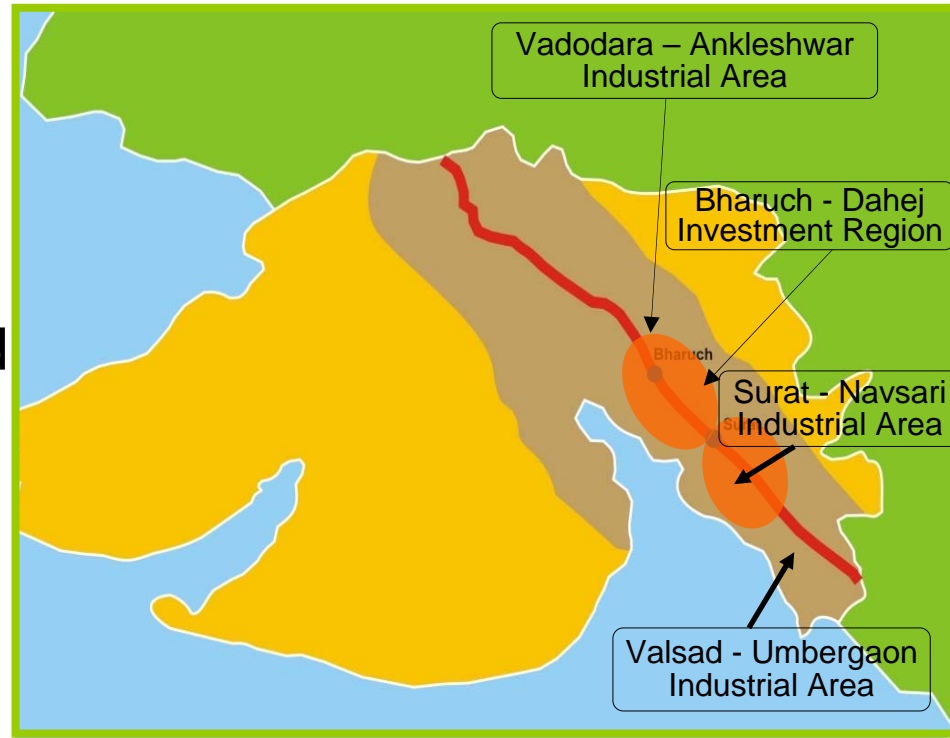
Map: Indicative, not to scale

* as per DIPP and Govt. of Gujarat

DMIC passes through the heart of GGCL's operations

Surat & Bharuch Districts

- Fast growing investment region
 - contributes ~ 12% to State GDP
- 13 SEZs, 32 Industrial estates, 4 industrial parks and PCPIR
- Surat: India's fastest growing city with growth rate of 11.5%
- Growth in vehicle population ~ 8%



Map: Indicative, not to scale
Source : Govt. of Gujarat, Indicus Analytics 2008

Remains a favoured investment destination

Opportunities

- Gujarat Gas operates in a high growth region
- Strong opportunity for growth in current districts of operations
- Bid for new geographic areas
- Grow CNG business, aggressively
- Additional gas sourcing predicated on term rLNG and indigenous gas

Agenda

Introduction

Performance Highlights

GGCL – Business Profile

Regulation

Growth Opportunities

Way Forward



Key challenges

- Augmenting the gas sourcing portfolio at optimal price
- Segmented market strategy for stable margins
- Securing regulatory authorisation for new areas
- Ensuring health and safety of all GGCL's employees and contractors

Key messages

- Robust business model for stable performance and growth
- Ample opportunities in a high growth region
- CGD expertise
 - optimally extending network
 - enabling conversion from various applications to natural gas
- Resources in place for growth
- Regulatory authorisation for existing areas imminent; bidding strategy for new areas
- Global expertise on technical standards and safety from BG Group

To build on its leadership position in industry

**Thank you for
your attention**