

adani

2nd June, 2020

BSE Limited
P J Towers,
Dalal Street,
Mumbai – 400001

Scrip Code: 512599

National Stock Exchange of India Limited
Exchange plaza,
Bandra-Kurla Complex,
Bandra (E), Mumbai – 400051

Scrip Code: ADANIENT

Dear Sir,

Sub: - Submission of information under Regulation 30 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 - in the context of pandemic of Corona virus (Covid-19).

With reference to SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated 20.05.2020, regarding advisory on disclosure of material impact of CoVID-19 pandemic on listed entities under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, note on Disclosure of Material Impacts of COVID - 19 on the Company is annexed herewith.

This is for your information and records please.

Thanking you,

Yours faithfully,
For **Adani Enterprises Limited**

Jatin Jalundhwala

Jatin Jalundhwala
Company Secretary &
Joint President (Legal)



Adani Enterprises Ltd
Adani House,
Nr Mithakhali Circle, Navrangpura
Ahmedabad 380 009
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Registered Office : Adani House, Nr. Mithakhali Circle, Navrangpura, Ahmedabad 380 009, Gujarat, India



NOTE ON DISCLOSURE OF MATERIAL IMPACTS OF COVID-19 ON ADANI ENTERPRISES LIMITED (AEL / COMPANY)

Due to outbreak of COVID-19 and consequent lockdown restrictions imposed, the economic activities have been impacted in India as well as globally with uncertain future outlook. The Company's management has made assessment of likely material adverse impact on business and financial risks, and believes that the impact will likely to be short term in nature and will affect the next couple of quarters in FY21.

A. IMPACT OF COVID-19 PANDEMIC ON BUSINESS

- i) AEL's core business segments are Integrated Coal Management (ICM), Mining Services and Solar Manufacturing with various other segments under project phase like Airports operations and maintenance and Road and Water infrastructure ("Incubating business").
- ii) As AEL's core segments are linked with power generation industry which falls under essential service, it becomes imperative for AEL to ensure timely and sufficient supply of coal. During the lockdown, we have ensured continued supply to customers strictly following Government guidelines.
- iii) During the first phase of lockdown till 19th April 20 our offices, storage locations and production facility remained closed, the Company maintained minimum level of operations to ensure timely supply of goods and services to its customers in the essential sectors. With work from home initiative for office staff, the Company continued to operate on remote basis for administrative, regulatory, payments and other legal compliances.

B. ABILITY TO MAINTAIN AND PLAN OF RESTARTING OPERATIONS

- i) The company continued its operations in mines even in first stage of lockdown, as supply of coal falls under exemption category. Safety and wellbeing of our workers and staff were given utmost priority.
- ii) The Company resumed operations at its production facility, certain offices and few critical storage facilities from 20th April 2020 after obtaining necessary regulatory approvals and clearances.
- iii) With further relaxations being given in the month of May, we have furthered the operations in the phased manner strictly adhering to government guidelines and ensuring safety and well-being of our employees.
- iv) All safety protocols of temperature sensing, wearing of masks, social distancing, sanitizing and washing hands are being adhered to very stringently. Also, all the employees have been instructed to download the Aarogya Setu app launched by the Government of India.

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- v) Regular information from all the employees is been taken and those found at risk are instructed to work from home.

C. FINANCIAL IMPACT ON OPERATIONS

i) Demand, Sales & Margins

Impact on each of the segments of the Company's businesses is described below.

Integrated Coal Management (ICM)

- While our supplies were continuous to State Electricity Boards (SEBs) during this period, overall demand was impacted due to lesser power demand and excess domestic cargo being available at coal mines.
- Our sales volumes are expected to be impacted in Q1 FY21. Also margins are expected to be slightly lower in the short run due to excess flow of supply in the market.

Mining Services

- Power demand and consequent coal demand was partially impacted in the state of Rajasthan during lockdown. Post easing, demand of power has gone up and demand of coal is expected to be back to normal.
- We expect to maintain healthy level of volumes despite above aberrations.
- Since this is contract business, the Company does not carry any pricing risk.

Atmanirbhar Bharat Abhiyan for Mining Services

- Structural reforms in coal and mining sectors will positively boost business scenario over the next year.
- With commercial coal mining allowed, nearly 50 coal blocks are expected to be auctioned in next year, which will open up new opportunities for mining business.
- The Company expects to tap these new opportunities not only in coal mining but also in other mining of other minerals.

Solar Manufacturing

- The demand has been adversely impacted resulting into lower sales volume and in turn loss of production volumes due to factory shutdown.
- With first quarter bearing major impact and expected good recovery in DCR market, the Company shall try to make up lost volumes in the remaining period.
- Various government schemes for solar sector will fructify this year and good demand is expected in domestic market to compensate for loss of export volumes.

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ii) Liquidity & Debt Servicing

- The Company has made payments for procurement and transport of coal along with operational expenses from time to time, which has been made without delay to see that none of our stakeholders is deprived of funds.
- All bank liabilities, statutory dues, payment to vendors and contractors have been serviced on time.
- Solar manufacturing and mining service business have availed moratorium option for instalment repayment and interest payment on Term Loans as per RBI circular dated 27th March 20 to mitigate the stress on cash flow in the short run.
- The Company is adequately funded with sufficient liquid assets on hand, unused bank lines and strong support from promoters. The Company does not see any risk in meeting its liabilities as and when they fall due.
- Also, special government initiative to ensure sufficient liquidity in the economy will facilitate overall economy including AEL businesses.

iii) Customer Collections

All our customer segments viz. Government offices, PSU offices and private players are either not operating or are operating with lesser staff. This has resulted in delayed processing of our invoices and payments from their end.

Integrated Coal Management (ICM)

- The lesser demand will result into delayed payment cycle, which can increase receivables cycle from existing 60 days to 90/120 days.
- Cycle time for SEBs can worsen primarily due to poor health of and relaxation given to discoms by the Ministry of Power on 28th March 2020.
- The Company does not have foreseeable credit risk of collection as majority of these receivables are from sovereign entities.

Mining Services

The Company has been receiving regular payments from our customers till date and hence we do not see any impact due to this. Finance Minister has announced stimulus for discom entities enabling them to make payments to power producers, which in turn will improve liquidity and receivables of MDO business.

Solar Manufacturing

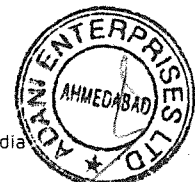
While the Company's cash flows from customers have been impacted due to lower demand and sales volumes, the impact is likely to be short term in nature.

iv) Capex spending

- The Company will continue to maintain minimum level of capex in its mining services businesses as well as in Incubating businesses.

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- For mining services business and Incubating businesses under project phase, we foresee delay in execution and milestones due to lockdown and unavailability of manpower.
- The timeline of capex will also be reviewed and may be deferred in order to maintain liquidity and handle any uncertainty. Presently, the Company does not envisage any need to curtail funding to already announced capex plans.

D. INTERNAL FINANCIAL REPORTING & CONTROL

- The Company has robust ERP system in place and all its locations are well networked. Accordingly, all internal financial controls and reporting systems are working seamlessly without any disruption.
- Our Information Technology (IT) security protocols are in place and all controls are being monitored remotely. This period proved to be a test for our IT systems and process controls, which emerged stronger and better under this crisis displaying true values of Adani Group.
- For employees working from home, we have enhanced our security features (both in systems and mobile phones) to mitigate risks for 'new normal' situation.
- AEL's Board Meeting for consideration and approval of the Audited Standalone and Consolidated Financial Results of the Company for the quarter and year ended 31st March 2020 was held on 6th May 2020 via Video Conferencing

E. SUPPLY CHAIN MANAGEMENT

- All ports and road transportation were not operating at full capacity due to less staff and has affected cargo evacuation in ICM and Solar Manufacturing business. With relaxation now available since May 20, this concern is expected to be resolved and evacuation is expected to pick-up.
- However, rail transportation was operational as usual and we had ensured supply and transportation of coal through rakes to our customers in ICM and Mining services businesses.
- We ensured sufficient inventory for enabling continuous power supply to society at this critical hour.

F. IMPACT ON OPERATIONAL CONTRACTS

- AEL's majority of the customers and counter-parties to agreement are sovereign entities, which substantially reduces any default and non-fulfilment risks.
- In the mining services business, the Company may have some adverse impact on the mines in the project phase and might delay the starting of the commercial operations, for which the Company has already started discussions with the Mine Owners. The Company has issued required Force Majeure and Change in Law notices under the provisions of the agreements.
- In Airports operations and maintenance, Force Majeure and Unforeseen Event has been invoked with the Airports Authority of India as per provisions in concession agreements.

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- In Road & Water Infrastructure, the Company through subsidiaries is engaged in business of highways construction and waste water treatment/reuse under concessions from NHAI and National Mission for Clean Ganga respectively. Some of the under implementation projects have faced difficulties (in terms of progress and cost consequences) due to the impact of Covid 19 and lockdown restrictions. All reasonable measures have been taken to mitigate the impact of these restrictions. These subsidiaries have also exercised their rights under the respective concessions to claim separately reliefs under Force Majeure and Change in Law.
- In view of lockdown disruption, our suppliers, contractors and resources down the line have not been able to perform their obligation and this may likely to get further extended.

Mitigation Plan

The Company is taking requisite steps to complete the projects on scheduled COD. However, to mitigate the loss due to time and cost overrun, it has already issued required Force Majeure and Change in Law notices under the provisions of the agreements. The management will pursue with various Government agencies and appropriate regulatory authorities for determination of impact of Force Majeure and Change in Law notices.

G. ESTIMATION OF FUTURE IMPACT

Restrictions and challenges due to COVID-19 pandemic are ever-changing and hence any assessment of future outlook and impact is highly dependent upon the external circumstances as they continue to evolve. The Company has considered possible effects of this pandemic on its businesses by developing set of internal assumptions and using external sources of information like economic forecasts, government policy initiatives, timeline relaxations, and credit and industry reports.

Given the continuing lockdowns, disruptions and partial resumption, presently it is difficult to estimate the impact and we shall be able to make a full assessment once normalcy in economic and business activities is fully restored.

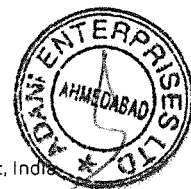
SUMMARY

The Company has enumerated impacts on account of COVID-19 pandemic on the business and finances of the Company. The management is confident to tide over this situation comfortably with slight deviations. However, we will rigorously monitor evolving business situation, demand outlook and economic conditions to avoid any surprises. Any material changes to the above outlook due to future events will be analysed and informed.

This update is dynamic and will change as the situation changes, which is not in the control of the Company.

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