



GUJARAT GAS



Investors' Meet 2011

Mumbai
24th March 2011

Disclaimer



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Agenda

Introduction

Performance Highlights

Business Profile

People and Community

Regulation

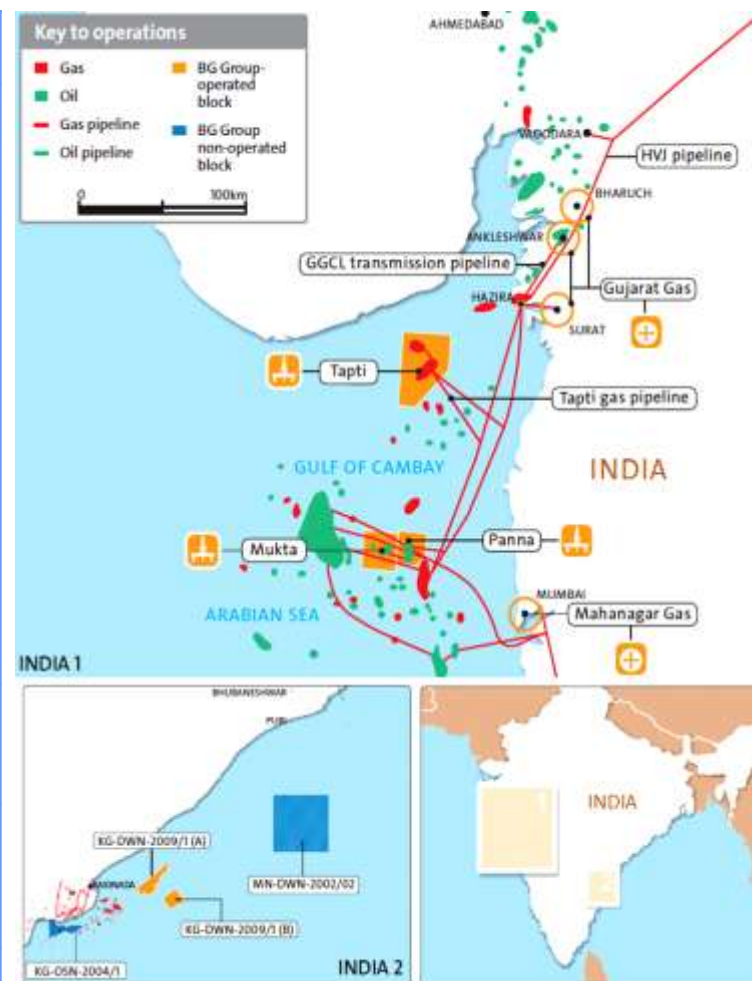
Growth Opportunities

Way Forward



BG India footprint

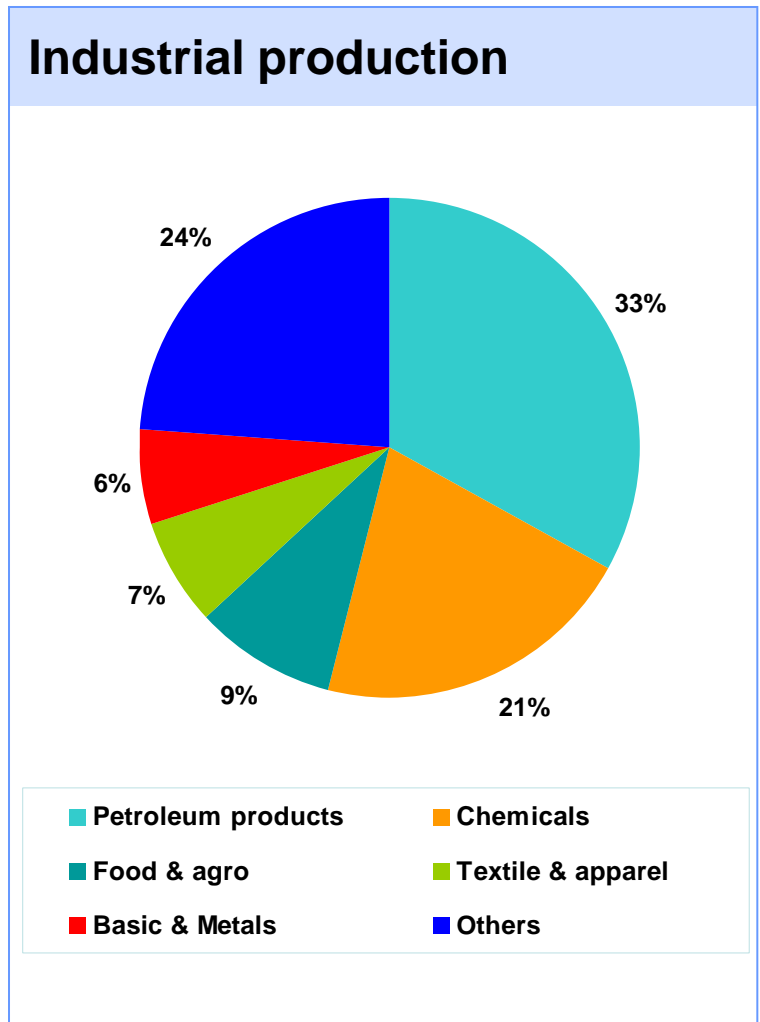
Company Information	
BG India	BG E&P India Ltd <ul style="list-style-type: none"> • Panna-Mukta-Tapti (PMT) : Jointly Operated Co-venturers :BG (30%), ONGC (40%), RIL(30%) • Krishna Godavari Basin - Block KG-OSN-2004/1 (Exploration Block) Co-venturers : BG (45%), ONGC (operator 55%) • Mahanadi Basin - MN-DWN-2002/02 (Exploration Block) Co-venturers : BG (25%), ONGC (operator 75%) • Krishna Godavari Basin - KG-DWN-2009/1 (Exploration Block) Co-venturers : BG 30% (Operator), ONGC (45%), OIL (15%), APGIC (10%)
	BGIES <ul style="list-style-type: none"> • LNG importers, Gas Aggregators ,Bulk Industrial, Fertiliser, CGD operators, Power
	GGCL <ul style="list-style-type: none"> • India's largest private CGD company (by volumes) • BG took over controlling stake (65.12%) 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%)



Source: BG Group Data Book 2010

Gujarat – where we operate

- Remarkable and sustainable growth :
 - Average rate of growth: 10.4% in last 5 years
 - 2nd most industrialised state in India
 - 83 industrial clusters and estates
 - 22% of total investment in India
- “Hydrocarbon capital” of India
 - Statewide gas grid under development, large areas covered
 - Hosts both operating LNG terminals in India
 - Landfall point for majority of gas in India
 - Second largest producer of onshore natural gas
 - ~48% of India’s installed refining capacity



Source : Govt. of Gujarat

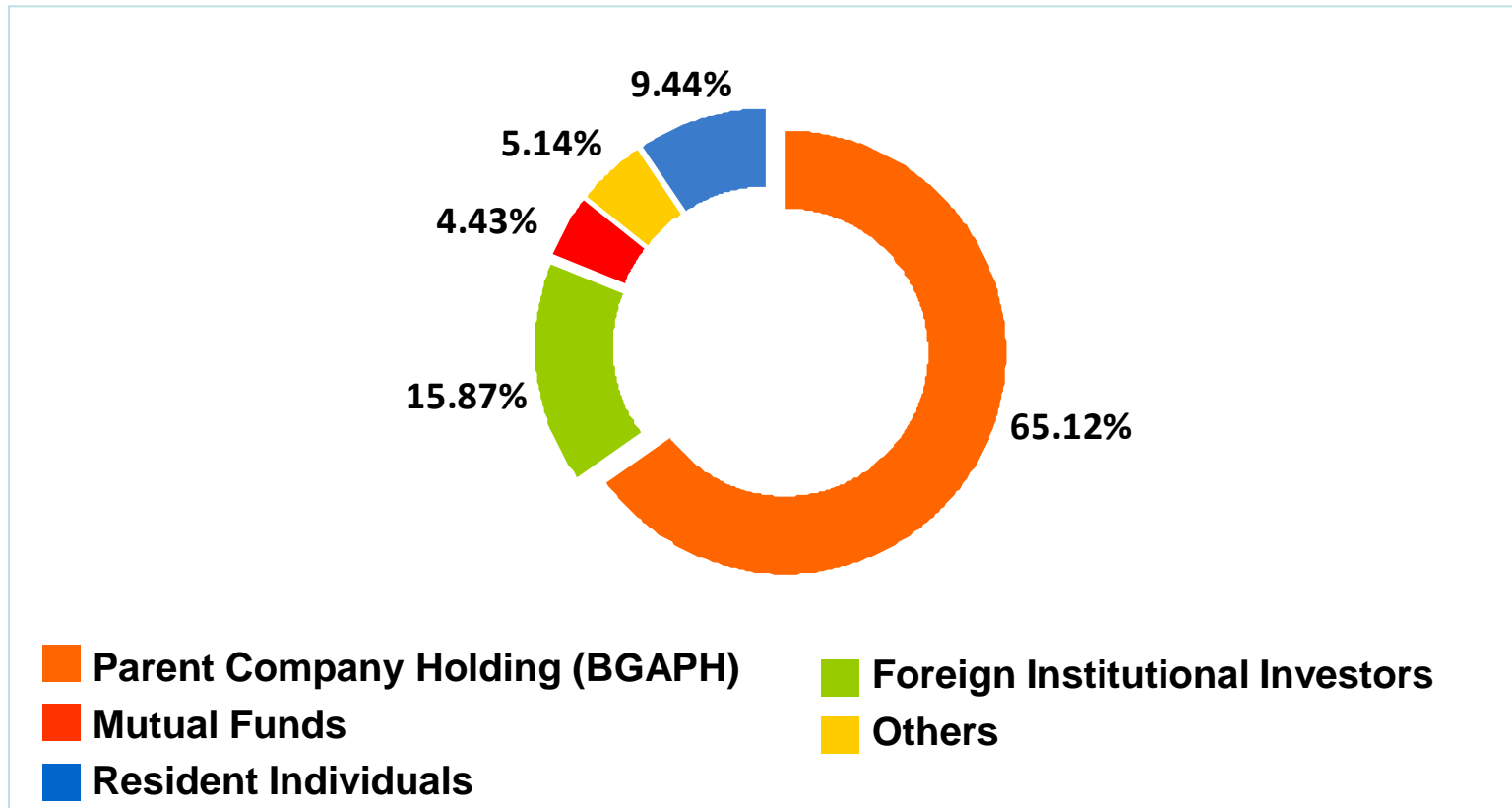
Gujarat Gas – strong business model

- Largest CGD in terms of volume*
- Multiple source portfolio
 - 95% gas sourced at market determined prices
- Caters to multiple segments with different applications and alternate fuels
- Operates in a highly industrialised and energy intensive zone
- Easy access to rLNG : Proximity to country's two operational LNG terminals
- Strong capital efficiencies
- Opportunities for growth



* As at 31st Dec 2010

Shareholders



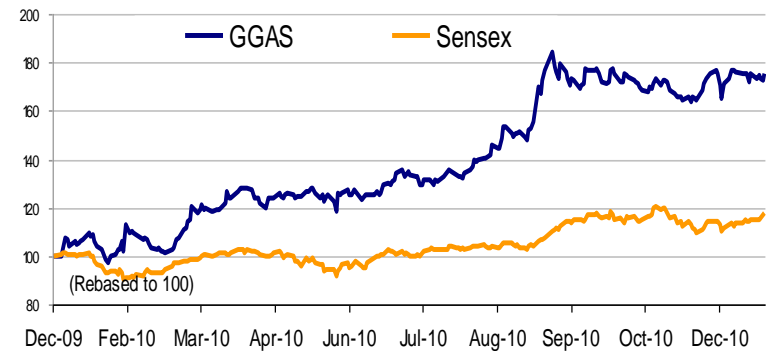
As on 31st Dec. 2010

Market Capitalisation ~ Rs 50 Billion

Share price performance: CY 2010

- Average daily trading volumes improved by over 65%
- Outperformed Sensex by over 60%
- Increased dividend on expanded capital
 - Regular : Rs. 4 per share
 - Special : Rs. 8 per share

Share price performance



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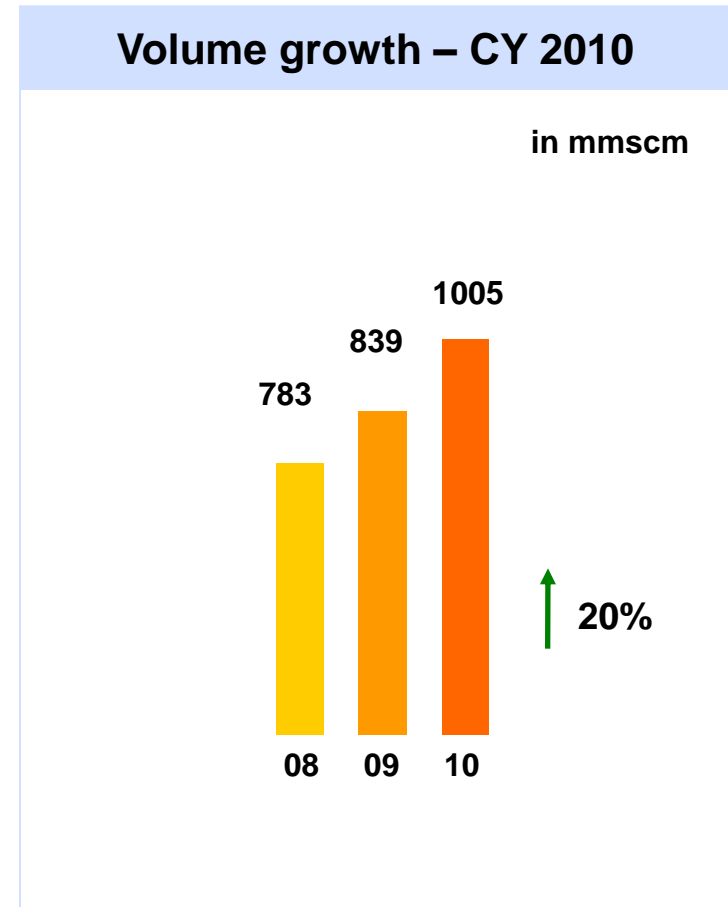


Key determinants for 2010

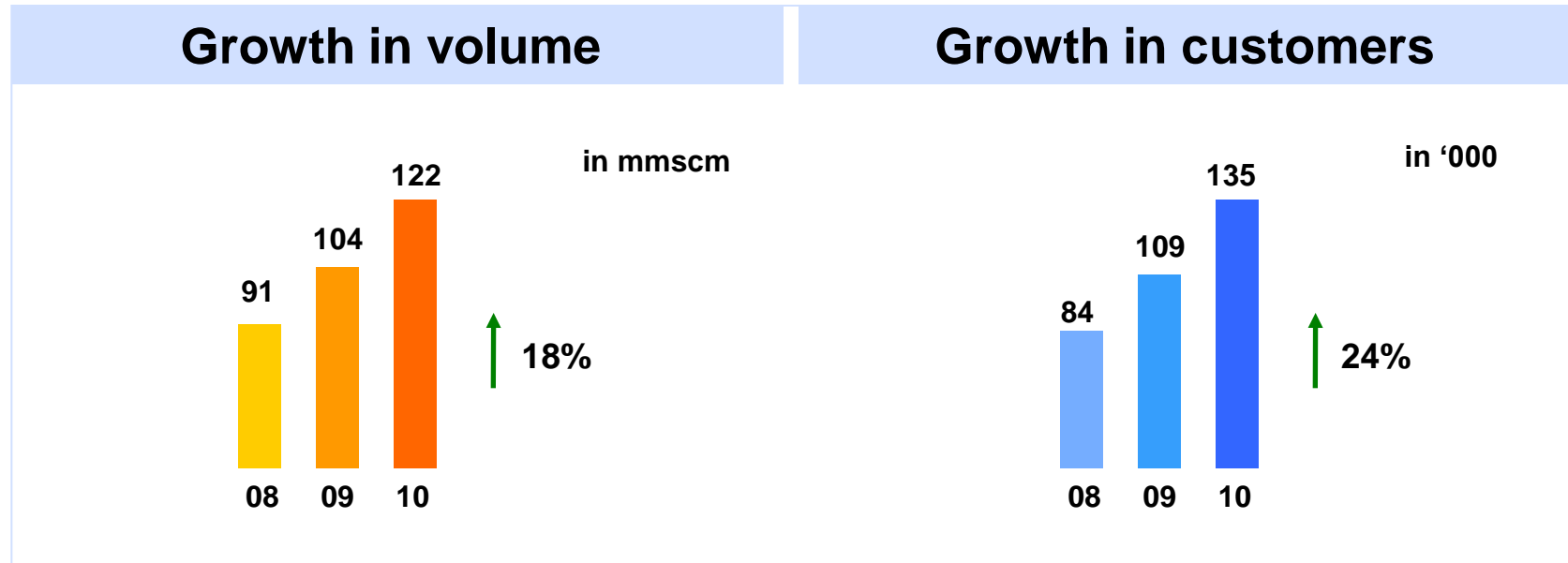
- Gas supply
 - Term rLNG contracted till December 2013
 - rLNG share increasing in portfolio (26% annual; 37% in Q4)
 - KG D6 gas on fall back basis – not available (despite allocation)
 - Supply levels sustained from other indigenous sources
 - Increase in APM gas price
- Increasing trend of gas cost
- Growth in Industrial retail and CNG segment ensured 17% growth in volumes
- Focused on growing high value markets

Industrial segment – sustaining growth

- 83% by volume mix
- Strong retail demand
- Signed new contracts worth 350,000 scmd
- Revised prices in December 2010 by ~16%
- Segmentation to access high value markets
- Crossed one billion scm of retail sales in December 2010

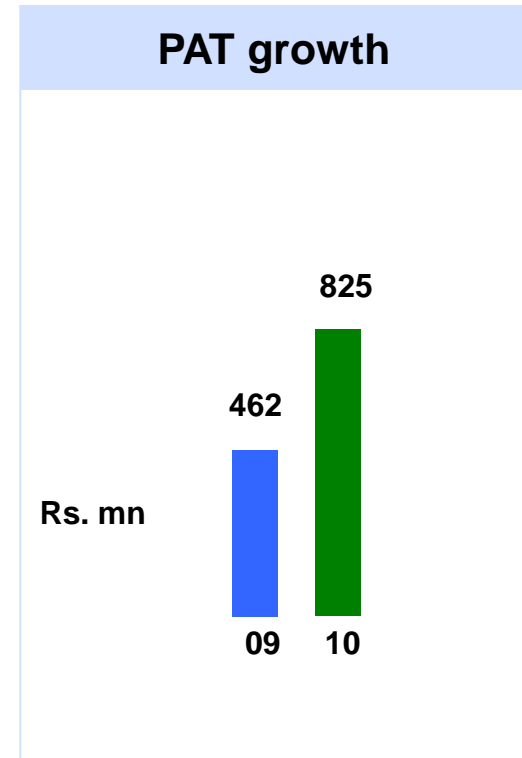
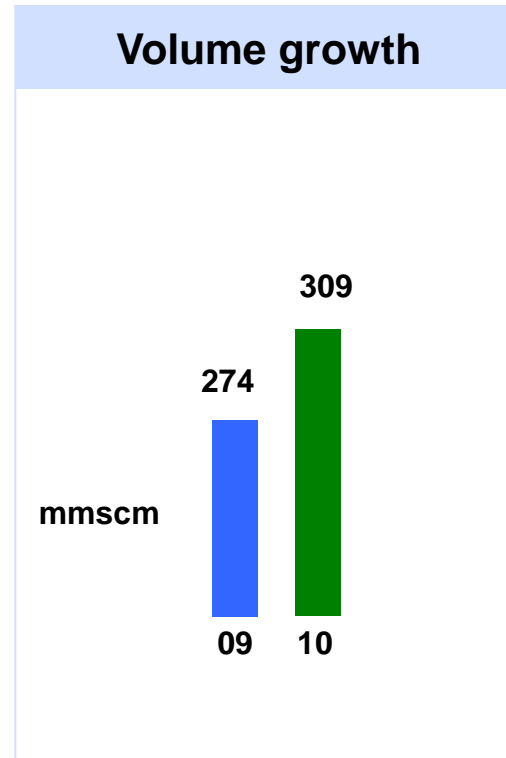
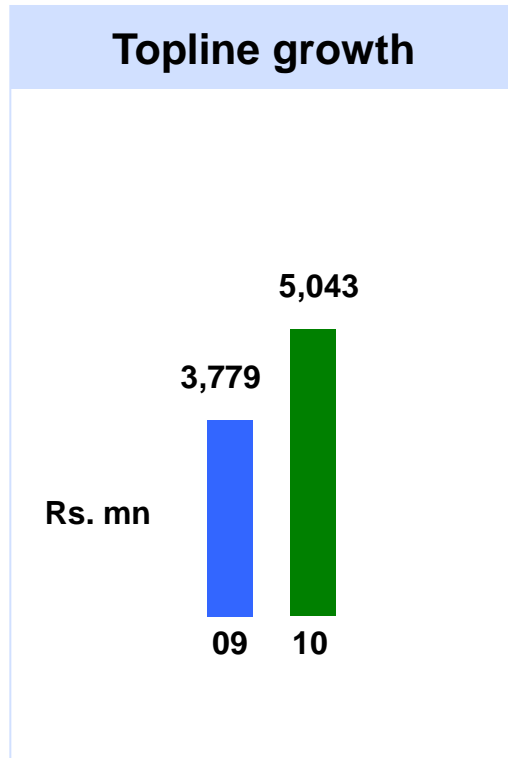


CNG segment – robust growth



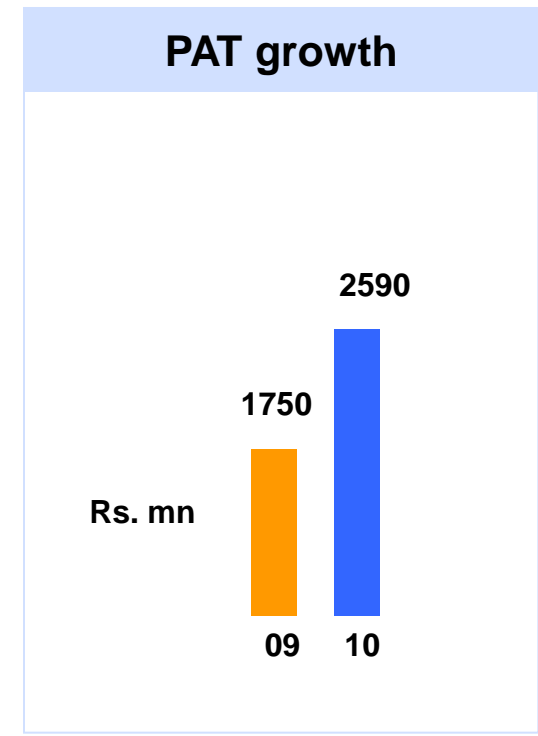
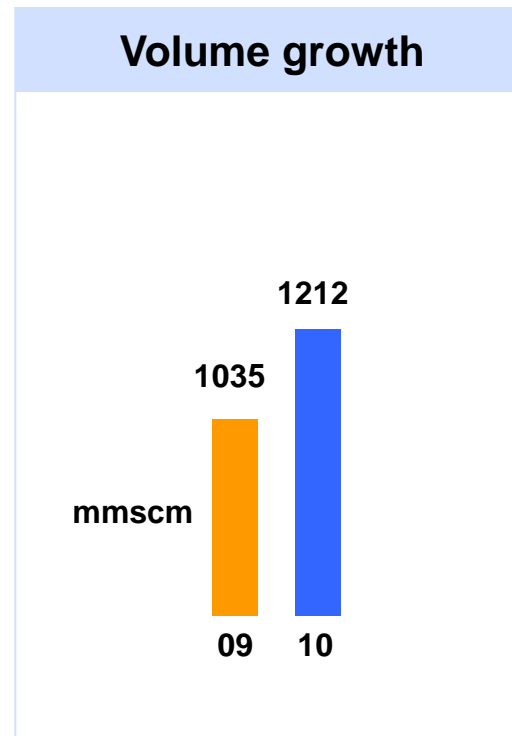
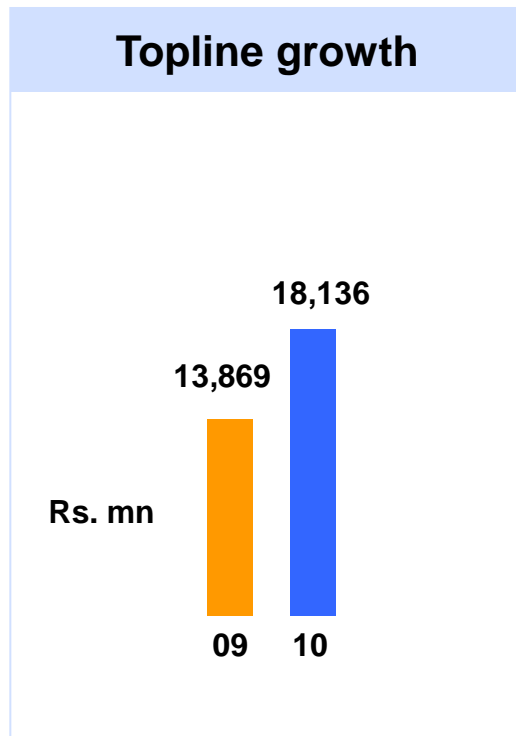
- Growth in conversion rate higher by ~30%
- Strong infrastructure growth; added 11 CNG retail outlets
- Price revisions; 8.3% in September '10, and 8.6% in January '11

Highlights - Q4 2010



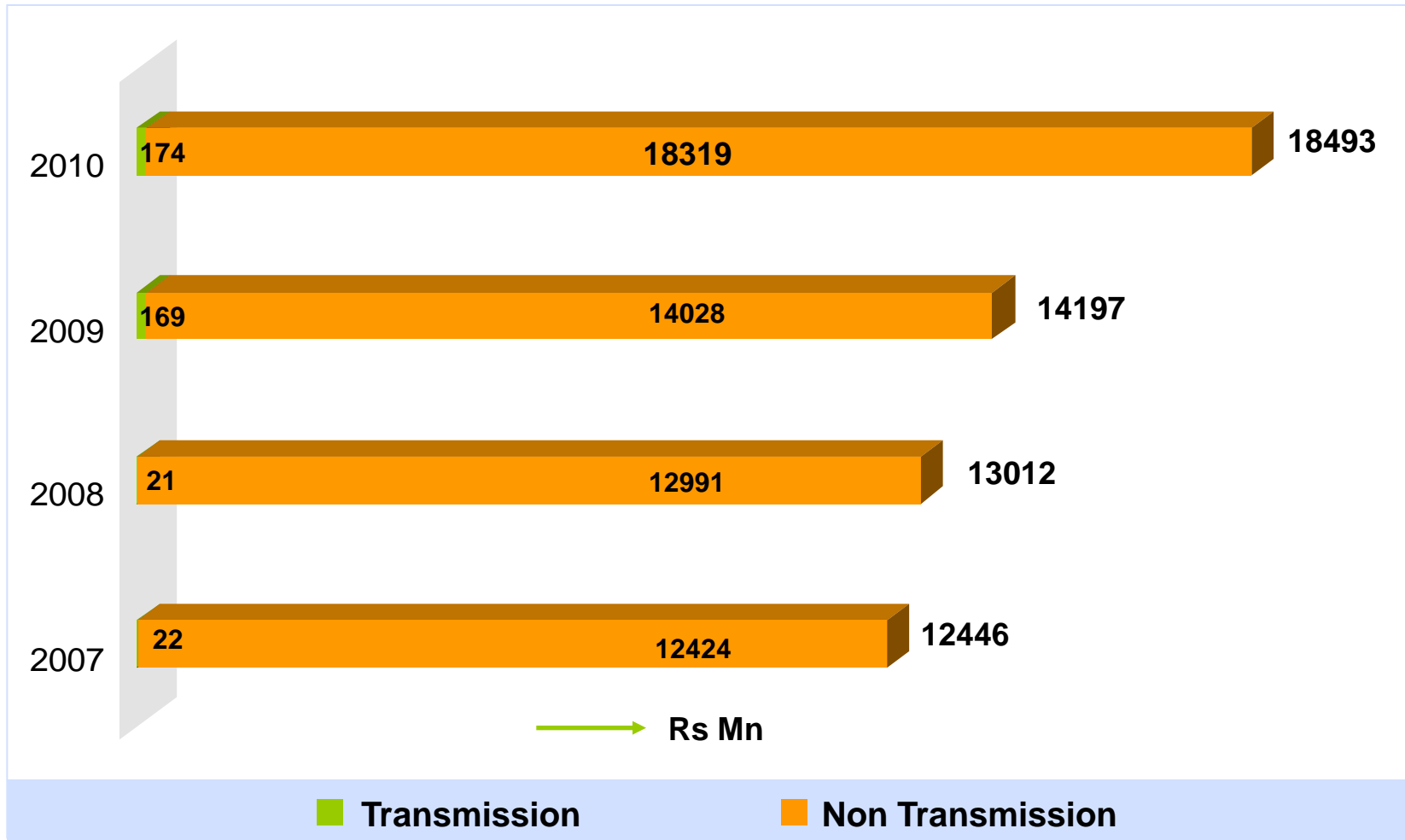
- Revenues up by 33%
- Volumes up by 13%
- Profits up by 78%

Highlights - 2010



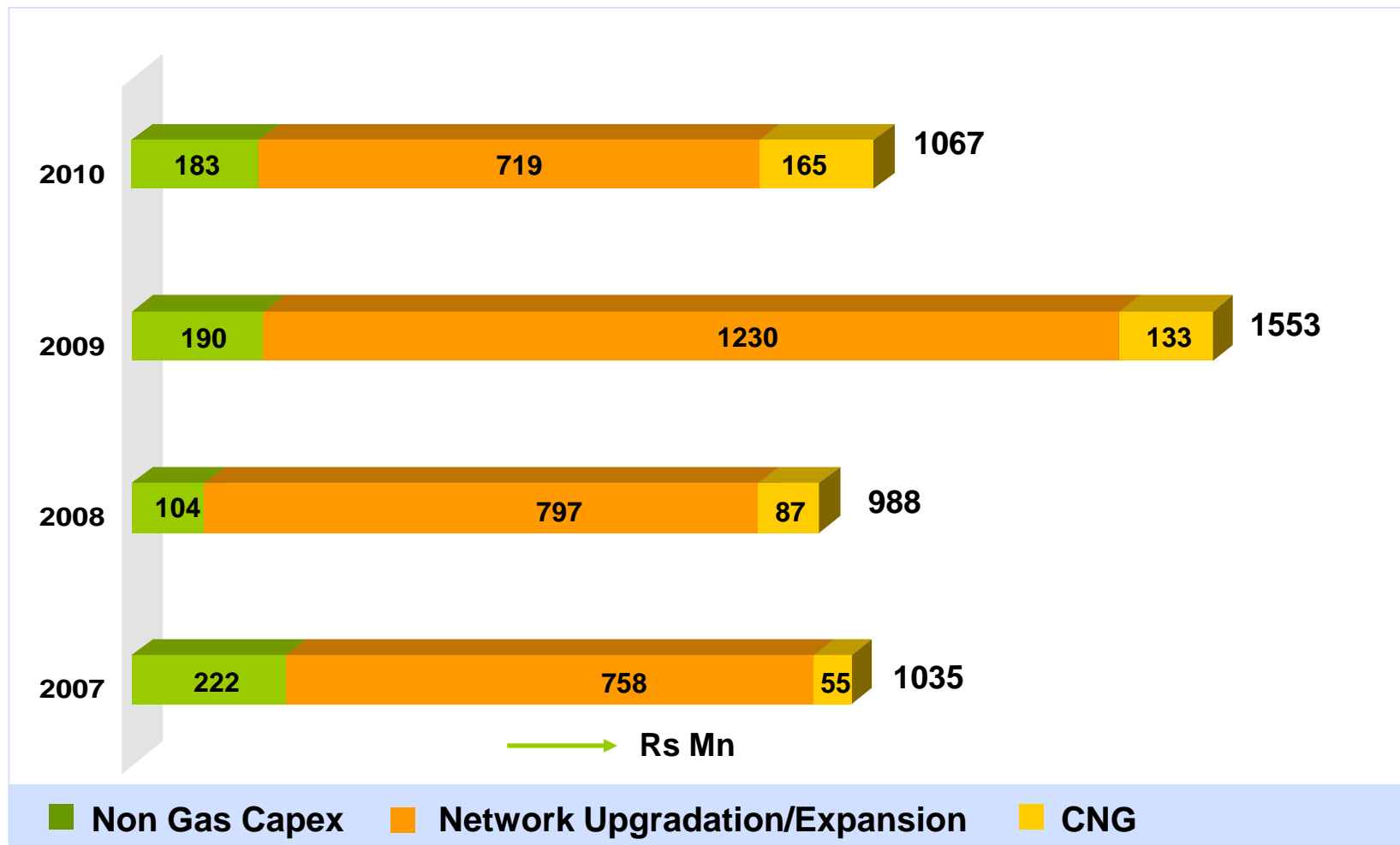
- Topline grew by 31%
- Volumes increased by 17%
- PAT up by 48%

Revenue growth



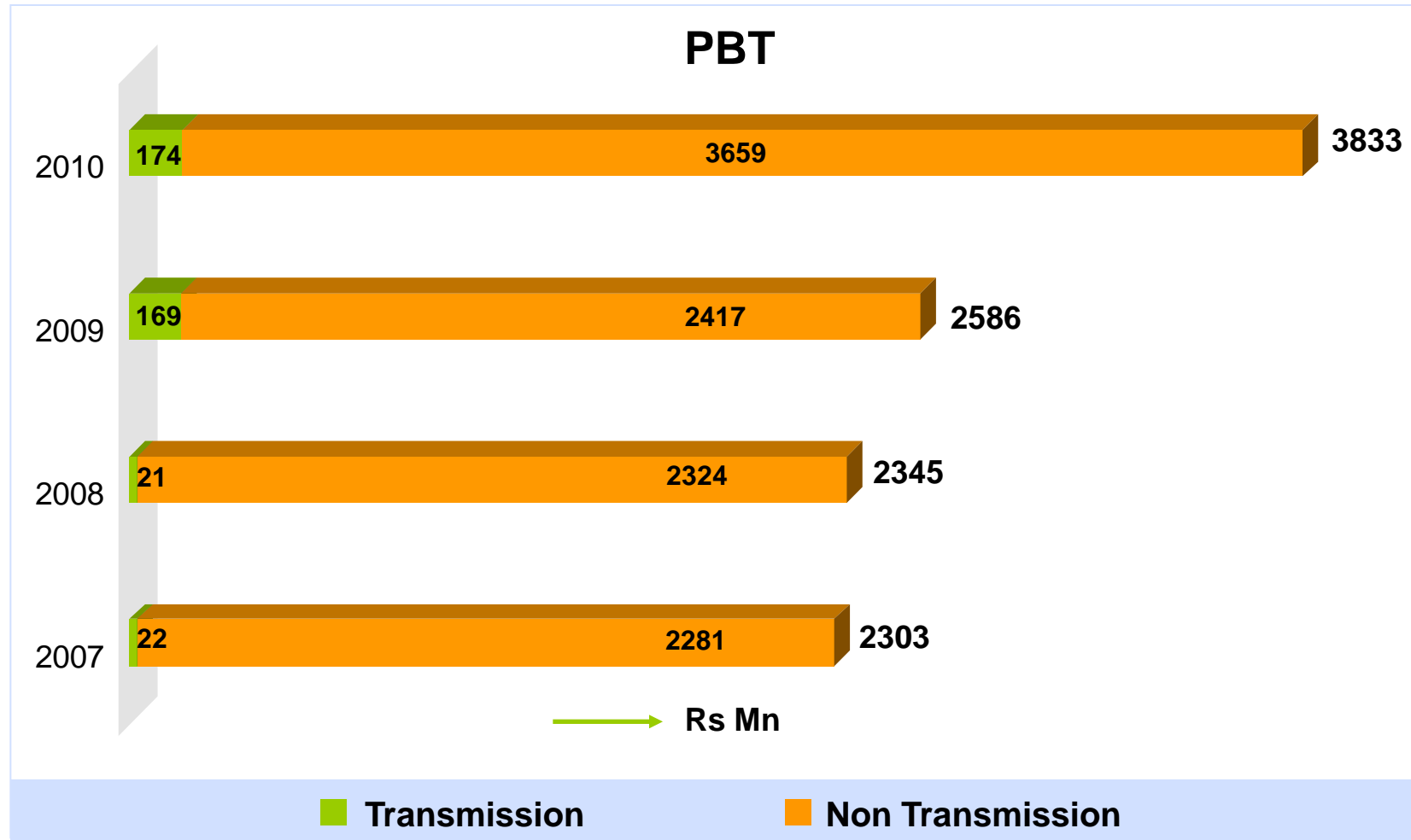
Source: GGCL audited account 2010

Capex



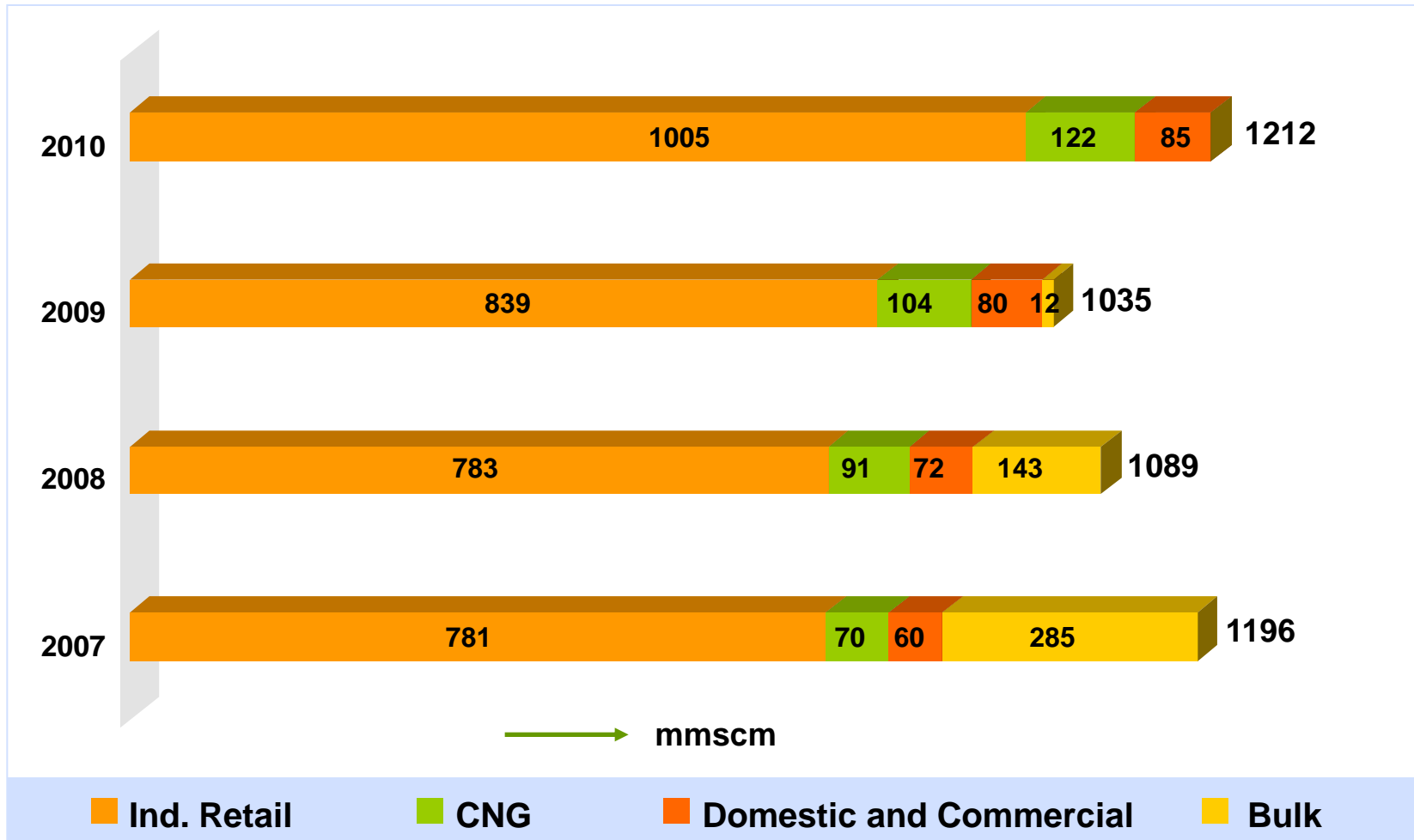
Source: GGCL audited account 2010

Profit growth



Source: GGCL audited account 2010

Distribution volumes



Source: GGCL audited account 2010

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Profile – Business

People and Community

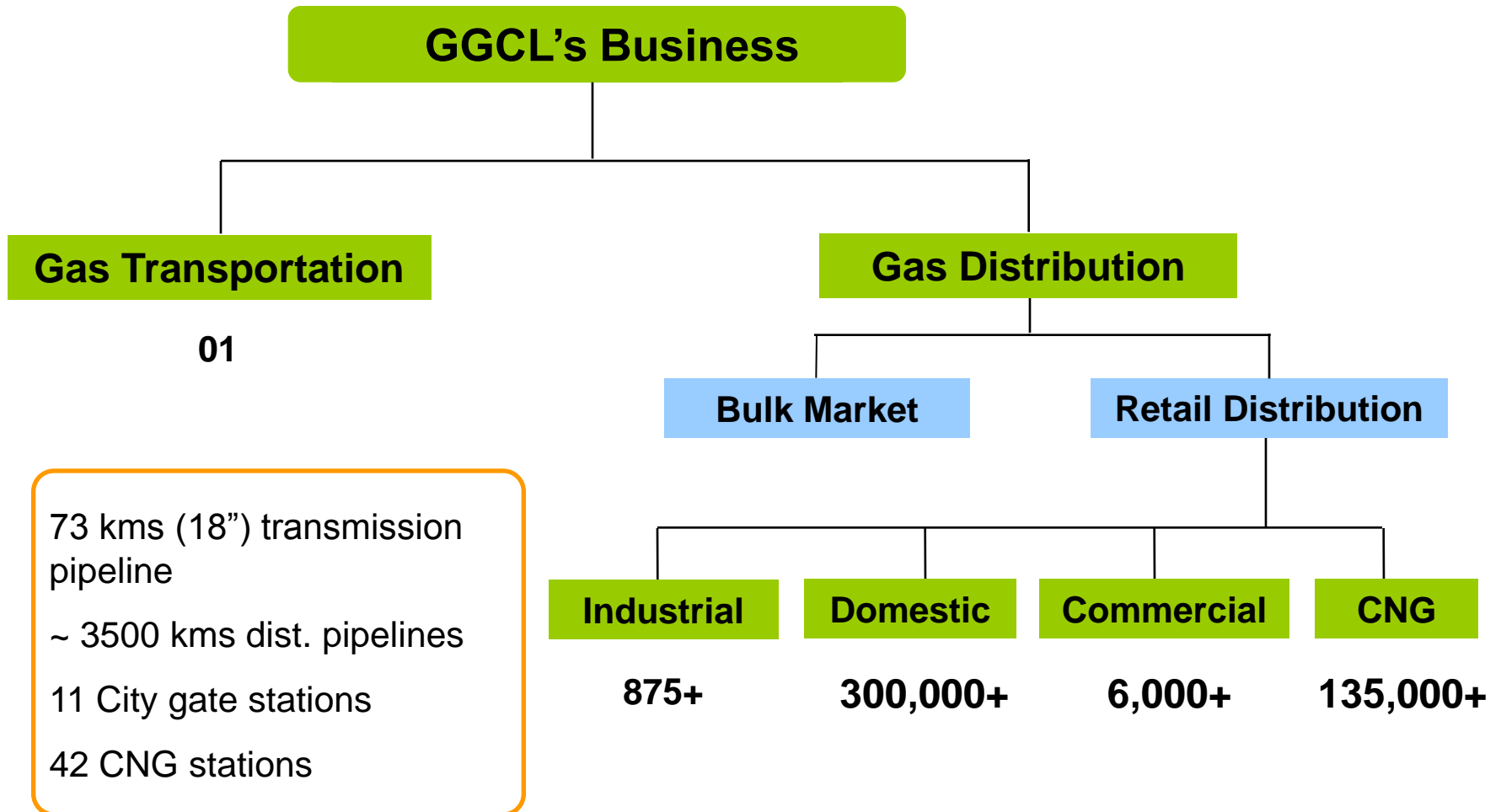
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Customer profile

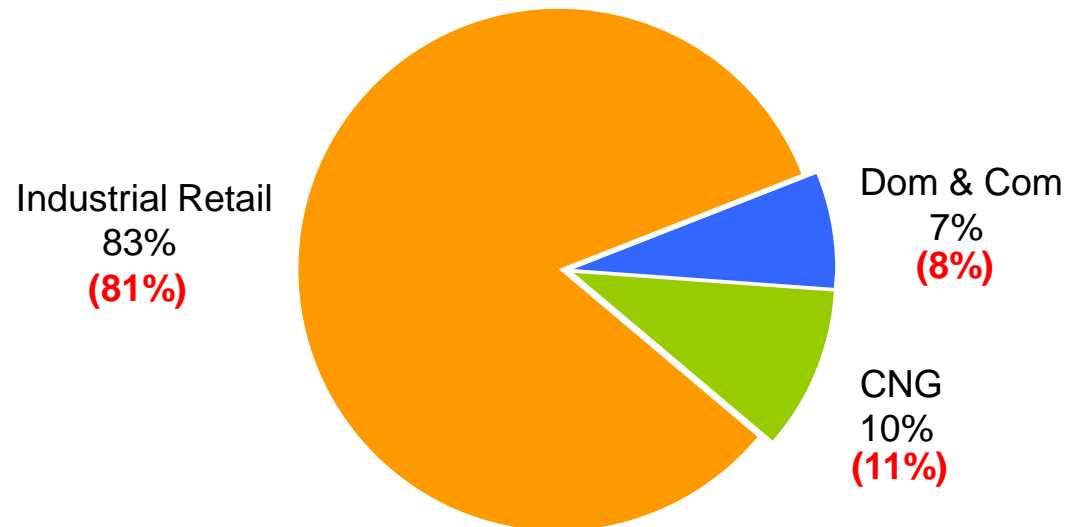


Source: GGCL 2010 (internal)

Added more than 30,000 households and 26,000 vehicles in 2010

Sales mix

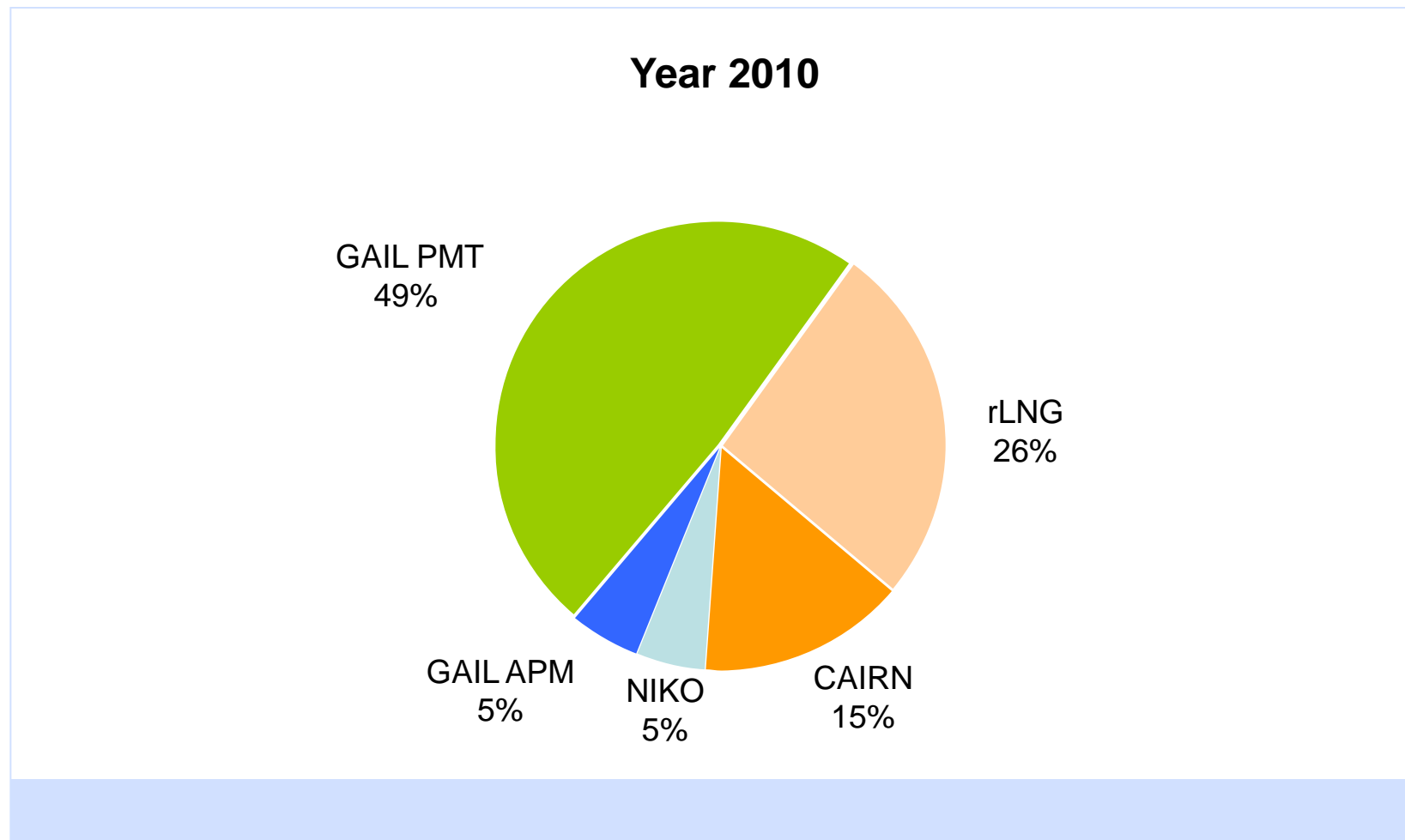
Year 2010



(%) – by realisation

Source: GGCL 2010 (internal)

Gas sourcing mix



Source: GGCL 2010 (internal)

While PMT is largest source, rLNG becoming significant

Profile of industrial customers



Source: GGCL 2010 (internal)

Increased share of LFR: up from 29% to 40%

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Building a strong HR base

- Several Senior Management Team (SMT) members deputed from BG Group
 - Succession plans in place for SMT
- Strong HSSE culture
- HR aligned to business strategy
 - Building capabilities and capacities
 - Promoting culture of execution and meritocracy
 - People processes like performance and development reviews aligned to BG Group



Safety initiatives

- **Leadership – driving safety**
 - Site Safety Tours; engagement with employees/ contractors
- **Competency / performance assurance**
 - Safety Passport / Driving Passport
 - Pictograms – display and use at point of risk
 - Contractor performance appraisal and review
- **Third party damage prevention – safer business**
 - Utility coordination - enhanced interaction & awareness
 - GIS on wheels
- **Step Forward for safety**
 - Life Savers campaign – company wide
- **Driving & road safety**
 - IVMS / journey management
 - Vehicle specification / driver engagement
- **CNG – RFID pilot project**
- **Improving living conditions of excavation labourers**



Social investments

Skill development project for unemployed tribal youths

- Two batches completed and employed
- Received BG Group Chairman's award for the initiative



Road safety campaign in schools –

- Nearly 10,000 children covered



Environment education bus (Prakriti) :

- Focus on municipal run schools in rural areas
- 300,000 visitors and students covered so far



Surat Nature Park

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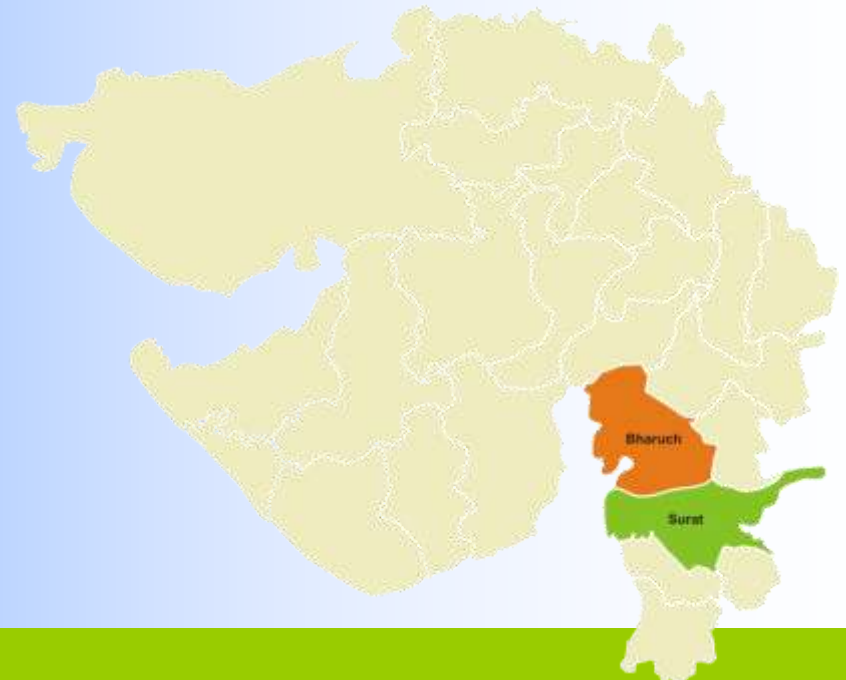
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Regulation

- Regulatory body PNGRB* set up in 2006
- MoPNG authorisation received for Surat, Bharuch and Ankleshwar in 2008
- Authorisation applications filed with PNGRB awaiting final award
 - For CGD network in districts of Surat and Bharuch
 - For Hazira-Ankleshwar transmission pipeline
- Interim permissions received from PNGRB to continue construction in all operational areas

* Petroleum and Natural Gas Regulatory Board

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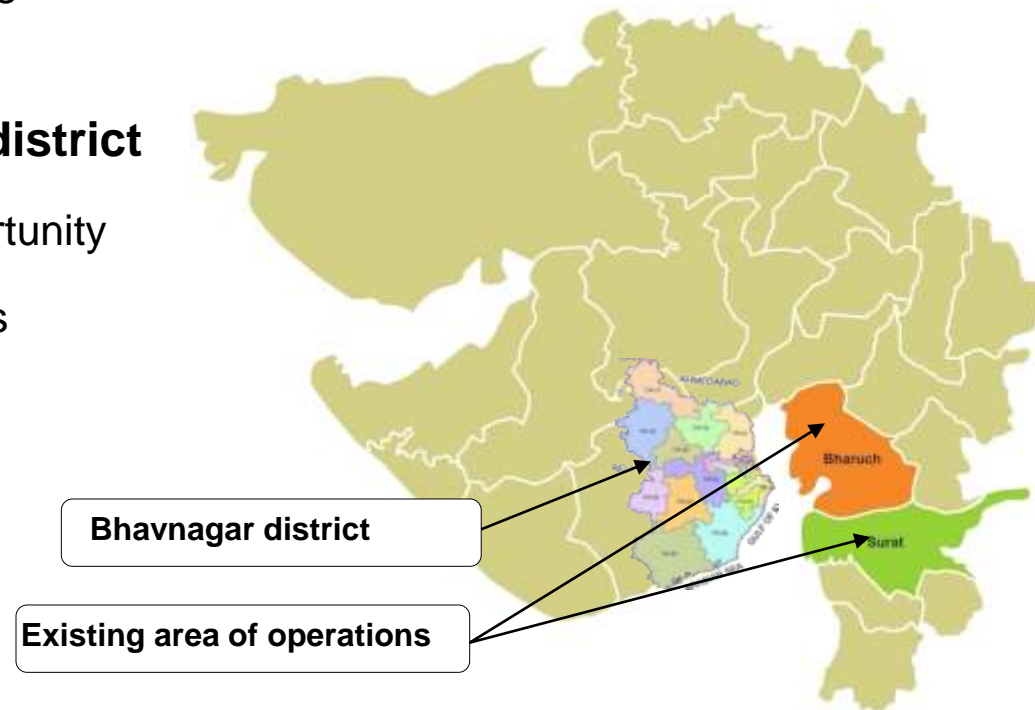
Way Forward





New CGD bid - Bhavnagar

- Third round of CGD bidding conducted by PNGRB
 - 7 Geographic Areas bid out; bids closed on 18th February
- **GGCL has bid for Bhavnagar district**
 - Material near-term growth opportunity
 - Synergies with existing business
 - Proximity
 - Financial
 - People
 - Contractors
 - Bid evaluation underway



Surat & Bharuch - profile

- Fast growing investment region
 - contributes ~ 12% to State GDP
- Surat: India's fastest growing city with growth rate of 11.5%
- Growth in vehicle population ~ 8%
- Large number of MOUs signed at Vibrant Gujarat Global Investors' Summit 2011 for investment in and around Surat and Bharuch Districts
- Enhanced focus of state administration

Gujarat – Special Investment Regions

DMIC – Global manufacturing & trading hub

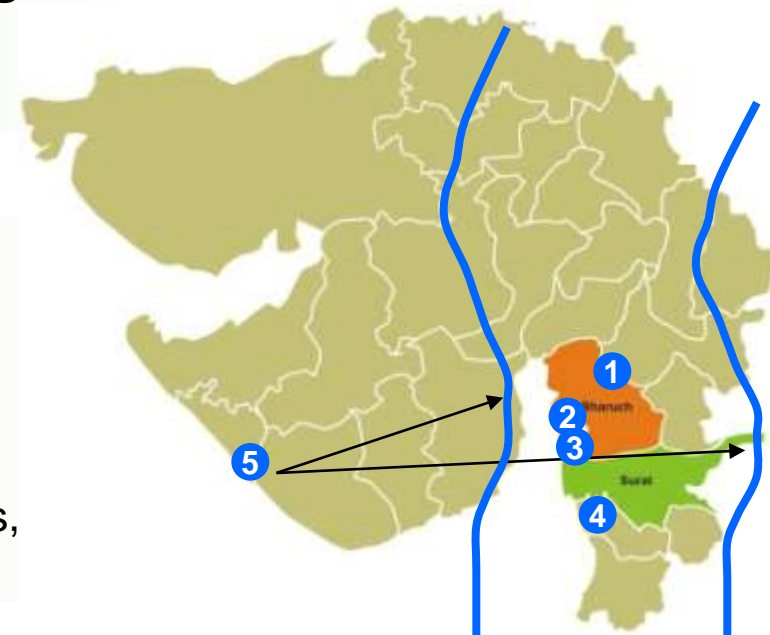
- 38% of DMIC passes through Gujarat
- Expected to triple industrial output in five years

Investment regions (IR) :

- Bharuch-Dahej Investment Region : 8 SEZs, 10 Industrial parks and 16 Industrial estates
- Surat-Navsari Industrial Area
- Vadodara-Ankleshwar Investment Region : 3 SEZs, 4 Industrial parks and 13 industrial estates

PCPIR :

- Special Investment Region dedicated for investment in petrochemical and petroleum projects
- Proximity to Bharuch



- 1 Vadodara – Ankleshwar Ind. Area
- 2 Bharuch – Dahej Ind. Areas
- 3 PCPIR
- 4 Surat – Navsari Ind. Area
- 5 DMIC Influence Area

Map: Indicative, not to scale

Source :Govt. of Gujarat

Opportunities

- Continue growth in existing areas
 - Leverage rapid industrialisation in south Gujarat to secure additional industrial retail volumes
 - Capture CNG opportunities by increasing CNG infrastructure
 - Develop new gas based applications
- Pursue growth in new geographical areas
- Leverage BG Group's global position in sourcing rLNG supplies at competitive price

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Key challenges

- Gas sourcing
 - Challenges around additional indigenous supplies in the near term
 - Contracting rLNG at competitive prices
- Increasing trend in gas cost due to demand supply gap and global uncertainties
- Growth in a competitive scenario
- Capturing new geographic expansion opportunities
- Regulatory challenges
- Talent retention

Way forward

- rLNG to remain a significant portion of the sourcing portfolio
- The trend of increasing gas costs is expected to continue
- Adopting a fresh pricing approach focusing high value market segments
- Investments continue in existing and adjacent areas
- Bid for new area as part of a strategy of geographic expansion
- Committed to high quality of customer service
- Committed to high standards of safety and asset integrity



**Thank you for
your attention**