गेल (इंडिया) लिमिटेड
(भारत सरकार का उपक्रम-
एक नवरत्न कम्पनी)
**GAIL (India) Limited**
(A Government of India Undertaking-
*A Navratna Company)*

ND/GAIL/SECTT/2011

January 4, 2011

Listing Department
Bombay Stock Exchange Limited
Floor 1, P.J.Towers, Dalal Street,
**Mumbai – 400 001**

Dear Sir,

Enclosed please find a copy of Press Releases regarding "**ONGC and GAIL agree to reinforce ties in areas of Natural Gas and Petrochemicals.**"

The above is for your information and record please.

Thanking you

Yours faithfully

**(N.K. Nagpal)**
**Company Secretary**

Encl: As above.

Copy to:

1. Listing Department,
   National Stock Exchange of India Limited
   Exchange Plaza, 5th Floor,
   Plot No C/1, G Block, Bandra-Kurla Complex,
   Bandra (East),
   **MUMBAI – 400 051**

2. Deutsche Bank
   Kodak House, 1st Floor,
   222 Dr. D N Road,
   **Mumbai - 400 001**

16, भीकाएजी कामा प्लेस, आर. के. पुरम, नई दिल्ली - 110066 दूरभाष : 26182955 फैक्स : 011-26185941
16, Bhikaiji, Cama Place, R. K. Puram, New Delhi - 110 066 Phone: 26182955 Fax : 011-26185941

**Press Release**

# GAIL (India) Limited

## ONGC and GAIL agree to reinforce ties in areas of Natural Gas and Petrochemicals

***New Delhi, January 3, 2011.*** Beginning the first working day of the year 2011, managements of ONGC and GAIL today reached a landmark understanding for mutual business growth covering natural gas as well as petro-chemicals. This over-arching understanding was documented in the form of various agreements and exchange of letters, which were initialed in the office of GAIL in the presence of the CMDs of both organizations. Initialing of these agreements was also witnessed by other Board Members and senior functionaries from both organizations as well as from ONGC Petro Additions Limited (OPaL), a joint venture promoted by ONGC.

As regards understanding reached for gas business, both companies would work together for exclusive sale of natural gas produced by ONGC from its various fields to GAIL during next 3 years. This joint initiative will serve as a catalyst for effective monetization of gas from future E&P fields of ONGC, with GAIL providing the infrastructure and marketing tie-up for supply to potential customers. This integrated effort of ONGC and GAIL shall also increase the availability of firm gas sourcing for infrastructure projects. The two companies also reached an understanding in swapping gas available to both the companies so as to optimise the logistics and costs.

As for OPaL, the agreements initialed today signify GAIL formally agreeing to become a co-promoter of 1.1 MMTPA Ethylene Cracker Petro-chemical complex, under implementation in Dahej SEZ area, at a capital investment of Rs.19,535 crore.

An understanding has also been reached for marketing of a portion of petrochemical products of OPaL by GAIL. GAIL and ONGC would also explore the possibility of setting up a downstream unit using Butadiene, a by-product of OPaL, to GAIL for manufacture of value-added products.

Commenting on the occasion, Shri R. S. Sharma, CMD, ONGC observed that mutual negotiations on these agreements have been going on for quite some time and the agreements initialed today shall create a definitive road-map for business growth by both the entities and shall also reinforce mutual cooperation by two oil PSU giants.

Shri B. C. Tripathi, CMD, GAIL stated on the occasion that GAIL and ONGC have had a very long and symbiotic association and today's development will certainly strengthen this business synergy for the mutual advantage for both the companies which will help promote long term energy security in the country.

The agreements initialed today are expected to be formalized into definitive agreements immediately after approvals of respective Boards.