



Ports and  
Logistics

Ref No: APSEZL/SECT/2021-22/100

November 9, 2021

**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 interactions with Investors**

Dear Sir,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, this is to inform that the Company will interact with the investors' as per schedule given hereunder:

<b>Date of Meeting</b>	<b>Type of meeting</b>	<b>Mode</b>
10.11.2021	Interaction with Ventura Securities at Ahmedabad	In person
16.11.2021 & 17.11.2021	Meeting Investors through CLSA Conference	Virtual

**Note:** Dates are subject to changes due to exigencies on the part of investors/company.

The Investors' presentation to be deliberated at the Conference/ Investor call is enclosed herewith and being upload on our website.

Kindly take the same on your record.

Thanking you,

Yours faithfully,

**For Adani Ports and Special Economic Zone Limited**

  
**Kamlesh Bhagia**  
**Company Secretary**



Adani Ports and Special Economic Zone Ltd  
Adani Corporate House, Shantigram,  
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**adani**

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Ports and  
Logistics

**Adani Ports and SEZ Limited**

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**Investor Presentation**

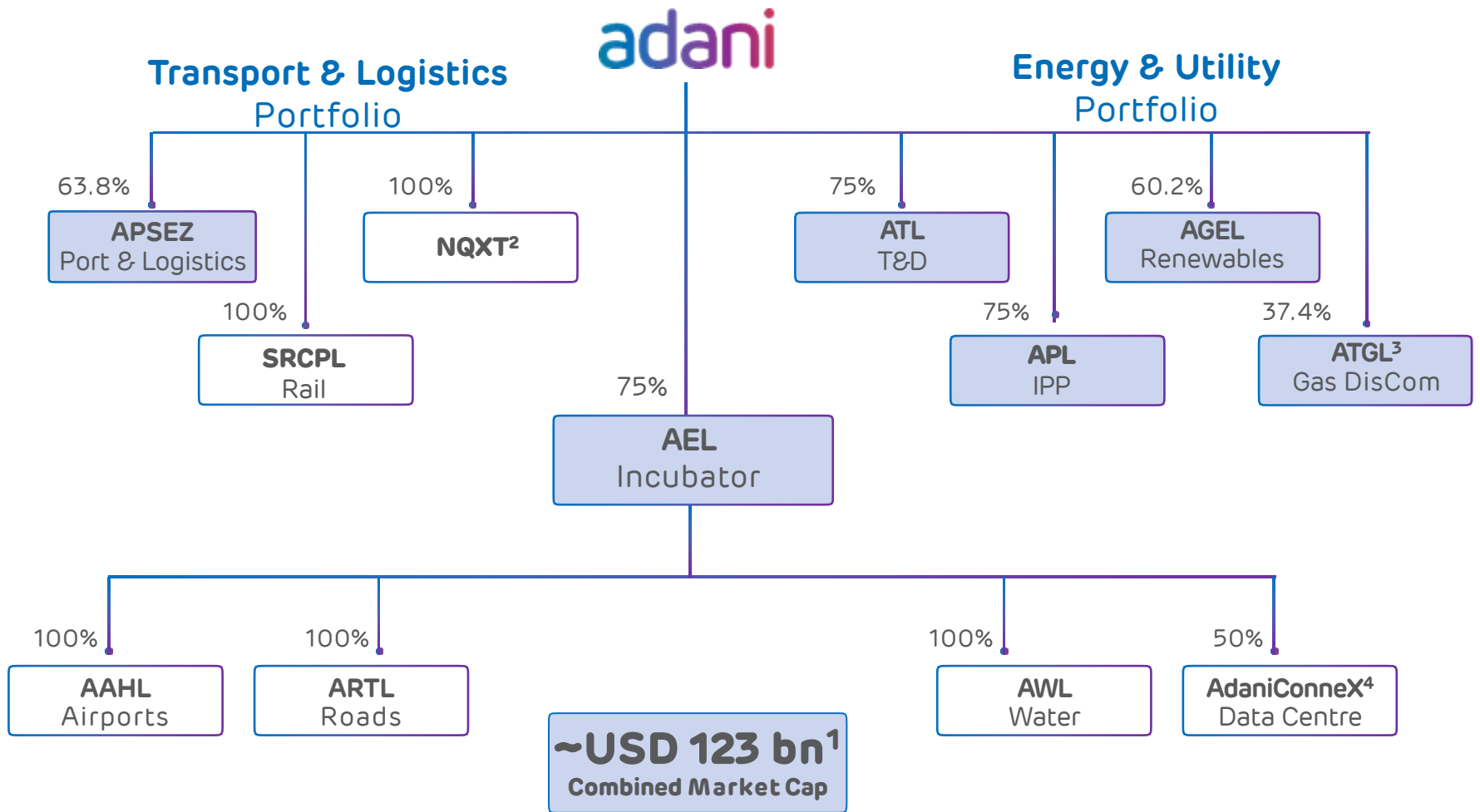
November 2021

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- **C** • Growth Journey of APSEZ
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# Adani Group: A world class infrastructure & utility portfolio



## Adani

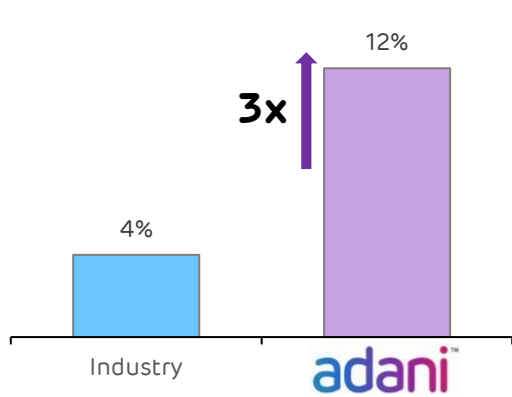
- **Marked shift from B2B to B2C businesses –**
- **ATGL** – Gas distribution network to serve key geographies across India
- **AEML** – Electricity distribution network that powers the financial capital of India
- **Adani Airports** – To operate, manage and develop eight airports in the country
- **Locked in Growth –**
  - 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.

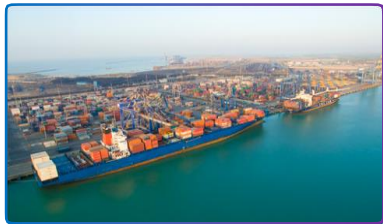
1. As on Oct 14<sup>th</sup>, 2021, USD/INR – 75.2 | Note - Percentages denote promoter holding and Light blue color represent public traded listed verticals 2. NQXT – North Queensland Export Terminal | 3. ATGL – Adani Total Gas Ltd, JV with Total Energies | 4. Data center, JV with EdgeConnex

# Adani Group: Long track record of industry best growth rates across sectors

Port Cargo Throughput (MMT)



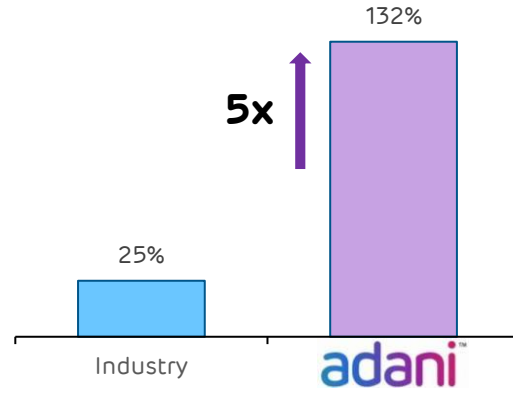
2014	972 MMT	113 MMT
2021	1,246 MMT	247 MMT



**APSEZ**

Highest Margin among Peers globally  
**EBITDA margin: 70%**<sup>1,2</sup>  
Next best peer margin: 55%

Renewable Capacity (GW)



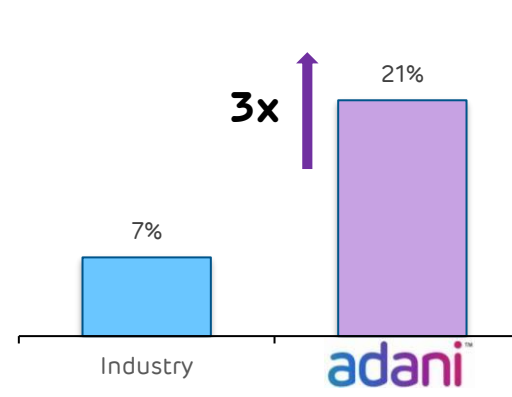
2016	46 GW	0.3 GW
2021	140 GW <sup>9</sup>	19.3 GW <sup>6</sup>



**AGEL**

World's largest developer  
**EBITDA margin: 91%**<sup>1,4</sup>  
Among the best in Industry

Transmission Network (ckm)



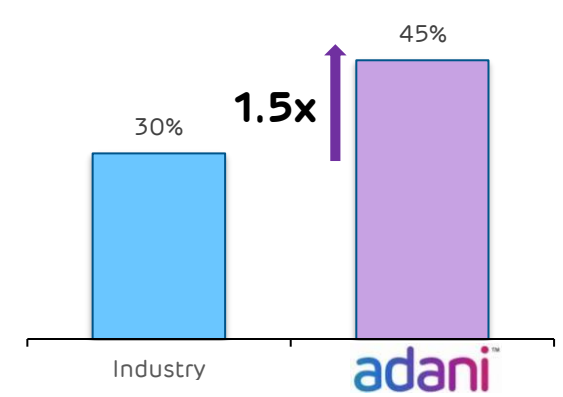
2016	320,000 ckm	6,950 ckm
2021	441,821 ckm	18,336 ckm



**ATL**

Highest availability among Peers  
**EBITDA margin: 92%**<sup>1,3,5</sup>  
Next best peer margin: 89%

CGD<sup>7</sup> (GAs<sup>8</sup> covered)



2015	62 GAs	6 GAs
2021	228 GAs	38 GAs



**ATGL**

India's Largest private CGD business  
**EBITDA margin: 41%**<sup>1</sup>  
Among the best in industry

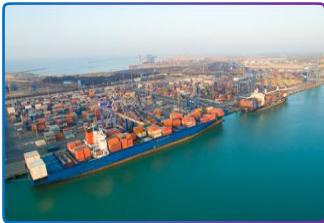



Transformative model driving scale, growth and free cashflow

Note: 1 Data for FY21; 2 Margin for ports business only, Excludes forex gains/losses; 3 EBITDA = PBT + Depreciation + Net Finance Costs – Other Income; 4 EBITDA Margin represents EBITDA earned from power supply 5. Operating EBITDA margin of transmission business only, does not include distribution business. 6. Contracted & awarded capacity 7. CGD – City Gas distribution 8. GAs - Geographical Areas - Including JV | Industry data is from market intelligence 9. This includes 17GW of renewable capacity where PPA has been signed and the capacity is under various stages of implementation and 29GW of capacity where PPA is yet to be signed'

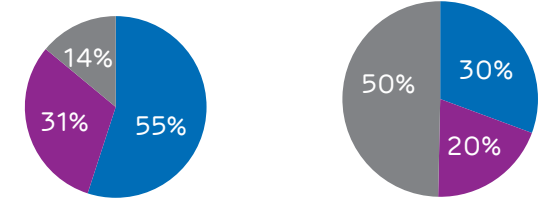
# Adani Group: Repeatable, robust & proven transformative model of investment



	Origination	Site Development	Construction	Operation	Capital Mgmt
Activity	<ul style="list-style-type: none"> <li>Analysis &amp; market intelligence</li> <li>Viability analysis</li> <li><b>Strategic value</b></li> </ul>	<ul style="list-style-type: none"> <li>Site acquisition</li> <li>Concessions &amp; regulatory agreements</li> <li><b>Investment case development</b></li> </ul>	<ul style="list-style-type: none"> <li>Engineering &amp; design</li> <li>Sourcing &amp; quality levels</li> <li><b>Equity &amp; debt funding at project</b></li> </ul>	<ul style="list-style-type: none"> <li><b>Life cycle O&amp;M planning</b></li> <li>Asset Management plan</li> </ul>	<ul style="list-style-type: none"> <li>Redesigning <b>capital structure</b> of assets</li> <li><b>Operational phase funding consistent with asset life</b></li> </ul>

	Origination	Site Development	Construction	Operation	Capital Mgmt
Performance	<p>India's Largest Commercial Port (at Mundra)</p> <p>▼</p> <p>Highest Margin among Peers</p> 	<p>Longest Private HVDC Line in Asia (Mundra - Mohindergarh)</p> <p>▼</p> <p>Highest line availability</p> 	<p>648 MW Ultra Mega Solar Power Plant (at Kamuthi, TamilNadu)</p> <p>▼</p> <p>Constructed and Commissioned in nine months</p> 	<p>Energy Network Operation Center (ENOC)</p> <p>▼</p> <p>Centralized continuous monitoring of plants across India on a single cloud-based platform</p> 	<p>Revolving project finance facility of \$1.35Bn at AGEL – fully funded project pipeline</p> <p>First ever GMTN<sup>1</sup> of USD 2Bn by an energy utility player in India - an SLB<sup>2</sup> in line with COP26 goals - at AEML</p> <p>Issuance of 20 &amp; 10 year dual tranche bond of USD 750 mn - APSEZ the only infrastructure company to do so</p> <p>Green bond issuance of USD 750 mn establishes AGEL as India's leading credit in the renewable sector</p>

**Debt structure moving from PSU's banks to Bonds**



1. GMTN – Global Medium-Term Notes 2. SLB – Sustainability Linked Bonds

# APSEZ : Transformational journey

## Industry

- 3x growth compared to market achieved without dilution in equity.
- Driving efficiency through mechanization at large scale.
- Growing responsibly with a sustainable approach.
- Integrated logistics solution to customers through a single window mechanism.

## Business

- From a single port single commodity to an integrated logistics platform.
- Strategic partnerships to unlock value.
- 90% of economic hinterland coverage.
- Business transformation from a port operator to transport and logistics utility.

## O & M

- Digitization of the platform through technology solutions (e.g. remote operating nerve center)
- In sourced operations (e.g. in house dredging and marine operations) leading to efficiency and cost reduction.
- Out performed market by providing best in class efficiency - TAT of Mundra is better by 3x that of its peers <sup>(1)</sup>

## ESG

- Formation of Corporate Responsibility committee
- Risk management through application of COSO<sup>(2)</sup> principles
- Independent board
- Disclosures as per CDP, TCFD and SBTi.
- Achieving COP21 targets by 2025

Double digit CAGR in cargo volume in last ten years and 36% CAGR of non Mundra ports in last seven years

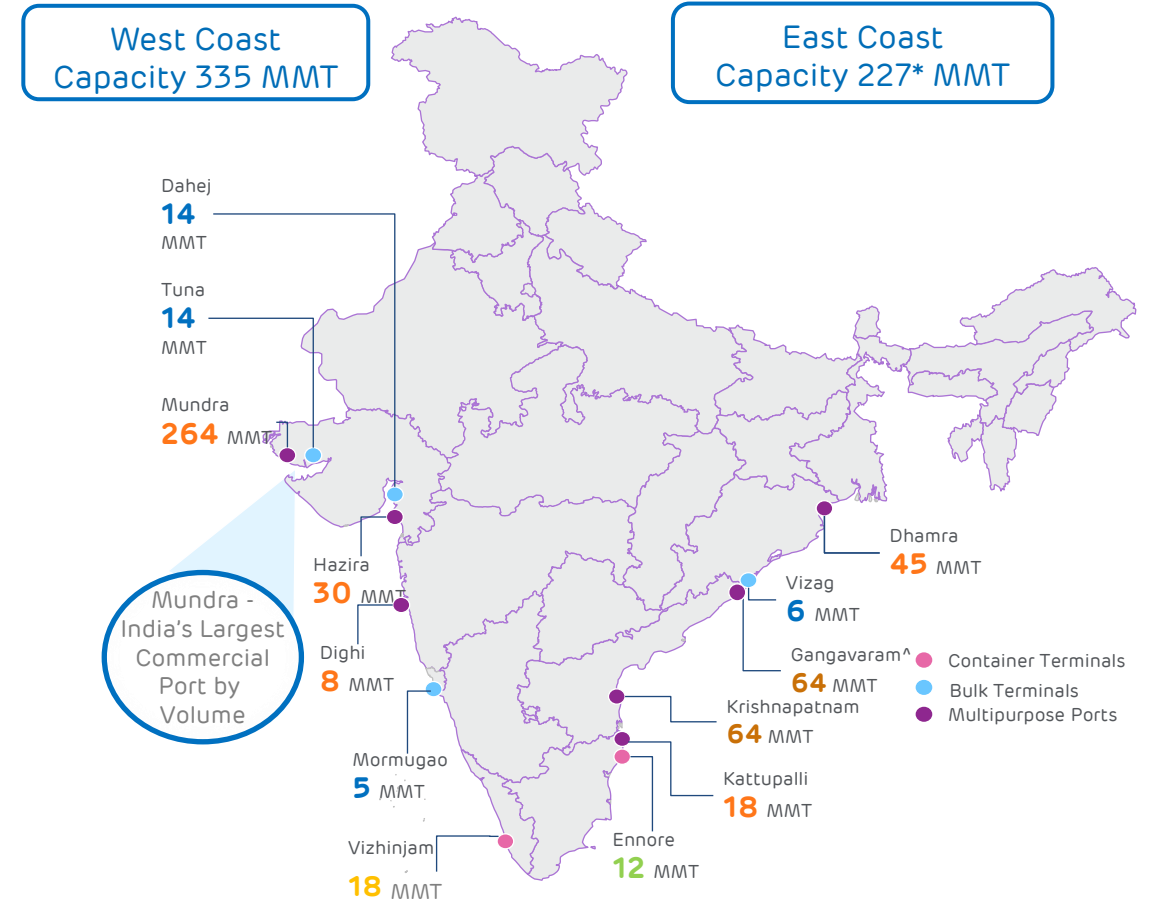
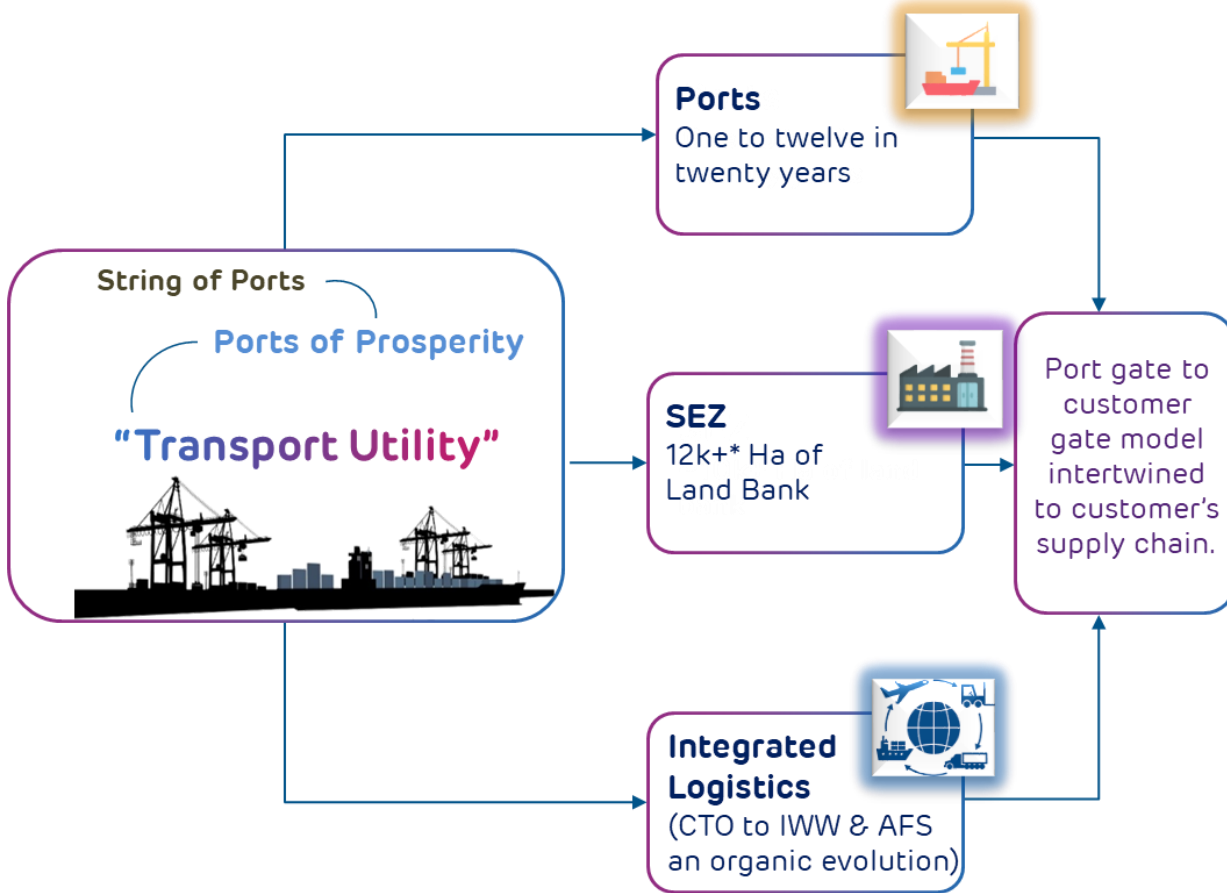
(1) Average Turnaround Time (TAT) for Mundra is 0.46 days in FY21 vs 1.95 days for Major Ports in FY19

(2) COSO – Committee of sponsoring organizations



# APSEZ : A transport utility with string of ports and integrated logistics network

*With string of ports and integrated logistics network*



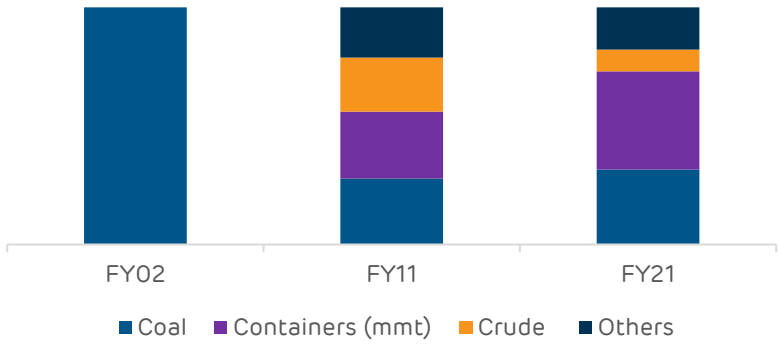
**An integrated approach through Ports, SEZ and Logistics enables presence across value chain**

**Grown from a single port to Twelve Ports ~560 MMT of augmented capacity to handle all types of cargo.**

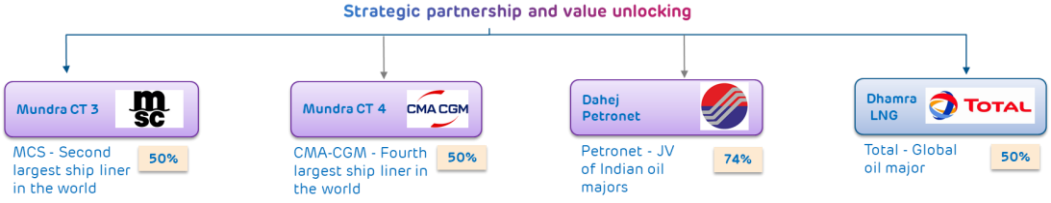


# APSEZ : Our Strategy led to dominant market leadership

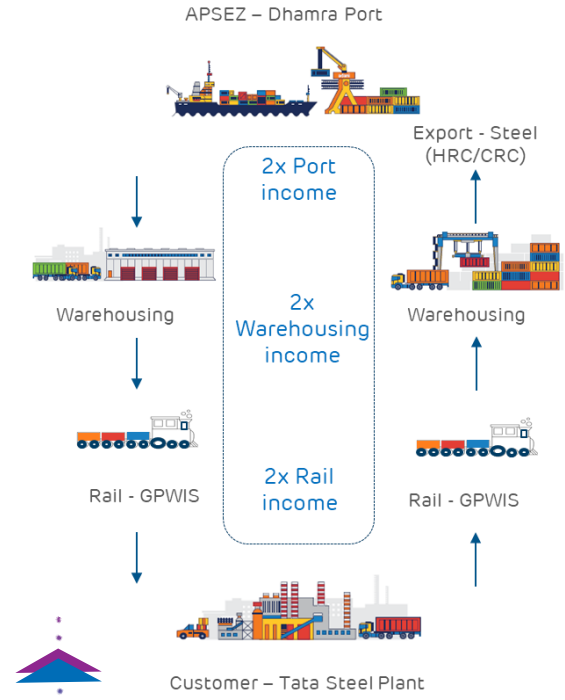
## Cargo Diversification



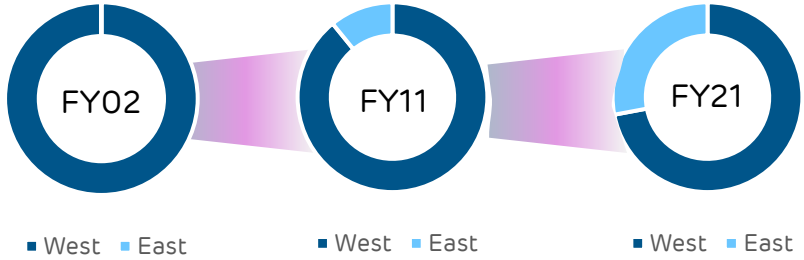
## Strategic Partnerships



## Integrated logistics



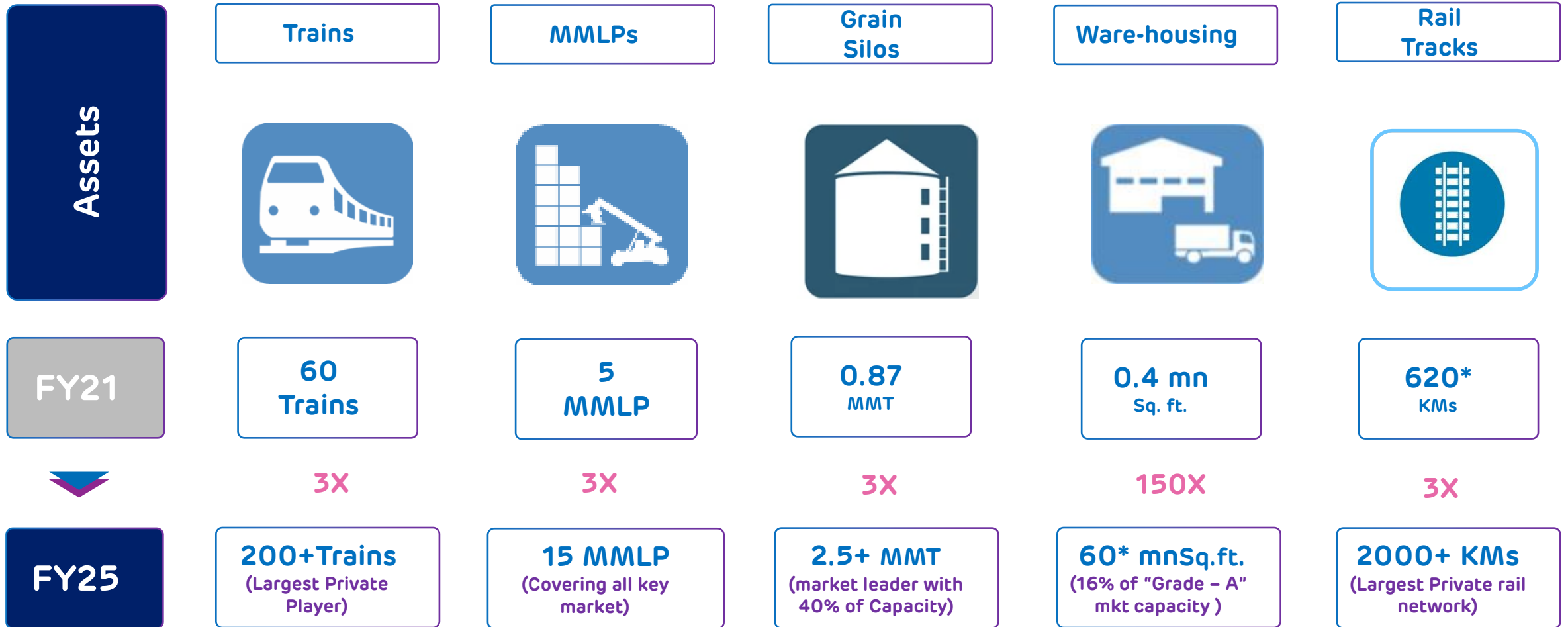
## APSEZ's pillars of strategy



## East Coast West Coast parity

Ensured resilience and stickiness of cargo

# APSEZ : Integrated logistics to provide growth impetus & bring customers to ports gate

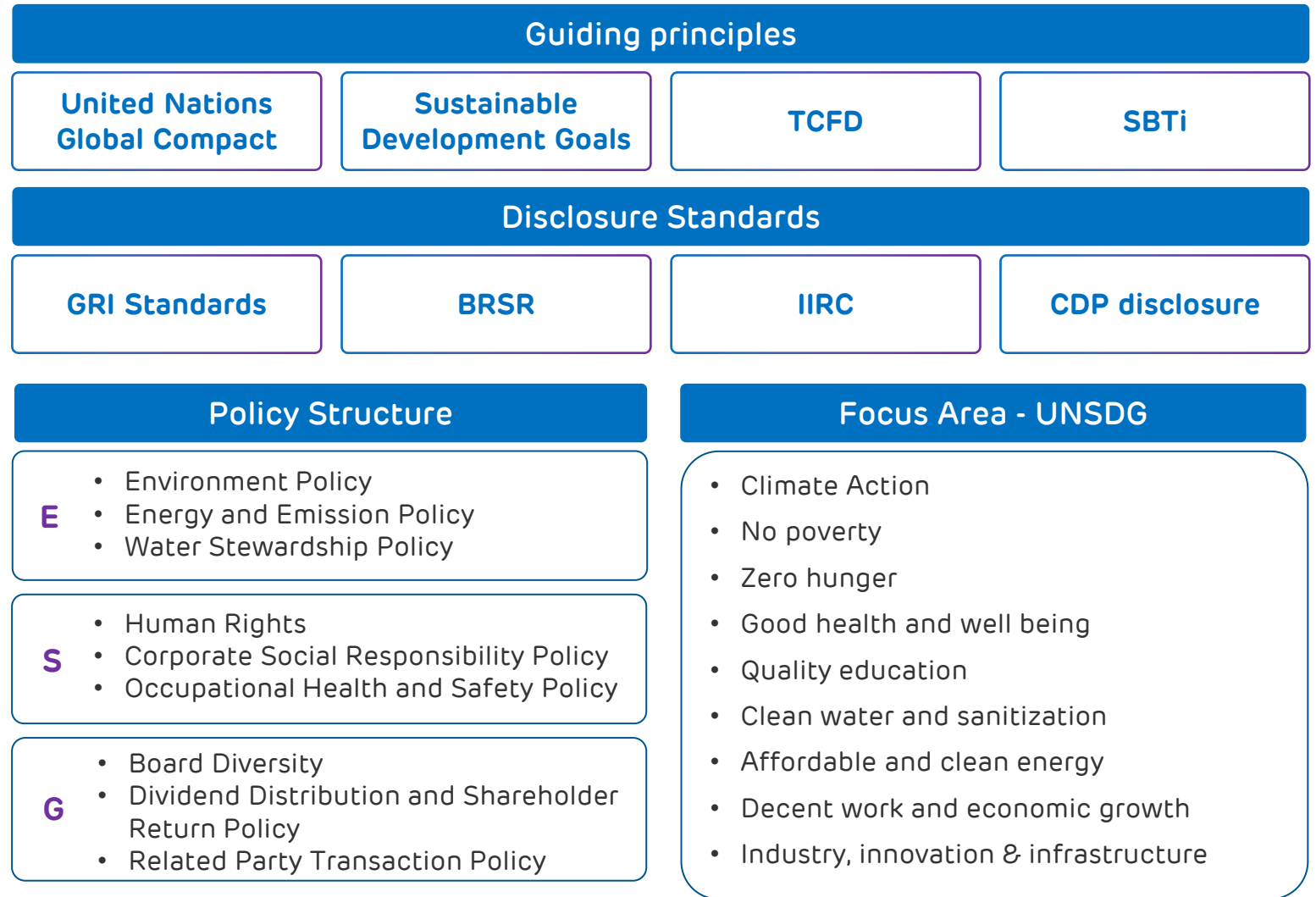


Logistics business to emerge as key value driver, to grow multi-fold with more than 30% CAGR by FY26

# APSEZ ESG Framework

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# APSEZ : Robust ESG assurance framework



Policy framework backed by robust assurance program

## United Nations Sustainable Development Goals 2030



### Education

- 2. Zero Hunger
- 4. Quality Education

- More than **2,944 meritorious students** from underprivileged sections receive free education along with daily meals at Adani Vidya Mandirs
- **3156** students receive education at highly subsidized rates through our schools at **Mundra, Dhamra and Junagam, Surat** district.
- Utthan ensures upgradation of primary Govt schools and focuses on progressive learners – benefiting **10,360 students**, across **87 schools & AWCs**

### Healthcare

- 3. Good Health & Well Being

- 4 Mobile Healthcare Units in port locations provided **38,223 treatments**
- **13,045 patients** treated at rural clinics and wellness center
- **13,293 patients** treated at Adani Hospital, **Mundra**

### Livelihoods

- 1. No Poverty
- 5. Gender Equality
- 8. Decent Work & Economic Growth
- 10. Reduced Inequalities

- **2,090 cattle owners** benefitted through AI under Pashudhan program (livestock development). Also, **approximately 26,593** cattle treated and vaccinated in **Dhamra, Dahej, Mundra & Hazira** locations.
- **241 beneficiaries** under convergence of govt. schemes by linkages of differently-abled people, widow to Social Welfare Department
- **3,530 beneficiaries** of Adani Skill Development Centers
- **246 farmers** were supported for free ploughing, **100 fisherfolk** supported with Iceboxes

### Community Infrastructure Development

- 6. Clean Water and Sanitation
- 9. Industry, Innovation & Infrastructure

- **31 Rooftop rainwater harvesting** structures installed, **45 borewell recharge** activity completed in **Mundra**.
- In **Mundra** (Gujarat), **676 fisherfolk** families supported by fulfilling 75000 litres/day water requirement.
- Installation of high mast lights in **5 villages** of **Kattupalli**
- Building check dams, deepening of ponds and tanks, rooftop rainwater harvesting, recharging bore wells.

### Ecology

- 7. Affordable and Clean Energy
- 13. Climate Action
- 14. Life Below Water
- 15. Life on Land

- Conservation of mangroves in coordination with GUIDE and establishment of terrestrial biodiversity park. **2874 person** days created through plantation & maintenance of mangroves.
- **4965 saplings of 42 species** planted to develop **Miyawaki Forest model (45\*20 mtrs)**

Social philosophy drives initiatives that are aligned with UN Sustainable Development Goals

# APSEZ : Governance initiatives



Enabling Board backed Assurance leading to lower risk to Stakeholders

# Value creation and Investment Thesis

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# APSEZ : Immense value creation

	FY16		FY21		FY25
Capital Employed*	Rs.341 bn.	<b>1.8x</b>	Rs.605 bn.	<b>1.3x</b>	Rs.771 bn.
EBITDA	Rs.46 bn.	<b>1.8x</b>	Rs.81bn.	<b>2.3x</b>	Rs.187bn.
Net Debt / EBITDA	4.4x	<b>1.3x</b>	3.3x	=	3x
ROCE	11%	<b>160 bps</b>	12%	<b>&gt;740 bps</b>	20%+

- Capital employed grows by 1.3x while EBITDA improves 2.3x
- EBITDA to double in 4 years with minimal further investment.
- Net debt to EBITDA to be at similar level in-spite of acquisitions Due to incremental EBITDA
- Improved asset utilization & maturing of greenfield/ acquisition to deliver 700 bps improvement in ROCE.

## APSEZ : Investment opportunity

- Largest transport utility covering entire supply chain with 29%^ market share and 90% of hinterland coverage in India.
- Diversification of cargo mix, east coasts west coast parity and de-risks our portfolio from concentration and volatility.
- Future ready by adopting automation and cutting-edge technology for a sustainable and environment friendly growth.
- Disciplined capital management ensures credit quality while balancing funding for growth and returns to stakeholders.
- Governance framework backed by a formal assurance program to reduce risk perception and further strengthen our value proposition.

### APSEZ : Medium Term Growth Targets

**~500**  
MMT of Cargo

**~33%**  
All India cargo  
Market Share

**~17%** Revenue  
CAGR

**~2x** EBITDA

**20%+**  
ROCE

A unique investment opportunity which provides scale, growth and free cash flow concomitantly

**Thank You**

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# Annexure

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## Operational and Financial Performance - H1 FY22

# APSEZ : Strategic highlights – H1 / FY22

## Operations

- **47% Growth** in cargo volume compared to **16% growth** by all India ports resulting in gain in market share.
- Cargo market share increased by **310 bps to 28.6%** and Container market share increased **by 144 bps to 42.5%**
- Six new services added - four at Mundra and one each at Ennore and Hazira with a potential of **200,000 TEUs p.a.**
- Eight bulk rakes added under GPWIS.
- Port EBITDA margin maintained at **70%**.
- Mundra Port was awarded the best port of the year and best container terminal of the year (AICTPL), at the 5th edition of India Maritime Awards.
- Signed for the **Science Based Targets Initiative**, which mandates businesses for setting a **net-zero target** in line with 1.5-degree centigrade future.

## Capital Management

- APSEZ became the first Indian infrastructure company to have raised a dual-tranche of 10.5-year and **20-year unsecured bonds**.
- The notes were issued at attractive fixed coupon of **3.8% and 5%** respectively,
- Maturity profile of debt increased from 6 years to over **7 years**.
- Average cost of borrowing decreased by ~113 bps to 5.93% due to new issuances and refinancing with lower coupons.
- Warburg Pincus invested Rs.800 Cr. in APSEZ in April 2021 under preferential allotment guidelines.
- In line with track record of spotting and swiftly consummating the growth opportunities, APSEZ is ready with all resources Funding, Transition Strategy, Organization Resources prior to targeted acquisitions of ~USD 2 Bn in next 12 months.

## Growth

- Acquisition of 10.4% stake in **Gangavaram Port (GPL)** held by Government of Andhra Pradesh is completed for a consideration of Rs.645 Cr. With this APSEZ holds 41.9% stake in GPL.
- For the acquisition of balance 58.1% stake, the board of APSEZ approved the merger based on the recommendation of Independent Directors' Committee. DVS Raju & Family agreed at Rs.120 per share, resulting in an issue to 4.77 Cr shares of APSEZ, as consideration.
- Acquired balance 25% stake in **Krishnapatnam** port making it a wholly owned subsidiary.
- **SRCPL** acquisition was approved by all stakeholders with overwhelming majority including the majority-of-minority shareholders. The composite scheme of merger now filed with NCLT.
- The Board has decided to actively work on a plan on exiting Company's investment in Myanmar including divestment opportunities (expected to be concluded by Mar - Jun 2022).

# APSEZ : Operational highlights – H1 / FY22

(YoY)

## Cargo volume

47% ↑



## Container volume

42% ↑



## Cargo Market Share

310 bps ↑



## Container Market Share

144 bps ↑



## West Coast Volume

26% ↑



## East Coast Volume

134% ↑



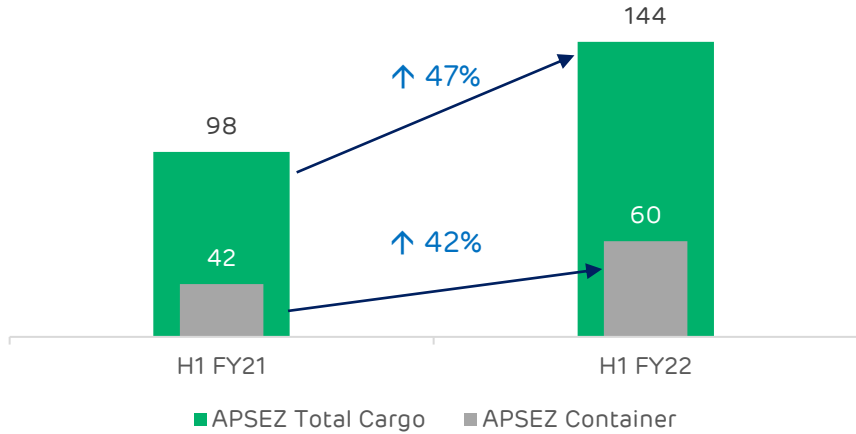
## Non Mundra Volume

91% ↑



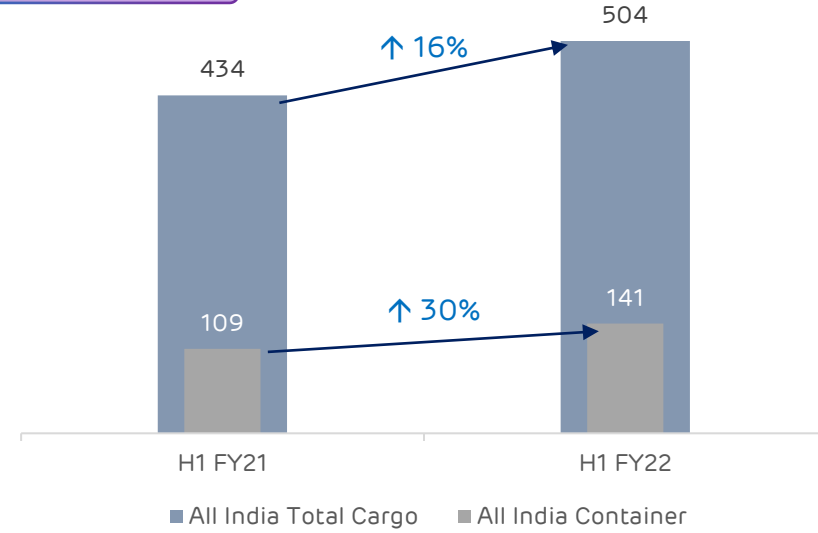
# APSEZ : Cargo volume H1 / FY22 vs All India

## APSEZ

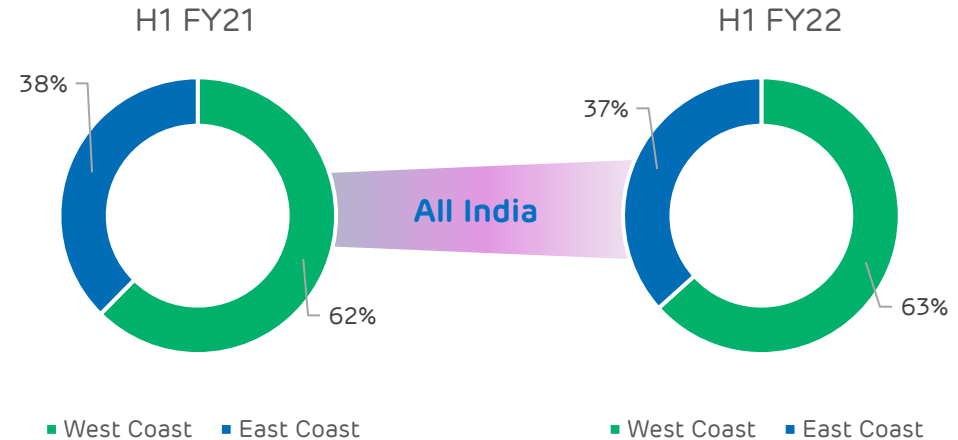
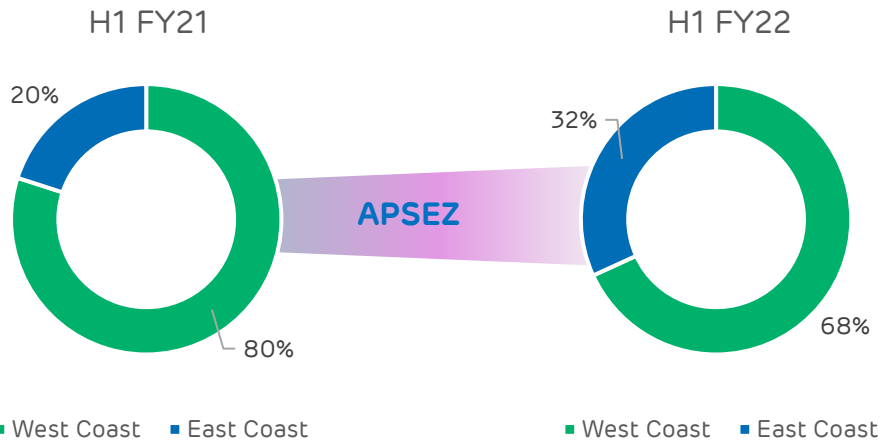


## All India Cargo\*

(YoY in MMT)



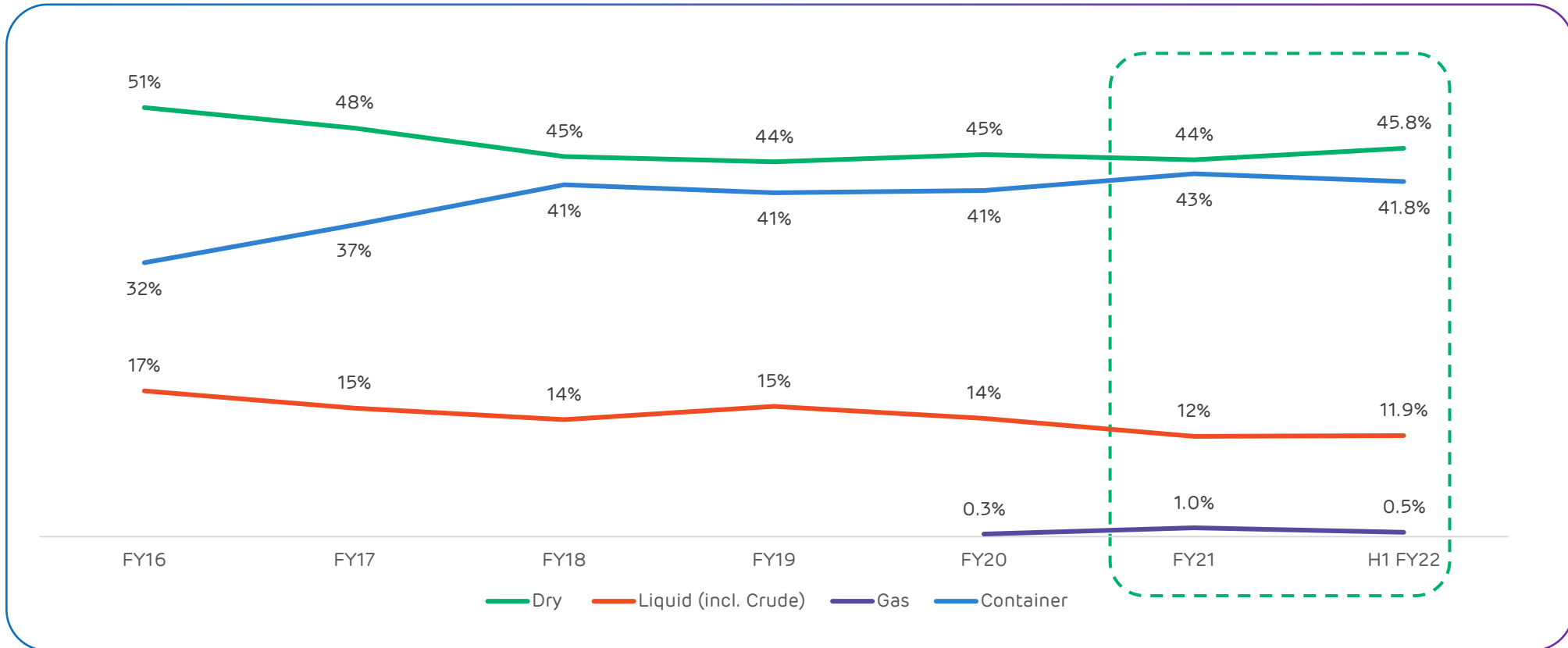
## East Coast - West Coast Share



\*As per internal estimates. Excluding non-Adani coastal LNG, LPG Volume

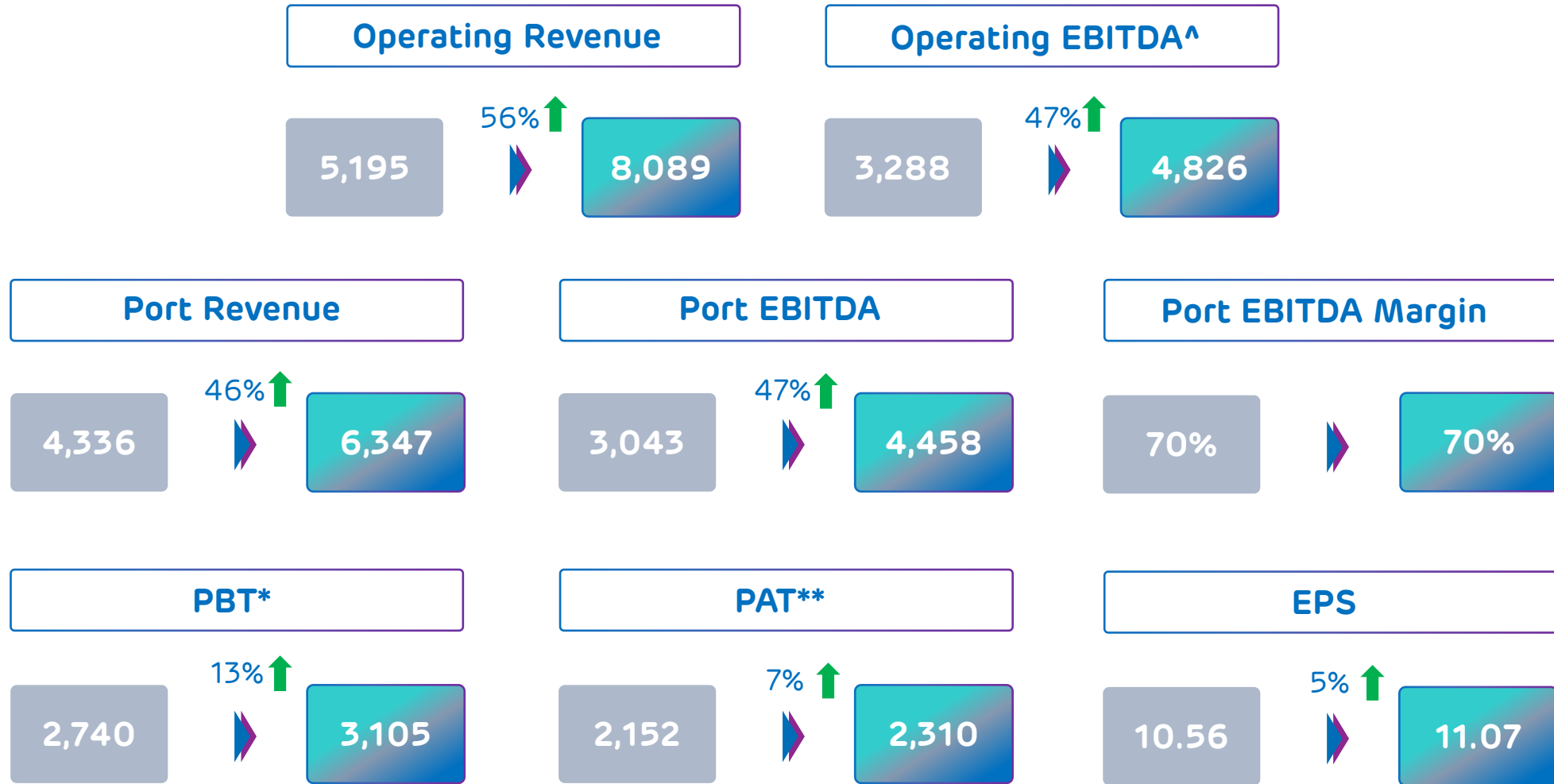


# APSEZ : Balanced cargo composition – H1 / FY22



# APSEZ : Financials highlights – H1 / FY22

(YoY, in INR Cr)



\*\*During Q2 pursuant to a notification issued by DGFT in Sept 2021 which amends eligibility conditions, the Company has provided for its receivables under SEIS amounting to Rs.405 Cr. However the company has contested the said application for its tenability and retrospective application.

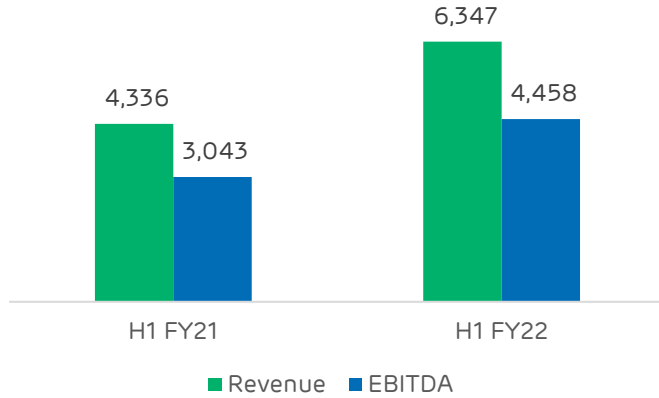
<sup>^</sup>EBITDA excludes forex loss of Rs.335 cr. in H1 FY22 vs. forex gain of Rs.485 cr. in H1 FY21 and H1 FY21 EBITDA excludes one time donation of Rs.80 cr.

\* Profit before exceptional items and tax

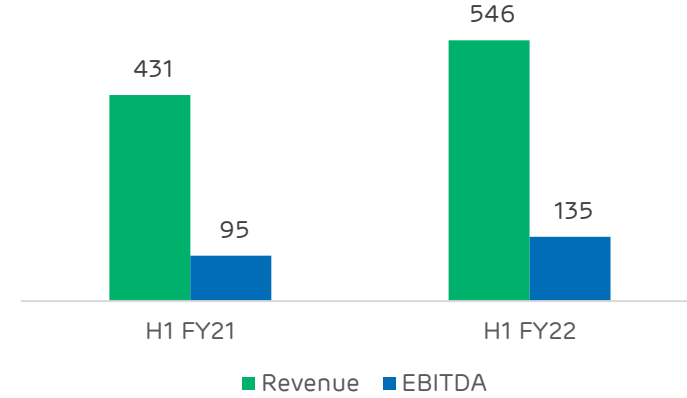
# APSEZ : Key segment wise Operating revenue & EBITDA\* - H1 / FY22

(YoY - Rs. in Cr)

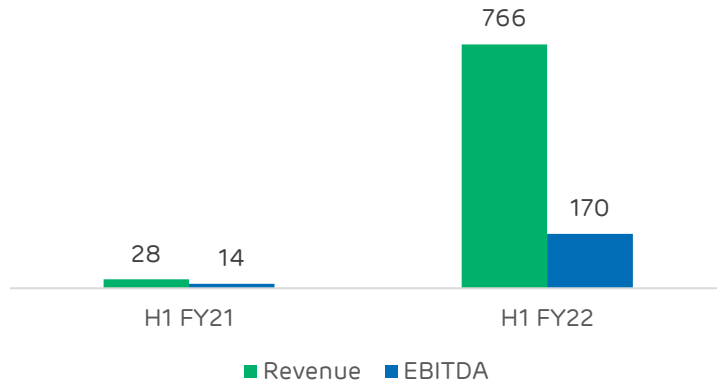
## Ports



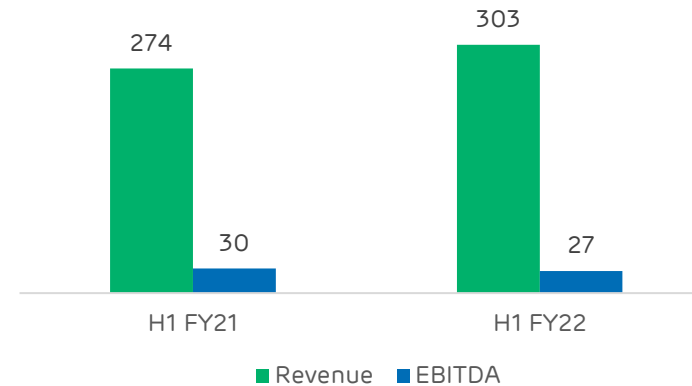
## Logistics



## SEZ & Port Development



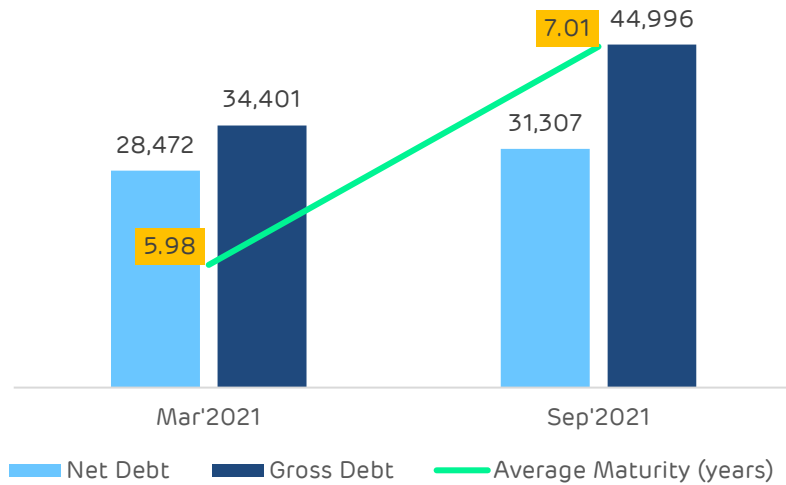
## O&M



\* EBITDA excludes forex gain/loss

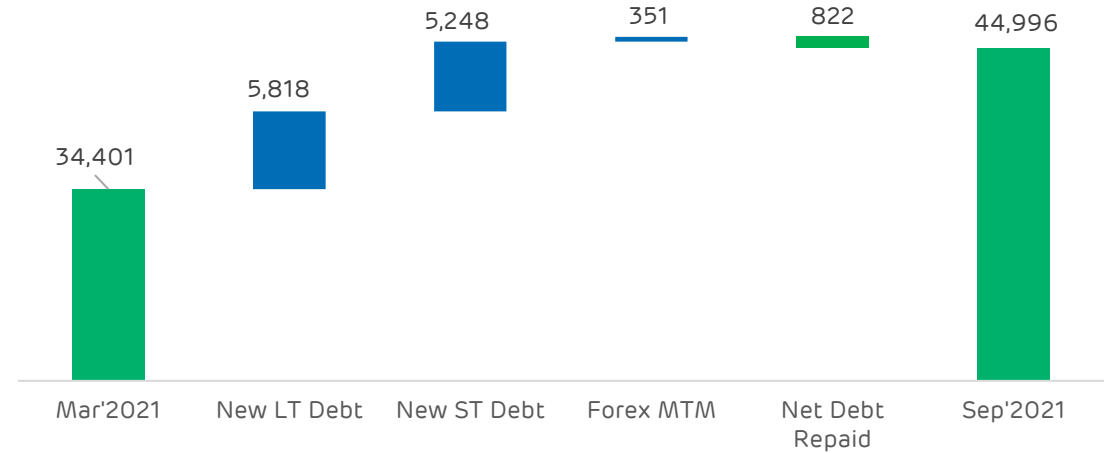
# APSEZ : Debt profile – H1 / FY22

## Gross Debt, Net Debt & Average Maturity

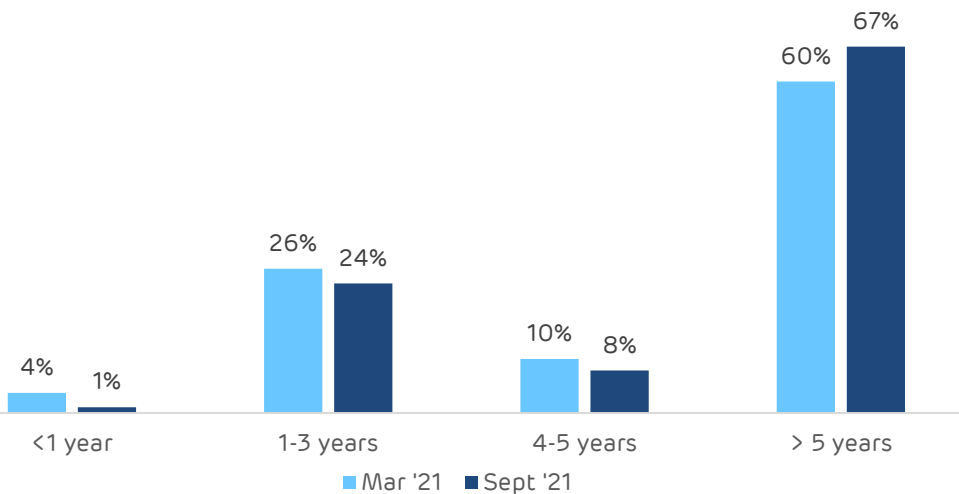


## Gross Debt Movement

(Rs. In Cr)



## Maturity profile of Long Term Debt

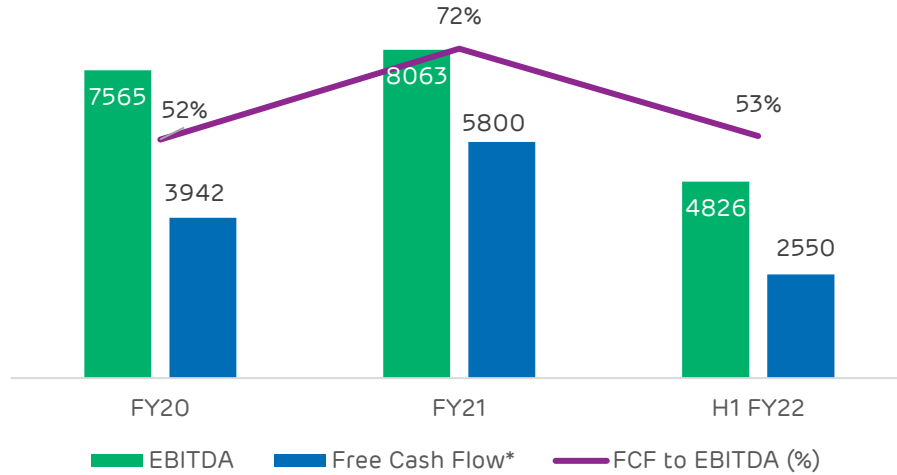


- ~25% of long-term debt is maturing post 10 years and will continue to increase, resulting in higher returns for stake holders.
- Average maturity of debt improved from 6 years to 7 years on account of issuance of a dual tranche USD 750 Mn bond with an average maturity of 16 years.
- Average cost of borrowing has decreased by 113 bps to 5.93% due to new issuances and refinancing with lower coupons.

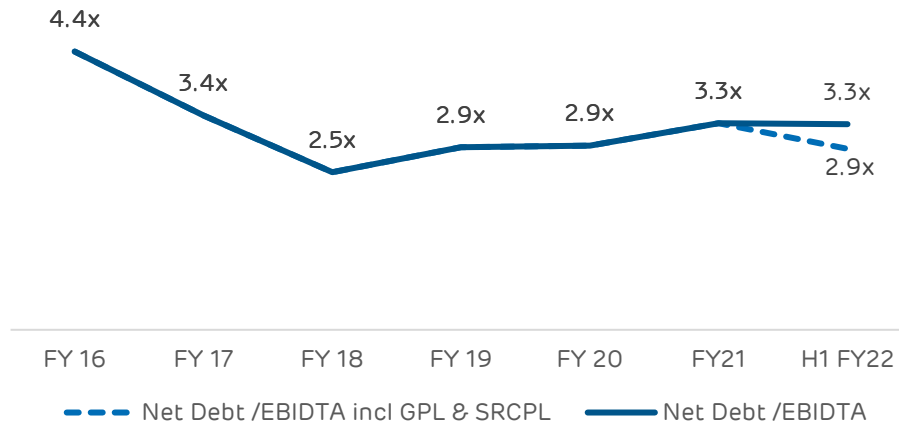
# APSEZ : Strong operational performance results in strong FCF\*

(Rs. in Cr)

## Cash Flow Conversion



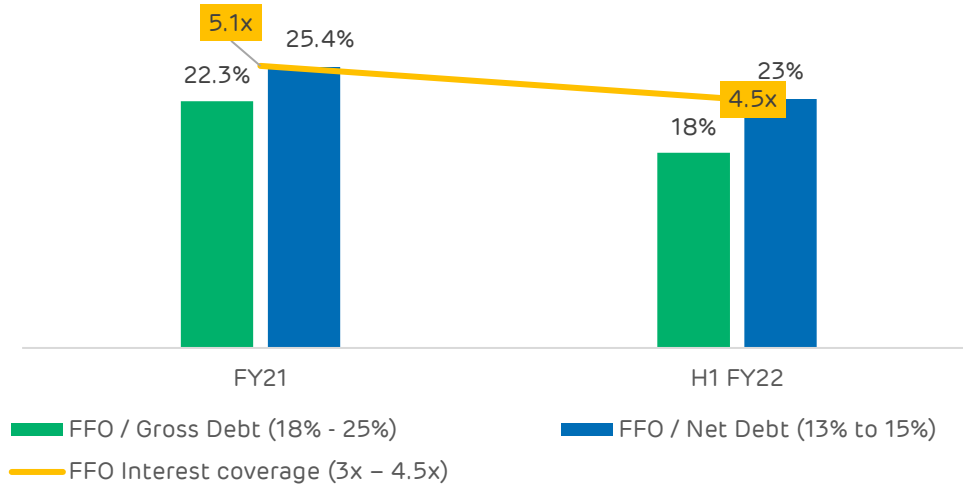
## Net debt to EBITDA^



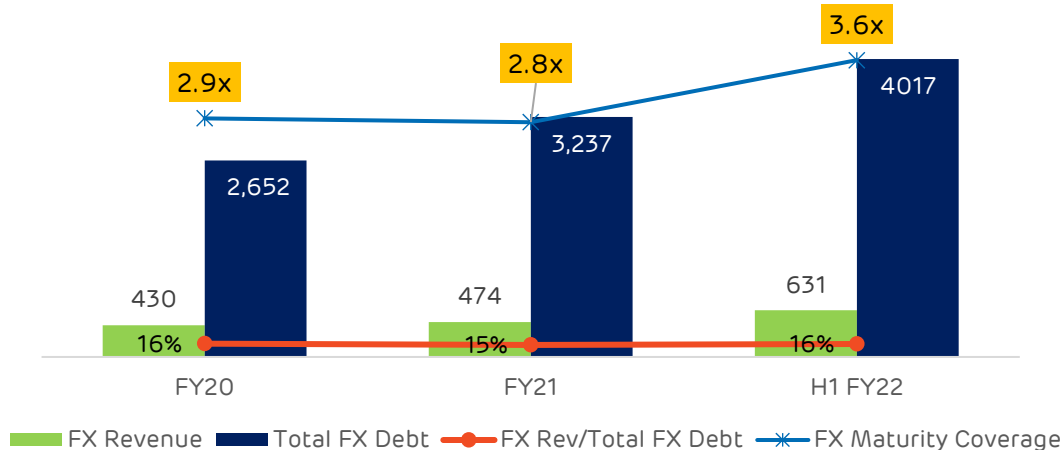
- Free cash flow from operation does not include cash flow from Gangavaram port and the Sarguja Rail Corridor (SRCPL). If included (on a pro forma basis) the cash flow stands at Rs.3,032 Cr.
- We are on track to achieve the guided free cash flow for FY22.
- FCF conversion at 53% due to increase in Capex
- Net debt to EBITDA does not include EBITDA and cash from Gangavaram port and the Sarguja Rail Corridor (SRCPL). If included (on a pro forma basis) the net debt to EBITDA stands at 2.87x.

# APSEZ : Key ratios - H1 / FY22

## Rating Ratios^



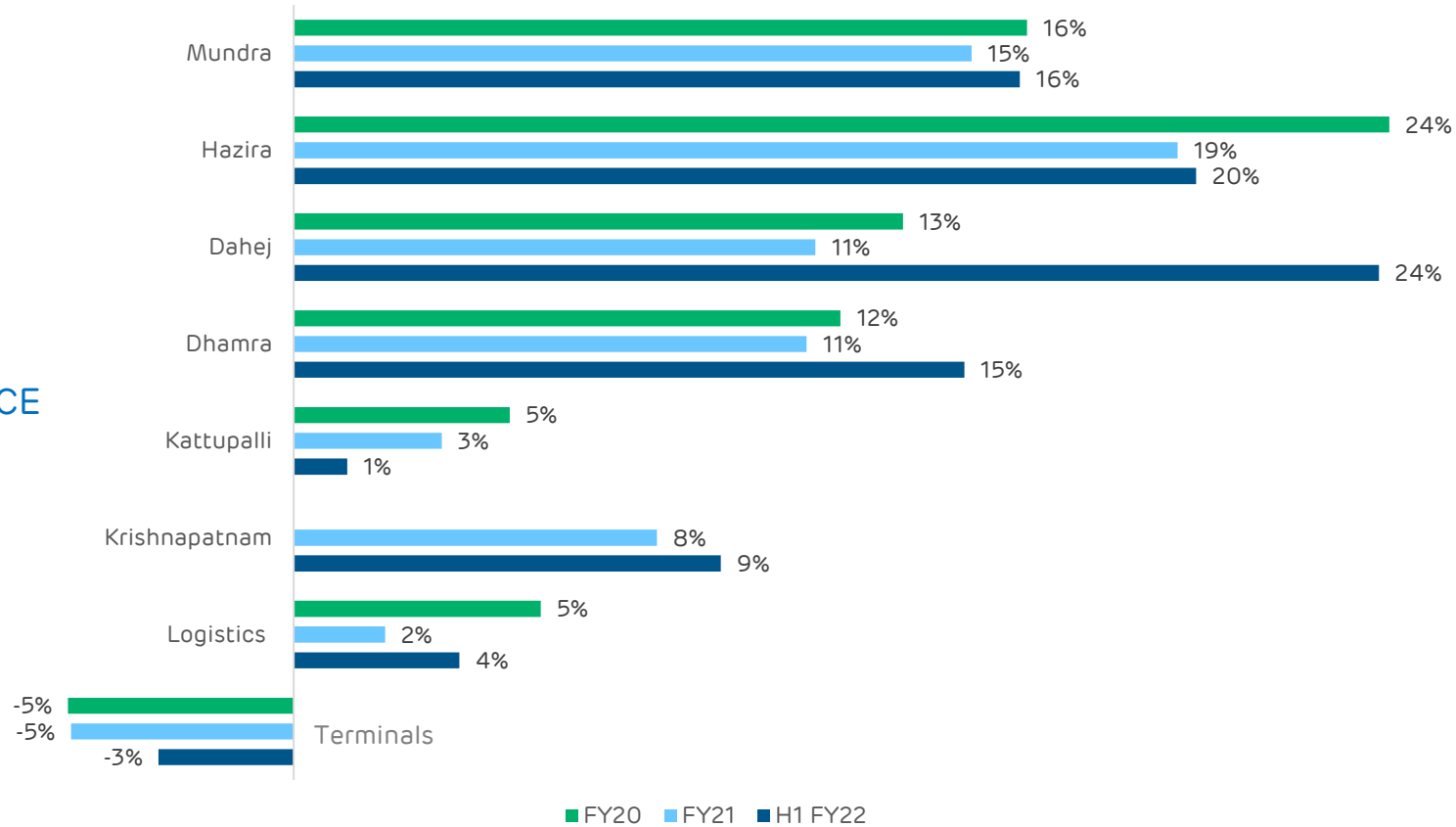
## FX Revenue and Debt Maturity#, Coverage (In USD mn)



- All key ratios continue to be within the prescribed range.
- In H1 FY22 total Revenue includes US\$ 293 Mn of earnings in FX currency. The growth is on account of higher share of FX earning cargo and addition of KPCL.
- In H1 FY22, FX Revenue does not include FX revenue from Gangavaram port. If included (on a pro forma basis) FX revenue will be at US\$ 320 Mn. Thus, increasing the FX maturity coverage.

# APSEZ : Port wise returns

Port wise ROCE



In line with our strategy of improving capacity utilization and diversification of cargo with a portfolio of networked ports, ROCE of ports have been constantly improving



# APSEZ : Acquisition of Gangavaram Port (GPL) – Update

(in Rs. Cr)

- APSEZ acquired 31.5% stake from Warburg Pincus and 10.4% from Government of Andhra Pradesh during the reported period. With this APSEZ is currently holding 41.9% stake in Gangavaram Port Ltd. (GPL). APSEZ accounts the same as an 'associate' on the reporting date.
- The Board approved merger for acquisition of 58.1% stake (held by DVS Raju family) of GPL with APSEZ valuing GPL at Rs. 120 per share and APSEZ at Rs. 754.8 per share, resulting in a swap ratio of 159 shares in APSEZ for 1,000 shares in GPL
- DVS Raju and family will receive approx. 4.77 Cr shares resulting in ~2.2% stake in APSEZ worth Rs.3,604 Cr.
- Transaction will be completed at an equity value of ~Rs.6,200 Cr. and implies an EV/ FY21 EBTIDA multiple of ~8.8x and results in EPS accretion of ~7% to APSEZ FY 21 earnings.
- The merger has an appointed date of 1 April 2021 and is subject to NCLT approvals.

Particulars (INR Cr)	FY21	H1 FY22**	FY22E^	Growth (YoY)
<b>Cargo</b>	<b>32</b>	<b>16</b>	<b>39</b>	<b>19%</b>
<b>Operating Revenue</b>	<b>1057</b>	<b>617</b>	<b>1,463</b>	<b>38%</b>
<i>Rs / MT</i>	<i>327</i>	<i>388</i>	<i>380</i>	
<b>Total Expenses</b>	<b>432</b>	<b>198</b>	<b>467</b>	
<i>Rs / MT</i>	<i>133</i>	<i>125</i>	<i>121</i>	
<b>EBITDA</b>	<b>625</b>	<b>419</b>	<b>996</b>	<b>60%</b>
<i>EBITDA %</i>	<i>59%</i>	<i>68%</i>	<i>68%</i>	15%
Less: D&A	140	69	139	
Less: Finance Cost	3	2	4	
Add: Other Income	47	28	56	
<b>PBT</b>	<b>528</b>	<b>376</b>	<b>909</b>	72%
Less: Taxes	35	5	227	
<b>PAT</b>	<b>494</b>	<b>370</b>	<b>682</b>	<b>38%</b>

- Gangavaram port is a zero-debt company
- Gangavaram Port has cash balance of Rs.957 Cr as of 30-Sep-21

^PBT for FY22E excludes amortization arising out of fair value adjustment on consolidation of GPL

\*\*H1 FY22 financial data for GPL are as per limited review report received for the purpose of associated company accounting

# APSEZ : Acquisition of Sarguja Rail Corridor (SRCPL) – Update

(in Rs. Cr)

- APSEZ is consolidating its rail track assets by acquiring Sarguja Rail Corridor (SRCPL).
- As per the board approved revised Related Party Transaction policy, it was put to vote in NCLT convened meeting of stakeholders
- All stakeholders - minority shareholders, secured creditors and unsecured creditors approved the transaction with overwhelming majority
- The outcome of the meeting is filed with NCLT for approving the said scheme
- The transaction is expected to get completed by Q3 / FY22.
- SRCPL is an annuity business with take or pay contract with a sovereign equivalent counter party till 2044, with more than 85% EBITDA margin.
- The merger has an appointed date of 1 April 2021 and is subject to NCLT approvals.

Particulars (INR Cr)	FY21	H1 FY22**	FY22E*	Growth (YoY)
<b>Cargo (MMT)</b>	<b>15</b>	<b>7</b>	<b>19</b>	<b>26%</b>
<b>Operating Revenue</b>	<b>452</b>	<b>203</b>	<b>543</b>	<b>20%</b>
<b>EBITDA</b>	<b>398</b>	<b>171</b>	<b>467</b>	<b>18%</b>
<i>EBITDA %</i>	<i>88%</i>	<i>84%</i>	<i>86%</i>	
<b>PBT</b>	<b>157</b>	<b>88</b>	<b>253</b>	<b>61%</b>
<b>PAT</b>	<b>145</b>	<b>76</b>	<b>238</b>	<b>65%</b>

### Other Key features

- Track length - 70 KM
- Capacity to handle 16 rakes per day
- 50 Years land lease - Till 2065
- Coal Reserve of more than 4 Bn MT in the region
- Potential annual throughput of ~100 MMT
- 40 MMT p.a. visibility - near to mid term

Announcement of SRCPL acquisition – [Link](#)

\*\*H1 FY22 financial data for SRCPL are as per unaudited financial statements and are not consolidated in APSEZ books

\*PBT for FY22E excludes amortization arising out of fair value adjustment on consolidation of SRCPL

# APSEZ : ESG update H1 / FY22

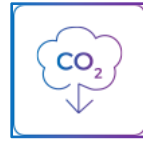
## H1 FY22 Performance



Energy Intensity\*

**11% ↓**

175 GJ/Revenue



Emission Intensity\*

**15 % ↓**

21 tCO2e/Revenue



Water Intensity\*

**16 % ↓**

0.31 ML/Revenue



Waste Management\*

**84%**

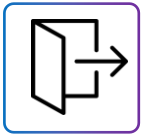
Managed through 5R



Injury Rate\*

**71% ↓**

0.14 Per Million  
hours worked



Employee Attrition<sup>\$</sup>

**5%**

## Progress till date



Wind Captive<sup>#</sup>

**6 MW**



Solar Captive<sup>#</sup>

**14 MW**



Terrestrial Plantation<sup>#</sup>

**1.7 Million**

Trees planted



Mangrove<sup>#</sup>

**2989 Ha - Afforestation**  
**2596 Ha - Conservation**



Education & Health<sup>\$</sup>

**81021**

Beneficiaries



Livelihood & Infrastructure<sup>\$</sup>

**6883**

Beneficiaries

### Current ESG Rating

- CDP – Climate Change score improved to **"B-"** in 2020 from **"C+"** in 2019
- CDP – Supplier engagement rating improved to **"B"** in 2020 from **"B-"** in 2019
- CDP – Obtained an initial Water Security score **"B"**, which is same as Asia regional average
- Sustainalytics – ESG Risk Rating improved to **"Low"** in 2021 from **"Medium"** in 2019
- ISS ESG – ESG Corporate Rating upgraded to **"C"** in 2021 from **"C-"** in 2020
- MSCI – ESG Rating 'CCC'

# APSEZ : ESG performance H1 / FY22



- Improvement in intensities on account of increase in revenue driven by cargo growth
- 84% waste managed using 5R principles
- RE share increase driven by open access purchases by Dhamra and 15 MW Wind PPA of Krishnapatnam
- 71% reduction in injury rate
- Group Safety team conducted audit for three sites and gave recommendations to further enhance the safety culture

# APSEZ : Governance initiatives

## Board Committee Restructuring

- Existing Board Committee composition changed:

Committee	Existing	Proposed
Audit & Nomination & Remuneration Committees	75% Independent Directors	100% Independent Directors
CSR Committee	33% Independent Directors	Atleast 75% Independent Directors
Stakeholders Relationship Risk Management Committees	67% 33% Independent Directors	Atleast 50% Independent Directors

- New Board Committees formed:

Committee	Composition
Corporate Responsibility Committee	100% Independent Directors
Infotech & Data Security Committee	Atleast 50% Independent Directors
Sub-Committees to RMC – M&A; Legal, Regulatory & Tax; Reputation Risk Committees	Atleast 50% Independent Directors

## Myanmar Divestment

- The Company's Risk Management Committee, after a review of the situation, has decided to work on a plan on exiting Company's investment in Myanmar, including exploring any divestment opportunities (Expected to be concluded by Mar - Jun 2022).

## APSEZ : Outlook FY22

### Volume

- ❖ Cargo volume guidance revised to **350 - 360 MMT**, a growth of 45%
- ❖ This includes 10 MMT of incremental volume from existing ports and **39 MMT of Gangavaram port (GPL)** which will be consolidated from April '21.

### Revenue

- ❖ Consolidated revenue - **Rs.18,000 cr. – Rs.18,800 cr.** (includes Rs.1,463 cr. for GPL and Rs.543 cr. for SRCPL), a growth 50%
- ❖ Logistics revenue - Rs.1,000 cr. – Rs.1,200 cr., growth of 25%
- ❖ Recent acquisitions will enhance ability to command better pricing through network synergy

### EBITDA

- ❖ Consolidated EBITDA expected - **Rs.11,500 cr. – Rs.12,000 cr.** (includes Rs.996 cr. for GPL and Rs.467 cr. For SRCPL), a growth of 49%
- ❖ Margin improvement at Gangavaram port will help achieve higher EBITDA
- ❖ **Port EBITDA margin** to reach **71%**,

### Capex

- ❖ Capex to be around Rs.3,100 cr. – Rs.3,500 cr. (incl. maintenance Capex of around Rs.500 cr.)

### Cash Flow Net Debt to EBITDA

- ❖ Free cash from operations (after adjusting for working capital changes, Capex and net interest cost) to be around **Rs.7,100 cr. – Rs.7,600 cr.** (includes cash balance of GPL which will be available on acquisition)
- ❖ Will continue to be in our targeted range of 3 times – 3.5 times

## APSEZ : Disciplined capital management policy

### Consistent investment grade rating

- Since FY16, capped at sovereign.
- Earnings growth and free cash flow generation to fortify coverages.

### Shift towards long term financing and profile

- 94% of debt is long term (compared to 74% in FY16).
- Elongating maturity profile of more than **7 years**.

### FX risk management- Natural Hedge

- Natural hedge flows as carrying **~60%** of EBIDTA in USD terms.
- Debt mix - FX 70% and INR 30% enabling lower interest cost (**current cost of ~6%**).

### Reduce Cost of Capital

- Progressive reduction in cost of debt.
- Timely and quality disclosure and active guidance policy to increase predictability.

### Robust capital allocation policy

- Economic value add enshrined into all capital deployment.
- Pre-tax project IRR of >16%.
- Rationalization of assets for improving ROCE. (Targeted to be 20% by FY25)

### Optimized Credit Structure

- Desired level : to maintain Net Debt/EBITDA 3.0x - 3.5x. Currently at 3.3x\*.
- Shareholder's return policy targeting 20% to 25% of earnings.



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