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Adani Ports Annual Report 2020 reiterates its strategy of increasing the value add to its port services though increasing the logistics services. The company continues with its diversification strategy -geography wise as well as product wise. It also discusses its financial strategy with focus on debt and RoCE. FY21 disruption doesn't impact its strategy of targeting 400MT volume in FY25 (currently 223MT in FY20). Each of the above lines have one common word- 'Strategy'. Mr. Karan Adani, CEO sums it up well in the Annual Report, "Our objective has always been to avoid focusing on numbers, but rather to focus on the strategy and execution that generates the numbers"

### Increasing value add in logistics to complement its port advantages.

APSEZ continues its journey from a plain port service provider to a more integrated logistics player. It has continued to spread its logistics business, through ALL- made acquisitions (B2B Logistics), spent on new rakes and warehouses and improve its multi modal capabilities. It enjoys some natural advantages as a port- its strong hinterland connectivity in the key North-West corridor. Global shipping is also seeing a trend of vessel upsizing with very few ports capable of handling them- Adani being one, which can cape size vessels as well as VLCCs and ULCCs due to its deep drafts.

### Sticking with its diversification strategy

APSEZ sticks to its core strategy of geographical diversification as well as product diversification. It currently handles 178MMT of cargo on the west coast and 45 MMT of cargo in the east coast. Currently, west: east cargo mix stand at 80%:20% vs 85%:15% in FY19. It is in the process of acquiring Krishnapatnam (to be completed in Q3FY21), which will give change its mix of west: east coast going forward to ~65%:35%. Similarly, it has improved its mix in terms of coal, crude and container to 32%/11%/41%. Five years ago, this mix was 47%/10%/29%. It has also diversified into LPG and LNG. This kind of geographical and product diversification reduces risk to growth in its core port business. It has also deepened its client relationship and long-term contracts of (>5yrs) constitute ~60% of its total volumes.

### Displaying financial prudence in a tough scenario

APSEZ re-iterates its commitment to capital allocation, cost control and sticking to its debt covenants. It has generated FCF of Rs 66Bn in FY20 (CFO-CFI) and has kept its Debt to EBITDA ratio at 2.5x, well within the covenant limits. FY20 also saw it refinance expensive debt and elongate its maturity profile from 3yrs to 6yrs. Currency mix also changed in favor of foreign debt (65%). It has also taken a decision to rationalise FY21 capex from Rs 40Bn to Rs 20Bn (vs Rs 36Bn in FY20) as it seeks to conserve cash. It has also pushed its KPCL transaction to Q3FY21 so that it can maintain liquidity till then. As it mentions in the Annual Report, "the overriding focus will be on conserving cash, generating higher FCF, and increasing ROCE."

### APSEZ fairly safe in current pandemic; Focuses on pledge reduction

While the company has not given any volume guidance for FY21, ports remained operational during the lockdown as they were under essential services. However, it has said that it is targeting a ports EBDITA margin of 68-70%, along with Rs 8-10Bn of SEZ income. It is also in the process of bringing down its promoter pledge, which was at 36% in March. It is targeting to remove the entire pledge in 12-18 months.

CMP	Rs 341
Target / Upside	Rs 360 / 6%
BSE Sensex	33,568
NSE Nifty	9,914

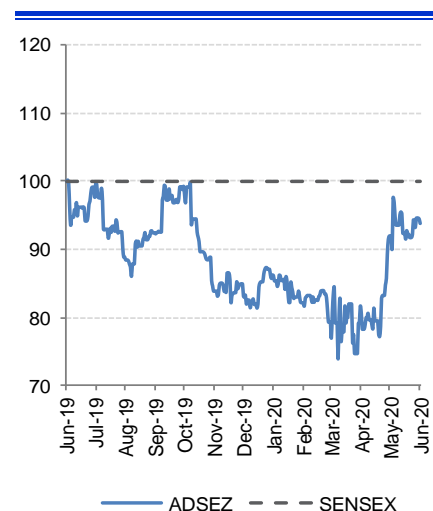
### Scrip Details

Equity / FV	Rs 4,064mn / Rs 2
Market Cap	Rs 692bn
	US\$ 9bn
52-week High/Low	Rs 429/Rs 203
Avg. Volume (no)	5,358,660
NSE Symbol	ADANIPTS
Bloomberg Code	ADSEZ IN

### Shareholding Pattern Mar'20(%)

Promoters	62.3
MF/Banks/FIs	12.0
FII	22.3
Public / Others	3.4

### Adani Ports Relative to Sensex



— ADSEZ - - - SENSEX

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## Annual Report Macro View

Key Management	No Change		
Board of Directors	Mr. Sanjay Lalbhai ceased as Director on completion of term on 8th August'19. Mrs. Radhika Haribhakti 3Ceased as Director on completion of term on 31st March'20 Mr. Bharat Sheth was appointed as Director w.e.f 15th October'19		
Credit Rating	Domestic: AA+/Stable rating International: BBB-/Stable (Unsecured USD Bonds)		
Auditors	<b>DELOITTE HASKINS &amp; SELLS LLP</b> continue to be the Auditors of the Company		
Pledged Shares	58.25% of the promoter shares were pledge while 36.57% at group level.		
	<b>Shareholding Pattern</b>	<b>FY2019</b>	<b>FY2020</b>
	A. Promoters	62.3	62.79
	B. Public Shareholding		
	1. Institutions:	<b>34.44</b>	<b>34.23</b>
	a. Mutual Funds	2.11	4.05
	b. Banks/FI	0.28	0.29
	c. Alternative Investments Funds	-	-
Key Holders	d. Insurance Companies	10.23	12.36
	e. FII & FPI	21.82	17.53
	2. Non-Institutions:	<b>3.26</b>	<b>2.98</b>
	a. Bodies Corp.	0.71	0.27
	b. Individuals	2.18	2.24
	c. Others	0.37	0.47
	C. Shares held by Custodian for GDRs & ADRs	-	-
	<b>Total</b>	<b>100</b>	<b>100</b>

Source: Company, DART

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## Key Takeaways from the MD&A

### Company registers 7% YoY cargo growth in FY20

The company achieved cargo volume of 223 MMT, +7% YoY during FY20. The company lost some volumes in last few days of March due to COVID-19. Cargo growth was seen across all cargo segments in all ports and regions; the growth rate was higher than the all India ports and major ports. APSEZ market share in Indian ports volume increased from almost 5% to 16% over the years. Company's cargo market share in India stood at 22%. The company targets to take it to 25% by FY25. West: East cargo mix stood at 80%:20% vs 85%:15% in FY19. Mundra port -continued to be India's largest commercial port, with 139 MMT of cargo volume, while Dhamra port on east coast also registered a cargo growth of 44%, reaching 30 MMT. The company continues to advance towards the journey of achieving 400 MMT of cargo by FY25 despite challenges like COVID-19.

### Diversifying cargo mix with introduction of new services and products

Over the time, APSEZ has successfully diversified its commodity basket from coal to non-coal cargo. The coal mix declined from 47% in FY15 to 32% in FY20, thus reducing dependence on coal. Container share also increased from 29% in FY15 to 41% in FY20. It has stated to handle new commodities such as fertilizer and steel at Dhamra port. The company registered double-digit growth in all types of cargo. APSEZ has also added LPG and LNG in its portfolio as an overall cargo diversification strategy. The company commenced the operations of Mundra LNG terminal of 5 MMT capacity in January 2020 while LNG terminal work at Dhamra, Odisha is in progress. It is also developing container handling capacities at Vizhinjam, Kerala and at Myanmar. Seven new container services were added, one at Ennore, one new service in container, namely 'Indian West Coast Service at Hazira while 5 additional services introduced at Mundra during the year which will add 2,30,000 TEUs annually. Thus overall, an incremental container volume on account of these additional services will be approximately 4,00,000 TEUs annually.

### Thrust on wide-range of logistics services offerings

APSEZ offers a wide range of logistics products and solutions required to augment its growth strategy. The company provides fully integrated port and logistics services for a diverse range of cargo through 18 terminals with 47 berths and two single point mooring facilities with mechanised back-up and storage areas across nine various ports across India. It provides value added services through an extensive infrastructure for its diverse range of cargo, thus it is building synergies through Ports, Logistics and SEZ business. It is developing a Pan-India network of logistics parks, warehouse, cold storages, grain silos and air freight stations as distribution centers along with river transportation. Management sees thrust on comprehensive logistics services as a base for next round of growth at APSEZ, for which logistic parks are expected to be developed across the country. The company has also ventured into international water with port development at Myanmar. Further it has bought 75% stake in Krishnapatnam port to make next Mundra port on East India.

### Building capabilities with sustainable and long term vision

The Industrial Processing zone in Mundra comprises of industrial SEZ is now a full-fledged industrial manufacturing platform for energy, oil & gas, electronics manufacturing, chemicals and many other industrial sectors. This in turn feeds off the ports and logistics capabilities that is being provided as services to the companies in the processing zones. The company is improving its capabilities by combining its ports, logistics and industrial park capabilities. These inter related capabilities further enhancing the stickiness and predictability of income streams.

Company's Adani Logistics Limited (ALL) has now become an end-to-end logistics business. The company is already expanding its logistic footprint across India, comprising multimodal logistics parks, warehousing, rail network and distribution. Logistics business grew substantially during the year while the rail volumes increased by 115% YoY. The private rakes and strategic alliances, as well as the Contract Logistics solutions, ensure seamless Pan-India movement and deliver a reliable first-mile-last-mile experience.

During FY19, Adani Logistics (ALL) had announce the acquisition of Adani Agri-Logistics Limited (AALL) and ALL also signed the definitive agreements to acquire up to 100% stake in Innovative B2B Logistics Solutions Pvt. Ltd, an entity controlled by PE firm True North. Innovative B2B Logistics Solutions would add 14 container rakes to the existing fleet of rakes and one logistic park. ALL operates five logistics parks and more than 60 rakes, which include the existing fleets, fleets on order and newly acquired ones. ALL is also in the process of doubling its warehousing capacity. ALL has also been a pioneer in investing in the General Purpose Wagon Investment Scheme of Indian Railways, which allows private players to own general-purpose rakes.

### **Strengthening the hinterland connectivity**

Efficient port hinterland connectivity plays a crucial role in port development. The company provides improved hinterland connectivity to the customers through an integrated logistics. This integration will help to foster alliances with leading Indian businesses, making APSEZ a market leader in the ports and logistics sector. Currently Adani Ports is the largest commercial port operator in India with 60-70% hinterland presence. Dhamra port in the East Indian coast serves the mineral rich hinterland.

### **Integrating technology for seamless operations and improve cargo visibility**

Management highlights of integrating technology as a key element in the business for attain higher efficiencies and deliver better customer experiences. The company is developing global standard next-generation, smart and futuristic ports with deep drafts, highly mechanised and energy efficient terminals, multimodal connectivity and modern IT systems. They are also eyeing to Integrate real-time vessel movement tracking, Streamlined data repository and minimise congestion, pollution due to the deployment of technologies. This will be building a scalable system that facilitates seamless information flow and faster decision-making, leveraging Internet of Things (IoT), Cloud, Big Data, Analytics, Mobility and Information Security. The company is observing technological trends in the Steel silos for storing food grains, Logistics Data Bank, Warehouse robotics, Augmented Reality, IoT, Analytics, Robotics and in many more related fields.

### **Favorable Shareholders policies**

During the year, the company came up with 'Integrated Report' for FY20 in line with guidelines of the International Integrated Reporting Council. It captures our economic, environmental and social performance and strategy to create long-term value. It also came up with a policy of 'Related Party Transactions for Acquiring and Sale of Assets'. APSEZ revised its dividend and shareholder return policy to be consistent with the long term strategic growth objectives of the company. As per the revised Shareholders's reward policy, linking returns to the shareholders with PAT, Company has guided for 20% to 25% of PAT to be returned to shareholders from FY20. Company did buy-back of Rs 19.6Bn at Rs 500/share enabling distribution of benefits to shareholders.

### **APSEZ looking to reinforce its dredging abilities further**

Shanti Sagar International Dredging Pvt. Ltd. (SSIDPL) has a total fleet of 18 dredgers, the largest in India. SSIDPL has ordered for four more dredgers, which are operational since August, 2019. Thus the dredging fleet stand at 22 dredgers. The company is evaluating new opportunities in coastal shipping, inland waterways and dredging. Last year the company had purchased two new European-built Trailing Suction Hopper Dredgers (TSHDs) which helps in dredging and portside land reclamation activities. These dredgers are considered among the largest in the Indian Fleet of TSHDs.

### **Port-led SEZ development - Mundra Industrial Land**

The multi-product SEZ at Mundra is the largest notified SEZ in India, with notified area of 8,434.59 hectares. Exports from Mundra SEZ up to March 2020 was about Rs 233Bn (cumulative) vs Rs 190Bn in FY19. In addition to the 16 co-developers approved by the Government of India for providing various infrastructure facilities, as at March 31, 2020, total 49 entities have obtained approval for setting up their units in the SEZ. Some of them have already started operations and export activities. Some are under construction. These units have already invested about Rs 137.6Bn (Vs Rs 92.3Bn in FY19). As part of the growth strategy that relies on cluster-based development, a chemical cluster, including propane dehydrogenation and its downstream ancillary units, is also being developed within the industrial estate at Mundra. Apart from Mundra SEZ, the company has the land bank at Dhamra (1650 Ha) and Kattupalli (260 Ha). Thus, the company has overall land bank of 10,000+ Ha.

## Financial Analysis

### Balance Sheet Analysis

Gross block grew by Rs 36Bn YoY during FY20 versus Rs29Bn/Rs27Bn/Rs37Bn in FY19/FY18/FY17. Increase in Gross block was on account of (1) Rs 2.35Bn: 100% equity shares acquisition of Dhamra Infrastructure Private Limited by Adani Logistics Limited (2) Development work at Vizhinjam (Kerala) and an international Container Terminal in Myanmar & LNG terminal at Dhamra (3) Buiding Terminal 2 at Mundra, which includes the cranes as well as cross-country pipeline for the LPG business. Liquid tank farms at Hazira, the liquid tank farm at Kattapulli, Dharma bearth 3 and 3A, purchase of rakes with GPWIS.

#### Exhibit 1: Gross Block Addition

(Rs mn)	FY17	FY18	FY19	FY20	Comment
Property, Plant and Equipment	188,486	217,398	273,415	335,788	<b>Tangible:</b> Rs 2.35Bn: Adani Logistics Limited has acquired 100% equity shares of Dhamra Infrastructure Private Limited. ALL has acquired Innovative B2B Logistics. Development work at Vizhinjam (Kerala) and an international Container Terminal in Myanmar & LNG terminal at Dhamra. Buiding Terminal 2 at Mundra, which includes the cranes as well as cross-country pipeline for the LPG business. Liquid tank farms at Hazira, the liquid tank farm at Kattapulli, Dharma berth 3 and 3A, purchase of rakes with GPWIS. <b>Intangible:</b> The Group has entered into Service Concession Arrangement ("SCA") for its port facilities at Kandla and Goa. The cost of infrastructure facilities forming part of the SCAs are classified as Intangible assets along with certain tangible assets. As of March 31, 2020, the aggregate carrying value of these assets is Rs 11.22Bn.
CWIP	45,140	45,455	44,835	32,163	
<b>Total Tangibles</b>	<b>233,626</b>	<b>262,853</b>	<b>318,250</b>	<b>367,952</b>	
Increase in Tangible		29,227	55,397	49,702	
Intangibles	19,442	20,616	26,429	26,724	
<b>Total Tangible + Intangibles</b>	<b>253,067</b>	<b>283,469</b>	<b>344,678</b>	<b>394,675</b>	
Increase in Gross block		30,402	61,210	49,997	
Goodwill	26,704	26,671	32,679	32,863	
Increase in Goodwill		(33)	6,008	183	
<b>From Cash Flow from Investing</b>					
<b>Capex towards PPE</b>	<b>37,482</b>	<b>27,322</b>	<b>29,405</b>	<b>36,214</b>	Port capex mainly for Dhamra, Myanmar and Vizhinjam
Payment against Capital Commitments	(7,570)	1,928	20,646	3,793	Capital advances paid towards faster execution of Capex at Kattupali, Dhamra, Vizhinjam
Advance paid for Acquisition of Business	14,500	3,750	14,782	2,735	Rs 1.91Bn: 26% stake in snowman
<b>Total capex incl. capital commitments</b>	<b>44,412</b>	<b>33,000</b>	<b>64,833</b>	<b>42,741</b>	

Source: Company, DART



## Operating Cash flow grew 23% YoY

Operating Cash Flows grew ~23% YoY to Rs 74Bn in FY20 vs. Rs 60.3Bn/Rs 56Bn in FY19/FY18. Even as operating profit improved marginally YoY, OCF increased due to higher working capital inflow of Rs 9.9Bn in FY20 vs. inflow of Rs 0.3Bn in FY19. Trade receivable outflow stood at Rs 1.8Bn compared to previous year's inflow of Rs 12.6Bn. Financial assets too saw an outflow of Rs 5Bn in FY20 vs Rs 9.6Bn inflow in FY20 while Other liability increased substantially to Rs 11.5Bn vs Rs 1Bn in FY19.

### Exhibit 2: Operating cash flow after Working Capital grew in FY20

(Rs mn)	FY17	FY18	FY19	FY20
Operating Cash flow before WC changes	60,122	73,144	71,042	72,605
Working Capital changes	(12,263)	(7,071)	317	9,909
Direct Tax paid	(7,233)	(9,992)	(11,065)	(8,496)
<b>Net Cash generated from operating activities</b>	<b>40,626</b>	<b>56,081</b>	<b>60,294</b>	<b>74,018</b>

Source: Company, DART

Even as there was a marginal increase in trade receivable YoY, working capital during the year was impacted by a large increase in other financial assets in relation to lease payment receivables and capital advances paid towards capex expansion of Rs 4.2Bn by Dhamra Port Company Limited has towards development of LNG Terminal Marine Infrastructure (Project).

### Exhibit 3: Increase in Other Financial and Other Assets

	FY16	FY17	FY18	FY19	FY20	Change	Comment
Other Non-current Financial Assets	21,394	8,408	14,908	43,467	50,592	7,124	Attributable to Lease payment receivable and rise in interest receivable and derivative instruments
Other Current Financial Assets	6,000	10,066	12,584	21,532	9,867	(11,665)	Decline in interest accrued arising from Treasuries and Non-Trade Receivable related to capital investment
Other Non-current assets	17,897	22,526	13,142	24,283	27,537	3,254	Rs 3.2Bn jump as Dhamra Port Company Limited has spent ~Rs 4.2Bn towards development of LNG Terminal Marine Infrastructure (Project) which is proposed to be transferred to Dhamra LNG Terminal Private Limited (DLNG) on Right of Use basis on completion of the Project. Classified as 'Project Work in Progress'. Capital advance of Rs 2.46Bn paid to various parties and government authorities towards purchase of land.

Source: Company, DART

## Improvement in FCFF, Debt increases by 8% YoY

During FY20, total debt of the Company increased 8.4% YoY to INR 295Bn in FY20 (vs. Rs 272Bn/215Bn in FY19/FY18). The net debt increased by Rs 14Bn to Rs 221Bn. The free cash flow after adjusting working capital change and investing activities stood at Rs 66.5Bn driven by sharp decline in investing activities. While adjusting to capex FCFF stood at Rs 37.8Bn vs Rs 30.9Bn YoY

### Exhibit 4: Free Cash Flow

(Rs mn)	FY16	FY17	FY18	FY19	FY20
Cash Flow from Operations (CFO)	23,805	40,626	56,081	60,294	74,018
Capex	(21,248)	(37,482)	(27,322)	(29,405)	(36,214)
<b>FCF</b>	<b>2,557</b>	<b>3,144</b>	<b>28,760</b>	<b>30,889</b>	<b>37,804</b>
CF from Investing Activities (CFI)	(38,663)	(20,393)	(27,284)	(44,242)	(7,504)
<b>FCF (CFO-CFI)</b>	<b>(14,858)</b>	<b>20,234</b>	<b>28,797</b>	<b>16,053</b>	<b>66,514</b>

Source: Company, DART

During FY20, the company repaid the short term borrowing of Rs 46.5Bn mainly by redeem/maturity of Commercial paper amounting ~Rs 55Bn in FY19 to Rs 2.9Bn in FY20. The company raised Rs 8.5Bn (Short term borrowing from banks) and Rs 4Bn (Packing Credit Rupee Currency Loan from bank) and repaid Rs 5.1Bn (Suppliers credit from bank - subsidiaries) and Rs 1.7Bn (Packing Credit Foreign Currency Loan from bank).

During FY19, the increase in debt was mainly due to increase in short-term borrowings to Rs 62Bn versus almost nil in FY18. The increase in Short term borrowing was attributable to fund projects (LPG and LNG) which were held for sale, fund Rs 14Bn NCD maturing in start of FY20, anticipated payment for the Myanmar project-closure of which got slightly delayed versus original expectations, anticipated payment for Innovative B2B acquisition.

### Exhibit 5: Debt position of APSEZ

Debt position of APSEZ	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Long-term Borrowings	112,884	133,219	158,197	179,932	206,290	198,833	261,813
Current maturities of LT Debt	12,400	23,230	28,885	9,589	8,020	11,165	17,373
Short-term Borrowings	4,056	12,887	31,338	25,339	12	61,881	15,441
<b>Gross debt</b>	<b>129,340</b>	<b>169,336</b>	<b>218,420</b>	<b>214,860</b>	<b>214,322</b>	<b>271,879</b>	<b>294,627</b>
Cash and cash equivalents (incl. investments)	5,199	7,964	15,649	28,858	38,043	64,811	73,258
<b>Net debt</b>	<b>124,141</b>	<b>161,372</b>	<b>202,771</b>	<b>186,002</b>	<b>176,278</b>	<b>207,068</b>	<b>221,370</b>
<b>Interest payments</b>							
<b>Interest on</b>							
Debentures and Bonds	2,150	3,722	4,253	6,472	9,352	10,462	11,671
Lease liabilities	-	-	-	-	-	-	404
Loans, Buyer's Credit etc.	5,052	8,059	6,669	5,397	2,614	3,645	6,630
Others	64	87	32	171	11	53	385
Bank and other Finance Charges	394	574	983	773	597	123	417
<b>Sub-total</b>	<b>7,659</b>	<b>12,442</b>	<b>11,936</b>	<b>12,812</b>	<b>12,574</b>	<b>14,283</b>	<b>19,506</b>
(Gain) / Loss on Derivatives / Swap Contracts (net)	2,109	-692	-693	1,119	2,380	-431	-1,375
<b>Total</b>	<b>9,768</b>	<b>11,751</b>	<b>11,243</b>	<b>13,932</b>	<b>14,954</b>	<b>13,852</b>	<b>18,131</b>

Source: Company, DART



## Foreign Currency

APSEZ raised \$750 mn by selling overseas bonds, the proceeds from which would be used for fund expansion and further reduce the cost of debt and progressively-deleverage the balance sheet. In the preceding 12 months, the Group has successfully placed seven bonds in the international markets, totaling to \$ 4.26 bn. APSEZ has a policy of not hedging its dollar revenue and or dollar denominated interest/principal outflows as they serve as a natural hedge to each other.

### Exhibit 6: Foreign Currency Borrowing

(Rs mn)	US \$mn	FY19	FY20	Coupon Rate	Repayment	Tenure
<b>Unsecured</b>						
1) Foreign Currency Loan	650	44,951	0	3.50%	2020	5 years
2) Foreign Currency Loan	500	34,369	37,718	3.95%	2022	5 years
3) Foreign Currency Loan	500	34,078	37,403	4.00%	2027	10 years
4) Foreign Currency Loan		10,985	12,048	Libor+1.25%	2021	2 years
5) Foreign currency letters of credit		10,439	614			
<b>Secured</b>						
1) Banks		7,334	6,217			
2) Dollar denominated bonds			1,05,035			
<b>Total</b>		<b>142,156</b>	<b>1,99,036</b>			
<b>Debt refinancing</b>						
	(US \$mn)	Rupee Equivalent	Issue date	Coupon Rate	Repayment	Tenure
1) Dollar denominated bonds	750	56,201	June, 2019	4.38%	2029	10 years
2) Dollar denominated bonds	650	48,834	July, 2019	3.38%	2024	5 years

Source: Company, DART

## Loans and Advances to Related party JVs declined by ~16% YoY

Related party transactions at APSEZ increased from Rs 3.7Bn in FY13 to its peak Rs 35.5Bn in FY16, consist of loans and advances given to infra and power businesses, part of Adani Group. Investor concern over steep rise in loans to related parties led to zero loans in FY17, except loans to JV associates, namely, Adani International Container Terminal Pvt Ltd (CT-3) and Adani CMA Mundra Terminal Pvt Ltd (CT-4). These loans and Advances to JVs stood at Rs 7.9Bn and Rs 12.1Bn in FY17/FY18 respectively. During FY19, Loans and advances to JVs grew further to ~Rs 15Bn, comprising of Rs 10Bn/ Rs 4.7Bn to CT-3/ CT-4. The funding to JVs is primarily to address Working Capital requirement as these JV companies aren't cash positive as of now. During FY20, these loans and Advances declined by 15% to Rs 12.6Bn driven by 42% drop at CT-4 to Rs 2.8Bn while loans to CT-3 declined marginally to Rs 9.9Bn.

### Exhibit 7: Loans and Advances to related parties

(Rs mn)	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Adani Agri Fresh Ltd	-	9,040	10,649	10,314				
Adani Infra (India) Ltd	2,500	8,929	10,689	11,689				
Adani Enterprises Ltd	-	2,502	2,503	8,043				
Adani International Container Terminal Pvt Ltd	-	-	840	-	7,864	9,752	10,113	9,878
Adani CMA Mundra Terminal Pvt Ltd	-	-	-	-	72	2,382	4,778	2,766
Adani Power Ltd	540	-	-	2,000	-	-	-	-
Others	737	2,026	10	3,497	4	89	91	
<b>Total</b>	<b>3,777</b>	<b>22,496</b>	<b>24,690</b>	<b>35,543</b>	<b>7,940</b>	<b>12,223</b>	<b>14,982</b>	<b>12,644</b>

Source: Company, DART

## Financial performance of key subsidiaries

The Adani Harbour Services Pvt. Ltd (TAHSPL) reported its third full year of operations (as a wholly owned subsidiary of APSEZ) after the demerger of marine business. The principal activity of TAHSPL is to own and operate harbour tugs, barges, other port crafts, ocean towage and offshore support vessels and to provide marine services like pilotage, laying and maintenance of buoys including SBMs, mooring of vessels at berth and mid-stream. TAHSPL recorded revenue of Rs 14.4Bn in FY20 (vs. Rs 12.6Bn in FY19), up 14% YoY and ~39% vs FY18 revenues.

The loss contribution from APSEZ's smaller terminals is meaningful, although moderated on aggregate basis in FY20. On an aggregate basis, terminals at Kandla, Vizag, Mormugao, and Ennore reported the loss of Rs 3.9Bn in FY20 vs. Rs 2.6Bn loss in FY19. Vizag reported the loss of Rs 436mn vs the profit of Rs 294m in FY19 while losses at Mormugao declined marginally to Rs 961mn vs Rs 1Bn in FY19.

Profitability at the Kattupalli Port turned positive during FY18 but declining since then. It made a profit of Rs 27mn vs Rs 103mn in FY19. Topline and profitability at the Dhamra Port improved in FY20 with improved rake availability; Revenue from Shanti Sagar International Dredging stood at Rs 2.6Bn in FY20, vs Rs 3.3Bn, down 20% YoY while profits declined sharply by 78% YoY to Rs 383mn vs Rs 1.7Bn in FY19.

On 6<sup>th</sup> Aug'19, subsidiary Company Adani Logistics Limited has acquired 98.29% equity shares of Adani Logistics Services Private Limited (formerly known as Innovative B2B Logistics Solutions Private Limited) along with its subsidiaries, entities engaged in the business of Logistics Operations.

### Exhibit 8: Key subsidiaries Performance:

Rs mn	Revenue					Profits				
	FY16	FY17	FY18	FY19	FY20	FY16	FY17	FY18	FY19	FY20
<b>Ports</b>										
Dhamra Port	7,325	11,271	9,308	11,062	14,306	786	3,900	(452)	1,137	2,737
Vizhinjam Port	-	-	-	-	-	(34)	(19)	(9)	(24)	(139)
Kattupalli Port	238	1,504	1,650	670	164	(637)	(161)	878	103	27
Hazira Port	8,386	10,366	9,622	11,058	12,735	2,187	4,695	4,197	4,698	6,939
Dahej Port	3,409	3,252	3,350	4,210	3,289	561	672	723	2,119	777
<b>Total</b>	<b>19,358</b>	<b>26,393</b>	<b>23,930</b>	<b>26,999</b>	<b>30,494</b>	<b>2,863</b>	<b>9,087</b>	<b>5,337</b>	<b>8,033</b>	<b>10,342</b>
<b>Terminals</b>										
Mormugao Terminal	489	591	341	1,117	1,042	(803)	(79)	(496)	(1,034)	(961)
Vizag Terminal	178	8	-	337	650	(647)	(402)	(1,853)	294	(436)
Ennore Terminal	-	-	1	153	392	-	(1)	(264)	(1,089)	(1,224)
Kandla Terminal	770	960	1,075	1,229	1,635	(1,540)	(913)	(1,139)	(798)	(1,262)
<b>Total</b>	<b>1,437</b>	<b>1,559</b>	<b>1,417</b>	<b>2,836</b>	<b>3,719</b>	<b>(2,990)</b>	<b>(1,395)</b>	<b>(3,752)</b>	<b>(2,627)</b>	<b>(3,884)</b>
<b>Others</b>										
Adani Logistics	6,786	7,469	8,267	5,827	7,382	19	93	148	326	1,199
Adani Harbour Services	-	8,668	10,388	12,631	14,416	-	7,142	8,692	11,366	13,942
Marine Infrastructure Developer				1,443	2,491				582	944
Adani Agri Logistics Limited				8	1,055				4	231
Shanti Sagar International Dredging	-	-	1,095	3,264	2,607	(2)	(1)	179	1,707	383

Source: Company, DART

**Company has 67 subsidiary companies (including step-down subsidiaries), 2 joint ventures and 1 associate company as on March 31, 2020.**

**Ceased to be subsidiaries due to loss of control/dilution of stake in subsidiaries**

- **Adani Total Private Limited**, (formerly known as Adani Petroleum Terminal Private Limited) [w.e.f. March 16, 2019 to December 30, 2019] was the subsidiary company which now became the Joint venture company.
- **Dhamra LNG Terminal Private Limited** ([w.e.f. March 16, 2019 to December 30, 2019) and **Total Adani Fuels Marketing Private Limited** (till December 31, 2019) were the subsidiaries of Adani Total Private Limited.

**Formation of new subsidiaries during FY20 through Incorporation/ Acquisition**

- Adani Tracks Management Services Private Limited [incorporated on July 31, 2019]
- Adani Pipelines Private Limited [incorporated on December 12, 2019]
- Adani Bangladesh Port Private Limited [incorporated on February 17, 2020]
- Dhamra Infrastructure Private Limited (formerly known as Welspun Orissa Steel Private Limited) [acquired on April 22, 2019]
- Bowen Rail Operations Pte Ltd, Singapore [incorporated as a wholly owned subsidiary of Adani Mundra Port Holding Pte Limited (subsidiary of the Company) on December 11, 2019]

**Step Down Subsidiary**

- Adani Mundra Port Pte. Limited, Singapore [incorporated on January 03, 2019]
- Adani Abbot Port Pte. Limited, Singapore [incorporated on January 03, 2019]
- Dermot Infracon Private Limited [acquired on March 25, 2019]
- Adani Logistics Services Private Limited (formerly known as Innovative B2B Logistics Solutions Private Limited) [acquired on August 06, 2019]
- Adani Forwarding Agent Private Limited (formerly known as B2B Forwarding Agent Private Limited) (acquired on August 06, 2019) [acquired on August 06, 2019]
- Adani Noble Private Limited [acquired on August 06, 2019]
- Adani Cargo Logistics Private Limited (formerly known as B2B Innovative Cargo Private Limited) (acquired on August 06, 2019) [acquired on August 06, 2019]
- Adani Logistics Infrastructure Private Limited (formerly known as Minion Infrastructure Private Limited) [acquired on August 06, 2019]
- Bowen Rail Company Pty Ltd, Australia [ incorporated as a wholly owned subsidiary of Bowen Rail Operations Pte Limited (step down subsidiary of the Company) on December 16, 2019.]

### Subsidiaries which are yet to commence operations

- 22 subsidiaries of Adani Agri Logistics Limited [acquired on March 29, 2019]
- Hazira Infrastructure Private Limited
- Adani Vizhinjam Port Private Limited
- Blue Star Realtors Private Limited
- Adani Bangladesh Ports Private Limited and ~10 more

### Other Details

#### Exhibit 9: Long term goals and targets set for Social and Environment development

Environment	Target by FY21*	Target by FY25*
Climate Change	<ul style="list-style-type: none"> <li>• RE Installation – 20 MW</li> <li>• RE share – 6% of Total/12% of Grid</li> <li>• Emission Intensity – 40% Reduction</li> <li>• Energy Intensity – 40% Reduction</li> </ul>	<ul style="list-style-type: none"> <li>• RE Installation – 100 MW</li> <li>• RE Share – 25% of Total/45% of Grid</li> <li>• Emission Intensity – 60% Reduction</li> <li>• Energy Intensity – 50% Reduction</li> </ul>
Natural Resource Conservation	<ul style="list-style-type: none"> <li>• Water Consumption Intensity – 50% Reduction</li> <li>• Zero Effluent Discharge</li> <li>• Zero Waste to Landfill at 3 sites</li> </ul>	<ul style="list-style-type: none"> <li>• Water Consumption Intensity – 55% Reduction</li> <li>• Zero Waste to Landfill across all sites</li> </ul>

Source: Company, DART, \*\*From base year FY16, intensity is against revenue generated

### Social:

Social	Target by FY21*	Target by FY25*
Occupational Health & Safety	Mandatory induction training for everyone entering into APSEZ premises	BSC 5 Star Audit and Certification of Ports
Employee Engagement	<ul style="list-style-type: none"> <li>• Employee Turnover &lt; 6%</li> <li>• Employee Satisfaction Score – 4.2/5</li> <li>• Average Training Hours – 25-30</li> </ul>	<ul style="list-style-type: none"> <li>• Employee Turnover &lt; 5%</li> <li>• Employee Satisfaction Score – 4.5/5</li> <li>• Average Training Hours &gt; 30</li> </ul>
Vendor Management	Vendor Satisfaction Score – 90/100	Vendor Satisfaction Score – 95/100
Customer Centricity	Customer Satisfaction Score – 90/100	Customer Satisfaction Score – 95/100

### Governance:

Governance	Recent Policy Initiatives	Target by FY21
Policy	<ul style="list-style-type: none"> <li>• Policy on 'Related Party Transaction for Acquiring and Sale of Assets'</li> <li>• Capital Allocation policy – Project pre tax IRR of 16% for all new projects</li> <li>• Dividend set at 20% to 25% of PAT to be paid out as dividend or capital returns (share buyback) or a combination</li> </ul>	<ul style="list-style-type: none"> <li>• All CEOs level employee and KMPs, compensation to be linked to safety</li> <li>• Audit Committee and Nomination and Remuneration Committee consisting of only Independent Directors</li> <li>• Appointment of Lead Independent Directors</li> </ul>
Board Members	<ul style="list-style-type: none"> <li>• Improved gender diversity among board members</li> <li>• Current board members possess specific skills on industry, risk and finance</li> </ul>	<ul style="list-style-type: none"> <li>• No over-boarded Directors to be appointed</li> <li>• Establishment of Disclosure Committee by December 2020</li> </ul>
Capital Structure	Investment grade rating to be maintained to reduce cost of capital	Establishment of Global Code and Policy Committee by March 2021

## Management Remuneration

**Management Remuneration:** Gautam S. Adani (MD): Rs28mn (unchanged YoY), Malay Mahadevia (WTD): Rs112mn (+16.5% YoY), Karan Adani (CEO): Rs15mn (unchanged YoY), Mr. Deepak Maheshwari: Rs 71mn (+25% YoY)

Average % increase made in salaries of employees other than KMP in FY20 was 9.33% (vs 1.4% YoY in FY19) and increase in managerial remuneration for FY20 was 16% (FY19 was 2.71%). The % increase in median remuneration was 9.33% in FY20 (vs. 9.01% in FY19). Employee on rolls at 1,284 (1,240 for FY19 YoY).

### Exhibit 10: Remuneration Paid - APSEZ

(Rs mn)	Position	FY19	FY20	YoY (%)
<b>Mr. Gautam S. Adani</b>	MD	28	28	-
Mr. Malay Mahadevia	WTD	96.2	112.1	16.5
<b>Mr. Karan Adani</b>	CEO & WTD	15	20	33.3
Mr. Deepak Maheshwari	CFO	56.8	70.7	24.5
Mr. Kamlesh Bhagia	CS	3.2	3	-5.5

Source: Company, DART

### Pledge made by APSEZ

The port projects of subsidiary companies viz. The Dhamra Port Company Limited ("DPCL") and joint venture Adani International Container Terminal Private Limited ("AICTPL") have been funded through various credit facility agreements with banks. Against the said facilities availed by the aforesaid entities from the banks, the Company has pledged its shareholding in the subsidiary / joint venture companies and executed Non-Disposal Undertaking. No change in Share Pledged of the total shareholding of investee Company.

### Exhibit 11: Details of shareholding pledged by the company

Name of Subsidiary/JV	% of Non-Disposal undertaking (Apart from pledged)		% of Share Pledged of the total shareholding of investee Company	
	FY19	FY20	FY19	FY20
Adani International Container Terminal Private Limited	24.97	24.97	25.03	25.03
The Dhamra Port Company Limited	21.00	-	30.00	30.00

Source: Company, DART

## Rating

### Exhibit 12: Domestic Rating

Rating Agency	Facility	Rating/Outlook
India Rating	Long Term Facility	AA+/Stable
	Short Term Facility	A1+
ICRA	Long Term Facility	AA+/@
	Short Term Facility	A1+
CARE	Long Term Facility	AA+/Stable

Source: Company, DART

Note: @ - rating on watch with negative implications

**Exhibit 13: International Rating**

Rating Agency	Facility	Rating/Outlook
Standard & Poor's	Senior Unsecured USD Bonds	BBB-/ Stable
Moody's	Senior Unsecured USD Bonds	Baa3 / Stable
FITCH	Senior Unsecured USD Bonds	BBB-/ Stable

Source: Company, DART

**Exhibit 14: Shareholding of Top Ten Shareholders - APSEZ**

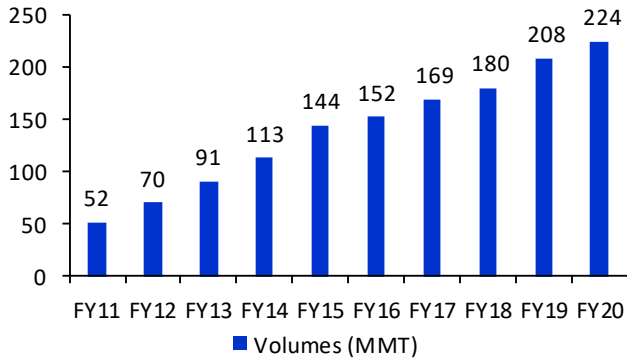
Sr. No	Particulars	Mar-19	Mar-20
1	Life Insurance Corporation of India	10.41	12.09
2	Europacific Growth Fund	4.05	2.13
3	SBI Equity Hybrid Fund	0.51	2.06
4	Camas Investments Pte Ltd	1.31	1.30
5	Baytree Investments (Mauritius) Pte Ltd	1.00	0.99
6	Government Pension Fund Global	0.71	0.74
7	Fidelity Investment Trust Emerging Markets Opportunities	0.47	0.69
8	Government of Singapore	0.51	0.68
9	Vanguard Total International Stock Index Fund	0.52	0.59
10	Nippon India Equity Hybrid Fund	0.24	0.59
11	Vanguard Emerging Markets Stock Index Fund	0.54	0.50
12	American Funds Insurance Series International Fund	0.72	0.32
13	New World Fund INC	2.31	0.02

Source: Company, DART



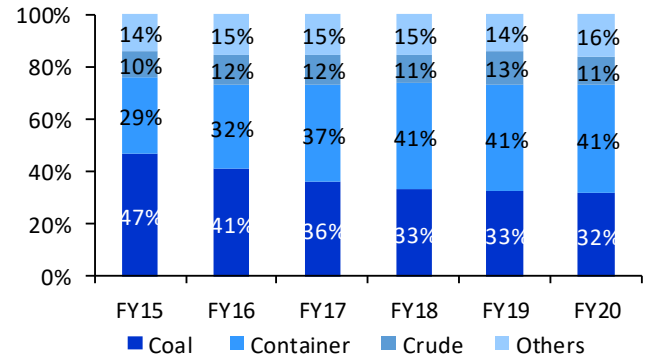
## Financial Metrics and Charts

**Exhibit 15: Volume**



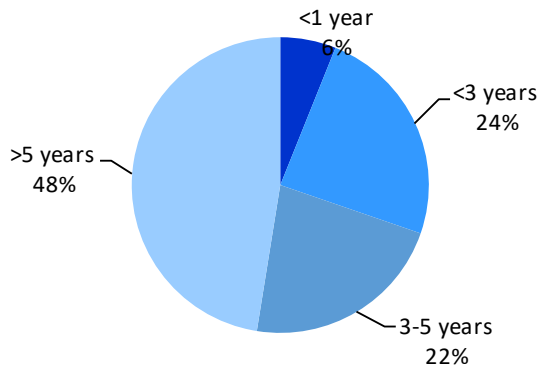
Source: Company, DART

**Exhibit 16: Cargo Mix**



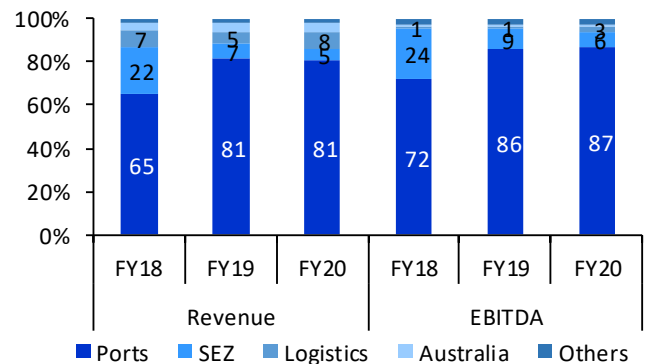
Source: Company, DART

**Exhibit 17: Borrowings Profile (Elongated)**



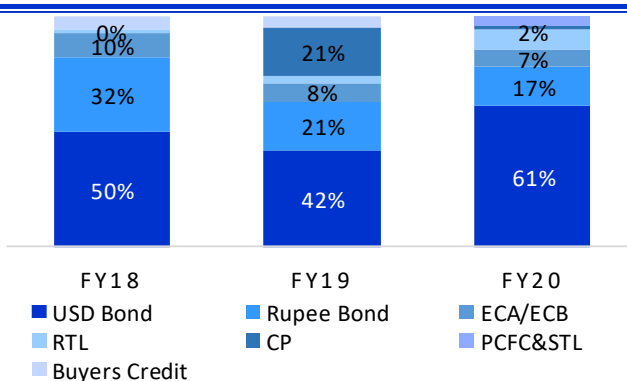
Source: Company, DART

**Exhibit 18: APSEZ Revenue/EBITDA mix**



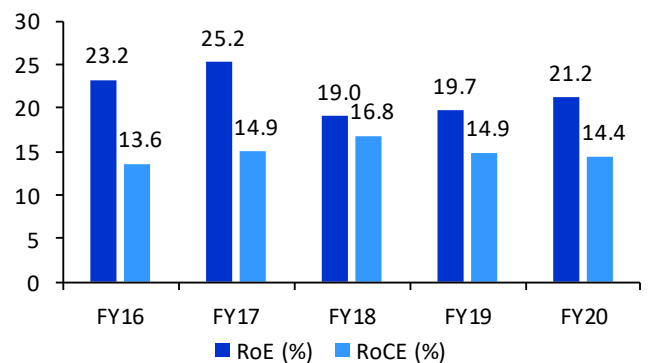
Source: Company, DART

**Exhibit 19: Debt Product Allocation**



Source: Company, DART

**Exhibit 20: RoE and RoCE**

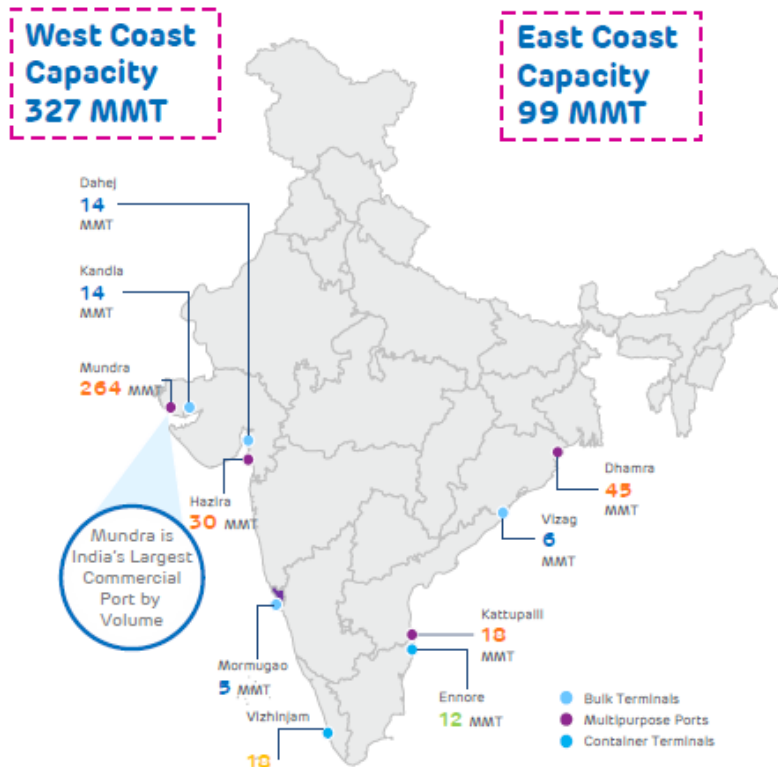


Source: Company, DART

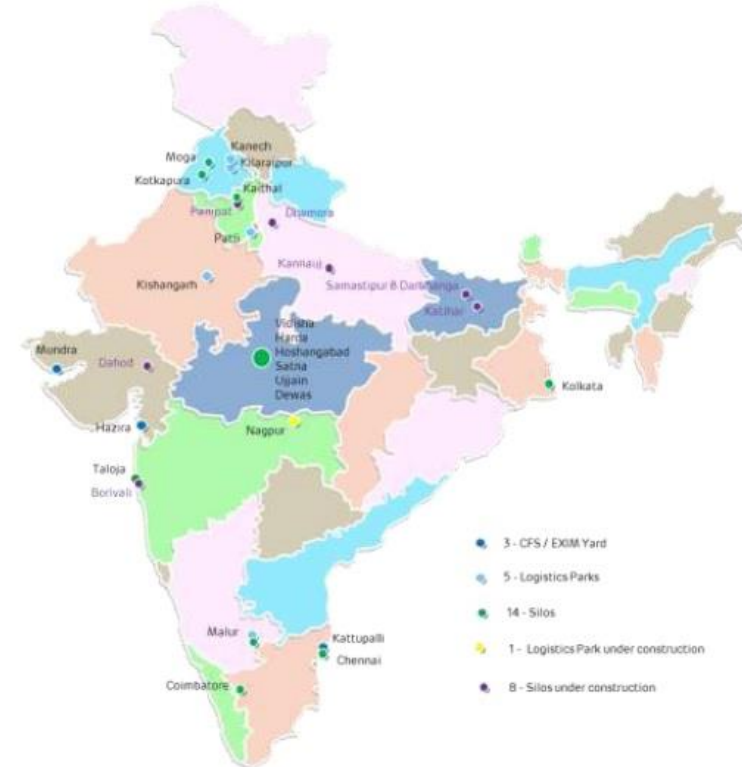
## About Adani Ports

APSEZ's strategic asset base with Pan-India presence to serve customers through Ports, Terminals, Logistics Parks/ICD, Rakes, Inland Waterways, Warehousing, Agri-Logistics, Air Freight Stations, Cold Storage and other logistic services assets, Headquartered in Ahmedabad, APSEZ's nine domestic ports are located in six maritime states of India such as Gujarat, Goa, Andhra Pradesh, Tamil Nadu and Odisha. Two ports are under construction one at Vizhinjam, Kerala and another one in Myanmar. It provides a fully integrated logistic solution right from marine, stevedoring, cargo storage, warehousing, transportation and other value-added logistics services.

It manages the comprehensive logistics chain – from vessels management to anchorage pilotage, tug pulling, berthing, goods handling, internal transport, storage and handling, processing and final evacuation by road or rail. APSEZ has evolved into a provider of integrated port infrastructure services, which has enabled it to enter into alliances with leading Indian businesses to provide comprehensive logistics solutions. Currently it is one of the big players in container segment with 22% market share.



Source: DART



Source: DART

## Ports Snapshot

	Mundra Port	Dhamra Port	Hazira Port	Dahej Port	Kattupalli Port
<b>Type</b>	<ul style="list-style-type: none"> <li>Deep-water, all-weather, berthing on- arrival port in the Gulf of Kutch</li> </ul>	<ul style="list-style-type: none"> <li>A deep-water, all-weather multiuser, multi-cargo port situated on the east coast of India between Haldia and Paradeep ports</li> </ul>	<ul style="list-style-type: none"> <li>Deep-water port located in the Gulf of Khambhat, Surat, Gujarat</li> </ul>	<ul style="list-style-type: none"> <li>Deep-water, multi-cargo port in the Gulf of Khambhat, Bharuch, Gujarat</li> </ul>	<ul style="list-style-type: none"> <li>Located on the Coromandel coast about 24 km north of Chennai Port, Chennai</li> </ul>
<b>Berth and Capacity</b>	<ul style="list-style-type: none"> <li>26 berths &amp; 2 single-point moorings, capacity to handle 248.82 MMT cargo with dedicated terminals for different cargo &amp; commodity types</li> </ul>	<ul style="list-style-type: none"> <li>4 berths with an annual capacity to handle 45 MMT cargo</li> </ul>	<ul style="list-style-type: none"> <li>Six berths with an annual capacity to handle 30 MMT cargo</li> </ul>	<ul style="list-style-type: none"> <li>Capacity to handle 14 MMTPA with two dry and break bulk berths and dedicated facilities for handling project cargo</li> </ul>	<ul style="list-style-type: none"> <li>Two berths with 710 quay length with an annual capacity to handle 18 MMT cargo</li> </ul>
<b>Products</b>	<ul style="list-style-type: none"> <li>World's largest coal import terminal Equipped to handle dry bulk, break bulk, project cargo, liquid, containers, automobiles and crude</li> </ul>	<ul style="list-style-type: none"> <li>Equipped to handle dry bulk, break bulk, project cargo and containers</li> <li>Started handling project cargo, steel billets, gypsum, fertilisers and clinkers by road</li> <li>Potential to handle 100+ MMTPA of dry bulk, liquid bulk, break bulk, containerised and general cargo in near future</li> </ul>	<ul style="list-style-type: none"> <li>Equipped to handle dry bulk, break bulk, project cargo, liquid, containers and automobiles</li> <li>Potential to handle 75 MMTPA of cargo in the coming years</li> <li>One new service in container, namely 'Indian West Coast Service', added</li> <li>Additional liquid tank farm capacity operationalised, and 54,000 KL completed</li> </ul>	<ul style="list-style-type: none"> <li>Equipped to handle all kinds of dry bulk and break bulk cargo, including coal, fertiliser, agri products, steel cargo and minerals, among others</li> <li>Ro-Ro Jetty for project cargo movement, 9.8 km long fully integrated high-speed conveyor</li> <li>Entered into medium term contract to handle coal for a cement company</li> </ul>	<ul style="list-style-type: none"> <li>Equipped to handle containers, break bulk and project cargo. Liquid terminal operations commenced and handled 80,000 tonnes of cargo</li> <li>Equipped with Dynamic Parcel Distribution warehouse within the container yard to provide seamless movements for AEOand DPD consignments</li> <li>Has an off-dock CFS with 45,000 sqFt of closed warehouse</li> </ul>
<b>Other details</b>	<ul style="list-style-type: none"> <li>Well connected to the Indian NH network through State Highway 48 via Anjar and State Highway 6</li> <li>Gateway to the cargo hubs in northern and western hinterlands of India LNG operations commenced in January 2020</li> </ul>	<ul style="list-style-type: none"> <li>Proximity to the mineral belts of Odisha, Jharkhand and West Bengal helps serve hinterlands with efficiency</li> <li>Rapid loading silos with capacity of up to 4,000 TPH</li> </ul>	<ul style="list-style-type: none"> <li>Convenient, international trade gateway to Europe, Africa, America and the Middle East</li> </ul>	<ul style="list-style-type: none"> <li>Well connected to the NH8, through a six-lane State Highway 6</li> <li>Connected to contiguous industrial hubs of Gujarat, Maharashtra and eastern Madhya Pradesh</li> </ul>	<ul style="list-style-type: none"> <li>EBITDA margins improved by 200 bps due to change in cargo mix and operational efficiency</li> </ul>

Source: Company, DART

## Ports Snapshot

	Tuna Terminal	Mormugao Terminal	Ennore Terminal	Vizag Terminal	Vizhinjam Port
<b>Type</b>	<ul style="list-style-type: none"> <li>An all-weather, berthing-on-arrival port located off Tekra, Kandla Creek, Gujarat</li> </ul>	<ul style="list-style-type: none"> <li>Located on the west coast of India</li> </ul>	<ul style="list-style-type: none"> <li>A contemporary terminal located in the northern suburbs of Chennai, poised to act as an ideal alternative gateway for Chennai</li> </ul>	<ul style="list-style-type: none"> <li>Located on the East coast of India</li> </ul>	<ul style="list-style-type: none"> <li>Deep draft, all-weather port located in South Kerala</li> </ul>
<b>Berth and Capacity</b>	<ul style="list-style-type: none"> <li>With a capacity of 14 MMTPA and a draft of 16.2 mts, Tuna Port is capable of handling 13,000 DWT vessels at berth</li> </ul>	<ul style="list-style-type: none"> <li>One berth terminal with an annual capacity to handle 5.20 MMT cargo</li> </ul>	<ul style="list-style-type: none"> <li>World-class container terminal with an annual capacity to handle 12 MMT cargo</li> </ul>	<ul style="list-style-type: none"> <li>One berth located in northern arm of the inner harbour of Vishakhapatnam Port Trust with a capacity to handle 6 MMTPA</li> </ul>	<ul style="list-style-type: none"> <li>Major economic gateway that caters to the land-locked northern hinterland of India with multimodal connectivity</li> </ul>
<b>Products</b>	<ul style="list-style-type: none"> <li>Equipped to handle all kinds of dry bulk and break bulk cargo, including coal, fertiliser, agri products, steel, cargo and minerals, among others</li> </ul>	<ul style="list-style-type: none"> <li>Permitted to handle coal cargo, adequate infrastructure to handle Panamax and capsized vessels</li> </ul>	<ul style="list-style-type: none"> <li>NA</li> </ul>	<ul style="list-style-type: none"> <li>Permitted to handle coal cargo and capable of berthing Panamax vessels</li> </ul>	<ul style="list-style-type: none"> <li>Only port in the country with handling and storage facilities for crude oil, containers, dry bulk, break bulk, automobiles and liquid cargo</li> </ul>
<b>Other details</b>	<ul style="list-style-type: none"> <li>Well-connected to the National Highway 8A, a link to the Mumbai-Delhi corridor Equipped with high capacity Liebherr cranes and hoppers, fully integrated high-speed conveyor system</li> </ul>	<ul style="list-style-type: none"> <li>Strategic location advantage for Maharashtra and Karnataka hinterlands Fully mechanised material handling system consisting of conveyor systems and stacker-and-reclaimers with stacking capacity of 5,000 TPH and reclaiming capacity of 2,500 TPH</li> </ul>	<ul style="list-style-type: none"> <li>The intrinsic strength of Ennore Port is its well-integrated environment, which facilitates the management's faster decision-making to rev up operational responsiveness</li> </ul>	<ul style="list-style-type: none"> <li>Strong rail-road connectivity to the hinterlands of Andhra Pradesh, Telangana, Chhattisgarh and Odisha Has a 280 m berth, two harbour mobile cranes, a 2.22 km conveyor, two stacker-and-reclaimers with mechanised wagon loading facility and large storage land</li> </ul>	<ul style="list-style-type: none"> <li>Can berth the largest post Panamax vessel and can handle 4 mn TEUs</li> </ul>

Source: Company, DART

**Profit and Loss Account**

(Rs Mn)	FY19A	FY20A	FY21E	FY22E
<b>Revenue</b>	<b>109,254</b>	<b>118,731</b>	<b>119,810</b>	<b>135,690</b>
<b>Total Expense</b>	<b>38,580</b>	<b>43,077</b>	<b>41,933</b>	<b>45,456</b>
COGS	27,608	30,973	30,551	33,244
Employees Cost	5,298	5,465	5,391	6,106
Other expenses	5,674	6,639	5,990	6,106
<b>EBIDTA</b>	<b>70,675</b>	<b>75,654</b>	<b>77,876</b>	<b>90,234</b>
Depreciation	13,735	16,803	18,737	19,315
<b>EBIT</b>	<b>56,940</b>	<b>58,851</b>	<b>59,139</b>	<b>70,919</b>
Interest	9,265	19,506	19,324	18,331
Other Income	13,623	18,614	18,614	19,916
Exc. / E.O. items	(5,018)	(15,475)	0	0
<b>EBT</b>	<b>56,280</b>	<b>42,483</b>	<b>58,428</b>	<b>72,504</b>
Tax	10,815	4,594	14,607	18,126
RPAT	39,902	37,631	44,081	54,688
Minority Interest	(545)	(258)	260	310
<b>Profit/Loss share of associates</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>APAT</b>	<b>44,920</b>	<b>53,106</b>	<b>44,081</b>	<b>54,688</b>

**Balance Sheet**

(Rs Mn)	FY19A	FY20A	FY21E	FY22E
<b>Sources of Funds</b>				
Equity Capital	4,142	4,064	4,064	4,064
Minority Interest	2,099	2,196	2,196	2,196
Reserves & Surplus	241,240	252,171	290,772	334,638
<b>Net Worth</b>	<b>245,382</b>	<b>256,235</b>	<b>294,835</b>	<b>338,701</b>
Total Debt	271,879	294,627	291,879	276,879
Net Deferred Tax Liability	2,160	2,870	2,870	2,870
<b>Total Capital Employed</b>	<b>521,521</b>	<b>555,928</b>	<b>591,780</b>	<b>620,646</b>

**Applications of Funds**

Net Block	<b>270,026</b>	<b>326,101</b>	<b>331,375</b>	<b>347,745</b>
CWIP	44,835	32,163	32,163	32,163
Investments	7,823	11,780	21,780	31,780
<b>Current Assets, Loans &amp; Advances</b>	<b>231,403</b>	<b>250,948</b>	<b>264,614</b>	<b>286,787</b>
Inventories	8,067	2,883	6,237	7,063
Receivables	24,319	25,891	27,901	31,599
Cash and Bank Balances	59,673	73,139	84,977	83,338
Loans and Advances	139,344	149,036	145,500	164,786
Other Current Assets	0	0	0	0
<b>Less: Current Liabilities &amp; Provisions</b>	<b>43,754</b>	<b>66,109</b>	<b>55,186</b>	<b>59,177</b>
Payables	42,722	64,964	54,088	57,933
Other Current Liabilities	1,032	1,145	1,098	1,244
	<i>sub total</i>			
Net Current Assets	187,649	184,840	209,429	227,610
<b>Total Assets</b>	<b>521,521</b>	<b>555,928</b>	<b>591,780</b>	<b>620,646</b>

E – Estimates

### Important Ratios

Particulars	FY19A	FY20A	FY21E	FY22E
<b>(A) Margins (%)</b>				
Gross Profit Margin	74.7	73.9	74.5	75.5
EBIDTA Margin	64.7	63.7	65.0	66.5
EBIT Margin	52.1	49.6	49.4	52.3
Tax rate	19.2	10.8	25.0	25.0
Net Profit Margin	36.5	31.7	36.8	40.3
<b>(B) As Percentage of Net Sales (%)</b>				
COGS	25.3	26.1	25.5	24.5
Employee	4.8	4.6	4.5	4.5
Other	5.2	5.6	5.0	4.5
<b>(C) Measure of Financial Status</b>				
Gross Debt / Equity	1.1	1.1	1.0	0.8
Interest Coverage	6.1	3.0	3.1	3.9
Inventory days	27	9	19	19
Debtors days	81	80	85	85
Average Cost of Debt	3.8	6.9	6.6	6.4
Payable days	143	200	165	156
Working Capital days	627	568	638	612
FA T/O	0.4	0.4	0.4	0.4
<b>(D) Measures of Investment</b>				
AEPS (Rs)	22.1	26.1	21.7	26.9
CEPS (Rs)	28.9	34.4	30.9	36.4
DPS (Rs)	1.7	3.2	4.1	4.1
Dividend Payout (%)	7.9	12.2	18.9	15.2
BVPS (Rs)	120.8	126.1	145.1	166.7
RoANW (%)	17.5	15.0	16.0	17.3
RoACE (%)	12.6	13.5	11.0	12.0
RoAIC (%)	13.2	12.5	12.0	13.6
<b>(E) Valuation Ratios</b>				
CMP (Rs)	341	341	341	341
P/E	15.4	13.0	15.7	12.7
Mcap (Rs Mn)	692,420	692,420	692,420	692,420
MCap/ Sales	6.3	5.8	5.8	5.1
EV	904,627	913,909	899,323	885,961
EV/Sales	8.3	7.7	7.5	6.5
EV/EBITDA	12.8	12.1	11.5	9.8
P/BV	2.8	2.7	2.3	2.0
Dividend Yield (%)	0.5	0.9	1.2	1.2
<b>(F) Growth Rate (%)</b>				
Revenue	(3.5)	8.7	0.9	13.3
EBITDA	(1.1)	7.0	2.9	15.9
EBIT	(4.4)	3.4	0.5	19.9
PBT	(9.0)	(24.5)	37.5	24.1
APAT	22.3	18.2	(17.0)	24.1
EPS	22.3	18.2	(17.0)	24.1
<b>Cash Flow</b>				
<b>(Rs Mn)</b>	<b>FY19A</b>	<b>FY20A</b>	<b>FY21E</b>	<b>FY22E</b>
CFO	60,294	74,018	50,518	52,288
CFI	(53,313)	(7,505)	(11,387)	(10,084)
CFF	23,133	(53,165)	(27,294)	(43,843)
FCFF	30,889	24,139	30,518	32,288
Opening Cash	29,675	59,790	73,139	84,977
Closing Cash	59,789	73,138	84,976	83,338

E – Estimates

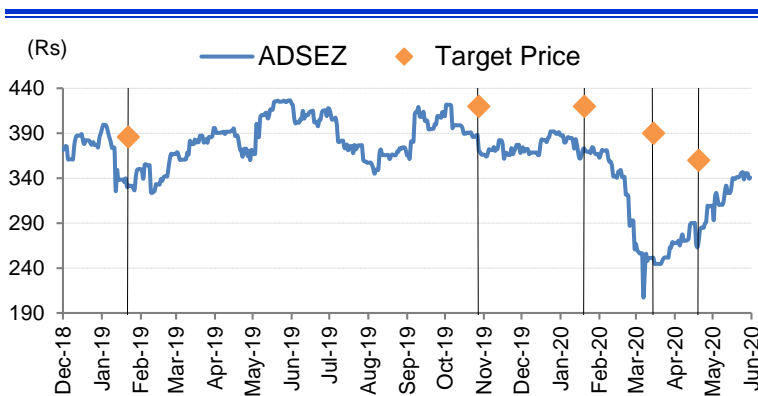


### DART RATING MATRIX

Total Return Expectation (12 Months)

<b>Buy</b>	<b>&gt; 20%</b>
<b>Accumulate</b>	<b>10 to 20%</b>
<b>Reduce</b>	<b>0 to 10%</b>
<b>Sell</b>	<b>&lt; 0%</b>

### Rating and Target Price History



Month	Rating	TP (Rs.)	Price (Rs.)
Feb-19	Accumulate	386	332
Nov-19	Accumulate	420	371
Feb-20	Accumulate	420	373
Mar-20	Buy	390	251
May-20	Buy	360	270

*\*Price as on recommendation date*

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