"ADANI Enterprises Limited Q1 FY18 Earnings Conference Call"

August 12, 2017

MANAGEMENT: MR. RAJIV NAYAR – CFO
MR. VISHWAS SHAH – GM (FINANCE & ACCOUNTS)
MR. VIMAL DHAMI – IR

Moderator: Good day, ladies and gentlemen, and a very warm welcome to the Adani Enterprises limited Q1 FY18 Earnings Conference Call. We would like to welcome the members of the management, Mr. Rajiv Nayar - CFO, Mr. Vishwas Shah - GM (Finance and Accounts), Mr. Vimal Dhami - IR. As a remainder, for the duration of this conference call, 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. I now hand the conference over to Mr. Rajiv Nayar - CFO. Thank you and over to you, sir.

Rajiv Nayar: Hi, good afternoon everyone. This is Rajiv Nayar - CFO of the Adani Group.

We had a satisfactory performance in the first quarter from all our businesses at Adani Enterprises. Our coal trading business maintained its leadership position as the number one importer of coal in India with trading volumes at 16 million metric tons this quarter compared to 39 million tons for the country. Our volumes were down from 21 million approximately in the fourth quarter of last year due to lower purchases by state electricity boards. We do remain optimistic and confident that we will maintain these full year volumes at last year's levels of about approximately 75 million metric tons.

Our coal MDO business, mine development and operation business continue to perform reasonably well with dispatch volumes at 1.6 million metric tons, slightly down from last year's fourth quarter 2.2 million tons. This is attributable to lower offtake by Rajasthan Utility due to the impact of monsoons. We did; however, win a new block allocation Gare Pelma III in Chattisgarh state, which has a peak capacity of 5 million metric tons per annum. The LOA was awarded on June 24, 2017 and we expect to begin the process to operationalize this over the future quarters.

Our renewable business remains on track to achieve a total operational capacity of 2.1 gigawatts by the end of this calendar year. We are currently running at about just over 800 megawatts of which solar comprises the bulk at about 750 megawatts and wind at about 60 megawatts.

Our City Gas Distribution remains stable with gas supplies for the first quarter at about 110 MMSCM versus 109.7 in the fourth quarter of last year.

Let me now take you through our consolidated financial performance for the first quarter. Consolidated income from operations was Rs 8,779 crores, slightly down from Rs 8,919 crores for the corresponding period in the previous year. Consolidated EBITDA for the quarter was Rs 727 crores versus Rs 806 crores in the first quarter of FY17 while consolidated PAT was Rs 159 crores in the first quarter. The company's net debt to equity ratio is about 1.2 times and net long term debt to equity is stable at 0.6 times. Overall, the company had a satisfactory quarterly performance with renewable and City Gas business continuing to demonstrate stable and accelerating volumes consistently for the quarter.

Our City Gas business, as you all know, has an operational network in four cities, Ahmedabad, Baroda, Faridabad and Khurja. Additionally, our 50:50 JV with IOC has commenced operations at Chandigarh and Allahabad and implementation continues at 5 other cities in Ernakulum, Daman, Panipat, Udham Singh Nagar and Dharwad.

Our 50:50 JV with Adani Wilmar has maintained its leadership position. The Fortune brand continues to lead the market share close to 20%.

The agro storage business in which the company has recently operationalized storage facilities with a capacity of 10,000 metric tons and recently won six projects from the Punjab government with a capacity of 3,00,000 metric tons. We have also signed agreements with Food Corporation of India and Madhyapradesh government for bulk food grain handling and storage with capacity of 8,50,000 metric tons.

For the full year FY18, we expect renewable capacity, as I said, to get to 2.1 gigawatts by the end of this year.

For coal mining MDO business we expect to extract 7 - 9 million metric tons at Parsa Kante and for City Gas we plan to reach volumes of about 430 MMSCM this year. In coal trading, as I said earlier, we expect to maintain volumes at last year's levels.

Adani Enterprises continues to focus on selective business opportunities, sustainable returns to deliver on its growth plan. With that I would like to pause and hand over to the moderator for any questions.

Moderator: Thank you very much. Ladies and gentlemen, 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: Just a question on the trading business. What would our EBITDA per ton for the quarter for the coal trading business?

Rajiv Nayar: It is about $1.8 per ton.

Ashish Shah: Also just wanted to check on the total capital invested in the Australian mines so far?

Rajiv Nayar: As of March 2017, the total CAPEX in Australia was 1.3 billion AUD.

Ashish Shah: Right. What would be the debt outstanding against this?

Rajiv Nayar: There is no specific debt outstanding against this asset. It is part of the consolidated debt of the company.

Moderator: Thank you. We take the follow up question from the line of Shirish Rane from IDFC Securities. Please go ahead.

Shirish Rane: This is Shirish from IDFC. One question on the Australian coal mine, do we expect to start work on Australian coal mines during this financial year or next financial year?

Rajiv Nayar: Shirish, you know we continue to work through the various approvals that are required to commence our work. I expect to have a more specific answer for you by the end of next quarter when we will have better visibility around status of these approvals.

Shirish Rane: And a related question, do we need to put in anymore equity from our side or mostly the funding will be more in the form of debt for the CAPEX going forward?

Rajiv Nayar: At this stage, we do not anticipate any incremental equity going out from India for this project.

Ashish Shah: Sir, this is Ashish, we are on the same line. If I may also add, just also wanted to check on the status of the Tamilnadu solar plant where we had a lower tariff which we were receiving for the second phase of the capacity. So, any clarity on that particular issue?

Rajiv Nayar: No change in this quarter. I think we continue to pursue our ask for a higher tariff there.

Shirish Rane: Right. Also, just to check in terms of billing, are we billing the original contracted tariff or are we billing separately for both the capacities based on the respective tariff which the utilities have proposed to pay.

Rajiv Nayar: On the original, Shirish, on the original tariff.

Shirish Rane: So, are these payments coming on time? I am asking this question because you generally share that the developers of the solar plants are having a tough time in terms of getting payments from the utilities and the utilities are delaying the payments. So, what would be the situation at our end in this case?

Rajiv Nayar: I think it is fair to say that there are small delays, but we continue to get reimbursed, albeit with some delays.

Moderator: Thank you. As there are no further questions from the participants, I now hand the conference over to Mr. Rajiv Nayar for closing comments.

Rajiv Nayar: Thank you everyone for dialing into this call. I look forward to speaking to you again at the next quarter. Thank you.

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