



“Adani Enterprises Limited Q1 FY-20 Earnings
Conference Call”

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**MANAGEMENT: MR. VINAY PRAKASH – CEO (MINING & ICM), ADANI
ENTERPRISES LIMITED
MR. RAMESH NAIR – CEO, MUNDRA SOLAR PV
LIMITED
MR. ROBBIE SINGH – CFO, ADANI ENTERPRISES
LIMITED**

Moderator: Ladies and gentlemen good day and welcome to the Adani Enterprises Limited Q1 FY20 Earnings Conference Call. 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 call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. We have with us today Mr. Vinay Prakash – Chief Executive Officer (Mining and ICM), Adani Enterprises Limited, Mr. Ramesh Nair – Chief Executive Officer, Mundra Solar Private Limited and Mr. Robbie Singh – Chief Financial Officer, Adani Enterprises Limited. I now hand the conference over to Mr. Robbie Singh. Thank you and over to you sir.

Robbie Singh: Good evening, this is Robbie, CFO of Adani Enterprise. Adani Enterprises remain focused on value creation philosophy. It evolved from the fundamental dynamics of our business model that is focused on nation building. Our core business remains integral to our sustainability, the strategic businesses we enter are focused on delivering value to shareholders. Moreover, we are continuously working towards incubating new businesses like Airports, Roads, Rails, Metro, Water, Data Centre. With that background AEL has started the fiscal year with remarkable performance once again delivering higher profits with growing margins.

Let me take you through our consolidated financial performance for Quarter 1, FY20. Consolidated income from operations increased 39% to Rs 10,686 crores versus Rs 7664 crores in FY19. Consolidated EBITDA has shown significant improvement of 85% to Rs 896 crores in Quarter 1 FY20 versus Rs 484 crores in FY19. Consolidated PAT attributable to owners increased 2.5 times to Rs 601 crores versus Rs 169 crores in FY19. This Rs 601 crores includes exceptional gain of Rs. 328 crores from the favorable judgment by Supreme Court in the matter of price escalation claim in our MDO segment.

Overall Adani Enterprise demonstrated strong performance across core businesses integrated coal management, mining services, solar manufacturing and Agro vertical. Now the each business CEO will take you through their respective business highlights. For mining services, I hand it over to Mr. Vinay Prakash.

Vinay Prakash:

Hello, I am from mining and services. The company has 10 coal block now which is Parsa-East Kante Basan (PKB), Parsa, Kente Extension, Gare Pelma-3, Gare Pelma-1, Gare Pelma 2, Talabira 2 and 3, Jitpur, Suliyari and Gidhmuri Paturia with the peak capacity of 100 million tons per annum plus and we also have one block of iron ore which is Bailadila 13 with the peak capacity of 10 million tonnes per annum. As we know that we have also forayed in the Washery service business and we have already received the LOI for Hingula washery from MCL (Mahanadi Coal Ltd). The Parsa East-Kante Basan coal block was our first MDO to be operationalized in the country and during the quarter we have made 2 coal blocks operational, one is GP 3 and the second is Talabira 2 and 3.

Coal mining volume increased by 11% to 2.4 million metric tonnes in Quarter 1, FY20 against 2.2 million tonnes in Quarter 1, FY19. The EBITDA has increased by 90%.

Coming to the other business which is integrated coal mining business; in terms of ICM business, the company provides end-to-end procurement and logistics services to its customers. We have developed better relationships with diversified customers across various end user industries. Our ICM business continues to maintain the leadership position as #1 player in India. It has continued to deliver industry-leading performance with ICM volume increasing by 61% to 18.5 million metric tonnes in Quarter 1 in FY20 versus 11.5 million metric tonnes in Quarter 1 FY19. The company maintained the sturdy volume growth due to delayed monsoon season.

Now I will give it to Mr. Ramesh Nair to update you on solar manufacturing.

Ramesh Nair: The Mundra Solar PV Ltd is established India's largest vertical integrated Solar Photovoltaic Manufacturing facility of 1.2 GW capacity along with research and development facilities within an electronic manufacturing cluster (EMC) facility in Mundra SEZ. The plant got operational and financial year, 2018.

In Quarter 1 financial year 2020 solar module volumes increased by 191%, the phenomenal growth to 236 MW from the corresponding quarter of 81 MW in Q1, FY19. And EBITDA grew to Rs 66 crores against EBITDA loss of Rs 29 crores in Q1, FY19. The EBITDA margins improved substantially due to healthier operational performance and better price realization. Thank you.

Moderator: Thank you. We will now begin the question and answer session. The first question is from the line of Shirish Rane from IDFC.

Shirish Rane: Two questions primarily, one on this MDO business. How do you see the more volume ramp up over the next couple of years because no we have commissioned Gare Pelma as well and Talabira as well, so what kind of volumes do you expect over next 2 or 3 years?

Vinay Prakash: In terms of PKB block, Parsa East Kante Basan we have reached to the peak capacity which is 15 million tonnes, so it will continue 15 million tonnes per annum for the years to come. As far as GP 3 is concerned, GP 3 is rated at 5 million ton peak capacity. We are trying hard to see that we reached to the peak capacity by next year. As far as the Talabira 2 and 3 is concerned we have ramp-up schedule from the customer as well as from the Ministry of Coal which says that this year we have to do 2 million ton, next year it has to be 5 then for next two years it has to be 10-10 million ton. We see a strong possibility of achieving these targets as per the milestone set by the customer as well

as by MoC, Ministry of Coal. Apart from that we are also foreseeing to start at least one or two blocks more that will add to our per year tonnages.

Shirish Rane: What kind of margins I mean will it be similar to Parsa Kante this your GP3 and Talabira will have a similar margin or their overburden and other things are different hence margins can be different?

Vinay Prakash: So, all these blocks are having a different characteristic. PKB block was having a higher strip ratio, the OB coal conversion was earlier in the case of PKB where in the case of GP 3 it is lower than PKB. It is around 3- 3.2 whereas in the case of Talabira 2 and 3 it is further lower. So, definitely per ton margins will be lower in that but the percentage margin should be same or more.

Shirish Rane: And the second part is on this Carmichael mine, so what is the final cost and how do we plan to fund it and when the commercial production is expected, so you can give an update?

Vinay Prakash: Commercial production is expected in April-June 2021 and from AEL perspective from an equity point of view we expect equity investment of about US\$70 to \$75 million an additional project debt of about US\$400 million which will be at the project level and also equipment leasing of about US\$95 million. So, that is the commitment of Adani Enterprise to the Carmichael Project. In the first stage it will produce 11 million tonnes.

Shirish Rane: So, if I heard you right \$75 million of equity from Adani Enterprises, \$400 million of debt and about \$45 or \$50 million of equipment leasing, correct?

Vinay Prakash: No about \$95 million of equipment leasing.

Shirish Rane: So, that should be able to take care of your first 10 to 11 million tonnes of production?

- Vinay Prakash:** Correct.
- Shirish Rane:** And if you have to ramp up then you will have to add more to this basically I mean that will be second round of CAPEX?
- Vinay Prakash:** That's right. It would be the mine design is allowed to ramp up to 27 million tonnes but corresponding CAPEX would be minor because all our works completed are completed for the purposes that you can build the line, so we will have more equipment lines, track lines, etc. that will be come in.
- Shirish Rane:** So, from an equity standpoint that \$75 million should be maximum equity investment from our side?
- Vinay Prakash:** For the mine projects.
- Shirish Rane:** The last part in Carmichael, the coal will be exported through Abbot Point, right?
- Vinay Prakash:** Correct.
- Shirish Rane:** Abbot Point, as we speak today or as on June 21 will have spare capacity to export coal from there using this mine coal?
- Vinay Prakash:** Yes, Abbot Point has upto 25 million tonnes of spare capacity.
- Shirish Rane:** So, that is not a constraint?
- Vinay Prakash:** Yes.
- Shirish Rane:** And some part on infrastructure projects, what is the status on this Road HAM Projects and the Water HAM, have we closed financially some cost and other metrics if you can give?
- Robbie Singh:** We have achieved financial closure on one of the Road projects and pretty much done on the sole water project we have. The financial closure on the Road project that we have is total financial closure of Rs

1140 crores and we have to other projects which are currently we are working through on the road which are respectively Rs 1350 crores and the third one is Rs 1566 crores. The Water Project, the total project cost for that is Rs 908 crores and its project is underway. So, first Road Project and the Water Project we have a financial closure.

Shirish Rane: So, work has started on the Water Project as well?

Robbie Singh: Yes.

Shirish Rane: Last question on infra, the airport handover by when do you expect it to happen?

Robbie Singh: We expect the handover to be somewhere in April and possibly more towards the last week of April, first week of May.

Shirish Rane: So, it will take another about 8-9 months before it will come to our portfolio basically?

Moderator: Thank you. As there are no further questions, I would now like to hand the conference over to Mr. Robbie Singh for closing comments.

Robbie Singh: Thank you very much for being on the call and we look forward to chat with you again in 3 months' time. Thank you

Moderator: Thank you. On behalf of Adani Enterprises Limited we conclude this conference. Thank you for joining us and you may now disconnect your lines.