

Chairman's Message



I am extremely happy and proud to welcome TOTAL Group on Board and create one of India's largest Downstream Energy Partnerships. 



Dear Shareholders,

The Webster definition of resilience is "the capability of a strained body to recover its size and shape after deformation caused especially by compressive stress". It's hard to believe that it was less than 3 months ago, on 11th March 2020 that the World Health Organization declared the outbreak of COVID-19 as a pandemic, meaning COVID-19 has spread worldwide. If there ever has been a time when the need for global resilience has been critical, it is now.

The Power to Overcome

At times like this one looks for inspiration. In this context Wayne Muller, a well-known author, writes that for thousands of years humankind has suffered famine, war, plague, hunger, and countless injustices; it has experienced numberless births and deaths. Each community of people has had to find some way to speak about what sustained them or brought them grace—even in the midst of terrible sorrow. We have struggled to name this human trait, the universal force that makes the grass improbably push its way through concrete, the force that turns the earth, the energy that we seem to possess and blesses all life, the essential presence in our deepest nature that can never be spoken of with perfect accuracy but yet make us what we are. History is one big story of human overcoming. It's what we are born to do.

Decisive Governance

What we must realize is that there are no absolute right or wrong ideas. What is required during an unprecedented, hard to model, crisis like Covid-19, is a Government that is willing to make decisions based on best available information at a given point of time and constantly adapting as new information becomes available. For this, the Indian Government and bureaucracy must be complimented. Countries with greater resources than ours have struggled and while our battle with the virus is far from over, I have no hesitation in stating that had the decisions that got made been delayed we could have been facing an unmitigated disaster that would not just impact India but have global ramifications. Yes, business has suffered immensely, lives and jobs have been lost, and the migrant worker crisis saddened the entire nation, but the consequences of the unknown alternates would be far grimmer. What the leaders of our nation, the doctors, the healthcare workers, the police, the army, the small street side vendors, and the citizens have done to support each other is truly what defines India and its resiliency. Add to this the fact that the Government is now able to do direct benefits transfer as a result of the integrated approach it has built through the Jan Dhan, Aadhaar and Mobile linking systems and we start seeing the benefits of a Government that had the vision to put in place the infrastructure we need to be able to handle a crisis.

The Possibilities

Sitting where we are today, I can say that history is in process of being scripted. I will be the first to admit that I have no way of predicting the short or mid-term possible economic outcomes as a result of Covid-19. However, there cannot be any denying the fact that India over the next several decades will be a market continuously on the up and one that simply cannot be ignored. It will be one of the world's top consumption centers, manufacturing and service hubs and a

beacon of stable democratic governance. If there was a time to make a bet on India, there may not be a better time than now. What I can predict is that on the other side of this crisis will emerge massive new opportunities, will emerge great new leaders, will emerge terrific businesses, and will emerge a few stronger nations. Those that succeed will be the ones that understand that resilience is built on the other side of the tunnel of crisis and we are already getting ready for this.

Resilient Group Performance

I am pleased to report that each one of Adani Group six publicly traded companies has performed well even as we started to confront the trying circumstances following the first few weeks of 2020. While we may have to do need-based course correction in our strategies in the wake of the challenge that we are facing, the roadmap remains clear. Our businesses are closely aligned to the lifeline of the economy, providing essential services to enhance the quality of life of citizens and addressing critical national infrastructure priorities.

Any shock to a system always helps drive home some key points and what the Indian businesses have learnt over the past few years and most certainly post Covid-19 is the value of an optimal and perhaps for some sectors a conservative capital structure as well as the criticality to have systematic risk mitigation plans in place. Both optimal capital structures, and risk mitigation is a part of the maturing of the business philosophies as they grow in size and lays the foundation for stability as well as consistent value creation.

At Adani Group level, focus is on optimising capital utilisation, redesigning the organisational structure to minimise risk in our businesses and funding operations in phases. I am happy to share that during the year, the Group has been able to bring strategic global equity partners in Adani Gas, Adani Green Energy Ltd and Adani Mumbai Electricity Ltd. The total

₹100 crore
Contributed to the
PM CARES Fund

Chairman's Message (contd..)

investment is USD 1.6 bn; and will help drive future growth of our businesses. It is also pertinent to mention that AEML (part of Adani Transmission) recently completed an investment grade, USD 1 billion bond issuance, the first by a private integrated utility from India. The issue generated significant interest from international investors and was oversubscribed by 5.9 times. I must also mention here that APSEZ raised \$750 million by selling overseas bonds, the proceeds from which would be used for fund expansion and further reduce the cost of debt and progressively further deleverage the balance sheet. In the preceding 12 months, the Group has successfully placed seven bonds in the international markets, totalling to 4.26 bn USD.

The Future is a Gas Based Economy

At present, natural gas accounts for just about 6% in the total energy mix of the country, due to its low per capita consumption. To increase its relative share, the government has set an ambitious target of increasing the share of natural gas in the total energy mix to 15% by 2030. Moreover, with favourable government policies and reforms, the per capita consumption of natural gas is expected to also rise. Simultaneously, the population of India is expected to grow to 1.44 billion by 2024 thereby transcending into yet increased demand for energy. The rising energy consumption is expected to result in an alteration of the primary energy mix, with growing preference of gas energy over oil energy. Since, natural gas is one of the most reliable fuels available, there is a growing preference for natural gas for its convenience, safety and cost-effective properties. Therefore, in line with the Government's policy as well as the massive market potential we are committed to contribute to the nation's vision of providing a cleaner and greener energy.

Alliance

As the largest private player in city gas distribution, we closed FY 2019-20 with some major achievements. With great pride and delight, I would like to share that TOTAL Holdings SAS has joined Adani Gas to create one of India's largest Downstream Energy Partnerships, to develop and deliver multi-energy offerings to the Indian market. It is also the largest foreign direct investment in India's city gas distribution sector. Laying the foundation for long-term business synergies, the strategic partnership reinforces AGL's market leadership and entrusts confidence in its abilities to deliver superior returns for its stakeholders. The partnership also reinstates our commitment to make rapid strides towards India's vision of promoting reliance on natural gas and a clean energy mix.

Both partners, Adani Group and TOTAL Group are committed to strengthen this important partnership. We further aim to exponentially increase the network of piped natural gas and CNG by reaching to 70% of India's population. This is in line with the nation's energy policy which rightfully promotes usage of clean, green fuel to infuse growth.

Adani Group and TOTAL Group plan together to foray into the fuel retail business with an initial target of setting up 1500 fuel stations and offering top of the line products over the coming 10 years. We aim to be recognised as the most trusted, customer centric and preferred fuel retail brand integrated along with the gas business.

Despite being a year marked by escalating global trade tensions and a tough operating environment, AGL recorded its best performance – a testament to its resilient business model. I am pleased to inform you that we now have over 100 CNG stations across the country. This achievement is the result of tireless efforts of the entire team,

We now have

115

CNG stations across the country



82

CNG stations in the previous year

who continue to deliver on the strategies mapped for long-term business growth.

We also recorded high peak volumes in our sales & distribution, with a total of 582 MMSCM, which is about 8% jump from the previous year. Further, we now have the license to operate in 38 geographical areas, which covers 8% of the country's population. The work on the required infrastructure at major locations was started in this financial year with substantial progress being made during the fiscal. We are working closely with the local authorities and discussing ways to fast track the progress of the projects, so that the benefit of natural gas is brought quickly to maximum number of customers. I take this opportunity to thank each employee who continued to serve our customers during the difficult times of the pandemic. At AGL, we took utmost safety measures of these frontline employees, whose commitment and tenacity helped our customers with the supply of energy.

Growth with Goodness

We, at the Adani Parivar, are fighting the Covid-19 battle unitedly. Our Foundation has contributed ₹ 100 crore to the Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) of which your company has contributed ₹ 5 crore. I am equally grateful to our workforce in India for contributing ₹ 4 crore for the battle against COVID-19. It is because of the solidarity demonstrated by this workforce of over 17,000 people that our Foundation could add another ₹ 4 crore, collectively contributing another ₹ 8 crore towards COVID-19 relief projects in India. As a responsible corporate, we will continue to stand by the nation in various capacities in this hour of need. On that note, I must also take this opportunity to thank our teams for the following measures:

- Adani Foundation contributed ₹ 5 crore to the Gujarat CM-Relief Fund and ₹ 1

crore to the Maharashtra CM Relief Fund; we have also contributed to Kattupalli District Collector COVID-19 Fund and the Bhadra District Administration.

- The Foundation is also contributing to the CM-Relief Funds of many other states such as Kerala, Jharkhand, Andhra Pradesh.
- Women cooperatives aided by Adani Saksham produced more than 1.2 lakh masks to help economically disadvantaged sections of the population.
- Gujarat Adani Institute of Medical Sciences (GAIMS) is the only hospital equipped for handling COVID-19 cases in Kutch, India's largest district.

In times such as this the spirit and compassion of our people reinstates my belief in our core philosophy of Growth with Goodness. Let all of us contribute to help our nation rise above this crisis. It may take time but there is ample optimism to show that it is possible.

Together, we will stay resilient and hopeful in these testing times.

Regards,

Gautam S. Adani
Chairman