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Ports and  
Logistics

## Adani Ports and SEZ Limited

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**APSEZ Initiates Consolidation of Rail Track Assets**

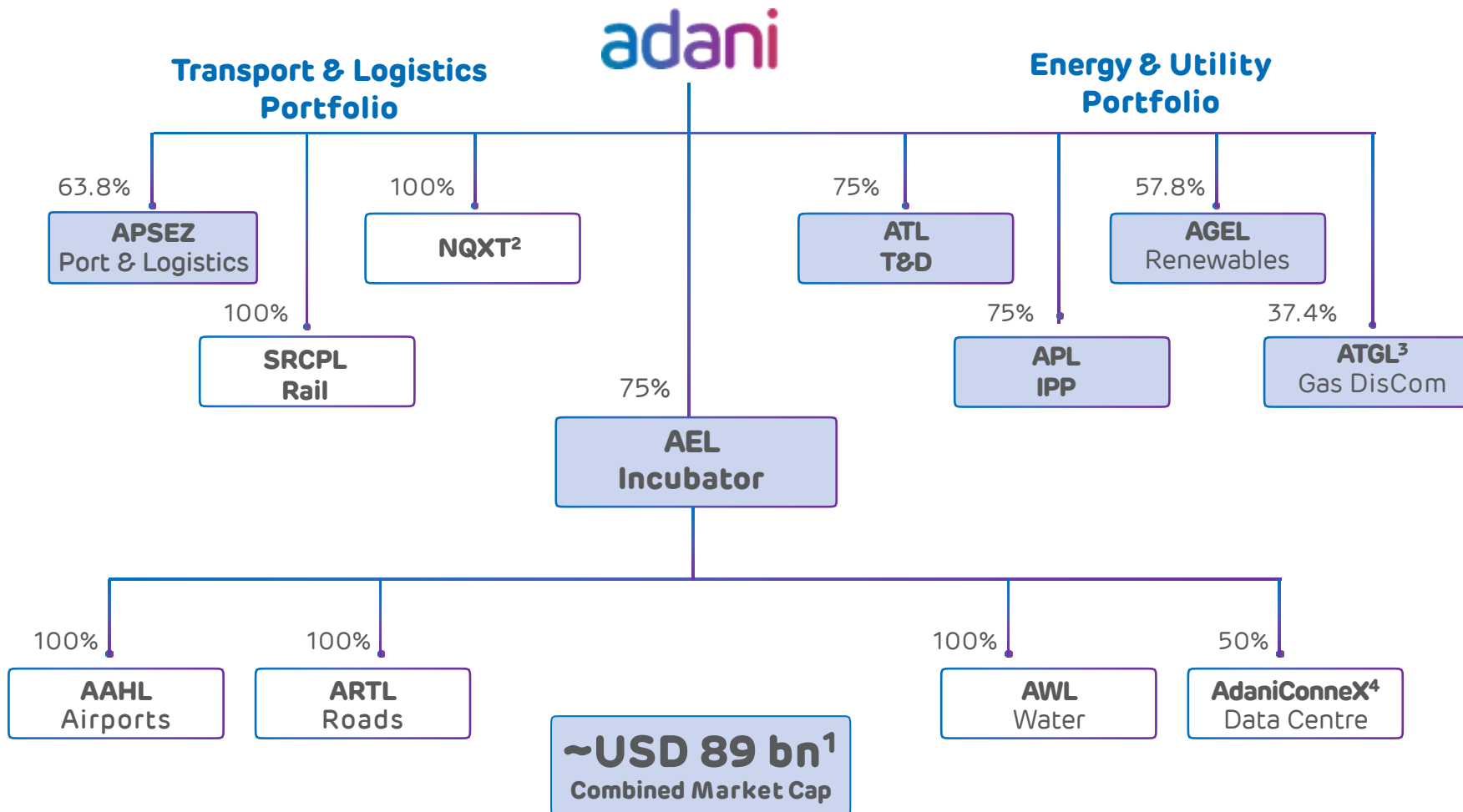
August 2021

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# Adani Group: A world class infrastructure & utility portfolio



## Adani

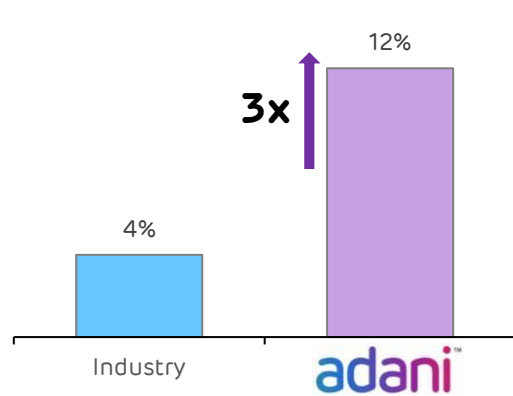
- **Marked shift from B2B to B2C businesses –**
- **ATGL** – Gas distribution network to serve key geographies across India
- **AEML** – Electricity distribution network that powers the financial capital of India
- **Adani Airports** – To operate, manage and develop eight airports in the country
- **Locked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

Opportunity identification, development and beneficiation is intrinsic to diversification and growth of the group.

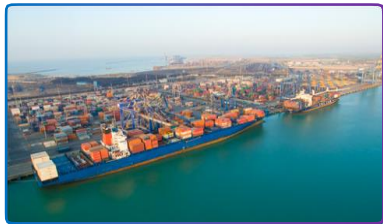
1. As on July 30<sup>th</sup>, 2021, USD/INR – 74.4 | Note - Percentages denote promoter holding and Light blue color represent public traded listed verticals  
2. NQXT – North Queensland Export Terminal | 3. ATGL – Adani Total Gas Ltd, JV with Total Energies | 4. Data center, JV with EdgeConnex

# Adani Group: Decades long track record of industry best growth rates across sectors

## Port Cargo Throughput (MMT)



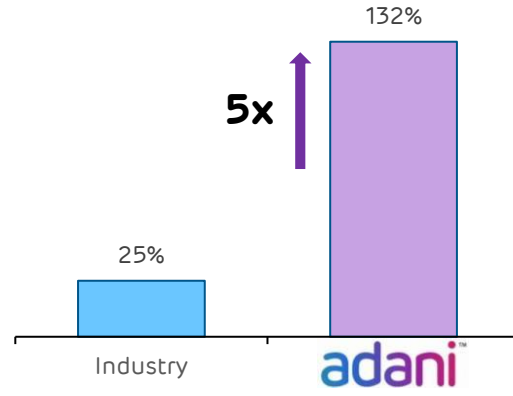
2014	972 MMT	113 MMT
2021	1,246 MMT	247 MMT



### APSEZ

Highest Margin among Peers globally  
**EBITDA margin: 70%**<sup>1,2</sup>  
Next best peer margin: 55%

## Renewable Capacity (GW)



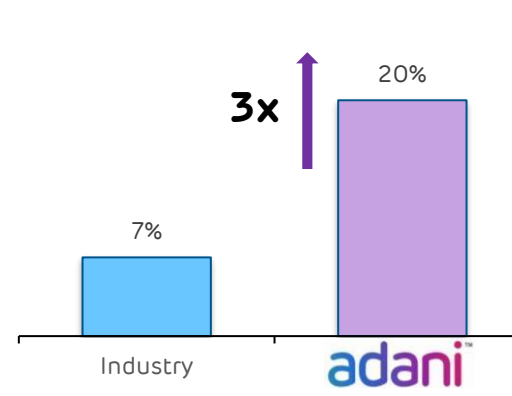
2016	46 GW	0.3 GW
2021	140 GW <sup>9</sup>	19.3 GW <sup>6</sup>



### AGEL

World's largest developer  
**EBITDA margin: 91%**<sup>1,4</sup>  
Among the best in Industry

## Transmission Network (ckm)



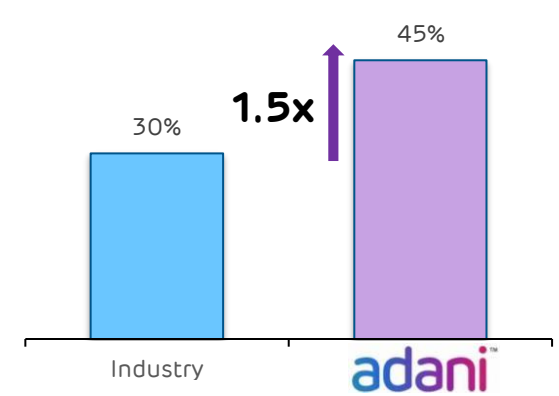
2016	320,000 ckm	6,950 ckm
2021	441,821 ckm	18,801 ckm



### ATL

Highest availability among Peers  
**EBITDA margin: 92%**<sup>1,3,5</sup>  
Next best peer margin: 89%

## CGD<sup>7</sup> (GAs<sup>8</sup> covered)



2015	62 GAs	6 GAs
2021	228 GAs	38 GAs



### ATGL

India's Largest private CGD business  
**EBITDA margin: 41%**<sup>1</sup>  
Among the best in industry

**Transformative model driving scale, growth and free cashflow**

Note: 1 Data for FY21; 2 Margin for ports business only, Excludes forex gains/losses; 3 EBITDA = PBT + Depreciation + Net Finance Costs – Other Income; 4 EBITDA Margin represents EBITDA earned from power supply 5. Operating EBITDA margin of transmission business only, does not include distribution business. 6. Contracted & awarded capacity 7. CGD – City Gas distribution 8. GAs - Geographical Areas - Including JV | Industry data is from market intelligence 9. This includes 17GW of renewable capacity where PPA has been signed and the capacity is under various stages of implementation and 29GW of capacity where PPA is yet to be signed'

# Adani Group: Repeatable, robust & proven transformative model of investment

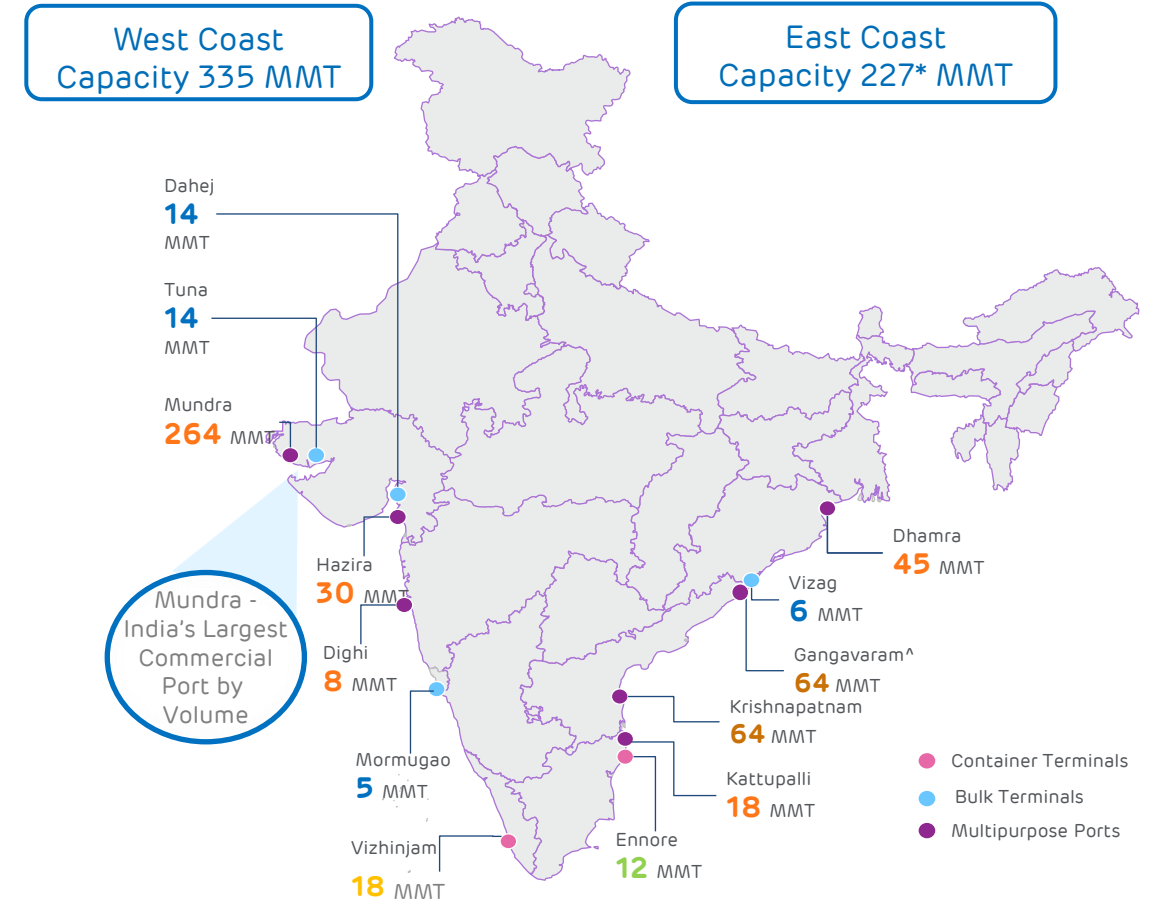
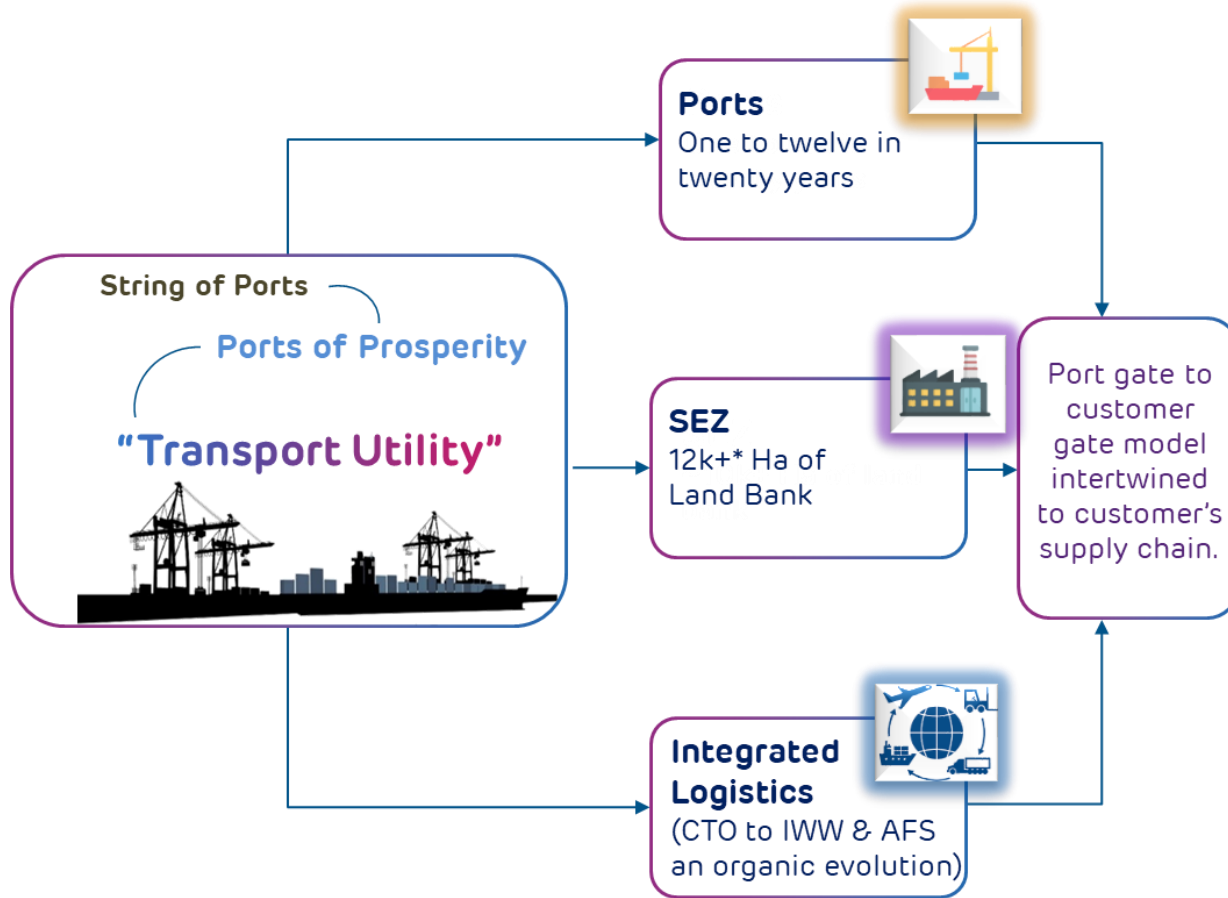


1. GMTN – Global Medium Term Notes 2. SLB – Sustainability Linked Bonds

## APSEZ : Company Profile

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# APSEZ : A transport utility with string of ports and integrated logistics network

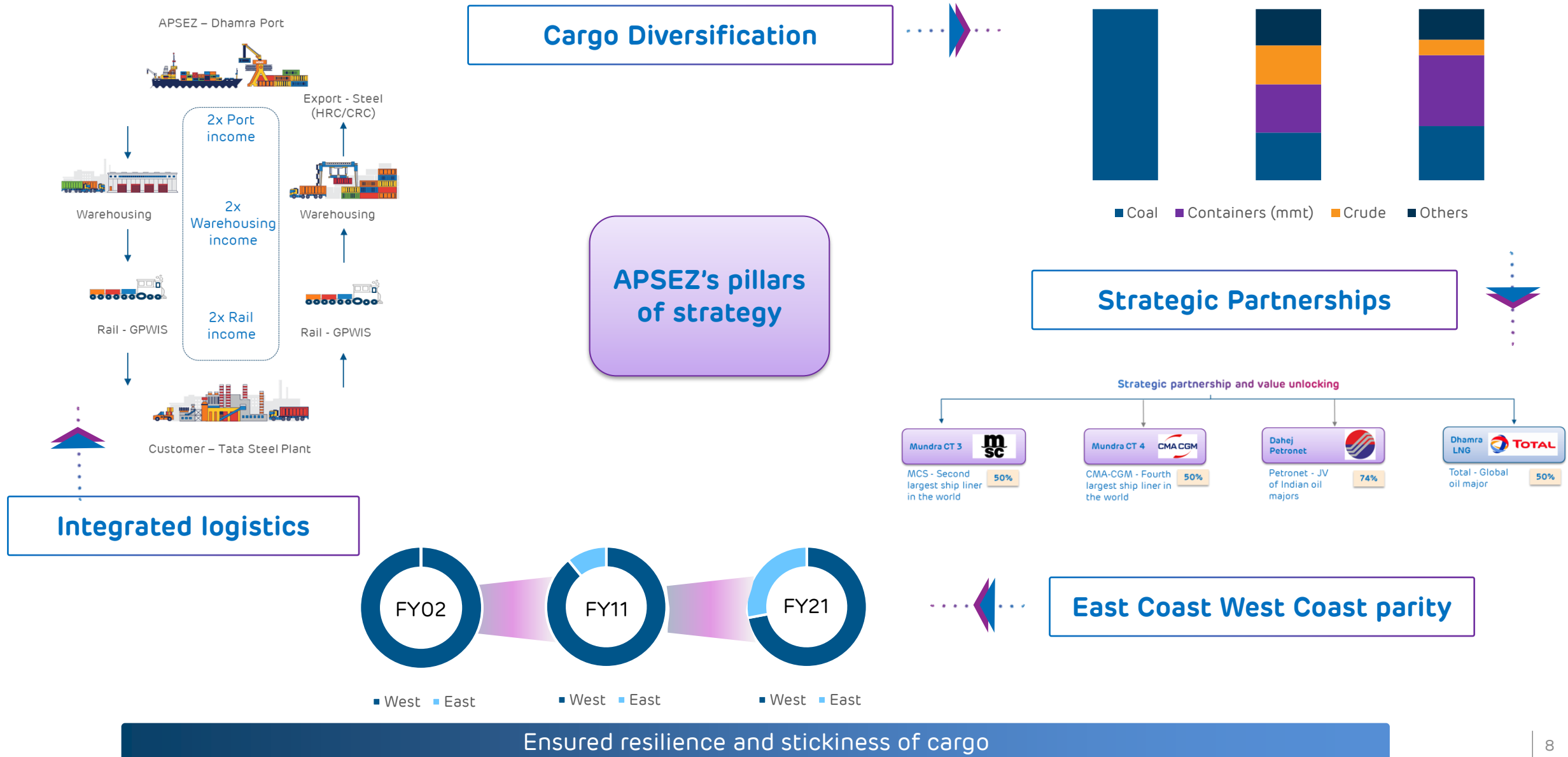


**An integrated approach through Ports, SEZ and Logistics enables presence across value chain**

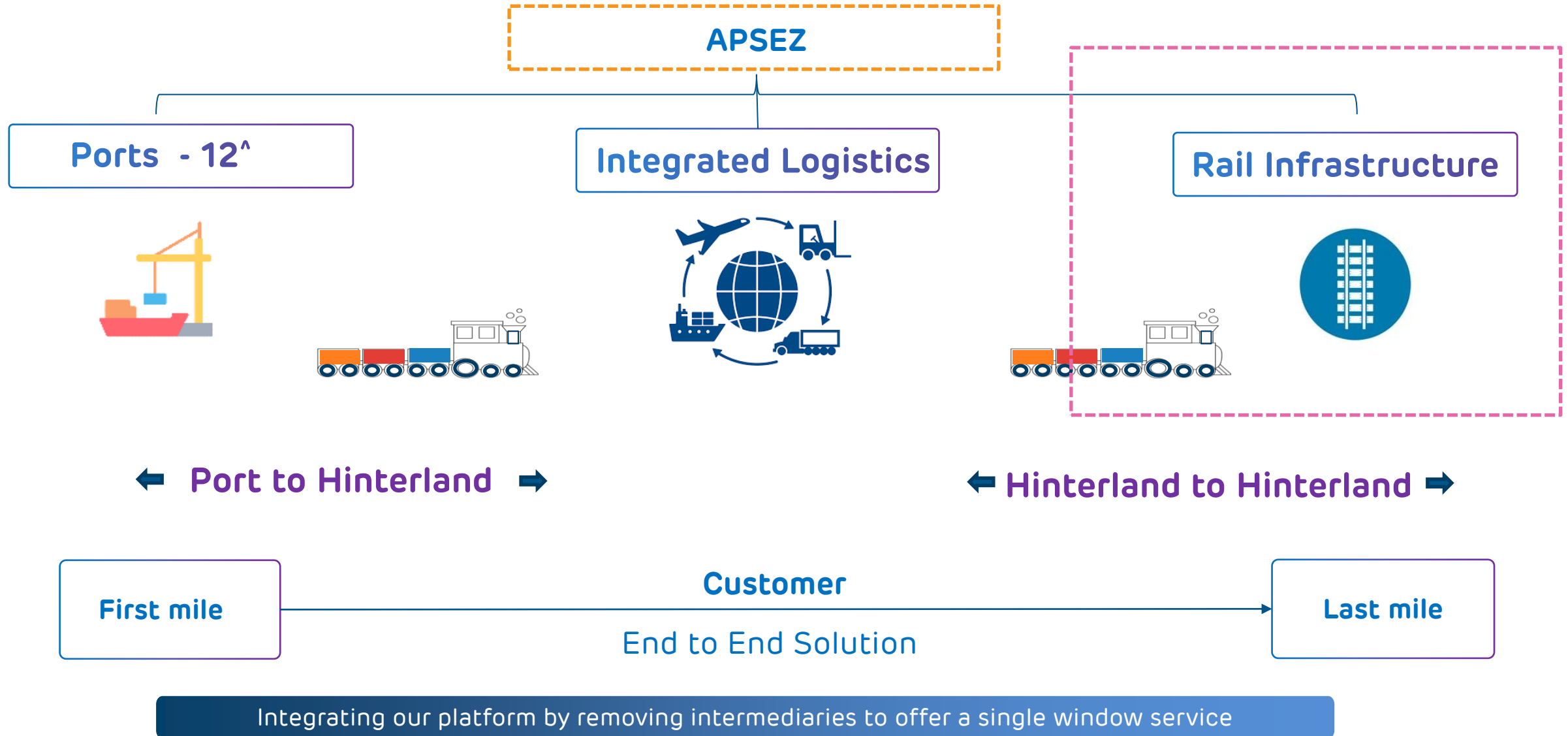
**Grown from a single port to Twelve^ Ports ~560 MMT of augmented capacity to handle all types of cargo.**

\*Includes both SEZ and non SEZ land | Vizhinjam considered on east coast as its primary hinterland would be there | CTO – Container Train Operator | IWW – Inland Water Ways | AFS – Air Freight Stations | ^ Gangavaram Port is under acquisition

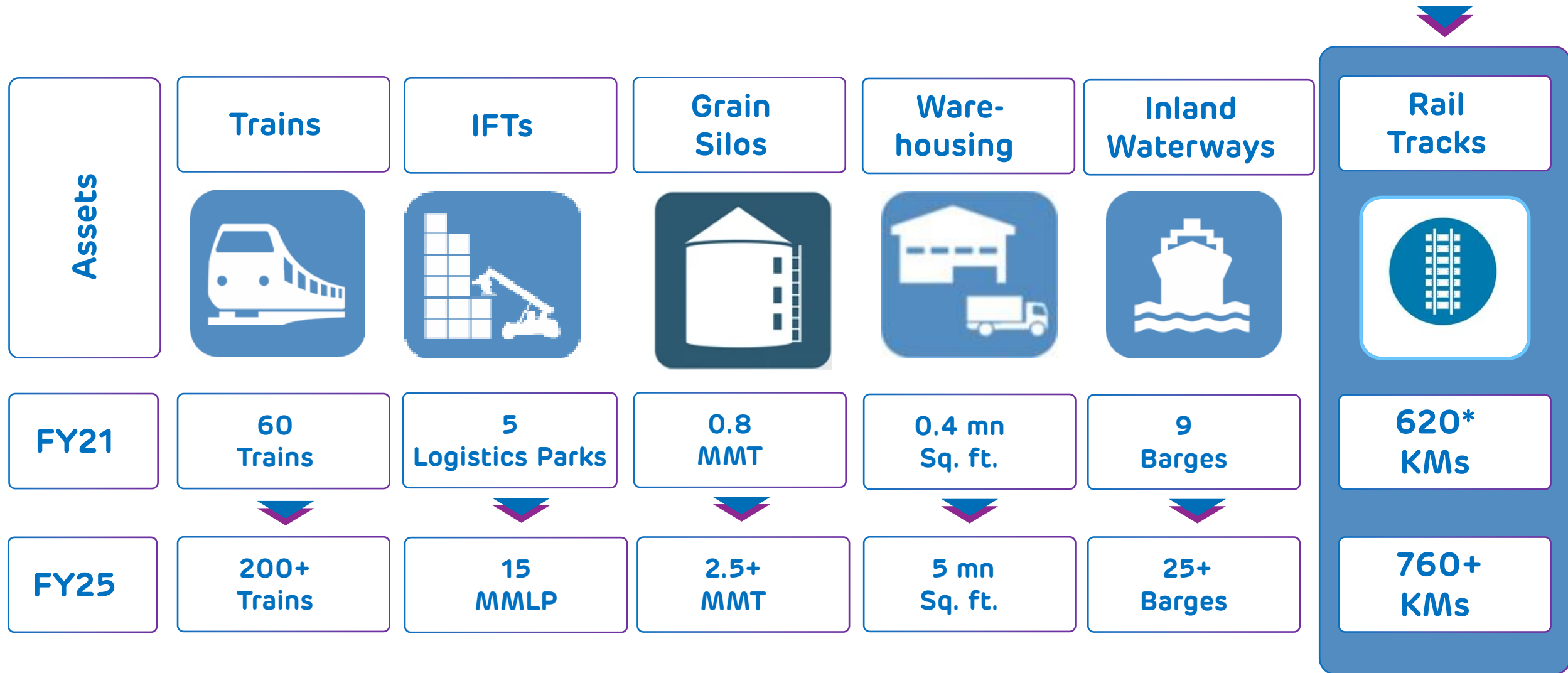
# APSEZ : Our Strategy led to market leadership



# APSEZ : India's largest Transport Utility with Integrated logistics



## APSEZ : Integrated logistics platform addressing customer needs



IFT : Inland Freight Terminals | MMLP – Multi Modal Logistics Parks

\* Including rail tracks with APSEZ having minority interests

## Governance Process and rationale for amalgamation of rail track assets

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## APSEZ : Objective of Adani Track Management Services

To develop scale in the integrated logistics space by consolidating all rail assets under one pan India platform

Bring efficiency to overall logistics cost by owning and developing critical assets

Creation of Investment platform for strategic investment in rail track assets

Extend new business by participating in Indian Railways PPP projects

Center of excellence for rail assets having:

- Best practices & operational efficiency
- Technology integration and
- Common Skillset

New PPP projects to be bid through ATMSPL platform

## SRCPL : Board oversight of evaluation process and due diligence

**In order to evaluate the opportunity, Executive Committee (EC) formed.**

**Committee members:**



- **Mr. G. K. Pillai** (Chairman of the Audit Committee)

Former Indian Administrative Services officer and former Home Secretary of India and worked in departments like surface transport and defense.

[\(Link to the Profile\)](#)



- **Mr. P. S. Jayakumar**

Former Managing Director & CEO of Bank of Baroda. with domain expertise in Banking Finance. [\(Link to the Profile\)](#)



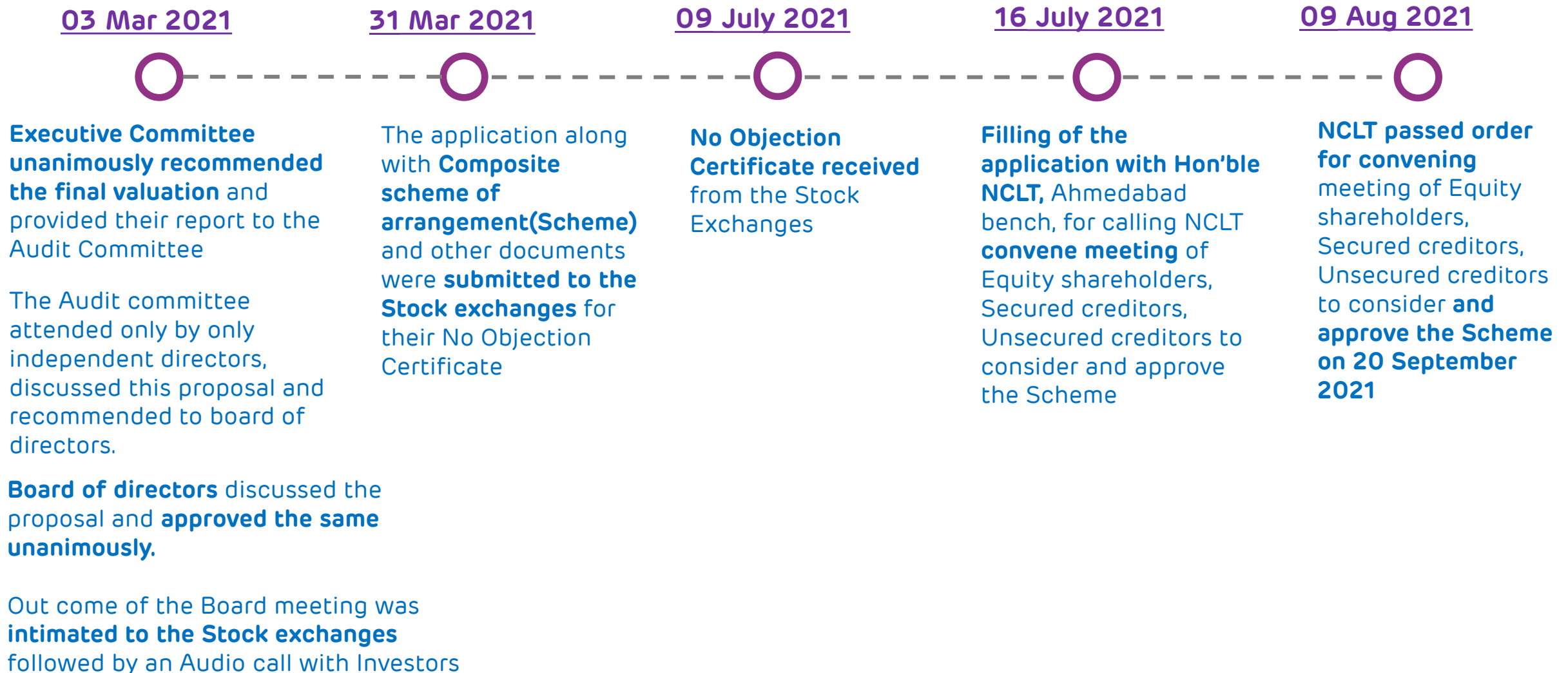
- **Mrs. Nirupama Rao**

Former Foreign Secretary of India, with deep experience in foreign relations in various areas. [\(Link to the Profile\)](#)

## APSEZ : Steps & process with timelines



## APSEZ : Steps & process with timelines .....Contd...



## SRCPL : Key valuation assumptions

Particulars	Key Assumptions
Capacity	Currently serving one operating mine – PEKB (15 MTPA per year) Further extendable to 40 MTPA
Coal Demand	<ul style="list-style-type: none"> <li>RRVUNL : 19 MTPA at current PLF, estimated requirement 35 MTPA at 85% PLF. Annual Contracted capacity of 15.93 MTPA with SRCPL</li> <li>Power Plants within 700km: 95 MTPA excluding captive allocated mines in Jharkhand, MP, UP</li> <li>Private Power Plants excluding FSA and captive mines: 49 MTPA in Gujrat, MP, Rajasthan and UP</li> </ul>
Coal Supply	<ul style="list-style-type: none"> <li>PEKB (Operational), Parsa and Kente Extension : 29 MTPA</li> <li>Rich mining base of 97 MTPA with better grade coal</li> </ul>
Land Lease	<ul style="list-style-type: none"> <li>50 Years of clear land access - No Right of Way exposure</li> </ul>
The only alternative	<ul style="list-style-type: none"> <li>Viable, cost effective and less polluting compared to other mode of transport - Road</li> </ul>

Valuer	Method	Discount rate	EV
Deutsche Bank	DCF	WACC 11%	Range with Midpoint value INR 5,931 cr.
BDO	DCF	WACC 10.5% 10.18% & 14%	INR 5,977 cr.

## SRCPL : SRCPL share swap estimation based on APSEZ shares

### Proposed Transaction

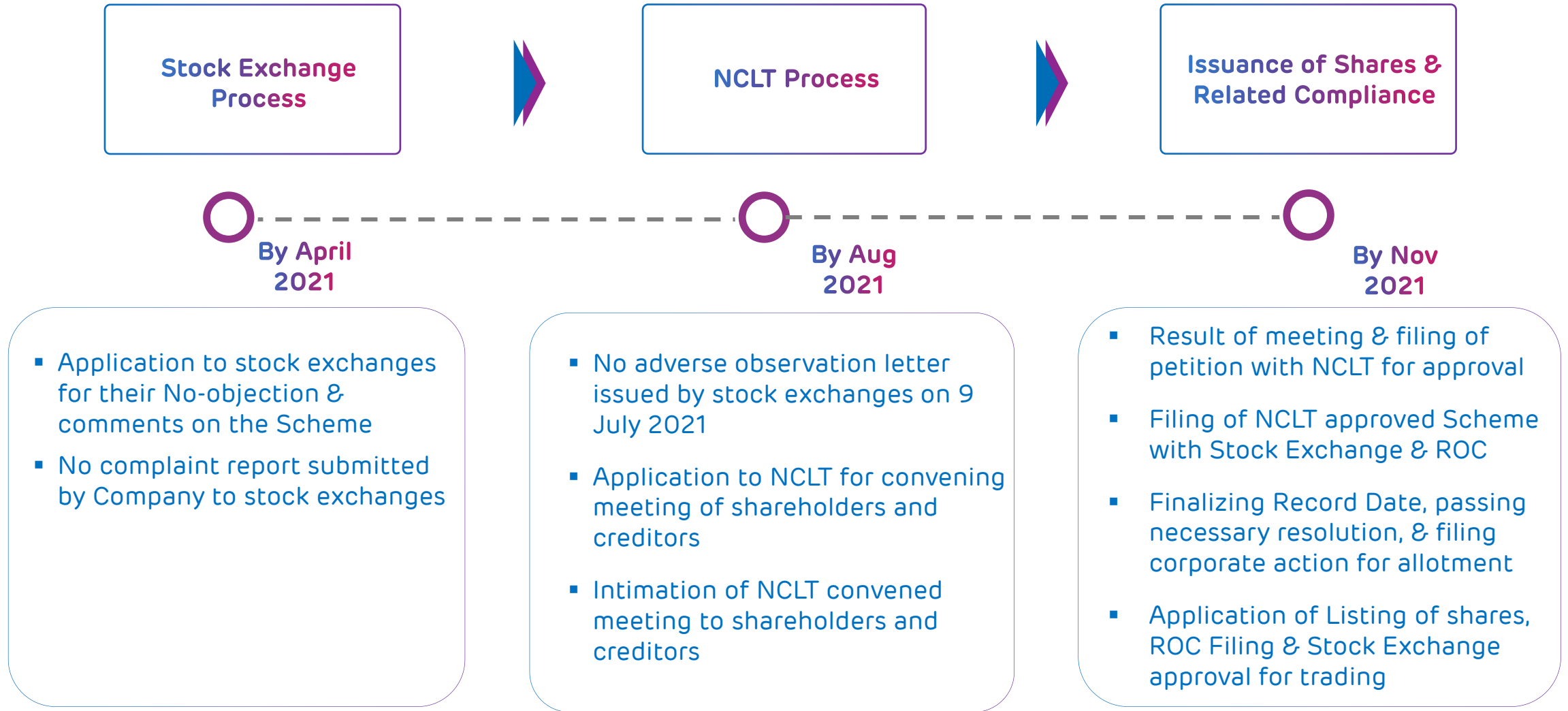
Particulars	in Rs. cr
Enterprise Value (DCF)	5,977
Net Debt at SRCPL	934
Equity Value of SRCPL	5,043
BTMSPL Debt	278
Equity Value of BTMSPL	4,765
Per share Equity value of BTMSPL	95
APSEZ volume weighted average price per share for swap ratio	675
No. of new APSEZ shares to be issued (in cr)	7.06
SRCPL FY 22 Projected EBIDTA	520
Resultant EV/EBIDTA Multiple (no.of times)	11.49

### Impact of the Transaction on APSEZ

Particulars	Net Profit (in Rs. cr)	No of Shares (in Rs. cr)	EPS (INR / Share)
FY22 E (BBG Cons.) <b>without SRCPL</b>	6,281	203	30.91
FY22 E (BBG Cons.) <b>with SRCPL</b>	6,524	210	31.03
FY22 E (Analyst Cons.) <b>without SRCPL</b>	6,274	203	30.88
FY22 E (Analyst Cons.) <b>with SRCPL</b>	6,517	210	31.00

The consolidation of SRCPL is EPS accretive from day one

## APSEZ : Transaction Timelines & next steps

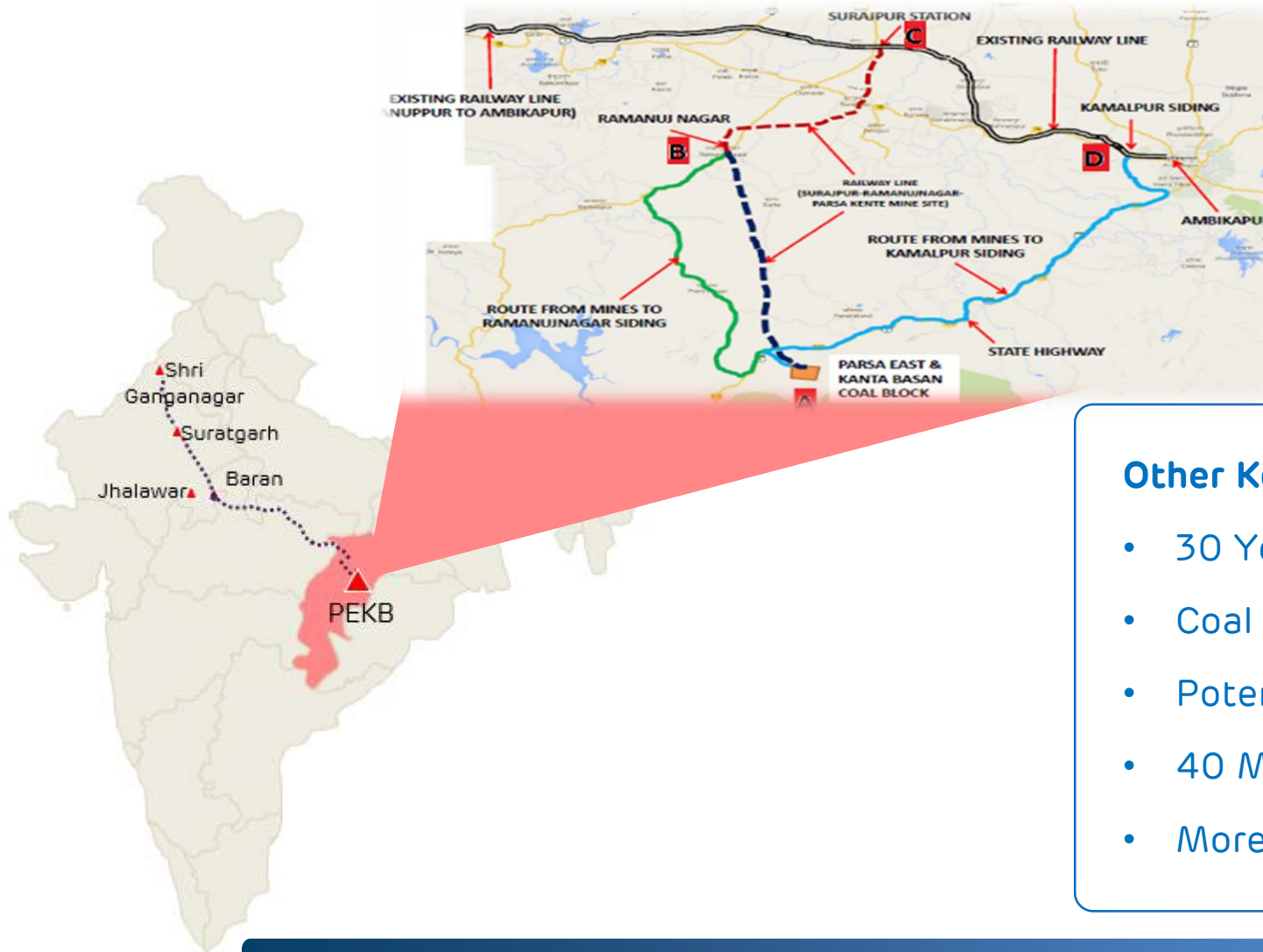


**Final Approval of the transaction by Majority of the Minority Shareholders - as part of NCLT process**

## **SRCPL : Sarguja Rail Corridor Private Limited**

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## APSEZ : Sarguja rail corridor brief highlights of the project



### Asset Details:

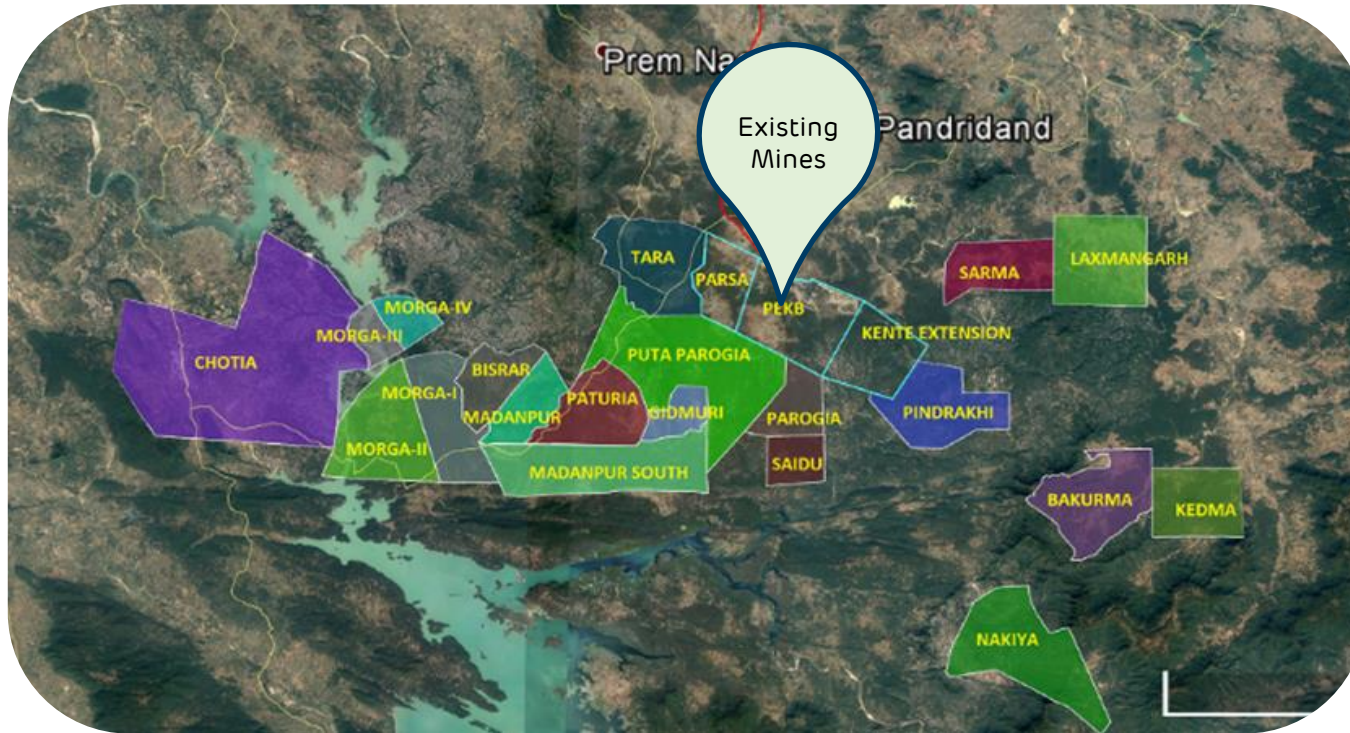
- Track length - 70 KM
- Capacity to handle 16 rakes per day
- 50 Years land lease - Till 2065

### Other Key features

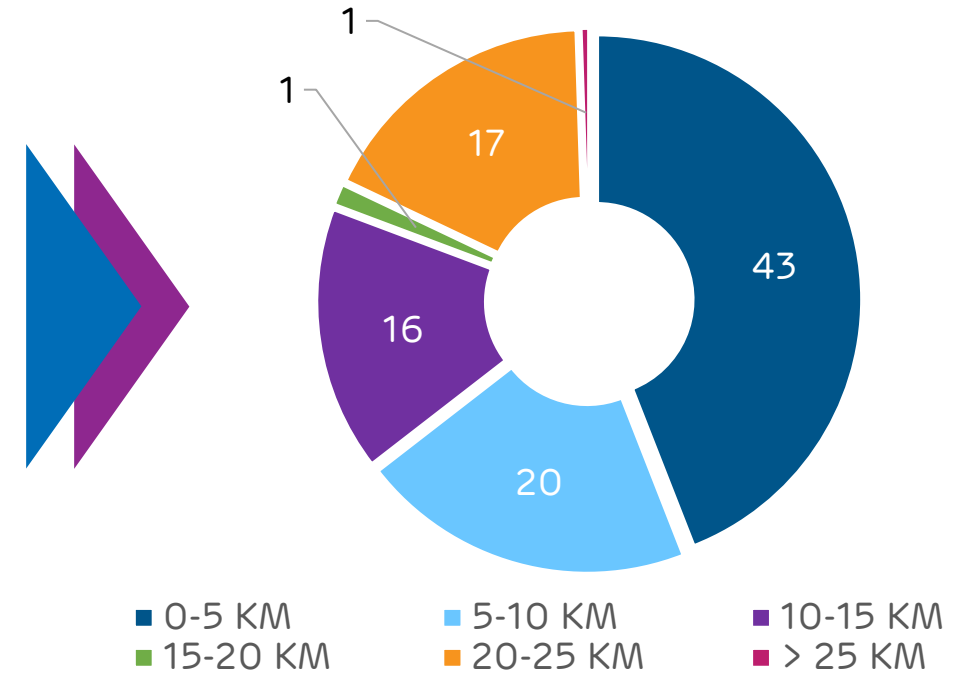
- 30 Years TAUA\* with RRVUNL –Till 2044
- Coal Reserve of more than 4 Bn MT in the region
- Potential annual throughput of ~100 MMT
- 40 MMT p.a. visibility - near to mid term
- More than 85% EBIDTA margin business

Current capacity and future potential are key elements of growth with capex

## APSEZ : Sarguja rail corridor hinterland potential

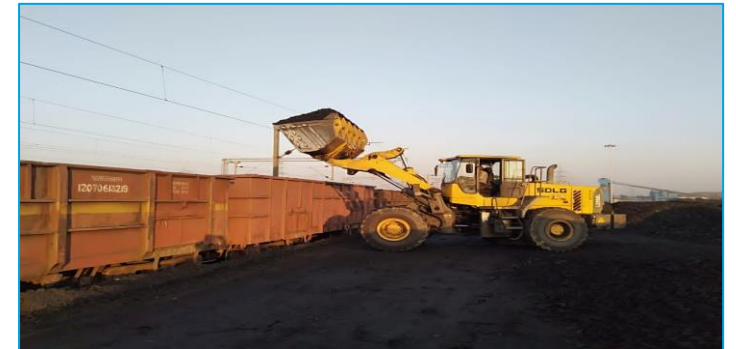
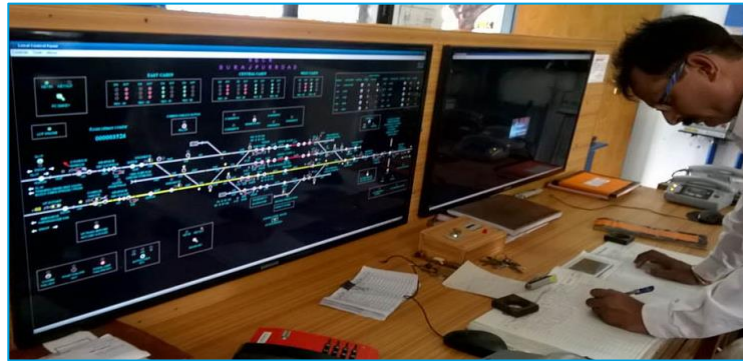


Peak Basin Throughput- 97 MMTPA



- Average grade of coal in range of G8\* to G11\* against G13-G15\* in GP and Talcher
- Coal grade suitable for Sponge Iron and Cement production as well
- Competitive logistics cost compared to the mines in the Southern region


## APSEZ : Sarguja rail corridor facility snapshot



## APSEZ : Adani Track Management Services (ATMSPL)

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# APSEZ : Existing Rail assets that will be part of ATMSPL

Operational Rail Asset under APSEZ					
Details	Mundra Rail	Dhamra Rail	Krishnapatnam Railway Co.	Kutch Rail	BDRCL
Rail Line	74 Km (Mundra - Adipur)	68.5 Km (Dhamra - Bhadrak)	113 Km (K'patnam to Obulavaripalli)	301 Km (Palanpur – Gandhidham section)	63 Km (Bharuch - Dahej)
Capex/Investment (Fair Market Value*)	Capex - INR 594 Cr	Capex - INR 1,518 Cr	Capex - INR 1,700 Cr (Debt INR 1,075 Cr)	INR 40 Cr, 20% Equity Stake (INR 250 Cr *)	INR 17.3 Cr., 11.17% Equity Stake (INR 22.5 Cr*)
Other Details	Land - Owned + Long Term Lease	Land - Leased from Govt under concession	Adani KPL - 12.96% RVNL - 49.76% SDC^ - 20.0% AP Govt. – 5.60% Others – 11.68%	COD - 2006	COD - 2012
Details	Kattupalli	Dighi Roha Rail Ltd.	Hazira Rail	 <div>Future Rail Asset</div>	
Rail Line	6 Km (Kattupalli to Ennore)	34 Km (Dighi to Roha)	36.5 Km (Hazira Port -to Gothangam)		
Capex	Capex - INR 55 Cr	Capex - INR 1,100 Cr	Capex ~INR 1,600 Cr		
Equity Participants	Adani Ports (MIDPL) 100%	Dighi Port Ltd –63% RVNL - 26% MMB – 11%	Govt of Guj (Asso) – 51% Private : 49%		

## APSEZ : Expansion possibility in new projects by Indian Railways

### Cargo Demand Forecast as per National Rail Plan

Commodity	Contribution to Rail Cargo	Existing Rail Cargo MT/Yr	Existing Rail Share in Transport	Expected Rail Share 2031*	Expected Rail MT/Yr 2031*
Balance of Goods	7%	81	4%	22%	770
Cement	10%	116	37%	51%	415
Coal	48%	558	65%	74%	1,111
Container	5%	58	24%	48%	262
Fertilizer	4%	47	87%	90%	115
Food Grains	4%	47	16%	32%	133
Iron Ore	12%	140	65%	82%	309
Pig Iron	5%	58	49%	71%	153
Petroleum Products	4%	47	18%	47%	296
Steel RM	2%	23	56%	60%	57
<b>Total</b>	<b>100%</b>	<b>1,163</b>	<b>31%</b>	<b>44%</b>	<b>3,621</b>

With DFC  
implementation and  
privatization, Rail  
share expected to  
increase meaningfully

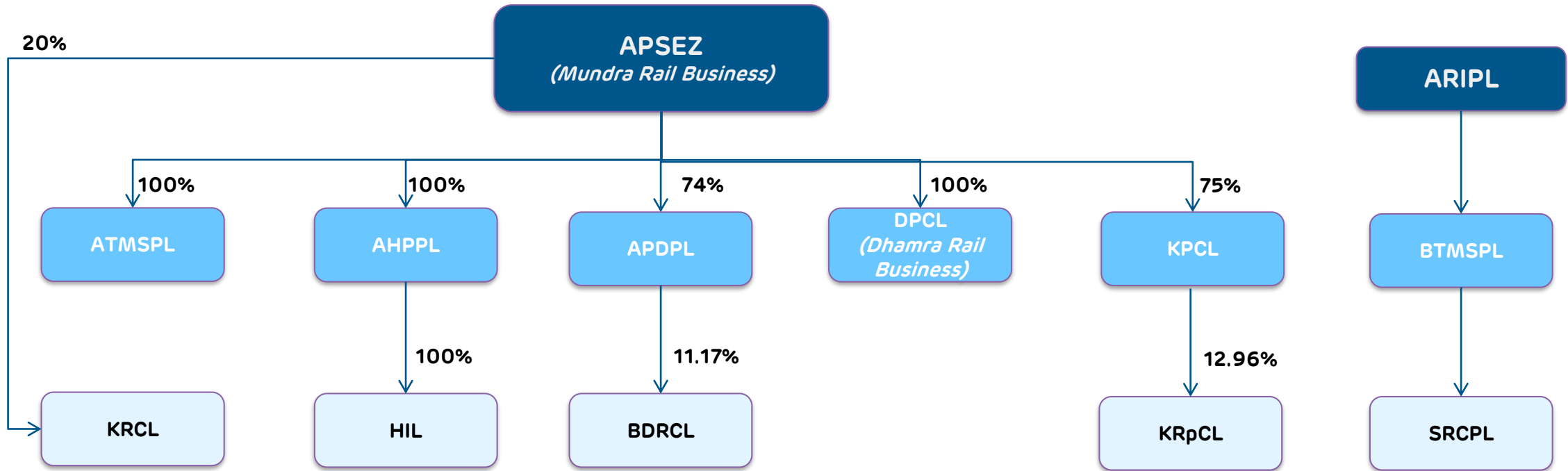
### Indian Railway is planning to invest INR >3 Lakh Cr to construct the new Rail lines in India over the next 12 Years

Category	No of identified projects by IR	Proposed Length in Kms	Total Investment (INR Cr)	Completed Length in Kms	Total invested Amount (INR Cr)	Ongoing Length in Kms	Total Investment Remaining (INR Cr)
<b>New lines</b>	<b>188</b>	21,295	387,000	2,622	85,536	18,673	301,464
Gauge conversion	55	7,275	56,135	3,573	19,640	3,702	36,495
Doubling	255	20,500	232,000	2,784	48,342	17,716	183,658
<b>Total</b>	<b>498</b>	<b>49,070</b>	<b>675,135</b>	<b>8,979</b>	<b>153,518</b>	<b>40,091</b>	<b>521,617</b>

Source: [National Rail Plan – June 2020](#)

\*Scenario 3b: Enhancement of Average Speed to 50 KMPH with 30% less Tariff on selected items

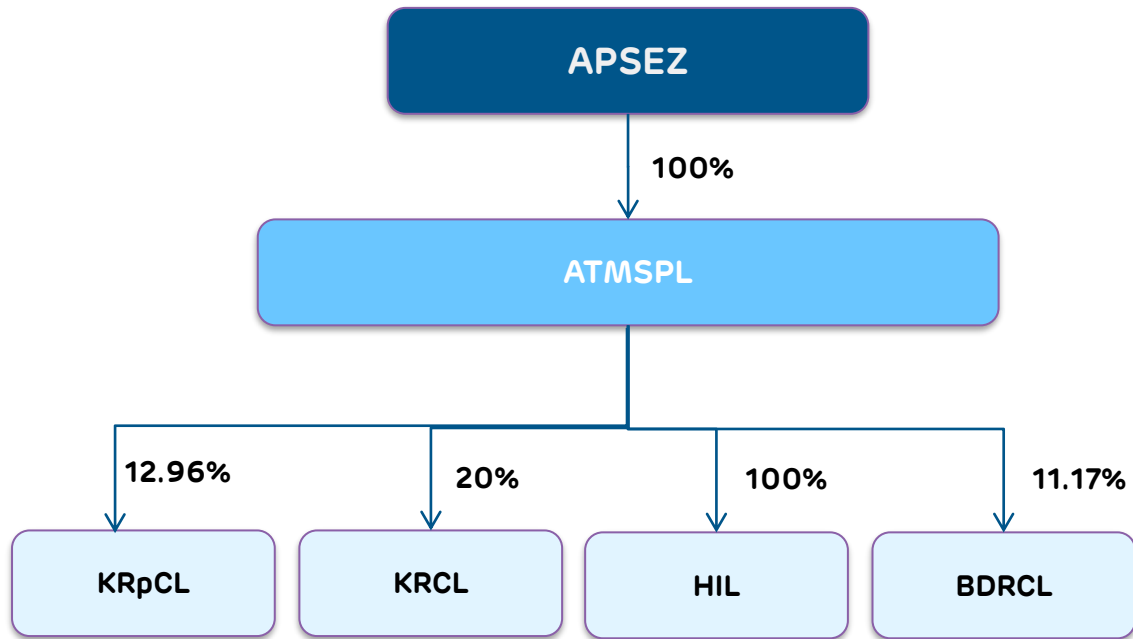
## APSEZ : Existing legal entity structure



ATMSPL : Adani Tracks Mgt. Services Pvt Ltd | AHPPL : Adani Hazira Port Pvt. Ltd. | APDPL : Adani Petronet (Dahej) Port Pvt Ltd | DPCL : The Dhamra Port Company Limited | KRCL : Kutch Railway Company Ltd.  
HIL : Hazira Infrastructure Limited | BDRCL : Bharuch Dahej Railway Company Limited | KPCL : Krishnapatnam Port Company Limited (w.e.f 01.10.2020) | KRpCL : Krishnapatnam Railway Co. Ltd  
SRCPL : Sarguja Rail Corridor Pvt Ltd | BEPL : Brahmi Build Estate Pvt. Ltd | ARIPL : Adani Rail Infra Pvt Ltd

Combine the strengths to create a Rail Track infrastructure platform

## APSEZ : Proposed legal entity structure



- BTMSPL (parent of SRCPL) to be merged with APSEZ and APSEZ to issue fresh equity shares to ARIPL<sup>1</sup>
- Slump sale of Mundra undertaking to ATMSPL
- ATMSPL to be merged with SRCPL; SRCPL to be renamed to ATMSPL
- Slump sale of Dhamra rail undertaking to ATMSPL
- Sale of equity holdings (KRCL, HIL, BDRCL, KRpCL) by respective APSEZ step down subsidiaries to ATMSPL

ATMSPL : Adani Tracks Mgt. Services Pvt Ltd | AHPPL : Adani Hazira Port Pvt. Ltd. | APDPL : Adani Petronet (Dahej) Port Pvt Ltd | DPCL : The Dhamra Port Company Limited | KRCL : Kutch Railway Company Ltd.  
HIL : Hazira Infrastructure Limited | BDRCL : Bharuch Dahej Railway Company Limited | KPCL : Krishnapatnam Port Company Limited (w.e.f 01.10.2020) | KRpCL : Krishnapatnam Railway Co. Ltd  
SRCPL : Sarguja Rail Corridor Pvt Ltd | BEPL : Brahmi Build Estate Pvt. Ltd | ARIPL : Adani Rail Infra Pvt Ltd

<sup>1</sup>Post transaction ARIPL will not have any rail business.

The transaction will create value for all stakeholders from the day one as it is EPS accretive

All rail assets under one entity, no competing business within the group

Significant growth potential available as business is yet to mature

Secured long-term contracts with sovereign equivalent counterparty providing earnings stability

The asset is a critical and environment friendly part of the transport infrastructure to connect the mines in the basin to the nearest nodal point

The asset is well placed to capture the opportunity of non-Adani mines in the basin as well in future to be potential customers with visibility of 40 MMTPA of capacity

## Annexures

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# APSEZ : SRCPL Historical financials

Rs. In Cr

## Profit and Loss Statement

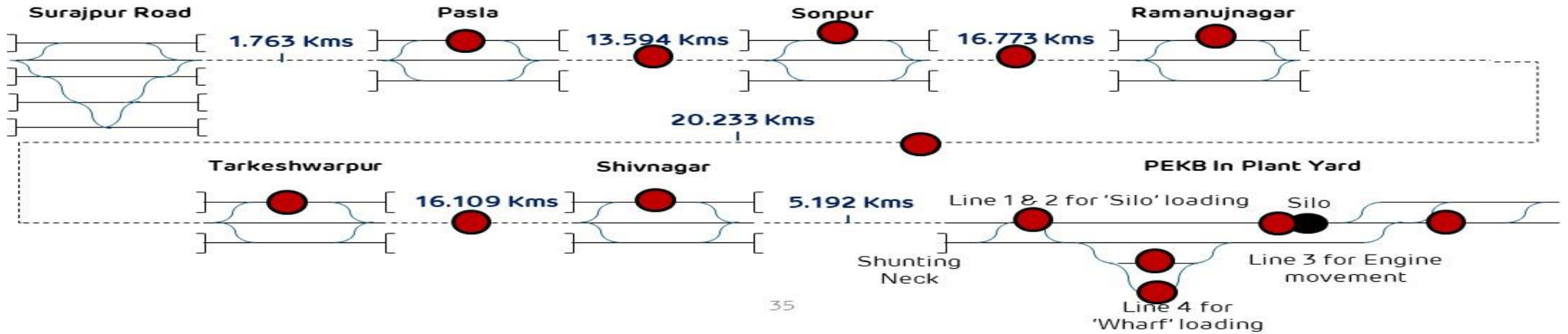
Particulars	FY18	FY19	FY20	FY21E
Cargo (MMT)	3.6	10.6	14.4*	15*
Revenue - operating	50	368	417	452
EBIDTA	34	325	357	398
EBIDTA %	68%	88%	86%	88%
PAT	(25)	68	82	145

## Balance Sheet

Particulars	FY18	FY19	FY20	FY21E
N.C. Assets	1448	1545	1494	1464
Current Asset	247	366	573	670
Net Worth	150	244	327	472
Debt	1478	1626	1666	1584
Other liability	67	41	74	79

\* Includes rejects | FY 21 numbers are estimated basis 9 months actual and 3 months projection

## APSEZ : Sarguja rail corridor track capacity



### Capacity Assessment: Scott's formula

**Single Line Capacity (C)** =  $((24 \text{ Hour} * 60 \text{ min}) * E / (T + t)) / 2$

T = Total time taken by slowest Train in Ruling Section (Longest section)

t = Block operation time (5 mins)

E = Efficiency % (uptime)

**Existing Longest Section:** Ramanujnagar- Tarkeshwarpur (20.233 Km)

**1 Train Average capacity:** 4,000 MT

**Total Operation Days:** 330 days

Scott Formula			T	(T+t)	E	No. of Rakes	C
	Average Speed KM/Hr	Longest section (KM)	Avg. time to cross the section (minutes)	Total time (minutes)	Efficiency	Available Section Capacity (Single Track)	Total Available Capacity (MMTPA) <sup>2</sup>
Current Capacity	45	20.233	27	32	70%	16	21

## Links to additional documents

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RPT Policy : ([Link](#))

Out come of the board meeting was intimated to the Stock Exchanges on 03 March 2021, followed by a audio call with Investors ([Link to the Transcript](#)).

Details for agencies appointed for valuation, fairness opinion ([Link](#))

# 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 Ports and Special Economic Zone Limited (“APSEZL”), the future outlook and growth prospects, and future developments of the business and the 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 their business, their competitive environment, their ability to implement their 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 APSEZL’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 APSEZL.

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