

Press
release

I Squared Capital invests in AG&P City Gas

23 AUGUST 2021 | SINGAPORE I Squared Capital, through its ISQ Global Infrastructure Fund III and ISQ Growth Markets Infrastructure Fund, has invested approximately US\$200 million as a first tranche of a US\$300 million equity raise in AG&P City Gas. AG&P City Gas is a Singapore-based company that is developing twelve city gas distribution networks, or concessions, in India under the brand name AG&P Pratham, across 280,000 square kilometers, an area approximately the size of Italy. AG&P City Gas was previously owned wholly by the Atlantic, Gulf & Pacific Group (AG&P), a Singapore-based downstream LNG business.

In its twelve concessions, AG&P City Gas is responsible for developing and operating Compressed Natural Gas (CNG) stations for vehicles, piped natural gas to homes, and the distribution of Liquid Natural Gas (LNG) to industrial and commercial customers. City gas projects benefit from marketing exclusivity in their designated areas for eight to ten years and construction exclusivity of related infrastructure for 25 years.

“Along with AG&P, I Squared Capital was one of the early foreign institutional investors in the Indian city gas sector and is committed to helping the country achieve its target of having 15 percent of natural gas in its primary energy mix by 2030. We plan to deploy up to \$1.3 billion in Capex to build out the distribution networks,” noted Gautam Bhandari, Managing Partner at I Squared Capital. “Natural gas is one of the cleanest hydrocarbons and an important part of the energy transition to lower greenhouse gas emissions. Over the next 25 years, the concessions have the potential to reduce CO₂ up to 37 million tons by displacing fuels such as diesel, petrol, liquified petroleum gas, coal, and heavy fuel oil. Using natural gas for cooking also reduces indoor pollution, which is a leading cause of lung diseases in India.”

“AG&P is privileged to partner with I Squared Capital to expedite the roll-out of these vital gas networks being developed in India by AG&P City Gas. Over the coming years, the AG&P City Gas network will continue to grow to serve millions of customers in their homes with clean, affordable, safe fuel as India’s middle-class advances in size and purchasing power. AG&P City Gas will simultaneously continue to build 1,500 CNG stations so that cars, taxis, and buses can transition seamlessly to run on clean fuel. AG&P City Gas will give the opportunity for small and large local companies to use cleaner and more affordable natural gas, mostly for the first time, a big competitive advantage for the Government of India’s ambitious Atmanirbhar (self-reliant) India program,” commented Joseph Sigelman, Chairman and CEO, AG&P Group. “I Squared Capital, which has extensive experience in this area and a robust management system, is a great partner for us.”

“The transaction builds upon I Squared Capital’s experience in developing city gas infrastructure in India through its THINK Gas platform. The concessions cover some of the fastest growing cities in India such as Jodhpur, Kanchipuram (including what is Southern Chennai), Mysore and Thiruvananthapuram (otherwise known as Trivandrum). AG&P City Gas and THINK Gas are geographically complementary and will operate as independent companies with separate management

teams,” said Harsh Agrawal, Partner at I Squared Capital based in Singapore. “These two companies form one of the largest private city gas portfolios in India with eighteen concessions serving approximately 85 million people across nine states with a planned capital expenditure of over \$1.3 billion for AG&P City Gas. I Squared Capital will employ the same global best practices and smart technologies that we used for the rapid and successful development of our THINK Gas platform over the last four years.”

“We see AG&P City Gas as playing a critical role for India. Transitioning to natural gas will reduce pollution and foster a healthier environment for all of us, including our children, while supporting our growing manufacturing base by creating jobs,” said Abhilesh Gupta, Managing Director, AG&P City Gas. “We have a lot to do and look forward to working with the team at I Squared Capital in this mission.”

About I Squared Capital: I Squared Capital is an independent global infrastructure investment manager focusing on utilities, digital infrastructure, transport, energy, and social infrastructure in North America, Europe, Latin America, and Asia. Headquartered in Miami, the firm also has offices in Hong Kong, London, New Delhi, and Singapore.

About AG&P Group: Atlantic Gulf & Pacific (AG&P) develops LNG import and regasification facilities as well as downstream city gas networks. AG&P also provides engineering and project management services for LNG and other infrastructure. AG&P is part-owned by Osaka Gas, JBIC (the Japan Bank of International Cooperation) and Asiya, a publicly-traded Kuwait fund, as well as its management.

About AG&P City Gas: Operating under the brand of AG&P Pratham, AG&P City Gas is one of the largest private City Gas Distribution (CGD) companies in India. The company is developing CGD networks across 12 concessions in the Indian states of Rajasthan, Andhra Pradesh, Tamil Nadu, Karnataka, and Kerala.

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