# “Adani Enterprises Limited Q2 FY25 Earnings Conference Call”

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**MANAGEMENT:** **MR. ROBBIE SINGH – CFO, ADANI ENTERPRISES LIMITED**
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**MODERATOR:** **MR. ADITYA BHARTIA – INVESTEC CAPITAL SERVICES**

**Moderator:** Ladies and gentlemen, good day and welcome to the Earnings Call of Adani Enterprises Q2 FY25 Conference Call hosted by Investec Capital 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 now hand the conference over to Mr. Aditya Bhartia. Thank you and over to you, sir.

**Aditya Bhartia:** Thanks, Sagar. Good evening, everyone, and welcome to the Q2 FY25 Earnings Call of Adani Enterprises. We have the senior Management of the company represented by Mr. Robbie Singh – CFO, Adani Enterprises, and Mr. Manan Vakharia – Investor Relations. I would like to welcome them and thank them for giving us the opportunity to host the call. I would now hand the call to Mr. Robbie Singh for opening remarks. Over to you sir.

**Robbie Singh:** Thank you. Good evening, everyone.

We welcome you to the Earnings Call to discuss Adani Enterprises Results announced today for the quarter and half year ended 30th September.

Over the years, Adani Enterprises has focused on building utility and infra assets, contributing to addressing logistics and energy transition challenges facing the country. AEL's emerging core infra businesses under its incubation portfolio is represented by Adani New Industries-our green hydrogen ecosystem, data center, airports, and road businesses, plus established business portfolio represented in primary industrial vertical comprising mining services, metals and materials, commercial mining, and industrials.

This half year, AEL has recorded its highest ever EBITDA of Rs. 8,654 crore. The emerging core infra businesses recorded half year EBITDA of Rs. 5,233 crore, which is an increase of 85% on year-on-year basis. Total income of incubating businesses for H1 FY25 increased sharply by over 63% to Rs. 17,287 crore, with the profit before tax increasing by 138% to Rs. 2,878 crore. The consistent high contribution of these emerging core infra boosted the overall consolidated results for the first half. Consolidated EBITDA is up by 47% to Rs. 8,654 crore, consolidated profit before tax is up 137% to Rs. 4,644 crore and consolidated income is up 14% to Rs. 49,263 crore.

Coming to the project and operational updates on major businesses:

Adani New Industries' wind manufacturing business continues on its development path, which has now crossed 300$^{th}$ blade production milestone during this quarter. The RLMM listing of 5.2 megawatt and 3.0 megawatt wind turbine is completed, and the further final certificate of 3.3 megawatt wind turbine is being applied for.

In the electrolyzer business, we have received a letter of award for electrolyzers manufacturing facility of 101.5 megawatt per annum from SECI. With this, cumulative capacity awarded is 300 megawatt per annum.

In the airport business, the growth in passenger movements has resulted in Adani Airport Holding handling roughly 23% of India's passenger movements. During the quarter, we also tested the southern runway of Navi Mumbai airport with the landing of Air Force plane and we expect the airport to be completed early 2025. In this quarter, we added 6 new routes, 6 new airlines and 13 new flights across the seven operational airports.

In the road business, we completed two more road projects, which now takes the completed projects to six, with remaining eight projects including the greenfield Ganga Expressway progressing as per schedule. On the roads and data center businesses, we'll provide a much more detailed and comprehensive update along with the annual results in May.

In the Mining Services portfolio, during the quarter, AEL received letter of award for development and operations of iron ore mine at Taldih with a capacity of 7 million tonnes per annum in the state of Odisha. AEL has signed an MDO agreement for coal mine at Dahegaon with Ambuja Cements in the state of Maharashtra. With these new mines, AEL's MDO business has 9 coal blocks plus 2 iron ore blocks. During the quarter, total mining services dispatch volume was up by 32% to 8.2 million metric tonnes, revenue increased by 64% to Rs. 803 crore and EBITDA increased by 65% to Rs. 400 crore on year-on-year basis.

In the Integrated Resource Management portfolio, the volume for the current quarter stood at 13.7 million metric tonnes and the revenue for IRM business stood at Rs. 9,697 crore and EBITDA was maintained at Rs. 927 crore.

Under commercial mining, Carmichael mine production is now running at roughly 15 million metric tonnes per year with a shipment of about 3.8 million metric tonnes in the quarter. We are now open for Q&A. Thank you.

**Moderator:** Thank you very much. We will now begin the question and answer session. The first question comes from Prateek Kumar from Jefferies. Please go ahead.

**Prateek Kumar:** My first question is on your capex number. First half capex has been like Rs. 15,000 crore based on your balance sheet data. How are we looking at capex now for full year because earlier we were anticipating a much larger capex for the full year. How are we looking at capex for the full year and segmental capex also, if you can provide there?

**Robbie Singh:** For full year capex, I will go through various segments. So in New Industries, we expect the full year capex to be around Rs. 28,000 crore. On the Airports side, the number including the Navi Mumbai Airport is around Rs. 16,000 crore. And we expect the roads to complete its projects on schedule with capex of roughly around Rs. 12,000 crore. Small capex would be there, but not a material number, in relation to water projects. In Data Centers, we expect to complete roughly about Rs. 5,000 crore. And then in the remainder of the businesses, we expect to complete the capex of further about Rs. 5,000 crore. Now the reason why this particular quarter and this half of the year is slightly slower than the remainder is because, as you know, in capex heavy businesses, there's a natural cyclicality in India due to monsoons. So during the monsoon period, the capex slows down and it will start ramping up now and reaches its peak in Dec-Jan-Feb-Mar. And that peak then continues till May. And then the summer season starts and it starts winding down through to the monsoon. And this year the monsoon was about 6 to 7 weeks longer than traditional, so we might be plus or minus 6 weeks in terms of the schedule. But if you see our sort of operational update of June 2025, you will see that broadly capex numbers will be in line.

**Prateek Kumar:** So broadly, still we are looking at Rs. 70,000 crore capex for this year from the numbers?

**Robbie Singh:** I would say closer to roughly 67.

**Prateek Kumar:** And sir, regarding the ANIL segment (the new energy segment), can you also lay out the timeline of projects like backward integration, module capacity expansion, where we are and when do we look at pilot projects for green energy and electrolyzers?

**Robbie Singh:** Yeah, like I said, what we can highlight overall is that manufacturing, with the exception of foundry, is now practically up and running. So from ingot-wafer onwards plus the ancillary industries are now fully integrated, which is glass, backsheet, EVA, aluminum frames. So that aspect for the solar model is complete. Wind turbine is also from blade, nacelle, assembly, or that work is already complete. For electrolyzers, we have started the work and we expect to give you an update as to how that work is proceeding in terms of construction and development of the electrolyzer facility by March next year. So we are pretty much progressing on the site development work, site civil planning work for where the generation capacity of solar and wind will go has also commenced and we'll have a more detailed update towards the middle of the next year. For the downstream product work development, probably we will be able to give an update in the next 24 months, but we will have a much more detailed update in relation to the first two phases of manufacturing and the green power generation for green hydrogen in the middle of the next year.

**Prateek Kumar:** Okay, so the capital employed for the ANIL segment currently appears very less, probably at around Rs. 3,000–Rs. 4,000 crore and we are looking to do Rs. 28,000 crores capex in this year. So this is going towards expansion to capacity towards number that is what I was asking in terms of milestones, in terms of capacity targets.

**Robbie Singh:** No, what you are referring to is the manufacturing capex only. Under Adani green hydrogen business, we have 4 types of capex. The manufacturing ecosystem capex, which you are referring to; then the green hydrogen development capex; then the electrolyzer capex, which is the electrolyzer on site, that's not the manufacturing; and then the downstream capex of the downstream plants. So there is a full-fledged plan as to how we see that developing over a period of time. What you are noticing now is the civil development. So the capex numbers will start ramping up, as I said, over the next year, as we go through this development phase. So currently, the focus has been to integrate the manufacturing ecosystem that is required to start the green electron production for the green molecule production.

**Prateek Kumar:** Okay, sure. And can we also talk about like the airport segment? Because now the Navi Mumbai Airport is nearing completion, how are we looking at airlines addition or the start of flights from that airport by March 25 and the City Side Development projects which we are looking to develop at the airports to start with?

**Robbie Singh:** So the first phase of the City Side Development at Ahmedabad is underway. We have one more airport to start. Navi Mumbai Airport should click in, like you rightly pointed out, in the second calendar quarter of next year. The airline addition planning continues. This time also, we reported that this quarter we also brought 6 new airlines. Various airports are starting that will continue to develop. We expect the first phase of our pure City Side Development to come online by 2026. The intermodal development at Ahmedabad is already up and running, wherein intermodal means where passengers and non-passengers can mix. And similarly, in Navi Mumbai, it will also be ready, the intermodal development will be ready as soon as the terminal is ready. The City Side Development there also will be a little bit longer. But overall, we expect to have the City Side Development in sufficiently large numbers that shows up in our EBITDA by end of 2026. The other aspect of airports is the development of its JV businesses which are ancillary businesses in airport that is also going forward as planned.

**Moderator:** Thank you. The next question comes from Brett Knoblauch from Cantor Fitzgerald. Please go ahead.

**Brett Knoblauch:** Let me just talk a minute about your data center business and what you guys are seeing there in terms of pipeline and demand. I know obviously a big trend around the world is AI and new high performance compute data centers. Do you guys have any plans to build data centers to support higher shifts that are coming to market, and have you had any kind of talks surrounding that?

**Robbie Singh:** Yes, we are geared up, Brett, for our data center business in the ultra-hyperscale data centers in the AI space and also in the GPU space. We will actually make comprehensive data center as a showcase presentation as part of our annual result in May next year. It would be much more appropriate to go through at that time. But suffice to say we are fully geared up for that, both from energy supply point of view, from land, from other connectivities and civil infrastructure point of view for the AI data center.

**Brett Knoblauch:** Perfect. Thank you, that's helpful. And as you're thinking about the incubating businesses and maybe new businesses to come, would getting into anywhere on the AI supply chain or that market be interesting to you guys?

**Robbie Singh:** Not the AI supply chain, but we have two large service businesses within AEL, which is our Adani Digital Labs and our Global Capability Center. The digital infrastructure rollout and consequent development of smart systems across those two businesses is a big drive internally for us. We don't report them separately at the moment because they are emerging businesses.

Our focus in the first phase over the next five years is to focus on the incubation of airports, green hydrogen and the roads business plus data center. As we go through this development phase of our services i.e. digital infrastructure services businesses, we will be outlining them in more detail. But I expect that currently it's more of R&D type of expenditure investment. We expect to provide full briefings on the development of services businesses in a meaningful way probably towards the end of this decade when they reach certain scale.

**Moderator:** Thank you. The next question comes from Gaurav Birmiwal from Axis Mutual Fund. Please go ahead.

**Gaurav Birmiwal:** I just wanted your thoughts on the external market outlook for the sales of our solar panels as well as the turbines that we are manufacturing?

**Robbie Singh:** That demand remains relatively stable. I think over a period of time, we expect our installed capacity itself to double, but that would mean our own inhouse ecosystem demand will also ramp up. There's no specific market shift that we can see in the short term, but over the medium term, in manufacturing and in export industries, you can have market shifts. But as we mature in this segment in relation to the scale at which Adani Green is operating and the scale at which Adani New Industries will operate, I think that as manufacturing ecosystem itself will remain immune to outside market risks in the medium term, given how it is situated and given the scale at which the various sister firms of the group in this area are developing.

**Moderator:** Thank you. The next question comes from Gopal N from SBI Life Insurance. Please go ahead.

**Gopal N:** My question was on, there is sequential moderation on the segment-wise EBITDA on ANIL. So can you just give some update on that why it is so?

**Robbie Singh:** I think as I mentioned, if you recall, I don't know whether you were on that call or not in March that sometimes you have order spillovers which come after the balance date, which was in the first quarter. So, the order book is now tracking at about 1 gigawatt, just over 1.1 gigawatt and capacity is 4.5 gigawatt. So we are pretty much running at capacity for the quarter. Last quarter, the 1.3 gigawatt that was largely driven by sales recorded in that first quarter, which were produced during previous quarter.

**Gopal N:** And this should be the run rate for the remaining part of the year?

**Robbie Singh:** Yeah, we have about 4.5 gigawatt capacity, so we'll run at close to 1.1-1.2 gigawatt.

**Gopal N:** And there is no change in the export market in terms of demand?

**Robbie Singh:** No, it's pretty steady.

**Gopal N:** And sir, on this road assets EBITDA, there is an improvement in the quarter-on-quarter and year-on-year. In terms of revenue sequentially there is no change. So what is driving this change, sir?

**Robbie Singh:** That's largely because of achieving the commercial operations on the two road projects.

**Gopal N:** But there is no change in the revenues sequentially.

**Robbie Singh:** That is just an accounting artifact, where the EBITDA numbers are now recorded because COD date has been achieved. So the revenue number was recorded, but because of the COD achievement we recorded the EBITDA into accounting now.

**Gopal N:** And the last bit was on interest on P&L. There is a drop sequentially and year-on-year also, whereas we have seen net debt going up. So how should we see it, sir?

**Robbie Singh:** I think from a practical aspect, you should assume that interest will remain steady and slightly rise as our constituent businesses are growing. This particular time, what has happened is that we do have some FX-based borrowing, so there was some FX gain that is reflected in the rates.

**Gopal N:** Can you quantify that amount?

**Robbie Singh:** Approximately Rs. 200 crore.

**Gopal N:** So that Rs. 1,100-Rs. 1,150 crore run rate should be there?

**Robbie Singh:** Yes.

**Moderator:** Thank you. The next question comes from Mr. Aditya Bhartia. Please go ahead, sir.

**Aditya Bhartia:** Sir, my first question is on capex on ANIL. How much capex are we envisaging for the next 3 years? And how would you broadly split this capex into the four categories that you mentioned; manufacturing, green hydrogen development, onsite electrolyzer and downstream capex?

**Robbie Singh:** Broadly, we have a tighter range on the say for the next two years, so I don't want to give a number that could be out materially in terms of focus. We expect that we would have a capex this year included plus the next year, roughly around the Rs. 56,000 crore mark. Of this, majority you can assume that about 60% of this or maybe slightly higher than 60% of this will be in the generation of the green electron. And downstream initially will be less but could be closer to about say Rs. 4,000 crore. But that can shift to a year later depending on how the schedule is going.

**Aditya Bhartia:** Understood. And sir my second question is, some media articles that have been there about Adani Enterprises looking to acquire ITD Cementation, just wanted to understand what's the rationale of exploring buying a construction company?

**Robbie Singh:** AEL is not doing that at all. It's a wrong media article. As you see roughly, I think it's on the third page of our presentation and every presentation we have, there is a company called Adani Infra (India) Limited, which is our construction and assurance arm, that is the entity buying this construction company because they need to develop their construction ecosystem given our capex rise. And because they provide construction assurance to various group companies, they are continuing to enhance their ecosystem and build their capability.

**Moderator:** Thank you. The next question comes from Vineet Prasad from Investec. Please go ahead.

**Vineet Prasad:** Just a couple of questions. Firstly, we were ramping up on the wafer capacity until last quarter. So how is that shaped up? Have the manufacturing stabilized out there?

**Robbie Singh:** So the wafer plant is basically at a point where we started the first wafer production. We expect it to complete its stabilization phase over the next 3 months and then it will start ramping up to its capacity over the next 12 months after that from January onwards.

**Vineet Prasad:** Understood. And on the IRM and the mining side of things, how do you expect volume trends there for the remainder of the year?

**Robbie Singh:** Flat to maybe slightly increasing.

**Moderator:** Thank you. The next question comes from Nirav Shah from GeeCee Holdings. Please go ahead.

**Nirav Shah:** So a few questions. First is on the airport side, I mean for our 6 PPP airports. So can you just elaborate on the timelines for the tariff increase because that has been approved but it has not been effective. So will we see all the tariff increases in place by end of the year or I mean if you just can give the timelines please, that would be helpful?

**Robbie Singh:** The order was received last quarter, and it will start showing up in the numbers from the last quarter of this financial year and first calendar quarter next year.

**Nirav Shah:** So all six airports, tariff entries will be between January to June.

**Robbie Singh:** Three airports in the first, and then three will start from about middle next year.

**Nirav Shah:** Middle of next year, perfect. And sir second question is just on the bookkeeping side. I mean, if you can just share the EBITDA numbers for the Australian coal mines and the split in our manufacturing ecosystem between wind and solar.

**Robbie Singh:** Australia EBITDA is Rs. 784 crore.

**Nirav Shah:** Rs. 784 crore?

**Robbie Singh:** Yes.

**Nirav Shah:** So that's a sharp increase from compared to last quarter from Rs. 300 crore to Rs. 784 crore. And sir, how much did we make in the wind ecosystem?

**Robbie Singh:** Wind EBITDA is roughly just about 8% of the total ANIL ecosystem EBITDA, which is half yearly. So about 8% is wind and 92% is the solar manufacturing.

**Nirav Shah:** This is for first half or second quarter sir?

**Robbie Singh:** First half of this year.

**Nirav Shah:** First half. I just want to ask on our guidance for MDO operations, so we had earlier given a guidance of 45 million tonnes for FY 25 and 55 for FY 26. And Carmichael was consequently having 12 million tonnes in this year and 15 million tonnes next year. So are we maintaining that guidance or there is any change to it? Because we've added a couple of projects.

**Robbie Singh:** Carmichael we are maintaining and MDO will be closer to 40 instead of 45.

**Nirav Shah:** Okay for this year and but next year should be largely same 55.

**Robbie Singh:** Next year would be just around 50 plus minus say 4% to 5%.

**Moderator:** Thank you. The next question comes from Prateek Kumar from Jefferies. Please go ahead.

**Prateek Kumar:** I have three follow up questions. Firstly, on airports in international business. There's quite a news flow around forming like subsidiaries in international business, whether for airport concessions or for duty-free or other businesses. So can you just explain how are we looking at international airport business? Where are we, how much capex that they're looking at in this segment?

**Robbie Singh:** International airports will not be a material part of anything that we do in the medium term. The main focus remains on India. And so it's not a material number. The subsidiary formation relates to the fact that within Adani Airports, we have very large emerging business in relation to duty-free. So that's more consolidating the purchasing entity in one location so that we can streamline the duty-free business. And duty-free business itself also operates duty-free stores outside of our airports as well. So it has its own business plan. If there's anything specific on that, it's not a major capex business, and is more of a concession business. So there's no capex impact of this, but there's a business of duty-free which will develop outside of India as well.

**Prateek Kumar:** Okay and also it includes management of inventories or buying of all products whether it's to sell in India or abroad; that is also part of this business only?

**Robbie Singh:** Of the duty-free, yes.

**Prateek Kumar:** Yes, sir. And the question is on the copper business. So copper we started around six months back. How are the revenues and EBITDA of that segment, may be for FY 25 expectations, or may be how is this 1H?

**Robbie Singh:** I would say for first time, meaningfully, copper will appear in our numbers in the last quarter of this year. And over the following 12 months, you will actually start seeing that in our metals and material business, because it will actually produce significant EBITDA and cash flow.

**Prateek Kumar:** And lastly on Coal-to-PVC, is there an update on where we are in that project, say looking at December 26 commissioning and EBITDA of Rs. 4,000 crores in that?

**Robbie Singh:** Yeah, December 26 is the date you can always have like, say, maximum plus 6 weeks or 7 weeks due to timing of monsoon, etc. But we are on schedule.

**Prateek Kumar:** And one more question on wafer capacity. We've talked about scaling our module and cell capacity to 10 gigawatt in next two years. But the wafer, we have not talked about moving from 2 gigawatt. Is it now sort of moved to later years? How are we looking there?

**Robbie Singh:** No, the capacity will rise in synchronization with each other. So as we move further up and we stabilize the existing wafer, we will continue to rise. But then the second part of it is capex is relatively straightforward because all of the ecosystem would have developed by that time. You are correct. We haven't specifically talked about it, but I just want to clarify for everybody that the overall 10 gigawatt capacity will be done in synchronization, in fact, for glass, back sheet, EVA, aluminum frame, etc. The entire ecosystem will support a 10 gigawatt capacity.

**Prateek Kumar:** And that is expected by FY27 or FY28 or like what period?

**Robbie Singh:** Closer to FY28.

**Moderator:** Thank you. The next question comes from Dhananjay Mishra from Sunidhi Securities, please go ahead.

**Dhananjay Mishra:** I was asking about this generation part of the thing. So for hydrogen generation, eventually we will utilize solar power and wind power, which we have now. So how are we placed in terms of - what kind of capex we are envisaging for next year in that segment?

**Robbie Singh:** Next year capex in the generation segment in terms of what we have to build over a period of time whether it starts next year or rolls out even year after that, because once it starts, it adds quickly, but we expect over the next 2 years, the wind and solar generation capex to be in the order of around Rs. 33,000 – Rs. 34,000 crore.

**Dhananjay Mishra:** And what kind of capacity we are going to put in that thing in terms of overall capacity in solar and wind power by let's say FY27?

**Robbie Singh:** That would be roughly about close to about 7 gigawatt.

**Moderator:** Thank you. The next question comes from Bhaskar Chakraborty from Jefferies. Please go ahead.

**Bhaskar Chakraborty:** Could you please give us the revenues of both of WTG sales during 2Q25?

**Robbie Singh:** Sorry, revenue from?

**Bhaskar Chakraborty:** WTG sales.

**Robbie Singh:** Roughly Rs. 1,000 crore.

**Bhaskar Chakraborty:** During this quarter or the first half?

**Robbie Singh:** First half.

**Bhaskar Chakraborty:** And during this quarter, please.

**Robbie Singh:** Rs. 300 crore.

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

**Robbie Singh:** I just want to firstly just thank Investec for organizing the call and for the participants who asked us the questions and the participants who attended the call. Thank you so much. If there are anything further, you can please reach out to Investec and then we will respond via Investec. Thank you.

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