



Adani Enterprises Limited
Q4 FY24 Earnings Conference Call

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CORPORATE PARTICIPANTS:

Mr. Vinay Prakash

Director – Adani Enterprises, CEO – Adani Natural Resources

Mr. Jugeshinder (Robbie) Singh

Chief Financial Officer

Mr. Saurabh Shah

Deputy Chief Financial Officer

Mr. Manan Vakharia

Investor Relations

Mr. Dhananjay Mishra

Sunidhi Securities Limited

Q&A PARTICIPANTS:

1. **Prateek Kumar** : Jefferies
2. **Brett Knoblauch** : Cantor Fitzgerald
3. **Anuj Suneja** : ICICI Prudential Life
4. **Nikhil Abhyankar** : ICICI Securities
5. **Nirav Shah** : Gee Cee Holdings
6. **Girish A** : Morgan Stanley

Moderator

Good evening, ladies and gentlemen. I am Pelsia, moderator for the conference call. Welcome to Adani Enterprises Q4 FY24 Earnings Conference Call. We have with us today Mr. Dhananjay Mishra from Sunidhi Securities, along with the management of Adani Enterprises Limited. As a reminder, all participants will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing * and then 0 on your touchtone telephone. Please note this conference is recorded. I would now like to hand over the floor to Mr. Dhananjay Mishra of Sunidhi Securities Limited. Over to you.

Dhananjay Mishra

Good evening all of you. On behalf of Sunidhi Securities, we welcome you all for Q4 FY24 earnings con-call of Adani Enterprises Limited. We thank the management for giving this opportunity. From the management, we have Mr. Vinay Prakash, Director of AEL and CEO of Natural Resource division; Mr. Robbie Singh, CFO; Mr. Saurabh Shah, Deputy CFO; and Mr. Manan Vakharia, Investor Relations. Now I hand over the call to the management to give the initial remarks then we will have Q&A session. Over to you sir.

Saurabh Shah

Good evening all. We welcome you to the earnings call to discuss Adani Enterprises Q4 and FY24 results. Adani Enterprises' new emerging core infra businesses under its incubation portfolio of energy and utility and transport and logistics vertical that is Adani New Industries (ANIL) Ecosystem, Airports and Roads are making significant strides in their operational and financial performance. The contribution of these assets to the overall EBITDA is now at 45% for FY24 as compared to 40% in FY23. We are delighted to share that the integrated manufacturing division under ANIL has commissioned India's first large sized monocrystalline ingot and wafer unit of 2 GW capacity compatible for both wafer thickness of 182 mm and 210 mm.

During FY24, the new emerging businesses under Adani Enterprises incubation portfolio demonstrated significant growth. ANIL Green Hydrogen Ecosystem revenue increased by 145% to INR 8,741 crores and EBITDA increased by 4.6x to INR 2,296 crores. The Airports business' revenue grew by 35% to INR 8,062 crores and the EBITDA grew by 45% to INR 2,437 crore. Total income of incubating businesses increased sharply by over 66% to INR 24,510 crores and the total EBITDA increased by 47% to INR 5,942 crore. The PBT increased by 104% to INR 2,643 crore. The consistent higher contribution of these emerging businesses boosted the overall profit of Adani Enterprises. The consolidated EBITDA for FY24 increased by 32% to INR 13,237 crore while PBT rose by 56% to INR 5,640 crore. Consolidated income stood at INR 98,282 crore.

Now coming to the project and operational updates on the major businesses;

In our Adani New Industries green hydrogen ecosystem, our target of 10 GW green hydrogen integrated manufacturing ecosystem is progressing well. Validating the backward manufacturing integration, we have successfully commissioned India's first ingot and wafer plant with capacity of 2 GW, which will go in already established solar module manufacturing capacity of 4 GW. This will not only reduce dependency on imports, but also enhance better control on module production and prices.

ANIL's wind manufacturing division's order book stands at 254 sets during the first full quarter of operations, the division had supplied 47 sets. We have received the provisional type certification from WindGuard Germany for prototype 2 using our own ANIL's blades. Further, we are happy to inform that the India's largest 5.2 MW turbine which we produced, is recognized as the bronze winner among 5.6 MW capacity by Windpower Monthly which is UK based and validates the quality and performance of our products globally.

Now moving to the Airports portfolio. We have inaugurated the first phase of the world class terminal of Lucknow airport which can cater up to 8 million passengers per annum with elevated pathways separating the arrival and departure flows. During the quarter, 10 new routes, 7 new airlines and 18 new flights have been added across all the 7 operational airports. The passenger movement at our airports increased by 19% to 88.6 million. The eagerly awaited greenfield Navi Mumbai project is on track for completion in FY25. Mumbai airport won the Cargo Airport of the Year India award which demonstrates the quality of service and performance.

Finally, in our Roads portfolio, 4 out of the 10 projects are more than 70% completed in line with the target schedule and the greenfield Ganga Expressway project is progressing well. This leaves Adani Enterprises well poised to develop its incubating portfolio eventually as independent listed verticals in their own right.

Thank you and now I will hand over to Mr Vinay Prakash, who will take you through the highlights of primary industry portfolio. Over to you, Vinay sir.

Vinay Prakash

Thanks Saurabh. Good afternoon to everyone. As regards Mining Services, Adani Enterprises Limited is the pioneer of MDO concept in India with integrated business model that expands across developing mines as well as the entire upstream and downstream activities. It provides the full-service range right from seeking various approvals, land acquisition, R&R, developing required infrastructure, mining, beneficiation on site and transport to designated consumption points. Our success is underpinned by a commitment to excellent risk management and sustainable mining practices. The company is MDO for 8 coal blocks and 1 iron ore block. These projects are located in the state of Chhattisgarh, MP and Odisha.

The company has serviced its contracts and the quantities delivered in the quarter were as per the schedule. In the current FY24, Suliyari mine has achieved its peak rated capacity of 5 million metric tone per annum in the second year itself of its full-fledged operation. The production volume during FY24 increased to 32.5 million metric ton. During FY 23-24, the revenue for mining services was INR 2,361 crores and EBITDA was INR 830 crores.

Coming to IRM business i.e. Integrated Resource Management business, we have continued to develop business relationships with diversified customers across various end user industries. We remain number one player in India and endeavor to maintain this leadership position going forward. Over the past couple of years, the IRM business has been exploring ways to tap into the newer market segment through initiatives like flagship e-portal which is Adani IRM portal for the online trading of natural resources. By leveraging technology for faster and more reliable supplies, the portal has ensured ease of doing business for our retail customers leading to a large market share for AEL. IRM continues to target a balanced customer mix of retail and public sector enterprises customers. The volume during FY24 stood at 82.1 million metric tons. EBITDA for FY24 was INR 5,173 crore on account of improved relation on YoY basis.

Under commercial mining, we have one running mine in Australia which is Carmichael mine. The Carmichael mine production increased by 47% to 11.2 million metric ton and the shipment increased by 52% to 11.2 million metric ton during FY24. The company is also having 6 domestic commercial mine blocks of coal and 2 domestic commercial bauxite mines which are in project phase. The projects are in the state of Maharashtra, Chhattisgarh, MP, Jharkhand and Odisha.

In our primary industry incubation portfolio, we have a subsidiary company called Kutch Copper Limited where we are putting up a 0.5 million ton plant at Mundra and the plant has started its operations. We have produced and dispatched our first batch of copper production to customers in March 2024. The commissioning of this first unit of its greenfield copper refinery project showcases the Adani group's ability to plan and execute large scale projects in record time.

Yes, over to Saurabh.

Saurabh Shah

Thank you. We are ready for Q&A, please.

Q&A

Moderator

Thank you sir. Ladies and gentlemen, we will now begin the question-and-answer session. If you have a question, please press * and 1 on your telephone keypad and wait for your turn to ask the question. If you would like to withdraw your request, you may do so by pressing * and 1 again. Ladies and gentlemen, if you have any questions please press * and 1 on your telephone keypad. First question comes from Prateek Kumar from Jefferies. Please go ahead.

Prateek Kumar

Good evening. Congrats for good results. A few questions. Firstly, on CapEx outlook, can you highlight like how do you see now FY25 in terms of overall CapEx and maybe segmentation of the CapEx in terms of various divisions that you will incur in FY25?

Saurabh Shah

Thank you, Prateek. So, from the CapEx perspective, we are looking at a CapEx of about INR 80,000 crores in FY25, out of which major part of CapEx will go in ANIL and Airports business which take up about INR 50,000 crores of CapEx. Then the third would be in Roads, which, because of Ganga Expressway, will be CapEx of INR 12,000 crores and rest put together in other businesses. Because we are also starting our PVC project, so there will be a CapEx of about INR 10,000 crores in PVC business, while remaining would be in data center at about INR 5,000 crores.

Prateek Kumar

And what would be the expected capacity in various segments, like for example in ANIL, what would be the expected capacity you are looking at in wind and solar and parks?

Saurabh Shah

Yeah. So see, as we have informed that the overall capacity will grow to 10 GW in the module integrated manufacturing, right from poly-silica to modules, and in wind also, we will have a capacity of 3 GW. So, this CapEx is going into that direction. For FY26, the other CapEx would be for the initial requirements that we have to meet for our green hydrogen business, which will be as a kickstart for our green hydrogen as well as downstream products.

Prateek Kumar

Okay. And questions on like on operating numbers, the solar segment margins on EBITDA basis have come down from like 30%+ range to sub-25% range. Any specific reason here or like is it due to because of adverse pricing or adverse product mix?

Saurabh Shah

No. So see from a Q4 to Q3 perspective, the numbers are basically flat just there is a small dip because of export to domestic mix. So, in terms of domestic, the sales had gone up and in exports, growth was not that significant as was in last quarter. That's why there was a small change in the margin structure.

Prateek Kumar

Okay. But in near term probably domestic is going to remain high in terms of mix or like low or how?

Saurabh Shah

No. So that mix should right now continue as what was there in the first 9 months of the period, because of the orders that we have in hand. And this margin structure should remain between 25-30% for the foreseeable next 1.5 to 2 years.

Prateek Kumar

And on this MDO service, so again, last quarter we had like some dip in profitability in the segment on MDO unit basis. That has remained there in this quarter. I have seen like in the presentation you mentioned, we do some change in service contract mix. So, is this a margin range which we are looking at in MDO service?

Saurabh Shah

No. So, see, the margin for the quarter from a sequential quarter perspective has improved in Q4, because of certain changes in the service contract mix. What will continue to happen is that with new and new mining services contract become operational, the change will happen from the PEKB mine, which was a significant portion of our EBITDA, to other mines which have a lesser percentage in terms of contribution. So, from the perspective of the margins, they will reduce, but on an overall basis, the profitability should now be on an increasing trend in the next few quarters.

Prateek Kumar

And last question on wind segment. We have given order book and the delivery sets. Is it possible to give this number in megawatt? Because we talk about capacity in gigawatts.

Saurabh Shah

So, all are our 5.2 MW turbines. So, at 47 sets x 5.2 MW is what we have supplied in terms of gigawatt. And at 254 sets, at 5.2 MW each set, that would be the overall supply that we have the order book for.

Prateek Kumar

Sure. Thanks and I'll get back to the queue.

Saurabh Shah

Sure. Thank you, Prateek.

Moderator

Thank you. Next question comes from Brett Knoblauch from Cantor Fitzgerald. Please go ahead.

Brett Knoblauch

Hi, guys, thanks for taking my questions and congrats on the strong finish to the year. I guess my first question is on the recent announcement that you guys finally commenced operation of your copper plant. Can you just talk about the ramp cycle and timing of that? And when should we expect that to start to, I guess, materially contribute to financials? And is that demand, maybe just long term, can you talk about what the demand profile for copper is in India maybe today and what it will look like in a couple of years, and how you're well positioned to meet that demand?

Saurabh Shah

Sure. Vinay sir, would you like to take that?

Vinay Prakash

Yes, sorry, I think I missed the question.

Saurabh Shah

Yeah. I'll just explain, what Brett is asking is that for copper business, how do you see the ramp up in the coming quarters? And as a overall, how do you see the demand in the coming 2-3 years?

Vinay Prakash

Yes, thanks for the question. In fact, copper, I think you all guys might be seeing it globally, the copper prices are going up because of the increase in the demand on a global basis for the focus on renewable, where the copper consumption is going to go up. So, in India, we consume close to 1.1-1.2 million tons of copper metal, which is likely to go up because of the government focus on renewable power, where we are going to have a high consumption of copper.

As far as KCL is concerned, we started our production in March 2024, and in this year we are going to commission all our units by the end of FY25. So, for this year, we are not going to achieve the peak, but FY26 we are likely to achieve our peak capacity of 0.5 million ton. And we see a very good demand coming from India itself. So as of now, we see a mix of domestic and exports of the volume, but the portion of domestic is going to go up year by year. I hope I answered your question.

Brett Knoblauch

No, perfect. Very helpful. And then on the Airport side of the business, I believe over the next couple of maybe quarters years, there's additional airports that are going to be privatized or up for auction. Is that something that you guys would look at actually? I think, it's 11, it's going to come up soon and then 14 additional airports coming up after that.

Saurabh Shah

So, Brett, we will surely look at that, because see, we are looking at it from a more of a network perspective in Airports business. We want to ensure that we are there as a network player, which gives us a very big strength in terms of route planning, in terms of the strategy development and what we want to do. We are looking at it from a consumer perspective. Even we see it makes more sense from a cargo perspective, and having a big network also increases our strength. So, we will surely look at the airports which come up for privatization. I think this should happen post elections that the government may come up for a pipeline for privatization and we will 100% bid for projects in airports which are in our core strength of the network that we want to develop.

Brett Knoblauch

Got it. Awesome. And then maybe moving to data centers. It seems like a couple of the projects are nearing completion. I guess, what type of capacity are you expecting to have for that business by the end of FY25? I'm guessing both Noida and Hyderabad would both be completed.

Saurabh Shah

Sorry Brett, can you repeat the question? I didn't get that.

Brett Knoblauch

Yeah. On the data center business, can you just talk about what you expect capacity or operational capacity to be by the end of, I guess, the new fiscal year?

Saurabh Shah

Sure. So see, in the data center business, Chennai is fully operational at 17 MW. The billing for about 12-13 MW is already going on. It will keep on increasing. In case of Noida and Hyderabad it is 81% and 88% completed already respectively from a core and shell perspective. We are already having the signed order, so as soon as the construction completion happens we will start the operations there and the billing should start. In Pune, we recently signed up contracts for 96 MW, so order book has now reached 210 MW in the data center business as against 112 which we reported up to Q3.

So this business is poised to grow. The billing will be all dependent on the enterprise players that are there, for hyper scale players that are there. So as such we are looking to have the billing started for Noida and Hyderabad in the by FY25, and in Pune by FY26. So, all the overall 210 MW which we currently have, we are signing up further contracts also. But whatever we today have as 210, we should be having a full billing capacity by FY26 on all the 3 places that is Noida, Hyderabad and Pune.

Brett Knoblauch

Awesome. Thank you. And then maybe if I could just ask one more on the wind turbine manufacturing. Obviously, it's nice to see that ramp up, especially QoQ. Can you just maybe help us from a modeling perspective, model revenues for the wind revenue or wind manufacturing revenue? I guess of the 47 wind sets sold, I guess how much revenue did that generate in the quarter?

Saurabh Shah

So, in wind manufacturing, the first full quarter of operations that we had this year, we supplied 47 sets. In that, because of that 47 sets, the revenue that we generated was about INR 850 crores-odd on the 47 sets and the EBITDA was about INR 120 crores that we generated out of that based on those numbers. So that's how the trend will be in the coming few months –or few quarters, because we already have full complete year of order book which is available for this business up to the next FY26 first quarter till that time.

Brett Knoblauch

And what's the ramp capacity on that? So, 47 this quarter is, what can that get up to on a quarterly basis?

Saurabh Shah

So, on a quarterly basis that can go up to about 55 sets per quarter. On the current scale if we -- we are also looking at expanding that facility, and once that expansion gets over, we can take it to double of the capacity each quarter.

Brett Knoblauch

Perfect. All right. Thank you, guys, very much. I really appreciate it.

Saurabh Shah

Thank you, Brett. Thank you.

Moderator

Thank you. Next question comes from Anuj Suneja from ICICI Prudential Life. Please go ahead.

Anuj Suneja

Thank you for the opportunity. I hope I'm audible.

Saurabh Shah

Yes.

Anuj Suneja

Yeah. Congratulations on a great set of numbers. Partially, my questions have been answered in questions of Brett. Just to follow up on the Airport piece. So, would it be possible to break down the growth that we are expecting going forward in the aero and the non-aero part of the business? Because our other competitors kind of share that number, and if I were to say, do some competitive benchmarking there. Would it be possible to share those numbers? And how are we looking at it, say, 2-3 years down the line?

Saurabh Shah

Yeah. Thanks, Anuj. That was a great question. So, we will also come up with this as we move forward in that business. As you know, because we just took over this business during COVID and there were certain aberrations in that. Now that everything has been streamlined, so we will also come up with the aero to non-aero ratios as we move forward in the next 6 months or so. Currently, the ratio is, except Mumbai, very skewed towards about 75% comes from aero and 25% from non-aero in our 6 airports. Mumbai is better at about 50-50.

But as you know, from a consumer perspective, when we look at what Adani is looking at this business. We are constantly trying to move that ratio towards how it is being done at the international level towards 75 which may come from non-aero, to 25% which comes from aero. So that's how we are also poised to grow this business. In the next 2 to 3 years, you will see a very big change in terms of the ratio from aero to non-aero.

Anuj Suneja

Great. Very helpful. And going forward, is there something that we have in mind as a strategy just to push non-aero, given that we have our app as well, the Adani One app? So, are there any strategic initiatives that we have just to push on the non-aero side of the business?

Saurabh Shah

Sure. We are constantly looking at a lot of things that we can do in terms of pushing the non-aero envelope and bringing in more wallet share from not only pax, but non pax. See, our touch points at the airports is not just 90 million passengers that we cater to. Our touch points are nearly double of that. So, we are catering to not just 90 million pax, but nearly 250 million odd touch points. So, their wallet share once it grows, it will be a very big number.

So that's how we are looking at this business. You will see, we are already seeing a lot of change that we are bringing in at Ahmedabad airport, at Mumbai airport, there is a huge development that is taking place outside the terminal hard boundaries and that we will continue. Our first phase of city side development has also started at Mumbai. So, all those will change the entire dynamics there.

Anuj Suneja

Great. And since we just touched upon the Adani One as well. So historically, once we had shared some metrics around Adani One app, how is that fairing these days?

Saurabh Shah

So currently, the number of users on the Adani One app have reached 30 million-odd number, which is constantly growing, and currently that is more about airports that it is working on, but as we bring in more and more customers of new businesses into that, that number is poised to grow. Because service, being a service industry that we are in, it makes sense for everybody to use the app for a lot of activities that they travel for.

Anuj Suneja

Fair. Got it. My second question is again a follow up to Brett on the AdaniConneX part of it. While I understand you have about 220 MWs of data centers that have been put in. A lot of competitive intensity is also actually intensifying from the Amazons and the Googles of the world. So, what are our business plans in terms of, are we going to lease it out to them? Or do we have a different set of customers altogether? And pardon my ignorance there, if you have already spoken about that.

Saurabh Shah

No, no, Anuj. See, for us, Google, Amazon, Microsoft and any other large hyperscale player are our customers. They are not our competitors. So, we have them as our partners. We are working with a lot of them. And that's where we are, like, looking to develop that relationship through Edge ConneX, because Edge ConneX already has a very good relationship as our JV partner with this kind of customer. And there we are already developing that.

In terms of competition, I think there is a lot of space available within this sector for future development. Not only for us, but for all the players. See India today, our own data resides outside in a very big number. So once with the government policy on bringing our data back to shores, plus a lot of data requirements are constantly going up. So, all these makes the even whatever number we produce -- we come up with, there will be constant increase that we are seeing in the overall data center requirements. So, we see a very large number there and we don't see any impact on competition on the current set of numbers that we have.

Anuj Suneja

Perfect. And a very basic question I had on data centers. What does this 1 GW translate into? Is there a standard translation or is it more of a hazy picture? So, we're talking about in power terms.

Saurabh Shah

No, sorry. So, we can take the basic questions offline because there are others.

Anuj Suneja

Sure. Sure, that's fair. And finally, one piece on the coal business or the Integrated Resource Management business. Given that there have been ESG concerns historically around this business, how are we planning to go forward with the IRM and the coal energy business? Just final thoughts on that.

Saurabh Shah

Vinay sir, would you like to take that?

Vinay Prakash

Yeah. You said energy concern or you said?

Anuj Suneja

ESG concerns on coal and IRM.

Vinay Prakash

In fact, if you talk about ESG concern, the way we have been doing this coal business is that it's actually a service function where we are fulfilling the need of our customers. We are not consuming this coal of ourselves. And secondly, we are always trying to see as how we can use the various means to cut down the emission happening either in terms of road transport, in terms of multiple handling and in terms of the storage of cargos. And that's the only thing which we can do in terms of ensuring our commitment towards ESG.

Anuj Suneja

Okay. And the mining side of things. So the Carmichael mines or there also are we just providing services?

Vinay Prakash

Carmichael mine or the mine which we have at MDO in India. Again, this coal is getting used by someone else, not by us. We are mining and supplying coal to someone. But when we speak about India mining, we are the only miner who has employed the silo loading with the fast loading system in which we can load a

train in 1 hour compared to the normal conventional hours of 6 to 7, which helps to reduce a lot of consumption of diesel in the wages which we send at the mine site.

Similarly, we use continuous miner, we use many activities, many initiatives which are reducing the emission and the methane emission in the mining area. Similarly, in Australia, we are using big equipments to ensure that we have less number of equipment plying on the earth and ensuring that environmental issue. So whatever best we can do in terms of being a responsible miner, we are doing and making sure that it is having the least concern as far as the ESG is there.

Anuj Suneja

Perfect, sir, very helpful. Thanks a ton. Thank you. Thank you for your time.

Moderator

Thank you. Next question comes from Nikhil Abhyankar from ICICI Securities. Please go ahead.

Nikhil Abhyankar

Sir, thank you for the opportunity. Sir, if you look at our solar manufacturing business. So, the realizations are still very strong at around 40-42 watt cents. So, where exactly are these exports going? Are they majorly going into US and the European markets?

Saurabh Shah

Yes, if you will see the module sales numbers that we have published on Slide 16, a larger part of our sales is happening to in exports and that has grown by nearly 152% over the last year and because of that the margins have improved.

Nikhil Abhyankar

Sir, if you can quantify what is the order book of our solar manufacturing business and what is the share of exports?

Saurabh Shah

So, in terms of order book we are currently booked for nearly 1.5 years going forward.

Nikhil Abhyankar

Okay. So, even if you assume a 3 GW of production is around 4 and 4.5 GW.

Saurabh Shah

Yes.

Nikhil Abhyankar

And the exports share will be?

Saurabh Shah

About 70% of it.

Nikhil Abhyankar

70% of it. Sir, is it fair to assume that the realization are up majorly because of the UFLPA act? And how do you see this realization trend going forward, say after 2 or 3 years? Because eventually the global module prices are ranging in between around \$0.20, \$0.22 odd cents again.

Saurabh Shah

So, see for us we are looking at this business not just as a module business but as a green hydrogen ecosystem business. We currently are selling outside, but the way our plans are on green hydrogen, going forward in another year's time or so a lot of it will be self-consumption for us. So, we are not yet that too worried on the numbers. But yes, for the foreseeable 1-year period, 1.5 year period, we see that the margins will be in the range of 25-30% for us, which we are happy with in terms of the overall plans.

Nikhil Abhyankar

Okay. And sir, just one question on the wind. So, you mentioned, is the wind order book majorly group captive?

Saurabh Shah

Yes. Currently, yes.

Nikhil Abhyankar

Entirely 100%?

Saurabh Shah

Yes.

Nikhil Abhyankar

Okay. And sir just a final question. The airport EBIT is negative, but the EBITDA is positive. Any specific reason for that, sir?

Saurabh Shah

So, there is one, is that at the PBT level we are still working on the business in terms of getting it positive, and also there was a one-off exceptional item in the airport business which will have put pressure on the PBT actually.

Nikhil Abhyankar

Sir, what was the value of it? Sir, if you can quantify?

Saurabh Shah

INR 627 crores, it's there in the results numbers that are there. That is because of the provision that was made for fees which we had to pay through year.

Nikhil Abhyankar

Okay. And sir just a final bookkeeping question. So, what is the gross block for the copper project?

Saurabh Shah

So, the current gross block for the copper project is INR 6,000 crores as against our total project cost which will move towards INR 7,500 crores by the final completion of the project.

Nikhil Abhyankar

Sure. Thank you and all the very best.

Moderator

Thank you. I request the participants to restrict with 3 questions in the initial round and join back the queue for more questions. Next question comes from Nirav Shah from Gee Cee Holdings. Please go ahead.

Nirav Shah

Good evening, sir, and thanks for the opportunity. Three questions. Firstly is, sir, can you just clarify that the INR 641 crore of EBITDA that we've reported in the ANIL ecosystem includes INR 120 crore from wind equipment or et cetera?

Saurabh Shah

Yes.

Nirav Shah

It includes?

Saurabh Shah

Yes, it includes.

Nirav Shah

Okay. Sir, the second question is just bookkeeping one. What is the EBITDA from the Australian operations for fourth quarter and third quarter?

Saurabh Shah

So, in Australia, the EBITDA we have has about INR 1,300 crores for FY24 and the quarterly EBITDA is about INR 400 crores.

Nirav Shah

So, INR 400 crores in the fourth quarter and INR 1,300 crores in the full year?

Saurabh Shah

Yes.

Nirav Shah

Okay. And sir last question. I mean, can you just share the volume guidance between how much are we likely to do in Australian operations? Because we were doing some capacity ramp ups over there as well as the MDO business.

Saurabh Shah

Vinay sir, do you want to take that?

Vinay Prakash

Yeah. So, in Australia we should do close to 14.5 million tons this year, FY25. We will try to touch 15. That should be between 14-15 million tons. So going from current 11.2 to 14-15 million tons. And as far as mining services is concerned, we did 30.9 million tons in FY24, we will definitely try to see if we can touch close to 50. 45-50 should be the reasonable number.

Nirav Shah

45-50 million tons. Perfect, sir, great. And thanks a lot and all the best, sir.

Vinay Prakash

Thank you.

Saurabh Shah

Thank you, Nirav.

Moderator

Thank you. Next question comes from Girish A from Morgan Stanley. Please go ahead.

Girish A

Sir, thanks for the opportunity. Sorry, I had a basic question around data centers. I wanted to understand the real scope of the business. What exactly is like, are we builders and then do we lease it out? What is the kind of rentals or realizations that you get? And then, if you can explain the business model a little bit, please? And then in terms of CapEx, what's the current gross block and how will it shape up as we ramp up this business? Thanks.

Saurabh Shah

So, from the basic thing, Adani Enterprises through our joint venture at AdaniConneX, which is a joint venture between Adani Enterprises and Edge ConneX, we are doing this business. We currently have one data center which is operational in Chennai, and Noida and Hyderabad are on course of final construction phase into those two. Recently we have assigned the order book for Pune also.

Now, from a perspective of overall business, it's a business where the gross block actually will not come and sit on AEL books because it's a joint venture, so there is equity consolidation. But on a layman term about INR 45 crores is the cost for 1 MW, so that's how the construction cost comes in. And on an EBITDA perspective this business has an EBITDA of about INR 8 crores per MW. So that's the overall numbers on that business.

And in terms of your question on leasing out. Yes, the income comes by way of rentals because the space is rented out to the hyper-scalers as well as small enterprise businesses, and that is how we get the money. The power cost is generally a pass through that we get in this business. For any further questions, we can take it offline because there are other participants in the queue.

Girish A

Thank you.

Saurabh Shah

Thank you, Girish.

Moderator

Thank you. Ladies and gentlemen, if you have any questions please press * and 1 on your telephone keypad. I repeat, ladies and gentlemen if you have any question please press * and 1 on your telephone keypad. We have a follow up question from Prateek Kumar from Jefferies. Please go ahead.

Prateek Kumar

Yeah. Thank you. I have a couple of follow up questions. You gave guidance of an MDO and coal mining business, Australia coal mining business. Any guidance if you can give on IRM business as well in terms of volumes?

Vinay Prakash

You spoke about iron ore?

Saurabh Shah

No, IRM business sir, the trading business.

Vinay Prakash

IRM business. Okay. So, IRM business is actually a demand supply business, depends how the country behaves as for the import of coal is concerned as well as the different coal services businesses are concerned. So, we always try to see that we win as much as possible. But the number clearly depends on the demand supply. So, giving guidance on numbers is actually going to be difficult.

Prateek Kumar

Okay. And the IRM margins have remained elevated. Is this still some high price contract benefiting the IRM business? Are there some high price contracts continue to benefit the IRM business in current quarter as well?

Vinay Prakash

No. So, we have some pending contracts and then we have to add some more contracts which will take the volume from the -- current pending volumes to the high volume. It will be average one. So, no, definitely it will be difficult for me to give you any indication and what happened in Q1 and FY25 as far as the IRM margin and IRM quantities are concerned. But I can assure you that considering that we are now there in the complete supply chain and we are number one as far as the volumes are concerned we will maintain a good position in IRM this year also.

Prateek Kumar

Okay. And the last question on leverage. We ended this year's net debt at around INR 40,000 crores -- INR 41,000 crores in FY24 and with the kind of CapEx which was highlighted earlier in the call, what is the leverage we are looking at by the end of FY25?

Saurabh Shah

So, see Prateek, from a net debt to EBITDA perspective, we have maintained that we will not go above 5. That's what our target is, and we will continue to ensure that does not happen. For that, if there is a requirement, we will bring in additional equity that will be required. So that's how we will maintain that. Even for FY25, our guidance for the net debt to EBITDA, it would be less than 4x, because we go as a modular structure into our ANIL business. So, the EBITDA started getting generated as soon as the project gets over. So that's how we will continue there. So that by the overall guidance will not be changing.

Prateek Kumar

Sure. These were my questions. Thank you.

Moderator

Thank you. Next question comes from Brett Knoblauch from Cantor Fitzgerald, please go ahead.

Brett Knoblauch

Hi. Thank you. Maybe some guidance related questions if we could share on the solar side. I guess, what should we be modeling for module sales for FY25, and what is your total capacity standing at now?

Saurabh Shah

So, the current capacity is 4 GW, out of which we have, based on that capacity, we have supplied 2.7 GW during this year, and we are looking to reach the capacity utilization of about 90% in that business. So, we are looking at about 3.6-4 GW of volumes in the coming year.

Brett Knoblauch

And is any capacity -- Is there any capacity additions coming online this year?

Saurabh Shah

So, we are constantly looking at it. Like, there are plans to increase the capacity also because we want to have that 10 GW achieved over a period of the next 2 years. So that is already in pipeline, but we generally don't give that guidance on this thing. So yes, it is there. As our overall guidance, we will reach 10 GW as an integrated manufacturing facility.

Brett Knoblauch

Perfect. Thank you. And then maybe on airport guidance. I guess what are you expecting from passengers for this year? Obviously, we saw nice growth last year. I know Navi Mumbai is still currently being complete and quite help this year, maybe towards the fourth quarter. But any insights into what we should be expecting from a passenger perspective?

Saurabh Shah

So see, this year we grew by about 20% in terms of the passenger movement that we had. And that similar trend should continue with addition coming from Navi Mumbai once we start that, which will be by the end of the coming year -- in end of FY25. So then, there will be an exponential jump in FY26 because of the new greenfield project that will be completed. But otherwise, we are looking at it in the same range. With the airlines ordering newer and newer planes and how the market is looking up, we see that the growth will continue in airports.

Brett Knoblauch

Thank you. And then maybe on a consolidated basis, yeah. Any insights as to what you're expecting from revenue growth or adjusted EBITDA for the year or adjusted EBITDA margin expansion? I would assume with the incubating businesses continuing to outpace growth of the savage businesses, we would see some consolidated adjusted EBITDA margin expansion again this year.

Saurabh Shah

So, see the EBITDA margins would be similar to what we have given this year as such. But in terms of overall EBITDA, there should be a growth because of the copper plant coming online, the wafer plant of 2 GW coming online, wind turbine business stabilizing. So, we have a good amount of pipeline that is there and the EBITDA should grow based on that new pipeline.

Brett Knoblauch

Awesome. Thank you very much. I really appreciate it.

Saurabh Shah

Thank you, Brett. Thank you.

Moderator

Thank you. Ladies and gentlemen, if you have any questions, please press * and 1 on your telephone keypad. Ladies and gentlemen, if you have any questions, please press * and 1 on your telephone keypad. There are no further questions. Now I hand over the floor to management for closing comments.

Saurabh Shah

Thank you very much for coming on the call. Looking forward to meet you again in next quarter. And thank you Sunidhi, Mr. Dhananjay, for organizing this. Thank you very much.

Dhananjay Mishra

Thank you, sir.

Moderator

Thank you. Ladies and gentlemen, this concludes your conference for today. Thank you for your participation and for using Door Sabha's conference call service. You may disconnect your lines now. Thank you and have a good day.

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- Note:**
1. This document has been edited to improve readability
 2. Blanks in this transcript represent inaudible or incomprehensible words.