

**adani**

Ports and  
Logistics

**Adani Ports and SEZ Limited  
21<sup>st</sup> Annual General Meeting**

**26<sup>th</sup> June 2020**



## Contents

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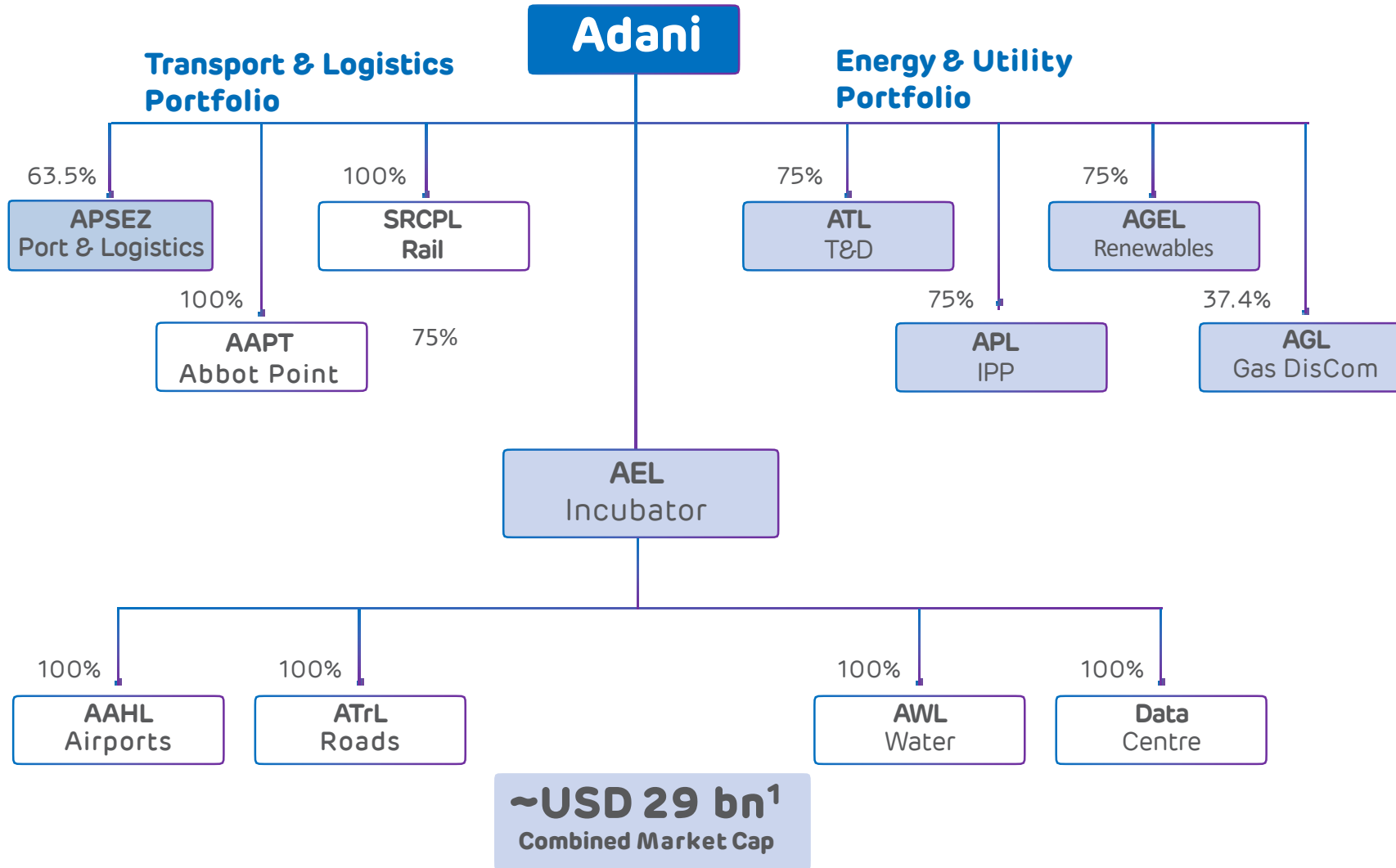
- 03-07** Part I Group Profile
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# Part I - Group Profile

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# Adani Group: World class infrastructure and utility portfolio



## Adani

- **Philosophical shift from B2B to B2C businesses –**
- **AGL** – Gas distribution network to serve key geographies across India
- **AEML** – Electricity distribution network that powers the financial capital of India
- **Adani Airports** – To operate, manage and develop six airports in the country
- **Locked in Growth 2020 –**
  - Transport & Logistics - Airports and Roads
  - Energy & Utility – Water and Data Centre

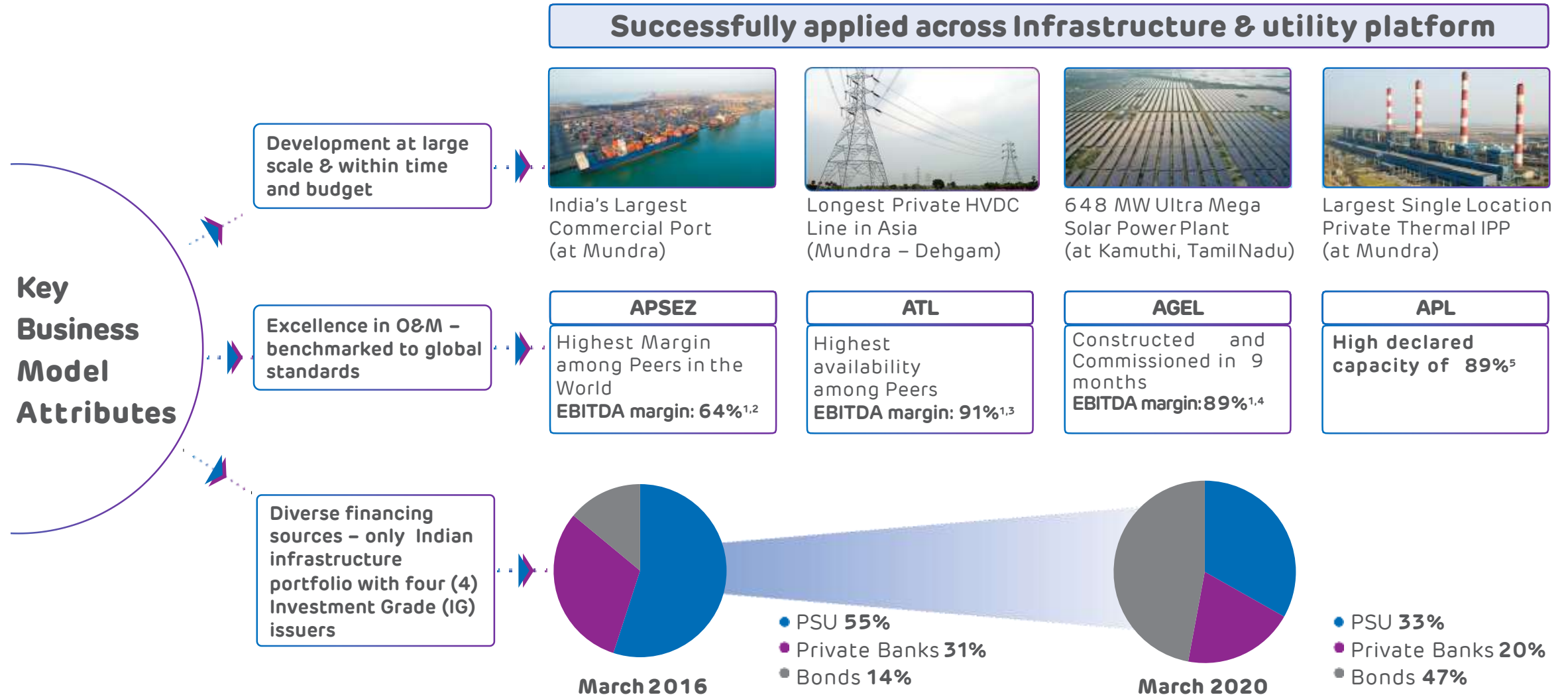
1. As on June 25, 2020, USD/INR – 76 | Note - Percentages denote promoter holding  
Light purple color represent public traded listed verticals

# Adani Group: Repeatable, robust & proven model to deliver RoE

Phase	Development			Operations	Post Operations
<b>Activity</b>	<b>Origination</b> <ul style="list-style-type: none"> <li>Analysis &amp; market intelligence</li> <li>Viability analysis</li> </ul> <b>Strategic value</b>	<b>Site Development</b> <ul style="list-style-type: none"> <li>Site acquisition</li> <li>Concessions and regulatory agreements</li> </ul> <b>Investment case development</b>	<b>Construction</b> <ul style="list-style-type: none"> <li>Engineering &amp; design</li> <li>Sourcing &amp; quality levels</li> </ul> <b>Equity &amp; debt funding at project</b>	<b>Operation</b> <ul style="list-style-type: none"> <li><b>Life cycle O&amp;M planning</b></li> <li>Asset Management plan</li> </ul>	<b>Capital Mgmt</b> <ul style="list-style-type: none"> <li>Redesigning the <b>capital structure</b> of the asset</li> <li><b>Operational phase funding consistent with asset life</b></li> </ul>
<b>Performance</b>	<ul style="list-style-type: none"> <li>Redefining the space e.g. <b>Mundra Port</b></li> </ul> 	<ul style="list-style-type: none"> <li>Envisaging evolution of sector e.g. <b>Adani Transmission</b></li> </ul> 	<ul style="list-style-type: none"> <li>Complex developments on time &amp; budget e.g. <b>APL</b></li> </ul> 	<ul style="list-style-type: none"> <li><b>O&amp;M optimisations e.g. Solar plants</b></li> </ul> 	<ul style="list-style-type: none"> <li>Successfully placed 7 issuances totalling ~USD4Bn in FY20</li> <li>All listed entities maintain liquidity cover of 1.2x- 2x for FY21.</li> <li>Focus on liquidity planning ensures remaining stress free.</li> </ul>

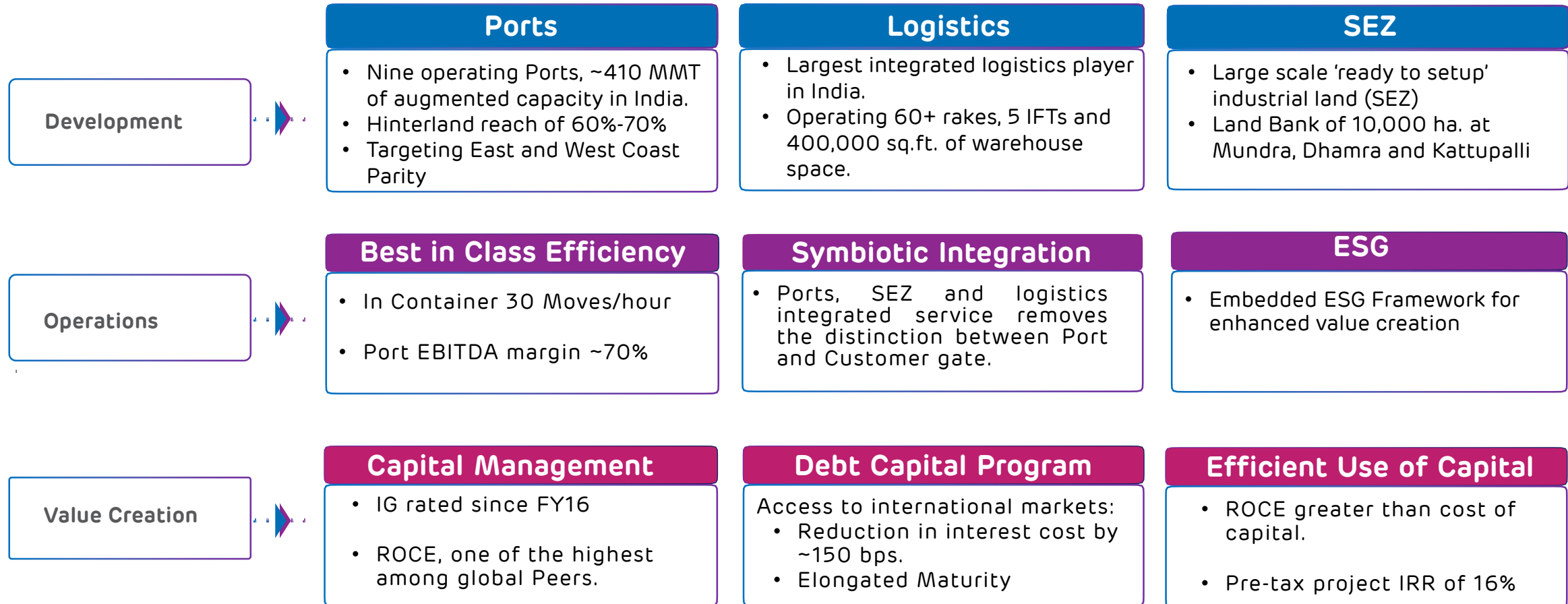
**Low capital cost, time bound & quality completion providing long term stable cashflow & enhanced RoE**

# Adani Group: Repeatable, robust business model applied to drive value



Note: 1 Data for FY20; 2 Excludes forex gains/losses; 3 EBITDA = PBT + Depreciation + Net Finance Costs – Other Income; 4 EBITDA Margin represents EBITDA earned from power sales and exclude other items; 5 FY20 data for commercial availability declared under long term power purchase agreements.

# APSEZ : A transport & logistics utility that dominates the network

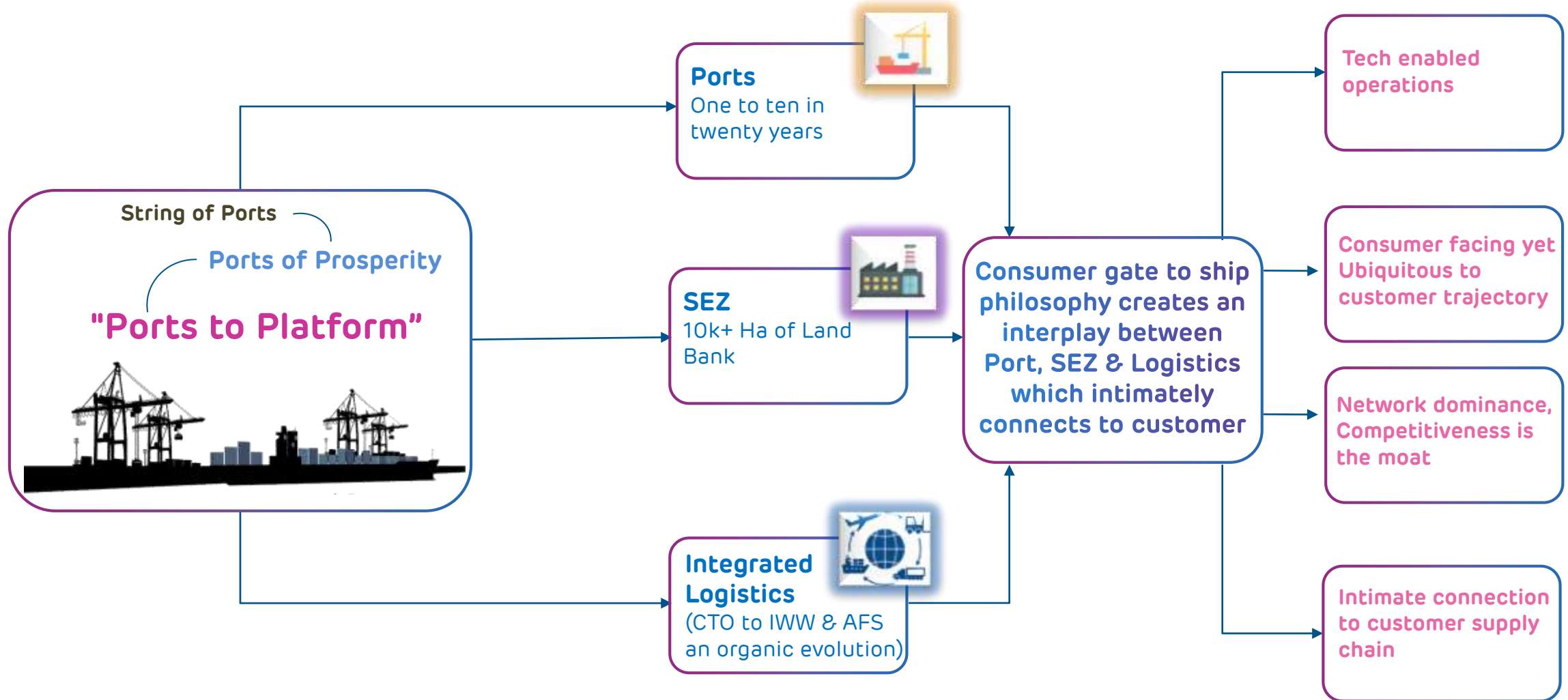


## Part II - Company Profile

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# APSEZ : Complimenting verticals creating a multiplier effect

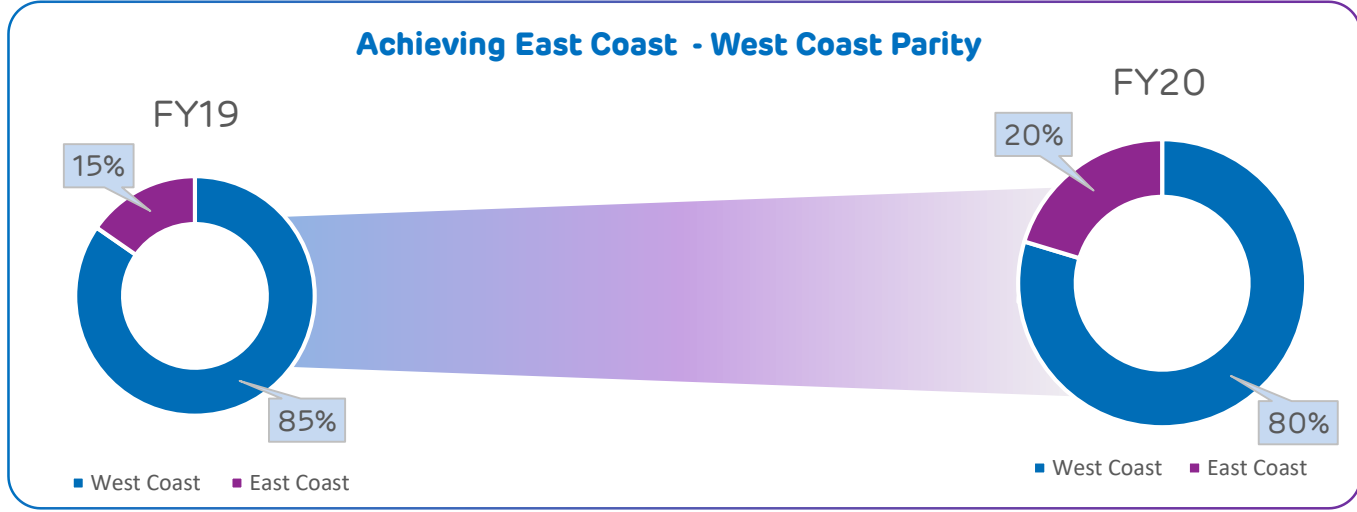
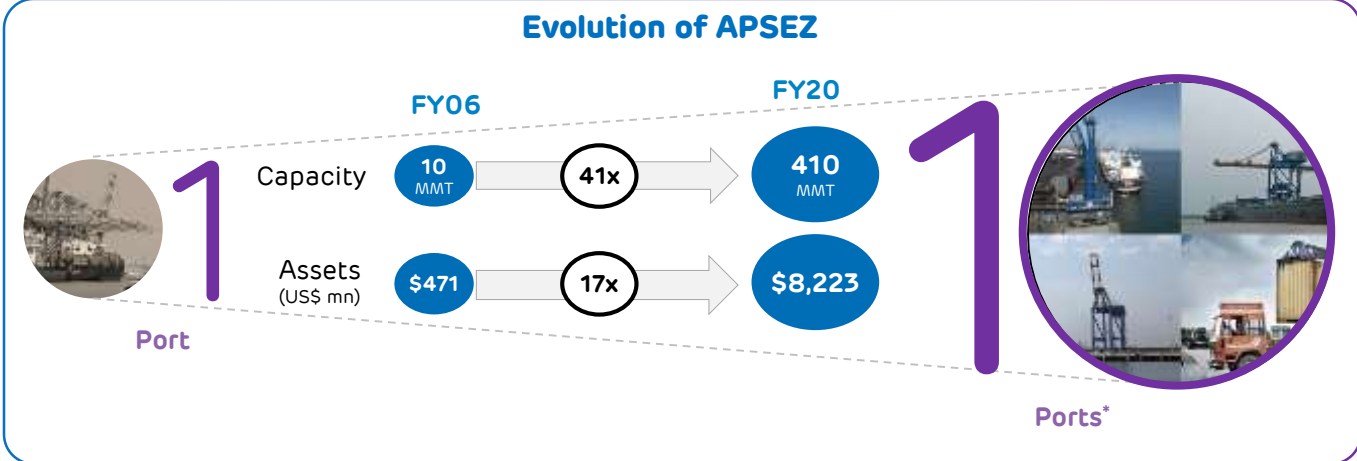
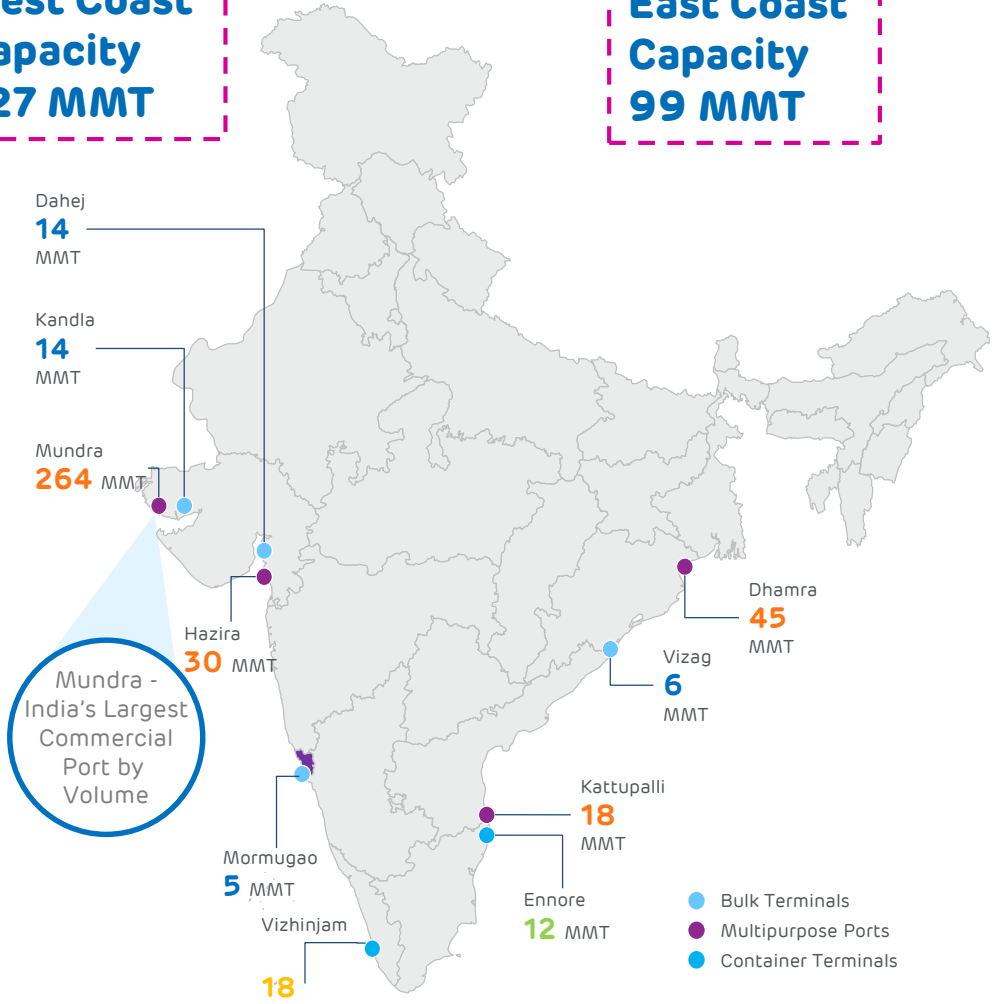


End to end solution at "Customer Gate" with an integrated solutions approach through Ports, SEZ and Logistics

# APSEZ : Largest network of ports in India

**West Coast Capacity**  
**327 MMT**

**East Coast Capacity**  
**99 MMT**

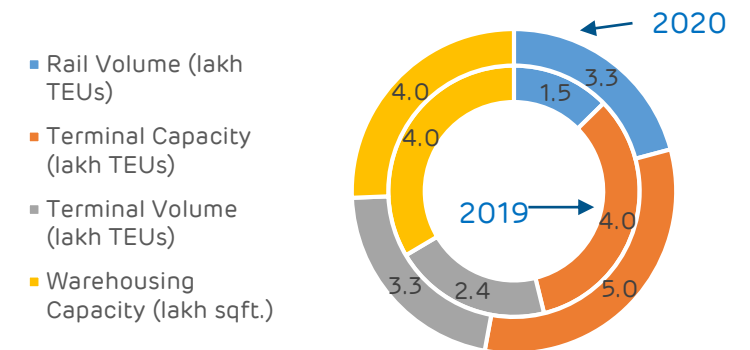
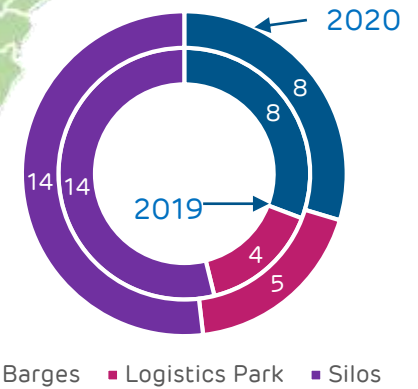
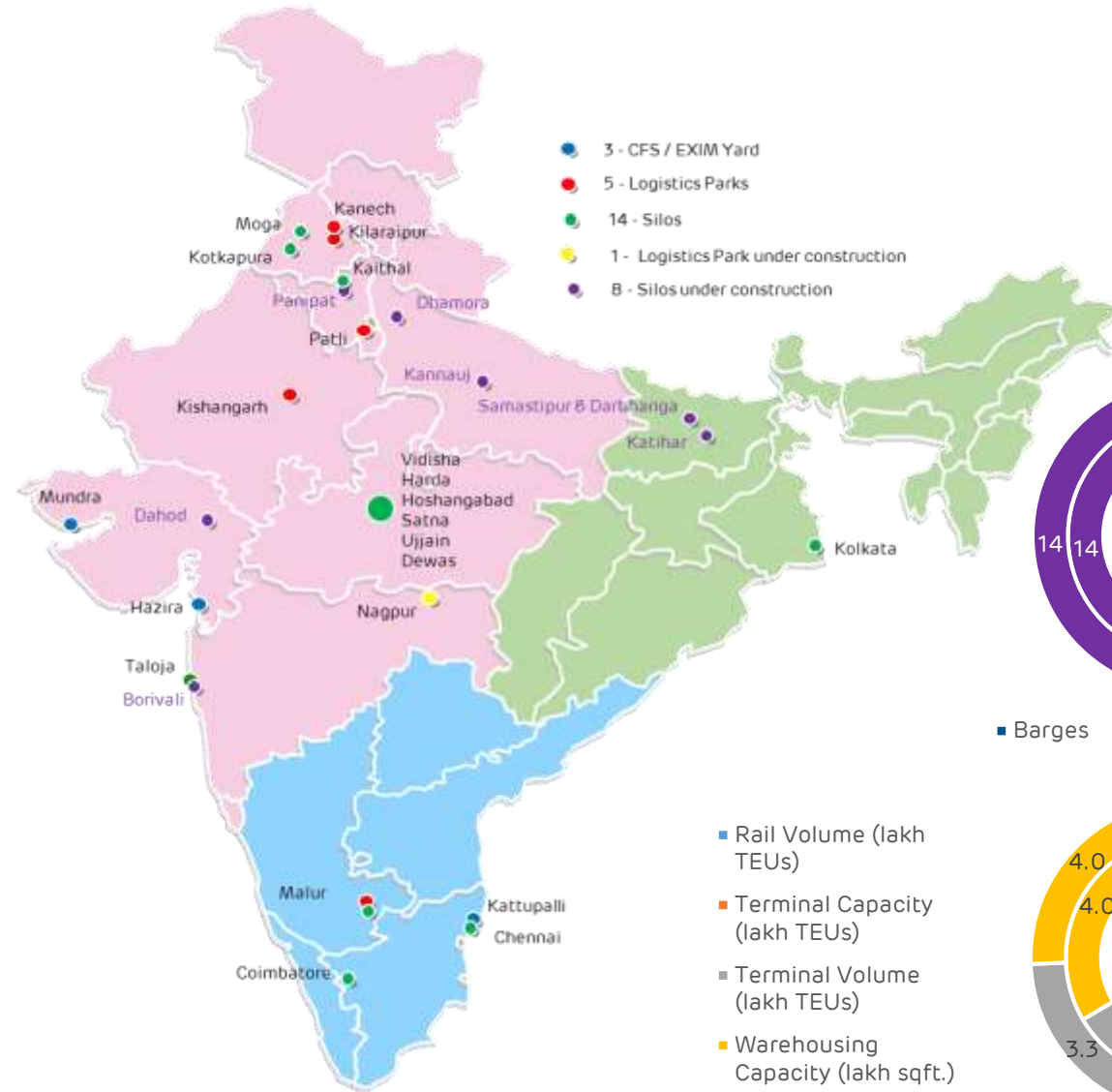
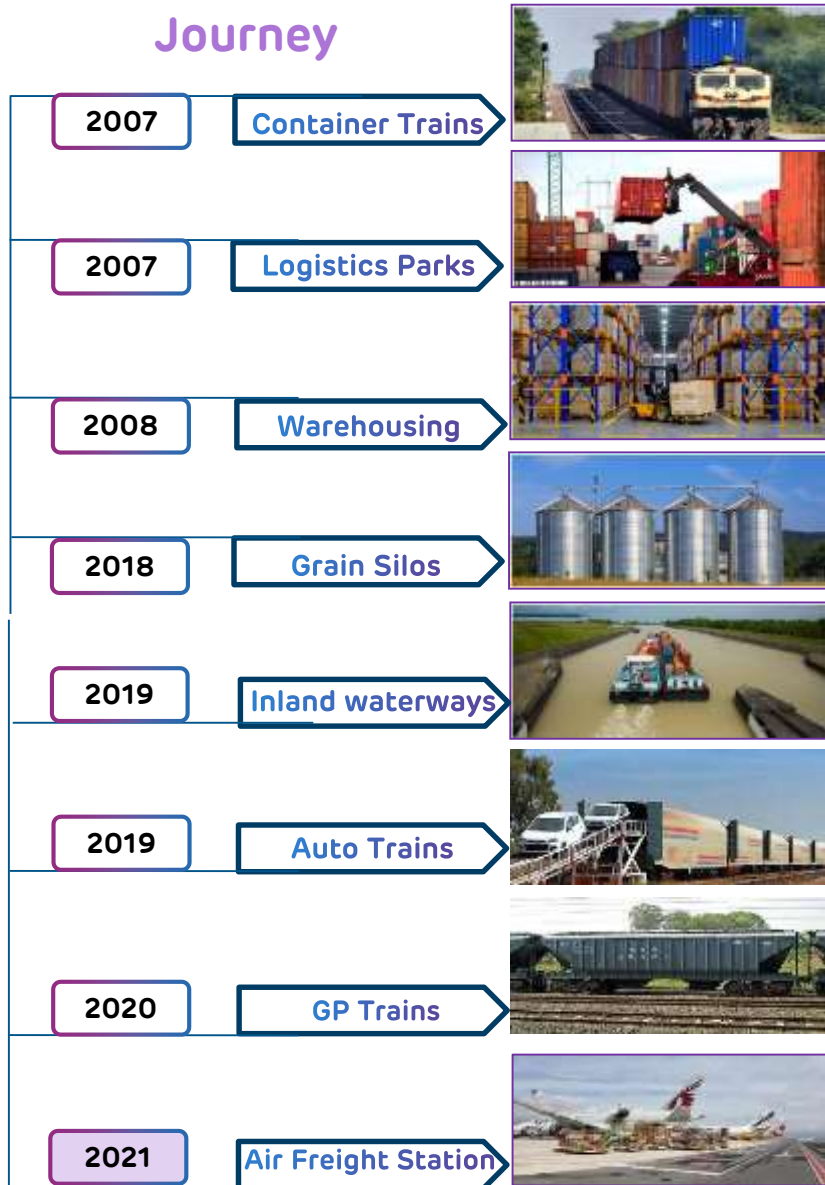


**9 Ports serving vast economic hinterland of the country**

\*Ports in India only

# APSEZ : Integrated logistics catalyzing transformation

## Journey



# APSEZ: SEZ Port development - Recurring income stream

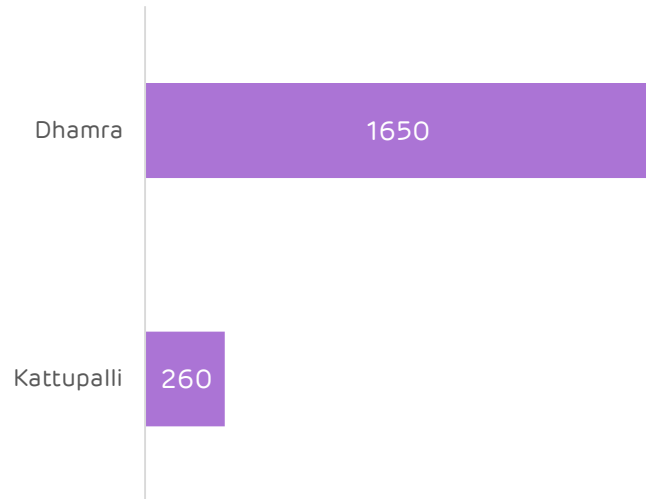
## Developing Industrial Clusters:

- Mundra SEZ (8000 Ha.)



## Proposed industrial development

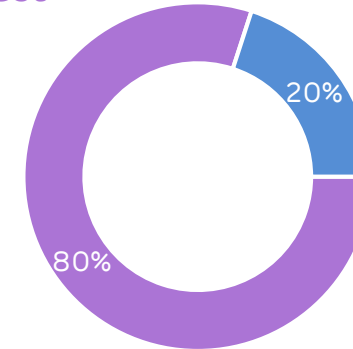
- Kattupalli (150 Ha + 110\* Ha)
- Dhamra (1200 Ha + 450\* Ha)



Total Land Bank ~10k+ Ha.

West Coast  
80%

East Coast  
20%



■ West Coast ■ East Coast

## Value Creation:

- Bringing customer inside Port gate.
- Entrenching into customer's supply chain – Higher Consumer Interface
- Providing Multimodal Connectivity

## Part III - Operational Highlights FY20

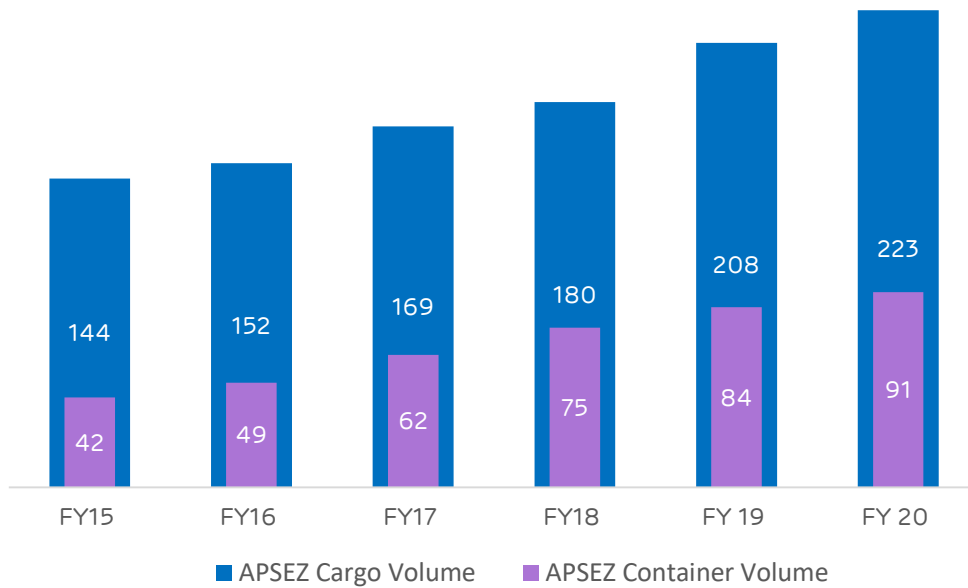
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# Port cargo trajectory : APSEZ vs All India Ports – FY15-20

## APSEZ Total Throughput

CAGR – 9%

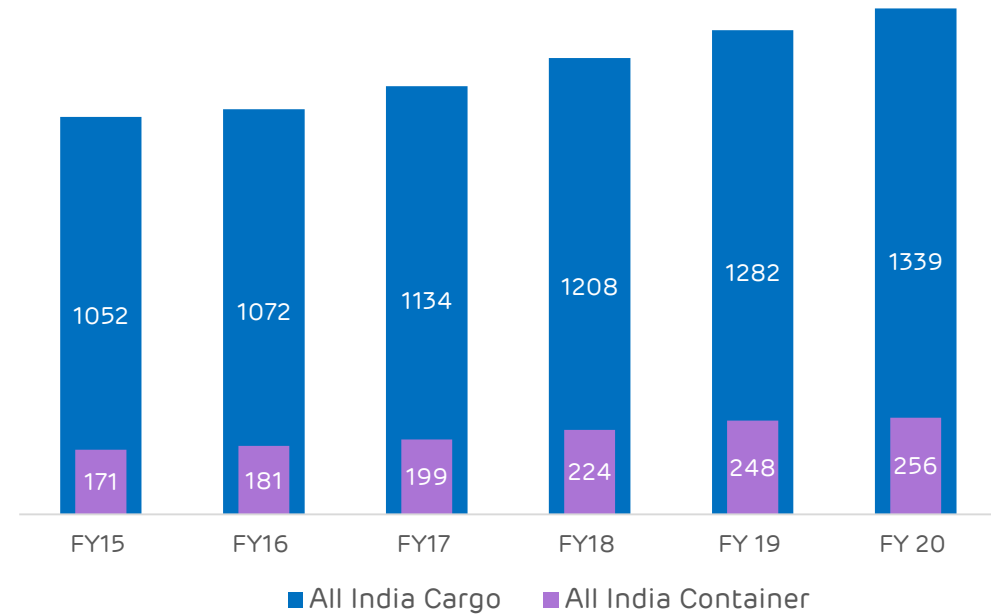
Container CAGR – 17%



## All India Ports Total Cargo

CAGR – 5%

Container CAGR – 8%

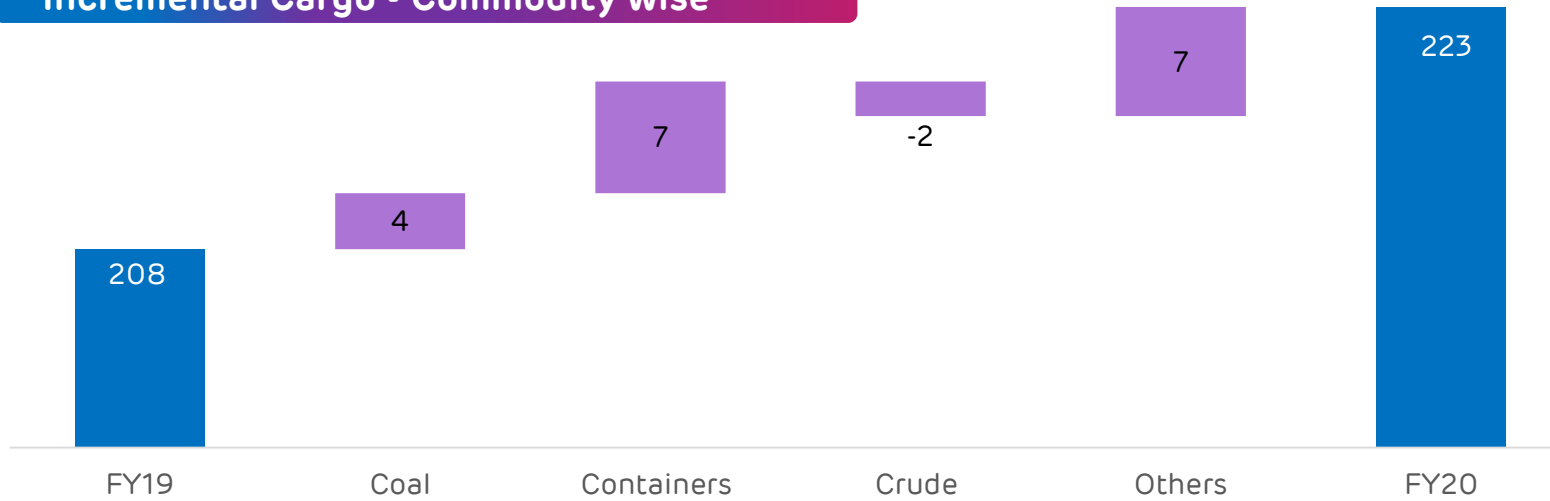


Volume growth consistently ahead of All India Ports

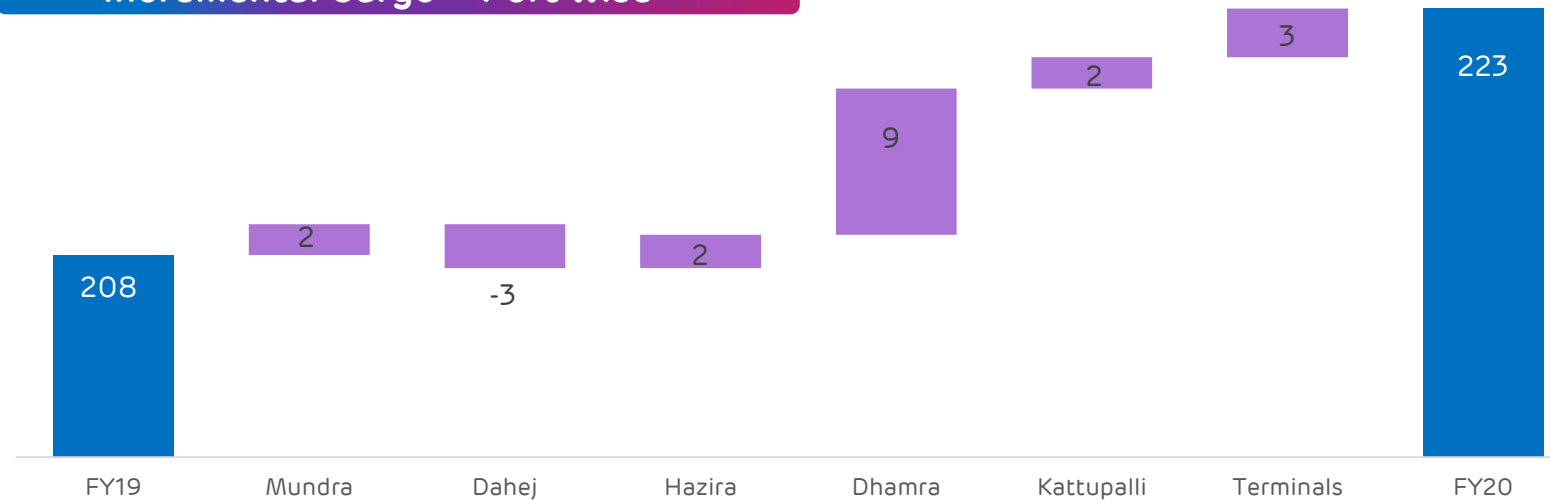
# APSEZ : Balanced cargo growth across ports

(in MMT)

## Incremental Cargo - Commodity wise



## Incremental Cargo – Port wise



- Achieved a cargo throughput of 223 MMT, a growth of 7%.
- Crude volume were lower due to less import by refineries (IOCL and HPCL).
- All major ports registered growth except Dahej.
- Other cargo grew by 24%, on account of incremental cargo at Dhamra and new cargo like LNG and LPG at Mundra.
- Dhamra back to growth trajectory on account of easing of evacuation issues and operating GPWIS rates.

# APSEZ : Operational highlights

## Operational Highlights

- Achieved 100 MMT of dry cargo handling and crossed 6 mn TEUs mark in container handling.
- All cargo segment registered growth in FY20.
- Share of Eastern ports increases from 15% to 20%.
- Dhamra port and Kattupalli port registered a growth of 44% and 22% respectively.
- Logistics - Rail volume registered a growth of 115%.
- Mundra LNG and LPG commenced operation during the year and handled ~300,000 MT and ~400,000 MT respectively.

## Awards

- APSEZ Mundra Won “Best Sea Port of the year” at Northern India Multi Model Logistics Awards at Delhi.
- Mundra port won “Maritime Gateway Container Port of The Year Award 2019”.
- CII – Environmental Best Practices Award 2019 in the category - Innovative Environment Project
- Port of the year – containerized & non-containerized cargo – Gujarat Star Awards
- Dhamra Port was awarded the Best Port In smart private port category in Maritime Gateway Summit.



# APSEZ : Steps to Increase strategic footprint and hinterland reach

## Transformational Acquisitions

- Signed a definitive agreement to acquire 75% Krishnapattnam Port executed.
- Embarked upon our international journey with construction of first international container terminal at Myanmar.
- Preferred bidder for acquisition of Dighi Port in state of Maharashtra
- Completed the acquisition of B2B innovative logistics.

## New Capex Projects

- Operationalized our first LNG and LPG terminal at Mundra during the year.
- New container terminal T2 commenced operations.
- Commissioned Mallur ICD.

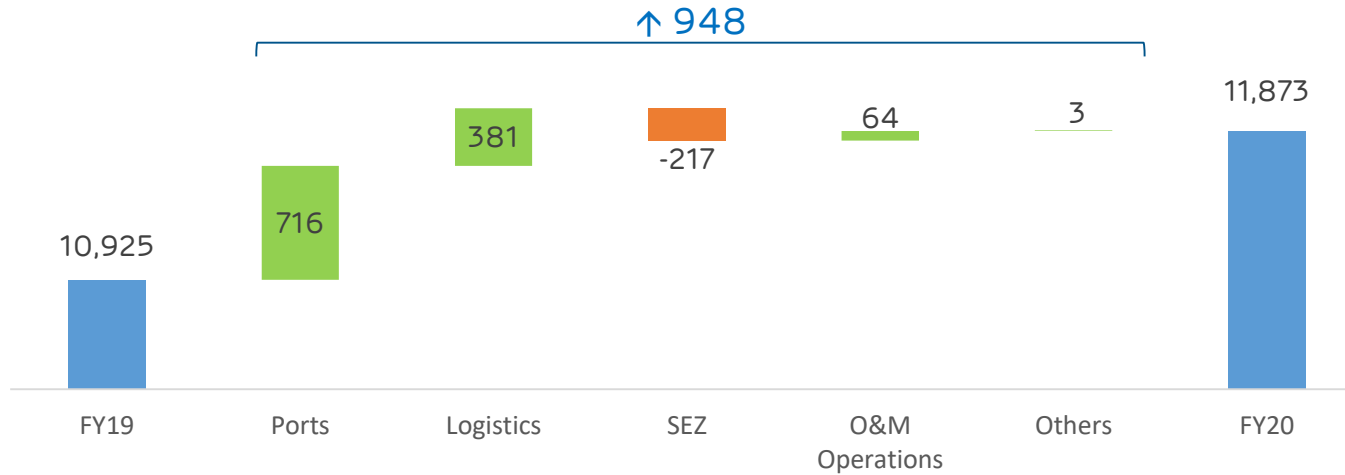
## Part IV - Financial Performance FY20

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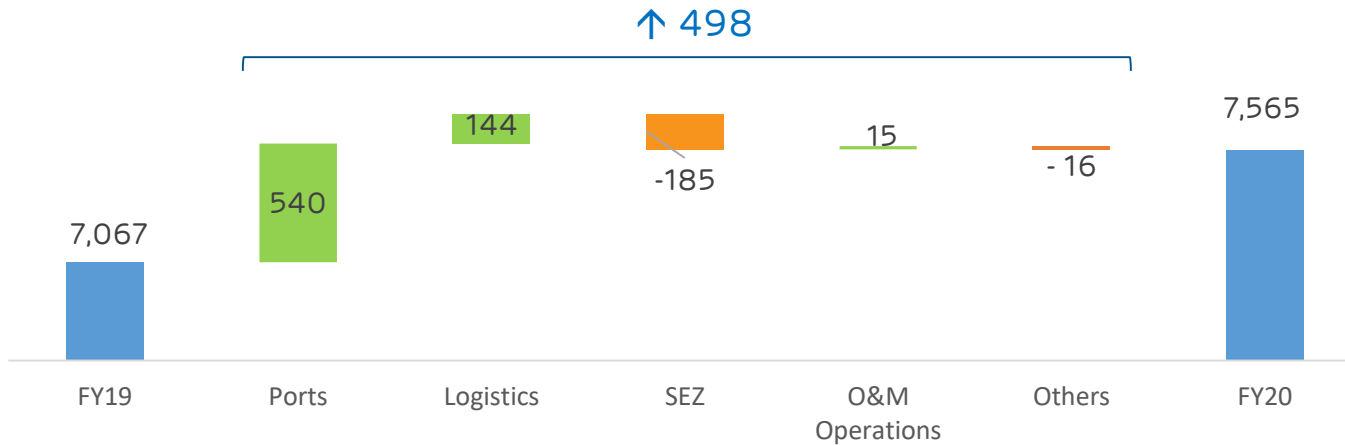
# APSEZ : Consolidated financial performance

(YoY - Rs. in cr.)

## Operating Revenue



## Operating EBITDA\*



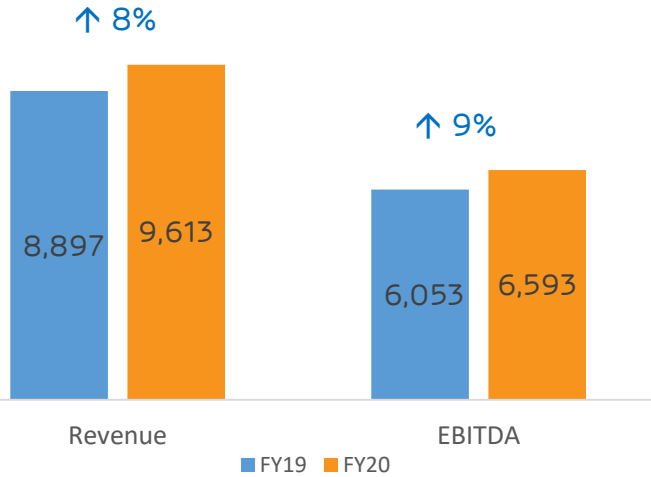
- Consolidated revenue up by 9% due to 8% increase in Port revenue and 65% increase in Logistics revenue.
- Consolidated EBITDA\* grew by 7% in line with cargo growth.
- EBITDA margin 64%.
- Revenue of Rs.11,873 cr. includes US\$ 430 mn of earnings in foreign currency.

\* EBITDA excludes forex

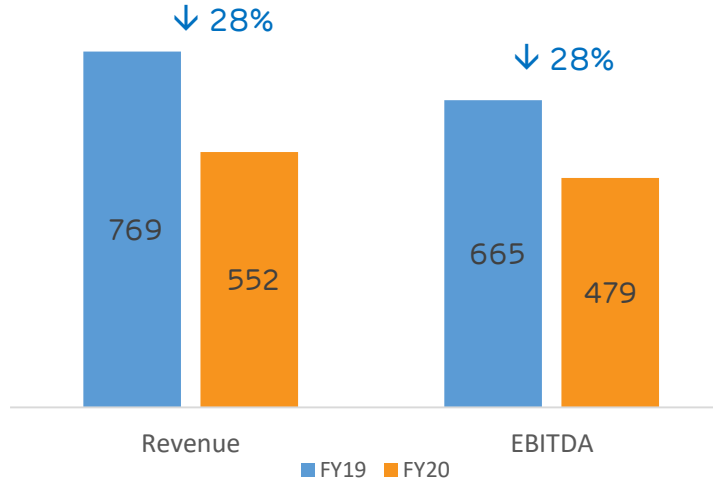
# APSEZ : Segment wise Revenue & EBITDA\*

(YoY - Rs. in cr.)

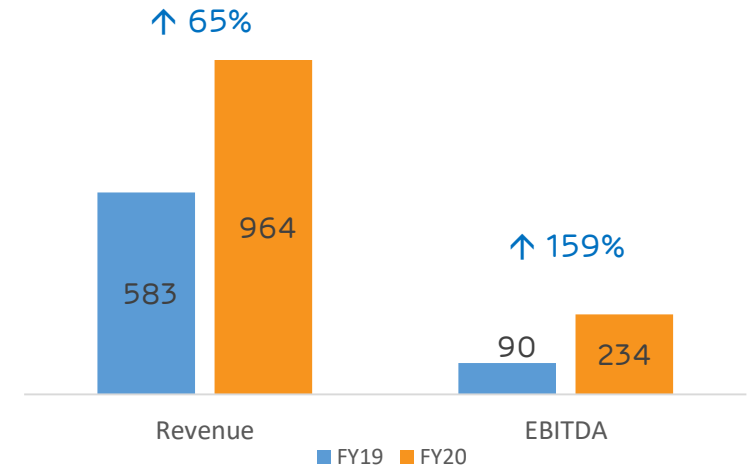
## Ports



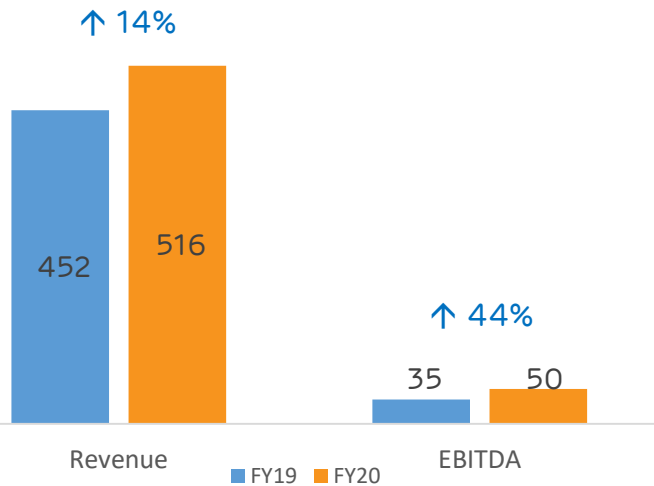
## SEZ



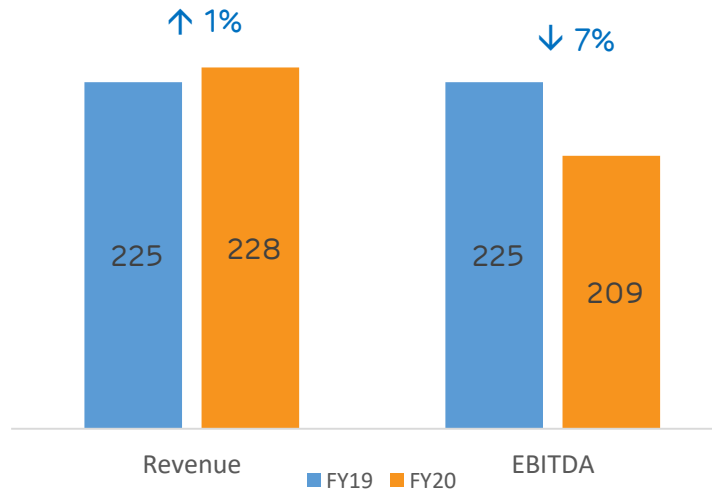
## Logistics



## O&M Operations



## Others



- Port Revenue and EBITDA growth in line with cargo growth of 7%.
- Logistics Revenue up 65% due to availability of additional rakes, rakes operated under GPWIS, acquisition of AALL and B2B.

\* EBITDA excludes forex

# APSEZ : Focus on Capital Management

## Balance Sheet

- APSEZ maintains investment grade rating.
- Net Debt to EBITDA maintained at 2.9x.
- Average debt maturity elongated from 4.1 to 5.2 years.

## Shareholder Return

- Buyback of 3.92 cr. shares at Rs.500 per share amounting Rs.1960 cr. completed successfully.
- Dividend of 160% amounting to Rs.650 cr.
- ROCE at 12.6%.

# Part V - Environment Social & Governance

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# APSEZ : ESG performance



**52 % ↓\***  
Energy Intensity  
9074 GJ/MMT



**37 % ↓\***  
Emission Intensity  
1407 tCO2/MMT



**6 MW**  
Wind Turbine



**13 MW**  
Solar Panel



**44 % ↓\***  
Water Intensity  
20.2 ML / MMT



**99%**  
Waste Managed through 5R  
Waste Management



**10 Million**  
Trees Planted  
Terrestrial Plantation



**2889 Ha - Afforestation**  
**2340 Ha - Conservation**  
Mangrove



**70 %**  
Local Procurement



**5 %**  
Employee Turnover

## Focus Areas

- Efficient use of water and energy from cleaner sources
- Reduction of emission levels
- Zero tolerance for fatalities at ports

# APSEZ: Climate Strategy

## Environment related factors that matter to our business model

Climate Awareness

Climate Readiness

Climate Alignment

Carbon Emission

Resource Management

Waste Management

- Avoided **15320 tCO<sub>2</sub>** in FY20 by **19MW** of RE projects.
- Planted **1.1 Million trees** in **745 ha** area till FY20
- GHG Monitoring Plan for Supply Chain to reduce Scope 3 emission

- Used **3952 ML** water in FY20; avoided **74%** water withdrawal from shared resources.
- **2ML** of Mundra town's sewage is channelized per day to our facilities for treatment and reuse
- Developing rainwater harvesting structures

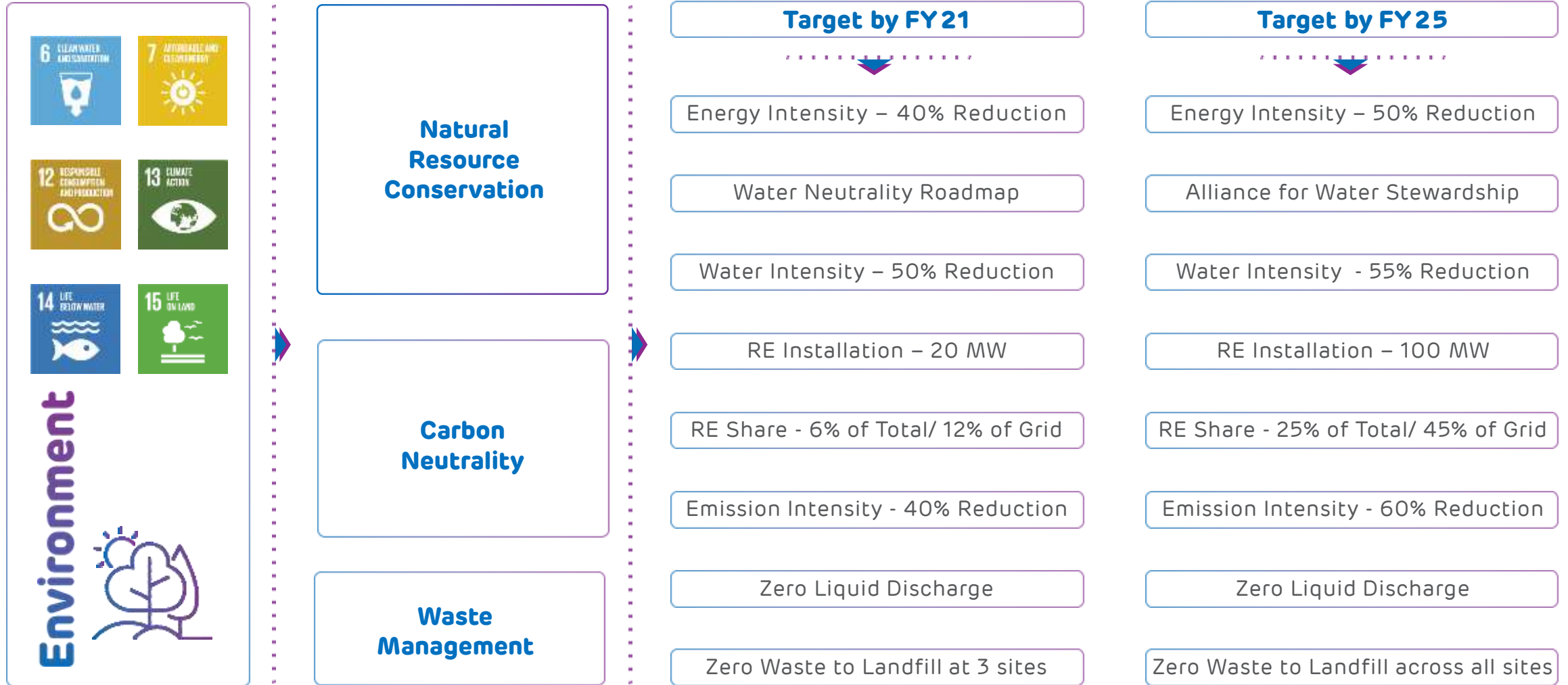
- **5718 MT** of waste was disposed and **94%** of which were managed by following 5R principles
- **Zero** Hazardous waste were sent to landfill sites.
- Developing integrated waste management facility at each site

We have aligned our business plan and investment in the following activities for sustainable growth, with focus on preserving environment and measuring GHG emissions

- Disclosure in CDP, Becoming TCFD Supporter, Signatory to SBTi
- Water Neutrality and alliance for water stewardship certification
- Research & Development and Innovation for low carbon technology
- Biodiversity Management & Conservation



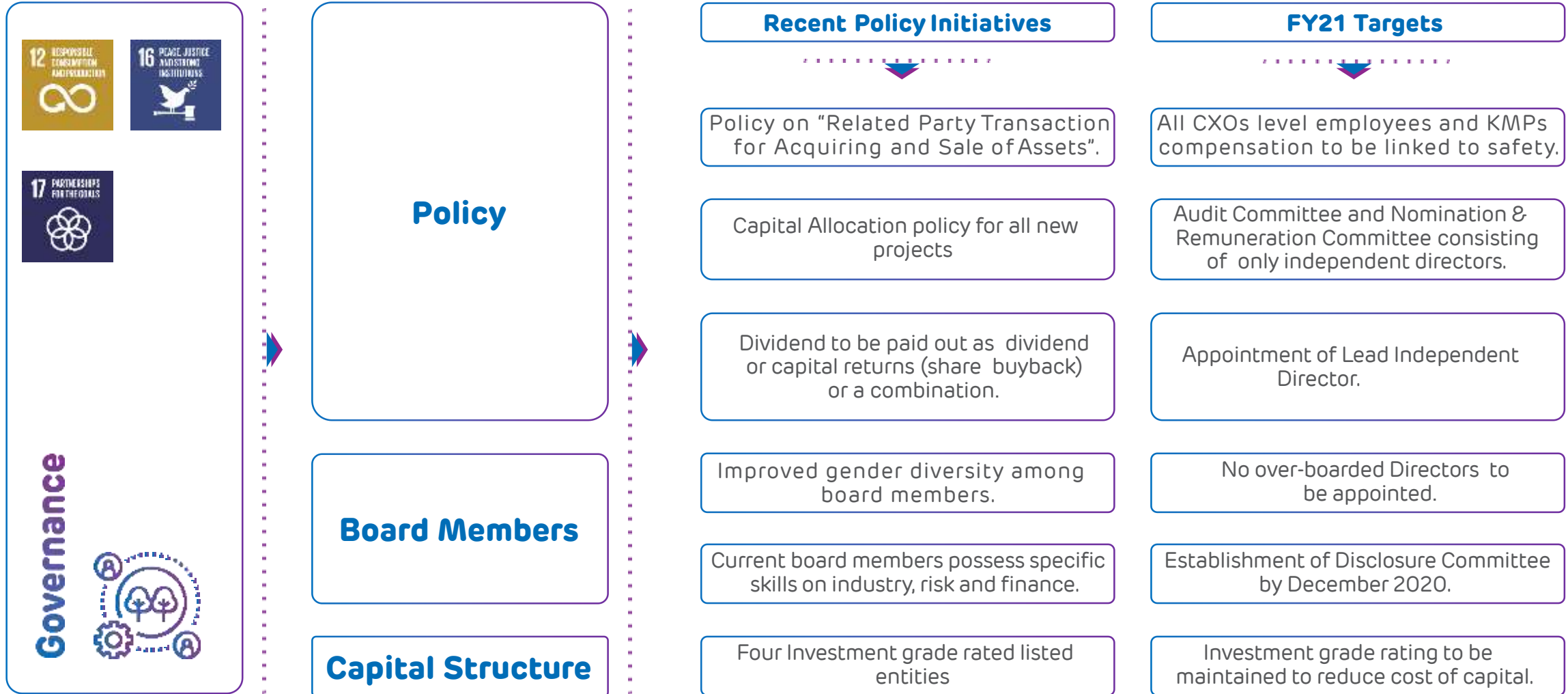
# APSEZ: Sustainability Roadmap



# APSEZ: Sustainability Roadmap



# APSEZ: Sustainability Roadmap



## Part VI - Outlook and Strategy

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# APSEZ : Update on COVID-19 and its impact on operations

- Port operations is classified as an 'essential service' and as such all Ports are operating.
- Implementing Govt. of India operating procedures at all our ports with safety of the workforce as a top priority.
- Operational staff quarantined at ports with all arrangements for safe work environment.
- Hygiene, sanitization of workplaces & sites ensured, enabled 100% thermal scanning.
- Majority of our employees are working from home.
- Rail traffic from our ports moving efficiently, enabling us to convert road to rail traffic.

# APSEZ : Key focus areas FY21

## Liquidity Management

- Focus on maintaining adequate liquidity to tide over uncertainties and unpredictable scenarios.
- Fully covered in-terms of debt servicing for next 12 months by ensuring adequate liquidity.

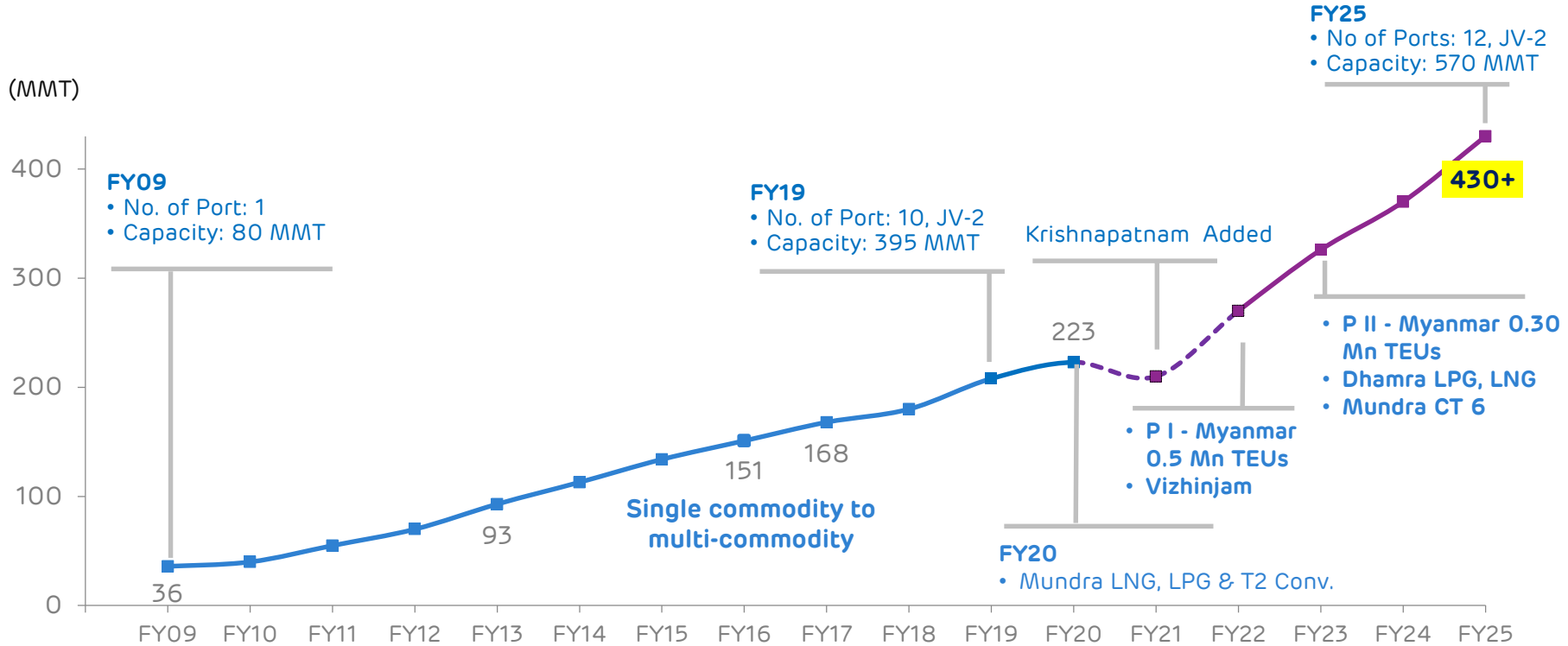
## Capital Management

- IG rating to be maintained. Improving liquidity ratios ensuring credit quality.
- Net debt to EBITDA within the desired level of 3 to 3.5x.

## Focus on Cash Conservation

- ❑ Rationalizing operating expenses through –
  - By Efficiency improvement and eliminating redundancy.
  - Strict control on overhead costs.
- ❑ Capex –
  - Re-deployment of surplus assets to other ports.
  - Reduction in Capex spending – Rs.1,800 to Rs.2,000 cr. from original plan of Rs.4,000 cr.
- ❑ Improving Working Capital Cycle –
  - Improving DSO
  - Optimizing payment cycle

# APSEZ : Next 200 MMT to be achieved before 5 years



Cargo  
**14%**  
CAGR (FY21-25)

Source: Internal calculation

**APSEZ is on track to achieve 400 MMT by FY25**

## Ports

Growth to return to Indian economy and positive trade inflow to drive Port focused investment and growth.

- Acquisition of Krishnapatnam Port (second largest private port in India) to increase hinterland reach.
- Acquisition of Dighi Port leverage strategic footprint in state of Maharashtra
- First overseas container terminal at Yangon Port, Myanmar.

## SEZ

To bring customer inside the port gate by creating enabling ecosystem and increases stickiness of cargo.

## Integrated Logistics

Integrated logistics platform to increase customer centricity and the port gate to customer gate philosophy.

## Disciplined Capital Management

All incremental capital allocation to yield >16% IRR.



# Annexures

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APSEZ Capital Management

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Results - SEBI Format

# Part VII - APSEZ Capital Management

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# APSEZ : Highlights of Capital management program

## Consistent investment grade rating

- Since FY16, capped at sovereign.
- Earnings growth and free cash flow generation to fortify coverages.

## Elongated debt maturity profile

- Increased to 5 years.
- We are moving towards unsecured debt (46% in FY16 to 71% in FY20).

## Liability Management- Natural Hedge

- Debt mix - FX 68% and INR 32%.
- US dollar denominated income of \$430mn per annum provides natural hedge with 2.9x coverage.

## Reduce Cost of Capital

- Cost of Debt is at 6.4% per annum,
- Timely and quality disclosure and active guidance policy to increase predictability.

## Robust capital allocation policy

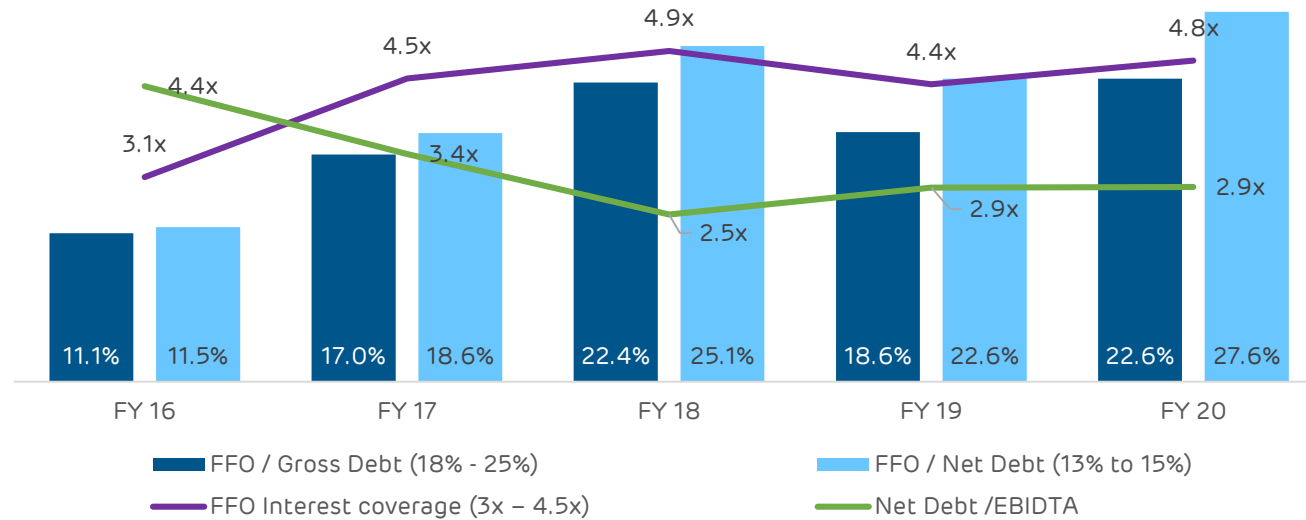
- Pre tax project IRR of >16%.
- Rationalization of assets for improving ROCE.
- Economic value add enshrined into all capital deployment.

## Optimized Capital Structure

- Desired level: Net Debt/EBITDA 3.0x - 3.5x. Currently at 2.9x.
- Shareholder return policy of 20%-25% of PAT to continue.

# APSEZ : Key ratios

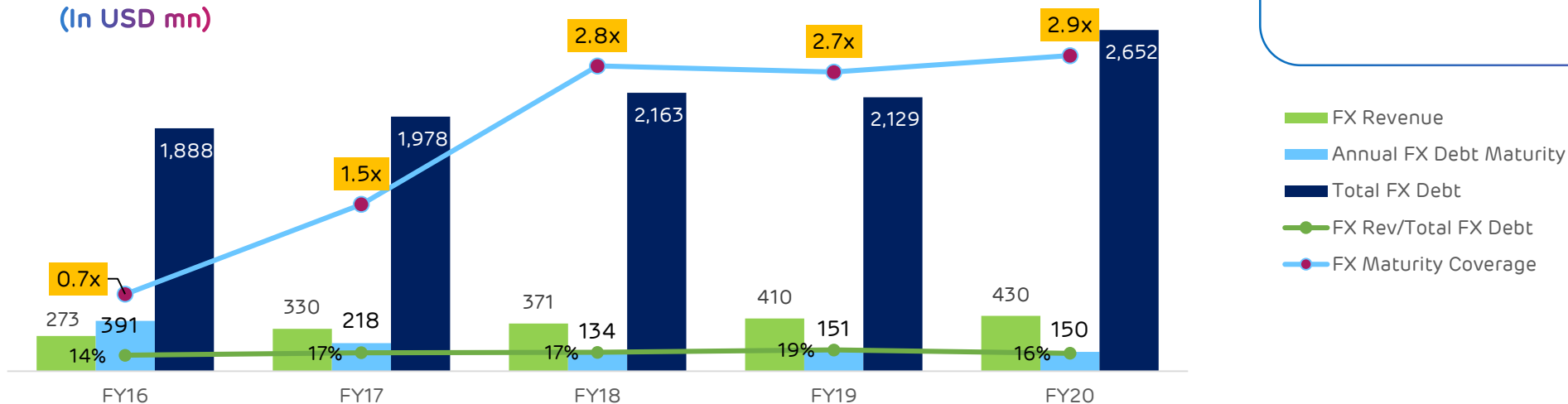
## Rating Ratios



- Net debt to EBITDA\* maintained at 2.9x which is below our desired level of 3x-3.5x.
- All key rating ratios continue to be in the prescribed range.
- Earnings growth and free cash flow generation to fortify coverage.
- Dollar denominated debt has increased to ~2.7 bn in FY20 from ~1.9 bn in FY16. However the coverage of forex debt maturity# in terms of dollar earnings has increased from 0.7x in FY16 to 2.9x in FY20.

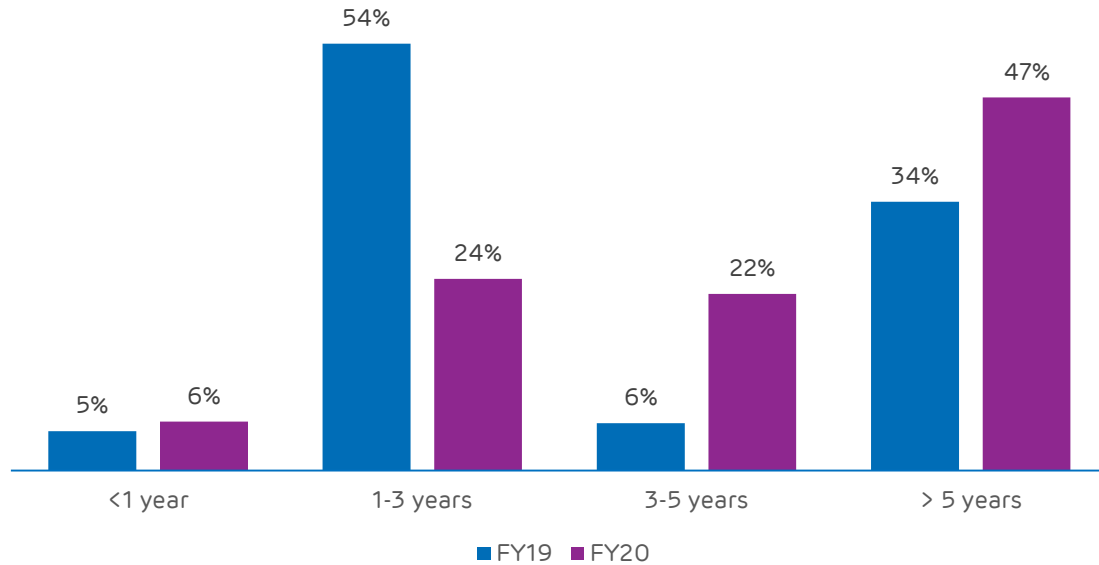
## FX Revenue and Debt Maturity#, Coverage

(In USD mn)



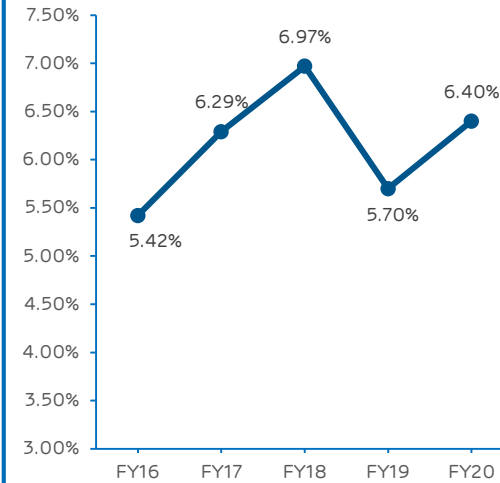
\* EBITDA excludes forex #Payouts of Annual Debt maturity are net of refinancing

# APSEZ : Improved maturity & reduced cost

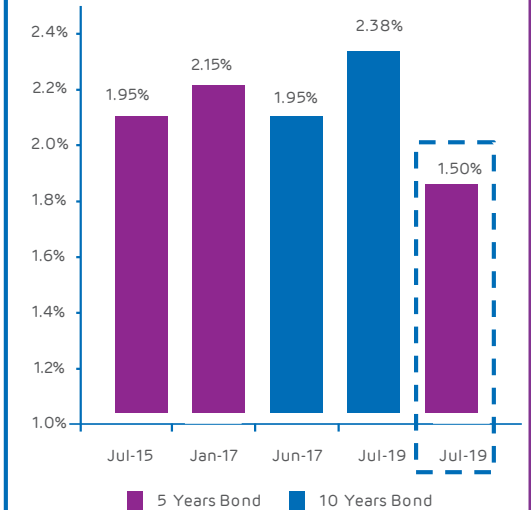


- Improved maturity profile of long term debt
- Elongated average maturity - 3 years to 5 years

## Improving Interest cost

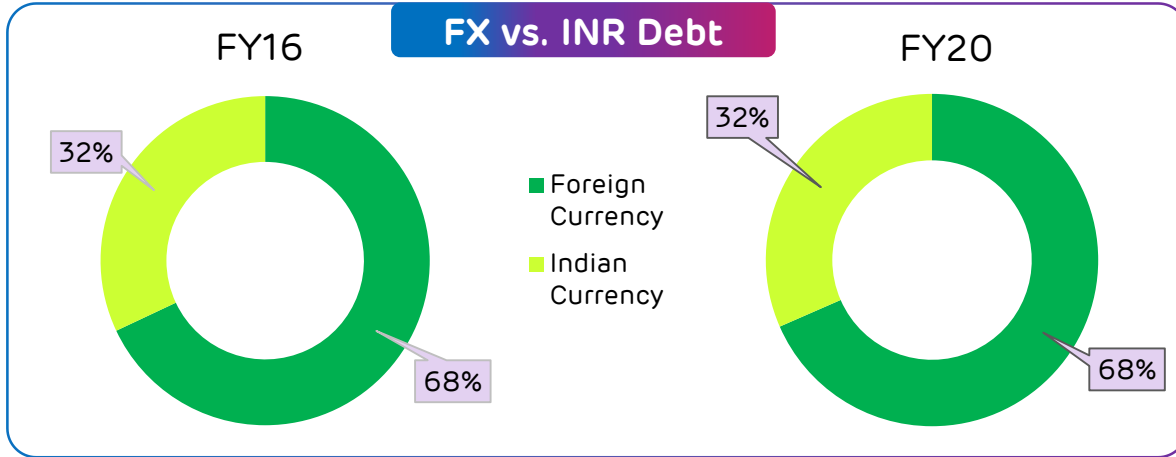


## Shrinking APSEZ Spread

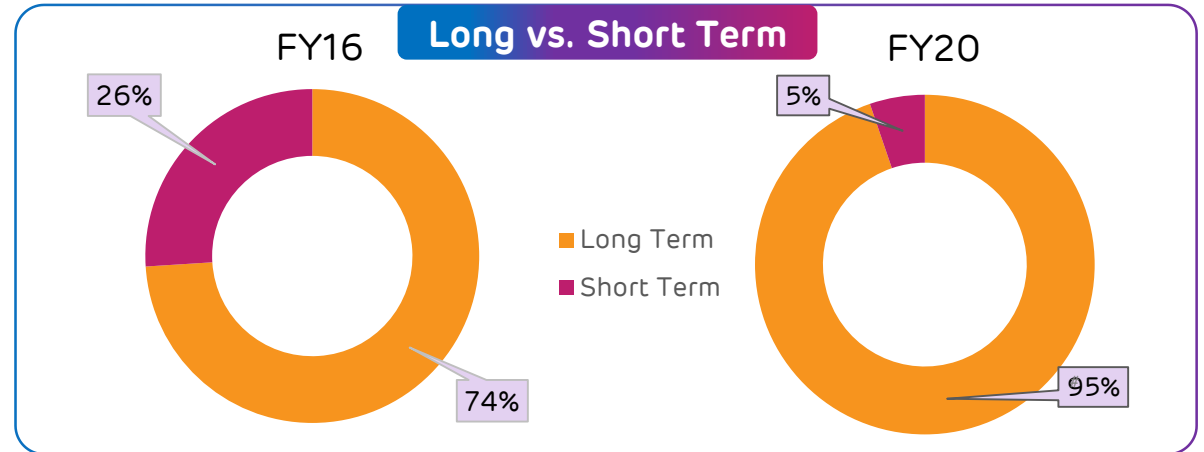
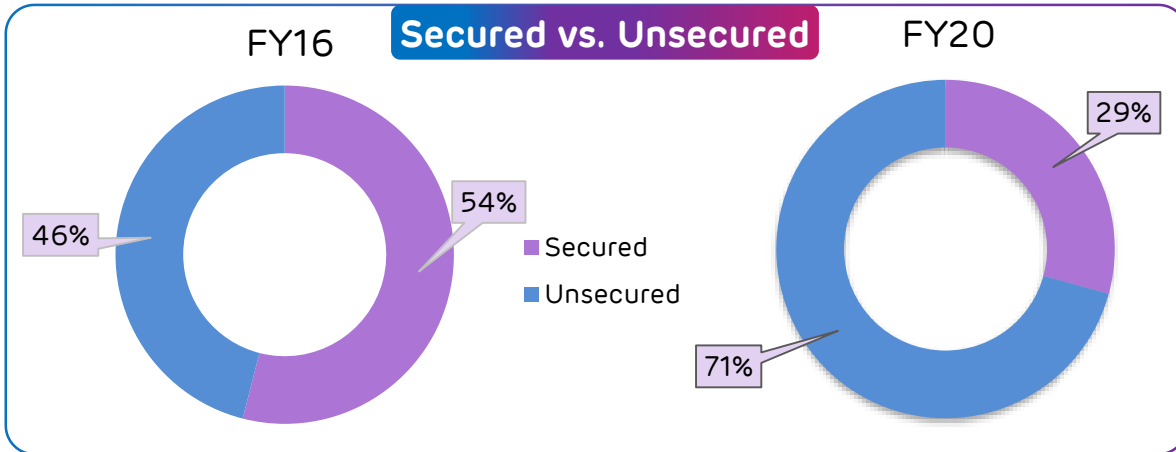


- Strong fundamentals enable tapping capital at finer spreads

# APSEZ : Debt profile FY16 vs. FY20

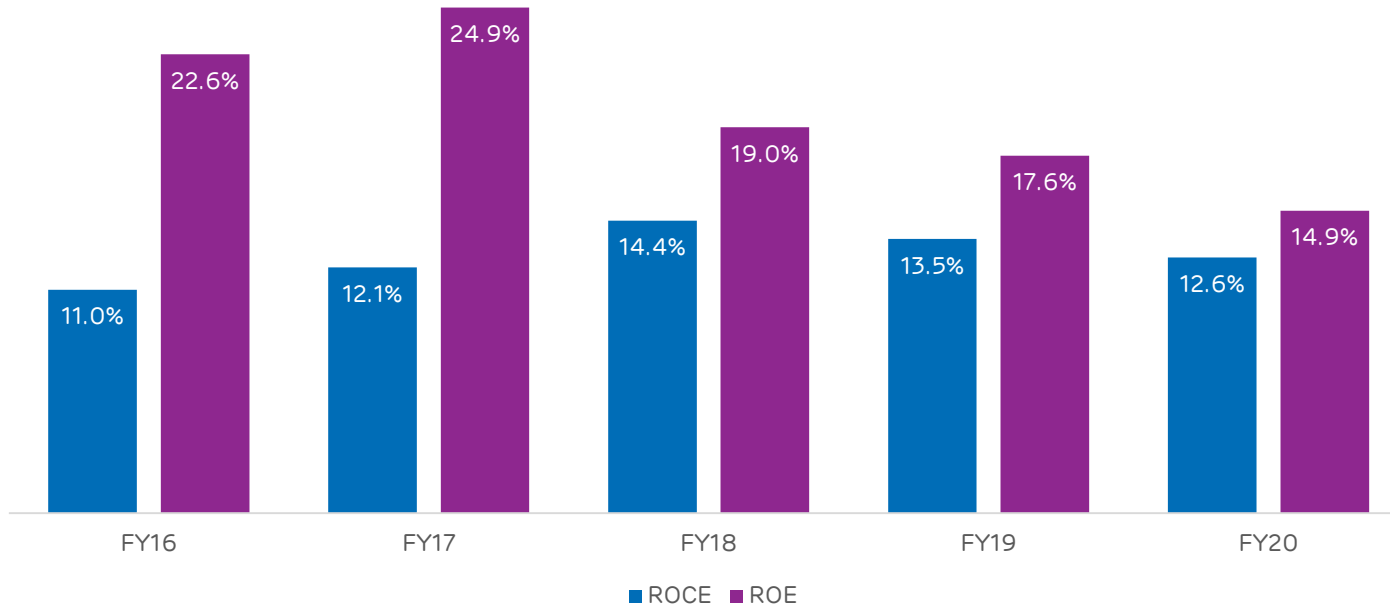


- FX to INR debt maintained at 68%
- Unsecured debt increased from 46% to 71%.
- Shift towards long term debt (95%),  
This improves maturity and liquidity position.
- Debt profile commensurate with asset profile



# APSEZ : Key ratios

## ROCE and ROE



- Returns ratio continues to be robust.
- ROE is compressed in FY20 due to MTM accounting for forex debt (normalized ROE at 21%).
- Capex program is validated through stringent mechanism to achieve targeted returns (IRR) of >16%, as per capital allocation policy.

# APSEZ : Consolidated financial performance – SEBI Format

Sr. No.	Particulars	Quarter Ended			Year Ended	
		March 31, 2020	December 31, 2019	March 31, 2019	March 31, 2020	March 31, 2019
		(Refer Note 18)	Unaudited	(Refer Note 18)	Audited	Audited
1	<b>Income</b>					
	a. Revenue from Operations	2,921.19	2,901.95	3,082.49	11,438.77	10,925.44
	b. Gain arising from infrastructure development at Dhamra LNG terminal (refer note 5)	-	434.30	-	434.30	-
	<b>Total</b>	<b>2,921.19</b>	<b>3,336.25</b>	<b>3,082.49</b>	<b>11,873.07</b>	<b>10,925.44</b>
	c. Other Income	438.98	494.18	410.23	1,861.35	1,362.34
	<b>Total Income</b>	<b>3,360.17</b>	<b>3,830.43</b>	<b>3,492.72</b>	<b>13,734.42</b>	<b>12,287.78</b>
2	<b>Expenses</b>					
	a. Operating Expenses	922.17	767.91	833.07	3,097.26	2,760.80
	b. Employee Benefits Expense	150.66	128.11	161.96	546.52	529.81
	c. Finance Costs					
	- Interest and Bank Charges	462.91	467.07	407.78	1,950.64	1,428.30
	- Derivative Loss/(Gain) (net)	(94.74)	0.21	35.23	(137.50)	(43.11)
	d. Depreciation and Amortisation Expense	449.55	429.67	356.09	1,680.28	1,373.48
	e. Foreign Exchange Loss/(Gain) (net)	1,004.29	145.38	(109.11)	1,626.38	475.92
	f. Other Expenses	204.34	153.05	155.33	663.90	567.35
	<b>Total Expenses</b>	<b>3,099.18</b>	<b>2,091.40</b>	<b>1,840.35</b>	<b>9,427.48</b>	<b>7,092.55</b>
3	<b>Profit before share of profit/(loss) from joint ventures, exceptional items and tax (1-2)</b>	<b>260.99</b>	<b>1,739.03</b>	<b>1,652.37</b>	<b>4,306.94</b>	<b>5,195.23</b>
4	Share of profit/(loss) from joint ventures	(4.26)	(0.16)	(0.03)	(4.39)	(0.06)
5	<b>Profit before exceptional items and tax (3+4)</b>	<b>256.73</b>	<b>1,738.87</b>	<b>1,652.34</b>	<b>4,302.55</b>	<b>5,195.17</b>
6	Exceptional items (refer note 6)	-	-	(68.95)	(58.63)	(68.95)
7	<b>Profit before tax (5+6)</b>	<b>256.73</b>	<b>1,738.87</b>	<b>1,583.39</b>	<b>4,243.92</b>	<b>5,126.22</b>
8	<b>Tax (Credit)/Expense (net) (refer note 9)</b>	<b>(83.48)</b>	<b>382.44</b>	<b>269.20</b>	<b>459.39</b>	<b>1,081.47</b>
	- Current Tax	(69.50)	270.36	443.88	707.49	1,057.60
	- Deferred Tax	11.40	134.26	(39.75)	(144.60)	219.31
	- Tax (credit) under Minimum Alternate Tax (MAT)	(25.38)	(22.18)	(134.93)	(103.50)	(195.44)
9	<b>Profit for the period/year (7-8)</b>	<b>340.21</b>	<b>1,356.43</b>	<b>1,314.19</b>	<b>3,784.53</b>	<b>4,044.75</b>
	<b>Attributable to:</b>					
	Equity holders of the parent	334.39	1,352.17	1,285.38	3,763.13	3,990.22
	Non-controlling interests	5.82	4.26	28.81	21.40	54.53
11	<b>Total Comprehensive Income for the period/year</b>	<b>366.82</b>	<b>1,388.27</b>	<b>1,328.23</b>	<b>3,821.15</b>	<b>4,060.16</b>
	<b>Attributable to:</b>					
	Equity holders of the parent	361.44	1,384.01	1,299.86	3,800.19	4,006.07



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