



Ports and  
Logistics

**23<sup>rd</sup> Annual General Meeting**  
**July 26, 2022**  
**11:00 a.m. to 11:57 a.m.**

**CORPORATE PARTICIPANTS:**

**Mr. Gautam S. Adani**  
Chairman & Managing Director

**Mr. Rajesh S. Adani**  
Non-Executive Director

**Mr. Karan Adani**  
CEO and Whole Time Director

**Dr. Malay Mahadevia**  
Non-Executive Director

**Mr. G.K. Pillai**  
Independent Director

**Prof. G. Raghuram**  
Independent Director

**Mr. Bharat Sheth**  
Independent Director

**Mr. D. Muthukumar**  
Chief Financial Officer

**Mr. Kamlesh Bhagia**  
Company Secretary

**Other key executives, Statutory Auditor, Secretarial Auditor, Scrutinizer and Shareholders**

▪ **Welcome Speech by Mr. Kamlesh Bhagia, Company Secretary**

Dear Shareholders,

Good Morning!

I, Kamlesh Bhagia, Company Secretary of the Company welcome all the members to the Annual General Meeting of the Company which is being held through video conferencing.

I hope all of you are safe and in good health and stay that way. This meeting is being held through video conferencing in compliance with circulars issued by Ministry of Corporate Affairs and the Securities & Exchange Board of India.

Apart from Chairman Sir, Whole-Time Director and CEO alongwith CFO present on the dias, other Board members have joined through Video Conference. For the benefit of Members, I will now introduce our Directors attending this meeting through video conference:

- Mr. Rajesh S. Adani, Non-Executive Director & Promoter, attending the meeting from Ahmedabad.
- Dr. Malay Mahadevia, Non-Executive Director attending the meeting from Ahmedabad.
- Mr. G. K. Pillai, Non-Executive & Independent Director and Chairman of the Audit Committee and member of Nomination & Remuneration Committee, attending the meeting from New Delhi.
- Prof. G. Raghuram, Non-Executive & Independent Director and Chairman of the Stakeholders' Relationship Committee, attending the meeting from Ahmedabad.

- Mr. Bharat Sheth, Non-Executive & Independent Director attending the meeting from Mumbai.

Our Statutory Auditors, Internal Auditor, Secretarial Auditor and Scrutinizer have also joined from their respective locations.

I will take you through certain points regarding the participation and voting at this meeting.

- All the members who have joined this meeting are by default placed on mute mode, to avoid any disturbance from background noise and ensure smooth and seamless conduct of the meeting.
- Members who have not voted through remote e-voting can cast their votes through e-voting facility during the AGM and 15 minutes after conclusion of the agenda.

As requisite quorum of members is present with the consent of Chairman, I declare the meeting to be in order.

Now, I request Mr. Karan Adani, CEO & Whole-time Director of the Company, to apprise the shareholders about the business performance of the Company.

▪ **Mr. Karan Adani, CEO & Whole-Time Director**

Dear Shareholders,

Good Morning!

Thank you for joining 23<sup>rd</sup> Annual General Meeting of the Company.

I'll provide an overview of your company's performance in FY22, and thereafter happy to answer any questions that you may have.

Let me begin with a quick glimpse of the Adani Portfolio.

Adani Group as you will know is the largest Infrastructure and real asset platform in India.

Our businesses are broadly classified under four platforms - 'Transport & Logistics', 'Energy & Utility', 'Direct to Consumer' and 'Other Specialty Business'

Adani Enterprises, the flagship company acts as an incubator for new businesses and is currently incubating Data Centres, Green Hydrogen, Roads, Airports and Adani Digital Labs.

Adani family has a significant shareholding across the portfolio and are long-term holders to annuity, thus providing continuity on strategic direction.

We are not only growing our B2B businesses but also diversifying into B2C segments such as Gas distribution, Airports & Electricity distribution.

During the last few years, each of the business have been able to achieve transformational growth in their respective industries. For example, AGEL has grown at 5x the industry average in the last 5 years, while APSEZ and ATL have grown at around 3x the industry average.

Alongside, significant outperformance on volume and topline, these companies have consistently reported EBIDTA margins and returns much ahead of their global peers. For example, the EBIDTA margin of APSEZ ports business is around 70%, and for Adani Green and Adani Transmission has been around 90%.

We operate a very simple yet extremely effective, repeatable business model across various businesses.

In the first phase, i.e, the origination and development period, the focus is on a timely execution of projects for better cost management.

During the second stage, i.e, the operations stage, we focus on automation and digitization for operational efficiencies.

The third leg of our Business Model is prudent capital management, where we employ global governance and best practices to ensure alignment with our stakeholders.

Today, five of our issuances are rated Investment Grade (i.e., sovereign equivalent). This gives us access to diverse pool of capital.

**Now moving to your company, Adani Ports and SEZ. Will first broadly touch upon the strategy**

The journey of your company, particularly in the last few years, has been quite transformational in nature. Alongside the focus on achieving operational efficiencies, three key aspects of this journey have been-

- a) Geographical diversification
- b) Healthy mix of cargo type, and
- c) Change in the business model

I'll will briefly discuss them in the next few slides.

While we grew, we have ensured good focus on sustainability. We have put in place a robust ESG framework supported by a set of guiding policies and principles that we continue to strengthen on an ongoing basis. We have made public our ESG commitments, particularly our target for becoming carbon neutral by 2025.

Your company now has 12 ports spread across the 7500 km long coastline of India and is in position to cater to 90% of India's hinterland.

The theme of our organic growth journey has been 'record execution', and that of the inorganic growth journey was turning around of acquisitions.

I will not be wrong to say that we have managed to completely transform India's Port sector from an operational efficiency perspective. For example, we operate our container business at a margin of ~70% which is at least 20% points higher than peers.

We are now transforming our business model from being a port operator, to a transport utility, with an aim to provide integrated logistics solution to our customers, i.e., from port gate to the customer gate.

To transform our business model and become India's largest transport utility, we are adding assets across all key segments of inland logistics.

By 2025, we are looking for almost a three-fold increase in trains, railway line length, multi model logistic parks and Agri-silo capacity.

Our new focus area is grade A warehousing, where we are planning to increase the capacity to 60 million sq. feet from less than 1 million sq ft as of end 2022.

This increase in rolling stocks will enable us to better connect our ports with the hinterland, thus bringing more customers to our portfolio.

Multimodal logistics park will not only help to de-congest ports but will act as a hub for providing warehousing solutions, with trucking services acting as spokes connecting these MMLPS to the customer gate.

Our integrated logistics platform that is currently under development will ensure stickiness of cargo and increase our wallet share.

### **Now let's look into the company's growth journey**

During last 5 years, the cargo volumes of your company have grown at around 13%, which is around 4x the average Indian growth rate.

A key pillar of our growth strategy has been geographical diversification and reducing our concentration risk.

With 7 ports on the west coast and 5 on the east coast, we are now better placed to ensure east coast & west coast parity in terms of cargo volume.

With this diversification, the Non Mundra cargo share has now crossed 50% and will grow beyond 60% of the total volume by 2025.

Another key aspect of our growth strategy has been Cargo diversification.

We have continuously managed to diversify while growing the cargo volumes by 6x in the last decade.

Bulk is now 50% of our cargo volumes, and thermal coal share is less than 25% of total.

Our focus has been on increasing the container share, given its higher margins. The container share of total cargo now stands at 38% of total cargo, and we are targeting for it to be 42% by FY25.

We have also successfully added the new age cargo – LPG and LNG. And with the commissioning a new LNG terminal at Dhamra, the volumes will further increase.

In FY22, Liquids and gas together comprised 17% of total volumes.

Alongside the growth in cargo volumes, the sticky cargo volumes have also increased year-on-year.

In FY22, the sticky cargo volume share was around 50% of total volumes, with Mundra contributing over two-third of the total share.

Container contributed 53%, and liquid 15% of the total sticky cargo.

### **Now let me provide some highlights of FY22 performance**

FY22 has been a record year for your company, with the creation of new milestones and launch of various strategic initiatives.

In the port business segment, we completed acquisitions of Sarguja Rail Corridor and Krishnapatnam port and acquired 41.9% stake in the Ganagavaram port. We are hopeful that 100% acquisition Gangavaram will be concluded during the current quarter post the regulatory approvals. During the year, we also won bids for the mechanization of a bulk terminal at the Haldia Port and for building a greenfield deep-sea port at Tajpur.

In the logistics business segment, we initiated construction of 6 new Grade A warehousing facilities, 2 MMPLs and 5 agri silos. Besides, we also placed an order for another 19 bulk trains.

Your company also entered various strategic partnerships to ensure sustainable business growth. This includes a strategic partnership with Flipkart for the construction of a half-a- million sq. ft. fulfilment center in the upcoming logistics hub at Mumbai. An agreement with the IOCL to augment crude oil capacity handling by constructing 9 new tanks at Mundra, and few more similar agreements.

From an operational perspective, your company reached another key milestone by handling cargo volumes in excess of 300 MMT. This feat of 100 MMT jump in cargo volumes – from 200 MMT p.a. to 300 MMT p.a. was achieved in record 3 years.

During the year, Mundra port, alone handled 150 MMT of cargo, a first by any commercial port in India. This includes record 6.5 MTEUs of containers, thereby reiterating its position as the largest container port of the country.

From geographical diversification perspective, ports other than Mundra, and particularly the ports on the eastern coastline showed a higher growth rate, implying that our diversification strategy is yielding the desired results.

The growth in cargo volumes effectively translated into revenue and EBITDA growth for your company.

Despite a 22% growth in EBITDA, the Profit after Tax was lower in comparison to the year before, due to booking of forex losses, given the rupee depreciation.

The Year-On-Year decline in Free-Cash-Flow was only 500 crores, though the capex for the year was higher by 1800 crores.

During the year, APSEZ issued dual tranche of USD 750 Mn bonds with an average maturity of 16 years, which helped your company increase the debt maturity profile from 6 years to 7 years, while also reducing the average cost of borrowings by 70 bps to around 6.4%.

Including the financials of Gangavaram, our net debt to EBITDA ratio is at 3%, well within the range desired by the rating agencies.

### **Talking about ESG Performance.**

Your company overachieved most of the environmental targets set for the year, which include the emission intensity reduction, energy intensity reduction, renewable electricity share, water intensity reduction and the area under mangrove plantation.

Our journey towards becoming a carbon neutral port by 2025 gathered momentum during the year. The initiatives undertaken for transitioning to a low carbon path

included Retrofitting of RTGs and Quay Cranes, purchase of battery-operated ITVs, renewable capacity sourcing and Mangrove afforestation. We continued our efforts of collaborating with various low-carbon solution providers and testing their solutions at our ports.

**A key aspect of our strategy has been growth with goodness.** APSEZ with implementation support from Adani Foundation managed to touch the lives of 8 lakh people across the communities near to our ports and logistics sites. Your company initiatives were focused around 4 key pillars – 1) Livelihood support, 2) Community infrastructure development, 3) Education support, and 4) Community Health. We are targeting to expand our efforts to more locations and being able to impact 1 million lives by 2025 through these initiatives.

**Now let me reflect on the shareholder value created by your company**

As we continue our journey towards achieving 500 MMT of cargo volumes at our ports, we continue to increase our profits.

In the last 5 years, our revenue and EBITDA have almost doubled, and we are now targeting to further double them in the next 3 years from FY22 levels, while also targeting to improve the RoCE of our key ports to 20+% and maintain our net debt to EBITDA ratio below 3.5.

The growth in company's operating profits has translated into share price increase, with APSEZ stock outperforming the Sensex, Nifty 50 and the Benchmark Infrastructure index.

With this I want to thank once again to all and I now hand over this to Mr. Kamlesh Bhagia, Company Secretary for rest of the proceedings.

- **Mr. Kamlesh Bhagia, Company Secretary**

Thank you Sir.

Dear Shareholders,

Since the Notice and Directors' Report are already circulated in advance, it is proposed to take them as read.

Pursuant to the provisions of the Companies Act, 2013, it is also not required to read Auditors' Report. With the permission of the shareholders, I take it as read.

Some of the shareholders have registered themselves as speakers for the AGM. I shall now invite them one-by-one to speak. The speakers are requested to restrict their queries/ comments to three minutes to allow maximum participation of other speaker shareholders. We will try to respond to the maximum queries after hearing all the speakers.

## **Questions**

- Now I request the Moderator to unmute Mr. Narendra Porwal.

### **Mr. Narendra Porwal**

Greetings Sir!

He congratulated Mr. Karan Adani for briefing shareholder about road map of the Company. He asked about Company's vision of zero carbon foot print whether it will be achieved by 2025?

In west coast our presence is approx. 60% and in east coast it is approx. 30%. In east coast there is lot of development of road and infra in last 5-6 years, so when we will start expanding on east coast.

We had acquired 100% stake in Krishnapatnam Port, with that margin is now increased from 55% to 69%. Now, going ahead how growth will come from this port that I want know.

Now we are largest port operator of India; going ahead what are the plan for acquisition of foreign port; so that we can become world's largest port operator.

- Now I request the Moderator to unmute Mr. Santosh Saraf

Moderator informed that Mr. Santosh Saraf has not joined the meeting.

- Now I request the Moderator to unmute Mr. Kaushik Shahukar

**Mr. Kaushik Shahukar**

My self Kaushik Shahukar from Mumbai; I am practicing and qualified Chartered Accountant. I am suffering from Dystonia which has paralyzed 55% of my right hand and right leg. While I have not let that come in my way in becoming Chartered Accountant. I do request for support in helping me continue to be self-reliant. I was optimistic after our conversation happened last year about me working for our organization for certification work of 15 CA/CB. However, nothing has progressed. I hope after conversation today organization will start engaging me in this area as soon as possible.

- Now I request the Moderator to unmute Mr. Rupesh Shah

**Mr. Rupesh Shah**

He informed that; presentation given by CEO is very good. He wanted to know that we have presence in 7 states and at 12 ports. For any country to progress port is very important and our aim is to become world's largest port operator by 2030 for that what is our road map please let me know.

He wanted to know that any plan for new acquisition. He wish company all the best.

- Now I request the Moderator to unmute Mr. Santosh Saraf who has now joined

**Mr. Santosh Saraf**

Respected Chairman and eminent Board of Directors, employees of Company and fellow shareholders, I am Santosh Kumar Saraf, from Kolkata joining through video-conference. I wish all of you are in good health.

Sir, I would like to congratulate management for this good performance. I have no questions on that. I also want to congratulate management for giving good dividend. I have 2 question.

1. We only have 6% women employee in the Company and 94% are men employee in the Company. Our president and finance minister are women, Women are also winning more gold medals so please empower the woman. Please also give maternity and paternity benefit.
2. Some dues of government are pending since 2004; please clear it. If balance sheet is clean then then it will be good.

- Now I request the Moderator to unmute Mr. Aspi Bhesania

**Mr. Aspi Bhesania**

My self Aspi Bhesania joining from Mumbai; attending meeting for the first time. At the outset I welcome Mr. Muthukumaran as CFO since he is new to the Company.

1. Sir, when is the Board meeting for Q1 results?
2. Sir, for March, 2022 quarter 4 results profit came down compare to December quarter; what is reason for that?
3. How you see profit of current year going forward?

4. Mr. Adani Congratulations on becoming 4<sup>th</sup> richest man in the world. When you will become richest in the world; I want to know.

5. You are buying internet rights; it will be used by employees only or shareholder will be covered?

- Now I request the Moderator to unmute Mr. Tejas Shah

Moderator informed that Mr. Tejas Shah has not joined the meeting.

- Now I request the Moderator to unmute Mr. Praful Chavda

**Mr. Praful Chavda**

Chairman Sir, first I want to congratulate you for participating in 5G auction. I wish all your ambition for entering into new business gets fulfilled. I hope shareholder will get benefited with this.

Cargo business is going well; Secretarial department has prepared annual report well and arranged meeting properly.

From CSR please spend money at religious places for making guest house; so that poor people can stay there and get benefited.

Please make CSR spending on sports player; who in future bring medal for the country.

As you are venturing into different new businesses; please start private train. We already have private ship and plane but not train. Please start that so that people get benefited with that.

- Now I request the Moderator to unmute Mr. Rajendra Sheth

## **Mr. Rajendra Sheth**

My self Rajendra Shah joining from Mumbai, I have visited Mundra recently observed that children are taking education in English medium school and road infrastructure has improved for that I congratulate Mr. Gautam Adani.

Further, Adani group is into multiple industries; let me know now in which new industry you are more interested.

As Mundra port is developed now, like that Jhakhau town, what you think about that for development like Mundra.

Further, in future what will develop more- Container or bulk development?

## **Answers**

Mr. Karan Adani replied to Shareholders questions one by one as under:

- Reply to **Mr. Narendra Porwal**

For achievement of zero carbon foot by 2025, we are very well on track. This is due to 3 aspects:

1. We are electrifying lot of equipment which are running on petrol and diesel.
2. We are going to use renewable energy at all of our ports.
3. Increasing mangroves afforestation.

With this we are confident by 2025 we will be carbon neutral company.

Further, with respect to growth on east coast, we are focused, we have Dhamra, Gangavaram, Kattupali port, Krishnapatnam and Ennore and we are expanding in Dhamra, Gangavaram and Krishnapatnam and diversifying our cargo portfolio and we expect east coast continue to grow at double digit rate and we are very much focused on increasing our market share over there. Ideal mix for us would be 50% of our volume coming from east coast and 50% coming from west coast. One of big thing is we are

embarking on LNG terminal in Dhamra which will help to open multiple new industries in Orissa region.

On foreign acquisition strategy as you know your company is developing a terminal in Colombo in Sri Lanka. Just few days back we won the concession for operating port in Haifa in Israel. We keep evaluating new opportunities.

- Reply to **Mr. Kaushik Shahukar**

We have noted your points and will inform team to take it forward.

- Reply to **Mr. Rupesh Shah**

We keep evaluating new opportunities as and when it comes for ports as well as container terminals.

- Reply to **Mr. Santosh Saraf**

We are aware that women employee are low and we are actively working to increase the share of woman employee in coming years.

- Reply to **Mr. Aspi Bhesania**

In March, 2022 profit was lower due to mark to market loss due to forex and its accounting adjustment. In Q1, of this year as the company has achieved volume 90 MMT which is growth of 12% to 15% of the last quarter. So we do expect the same will be reflected in Profit and Loss account.

- Reply to **Mr. Praful Chavda**

Participation in 5G is only for business purpose and captive use, not for individual consumption. Further, he added that for guest house at religious places, we will evaluate that as part of our CSR program.

It was also informed that Adani Group is sponsoring lots of athletes which are preparing for Olympics and we have sports quota for training athletes it's supported by Adani Foundation.

Thank you for suggestion on private train we will evaluate that if it's adding value to the company, will look in to it.

- Reply to **Mr. Rajendra Sheth**

At west coast ports, we are developing containers and expanding our capacity and at east coast it's both bulk as well as container side.

- **Mr. Kamlesh Bhagia, Company Secretary**

CS Chirag Shah, Practicing Company Secretary has been appointed as Scrutinizer for conducting e-voting process in a fair and transparent manner.

The process of e-voting shall continue for next 15 minutes for those who have yet not cast their votes. The meeting shall stand concluded at the end of 15 minutes.

The Combined results for remote e-voting and e-voting during this AGM will be placed on the website of the Company. The results will also be submitted to the Stock Exchanges as per the relevant provisions of the Companies Act and the listing regulations.

I present a vote of thanks to the Chairman Sir and express my gratitude to all the members for their co-operation.

Thank you, Stay safe.