

adani

Gas

Investor Presentation



September 2019

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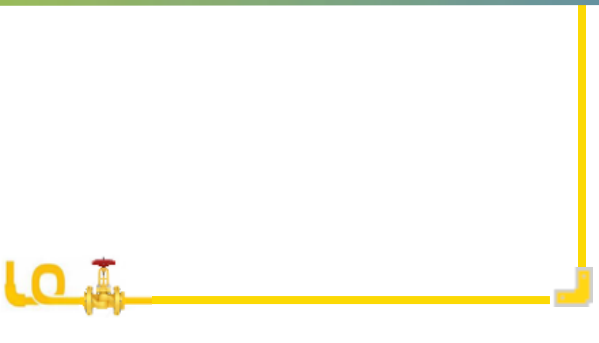
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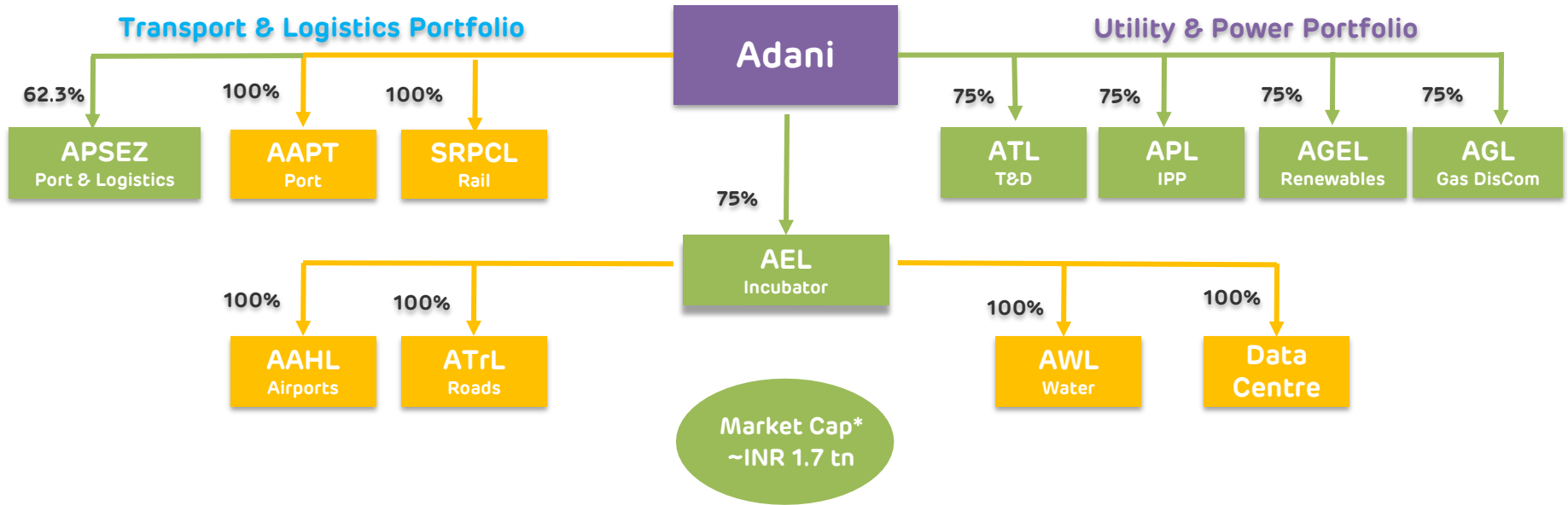
1	Introduction to Adani Group and Adani Gas
2	Sector Dynamics
3	Regulatory Framework
4	Adani Gas – Operations and Financial Performance
5	Growth Strategy



Introduction to Adani Group and Adani Gas



Adani Portfolio: One of India's Largest Infrastructure Conglomerates



Adani

- Pan India presence with leadership position in each vertical
 - **No 1 in Ports, T&D and Thermal Power, Leading position in Renewables & Gas Distribution**
- Independent verticals with independent boards
- Multiple touch points with regulators & public utilities
- Nationwide enduring relationships with regional vendors across multiple sectors

Adani Group: Track Record of Delivering World Class Assets

Leveraging Core Strengths...



Large Scale Businesses Delivering Consistent Growth

- **Mundra Port:** India's Largest Commercial Port (Handled 137 MMT cargo in FY19)
- **Mundra-Mohindergarh 1,980 Ckt Km:** Longest Private Asian HVDC
- **Mundra 4,620 MW:** Largest Single Location Private Thermal Power Station in India
- **648 MW, Tamil Nadu:** India's Largest Single Location Solar Power Plant



Unmatched Execution Capabilities – Timely and Cost Effective

- **9 Months:** Time for 648 MW Mega Solar Project Construction & Commissioning
- **<2 days:** Turn Around Time at Ports Amongst Best in World
- **Amongst lowest Capex / MW** Amongst Thermal Power Peers in India



Strong Operational Efficiencies

- **60%+:** Highest EBITDA margin Among Port Peers Globally
- **99%+ Availability:** Highest Operational Efficiencies in Power Transmission
- **5%:** Lowest Operation & Maintenance Costs in Solar Power Generation



Growing M&A Capabilities

- **Dhamra:** From Loss in 2014 to 65% EBIDTA Margin
- **Mumbai Distribution:** Recently acquired; integration underway
- **Udupi:** From Loss to Profit of Rs 161 Cr in FY16; PLF from 61% to 77% in FY16

...to Deliver World Class Assets

648 MW Ultra
Mega Solar
Power Plant



India's Largest
Commercial Port



Largest Private
Thermal Power
Station in India

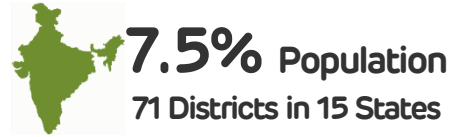


Longest Private
HDVC Line
in India

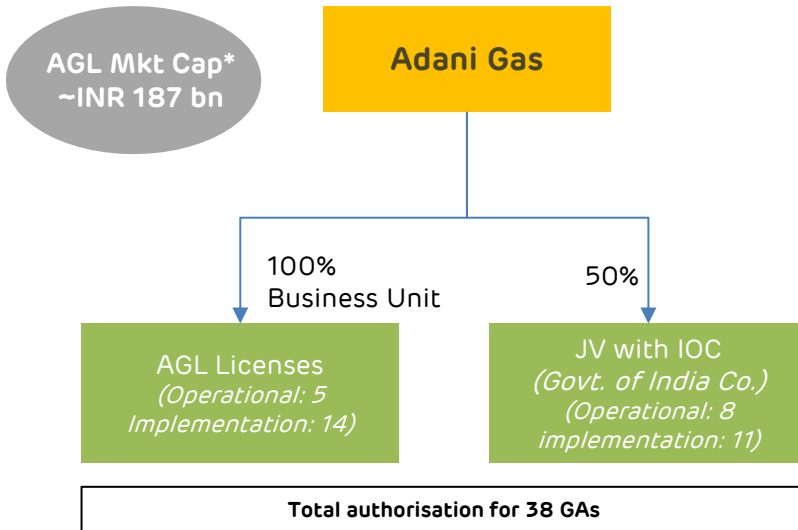


Unparalleled growth and exemplary value creation

Adani Gas – India's Largest City Gas Distribution Company



Business Structure



Business Model

Exclusive authorisation to develop infrastructure, operate and market gas in Geographical Areas (GA)

Piped gas supply (PNG) to residences, commercial, industrial units and CNG to automobiles

Preferential domestic gas supply (CNG, Residential PNG) and tie ups for Imported gas (Industrial & Commercial)

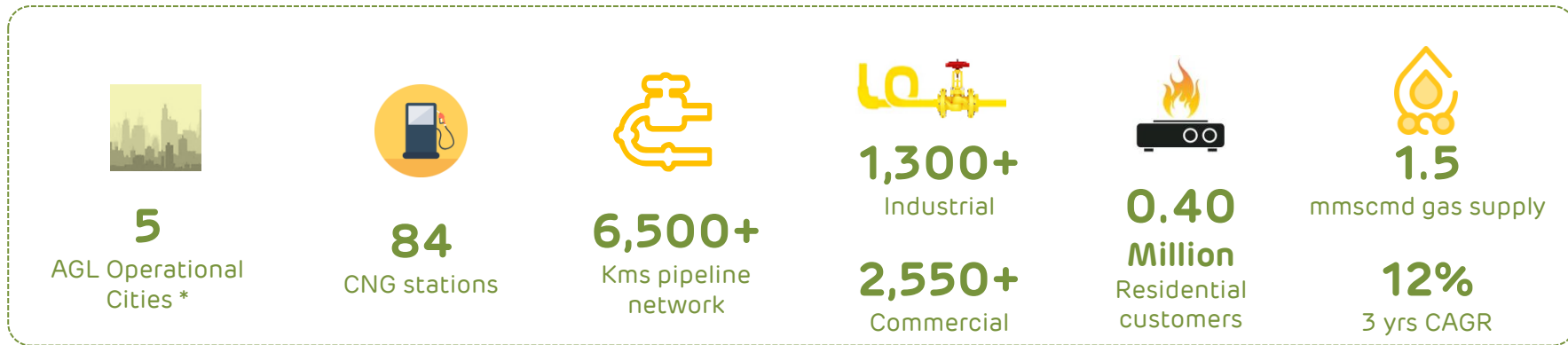
Centralized Operations, monitoring and Technology support to deliver safe and efficient operations

High Focus on ROEs and Growth

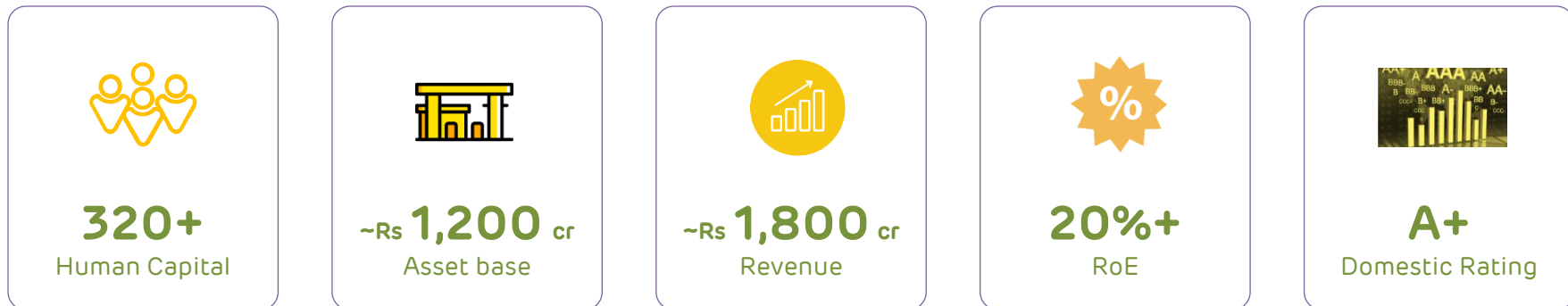
Strategic Bidding for new authorisations

Long term exclusivity coupled with Business Model delivers best in class margins, returns & growth

Adani Gas – Replicating Adani's Infrastructure Success in Gas Distribution



Largest private player in India's City Gas space with over a decade of experience



Balanced growth across customer segment and geography

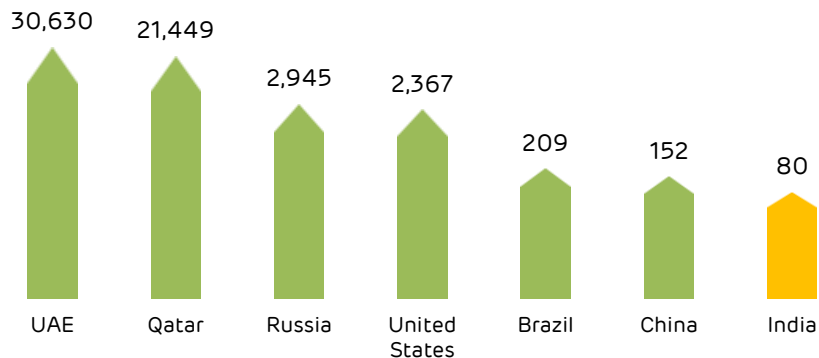


Sector Dynamics

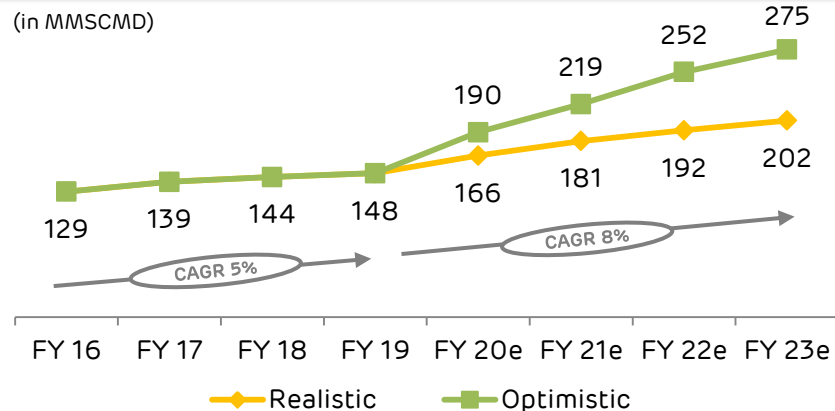


India's Natural Gas Demand on a multi-year growth cycle

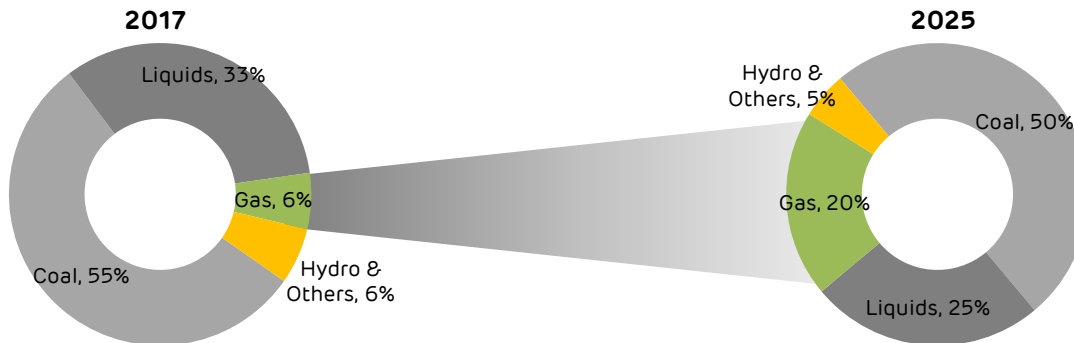
Lower Gas Consumption per Capita (Cubic meter)



Consistent increase in Indian Natural Gas Demand



Gas expected to be 20% of the India energy mix



India has lagged, but given the global glut, this might be a advantage with significant uncontracted demand. Gas and Renewables together serves the twin purpose of climate and growth

Natural Gas – A Low Cost, Clean & Efficient Source of Energy

Gas Value Proposition

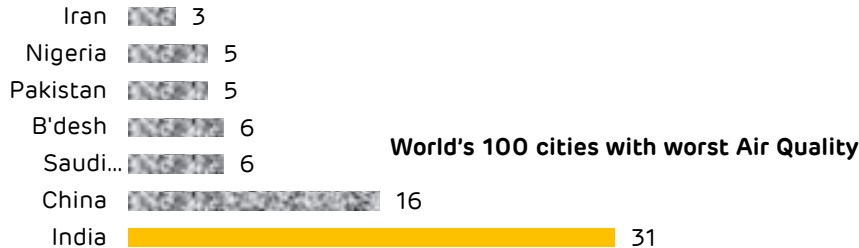
Acceptability
Less polluting,
clean and green

Abundance of Gas
& Increasing
Liquefaction

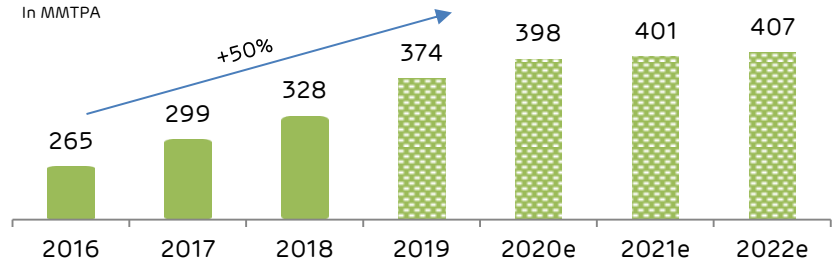
Availability
Expanding Imports /
infrastructure

Affordability
commoditized,
competitive

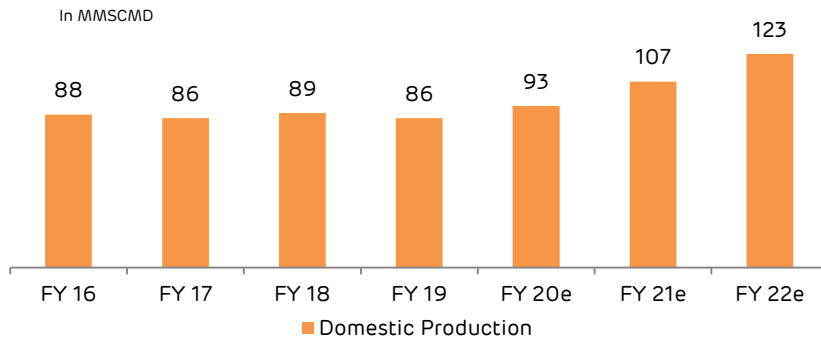
Poor air quality in cities supporting gas adoption (# of cities)



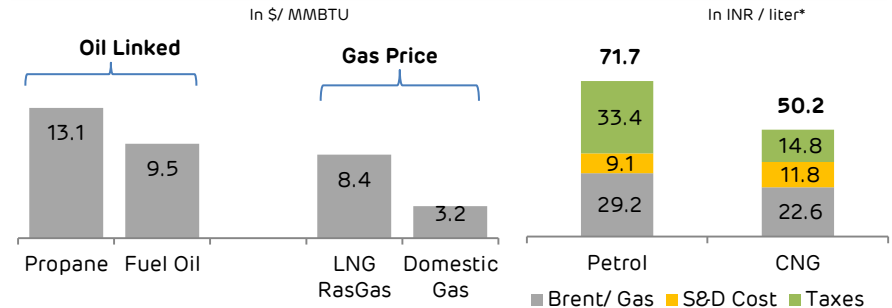
Global Gas export capacity increasing 50% between 2016-20



Supply constraints easing as domestic production is growing



Natural Gas has cost advantages than oil linked fuels



From a fragmented regional market, natural gas now a global commodity
Supply is driven by new discoveries and demand by rapid infrastructure development

Infrastructure Boost To Propel Gas Demand and Consumption

Carrier first - Commodity latter. Infrastructure to unlock latent demand

Focus on Infrastructure Development

LNG terminals: 10 under construction

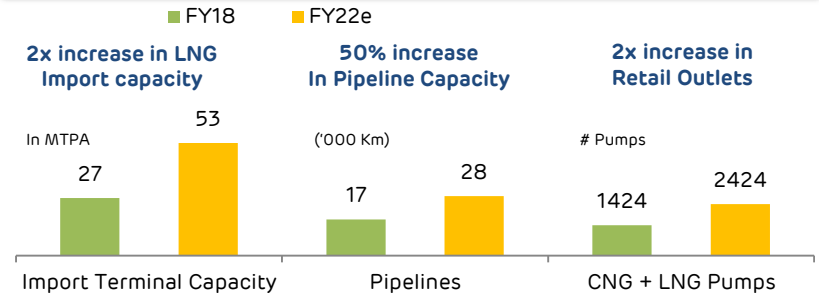
Transmission pipeline under construction >11,000 kms

Incentives to explore and extract gas

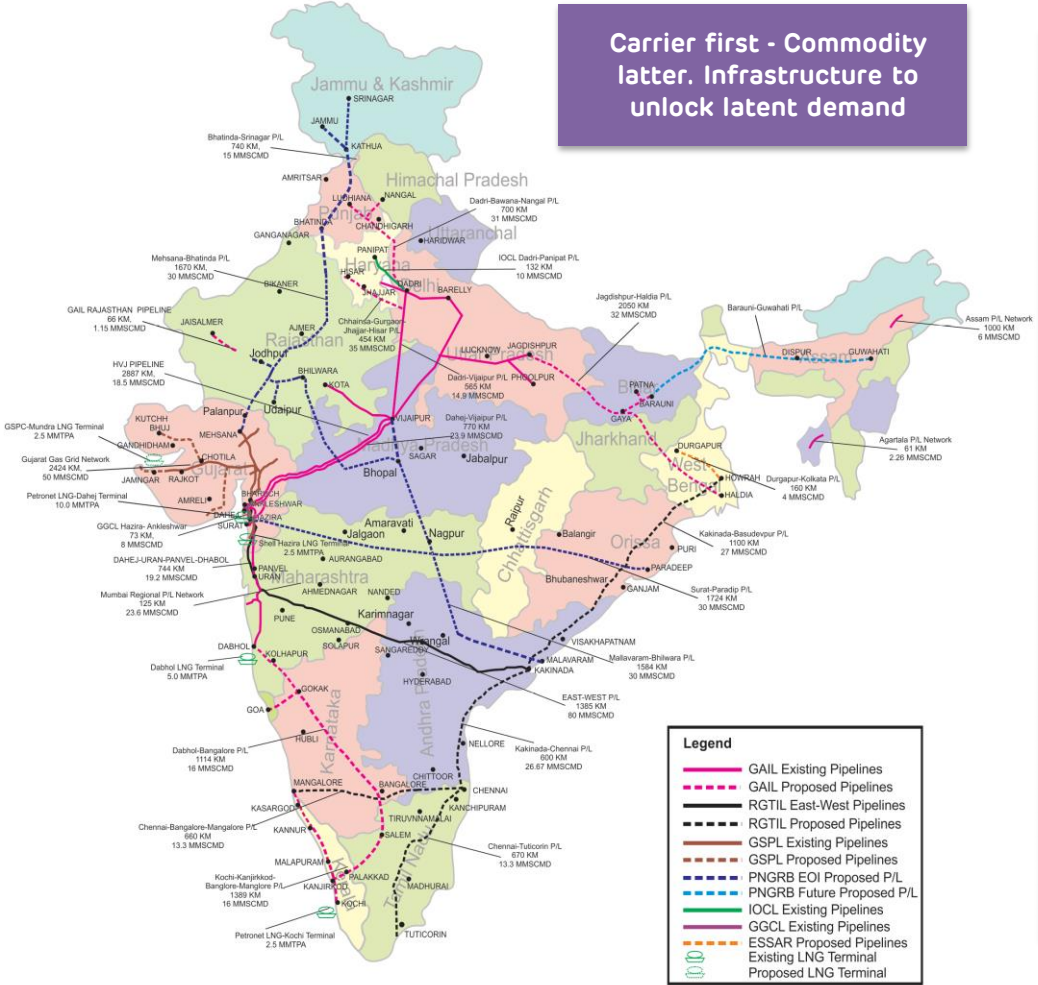
City Gas Distribution from 78 to 400 districts

LNG approved as fuel for highways

Infrastructure for natural gas ecosystem is accelerating

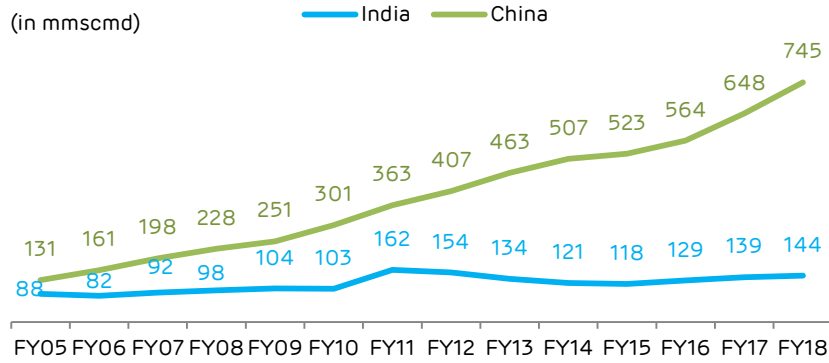


About \$23bn will be spent in the next 5 years to build energy infrastructure

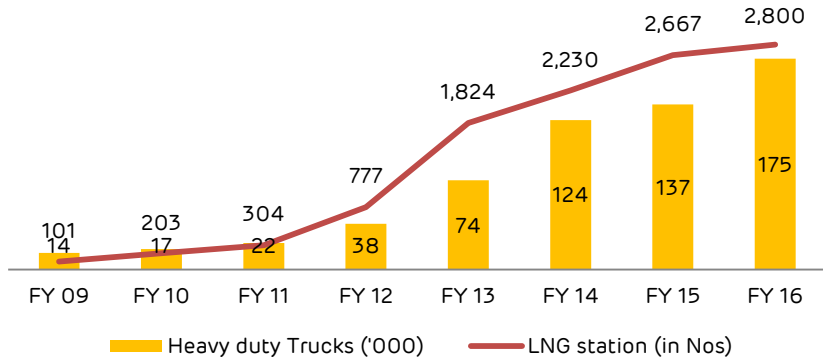


Infrastructure Development Propels Gas Demand

China: 5x Increase in Gas Demand with Infrastructure Impetus

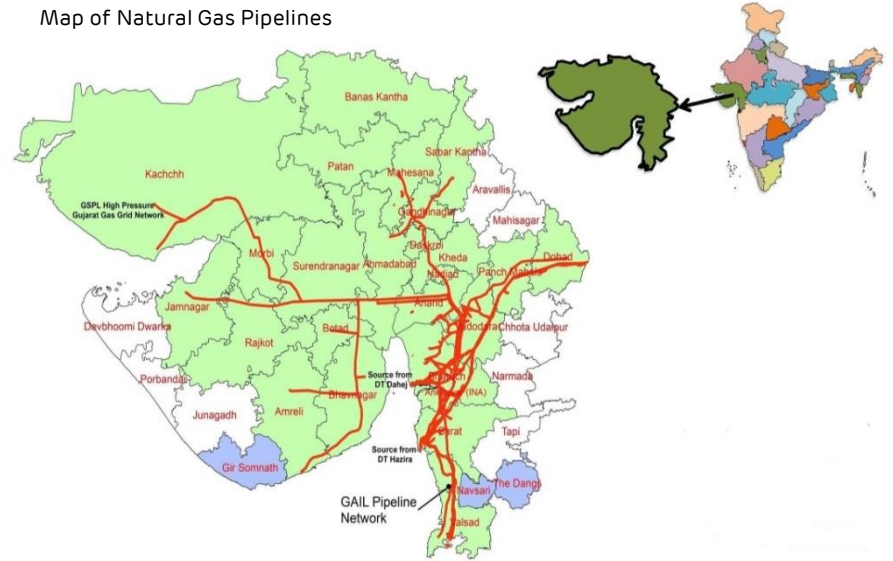


China: Exponential growth in fuel demand with Retail Investments

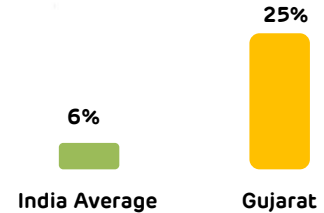


Gujarat: Gas Infrastructure Integration Driving Demand

Map of Natural Gas Pipelines



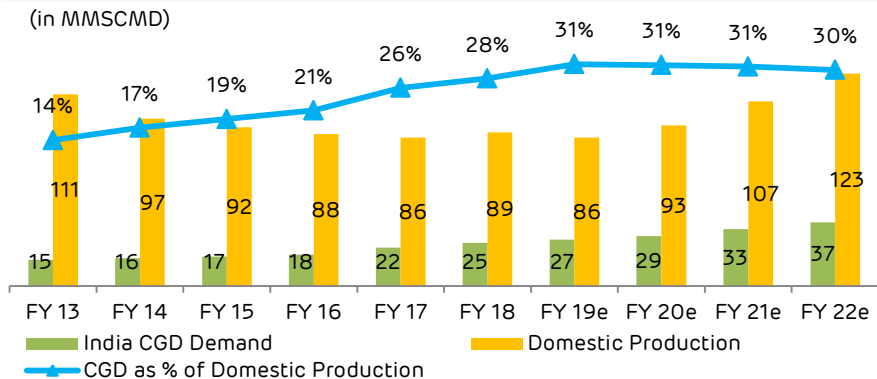
Gujarat's Natural Gas Penetration over 4x of India Average



Government thrust on creating infrastructure & regulatory initiatives to increase gas share to 20%+

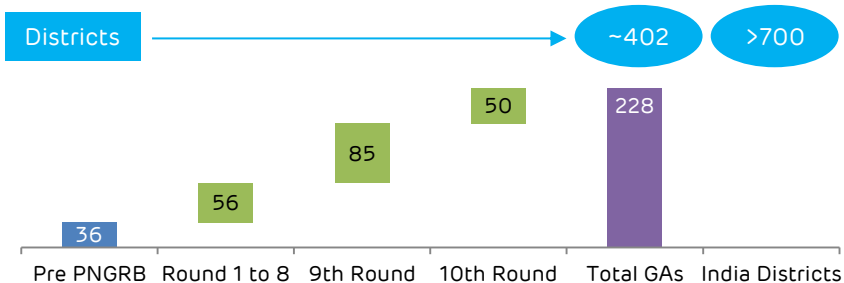
City Gas Distribution In India is ready for next growth cycle

Increasing Share of Gas distribution in Natural Gas Demand



Huge potential for CGD in India

~70% of India population covered (AGL covers 8%)



Growth Drivers

Demographic

- Coverage increasing to over 70% of Population
- Highway, Inter city, MHV, 2W to drive demand
- Urbanisation and High rise building
- Convenience

Environmental

- Stringent Emission norms
- Increasing domestic production of natural gas
- Constraints on LPG production and imports

Regulatory

- Favourable regulatory support for CGD
 - Ban on use Petcoke & Coal Gasifiers
 - Ujjwala Scheme shifting mindset
- Industrial automation supports gas

Trinity of availability of gas supply, Infrastructure build-out and competitive pricing vs alternate fuels to drive gas demand



Regulatory Framework



Sector Regulation - Light on Carrier and none on Content marketing

CGD have two distinct revenue stream: Carrier of 3rd Party Gas and direct Marketing of Gas to End users.

Carrier			Content	
Marketing Exclusivity	5 years to 8 years	+	Marketing Chain	Unregulated by PNGRB
Infra Exclusivity	25 years No parallel infrastructure allowed		Domestic Gas	Available for Domestic PNG and CNG (linked to MS* and LPG respectively)
Tariff	Based on Competitive Bidding For Cases pre PNGRB, 14% ROI		Imported Gas	Based on Commercial LPG, Oil Based Fuels
Open Access	Post marketing exclusivity 25% of capacity, if available		Marketing Margin	Free Pricing based on market dynamics (prices aligned to alternate fuels)
Post Infra Exclusivity	Infrastructure remains with entity Likely to be operated perpetually		Gas Sourcing	Separate carrier, marketing role for GAIL Uniform cross country pipeline tariff Regional gas hub based pricing

Gas as a source of energy is more aligned with oil which is market driven compare to electricity which is regulated

Regulatory & Policy Boost for CGD Development

Stable Regulatory Environment

Petroleum and Natural Gas Regulatory Board
(established regulator with track record of 11 yrs)



Open & Transparent Bidding for award of geographical areas

- Network Tariff - 20%
- No. of Domestic Connection - 50%
- No. of CNG Outlets - 20%
- Inch KM of Pipeline - 10%



Awards 25 years long perpetuity like Authorization

- Awardee to build the network over 8 years
 - Network **exclusivity for 25 yrs**
 - Marketing **exclusivity for 8 yrs**
- **No regulation around marketing margin / product pricing**
- Work program / minimum service linked obligations

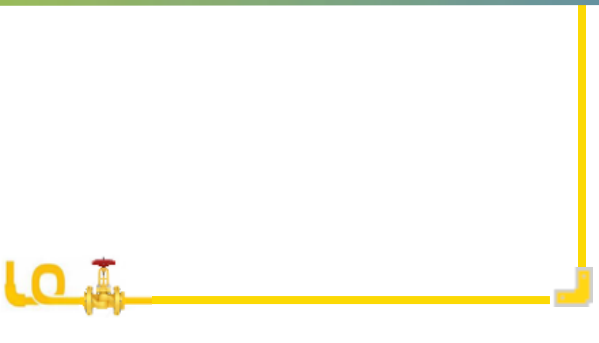
Strong Government Impetus to Gas Sector

- **CGD is No 1 priority** on gas supply
- **Preferential supply** of domestic gas for domestic PNG & CNG
- LNG approved as **fuel for highway** transportation
- Natural gas is likely **to be included in GST**
- Push for **LPG penetration** in rural area
- **Strong entry barriers** by regulation-exclusivity
- **Ban on Fuel Oil** in NCR and SC suggestion to ban pan India
- **Massive infrastructure** in oil & Gas

Well defined, largely unregulated and predictable regulatory framework



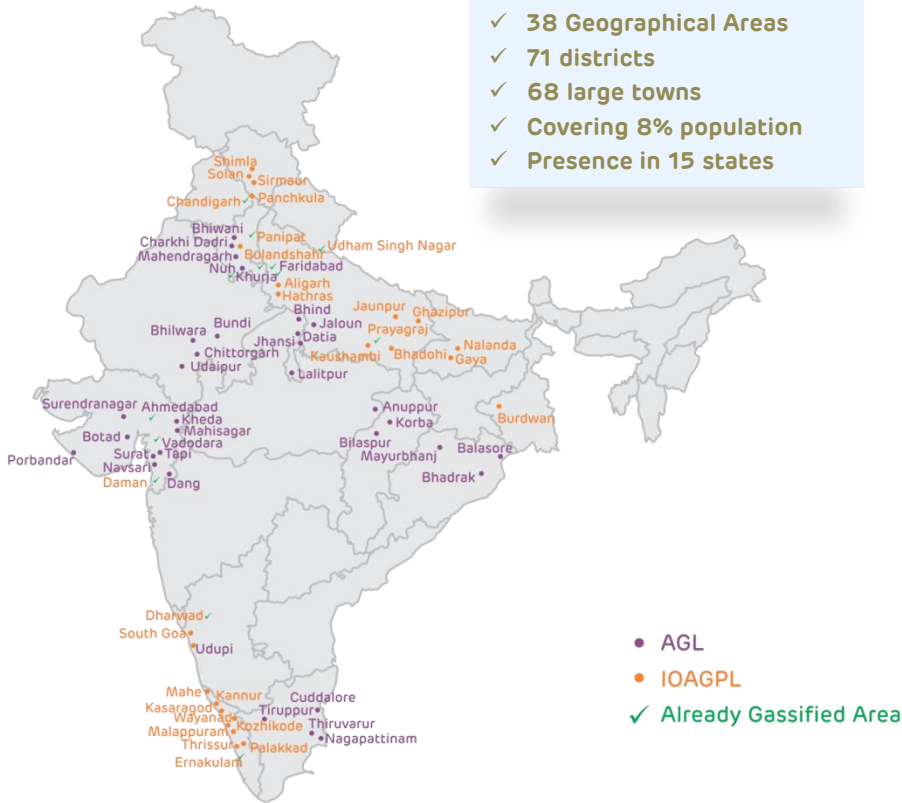
Adani Gas – Operations and Financial Performance



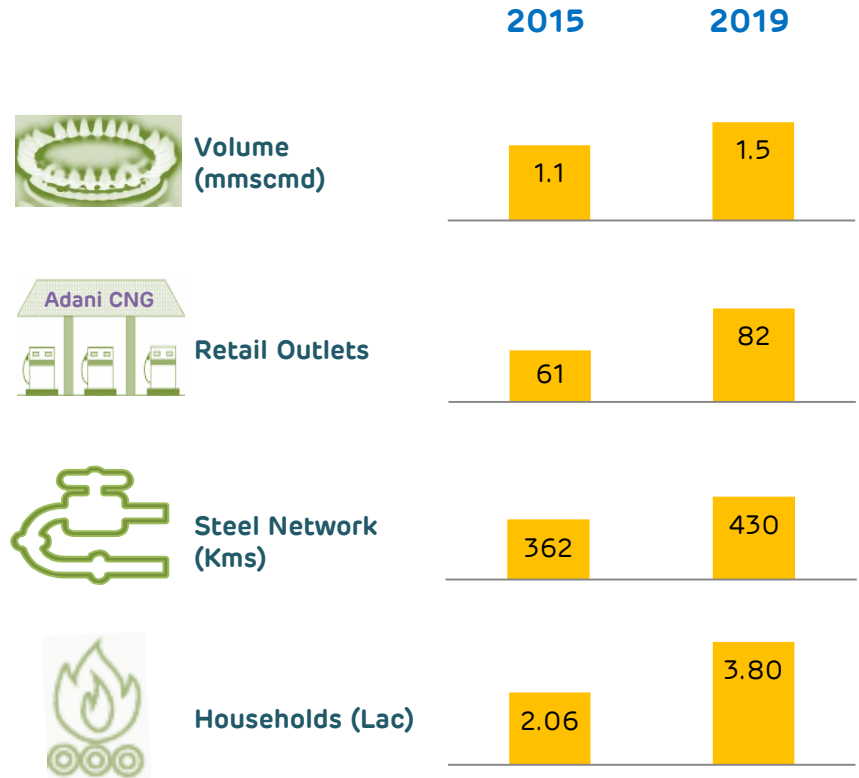
Adani Gas – India's Leading Play on Gas Distribution

Pan India Footprint

- ✓ 38 Geographical Areas
- ✓ 71 districts
- ✓ 68 large towns
- ✓ Covering 8% population
- ✓ Presence in 15 states



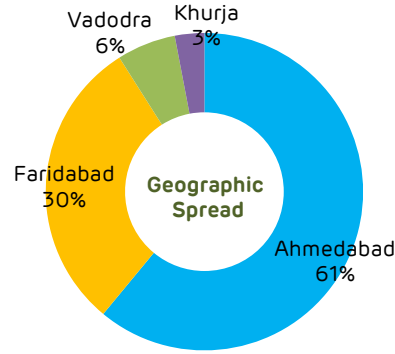
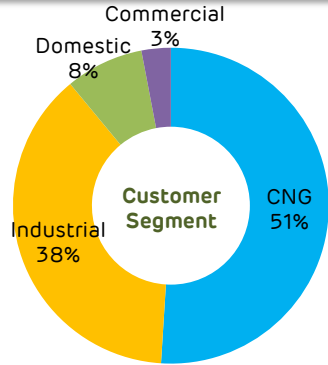
Steady Growth in Gas Distribution Infrastructure



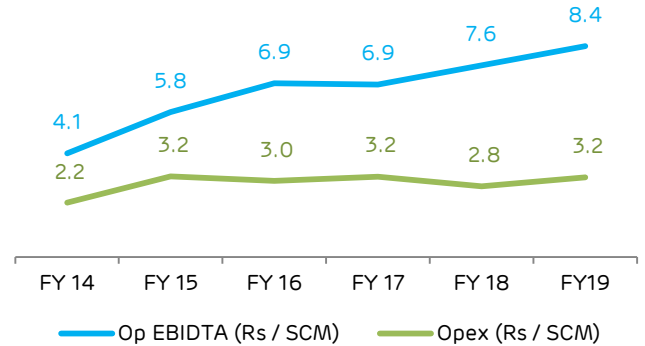
Largest private sector CGD player poised to leverage growth opportunity

Existing AGL Operations - Prudent Pricing & Cost Optimisation

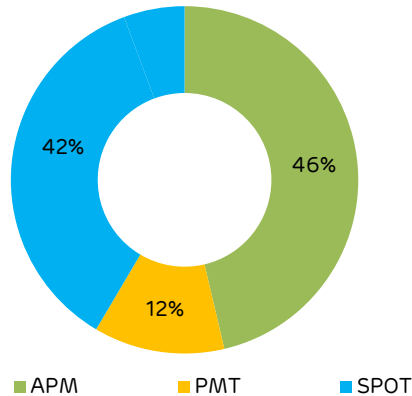
The most diversified customer base company with balanced geographic spread



One of the lowest operating cost in the industry



Access to Diverse Suppliers & Sourcing of Gas



Prudent Gas Sourcing & Pricing Mechanism

Sourcing of Gas

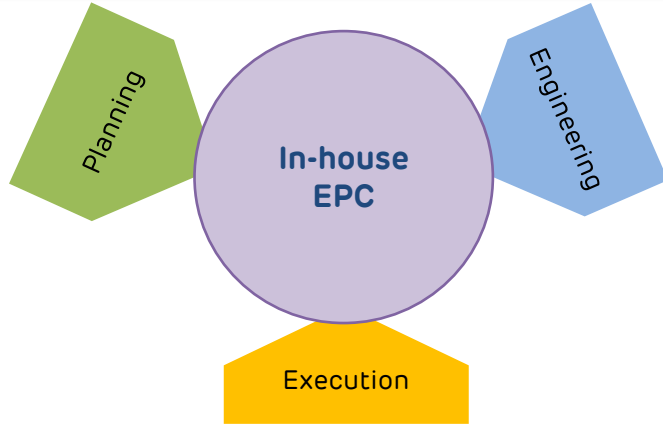
- Government allocates gas for CNG & domestic as priority sector
- Gas for other customer segments bought from **open market**
- Sourcing is fair mix of **short term and spot contracts**
- Main suppliers are **GAIL, GSPC, IOCL**

Pricing for Segments

- Sales price are **benchmarked to alternate fuels**
- Prices are more **stable** than liquid fuel
- **Term** prices are **benchmarked to Brent** crude

Best in Class Execution with Superior Operations & Service

Execution Excellence



World Class Technology for Operation Management

SAP SYCLO
(Comprehensive mobile solution for asset management)

SCADA
(State of art operations monitoring system)

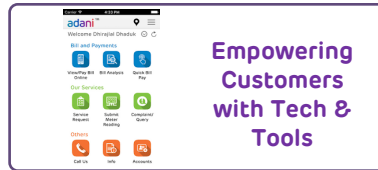
AMR
(Automated Meter Reading system)

GIS
(Global Information System for pipeline with essential details)

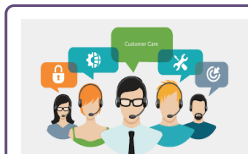
Focused on Superior Customer Service



Quality Management System



Empowering Customers with Tech & Tools



Superior Customer Service



Great Place to Work

Zero Incident Operations



Best Environment Management System



World Class Health and Safety Management Systems



100% safety record

T4S compliant

Pipeline network T4S compliant & certified

Joint Venture with IOC To Support Expansion

Strategic JV with IOCL: Public sector pedigree with private sector expertise



Domain
Expertise
Processes
Manpower



IndianOil-Adani Gas Pvt. Ltd.

Infrastructure
Logistics &
resources



IndianOil

	Infrastructure as at March 2019
Retail Outlets	22
Network (Kms)	6,100
Households	16,000

Total Investment ~Rs 976 Cr, Combined Equity of ~Rs 370 Cr

Strategic Advantages

Access to LNG

- 5 LNG Terminals
- Competitive **sourcing of gas**

Economies of Scale

- Minimize **funding cost** given parentage
- **Bulk sourcing** of imported LNG
- Access to **wider geographies**
- **Funding limited** to equity contribution

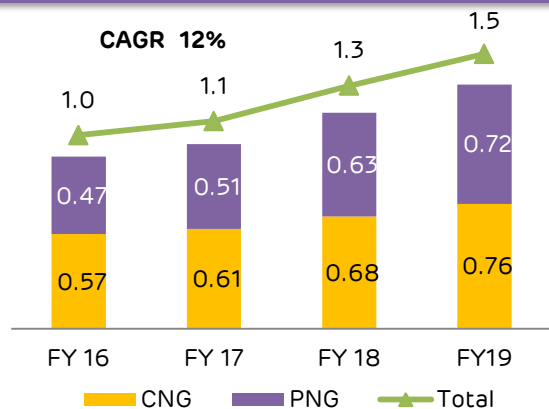
Retail and Operations Benefits

- Access to **25,000 retail outlets** of IOC
- **Plug and play** penetration for CGD
- **Centralized** operations, SCADA, call centers driving operating margins

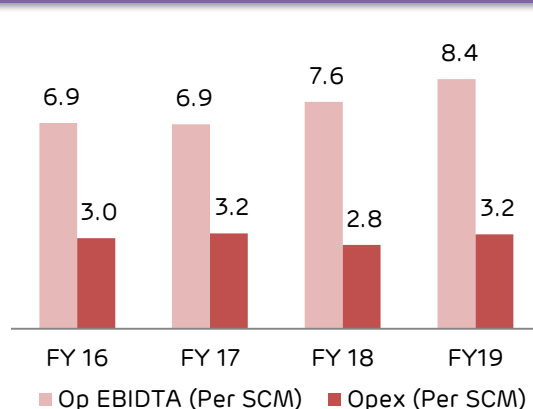
Strategic Partnership with IOCL to Accelerate Growth

Resilient Operations Resulting into Strong Financial Performance

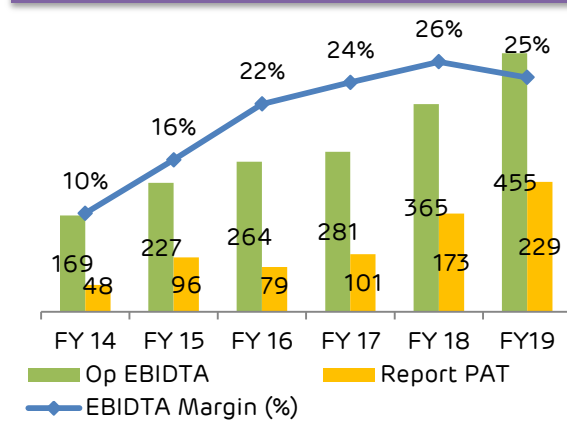
Sales Volume Mix (MMSCMD)



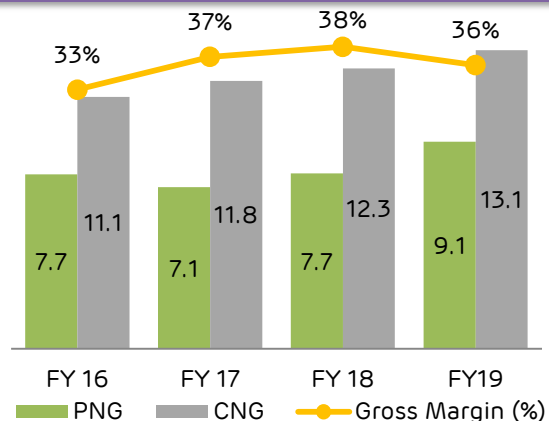
Op EBIDTA & Opex (INR / SCM)



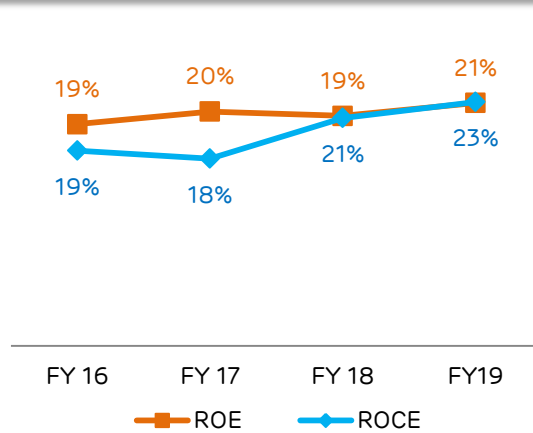
Op EBIDTA & PAT (INR Cr)



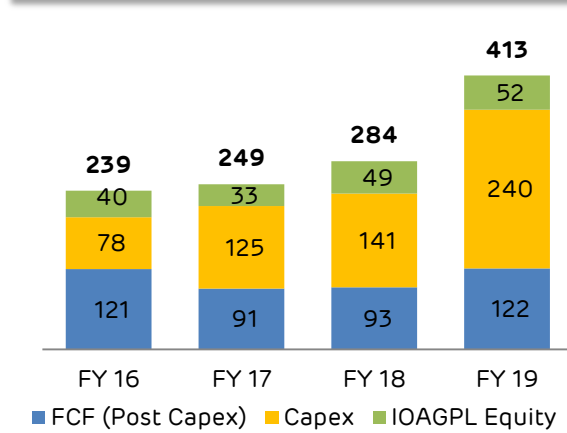
Gross Margin (INR/SCM & %)



ROCE & ROE (%)

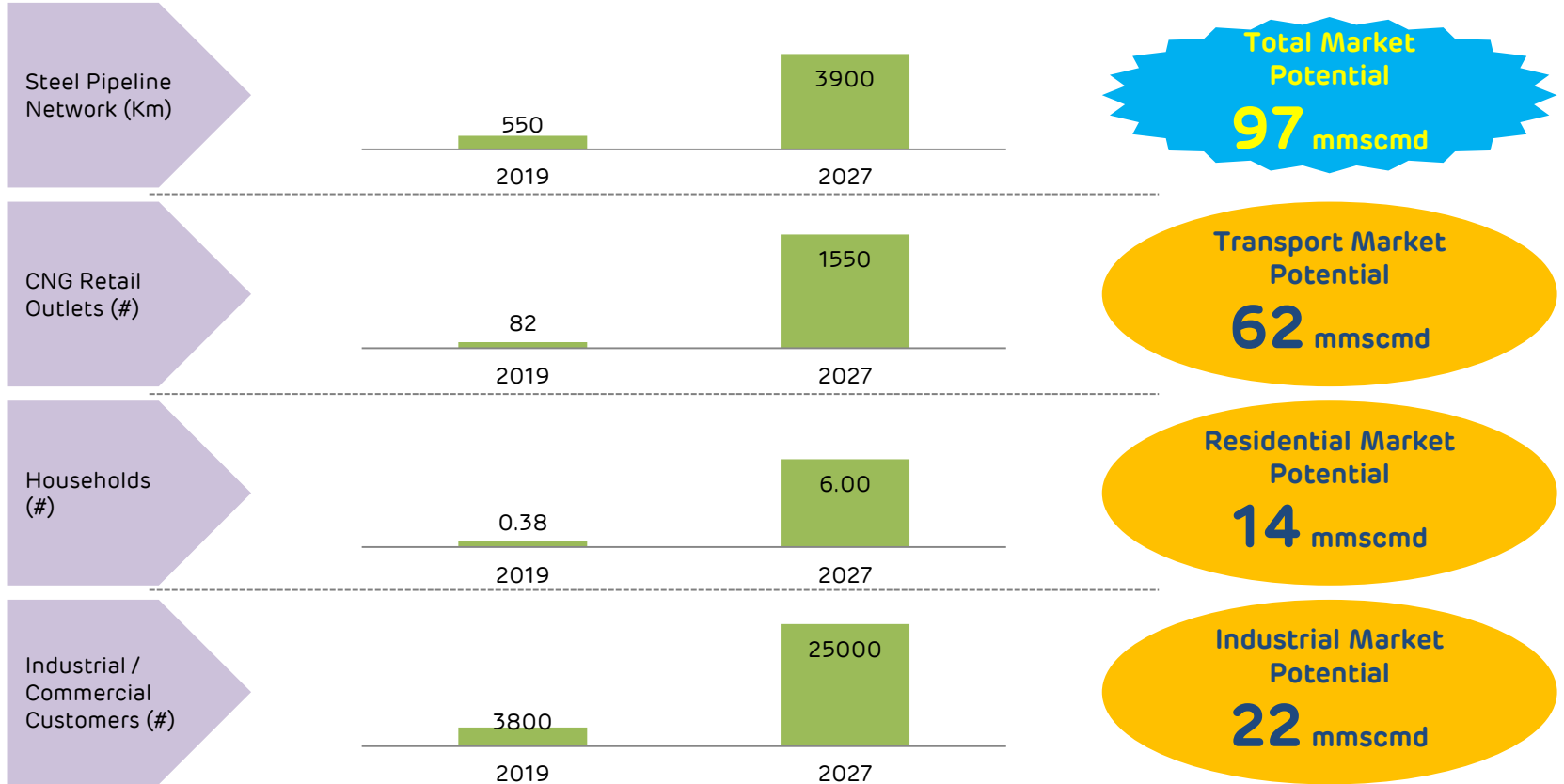


Free Cash Flow (INR Cr)



Adani Gas: Large Addressable Market Size

Infrastructure creation in new 34 GAs would open up a large opportunity



Adani Gas is well positioned to benefit from the large scale opportunity

Experienced Board and Management Team

Esteemed Board Members



Mr Gautam Adani



Mr Pranav Adani



Mr Suresh Manglani

Strong Sponsorship

CEO &
Additional Director



Mr Maheswar Sahu



Mr Naresh Nayyar



Mrs Chandra Iyengar

Independent Directors



Growth Strategy



Growth Strategy

Proven track record of expanding footprint

- New areas are targeted towards **high consumption intensity** and **environmental sensitivity**
- Prospect of **CNG corridor** among the new areas
- New opportunity to build **LNG retail outlets** on **highways**
- **Execution excellence** – experienced team for Design, Engineering and project execution
- **Digital technology** driven servicing & SCADA based operations monitoring

Robust growth strategy to increase market share with focus on maximising returns

Existing Geographical Areas

- Expand Existing CGD Network
- Pursue New Industrial and Commercial Load
- Optimize Supply Portfolio

Investment for Growth

- Return Focussed New Bids
- Organic growth
 - Tap unconnected zones
 - Integrated expansion with Industrial / CNG as anchor load

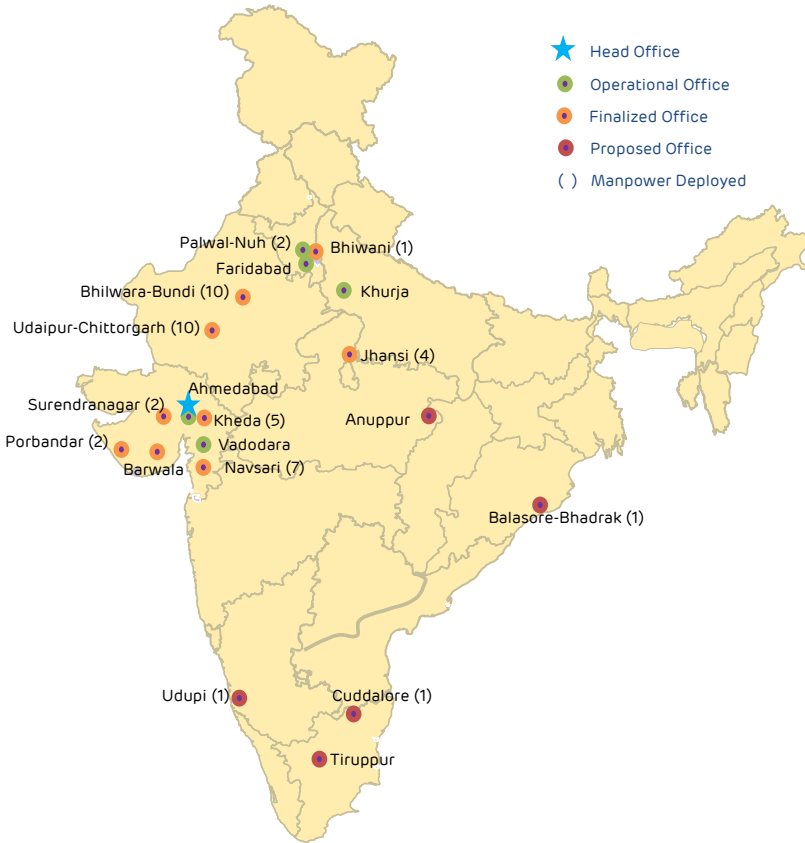
Efficiencies

- Leverage Group strengths and Synergy
- Process and cost efficiencies
- Technology and Monitoring

Adani Gas along with JV covers approximately 7.5% of India's population

Robust Implementation Work to support Growth Aspirations

Dynamic Assets and Resources Deployment



Robust Work in Progress at new GAs



- Early monetization of CNG at new GAs – 3 CNG stations operationalized in Haryana and Gujarat
- Hook up agreement signed for majority of GAs
- Pipeline vendors finalized and order placed
- Pipeline laying contractor appointed for 3 GAs and under final negotiation for 4 GAs
- Capital equipments sourcing work at varied stage of ordering

Adani Gas: A Compelling Investment Opportunity

✓ Adani Gas is the **largest private sector player** – well positioned to take advantage of growth in NG sector

✓ Natural gas – **clean energy source**, expected to be **20% of the India energy mix** in the medium term

✓ **Per capita consumption** of gas expected to **rise exponentially**

✓ **Strong Government focus for shifting towards** gas based economy

✓ **Strong track record of project execution, cost effective operations** and customer service

✓ **Robust Strategy** to help in building pan India CGD network

Sustainability

adani™

Education

- Adani Vidhyamandir
- Underprivileged Children
- Training Volunteers for teaching
- Girl Child Education

Health

- Mobile dispensary
- Immunization for kids
- Teaching sanitation in rural area
- HIV/AIDS awareness campaign

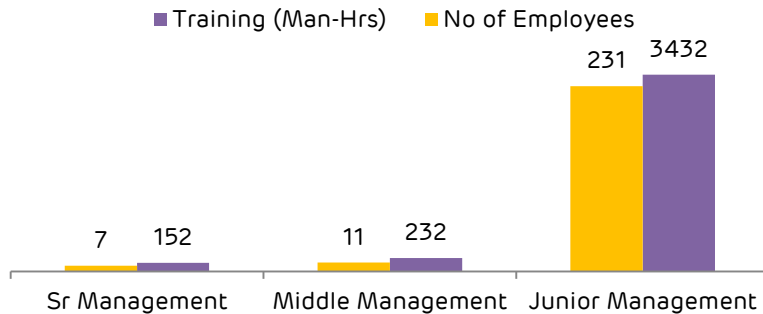
Livelihood development

- Vocational training
- Cattle vaccination
- Animal Husbandry
- Skill upgradation

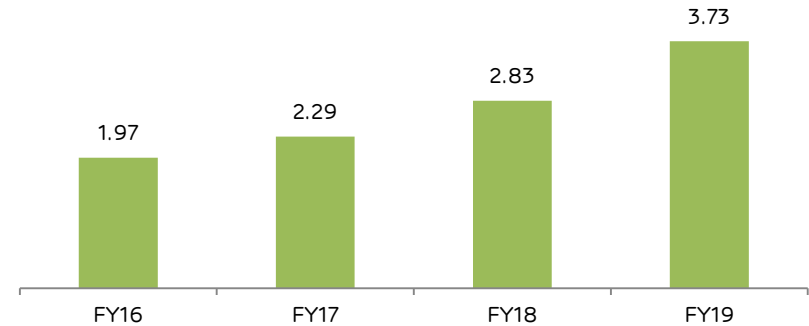
Rural Infra Development

- Pond deepening
- Check dam construction
- Village drainage system
- Roads, drinking water, power etc.

Learning & Development



CSR Spending (INR Crs)





Thank You