



Ports and
Logistics

Ref No: APSEZL/SECT/2018-19/118

February 23, 2019

BSE Limited
Floor 25, P J Towers,
Dalal Street,
Mumbai – 400 001

National Stock Exchange of India Limited
Exchange Plaza,
Bandra Kurla Complex,
Bandra (E), Mumbai – 400 051

Scrip Code: 532921

Scrip Code: ADANI PORTS

Sub: Intimation for approval of proposal for acquisition of equity shares of Adani Agri Logistics Limited, Adani Agri Logistics (Dahod) Limited, Adani Agri Logistics (Darbhanga) Limited and Adani Agri Logistics (Samastipur) Limited by Adani Logistics Limited, a wholly owned subsidiary of the Company.

Dear Sir,

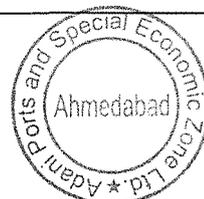
With reference to the captioned subject, we would like to inform you that Adani Logistics Limited (“ALL”), a wholly owned subsidiary of the Company has approved the proposal for acquisition of 100% equity shares of Adani Agri Logistics Limited (“AALL”), Adani Agri Logistics (Dahod) Limited (“Adani Agri Dahod”), Adani Agri Logistics (Darbhanga) Limited (“Adani Agri Darbhanga”) and Adani Agri Logistics (Samastipur) Limited (“Adani Agri Samastipur”) (collectively “Adani Agri”) from Adani Enterprises Limited (“AEL”).

The details as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. CIR/CFD/CMD/4/2015 dated 9th September, 2015 are given as under:-

SN	Particulars	Details
1.	Name of the target entity, details in brief such as size, turnover etc.	Adani Agri has entered into agreements with Food Corporation of India (FCI) and others State owned agencies under BOO, DBFOT, DBFOO and DBOO basis to operate project facilities for warehousing through silos and transportation of the food grains by rails with capacity of 1.58 MMT.

Adani Ports and Special Economic Zone Ltd
Adani House
Nr Mithakhali Circle, Navrangpura
Ahmedabad 380 009
Gujarat, India
CIN: L63090GJ1998PLC034182

Tel +91 79 2656 5555
Fax +91 79 2555 5500
info@adani.com
www.adaniports.com



Registered Office: Adani House, Nr Mithakhali Circle, Navrangpura, Ahmedabad 380 009, Gujarat, India



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		<p>Under these agreements, Adani Agri is eligible for revenues based on annual guaranteed tonnage.</p> <p>The total consolidated revenue of AALL for financial year 2017-18 was Rs. 128.67 crores. It earned EBIDTA of Rs. 92 crores with an EBIDTA margin of 72%.</p> <p>Adani Agri Dahod, Adani Agri Darbhanga and Adani Agri Samastipur are yet to commence its business operations.</p>
2.	<p>Whether the acquisition would fall within related party transaction(s) and whether the promoter/ promoter group/ group companies have any interest in the entity being acquired?</p> <p>If yes, nature of interest and details thereof and whether the same is done at "arm's length"</p>	<p>Adani Enterprises Limited ("AEL") is a related party falling under joint control i.e. Adani Group.</p> <p>The acquisition of equity shares of AALL, Adani Agri Dahod, Adani Agri Darbhanga and Adani Agri Samastipur from AEL is on arm's length basis on fair value as per Independent valuation report.</p>
3.	<p>Industry to which the entity being acquired belongs</p>	<p>Logistics Business</p>
4.	<p>Objects and effects of acquisition (including but not limited to, disclosure of reasons for acquisition of target entity, if its business is outside the main line of business of the listed entity)</p>	<p>ALL has a pan-India presence across multiple verticals and is continuing to expand its footprint.</p> <p>Acquisition of AALL brings synergies in our integrated logistics services in India. AALL is a large player in Indian Agri Logistics sector.</p>
5.	<p>Brief details of any governmental or regulatory approvals required for the acquisition.</p>	<p>Subject to necessary regulatory approval.</p>

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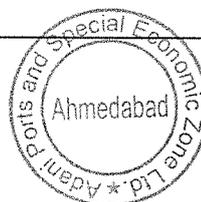


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6.	Indicative time period for completion of the acquisition	The transaction is expected to be completed by March 31, 2019.
7.	Nature of consideration - whether cash consideration or share swap and details of the same	The consideration is in the form of cash.
8.	Cost of acquisition or the price at which the shares are acquired	<p>The cost of acquisition of equity shares of Adani Agri is Rs. 945.89 crores.</p> <p>The enterprise valuation of AALL is Rs. 1662 crores.</p> <p>The above will be subject to closing adjustments and necessary approvals, if any.</p>
9.	Percentage of shareholding / control acquired and / or number of shares acquired	100% shares of AALL, Adani Agri Dahod, Adani Agri Darbhanga and Adani Agri Samastipur
10.	Brief background about the entity acquired in terms of products/line of business acquired, date of incorporation, history of last 3 years turnover, country in which the acquired entity has presence and any other significant information (in brief);	<p>Adani Agri has entered into agreements with Food Corporation of India (FCI) and others State owned agencies under BOO, DBFOT, DBFOO and DBOO basis to operate project facilities for warehousing through silos and transportation of the food grains by rails with capacity of 1.58 MMT.</p> <p>Under these agreements, Adani Agri is eligible for revenues based on annual guaranteed tonnage.</p> <p>AALL, Adani Agri Dahod, Adani Agri Samastipur and Adani Agri Darbhanga were incorporated on 25th January, 2005, 2nd August, 2018, 14th September, 2018 and 10th October, 2018 respectively.</p>

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		The total revenues of last three consecutive year of AALL are as below: (Rs. In crores)												
		<table border="1"><thead><tr><th>FY</th><th>Standalone</th><th>Consol.</th></tr></thead><tbody><tr><td>2017-18</td><td>105.07</td><td>128.67</td></tr><tr><td>2016-17</td><td>97.21</td><td>132.72</td></tr><tr><td>2015-16</td><td>99.84</td><td>N.A.</td></tr></tbody></table>	FY	Standalone	Consol.	2017-18	105.07	128.67	2016-17	97.21	132.72	2015-16	99.84	N.A.
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Press release dated February 23, 2019 and Investors' presentation on the above are enclosed herewith. Further, the company will hold conference call with the Investors today.

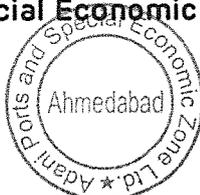
This is for your information and record.

Thanking you,

Yours faithfully,

For Adani Ports and Special Economic Zone Limited

Kamlesh Bhagia
Company Secretary



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Media Release

Adani Logistics set to acquire agri-logistics arm from AEL

Strategic move in line with the Ports operator's vision to lead the integrated logistics services market in India with focus on hinterland logistics

Editor's Synopsis

- Adani Logistics Ltd. ("ALL") to acquire Adani Agri Logistics Limited ("AALL") - India's largest player with 45% market share in modern agri storage infrastructure
- AALL will add 28 locations and 7 trains to Adani Logistics network
- Combined business EBITDA to immediately double to ~INR 200 Crs post acquisition
- AALL is a subsidiary of Adani Enterprises Limited ("AEL") and the transaction is proposed at an enterprise value of INR 1,662 Crs

Ahmedabad, February, 23rd, 2019: Adani Logistics Limited ("ALL"), a 100% subsidiary of Adani Ports and SEZ Limited ("APSEZ"), today announced its intent to acquire Adani Agri Logistics Limited ("AALL") from Adani Enterprises Limited. The acquisition will be an all cash deal and is expected to be completed by March, 2019.

About Adani Agri Logistics Limited: - (AALL)

AALL is the pioneer in providing efficient storage through silos and transportation by rail. The Company has 1.58 MMT fully contracted capacity with modern agri infrastructure of 7 trains, 28 storage / handling infrastructure facilities across 10 States.

AALL has long term (20-30 year) guaranteed offtake contracts on use or pay basis with 70%+ EBITDA margins.

AALL targets to double infrastructure capacity in the next 3 years and tap the new 12.5 MMT infrastructure market as well as opportunities such as conventional storage conversion, among others.

Combined Business would also benefit from leveraging significant opportunity for handling multiple commodities and transportation.

Mr. Karan Adani, Chief Executive Officer and Whole Time Director of APSEZ said, "We are excited to share that today we have announced an acquisition of Adani Agri Logistics Limited. AALL is the largest agri products logistics player with long term contracts and strong margins. This Acquisition of AALL brings us one step closer towards our vision to be the leader in providing integrated logistics services in India and focus on developing hinterland logistics. It enables us to expand our total addressable market, enhance our network and create a value chain to handle all types of cargo in India."

About Adani Ports and Special Economic Zone

Adani Ports and Special Economic Zone (APSEZ), a part of globally-diversified Adani Group, is the largest port developer and operator in India. In less than two decades, the company has built a formidable presence in port infrastructure and services. APSEZ's 10 strategically located ports and terminals — Mundra, Dahej, Kandla and Hazira in Gujarat, Dhamra in Odisha, Mormugao in Goa, Visakhapatnam in Andhra Pradesh, and Kattupalli and Ennore in Chennai — represent 24% of the country's total port capacity, handling vast amounts of cargo from both coastal areas and the vast hinterland. The company is also developing a transshipment port at Vizhinjam, Kerala.

For more information please visit Website - www.adaniports.com

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For further information on this release, please contact

Roy Paul	Naraayan Kannan
Adani Group	Weber Shandwick
Tel: 91-79-25556628	Tel: 91-9920426636
roy.paul@adani.com	NKannan@webershandwick.com

Acquisition of Agri Logistics Business

APSEZ

23 February 2019



Adani Agri Logistics Limited (“AALL”) – Proposed Acquisition Highlights

AALL - Fits well into Adani Logistics strategy

- Adani Logistics Limited (“ALL”) is a leading player in India providing infrastructure and services across **Container, Bulk, Break-bulk & Liquids**
- AALL is India’s largest player with **45% market share in modern agri storage infrastructure**

AALL –Leadership with Long Term Contracts and High Margins

- AALL is the **pioneer** in providing **efficient storage** through silos and **transportation** by rail
 - Agri losses of 0.25% vs India average of 7-8%
- **1.58 MMT fully contracted capacity** (55% operational, 45% under development)
- **7 trains & 28 storage & handling infrastructure facilities** (14 operational) across 10 States
- Long term (**20-30 year**) **contracts** on use or pay basis with **70%+ EBITDA margins**

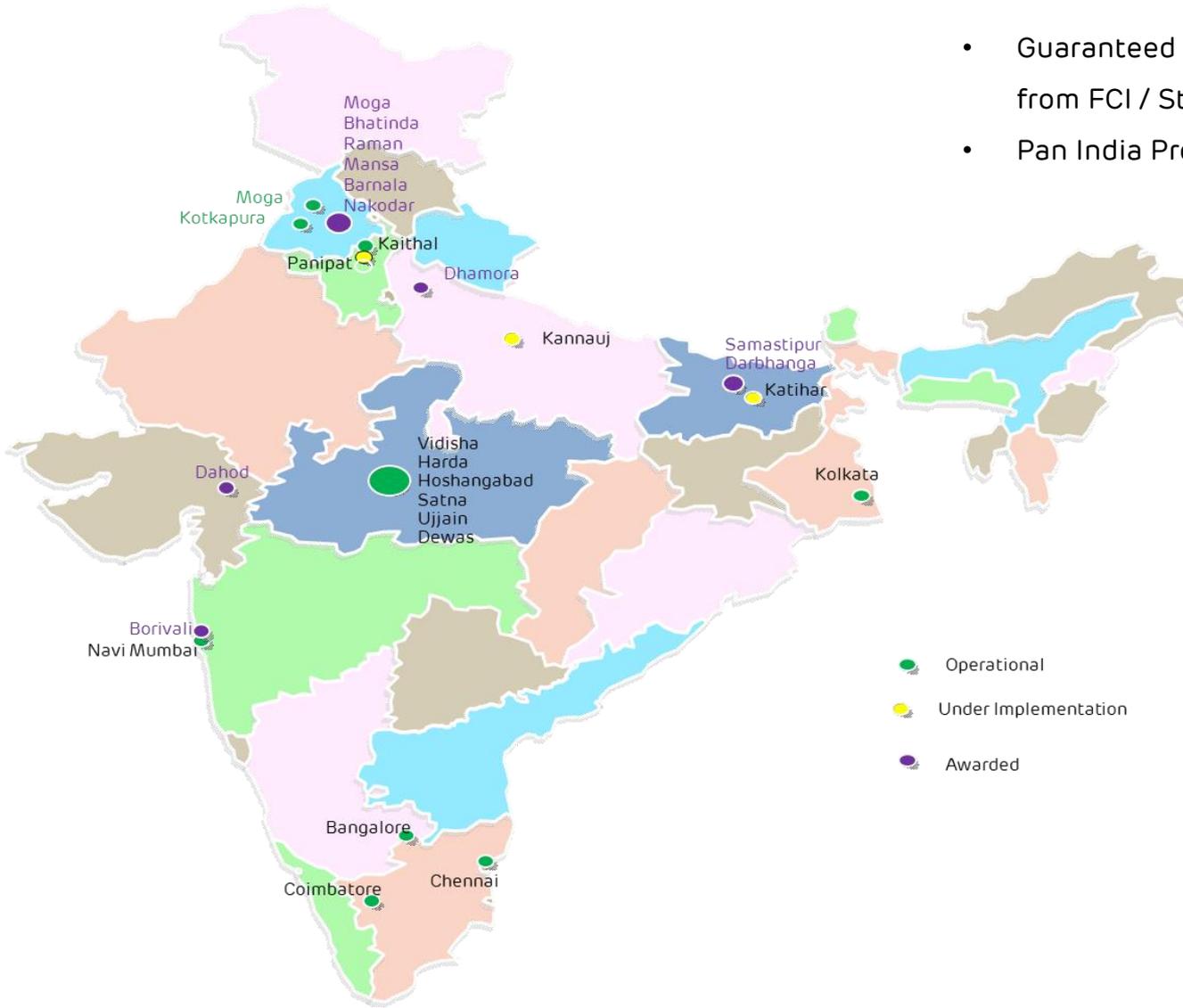
AALL - Target to double infrastructure capacity in the next 3 years

- **~12.5 MMT** infrastructure opportunity; 6.5 MMT is to awarded in the next 3-4 years
- Long term opportunities from i) Conventional storage conversion ii) Silos at consumption / production centres and iii) conversion of transport mode provides sustainable high growth

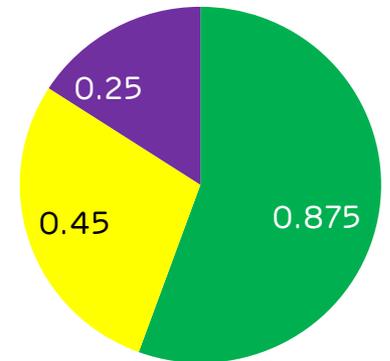
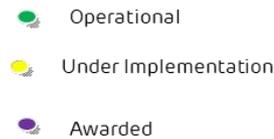
Adani Logistics – Combined Business Potential

- **High EBITDA margin** business **vs. conventional players** with low double digit margins
- **Combined** business **EBITDA to immediately double** to ~INR 200 Crs post acquisition
- Significant opportunity to **leverage** combined **infrastructure for handling multiple commodities and transportation** and **further enhance hinterland connectivity**

India Agri Logistics Opportunity



- Guaranteed offtake for entire capacity from FCI / State Corporations
- Pan India Presence in 10 States

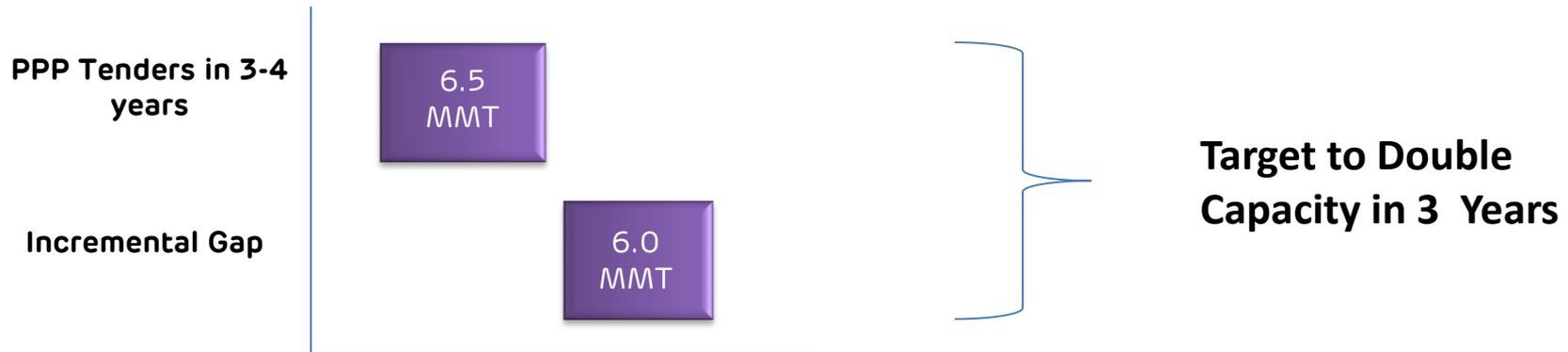


Adani Agri Logistics Limited (“AALL”) - Acquisition Highlights

Significant opportunity on account of supply – demand gap in agri logistics infrastructure

Near Term Infrastructure Growth Potential

- Current agri losses of 7-8% and government target to bring this down to global average of <0.5%
- Efficient infrastructure required to reduce agri losses - Infrastructure gap of ~12.5 MMT



Long Term Potential

Conversion from conventional storage to Silos (85 MMT)

Silos at Ports, Logistics Parks at production and consumption centres

Conversion of transport mode (road to rail) – leading to investments in new grain rakes

Key Financials – Adani Agri Logistics Business

INR Crores

Year	2016 [@]	2017 [@]	2018	2019E	2020E	2021E	2022E	2025E
Operating Capacity '000 MT	850	850	875	875	1,025	1,425	1,575	1,575
Total Revenue	110	133	128	128	137	193	225	246
EBITDA	80	82	92	95	99	143	170	186
<i>EBITDA Margin</i>	73%	61%	72%	74%	72%	74%	76%	75%
Investments #	634	+27	+65	+140	+330	+103	-	
Cumulative Investments	634	661	726	866	1,196	1,299	1,299	

Adani Logistics combined EBITDA to increase by 2x to ~ INR 200 Crs. in FY19E.

AALL EBITDA Margins are 72% vs. ALL EBITDA margins of ~15% (9MFY19) resulting in a significant improvement in EBITDA margin for the combined logistics business.

AALL – Valuation Methodology

Transaction	<ul style="list-style-type: none"> • 100% stake in AALL from Adani Enterprises Limited (AEL) for a cash consideration of INR 946 Cr • Acquisition targeted to be completed by March end, 2019
Valuation Methodology	<ul style="list-style-type: none"> • Discounted cash Flow method (“DCF”) for valuation of AALL assets till life of concession • Cash flows based on the minimum guaranteed tonnage from off-taker • Terminal value for Build Own and Operate assets based on cash flows basis renewal of concession / new contracts with third parties post concession expiry • Fair value of surplus land (~96 acres of 355 acres) based on market benchmarks • WACC of ~9.5% for assets based (risk premium for off-takers, status of project)
Factors not Considered in Valuation	<ul style="list-style-type: none"> • Terminal value not considered for BOT projects • Value not considered for growth beyond existing / awarded contracts • No cash flows assumed from surplus land available at AALL • No cost, capex or cash flow synergies assumed in valuation • No refinancing upside assumed in valuation
Independent Valuer	<ul style="list-style-type: none"> • Ernst and Young Merchant Banking Services LLP

Key Metrics	INR Crs
Equity Valuation	946
Total Debt (FY19)	716
Enterprise Value	1,662
Implied FY20E EBITDA Multiple	16.8



Step Change in EBITDA Expected in FY21E and FY22E

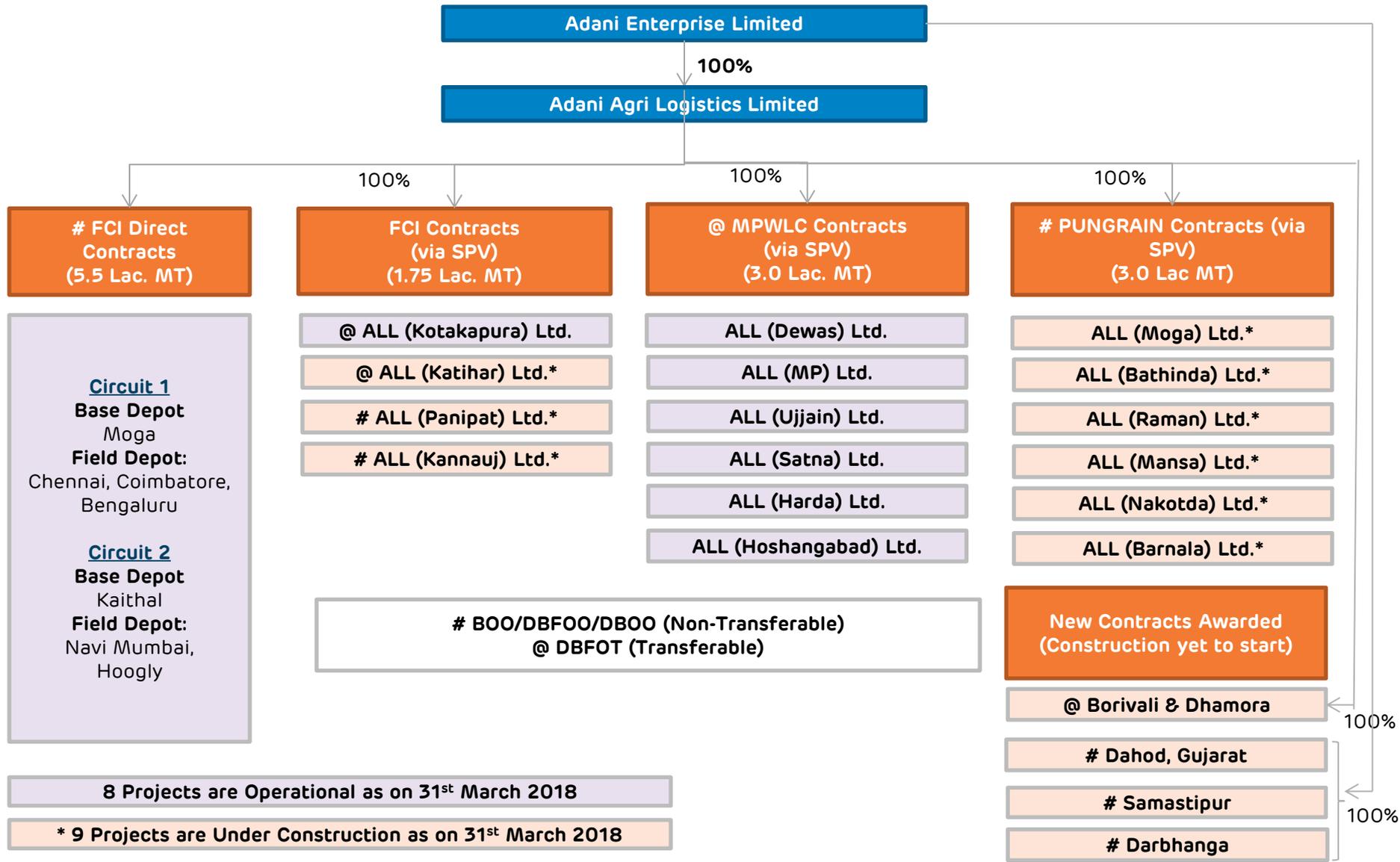
Near Term Synergy Potential

		FY21 Capex Savings	Incremental FY21 EBITDA
Leverage Rail Sidings for PFT	<ul style="list-style-type: none"> ALL to leverage rail sidings for PFTs# 5 potential sites identified – 20% of ALL’s target for next few years Use sidings to handle 3rd party cargo 	75-100 Cr@	
Utilize Land for New Business	<ul style="list-style-type: none"> Additionally Land at AALL to be utilized for Logistics Parks / warehousing Existing Logistics Park facilities to be utilized for grain silos (e.g. Kilaraipur) 	125-150 Cr@	
Leverage Combined Capabilities	<ul style="list-style-type: none"> Bring forward PFTs / Silos Cash flows by leveraging existing sites by 2 years Enhance ALL business by adding 10 grain rakes 		15-20 Cr@
Growth Synergies	<ul style="list-style-type: none"> Utilize future sites for all product offerings (20+ under evaluation) New silos for private sector / farms Port based grain silos Expansion at existing site a lower cost 	✓	✓

Annexure



AALL: Current Holding Structure



Operational Assets - Overview

Location	User (Contracting Party)	Land Area Acres	Capacity In MT	Take or Pay MGT (FY19) In MT	Concession Period
Total (a+b+c)		355	15,75,000	16,10,500	
a) Operational Project		268	8,75,000	9,18,500	
Moga	FCI	46.52	200,000	150,000	2007-27
Chennai	FCI	33.64	25,000	50,000	2007-27
Bengaluru	FCI	27.48	25,000	50,000	2007-27
Coimbatore	FCI	26.75	25,000	50,000	2007-27
Kaithal	FCI	40.99	200,000	150,000	2007-27
Navi Mumbai	FCI	55.55	50,000	100,000	2007-27
Hoogly	FCI	Railway land	25,000	50,000	2007-27
Deoli	FCI	37.04	-	-	TDB
Kotakapura	FCI	FCI land	25,000	24,500	2017-47
Dewas	MPWLC	MPWLC land	50,000	49,000	2015-45
MP- Vidisha	MPWLC	MPWLC land	50,000	49,000	2015-45
Ujjain	MPWLC	MPWLC land	50,000	49,000	2015-45
Satna	MPWLC	MPWLC land	50,000	49,000	2016-46
Harda	MPWLC	MPWLC land	50,000	49,000	2016-46
Hoshangabad	MPWLC	MPWLC land	50,000	49,000	2016-46
b) Under Implement.		87	4,50,000	4,47,000	
Katihar	FCI	FCI land	50,000	49,000	2020-50
Panipat	FCI	24.00	50,000	49,000	2020-50
Kannauj	FCI	12.15	50,000	49,000	2020-50
Moga	Pungrain	11.53	50,000	50,000	2021-51
Raman	Pungrain	10.76	50,000	50,000	2021-51
Mansa	Pungrain	7.10	50,000	50,000	2021-51
Nakotda	Pungrain	13.70	50,000	50,000	2021-51
Barnala	Pungrain	8.12	50,000	50,000	2021-51
Bhatinda	Pungrain	NA	50,000	50,000	2021-51
c) Newly Awarded			2,50,000	2,45,000	
Dahod	FCI	Acq. in process	50,000	49,000	2022-52
Borivali	FCI	FCI land	50,000	49,000	2021-51
Dhamora	FCI	FCI land	50,000	49,000	2021-51
Samastipur #	FCI	Acq. in process	50,000	49,000	2022-52
Darbhanga #	FCI	Acq. in process	50,000	49,000	2022-52

adani