



Ports and
Logistics

**24th Annual General Meeting
August 8, 2023
11:00 a.m. to 12:10 p.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

Mrs. Nirupama Rao
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.

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 Shri Gautam S. Adani, Chairman, Shri Karan G. Adani, CEO and Whole Time Director, Mr. G.K. Pillai, Non-executive and Independent Director and Chairman of the Audit Committee and Prof. G. Raghuram, Non-executive and Independent Director and Chairman of the Stakeholders Relationship Committee present on the dais, 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. Bharat Sheth, Non-Executive & Independent Director attending the meeting from Ahmedabad.
- Mrs. Nirupama Rao, Non-Executive & Independent Director attending the meeting from Bengaluru.

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!

As we gather here today for the 24th Annual General Meeting, I'll provide a brief overview of your company's strategic, operating, and financial highlights of FY23, and thereafter would be happy to answer any questions that you might have.

However, before that, let me provide you with a glimpse of the Adani Group.

I would like to believe that you as a shareholder of one or more Adani Group companies would be proud of the incredible journey that the Group has seen. Today, the group is a portfolio of world class infrastructure and utility companies.

Our diverse businesses fall under four key platforms: 'Transport & Logistics', 'Energy & Utility', 'Materials, Metals and Mining', and 'Direct to Consumer'. Adani Enterprises, the flagship company of the group, serves as an incubator for new ventures, currently nurturing Data Centres, Roads, Airports, and Adani Digital Labs.

Our growth trajectory extends beyond B2B ventures; we have ventured into B2C segments, including Gas distribution, Airports, and Electricity distribution.

The group's journey has been remarkable over the past few years, with each business achieving transformational growth in their respective industries. For instance, AGEL has experienced a four-fold growth compared to the industry average in the last several years, while APSEZ and ATL have grown around three times the industry average.

Not only have we excelled in volume and topline, but our companies consistently report impressive EBIDTA margins and returns, surpassing global peers. For instance, APSEZ ports business boasts an impressive 70% EBIDTA margin, while Adani Green and Adani Transmission have maintained EBITA margin upwards of 90%.

At the heart of our success lies a simple yet highly effective, repeatable business model that guides all our endeavors.

In the initial phase, we focus on the timely execution of projects to ensure better cost management.

During the operations stage, we shift our attention to automation and digitization, enhancing operational efficiencies.

The third and crucial aspect of our Business Model is prudent capital management. By adhering to global governance and best practices, we ensure alignment with our stakeholders. It is worth noting that five of our issuances are currently rated Investment Grade, providing us access to a diverse pool of capital.

Now moving to your company, Adani Ports and SEZ Limited.

The journey of your company has been quite transformational in nature. We started with the Port Business, then added the SEZ business, and in the last few years we have focused more growing the third business segment, which is logistics.

Alongside, the focus on achieving high operational efficiencies for all our assets, we have worked hard on ensuring geographical and cargo-mix diversification, while also turning around the assets that we have acquired. The various strategic partnerships that we have entered into, resulted in a win-win for your company and also for our partners.

During the last 5-7 years, we managed to change the capital structure of your company. An increasing proportion of new asset additions got financed through internal accruals, while the average maturity profile of debt was increased, thereby reducing the asset- liability mismatch.

We have made sustainability a key pillar of our strategy. This is to ensure long-term value creation for all our stakeholders, particularly for all shareholders.

Your company now has 14 ports, including two under construction ports at Vizhinjam and Haldia. These are spread across the entire coastline of India, thereby enabling the company to cater to 90% of India's hinterland.

Few years back, we discussed about transforming the business model of your company, from being only a port operator to becoming a transport utility that will service to its

customers from the port gate to the customer gate. This is enabling your company create a lasting relationships with its clients, and drive growth.

To enable this transformation, we initiated adding logistics assets, primarily across the key segments of inland logistics.

I'm pleased to inform that your company has made significant progress since the start of its journey to become an Integrated Logistics player. We have almost doubled the count of trains, MMLPs, Warehouses, and grain silos. With the acquisition of Ocean Sparkle, your company is now India's largest marine services provided with around 110 tugs.

This expansion of rolling stocks has significantly enhanced our capacity to connect our ports with the hinterland, attracting a larger customer base to our portfolio. While the MMLPs functioning as centralized warehousing hubs, are enabling seamless connectivity with our customers.

By FY2026, we are looking to more than double many of these assets from the current level, with a phenomenal growth in the warehousing segment.

To enable this business model transformation, we are also building a digital platform for end-to-end connectivity comprising of three modules i.e., Marine, Dry cargo and container cargo modules. These modules would enable real time tracking of the vessels and the consignments. Besides, the platform will also highlight the key bottlenecks in our operations on a real time basis and enable us take corrective actions, thereby improving the overall efficiency of the business.

Now let's look into the company's growth journey over the past 5-10 years in some more detail

Your company has managed to completely transform India's port sector from an operational efficiency perspective.

With an average turnaround time for ships at around 0.7 days, APSEZ has guided the major ports across India to reduce their turn around time for ships to around 2 days currently from around 5 days in 2011.

Given our world class operating efficiencies, and a well-developed network of ports supported by logistics infra, we have grown at around 3 times the industry average growth rate in the last 10 years and 4 times the industry average in last 5 years.

A key component of our growth strategy has been geographical and cargo mix diversification.

As a result, the contribution of Mundra in our total portfolio is now below 50%. The ports on the east coast together contribute around 40% of our total domestic cargo volumes.

For cargo mix diversification, we have focused on increasing the share of containers, and new age cargo types such as Liquids, LPG and LNG. In FY2023, containers contributed around 38% of our total cargo.

In the last 10-12 years, we have entered into various strategic partnerships, including the ones with global brands such as MSC, CMA-CGM, Total Energies, John Keels and Gadot Group. These partnerships not only have resulted in good volume growth for the company but also ensured stickiness in cargo.

The share of sticky cargo in the overall cargo increased by around 5% points to reach 54% in FY2023 versus the previous year. At our flagship port, Mundra, around 70% of total cargo is sticky in nature.

With significantly higher volume growth at our ports rate versus the country's average, your company has managed to increase market share from a mere 2% in FY2002 to around 24% in FY2023.

Also, in FY23, two of our ports, i.e., Mundra and Krishnapatnam, featured in the Top 10 ports of India by cargo volumes handled.

Mundra continues to be the largest commercial port of India and also the country's largest container handling port.

Our best-in-class operational efficiencies have ensured that the growth in revenue and EBITDA remains in line , with both growing by 2-3x every 5 years, in the last decade.

With 70% port EBITDA margins, APSEZ continues to be one of the most profitable port operators globally. With over 70% of EBITDA transforming to operating cash, your company's cashflow generation continues to remain strong.

Speaking about the ports and logistics business segments separately, port EBITDA has grown at an impressive CAGR of 20% over the last 10 years, alongside 200bps EBITDA margin expansion.

Similarly, the logistics business has seen a staggering 45% growth rate per annum, and almost 20% jump in margins during the past five years. Currently, our logistics business has the highest EBITDA margin versus any of its listed peers from India.

Now let me provide some highlights on FY23 performance

Firstly, the ports business

During the year, your company did five key acquisitions, these includes, the acquisition of Haifa Port Company in Israel, which has helped your company to establish its presence in the Mediterranean Sea, closer to the Europe.

Within India, we acquired - 1) Ocean Sparkle Ltd, India's largest third-party marine service provider, 2) Indian Oiltanking Limited, one of the country's largest player in

liquid storage 3) Karaikal Port, having a capacity of 20 MMT in Pondicherry, and 4) the remaining stake in India's third largest non-major port, i.e., Gangavaram Port.

These acquisitions have enabled us to broaden our presence within and outside India and reinforce our leadership position in the country.

Besides these acquisitions, we also won two bids which includes mechanization of Berth 2 at Haldia Port and the greenfield port at Tajpur.

Now a brief overview on the operational performance of the ports business.

FY23 has been a record year for the company, with 9% Y-o-Y growth in cargo volumes. Mundra, alone handled 6.64 Mn TEUs of container cargo, which is 10% higher than its closest competitor.

Overall cargo volumes at our East Coast ports increased 12% year on year.

Now the key highlights of our logistics business segment.

Your company acquired ICD Tumb, one of India's largest ICDs with a capacity 0.5 Mn TEUs. Furthermore, we secured three bids, encompassing Loni ICD, Valvada ICD, and a remarkable 70 Agri silos with a cumulative capacity of 2.8 MMT.

During the year, we successfully commissioned two MMLPs – one in Taloja and the other in Mundra.

On the railways front, we added 18 new rakes taking the total count of trains to 93 as of March-end.

In terms of the operational performance of the logistics business, the container rail volumes grew by a healthy 24% Y-o-Y to record a milestone of crossing 5 Lakh TEUs.

Bulk cargo volumes too reported a strong 63% Y-o-Y growth to 14.35 MMT.

The increase in cargo volumes along with improved realizations resulted in Revenue and EBITDA of your company growing by 20+% year-on-year,

However, the profit after tax increased only by 9% Y-o-Y. This is primarily due to forex losses resulting from rupee depreciation, and a write-off on account of sale of Myanmar asset, which was driven by the US sanctions on Myanmar.

Now speaking about company's debt profile

The company's Net Debt to EBITDA ratio as of March end was at 3.1x. This is well within our guided range of 3-3.5x.

Rating ratios were stable, with Fund Flow from Operations (FFO) to Gross Debt ratio at 21% and Fund Flow from Operations (FFO) to Net Debt ratio of 24%.

The interest coverage ratio was strong at 5.7 times.

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, water intensity reduction and the area under mangrove plantation.

Our journey towards becoming a carbon neutral port by 2025 gathered momentum during the year.

Reflecting our actions on the ESG front is the ratings provided to us by various global ESG rating agencies.

Your company was ranked number 1 in the transport and logistics sector across all emerging markets globally by Moody's. Another global rating agency S&P has ranked

APSEZ within the top 10 amongst 300+ players in the transport and transport infrastructure sector from across the world, which includes companies from both the developed and emerging markets. Sustainalytics, another key rating agency, has categorized APSEZ as 'low ESG risk company', indicating our ESG leadership.

Let me now take a moment to discuss the value we have generated for our shareholders.

The high-quality portfolio of assets that your company has built and their profitability, has resulted in a continuous rise in the company's share price year-on-year. Since the onslaught of Covid, when the stock markets were hit very badly, the APSEZ stock has significantly outperformed the Sensex, and Nifty 50, as you can see in the chart on the slide.

Looking forward, we expect that the Revenue and EBITDA of your company will jump by 45-50% in the next two years, while the ROCE of ports business will expand to around 20% from the current 16% level. We expect the Net Debt to EBITDA will reduce to 2.5 times from 3.1x as of March end.

We believe that this performance will appropriately get reflected in the stock price of your company.

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

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

Thank you very much sir for deliberating presentation.

Dear Shareholders,

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

I wish to draw the attention of shareholders to page no. 536, 663 & 683 of the Annual Report which contain the details of auditors' qualification and management response. 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. Pravin Kumar.

Mr. Pravin Kumar

A very good morning to respected Chairperson and MD and well decorated Board. Myself, Pravin Kumar joining this meeting from New Delhi. I am very thankful to Mr. Karan Adani for your in-depth presentation covering all the points about Company's performance despite the challenges in the country and world over. I also thank the Chairman of the Company for building great infrastructure Company with his vision, devotion, and dedication to bring long term sustainable wealth to the investors. I have supported all the resolutions and appreciated contribution made in the form of CSR to the society during covid time by the Company and the Chairman.

I appreciate the CFO and Company Secretary for good corporate governance practices and their prompt support to resolve queries of retail investors.

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

Moderator informed that Mr. Rajendra Sheth had joined the meeting through phone and was not able to unmute himself.

- Now I request the Moderator to unmute Mr. Dileepkumar Jain.

Jai Jinendra Chairman sir and Board of Directors, I am Dileepkumar Jain from Jaipur. I feel proud to be a shareholder of this Company. I congratulated the management for achieving good results and I am grateful for being the shareholder of the esteemed organization.

- Now I request the Moderator to unmute Mr. Gaurav Rozatkar.

Moderator informed that Mr. Gaurav has not joined the meeting.

- Now I request the Moderator to unmute Mr. Anil Mehta.

Moderator informed that Mr. Anil has not joined the meeting.

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

Mr. Kaushik Shahukar

Good morning, everyone. I am honored to have the opportunity to address you all today and would like to express my gratitude to the Board of Directors for allowing me this chance once again. I am satisfied shareholder of the Company and I must commend the management for remarkable efforts in creating wealth for shareholders. However, I would like to raise the following concerns:

- Utilization of savings on account of virtual mode of meetings. It would be prudent to allocate a portion of this amongst the shareholders especially speaker shareholders for active participation and involvement in the meeting. It would be gesture of appreciation to distribute small memento on the occasion of festivals to the shareholders.

- Can you provide breakup of on account of actual board meetings and physical board meetings, if possible.
 - How is the company leveraging technology and digital innovations to enhance efficiency, streamline operations and improve customer experience at the Port. Could you provide a recent example of the use of technology advancement implemented by the Company and its impact on productivity and operational efficiency.
 - How does the Company ensure effective and transparent communication with the shareholders, particularly in terms of disclosing important information.
 - Can you throw some light on what CSR initiatives the Company has taken during the year and how it is contributing to the community and environment.
 - The Company has been hesitant in supporting the individual in need including myself. I have shared my credentials in the past and followed up but my request has gone unheard. Can we not consider helping differently able person as CSR activity! I am resending my credentials to Mr. Kamlesh Bhagia for desired help and support. I want to clarify that I am not seeking any handouts, offering money or sympathy, I value my independence and self-reliance. I am a chartered accountant and I hope you understand my desire to maintain my independence and with your support I can make a significant contribution to our organization. I sincerely appreciate your time and patience.
- Now I request the Moderator to unmute Mr. Manoj Kumar Gupta

Mr. Manoj Kumar Gupta

My name is Manoj Kumar Gupta, I am joining this meeting from my residence in Kolkata. I feel proud to be a part of Adani and I salute your leadership and today I witnessed the presentation of Mr. Karan Adani that shows future outlook and roadmap of the Company. I would like to know the status of the Bengal Project and how the investors would benefit from the same. Lastly, I would like to thank the Company Secretary to help us join this meeting. We feel proud to see Mrs. Nirupama Rao, her vast experience would help the Company grow as she has led the nation as foreign secretary.

- Now I request the Moderator to unmute Mr. Hiranand Kotwani

Mr. Hiranand Kotwani

It is a great pleasure to join you. I am Kotwani joining this meeting from Kalyan. I have read the balance sheet and it is very nice, long way to go. It reflects Indian infrastructure and Indian development. Mr. Adani, Bombay is waiting for you, mazagaon ghat and other ghats. You are the right person to increase the wealth of the nation and spread the footprint of the nation in the world. I want this Company to become world's number one. I want to know your vision of 2030, please narrate how you are going to enhance your growth and prosperity, which will translate to prosperity of the nation and stakeholders so please narrate regarding the acquisitions and future acquisitions and how you are going to tackle the contingencies like flood, etc. thank you and good luck.

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

Moderator informed that Mr. Praful has not joined the meeting.

- Now I request the Moderator to unmute Mr. Yusuf Rangwala

Very good morning, sir. I have not got the balance sheet, request you to please arrange to provide the same since I want to know how many ports we have and how many are upcoming ports. There is mazagaon ghat in Mumbai, do you have any plans to expand the port there. I want to visit port and I want to know how you are going to celebrate 25th anniversary of the Company in the coming year, if possible arrange a small get together since we want to meet the Chairman sir.

- Now I request the Moderator to unmute Mr. Kankawala Bharatraj

Moderator informed that Mr. Bharatraj has not joined the meeting.

- Now I request the Moderator to unmute Mr. Rishikesh Chopra

Moderator informed that Mr. Rishikesh has also not joined the meeting.

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

Respected Chairman, Gautambhai, thank you very much for prompt response to my request for annual reports. I am pleased to confirm that I have received the hard copy of annual reports and subsidiaries' balance sheets within 24 hours as per your promise. Sir, your dedication to fulfilling commitments reflects your professionalism with investors. I am also thankful for timely sending the hard copy of the annual report and subsidiaries' balance sheets of Adani Ports and link to join the AGM. Gautambhai, you played a crucial role in shaping Adani Ports into a dynamic and successful entity in global business landscape. Now, young leader Karanbhai has showcased remarkable leadership skills and deep understanding of the industry. His forward-thinking approach and dynamic strategies have played a significant role in ensuring the Company's resilience. Sir, is there any plan for acquisition or merger/de-merger in the near future? And kindly elaborate next three-year growth plan. Thank you very much for giving me the opportunity to speak and all the best for a greater future.

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

Moderator informed that Mr. Narendra Porwal has not joined the meeting.

Now I request Mr. Karan Adani to kindly respond to the questions.

Answers

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

- Reply to **Mr. Kaushik Shahukar**

You asked about use of technology and how we are leveraging it to improve operational efficiency, so I am happy to share that the Company has invested in electric ITVs as well as in order to reduce cost and be better from environment perspective. We have also automated lot of our operations thereby reducing human intervention this is predominantly through both software and hardware. You will be happy to note that from operational efficiency perspective, your Company rates top 10 in terms of percentile on global benchmark due to which our margins and ability to charge premium is continued. All these examples and disclosures are given in our quarterly reports which are available on our website and if any further disclosure needed, we will be happy to provide.

- Reply to **Mr. Manoj Kumar Gupta**

Mr. Manoj Kumar Gupta asked about the status of Bengal project, you will be happy to know that in Bengal, we have two projects, Haldia Terminal and Tajpur. Haldia terminal's construction is already started, and we expect that within 24 months the terminal will be operational. On Tajpur, we are working with the Government of West Bengal to get the concession agreement signed within next 6 months.

You also asked about CSR disclosure, apart from the Annual Report, the details of CSR are also given in our quarterly results which are available on our website.

- Reply to **Mr. Hiranand Kotwani**

Mr. Kotwani asked for the vision for 2030 and future development. As the honorable Chairman, in his address, mentioned that your Company in 2030 would be handling a billion ton of volume and will be one of the largest port companies globally. This will predominantly be achieved by increasing the capacity of the exiting ports and the Company would also be looking for opportunities outside India to expand like the Company has already taken position at Israel and Colombo.

Your second question was on how we are managing calamities like cyclone, floods – you will be happy to know we have very stringent disaster management plan at each port. During the recent cyclone, we were back in operations in record time of 12 hours after the cyclone had passed without any damage to the property or injury to our people.

- Reply to **Mr. Yusuf Rangwala**

Mr. Yusuf Rangwala has asked for balance sheet, Mr. Kamlesh will provide the same.

- Reply to **Mr. Tejas Shah**

Mr. Tejas Shah asked about the acquisition plan, which I covered in 2030 vision earlier.

These were all the questions, I request Mr. Kamlesh to proceed further.

Mr. Kamlesh Bhagia, Company Secretary

One more speaker, Mr. Santosh Sharaf has joined the meeting, with the permission of the Chairman, I would request the moderator to unmute Mr. Santosh Sharaf.

Mr. Santosh Sharaf

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.

Mr. Adani, I thank you for putting the leadership of the Company in the abled hands of Mr. Karan Adani. He, with your guidance, would take the Company to new heights. Mrs. Nirupama Rao, who was foreign secretary, is also on the Board of the Company, her

vast experience would also help in Company's growth. I thank the Company Secretary to provide me the opportunity again to speak and also thank for the dividend given by the Company.

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 the 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.