



“Adani Enterprises Limited Q3 FY-17 Earnings
Conference Call”

February 14, 2017



**MANAGEMENT: MR. AMEET DESAI – EXECUTIVE DIRECTOR, ADANI
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LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Adani Enterprises Limited Q3 FY17 Earning Conference Call. During this conference call, we have with us Mr. Ameet Desai – Executive Director, Adani Enterprises, Mr. Rajiv Nayar – Group CFO (Designate), Adani Group and Mr. Vimal Dhani – IR, Adani Enterprises. 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 telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Ameet Desai. Thank you and over to you sir.

Ameet Desai: Good evening ladies and gentleman, thank you to join the call for Adani Enterprises Q3 FY17 and 9 month FY17 results. Earlier today we have had the Board considered and approved the financial results which are in compliance with IndAS, Indian Accounting Standards and for relevant comparison we have drawn the corresponding period accounts also restated under IndAS.

Let me start with the quarter consolidated financial performance which is very encouraging. Our EBITDA rose 18% to 705 crore versus 596 crore in the corresponding quarter last year, i.e., FY16. Consolidated Income from operation is over 8600 crore and consolidated PAT on comparable basis grew almost 62% to 340 crore against 210 crore in Q3 of FY16.

For 9 months, if we see the operating performance, our coal mining volume has grown by about 38%; we have done cumulative 5.12 million tons of throughput of washed coal compared to 3.71 million ton in first 9 months of the previous financial year. The City Gas distribution volumes have registered a 6% growth in the 9-month period. We have begun renewable generation volume so there is no comparable for the past year. The volume is about 372 million units.

Coal trading volume is 64.6 million tons and we are seeing the margin improving in the coal trading business and we have been also doing further added services to certain clients in coal trading which were hitherto not providing so we are able to continue to hold on to the market share that we have.

All in all, we have registered good performance across all the business segments including our Agri business and with more projects under renewables getting on to stream over next 12 months, we think that renewables along with MDO will become an important driver of growth for Adani Enterprises Limited.

With those summary remarks, I would now request questions to come forward and we would be happy to answer them. Thank you.

Moderator: Thank you. Ladies and gentleman, we will now begin with the question and answer session. We take the first question from the line of Ashish Shah from IDFC. Please go ahead.

Ashish Shah: The first question is on the coal trading part, we seem to be doing, I would say, really well in an otherwise very weak environment on coal imports, so I just wanted to know what gets us this additional push and how do you look at it in terms of future outlook?

Ameet Desai: I think commodities, I wish anybody could see through the crystal ball and say what will happen but I think compared to the situation we had 12 months ago where scenario was negative to say the least, I think prices of the commodities across have firmed up, therefore, demands have stabilized and we believe that at least the current level of operations will continue with some marginal growth given our standing in the market.

Ashish Shah: For the full year where would you put the volume target at?

Ameet Desai: Customarily we do not give numbers and we have done for the 9-month period 65 million ton, so you can extrapolate yourself and I would peg it at about 80 million tons but please don't take that as guidance.

Ashish Shah: On the renewable side, for the renewable segment as such we have reported an EBIT loss, now this used to be a good profit like in Q2 we had a profit of almost 53 crore, so any particular reason why there is a loss in this business?

Ameet Desai: We have provided the depreciation in the renewable business on a WDV basis and which is 9.5% compared to straight line method which would be 4%.

Ashish Shah: So this change would have happened in this quarter is it?

Ameet Desai: I mean if you can simply reduce that 132 number in depreciation down to say 60, then we would have got about (+67) over (-45), so we would have still ended up with about (+20) to (+22) there.

Ashish Shah: On the Rajasthan project now, what would be the total completed cost of the project and what would be our equity invested in Rajasthan project as well as in total renewable business what is the capital that Adani Enterprises has invested?

Ameet Desai: You are talking about I think Tamil Nadu project because Rajasthan we have not done anything. We have put up 648 megawatts in Tamil Nadu and another 100 megawatts has been operationalized in Punjab.

Ashish Shah: I was referring to Punjab, I said Rajasthan by mistake, sorry.

Ameet Desai: So I think we will be able to provide you offline the total project cost for both the projects but approximately the Tamil Nadu project is about 4600 crore and Punjab project is about 675 crore.

Moderator: The next question is again from the line of Ashish Shah from IDFC. Please go ahead.

Shirish Rane: Shirish here. One clarification I wanted on the exceptional item that MDO we have got an arbitration award in our favor, so is this pertaining to this mining MDO contract which we have got and was there some kind of obligation which they did not perform and that is why we got this arbitration award? Some background on that will help.

Ameet Desai: I think this was our claim on them for providing a certain cost which they had not and arbitration has been in our favor which was booked last quarter and we are continuing to book that. They have of course challenged the arbitration award but we have been advised that legally we have a very strong case, so we have continued to book that.

The other exceptional item that I just wanted to bring your attention to, Shirish, is about 232 crore and that is the exceptional income that we have booked in our step-down Australia subsidiary. There was a tonnage contract that a Rio Tinto subsidiary had with Abbot Point port company in Australia and their annual commitment of about 9.3 million tons starting FY23 until FY28 that is for 6 years, they were not to perform and Adani Mining Pty Ltd took over that performance obligation from this subsidiary of Rio Tinto called Queensland Coal Mining Company through a novation agreement and for relieving the Rio Tinto subsidiary of its commitment or burden of using 9.3 million tons of capacity they agreed to pay AU\$ 138 million to us as in Adani Mining Pty Ltd and that consideration is to be received in 3 equal tranches of AU\$ 46 million each and since we have received the 1st tranche, we have booked it as exceptional item.

Shirish Rane: What intervals will this be? Every quarter or it will be every year?

Ameet Desai: 3 to 4 months.

Shirish Rane: The 46 million which we have received in cash, only that portion has been booked as exceptional?

Ameet Desai: Yes, absolutely.

Shirish Rane: So as and when we receive in future the balance amount we'll book that as exceptional income?

Ameet Desai: Absolutely.

Shirish Rane: Just to be clear there is no cost associated with this? It's a sheer getting out of contract?

Ameet Desai: As Adani Mining Pty Ltd, we are taking over the obligation of putting through 9.3 million tons every year starting FY23 through Abbot Point.

Shirish Rane: But in this compensation there is no associated cost along with it, it is a sheer compensation, there is no other cost?

Ameet Desai: No, what we get right now is clean break money.

Shirish Rane: That is what I wanted to understand.

Moderator: Thank you. That was the last question. I now hand the floor over to Mr. Ameet Desai for his closing comments.

Ameet Desai: Shirish and Ashish, if there are any other questions please let us know. Ladies and gentlemen, thank you for participating in this call. If there are questions, happy to answer them. Please get in touch with Vimal and we will do our best.

Moderator: Thank you ladies and gentlemen, on behalf of Adani Enterprises Limited that concludes this conference. Thank you for joining us, you may now disconnect your lines.