



“Adani Enterprises Limited  
Q1 FY25 Earnings Conference Call”

**August 01, 2024**



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**MODERATORS:** **MR. SABRI HAZARIKA – EMKAY GLOBAL FINANCIAL SERVICES**

**Moderator:** Ladies and gentlemen, good day and welcome to the Q1 FY25 Results Conference Call of Adani Enterprises Limited, hosted by Emkay Global Financial Services.

As a reminder, all participant lines 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 an operator by pressing “\*” then “0” on your touchtone phone. Please note that this conference is being recorded.

I would now like to hand the conference to Mr. Sabri Hazarika from Emkay Global Financial Services. Thank you and over to you, sir.

**Sabri Hazarika:** Thank you. Good evening, everyone. On behalf of Emkay Global Financial Services Limited, I welcome you all to the Q1 FY25 Post Earnings Conference Call of Adani Enterprises Limited.

We are pleased to have the Senior Management of the Company led by Mr. Vinay Prakash - Director, Adani Enterprises and CEO Natural Resources; Mr. Robbie Singh - CFO, Adani Enterprises Limited; Mr. Saurabh Shah - Deputy CFO, Adani Enterprises Limited and Mr. Manan Vakharia from the Investor Relations team.

Today's session would be a brief on the Company's Results and that will be followed by the question-and-answer round. So, without any further delay, I now welcome the management for the opening remarks. Over to you, sir.

**Saurabh Shah:** Good evening, everyone. Welcome to the earnings call to discuss Adani Enterprises Q1 FY25 Results.

AEL's business portfolio comprises assets spread across energy and utility, transport and logistics, direct to consumer and primary industry. The incubating portfolio comprises of Adani New Industries, Data Center, Airports and Road businesses, and established business portfolio of primary industry vertical comprises business spread across services, metals commercial mining and industrials. AEL's incubation portfolio is consistently making significant strides in its operational and financial performance. AEL has recorded its highest ever quarterly EBITDA of Rs. 4,300 crores supported by exceptional performance of incubating business EBITDA of Rs. 2,667 crores. The contribution of incubating business to the overall EBITDA is now 62% versus 45% in corresponding quarter of FY24.

During the quarter, the ANIL Green Hydrogen Ecosystem revenue has increased by 138% to Rs. 4,519 crores and the EBITDA has increased by 3.6x to Rs. 1,642 crores on account of higher module exports. Airport business revenue has also grown by 27% to Rs. 2,177 crores and the EBITDA has grown by 33% to Rs. 682 crores. Total income of incubating businesses has increased sharply by over 63% to Rs. 9,342 crores while total EBITDA of incubating business has increased by 107% to Rs. 2,667 crores while the PBT has grown by 208% to Rs. 1,552 crores.

With this, the overall consolidated results of the current quarter for Adani Enterprises are consolidated EBITDA has grown by 48% to Rs. 4,300 crores. Consolidated profit before tax has increased by 107% to Rs. 2,236 crores while the consolidated income has also grown by 13% to Rs. 26,067 crores.

Now, coming to project and operational updates on major businesses:

In our Adani New Industries Green Hydrogen Ecosystem, the solar manufacturing business has successfully operated at full capacity of 4 GW for both cell and module line during the first quarter of operation. ANIL Ecosystem not only achieved uninterrupted production and supply of modules, but also achieved cost optimization in its supply chain. During the quarter, the module sales have increased by 125% to 1379 MW on Y-o-Y basis. ANIL's wind manufacturing business has received the final type certification for 3 MW of wind WTG. During the quarter, we supplied 41 WTG sets to the customers and we have an order book of 254 WTG sets.

In our Airports portfolio for the first time ever, the passenger movement at our airports crossed 90 million on trailing 12-month basis. During the quarter, we added 39 new brands across all our airports out of which about 25 brands were added in our recently inaugurated terminal of Lucknow Airport, which can now cater upto 8 million passengers per annum. Additionally, we added 8 new routes, 6 new airlines and 13 new flights across all 7 operational airports during the quarter. The eagerly awaited Greenfield Navi Mumbai project is on track for the completion in FY25.

Now moving to the Roads portfolio:

During the quarter, we have constructed 730 lane kilometer roads, which is the highest for any quarter since its inception. The Greenfield Ganga Expressway project is progressing as per schedule, 3 out of our 10 under construction projects are now more than 80% complete in line with the target schedule.

Adani Enterprises continues to incubate new businesses and create sustainable and long-term value for its stakeholders. Over the years, we have a track record of successfully incubating businesses which are currently leading companies in their respective sectors and delivering substantial returns to their shareholders. In line with this, the Board of Directors of Adani Enterprises have approved the demerger of Food FMCG business of Adani Enterprises to Adani Wilmar, along with its strategic investments in Adani Commodities LLP. The Food FMCG business has become self-sustained, performing well and poised for future growth. With this, Adani Enterprises continues its journey to unlock value for its shareholders.

Now, to take you through the primary industry vertical:

In the mining services, Adani Enterprises is the pioneer of mine development and operator concept in India with an integrated business model that spans across developing mines as well as entire upstream and downstream activities. It provides full-service range that is right from

seeking various approvals, land acquisition, rehabilitation and resettlement, developing required infrastructure, mining beneficiation and transport to designated consumption points. Our success is underpinned by 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 in the state of Chhattisgarh, Madhya Pradesh and Odisha.

During the quarter, the Company has delivered the quantities as per schedule. The production volume during the current quarter increased by 49% to 9.4 million metric tons and the dispatch volume increased by 47% to 9.3 million metric tons. During the current quarter, the revenue from mining services increased by 41% to Rs. 856 crores and the EBITDA increased by 43% to Rs. 347 crores.

Moving to Integrated Resource Management business:

We continue to develop integrated resource management in terms of relationship with diversified customers across various end user industries. We remain number one player in India and endeavor to maintain this leadership position. Over the past couple of years, IRM business has been exploring ways to tap into new market segments through initiatives like flagship e-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 retail customers, leading to a larger market share for Adani Enterprises. IRM continues to target a balanced mix of customers through retail and public center participation as end customers. The volume during the current quarter stood at 15.4 million metric tons. During the quarter, the revenue from IRM stood at Rs. 11,201 crores; while EBITDA was maintained at Rs. 990 crores.

In our commercial mining business:

The Carmichael mine production increased by 21% to 3.2 million metric tons and the shipments increased by 16% to 2.8 million metric tons during the quarter. The Company is having 5 domestic commercial coal blocks and 2 domestic commercial bauxite mines which are in the project phase. These projects are in the state of Maharashtra, Chhattisgarh, Madhya Pradesh, Jharkhand and Odisha.

In our primary industry incubation portfolio in metals, our copper unit under Kutch Copper situated at Mundra with a capacity of 500 KTPA has started its operations, and we are steadily ramping up our capacity in the phased manner.

Thank you and now we can take questions.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Mohit Kumar from ICICI Securities. Please go ahead.

**Mohit Kumar:** My first question is on the green ecosystem. Is it possible to break up the EBITDA into WTG and solar manufacturing?

**Saurabh Shah:** So, the total EBITDA for the overall number is Rs. 1,642 crores out of which Rs. 99 crores was contributed by the wind turbine manufacturing business and the remaining Rs. 1,543 crores has been contributed by the solar manufacturing.

**Mohit Kumar:** My second question, is it possible to give some color of the order book of the solar capacity and also the fact that you have done 1379 MW sales in this quarter, is it possible to sale more than the capacity, I think our capacity is 4 GW, can you sale more capacity than the 4 GW normally?

**Saurabh Shah:** No, the thing is that 1379 MW includes about 360 MW of sales, which was booked in March but sold in the current quarter. So, that is the reason why it is showing this number. The actual sales in per se for the current quarter is ~1000 MW. On your second question in terms of order book, our solar manufacturing order book, we are booked for the current financial year on a full capacity basis.

**Mohit Kumar:** Roughly 4 GW, right?

**Saurabh Shah:** Yes.

**Mohit Kumar:** And any color on the ramping up of the wafer capacity, how is it shaping up? Is it producing at the normal level or waiting to see that it will take some more time to stabilize?

**Saurabh Shah:** So, we are already producing 41 sets, so at 5.2 MW capacity we are at more or less at full capacity of the operations. We also have an order book of 254 wind turbine sets, which means we are booked for nearly 1.5 years of our next requirements or our capacity. We do have plans for taking the capacity to 3 GW over a period of time, which is what we have already guided at.

**Mohit Kumar:** Sorry to say, but my question was on the wafer capacity?

**Saurabh Shah:** So, from wafer capacity perspective - ingot and wafer, we are stabilizing the operations. We have started operating 2 GW and we are stabilizing those operations and by the next quarter we should have full production in the ingot and wafer plant. And the ramping up will also be there because we want to continue to build the entire solar module fleet up to 10 GW. So, even ingot and wafer, we will continue to have that expansion done and over the next 2 years you should see full 10 GW capacity right from poly-silica, ingot, wafer, cell and module.

**Mohit Kumar:** And this timeline is, so we expect to reach by 10 GW by end of the FY26 or end of 27?

**Saurabh Shah:** End of FY26.

**Moderator:** Thank you. The next question is on the line of Brett Knoblauch from Cantor Fitzgerald. Please go ahead.

**Brett Knoblauch:** If we could start on IRM, I guess can you just talk about what is going on there with volumes and kind of where you expect that business to trend for the remainder of the year?

**Saurabh Shah:** So, Brett, the volumes we have done about 15 million tons in the current quarter and that same trend should continue. We had a very good year and a half in the past where we had a huge order book from various state electricity boards, but that now we are going back to what our normalized growth is, which is in the range of 60 to 70 million metric tons, and we will continue to ensure that we get that imported coal volumes and trade in India.

**Brett Knoblauch:** And then maybe on the Data Center business, I know in the US we are seeing quite significant demand for new age data centers that have much higher density racks that can support newer age AI GPUs from the likes of Nvidias. I was wondering if your data center business has any exposure to high power computing that is needed for AI or if there is any plans for you to add that exposure?

**Saurabh Shah:** So, Brett, we are looking at basically hyperscalers, which means the large players who have the Data Center for their own consumption in a big way. So, that is what we are targeting. Our order book is basically comprised of such players. Because of the reasons of agreements, we are not able to give out the names specifically, but those are large scale players, hyperscale players who use this data center especially for computing and AI only. And as we have mentioned, our Chennai Data Center is now fully operational, and Noida and Hyderabad are 89% and 94% on the stages of completion in terms of project completion and we should see this same trend to continue and Hyderabad should come up online very soon.

**Brett Knoblauch:** And maybe just an update on the Navi Mumbai airport, is that still expected to be completed over I guess in next 12 months?

**Saurabh Shah:** Yes. So, not even next 12 months, now I would say next 9 months because we are targeting to complete and operationalize Navi Mumbai by March'25.

**Brett Knoblauch:** And then maybe on the solar, I don't know if somebody, if you already touched this, but quite significant increase in solar module sales. I think you guys said you were running at full capacity. Is there any plans to add additional capacity there and how should we expect sales over the next or remainder of this year so we see similar levels?

**Saurabh Shah:** So, Brett, yes, we are looking at that the full capacity utilization for the 4 GW as cell and module line and 2 GW of ingot and wafer line. And in terms of expansion, as I mentioned, we are looking to uptick the expansion and take it to 10 GW from the current capacities for which we are already in process of looking at various expansions within the current setup also.

**Moderator:** Thank you. The next question is from the line of Prateek Kumar from Jefferies. Please go ahead.

**Prateek Kumar:** My first question is on the ANIL business. So, we have done 40% plus kind of margins in that business for solar excluding wind EBITDA which you mentioned of Rs. 99 crores. Can you help explain the increase in margins and what is the sustainable margins you are looking at?

- Saurabh Shah:** So, Prateek, because of the huge offtake which we are constantly having in our export orders. So, we have grown our export orders which we sold about 387 MW in Q1 FY24, and which has now increased to 808 MW. And because of the margins that we get from our export orders, the contribution has increased, which we see that for the next 1 year, we already have orders in hand, so it should continue in that level.
- Moderator:** Thank you. The next question is from the line of Nikhil Abhyankar from ICICI Securities. Please go ahead.
- Nikhil Abhyankar:** So, can you help us with the tariff order status for Mumbai airport?
- Saurabh Shah:** See Mumbai airport, the tariff order was already done. So, I will just come back to you on the next when is the cycle, I will have to get that data across. We will come back to you separately on that.
- Nikhil Abhyankar:** And sir, just a follow up on that. So, will you be able to give us the non-aero revenues for Q1 and what were they last year's?
- Saurabh Shah:** So, we are not yet giving on the aero and non-aero split as yet because of the ramping up of our various operations where six airports we took over and we are just still building up the various terminals and brand capacities as such. So, over the next 6 to 9 months we will start publishing aero and non-aero revenues separately. So, from a Mumbai International Airport perspective, the aero to non-aero split is about 45:55. So, 55% of the revenue and earnings come from non-aero business.
- Nikhil Abhyankar:** And sir, almost around 60% odd of our module sales were in the exports market. So, should we assume that the mix of the order book will also be in the similar range?
- Saurabh Shah:** Yes.
- Nikhil Abhyankar:** And we expect this realization of almost 36 cents/watt to sustain throughout the year and going forward?
- Saurabh Shah:** So, see, I would say we can safely assume upwards of 30 that is for sure. I would not vouch and just put that as 36 to continue. But yes, above 30 is what we are still looking at for the next one year for sure.
- Nikhil Abhyankar:** And sir, what is the difference in realization for the exports and the domestic module sales?
- Saurabh Shah:** So, about 15% to 20% difference is always there.
- Nikhil Abhyankar:** And sir, just a final thing on capex, so if you have any number for CAPEX for Q1?
- Saurabh Shah:** So, see, we have given guidance for capex in the last call. We continue to have that same guidance in terms of Adani New Industries, Airports and Roads. Taking up the largest amount

of capex, Roads has continued to continuously do the capex at that same run rate where we had said about \$1.5 billion of capex and road has actually done about point \$0.4 billion of capex during the Q1 and similar trend will continue; same way for Airports and New Industries. In the New Industries capex, because of the expansion that we are already envisaging in solar manufacturing, wind manufacturing, electrolyzer as well as green hydrogen, so that same trend will continue.

**Moderator:** Thank you. The next question is from the line of Dhananjay Mishra from Sunidhi Securities. Please go ahead.

**Dhananjay Mishra:** And so in terms of capex as you said, so how are you going to fund and what is the status of fundraising in terms of equity or debt as of now?

**Saurabh Shah:** So, Dhananjay, as we had mentioned, Airport, Roads and Data Center are fully funded. Copper is also fully funded. PVC also we have completed the finance program, and the sanctions are all in place. So, except Adani New Industries wherever there is the capex which goes on, but with Adani Industries already throwing up a sizable amount of cash with the new and new expansion that we do, we will have enough cash for the equity portion of it for at least another 1-2 years. And other than that, we have also announced the QIP program for Adani Enterprises also and whatever the equity requirement that is there (including for the Adani New Industries) will be fulfilled through this QIP program.

**Dhananjay Mishra:** If this QIP happens this year or even at next year it is fine, our schedule of capex will continue as it is, right?

**Saurabh Shah:** Yes, we are looking to fast track our green hydrogen. So, we are looking to have the QIP done.

**Moderator:** Thank you. The next question is from the line of Prateek Kumar from Jefferies. Please go ahead.

**Prateek Kumar:** My question was regarding I was asking about margins. So, has the prior quarter spread over of volumes has also held margin in this quarter?

**Saurabh Shah:** Yes, Prateek, there has been uptick in margin because of the prior quarter spill-over, but that trend should continue at least for 1 to 1.5 years.

**Prateek Kumar:** And we have for the first time like sort of given out slide on electrolyzer, where are we in terms of starting commercial production of electrolyzer and also like we talked about 10 GW RE power capacity by FY26 end. Have we started construction for the same because like 5 GW of construction possible in one year, right? So, have we started there?

**Saurabh Shah:** So, on both the questions, on electrolyzer, we have started giving out what we are doing in terms of the first production that we want to do. So, we have this 198 MW of LoA which we have received for which technology related stack development related work has already started with certain design from a technology partner. And we are testing that right now. So, the testing



laboratory has been commissioned and we are benchmarking it to various tests, and we have also put up a pilot manufacturing facility where the layout and engineering has been completed. So, we will keep on giving the guidance on electrolyzer every quarter-on-quarter and how the status is. In terms of renewable capacity, there has been land allotment and other processes are in process and as soon as that is over, we will start looking for construction on the renewable side also.

- Prateek Kumar:** Sir, on mining and Carmichael segment, what is the volume expectation for the full year?
- Saurabh Shah:** So, in terms of mining, if you are referring to MDO, the volume expectation is basically for FY25, we are looking at about 45 million metric tons and taking it to about 55 metric tons in FY26; while for Carmichael that number is about 12 million metric tons for the current year, taking it to 15 which is the maximum approval that we have by the end of FY26.
- Prateek Kumar:** And on capex value talked about the comments, but what is the 1Q capex which we have done overall for the Company?
- Saurabh Shah:** So, see on a quarterly because the balance sheets are not there, we will give out the actual capex numbers in Q2. But we did inform on the call that for Roads and Airports and New Industries, it is going on as per schedule and we are doing our capex as what we have guided.
- Prateek Kumar:** March ending net debt was I think around Rs. 42,000 crores. How is that like? There is some increase in gross debt, of course, but how is the net debt position now as of 1Q?
- Saurabh Shah:** Our external debt was about Rs. 38,000 crores in March and which is now about Rs. 42,700 crores in June. The reason for external debt increase is basically the financing for copper, roads and airports continue. All these have been taking disbursements as per schedule and completing the projects. And the net debt position is - we have a cash balance of about Rs. 6,000 odd crores in our balance sheet. So, the net debt position is at 36,000 for the June quarter.
- Prateek Kumar:** So, it has come down versus what was the case in Q4 ending?
- Saurabh Shah:** So, it has increased only because as I said, the external debt was 38,000 in March and at net debt basis after taking out cash, it would be about 32,000 which have grown to 36,000 in June quarter on a net debt basis.
- Prateek Kumar:** External debt?
- Saurabh Shah:** Yes.
- Prateek Kumar:** And a couple of questions on copper segment, will you start giving out the revenue?
- Saurabh Shah:** Yes, see by Q3, you should expect the segmental results to have copper separately because then we will have certain substantial number to look at.

- Prateek Kumar:** And lastly on PVC segment, Coal to PVC; what is the timeline for commissioning of that project?
- Saurabh Shah:** We have guided for FY26, and we continue to have the same guidance.
- Prateek Kumar:** So, FY26 end we should expect that to come?
- Saurabh Shah:** Yes, December 26.
- Prateek Kumar:** So, FY27, that means?
- Saurabh Shah:** Yes.
- Moderator:** Thank you. The next question is from the line of Sabri Hazarika from Emkay Global. Please go ahead.
- Sabri Hazarika:** Firstly, on this module pricing, what is the overall outlook for the next say 2-3 years and any kind of value addition you expect considering new technologies? And the likes of, say for example, HJT is also one of the technologies being examined. So anything on that front, any color on that?
- Saurabh Shah:** We have already upgraded our facility recently. We are already running a TOPCon technology of 2 GW and Mono PERC at 2 GW. And in terms of technology, we keep on evaluating the efficiencies and how they are improving, and we will continue to look at other technologies including HJT for the upcoming expansions that we do. In terms of the pricing, as I have already guided, with the kind of orders in hand that we have, we will continue to have a good set of numbers in terms of pricing in the coming one year or so. For further period, we will see how the market behaves and then we will be able to give further guidance on that.
- Sabri Hazarika:** So, it is like import based pricing only, right? If the duties go up, then you also tend to benefit. Is that right?
- Saurabh Shah:** In a way, yes. But now with our expansion in terms of backward manufacturing, we will not have to worry too much on the custom duty as such because once we get into poly-silica and once that starts, then we don't have to look at even in terms of whether there is an import duty or not, it just benefits us anyway.
- Sabri Hazarika:** So, right now it is just 40% on modules and 25% on cells. That is the only part where duties are imposed. So, anything upstream, no duties are there, right?
- Saurabh Shah:** Yes.
- Sabri Hazarika:** Secondly, on the airport side, so Navi Mumbai Airport, in terms of, I don't know whether it may have been taken up in the past calls, but just wanted your view on - since the catchment area itself will increase manifold with this airport; so how do you see overall demand in the Mumbai

area as a whole. So, do you see in terms of capacity, there will be some diversions of course from the Mumbai airport? Do you see any sort of numbers - what could be the total passenger segment growth in this from the commissioning of this new airport?

**Saurabh Shah:** So, for Navi Mumbai, we are putting up the first phase where the initial capacity will be 20 million passengers and we are 100% sure with the way the Mumbai travel is and the catchment areas travel is, we should hit the capacity in the first quarter itself of our operations.

**Sabri Hazarika:** And you don't see any major dent in the existing airport right from this?

**Saurabh Shah:** No.

**Sabri Hazarika:** And also in terms of that timeline, now we are like 9 months away from commissioning, so which are the milestones which are left right now for the next 9 months?

**Saurabh Shah:** So, the runway is already ready there and we are working on the terminal development. And then there are other processes and approvals that have to be further taken. They do a lot of risk management in terms of disaster management and all that. So, we will give the airport for those tests and disaster management works. And we are looking at having the operations started by March 25.

**Sabri Hazarika:** And one last question on this PVC business. So, do you have the guidance for any kind of like EBITDA per ton for this project considering it is coal based?

**Saurabh Shah:** See, right now the construction is going on. So, it would be a too premature thing to give the guidance on EBITDA per ton or so. But on a full year of operations of 1 million metric ton, we are looking at an EBITDA upwards of about Rs. 4,000 crores. So, that is how we are looking at the overall scenario in PVC once the entire operation starts.

**Moderator:** Thank you. The next question is from the line of Mohit Kumar from ICICI Securities. Please go ahead.

**Mohit Kumar:** So, a few clarification, Parsa Kante have recovered in this quarter, is it fair to say that we are on track now to produce 50 million ton or the normal rate from this fiscal?

**Saurabh Shah:** Yes.

**Mohit Kumar:** So, all the issues should be behind us?

**Saurabh Shah:** Yes.

**Mohit Kumar:** My second is which are the mines likely to start in production phase in next couple of years?

**Saurabh Shah:** So, we are targeting Parsa to start in the current fiscal by end of March this year and the second mine we are looking at to start is Gare Palma II.

- Mohit Kumar:** And any color on the commercial mines - when do you think they will come in for production?
- Saurabh Shah:** So, that is still under various stages of development. So, we will give a guidance by the next quarter as to how it will pan out.
- Mohit Kumar:** My last question is on the Coal to PVC. Have you achieved financial closure?
- Saurabh Shah:** Yes, we did achieve the financial closure with SBI for Rs. 14,000 crores of debt.
- Moderator:** Thank you. As there are no further questions, I now hand the conference over to the management for closing comments.
- Saurabh Shah:** Thank you so much all for attending the earnings call. We look forward to meeting you in the next quarter. Thank you Emkay, Sabri for organizing the conference. Thank you.
- Moderator:** On behalf of Emkay Global Financial Services, that concludes this conference. Thank you for joining us and you may now disconnect your lines.