

FPO Note: Adani Enterprises Ltd.

Industry: Diversified
Reco: Subscribe
Date: January 23, 2023

Issue Snapshot		Issue Break up		
Company Name	Adani Enterprises Ltd.	QIB ex Anchor	20%	12,179,487
Issue Opens	January 27, 2023 to January 31, 2023	Anchor Investor	30%	18,269,231
Price Band	Rs. 3112 to Rs. 3276	HNI	15%	9,134,615
Payment	50% on Application; 50% on One or More Subsequent Call(s)	RII	35%	21,738,792
Discount	Rs. 64/- per FPO Equity Share being offered in the Retail Portion	Total Public	100%	61,322,125
Bid Lot	4 Equity Shares and in multiples thereof.	Employee Reservation		152,625
The Offer	Public issue of 61,474,751 Equity shares on a partly paid basis of Face value Rs. 1 each. (Comprising of Fresh Issue)	Total		61,474,751
Issue Size	Rs. 20000.00 Crore			
IPO Process	100% Book Building	Equity Share Pre Issue (Nos. Cr.)		114.0
Face Value	Rs. 1.00	Fresh Share (Nos. Cr.)		6.1
Exchanges	NSE & BSE	Equity Dilution		5.1%
BRLM	Axis Capital Ltd, ICICI Securities Ltd, Jefferies India Pvt Ltd, SBI Capital Markets Ltd, BOB Capital Markets Ltd, IDBI Capital Markets & Securities Ltd, JM Financial Ltd, IIFL Securities Ltd, Monarch Network Capital Ltd and Elara Capital (I) Pvt Ltd	Payment Schedule	At Floor Price (Rs.)	At Cap Price (Rs.)
Registrar	Link Intime India Private Limited	On Application (50%)	1556	1638
		One or More Subsequent Call(s) (50%)	1556	1638
		Total (100%)	3112	3276
		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		

Objects of the Offer

Fresh Issue

- Funding capital expenditure requirements of some the Subsidiaries in relation to (a) certain projects of the green hydrogen ecosystem; (b) improvement works of certain existing airport facilities; and (c) construction of greenfield expressway (Rs. 10869 crore);
- Repayment, in full or part, of certain borrowings of the Company and three of the Subsidiaries, namely, Adani Airport Holdings Limited, Adani Road Transport Limited, and Mundra Solar Limited (Rs. 4165 crore); and
- General corporate purposes

Company Highlights

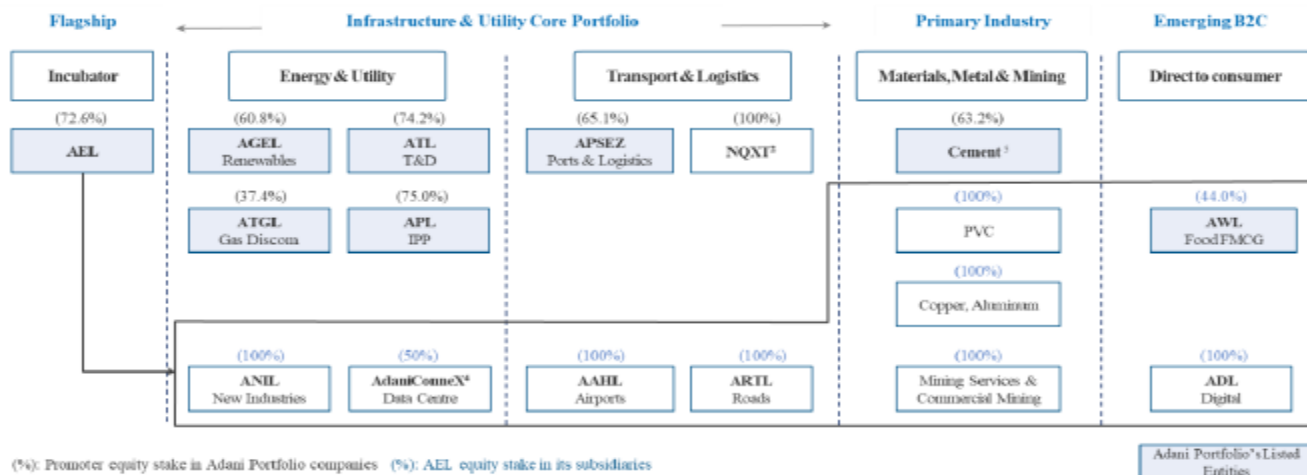
- Adani Enterprises Ltd. (AEL) is the member of the Adani group, which is among India's top business houses. The group are one of India's largest listed business incubators in terms of market capitalisation and are driven by the philosophy of incubating businesses in 4 core sectors - Energy and Utility, Transportation and Logistics, Consumer, and Primary Industry. AEL represents an effective complement of established and developing businesses which address the needs of India.
- AEL 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.
- The company has a demonstrated track record of creating sustainable infrastructure businesses since 1993. AEL has emerged as an incubator by investing, maturing and eventually demerging various diversified businesses.
- Since inception, the company has incubated 6 decacorn businesses and successfully listed them, including by way of demergers, as Adani Ports and Special Economic Zone Ltd, Adani Power Ltd, Adani Transmission Ltd, Adani Green Energy Ltd, Adani Total Gas Ltd and Adani Wilmar Ltd. As of December 31, 2022, the Adani group had a market capitalisation of ₹18,402 billion, and are one of the largest listed group by market capitalization in India.

➤ Business Portfolio

- ❖ **Energy and Utility:** The company is setting up a Green Hydrogen 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:** The company currently develops, operates and manages 7 operational airports across the cities of Mumbai, Ahmedabad, Lucknow, Mangaluru, Jaipur, Guwahati and Thiruvananthapuram, and 1 greenfield airport in Navi Mumbai.
- ❖ **Consumer:** The company manufactures, market and brand food FMCG products.
- ❖ **Primary industry:** The company offers mining services which involves contract mining, development, production related services, and other mining services to mining customers. They offer integrated resource management services of coal. They have also recently acquired commercial mines to conduct commercial mining activities.
- ❖ **Under industrials,** the company intends to manufacture petrochemicals, copper and similar metals, and manufacture strategic military and defense products that enhance India's self-reliance.

View

Adani group is among India's top business houses with an integrated energy and infrastructure platform in India and a long track record of successfully executing large-scale projects. Adani group has emerged as an incubator by investing, maturing and eventually demerging various diversified businesses. Since inception, the group has incubated six decacorn businesses and successfully listed them, including by way of demergers, as Adani Ports and Special Economic Zone Ltd, Adani Power Ltd, Adani Transmission Ltd, Adani Green Energy Ltd, Adani Total Gas Ltd and Adani Wilmar Ltd. Company 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. Adani also has transport and logistics business in which it manage prominent airports in India. Currently, company is developing, operating and managing seven operational airports across the cities of Mumbai, Ahmedabad, Lucknow, Mangaluru, Jaipur, Guwahati and Thiruvananthapuram, and one greenfield airport in Navi Mumbai. Further, Adani also offer mining services which involves contract mining, development, production-related services and other related services to mining customers primarily in the coal and iron ore industries. It has also presence in consumer business in which it manufacture, market and brand food FMCG products. There is huge opportunity in India's green hydrogen industry as it is imperative for every country to switch to renewable energy and to replace the fossil fuel in order to reduce carbon emission. Adani is raising Rs 20,000 crore of which Rs 10,869 crore will be utilized for the capex of its subsidiaries, which undertake projects like green hydrogen, airports, and roadway construction. Another, Rs 4,165 crore will be used for debt repayment, the balance for general corporate purposes. Further, central government's National Green Hydrogen mission is set to provide a fillip to the renewable energy sector by making green hydrogen significantly cheaper, aiding the industry to establish global supply chains. This policy aims to put India on the global map as one of the leading producers and suppliers of green hydrogen and its derivatives. It has been estimated that this government policy could make India a leading player in this space by 2050 with a \$340 billion market. With an initial outlay of Rs 19,744 crore, it targets to domestically produce 5 million tonnes of green hydrogen, annually, by 2030 with a focus on manufacturing electrolyzers which is a key component for making the green fuel. Adani will focus on development, utilization and efficiency of electrolyzers. Company will continue to develop all the business segments and will create long term wealth for its investors. On financial performance front, over FY18-21, it has reported a 26.5% CAGR growth in top-line. EBITDA margin during the period has maintained at ~5%. Average RoE stood at ~5.0%, over FY18-21. Thus, we recommend our investors to Subscribe the Adani Enterprise FPO as it is a nation building group and it is foraying into sunrise sector that is green hydrogen which has immense growth opportunity.

adani ~USD 222 billion¹ Combined Market Capitalization


Financial Statement

(In Rs. Cr)	FY20	FY21	FY22	H1FY22	H1FY23
Share Capital	110.0	110.0	110.0	110.0	114.0
Net Worth	18209.9	18910.0	26928.4	23176.3	36176.4
Long Term Borrowings	3515.8	9523.3	20803.4	16002.3	26336.6
Other Long Term Liabilities	1883.7	1726.5	10178.6	9728.4	11524.7
Short-term borrowings	9089.1	6528.1	20220.3	16187.3	13686.9
Other Current Liabilities	14199.8	14955.0	23629.4	17230.4	35366.7
Fixed Assets	17823.2	19663.1	53667.2	46653.8	59084.7
Non Current Assets	18602.0	12016.5	17147.6	10590.7	20255.4
Current Assets	24182.9	19963.3	30945.4	25080.1	43751.2
Total Assets	46898.4	51642.9	101760.2	82324.7	123091.3
Revenue from Operations	43402.6	39537.1	69420.2	25796.8	79019.5
Revenue Growth (%)		(8.9)	75.6		206.3
EBITDA	2284.3	2505.1	3713.2	1679.0	3611.7
EBITDA Margin (%)	5.3	6.3	5.3	6.5	4.6
Net Profit	1040.0	1045.8	787.7	460.1	901.0
Net Profit Margin (%)	2.4	2.6	1.1	1.8	1.1
Earnings Per Share (Rs.)	10.4	8.4	7.1	4.4	8.2
Return on Networth (%)	5.7	5.5	2.9	2.0	2.5
Net Asset Value per Share (Rs.)	165.6	171.9	244.8	210.7	317.3

Source: RHP, Ashika Research

Cash Flow Statement

(In Rs. Cr)	FY20	FY21	FY22	H1FY22	H1FY23
Cash flow from Operations Activities	2453.6	4043.3	1385.3	965.9	5746.3
Cash flow from Investing Activities	(2323.0)	(7902.4)	(17487.4)	(7037.0)	(11390.3)
Cash flow from Financing Activities	(220.9)	3108.8	15901.4	7091.3	4544.9
Net increase/(decrease) in cash and cash equivalents	1150.8	(1458.5)	246.1	1294.0	231.4
Cash and cash equivalents at the beginning of the year	973.9	2124.7	666.2	666.2	912.2
Cash and cash equivalents at the end of the year	2124.7	666.2	912.2	1960.1	1143.7

Source: RHP

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