"Adani Enterprises Limited
Q1 FY27 Earnings Conference Call"
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MODERATOR: **MR. SABRI HAZARIKA – EMKAY GLOBAL FINANCIAL SERVICES**

Moderator: Ladies and gentlemen, good day and welcome to the Adani Enterprises Limited Q1 FY27 Earnings Conference Call hosted by Emkay Global Financial Services 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 star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Sabri Hazarika from Emkay Global Financial Services. Thank you, and over to you, sir.

Sabri Hazarika: Thanks. Good evening, everyone. On behalf of Emkay Global, I welcome you all to the Q1 FY27 Post Earnings Conference Call of Adani Enterprises Limited. We have with us the senior management from the company led by Mr. Robbie Singh, Chief Financial Officer-Adani Enterprises; Mr. Arun Bansal, Chief Executive Officer-Adani Airport Holdings; Mr. Rajesh Poddar, Chief Financial Officer-Adani Airport Holdings; Mr. Muralee Krishnan, Chief Executive Officer-Adani New Industries (Solar Manufacturing); Mr. Manan Vakharia, Head of Finance-Adani Enterprises; and Mr. Jitendra Khyalia, Investor Relations-Adani Enterprises.

So, today's session would be an update on the results and the outlook by the management, followed by the question-and-answer round. So now I request Mr. Robbie Singh for the opening remarks. Over to you, sir.

Robbie Singh: Good evening, everyone. Thank you for joining us today for Adani Enterprises earnings call. As you know, AEL's portfolio comprises primarily of core infrastructure-focused businesses, spanning across energy & utilities, transport & logistics and primary industry.

For the current quarter, our results are reflecting the discussions that we've had over the last one year on value unlock and various interactions over the year. The investments made over the last few years are now progressively moving from build-out phase to value realization phase. Over the next few quarters, there will be a clear pathway visible for accelerated value creation from our diversified portfolio of assets primarily led by airports and roads. The focus has now shifted from establishing capabilities to maximizing returns, continuing ramp-up in operational performance and increasing overall asset utilization. With the caveat in all of this being that we will continue to report historic capex numbers and one of the highest capex years of our business this year. We are well on track to achieving that.

Moving to quarterly financial performance, **on a consolidated basis**:

- Total Income increased to INR 33,546 cr with an increase of 50% Y-o-Y. This is primarily driven by a reset that is happening in the business as our copper smelter is coming online.
- Highest quarterly EBITDA at INR 5,642 crores with an increase of 49% Y-o-Y, again reflecting the businesses coming online plus specific price realization.
- Continuing PBT stands at INR 1,295 crores
- The established business EBITDA increased largely on account of capacity ramp-up of our copper business.

Certain project updates:

- We have signed a new contract in data centers for 400 MW, taking our total capacity to -- signed capacity to roughly 1 GW.
- In the road business, the largest greenfield project of Ganga Expressway has been inaugurated and toll collections have begun in the middle of the quarter gone by. We expect the ramp-up to complete over the 6 to 9 months for the road to be operating at full capacity. We've added another BOT Road project of 620-odd lane kilometers.

On capital market updates and we also like to thank all of you plus investors on this aspect, which is - we did the largest QIP of INR 15,000 crores of any non-financial corporate. This was about 4x oversubscribed. Again, I take the opportunity to thank you and all investors who participated. This was very well received, and we are pleased to see the continued diversity in our shareholders register.

I'm pleased to introduce some of our business CEOs, and we'll continue this trend of progressively bringing our CEOs who run our businesses on the basis of which all these results are possible. Today, we have Arun Bansal, CEO of Adani Airports; and for the first time, Muralee Krishnan, who is CEO of Adani Solar, and they will take you through their respective businesses.

First, I hand over the call to Arun, CEO of Adani Airports. Over to you, Arun.

Arun Bansal: Thank you, Robbie. Good evening, everyone, and very welcome to this investor call. Adani Airports is one of India's largest private airport platforms, operating a portfolio of eight operating airports contributing approximately 23% of India's passenger traffic and 29% of country's air cargo volumes, underpinning our scale and strategic importance in India's aviation ecosystem.

Adani Airports' current quarter results demonstrate continued growth with resilience despite geopolitical headwinds. The international travel operations at our Navi Mumbai Airport have started from July 15, 2026, and will continue to accelerate during the year.

These results were led by tariff revisions at our Mumbai Airport, the start of Navi Mumbai operations and continued momentum in our non-aeronautical revenues. Our non-aero revenues are supported by expansion of non-aero activities across all our airports.

If I move to financial and operational performance during Q1 FY27,

- Passenger traffic was 24.2 million passengers.
- Total income was INR 3,763 crores, which was up 39% Y-o-Y.
- EBITDA increased by 49% Y-o-Y to INR 1,633 crores.
- Aero and non-aero revenue delivered robust Y-o-Y growth of 16% and 53%, respectively, in Q1 FY27.
- We also operationally added seven new routes and one additional flight during Q1 FY27.

With that, I hand over to my colleague, Muralee.

Muralee Krishnan: Thank you, Arun, and good evening, ladies and gentlemen. Adani New Energy Ecosystem is developing an end-to-end integrated ecosystem for manufacturing solar panels and wind equipments. As all of you already know, Adani Solar has featured in the elite list of top 10 global solar panel manufacturers and Adani Wind became only Indian company in the top 15 global wind turbine manufacturers.

I'm happy to inform you that, out of our expansion plan of 6 GW, we have commissioned module line of 1.7 GW in the month of June '26. With this, we have now total operational capacity of 5.7 GW of module line and 4 GW of cell line. We are on schedule to commission both module and cell lines to 10 GW by end of this financial year.

During this quarter, the domestic module sales have increased to 1,340 MW, up by 107% Y-o-Y basis. This demonstrates strong demand of Adani Solar modules in the domestic market, also which has fully absorbed the export offtake. Reflecting on the strong domestic demand, we have decided to close advanced authorizations on imports taken and are also making payment of applicable duties during the quarter.

Moving on to the financials and operational performance of Q1 FY27.

- Module sales to 1,340 MW
- Wind Turbine sales to 64 sets, which is up by 83% year-on-year
- Total income at INR 3,937 crores
- EBITDA INR 972 crores.

With this, I hand over back to Mr. Robbie. Thank you.

Robbie Singh: Thanks, Muralee, and thanks, Arun. I'll quickly take you through the remaining segments.

On the Mining Services portfolio, we have 18 mining services agreement with a peak capacity of 145 MMTPA. We are currently operating at 55 MMTPA, which is approximately 38% of the total contracts we have. More importantly, as we continue to bring on new contracts at operational stage, we have taken the total available operating capacity in contracts to 93 million tons, thus giving us a good ramp-up over the coming 2 to 3 years.

During the quarter,

- Dispatch volumes stood at approximately 11.8 MMT
- Revenue at INR 1,174 crores and EBITDA at INR 421 crores.

In the Integrated Resource Management business portfolio,

- Trading volume stood at 8.3 MMT
- Revenue at INR 7,424 crores and EBITDA increased to INR 894 crores. This is largely due to price realization and the impact of geopolitics.

For the first time, we are introducing copper portfolio into our numbers. I will lay out the plan for this. We will have much more detailed presentation on this in our December quarter results, and we will formally do a proper showcase of the copper business post the annual results in March.

But as we stand today,

- Copper sales volume is at 64.7 KT, with the capacity utilization now at 52%
- Revenue at INR 10,922 crores giving us an EBITDA of INR 749 crores for the quarter.

With this, we are open for Q&A. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. We will take the first question from the line of Mohit Kumar from ICICI Securities.

Mohit Kumar: Congratulations on successful raise of money to the QIP. My first question is, has there any change in the capex plan for FY27 and FY28 after this raise of capital?

Robbie Singh: As I said in my opening comment - absolutely no. We are committed to the capex that we outlined at the start of the year, and we are actually tracking to that number very closely, and we will stick to that guideline.

Mohit Kumar: Understood. My second question is, can you help us with the expected commissioning of, broadly, I think we have now 1 GW of data center. How do you think this ramp-up will happen over the next couple of years?

Robbie Singh: I think we covered this in our investor deck also, it is on page number 15. So, we are expecting the capacity ramp-up to hit about 500 MW over the next 3 years. And then every 2 or 3 years, a large addition will occur. So, the first large addition will occur in the next 2 to 3 years, will take us from current about 65 to over 470 MW operational.

Mohit Kumar: Understood. And I think you're talking about the Navi Mumbai Phase 2. So, are you planning the construction to start in FY27 or you think it is slightly longer term?

Robbie Singh: I'll let Arun answer that question. Arun, please?

Arun Bansal: Sorry, can you repeat the question?

Mohit Kumar: My question was in Navi Mumbai Phase 2, where are we right now? So, will the construction start in FY27 or FY28 or it is a longer -- it is something will happen in the long term?

Arun Bansal: No, the construction will start in this financial year itself. We are in very advanced stage of design work and the excavation work will start as soon as the monsoon is over this year -- this financial year itself.

Mohit Kumar: Understood. My last question, is it possible to share the defence EBITDA in the quarter and the last year? Is it possible?

Robbie Singh: No. We are not currently going through that. It's not material at the moment, and we will go through that once we have set up the entire ecosystem, and we'll, at appropriate time, showcase that business.

Moderator: We take the next question from the line of Prateek Kumar from Jefferies.

Prateek Kumar: Congrats for good results. My first question is a bit top-down. So where do you see your current, like, large businesses as airport and also data center is going to be a big business in a few years. Where do you see these businesses going in 5 years' time in terms of size, maybe in case of airport passenger or size of the overall business from the overall company perspective?

Robbie Singh: I think 5 years is difficult because we don't outline. We have outlined an overall capex plan for the portfolio all the way to FY30-31. We can share that specifically for AEL, which we have done on business showcase during investors meet. We can note your question and we share that for the benefit of everyone, and we can put it up on the website. But we are at a point where specifically with the airport, with Arun and team, we are at a point where increasingly, the business is, on a standalone basis, going exceedingly well.

And as we have maintained that we will come to a decision point in relation to rewarding the shareholder of AEL somewhere around 2028 in terms of this business being demerged. But other than that, directly to your question, we will actually point you to the AEL's offering circular and investor presentation. But we take your question on note and the team will update and upload the question so that it's available to everyone.

Prateek Kumar: Sure. Okay. Certainly, bookkeeping questions. What drove the interest expense sharply during this quarter sequentially?

Robbie Singh: No, that's largely because of the capitalization of large assets, Ganga Expressway and airports but no specific large-scale change has occurred. If you see the data, I'll point you to the page in our presentation. If you go to page number 25 of the presentation, it will give you the full detail of the current debt stack of the business and the ratios attached to that. So, there's no material significant change that has occurred in any one unless I'm missing your question, and you have some follow-up question detail on this that I'm not able to ascertain from your question.

Prateek Kumar: My question was like particularly because you commercialized Navi Mumbai like prior quarter. Copper was already commercialized. I also thought that Ganga Expressway was also like partly commercialized earlier. But INR 700 crores on a Q-on-Q basis, there is a swing. So that was my question. Also, like now are you looking at like upwards of INR 9,000 crores interest expense for the year?

Robbie Singh: That's largely because as the assets are capitalizing, so the interest payment is coming on to our books. But that is a change on a consolidated basis, the INR 1,905 crores becoming INR 2,414 crores, that's directly linked to the asset capitalization.

Prateek Kumar: Sure. There are a couple of other questions on your mining services performance was, like, a bit muted in terms of volumes, while trading IRM business EBITDA was very strong. So how are you looking in terms of volumes in these two businesses for FY27?

Robbie Singh: Mining services will continue as it is, like I said, we are currently at 49 million tons dispatch. We expect that with the new mines coming online, we expect somewhere between the range of 16% to 20% growth in the mining services in relation to existing mines; simply because one new contract is now operational. And in the IRM, we like to caution a little bit in the sense that it's more important to look at the volume. The volume is consistent. The swing that has occurred is largely due to the geopolitics and that can sustain for a period of time, but that's a volatility-induced increase.

Moderator: We take the next question from the line of Girish from MS.

Girish: The first question was on airports. So, congrats on very strong non-aero growth, almost 53% for a passenger growth of 4%. I wanted to understand what part of this growth is driven by Navi Mumbai? I understand even strip off that, the organic portfolio has done well. If you can highlight some of the key strategies that you guys are focusing on. I understand the digital app is a key part of that strategy. Should we look at similar growth rates continuing for the full year? Or how we should think about the full year non-aero revenue growth? That's my first question.

Robbie Singh: Arun.

Arun Bansal: Thanks Robbie. So you are absolutely right. The non-aero growth to a very large extent is driven by increase in our IPP and also the ATV per passenger, not so much by Navi Mumbai because Navi Mumbai is scaling up. As I said, the international flight only started post the closure of Q1 by 15th of July.

But we see growth across all non-aero verticals, duty-free, F&B, lease and rentals. And we also started one new line of business, which has started to deliver meaningful financials in terms of ground handling business from this year and which will be a recurring business for every quarter for us.

Girish: And how should we think about the annual number? Like any guestimate on how the growth would be for the balance part of the year, particularly non-aero?

Arun Bansal: So non-aero, I mean, of course, it depends on the current geopolitical issue where this has hampered the passenger growth significantly, especially the international passenger. So if the growth comes back in the international passenger as planned, you should see the similar growth continuing during the year.

Girish: Okay. Secondly, just on the roads portfolio, I don't see the EBITDA, maybe I missed it. If you can quantify what's been the EBITDA for the quarter, given that Ganga Expressway has also started.

Robbie Singh: Roads EBITDA is INR 288 crores and we expect it to continue to ramp up because Ganga Expressway is nowhere near close to its capacity at the moment. It's ramping up, we expect the ramp-up to continue and stabilize over the next 9 months to 12 months.

Girish: And my last question is on copper. So very strong and sharp improvement. Any one-offs here? Or should we expect this run rate of, let's say, between INR 750 crores to INR 800 crores per quarter going into the balance 3 quarters of the year as well?

Robbie Singh: I think, I would just like to -- while we are very happy with the results. But I think as you understand, it's basically a specific business in relation to its process. So we expect that the EBITDA margin on sales, which currently this quarter has been about 7%. Long run, we expect that to be about closer to the 5% range. And we are currently at 52% utilization. So we expect the utilization to head towards 75%.

And consequently, with that kind of utilization increase, with the stable quarter-on-quarter EBITDA, yes, we expect that to remain in this ~800 range. But as the capacity ramps up, mathematically, the EBITDA will go up. But please be mindful that currently on INR 10,900 crores, our EBITDA is INR 749 crores, which is roughly 7%. But in the longer run, we'd expect that number to be about 5%, although the revenue number will be lifting significantly from here as the lines and the ramp-up matures.

Moderator: We take the next question from the line of Manish Somaiya from Cantor. I would request Mr. Manish to unmute and then speak.

Manish Somaiya: Okay. Can you hear me?

Robbie Singh: Yes, please. We can, Manish.

Manish Somaiya: Awesome. My apologies. I always have this issue with my phone. Maybe a question for Arun. Obviously, the airport business is growing nicely, very impressive business overall. Is there a milestone that we should be thinking about in terms of breakeven for earnings before taxes type metric?

Obviously, we see EBITDA moving much, much higher. Obviously, you have the depreciation associated with the growth, the start-up costs, etc. But how should we think about the profit before taxes on a breakeven basis for that business?

Robbie Singh: I'll take that, it’s largely in terms of the technical finance part. And obviously, on the business side, Arun can comment. Arun, please feel free to comment when you want. –

Manish, the way we look at the structure of the airport business is that it's a RAB-based business. So the more important thing is what is our RAB, regulatory asset base changes and consequently, what is the RAB income that will occur from the increasing regulatory asset base. So Mumbai has added a lot of regulatory asset base, and we expect our regulatory asset base to rise actually from current INR 37,000-odd crores to close to INR 70,000 crores. So it's a RAB growth and then consequently, the regulatory return permitted.

The metrics that we will introduce that as we go through over the next 18 months, which are like the gross spend rate of the consumer, we report that number, Arun mentioned in his opening comment as well. Gross spend rate of people visiting at the airport, and we will continue to, as

Arun also indicated that we introduce a new business segment. We'll continue to add and provide clarity on that aspect.

On the P&L side, that is your question in relation to P&L side, we will still remain a heavy depreciation business because we are adding so much asset base. So, we will start reporting over the next 12 months, cash earnings on the asset base. And consequently, you'll be able to track a number called cash per share of the business. And we will provide that visibility to the market on that.

But for the foreseeable future, just given the rapid rollout of the asset base, we will still remain a heavy depreciation business in relation to post depreciation and PAT number growth and the conversion of that. But on the cash flow conversion to cash per share, we'll bring that out over the next 12 months in a much more clearer manner.

Arun, would you wish to add anything on the business side, if I missed.

Arun Bansal: No, Robbie, you covered it very well. On the business side, I think the biggest milestone for us in the next 3 quarters is to get Navi Mumbai at an operating per quarter of 20 million passengers. So that's our immediate focus is.

Manish Somaiya: Okay. I did want to touch on Ganga Expressway as well. I was hoping to see more of a profit boost as far as Q1 and also surprised to see revenues at least weaker than what we would have expected even vis-a-vis year-over-year. So I'm just trying to find a path to how we can see an improvement going forward. Are we being too optimistic on our side versus what's happening on the ground? Maybe if you can, kind of, reconcile that for us, that would be helpful.

Robbie Singh: No, we're certainly not being optimistic. I can tell you that much. And we are being very cautious in what we are saying. And the reason is that when an asset of that scale, which is actually a trunk asset is coming online in a major state in India, which is UP, the procedures that they have to go through to approve. So actually the toll collection only began on 15th of May.

So that's why, as I said in my opening comments, we expect this to be a massively successful toll road just based on the initial indication, we have ground indications. So I was there actually in Lucknow as well myself. So we've gone through this. We are extremely confident that this would be a massively valuable asset, not just for us, but actually for the state's economic architecture also.

This is a trunk road. I would compare this to what the Cross Malaysia Highway did for Malaysia. This is going to do that for UP. It is that critical infrastructure for Uttar Pradesh. And when you're on the ground, you actually see -- already start seeing the impact of this. You're certainly going to get a massive uplift in SME, MSME manufacturing clusters around the defence ecosystem in this area, largely driven by now the connectivity of this road. So we are extremely confident.

If you wish to have some specific answers that you believe we are not -- or you think we should clarify more, we are happy to take advisement, and we will try to make sure that at least in the next results, we lay it out in more detail, so it clarifies. If any suggestion is there, please do so.

We'll happy to clarify. But we are extremely positive about the business overall. And based on the ground reality that we are going to be -- there will be an upside surprise rather than anything else.

Manish Somaiya: No, I think the clarity you offered is helpful. I didn't realize that the toll collection only began May 15. I have the full quarter in my estimates. So maybe I was off. And of course, I've seen pictures of the highway and it's super impressive. Congratulations to the team on doing that. It's just absolutely fabulous and hopefully, it works out the way you anticipate. On the data center side...

Robbie Singh: It's actually even better than pictures, Manish. It's actually in – and the contrast is even more stark when you are there because you see it surrounding and then you see this highway. You certainly think you are in first world country when you're on the highway. Obviously, within a second, you're back in developing country. But nevertheless, once you're on the highway, you feel like you're in the first world country.

Manish Somaiya: Right. No, I mean, the pictures are amazing. Just one last question on the data center. I think you talked about the 960 MW of tied-up capacity, but I guess only a small portion is operational. So how should we think about the capex per MW or customer funding or prepayments when it comes to developing that?

Robbie Singh: I think just on the capex side of the data center, we will specifically come back to you, if you don't mind on the question. But we do expect that if we are to give you a per MW, today, I can give you the range, but we can obviously clarify that in more precise detail because we do have the information.

So, we are roughly around, say, about INR70 to 75 crores per megawatt in terms of construction and a run rate return, which is U.S. dollar equivalent of approximately 12% and the ramp-up of the construction is now moving to the hyperscaler format. So, the next construction period will add bigger chunks to the business.

So, it's just going through -- currently, it's going through the sort of 50 to 100 MW type additions, but it will move to a few hundred megawatts of additions at each construction cycle, which is roughly about 2.5 years. So, in the next 3 years, we expect to add, we'll take this capacity closer to 500. So 5x what it is today, more than 5x, about 7 to 8x what it is operationally today.

Moderator: We take the next question from the line of Aditya from Kotak Securities.

Aditya: Congratulations on the strong set of results. I have two questions from my side. The first one on airport. We've been pleasantly surprised with you doing much better non-aero per pax this quarter at about INR 880 or so. I wanted to check whether there is more headroom available to go beyond the INR 880 per pax that you referred, which is meaningfully higher than -- in that the other strips here.

Robbie Singh: Arun, please?

Arun Bansal: So I will take this. As I explained, one part of the growth this quarter was ground handling business, which we only started last year post Q2. The second part is, yes, there is still a lot of headroom left for growth in non-aero with 3 different initiatives. One is, as I said before, the digital initiative, we have started to engage with passenger much before they have come to the airport. Second is engaging with the non-passenger with meeters and greeters, which is 2 to 2.5x the passenger. And the third is the city side development, which we have started to do and will go live from FY29-30.

Then, within the non-aero business inside the terminal also, we are doing a lot of premiumization with the GDP growth and the aspiration of India. So, we believe there is a headroom to increase the ATV for us for transacting passengers inside the airport by giving them better offering. So we are upgrading lounge experience; we are upgrading F&B experience; and we are upgrading retail experience to meet the aspiration of young India.

Aditya: Understood. A related question. The big uptick that is happening in lease and rentals, is it linked to more retail space getting deployed at your airports? Or is it primarily to do with higher footfalls happening?

Arun Bansal: No. I think in the beginning, Robbie said that this quarter because of unfortunate Middle East crisis and the higher ATF price, the passenger increase was only 4%. But primarily the growth is coming from higher ATV, but also us monetizing what we used to call dark space. So we have increased significantly the retail and F&B space over the last 18 months at our airports.

Aditya: That clarifies. The second question I had was more on the data center front. Could you give us more color on the 400 MW order that you recently won and whether with the same customer, there is scope to do more work or whether there is any kind of framework agreement that you may be working towards?

Robbie Singh: I mean we can't really add anything more to this because we only publicly shared with you, this is part of the Google contract at Vizag. What we are reporting is what is the part of that contract actually executed. There are other parts which will get executed as we go along. But the overall contract is available publicly and available on our website.

Moderator: We take the next question from the line of Biplab Debbarma from Emkay Global.

Biplab Debbarma: So my first question is on the city side development. Our understanding is they have a huge land parcel in Mumbai as well as Navi Mumbai, and Mumbai being in the city center, it would be more lucrative. So, what would be the total in terms of square footage or development potential in this city side? And what do you think would be the capex requirement for this city side development for the next 5 years?

Arun Bansal: Shall I take Robbie?

Robbie Singh: Yes. Thanks. Go ahead.

Arun Bansal: So total land available for us across all 8 airports is ~ 660 acres. Phase 1, we are only doing 22 million square feet of construction, 14.4 million of super built-up area across Mumbai, Navi

Mumbai, Lucknow, Jaipur and Ahmedabad. That will go live FY29-30. And the Phase 1 capex, we have committed is around INR 20,000 crores for that.

Biplab Debbarma: That INR 20,000 crores will be for how many years?

Arun Bansal: For Phase 1 of this 22 million super built-up area, 14 million construction area and 14.4 million retail space available.

Biplab Debbarma: So I mean, in how many years this capex?

Arun Bansal: This Phase 1 will be completed by FY29-30.

Biplab Debbarma: Okay, FY29-30. Okay. And this entire development, I mean, how would it work? You will give it to some real estate player or AAHL would itself develop it? I mean, or would you give it to some developer, you'll just take the lease rental?

Arun Bansal: No. So Phase 1, we are doing it within the integrated development. This is a mixed-use integrated development, which will consist of hotel, retail, F&B, entertainment zone, high-end offices. And this will be done under AAHL, but of course, the construction will be done by the EPC partners.

Biplab Debbarma: And what, kind of, rental or EBITDA do you think this development is expected to generate? Ballpark would be fine.

Robbie Singh: Sorry, that we will cover that once we are ready to disclose as we start moving with the rental retail mix contracts because we don't want to be highlighting that level of work that would become very difficult for us to maintain that particular disclosure standards.

Biplab Debbarma: And just one final question. Have you commenced the work for this city side development?

Robbie Singh: Arun, please?

Arun Bansal: I didn't get it fully. Sorry. Can you please repeat?

Robbie Singh: Have you started the work on city side development?

Arun Bansal: Yes, we have started the Mumbai, Navi Mumbai, Lucknow, Jaipur, Guwahati and Ahmedabad, at four places active construction is going on- Ahmedabad, Mumbai, Navi Mumbai and Lucknow. For Jaipur and Guwahati, we will start post monsoon.

Moderator: We take the next question from the line of Kartik Kohli from Kotak Securities.

Kartik Kohli: Just one quick question, and I wanted to understand, so when we look at your segmental breakup that you've given versus the reported numbers on BSE, there's EBITDA, including other income that is left is about INR 972 crores for this quarter, and this number was about INR 560 crores in the base quarter. So can you talk more about what is driving this change? What are the key businesses?

We understand this is a lot to do with defence, bunkering, all of those things. What is driving this uptick? Because now the other segment itself is bigger than copper and mining services. So just wanted to understand how this is panning out? What is the key business driver here? And can we get to see disclosures on these accounts over the next few quarters? That will be my only question.

Robbie Singh: I think where are you getting the Other EBITDA that you're saying? We don't seem to…

Kartik Kohli: I was just comparing the numbers that is given in the presentation for each of the segments, Airports, ANIL, IRM, Mining Services and Copper, and comparing those with the overall numbers that are given on BSE for the consolidated AEL. So there, I get the overall EBITDA, including other income at around –INR 5,642 crores?

Robbie Singh: I get the question. So in the "Others" is included Commercial Mining, which is INR 372 crores and also Roads, which is INR 288 crores, so INR 600 crores of that number is just these two businesses. And then a significant chunk of that is also defence business as well. So the majority of the number is covered by these two business, Commercial Mining and Roads itself.

Moderator: We take the next question from the line of Girish from MS.

Girish: A couple of questions. Firstly, on defence, the subsidiary had up, I think, last year done revenues of INR 2,500 to 2,600 crores. I wanted to understand how should we think about the order book right now that the company has? And in terms of growth outlook for the year or for the next few years, how should we think about the growth and capex for that business?

Robbie Singh: I think numbers you're referring to Girish, were mentioned out in the business showcase presentations. What we are planning to do, Girish, is that sometimes about September next year, we'll be in a position to lay out the proper strategy and the business update.

And we are planning that in post September next year in November, we have the overall defence strategy showcase so to provide the clear visibility. But what I can say to you is that the growth that we have exhibited, we are tracking to that. And we expect this to be a business of sufficient importance that it will come into our segmental reporting over the next 18 months.

Girish: Okay. Just a follow-up on data centers. So obviously, at INR 70 crores capex per MW, how should we think about funding on the debt side? Typically, infra projects go up to 70%, 80%. So, should we assume that? And what could be the typical interest coupon and financing? Will it be like a debt funding with like long tenure? If you can talk a little bit on that? And with hyperscalers being your customers, is there a possibility of some dollar funds also being spoken about because you spoke about dollar return?

Robbie Singh: So to this, Girish, the way we set this up, we were one of the first ones in India at least or in Asia as well to look at it not as property finance, but as project finance. So we got this originally set up in the manner that is more consistent with infra projects, given that we wanted to have a service and energy model locked in together with our final users of the data center. So we are looking at a more traditional infra type funding. And we are looking that this business will track close to investment grade.

So the coupon expectations will be in line with investment-grade debt. On the tenor and terms, once we reach a point where we are looking to put the long-dated paper out, we would like to maintain a duration in this business of, say, around 7 years, which, from an underlying contract life perspective, is against contracts where we have reasonable visibility over 10 years..

So from that point of view, we'll track the duration in line with our overall portfolio duration, but could be slightly less. So the benchmark would be a, sort of, say, a long 5 investment-grade bond on a sustainable basis.

Girish: Understood. And just in terms of data centers again, Adani Group has been able to scale up this portfolio in terms of contracted capacity quite meaningfully in the last 12 months, probably regionally in Asia region also, it would be amongst the fastest growing. Wanted to understand what do you think is very different in terms of the offerings that Adani Group brings to the table?

Or is it also a little bit on the pricing side, which allows Google to, kind of, take or any hyperscaler to take a decision? And just a risk because I was getting a lot of questions on this on execution when we're thinking 3 to 5 years, a lot of the equipment could also be import-dependent. How are you planning right now as you keep scaling up this business from a 3 to 5 year perspective, certain import equipment requirements that could come through?

Robbie Singh: I think this is an excellent question. I think I'm glad that you brought this up. It will just clarify a couple of things. And actually, we should have addressed this ourselves. But nevertheless, now you have the question, so we'll answer. I think the way you will see that we made the announcement that we've agreed a JV with Jabil. So that addresses the question of us being able to provide the stack capability to the final client, so to eliminate that risk. So we will be able to provide the at least the physical buildout of a physical stack.

Now within the stack, you will have the GPU, which the final client already has. So that's that part. And we'll continue to embed ourselves deeper in this infrastructure chain of this area. But that's not from data center point of view, but the overall stack that is required for the AI world that is coming. So that's being done from that basis. It helps the business.

Second part is that why we are able to grow faster is that we have a very large utility platform that can accept some level of merchant risk. And because we can provide the energy solution because something that is stopping the fast ramp-up is being able to tie up the energy equation.

In the U.S., obviously, the data center and hyperscalers have gone on the model of the building it out themselves. But here, we can offer them that facility. And that is what is more attractive to them than anything else. So our pricing and everything is broadly the same as general market in the region. But the unique defining feature is we are, in the private sector, India's largest utility platform. And end-to-end, we are the only utility platform of that, including the government.

So consequently, we are able to offer a utility level solution in relation to their energy requirement. And that part is the defining difference and as we are adding services like JV with Jabil and our capacity to bring in the ecosystem, which is common in the U.S., Europe and in China, we will bring that ecosystem in India also. And that helps us to derisk some of the construction and development activity.

Girish: Understood. Just one small typo. I think in the presentation, we have written 2 GW by 2030. I believe the Chairman in the AGM spoke about the portfolio being now 3 GW. I know it's an evolving number, but just wanted to highlight that.

Robbie Singh: Thank you for that. We will clarify. Actually, it's a good pickup -- number is 3 GW.

Moderator: We take the next question from the line of Alok Deora from Motilal Oswal.

Alok Deora: Just had one question specifically on data center. So when we say operational capacity and when we're also giving tied up capacity, so typically, how much time it should take for some of those tied up capacity to get operational? That is question one. And second question is related to that, that would we see a case where our realization per MW would also increase as the mix improves to more of hyperscalers? So, yes, these would be the questions.

Robbie Singh: I think, to the second question first, these are discrete steps driven by the business case. So the scale itself for hyperscalers doesn't change the yield metric, because it is driven by the specific business cases they have for the requirements they have. And from their point of view as well, they want to go through a specific set. So it is not the case that, okay, we have got a hyperscaler and we are scaling up and therefore the yield is going up — no, it will depend on the business case. Overall, the economics are very good, so we are confident of that.

To your first question, roughly speaking, construction and development is about 2.5 years. Then you have the take-up of the stacks by the scalers themselves, which is also, say, another 18 months. So roughly speaking, from the capacity contracting to fully ramping up at that contract, you can say about 40 to 48 months.

Alok Deora: Got it. So when we are giving 2030 target, that's for the tied up capacity mainly?

Robbie Singh: Correct.

Alok Deora: Okay. So any sense or indication that by that time, what would be the, kind of, the operational capacity or any ballpark number there? Because the revenue and EBITDA will be more linked to the operational capacity from that perspective…

Robbie Singh: We expect that we will add in the next 2.5 years, roughly about 400 MW or slightly higher than that.

Alok Deora: Got it. Just one last thing. On the roads portfolio, what would be the invested equity as of the end of the first quarter? If you can highlight on that number?

Robbie Singh: Do you mind if we come back on that.

Moderator: We take the next question from the line of Aditya from Kotak Securities.

Aditya: Just a clarification over here that while the company has clarified that on airlines, there is no plan of that. There are news flows that are still coming about suggesting that Adani Group had asked for permission to launch an airline in June. Could you just clarify how to read these statements here for investors in general?

Robbie Singh: See, I will answer that for you. I think more than airlines, we should get into newspaper business because so many newspapers make money from us. Now it's almost like watching a poor version of Dhurandhar again and again. So it's just rumors.

We always evaluate. See, when the next round of airports come, there'll be regional airports. The current ability to support an airline business is up to 5% equity. We put a letter too, in which you have seen. We want to see as owners of airports and regional airports, hopefully in the future, that India's regional airline system also develops and develops properly.

So, in that context, not starting an airline or developing it but to be able to support a development of an airline for the regional connectivity is our interest. Now that's what we have clarified. So AEL has no interest in airlines and we clarified that. We are focused on our airports business and build rollout of that infrastructure. That's a separate thing that we want to be participant in. We want to be able to advocate in an industry as an interested actor in that industry to see the development of regional India.

And I think we should see it in that context, not in the rumor mill and desktop type analysis that go on or lack of analysis that goes on in our newspapers and TV channels because just our name sells, so they just attach our name and just run with absolute rubbish. And I cannot be more clear with these words. It is that Arun runs a business, which is one of the leading businesses in the country in airports, we will likely have regional airports. We already have some of the regional airports. It's our interest to see the development of the regional transportation infrastructure.

And if we try to advocate for something that we would like to support that infrastructure in some way, it doesn't mean that we start running an airline. And people just read that as some, sort of, an immediate action. It's not an immediate action. It is our interest as an actor in transport and logistics, ports, roads, airports, to make sure that the regional connectivity, regional economy develops properly.

And it's a really sad reflection on the state of our media that, rather than looking at the positive of what we are trying to do for regional India, they come up with this cockamamie scheme of airlines, this, that and the other. We are doing the same thing for road networks. We are doing the same thing at ports. We are doing the same thing on internal logistics. All of that, we have started. It does not mean that tomorrow we will become Zomato. No, we are interested in internal logistics. And it's unfortunate, but that's the reality.

Aditya: Clear as well on that count. Just a bookkeeping question, if you could give us the WTG business' revenue and EBITDA for the quarter?

Robbie Singh: Muralee will take this question.

Muralee Krishnan: Yes. So WTG, the revenue was INR 866 crores and the EBITDA was INR 185 crores for the quarter.

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

Robbie Singh: Thank you very much to Emkay Global team for organizing this call for us. I'd also like to take the opportunity to thank our fellow, my colleagues, Arun, CEO of Airports business; Muralee, CEO of Solar, New Industries business; and Manan and team. And once again, thank you very much for your participation, and thank you for the questions.

Moderator: Thank you. On behalf of Emkay Global Financial Services Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.