



“Adani Enterprises Limited  
Q3 FY 2023 Earnings Conference Call”  
February 14, 2023



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**MR. SAURABH SHAH – FINANCE CONTROLLER – ADANI ENTERPRISES LIMITED**  
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**MODERATOR:** **MR. MOHIT KUMAR – DAM CAPITAL LIMITED**

**Moderator:** Ladies and gentlemen, good day, and welcome to the Q3 FY '23 Earnings Call for Adani Enterprises Limited, hosted by DAM Capital. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Mohit Kumar from DAM Capital. Thank you, and over to you, sir.

**Mohit Kumar:** Thank you, Dorwin. On behalf of DAM Capital, I welcome you all to the Q3 FY '23 Earnings Call for Adani Enterprises. We have with us from the management team, Mr. Vinay Prakash, Director; Adani Enterprises and CEO of Natural Resources. We also have Mr. Robbie Singh, CFO, Adani Enterprises; Mr. Saurabh Shah, Finance Controller; and Mr. Manan Vakharia, Investor Relations. Will start with the brief opening remarks, followed by Q&A. Thank you, and over to you, sir.

**Robbie Singh:** This is Robbie here. Thank you for joining the call. Just as a brief for the last 9 months, and then I'll touch on the quarter. For the last 9 months, I'm very pleased to inform you Adani Enterprise crossed INR 1 lakh crore in terms of total revenue. EBITDA for the first time crossed INR 6,000 crores and PAT also crossed INR 1,700 crores for the 9 months. On the key metrics, interest coverage has comfortably averaged for the last 4 years, over 2.5 times. Debt cover ratio is over 2 times for the first time.

Net debt to EBITDA now has fallen below 4 times. Net debt to equity is now stable at less than 0.8 to 0.9 times and net debt to assets are comfortable at 0.2 times. For the quarter, Adani Enterprise had a stellar quarter i.e. Q3 2023. For the first time, we've had a significant contribution from our newly incubating assets, which now stand at approximately little higher than 33% of our EBITDA for the quarter. The revenue stood at INR 26,951 crores and the EBITDA at INR 1,968 crores. Of this EBITDA, INR 906 crores came from the new incubating businesses.

These new incubating businesses include green hydrogen, Adani airports, roads and data center. Our traditional businesses of mining services and trading have consistently been a good performer for the last decade, and they continue to be excellent performers as of this quarter as well. The pleasing aspect of this quarter has been that EBITDA increase at airports driven by a passenger increase of 40% and air traffic movement increase of over 20%. We're also pleased to inform you that our 2 GW of cell and module line is operating in the Adani New Industries Ecosystem.

And our 5.2 MW onshore wind turbine is undergoing certification, which we expect it to complete in June. In relation to overall operating highlights, sales volume from our Adani New Industries Ecosystem are up 64%; IRM sales volumes are up high single digits; passenger movement airport up 40%, air traffic movement up 21% and we've completed close to 37 lane kilometers. In summary, these last 2 weeks have been interesting, but the key highlight, as always, has been stellar performance of Adani Enterprise and its incubating businesses. With this, I will open for Q&A.

**Moderator:** The first question is from the line of Nikhil Abhyankar from DAM Capital.

**Nikhil Abhyankar:** Congrats on a good set of numbers. So after the recent events, are we still going ahead with the capex plan for the renewable segment? And when do you expect the commission of 10 GW of solar cell and module capacity?

**Robbie Singh:** So we see with the recent plan, there are a couple of changes, a couple of measures we will take just to respond to the market volatility. But overall, our plans continue for airports, for the green hydrogen business, which is a core of an infrastructure. I will highlight to you another point when I say this. If you see that we have all of our results are out, I can share with you that our core portfolio, which is the infra portfolio is about 81% of our EBITDA, which has grown 46% compared to the last 9 months of 2022 versus 2023. And that the core infra portfolio EBITDA is close to INR 33,000 crores now.

As I mentioned earlier, our mining services business is robust and stable and contributes about 9%. Cement is now contributing about 7%. So if you look at our core cash flow generating assets, they are exactly the same as before. So our investments in the core infrastructure sector, which includes energy and utilities, which is green hydrogen and our transport and logistics portfolio will continue as planned. However, given the current volatility, we will moderate the certain accelerations that we had budgeted in the capex profile.

And we will now continue on the ordinary course of business based capex. So to that extent, yes, there is a change. But overall, our core infra and utility capex programs, will continue to the extent of, the as we've always done, to the extent of the free cash flow available in those businesses.

**Nikhil Abhyankar:** Understood, sir. And just a second question. Sir, what are the contribution in terms of revenue and EBITDA from the Carmichael mine?

**Robbie Singh:** Carmichael mine this quarter contributed INR 427 crores, and that number will continue to rise on the EBITDA.

**Nikhil Abhyankar:** On EBITDA

**Robbie Singh:** Yes, on the EBITDA line.

**Moderator:** The next question is from the line of Tanu Poddar from Mount Intra Finance Private Limited.

**Tanu Poddar:** My question is regarding the airport segment. So I wanted to understand the decline in the segment results because considering the high operating leverage in this particular segment, we would expect the EBIT to rise in kind of all. So I just wanted to understand why it has fallen and some details regarding the concession fees for the Mumbai airport regarding these things?

**Robbie Singh:** I think for EBIT more realistic way to look at would be that the depreciation levels will continue to rise as our capex numbers rise. But overall, the EBITDA number are continuing to rise. So the non-cash depreciation at the airport business will rise for some time.

Now in relation to the fee paid calculations for the quarter and for the year, we will share with you. Saurabh and team will share with you post this call the actual fees paid to AAI because I don't want to quote a rough number. I would like to just give you the exact numbers. So we will put that in writing.

**Moderator:** We have the next question from the line of Nirav Shah from GeeCee Investments.

**Nirav Shah:** A few questions and one clarification. You mentioned EBITDA from Carmichael mine INR 422 crores.

**Robbie Singh:** For the quarter, yes.

**Nirav Shah:** And that it doesn't form part of any of the segments that we have reported, either ICM or MDO. It's over and above that?

**Robbie Singh:** Part of the natural resources, so sort of in terms of segmental reporting, we bring out the Carmichael mine from next year onwards as a segment.

**Saurabh Shah:** Because right now, it does not fall above 10%, which is the criteria for segment.

**Nirav Shah:** Because if I add up the EBITDA reported from the segments, I mean, coal trading plus MDO, solar and airports, we are already getting a INR 1,600 crores of number. I'll take it up with Saurabh off-line on this. And sir, just regarding the MDO volumes, I mean, we had given a target of 40 million tons and 50 million tons this year and next year. We largely stick around that same target?

**Robbie Singh:** Vinay, please?

**Vinay Prakash:** Yes. In fact, I think this year, we are going to be around 30 million, and next year is going to be 40 million.

**Nirav Shah:** So we've scaled down by 10 million tons. I mean, the plan, yes.

**Vinay Prakash:** Yes. It's just 1 or 2 mines have got delayed because of which the volumes are lower, but we can always recoup it in next 1 or 2 years' time.

**Nirav Shah:** And on the commercial mining front, the first mine Dhirauli should be starting in FY 24?

**Vinay Prakash:** Yes.

**Nirav Shah:** And sir, last question is on the green hydrogen projects. I mean, we have read comments on the Total management that as of now, they haven't signed. So any revised schedule in terms of commissioning of green hydrogen capacities if you can.

**Robbie Singh:** No, I think the first stage of projects was related to the integrated manufacturing, they are continuing. And I think also we should be careful in just looking at the media as a media statement. the full statement was that MoU was signed in May, engineering due diligence, technical due diligence, marketing diligence that work is continuing and that takes time on large

projects like this. So Total is doing that work. And once that's completed, we will come back and revisit.

But when we look at it, our MoU is still signed and was signed last year May. I think a lot of time in a higher volatility scenario, a lot of things get said, but I think we should not. Our plan always has been that we are continuing with the running new industry projects for the past 2 years. So that work is still continuing.

**Nirav Shah:** And just the last question is on the airports. I mean, so the revenues has started from only October onwards?

**Saurabh Shah:** So just to answer that, the revenue share, which we have taken a provision of is from 1st October 22 this year in Mumbai International Airport and before that, we have already, as per the note which we have been giving, that the no provisions were taken because of COVID restrictions that were there in the earlier part of last year and the first half of the current year.

**Moderator:** The next question is from the line of Anuj Suneja from ICICI Pru Life.

**Anuj Suneja:** My question as already been answered. Thank you.

**Moderator:** We have the next question from the line of Dhananjay Kumar Mishra from Sunidhi Securities.

**Dhananjay Mishra:** And, sir, you indicated that the pace of investment will be moderate going forward as the volatility is there. So any changes in our the New Mumbai greenfield project, that we are expected to complete by March '25. So any changes over there? And what is the status of financial closure over there?

**Robbie Singh:** No, no. I just want to clarify for ongoing projects, there is no change. So Navi Mumbai Airport will be completed on schedule December 2024. And it will be ready for commercial operations. It is fully funded. There is nothing there for us to do new. It will just that construction is continuing.

And the best thing to do is that I would encourage those of you who are based in Bombay to actually go, and if you don't go, we can hire bus and to take investors there, and you can have a look. Analysts there can have a look at it for yourself. When we say we will moderate the capex is that new commitments, in fact we will not make new commitments till we settle this volatility period.

**Dhananjay Mishra:** So even the Ganga Express is going ahead as per schedule, there is no change over there?

**Robbie Singh:** Yes, committed projects are continuing as per schedule. There is no change. We have great support from our banking community, great support from the investor community. So there is no change in that aspect. Naturally when something like this happens, it's a very high level of volatility, and we have to handle it in a very mature, sensible manner. And so we have to look at it carefully. And so what we are moderating is that we let the volatility settled before we make any new commitment.

And we will not make any new commitments until we are comfortable that the volatility is settled and our investor community is not suffering the volatility and our supporters, and people who stand with us, institutions who stand with us, banks and investors that they don't have to deal with this on a daily basis.

**Dhananjay Mishra:** And now the net debt to equity remains at under 1, 0.8 you said, right?

**Robbie Singh:** Correct. That will not change for Adani Enterprises standalone basis because it actually will always oscillate around that level. Even at the group level, despite all the growth of 46% in the last 9 months, in the EBITDA to over 32000-33000 crores, net debt to EBITDA has remained at just under 3.2x.

**Dhananjay Mishra:** Consol level, you are saying AEL?

**Robbie Singh:** At a portfolio level. Sorry, AEL consol level is just at 3.8x, no? Yes, it's fallen below 4x.

**Dhananjay Mishra:** What is the gross debt at consol level in AEL?

**Robbie Singh:** Saurabh, can you give the precise number, please, on the exact number?

**Saurabh Shah:** So as such, sir, in December, we don't give the balance sheet numbers. But right now, our gross debt to EBITDA is around 4.7x. We will be giving the full set of numbers in March quarter. At that time, we will come out with the exact numbers also.

**Dhananjay Mishra:** And we have not considered debt of New Bombay airport in this?

**Saurabh Shah:** So whatever disbursement have been taken are all included, sir..

**Moderator:** The next question is from the line of Bajrang Bafna from Sunidhi Securities.

**Bajrang Bafna:** And we genuinely stand by these difficult times, which we are facing due to some unforeseen circumstances. So sir, for the benefit of all of us, there is one thing that is in all of our minds that how we are going to fund the ongoing capex or the ongoing different projects that we are doing maybe for FY '23 and FY '24, which has already been announced. So if you could in a nutshell, can define that this is what the investment requirement across different portfolios for the coming 12 months.

**Robbie Singh:** Sure. I think firstly, thank you for the support, and we are really encouraged by the support from our core investor and banking community. In relation to the total number, I think what we will be and because of this volatility, we don't want to give out each time we speak a number. Over the next six weeks, we'll come up with a formal plan, which will be a part of the March 31 results. All I can say to you today, as we stand today is, new commitments, we ourselves will not make. Our existing projects are fully funded and continuing. So to say Navi Mumbai airport, roads, data center, etc, they are continuing as scheduled.

**Moderator:** The next question is from the line of Anshuman Ashit from ICICI Securities.

- Anshuman Ashit:** Congratulations on a good set of numbers. Sir, the first question is on a wind turbine manufacturing setup. So we were testing a prototype. So has start testing been concluded? And by when will we start commercial production?
- Robbie Singh:** The testing will conclude between April and June, there are various steps of testing various different tests have to be done, but we expect to be finished by June, July this year. And then commercial operations will start shortly thereafter.
- Anshuman Ashit:** And sir, the capacity target. So is the 3 GW target being maintained for the wind turbine manufacturing?
- Robbie Singh:** Yes.
- Anshuman Ashit:** Sir, for nine months, what has been the volume from our Carmichael mines?
- Robbie Singh:** Vinay, can you please give the run rate numbers?
- Vinay Prakash:** I think roughly, it is around 5.5 to 5.6 million tons. Saurabh - can give you the right number. I think it's 5.5 -5.6 million tons.
- Saurabh Shah:** Yes, it is 5.5 million tons, sir, for nine months and for the current quarter, it is 2.5 million tons.
- Anshuman Ashit:** So 2.5 million tons already done in the 1.5 months in Q4.
- Saurabh Shah:** 2.5 million tons in third quarter.
- Anshuman Ashit:** And sir, what should be the normalized run rate which we can expect from this mine in a year's time in FY 24?
- Vinay Prakash:** This mine is designed for 15 million tons.
- Anshuman Ashit:** And by when can we expect to reach the peak-rated capacity?
- Vinay Prakash:** We're trying to get the annualized capacity by March or April.
- Anshuman Ashit:** And sir, any targets on the IRM volume front, which you can give us for FY '24?
- Vinay Prakash:** Actually, IRM targets are all decided by the market demand and supply forces. So I think this area, if we are going to be plus 70 million tons, we foresee the same number to be the next year or slightly higher than that. Again, it depends on what is shortfall in India and other countries where we supply coal.
- Anshuman Ashit:** Sir, how are you currently seeing the market? So is the demand supply gap still there? And do you expect it to continue over the CY '23?
- Vinay Prakash:** Yes. So demand and supply gap is there. We do see it continuing for next year also. But it all depends is how the power demand is coming up. If it goes down because of some reasons, it may affect the coal demand also. But as of now, we are very optimistic and very positive in terms of the demand in the next year also.

**Anshuman Ashit:** Sir, one last question, sir, have we done the financial closure for the Ganga Expressway project, is that true?

**Robbie Singh:** All the sanctions have been completed. And then there are a couple of conditions precedent that we have to go through, which we will complete over the next two to three months.

**Anshuman Ashit:** And sir, we expect a lot of biddings and awards to happen on the roads front in Q4. So will we be aggressive in those or will we compete for them? And what will be your mix in terms of bidding for HAM projects and EPC projects?

**Robbie Singh:** No. As I mentioned earlier in my comments, for the new commitments on capex, we will first want this volatility period to settle before we actually make new commitments. So I don't expect any significant bidding in the road projects, until this volatility period settles.

**Moderator:** The next question is from the line of Nikhil Abhyankar from DAM Capital.

**Nikhil Abhyankar:** I just wanted to understand, physical process regarding the copper plant and the Coal to PVC project that we have?

**Robbie Singh:** Copper plant, as I mentioned, is an existing project, it's continuing. It's part of a natural resources team, which is Vinay's team. And they are continuing with the project. Its construction is on schedule, and we will complete on schedule. In relation to the Coal to PVC, as I said, that is one of our new commitments, and we will review that commitment post settlement of this volatility period. For the time being, we will not be making any commitments to new projects.

**Nikhil Abhyankar:** Any plans regarding the data centers?

**Robbie Singh:** So data center is all scheduled projects and they will continue as planned.

**Nikhil Abhyankar:** Sir, also, I just saw that there was a major dip in the coal trading volumes. So given that the power demand is set to rise during the summer. So do you see that there will be a major spike in this volume going ahead?

**Vinay Prakash:** I think you're right. Power demand goes up from March to June-July until you get the monsoon. And at that time, we definitely get a lot of requirements from State Board for imported coal. So we do see a spike in the demand. But as I said earlier also, it all depends upon the demand of power. If it continues or it happens, as it happened in '22, we are going to have a huge demand coming out of coal also. But if it settles because of any reason, then you may see the same demand or same numbers which we are seeing in this quarter.

**Nikhil Abhyankar:** And so the EBITDA per ton is coming out around 540. So is this sustainable at higher volumes?

**Vinay Prakash:** Yes. So what happens, if you really see the way we have been working in IRM, it is more of a service business where because of our being there in the complete supply chain. We command this dollar per ton as a margin, which we have been maintaining for last so many years. It varies between three to five or three to six. We get this because of being there as service function being then the complete supply chain. So we can maintain it even though it is going to be a higher volume.

**Nikhil Abhyankar:** Sir, next question is regarding solar. Just one clarity, sir, what is the total capacity that is operational right now? Do you have the 0.5 GW?

**Robbie Singh:** 2 GW operational, 3.5 GW by June.

**Nikhil Abhyankar:** So we are almost doing at around 80% capacity. And again, the realization over there is around \$0.42 kilowatt, which is very higher than what is the current trend. So is this also sustainable going forward, too?

**Robbie Singh:** No, that will moderate to more market levels over a period of time.

**Nikhil Abhyankar:** And what will that be market level -- so market prices basically?

**Robbie Singh:** Market prices.

**Saurabh Shah:** So Dorwin, if there are no further questions, we can close the call. Is there anybody who has any questions, just check once again, if that be the case.

**Moderator:** Sir, we have one participant who has just joined the queue. We will take the question from Nirav Shah from GeeCee Investments.

**Nirav Shah:** Just one question on the MDO operations. I mean we mentioned that our volumes were impacted by Parsa Kente. So is it a one-time thing, which was during the quarter or our run rate will recover from fourth quarter onwards?

**Vinay Prakash:** So it was a one-time stoppages only. Now they started and the way we are doing the volumes, I think we'll have a really good quarter four FY '23, and we don't see this to happen in the future.

**Nirav Shah:** Any particular, I mean, what was the reason for the lower volume? Was it offtake related or?

**Vinay Prakash:** No, there is no offtake related issues in any of our MDO mines and it will not happen also in the future. It was an issue of moving from your forest permission where we were moving from Phase 1 to Phase 2. That was a transition issue.

**Saurabh Shah:** Thank you. Dorwin, we can now close the call.

**Moderator:** Yes. I would now like to hand the conference over to the management for closing comments. Over to you, sir.

**Robbie Singh:** I Robbie on behalf of Vinay, CEO of our Natural Resources division and Metals division, Saurabh, and Manan and team, I just want to thank everyone for participating. And we are on track for continuing performance in Adani Enterprises as we have indicated and our incubating businesses are performing as per schedule, so which is a very pleasing result. Thank you so much for being on the call, and thank you for all your support. Bye.

**Moderator:** Thank you. On behalf of DAM Capital, that concludes this conference. Thank you for joining us. You may now disconnect your lines.