



“Adani Enterprises Limited
Q4 FY2022 Earnings Conference Call”

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MANAGEMENT:

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Moderator: Good day ladies and gentlemen. Welcome to the Adani Enterprises Limited Q4 FY2022 Earnings Conference Call hosted by Centrum Broking Limited. 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 “*” and then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Ashish Shah from Centrum Broking Limited. Thank you and over to you Sir!

Ashish Shah: Thank you Lizan. On behalf of Centrum Broking, I welcome all the participants to the Q4 FY2022 Earnings Conference Call of Adani Enterprises Limited. We have from the management team, Mr. Vinay Prakash – Director – Adani Enterprises Ltd and CEO of Natural Resources, we have Mr. Robbie Singh – CFO, Adani Enterprises Limited, Adani Solar Management team, Mr. Saurabh Shah - Finance Controller and Mr. Manan Vakharia - Investor Relations - Adani Enterprises. I will hand over the call to the management for their opening remarks and after which will go to the Q&A session. Thank you.

Robbie Singh: Good afternoon. This is Robbie Singh, CFO of Adani Enterprises. I welcome you all to the Earnings Call to discuss FY2022 and Q4 results.

AEL continues to create value for its shareholders as a successful incubator for the past two and a half decades and in this journey have recently listed Adani Wilmar in January 2022, which has further increased the return for our shareholders. This incubation model in the past created leaders in the respective sectors like Adani Ports, Adani Transmission, Adani Green, Adani Gas and has delivered returns at a compound annual growth rate of over 37% to shareholders.

As our established businesses continue to sustain long term growth, we are making significant progress in attractive incubation pipeline comprising of Adani new industries, airports, roads, data center businesses which will further accelerate value creation for our shareholders. While the growth story continues, validating our efficient capital management program, AEL credit rating has been upgraded to A+ for long term credit lines and to A1+ highest rating for short term credit facility by CARE ratings.

Now just for a quick update on developing businesses:

In our Airport portfolio, we completed financial close for the Greenfield Navi Mumbai International Airport project with State Bank of India for the entire debt capital of 12,770 Crores. Additionally, we recently completed the refinance program for Mumbai International Airport Limited of USD 750 Mn. With these two steps our stage one of the airport capital management program is now complete. Further, the number of passengers handled during Q4 FY2022 were at 12.4 million and during the full year approximately 37 million.

Now an update on the road business:

We have received Letter of Award for Kagal-Satara Road project of 67 km in Maharashtra on a BOT basis with the project cost of approximately 2,000 Crores. Additionally, we have signed concession agreements in January 2022 for the construction and maintenance of three Greenfield Ganga Expressway project of 464 km in UP.

Adani new industries update:

In a green manufacturing ecosystem, the cell and modular line capacity expansion to 3.5 gigawatt will be completed in Q2 FY2023 while the wind manufacturing, turbine, rotor blades plant construction has started in Mundra. We have also signed an MoU with Ballard Power System to evaluate investment case for commercialization fuel cell manufacturing in India. This is the start of our green hydrogen ecosystem for which our Chairman had announced an investment of USD 50 billion in renewables to focus on the decarbonization of the industrial sector.

Coming to financial performance, the consolidated total income for financial year increased by 75% to Rs.70,433 Crores and consolidated EBITDA increased by 45% to 4726 Crores. This is right across our natural resources, airports, roads where all business is performing to a level as indicated in our last earnings call.

Consolidated attributable profit after tax stood at Rs.777 Crores. I will take this opportunity now to handover to the CEO of respective business line with AEL, so first for our Mining Services business, Mr. Vinay Prakash. Vinay, over to you!

Vinay Prakash:

Thanks Robbie. Adani Enterprises Limited is the pioneer of MDO concept in India with an integrated business model that spans across developing mines as well as the entire upstream and the 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 transportation to designated consumption points which is TPS. The company is MDO for nine coal blocks and two iron ore blocks with peak capacity of 100+ million metric tons per annum and these 11 projects are located in the states of Chhattisgarh, Madhya Pradesh and Odisha. Towards the end of the quarter, we have made our one MDO coal mine which is Sulyari for APMDC operational. With this, out of 11 blocks AEL has now four operational mines that is PEKB i.e. Parsa East and Kente Basan, GP 3 mine, Talabira 2 and 3 mine and Sulyari coal mine and one operational iron ore mine that is Kurmitar iron ore mine.

In FY 2022, mining production volume increased by 58% to 27.7 million metric tonnes on year-on-year basis. Further, dispatch increased by 58% to 25.2 million metric tonne on year-on-year basis. In FY2022, EBITDA stood at Rs.1075 Crores versus Rs.1143 Crores in FY2021. On the commercial mine front, two of subsidiaries have been declared successful bidders for commercial coal mines at Bijahan which is in Odisha and Gondbahera Ujhani East in Madhya Pradesh. With this, AEL has now total portfolio of 6 commercial mines across 4 states of MP, Jharkhand, Chhattisgarh and Odisha.

Now coming to IRM, which is Integrated Resource Management business. In terms of IRM business, the company provides end to end procurement and logistics services to its customers. We have developed business relationship with diversified customers across various end user industries. Our IRM business continues to maintain the leadership position as the number one player in India. The volume in FY 2022 increased by 2% to 64.4 million metric ton and in FY 2022 EBITDA has increased two times to Rs.1,842 Crores.

Thanks. Now, I will give it for solar manufacturing.

Rahul Bhutiani:

Good morning to all of you. So, Mundra Solar PV Limited has established India's largest vertical integrated solar photovoltaic manufacturing facility of 1.5 GW. This has been in operation since last 5-6 years. We also have the state-of-the-art plant along with Research & Development facilities within the electronic manufacturing cluster facility in Mundra. Mundra Solar Energy Limited (MSEL) is in the process of setting up a new plant of 2 GW capacity of solar cells and solar photovoltaic panels with the Mono PERC technology. This plant will be capable of manufacturing high efficiency modules of higher voltage in the range of 530-540 watt, both monofacial and bifacial. The entire facility solar cells and solar photovoltaic panels of this plant is likely to be commissioned in Q2 FY2023 in the coming six months.

In terms of financial performance highlights, the sales during Q4 FY2022 stood at 304 MW versus 376 MW in Q4 FY2021. The EBITDA during Q4 FY2022 stood at Rs.73 Crores versus Rs.207 Crores during Q4 FY2021. The reduced EBITDA is primarily on account of disruption in the domestic as well as international market, increase in cost of raw materials and commodities and the resulting fall in demands. The sales volumes during FY2022 stood at 1104 MW versus 1158 MW during FY2021 again due to similar reasons as the rising cost. EBITDA during FY2022 stood at Rs.379 Crores versus Rs.828 Crores during FY2021. The reduction in EBITDA is mainly due to the significant increase in raw materials and commodity prices.

The demand emanating specifically mentioning about CPSU since that is the very large market. The demand emanating from CPSU Tranche was serviced by Adani Solar in H2 of FY2022 as was communicated earlier. There is still some pending demand from the same Tranche of orders which will continue to be serviced by Adani Solar in FY2023 also. Additionally, CPSU Tranche 3 aggregating 6.2 gigawatts of AC capacity is already being tendered to CPSUs like NTPC, SJVN, NHPC, SEKI etc. The demand for modules of almost 9 GW under this and 6.2 GW of AC capacity will be seen in FY2023 and FY2024 and Adani Solar with its integrated cell and module lines will be well poised to make the best of this large emerging demand. The Government of India has announced imposition of BCD on imported cells and modules with effect from April 1, 2022, and this levy of BCD in the long term shall give boost to the domestic manufacturing facility. Thank you.

Moderator:

Thank you. We will now begin the question-and-answer session. The first question is from the line of Mohit K from DAM Capital. Please go ahead.

- Mohit K:** Good afternoon Sir and congratulations on a very, very good quarter and ramp up in various businesses during the financial year. First question is how much is contribution of Australian coal mines in this quarter and is it a part of the IRM segment and how do you see the ramp up in FY2023 and how much you sold in Q4 FY2022?
- Vinay Prakash:** As far as the Australian production is concerned now, we are slowly coming on better numbers. In this financial year the FY2023 we are planning to cross 11-12 million tonnes of exports out of Australia. We did the first shipment in January, the second shipment in March which actually came in April and now in May onwards, we are planning to have four shipments a month and then moving it to five or six and then seven shipments a month with capsize vessels.
- Robbie Singh:** Just to elaborate, for all practical purposes contribution of Australian business will flow in from September quarter in real terms and in the current numbers we do not have much meaningful contribution from the Australian mining operation. It will sit under commercial mining business.
- Mohit K:** What is the gross capital expenditure in this mine which you capitalized?
- Robbie Singh:** Approximately just over \$3 billion.
- Mohit K:** Understood Sir. The mining, especially on the mining services / the MDO operations, what is expected volume or ramp up of mines in FY2023. FY2022 was a very good year for us and what is expected from Talabira coal production in FY2023?
- Vinay Prakash:** Talabira last year we did 6.7 million tonne. This year we have a plan to do 10 million tonne and considering the current coal prices in India, we have been requested to increase from 10 million tonne to 13 million tonne or 15 million tonne and we are working with NLC and the local community to see what else we can do but 10 million tonne is for sure going to be coming from Talabira.
- Mohit K:** What for the other mines?
- Vinay Prakash:** Other mines : PEKB even though we have reached to the peak of 15 million tonne as decided by MoEF and MOC but with lot of technology initiative we have proven that the capacity can be increased further, and we are happy to tell you that we have been given a confirmation approval from MoEF and MOC and customers to increase the capacity from 15 million tonne to 18 million tonne. So we will be moving from 15 million tonne to 18 million tonne as far as PEKB is concerned. Sulyari which started production last year we wish to achieve the peak capacity in the first year itself which is again going to be a very big milestone for coal industry. As far as GP3 is concerned, we did close to 3.7-3.8 million tonne last year and this year we will touch the peak of 5 million tonne. We hope to start one or two mines more in this financial year, one commercial mine and for sure one MDO which is Parsa and with everything together, we should be close to 40-42 million tonne.

Mohit K: Understood Sir and the coal trading business, are we seeing higher enquiry for coal trading given the coal shortage across the country or do you think it will be flat given that the coal prices are very, very high?

Vinay Prakash: So, there is a huge requirement coming from the power sector and at these prices the requirement of the other industries, the small industries like textiles and all are low, but in terms of power sectors, the quantity requirements are huge requirements. You know it is becoming too difficult now for anyone to complete those requirements also. So, lot of requirements are coming from the power sector, the steel and cement sector which were shying away from coal imports in recent past because of the high prices, are coming that now because in India, the Coal India is not in position to supply coal to them and they are supplying everything to power sector. So, they are also coming out with lot of enquiries of imported coal. So if you ask in one line, yes we have a huge requirement coming out from everywhere except the small industries.

Mohit K: Understood Sir, lastly the solar manufacturing sense, we have seen EBITDA contraction, margin contraction in FY2022 compared to FY2021, how do you see FY2023 especially given that a large capacity will get commissioned and the related question is that have you received LOA from Government of India for our integrated capacity from polysilicon to module and we have heard that the government is trying to rebid the partly balance PLI, have you heard anything on the timeline?

Robbie Singh: I think the best way to look at it is that our entire renewable manufacturing eco system is part of Adani new industries, so it is geared to respond to the requirement of Adani new industries which would be establishing and which is in the processing of developing as I mentioned in my opening comment \$50 billion of total investment for the purpose of production of green hydrogen and the hydrogen into downstream products. So for the purposes of the manufacturing element of Adani new industry which is solar manufacturing, electrolyzers, batteries and fuel cells, we are not reliant on government contracts for that segment. Although normal sales will continue to various governments, but now that the integrated plan of Adani New Industries has been activated, the question would be more relevant previously when we have just a solar manufacturing business.

Mohit K: Understood Sir but any timeline for the new integrated capacity which you are looking at?

Robbie Singh: Yes, our total investment in the hydrogen chain will be in the order of \$45 billion, so this we will need a base and more than this capacity.

Mohit K: Okay, understood Sir. Anything on the EBITDA margin outlook for the solar manufacturing in FY2023?

Robbie Singh: It is not now no longer a relevant question because it is part of the Adani new industry ecosystem.

Mohit K: Understood Sir. Thank you, those are my questions. I will go back in the queue. Thank you.

- Moderator:** Thank you. The next question is from the line of Nikhil Abhyankar from DAM Capital. Please go ahead.
- Nikhil Abhyankar:** Thank you for giving this opportunity. I have got two questions, first one on airports, so what extent does increase in revenue for the airports, have you started sharing revenue with airport authorities and are there any plans for the monetization?
- Robbie Singh:** I am assuming you specifically referred to MIAL because in other airports it is a per passenger fee which we pay on per passenger basis to the airport authority but on the revenue share yes, I think over the next financial year that would start. Your second question about monetization aspect - more than monetization it is about how we develop the non-passenger consumer facilities at the airport complexes that will come out over this year progressively as they develop airport by airport.
- Nikhil Abhyankar:** Okay, understood. Sir, the next question is about Adani Wilmar, so do we have any plans for further reduction in stake?
- Robbie Singh:** We are required by law to reduce the shareholding of the promoters to 75% which will happen as step one beyond that we do not have any specific plan to reduce our shareholdings.
- Nikhil Abhyankar:** Okay, understood Sir and my last question is about data centers. You mentioned about data center, so what should be the expected capital expenditure towards it and what will be the capacity?
- Robbie Singh:** Data center capex - we expect to be in the order of about 4200 Crores or \$600 odd million. From a capacity point of view, our target business plan is of 300 MW which we are working towards.
- Nikhil Abhyankar:** 300 megawatt and Sir one final question, what will be the execution of road projects in FY2023 the worth of it the value?
- Robbie Singh:** From completion of view, we would expect to start completing or reach full completion on approximately four of our projects and more likely three out of four near completing and all three would be the HAM projects Bilaspur, Suryapet and Mancherial and we would be near completion of the Vijayawada.
- Nikhil Abhyankar:** Sir, can you give us ballpark figure about the value of these contracts?
- Robbie Singh:** The total construction cost contract, so the total remaining project cost of the first three which are near in completion is just about 1900 Crores and we have nearly finished majority of them, there are few hundred crores left to complete like for example, in Bilaspur capex left is just about 290 Crores. On the Vijayawada, the project cost is 1248 Crores and about 20% of it is completed and we expect it to be near complete in the coming year.

- Nikhil Abhyankar:** Understood Sir. That is all from my side. Thank you.
- Moderator:** Thank you. The next question is from the line of Girish S from Morgan Stanley. Please go ahead.
- Girish S:** Thanks for taking my question. I just had a more medium-term question and apologies if this is covered in the opening remarks, I was a bit late. Across the several growth businesses that we embark on whether it is roads, airports, data center, new industries and digital, we have out laid for some capex for 2025 and 2030. Just wanted to understand next two years to three years I mean what is the total capex that we are likely to incur across these businesses and if we can have some color around the funding plan for the same. And the second one was just around airports - so we saw the release on closure of the debt today morning. So just wanted to understand the coupon rate for the same because I think that part at least I missed it, if it is already in the presentation, sorry about that?
- Robbie Singh:** Thank you for question, our capex for the next two years where we have the full clarity in terms of near certain numbers is approximately 5.1 billion USD this coming year and 5.3 billion in the next year and then from there onwards in the following five years we would have a capex of approximately 49 billion. In relation to how we are funding it generally speaking the aggregate number they are funded on a project by project basis, so data center at its own capital management plan as does airports and Adani new industries. So we can run through if you have questions on anyone of the individual plans but we follow, like for example on the toll road projects, which are concession based projects and not HAM projects generally speaking that equity ratios are about 55:45.
- From a funding point of view, I will just come to your airport question that you said we recently announced the completion of the USPP transaction for Mumbai airport, it has coupon of 6.6% on the seven year paper. And so if you look at the last three completions at Adani Airport Holding which is part of Adani Enterprise - for construction, we have used domestic banks debt, for ongoing funding we have used US private placement paper and for Adani airport holding to continue the capex program, we have used international banks. So, all three are in the mix global capital market, domestic banks, global banks and that remains the source of capital plus our equity that is required for the projects. AEL itself has sufficient free cash flow to fund these activities. In addition AEL has recently announced primary equity transaction of 7700 Crores with International Holding Co and that forms the part of our ongoing equity program to fund various development activity at AEL.
- Girish S:** Follow up on that, so about \$10 billion – \$10.5 billion over next couple of years that you propose to spend, large part of that would be towards airports and new industries. If you probably give a high-level split and how much would be total equity requirement here which would be funded either internally or through equity raise at least for the next couple of years?

Robbie Singh: We have already raised enough equity to fund the activities plus AEL has cash flow. So for example, out of the 5 billion next year, 1.3 is approximately in the Adani new industries and 2.6 is at the airports. So that is the major chunk of it. Our road business will take by 1.2 billion.

In the following year, Adani new industries would be close to 2.7 billion and the airport business is by 1.6, road will drop back to about a billion on the 5.3. So progressively in the following five years, Adani new industries will be about 41 billion of the capex, airports being 4.3. So out of the total 48, so majority of the capex will be in Adani new industries.

Girish S: Okay and if I am allowed to asked this on new industries, how should one think about ROC profile I know I mean it is evolving subject but when you are making a business plan I mean what is your thought process, how are you working through the various moving parts because some policy measures will continue to get announced, so how should one think about the return profile in this business?

Robbie Singh: It is two part businesses infra plus energy. So on the infra, we expect to have cost of capital and achieve that which is closer to 15%. On the energy side closer to 20%. So we will hit those targets. The entire business plan is based on achieving these targets and therefore also it is derivative into how we price the hydrogen. Our target is to produce 1 kg of hydrogen at \$1.

Girish S: Last question if I may ask like the aspiration would be how much of the market, could you be like 20% of the market or more than that number in 2025 or 2030?

Robbie Singh: No, it is not market share we are chasing here. We are chasing here is a lowest cost, lowest quarter hydrogen price and market is very, very large. So we are not chasing the market here, we are just chasing our own production capacity. Our first plan that the Chairman announced a 50 billion or 3.3 million tonnes of hydrogen, so it is a small part of the market.

Girish S: Perfect Sir, thank you so much.

Moderator: Thank you. We will move onto the next question that is from the line of Rohit Kothari from GeeCee Holdings. Please go ahead.

Rohit Kothari: Congratulations Robbie and the team on very eventful fund raise both at preferential level as well as airport level. Robbie, just if you can throw updates on the various projects at the holding company level which we are undertaking; number one is the PVC and caustic soda and the copper smelter. These two would be the cash generating businesses and at what stage of development are these at. Second on a longer term basis, when do you feel the Adani new industries would be at the operating level throwing up cash flow means when would the EBITDA start hitting. As investors, when should we price that. Third, we are presently surprised to see the new cost of funding at the airport 6.6% is the phenomenal achievement, how should we see the other parts of the Adani Enterprise. What should their funding cost be and how do you see the rating of Adani Enterprise follow through in the ensuing quarters and the fourth; for Vinay on the

coal mining business at Australia, based on a 11 million tonne mining this year and if you can throw light on the capacity you would have over the next three years. What would be the cost and what would be a very average rate we should expect as shareholders of the coal which we would sell and an approximate EBITDA and approximate cashflow because we feel that would be a game changer in terms of the cash generation. Because all these years we put in money and this is now time for us to reap. So we can throw a very conservative idea on the cashflows of the Australia business?

Vinay Prakash: As far as the Australia is concerned, we are trying to achieve the annual capacity of 15 million metric tonne in this financial year FY2023 itself. As you are aware that currently the coal prices are at the highest levels, so definitely we do see a good cash flow but as Robbie said earlier it is going to be reflected from September onwards. Now for the expansion plan, we are resolving logistic issues, mine is definitely there to 25 million tonne if we get all the link in place. We can definitely go beyond 15 and may touch 25 million tonne to 30 million in the next 2-3 years' times. As far as the cost is concerned, we are on the track to bring this mine to the first quarter so we are having a very low cost as far as the mining and onward transportation and the port is concerned. You can expect a good cashflow coming from this mine in the future despite continuous prices at the current level and even if it goes down also you can see a good respectable cashflow coming from Australia.

Rohit Kothari: Vinay, just as a ballpark, if you were to do 11 or 12 million tonne, rough cost of \$50 to \$60 and a rough \$130 to \$140 as a medium term realization. \$70 to \$80 on 11 million tonnes, is this a fair assessment to make like it is very difficult to project coal prices but would this metric be a reasonable metrics to put forward in our modules today or I am way off?

Vinay Prakash: The volatility in this market is 30-40%, so saying that we can discuss about the cost whether it is 40-50-60 but in terms of selling price whether it is going to be 140 or 120 or 100 or 80 also that depends on what is happening in the market. Yesterday the market has gone up by \$25 up in one single day, the market has crashed \$100 also in single day and had gone up by \$100 also in single day.

Rohit Kothari: A long term average \$50 to \$60 tonne is possible, sometimes it is 100, sometimes it is 40 but \$50 is that of a sustainable average to take over a four year or five-year period?

Vinay Prakash: It is difficult to say because as of now we do see this going on for at least one year or two years considering this change in the geopolitical situation but what happens tomorrow is something which we need to see. As of now, the prices should be in excess of \$100 for sure, now whether you continue beyond a year is something which is going to be anyone's guess. Nobody was knowing that coal prices will touch \$400 peak.

Rohit Kothari: Thank you Vinay. Robbie, if you can answer some of my questions, it will help me a lot.

Robbie Singh: I think with metal business we are basically trying to maximize the use of the facilities within our Mundra SEZ ecosystem, We expect the metals cashflow to commence. All the construction is underway, so both copper and PVC cashflows to commence from 2025-2026 onwards and we should see that in our cashflows coming in from 2026. They will be significant cashflow contributors because of the product set they are in. The Adani new industries timing is pretty much on track. We should have the first hydrogen somewhere in 2025-26. Regarding target period, we are on track to do that like I said the work is commenced and is going on full speed so that would be the first steps towards the first 1.1 million tonne capacity. I think the first phase itself will be close to 150 ggs, so that should be around 2025-2026 period.

In relation to the overall funding expectation, yes to complete this transaction during this Ukraine-European issue at a look through prices is great for the airport business. We continue to expect that the pricing will continue to improve from here onwards as the quality of the airport business and the recovery increases. So we have already touched approximately 37 million passengers for the platform and pretty much on the domestic side is almost nearly recovered to pre-COVID levels. And then in relation to your question related to the credit quality, already AEL's ratings have improved last year, was upgraded last year. If we continue on the track, we expect that it will again see a positive credit note. On the short-term rating, it is already at the highest level.

Rohit Kothari: Thank you Robbie. Thank you Vinay.

Moderator: Thank you. The next question is from the line of Bharat Shah from ASK Investment Managers Limited. Please go ahead.

Bharat Shah: Just a broad strategic issue. Are we not attempting too much because on one end an entire range of activities in the energy footprint - some of that have fructified, some others we are seeking to seed now, on the logistic chain and related activity, then material activities that we are attempting now, even PVC, on medical, on cement - I mean are our entire hands full and you think that a possible risk of attempting way too much whereby instead of our strategic capability and strength giving us some advantage, some of it starts becoming weakness because of the complexity and very large and too many activities we seek to do?

Robbie Singh: Thank you for your question, Bharat. Actually if you look at our capex program as an outline. Out of 48 billion of capex, 42 billion of a capex is in our utility/energy business which is Adani new industry. So our utilities and energy business is still a largest capex business and in the transport and logistic space. Capital risk is broadly still in the two areas that are core to us which is transport logistics and energy and utilities. So, that is from volume perspective, they are the two areas we have the highest volume, highest investment, highest capex, highest everything in the two core areas. Healthcare as you mentioned, it is a small investment in the context of the group for us. It would be around of \$500 million and our partner will have \$500 million, that is it. In terms of the other businesses like metals etc., that are again just utilizing excess capacities

within our current core ecosystem of energy, SEZ and development. So we are not actually going out and trying to seek, for example, areas beyond utilities and energy outside of an ecosystem. For our metals business, here it is simply being able to get a higher return on our say for example, for port it becomes a higher return on SEZ business. For excess capacity in power it becomes that, so Adani Power is able to increase its PLFs by converting some of that power into metals and similarly the waste product of this area goes into the ancillary industries, so allows us to create a circular economy. So I would say in the following way; if you look at the capital and investment risk, out of total of \$49 billion of capex that Adani enterprise has planned over the next period plus the existing 10 billion, so approximately 60 billion of capex. 48 billion is in energy and utility, 10 billion is in transport and logistics, out of 60 of our exposure, 58 billion of capex and investment risk is in the two core areas which we have been doing for the past 25 years which is transport logistics and energy and utilities. So additional risks that you are highlighting are less than 3% of our total investment and total balance.

Bharat Shah:

No, Robbie that is perfectly appreciated that bulk of our risk and rewards are lying in the areas where we have very demonstrated track record of delivery and core competence. I am saying strategically, in terms of the time and energy, in terms of management, vision and execution, when we get into too many areas, capital relatively is less important of the four factors of production. I think the key factor I would say is the entrepreneurship which is what the group exemplifies. I am saying when we get into far too many areas, is our strategic bandwidth getting thinned out and whether it has repercussions on areas potentially where we have largest investment. So in other words, thinning out of the strategic bandwidth, can it be a adverse impact on the areas where financial and economic value creation of maximum stake?

Robbie Singh:

Well, that is a very, very good question actually and what I can assure you is that this is one of the biggest areas which as organizational capability that we spend a lot of our time. I mean today I am here as AEL CFO but I am also Group CFO and so this is the massive area of attention that is organizational capability and at the same area is also a massive area of interest to promoters and to Mr. Adani himself. So we are acutely aware of this and we are very careful when we achieve, you are right it is only 1% or 2% of our capital but we are very careful as to what exactly we get into. So if you look at the matters, we are basically get into matters which are primarily energy story, so where we simply are deploying our excess energy resources that various of the portfolio companies already have. Excess land that various of our transport logistic companies have and deploying that excess capacity into an adjacent area where we believe that we can execute in lowest quartile cost basis. But your central thesis is that as we grow, one of the core areas of attention we should have is on the organization capabilities to strategic capability and we are very much focused on this aspect and we are very mindful of this risk and I assure you and I assure our investors that this is a central risk assessment, risk management factor for us when we consider something that is how do we support that from both strategic perspective, policy perspective, risk perspective and also the organization capability perspective. I do not have a answer as to yes-no to your question because it's a very, very important question. It is an

ongoing question and continuing management question but we are very much focused on this area.

Bharat Shah: Just one last supplemental question to the main question. Rationally speaking while I understand the macros like a continued our energy activity and macros of way of expressing that energy into some matter form utilizing the same capability resources and converting into an alternate form, so there is that strategic fit there. But cement, medical does one have to do so many of that?

Robbie Singh: We are in two cores sectors of infra, to answer to your question, which is transport logistics and energy and utilities. As an infra player, healthcare is a possibly third infra which is for a growing country like India is a massive growth area for infrastructure. So we have to evaluate whether we can develop a third-fourth infra platform. Now we understand that, that is why better to start of with it. It is likely to be a partnership, so it is not like something that we will do ourselves, so that is first part of it. It is a core infra for India and we will stay with the core of India and yes it is the new infra vertical we will look at but that is as a growing group being able to deploy capital will continue to deploy capital to the core infra, that is number one. In addition, cement and all, it is too early to comment but once we are ready with it or we actually have formal announcements in relation to how we visualize this in the medium term, I will come back to you, but I just wanted to clarify on the health part.

Bharat Shah: Sure, thank you very much. Always a delight to hear your perspective.

Moderator: Thank you. The next question is from the line of Mohit K from DAM Capital. Please go ahead.

Mohit K: Thanks for the opportunity once again, my question is what explains the increase in revenue and EBITDA in airports quarter-on-quarter because our passenger numbers were down Q-o-Q?

Robbie Singh: That was simply one event issue of January because of omicron, that is all.

Mohit K: No, my question is the revenue has gone up but the passengers numbers are down, right? So what explains the increase in revenue EBITDA for the airport business?

Robbie Singh: That is the part of the business plan of airport largely because of the fact that the gross spend rate which is key metrics is rising and we expect as we continue to improve services at the airports, we expect the gross spend rate to improve. But better impact of that would be seen we complete first round of capex as we outline the full-scale development of the airport business over the next three years. We will give much more granular outlook into the gross spend rate target and now we are looking at various consumers at the airport.

Mohit K: You are saying that the non-aero revenues have grown faster Q-o-Q. Is that the right understanding?

- Robbie Singh:** Broadly, but it is basically underlying thing is that spend rate per passenger or non-passenger visiting the airport is rising.
- Mohit K:** Understood Sir. Secondly on the Adani new industries businesses when you speak about hydrogen and fuel cell, are you looking at the full gamut of hydrogen, fuel cell, lithium batteries and are you looking into exports. And the related question is that - as far as the hydrogen is concerned, are you looking to put up a manufacturing capacity for the electrolyzer or are you looking to set up one to develop the hydrogen or sell hydrogen to the market and I heard that 1.1 million tonne is a number, right? 1.1 million tonnes seems to be a large number for putting up the hydrogen development?
- Robbie Singh:** No, actually our investment plan is \$50 billion of investment that would be 3.3 million tonnes, our phase one is 1.1 million tonnes of hydrogen. At our Adani new industries, primary focus would be production of green hydrogen, so this is pure green hydrogen, not blue or grey hydrogen but green hydrogen. And within Adani new industry the manufacturing side, yes as a manufacturing division or manufacturing entity it will manufacture electrolyzers as well and integrate electrolyzers. But the primary focus - 90% of the investment will be in the production of green hydrogen.
- Mohit K:** Understood Sir. Are you looking to export all these green hydrogen or looking only India as your market?
- Robbie Singh:** That aspect in relation to the question, I think is probably best addressed in future. Because it would be giving statements, that we ourselves have not yet outlined, to the market. It would be the next quarter, or the quarter after, when the full-scale plans will be made public.
- Mohit K:** Understood. Lastly Sir, if and when you decide to expand the mining capacity how much the incremental capex will be required to upgrade the mining capacity let us say from 10 million tonne to 40 million tonne. If I remember the original number, it was 60 million tonne for the production.
- Robbie Singh:** We have no plans to expand capacity at this stage. We will climb that bridge when we get necessary approvals.
- Mohit K:** Understood Sir. Thank you and all the best. Thank you.
- Moderator:** Thank you. That was the last question. I now hand the conference over to Mr. Ashish Shah for his closing comments.
- Ashish Shah:** I would like to thank the management of Adani Enterprises for giving us the opportunity to host the call and thank you to all the participants for participating in the call. Thank you. Any closing comments from your side Sir.



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Robbie Singh: On behalf of Adani Enterprises and Adani Group, I am Robbie Singh. Thank you everyone for participating.

Saurabh Shah: Thanks Ashish for arranging this. Thank you so much.

Moderator: Thank you Ladies and gentlemen, on behalf of Centrum Broking Limited that concludes this conference call. We thank you for joining us and you may now disconnect your lines. Thank you.