

January 25, 2023

IPO Note

IPO NOTE

Issue Details

Price Band: ₹ 3,112 to ₹ 3,276
Retail Discount: ₹ 64/Share
Issue Opens on: January 27, 2023
Issue Closes on: January 31, 2023
Lot Size: 4 Shares & in Multiples thereafter

Issue Highlights

Issue Size : ₹ 20,000 Cr.
Face Value : ₹ 2

Issue Breakup

Reservation for	% of Issue	₹ in Cr. (at upper band)
QIB	50	9,974.90
HNI	15	2,992.60
Retail	35	6,982.50
Employee	-	50.00
Total	100	20,000

Listing

BSE & NSE

Lead Managers

- ICICI Securities Ltd.
- Jefferies India Private Ltd.
- SBI Capital Markets Ltd.
- Axis Capital Ltd.
- BOB Capital Markets Ltd.
- IDBI Capital Markets & Securities Ltd.
- IIFL Securities Limited
- JM Financial
- Monarch Network Capital
- Elara Capital (India) Private Ltd.

Registrar

Link Intime India Private Limited

ANALYST

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COMPANY OVERVIEW

Incorporated on March 2, 1993, Adani Enterprises Ltd ("AEL") the member of Adani Group, is among India's top business houses. They 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 has emerged as an incubator by investing, maturing and eventually demerging various diversified businesses. Since inception, they have 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.**

Objects of the issue

Particulars	Proposed schedule for deployment of the Net Proceeds		
	From the Net Proceeds	FY 2023	FY 2024 & 2025
Funding capital expenditure requirements of some of their 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	10,869	3,335	7,535
Repayment, in full or part, of certain borrowings of the company and 3 of their subsidiaries, namely, Adani Airports Holdings Ltd, Adani Road Transport Ltd, and Mundra Solar Ltd.	4,165	4,165	-

OUR VIEW

Adani Enterprise has a diversified business, including gas and oil exploration, coal and iron ore mining, and edible oil and agro products. As of December 31, 2022, the Adani group had a market capitalization of ₹18,402 billion.

Revenue from operations have grown at CAGR of 16.9% from Rs. 43,402.56 Cr. in FY20 to Rs. 69,420.18 Cr. in FY22. It was Rs.79,019.48 Cr. in the six months ended September 30, 2022. EBITDA has grown at a CAGR of 16.8% from Rs.2,967.96 Cr. in FY20 to Rs.4,725.71 Cr. in FY22. It was Rs. 4,100.15 Cr. in the six months ended September 30, 2022. Though its profit margin is declining from 2.6% to 1.1% from FY20 to FY22. The issue is priced at a P/BV of 10.32 based on its NAV of Rs. 317.34 as of September 30, 2022.

The stock has surged around 100% in last one year horizon. Valuation does not seems attractive at this point of time. Issue Price is at just 7% to 10% discount of CMP. We have Neutral view for the issue.

Brief Financials

PARTICULARS	₹ in Million			
	As at September 31, 2022	FY '22	FY '21	FY '20
Total Income	79,507.89	70,432.69	40,290.93	44,086.21
Total Expenditure	78,205.21	69,480.64	38,946.07	43,162.63
EBITDA	4,100.15	4,725.71	3,258.85	2,967.96
Profit before Tax	1,302.68	952.05	1,085.97	1,122.33
Profit after Tax	901.04	787.70	1,045.76	1,039.99
E.P.S. [diluted (Rs. 10)]	8.23*	7.06	8.39	10.35
RONW (%)	2.49	2.93	5.53	5.71

*Not Annualized

Bid Payment Details (FPO issued on a partly paid basis)

Bid Payment Terms	Retail Category	NIB-1	NIB-2
Minimum Bid Qty. (No. of Shares)	4 Shares	64 Shares	308 Shares
Price (@ Upper End)	₹ 3,276	₹ 3,276	₹ 3,276
Price on Application (50%)	₹ 1,638	₹ 1,638	₹ 1,638
Retail Discount (₹)	₹ 64	Nil	Nil
Net Bidding Price (₹)	₹ 1,574	₹ 1,638	₹ 1,638
Bid Amount (₹)	₹ 6,296	₹ 104,832	₹ 504,504

Retail Price Chart (@ ₹ 1,574)

LOT SIZE	Amount
4	6,296
8	12,592
12	18,888
16	25,184
20	31,480
24	37,776
28	44,072
32	50,368
36	56,664
40	62,960
44	69,256
48	75,552
52	81,848
56	88,144
60	94,440

HNI1 (2-10 Lakhs) on application (50%) :

Lot size	Shares	Bid Price	Application Amount
1	64	1,638	104,832
2	152	1,638	248,976
3	304	1,638	497,952

HNI2 (Above 10 Lakhs) on application (50%) :

Lot size	Shares	Bid Price	Application Amount
1	308	1,638	504,504
2	616	1,638	1,009,008
3	924	1,638	1,513,512

Please go through the RHP for salient features.

<https://www.bseindia.com/downloads1/Adani%20Enterprises%20Limited%20RHP.pdf>

Indicative Time Table

Tentative Events	Indicative Dates
Finalisation of Basis of Allotment with the Designated Stock Exchange	03/01/2023
Initiation of refunds/unblocking ASBA Fund	06/01/2023
Credit of Equity Shares to demat accounts of Allottees	07/01/2023
Commencement of trading of the Equity Shares on the Stock Exchanges	08/01/2023

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