



Ports and
Logistics

Ref No: APSEZL/SECT/2018-19/129

March 28, 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 Innovative B2B Logistics Solutions Pvt. Ltd. from Private Equity fund True North

Dear Sir,

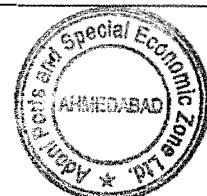
With reference to the captioned subject, we would like to inform you that Adani Logistics Limited ("ALL"), a wholly owned subsidiary of the Company has approved the proposal for acquisition upto 100% equity shares of **Innovative B2B Logistics Solutions Pvt. Ltd.** out of which 97.03% of shares will be acquired upon closing from True North and its affiliates and balance shares consisting upto 2.97% held by other shareholders within 60 days of the closing.

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.	<p>Innovative B2B Logistics Solutions Pvt. Ltd. (InLog) provides integrated logistics services for domestic cargo movement and is considered to be a prominent operator with circuits connecting Eastern and Northern hinterland.</p> <p>InLog operates 14 container rakes, a logistics park in Kanach, Punjab and 3,566 containers.</p>

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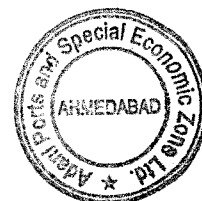


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		The total consolidated revenue of InLog for financial year 2017-18 was Rs. 248 crores.
2.	Whether the acquisition would fall within related party transaction(s) and whether the promoter/ promoter group/ group companies have any interest in the entity being acquired? If yes, nature of interest and details thereof and whether the same is done at "arm's length"	No
3.	Industry to which the entity being acquired belongs	Logistics and Rail Business
4.	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)	Acquisition of InLog will enable ALL to expand its total addressable market, enhance network coverage and create a value chain to handle dry cargo segment.
5.	Brief details of any governmental or regulatory approvals required for the acquisition.	Subject to necessary regulatory approval.
6.	Indicative time period for completion of the acquisition	The transaction is expected to be completed by Q1 FY19-20.
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	The enterprise valuation of InLog is Rs. 331.50 crores including the cost of acquisition of equity shares approx Rs. 43.20 crores. The above will be subject to closing adjustments and necessary approvals, if any.
9.	Percentage of shareholding / control	Upto 100% shares

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

adani

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	acquired and / or number of shares acquired									
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>InLog provides integrated logistics services for domestic cargo movement and is considered to be a prominent operator with circuits connecting Eastern and Northern hinterland.</p> <p>InLog operates 14 container rakes, a logistics park in Kanech, Punjab and 3,566 containers.</p> <p>The consolidated total revenues of last three consecutive year of InLog are as below:</p> <table border="1"><thead><tr><th>FY</th><th>(Rs. In crores)</th></tr></thead><tbody><tr><td>2017-18</td><td>248</td></tr><tr><td>2016-17</td><td>230</td></tr><tr><td>2015-16</td><td>192</td></tr></tbody></table>	FY	(Rs. In crores)	2017-18	248	2016-17	230	2015-16	192
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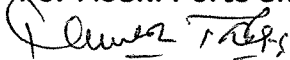
Press release dated March 28, 2019 and Investors' presentation on the above are enclosed herewith.

This is for your information and record.

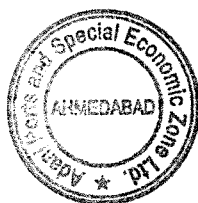
Thanking you,

Yours faithfully,

For Adani Ports and Special Economic Zone Limited



Kamlesh Bhagia
Company Secretary



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Media Release

Adani Logistics Limited to acquire Innovative B2B Logistics Solutions Pvt. Ltd.

Editor's Synopsis

- Adani Logistics Ltd. ("ALL") to acquire Innovative B2B Logistics Solutions Pvt. Ltd. ("InLogistics") for an enterprise value of INR 331.5 Crs
- With this acquisition, ALL is set to become the largest private rail and logistics operator in India
- InLogistics will add 14 container rakes, one logistics park (~38 acres) and 3,566 containers for ALL
- Complementary acquisition would help ALL enhance its geographical focus, domestic container train logistics and strengthen customer and commodity base

Ahmedabad, March, 28 2019: Adani Logistics Limited ("ALL"), a wholly owned subsidiary of Adani Ports and SEZ Limited ("APSEZ"), today announced it has signed definitive agreements to acquire upto 100% stake in Innovative B2B Logistics Solutions Pvt. Ltd, an entity controlled by Private Equity firm True North.

The acquisition is complementary to ALL adding meaningful Size, Scale and Diversification. It enables ALL to expand its total addressable market, enhance network coverage and create a value chain to handle dry cargo segment.

The transaction implies an equity value of INR 43.2 Crores for 100% of the InLogistics shares and ~10x multiple on InLogistics' expected EBITDA for FY19. The transaction will be an all cash deal and is expected to be completed by Q1 FY19-20.

About Innovative B2B Logistics Solutions Pvt. Ltd: - (InLogistics)

Founded in 2006, InLogistics provides integrated logistics services for domestic cargo movement and is considered to be a prominent operator with circuits connecting Eastern and Northern hinterland.

The company's network is spread across West, North and East India along with a strong customer base, which includes Tata Steel, Tata Sponge Iron, JSW Cement and retail marble traders. Over the years, InLogistics' management team has fostered a good ecosystem of partners that support its strong growth and entrepreneurial mindset.



Mr. Karan Adani, Chief Executive Officer and Whole Time Director of APSEZ said, "We are excited today to announce the acquisition of Innovative B2B Logistics Solutions Pvt. Ltd. With this acquisition, ALL will become the largest private rail and logistics park operator in India. We see significant synergies in the business across optimizing operations and leverage InLogistics' eastern presence for new business. InLogistics fits well into our strategy and vision - To be the leader in providing integrated logistics services in India and focus on developing hinterland logistics."

Adani Logistics Limited

Adani Logistics Limited (ALL) is a wholly owned subsidiary of Adani Ports and Special Economic Zone Limited (APSEZL) and one of the leading end-to-end logistics service providers in the country with presence across all major markets. The company has expertise in handling varied customer across segments like Retail, Industrial, Bulk, Break-Bulk, Chemical & Auto with specialization in handling Containers, ISO Tanks & Coiltainers. ALL operates 6 facilities with 3 Logistics Parks, 2 EXIM yards and 1 Container Yard and has a capacity to handle 5,00,000 TEU per year. ALL holds Category 1 License for Indian Railways and currently operates 20 container rakes and 1,791 containers. ALL has set itself a target of 7 logistics parks, ~50+ rakes and 900,000 sq ft of warehouse space by 2020.

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

For further information on this release, please contact

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Adani Ports and Special Economic Zone Ltd.

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Acquisition of Innovative B2B Logistics Solutions Pvt. Ltd.(InLog) by Adani Logistics Limited (ALL)



APSEZ
28 March 2019

InLog – An Overview

Highlights

- Founded in 2006, headquartered at Gurugram, Haryana
- Integrated container train and logistics park operations
- Operates container circuits connecting Eastern and North hinterland in India
- InLog has more than 130 employees
- Rail operations is about 90% of revenues

Assets

Container Rakes	14
One Logistics Park	38 acres in Kanech (Punjab)
Containers	3,566 ¹

Key Customers

- Tata Steel
- Tata Sponge Iron
- JSW Cement
- Aarti Steels Ltd
- Monnet Ispat & Energy Ltd
- Nitco Ltd
- H & R Johnson India Ltd

Key Financials

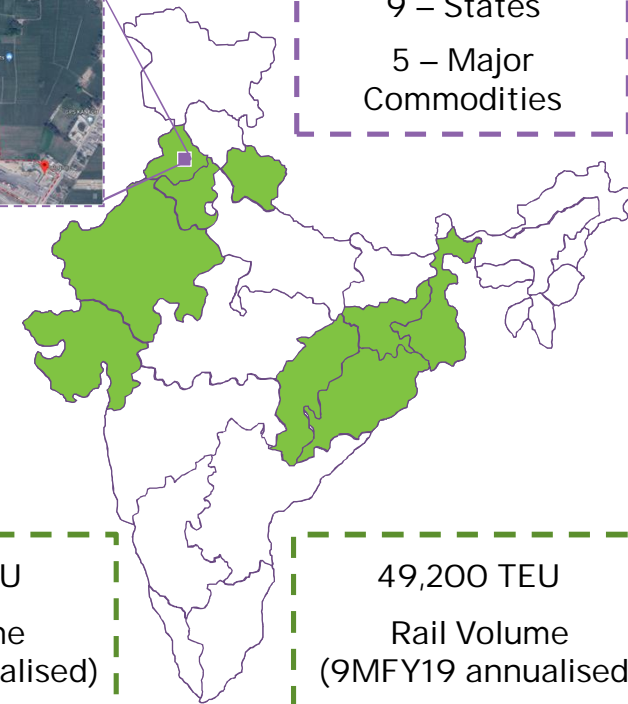
Particulars (INR Cr)	FY17	FY18	FY19E ²
Revenue	230	248	285
EBITDA	10	17	32
EBITDA Margin %	5.0%	6.9%	11.3%

¹Includes 1,779 owned, 991 financial lease (ownership will be transferred to ALL after InLog's acquisition) and 796 operating lease

²Based on management accounts, total revenue annualised on the basis of unaudited accounts YTD Jan 31, 2019 (Revenue INR 237 Cr) and committed EBITDA (EBITDA for YTD Jan, 2019 was INR 27 Cr)

Geographic Presence

ICD at Kanech, Punjab



9 – States
5 – Major
Commodities

74,640 TEU
ICD Volume
(9MFY19 annualised)

49,200 TEU
Rail Volume
(9MFY19 annualised)

Key Accolades

- **FY19:** Best Emerging Vendor Award by TATA Steel
- **FY18:** Excellence award in the Domestic Container Train Operators (CTO) by the Ministry of Steel
- **FY18:** Most trusted vendor Award by TATA Sponge

Transaction Summary

ALL has entered into definitive agreements with private equity fund True North to acquire InLog on March 28, 2019. Transaction expected to close in Q1 FY20.

Transaction Overview

- Private Equity firm True North has controlling interest in InLog since 2009
- ALL proposed to acquire upto 100% equity stake in InLog – True North (approx. 97%) stake and residual minority shareholders (approx. 3%)
- Business to include the assets, continuing operations and management team
- Ongoing proceedings of InLog with Central Warehousing Corporation (CWC) have been carved out from the transaction and will be managed by True North

Consideration

- Enterprise value of INR 331.5 Cr (against InLog current debt of INR 405 Crs).
Which constitutes:
 - Equity value of INR 43.2 Cr for 100% shareholding and
 - Lenders debt of INR 288.3 Crs (post conversion of certain loans)

Timing and Process

- Board Approvals received on March 28, 2019
- Condition precedents: Regulatory & Lender Approvals
- Expected Closing: Q1 FY20

External Advisors

- Valuation Report : BDO India LLP
- Legal : Cyril Amarchand Mangaldas and Co.

Acquisition Rationale for ALL

Complementary acquisition supports ALL's vision to become pan India integrated logistic solution provider

Enhanced Geographic coverage

Complementary business presence

- InLog: North & East
- ALL: North & West

Expand Container train Logistics Operations

- One of the largest private container train operator in India
- Ready access to large container train operations market



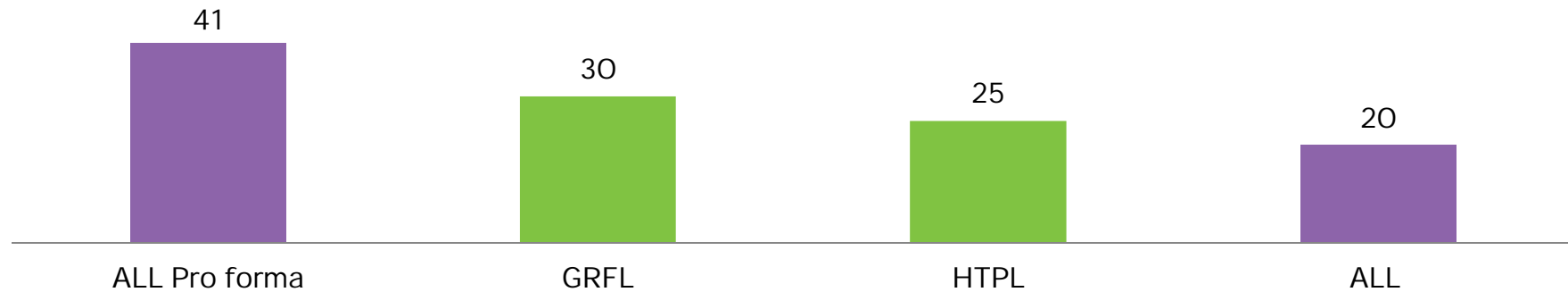
INLOGISTICS
INNOVATIVE LOGISTICS
The Growth Express

Strengthens Customer & Commodity Base

- Enhances reach to reach large customer base operating in Eastern India
- Diversified presence in commodities (steel, slag, clinker, stones, tiles)

ALL set to be India's largest private rail & logistics park operator

Number of Trains



Number of operational logistic parks

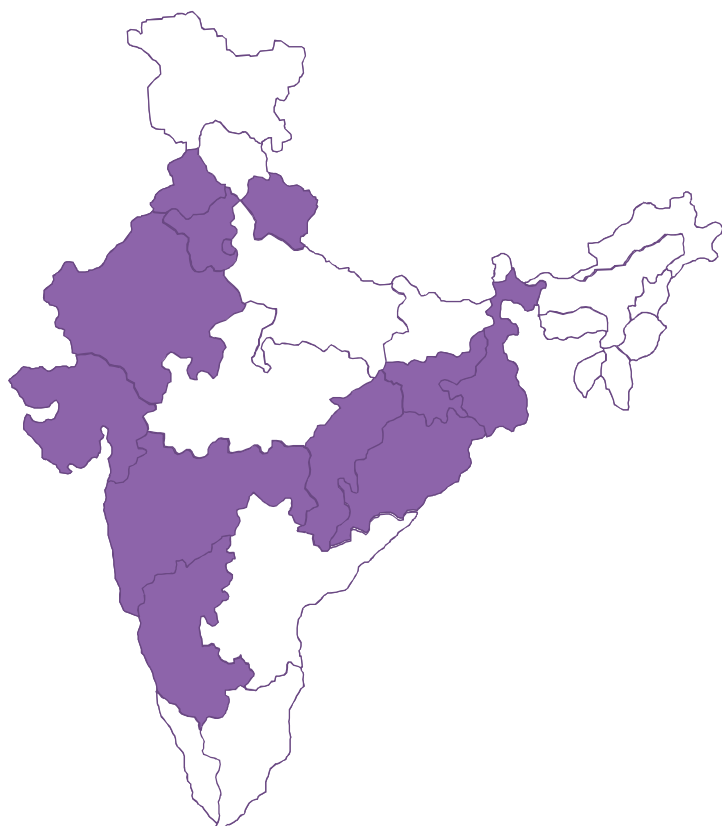


With the acquisition, ALL makes significant strides towards its 2020 Target

- 7 logistics parks
- 50+ rakes
- 900,000 sq ft warehouse space

InLog Adds Size, Scale and Diversification to ALL's portfolio

Combined Business Portfolio



Particulars	ALL	InLog	Combined	Growth
Trains	20	14	34 ¹	1.7x
Containers	1,791	3,566	5,357	3.0x
Rail Volume (TEU)	146,000 ²	49,200 ³	195,200	34%
Logistics Parks	3	1	4	33%
Terminal Volume (TEU)	236,000 ²	74,640 ³	310,640	32%
Annualised Revenue ⁴ (INR Cr)	580	285	865	49%
Annualised EBITDA ⁵ (INR Cr)	85	32	117	37%

¹Excludes 7 trains for AALL under acquisition

²ALL - Rail and terminal volumes on the basis of YTD Feb 2019 annualised (Rail 134,712 TEU and Terminal is 217,000 TEU)

³InLog - Rail and terminal volumes on the basis of 9MFY19 annualised (Rail 36,900 TEU and Terminal is 55,980 TEU)

⁴Doesn't include AALL acquisition, based on 9MFY19 annualised (INR 435 Cr) for ALL and YTD Jan, 2019 (INR 237 Cr) for InLog

⁵Doesn't include AALL acquisition, based on 9MFY19 annualised (INR 64 Cr) for ALL and committed EBITDA for FY19E from InLog (YTD Jan, 2019 INR 27 Cr)

InLog – Acquisition Metrics

INR Crs

Key Metrics

Target Gross Block (As of January 31, 2019)	337
Target Total Debt - External debt and shareholder loans (As of January 31, 2019)	405
Target EBITDA (FY19E) (Committed to be delivered by Seller)	32 (approx.)

Transaction Details

Enterprise Value (EV)	331.5
External Debt (Adjusted for converting shareholder loan to equity)	288.3
Equity Value (100% Stake including conversion of certain loans)	43.2

Transaction Metrics

Enterprise Value / FY19E EBITDA	10x (approx.)
Discount to existing InLog Total Debt	18%

Tax Benefit

Unabsorbed Depreciation at InLog that can be utilized to offset future tax liabilities	209 (approx.)
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Potential Synergies

Improving Asset Utilization

- Larger train and container fleet of the combined business provides an opportunity to **i) optimize train circuits ii) reduce empty runs and iii) improve container utilization**
- Opportunity to **optimize margins in line with ALL**

Leverage Presence in East for new business for ALL and APSEZ

- South East, South Central and Eastern zones accounts for ~50% of dry cargo of Indian Railways
- InLog's experience and operational presence in these zones provides a **ready platform to harness General Purpose Wagons Investment Scheme opportunities** thus strengthening APSEZ's supply chain capabilities for its customers

Optimising logistics parks' capacity

- **Consolidating business** at ALL & InLog's Logistics Park facilities
- **Utilization of excess land** for potential Warehouses / Tankages / Grain Silos development

Collective team capabilities

- **Experienced team** complementing existing capabilities in ALL
 - Provides bandwidth for faster growth

Optimisation of operating costs

- Potential to **rationalise sales, general and administrative expenses** to bring margins in line with the market

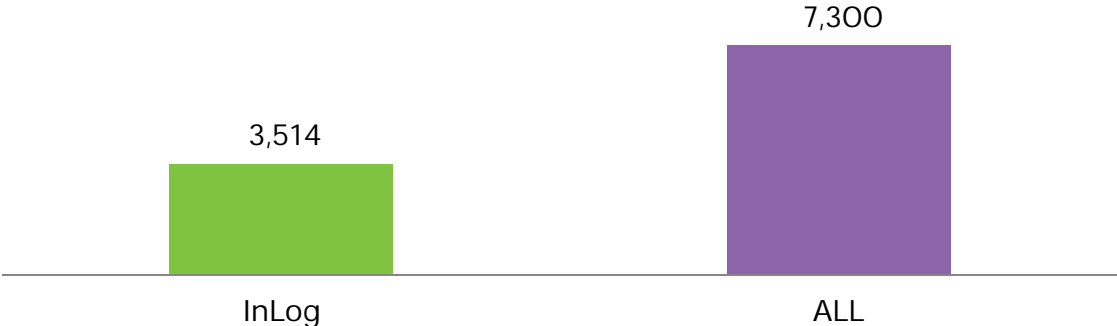
Unabsorbed Depreciation Benefit

- **~INR 209 Cr unabsorbed depreciation** at InLog over the next few years
- Indicative net present value **~INR 75-80 Crs**

Operating Synergies Illustration

Rail Volume in TEU / Train per year (current)

- ~50% of InLog's container volume currently make empty runs



Sensitivity	Efficiency Illustration	
	30%	40%
InLog TEU / Train p.a.	4,569	4,920
Revenue (INR Cr) / Train p.a.	24	26

A 30-40% increase in efficiency can improve the revenue by ~INR 75-100 Cr implying an EBITDA improvement of INR 10-15 Crs p.a. for ALL in the rail operations

Adani Logistics: Strategy and Focus Areas



Adani - Capturing the Logistics Value Chain

APSEZ is the logistics arm of Adani Group – providing integrated logistics services, on the strengths of ports, logistics parks and train operations

- APSEZ handles 15% of India's EXIM cargo
- Opportunity to leverage APSEZ platform to provide end to end solution to customers
- Adani Logistics Limited ("ALL"), a 100% subsidiary of APSEZ, well poised to capture the market opportunity in logistics and transportation
- Primary transport, ICD/Storage segments are high growing and profitable operations

Only Private Logistics Company with Pan India presence across Multiple Verticals

- Asset & service based services across Container, Bulk, Break-bulk & Liquid industries
- Integrated solutions (Containers, Bulk, Break-bulk, Liquid, Auto) combining operational control – Ports and ALL services to offer end-to-end solutions



adani