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Issue Details	
Price Band (Rs)	Rs. 3,112 - 3,276
Face Value (Rs)	1
Issue Size (Rs)	20,000Cr
Issue Type	Book Building
Minimum lot	4 Shares
Issue Opens	January 27, 2023
Issue Closes	January 31, 2023
Listing on	BSE, NSE

Indicative Timeline	On or before
Finalization of Basis of Allotment	February 03, 2023
Unblocking of Funds	February 06, 2023
Credit of shares to Demat Account	February 07, 2023
Listing on exchange	February 08, 2023

Other Detail	
Book Running Lead Managers	ICICI Securities Limited, Jefferies India Private Limited, SBI Capital Markets Limited, Axis Capital Limited, BOB Capital Markets Limited, IDBI Capital Market Services Limited, JM Financial Limited, IIFL Securities Ltd, Monarch Network Capital Ltd, Elara Capital (India) Private Ltd.
Registrar	Link Intime India Private Limited

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# Adani Enterprises Limited

## Company Background

Adani Enterprises Limited. (AEL) was founded in 1988 and is based in Ahmedabad, India. The Company is an integrated infrastructure with businesses spanning coal trading, coal mining, oil and gas exploration, ports, multi-modal logistics, power generation and transmission, gas distribution, and edible oil and agro commodities. Its segments include Integrated Resources Management, Mining, Solar Manufacturing, Airport, and Others. Integrated Resources Management provides end-to end procurement and logistics services. The Mining segment includes mining service contracts for nine coal blocks with a capacity of approximately 100 plus millinewton (Mn) metric tons per annum. The Solar Manufacturing segment is engaged in the manufacture of solar photovoltaic cells and modules. Airport segment is engaged in the management of airports. Its road, metro, and rail business are engaged in the development of infrastructure projects.

The Company is among India's top business houses having an integrated energy and infrastructure platform in India. The Group is an Indian Multinational company engaged in multiple business ventures. With a long track record of successful execution of various large-scale projects, the company has emerged as a leader in different segments. Over the decades of its operations, the Group has established unicorns like Adani Power, Adani Ports & SEZ, Adani Transmission, Adani Green Energy, and Adani Total Gas. The endeavours of the companies are highly driven toward making India a self-reliant country. Its data centers business is engaged in the development of data centres.

## Issue Details

The offer comprises Fresh Issue of Equity shares aggregating upto Rs.20,000 Cr.

## Issue Objectives

- Funding capital expenditure requirements of some of the Subsidiaries in relation to (a) certain projects of the green hydrogen ecosystem; improvement works of certain existing airport facilities; and construction of greenfield expressway.
- Repayment, in full or part, of certain borrowings of our Company and three of our Subsidiaries, namely, Adani Airport Holding Limited, Adani Road Transport Limited, and Mundra Solar Limited.
- General corporate purposes.

## FPO Share Allotment Pattern

Category	Allocation	Number of Shares at Rs.3,276*
QIB	20%	1,21,79,487
Anchor Investor	30%	1,82,69,231
HNI	15%	91,34,615
Retail	35%	2,17,38,792
Total Public	100%	6,13,22,125
Employee Reservation		1,52,625
Total		6,14,74,750

\*Note: 50% of the Price per FPO Equity Share is payable on application by the Investors. Discount of Rs. 64/- per FPO Equity Share being offered in the Retail Portion.

Source: Company RHP, ACMIL Research,

## Outlook and Valuation

Adani Enterprises Limited. (AEL), with its established business relations with coal suppliers of Indonesia, Australia and South Africa, has evolved as India's largest importer of thermal coal catering to the requirement of both private and public sector undertaking (PSU) clients. The Company has businesses in 4 core sectors - Energy and Utility, Transportation and Logistics, Consumer, and Primary Industry. AEL represents an effective complement of established and developing businesses which address the needs of India. The Company is also going to manufacture end to end solution which in turn brings no fluctuations in margins. With its continuous focus on becoming leading manufacturer of green hydrogen and increasing number of operating mines, we believe AEL is well placed to capitalize on domestic and international opportunities. On the financial performance front, over FY19-22, it has reported a ~20% CAGR growth in the topline. **Hence, we recommend subscribing the issue from a long-term prospective.**

## Business Portfolio

### Energy and Utility

AEL is setting up a Green Hydrogen Ecosystem with an objective to incubate, build and develop an end-to-end integrated ecosystem for the manufacture of green hydrogen, which includes manufacturing renewable energy equipment such as wind and solar modules to reduce the cost of renewable power, to the production of renewable energy and green hydrogen itself, and transformation of a part of the green hydrogen produced into derivatives, including green nitrogenous fertilizers, ammonia and urea, both for the domestic market and exports. They are leveraging their facilities at Mundra special economic zone ("SEZ") to set up this ecosystem. They develop data centres with an aim to retain and drive India's internet-derived data in India and are developing infrastructure projects that enhance water treatment and use efficiency.

### Transport and Logistics

AEL manages prominent airports in India. They currently develop, operate and manage 7 operational airports across the cities of Mumbai, Ahmedabad, Lucknow, Mangaluru, Jaipur, Guwahati and Thiruvananthapuram, and 1 greenfield airport in Navi Mumbai. They also develop infrastructure projects such as roads in India. As of September 30, 2022, they had 14 road assets in India of which 3 assets have started commercial operations.

### Consumer

AEL manufactures market and brand food FMCG products. Additionally, they are developing a super-app, "Adani One", as part of their digital business to complement Adani group's consumer serving businesses.

### Primary industry

AEL offers mining services which involves contract mining, development, production related services, and other mining services to mining customers primarily in the coal and iron ore industries. They offer integrated resource management services of coal which involves the access of coal from diverse global pockets and providing just-in time delivery to Indian customers. They have also recently acquired commercial mines to conduct commercial mining activities.

Under industrials, they intend to manufacture petrochemicals, copper and similar metals, and manufacture strategic military and defense products that enhance India's self-reliance.

## COMPETITIVE STRENGTHS

**Business incubator with a demonstrated track record of incubating sustainable infrastructure businesses in India with a focus on enhancing stakeholder value.**

The company is one of India's largest listed business incubators in terms of market capitalisation. They represent an effective complement of established and developing businesses which address the needs of India. The company has, over the years, seeded new business interests for the Adani group, developed them into sizeable and self-sustaining business verticals and subsequently demerged them into independently listed and scalable platforms, thereby unlocking value for their shareholders.

**Demonstrated track record and expertise in project execution and management.**

Since inception in 1993, the company has incubated several companies across many verticals in the infrastructure sector and has built a distinctive specialization in project execution and has successfully executed all projects that they have undertaken to date. By leveraging the Adani group's multi-decade pool of managerial experience across a range of competencies for executing projects, the company recognizes opportunities early, bids for or acquires projects, and aims to successfully execute projects.

### **Tapping on the growing green hydrogen potential in India to build a fully-integrated green hydrogen ecosystem in India.**

For green hydrogen, the Government of India has set a production target of 5 MMT per annum by 2030. This will require an electrolyser installation capacity of 27 GW – 30 GW and nearly 110 GW – 130 GW of renewable capacity. Tapping on this potential and to further own and India's sustainable growth, the company is setting up a fully-integrated green hydrogen ecosystem in India under their subsidiary ANIL with an objective to incubate, build and develop an end-to-end integrated ecosystem for the manufacture of green hydrogen. Their green hydrogen ecosystem covers (i) the manufacture of equipment required for the manufacture of renewable power and green hydrogen, (ii) the manufacture of green hydrogen and the renewable power required for it, and (iii) the manufacture of downstream products.

### **Airport assets of national importance are strategically located and are supported by a stable regulatory framework and concession terms.**

The Company's airports are located in regions which experienced rapid economic growth in recent years. All the airports are city center airports mostly in the capital cities of the prominent states in India. The GDP at constant prices of the states of Gujarat, Karnataka, Uttar Pradesh, Rajasthan, Assam, Kerala, and Maharashtra where the company's airports are located grew at a CAGR of approximately 9.24%, 8.26%, 5.09%, 5.36% 6.02%, 4.42%, and 4.98% during Fiscals 2012 to 2020 partially as a result of a series of economy, stimulating initiatives supported by the local state governments. The company has emerged as the largest private operator of airports based on number of airports.

### **Robust environmental, social and governance (“ESG”) focus enhancing value in a responsible way.**

The long-term sustainability of the company's businesses is built on the foundation of delivering sustained value for the stakeholders. their journey of value-creation for all the businesses rests on an integrated approach of taking into account ESG principles. It reflects enhanced financial capital, manufactured capital, human capital, intellectual capital, social and relationship capital and natural capital. As a result of various initiatives with regards to these factors, they are the only company in India, in its sector to be included in the Dow Jones Sustainability Index (“DJSI”) Emerging Market index and was ranked seventh in the global peer group (135 companies selected by S&P Global).

### **Continued focus of ESG**

The company is fully committed to ESG aspects and has a robust ESG framework. Their ESG focus area and priorities are identified based on a detailed materiality assessment exercise conducted in Fiscal 2022.

### **Experienced promoters and strong leadership**

The company is led by Promoters, Mr. Gautam S. Adani and Mr. Rajesh S. Adani, supported by an able and experienced senior management. They have an experienced management team with experience across sectors and board of directors with a collective experience of over many decades. Most members of the senior management have extensive experience in the industries the company operates in, resulting in effective operational coordination and continuity of business strategies.

### **Scalable financial structure and demonstrated financial performance**

The Company has created a robust financial foundation of owned and borrowed funds. This makes it possible for them to mobilize resources from lenders at favorable costs. They have demonstrated consistent growth in terms of revenues and profitability. The consolidated revenue from operations of the company for Fiscals 2020, 2021, 2022 and in the six months ended September 30, 2021 and 2022 was ₹43,402.56 crores, ₹39,537.13 crores, ₹69,420.18 crores, ₹25,796.79 crores and ₹79,019.48 crores, respectively, growing at a CAGR of 16.9% between Fiscal 2020 to Fiscal 2022. They focus on maximizing the utility of assets to optimize capital efficiency, while ensuring quality of products and services.

### **Focus on incubating and expanding the green hydrogen ecosystem to support a low carbon future**

The Company intends to set up a fully integrated green hydrogen ecosystem in India to enable access to low cost renewable power and produce low cost green hydrogen at scale, and manufacture downstream products. They intend to invest approximately up to US\$50 billion over the next 10 years in the green hydrogen ecosystem for production of up to 3 MMT of green hydrogen. For that, the company plans to be fully backward integrated in solar module manufacturing to achieve supply assurance and cost efficiencies.

### **Development of the airports business with focus on consumers**

The Company's airports portfolio comprises seven operational airports, an effective platform to build a network effect for new routes. They intend to re-define India's airports infrastructure sector through gateway development, regional footprint growth, focus on consumers and non-passengers and a deeper investment in digital technology interventions that widen consumer choice and delight.

### **Drive growth in non-aeronautical services revenues and commercial property development at the airports**

The terms of the concession agreements for airports of the company provide them with flexibility in developing non-aeronautical services, which are generally not subject to government tariff regulation. These non-aeronautical services include food and beverage outlets at airports, retail and other services such as foreign exchange and advertising and promotions, operation of car parks and sale of duty-free products and lounges. In addition, non-aeronautical services revenues include revenue earned from the lease of commercial space such as offices and airline lounges. The company expects to generate revenue from the commercial development of property surrounding airports of approximately 650 acres.

### **Continue to grow the data center business**

The Company's aim is to leverage the vast quantum of data generated by their various consumer facing businesses that interface every day with millions of customers. For that, they intend to set up secure data centers across India. The company partnered with EdgeConneX to build a reliable network of data centers in India. They intend to build data centers with an aggregate capacity of up to 1 GW by 2030, supported by ongoing land acquisition and construction activities across Chennai, Noida, Navi Mumbai, Hyderabad, Vizag, Pune, Kolkata and Bangalore.

### **Expand and diversify roads business**

Currently, the company builds and operates roads in India and expects to expand into rail and metro eventually, in line with their strategies. The company entered the business of road construction, development and maintenance in 2018 and has since built a portfolio of 14 road assets spanning over 5,000 lane kms across 10 states in India. They intend to continue maintaining a comprehensive mix of road assets while continuing the journey towards building portfolio of 12,000 lane kms of road assets.

### **Build a seamless digital ecosystem**

As part of the digital business, the company intends to digitalise Adani group's consumer-facing portfolio to meet customer needs with improved customer engagement, increased monetisation and a faster time-to-market. They intend to develop an integrated Adani platform or super app (called Adani One App) to provide a seamless experience to customers of various Adani group's businesses.

### **Pursue strategic alliances and partnerships**

The Company intends to pursue strategic alliances to enhance their capabilities, address specific industry opportunities, develop the technical expertise and price the products and services more competitively. They have demonstrated the capacity to operate joint ventures with partners in the data centers, agro-products, FMCG and mining services, among others. The company believes that they possess a culture of specialisation in projects execution, one of the most challenging segments in India, marked by the ability to execute projects faster than the sectorial average by drawing on a validated Group level managerial experience.

### **Focus on incubating and expanding the petrochemicals and copper businesses**

The Company believes there is a growing opportunity to consume green fuels and moderate national carbon footprint. To this end, they will leverage the Adani group's resources at Mundra SEZ to build a state-of-the-art petrochemicals industry to enhance PVC import substitution. Further, domestic copper demand has increased by 1.9% CAGR between Fiscals 2017 and 2022. The company's vision is to emerge as a globally aligned copper business committed to building India and enhance value for stakeholders through trust and courage.

### **One of the leading global players in integrated resource management**

Integrated resource management is one of the core current business activities of the company. As part of integrated resource management business, the company provides customers with a one-stop-shop for their energy needs by managing the entire supply chain of services from sourcing of coal, managing the finances for the voyage time, providing port handling services, managing inland transportation of coal and delivery of the coal at customers' doorstep. Their competitive advantage is derived from the synergies between Adani group's various business verticals, including the ports terminals on both the east and west coasts of India, which provide a strong infrastructure for efficient logistics management.

## Financial Snapshot (Consolidated)

Particulars (Rs.Cr.)	FY2020	FY2021	FY2022	As at September 30, 2022
Equity share capital	109.98	109.98	109.98	114.00
Net worth	18,209.94	18,910.01	26,928.37	36,176.40
Revenue from Operations	43,402.56	39,537.13	69,420.18	79,019.48
EBITDA	2,967.96	3,258.85	4,725.71	4,100.15
EBITDA Margin	6.84%	8.24%	6.81%	5.19%
Net Profit	1,039.99	1,045.76	787.70	901.04
Net Profit Margin	2.40%	2.65%	1.13%	1.14%
Diluted EPS (Rs)	10.35	8.39	7.06	8.23
ROE (%)	6.70%	5.40%	3.50%	5.90%
ROCE (%)	12.01%	11.40%	9.20%	6.20%
Debt to Equity Ratio	0.35	0.52	0.91	0.82

Source: Company RHP, ACMIIL Research,

## Comparison with Listed Peers FY22

There are no listed companies in India that engage in a business similar to that of the Company.

## Risks and concerns

- The company's integrated resource management business primarily depends on an increasing demand for imported coal in India and their ability to maintain a diverse supplier base.
- Certain companies within the Adani group are involved in various legal, regulatory and other proceedings which could have an adverse impact on the company's business and reputation.
- Revenue from the company's airports business depends on levels of air traffic, which in turn depend in part on factors beyond their control, including economic and political conditions and the regulatory environment.
- Some of the company's operations carry an inherent risk of causing damage to the environment. This could subject them to significant disruptions in business, legal and regulatory actions, which could adversely affect the business, financial condition cash flows and results of operations.

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