Adani Gas Ltd

Investor Presentation

January 2019

adani

Legal Disclaimer

Certain statements made in this presentation may not be based on historical information or facts and may be "forward-looking statements," including those relating to general business plans and strategy of Adani Gas Limited ("AGL"), its future outlook and growth prospects, and future developments in its businesses and competitive and regulatory environment, and statements which contain words or phrases such as 'will', 'expected to', etc., or similar expressions or variations of such expressions. Actual results may differ materially from these forward-looking statements due to a number of factors, including future changes or developments in its business, its competitive environment, its ability to implement its strategies and initiatives and respond to technological changes and political, economic, regulatory and social conditions in India. This presentation does not constitute a prospectus, offering circular or offering memorandum or an offer, or a solicitation of any offer, to purchase or sell, any shares and should not be considered as a recommendation that any investor should subscribe for or purchase any of AGL's shares. Neither this presentation nor any other documentation or information (or any part thereof) delivered or supplied under or in relation to the shares shall be deemed to constitute an offer of or an invitation by or on behalf of AGL.

AGL, as such, makes no representation or warranty, express or implied, as to, and does not accept any responsibility or liability with respect to, the fairness, accuracy, completeness or correctness of any information or opinions contained herein. The information contained in this presentation, unless otherwise specified is only current as of the date of this presentation. AGL assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent development, information or events, or otherwise. Unless otherwise stated in this document, the information contained herein is based on management information and estimates. The information contained herein is subject to change without notice and past performance is not indicative of future results. AGL may alter, modify or otherwise change in any manner the content of this presentation, without obligation to notify any person of such revision or changes.

No person is authorized to give any information or to make any representation not contained in and not consistent with this presentation and, if given or made, such information or representation must not be relied upon as having been authorized by or on behalf of AGL. This presentation is strictly confidential.

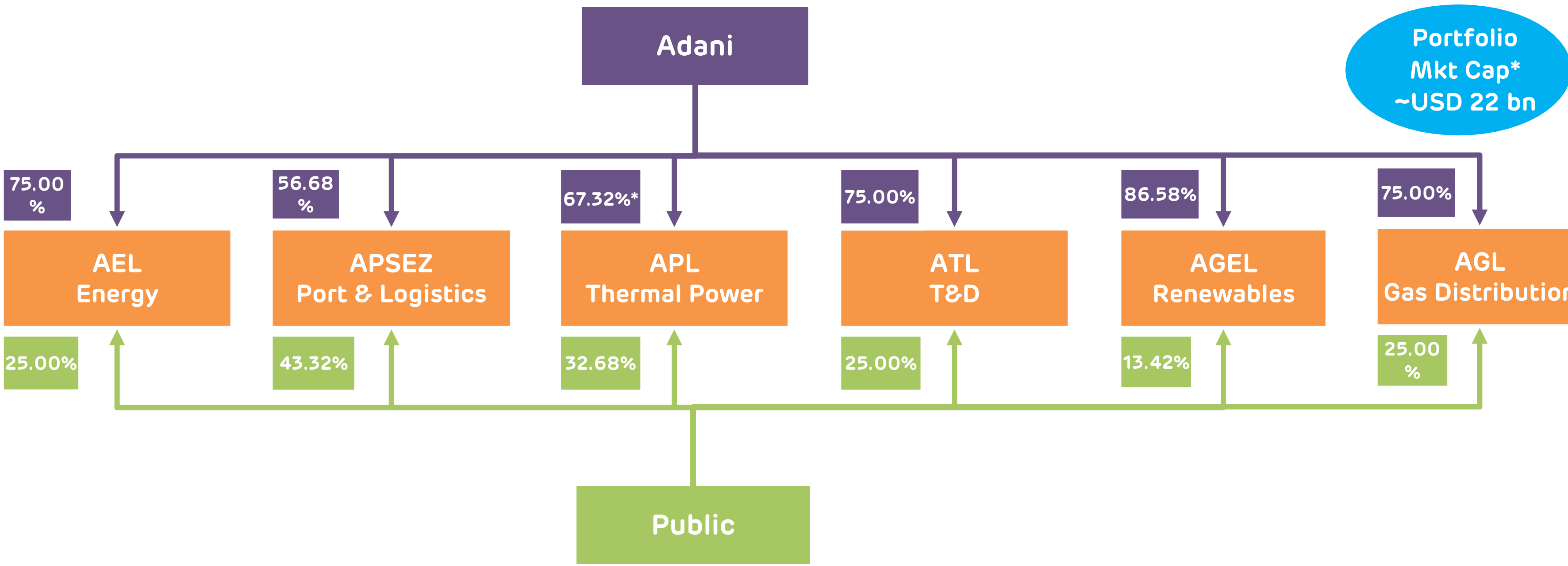
This presentation does not constitute an offer or invitation to purchase or subscribe for any securities in any jurisdiction, including the United States. No part of its should form the basis of or be relied upon in connection with any investment decision or any contract or commitment to purchase or subscribe for any securities. None of our securities may be offered or sold in the United States, without registration under the U.S. Securities Act of 1933, as amended, or pursuant to an exemption from registration therefrom.

This presentation is confidential and may not be copied or disseminated, in whole or in part, and in any manner. This presentation contains translations of certain Rupees amounts into U.S. dollar amounts at specified rates solely for the convenience of the reader.

Index

Introduction to Adani Group and Adani Gas

Adani Portfolio: Leading Developer, Owner, Operator in Infrastructure



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

* Market Cap as on 31-Dec-18 & USD/INR = 70

Adani Group: Track Record of Delivering World Class Assets

Leveraging Core Strengths

- ✓ Large scale businesses delivering consistent growth
- ✓ Unmatched execution capabilities – timely and cost effective
- ✓ Three decades of regulator and stakeholder relationship
- ✓ Diverse financing sources – only Indian infrastructure conglomerate with two Investment Grade (IG) issuers

Delivering World Class Assets

Longest Private HDVC Line in India

- **Only HDVC line in India to be executed by a private player**
- Location: Mundra-Mohindergarh
- Capacity: 1,980 Ckt Kms

648 MW Ultra Mega Solar Power Plant

- **Mega project developed, constructed and commissioned in 9 months**
- Location: Kamuthi,, Tamilnadu
- Solar Irradiation: 1,900 kWh / m^2 / year
- Capacity: 1.25 BU / year

India's Largest Commercial Port

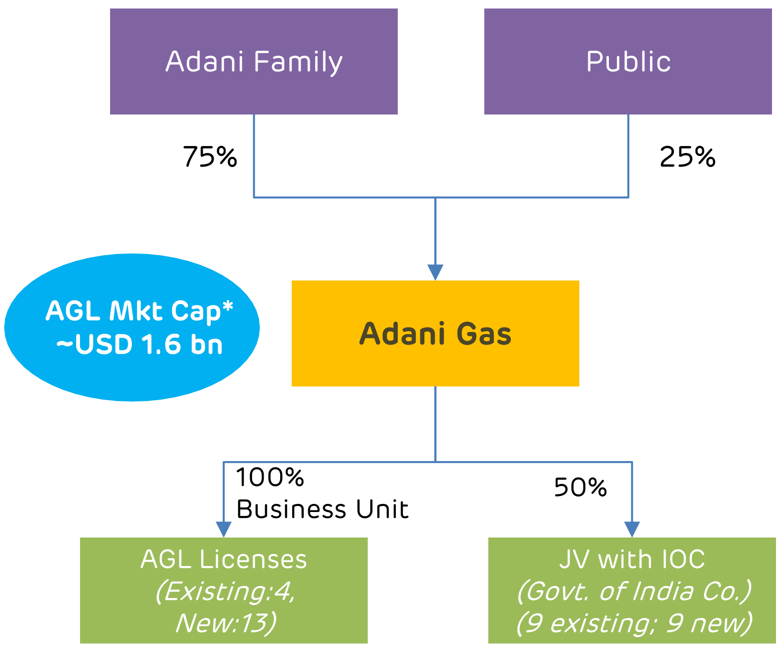
- **Largest commercial port of India**
- Location: Gulf of Kutch with access to northern and western parts of India
- Capacity: 100 MMT cargo / year

Largest Private Thermal Power Station in India

- **Fastest implementation ever by any power developer in India - record completion of inception to synchronization within 36 months**
- Location: Mundra, Gujarat
- Capacity: 4,620 MW

Adani Gas – India's Largest City Gas Distribution Company

Ownership 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
- 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

* Market Cap as on 31-Dec-18 & USD/INR = 70

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

4
AGL Operational Cities *

70+
CNG stations

6,000+
Kms pipeline network

1,300+
Industrial

2,300+
Commercial

325,000
Residential customers

1.5
mmscmd gas supply

12%
3 yrs CAGR

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

250+
Human Capital

~Rs 1,200 cr
Asset base

~Rs 1,300 cr
Revenue

20%+
RoE

A+
Domestic Rating

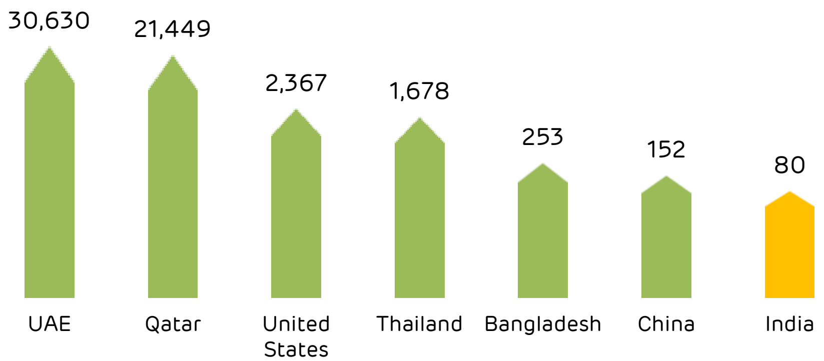
Balanced growth across customer segment and geography

* 4 Operational at AGL, 13 licenses won, 9 operational at IOC Joint Venture and 9 licenses won

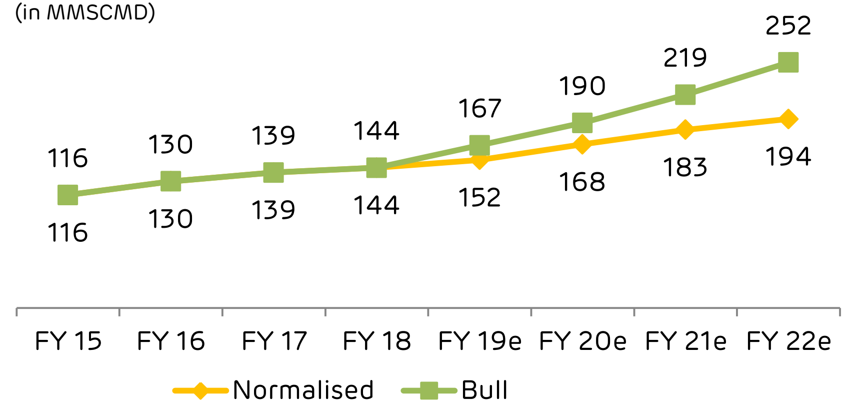
Sector Dynamics

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

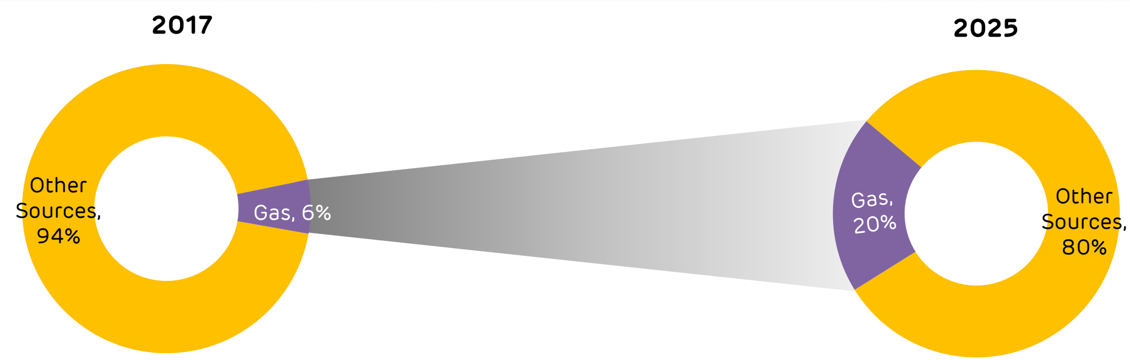
Lower Gas Consumption per Capita (Cbm/person)



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

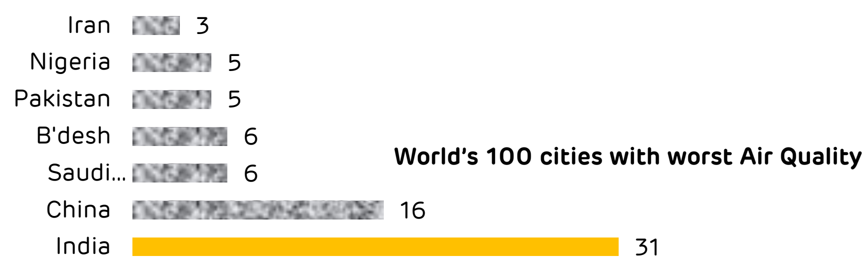
Source: PNGRB, PPAC, MS Research

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

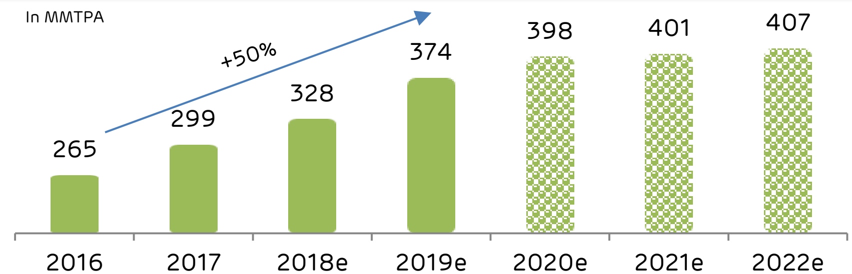
Gas Value Proposition

- **Acceptability** Less polluting, clean and green
- **Abundance** Increasing Liquefaction
- **Availability** Expanding Imports / infrastructure
- **Affordability** commoditized, competitive

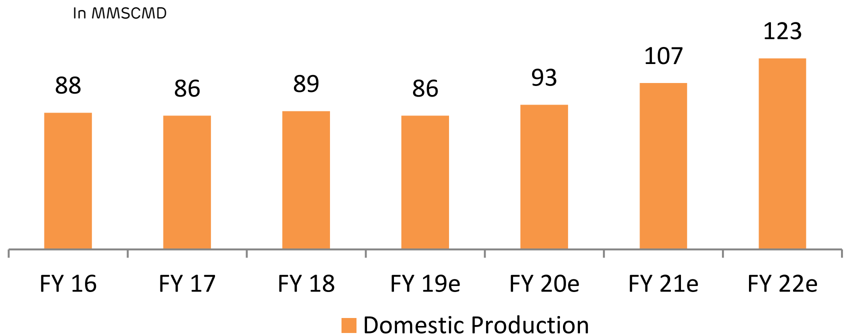
Poor air quality in cities supporting gas adoption



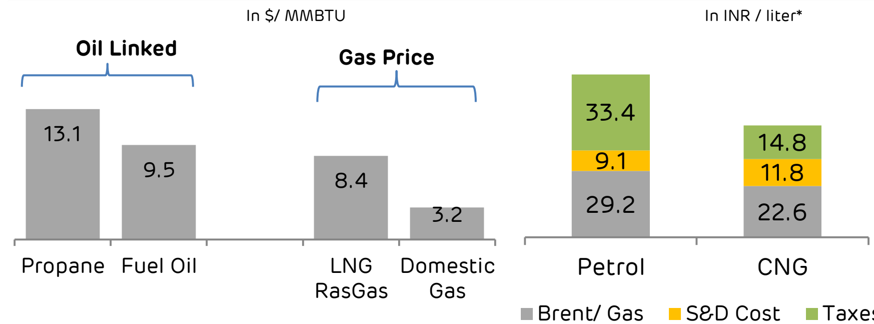
Global Gas export capacity increasing 50% between 2016-20



Supply constraints easing as domestic production is growing



Natural Gas has cost advantages than oil linked fuels

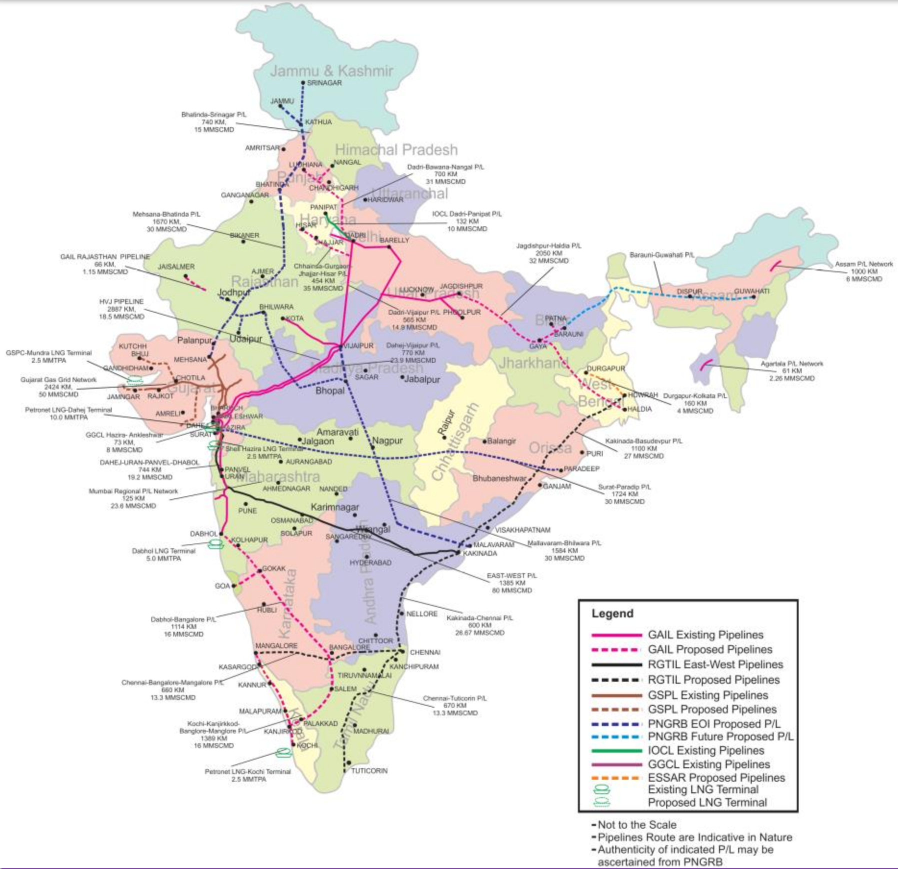


From a fragmented regional market, natural gas now a global commodity.
Supply is driven by new discoveries and demand by rapid infrastructure development.

* On an energy equalized basis
Source: PNGRB, PPAC, MS Research

Infrastructure Boost To Propel Gas Demand and Consumption

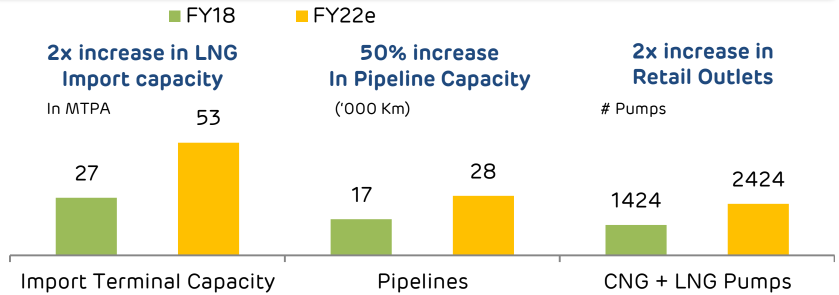
Carrier first - Commodity latter. Infrastructure to unlock latent demand



Focus on Infrastructure Development

- LNG terminals: 10 under construction
- Pipeline network to be extended by 13,000 kms
- Incentives to explore and extract gas
- City Gas Distribution from 78 to 280 cities
- LNG approved as fuel for highways

Infrastructure for natural gas ecosystem is accelerating



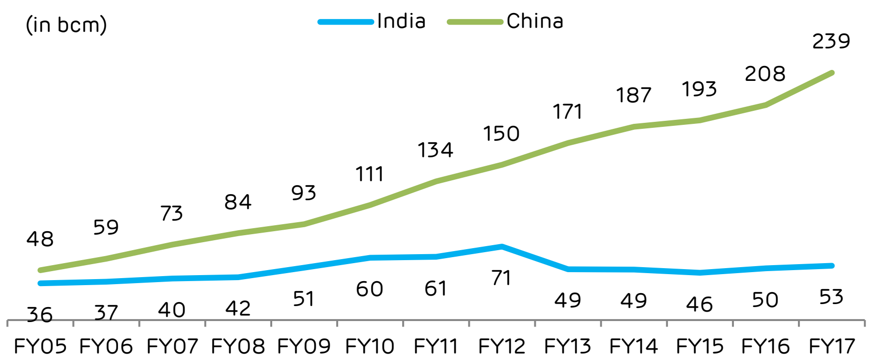
About $23bn will be spent in the next 5 years to build energy infrastructure

adani

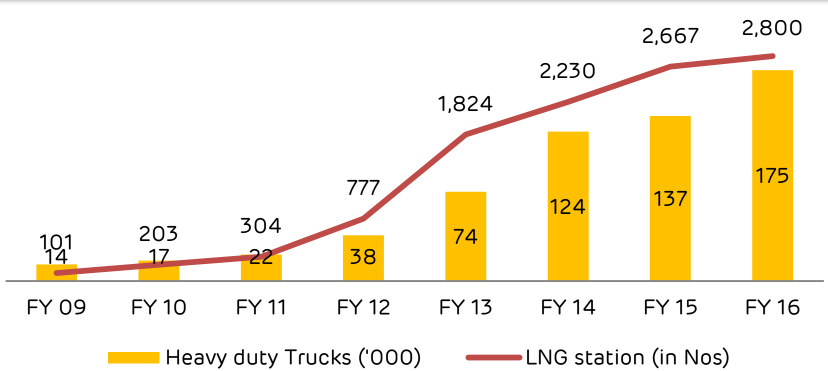
Source: PNGRB, PPAC

Infrastructure Development Propels Gas Demand

China: 4x Increase in Gas Demand with Infrastructure Impetus

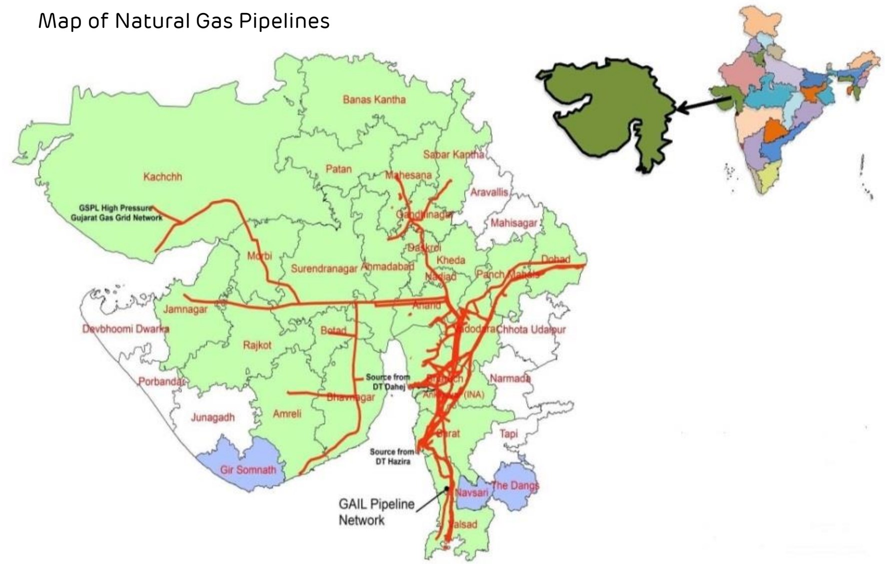


China: Exponential growth in fuel demand with Retail Investments

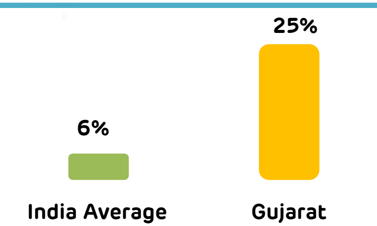


Gujarat: Gas Infrastructure Integration Driving Demand

Map of Natural Gas Pipelines



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

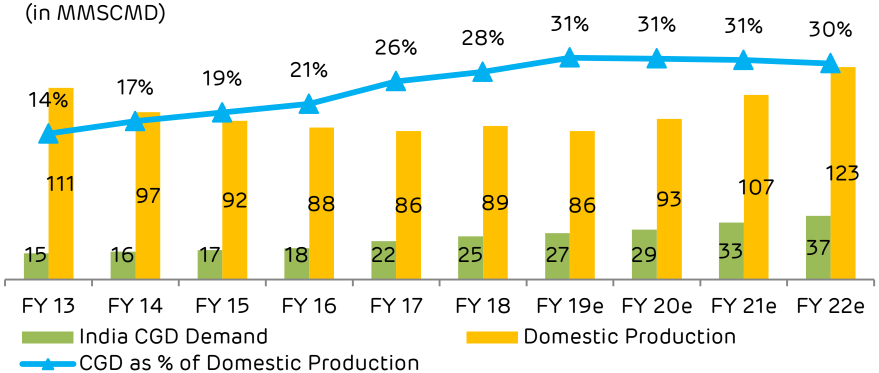


Government thrust on creating infrastructure & regulatory initiatives to increase gas share to 20%+

Source: PNGRB, PPAC, MS Research

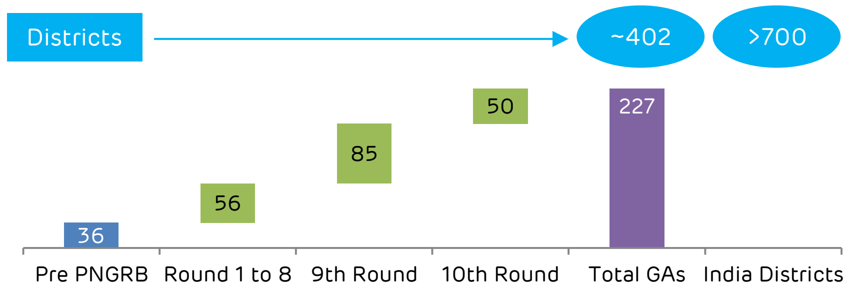
City Gas Distribution In India is ready for next growth cycle

Increasing Share of Gas distribution in Natural Gas Demand



Huge potential for CGD in India

Only ~45% of India population covered **(AGL share 7.5%)**



Growth Drivers

Demographic

- Coverage increasing to over 50% 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 / Government Priority

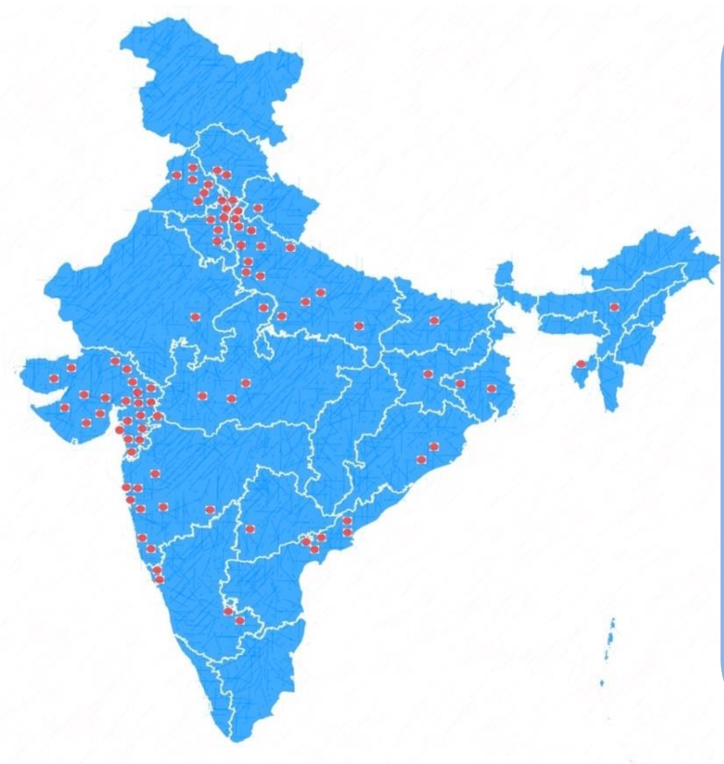
- Favourable regulatory support for CGD
- Industrial automation supports gas

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

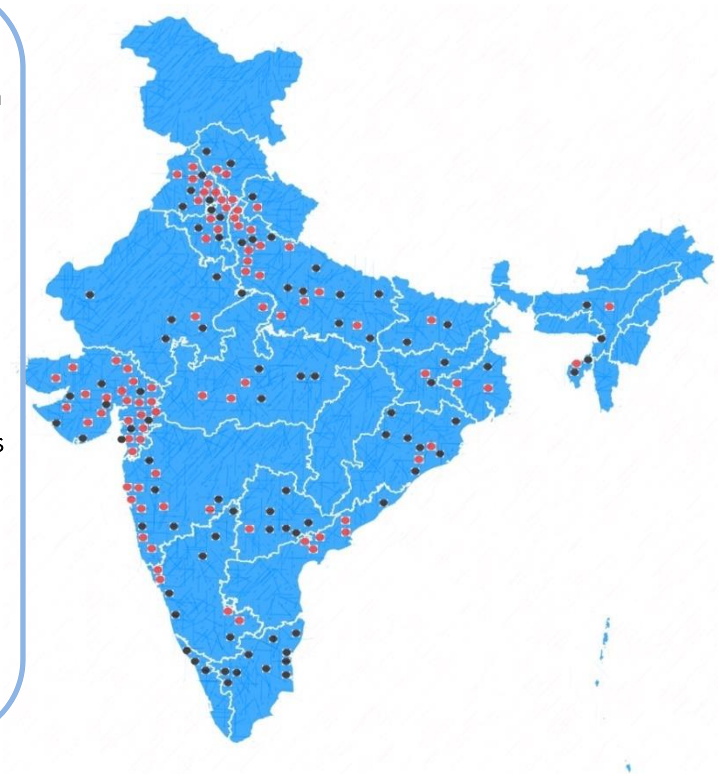
adani

Source: PNGRB, PPAC, MS Research

Gas Distribution – Transforming India's Energy Landscape



2018		Post 9th Round
20% Population	2.2x	50% Population
124 Districts	2.2x	280 Districts
4 mn Households	4.9x	19 mn Households
1,450 Retail Outlets	2.8x	4,000+ Retail Outlets



Gas Distribution sector poised for Significant Growth

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

Marketing Exclusivity	5 years to 8 years
Infra Exclusivity	25 years No parallel infrastructure allowed
Tariff	Based on Competitive Bidding For Cases pre PNGRB, 14% ROI
Open Access	Post marketing exclusivity 25% of capacity, if available
Post Infra Exclusivity	Infrastructure remains with entity Likely to be operated perpetually

Content

Marketing Chain	Unregulated by PNGRB
Domestic Gas	Available for Domestic PNG and CNG *(linked to MS and LPG respectively)*
Imported Gas	Based on Commercial LPG, Oil Based Fuels
Marketing Margin	Free Pricing based on market dynamics *(prices aligned to alternate fuels)*
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
- CGD eligible for funding from infra cess
- 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

Unparalleled Network of Gas Distribution

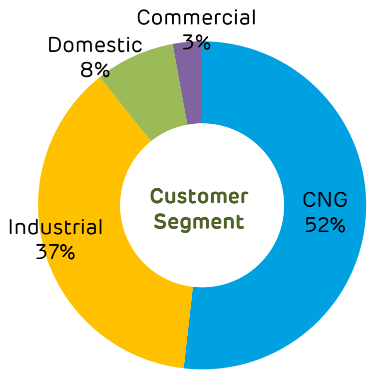
	2015	2018
Volume (mmscmd)	1.1	1.4
Retail Outlets	61	70
Network (Kms)	362	500
Households (Lac)	2.06	3.50

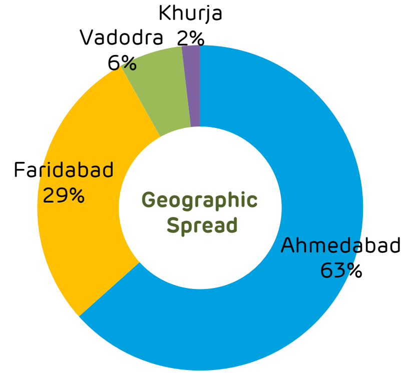
Pan India Footprint

Largest private sector CGD player poised to leverage growth opportunity

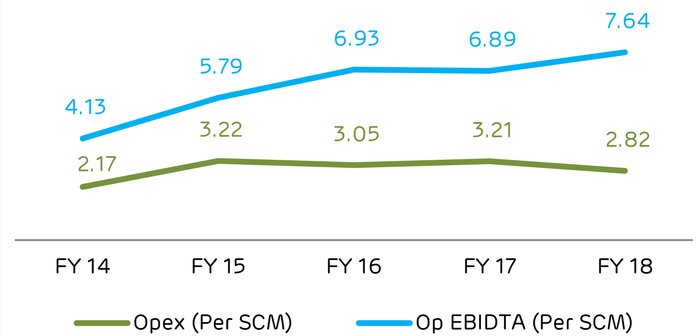
Existing AGL Operations - Prudent Pricing & Cost Optimisation

The most diversified customer base company with balanced geographic spread

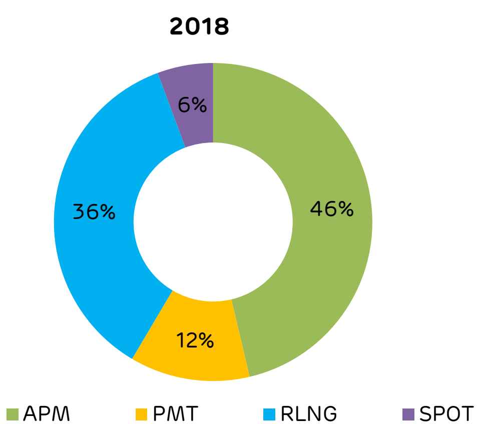




Lowest operating cost in the industry



Access to Diverse Suppliers & Sourcing of Gas



Prudent Gas Sourcing & Pricing Mechanism

Sourcing of Gas

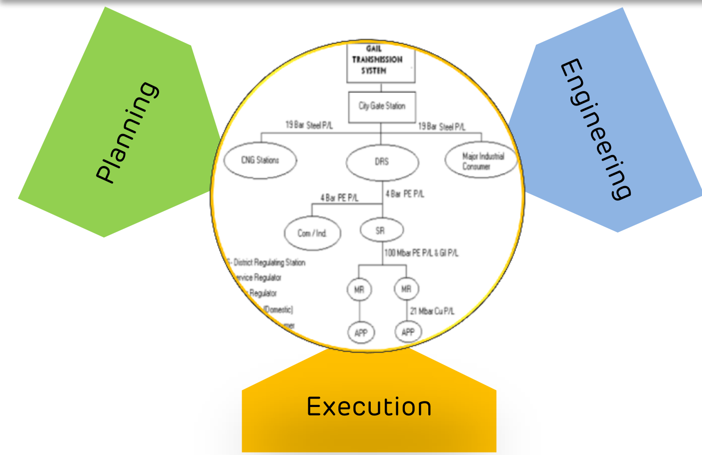
- **Government allocates gas** for CNG & domestic as priority sector
- Gas for other customer segments bought from **open market**
- Sourcing is fair mix of **short term and spot contracts**
- Main suppliers are **GAIL, GSPC, IOCL**

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)

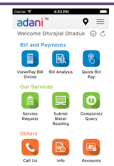
SCADA
(State of art operations monitoring system)

AMR
(Automated Meter Reading system)

GIS
(Global Information System for pipeline with essential details)

Focused on Superior Customer Service

ISO 9000 — Quality Management System


Empowering Customers with Tech & Tools


Superior Customer Service

#16th — Great Place to Work

Zero Incident Operations

ISO 14000 — Best Environment Management System

OHSAS 18001 — 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

adani GAS → Domain Expertise, Processes, Manpower → IOAG (IndianOil-Adani Gas Pvt. Ltd.) ← Infrastructure, Logistics & resources ← IndianOil

	Infrastructure as at Sept 2018
Retail Outlets	14
Network (Kms)	5,090
Households	11,000

Total Investment ~Rs 795 Cr, Combined Equity of ~Rs 300 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

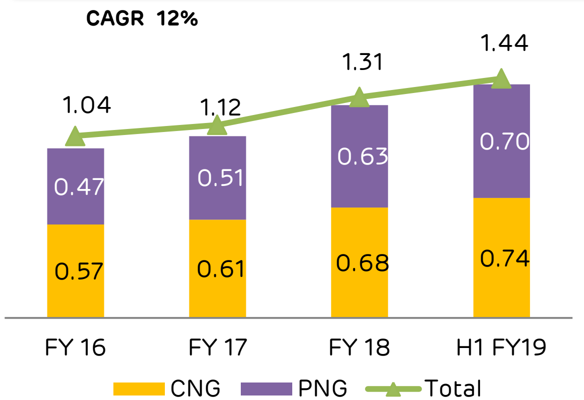
- Access to **25,000 retail outlets** of IOC
- **Plug and play** penetration for CGD
- **Centralized** operations, SCADA, call centers driving operating margins

Strategic Partnership with IOCL to Accelerate Growth

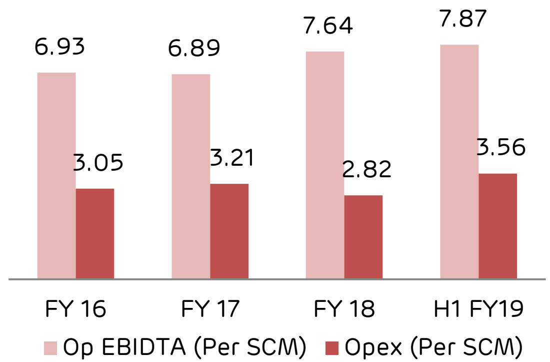
* MWP – Minimum Work Program

Resilient Operations Resulting into Strong Financial Performance

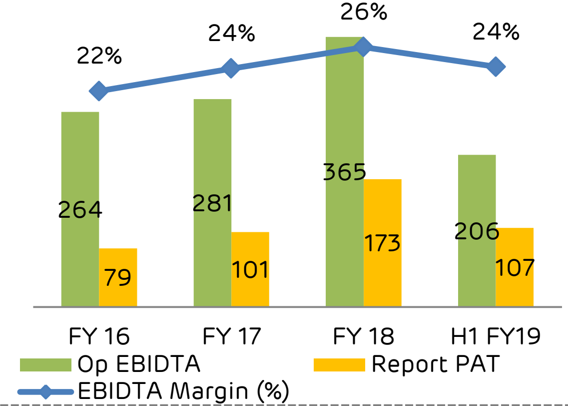
Sales Volume Mix (MMSCMD)



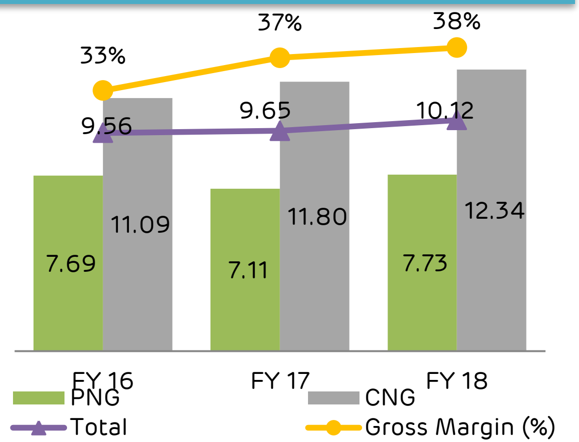
Op EBIDTA & Opex (Rs / SCM)



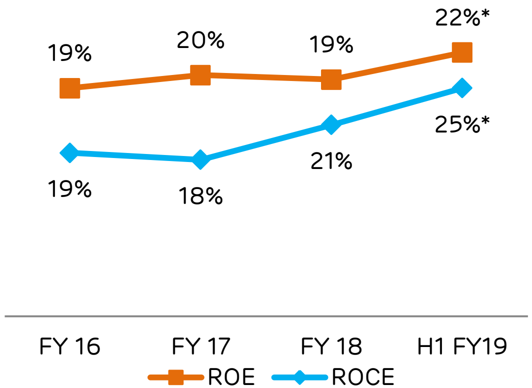
Op EBIDTA & PAT (Rs Crs)



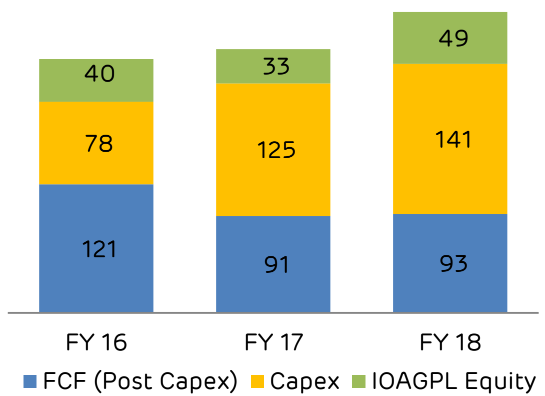
Gross Margin (Rs/SCM & %)



ROCE & ROE (%)



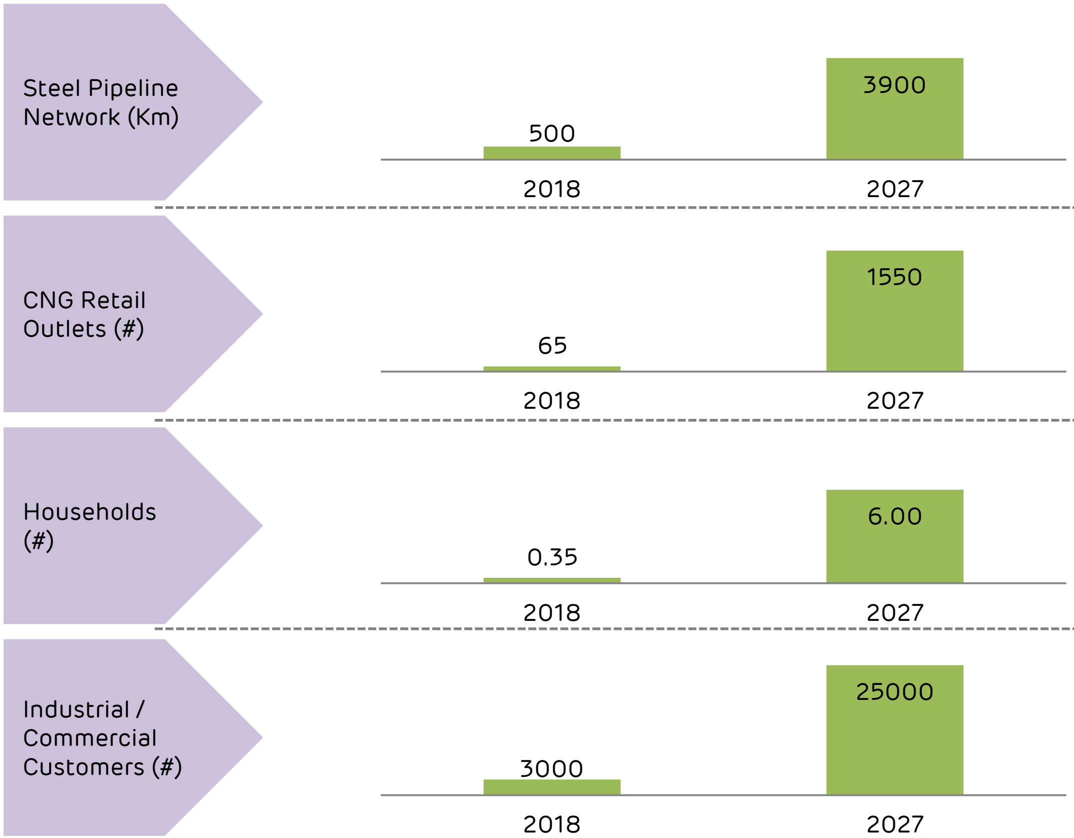
Free Cash Flow (Rs Crs)



* annualised

Adani Gas: Large Addressable Market Size

Infrastructure creation in new 31 GAs would open up a large opportunity



Total Market Size
97 mmscmd

Transport Market Size
62 mmscmd

Residential Market Size
14 mmscmd

Industrial Market Size
22 mmscmd

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

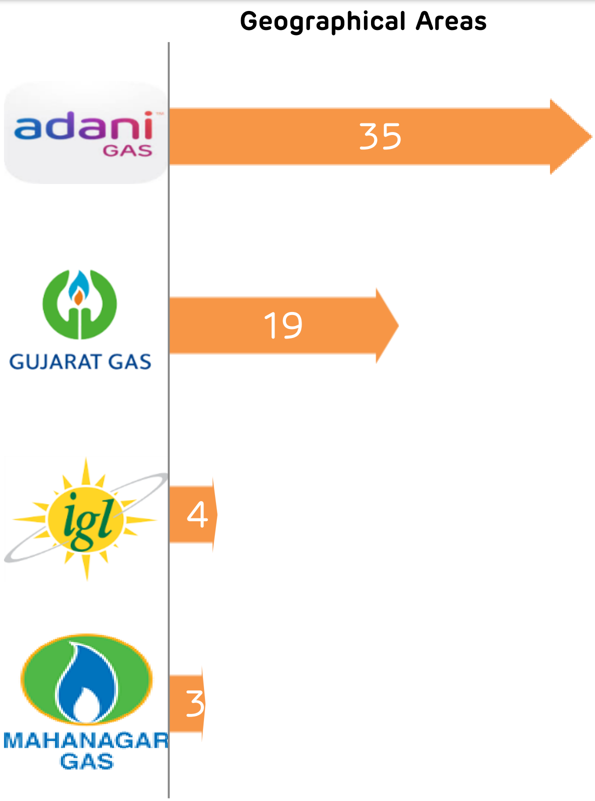
Efficiencies

- **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

Recently won bids to support Growth Aspirations

Market Share Based on Recent Bids



Plan for 50 Geographical Areas in Next 5 Years

Target : Significant market share in next bidding round (Market Share in 9th Round: 26%)

New PNGRB Round 10: Snapshot	
Coverage	50 GAs (~124 Districts & 24% population)
Volume Potential	10-15 mmscmd
States: Bihar, Haryana, Himachal Pradesh, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Rajasthan, Tamil Nadu, Uttar Pradesh, West Bengal	

Adani Gas targets 10% population across geographies by 2023 with a proposed investment of over $1bn in the next 5 years

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 **25% 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

Education

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

Livelihood development

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

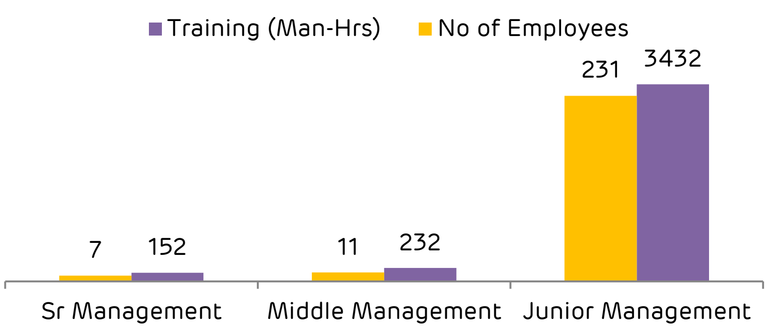
Health

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

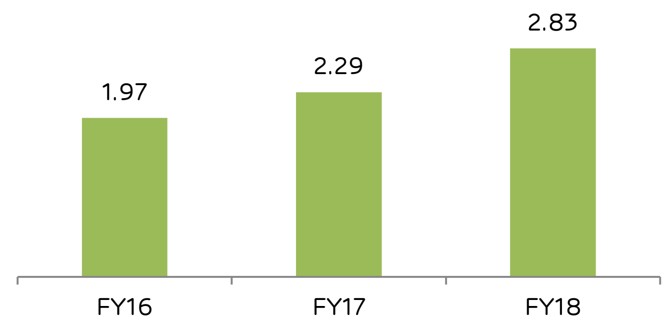
Rural Infra Development

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

Learning & Development



CSR Spending (Rs Crs)





Thank You