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BDO Valuation Advisory LLP
The Ruby, Level 9, North West Wing
Senapati Bapat Marg, Dadar (W)
Mumbai 400028, India

Ref. No.: LM/Jan4-111/2022 January 4, 2022

To,

Company Secretary
Adani Ports and Special Economic Zone Limited
Adani Corporate House, Shantigram,
Near Vaishno Devi Circle,
S.G Highway, Khodiyar,
Ahmedabad 382 421

Company Secretary
Gangavaram Port Limited
Hansa Plaza,
Plot No.798, Road No.36, Jubilee Hills
Hyderabad - 500 033

Dear Sir,

Sub: Clarification to Valuation Report Dated September 22, 2021 ("the Valuation Report") bearing its reference number LM/Sep22-60/2021 issued to Recommend the Share Swap Ratio for the Proposed Scheme of Arrangement

We, BDO Valuation Advisory LLP **('BDO Val' or 'We' or 'Us')**, have been appointed vide letter dated May 24, 2021 to recommend the fair equity share swap ratio for amalgamation of Gangavaram Port Limited **('GPL'**) with Adani Ports and Special Economic Zone Limited **('APSEZ')** (together referred to as **'Client(s)' or 'Companies'**) on a going concern basis, as per the Proposed Scheme of Arrangement pursuant to provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 **('Proposed Scheme')**.

Further to our report, we are requested vide email dated January 04, 2022 to clarify and provide the following:

i. future cash flows/ expected revenue used in the DCF method for determining value per share of GPL-

Refer Annexure 2 of the report dated September 22, 2021, following are the future cash flows considered for valuation of GPL:

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Year Ending (INR Mn)	FY22*	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32
Net Sales	7,243.2	13,399.5	14,320.0	15,777.6	17,970.5	19,132.7	20,373.2	21,697.4	23,110.9	24,242.8	25,827.2
Growth Rate	*-31.4%*	*85.0%*	*6.9%*	*10.2%*	*13.9%*	*6.5%*	*6.5%*	*6.5%*	*6.5%*	*4.9%*	*6.5%*
PBT	3,361.4	6,866.2	6,465.5	8,117.0	9,656.3	9,495.5	10,123.8	10,793.9	11,506.4	10,753.0	11,797.8
PBT Margins	*46.4%*	*51.2%*	*45.2%*	*51.4%*	*53.7%*	*49.6%*	*49.7%*	*49.7%*	*49.8%*	*44.4%*	*45.7%*
Add: Depreciation	917.0	1,479.1	2,249.5	1,419.0	1,181.8	1,694.8	1,694.8	1,694.8	1,694.8	2,591.6	2,309.6
Less : Outflows											
Capital Expenditure	-	(2,106.3)	(2,106.3)	-	(4,230.9)	(4,230.9)	-	-	(5,939.5)	(5,939.5)	-
Incremental Working Capital	43.2	(33.8)	(54.7)	(59.9)	(90.1)	(81.6)	(51.0)	(54.4)	(58.1)	(94.0)	(65.1)
Taxation	(1,107.5)	(1,199.7)	(1,129.7)	(1,418.2)	(1,687.2)	(1,659.0)	(1,768.8)	(3,046.4)	(2,977.9)	(2,769.5)	(2,942.1)
Free Cash Flows (FCF)	**3,214.1**	**5,005.5**	**5,424.4**	**8,057.9**	**4,829.9**	**5,218.7**	**9,998.8**	**9,387.9**	**4,225.7**	**4,541.6**	**11,100.3**
Present Value Factor	0.96	0.87	0.76	0.67	0.59	0.52	0.46	0.40	0.35	0.31	0.27
Present Value of Cash Flows	**3,095.5**	**4,353.5**	**4,147.6**	**5,416.5**	**2,854.2**	**2,711.2**	**4,566.7**	**3,769.4**	**1,491.6**	**1,409.4**	**3,028.3**

**for the period September 01, 2021 till March 31, 2022*

Year Ending (INR Mn)	FY33	FY34	FY35	FY36	FY37	FY38	FY39	FY40	FY41	FY42
Net Sales	27,106.6	28,883.4	30,330.3	32,324.0	33,798.3	35,234.0	36,668.1	38,164.8	39,741.5	41,403.0
Growth Rate	*5.0%*	*6.6%*	*5.0%*	*6.6%*	*4.6%*	*4.2%*	*4.1%*	*4.1%*	*4.1%*	*4.2%*
PBT	12,385.3	13,508.2	12,766.8	13,627.3	14,028.0	14,798.4	15,479.3	13,727.8	13,930.9	14,623.1
PBT Margins	*45.7%*	*46.8%*	*42.1%*	*42.2%*	*41.5%*	*42.0%*	*42.2%*	*36.0%*	*35.1%*	*35.3%*
Add: Depreciation	2,187.5	1,883.2	2,809.8	2,809.8	2,809.8	2,382.8	1,962.1	2,956.7	2,956.7	2,457.1
Less : Outflows										
Capital Expenditure	-	(6,948.4)	(6,948.4)	-	-	-	(5,635.8)	(5,635.8)	-	-
Incremental Working Capital	(52.6)	(73.0)	(115.0)	(81.9)	(60.6)	(59.0)	(58.9)	(106.6)	(64.8)	(68.3)
Taxation	(3,138.5)	(3,413.1)	(3,181.4)	(3,381.9)	(3,581.2)	(3,752.8)	(3,892.1)	(3,491.5)	(3,543.3)	(3,683.5)
Free Cash Flows (FCF)	**11,381.7**	**4,957.0**	**5,331.9**	**12,973.3**	**13,196.0**	**13,369.3**	**7,854.5**	**7,450.5**	**13,279.5**	**13,328.4**
Present Value Factor	0.24	0.21	0.19	0.16	0.14	0.13	0.11	0.10	0.09	0.08
Present Value of Cash Flows	**2,729.7**	**1,045.2**	**988.3**	**2,114.1**	**1,890.5**	**1,683.8**	**869.7**	**725.2**	**1,136.4**	**1,002.7**

Year Ending (INR Mn)	FY43	FY44	FY45	FY46	FY47	FY48	FY49	FY50	FY51	FY52
Net Sales	43,154.7	45,002.0	46,950.9	49,007.6	51,179.0	53,472.1	55,894.5	58,454.4	61,160.4	64,021.7
Growth Rate	*4.2%*	*4.3%*	*4.3%*	*4.4%*	*4.4%*	*4.5%*	*4.5%*	*4.6%*	*4.6%*	*4.7%*
PBT	15,288.4	14,062.3	14,477.6	14,170.4	12,375.0	12,782.8	12,748.3	10,376.3	7,330.5	7,696.0
PBT Margins	*35.4%*	*31.2%*	*30.8%*	*28.9%*	*24.2%*	*23.9%*	*22.8%*	*17.8%*	*12.0%*	*12.0%*
Add: Depreciation	1,964.9	3,128.5	2,824.0	3,216.5	4,774.6	4,375.4	4,375.4	4,375.4	6,963.8	6,493.7
Less : Outflows										
Capital Expenditure	(6,593.1)	(6,593.1)	(1,500.0)	(12,624.5)	(11,124.5)	-	-	(17,352.2)	(17,352.2)	(2,000.0)
Incremental Working Capital	(72.0)	(128.7)	(80.1)	(96.5)	(178.2)	(94.2)	(99.6)	(105.2)	(250.0)	(117.6)
Taxation	(3,806.5)	(3,539.1)	(3,562.6)	(3,602.0)	(3,075.0)	(3,061.4)	(3,218.6)	(2,765.0)	(1,930.3)	(1,842.5)
Free Cash Flows (FCF)	**6,781.7**	**6,930.0**	**12,158.9**	**1,063.8**	**2,771.8**	**14,002.7**	**13,805.6**	**(5,470.6)**	**(5,238.2)**	**10,229.6**
Present Value Factor	0.07	0.06	0.05	0.04	0.04	0.03	0.03	0.03	0.02	0.02
Present Value of Cash Flows	**448.5**	**402.9**	**621.5**	**47.8**	**109.5**	**486.3**	**421.5**	**(146.8)**	**(123.6)**	**212.2**

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Year Ending (INR Mn)	FY53	FY54	FY55	FY56	FY57	FY58	FY59	FY60
Net Sales	67,048.2	70,250.2	73,638.9	77,226.1	81,024.6	85,047.8	89,310.0	
Growth Rate	*4.7%*	*4.8%*	*4.8%*	*4.9%*	*4.9%*	*5.0%*	*5.0%*	
PBT	7,210.1	4,132.6	4,591.2	3,516.1	3,017.1	3,643.9	4,204.9	
PBT Margins	*10.8%*	*5.9%*	*6.2%*	*4.6%*	*3.7%*	*4.3%*	*4.7%*	
Add: Depreciation	6,819.6	9,265.9	8,477.9	9,144.9	9,144.9	7,897.2	6,605.4	
Less : Outflows								
Capital Expenditure	(21,518.8)	(19,518.8)	(2,500.0)	(2,500.0)	-	-	-	33,084.3
Incremental Working Capital	(140.4)	(287.7)	(139.3)	(167.4)	(156.1)	(165.3)	(175.2)	4,447.0
Taxation	(1,916.3)	(984.4)	(901.8)	(973.0)	(1,093.9)	(1,198.1)	(1,239.1)	
Free Cash Flows (FCF)	**(9,545.9)**	**(7,392.5)**	**9,528.0**	**9,020.6**	**10,912.0**	**10,177.6**	**9,396.0**	**37,531.2**
Present Value Factor	0.02	0.02	0.01	0.01	0.01	0.01	0.01	0.01
Present Value of Cash Flows	**(174.1)**	**(118.5)**	**134.3**	**111.8**	**118.9**	**97.5**	**79.1**	**277.8**

Enterprise Value (EV)	**54,035.87**
Other Adjustments	8,003.0
Equity Value	**62,038.87**
Nos. of Equity shares (in Mn)	**517.0**
Value per equity share (INR)	**120.00**

This clarification shall be read in conjunction to the Valuation Report. All other terms and conditions & other contents mentioned in the Valuation Report shall remain unchanged and would apply to this clarification to the Valuation Report as well.

Regards,
For BDO Valuation Advisory LLP
IBBI No.: IBBI/RV-E/02/2019/103

LATA R GUJAR MORE
Digitally signed by LATA R GUJAR MORE
Date: 2022.01.04 20:36:14 +05'30'

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