



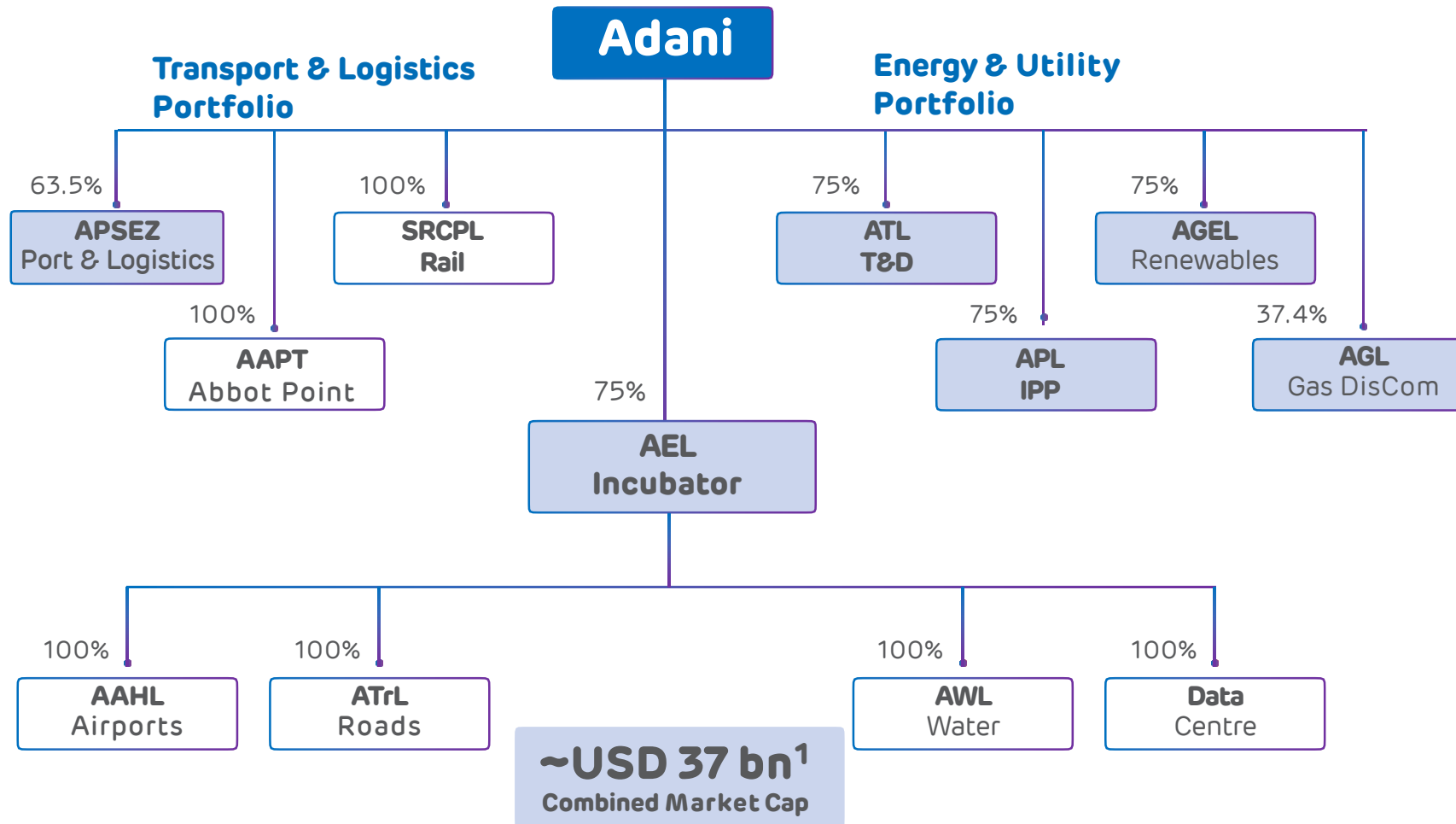
Krishnapatnam Port Transformational Acquisition

5th October, 2020

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Adani Group: A world class infrastructure & utility portfolio



Adani

- **Marked 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

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

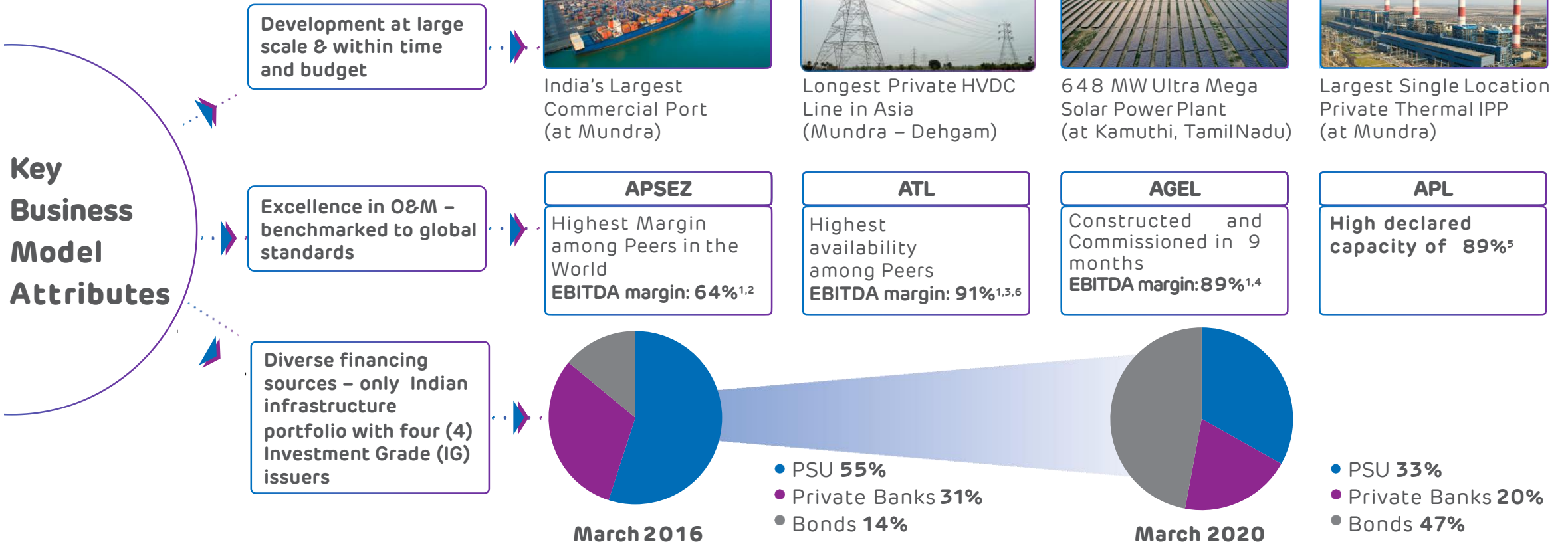
Adani Group: Repeatable, robust & proven model infrastructure development

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

Low capital cost, time bound & quality completion providing long term stable cash flow & enhanced RoE

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

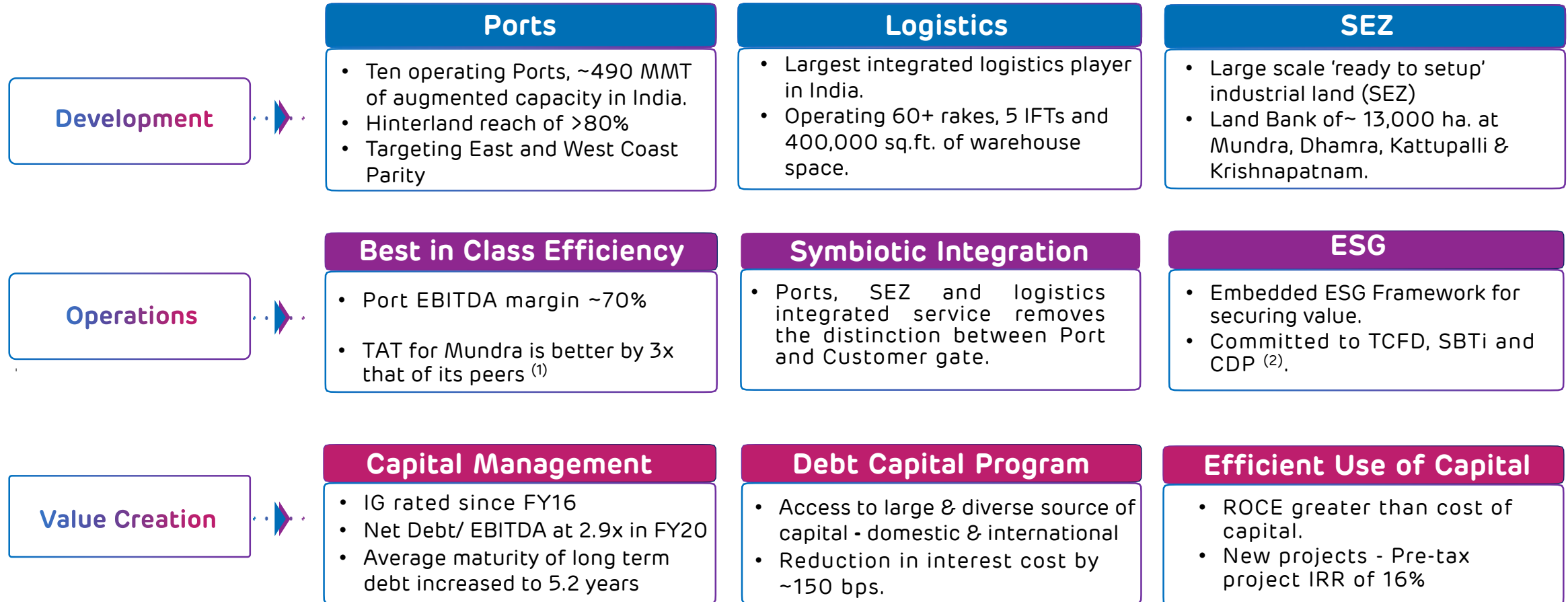
Successfully applied across Infrastructure & utility platform



The dominant Infrastructure platform that re-defines respective industry landscape

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. 6. EBITDA margin of transmission business only, does not include distribution business

APSEZ : A transport & logistics utility that dominates the network



(1) Average Turnaround Time (TAT) for Mundra is 0.56 days in FY20 vs 1.95 days for Major Ports in FY19

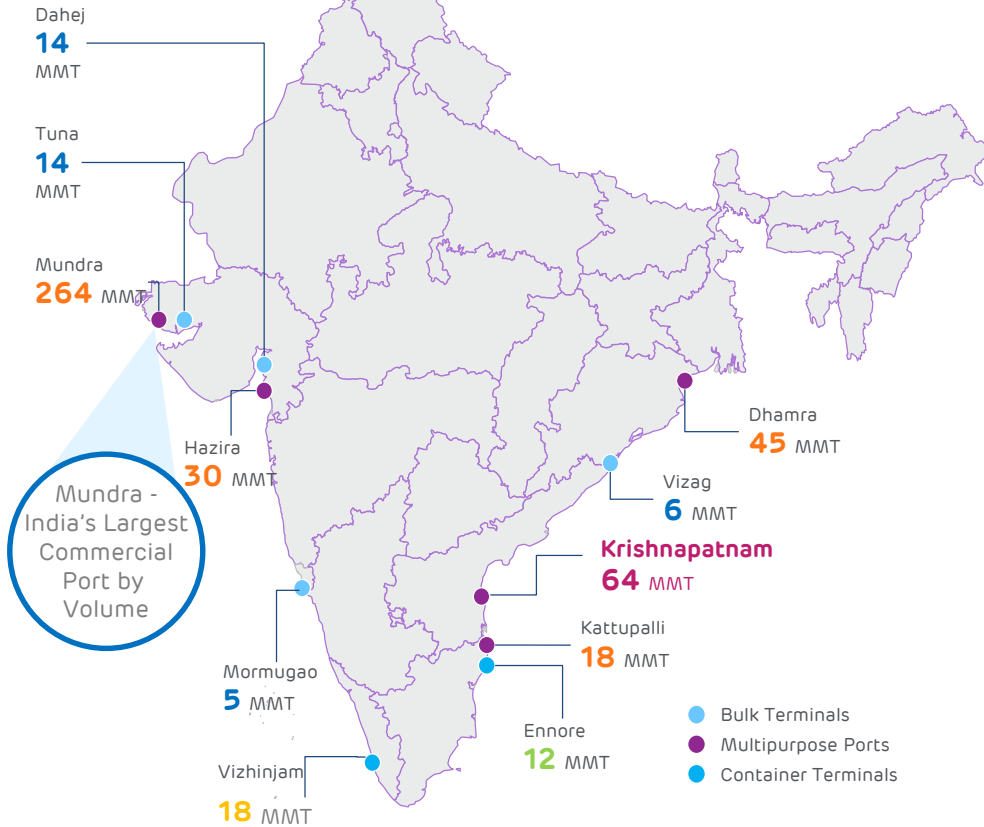
(2) TCFD – Task force on climate related financial disclosures, SBTi – Science Based Targeting initiatives,, CDP – Carbon Disclosure Project

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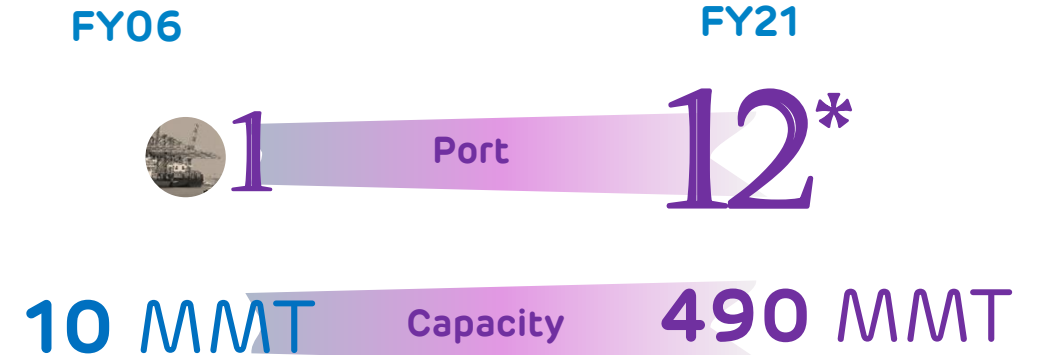
APSEZ : Diversified growth journey

West Coast
Capacity 327 MMT

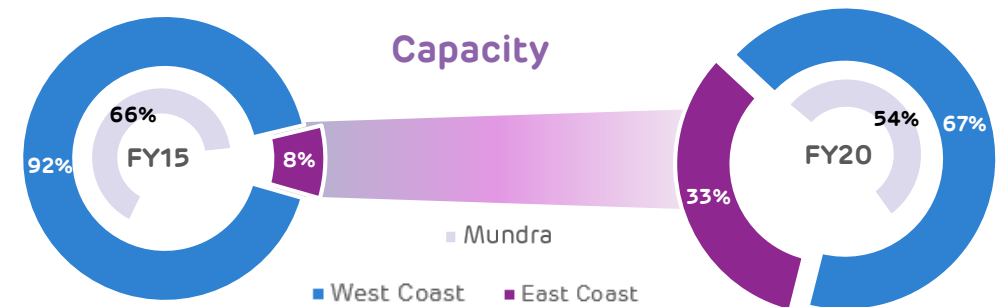
East Coast
Capacity 163 MMT



Evolution of APSEZ



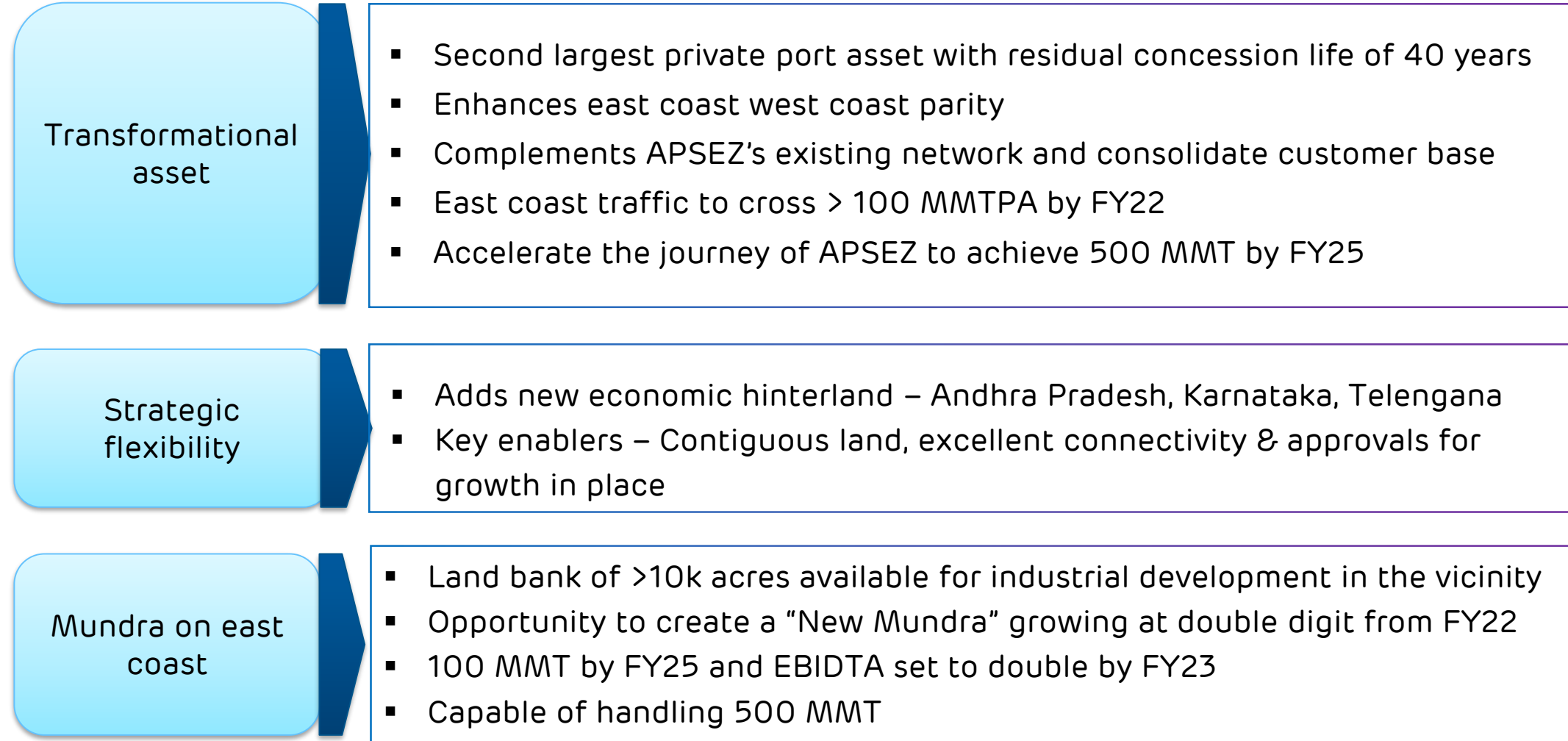
Achieving East Coast - West Coast Parity



10 Operating ports serving economic hinterland of the country

*Two port under construction (Vizhinjam & Myanmar)

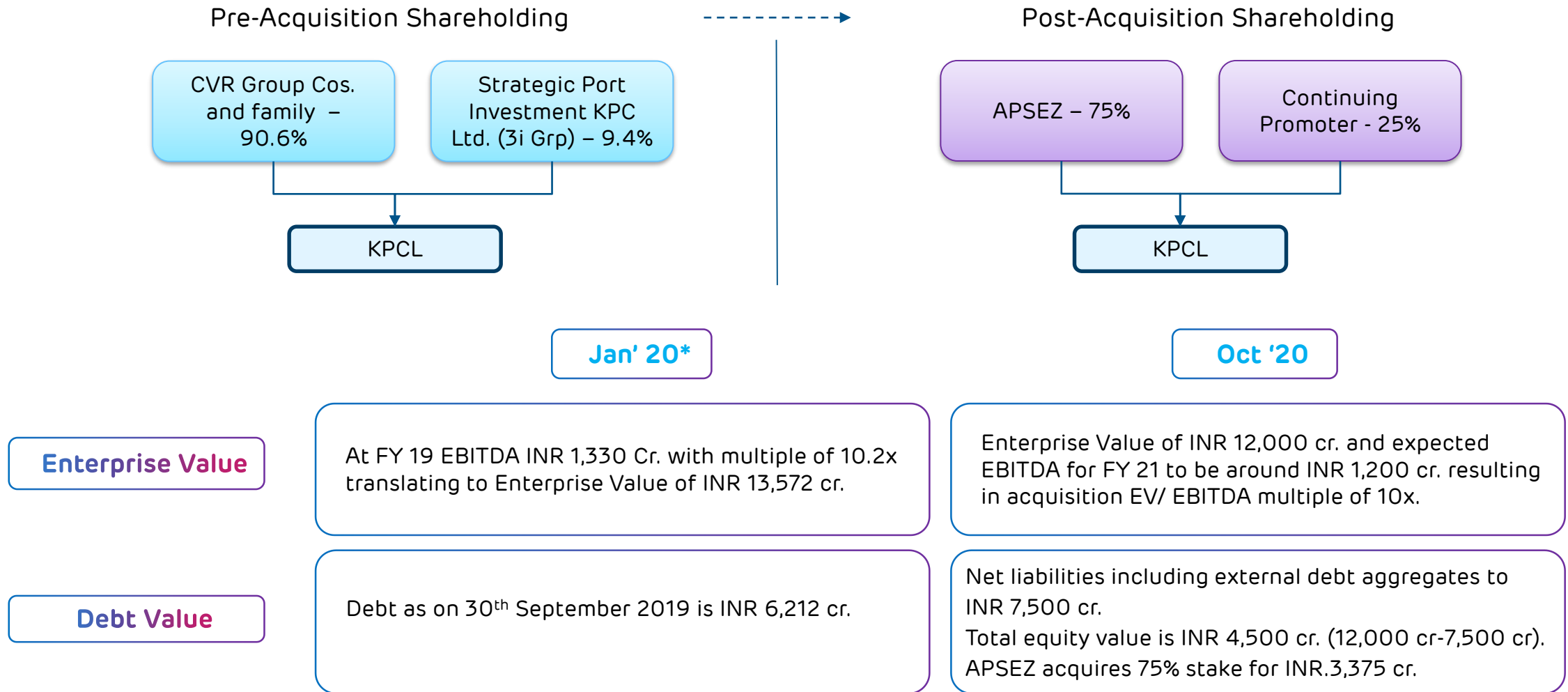
APSEZ: Acquisition of KPCL a synergistic accretion to portfolio



APSEZ adds 12th port in its portfolio

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APSEZ : KPCL is a value accretive acquisition



APSEZ trades @ EV/EBITDA multiple of around 14x – KPCL acquisition @ EV/EBITDA of 10x enhances APSEZ's value

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APSEZ : Creating near term value through operational excellence at KPCL

Revenue upliftment

- Benchmarking with other ports on tariff structure

Bagging & dispatch

- New contractor appointed at economical rates

Tug hiring,
O&M and
Fuel procurement

- Rates renegotiated and benchmarked with other APSEZ ports on east coast.

Spares

- Alternative vendors for spares selected on competitive rates

Performance
Improvement

Particulars	FY 20	H1 FY21
Volume	48	19
Revenue	2,031	867
Revenue (PMT)	422	455
EBIDTA	1,179	590
EBIDTA (PMT)	245	310
EBIDTA %	58%	68%

Operational efficiencies identified by APSEZ already resulting in tangible benefits for KPCL

APSEZ : Creating near term value through effective capital management

Interest Saving

- Current debt refinanced and replaced by proceeds from APSEZ US\$ Bond.
- Interest cost savings in constant rupee terms is around 6% p.a. aggregating to over Rs.350 cr. p.a.
- Interest cost saving on hedged basis 2% p.a. aggregating to Rs.125 cr. p.a.

Tax

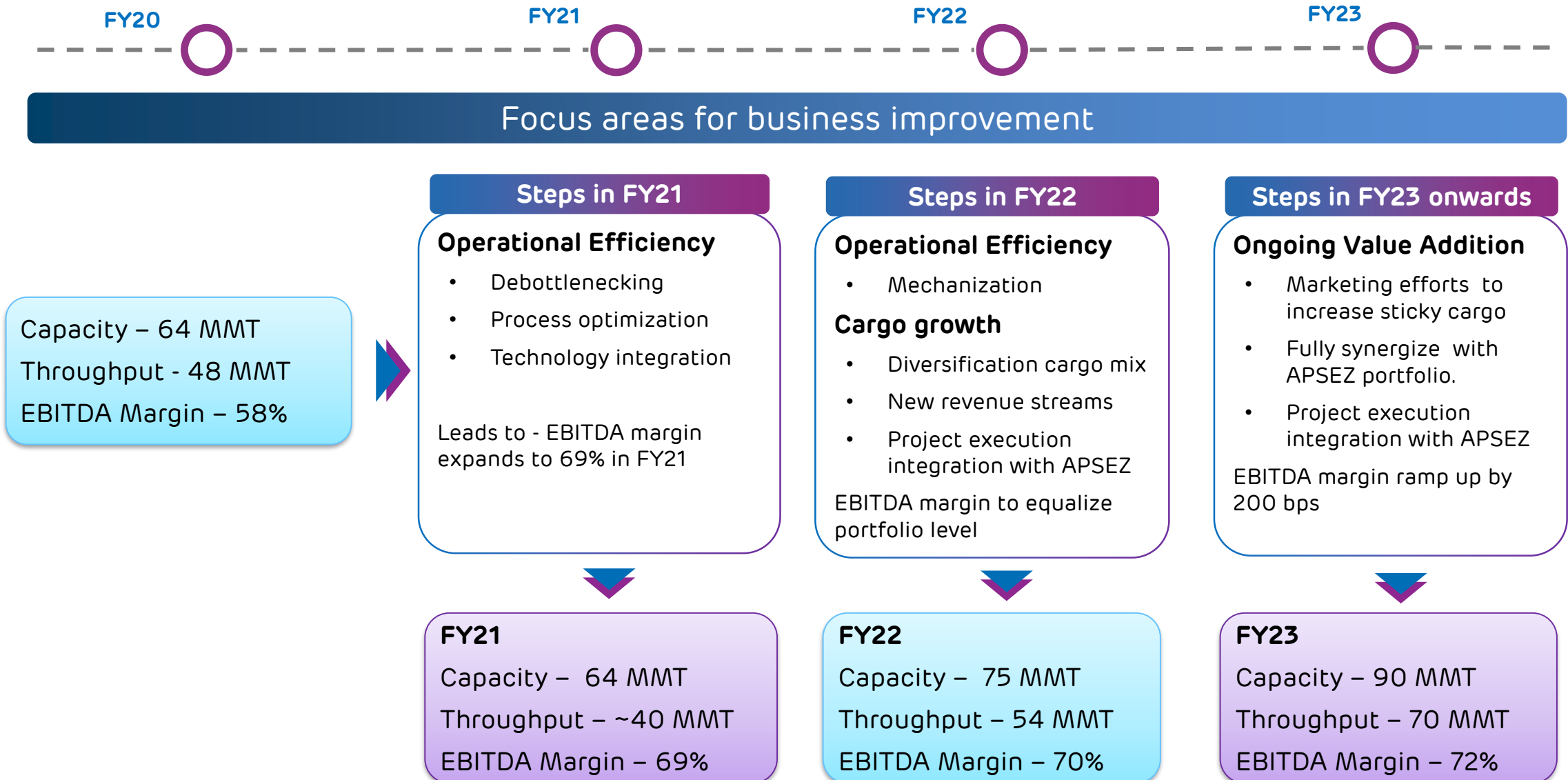
- Utilization of existing tax losses, unabsorbed depreciation over the next two years.
- No expected cash tax outflow till FY22.

Working capital optimization

- Optimal deployment of working capital ensuring prompt collection
- Reduction of DSO
- Vendor payments and advances rationalized

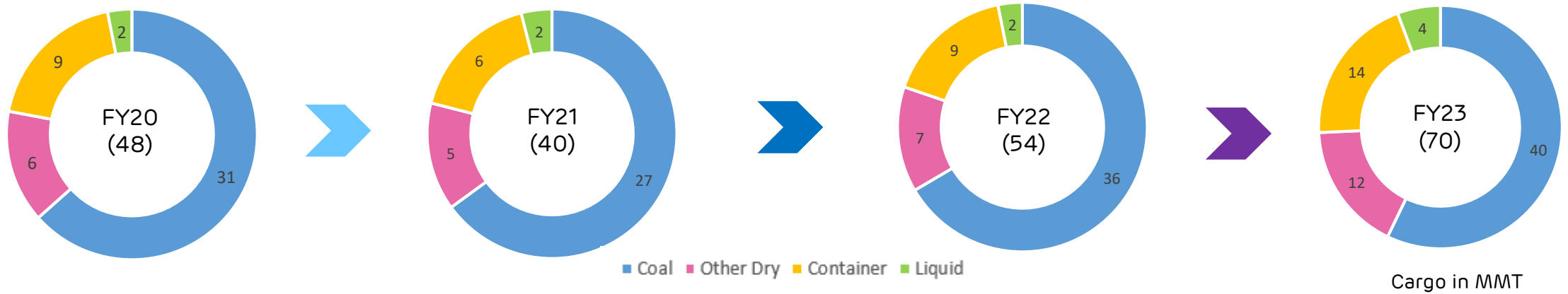
APSEZ's credit rating helps reduce the overall cost of financing for KPCL

APSEZ : Creating long term value by embedding APSEZ's operational excellence



APSEZ : Creating long term value by growing and improving cargo diversity

Diversification of cargo basket

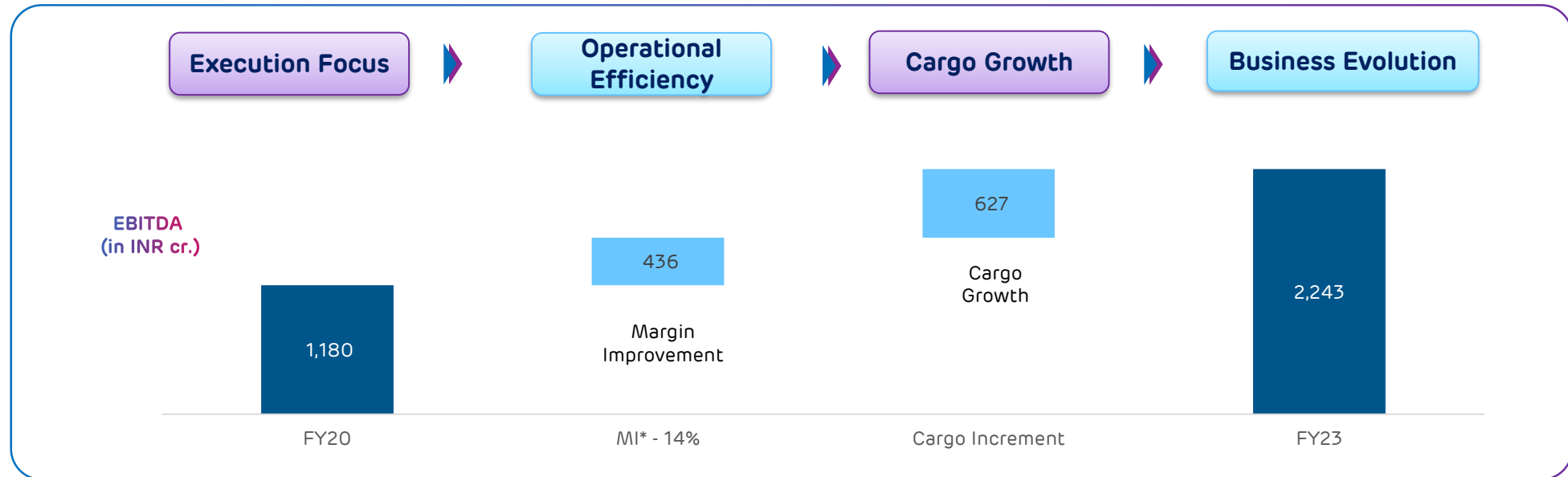


Cargo diversification through :

- Harnessing long term relationships with ship liners to increase container volume by offering them multiple entry and exit points at a pan India level.
- Immediate hinterland provides ample opportunity for growth in liquid cargo which will also help improve margins.
- Steel and Fertilizer cargo will be provided with improved storage and handling facilities.
- Port catchment areas includes upcoming cement and clinker facilities.
- Development of available industrial land to bring customer inside the port gate thus improving stickiness of cargo.

APSEZ : KPCL's EBITDA to nearly double by FY23

	FY20	FY21	FY23
EBITDA	~Rs.1,180# cr.	~Rs.1,200 cr.	~Rs.2,200 cr.
EBITDA Margin	58%	69%	72%



Margin improvement locked in basis H1 FY21 performance

APSEZ- KPCL land bank and expansion possibility

Land Bank with Port

	Area in Acres
Total Land in Possession	4,621
Additional land allotted by Govt. & to be acquired	2,169
Total Land for the Port	6,790

Capacity Expansion Possibilities

	MMPTA
Existing Capacity	64
Debottlenecking plans and overhauling of operations with addition of equipments and back up facilities by FY24	100
Port expansion potential	500

With large land bank, it has high potential to expand by capacity additions

APSEZ : Summary of KPCL acquisition

At APSEZ

- Diversification of cargo, coast and customer base
- De-risks the portfolio of concentration and volatility
- Hinterland reach increases to 90%
- New routes for Adani Logistics

At KPCL

- Cargo throughput at 100 MMT by FY25
- Revenue growth 14% CAGR in next three years
- Equity payback period of less than four years
- ROCE to reach 17% by FY23

~2x

Cargo by 2025
48 to 100 MMT

~1.5x

Revenue by 2023
Rs.20 Bn to Rs.30 Bn

~2x

EBITDA by 2023
Rs.12 Bn to Rs.22 Bn

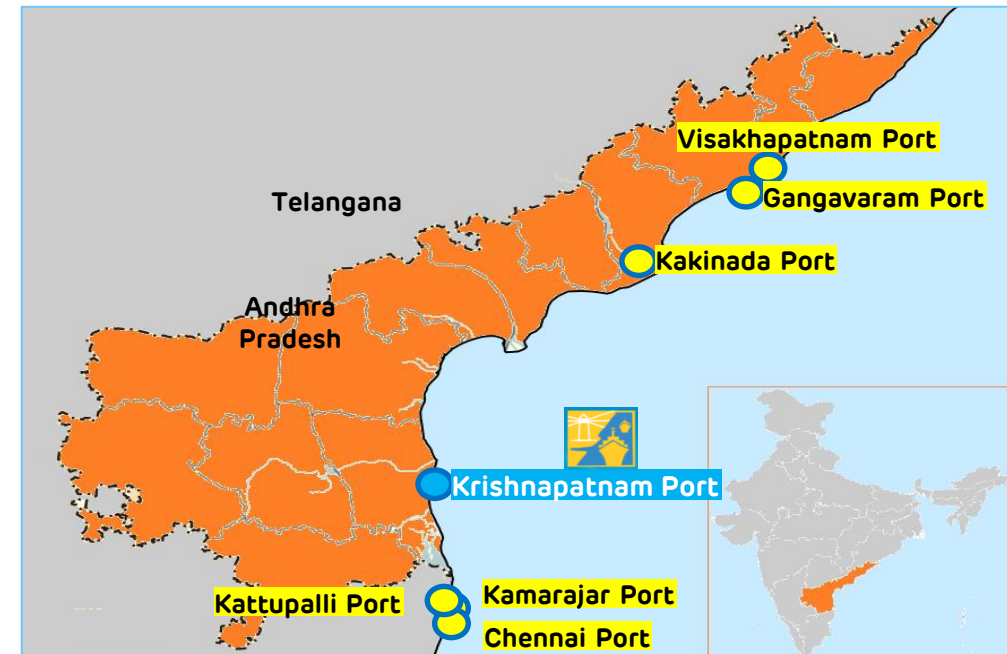
~2.3x

ROCE by 2023
8% to 17%

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Krishnapatnam Port – Strategic Location

- Krishnapatnam Port is a deep water port, located on east coast of India in Nellore District of Andhra Pradesh. (~ 180 km north of the Chennai Port).
- Multipurpose port with **18.5 m draft & 13 berths** - current capacity of **64 Million Ton** per annum.
- As per approved Master Plan, Capacity can be scaled up to 250 MMTPA
- **Nearest Highway** is National Highway 5 (NH 5) (Chennai – Kolkata)- appx. 25 Km
- **Nearest railway station** - Venkatachalam on Chennai-Kolkata Rail line appx. 22 km
- **Nearest Airport** - Tirupathi about 120 Km

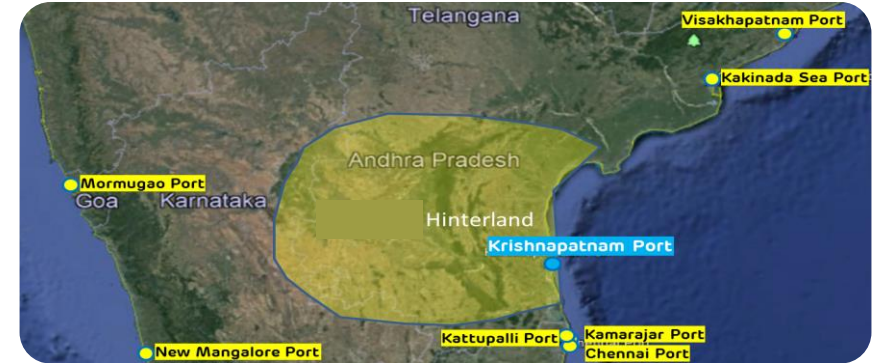


Largest private port of Andhra Pradesh and second largest private port of India

APSEZ : KPCL hinterland and connectivity

Hinterland Overview

- Hinterland of KPCL port - Central & Southern Andhra Pradesh, Telangana and Eastern Karnataka.
- Port caters to thermal power, cement plants & edible oil refinery cluster.
- Attracts export commodities like Agri, cement, minerals, fish products (reefer), etc. through container cargo



Road Connectivity

- Dedicated four-lane road connecting to National Highway 5 (Chennai-Kolkata Highway). – 25 Kms away.
- Upgradation of 4 lane to 6 lane road is in progress.
- Internal road network of 55 Kms; capacity - 5,000 Trucks/ day.



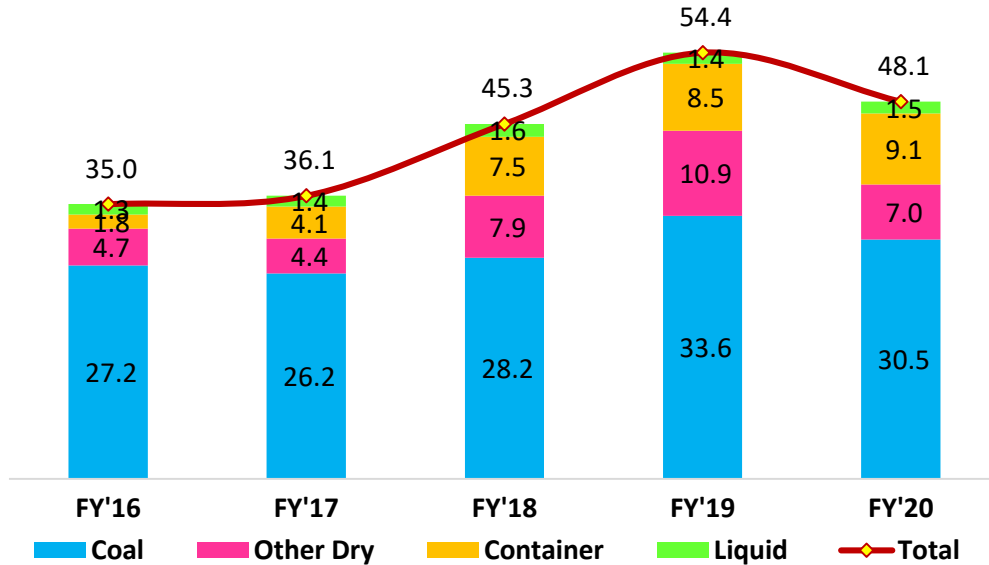
Rail Connectivity

- Fully electrified double rail line.
- 91 Kms new line operational between Venkatachalam and Obulavaripalle to reduce distance to port by 70 Kms.
- Cargo-wise dedicated rail sidings - internal rail network of 52 Kms
- 60 rakes in/out capacity

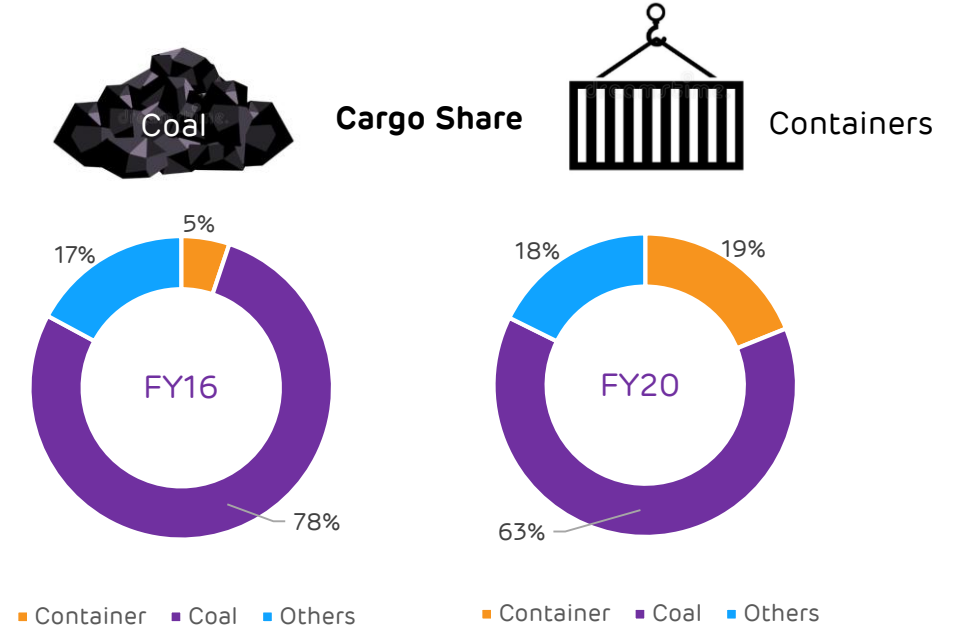


APSEZ : KPCL Cargo Performance

Cargo Performance (MMT)



Cargo diversification from coal to container



- Container volume grew by more than 6% in FY'20;
- Liquid volume also grew by 5% in FY'20;
- Iron ore decreased by more than 90% from 5.4 MMT in FY'19 to 0.4 MMT in FY'20;
- Coal volume also dropped by 9%;

APSEZ : KPCL customers FY'20

Name	Vol. in MMT
Coal	
TPCIL/Sembcorp Energy	10.2
JSW Group	4.1
Karam Chand Thapar and Bros	2.6
Swiss Singapore India Pvt.Ltd	1.4
Global Coal And Mining Pvt Ltd	1.4
India Coke and Power Pvt.Ltd	0.8
The India Cements Ltd	0.8
Ultra Tech Cement Ltd	0.8
Sarat Chatterjee and Co	0.7
Tata International Ltd	0.7
Penna Cement Industries Ltd	0.7

Fertilizer	
Coromandel International Limited	0.6
Indian Potash Limited	0.3

Limestone	
JSW Steel Limited	1.9

Granite	
Triple Line India Pvt.Ltd	0.8
Integrated Project Logistics Pvt.Ltd	0.6

Cement	
Penna Cement Industries Limited	0.7

Name	Vol. in MMT
Edible Oil	
Emami Agrotech Ltd	0.4
South India Krishna Oil and Fats Pvt. Ltd	0.3
Gemini Edibles Oil and Fats (I) Ltd	0.3
Adani Wilmar Limited	0.2

Shipping Line	Vol in TEUs
Maersk (including Saffmarime)	188,978
Hyundai Merchant Marine (HMM)	110,388
Shreyas Shipping & Logistics (SSL)	90,322
Mediterranean Shipping Company (MSC)	46,745

APSEZ : Financial performance of KPCL Past four years

Year	Units	FY17	FY18	FY19	FY20 (unaudited)
Cargo	MMT	36	45	54	48
Revenue	INR Cr.	1,755	1,969	2,334	2,031
EBIDTA	INR Cr.	956	1,093	1,214	1,179
EBIDTA	%	55%	56%	52%	58%

INR/MT Analysis of Financial Performance

Year	Units	FY17	FY18	FY19	FY20 (unaudited)
Revenue	PMT	486	435	429	422
EBIDTA	PMT	265	241	223	245

APSEZ : Salient features of concession

Particulars	Details								
Concession Period and its extension	Concession is for 30 years from COD with automatic extension of 2 blocks of 10 years each.								
Concession Start	Concession starts from March 2009								
Concession End	Concession will end in March 2059								
Revenue share to GoAP as % of Gross Income	<table> <tr> <th>Year</th><th>% of Gross Revenue</th></tr> <tr> <td>March 2009 to February 2039</td><td>2.6%</td></tr> <tr> <td>March 2040 to February 2049</td><td>5.2%</td></tr> <tr> <td>March 2050 to February 2059</td><td>10.4%</td></tr> </table>	Year	% of Gross Revenue	March 2009 to February 2039	2.6%	March 2040 to February 2049	5.2%	March 2050 to February 2059	10.4%
Year	% of Gross Revenue								
March 2009 to February 2039	2.6%								
March 2040 to February 2049	5.2%								
March 2050 to February 2059	10.4%								

Residual Concession Life of 40 years

APSEZ : KPCL USPs

Port Infrastructure	<ul style="list-style-type: none"> All weather, deep draft port capable of handling all types of vessels including Capesize Vessels;
Mechanized Handling	<ul style="list-style-type: none"> Mechanized coal handling system resulting in faster turnaround time of vessels;
Extensive captive cargo base	<ul style="list-style-type: none"> 5,490 MW of operational coal based power plant & 800 MW under construction; 7,200 MT/day capacity of oil refineries;
Dedicated Conveyors	<ul style="list-style-type: none"> Dedicated high speed conveyor of about 12.5 Km length from berths to power plants for transporting coal;
Pipeline for Edible Oil Refineries	<ul style="list-style-type: none"> Two dedicated 16 inch pipeline of 6.5 Km length from berth to edible oil refineries;
Rail and Road Connectivity	<ul style="list-style-type: none"> Seamless congestion free connectivity by 4 lane road and double line rail leading to faster cargo evacuation;
Additional Expansion Possibility	<ul style="list-style-type: none"> Debottlenecking* and Mechanisation will take capacity to >100 MMTPA by FY24. Capacity additions possible up to 500 MMTPA, Ample land available

*Debottlenecking by optimizing the operations philosophy, further mechanization & sweating Idle capacities

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Investor Relations Team:

MR. D. BALASUBRAMANYAM

Group Head - Investor Relations

✉ d.balasubramanyam@adani.com

☎ +91 79 2555 9332

MR. SATYA PRAKASH MISHRA

Senior Manager - Investor Relations

✉ satyaprakash.mishra@adani.com

☎ +91 79 2555 6016

MR. ATHARV ATRE

Assistant Manager - Investor Relations

✉ atharv.atre@adani.com

☎ +91 79 2555 7730



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5th October, 2020

Thank You

