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Ports and  
Logistics

## Adani Ports and SEZ Limited

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### APSEZ Initiates Consolidation of Rail Track Assets

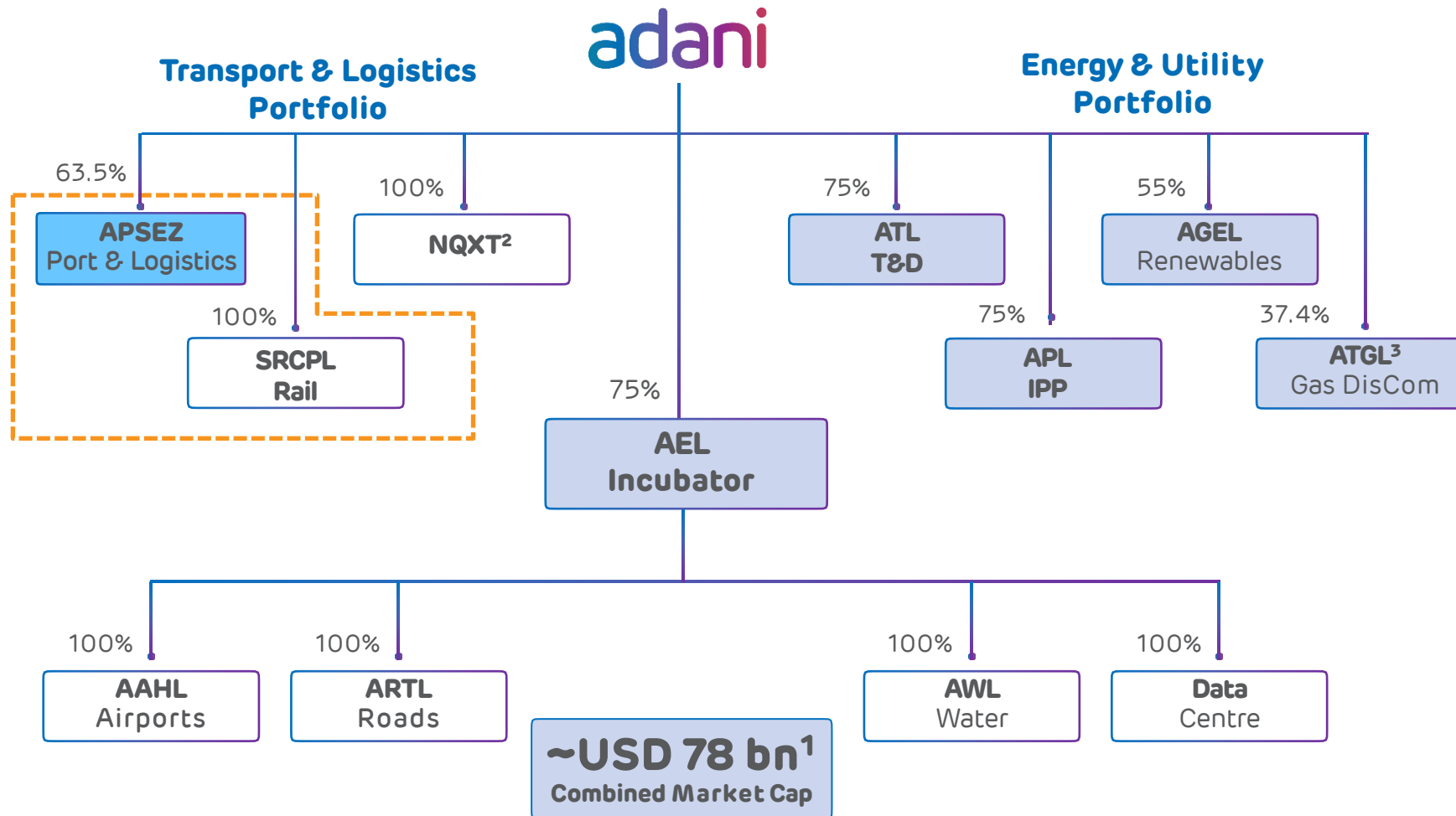
March, 2021

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# Adani Group : A world class infrastructure & utility portfolio



## Adani

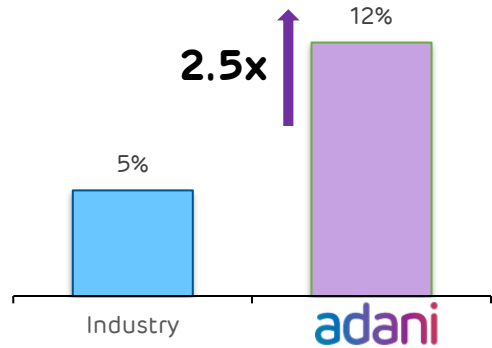
- **Marked shift from B2B to B2C businesses –**
- **ATGL** – Gas distribution network to serve key geographies across India
- **AEML** – Electricity distribution network that powers the financial capital of India
- **Adani Airports** – To operate, manage and develop eight airports in the country
- **Locked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

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

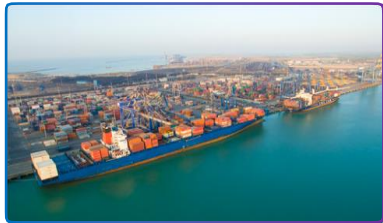
1. As on Feb 26, 2021, USD/INR – 73.4 | Note - Percentages denote promoter holding  
 2. NQXT – North Queensland Export Terminal | Light blue color represent public traded listed verticals  
 3. ATGL – Adani Total Gas Ltd

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

Port Cargo Throughput (MT)



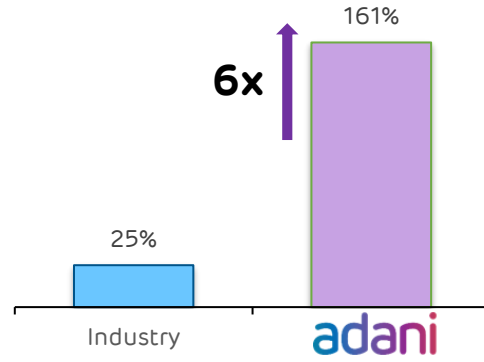
2014	972 MT	113 MT
2020	1,339 MT	223 MT



**APSEZ**

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

Renewable Capacity (GW)



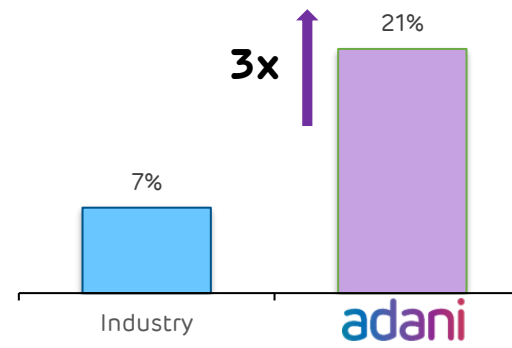
2016	46 GW	0.3 GW
2020	114 GW	14.2 GW <sup>6</sup>



**AGEL**

World's largest developer  
**EBITDA margin: 89%**<sup>1,4</sup>  
Among the best in Industry

Transmission Network (ckm)



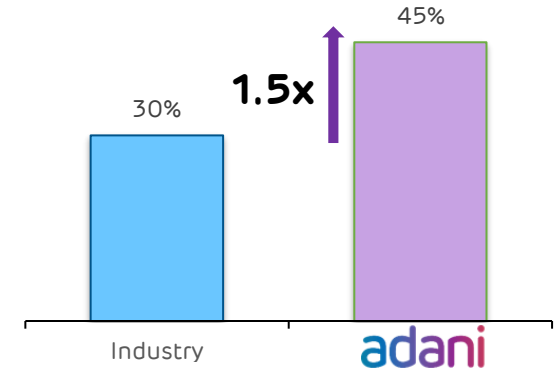
2016	320,000 ckm	6,950 ckm
2020	423,000 ckm	14,837 ckm



**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
2020	228 GAs	38 GAs



**ATGL**

India's Largest private CGD business  
**EBITDA margin: 31%**<sup>1</sup>  
Among the best in industry

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

**Note:** 1 Data for FY20; 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 sales 5. Operating EBITDA margin of transmission business only, does not include distribution business. 6. Contracted & awarded capacity 7. CGD – City Gas distribution GAs 8. Geographical Areas - Including JV | Industry data is from market intelligence

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



1. FY20 data for commercial availability declared under long term power purchase agreements;

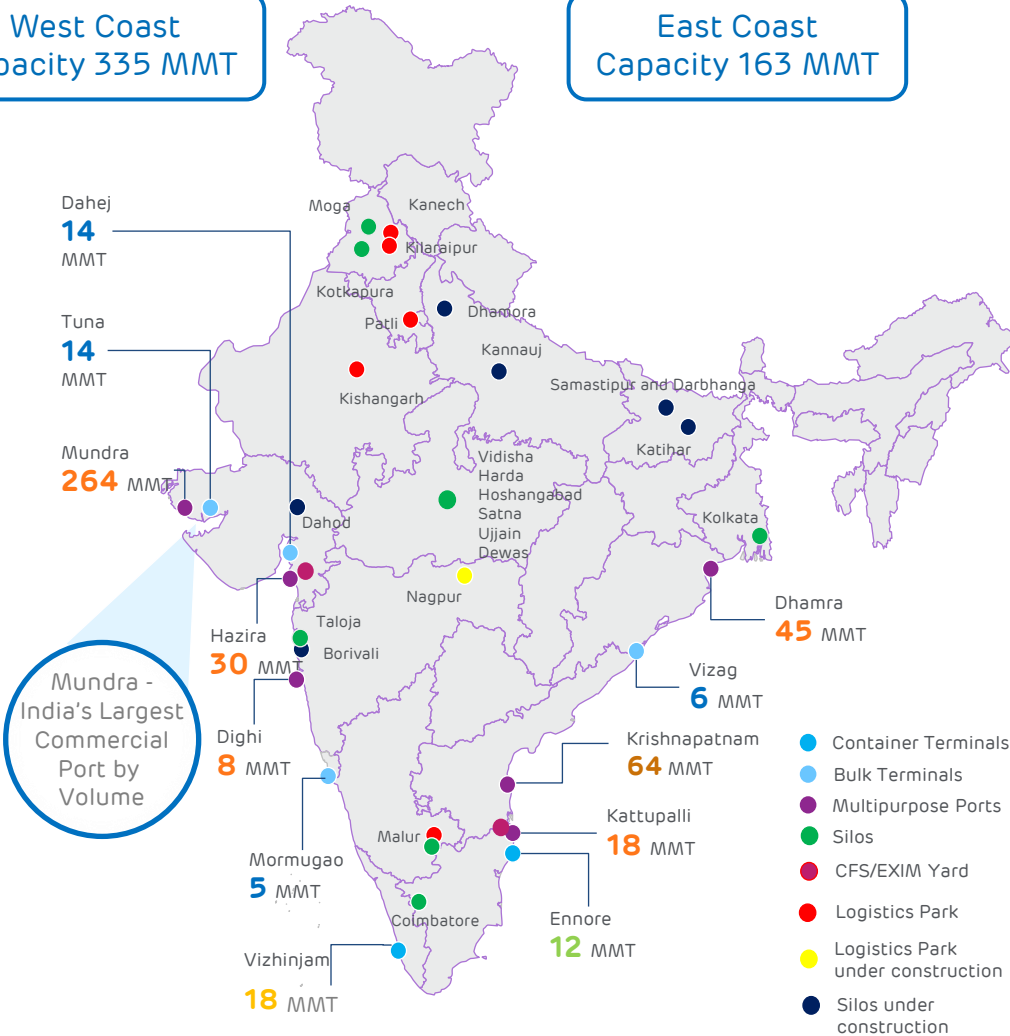
## APSEZ : Company Profile

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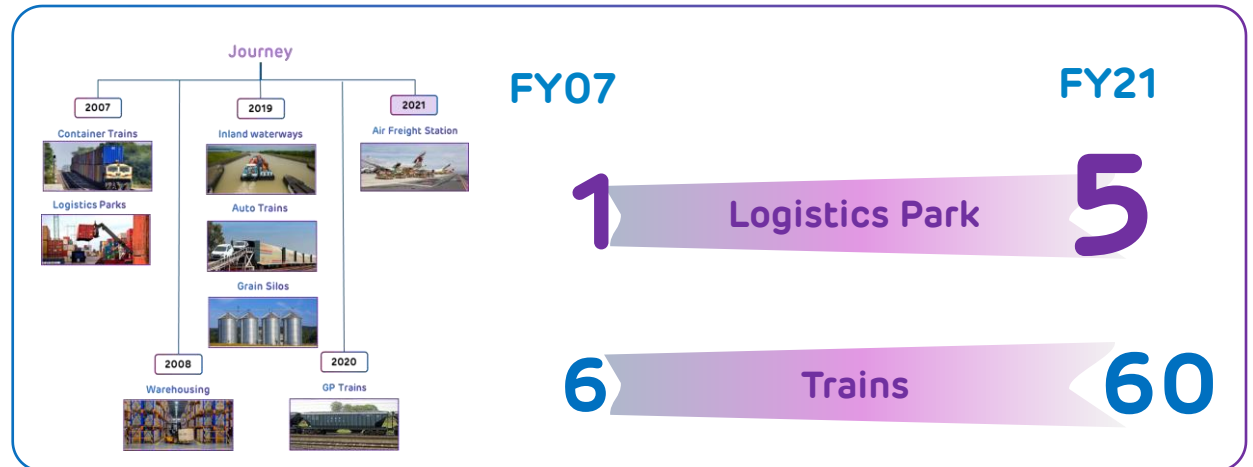
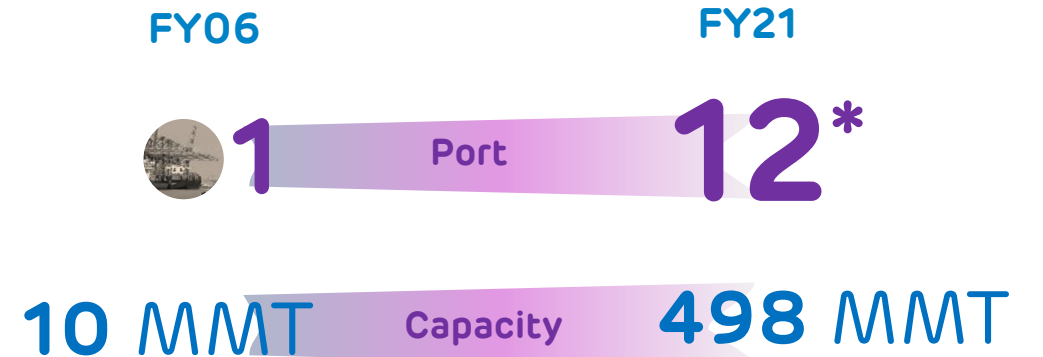
# APSEZ : Largest network of ports in India

West Coast  
Capacity 335 MMT

East Coast  
Capacity 163 MMT

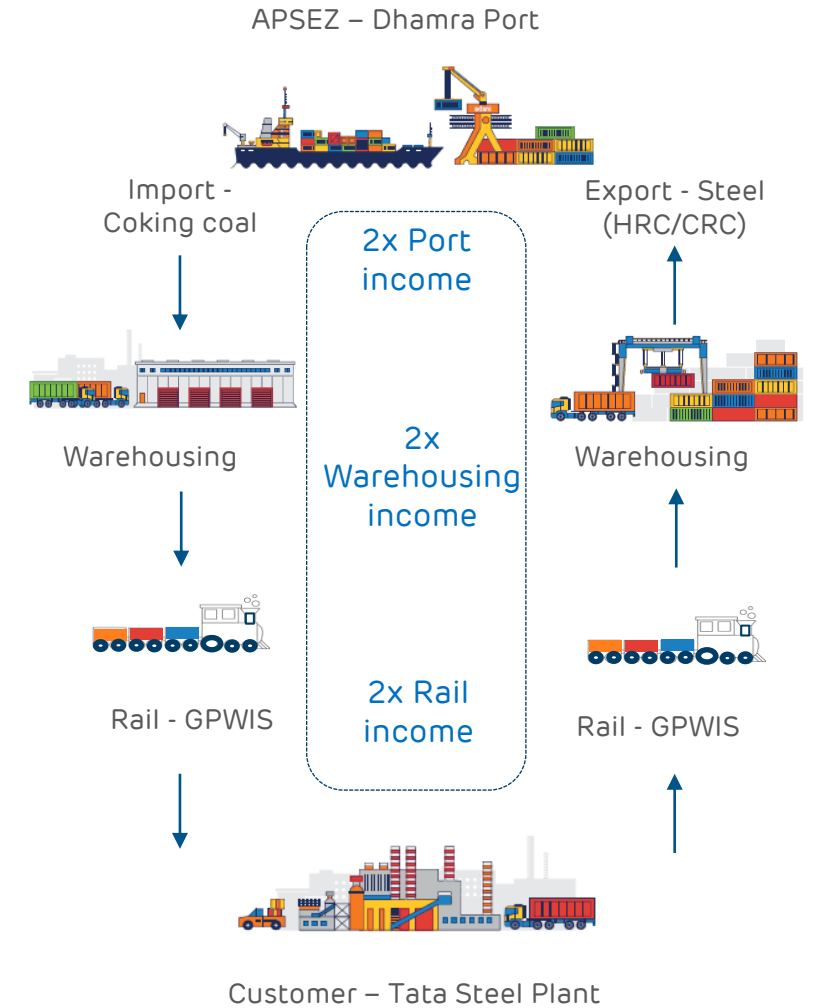
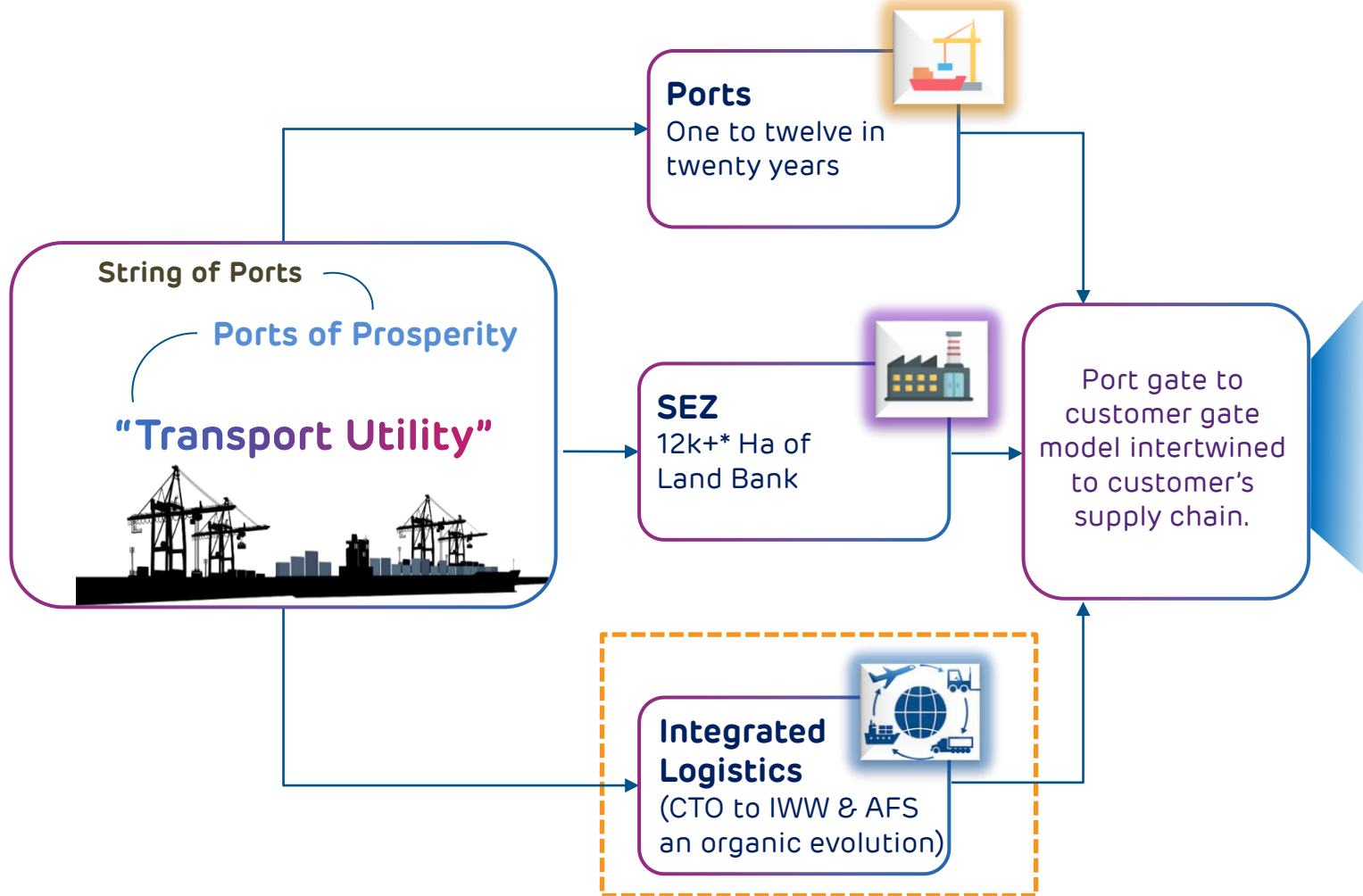


## Evolution of APSEZ



12 ports serving vast economic hinterland of the country

# APSEZ : Largest private transport utility



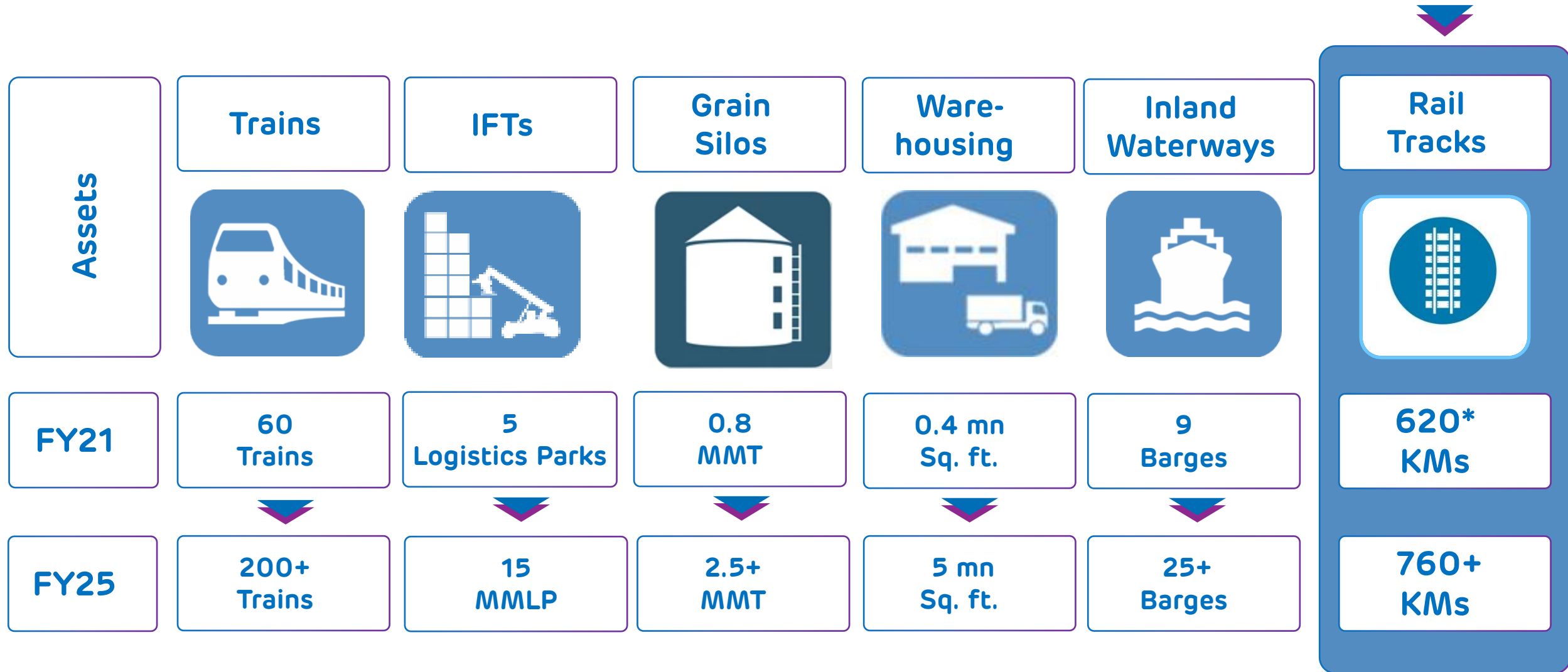
An integrated approach through Ports, SEZ and Logistics enables presence across value chain



## APSEZ : Integrated Logistics Platform

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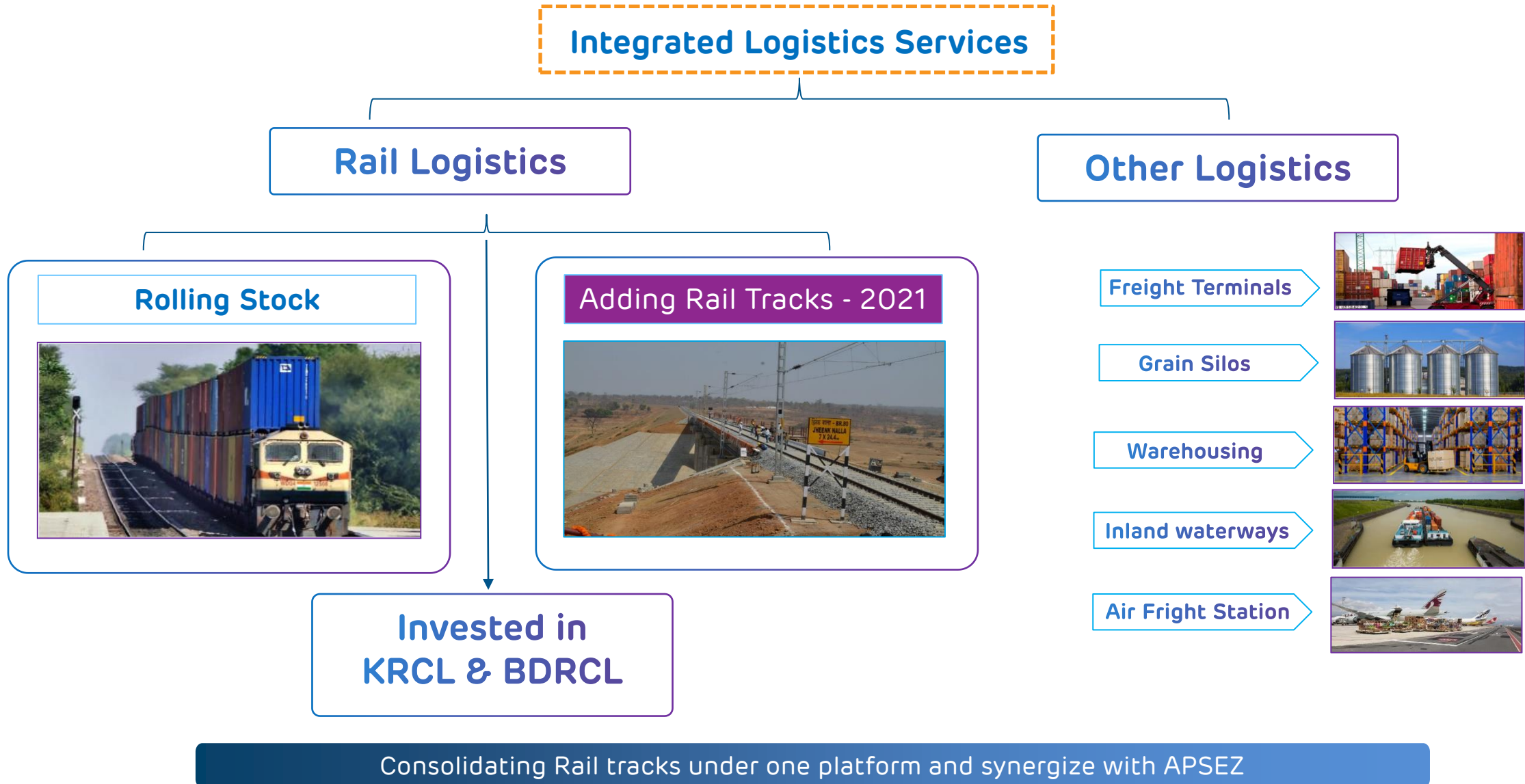
## APSEZ : Integrated logistics platform addressing customer needs



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

\* Including rail tracks with APSEZ having minority interests

# APSEZ : Investing in the ecosystem of Integrated Transport Utility



## APSEZ : Adani Track Management Services (ATMSPL)

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## APSEZ : Objective of Adani Track Management Services

Creation of Investment platform for strategic investment in rail track assets

Extend new business by participating in Indian Railways PPP projects


Growth opportunities through providing adjacent services viz. GPWIS

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

# 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 Gju (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](#)

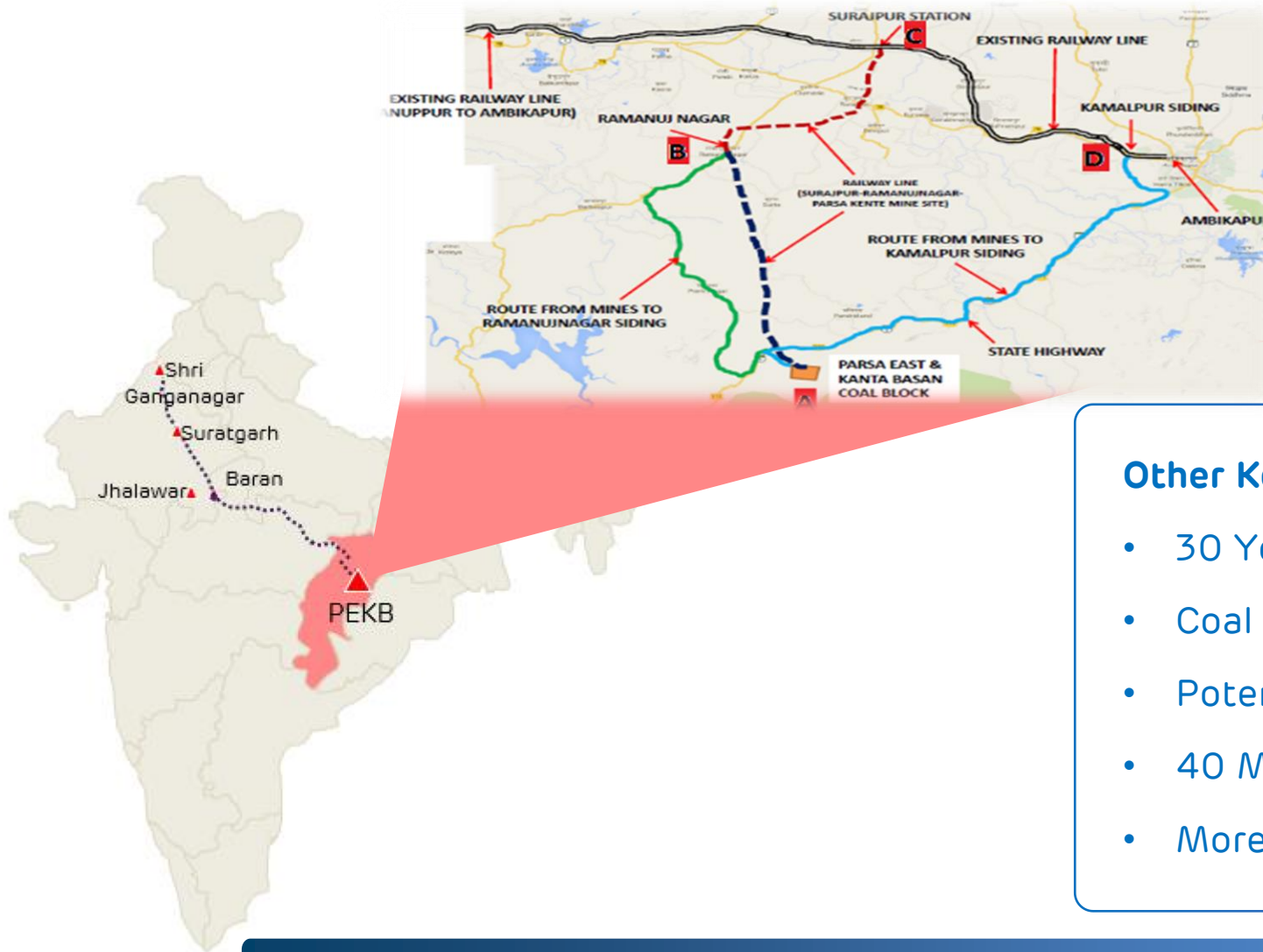
\*Scenario 3b: Enhancement of Average Speed to 50 KMPH with 30% less Tariff on selected items

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

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



### Asset Details:

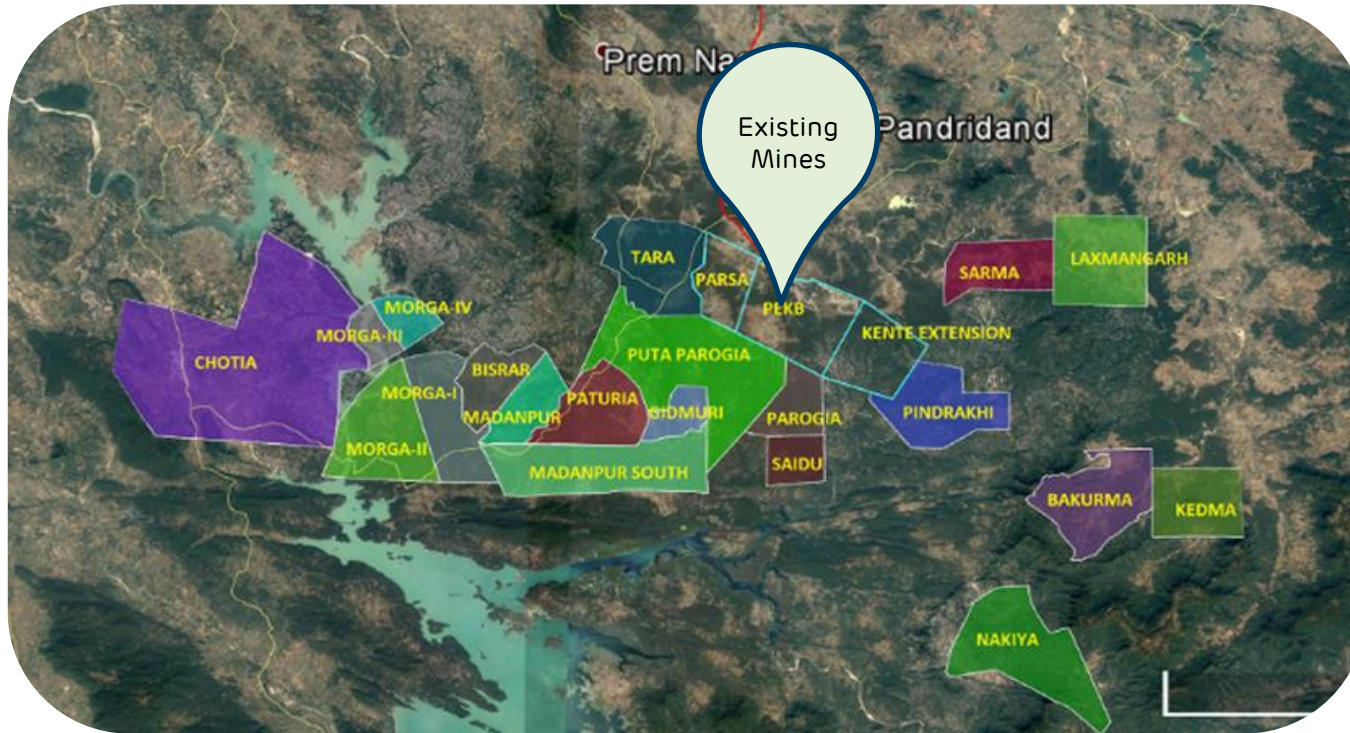
- Track length - 70 KM
- Capacity to handle 16 rakes per day
- 50 Years land lease - Till 2065

### Other Key features

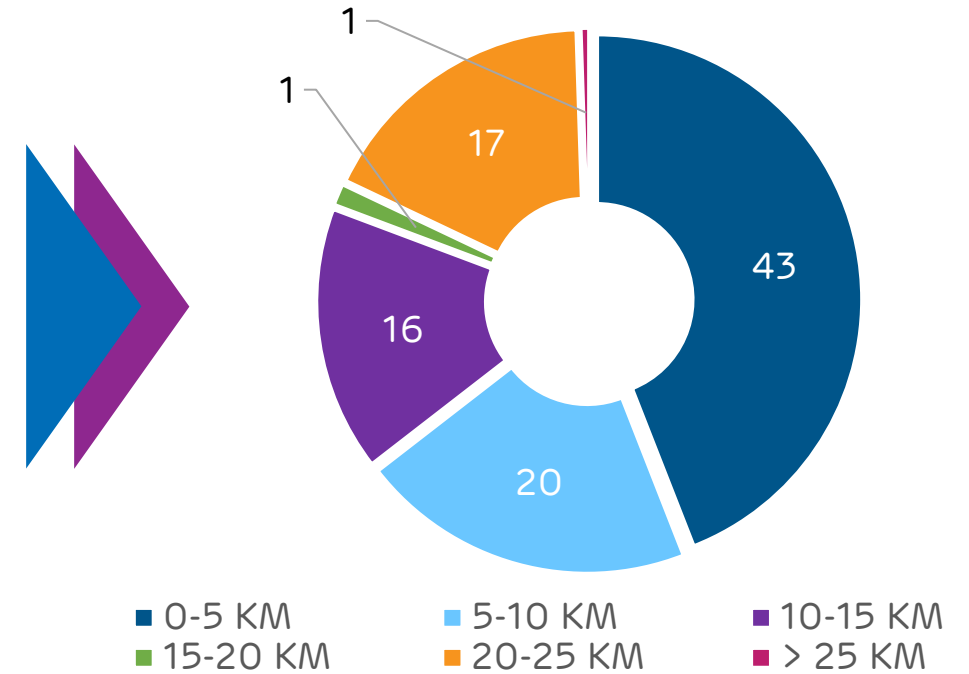
- 30 Years TAUA\* with RRVUNL –Till 2044
- Coal Reserve of more than 4 Bn MT in the region
- Potential annual throughput of ~100 MMT
- 40 MMT p.a. visibility - near to mid term
- More than 85% EBIDTA margin business

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

## APSEZ : Sarguja rail corridor hinterland potential



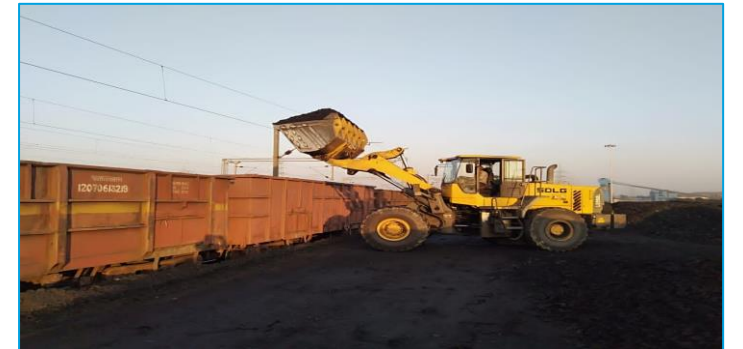
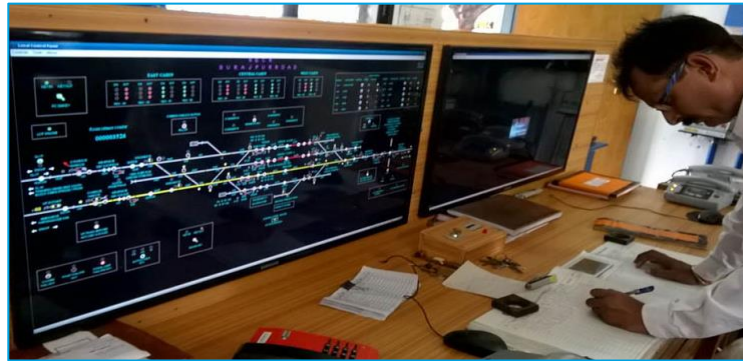
Peak Basin Throughput- 97 MMTPA



- 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



## Valuation methodology and Investment Case

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## SRCPL : Evaluation process and due diligence

In order to evaluate the opportunity, Executive Committee formed  
Committee members included (detailed profile in slide 33)

- Mr. G. K. Pillai (Chairman of the Audit Committee)
- Mr. P. S. Jayakumar
- Mrs. Nirupama Rao

EC appointed the following agencies to evaluate and carry out due diligence

- BDO Valuers and Deutsche Bank for valuation
- JM Financial and JP Morgan as fairness opinion provider
- Tax, F&A due diligence by E&Y

# 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

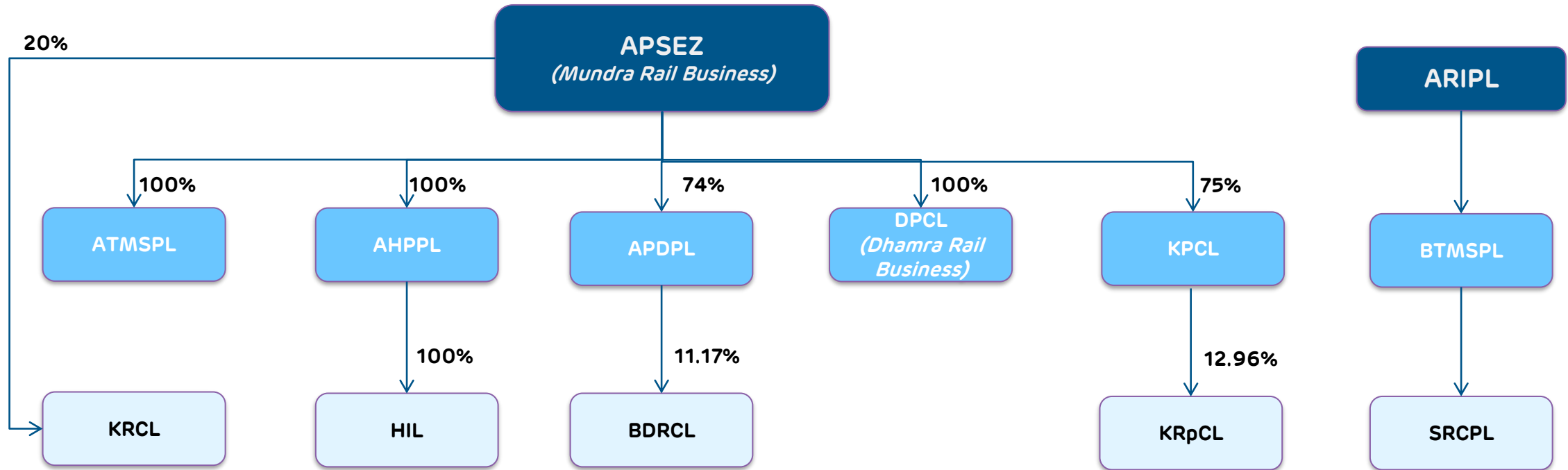
Particulars	in Rs. cr
Enterprise Value (DCF)	5,977
Net Debt at SRCPL	934
Equity Value of SRCPL	5,043
BTMSPL Debt	278
Equity Value of BTMSPL	4,765
Per share Equity value of BTMSPL	95
APSEZ volume weighted average price per share for swap ratio	675
No. of new APSEZ shares to be issued (in cr)	7.06
SRCPL 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 Con.) <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 first year

## APSEZ : Existing legal entity structure

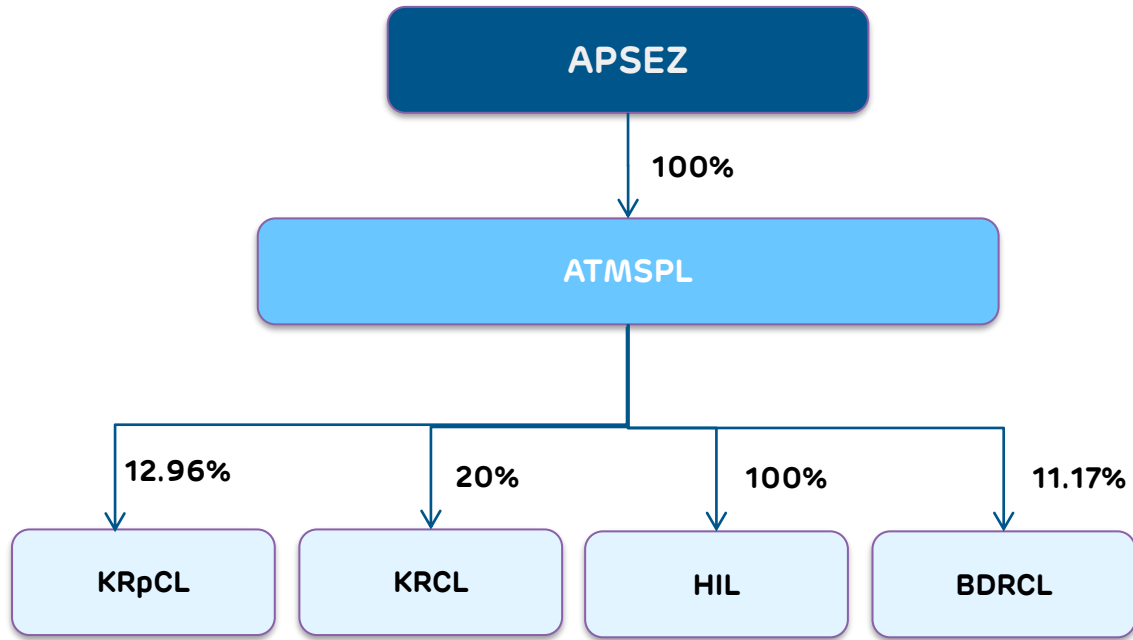


ATMSPL : Adani Tracks Mgt. Services Pvt Ltd | AHPPL : Adani Hazira Port Pvt. Ltd. | APDPL : Adani Petronet (Dahej) Port Pvt Ltd | DPCL : The Dhamra Port Company Limited | KRCL : Kutch Railway Company Ltd.  
HIL : Hazira Infrastructure Limited | BDRCL : Bharuch Dahej Railway Company Limited | KPCL : Krishnapatnam 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.

## APSEZ : SRCPL investment case

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

Cross-selling opportunity to deploy GPWIS rakes with customers linked to the mining basin

Improved inter-company capabilities for development, O & M efficiency with high EBIDTA margins

# Compliance & Transaction Timelines

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## APSEZ : Compliance with RPT policy and process followed

Internal business team to review the opportunity and submit proposal	Proposal submitted
Formation of Executive Committee - (3 members - including Audit committee chairman)	Mr. G. K. Pillai (Chairman of the Audit Committee) Mr. P. S. Jayakumar Mrs. Nirupama Rao
Appointment of external agency for valuation – on recommendation of EC. Leading domestic or global investment bank.	2 Valuers – BDO (Registered Valuer) and Deutsche Bank 2 Fairness opinion – JM Financial and JP Morgan Finance, Accounts and Tax DD – Ernst & Young Legal (Scheme) - Singhi & Singhi
Executive Committee to provide opinion to the Audit Committee and Board of Directors	02 March 2021
If the transaction value is more than 5% of APSEZ market cap, majority of independent director to approve the transaction	03 March 2021

## APSEZ Transaction: Timelines & next steps

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

#### Stock Exchange Process 35 Days

- Verification of documents by stock exchanges & submission to SEBI for comments – **5 Days**
- Compliance report by the Company to stock exchanges and their submission to SEBI – **23 Days**
- Deemed Approval - SEBI to provide comments to stock exchanges & stock exchanges to forward the same to the Company – **7 Days**

#### NCLT Process 86 Days

- Application to NCLT after SEBI approval & approval NCLT for shareholder and creditors meeting – **11 Days**
- Intimation of meeting & postal ballot, & NCLT convened meeting – **40 Days**
- Result of meeting & filing of petition with NCLT for approval – **7 Days**
- Admission of petition and final hearing by NCLT for order – **28 Days**

#### Issuance of Shares & Related Compliance 35 Days

- Filing of NCLT approved Scheme with Stock Exchange & ROC – **3 Days**
- Finalizing Record Date, passing necessary resolution, & filing corporate action for allotment – **15 Days**
- Application of Listing of shares, ROC Filing & Stock Exchange approval for trading – **17 Days**

## Annexures

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## APSEZ and SRCPL details

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## APSEZ : SRCPL Historical financials

### Profit and Loss Statement

Particulars	FY18	FY19	FY20	FY21E
Cargo (MMT)	3.6	10.6	14.4*	15.4*
Revenue - operating	50	368	417	456
EBIDTA	34	325	357	395
EBIDTA %	68%	88%	86%	87%
PAT	(25)	68	82	121

### Balance Sheet

Particulars	FY18	FY19	FY20	FY21E
N.C. Assets	1448	1545	1494	1501
Current Asset	247	366	573	586
Net Worth	150	244	327	467
Debt	1478	1626	1666	1562
Other liability	67	41	74	58

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



## APSEZ : Profiles of executive committee members



**Mr. Gopal Krishna Pillai** is an independent Director of our Company. He is a former Indian Administrative Services officer. He holds a master's degree in science from the Indian Institute of Technology, Chennai. He started his career as sub-collector, Quilon and worked in revenue administration. He has previously held various government positions including special secretary for industries, especially the traditional industries of cashew, coir and handlooms; secretary, health and as principal secretary to the chief minister of Kerala, department of Commerce, Ministry of Commerce and Industry. He was the chairman of the Board of Approvals of SEZ from 2006 to 2009.

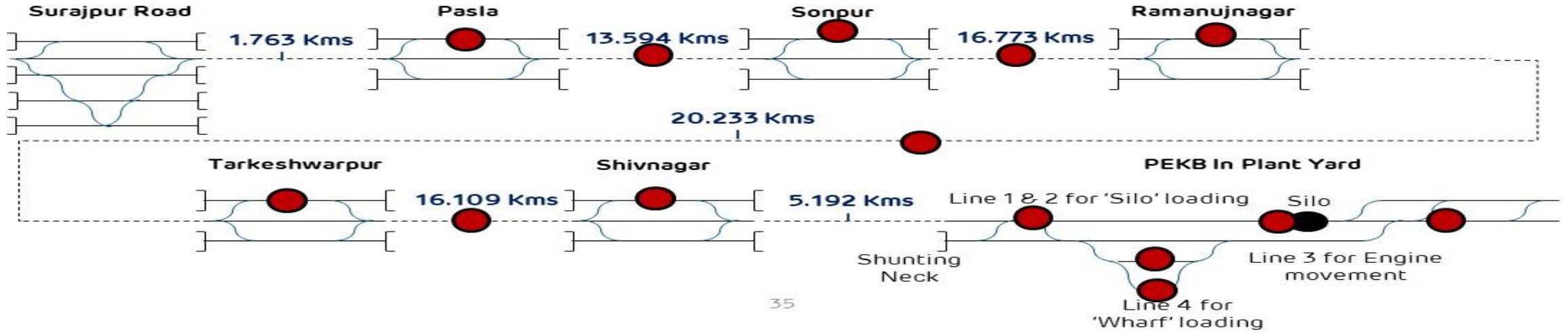


**Mrs. Nirupama Rao** is an independent Director of our Company. She holds a master's degree in English literature from Marathwada University (now Babasaheb Ambedkar Marathwada University). She is also a fellow at the Centre for International Affairs (now the Weatherhead Centre) at Harvard University, a Meera and Vikram Gandhi fellow at the Watson Institute for International Studies at Brown University, a Jawaharlal Nehru Fellow and a recipient of the degree of doctor of letters (*honoris causa*) from the Pondicherry University. She was conferred with the Vanitha Ratna by the Government of Kerala in 2016. She was a Global Fellow of The Wilson Center in Washington D.C. and a Councillor of the World Refugee Council. A career diplomat from the Indian Foreign Service from 1973 to 2011, she served the GOI in several important positions including that of the Foreign Secretary of India. She has represented India in several countries during her career and was the first Indian woman to be appointed High Commissioner to Sri Lanka and Ambassador to China. She was also the first woman spokesperson of the Ministry of External Affairs. After her retirement, she was appointed as the Ambassador of India to the United States for a tenure of two years from 2011 to 2013.



**Mr. P. S. Jayakumar** is an independent director of our Company. He is a member of the Institute of Chartered Accountants of India, holds a masters degree in commerce from the University of Madras and holds a post graduate diploma in business administration from Xaviers Labour Relations Institute, Jamshedpur. Prior to joining our Board, he was the managing director and chief operating officer of Bank of Baroda, and had founded VBHC Value Homes Private Limited and Home First Finance Company India Limited. He has also been associated with Citibank for several years in various capacities.

## 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 :

[https://www.adaniports.com/-/media/Project/Ports/Investor/corporate-governance/Policies/Policy\\_of\\_Related\\_Party\\_Transactions\\_for\\_Acquiring\\_and\\_Sale\\_of\\_Assets.pdf](https://www.adaniports.com/-/media/Project/Ports/Investor/corporate-governance/Policies/Policy_of_Related_Party_Transactions_for_Acquiring_and_Sale_of_Assets.pdf)

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## Investor Relations Team:

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