

Adani Ports and
Special Economic Zone Limited

adani™



Growth with
Goodness

ANNUAL REPORT 2017-18

Index

Corporate Overview

- 02 About Adani Ports
- 04 Business Overview
- 06 Our Reach
- 08 Key Highlights of FY18
- 10 Our Sustainability Initiatives
- 12 Chairman's Message
- 14 CEO's Message
- 16 Megatrends
- 18 Our Strategic Priorities
- 20 Growing with Prudence
- 22 Growing with Optimism
- 24 Growing with Efficiency
- 26 Growing with Financial Acumen
- 28 Board of Directors
- 30 Our Risk Mitigation Strategy
- 32 People Practices
- 34 APSEZ Sustainability Framework
- 36 Our Focus on Inclusive Growth
- 42 Awards and Accolades
- 44 Corporate Information

Statutory Reports

- 46 Directors' Report
- 71 Management Discussion and Analysis
- 75 Corporate Governance Report
- 92 Business Responsibility Report

Financial Statements

- 103 Standalone
- 177 Consolidated
- 267 Notice



For further information, log on to
www.adaniports.com

Key Highlights of FY18

Volumes handled
(MMT)

180

7% ↑

PBT
(₹ in crore)

5,234

25% ↑

Rise in container
volumes (%)

20

Return on capital
employed (%)

14.4

Vessels handled

5,410

Net DEBT/EBITDA

2.54x

Operating revenue
(₹ in crore)

11,323

34% ↑

EBITDA
(₹ in crore)

7,062

24% ↑

**Dividend Policy modified. From FY 19,
targetting to pay up to 15% of PAT**

↑ Compared to FY17



Growth with Goodness.

Scale, to us, is not about the businesses we are in. Scale is about the real influence and change we can spur.

It's about the lives we can touch, the communities we can nourish, the businesses we can propel, and the future we can inspire. Because, scale leads to growth; and with consistent growth comes incredible goodness. With

the size of our operations in multiple nation-critical sectors, we have been fortunate enough to reach out more and spread this goodness, regardless of the geography.

Through courage, and a commitment to give back to the society by creating sustainable business value creation, we enable growth and progress that ends up benefitting millions.

We have consciously extended our scale beyond our businesses, to help the country overcome economic challenges; to ensure people live a good quality of life, uninterrupted. We believe scale can lead to goodness, and this what drives us to growth.

About Adani Ports

India's largest multi-port operator

Adani Ports and Special Economic Zone Limited (APSEZ) is the largest commercial ports operator in India contributing to the country's growing trade. Its presence across 10 domestic ports in six maritime states – Gujarat, Goa, Kerala, Andhra Pradesh, Tamil Nadu and Odisha – lend it a national presence. The port facilities are equipped with the latest cargo-handling infrastructure which is not only best-in-class, but also

capable of handling the largest vessels calling at Indian shores. Our ports are equipped to handle diverse cargos, from dry cargo, liquid cargo, crude to containers.

Through its subsidiary Adani Logistics Ltd., APSEZ operates three logistics parks located at Patli in Haryana, Kila-Raipur in Punjab and Kishangarh in Rajasthan. With the ability to handle 500,000 twenty foot equivalent units (TEUs) annually, the Adani logistics business is growing at a rapid pace.

Over the years, APSEZ has evolved into a provider of integrated port infrastructure services, of which the Mundra SEZ in Gujarat is a landmark validation. Spanning over 8,000

hectares, the Mundra Economic Hub offers investment options as the largest multi-product SEZ, Free Trade and Warehousing Zone (FTWZ) and Domestic Industrial Zone.

The Company's integrated services across three verticals, i.e. Ports, Logistics and SEZ, has enabled it to forge alliances with leading Indian businesses. Making APSEZ an undisputed leader in the Indian port sector.

Along with its expertise in providing end-to-end logistics solutions, operational excellence, low-cost operations and synergies through acquisitions, the Company is backed by a young and dynamic workforce that propels it to greater heights.

VALUES



Courage

- > We shall embrace new ideas and businesses
- > Take calculated risks in pursuing new and big business opportunities
- > Dare to achieve
- > Own up to our decisions



Trust

- > We shall believe in our employees and other stakeholders
- > Show faith in the capability of our employees
- > Empower our employees to go beyond the call of duty to deliver results
- > Encourage employees to turn disappointments into learning opportunities
- > Listen to and include the perspectives of our vendors, investors and other stakeholders



Commitment

- > We shall stand by our promises and adhere to high standards of business
- > Be Reliable – 'Do what you say' and 'Say what you will do'
- > Consistently deliver on business goals and targets
- > Consistently demonstrate high standards of professionalism

VISION

To be a world class leader in businesses that enrich lives and contribute to nations in building infrastructure through sustainable value creation.

GROUP OVERVIEW

APSEZ is promoted by the Adani Group, which has interests across resources (coal mining and trading), logistics (ports, shipping and rail), energy (renewable, thermal power generation and transmission), agricultural commodities and ancillary industries.



Business Overview

Features



- > Concession assets in a supportive regulatory environment
- > Commercially negotiated tariff for private ports
- > Handling diverse and complex cargo
- > Deep-water, all-weather, direct berthing facilities
- > Large-scale mechanisation
- > Connectivity to national highways and rail networks



- > Pan-India end-to-end logistics services provider – asset and service based
- > Caters to companies across Container, Bulk, Break-bulk, Chemical, Auto and Liquid industries
- > 20-year Category Container Train Operator License – Fleet of ~20 rakes
- > Connectivity between gateway ports and origin/destination of cargo
- > ISO 9001 certified



- > Land bank of over 8,000 hectares
- > Integrated services with ports
- > Industry clusters development focus
- > Revenue from upfront premium and recurring annual lease rentals
- > Monetisation of SEZ land by developing terminals and leasing it to JV Partners



OUR STRENGTHS



Scale

APSEZ is India's largest private sector ports developer and operator, with a portfolio of 10 ports across the vast coast line of India, a logistics network and a SEZ.



Speed

APSEZ began its journey first from Mundra, currently the largest private commercial port in India. During the last couple of years, APSEZ has increased reach across East, West and South coast of India through organic and inorganic growth, becoming one of the fastest growing port infrastructure companies in the world.

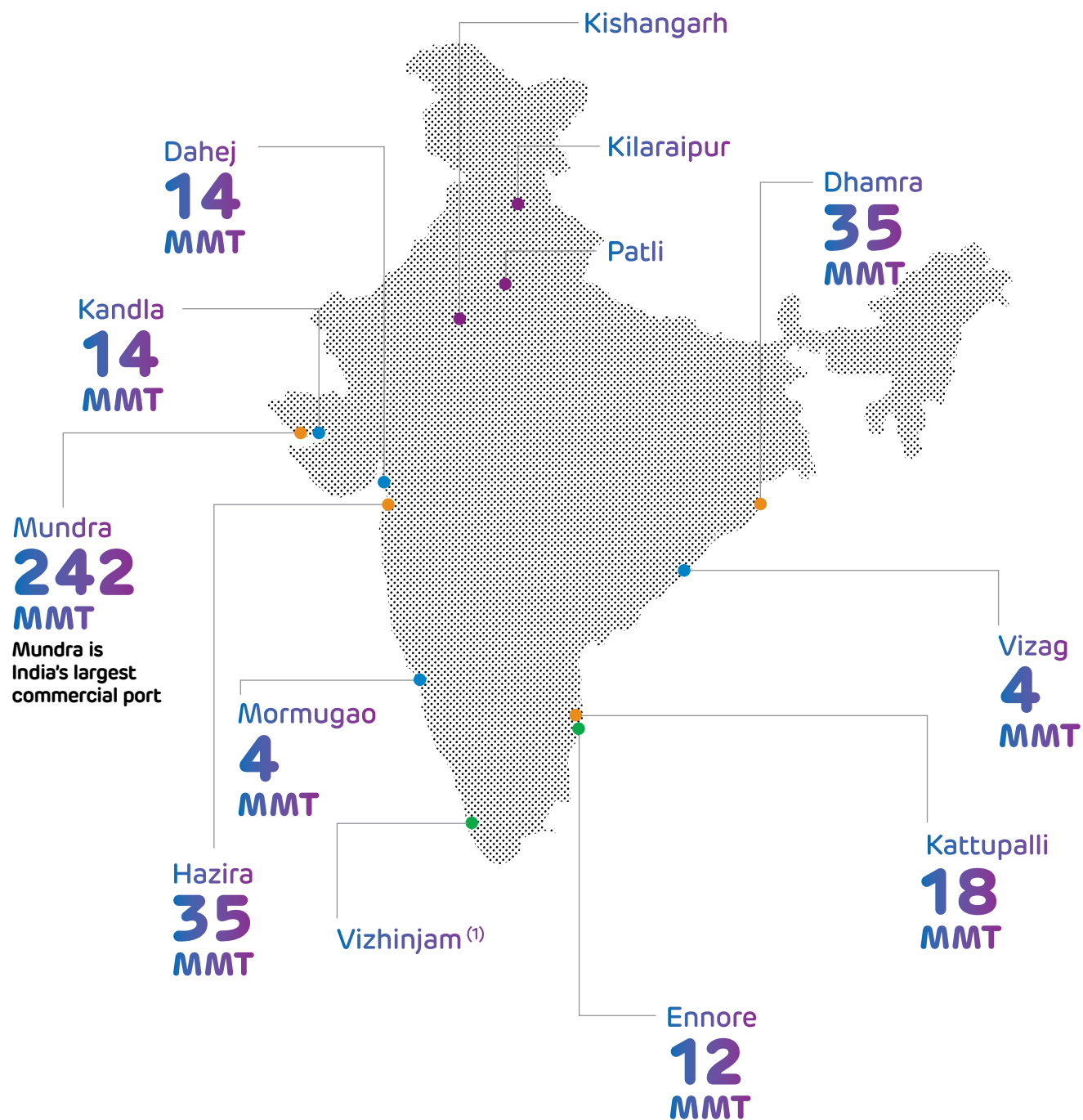


Operational Efficiency

APSEZ handles the largest and biggest ships that call on Indian Ports. Our ports are all-weather deep draught mechanised ports. The Company has embraced technology to enhance productivity and believes in customer delight.



Our Reach



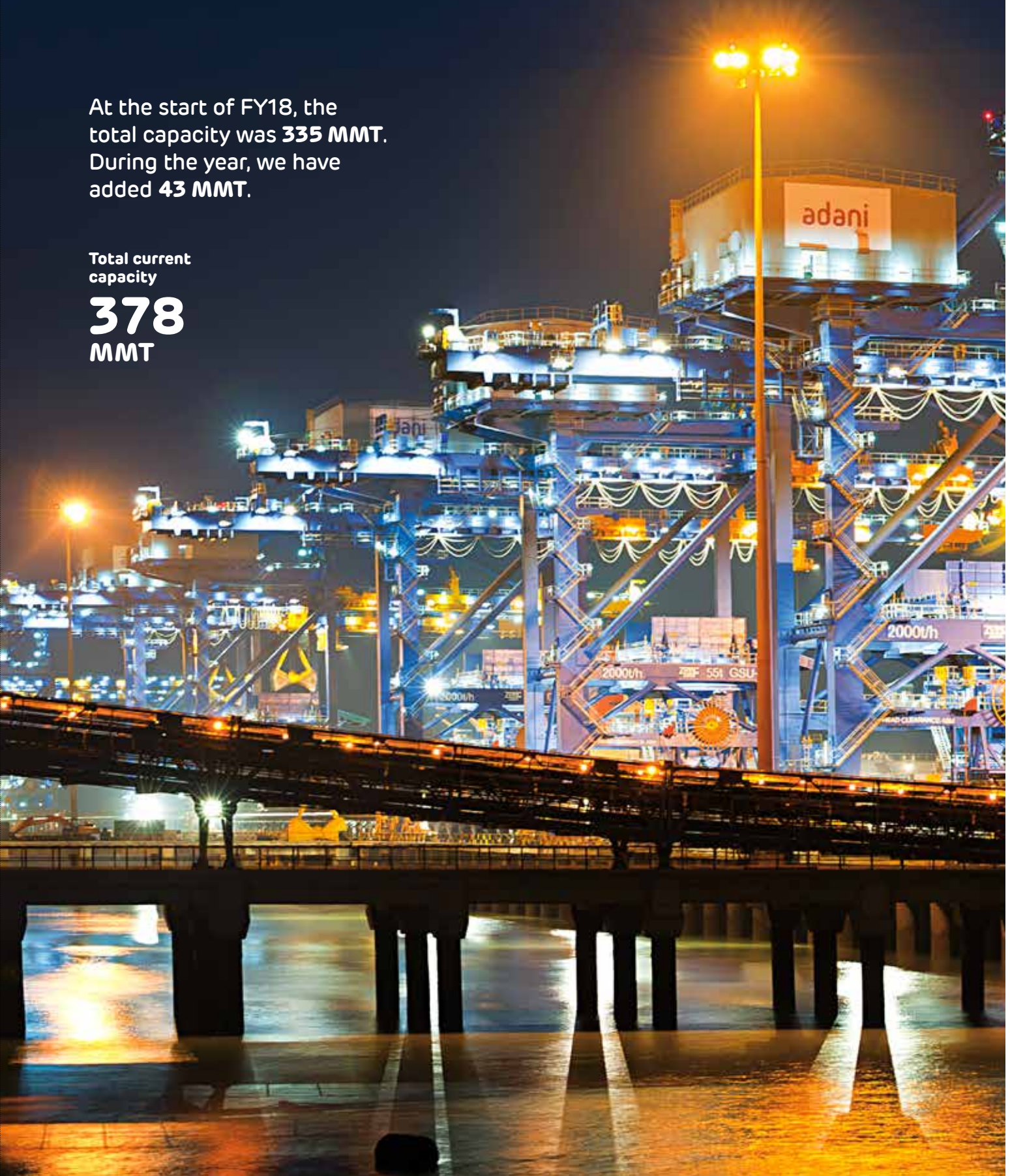
- Multipurpose ports
- Bulk terminals
- Container terminals
- Inland container depots (ICDs)

Note:
1. Under construction.

At the start of FY18, the total capacity was **335 MMT**. During the year, we have added **43 MMT**.

Total current capacity

378
MMT



Our Industry-leading Performance

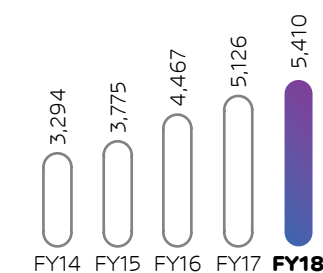
Operational Highlights for FY18

- > Cargo volumes at **7% growth** outpaced all-India growth of **4%**
- > Container volumes crossed **5 Mn TEUs**, up by 20%
- > Market share increased to **15.2%** of all India cargo
- > Signed new long-term contracts for **7.7 MMT**
- > In SEZ, concluded lease agreements of **83 acres** for Britannia and Container Corporation of India

Total vessels handled

(Number of vessels)

5,410

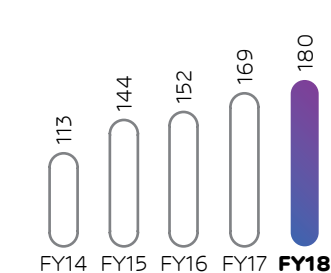


↑ 5-year CAGR 13%

Total volume handled

(MMT)

180



↑ 5-year CAGR 12%

